

A REPORT ON

ABORIGINAL CO-OPERATIVES IN CANADA

CURRENT SITUATION
AND POTENTIAL FOR GROWTH

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The article titled “Ikaluktutiak Co-operative Limited, Cambridge Bay, NWT,” by Wanda A. Wuttunee, beginning on page 290 of this report, was originally published in her book *In Business for Ourselves: Northern Entrepreneurs—Fifteen case studies of successful small northern businesses* (Montreal and Kingston: McGill Queen’s University Press, with The Arctic Institute of North America and The Faculty of Management of the University of Calgary, 1992). It is reprinted with permission.

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Executive Summary

There are about 133 co-operatives in Canada in which the membership is predominantly Aboriginal. The largest number of Aboriginal co-operatives can be found in the northern regions of the Arctic, mostly among Inuit and Inuvialuit. The Aboriginal co-operatives serve a wide variety of needs, the most common being the provision of food and supplies in remote communities. They are also important as marketers of arts and crafts, wild rice, fish, and shellfish. A small number have demonstrated the possibilities of housing in urban communities, a crucial need with considerable potential for future development.

The Aboriginal co-operatives are part of a larger Canadian movement, and their history and development has, to a significant extent, emanated from the larger movement. All told there are more than 15 million memberships of co-operatives in Canada, with over 12 million of them being in credit unions and caisses populaires. The membership of some other co-operatives is also significant: the consumer movement has nearly 3.7 million members; housing co-operatives house some 250,000 in more than twenty-one hundred co-operatives with nearly ninety thousand units. The insurance companies owned by the co-operatives, notably the Co-operators, CUMIS, and the Mouvement Desjardins, are important companies in their industry. In total the Canadian movement has more than \$169 billion in assets, making it an important force in the Canadian economy, particularly when considered from a regional perspective.

Aboriginal co-operatives are members of other co-operative organizations that form the membership of the national co-operative organizations, Conseil Canadien de la Coopération and the Canadian Co-operative Association. In the case of the latter, Arctic Co-operatives, the wholesale and marketing agencies owned by northern (and mostly Aboriginal) co-operatives, is one of twenty-seven regional members of that organization. Through the two national organizations, Aboriginal co-operatives are members of the International Co-operative Alliance, whose basic statement of co-operative identity they affirm.

This report reviews the contexts within which Aboriginal co-operatives exist, considers the suitability of the co-operative model for what Aboriginal leaders say about the kind of economy they wish to encourage, and draws upon the findings of eleven case studies to make a series of conclusions and recommendations about the potential of growth for co-operatives owned by Aboriginal peoples for their own purposes.

Understanding the Context

- Aboriginal peoples in Canada have an unacceptably low standard of living and consequently suffer from a range of complex social problems.
- There have been a number of efforts by governments to encourage economic development among Aboriginal peoples, but they have not achieved all the desired results.
- Aboriginal leaders have expressed a preference for economic development conceived of as a process that takes into account the history, collective aspirations, economic diversity, and underlying realities of each Aboriginal community.
- The co-operative approach conforms well with the aims and preferred methods for community development articulated by Aboriginal peoples.

Conclusions

Success

1. The 133 Aboriginal co-operatives in Canada, particularly those in the Arctic, make substantial economic contributions to the communities they serve through local businesses and through the wholesales they own, which return surpluses or profits back to them.
2. Co-operatives are major employers of Aboriginal people. They have made and are making significant contributions through the training and education they provide their elected leadership and employees.
3. Aboriginal co-operatives, particularly in the Arctic, have shown remarkable entrepreneurship by engaging in a wide range of economic activities.

Thinking about Further Success

4. A complicated political and policy environment is acting as a general barrier to economic and community development in all provinces and territories, although in different ways depending on provincial and territorial context. These barriers may help explain the mixed success rate and low take-up of the co-op model over the past few years.
5. Aboriginal communities require educational and development material on co-operatives, customized to their reality and culture, and providing examples of Aboriginal co-operatives. Most provincial and territorial representatives contacted suggested that the co-operative federations need to do more work in outreach and advocacy, while others pointed to the need for new resources for Aboriginal staff, and specialists in Aboriginal economies to make links and promote the model to communities.
6. Aboriginal development corporations play a central role in controlling decisions over Aboriginal community development, and consequently play a crucial role in the success of co-operative enterprise. Formal links should be encouraged between co-operative

federations and Aboriginal development corporations, particularly in the North, and the views and priorities of these corporations with regard to co-operative enterprise should be identified in the next phase of research on Aboriginal co-operatives.

7. Aboriginal people have started and developed co-operatives to meet clearly identified needs, not because someone told them it was a good idea; this basis in pressing needs will be crucial in determining future success.

Contributions

8. Co-operatives contribute to the physical infrastructure of communities by contributing to better transportation and communication systems in remote communities; by creating employment in resource industries; and by providing essential services, such as co-operative housing.
9. Co-operatives have contributed significantly to the social capital of Aboriginal communities by enhancing educational programmes, supporting business management skills, providing understanding of other societies, and fostering community action.
10. Aboriginal co-operatives have emerged in part because of the dedicated and informed leadership from either outside or within the communities they serve. The leaders emerging from co-operatives have played important and diverse roles in their communities.

Future Challenges

11. Aboriginal co-operatives have secured funding from a variety of sources, but there is a need for greater collaboration with government funding sources, Aboriginal economic organizations, and the co-operative sector.
12. There is need for more research on how co-operatives “fit into” Aboriginal communities—their social structure, other economic organizations, and political systems.
13. Like all co-operatives, Aboriginal co-operatives have a significant challenge in ensuring strong interest and involvement by their members
14. The following kinds of co-operatives would appear to offer the most promise for development in the near future: arts and crafts co-operatives; co-operative stores, particularly in remote communities; co-operative financial services; co-operative housing, both on and off reserves; co-operative development of the resource economy; and the delivery of social services.

Recommendations

1. A special committee (the Aboriginal Co-operative Co-ordinating Committee) consisting of representatives from the Assembly of First Nations, the Inuit Tapirisat, Indian and Northern

Affairs Canada,* the Co-operatives Secretariat, the co-op sector, CANDO, and co-operative studies specialists should be appointed to (a) develop a strategy and recommend an implementation process to foster the development of co-operatives within communities; and (b) oversee a series of initiatives aimed at increasing understanding of the co-operative model among Aboriginal peoples.

2. There is a need for a “special survey” collecting information on all possible variables affecting the co-operatives (including financial co-operatives) and the community.
3. The northern co-operative experience within Inuit, Inuvialuit, and Dene communities needs to be more completely examined, information on it compiled in accessible forms and communicated to Aboriginal peoples as much as possible by Inuit, Inuvialuit, and Dene leaders.
4. A special symposium/workshop should be organized to expand understanding of existing Aboriginal co-operatives and to explore the most likely areas of interest for future development.
5. Aboriginal people must be empowered to expand their understanding and development of co-operatives in their community, be they on or off reserves.
6. The Aboriginal Co-operative Co-ordinating Committee should prepare a plan—drawing upon the resources, financial and in kind, of government departments, Aboriginal organizations, and the co-operative sector—to create a cadre of trained co-operative organizers in different parts of Canada able to assist Aboriginal communities interested in studying and applying the co-operative model to meet their economic and social needs.
7. The Aboriginal Co-operative Co-ordinating Committee should consider how greater co-ordination of all levels of government and government/sector initiatives for Aboriginal co-operative development might be achieved on a continuing basis. It should co-ordinate its approach with the development programmes of the Canadian Co-operative Association and the Conseil Canadien de la Coopération.
8. The Arctic federations of co-operatives should be consulted in the future development of training/education/promotion programmes. They have differing experiences and traditions, and many years of experience that should be used for the benefit of all Aboriginal co-operatives.
9. There is a need to ascertain more completely the views and priorities of Aboriginal economic development organizations regarding the expansion of the co-operative movement in Aboriginal communities.

* Depending upon the date of certain written materials, this department is cited in this document as both Indian and Northern Affairs Canada (INAC) and the Department of Indian Affairs and Northern Development (DIAND). Both names are valid. DIAND is the older appellation and remains the legal title, required for legal correspondence. For other uses, INAC, as per the Federal Identity Program, is sufficient.

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The authors alone, however, accept full responsibility for all the information, conclusions, and recommendations included in this report.

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The Nature of This Study

Introduction

In considering the possibilities confronting Aboriginal people in Canada today, it is tempting to employ Charles Dickens's well-used words, "the best of times, the worst of times." The positive aspects are clear in the growing sense of identity and pride among many Aboriginal people; the effectiveness of leadership cadres at the national level and in Aboriginal communities all across Canada; the successful negotiations of land-claims agreements; and the increasing numbers of highly trained young people.

The problems are also clear: high unemployment and suicide rates, particularly among the young; widespread health issues; growing frustrations over protracted negotiations about land and other issues; low levels of education; and despair to be found amid an all-too-common heritage of abuse.

Given the paradox of "best and worst," the future will depend largely upon the willingness and capacity of Aboriginal people to grasp their own economic destiny. But what can that destiny be? What kinds of economic alternatives are there to be considered? Which kinds of economic structures best meet their needs? What combinations of economic institutions can best assure the sustainable economic development of their communities? How can they create health and social organizations that serve their own unique needs? How will this generation of Aboriginal leaders make wise decisions about the large land-claims settlements, decisions that will shape the lives of generations as yet unborn?

These kinds of decisions are remarkably challenging. Aboriginal peoples and particularly their leaders are facing a wide range of fundamental issues as they seek to create their own future, economically, socially, and politically. They are making decisions that will affect Aboriginal peoples for generations to come as they seek to make the best possible use of any treaty funds they receive; as they seek to create sustainable communities; as they search for ways to circulate financial resources as frequently as possible within their communities, rather than see it leaked away to businesses outside their communities; and as they encourage new forms of entrepreneurial activities.

It is important, therefore, that Aboriginal peoples have a full understanding of all the possible

institutional forms they might use in responding to such complex questions. *Broadly speaking, Aboriginal peoples have four options to consider in making decisions about their economic future: they can choose to foster the further development of individual entrepreneurs, an approach that has achieved great success in recent years; they can form alliances with “Corporate Canada,” an approach that offers many possibilities; they can further develop the capacity of Aboriginal “governmental” organizations, notably band councils, to undertake economic activities; and they can encourage the development of co-operatives that function in the market-place and have clear lines of accountability between leaders and the people they serve.*

Each of these forms of enterprise has its own strengths and weaknesses; none is a perfect or complete answer to all of the challenges that confront Aboriginal peoples. Strong economies generally possess all four kinds of economic organizations.

It is important, therefore, that Aboriginal leaders, already coping with difficult and complex questions, know about all institutional options that can encourage greater communal strength and self-reliance among the people they serve.

What Is the Co-operative Model?

The co-operative model involves the use of co-operative forms of organization—based on democratic control, rewards in proportion to use, continuing economic involvement by members, community responsibility, and co-operative value systems—by people concerned about controlling their own economic and social destiny.

The Objectives of This Report

This study examines the possibilities Aboriginal peoples might explore should they decide to consider employing the co-operative model more extensively in meeting one or more of their needs. It will summarize our knowledge of the current state and contributions of Aboriginal co-operatives to regional and community *economic and social* development. It will look at the current state of Aboriginal co-operatives, their characteristics, and their sector distribution. It will identify the benefits for Aboriginal economic and social development by analyzing case studies about aboriginal co-operatives. Finally, it will draw preliminary conclusions regarding opportunities for growth, requirements for success, and strategies to expand their impact within Aboriginal communities across Canada.

Co-operatives are not a new or untried form of organization in Canada or within Canadian Aboriginal communities. They exist in many sectors of the Canadian economy important to Aboriginal people, including fishing, energy, forestry, housing, financial services, consumer goods, and arts and crafts. They are involved in training, the production of goods and services, marketing, and wholesale/retail. They fill an important role in economic capacity-building, providing skills development, business development, mentoring, and employment. Aboriginal co-operatives are playing an important role in Aboriginal economic development, particularly in Nunavut, Nunavik, and the Northwest Territories, and have the potential to grow in rural, urban, and remote Aboriginal communities in southern as well as northern Canada. This report addresses the key question of how that potential might best be met.

The Complexities of This Study

One of the most difficult challenges in considering how Aboriginal peoples might more extensively use the co-operative model is that both the people and model are diverse. The circumstances of Aboriginal people and communities differ among nations and across nations, within provinces and regions, and between urban communities and rural reserves. There is a continuum of development among Aboriginal peoples across the country, all seeking autonomy and degrees of self-government; each First Nation community is faced with unique circumstances of resources and capacity, and similar complexity exists across the experience of the Metis and Inuit peoples.

Moreover, Aboriginal peoples, like all peoples, could use the co-operative model for the development of most kinds of economic enterprise—from the very smallest kind of micro-enterprise to the largest of firms—and the provision of all kinds of social services, literally from the cradle to the grave. In fact, as with all peoples, the application is limited only by awareness of the possibilities and the availability of resources—financial and human—to create the opportunities. The questions to be asked and answered—by each interested Aboriginal community—are: does the co-operative model fit our ambitions and needs? If so, what kinds of co-operatives should we try to organize in our own interest?

Clarifying Terms

The authors have used the term “Aboriginal” to refer to all people who consider themselves descendants of the first human beings to inhabit Canada: i.e., Amerindian peoples (status and nonstatus), Inuit, Inuvialuit, Innu, and Metis. They have used the term “First Nation” to refer to status Amerindians associated with the Assembly of First Nations.

Defining Aboriginal Co-operatives

The authors accept the definition of co-operatives endorsed by the International Co-operative Alliance. It reads: “A co-operative is defined as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.” They have classified a co-operative as Aboriginal if it is located in a predominantly Aboriginal community, if the membership or customer base is predominantly Aboriginal, or if the co-op is owned and/or controlled by Aboriginal peoples. They have included in their data only co-operatives that are formally incorporated as such, although they are aware that there are some Aboriginal businesses that are not formally incorporated as co-operatives but, in essence, follow co-operative practices.

Methodology

This report is based upon the following research:¹

- (a) a description of Aboriginal economic and social circumstances;
- (b) a discussion of government approaches to Aboriginal economic development;
- (c) a consideration of the “fit” between economic development preferred by Aboriginal people and the co-operative model as it has been used by some Aboriginal peoples and others;
- (d) eleven case studies of existing Aboriginal co-operatives selected so as to give insights into different kinds of co-operatives in different contexts; and
- (e) the understanding of co-operatives the authors have developed as specialists in co-op studies.

The authors use this research to assess ways in which Aboriginal peoples might better inform themselves about the co-operative model and how they could develop more co-operatives should they decide that this form of enterprise is appropriate in meeting their needs in communities.

¹ Major research contributions to this report include the work of Bachir Belhadji, socio-economic analyst with the Co-operatives Secretariat, Agriculture Canada, and that of Rebecca McPhail, senior research analyst with Indian and Northern Affairs Canada. Their research appears in its entirety in Appendices A and B respectively.

The Current State

The Question is Urgent

What measures need to be taken to rebuild Aboriginal economies that have been so severely disrupted over time, marginalized, and largely stripped of their land and natural resource base?....The question is urgent, and not only because progress toward self-government would be severely constrained in the absence of effective measures to rebuild Aboriginal economies. For Aboriginal individuals and families, whether they live in urban or rural areas, employment levels and income continue to lag far behind Canadian standards. Furthermore, the rapid increase of the Aboriginal population means that thousands of additional young people will be entering the labour market over the next two decades. Indeed, our estimate is that more than 300,000 jobs will need to be created for Aboriginal people in the period 1991 to 2016 to accommodate growth in the Aboriginal working-age population and to bring employment levels among Aboriginal people up to the Canadian standard.²

Aboriginal Economic and Social Circumstances

It is a vast understatement to say that the current state of economic development within Aboriginal communities and nations is far from satisfactory. For example, a recent study³ of the Aboriginal economic gap in Saskatchewan demonstrated that, compared to the non-Aboriginal community, Aboriginal people experience higher poverty rates, lower education levels, and chronic unemployment. The study showed that average Aboriginal personal income was 56 percent of average non-Aboriginal personal income. It identified that 60.4 percent of the Saskatchewan Aboriginal population fifteen and over had not completed high school, and that the Aboriginal community as a whole has an estimated unemployment rate of 53 percent. The study's authors predicted that the statistics would continue to grow, depriving both Aboriginal and non-Aboriginal communities of lost economic potential and GDP, not to mention the enormous associated social costs such figures invariably imply.

² "Economic Development," in *Report of the Royal Commission on Aboriginal Peoples* (Ottawa: The Commission, 1996), p. 1.

³ M. Painter, K. Lendsay, and Eric Howe, "Managing Saskatchewan's Expanding Aboriginal Economic Gap," *Journal of Aboriginal Economic Development* 1, no 2 (Winter 2000).

A recent national study by Indian and Northern Affairs Canada highlights many of the economic and social problems confronting people living on Indian reserves.⁴ While the percentage of people fifteen years of age and older with no schooling or kindergarten only is dropping, it still stands at 5 percent; over 29 percent of the population over fifteen have less than grade nine education, more than double the national average. The percentage of the population on reserves with university education, while increasing, is not rising faster than the general population. The male labour-force participation rate stands at 58 percent, 15 percent below that of comparable non-Aboriginal communities and 24 percent behind the national average. The female participation rate is 45 percent, nearly thirteen percentage points below that in comparable non-Aboriginal communities and nineteen percentage points behind the national average. The low participation rate among young people is particularly troubling: it stands at only 56 percent, 14 percent below that of comparable non-Aboriginal communities and 18 percent below the national average. The unemployment rate across the entire community is 28 percent, much above the 10 percent typical of both comparable communities and the nation as a whole at the beginning of the 1990s. Self-employment is only 2.2 percent, significantly below the 9.8 percent to be found in comparable communities and less than half of the national average.

The situation confronting Inuit, Inuvialuit, and Innu is similarly troubling. Unemployment rates of 50–70 percent are common in many Arctic communities. The opportunities for young people to build careers within market economies among their own people are difficult to pursue. Too many of the most remunerative jobs are still held by sojourners from the South. The challenges confronting the new Nunavut government as well as other Aboriginal government organizations are among the most complex facing any politicians and public servants in Canada today.

Understanding the Context

Aboriginal peoples in Canada have an unacceptably low standard of living and consequently suffer from a range of complex social problems.

⁴ *Comparison of Social Conditions, 1991 and 1996* (Ottawa: Indian and Northern Affairs Canada, 2000).

Government Approaches to Aboriginal Economic Development⁵

Governments were not very active in promoting economic development among Aboriginal peoples prior to the 1960s, except for some assistance given to the development of agriculture and arts and crafts. It was widely assumed that most First Nation people would move into urban communities and enter the economic mainstream. Since the 1960s, the federal government has placed emphasis on education, vocational training, and techniques of mobility to assist Aboriginal peoples in adjusting to the wage economy.

In keeping with this general approach, the federal government has utilized five different kinds of programmes in trying to encourage economic development among Aboriginal peoples. These approaches were similar to those generally followed by governments in fostering economic growth in the wider Canadian community.

Business Development

This has been the most significant approach used by the government in encouraging economic development. It has been based on the assumption that poverty is primarily the problem of the individual and the way to solve it is to raise personal incomes. An economic development fund for on-reserve projects was created in the early 1970s, providing loans, loan guarantees, equity, and advisory services to both individually and collectively owned projects. This fund was followed by other similar programmes and they were all combined in the Canadian Economic Development Strategies (CAEDS).

Human Resource Development

Partly as a result of the emphasis upon business development, the government increased its funding for the education and training of Aboriginal peoples through the community human resource strategy (1985–92) and the Pathways programme of the 1990s. These initiatives were supplemented by the work of the Gabriel Dumont Institute and the Saskatchewan Indian Federated College, both controlled by Aboriginal peoples. The early programmes in human resource development tended to emphasize individual development that would contribute to easier migration to the city; later programmes were focussed on the training of band managers and community health representatives. Today, there is a growing emphasis upon training graduates in technical and professional health fields, such as teaching, nursing, and business administration.

⁵ The following summary is based largely upon the *Report of the Royal Commission on Aboriginal Peoples*, pp. 15–20, and H.B. Hawthorn, ed., *A Survey of the Contemporary Indians of Canada: A Report on Economic, Political, Educational Needs and Policies* (Ottawa: Indian Affairs Branch, 1966).

Sectoral Development

During the 1980s, the government placed increased emphasis upon sectoral development, particularly in forestry, fishing, agriculture, arts and crafts and tourism. While more successful than a project-by-project approach, sectoral programmes have from time to time been criticized for having too much government control and for having a limited impact upon Aboriginal communities. Thus, in recent years, the government has placed more emphasis upon the community, largely because of pressures from Aboriginal peoples concerned about how economic growth affects community health.

Community Economic Development

During the 1960s, the federal government had only limited success when it tried to incorporate an emphasis on community development into its economic initiatives. It re-emphasized this approach in the 1980s through devolution of programmes to the community level, and comprehensive community-based planning. These programmes, however, did not result necessarily in community control as the community implementation process proceeded. More recently, though, the government has attempted to encourage more local control by providing increased support to economic development officers.

Co-operative Development

At various times since the 1940s, federal and provincial governments have encouraged the development of co-operatives among Aboriginal peoples, particularly in the Arctic and the northern Prairies. They have provided comparatively little support in recent years.

While there have been some successes in all these initiatives, the record of economic development among Aboriginal peoples has not completely achieved the desired results, leading to considerable reflection, not least by Aboriginal leaders, upon what kind of economic development is desired.

Understanding the Context

There have been a number of efforts by governments to encourage economic development among Aboriginal peoples, but they have not achieved all the desired results.

Aboriginal Perspectives on Economic Development

Over the years, Aboriginal leaders have reacted to the ways in which Aboriginal economic development has taken place. As far back as 1969, for example, the report issued by the Manitoba Indian Brotherhood, *Wahbung: Our Tomorrow*, called for development on each

First Nation reserve to proceed not in bits and pieces but according to a comprehensive plan composed of three integrated elements:

- a plan to help individuals and communities recover from the pathological consequences of poverty and powerlessness;
- a plan for Indian people to protect their interests in land and resources; and
- a concerted effort at human resource and cultural development.

At the very heart of this position was the assumption that economic development must be directed by Aboriginal peoples so that both individual and communal interests could be taken into account.

A recent study by Robert Anderson of economic development among Aboriginal peoples in Canada concluded that

Overall, individual First Nations and Inuit and Metis communities exhibit a predominately collective approach to economic development that is closely tied to each group's traditional lands, its identity as a nation and its desire to be self-governing. This collective development approach is intended to serve three purposes: the attainment of economic self-sufficiency, the improvement of socio-economic circumstance, and the preservation and strengthening of traditional culture, values and languages. It is this strong collective aspect with its "national" focus and its emphasis placed on culture, values and languages that distinguishes the approach to economic development of Aboriginal people and communities from the approach of other Canadian communities of a similar size and in similar locations.⁶

Anderson also notes that there is general agreement among Aboriginal people that building economic self-sufficiency requires participation in the global economy through business development, often in partnership with others.⁷. To further their objective of finding corporate partners for Aboriginal business development, the Assembly of First Nations (AFN) organized the National Chief's Think Tank on First Nations Economic Development in Banff, October 2000. At this event, Aboriginal business leaders met with leaders of corporate Canada to develop strategies oriented towards encouraging private and collective entrepreneurship in partnership with corporate investors. In support of this, the AFN is setting up an economic development commission, with an objective to improve the quality of economic development

⁶ Robert Brent Anderson, *Economic Development among the Aboriginal Peoples in Canada: The Hope for the Future* (North York: Captus Press, 1999), pp. 13–14.

⁷ *The Promise of the Future: Achieving Economic Self-Sufficiency Through Access to Capital* (Ottawa: National Aboriginal Financing Task Force, 1996).

information in First Nation communities by increasing the type of information, feedback, research, and tools available.⁸

Aboriginal leaders have also emphasized the importance of broad approaches to development, including concerns for governance, culture, spirituality, education, training, community healing, social development, and resource cultivation. Many Arctic regions are now in the “post-land-claim era” and are wrestling with the challenge of creating sustainable economic development. Nunavut represents a remarkable experiment in developing economic self-sufficiency in a way that incorporates “Inuit cultural values into the many new businesses which will form the backbone of the emerging economy.” The vision is perhaps captured best in the objectives of the Canadian Inuit Business Development Council, established in 1994:

- to organize the members into a co-operative network to promote economic development and self-sufficiency in Inuit regions and communities;
- to develop economic co-operation, trade, and business, not just in Canada but in the circumpolar world; and
- to promote Inuit employment and training opportunities in co-operative economic ventures and activities undertaken by Inuit communities, organizations, or other groups.⁹

Innovative economic and social development strategies, such as the approach of the Cree community of Ouje-Bougoumou, located in Abitibi, provide another model of development rooted in community needs. Expelled from their land and marginalized from political and economic life, the residents of Ouje-Bougoumou have developed their community with an eye to self-determination. In twenty years, they have rebuilt the village using the local workforce and established a series of public and community services (health service, youth centre, seniors’ residence, daycare, school, and cultural centre). The development model, while not specifically a co-operative, is exclusively community-based, similar to the kibbutz model of Israel.

Report of the Royal Commission on Aboriginal Peoples

One of the most recent revealing general enquiries into Aboriginal economic development is the *Report of the Royal Commission on Aboriginal Peoples (RCAP)*. The report identified that there will be a need for more than three hundred thousand new jobs for Aboriginal peoples by the year 2016, a truly intimidating challenge given the limited opportunities currently apparent in many Aboriginal communities.

⁸ http://wwwafn.ca/afnenglish/eco_development_secretariat.htm

⁹ “Building a Sustainable Future,” Inuits of Canada web page, Inuit Tapirisat web site, (<http://www.tapirisat.ca>), January, 2001.

Self-government without a significant base would be an exercise in illusion and futility. How to achieve a more self-reliant economic base is thus one of the most important questions to be resolved.

RCAP, vol. 2, p. 775

RCAP also identified four premises with regard to the current state of economic development within Aboriginal communities—the reasons and the pressing needs for fundamentally new ways of thinking to move beyond the status quo. They were as follows.

The Importance of History

The principal factor that brought Aboriginal communities to the point of impoverishment over the centuries was the intervention—deliberate or unintended, well intentioned or self-interested—of non-Aboriginal society.... But the factors that define how Aboriginal economies operate must change, as must the share of economic power exercised by Aboriginal people. In the economic realm, as in governance, it is necessary to make room so the Aboriginal people can develop their own solutions.

The Importance of the Collectivity

Policy makers and the general public have tended to assume that the economic problems of Aboriginal communities can be resolved by strategies directed to individuals thought to be in need of assistance. Typically, the problem is defined as Aboriginal individuals not having access to opportunities for employment or business development in the larger Canadian society.

This approach ignores the importance of the collectivity in Aboriginal society (the extended family, the community, the nation) and of rights, institutions, and relationships that are collective in nature. It also overlooks the fact that economic development is the product of the interaction of many factors—health, education, self-worth, functioning communities, stable environments, and so on.

The Importance of Seeing Economic Development as a Process

The economic development of any community or nation is a process—a complicated and difficult one—that can be supported or frustrated. It cannot be delivered prefabricated from Ottawa or from provincial or territorial capitals. The principal participants, those on whom success directly depends, are the individuals and collectivities of Aboriginal nations. The role of Aboriginal or non-Aboriginal governments should be to support the process, help create the conditions under which economic development can thrive, and remove the obstacles that stand in the way.

The Importance of Recognizing the Diversity of Aboriginal Economies

One of the implications of this diversity is that it is no longer helpful, if it ever was, for economic development policy to be issued from Ottawa or a provincial/territorial capital and applied uniformly to a range of conditions. This is one of the compelling reasons for locating authority and resources to support economic development in the hands of appropriate Aboriginal institutions at the level of the nation and community.

These kinds of reflections led the royal commission to comment as follows:

Under current conditions and approaches to economic development, we could see little prospect for a better future. From this experience, we came to the conclusion that achieving a more self-reliant economic base for Aboriginal communities and nations will require significant, even radical departures, from business as usual. We also became convinced that existing conditions and approaches entail enormous human and financial costs, a fact that also adds urgency to the search for better solutions.¹⁰

The direction indicated by *RCAP* has been endorsed by the Council for the Advancement of Native Development Officers (CANDO), a group that could play a crucial role in promoting and further developing the co-operative model among First Nations people.

The authors of this report similarly endorse these premises and believe they form an important background for considering the possibilities of co-operative enterprise among Aboriginal peoples. While recognizing that there has been much good intent by government officials and Aboriginal peoples in the past, they believe these premises offer the direction in which better solutions can be found in the future.

The authors also accept the position put forward by the royal commission, and confirmed by experience throughout North America, that long-term, permanent success will be dependent upon five critical factors:

- restoration of power and control over lands and resources;
- development of a positive and encouraging social/political/cultural climate for Aboriginal economic development;
- development of enabling instruments for use in surmounting the problems facing Aboriginal economic development;
- development of a skilled and positive forward-looking labour force; and
- acceptance and willingness to engage in economic activity by the mainstream in collaboration with Aboriginal people.

¹⁰ “Economic Development,” chapter five, *Report of the Royal Commission on Aboriginal Peoples*, 1997, p. 1.

Understanding the Context

Aboriginal leaders have expressed a preference for economic development conceived of as a process that takes into account the history, collective aspirations, economic diversity, and underlying realities of each Aboriginal community.

Making the Link between Aboriginal Economic Development and Co-operatives

The various statements made by Aboriginal leaders about how they would like to see their economies develop invites some reflection on how well the co-operative approach conforms with their stated ideals.

The co-operative movement extends ownership and control to the people who are involved in it as members; it is a movement with a long history and a demonstrated capacity to meet all kinds of needs.

Registered, formally organized co-operatives were first established in Europe during the nineteenth century by people concerned about protecting their interests and improving their economic and social well-being. Based on the fundamental principles of one member, one vote, the practice of rewarding people in proportion to their participation, and the use of education as a means of empowering people, the multifaceted “organized” movement had spread throughout most of the European continent by the beginning of the twentieth century. In the wake of European migrations, co-operative organizations were established in most of the rest of the world as well. Today, the co-operatives affiliated with the International Co-operative Alliance are involved in hundreds of different kinds of businesses; all told, today they have more than eight hundred million members in over one hundred countries.

This institutionalized version of co-operative behaviour, however, must be placed in the context of informal forms of co-operation. In fact, the progress made by co-operative movements around the world corresponds well with the degree to which societies and communities traditionally embraced spontaneous co-operative activities, be it the seal hunt, the harvesting of grains, the collective marketing of produce, the joint purchasing of food and supplies, mutual aid in times of adversity, the sale of art, the sharing of workplace skills, the collective provision of shelter, and community access to health services. Well-rooted co-operative organizations are not just the impositions of an institutional form; they often are the outward manifestations of a deep understanding of the benefits of collaborative behaviour—the kind of understanding that emanates most persuasively from the communal cultures of people, including Aboriginal peoples in many parts of the world. For that reason alone, the future for co-operative development among Aboriginal people is promising, given their common devotion and capacity for collective behaviour.

There are several dimensions of the co-operative tradition that are particularly amenable to the ways in which Aboriginal peoples have envisioned how they could develop their communities.¹¹

Definition of a Co-operative

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

“The ICA Statement on the Co-operative Identity,” in *Co-operative Principles for the 21st Century* (Geneva: ICA, 1996), p. 3.

First, co-operatives are—or should be—driven by the needs of their membership. They stress the importance of meeting member needs and of responding to local pressures. They are inclusive and they are respectful of the rights of individuals and the values of communities. Thus, when managed properly, they can become strong manifestations of community needs and community pride. They can be the kinds of responsive, entrepreneurial institutions many Aboriginal people say they want and demonstrably need.

Second, co-operatives are based on democratic principles of one person, one vote, the accountability of elected leaders, and the need for members to be informed about their co-operatives. They can be, as they have been in the Arctic, easily directed by Aboriginal traditions of community participation through which issues of concern are “thrown into the well from which everyone will drink”—the process whereby groups reach a consensus through a process of thinking and talking together. Such traditions can normally be transferred easily into the group decision making that is characteristic of sound co-operative development.

An example of successful integration of participatory decision making into an Aboriginal-owned co-operative is Neechi Foods, a worker co-operative in Winnipeg’s inner city. It has been able to thrive and continue to provide employment when other grocery outlets have discontinued services. While operating in a highly competitive and difficult industry, the enterprise has high social goals of providing harmony, environmental consciousness, and social justice, and it incorporates decision-making practices that hear the voices of its workers.

¹¹ See Appendix E for the Co-operative Identity Page of the International Co-operative Alliance for the generally accepted basis for the discussion that follows. A more complete examination of this background can be found in Ian MacPherson, *Co-operative Principles for the 21st Century* (Geneva, 1996).

Third, if managed effectively, co-operatives deepen relationships with members over time by encouraging them systematically to expand their investments in equity and by involving them in a range of activities in the co-operative. They can also, as the experience of the Arctic co-operatives dramatically demonstrates, expand in many creative ways the range of economic and social services they provide their members. In many Arctic communities, for example, co-operatives not only operate stores and sell Inuit art: they operate hotels, tourist businesses, machinery repair, and post offices—in fact, any kind of business that is needed in the community and can be operated effectively.

Fourth, the basis in member and community needs, the democratic structures, and the deepening of member participation mean that co-operatives could become one powerful response to the challenge posed by the Wahbung statement of the Manitoba Indian Brotherhood in the late 1960s:

A century of government administration and government and church control and the effects of living in an atmosphere of state dependency, where virtually all decisions relating to your life and your future are made by others will require developing new methods of response and community involvement.¹²

Fifth, co-operatives stress the importance of autonomy from politics and private enterprise, and that autonomy is often a key to their success. For example, one of the reasons that the Arctic co-operatives became so successful was that they distanced themselves from politics and worked out effective relationships with governments.

The Suitability of the Co-op Model

The co-op model conforms with the priorities for economic development identified by the *Royal Commission on Aboriginal Peoples*.

- it makes room “so that Aboriginal people can develop their own solutions”;
- it respects “the collectivity in Aboriginal society”;
- it recognizes that “the economic development of any community is a process—a complicated and difficult one”; and
- it locates “authority and resources to support economic development in the hands of appropriate Aboriginal institutions at the level of the nation and community.”

“Economic Development,” RCAP, chapter five, p. 3.

¹² Frank Cassidy and Robert Bish, *Indian Government: Its Meaning in Practice* (Lantzville, BC: Oolichan Books and The Institute for Research on Public Policy, 1995), p. 94.

Co-operatives were introduced to the Northwest Territories in 1950s partly because of the assistance of government officials. For the first few years, however, many of the co-operatives were on the brink of closure, in part because of the involvement of elected council members in business decisions. The turnaround point came when the co-ops stressed member education more, emphasizing the value of efficient business management practices aimed at creating dividends and the assuring the continuation of services. As members became better informed, they—and their co-operatives—assumed greater responsibility for their own affairs. In 1972, twenty-six stores joined to form the Arctic Co-operative Ltd. (ACL) which, by 1999, had sales of nearly \$69 million, returned nearly \$2 million to its (then forty-three) member co-operatives, had retained earnings of \$890,000 and reserves of \$2.265 million. It had become one of the most important economic forces in the Canadian North—arguably the most important of those owned by northerners.

Arctic Co-operatives and the co-operatives that owned it also had to distance themselves from government in Yellowknife and Ottawa, which was an important dimension of the move of ACL's head office to Winnipeg in 1985. While ultimately a business decision and not without controversy, the move to Winnipeg was important because it led to greater independence from government officials. There is a delicate line to be found for co-operatives, especially as they move beyond the formative stage, when government assistance must be reduced, and that time had arrived for the Arctic co-operatives. Since then, the progress has been steady and the stability of the organization—and the co-operatives that own it—has been increasingly evident.

Sixth, the co-operative tradition emphasizes the importance of co-operation among co-operatives. Once more, the experience of Arctic Co-operatives Limited amply demonstrates the importance of this principle. It emerged in large part because of the work of leaders of the Co-operative Union of Canada (the forerunner of the Canadian Co-operative Association). The Co-operative College of Canada provided important training for the Arctic co-operatives' elected leaders and managers during the formative period. Federated Co-operatives has shown flexibility and steadfastness in providing support for the northern co-operatives over the years, and The Co-operators insurance company has been a supportive investor and good business partner. Several credit union leaders from the South have made efforts to develop northern credit unions, and someday that will happen—probably when the northern co-operatives are more able fully to support them.

The most remarkable demonstration of how co-operation among co-operatives has worked, however, is the Arctic Co-operative Development Fund, a financial services organization owned by the northern co-operatives. The fund began operation in 1986 with a little over \$10 million in assets; by 1999 its asset base had increased to over \$28 million, including more than \$18 million in investments by local co-operatives, most of it built up through dividends returned to the co-operatives each year from the fund's revenues. In addition, it has recently

returned over \$1.5 million in dividends to its member co-operatives. It has operated on a tight budget, and distributed loans at low cost because of the already existing infrastructure within Arctic Co-operatives.

The Benefits of Membership

Members of co-operatives can...

- own the co-operative;
- share in its surplus or profits in proportion to their use of it;
- influence the policies that govern the co-operative;
- invest in their co-operative;
- benefit from what the co-operative does for their community;
- learn from the training and education programmes the co-op provides; and
- be proud of their own organization.

In addition, the member co-operatives have learned that the fund is a kind of insurance mechanism through which they help each other in times of need, meaning that only one loan has not been paid—by a co-operative that had closed its doors—and most loans are repaid before they are due. Co-operatives maintain good standing with the fund partly because it is good business to do so, but also because they are working with their peers in a common enterprise. The fund is a striking example of how co-operatives working together can create collective capital and share resources in the common good.

Seventh, co-operatives have a deep attachment to their communities. They cannot be bought and sold without member agreement, which should obviate concerns among Aboriginal people about losing control over any successful enterprise they manage. It is a form of enterprise that cannot be sold regardless of the interests of key stakeholders. That means co-operatives, when operated properly, will contribute permanently to a community's economic and social health.

Dimensions of Co-operatives That Matter

- they are driven by member needs;
- they are based on democratic principles;
- they build member commitment over time;
- they encourage self-responsibility;
- they are autonomous from politics, governments, and capitalist enterprise;
- they build through co-operation among co-operatives;
- they are concerned about communities; and
- they promote gradual, secure development.

Around the world, too, particularly among Aboriginal peoples, co-operatives have shown a particular concern for cultural issues. They sponsor special events for elders, perpetuate language study, celebrate traditional dance, and encourage communal pride among the young. They also typically support community activities, such as sports teams, and they commonly provide assistance for young people pursuing their educational goals. Co-operatives, however, are not charities, and they undertake such activities prudently through conscious decisions made after their economic viability is assured.

Eighth, co-operatives develop gradually, recognizing the complexities of personal and community development, relying upon the cumulative impact of education and training programmes, and accumulating capital resources slowly. They are not “quick fixes,” but when successful, they are certain providers of economic security, personal empowerment, and community stability.

All told, then, the co-operative approach fits in well with mainstream Aboriginal ideas about development, which is predominantly collective, centred on the individual Aboriginal community. It responds well to the priorities of the *Royal Commission on Aboriginal Peoples*. It meets the criteria for economic development presented by other reports—for example, the 1989 *Scone Report* in which Northwest Territory councils stipulated that economic self-sufficiency should be based on economic growth that retained and reinvested resources in the community and that built sustainable enterprises.

Understanding the Context

The co-operative approach conforms well with the aims and preferred methods for community development articulated by Aboriginal peoples.

The Extent and Nature of the Aboriginal Co-operative Movement Today¹³

There are an estimated 133 co-operatives in Canada today in which a substantial proportion of the membership is Aboriginal. Most of these co-operatives are located in smaller, more remote communities, although there has been increasing evidence of growing interest in large communities located closer to the larger cities and even some interest among Aboriginal people located in the cities.

We have considerable information about 77 (or 57 percent) of these co-operatives because they

¹³ The authors are indebted to Bachir Belhadji, socio-economic analyst with the Co-operatives Secretariat, Agriculture Canada, for the information upon which this section is largely based. His work is included in its entirety as Appendix A of this report.

have submitted data to the Co-operatives Secretariat. We also believe that nearly all the largest co-operatives have submitted data to the secretariat, meaning that the information we have represents far more than 57 percent of the membership and business activities of Aboriginal co-operatives in Canada today.

More than half the co-operatives are in the Northwest Territories, Nunavut, and Nunavik. They had their beginnings during the late 1950s and expanded rapidly during the 1960s and 1970s, in large part because of the efforts of public servants in Northern Affairs and other “southerners” aware of, and committed to, co-operative development. The co-operative approach has proved to be very popular in the Arctic and increasingly in the North generally; by the mid-1990s there were hardly any communities in the Far North that did not have a co-operative.

According to Arctic Co-operatives Limited, over 95 percent of the memberships of the northern co-operatives are Aboriginal, the remaining 5 percent being made up of southerners residing in the North. Inuit are by far the largest single group within the membership, particularly in Nunavut and Nunavik. In the western Arctic, substantial numbers of Inuvialuit and Dene are also members, and in recent years the Dene have been joining existing co-operatives in increasing numbers and starting new co-operatives. Subsequently, in this report, co-operatives in this region will be referred to as “the Arctic co-operatives.”

The Arctic co-operatives have developed two distinct federations of co-operatives: one, Arctic Co-operatives, serving co-operatives in Nunavut and NWT, and the other, la Fédération des coopératives du Nouveau Québec, serving the co-operatives of Nunavik. These federations have been instrumental in stabilizing the northern co-operatives, in developing system-wide accounting, marketing, and employment standards, and in presenting a united voice to governments. In addition, ACL is a member/owner of Federated Co-operatives, a Saskatoon-based co-operative wholesale owned by co-operatives in western Canada (and through ACL, northern Canada).

In Québec, a second membership network exists associated with the Mouvement Desjardins. In addition to six caisses populaires owned and operated exclusively by Aboriginal people, there are approximately twenty caisses populaires providing Aboriginal people with services specific to their communities.

The only other major concentration of Aboriginal co-operatives is to be found in northern Saskatchewan—the co-operatives that survive from an extensive programme undertaken by the Saskatchewan government during the 1940s and the 1950s. The remaining co-operatives are scattered across southern Canada, their origins being highly individualistic and their purposes quite diverse.

The Aboriginal co-operative movement is larger than most people might expect. The seventy-seven reporting co-operatives have more than twenty-four thousand members. This number is somewhat misleading in that the number of northerners using the stores is higher than that number would indicate. First, the store also serves nonmembers—a person does not have to be a member to shop in them. Second, most members are really families, and since most Aboriginal families in the North are larger than the Canadian average (and often include extended families), the numbers of Aboriginal people actually affiliated with co-operatives is substantially higher than twenty-four thousand.

In total, the data indicates that Aboriginal people are more likely to be members of co-operatives than other people in Canadian society, although this rather surprising fact is largely accounted for by the high penetration of co-operatives in the northern economy. In fact, northern Aboriginal people are four times more likely than southern Aboriginal people to be members of a co-operative.

The Aboriginal co-operatives reporting to the secretariat annually sell nearly \$250 million in services and products, and the amount has been increasing steadily in each of the last ten years. They have nearly \$190 million in assets and member equity stands at almost \$90 million; the co-operatives are managing their liquidity levels in an appropriate way and are generally maintaining their buildings in a satisfactory manner. Net savings have fluctuated somewhat around \$7 million each year, depending largely upon the extent to which the co-operatives have been improving their physical plant.

Conclusion One

The 133 Aboriginal co-operatives in Canada, particularly those in the Arctic, make substantial economic contributions to the communities they serve through local businesses and through the wholesales they own, which return surpluses or profits back to them.

It is easy to pass over the importance of the \$7 million in annual net savings. This money is generated entirely by business in the community, making co-operatives one of the most effective forms of economic development in the communities where they exist. Virtually all of the savings are distributed within the community; most of it is spent in the community, stimulating further business and economic activities. The “multiplier” effect is of some significance, although no studies have been done to measure that impact.

The co-operatives employ more than fourteen hundred people, the average co-operative employing about eighteen individuals. The vast majority of the employees are Aboriginal, the most common exception being managers, most of whom are non-Aboriginal, although this

pattern is slowly changing. On average, co-operatives tend to employ slightly more people than comparable firms owned and operated by non-Aboriginal people. They also appear to be more likely to keep employees in times of adversity.

The co-operatives pay their employees at about the same rate as other similar local businesses; in fact, they pay at a somewhat higher rate. The pay level, though, is lower than the national average and may be a matter of long-term concern. It may also help explain why some co-operatives have difficulty retaining Aboriginal employees once they have become trained.

An important dimension of the role played by co-operatives is that they provide considerable education and training for the people associated with them. In any given year, about a thousand people, virtually all of them Aboriginal, are involved as elected officials in the co-operatives. In that role they learn how to analyze business statements, work with managers, and report effectively to their communities. They take training programmes, travel to seminars, and learn about the activities of the federations. They learn about formal democratic procedures; in fact, more than half the members of the Nunavut Legislature have had significant leadership training and experience within their local co-operative.

Similarly, co-operatives serve as an incubator for employment opportunities within Aboriginal communities. Employees move among the co-operatives associated with the Arctic federations. Many have moved on to jobs in the public service and with private companies after having been trained in the co-operatives. Others have opened private businesses, sometimes competing with the co-operatives, after they have learned necessary business skills.

Conclusion Two

*Co-operatives are major employers of Aboriginal people.
They have made and are making significant contributions
through the training and education they provide their elected
leadership and employees.*

A distinguishing feature of the Aboriginal co-operatives is that they are involved in a wide range of businesses, the most common being in the retail trades. The co-op is the only store in some Arctic communities; in others, it is an important competitor of other stores, most of which are owned by two northern chain-store systems. Given the accountability inherent in the co-operative structure, the stores, when managed effectively, are important guarantors of the sale of goods at the most reasonable price.

Most Arctic co-operatives, however, are engaged in a variety of activities, including the marketing of crafts, the repair of snowmobiles, the operation of hotels, and the organization of

tourist activities. Many are involved in fishing and fisheries, a few in the provision of electricity and the operation of television cable systems. Three are housing co-operatives. One operates a bus co-op that takes the children of its members to their schools.

Conclusion Three

*Aboriginal co-operatives, particularly in the Arctic,
have shown remarkable entrepreneurship
by engaging in a wide range of economic activities.*

The Policy Environment Today

It may appear that programme devolution and greater self-government has led to First Nations and Aboriginal organizations taking the lead decision-making role in economic and community development, leaving federal, provincial, and territorial governments with less influence and authority over Aboriginal policy choices. Aboriginal policy choices, however, are always influenced by broader government policy frameworks and priorities such as regional economic development initiatives.¹⁴

There are several general barriers that are unique to Aboriginal economies and hamper development. These apply equally to co-operative development.

The complicated and cumbersome regulatory environment under the *Indian Act* restricts the economic and entrepreneurial environment, particularly on-reserve. Regulations are unclear and complicated; rules on ownership, autonomy, and the complex mix of individual band by-laws and standards discourage investment and entrepreneurial initiative. Land ownership structure also acts as a barrier for First Nations to access private capital. Because they live on Crown land and do not own private property as collateral, they are inhibited from accessing financing from financial institutions or banks. This often means resorting to government sources, which maintains dependency and can hamper initiative.

The instability and insecurity of outstanding land claims and self-government negotiations consume community resources and priorities, leaving few human or financial resources to dedicate to economic and social development. Many communities are dealing with pressing health and social needs, or laying the foundation for governance structures, before embarking on economic development.

¹⁴ The authors gratefully acknowledge the work of Rebecca McPhail, senior research analyst with Indian and Northern Affairs Canada, whose research provided information for this section. Her work is reproduced in its entirety as Appendix B of this report.

Ongoing jurisdictional debates hamper the ability of different levels of government and Aboriginal polities to work together effectively. Uncertainty over rights and unsettled claims acts as a barrier to commercial development, particularly in the resource sector, such as forestry and the fishery.

Aboriginal groups have limited access to capital and start-up funding. Some have greater access to resources than others, since most federal programmes apply to status Indian and Inuit people but not to Metis. For historical reasons, First Nations tend to rely more on federal programmes under Indian and Northern Affairs Canada and Industry Canada. Generally speaking, Aboriginal entrepreneurs are not using provincial economic-development and business-development programming for which they are eligible as provincial citizens. Provinces do not have outreach programmes, partly for jurisdictional reasons and partly due to lack of resources. As a result, there appears to be uneven support for Aboriginal co-operative development across the country. While some provinces seem to have made this type of development a priority, others appear to have not.

Placing the responsibility for co-operative development within government quite clearly shapes the mandate and function of those responsible. In most provinces and territories, the co-operative function is housed in an administrative or central service ministry, such as finance, corporate services, or justice, and these serve primarily an administrative role. In these cases, the co-operative unit is responsible for applying regulatory requirements and documenting applications. These provinces and territories do, of course, share information on co-operative development, but with a lack of resources and limited functional mandate for development activities, they operate on a passive, on-request basis.

In the few provinces and territories where the co-operative unit is housed in a programming ministry, such as economic development, the community development and volunteer sector, or industry and trades, policy and programme approaches are more proactive and dynamic. In Québec, Nova Scotia, Manitoba, Saskatchewan, and British Columbia, the co-operative branch is directly tied to and actively part of economic and business development activities. The role and mandate of these branches is active information and programming support for co-operative development. In these provinces, the co-op model is included among other options for business and entrepreneurship.

The co-operative function in territorial governments shares many of the same issues and challenges of their provincial counterparts, yet the North has a unique and long history of helping to serve the most remote and disparate populations in the country. At this time, the Yukon does not have any formal legislation, policy, or organizational support for co-operatives, but the model is recognized as an option. The new territory of Nunavut is currently

borrowing NWT legislation and policy framework, but plans to review and customize the approach within the year.

The Contribution of Co-operatives

From the perspective of many working within government, co-operatives are viewed as the middle option between band-run business and private enterprise. Co-operatives are considered to have served remote and isolated communities well, sharing scarce resources, creating employment, sharing cash dividends, and helping each other. All territorial respondents recognized the potential that co-operatives offer as a longer term and sustainable economic alternative to major chains and megastores.

It was observed that co-operatives can offer an innovative alternative for groups that would not normally have access to capital or business support. By pooling resources, unlikely groups have come together to share costs and expenses, and examples were cited where Aboriginal co-operatives have come up with innovative alternatives to overcome financing barriers.

The inclusive governance structure of co-operatives responds to Aboriginal demands for greater involvement in decision making regarding their affairs. Culturally, co-operatives are seen to be naturally compatible with the Aboriginal values of collaborative and supportive community planning. In terms of legitimacy and accountability structures, the co-op model has built-in transparency and reporting requirements to members. In addition, there are many spin-off benefits that are directly tied to developing human and social capital. Beyond the balance sheet and pooling of profits, co-ops offer much-needed social and community services.

Challenges to Greater Aboriginal Co-operative Development

Overall, there may be a general lack of awareness and understanding of the co-operative model. What is a co-operative, how do they work, how do they differ from other businesses, what kind of commitment is involved?

Aboriginal development Corporations play a central role in controlling decisions over Aboriginal community development. These corporations have been supported as a primary mechanism to dispense and manage federal transfers and settlements of land claims and self-government negotiations. As nonprofit development agencies, they are very active in supporting new Aboriginal business and economic ventures, such as quarries and fisheries in Labrador or tourism in the Yukon. They decide what types of investments and business models to pursue, and tend to prefer a collective approach over individual initiative. The co-operative model, however, is not being promoted. The development corporations play a crucial role in the

potential development of co-operative enterprises, but their views regarding the appropriateness of the co-operative model are currently not well known.

By and large, the co-op model is not coming up as an option for Aboriginal economic development or on-reserve initiatives. Typically, co-operative units do not deal directly with Aboriginal communities, and Aboriginal policy units are not familiar with the co-operative model.

Conclusion Four

A complicated political and policy environment is acting as a general barrier to economic and community development in all provinces and territories, although in different ways depending on provincial and territorial context. These barriers may help explain the mixed success rate and low take-up of the co-op model over the past few years.

Conclusion Five

Aboriginal communities require educational and development material on co-operatives, customized to their reality and culture, and providing examples of Aboriginal co-operatives. Most provincial and territorial representatives contacted suggested that the co-operative federations need to do more work in outreach and advocacy, while others pointed to the need for new resources for Aboriginal staff, and specialists in Aboriginal economies to make links and promote the model to communities.

Conclusion Six

Aboriginal development corporations play a central role in controlling decisions over Aboriginal community development, and consequently play a crucial role in the success of co-operative enterprise. Formal links should be encouraged between co-operative federations and Aboriginal development corporations, particularly in the North, and the views and priorities of these corporations with regard to co-operative enterprise should be identified in the next phase of research on Aboriginal co-operatives.

Emerging Themes: Aboriginal Co-operatives and Communities

There has been a belief, prevalent among all people, Aboriginal and non-Aboriginal alike, that economic activity and Aboriginal people were not compatible. There was a belief that we could not do business, that we could not start or run businesses, that the pursuit of profit was somehow not consistent with traditional Aboriginal values. We have never believed that these things are true.

We have seen an explosion of Aboriginal economic activity over the past few years. There are now more than 10,000 businesses owned by Aboriginal people. This is up from an estimated few hundred in the late 1960s. Despite this phenomenal growth, much more needs to be done over the next decade if there is to be any change in the economic circumstances of Aboriginal people.¹⁵

As the preceding chapter has suggested, several development strategies have been attempted in Aboriginal communities over the years. In some communities they have been linked to publicly owned businesses, while others have embraced entrepreneurship through small privately owned businesses. Some have involved working closely with natural resource companies; others have chosen to pursue more traditional forms of harvesting activities. Yet others, more than has generally been realized, have used co-operatives as an effective way to develop their communities economically and socially.

The following chapter identifies lessons learned from eleven cases studies of aboriginal co-operatives.

Case Study Characteristics

Origins

Consistent with the formation of co-operatives in all parts of the world, the Aboriginal co-operatives included as case studies in this report grew out of needs not currently satisfied or provided in an unsatisfactory manner by existing organizations.

¹⁵ “CANDO Statement on the Economic Development Recommendations of RCAP,” *Journal of Aboriginal Economic Development* 1, no. 1 (Spring 1999), p. 132.

The need for a decent standard of housing and a sense of community, for example, led to the formation of the Native Inter-Tribal and First Nations Housing co-operatives in London, Ontario. The desire for more affordable and traditional food sources, along with a strengthened community, resulted in the creation of Neechi Foods Co-operative Limited in an inner city neighbourhood in Winnipeg.

The primary objective for establishing Caisse Populaire Kahnawake was to keep large influxes of seasonal wages in the community, and to enable Kahnawake First Nation to access credit and loans using their own lending criteria and rules.

The Anishinabek Nation Credit Union was established as a solution for Anishinabek Nation communities that had for many years experienced difficulty borrowing funds for economic development and other projects. Anishinabek Nation communities had not been well served by government programmes or conventional financial institutions.

In Nova Scotia and British Columbia, a scarcity of employment opportunities led to the formation of the Apaqtukewaq Fisheries Co-operative and Wilp Sa Maa'y Harvesting Co-operative respectively. In the more remote regions, where service delivery is provided by few if any businesses, the Akochikan, Ikaluktutiak, and Amachewespimawin co-operatives were formed by community members to increase competition and assert control over local economies.

Co-operatives in the Far North were started generally within Inuit, Inuvialuit, and Dene communities to provide competition for existing food merchants and to ensure that pricing of consumer goods fairly reflected costs. They also were established to provide for the controlled marketing of Aboriginal art. Subsequently, the co-operatives have expanded to meet numerous vital needs of Arctic communities, including snowmobile sales and repair, hotel accommodations, and post offices.

Conclusion Seven

*Aboriginal people have started and developed co-operatives
to meet clearly identified needs, not because someone
told them it was a good idea; this basis in pressing needs
will be crucial in determining future success.*

Sectors

The sectors represented in the eleven case studies are reflective of where we find the greatest number of Aboriginal co-operatives today—predominantly in the retail sector, with increasing

strength in housing and the fishery. As demonstrated in the case studies, potential also exists in the financial services and natural resources sectors. Social co-operatives (health care, child care, medical care) are not represented in the studies (because none has yet been started); the authors believe they are of potential value, however, and will discuss them in the concluding chapter.

Location

The chosen co-operatives are located in all regions of Canada—Arctic Co-operatives Limited in Winnipeg but owned by the northern co-operatives it serves; Ikaluktutiak and Puvirnituq co-operatives in the Arctic; Akochikan Co-operative and Amachewespmawin Co-operative in remote communities in northern Manitoba and Saskatchewan respectively; the two housing co-operatives are located in a medium sized Ontario city; and one of the retail co-operatives is located in an inner-city neighbourhood in a large city in Manitoba. Caisse Populaire Kahnawake is located on the Kahnawake First Nation on the outskirts of Montreal, and the Anishinabek Nation Credit Union serves forty-three member First Nations situated in mid- and southern Ontario, from Thunder Bay to Pembroke, and Peterborough to London. Apaqtukewaq Fisheries Co-operative is located in the Atlantic region, and Wilp Sa Maa'y in central, northern British Columbia.

It has been suggested that the location of an Aboriginal organization in either an enclave or ¹⁶interwoven economy has implications for the nature of the programmes and policies that can be effectively implemented. Enclave economies have clearly defined and bounded geographic locations with a central Aboriginal government authority. One defining characteristic of these economies is the federal legislative and regulatory framework, defined mostly by the *Indian Act*, which makes the rules regarding land and resource use as well as access to credit more difficult without government (federal, provincial, Aboriginal) involvement. Those co-operatives identified as being located in enclave economies include Akochikan, the Apaqtukewaq Fisheries, Amachewespmawin, the Anishinabek Nation Credit Union, and Caisse Populaire Kahnawake.

Interwoven economies may have a defined geographic location but do not have a central Aboriginal government. These economies are usually urban, but may be rural or remote, or Inuit economies in the North, where reserves do not exist and public governments do. The balance of the eleven case study co-operatives are identified as operating within an interwoven economy.

¹⁶ For more detailed explanation of the meaning of these terms refer to Appendix D, “Co-operatives and Communities: Some Theoretical Considerations.”

Emerging Themes

Impact on Community

Previous studies¹⁷ examining the impact of co-operatives on communities have identified particular benefits associated with the formation of co-operatives in the following three areas: building/ strengthening physical infrastructure, building/strengthening personal infrastructure, and building/ strengthening social infrastructure (social capital). An analysis of the eleven case studies found similar benefits.

Building/Strengthening Physical Infrastructure Co-operatives contribute to the development of the physical infrastructure—roads, telecommunications, services—of a community through the construction of facilities and provision of services inadequately or not currently provided by government or the private sector. While it is more often in remote and rural communities that co-operatives play a major role in adding to and improving the physical infrastructure available to community residents, examples can also be found in large urban settings where market forces are not currently serving the needs of marginalized communities.

Within the remote North, co-operatives such as Ikaluktutiak offer retail services to provide food and housing essentials to the community, as well as other services—cable hook-up, for example. Through operating hotels and a craft-marketing co-operative, they provide employment as well, while facilitating the development of the tourism industry. In response to the lack of infrastructure in Nunavik, Puvirnituq Co-operative offers a group of services to the community, including cable, banking, consumer loans, and insurance, in addition to a hotel and courthouse as well as a general store.

Apaqtukewaq Fisheries Co-operative manages the Chapel Island Band oyster-processing facility in Arichat, Nova Scotia, and is exploring the feasibility of opening an oyster-processing facility on reserve, further strengthening the reserve community's ability to provide employment.

Anishinabek Nation Credit Union will be facilitating the accumulation of savings and creating a source of credit for its members, as well as providing a full range of financial services otherwise not available through conventional financial institutions.

The Kahnawake First Nation had not been well served by the traditional banks, which often had little or no awareness of Aboriginal laws and culture, and had been reluctant to do business in the community. The criteria for granting loans—stable and permanent employment—was

¹⁷ Lou Hammond Ketilson et al., *The Social and Economic Importance of the Co-operative Sector in Saskatchewan* (Saskatoon: Centre for the Study of Co-operatives, 1998).

not consistent with the seasonal workforce living on the reserve in winter, and working construction sites during the summer. The lending rules established by Caisse Populaire Kahnawake recognized the cultural realities of the First Nation, thereby providing a mechanism to support personal and business loans, assisting with economic development in the community.

Native Inter-Tribal Housing Co-operative and First Nations Housing Co-operative in London, Ontario, vigorously addressed the need for the Aboriginal community to have input into and improved control over the quality of housing available to it within the city. Native Inter-Tribal Housing Co-operative has grown from twenty homes in 1983 to sixty-two in 2000. First Nations Housing Co-operative has added forty-two homes to the co-operative since its incorporation in 1987. Demand continues to far exceed the number of houses available in the co-operatives.

Conclusion Eight

Co-operatives contribute to the physical infrastructure of communities by contributing to better transportation and communication systems in remote communities; by creating employment in resource industries; and by providing essential services, such as co-operative housing.

Building/Strengthening Personal Infrastructure The development of individual leadership (personal infrastructure) within a community has been demonstrated to be one of three aspects critical for the development and maintenance of vibrant and entrepreneurial communities. Education, training, and leadership development are central to principles of every co-operative, and examples within the Aboriginal co-operatives support the critical role leadership development plays in the success of the organizations.

In addition to receiving training on the role and responsibility of a board member, members of the Native Inter-Tribal Housing and First Nations Housing co-operatives have gained life skills from their involvement with the co-op's various committees.

Researchers also identified enhanced self-esteem as a result of small and large accomplishments through involvement with the co-operative. This very positive aspect was echoed in comments by the members of Neechi Food Co-op. It has the specific goal of ensuring that workplace stress does not disrupt co-operative relationships and adversely affect the healing process upon which members have embarked.

The Caisse Populaire Kahnawake has invested considerable effort in training its employees, with the assistance of the Fédération des caisses populaires Desjardins de Montreal et de

l’Ouest-du-Québec. Most of the employees had never worked in a financial institution before, so the caisse offered them complete on-the-job training.

Young people seem to be attracted to the jobs provided by Puvirnituq Co-operative, and regard the training programmes offered by the Fédération des coopératives du Nouveau-Québec via the local co-operative, as a source of personal development.

Participation in management training programmes available through Arctic Co-operatives Limited, as well as the opportunity to take part in leadership training and the democratic processes involved in running a co-operative, have contributed to the fundamental skills required to move on to positions of leadership in the newly formed Nunavut government. A large percentage of members participating in a human resource development initiative offered by Arctic Co-operatives Limited in the early 1980s went on to become hamlet managers, housing association managers, and Members of Parliament. Ten members of the Nunavut Legislature have had significant experience and training within the co-operatives.

Building/Strengthening Social Infrastructure A third necessary component that enables communities to exhibit entrepreneurial characteristics—social infrastructure (also referred to as social capital)—is the key ingredient that ties together the physical and human, allowing the community to develop. Unlike other forms of capital, social capital is not a single entity but a variety with elements in common. It is brought about through networks, social norms, and social trust. Community members develop social capital only through co-operation and mutual aid.

Co-operatives enhance the opportunities for the development of social capital within Aboriginal communities. For example, by working through Arctic Co-operatives Limited, remote communities have accessed not only a broad network of suppliers for products and services, but they have also absorbed new ideas, training programmes, and managerial expertise that was not easily available in the North. Membership in Arctic Co-operatives means membership in the Canadian Co-operative Association, and representation within the International Co-operative Alliance—and thereby access to ideas from across the world. On a local level, Arctic Co-operatives, in addition to the employment they have provided, have markedly increased the capacity of people to understand effective business practice, to assess economic activities, to reach consensus on complex issues, and to contribute to community economic and social development.

Inuit co-operatives in Québec not only met the Inuit’s needs for consumer goods, but also, above all, they created a sense of belonging. From as early as 1971, the co-operative movement even supported the idea of an autonomous regional government in Nunavik.

Caisse Populaire Kahnawake was the first banking institution to introduce a system of guarantees adapted specifically to the Aboriginal community. Under this model, known as a “trust agreement,” trustees are used as third parties when loans are guaranteed. Because the trustees are members of the Aboriginal community, they may receive land as security and sell it to reimburse the caisse, in the event the borrower is unable to repay. The trustees are all volunteers and are politically independent—not appointed by a federal or provincial agency, or the band council. At the time of the writing of this case, however, the legitimacy of this trustee system is being challenged in the courts. The judgement of the court will have a decisive effect on the Caisse Populaire Kahnawake’s lending activities, and all other caisses wishing to use the same model.

The Caisse Populaire Kahnawake has contributed to the development of social infrastructure by providing a mechanism to contain and recirculate financial resources within the community. With the support of the Desjardins federation, management training and technical support are made available, enhancing the ability of the community to access additional resources to further economic and social development.

The founders of the Anishinabek Nation Credit Union believe that having their own financial institution is essential to achieving the goals of more self-reliance, more independence, and more self-government. In support of that goal, the slogan for the credit union is “Put your money where your Nation is.” In their words, “We have to use our own money to invest and start it up. We need to deposit our own savings in the credit union so it can continue operating. We need to borrow money from our own credit union so it can make a profit.” In typically co-operative fashion, forty-three Anishinabek First Nation communities pooled their community and individual resources to build an institution that each of them on their own was incapable of establishing.

Co-operatives enhance social capital by the ways in which they contribute to their communities. Members of the Native Inter-Tribal Housing Co-operative developed an Urban Native Parents’ Association, which was instrumental in having the Native language taught in the neighbourhood school. The co-op also provides space for community activities and administrative assistance to other community groups. Akochikan Co-operative has held many successful socials within the community, thereby strengthening social ties among its members. Neechi offers a “Meals to Schools” programme and provides social support to its members.

In every co-operative studied, there are examples of how they provided a means for advancing Aboriginal traditions, whether it was offering a chance for employment in traditional pursuits, or emphasizing traditional foods, language, or cultural practices. All have strengthened social relationships, thereby contributing to the development of social capital.

Conclusion Nine

Co-operatives have contributed significantly to the social capital of Aboriginal communities by enhancing educational programmes, supporting business management skills, providing understanding of other societies, and fostering community action.

The Role of External Agents

Initial Founding

Many believe that co-operatives spring spontaneously from grass-roots initiatives. While it is true that co-operatives can prosper only if they are embraced by significant segments of a community, they usually develop because of the efforts of a few people, sometimes only one person. The importance of effective leadership is demonstrated in all the case studies prepared for this report.

In the case of the Ikaluktutiak Co-operative, it was Andrew Goussaert, an Oblate missionary who had travelled much of the North and had come to believe that co-operatives could provide essential goods at fair prices and assist in the marketing of art in the South. He was soon successful in attracting the support of Inuit leaders, an absolutely vital condition for success, and they played crucial roles in making the co-operative successful. A similar origin is to be found for Puvirnituq Co-operative, one of the first co-operatives organized in northern Québec. It started as an association of sculptors, organized with the support of André Steinman, a Catholic Oblate missionary, and Peter Murdoch, a marketer for the Hudson's Bay Company.

Wilp Sa Maa'y Co-operative grew out of a research initiative, and was led by a group from outside the community who had identified the community employment potential resident in the nonforest timber products they were studying.

Native Inter-Tribal Housing Co-operative was established by a group of individuals familiar with the co-operative housing concept. They worked closely with a housing resource group in London. First Nations Housing Co-operative grew out of collaboration with the N'Amerind Native Friendship Centre.

Caisse Populaire Kahnawake was the last founded of six existing caisse populaires owned and managed by Aboriginal people in Québec. The founders were familiar with the caisse model, which they felt was consistent with their own cultural values. "As a co-operative movement, the philosophy and spirit of Desjardins is no less than our own, the people of Kahnawake, of the Mohawk Nation and of the Iroquois Confederacy." (*Caisse populaire Kahnawake*, 1997, p. 2)

Anishinabek Nation Credit Union grew from the vision of Chief Joseph Hare of the M'Chigeeng First Nation, who in the late 1970s identified the need to establish a financial institution controlled by the First Nation. Chief Hare promoted his idea initially to adjacent First Nation communities, and ultimately at the grand councils held by the Anishinabek Nation, where the idea for a credit union was proposed and supported. In the final stages of development, the Union of Ontario Indians, an administrative corporation of the Anishinabek Nation, acted as a secretariat in the development of the credit union and provided the network information to member communities.

The worker co-operative, Neechi Foods, grew out of a community economic development initiative, with strong leadership provided by both Aboriginal and non-Aboriginal CED workers supportive of co-operative models for development. Apaqtukewaq Fisheries Co-operative was incorporated at the urging of the chief, who had a long-standing appreciation for the co-operative model generally and the Antigonish Movement, the community development programme from St. Francis Xavier University known throughout the world for its encouragement of co-operative enterprise.

In some of the case examples, however, it is clear that the vision of the early champion(s) was not always embraced enthusiastically or by large segments of the community's population. In some instances it was difficult to encourage prominent leaders of the community to run for the board or to accept positions on the various committees. Respect for the founders did not always translate easily into respect and support for the co-operative. This pattern is typical of most new co-operatives, not just those started in Aboriginal communities, but it is important to keep in mind in understanding the difficulties Aboriginal peoples will likely face in creating co-operatives in the future.

Conclusion Ten

*Aboriginal co-operatives have emerged in part
because of the dedicated and informed leadership
from either outside or within the communities they serve.
The leaders emerging from co-operatives have played
important and diverse roles in their communities.*

Funding

The funding to start up the co-operatives examined in the case studies came from a variety of sources, depending upon the sector and the location of the co-operative.

Akochikan Co-operative was started with financing provided by the band and managerial support provided by the federation, Arctic Co-operatives Limited. Since the financing was provided by the band, all members of the band automatically became members of the co-operative. This factor has contributed to challenges associated with increasing member participation, and will be discussed later in this chapter. Financing for a new building will also come from the band and from the federal government. The balance will be borrowed from Peace Hills Trust. The co-ordination of the financing has been managed by the Arctic Co-operatives Development Fund.

The first Inuit co-operatives were established in Nouveau-Québec in the late 1950s. Although the federal government had some involvement, most researchers recognize the pioneering role of André Steinman, an Oblate priest, and Peter Murdoch, who, before being appointed director general of FCNQ, worked for a branch of the Hudson's Bay Company, the main competitor to co-operatives in the North. In the face of the Inuit peoples' debt problems linked, among other things, to the drop of fur prices in the 1950s, Peter Murdoch established a pooled loan fund. This initiative served as the basis for the Nouveau-Québec co-operative system.

Neechi Foods, started in an inner-city neighbourhood of Winnipeg, was financed through private loans, donations from individuals and community organizations, a mortgage loan from Assiniboine Credit Union, and capital grants from the Winnipeg Core Area Initiative and the federal Native Economic Development Programme. Having so many players involved in providing the financing, each with its own kinds of information needs, delayed the start-up of the store, and the process strained the already stretched resources of the organizers to the limit.

Government had a vital role to play in supporting the development of the Anishinabek Nation Credit Union (ANCU). Initially, some programme criteria and implementation strategies acted as a barrier, but ultimately, the various departments involved at the federal and provincial levels facilitated the process. Aboriginal Business Canada provided funding for the feasibility study and the business plan, as well as some other expenses. FEDNOR and ABC initiated a draft agreement concerning the establishment of an Aboriginal Small Business Financing Programme in northern Ontario and committed \$4.2 million for business loans. The Ontario Ministry of Finance issued the charter. Prior to doing so, considerable scrutiny was conducted by their staff, which in retrospect will serve as a guide to ANCU's board of directors in the operation of the credit union.

The two housing co-operatives started with support from the Canadian Mortgage and Housing Corporation (CMHC) Housing Co-op Programme, which provided a mortgage guarantee, along with a subsidy for ongoing mortgage payments. They also accessed the Urban Native Housing Programme. The CMHC Co-op Housing Programme has since come to an end,

severely limiting the ability of the two housing co-operatives to acquire more units. This programme discouraged a connection between First Nations communities and the urban housing co-operatives by requiring a three-month previous residency within the City of London prior to being eligible for co-op membership.

Wilp Sa Maa'y did not require large capital outlays; it was started by capital raised through ten-dollar shares purchased by members, and a very modest start-up grant from the Gitxan-Wet'suwet'en Economic Development Corporation. It is managed by volunteer administrators and does not have permanent employees.

The experience reflected in the case studies suggests several issues about the funding of co-operatives. Funding for co-operatives within enclave communities may be easier to access if the co-operative fits within the mandate of relevant government programmes, or if it is supported by the band. Along with the funding, however, may come high levels of involvement or influence that may conflict with the autonomous nature of the co-operative as well as its democratic procedures.

Funding from government is problematic in sectors where changes in government policies can lead to the demise of essential funding programmes, resulting in stagnation such as that which occurred in the co-operative housing sector. In addition, programme restrictions required to achieve a goal of government may unintentionally work against goals essential to community cohesiveness, as illustrated in the Native Inter-Tribal and First Nations Housing co-operatives case study.

Co-operatives established off reserve often find it very difficult to secure funding as they move from one funding programme or source to another, searching for one whose mandate fits with their co-operative initiative.

The support of development funds and corporations, both Aboriginal and co-operative, is essential, not only in terms of making initial grants, large and small, but also in terms of providing co-ordination and financial expertise to those who do not possess this knowledge or ability. The success of the Arctic Co-operative Development Fund is remarkable. The attitude of the various Aboriginal development funds and the Aboriginal Economic Development Programme is a matter of some concern to the authors.

Conclusion Eleven

Aboriginal co-operatives have secured funding from a variety of sources, but there is a need for greater collaboration with government funding sources, Aboriginal economic organizations, and the co-operative sector.

Managerial Expertise and Resources (Operational and Policy)

Managing a co-operative is not an easy task. Leadership is provided by both elected officials serving on the board of directors, as well as by paid managerial staff. Often the goals of the two groups can be in conflict. In remote communities, where trained managers are difficult to find, co-operatives have to decide whether to bring in managers from outside the community or to train managers from within. The retail members of Arctic Co-operatives Limited were adamant in their desire for management being provided by members of their own communities. They felt that this would be the only way to ensure that the unique needs of remote communities would be understood and addressed. On the other hand, in order to prevent friends and family members from influencing credit and other business decisions of the co-operative, the elected officials of Amachewespinawin Co-operative in Stanley Mission did not want management to be drawn from the local community.

Management of Caisse Populaire Kahnawake has to deal with two conflicting factors: their commitment to the community's welfare and economic development and the necessity to maintain the caisses own financial viability. The manager indicated that it is sometimes difficult to meet the expectations of members, who feel that because the financial institution is located on the reserve and managed by people from their own community, it should automatically loan money as needed.

A founding member of Apaqtukewaq Fisheries Co-operative identified the need for a clear separation between the financial management of the co-operative and management of the band if the co-operative is located on the reserve.

Other co-operatives and credit unions can play major roles in assisting the development of sound management practices, as well as mentoring the co-operative or credit union through its developmental stages. For example, Credit Union Central of Ontario, through one of their divisions, CCG Management Consultants, authored the business plan for the Anishinabek Nations Credit Union. The Kahnawake Credit Union hosted a delegation from ANCU and provided valuable advice and information for their visitors. Member credit unions of Credit Union Central of Ontario were aware of ANCU and response from them was always encouraging. The annual report and audit of a credit union located in the area was a valuable reference.

Training

Good management, while essential to the viability of the co-operative, may be difficult to find in communities where many of the older generation have limited formal education. In remote communities such as Cambridge Bay, for example, where the average level of education

attained is grade six, achieving the co-operative's goal of having management provided by local people is a major challenge. Training programmes offered by co-operative federations such as Arctic Co-operatives Limited to members of Akochikan and Ikaluktutiak co-operatives, Federated Co-operatives Limited to Amachewespmawin Co-op, and FCNQ to Puvirnituq Co-op have been helpful in overcoming these challenges, but there is a clear need for more training opportunities. Provincial and national federations within the co-operative housing sector similarly have provided customized training and managerial support to the Native Inter-Tribal Housing and First Nations Housing co-operatives. The requirement of the *Caisse Populaire and Credit Union Act* for completion of a prescribed training programme prior to qualifying as a director further ensures that sector-specific training is offered to potential credit union and caisse populaire directors.

Co-operative development is rarely undertaken in isolation—in almost all cases it requires some assistance from people outside of the community, such as government or co-operative development specialists from the same or other sectors. As with any new start-up, the required assistance may include funding and managerial expertise. The formation of co-operative organizations presents other unique challenges, however, which often require sector-specific, long-term support.

Governance

The case studies reveal that members generally (and sometimes elected officials) have a mixed level of understanding of the philosophy and values underlying co-operatives. For instance, Apaqtukewaq Fisheries Co-operative gave examples of band leadership interfering in the decisions of the co-operative. In the Arctic and northern Québec, in contrast, one of the guiding principles of the co-operative movement is management by the Inuit themselves, in both elected officials and paid staff. Extensive member involvement in the democratic process, however, is not present, despite this commitment by the co-operative leadership.

The structure and processes associated with governing co-operatives are unique; they require commitment and effort on the part of the board of directors to ensure that the values underlying co-operative principles are reflected in the policies and activities of the organization. Carrying out the roles and responsibilities of member and elected official is difficult; it requires not only education and training, but determination as well.

The case studies also raise the question of the difficulties Aboriginal co-operatives might encounter as they seek their appropriate roles when there are other First Nation and Aboriginal organizations in the community.

Conclusion Twelve

There is need for more research on how co-operatives “fit into” Aboriginal communities—their social structure, other economic organizations, and political systems.

Community Support and Participation

One of the most difficult challenges for any co-operative is to encourage and maintain active participation by the membership. The people interviewed for the case studies cited a lack of member understanding of how co-operatives function and the kinds of benefits they can provide. Generally, however, members of the co-operatives examined in the case studies patronize their co-operatives well, but they demonstrated limited enthusiasm for participating in the democratic process.

Among the older co-operatives, engaging the interest of the younger generation was an issue. While the older members knew first-hand the conditions that existed prior to the establishment of the co-operatives and the benefits the co-op had brought to them, the current generation was often indifferent and uninformed.

Among the more recently established co-operatives, the challenge was expanding the membership to provide necessary funds for development. They were finding it difficult to communicate with the larger community.

Within the communities where co-op membership came as a result of band membership, stimulating participation seemed more problematic.

Conclusion Thirteen

Like all co-operatives, Aboriginal co-operatives have a significant challenge in ensuring strong interest and involvement by their members.

The Potential for Growth

The research for this report consisted of: eleven case studies of co-operatives among Aboriginal peoples; an analysis of the best practices for co-operative development emerging from a long history of co-operative development in Canada and overseas; an analysis of existing Aboriginal co-operatives undertaken by the Co-operative Secretariat; and a review of attitudes towards co-operatives by public servants across Canada. This chapter draws upon this research, more complete versions of which are available in this volume in the appendices.

This report has documented a substantial record of accomplishment by Aboriginal co-operatives. It has demonstrated, particularly through the case studies, considerable potential for the further development of co-operative enterprise among Aboriginal peoples. The key question that emanates from these finding is: What needs to be done so that Aboriginal people can consider systematically and in an informed manner the potential for the development of co-operative organizations within their communities?

The authors believe that Aboriginal organizations, governments, and the co-operative sector need to support two streams of initiatives in order to respond to this question. First, they need to ensure that Aboriginal peoples have the opportunity to learn about co-operatives, as much as possible from other Aboriginal peoples. Second, they need to develop ways and means to foster co-operative development within communities through the process known generally as community economic development.

Recommendation One

A special committee (the Aboriginal Co-operative Co-ordinating Committee) consisting of representatives from the Assembly of First Nations, the Inuit Tapirisat, Indian and Northern Affairs Canada, the Co-operatives Secretariat, the co-op sector, CANDO, and co-operative studies specialists should be appointed to (a) develop a strategy and recommend an implementation process to foster the development of co-operatives within communities; and (b) oversee a series of initiatives aimed at increasing understanding of the co-operative model among Aboriginal peoples.

The authors further believe it is essential to have some continuing leadership in order that these two sets of initiatives can be undertaken effectively. They therefore recommend the formation of an ongoing committee—the Aboriginal Co-operative Co-ordinating Committee—consisting

of representatives appointed by the organizations that supported this report: the Assembly of First Nations; the Inuit Tapirisat; Indian and Northern Affairs Canada; the Co-operatives Secretariat; the Canadian Co-operative Association; the Conseil Canadien de la Coopération, and specialists in co-operative studies. Representatives from other organizations might be added at a later date.

The authors suggest that the committee prepare an outline of proposed activities and projects, including timelines and budgets, to be submitted to the supporting organizations for approval and assistance.

Expanding Understanding of Aboriginal Co-operatives

The case studies undertaken as a part of this study suggest a wide range of possibilities for the future development of Aboriginal co-operatives. The following examples are particularly compelling.

The Arctic experience with arts and handicrafts invites study from southern peoples, especially in developing quality-control mechanisms and sound marketing practices. Significant interest in this possibility has already become evident as information about this report became known.

The experience of the Wilp Sa Maa'y Harvesting Co-operative suggests the possibilities of developing resource industries on a local basis and the future desirability of considering how such businesses might be co-ordinated on local, regional, provincial, and national levels.

Aboriginal peoples are facing serious housing problems both on and off reserves. The experience of the Native Inter-Tribal Housing and First Nations Housing co-operatives suggests the possibilities in an urban context. Consideration should also be given to how continuing housing co-operatives or “sweat-equity” co-operatives (where families co-operate to build housing) might be used to meet the needs of people living on reserves.

The co-operative approach to the development of financial services offers considerable promise given the success achieved by the Kahnawake caisse populaire and the creative beginnings of Anishinabek Credit Union.

The generally successful experience with consumer co-operatives suggests their possible wider application, particularly in remote communities. In the North, Arctic Co-operatives and la Fédération des coopérative du Nouveau Québec have always been supportive of the development of sound new co-operatives.

Despite such successes, the authors have found that very few Aboriginal people have adequate knowledge about co-operatives. To some extent, this lack of understanding is not surprising; nor is it unusual in Canada. Educational institutions—elementary, secondary and post-secondary—do not include sufficient or reliable information about co-operatives in their curricula. While most governments have information on co-operatives available, typically on request, few people understand the nature, extent, and possibilities of co-operatives, and demand is limited. The sector has information but has not engaged in significant promotional activities for several years. Another important factor is that the most successful co-operatives are in the Canadian Arctic, and those experiences are not widely understood in southern Canada among either Aboriginal or non-Aboriginal people.

Further research is required into the perceptions of band councils regarding co-operative enterprise. Band councils play a key role in the start-up of individual and collective enterprises, both engaging in business and developing the economy on reserves. Since they are also responsible for financing entrepreneurs, they can block projects deemed “unsuitable.”

Further research is also needed to understand completely the ways in which co-operatives function in their communities. The scope of the Co-operatives Secretariat’s annual survey, for example, is limited to the main financial variables of nonfinancial co-operatives. The survey does not allow for a comprehensive study to be carried out.

Recommendation Two

There is a need for a “special survey” collecting information on all possible variables affecting the co-operatives (including financial co-operatives) and the community.

It is important, therefore, that the northern experience be more carefully studied and more widely explained. While considerable information on these co-operatives exists, it is not readily available, nor is it in the most accessible form. The authors recommend consideration of the following possibilities:

- the Aboriginal Television Network should be encouraged to develop a series of programmes on the northern co-operatives;
- the developing Nunavut educational system should be encouraged to devote adequate time to the co-operative movement, especially since it is such an important part of the northern economy;
- materials for speeches, presentations, seminars, and workshops should be prepared so that interested communities in the South as well as the North can learn about the successes in Arctic Canada; and

- northern co-operative leaders should be encouraged to address key meetings of Aboriginal peoples such as the Assembly of First Nations, regional meetings of chiefs, and gatherings of band/Nation economic officers.

Recommendation Three

The northern co-operative experience within Inuit, Inuvialuit, and Dene communities needs to be more completely examined, information on it compiled in accessible forms and communicated to Aboriginal peoples as much as possible by Inuit, Inuvialuit, and Dene leaders.

More generally, there is a need for more generic information on co-operatives prepared specifically for Aboriginal peoples. Existing materials explaining co-operatives, advising how they can be formed, and indicating the range of possible purposes they might serve should be collected from co-operatives, governments, and the general sector. Inclusive and complete information packages, specifically designed for Aboriginal peoples, should be developed.

Furthermore, the committee should encourage existing training, education, and economic development organizations to expand their interest in, and support for, co-operative models for economic and social development. It should encourage the Council for the Advancement of Native Development Officers (CANDO) to examine the possibilities for co-operative development, and educational institutions such as the Gabriel Dumont Institute and the Saskatchewan Indian Federated Colleges to explore the possibilities of co-operative studies. It should investigate how the northern federations could expand their training/educational programmes within and perhaps outside the northern region.

There is some urgency in facilitating a greater understanding of the Aboriginal co-operative experience and in developing a more complete information base. The pace of change in Aboriginal communities is accelerating and many of the First Nations are starting to make key decisions about their economic and social future. Co-operatives can be only a partial answer to the many challenges they face but, as of this time, there is almost no consideration of how the co-operative model might be helpful.

Conclusion Fourteen

The following kinds of co-operatives would appear to offer the most promise for development in the near future: arts and crafts co-operatives; co-operative stores, particularly in remote communities; co-operative financial services; co-operative housing, both on and off reserves; co-operative development of the resource economy; and the delivery of social services.

To facilitate increased understanding in as expeditious a way as possible, the authors recommend the following approach: a special symposium/workshop should be organized for

the Spring 2001 to explore existing Aboriginal co-operatives; the Aboriginal Human Resource Development Corporation should be asked to fund the conference; and CANDO should be asked to organize it. As much as possible, the conference should feature Aboriginal co-operative leaders from the co-operatives and co-operative movements described in this report. In addition, organizers should invite chiefs from First Nation communities and key people from Aboriginal Business Canada and the Canadian Council for Aboriginal Business. Some possible topics for sessions are as follows:

- co-operative financial services;
- training and education within co-operatives;
- the possibilities of co-operative housing;
- co-operative alternatives within the resource-base economy;
- co-operatives in remote communities;
- governance of co-operative organizations; and
- the provision of social services through co-operatives.

The symposium/workshop should recommend, in particular, how best to ensure that the co-operative model is a viable option for those Aboriginal communities interested in using it for their economic and social benefit.

Recommendation Four

A special symposium/workshop should be organized to expand understanding of existing Aboriginal co-operatives and to explore the most likely areas of interest for future development.

Encouraging Co-operative Development

The case studies suggest the value of thinking about co-operative development as a variant of community economic development (CED). In its broadest sense, CED is best thought of as a process by which people obtain the power to affect the social and economic conditions in their communities, following priorities they set themselves. It means much more than the economic growth of small population centres.

A key element in effective community economic development is the nurturing of community infrastructure that includes, for example, supportive networks of people, the development of leadership capabilities, and an expanding knowledge base possessed by the people in the community.¹⁸ This development of the community is vital given the wide variation that exists among communities requiring development. The case studies demonstrate that co-operatives can contribute to the development of such infrastructures.

¹⁸ The distinction between development *of* and development *in* the community (discussed later in this section) is explained in more detail in Appendix D.

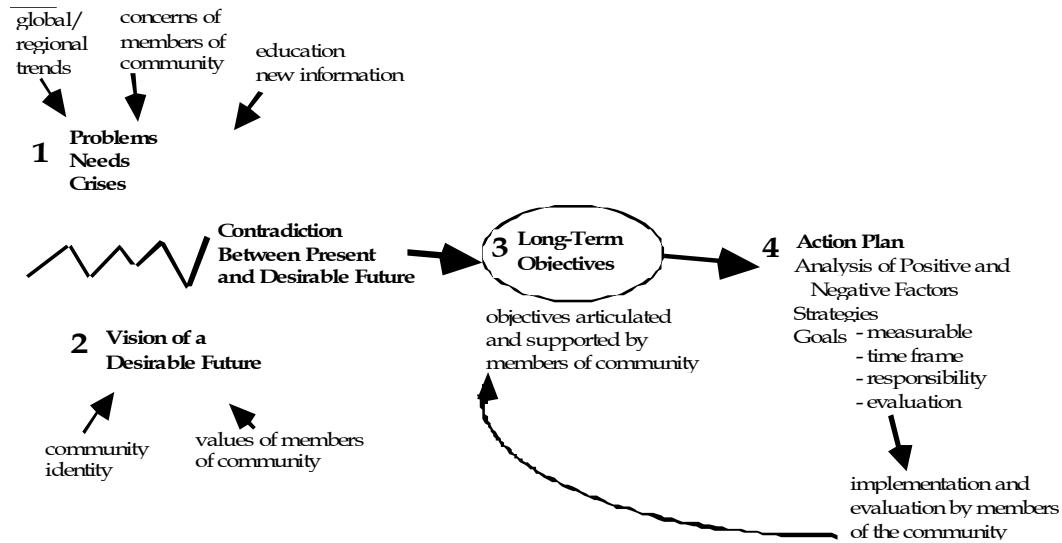
The second key element is recognizing that each community is different, has its own problems, and must find its own solutions. The problems facing urban communities are different from those facing rural communities, for example, while the challenges besetting fishing communities are different from those facing farming communities. As a consequence, no one approach will work in all instances. The solutions must be tailored to the needs of the individual communities. The case studies demonstrate that co-operatives can be helpful in addressing specific, variable issues confronting specific communities.

The third key element is that the people of a given community must take ownership of both the problems and the solutions; otherwise, attempts at community economic development invariably fall short. Local control, therefore, is essential for community economic development. It provides people with knowledge of the specialized problems facing their community, and it ensures that they are motivated to take action.

Recommendation Five

Aboriginal people must be empowered to expand their understanding and development of co-operatives in their community, be they on or off reserves.

Communities involved in community economic development need the fullest possible mobilization of local resources and the support, ideas, and action of as many of their citizens as possible. This can best be achieved by an open, community-based planning process. The process itself usually proceeds through five stages: (1) problem identification; (2) vision; (3) objective setting; (4) action; and (5) implementation. In the past, this process has often been very informal. In today's environment, it may have to become more formalized and professional, involving budgets, consultants, and government departments. The workings of this community-based planning process are demonstrated in Figure 1 (next page).

Figure 1: Community-Based Planning Model¹⁹

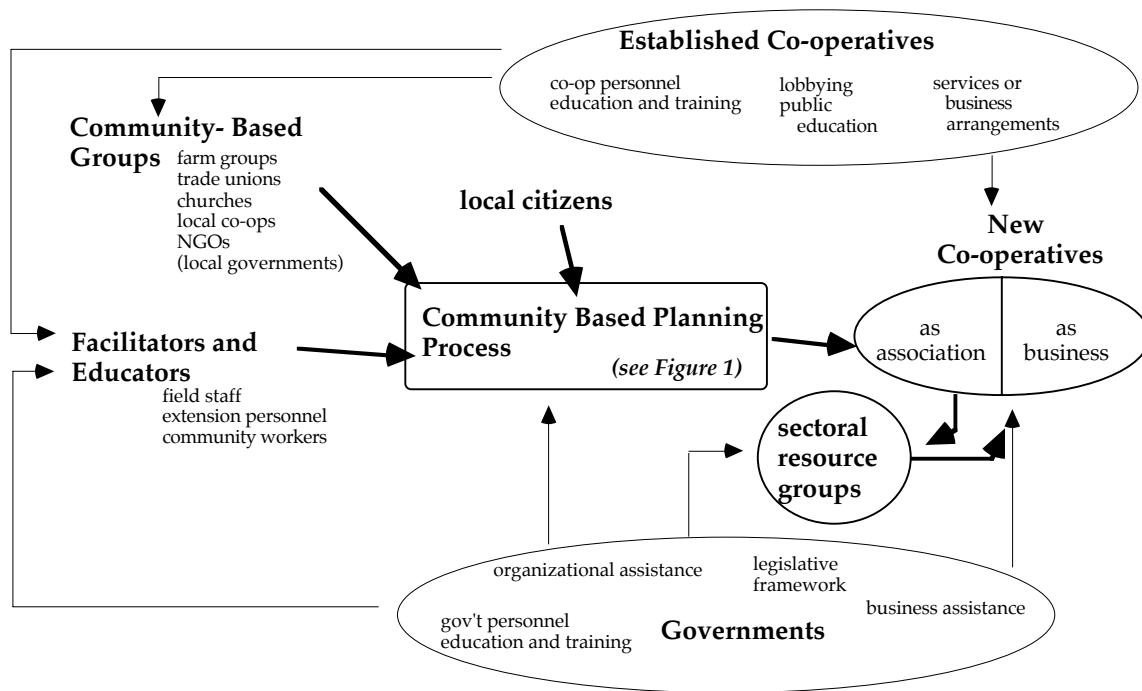
The Co-operative Model of Community Economic Development

Co-operatives can be a valuable option within the community economic development process, and Figure 2 (below) outlines how the co-operative dimension can be included. Established co-operatives have a role to play in this process, usually in assisting with personnel training, public education, government lobbying, and provision of some support services. Government contributes through the provision of organizational and business assistance, through appropriate legislation, and through educating and training its own personnel about co-operatives. This government assistance is provided not only to co-operatives directly, but to other community and resource groups—groups who may choose the co-operative model for their community development efforts.

In addition to emphasizing the distinction between development *of* the community and development *in* the community, a co-operative model of community development stresses that development *in* the community can take on a variety of forms. New economic activities may be started by individuals within the community, by groups within the community, or by outside agencies (e.g., government). Each of these activities can be expected to have different consequences for the health of the community.

¹⁹ This planning model was first introduced in the *Report to the Federal/Provincial Task Force on the Role of Co-operatives and Government in Community Development*, entitled *Climate for Co-operative Community Development*, by Lou Hammond Ketilson, Murray Fulton, Brett Fairbairn, and June Bold (Saskatoon: Centre for the Study of Co-operatives, 1992).

Figure 2: The Role of Government and Established Co-operatives in Developing New Co-operatives



The effective implementation of the co-operative approach to community economic development is not easy; nor is it quick. It depends upon the presence of informed individuals who can stimulate interest, provide information, and facilitate the development of co-operatives—should communities decide they wish to consider using the co-operative model to meet their economic and social needs. The authors recommend, therefore, that the proposed Aboriginal Co-operative Co-ordinating Committee, following the symposium recommended above and after further consultations, develop a plan for the selection and employment of co-operative information officers.

The authors believe it is essential that a small group of individuals sufficiently trained and acceptable to Aboriginal peoples be made available to promote a more thorough understanding of the co-operative model and its potential applications. These officers would play roles similar to those played by organizers involved in the creation of credit unions and most co-operative stores in the South, by northern affairs specialists in the early years of the Arctic co-operatives, and by similar individuals involved in co-operative development in other parts of the world. They would circulate information, lead information and resource training sessions, assist in developing business plans, help identify funding sources, and provide early training for directors and employees. As much as possible, they would work with existing co-operative

organizations in the area or those involved with the same kinds of business activities. They would be expected, however, to develop their programmes so that groups would become self-sufficient, using training and financial resources otherwise available as their organizations matured.

It is not clear at this point where such individuals might best be located: e.g., within some national organization or department, or within existing co-operative organizations; in the various regions of Canada or in communities that have manifested significant interest. It is equally unclear what the best lines of authority governing their appointment might be—with what kinds of accountability and to whom. The authors recommend, therefore, that following the symposium suggested above and after further consultations, the committee recommend to the sponsoring organizations the most effective way in which such a cadre of officers might be appointed and sustained.

Although co-operatives within the two northern federations have access to some training programmes, there is an ongoing and expanding need for more.

Recommendation Six

The Aboriginal Co-operative Co-ordinating Committee should prepare a plan—drawing upon the resources, financial and in kind, of government departments, Aboriginal organizations, and the co-operative sector—to create a cadre of trained co-operative organizers in different parts of Canada able to assist Aboriginal communities interested in studying and applying the co-operative model to meet their economic and social needs.

Encouragement of Greater Government and Government/Sector Co-ordination

In its relationship with governments, the co-operative sector typically has difficulty because its interests usually transcend the boundaries of traditional government departments. Because they are active in such diverse fields as housing, primary industries, health services delivery, worker co-operatives, the financial industries, and consumer services, they can relate to almost all government departments. From the government perspective, too, it is difficult for specialists in any one ministry to gain a full appreciation of the totality and the possibilities of the existing co-operative sector, let alone the possibilities of the full application of the co-operative model. On a federal level, this problem has been reduced by the activities of the Co-operative Secretariat, but there are still challenges to be met. On a provincial level, the challenges are even greater, particularly in those provinces where no person or group is charged with the responsibility of fostering integrated approaches to liaison with, or development of, the sector.

The authors recommend that the committee consider how policy directives, information, and experiences concerning co-operative developments among Aboriginal peoples can be regularly and systematically exchanged; how it could ensure that the meetings of ministers and officials responsible for co-operatives consider Aboriginal co-operatives regularly; and how collaboration with the sector could be enhanced.

Recommendation Seven

The Aboriginal Co-operative Co-ordinating Committee should consider how greater co-ordination of all levels of government and government/sector initiatives for Aboriginal co-operative development might be achieved on a continuing basis. It should co-ordinate its approach with the development programmes of the Canadian Co-operative Association and the Conseil Canadien de la Coopération.

In fact, the development of the co-operative alternative among Aboriginal people appears to be an area where some special efforts at intra-governmental, inter-governmental, and government/sector co-ordination are required. While the Indian and Northern Affairs Canada is clearly the lead ministry, other federal ministries, particularly in economic development and the health fields, are also important, especially when one considers nonreserve and nonstatus Aboriginal peoples. On a provincial level, as the report on provincial initiatives demonstrates, the potentially relevant policies and programmes are spread across several departments.

Looking at the possibilities for future development, particularly in training, education, and promotion of co-operatives, the experiences of the Arctic co-operatives and their federations should be utilized whenever possible. There is no need to reinvent what has already been well developed. There should be some advantages of scale; there is much that Arctic and southern Aboriginal peoples can learn from each other.

Recommendation Eight

The Arctic federations of co-operatives should be consulted in the future development of training/education/promotion programmes. They have differing experiences and traditions, and many years of experience that should be used for the benefit of all Aboriginal co-operatives.

The Need for Further Research

Further Research

This report has demonstrated the need for additional research. We believe this research should be undertaken by people with academic training coming from an Aboriginal background. The

main focus of this research, recognizing the variety of Aboriginal experience across the country, should address the fundamental issue of how well co-operative structures and approaches fit within existing specific Aboriginal communities.

Recommendation Nine

There is a need to ascertain more completely the views and priorities of Aboriginal economic development organizations regarding the expansion of the co-operative movement in Aboriginal communities.

A Concluding Statement

This report has demonstrated the extent and stability of the Aboriginal co-operatives in Canada. It has proposed ways in which that experience can become better known. It has suggested how Aboriginal peoples, the government, and the co-operative sector might develop a means for Aboriginal communities to consider in an informed way—and with the advice they will require—how to develop co-operatives to meet their economic and social needs.

The authors believe deeply that the development of co-operatives is ultimately a question for Aboriginal peoples to decide. It is not a solution to be forced upon them. It is not the only option Aboriginal people have, but it is an option that some Aboriginal people have used effectively and others could employ for their economic and social benefit.

APPENDIX A

PART 1

Socio-Economic Profile of Aboriginal Co-operatives in Canada

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January 2001

* The author wants to thank Alain Roy from the Co-operatives Secretariat for his valuable comments and his active role in this project. Mr. Hugh Deng, from Carleton University, produced parts 2 and 3 of Appendix A and his help was much appreciated. The author wishes also to express his thanks to the members of the Steering Committee on Aboriginal Co-operatives for their helpful suggestions. The views expressed in this paper do not necessarily reflect those of the Co-operatives Secretariat or the federal government.

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Introduction

This paper is part of a larger research study on the Aboriginal co-operative movement (*A Report on Aboriginal Co-operatives in Canada: Current Situation and Potential for Growth*). The study was initiated by the Canadian Co-operative Association (CCA) and le *Conseil canadien de la coopération* (CCC). The objective of the study was to build knowledge and awareness about the current state and contributions of Aboriginal co-operatives to regional and community development. The present paper has been developed as a background paper for the complete study. It focuses mainly on key measures of socio-economic performance of Aboriginal co-operatives.

Content

The paper is organized as follows: a short description of the data and a discussion on the meaning of an aboriginal co-op are examined in the introductory section. After describing the formation process of Aboriginal co-ops (section 1), a general overview of Aboriginal co-ops is presented (section 2). This section looks at the geographic and sectoral distribution of Aboriginal co-ops, as well as the profile of a typical Aboriginal co-op. The way Aboriginal co-ops are organized (within their federations) is examined in the third section. A comprehensive trend analysis (1993-1997) follows (section 4), where major social and economic variables are reviewed. Since the core of Aboriginal co-ops is made up of consumer co-ops, section 5 is dedicated to consumer co-ops. Whenever possible, comparison with both the Canadian consumer co-ops and the retail sector is carried out to give the reader an idea of the relative performance of Aboriginal consumer co-ops. There is a large concentration of Aboriginal co-ops in the Northwest Territories and Nunavut. In section 6, we examine some of the socio-economic variables of Aboriginal co-ops in these two Territories. Lastly (section 7), we put forward the shortcomings of this paper and provide some ideas about future research in this field.

Methodology

The Co-operatives Secretariat relies on its own database to conduct studies on Canadian co-operatives, hereafter co-ops.

Every year, the Co-operatives Secretariat administers a survey questionnaire directed to Canadian co-operatives. The provincial registrar sends the list of co-ops to the Secretariat. This list contains all the co-ops that were in business during the previous year, in addition to any new incorporations. Some entities, that are organized like co-ops but not incorporated as such, are not considered co-ops by the Secretariat¹, and hence are not asked to complete a questionnaire.

The questionnaire is a condensed version of the annual report of the co-ops. It contains three parts: the first part retrieves information about the sales and/or services. The classification of sales refers to several predefined categories such as fish, grain, food products, eggs, etc. The second part is the statement of income (revenues and expenses), while the third part reproduce the balance sheet (assets and liabilities). Two non-financial variables are the status of the membership (active and total) and the employees (part time and full time)².

The Annual Survey of Canadian Co-operatives (ASCC) started in the 1930s. Since 1984, the data gathered from the ASCC have been available in electronic format. Therefore, most of the studies undertaken by the Secretariat do not use data prior to 1984.

Definition of an Aboriginal co-op

The department of Indian and Northern Affairs Canada defines the Aboriginal peoples as “the descendants of the original inhabitants of North America”. The Canadian constitution recognizes three groups of Aboriginal people – Indians, Métis people and Inuit (Inuvialuit are part of the Inuit people who live in the Western Arctic).

To select and study Aboriginal co-ops, one must have a clear definition. The Secretariat analyzed several definitions but no formal one was retained. The definitions focused either on ownership, communities, or management. The ownership definition was similar to the one adopted by Aboriginal Business Canada (ABC)³ that defines an Aboriginal business as one that has 50%+1

¹ Secretariat will refer to the Co-operatives Secretariat.

² A copy of the survey questionnaire can be obtained from the Co-operatives Secretariat (e-mail: coops@em.agr.ca; telephone: 613-759-7198).

³ ABC is a federal government organization (part of the Industry Department) that promotes Aboriginal businesses.

Aboriginal ownership. Since owners of a co-op are the members, this definition means 50%+1 Aboriginal members. Another definition focused on the community: if the co-op serves an Aboriginal community, that co-op could be labeled an Aboriginal co-op. There was however no specification as to the level of involvement in the community. A third definition put forward the power of the decision process. If management is primarily of native origin, then the co-op could be termed Aboriginal. Here also, there was no consensus as to the level of management or the proportion of Aboriginal managers.

ABC's definition that focuses on ownership seemed adequate since it is more precise than the other two. But it was impossible to implement because the Secretariat does not collect information on the ethnic origin of the members. Instead, the Secretariat used its broad knowledge of the co-op sector to select Aboriginal co-ops. The selection was based on the Aboriginal location of the co-op. Since Aboriginal co-ops are generally used by the members of the community, the definition is community oriented. No proportion numbers (e.g. the percentage of Aboriginal people in the community that are using the co-op) were taken into account in this definition, that could therefore be described as *ad hoc*. To reinforce the selection method, the Secretariat sent the list of Aboriginal co-ops to the appropriate provincial authorities for verification. There were very few corrections to the list and the Secretariat was able to proceed.

1. Formation of Aboriginal Co-ops and Regional Context

In the first part of this section we analyze the evolution in the number of incorporations of co-ops, with special emphasis on NWT. The second part concerns the particularities of co-ops located in the north versus the south.

1.1 Formation of Aboriginal co-ops

In 1997, only 77 Aboriginal co-ops responded to the Annual Survey of Canadian Co-operatives (ASCC), a response rate of about 58.3%. Even though

this rate seems high compared to surveys in general, it is nonetheless relatively low when it is compared to the general response rate of the ASCC administered by the Co-operatives Secretariat, which is about 75%. The Arctic Co-operatives Ltd.

(ACL) was very helpful to the Secretariat, providing it with all the annual reports of its member co-operatives. Each year, the government of Quebec sends the necessary data to the ASCC about co-ops incorporated in Quebec. Consequently, Quebec and the NWT are very well represented in the database on Aboriginal co-operatives.

The first Aboriginal co-op was incorporated in 1945 in Saskatchewan, doing business in the fish sector⁴. Since the 1950s, the number of incorporations increased steadily until the 1990s (see Figure 1.2), when the number dropped from 70 (in the 1980s)

Figure 1.1 Number of Aboriginal Co-ops Responding to the ASCC

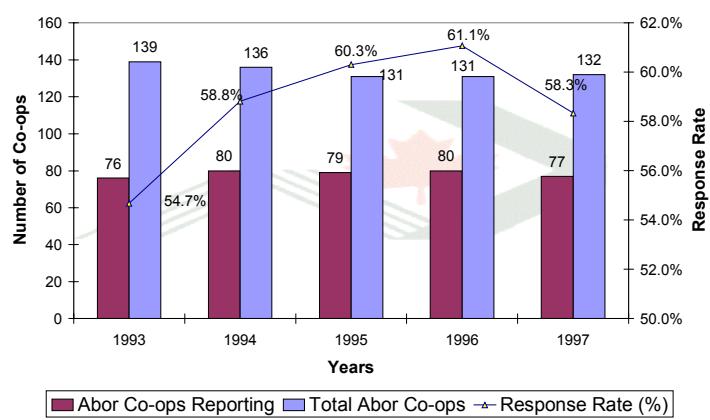
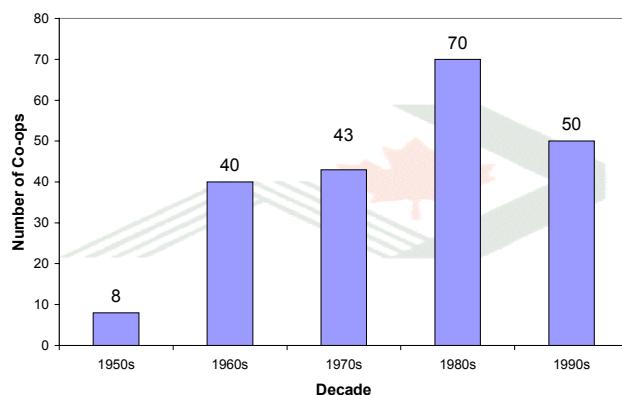


Figure 1.2 Number of Incorporations of Aboriginal Co-ops

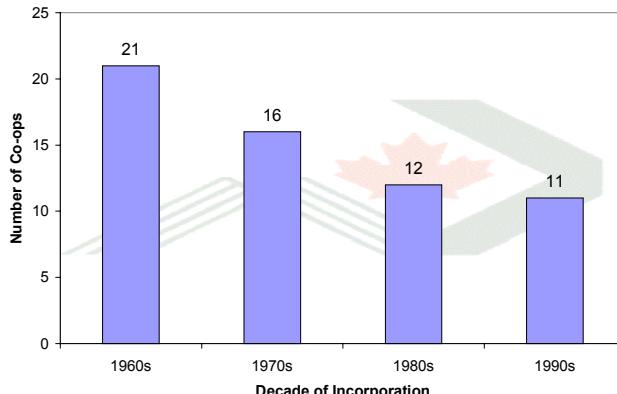


⁴ Since this co-op is the only one that existed in the 1940s it is accounted for in the 1950s in figure 1.2.

to 50 incorporations (in the 1990s).

This pattern of incorporations was not matched in the NWT⁵, where the big wave of incorporations happened in the 1960s. It seems that the pattern in the NWT is the opposite. Co-ops were very popular in the NWT due to specific programs targeted at northern regions in the 1960s (and to a lesser extent, in the 1970s). While Aboriginal co-ops in general seem to raise less interest in the 1990s, it is not the case for NWT Aboriginal co-ops, where the interest is still present: there was no apparent change in the number of incorporations between the 1980s and the 1990s.

Figure 1.3 Number of Incorporations of Aboriginal Co-ops in the NWT



The newly formed co-ops (i.e. 50 incorporations in the 1990s) are mainly concentrated in the handicraft and arts sector (10 new co-ops), the consumer retail sector (8 new co-ops), the feeder sector (5 new co-ops), and the housing sector (5 new co-ops). Other new co-ops were in the service sector, such as health and recreation. It is not surprising to find very few marketing co-ops, since these are often synonymous with agricultural co-ops. By comparison, at the Canadian level, the newly formed (small) businesses are concentrated in the retail sector (19.8%), the business services (18.5%) and the computer services (17.2%)⁶.

Aboriginal peoples are less likely to own a (traditional) business than other Canadians (Table 1.1). There is about 27% more owners (per 100 000 inhabitants) within the Canadian population than within the Aboriginal community. But Aboriginal co-ops are relatively (i.e. compared to Aboriginal population) more common than other co-ops (everything else being equal): for every 100 000 people, there are about 10% (or 3) more Aboriginal co-ops than other co-ops. This result

⁵ The NWT Included the territory of Nunavut before March 1999.

⁶ These data are extracted from the GDSourcing's 1998 Survey of New Small Business Intentions.
<http://www.gdsourcing.com/1998Survey.htm>.

is even more striking when we look at Aboriginal co-ops in the NWT⁷. In the NWT, the number of co-ops (serving 100,000 Aboriginal population) is four times (i.e. 140/35) higher than that of the Aboriginal co-ops in all Canada. This result explains the importance of co-ops to northern communities in general and to the NWT in particular.

Table 1.1 Number of Canadian Owned Corporations Serving Canadians and Aboriginal Communities⁸

Region and Type of Corporation	Number of Non-Financial Corporations per 100,000 Inhabitants ^c
Canada – All Businesses (per 100,000 Canadians) ^a	6600
Canada – All Aboriginal Businesses (per 100,000 Aboriginal Canadians) ^a	4800
Canada – All Incorporated Businesses (per 100,000 Canadians) ^a	2240
Canada – All Co-ops (per 100,000 Canadians) ^b	32
Canada – Incorporated Aboriginal Businesses (per 100,000 Aboriginal Canadians) ^a	1300
Canada – All Aboriginal Co-ops (per 100,000 Aboriginal Canadians) ^b	35
NWT – All Aboriginal Co-ops (per 100,000 NWT Aboriginal Inhabitants) ^b	140

Source: Annual Survey of Canadian Co-operatives (Co-operatives Secretariat, Canada); Caldwell D. and P. Hunt (1998); Governments of NWT and Nunavut (Internet Statistics).

a: 1991

b: 1996

c: Only those that are 15 years of age or older are taken into account.

1.2 Aboriginal Co-ops in a Regional Context

Historically, co-ops in the north have always had achieved a good reputation with local people and with all levels of government. There is no doubt today that co-ops are a driving force in the northern economy. In the south the situation is different. Due to the lack of awareness and knowledge of the co-op model, southern Aboriginal people and decision-makers do not necessarily consider the co-op approach when seeking a sustainable tool for their economic development and independence.

⁷ NWT will refer to North West Territories in the remainder of the document. It includes what is now known as Nunavut, because the study period (1993-1997) was prior to the creation year of this new territory (1999).

⁸ These numbers concern the number of Canadian owners; it is assumed that one corporation is owned by one person; this is especially true for the Aboriginal population, since 76% of the businesses are sole proprietor.

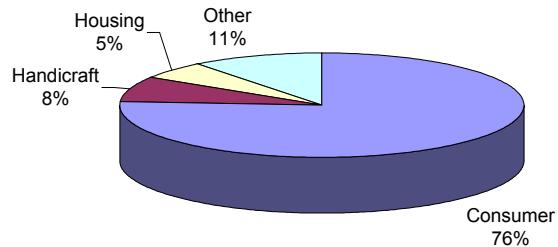
Table 1.2 Comparison between Northern and Southern Aboriginal Co-ops, 1997

	Northern co-ops	Southern co-ops	Total co-ops
Number of all co-ops	75	57	132
Number of co-ops reporting	52	25	77
Number of members	19,366	4790	24,156
Number of full-time employees	843	165	1,008
Volume of business (\$ million)	224	25	249
Total assets (\$ million)	166	22	188

The number of co-ops in the north was higher than in the south and the average northern co-op was larger (\$4.3 million volume of business) than the southern co-op (\$1.0 million volume of business). The average northern co-op employed more full-time workers (16.2) than the southern co-op (6.6); this was expected since the average northern co-op is larger. The amount of assets for the average northern co-op is higher (\$3.2 million) than the southern co-op (\$880,000). Members are more numerous in the northern co-op (372 per co-op) than in the southern co-op (192 per co-op).

Northern communities have long used the co-op model for their daily needs. They purchase not only food and dry goods from the co-op, but also use the co-op for various services such as transportation (taxi) and cable distribution. All these goods and services are usually provided by local consumer co-ops. On the other hand individual co-ops in southern Aboriginal communities tend to be specific rather than multifaceted.

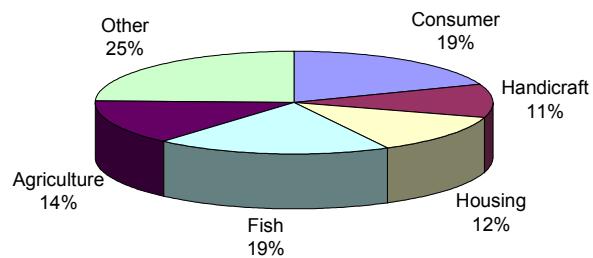
Figure 1.4 Main Activities of All Northern Aboriginal Co-ops - 1997



The mix of activities of northern and southern co-ops is different. While northern co-ops are concentrated primarily in the consumer sector (76% of all co-ops), southern co-ops tend to be more diversified and can be found in several sectors such as consumer (19%), fish (19%), agriculture (14%), housing (12%) and handicraft (11%).

The dichotomous structure of activities can be explained by the magnitude of market demand. Because market demand for a specific line of products is very low in the north, consumer co-ops have adjusted and offer a multitude of products. This adjustment was necessary for them in order to cover their fixed costs. Market demand in the south is larger due to a larger population. Also, total costs are not so high in the south because transportation and storage costs are lower than in northern parts. Consequently, southern co-ops do not have to carry a multitude of products and can survive with only one or two product lines (food or fish or taxi, etc.). Therefore, there exists in the south a more diversified selection of co-ops that are individually more specialized.

Figure 1.5 Main Activities of All Southern Aboriginal Co-ops - 1997



2. A Glance at Aboriginal Co-ops

In section 2 we provide a general overview of Aboriginal co-ops. First, this section discusses the geographic locations of Aboriginal co-ops and their type of business. Then, it reviews the sectoral distribution of Aboriginal co-ops. The section ends with a profile of a typical Aboriginal co-op.

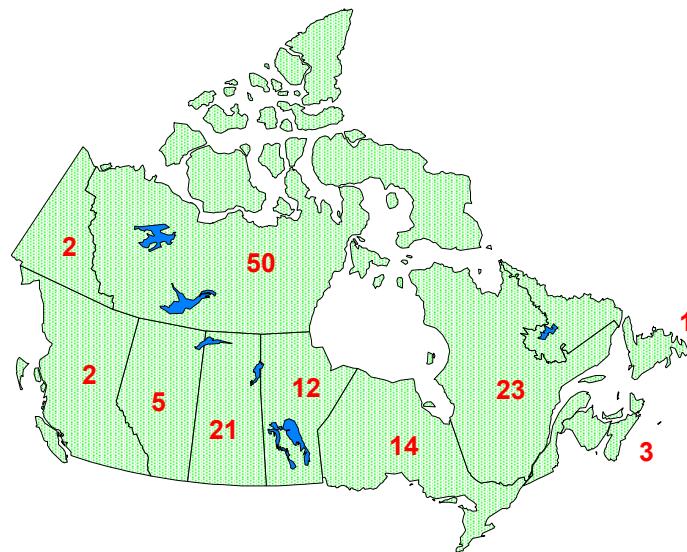
2.1 Location and type of business of Aboriginal co-ops

The majority of Aboriginal co-ops are located in NWT and Québec. The NWT are the preferred location of Aboriginal co-ops, because of the large proportion of people of Aboriginal descent.

Almost 38% of the Aboriginal co-ops are incorporated in the NWT. More than 17% of Aboriginal co-ops are located in Québec. More than one third of Aboriginal co-ops are located in Saskatchewan, Manitoba and Ontario. The

Atlantic Provinces have very few Aboriginal co-ops. We are not aware of any Aboriginal co-op in New Brunswick and Prince Edward Island, but this absence could be a data problem (especially in New Brunswick).

Figure 2.1 Number of Aboriginal Co-ops in Canada, 2000



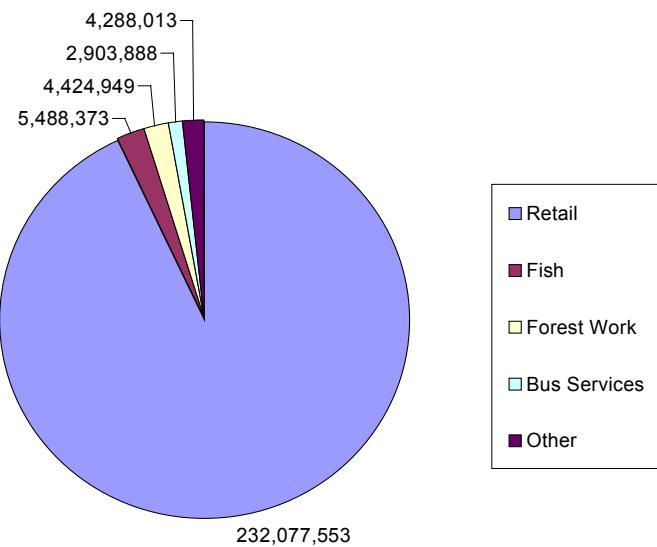
Retail co-ops (mainly grocery stores) dominate the co-op sector, with an estimated volume of business of more than \$230 million (Figure 2.2). The fish sector is far behind with only about \$5.5 million; co-ops that are related to forest work have a volume of business close to \$4.5 million. The volume of business from “Bus Services” is in fact related to only one co-op in Alberta running a school bus service. Let us mention that a very big part of its volume of business comes from government premiums and subsidies.

2.2 Sectoral distribution of Aboriginal co-ops and Businesses

The sector distribution of Aboriginal co-ops has remained the same over the five-year period (1993-1997). Most of the co-ops are still present in the consumer sector, while other sectors such as fish, rural electric and housing have only a few co-ops.

This sectoral asymmetry is historic and goes back to the times when the Aboriginal peoples decided to organize themselves (through Arctic Co-operatives Ltd., or ACL, and la Fédération des coopératives du Nouveau-Québec, or FCNQ) to increase their purchasing power for the basic goods. More competition resulted from the formation of consumer co-ops. The goal of these co-operatives was to use the two federations (ACL and FCNQ) as suppliers to local co-ops, so they could benefit from the economies of scale and thus lower their costs. Local Aboriginal co-ops are still very active in the consumer sector because of two reasons: first, the level of income of the Aboriginal population is still low and the need to satisfy the basic necessities consists of a big proportion of their disposable income. Second, some of these consumer co-ops are multifaceted co-ops and supply not only food, but also handicraft products, snowmobiles, etc. In recent years (1990s), there was an increasing preference for handicraft and arts products among Aboriginal co-ops, as we observe the majority of the incorporations in the arts and craft sector (see the previous section on the *Formation of Aboriginal Co-ops*). Aboriginal co-ops (like other Aboriginal businesses) tend to choose the art sector because they are looking for niches where they have the “know how” and where there is a growing market demand⁹.

Figure 2.2 Volume of Business of Aboriginal Co-ops by Type, 1997



⁹ The new handicraft (and other) co-ops do not respond to the ASCC, and thus, most of them do not appear in Figure 2.3, *Number of Aboriginal co-ops by type – 1993-1997*.

Figure 2.3 Number of Aboriginal Co-ops by Type - 1993-1997

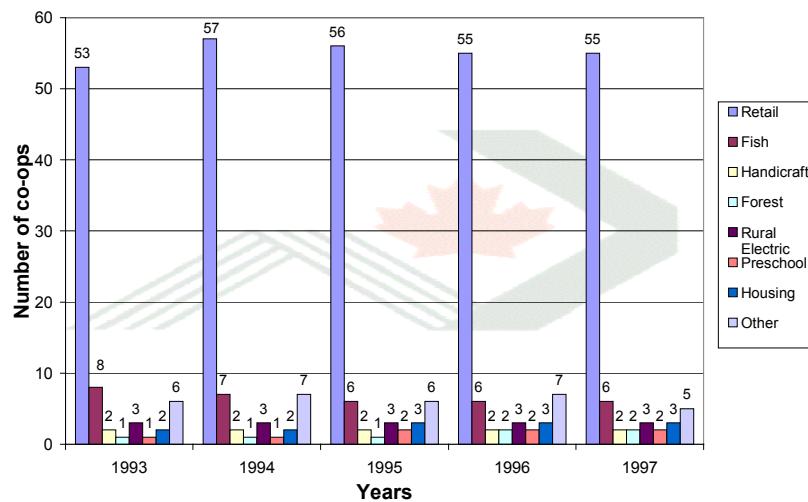


Table 2.1 Sectoral Distribution of Aboriginal Businesses, Aboriginal Co-ops and All Canadian Businesses, in percentage

Sectors	Aboriginal Businesses (1996)	Aboriginal Co-ops (1996)	All Businesses (1997)
Primary	25.3	10.3	08.2
Manufacturing	02.4	02.6	05.9
Construction	27.9	00.0	15.8
Retail	17.6	68.0	06.1
Wholesale	01.9	02.6	15.3
Finance, real estate & business services	05.7	05.1	16.3
Public admin. & related services (health, education...)	01.2	06.4	08.1
Hotel, restaurant	06.8	00.0 ^a	07.1
Other	11.2	05.1	17.2

a: There are 24 hotels and some cafeterias that are the property of local northern co-ops, but these co-ops are still classified in the retail sector because their main activity (more than 50%) belongs to the retail sector.

Source: Caldwell, D. and P. Hunt (1998) and The Co-op Secretariat (co-ops reporting to the ASCC in 1997).

While Aboriginal businesses cover a greater economic sphere (see Table 2.1), Aboriginal co-ops are concentrated in a few sectors only (retail and primary). Aboriginal businesses are still present

in sectors that are more labor intensive, such as the primary and construction sectors. Co-ops follow the same pattern, where the vast majority of them are consumer co-ops that are not capital intensive. One tenth of Aboriginal co-ops are doing business in the primary sector—less than half the proportion of “regular” Aboriginal businesses, where more than one fourth are in the primary sector. But Aboriginal co-ops are still above the national average of 8.2% for all businesses in Canada. Interestingly, in the construction sector there are no Aboriginal co-ops, but the highest percent (27.9%) of Aboriginal businesses – almost double the Canadian average of 15.8%. Even though co-ops are not as numerous in the public services sector as all Canadian businesses, they still have a good representation in that sector: day care and preschool co-ops being the most common ones in this sector, in addition to one health co-op.

Finally, we can say that Aboriginal co-ops do not follow the same sectoral distribution as other businesses in general or Aboriginal businesses in particular. From Table 2.1, we can see that co-ops tend to be concentrated where the demand is highest among the Aboriginal population as a whole (e.g. retail and public service co-ops). The preference given to the satisfaction of community needs stems from the culture of the Aboriginal people, which is directed more toward the well-being of the community rather than the individual.

2.3 Profile of a typical Aboriginal co-op

A typical (average) Aboriginal co-op is located in a rural or remote area 80% of the time.

Table 2.2 Profile of a Typical (Average) Aboriginal Co-op, 1996

Category	Average	Minimum	Maximum	Standard Deviation	95% Confidence Interval
Number of members	274	7	1500	280	212 – 335
Full-time employees	12	1	112	18	8 – 16
Part-time employees	5	1	274	42	0 – 14
Sale of consumer products	2,134,859	0	47,769,794	6,668,947	673,491 – 3,596,228
Volume of business	3,026,578	1,082	53,907,091	7,604,240	1,360,259 – 4,692,898
Salaries and wages	341,677	90	3,031,375	527,307	226,128 – 457,226
Net savings	107,494	-220,497	1,502,898	235,264	55,941 – 159,048
Total assets	2,252,118	2,246	33,067,396	4,536,437	1,258,048 – 3,346,190
Current assets	1,032,873	2,245	18,104,845	2,504,954	483,962 – 1,581,785
Current liabilities	626,045	110	16,069,034	1,845,586	221,621 – 1,030,469
Members’ equity	1,116,050	-78,127	18,349,147	2,774,123	508,156 – 1,723,945

It employs 12 full-time and 5 part-time employees that it pays almost \$350,000. It generates over \$3 million in volume of business and reports annual profits of more than \$100,000. The members' equity is about 50% of the value of the co-op's assets. Two thirds of its sales come from consumer products, the rest is essentially petrol and machinery sales, in addition to fish, handicrafts, forest works, rural electric utilities and housing.

According to the methodology adopted by the Secretariat, a co-op is classified in a specific activity (sector) if more than 50% of the business is done in that activity. Because the vast majority of Aboriginal co-ops are classified in the retail sector, the classification hides the fact that many of them are doing business in other sectors too. For example, Table 2.3 summarizes the diversity of activities that Inuit co-ops are involved in. Very few Inuit co-ops (6 out of 42) do business exclusively in the retail sector. On average, each Inuit co-op has 3.2 activities. Some of the co-ops have as many as seven or eight activities; Grise Fiord Inuit Co-op Ltd. for example is active in eight sectors. These multifaceted co-ops are forced to excel not only in the traditional retail sector, but also in other sectors such as cable and petrol distribution, as well as hotel accommodation and arts and crafts marketing.

Table 2.3 ACTIVITIES OF A SAMPLE OF INUIT CO-OPERATIVES

NO	NAME	LOCATION	MAIN SECTOR	WHOLESALE/ RETAIL	HOTEL/ LODGING	FUEL/ PETROL	CABLE TV	ARTS & CRAFTS	RENTAL & LEASING	OTHER
1	Arctic Co-ops Ltd.	Winnipeg	Retail	x	x	x	x	x		x
2	Akulivik Co-op Ass.	Akulivik	Retail	x	x	x	x	x		
3	Fort Chimo Co-op Ass.	Kuujiuaq	Retail	x	x	x	x	x		
4	George River Co-op Ass.	Kangiqsualujjuaq	Retail	x	x	x	x	x		
5	Great Whale Co-op Ass.	Kuujuuarapik	Retail	x	x	x	x	x		x
6	Grise Fiord Inuit Co-op Ltd.	Grise Fiord	Retail	x	x	x	x	x		x
7	Hall Beach Co-op Ass. Ltd.	Hall Beach	Retail	x	x	x	x	x		x
8	Holman Eskimo Co-op Ltd.	Holman	Retail	x	x	x	x	x		x
9	Igloolik Co-op Ltd.	Igloolik	Retail	x	x	x	x	x		x
10	Ikahuk Co-op Ass. Ltd.	Sachs	Retail	x	x	x	x	x		x
11	Ikaluktutiak Co-op Ltd.	Harbour Cambridge Bay	Retail	x	x	x	x	x		x
12	Inukjuak Co-op Ass.	Inukjuak	Retail	x	x	x	x	x		
13	Issatik Eskimo Co-op Ltd.	Whale Cove	Retail	x	x	x	x	x		
14	Ivujivik Co-op Ass.	Ivujivik	Retail	x	x	x	x	x		
15	Katudgevik Co-op Ass. Ltd.	Coral Harbour	Retail	x	x	x	x	x		
16	Kimik Co-op Ltd.	Kimmirut	Retail	x	x	x	x	x		
17	Kissarvik Co-op Ass. Ltd.	Rankin Inlet	Retail	x	x	x	x	x		
18	Koomiut Co-op Ass. Ltd.	Pelly Bay	Retail	x	x	x	x	x		x
19	Kugluktuk Co-op Ltd.	Kugluktuk	Retail	x	x	x	x	x		
20	Mitiq Co-op Ass. Ltd.	Sanikiluaq	Retail	x	x	x	x	x		
21	Naujat Co-op Ltd.	Repulse Bay	Retail	x	x	x	x	x		

ACTIVITIES OF A SAMPLE OF INUIT CO-OPERATIVES (*CONTINUED*)

NO	NAME	LOCATION	MAIN SECTOR	WHOLESALE/ RETAIL	HOTEL/ LODGING	FUEL/ PETROL	CABLE TV	HARDWARE	ARTS & CRAFTS	RENTAL & LEASING	OTHER
22	NWT Co-op Business Dev. Fund	Yellowknife	Finance		x	x	x	x	x	x	x
23	Padlei Co-op Ass. Ltd.	Arviat	Retail		x	x	x	x	x	x	x
24	Paleajook Co-op Hotel-Inns N.	Taloyoak	Food Serv.		x	x	x	x	x	x	x
25	Paleajook Eskimo Co-op Ltd.	Taloyoak	Retail		x	x	x	x	x	x	x
26	Pangnirtung Eskimo Co-op Ltd.	Pangnirtung	Retail		x	x	x	x	x	x	x
27	Payne Bay Co-op Ass.	Kangirsuk	Retail		x	x	x	x	x	x	x
28	Pitsiulak Co-op Ass. Ltd.	Chestfield Inlet	Retail		x	x	x	x	x	x	x
29	Puvirnituq Co-op Ass.	Puvirnituq	Retail		x	x	x	x	x	x	x
30	Qikiqtarjuaq Co-op Ass. Ltd.	Gjoa Haven	Retail		x	x	x	x	x	x	x
31	Quaqtaq Co-op Ass.	Quaqtaq	Retail		x	x	x	x	x	x	x
32	Salluit Co-op Ass.	Salluit	Retail		x	x	x	x	x	x	x
33	Sannavik Co-op Ass. Ltd.	Baker Lake	Retail		x	x	x	x	x	x	x
34	Tasiujaq Independent Co-op	Tasiujaq	Retail		x	x	x	x	x	x	x
35	Taqquq Co-op Ltd.	Arctic Bay	Retail		x	x	x	x	x	x	x
36	Toonoornik Saahoonik Co-op Ltd.	Pond Inlet	Retail		x	x	x	x	x	x	x
37	Tudjaat Co-op Ltd.	Resolute	Retail		x	x	x	x	x	x	x
38	Tulugak Co-op Society Ltd.	Broughton Island	Retail		x	x	x	x	x	x	x
39	Umingmakkotk Co-op Ass. Ltd.	Umingmakkat ok	Retail		x	x	x	x	x	x	x
40	Umiujaq Co-op Ass.	Umiujaq	Retail		x	x	x	x	x	x	x
41	Wakeham Bay Co-op Ass.	Kangiqsujuaq	Retail		x	x	x	x	x	x	x
42	West Baffin Eskimo Co-op Ltd.	Cape Dorset	Retail		x	x	x	x	x	x	x

Source: <http://inuit.pail.ca>

3. Organization of Aboriginal co-ops

In section 3 we show the dichotomous structure of Aboriginal co-ops (northern and southern co-ops), and present the tools that northern Aboriginal co-ops have been using to cope with their geographic isolation.

3.1 Two Co-op Worlds: North and South?

The majority of Aboriginal co-ops are located in the northern regions of Canada, especially in NWT (and Nunavut) and northern Quebec (Nouveau-Québec). While “southern” co-ops usually belong to Indian (or Métis) people, northern co-ops are the property of Inuit people.

The average “southern” Aboriginal co-op is smaller than its northern peer (\$1 million compared to \$4.3 million of volume of business). Nonetheless, the “southern” co-op is directed toward more profitable operations, as its ratio of net savings to volume of business is double that of the northern co-op (5.1% and 2.5% respectively). The fact that northern co-ops are less profitable is also explained by higher transportation costs, a major component of the costs of all the products “imported” from the south. The “southern” co-op is more service oriented (13.3% of volume of business) than the northern co-op (8.5% of the volume of business). On the other hand, it offers less marketing and supply operations than the northern co-op (see Table 3.1 below). It is interesting to note however that the “southern” co-op employs more part-time workers than the northern co-op, perhaps because the “southern” co-op is seen as a marginal player in the local economy and people are hired only for short periods of time. Whereas in the north, the co-op is always considered as a major economic actor for the communities and people are hired mainly on a full-time basis.

Table 3.1 Some Characteristics of Northern and Southern Aboriginal Co-ops 1997

	Total members	F.T emp	P.T emp	Volume of business	Service revenues	Total sale	Salaries and wages	Net savings	Total assets	Members' equity
Northern Aboriginal Co-ops	19,366	843	71	223,795,749	19,132,592	204,056,741	23,504,546	5,509,757	166,495,194	80,790,938
Southern Aboriginal co-ops	4,790	165	331	25,387,027	3,380,305	17,942,109	4,450,874	1,302,229	21,956,531	8,219,233
All Aboriginal co-ops	24,156	1,008	402	249,182,776	22,512,897	221,998,850	27,955,420	6,811,986	188,451,725	89,010,171

The power of Aboriginal co-ops resides in the large number of northern co-ops that have registered more than \$220 million in volume of business (in 1997). Membership in northern co-

ops is also very high: in some communities, the co-op is the major (and sometimes the only) supplier of consumer goods. Northern co-ops are mainly active in the retail sector, but they offer products and services in diverse areas such as hotels, petroleum products distribution, vehicle rentals, taxi, cable distribution, etc.

Northern co-ops have evolved in a similar institutional environment to that of all provinces in Canada. Inuit did not sign a treaty with the Canadian government as the Indians did. In 1954, the government rewrote the Indian Act, clarifying that the Act did not apply to Inuit (Section 4 Part 1). In addition to this, Inuit people have historically used the co-op model as a tool for economic development in their communities. On the other hand, southern Aboriginal co-ops have evolved within a different legal and socio-economic environment, sealed with the Indian Act and other restrictions. In most cases there was no co-op tradition among “southern” Aboriginal people, and setting-up a co-op inside a reserve was not necessarily encouraged by local authorities or governments.

3.2 NWT Co-operatives and the role of Arctic Co-operatives Limited

When people of the North began exploring the concept of formal co-operation¹⁰, they had some unique problems to solve. They had no money, because they were poor and they were using non-monetary transactions. Providing the necessary capital to start a co-op was a real obstacle. The first co-op members produced carvings and gave them to their co-op to sell. The co-op sent the carvings south on returning supply ships once annually. When the co-op eventually received payment for the carvings, the members accepted a very low payment for their work. The co-op kept a large portion of the payment to build up working capital. Buildings were erected by voluntary labour using scrounging discarded materials from DEW-Line dumps. Eventually basic supplies were brought in on summer supply ships and kept on hand for future sale to members. Co-operatives were then providing northern people with a means of control and influence over the cultural, social and economic transition that was taking place in their communities.

As northern co-operatives began to meet the needs of their members, they could see that they could improve the service by working together with other co-operatives. In northern Canada, this dynamic resulted in the formation of Canadian Arctic Producers, the Canadian Arctic Co-operative Federation, the NWT Co-operative Business Development Fund and Tuttavik.

¹⁰ Informal co-operation was always part of the Inuit and Dene people’s ways of living: they were practicing the most basic form of economic and social co-operation for thousands of years before the first written form of co-operation existed.

The selling of Inuit art by individual co-operatives was done in the past through personal networks and these networks were often lost when the person moved. Also, art galleries would sell carvings but no promotion was done for this new Canadian art form. It soon became evident that co-operatives needed their own agency to promote and market Inuit art. With the aid of the federal government, Canadian Arctic Producers (CAP) was incorporated in 1965 as a marketing agency, and its headquarters were established in Ottawa¹¹. The greatest achievement of CAP was its promotion of Inuit Art: this form of art was unknown some forty years ago, but it is now recognized worldwide.

In 1972, representatives of 26 co-operatives met in Manitoba. They were concerned by the difficulties they were having in obtaining merchandise for their members. At this time, the only economical means of transportation was the annual summer supply ship, and financing a year's supply of merchandise was a major problem for all co-operatives. Co-operatives were also having difficulties keeping adequate accounting records. It was for these two reasons that the co-ops decided to form a federation. The government of the NWT helped the co-ops by providing \$75,000 to cover the first year of operation of the "new" *Canadian Arctic Co-operatives Federation Limited*, which established its headquarters in Yellowknife.

In November 1982, the Canadian Arctic Co-operative Federation Limited and Canadian Arctic Producers amalgamated to form Arctic Co-operatives Limited (ACL). Duplication of staff and functions in Ottawa and Yellowknife were costing an additional \$500,000 over and above the projected costs of a unified operation in a southern location. In 1985, the amalgamation was complete and the two organizations moved to Winnipeg, Manitoba.

Before 1983, northern co-operatives, like other Aboriginal businesses, were always underfinanced. In 1983, the federal government established the Native Economic Development Program designed to assist Aboriginal people to overcome the inability to obtain conventional business financing. ACL applied for the program, and in 1986 the NWT Co-operative Business Development Fund was incorporated to receive the funds and to be the financial arm of the NWT co-operative movement.

In 1987, ACL and the Fédération des co-opératives du Nouveau-Québec incorporated a joint venture called Tuttavik. The role of this new venture was to provide co-ops with a showroom for their members' products in the large southern market. The joint venture was operational for

¹¹ The federal government invested \$480,000 in preferred shares that the co-operatives were required to acquire gradually. Ten years later, the co-operatives gained control of this company, and they immediately voted to reincorporate it as a co-operative.

several years but is now defunct. Nonetheless, there are still showrooms for Inuit arts and crafts in Montreal and Toronto.

Today, Arctic Co-operatives Ltd. (ACL) provides leadership and expertise to 42 member co-operatives in the Northwest Territories and Nunavut. All retail co-operatives in the NWT and Nunavut are members of ACL, but some arts and crafts co-operatives – mostly government initiated and supported – and housing co-ops are not members. The diverse co-op businesses in the NWT (and Nunavut) provide services to their communities in the areas of general retailing, hotels, petroleum delivery, taxi services, commercial and residential rental units, airline ticket agencies, and cable television services. ACL serves its members by providing systems for collective purchasing and distribution, accounting, auditing, marketing of northern crafts and tourism, training and education, operational and technical support, and management advice and support. Arctic Co-ops Ltd. works side by side with the NWT Co-operative Business Development Fund (CBDF).

The Inns North chain of hotels are owned and operated by NWT (Nunavut) co-operative member owners. Inns North operates as a division of Arctic Co-operatives Ltd. and provides management services and a central reservation system for the individual co-ops. There are 24 hotels scattered across the Territories with some offering packages that enable the tourist to discover Canada's natural Arctic region.

3.3 Co-ops in Northern Québec and the role of the Fédération des Co-opératives du Nouveau-Québec

At the end of the 1940s, there was a dramatic decline in the fur market (especially fox). This decline forced the Aboriginal people to search for alternative ways to overcome their poverty. The federal department of Indian Affairs helped them overcome their distress by buying their soapstone sculptures. This was the beginning of the Inuit carvings at a larger scale: because there was a large soapstone deposit in Povungnituk, the inhabitants of that region were making more sculptures. They were also looking for ways to keep a larger part of the proceeds for themselves. With the efforts of Father A. P. Steinman¹² and help from the co-operative movement in Quebec, and the government of the province of Quebec, l'Association des sculpteurs de Povungnituk was created in 1958. Its objective was to market directly the members' products (Inuit art), thus reducing the number of intermediaries between the artists and the buyers. This association was transformed into a co-op in 1960, with the help of the Quebec government and *la Fédération des*

¹² Father Steinman was a missionary in the Arctic region since 1937.

caisses populaires Desjardins. The new co-op, *l'Association co-opérative de Povungnituk* was the second co-op in northern Quebec.

The first Eskimo co-operative in Canada was formed by the Inuit of Kangirsualujuaq (George River) in 1959. They obtained a loan of \$12,500 from the federal government, which was used to buy fishing equipment. In addition to the co-operative in Povungnituk, other co-ops were formed within two years in Fort Chimo, Payne Bay, Port Burwell (NWT) and Great Whale River. The federal government provided guidance for these co-ops (excepting the co-op in Povungnituk), during their early years.

In order to coordinate their efforts, five co-ops in five regions of Nouveau-Quebec (Port-Nouveau-Quebec, Povungnituk, Kuujjuaq, Poste-de-la-Baleine, Payne Bay) were helped by *le Conseil Canadien de la Coopération*, the government of Quebec and the Desjardins movement to form a federation. On May 20 1967, *la Fédération des co-opératives du Nouveau-Québec* was incorporated and its headquarters were established in Lévis near Québec City, but moved to Ville St. Laurent (near Montreal) a few years later, and then to Baie-D'Urfé (on the island of Montreal).

Today, *la Fédération des co-opératives du Nouveau-Québec* delivers numerous services to its members, such as: coordination (guidance to members); audit and accounting; retail store development (training, management and purchasing); tourism development (marketing and development for tourist facilities for members and non-members); marketing (for Inuit art, furs, feather, eiderdown, and fish); co-operative development (co-op loans program, translation, fire relief fund); petroleum distribution (to communities); technical assistance (planning and construction of buildings and facilities for members); and material handling (receipts and shipments of goods to co-op members).

Table 3.2 Operating Costs and Source of Operational Funds

LA FÉDÉRATION DES COOPÉRATIVES DU NOUVEAU-QUÉBEC

Year	Cost of operation	Income	Surplus before returns	Operating grants			
				Co-ops %	Que. Govt. %	Fed. Govt. %	Other %
1967 – 68	114,000	114,000	0	39.00	61.00	0.00	0.00
1968 – 69	199,000	209,000	10,000	41.00	40.00	15.00	4.00
1969 – 70	260,000	259,000	(1,000)	53.00	27.00	19.00	1.00
1970 – 71	341,000	337,000	(4,000)	68.00	21.00	11.00	0.00
1971 – 72	404,000	397,000	(7,000)	68.00	23.00	9.00	0.00
1972 – 73	387,000	413,000	26,000	82.00	18.00	0.00	0.00
1973 – 74	427,000	484,000	57,000	97.00	3.00	0.00	0.00
1974 – 75	552,000	595,000	43,000	97.00	3.00	0.00	0.00
1975 – 76	738,000	706,000	(32,000)	94.00	3.00	3.00	0.00
1976 – 77	859,000	820,000	(39,0000)	95.00	2.00	3.00	0.00
1977 – 78	1,095,000	1,095,000	0	75.00	4.00	21.00	0.00
1978 – 79	1,472,000	1,369,000	(103,000)	74.00	4.00	22.00	0.00
1979 – 80	1,502,000	1,571,000	69,000	85.00	2.00	13.00	0.00
1980 – 81	1,615,000	1,667,000	52,000	87.00	2.00	11.00	0.00
1981 – 82	2,097,000	2,307,000	210,000	92.00	2.00	6.00	0.00
1982	2,179,000	2,369,000	190,000	98.00	2.00	0.00	0.00
1983	2,484,200	2,515,400	31,200	97.00	1.00	2.00	0.00
1984	2,506,300	2,732,100	225,800	96.00	0.00	4.00	0.00
1985	3,176,900	3,182,800	5,900	98.80	0.20	1.00	0.00
1986	3,325,700	3,404,900	79,200	95.60	0.40	4.00	0.00
1987	4,041,800	4,204,100	162,300	99.40	0.00	0.60	0.00
1988	4,430,700	4,981,000	550,300	99.30	0.00	0.70	0.00
1989	5,174,000	5,907,400	733,400	99.40	0.00	0.60	0.00
1990	5,533,900	6,161,900	628,000	99.40	0.00	0.60	0.00
1991	5,349,500	6,031,100	681,600	99.60	0.00	0.40	0.00
1992	5,330,900	5,867,000	536,100	99.70	0.00	0.30	0.00
1993	5,375,100	5,967,000	591,900	98.80	0.00	1.20	0.00
1994	5,078,600	6,244,600	1,166,000	97.70	0.00	2.30	0.00
1995	5,107,500	6,461,400	1,353,900	99.54	0.00	0.46	0.00
1996	5,814,800	7,082,500	1,267,700	98.10	0.00	1.90	0.00
1997	6,038,900	7,383,800	1,344,900	99.73	0.00	1.28	0.00
1998	6,033,200	7,523,500	1,490,300	99.73	0.00	0.00	0.27
1999	6,951,600	9,229,200	2,277,600	99.73	0.00	0.00	1.08
Totals	95,994,600	109,591,700	13,597,100	97.22	0.76	2.04	0.12

Source: La Fédération des co-opératives du Nouveau-Québec: Growing with co-ops. January 2000.

Both the Federal and Provincial Governments have provided valuable assistance to the Federation and the co-operatives, especially in the early days of formation.

In addition to assisting in the formation of the Federation, the Government of Quebec has made long term loans to the Federation and the co-operatives at low interest rates. In the fall of 1980, the Quebec government sold its oil supply operation to the Federation at very advantageous terms. In addition to guaranteeing loans required by the co-operatives for the yearly sealift, the federal government has provided substantial grants to the Federation and the co-operatives. These grants were used to provide working capital, to pay for operation costs, and to pay for special educational or developmental programs.

The summary presented in Table 3.2 shows the amount of government and co-op assistance provided to the Federation. The Federation and its member cooperatives have contributed over 97% of the Federation's total income over the past thirty years. This income comes to the Federation in the form of grants based on the sales and other income of the cooperatives, and from the business activities conducted by the Federation. Surpluses are returned to the cooperatives in the form of Federation share capital. Note that, while both governments were very helpful in the early years of the Federation, the federal government was more concerned with the Federation from 1977 to 1981 (Table 3.2).

4. Trend Analysis of Aboriginal Co-ops

In this section, we analyze how some of the main variables have evolved during the period 1993 – 1997. These include membership, categories of sales, employment and salaries, and some financial indicators.

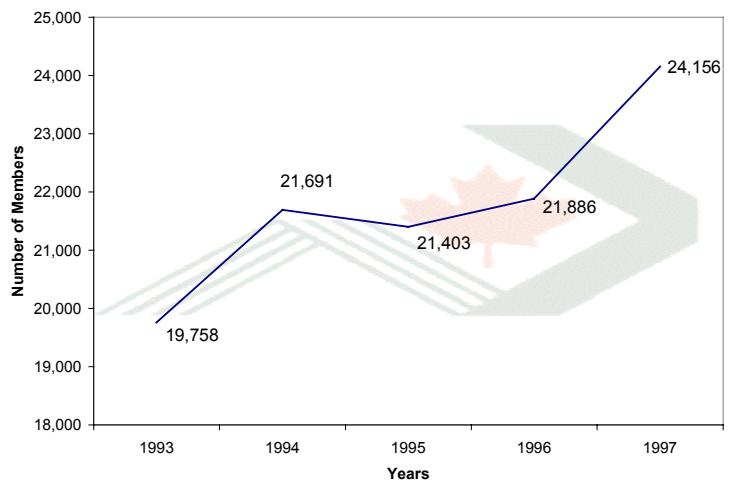
4.1 Membership

Membership of Aboriginal co-ops increased between 1993 and 1994: this is primarily due to more co-ops reporting to the ASCC (see Figure 1.1).

The total number of members remained the same between 1994 and 1996, where the number of reporting co-ops remained relatively constant.

The big surprise came in 1997, when there was an increase in the membership, despite a decreasing number of reporting co-ops. The major gain in membership was in the retail sector, where the total membership increased from 18,876 to 21,547 (between 1996 and 1997 respectively), a difference of 2,671. The fish sector lost about one third of its members (501 less) and the forest sector gained more than half of its membership (35 more).

Figure 4.1 Total Members of Aboriginal Co-ops



Finally, let us mention that the survey administered by the Co-operatives Secretariat does not specify the ethnic origin of the members: we do not know the proportion of members of Aboriginal descent. We can expect however, that the majority of the membership in northern co-ops is Aboriginal. The situation in the south is not as clear, where non-Aboriginal populations may use the services of Aboriginal co-ops and may become part of the membership.

4.2 Sales Growth

In this section, we study growth in several categories of sales, such as services, marketing and processing, and consumer products. The volume of business is also analyzed in this section.

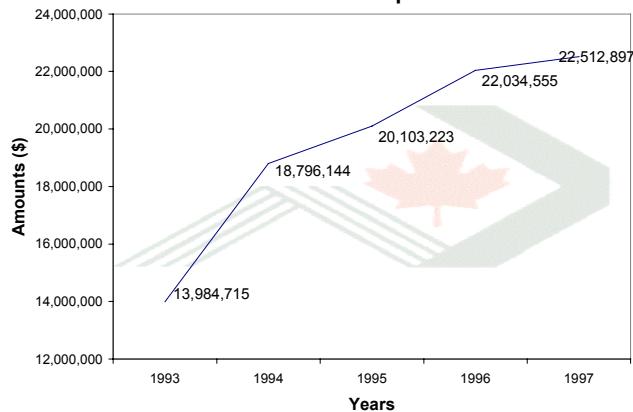
4.2.1 Service Revenues

Services that Aboriginal co-ops offer their members are diverse, providing electricity, childcare, housing, cafeteria, and financial and other services.

The value of service revenues increased steadily since 1993.

There was a big jump in revenues between 1993 and 1994 (Figure 4.2), due to a larger number of co-ops reporting to the ASCC in 1994.

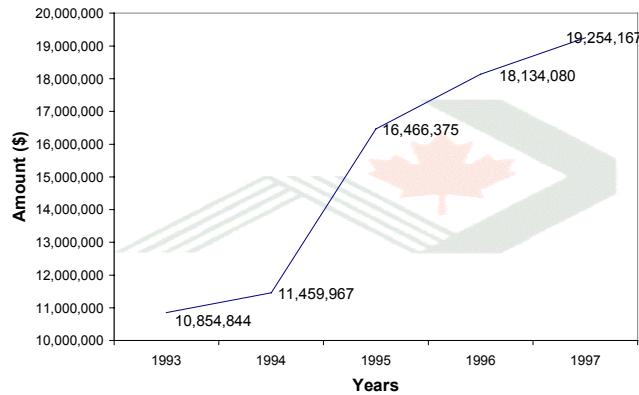
Figure 4.2 Total Service Revenues of Aboriginal Co-ops



4.2.2 Marketing and Processing Sales

Marketing sales of Aboriginal co-ops are concentrated basically in the fish, handicraft, and forest sectors. According to Figure 4.3, there was a big increase in marketing sales between 1994 and 1995, due to larger volume of fish and forest product sales in 1995.

Figure 4.3 Total Marketing and Processing Sales



After 1995, the growth in marketing sales remained steady. Nonetheless, if we compare sales in 1993 and 1997, we must acknowledge that marketing sales almost doubled in this five-year period.

4.2.3 Consumer Products Sales

The vast majority of consumer product sales consists of grocery stores selling food products and hardware.

Between 1993 and 1994, sales of consumer products increased by more than \$30 million. This increase was explained by the good financial health of consumer

co-ops; almost three quarters of them registered an increase in their sales. Three co-ops shared more than a \$20 million increase in sales (two thirds of the total increase). On the contrary, among the co-ops that registered a decline in sales, no one incurred a decline of more than \$300,000. After 1994, sales continued to increase at a smoother pace.

Consumer products are comprised of food products and hardware. About 88% of consumer products consist of food products and only about 12% concern hardware goods. Since Aboriginal populations have a low disposable income, food takes a large part of the budget of Aboriginal households.

Supply sales of Aboriginal co-ops comprise consumer

Figure 4.4 Consumer Products Sold by Aboriginal Co-ops

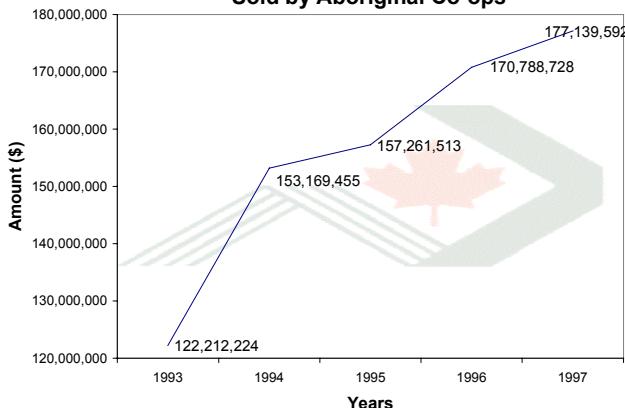
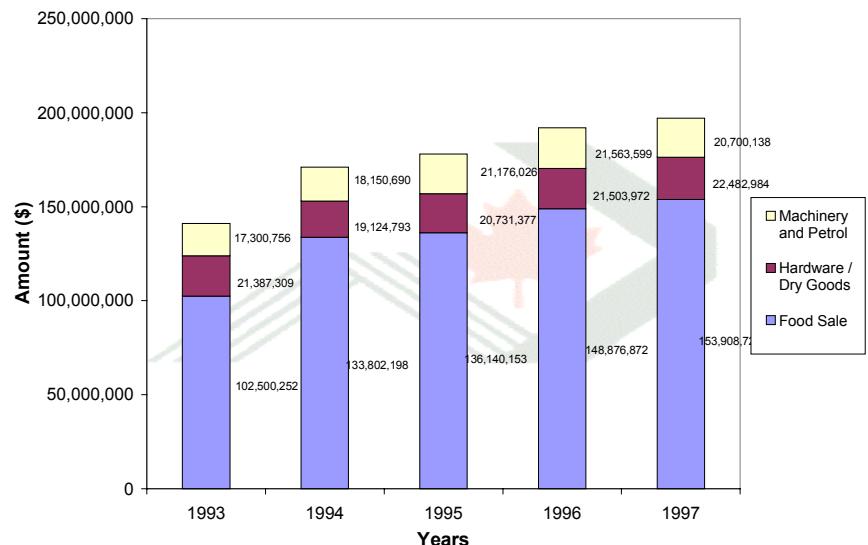


Figure 4.5 Supply Sale by Category



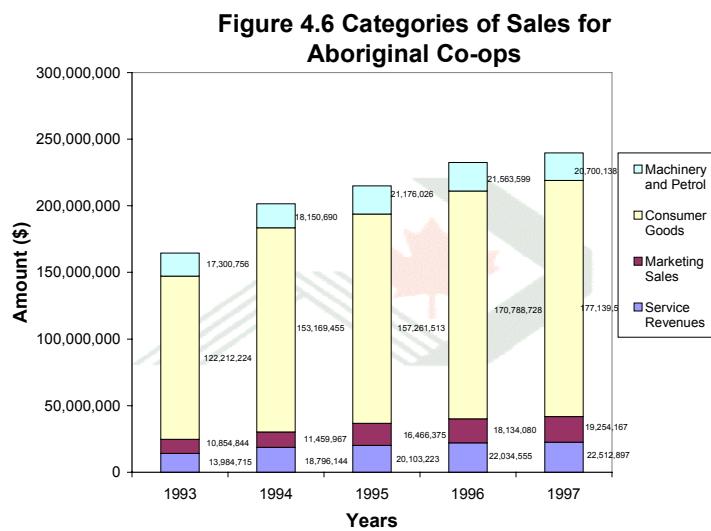
products (basically food and hardware), machinery and petrol sale (Figure 4.5). Only about 10% of sales consist of “non consumer” products (i.e. machinery and petrol¹²).

4.2.4 Sale Categories of Aboriginal Co-ops

Of the four categories of sales depicted in figure 4.6, one dominates co-op activity.

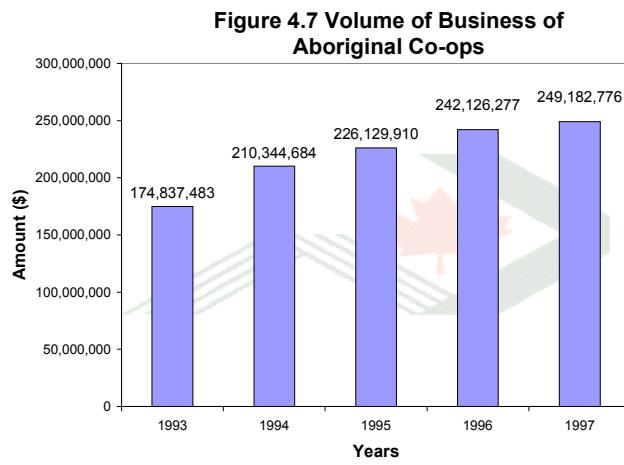
Consumer products represent about three-quarters of all sales of Aboriginal co-ops.

The other categories (i.e. marketing, services and machinery & petrol) share the remaining 25% with about the same amount for each category. This pattern has not changed over the five-year period).



4.2.5 Volume of Business

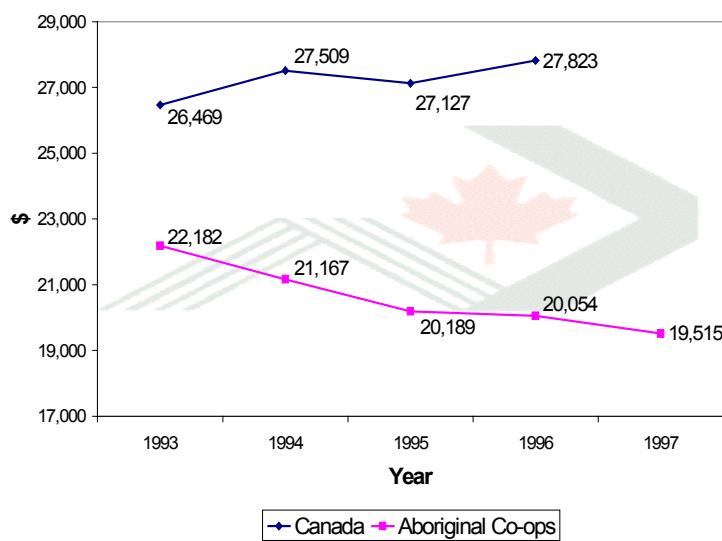
Volume of business is defined as the total of all sales (i.e. from services, marketing and supply). It also includes any other revenue accruing to the co-op, including income from patronage dividends and rebates, rent, interest and dividends, and government premiums and subsidies.



¹² In fact, about 50% of petroleum products are directed toward consumer needs; hence, the proportion of non-consumer products is less than 10% of the value of supply sales.

The volume of business of Aboriginal co-ops has been continuously increasing since 1993 – from \$175 million to \$250 million in 1997, for a compounded annual average growth rate (CAAGR) of 9.26%. Aboriginal co-ops were doing slightly better than the other non-financial co-ops (CAAGR of volume of business of 8.64%) between 1993 and 1997.

Figure 4.8 Average Earnings in Constant (1996=100) Dollars, Canada and Aboriginal Co-ops

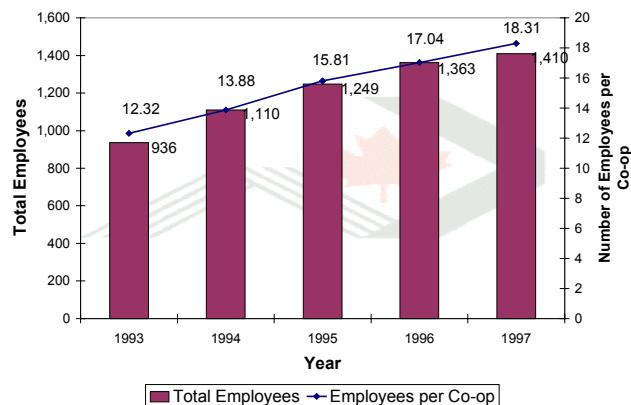


4.3 Employment and Salaries

Employment is one characteristic that makes co-ops stable employers. Co-ops tend to keep employees and increase the total number, even during hard times¹³.

Figure 4.9 shows the growth

Figure 4.9 Total and Average Number of Employees in Aboriginal Co-ops



¹³ Co-operatives Secretariat: Co-operatives, the Alternative Solution. 4p. 1999.

in employment between 1993 and 1997. Total employment (full-time and part-time) increased at about the same pace as the average number of employees per co-op. The average co-op employed about 12 workers in 1993. It added 6 additional workers in the five-year period (1993 to 1997), about a 50% increase in the labor force of the average co-op. In 1996, eighty Aboriginal co-ops employed 979 full-time employees, which is equivalent to an average of 12.2 employees per co-op. The same year, the average Aboriginal business employed only 2.6 full-time employees¹⁴. This fact explains the commitment of Aboriginal co-ops to the workers, who are often part of the community.

**Table 4.1 Distribution of the Percentage of Aboriginal Organizations
Using Full-time Employees, 1996**

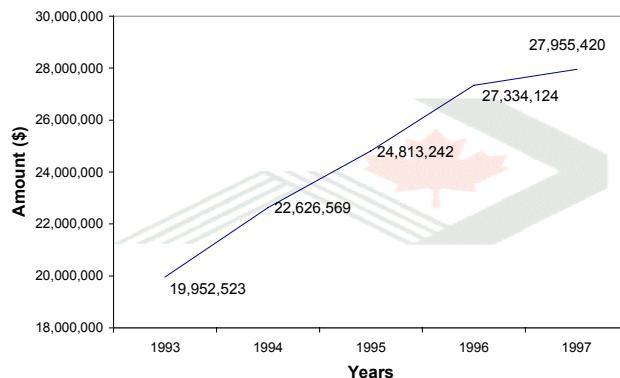
Size of Business	Percent of Aboriginal businesses (%)	Percent of Aboriginal co-ops (%)
No full-time employee	54	15.00
1 full-time employee	22	5.00
2-4 full-time employees	16	12.50
5-9 full-time employees	7	23.75
10-19 full-time employees	1	27.50
20 + full-time employees	1	16.25
Total	100	100

We see from table 4.1 that the two distributions show opposite patterns. The distribution of Aboriginal businesses is more heavily weighted at lower levels of full-time employees, while that of Aboriginal co-ops is more heavily weighted for higher levels of full-time employees. This shows that Aboriginal co-ops employ more full-time workers than other Aboriginal businesses.

¹⁴ This figure comes from the study of Caldwell D. and P. Hunt (1998), page 53. It is worthwhile to note that their sample comprises 54% of “sole proprietorship”, and thus we would expect a low number of full-time employees. Nonetheless, it is also interesting to mention that even if we exclude “sole proprietorship” from the sample, we get an average of only 4.4 full-time employees per (Aboriginal) business. This figure is still very low compared to the average number of full-time employees working in Aboriginal co-ops (12.2).

Since 1993, total salaries paid by Aboriginal co-ops have increased. However, the rate of growth was very slow between 1996 and 1997. Even if total nominal salaries and wages were increasing, the average real income earned by a worker (part-time and full-time) in an Aboriginal co-op is decreasing.

Figure 4.10 Salaries and Wages Paid by Aboriginal Co-ops



In 1993, the worker of an Aboriginal co-op earned 16% less income than the average Canadian worker. In 1996, the situation worsened and the gap (in earnings) widened, reaching 28%. According to the trend shown in Figure 4.8, this gap will continue to widen unless something changes. Nonetheless, this trend is not unique to Aboriginal co-ops, since the earnings gap of Aboriginal populations compared to other Canadians is still widening (see appendix A).

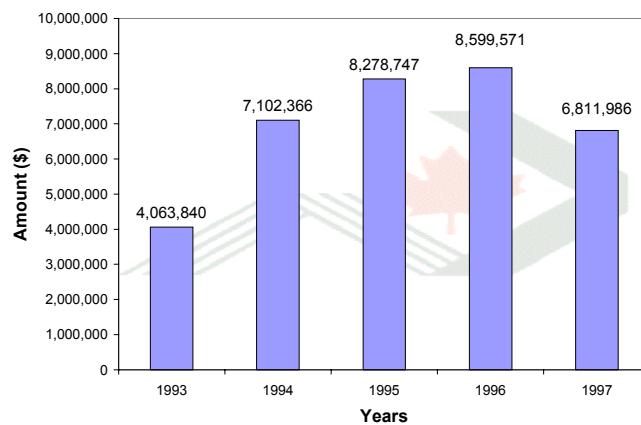
4.4 Finance

This section considers the evolution in some key financial categories such as net savings, investment in property and equipment, assets, members' equity and liquidity position.

4.4.1 Net Savings

Net savings have increased between 1993 and 1996. There was however a fairly large decrease between 1996 and 1997. This decrease was not explained by anything specific in co-op activity during this period. However, the value of net savings should not be taken as an indicator of the financial

Figure 4.11 Net Savings of Aboriginal Co-ops

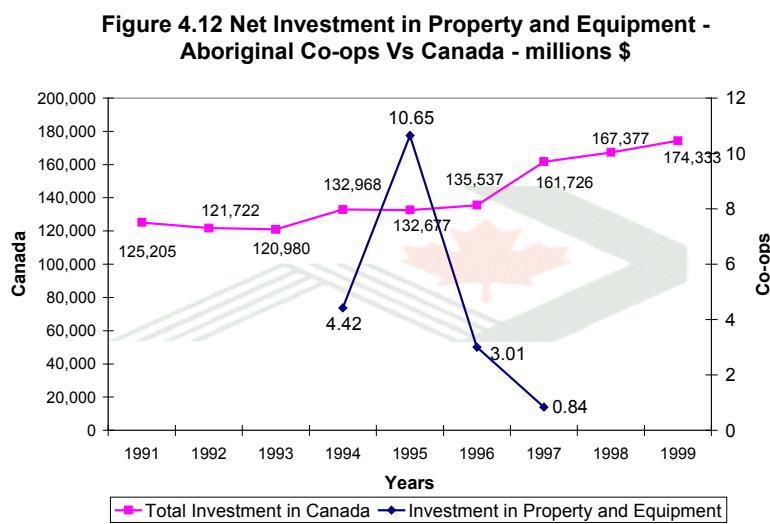


health of co-ops in general. Unlike traditional businesses that aim to maximize profit (net savings), the objective of co-ops is to maximize the well-being of its members. This is achieved by offering the members goods and services at low prices and/or good quality. Thus, when the co-op sets its prices just to cover the charges, profit margins may seem low (or very low) compared to “private” (i.e. traditional) firms. Nonetheless, net savings remain a good measure of profitability for sectors where the competition is fierce, such as the dairy sector. In these sectors, co-ops have to follow the behavior of investor-owned firms (IOF) to survive. Large amounts of net savings could be targeted also by co-ops that pursue growth or innovation. It is true that the majority of the co-ops fall under the “retail sector” designation, which is by definition a low knowledge¹⁵ sector requiring less innovation than other high knowledge sectors. The lack of innovation and fierce competition for Aboriginal retail co-ops led them to generate modest amounts of net savings.

4.4.2 Investment in property and equipment

Net investment in property and equipment by Aboriginal co-ops exhibits an unusual pattern (Figure 4.12). It does not follow the trend found for the Canadian economy; it is opposite. The large increase in 1995 could be explained by a low level in inventory variation (\$1.1 million in 1995 compared to about \$3 million in 1994 and 1996).

But 1997 was also characterized by a low level of inventory variation (\$1.7 million). Another explanation could be the business confidence. In the second quarter of 1994, the Conference Board’s Index of Business Confidence was at its highest level since 1979¹⁶. This confidence among co-op managers could have been overstated in 1995. Nevertheless, after 1995, the level of investment has reverted to its “normal” (low) level. A very low level of investment in 1997 (less than \$1



¹⁵ Lee and Has (1997) developed a categorization of industrial sectors according to knowledge content. They classified the retail sector as a low-knowledge sector.

¹⁶ The Conference Board of Canada. “Canadian Outlook. Economic Forecast”. Winter 1995. Vol. 10 No. 2.

million) remains unexplained, especially when the Canadian business community was still investing massively in computer equipment – increases of 24.8% in 1996 and 21.7% in 1997¹⁷. In light of these figures, one must be concerned about future economic growth of Aboriginal co-ops, because investment is a key economic tool to increase output growth.

4.4.3 Assets and Members' Equity

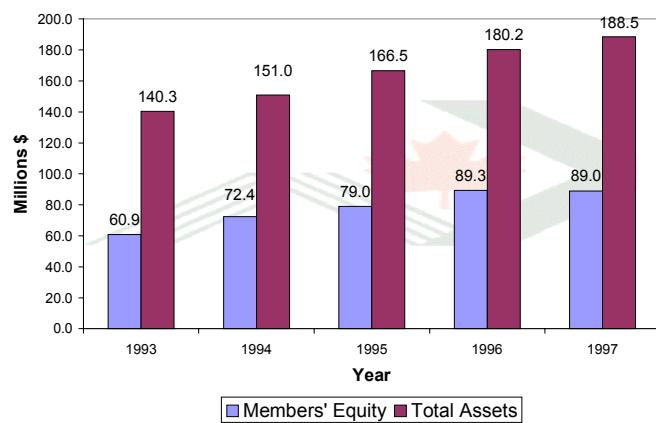
Assets of Aboriginal co-ops increased about one third (34%) from 1993 to 1997). This increase translates to a reasonable compounded annual average growth rate (CAAGR) of 7.7%. By comparison, the whole co-op sector has registered a CAAGR of assets of 6.4% during the same period.

Equity is defined as the sum of four components: share capital, members' loans, reserves, and undistributed surplus. Equity provided by the members increased steadily between 1993 and 1996, but stagnated somewhat in 1997 at a level of \$89 million. This stagnation was explained by the following.

First, there was a drastic decline in members' loans and the amount of undistributed surplus (-44% and -39% respectively) – a total decrease of \$3 million. Second, there was a non-negligible decrease of about \$1.3 million in the reserves. If these three components were kept constant, there would be at least \$4.3 million in addition to the \$89 million registered in 1997. Share capital was the only component that increased between 1996 and 1997; this increase was expected since the number of members increased during this period.

The equity-to-assets ratio of Aboriginal co-ops averaged 47% between 1993 and 1997. This ratio was much higher than the one prevalent for Canadian co-operatives at 32.6%. This

Figure 4.13 Assets and Equity of Aboriginal Co-ops (\$ Millions)



¹⁷ The Conference Board of Canada: Canadian Outlook. Economic Forecast. Winter 1999. Vol. 14 No. 1.

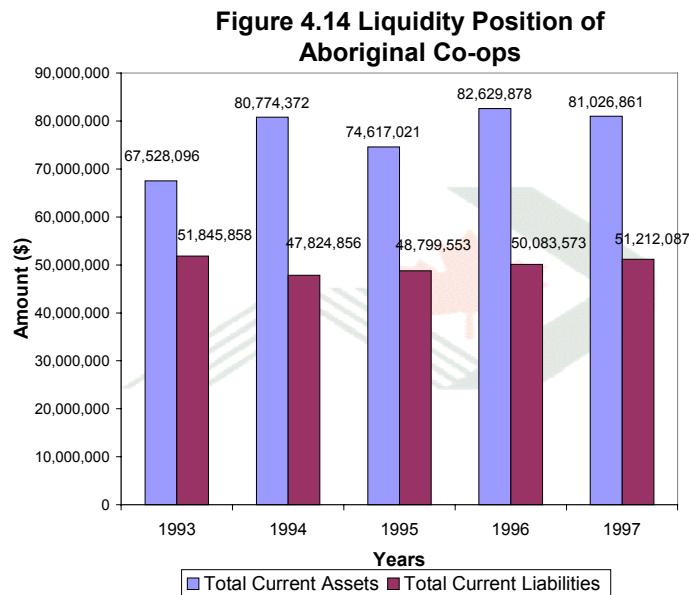
“overcapitalization” by Aboriginal co-ops could be explained by the fact that Aboriginal co-ops have less access to debt¹⁸ and are forced to use equity as a substitute for debt.

4.4.4 Liquidity Position

Current assets are generally defined as the assets of a firm which are expected to be converted into cash within one year.

Liquidity provides a measure of the ability of an organization to meet its current (short-term) obligations. The current ratio is a good example of a

liquidity measure and is calculated as the ratio between the values of current assets to current liabilities. A current ratio that is between one and two is considered “normal”. A high ratio (more than two) would suggest that management is too risk averse and is probably lacking some good opportunities to make higher profits. Conversely, a low ratio (one or less) suggests management is taking too many risks, and in a case of a liquidity crisis, the company could not probably face it.



According to the literature, there is no consensus as to whether co-ops are more or less risk averse (in the short-run) than other firms. Parliament, Fulton and Lerman (1989) suggest that moral hazard problems can induce co-ops to undertake more risk than other firms. On the contrary, Staatz (1987) notes that farmer co-ops are particularly more risk averse than other firms because farmers invest a large amount of their output in the co-op. According to this reasoning, the more commitment to the co-op, the more control over management, thereby inducing management to avoid taking risks. As extracted from Figure 4.14, the liquidity ratio ranges between 1.30 (in

¹⁸ According to Caldwell and Hunt (1998), 44% of Aboriginal businesses have inadequate access to debt financing. The reasons cited include the lack of collateral (section 89 of the Indian Act) and not having a financial institution in the community. We expect Aboriginal co-ops to face the same financing constraints as Aboriginal businesses in general, even though they might have access to the financial help from their federations. But more data are needed to evaluate the financial need of co-ops that seek help from their federations.

1993) and 1.69 (1994), with a simple average of 1.55. This ratio might seem low for some analysts who suggest an adequate value of two. We think no conclusion is to be drawn for all co-ops, but specific ratios should be computed for each industry (or sector) and compared to averages in that industry (or sector). Liquidity risk varies from one industry (sector) to another, and current ratios reflect a portion of that risk. Nonetheless, a very high or very low ratio is not desirable for any co-op.

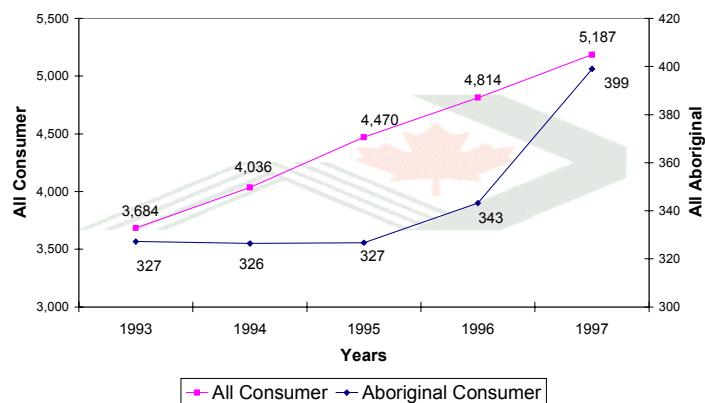
5. Relative Performance of Consumer Co-ops

In section 5, we discuss the performance of Aboriginal consumer co-ops in relation to all consumer co-ops in Canada. Some of the comparisons will also include the Canadian retail sector, whenever possible, to give a more general comparison framework. Note that the analysis of Aboriginal consumer co-ops is most of the time biased toward the Canadian North, because 90% of the Aboriginal volume of business is carried out in the North.

5.1 Average membership

At the Canadian level, membership of the average consumer co-op increased at a steady rate from 1993 to 1997. But for the average Aboriginal consumer co-op there was no growth between 1993 and 1995. However, from 343 members in 1996, the number of members of the average Aboriginal co-op jumped to almost 400. The membership of the average consumer co-op was 13 times that of the Aboriginal consumer co-op in 1997. A higher clientele basin in non-Aboriginal locations ensures a higher membership for the non-Aboriginal co-op.

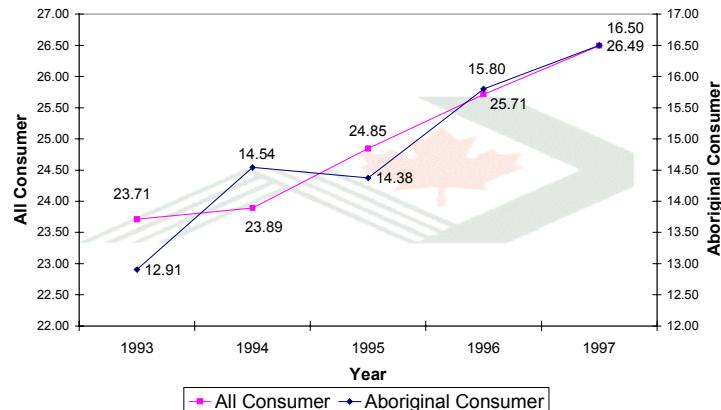
Figure 5.1 Membership in Average Consumer Co-op: Aboriginal Vs All



5.2 Full-time Employees and Salaries

Even though Aboriginal consumer co-ops are struggling continuously against financial difficulties (primarily due to high transportation costs in the North), they are still considered the home of stability for Aboriginal workers. Between 1993 and

Figure 5.2 Number of Full-time Employees in an Average Consumer Co-op: Aboriginal Vs All

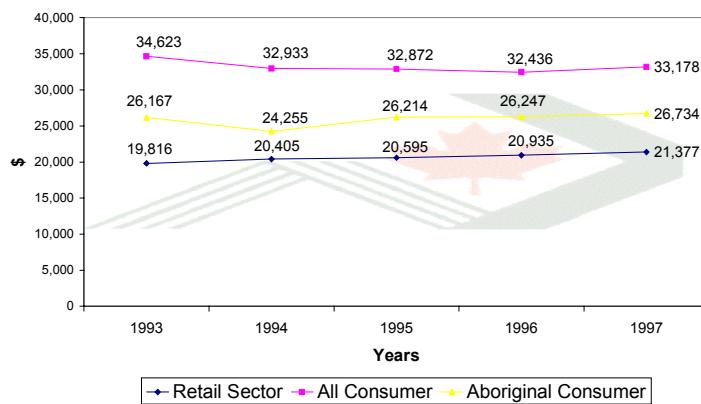


1997, the average consumer co-op recorded an annual increase of 2.8% for full-time employment. During the same period, the average Aboriginal consumer co-op recruited 6.5% more full-time workers annually. Because Aboriginal consumer co-ops evolve in a less competitive environment than southern consumer non-Aboriginal co-ops, they seem to be less vulnerable to economic downturns and the need for restructuring – often in conjunction with human resource reduction – is less obvious.

The number of full-time equivalent workers in the Canadian retail sector was computed using national averages¹⁹. Aboriginal consumer co-ops appear to pay salaries higher than the Canadian retail sector. The big difference in salaries (over 25%) could be the result of extrapolation of the retail

sector full-time workers by the national average. Since the retail sector has proportionately more part-time workers than the Canadian average²⁰, then the full-time salaries of the retail sector should probably be close to those in Aboriginal consumer co-ops. It is interesting to note that Aboriginal consumer co-ops employ more full-time workers than other consumer co-ops. In 1997, only about 11% of the workers in Aboriginal co-ops had part-time positions, but 42% of workers in consumer co-ops were working part-time. Even though the Canadian retail sector is doing poorly compared to the co-ops, it is nonetheless increasing the salaries of its workers in a more consistent manner (+1.9% annually between 1993 and 1997) than its co-op competitors (-1.0% and +0.7% annually for consumer and Aboriginal consumer co-ops, respectively).

Figure 5.3 A Comparison of Average Salaries (Full-Time Equivalents)



¹⁹ At the Canadian level, a part-time worker works approximately one third of the time of a full-time worker. The number of full-time equivalent workers was calculated as the sum of full-time workers plus one third of all part-time workers.

²⁰ In 1996, the average number of hours worked weekly by paid workers in Canada was 33. For the retail sector, it was only 30 hours. This difference indicates that the retail sector has proportionately more part-time workers than the average Canadian sector (Statistics Canada CANSIM matrices I190201 and I190243).

5.3 Consumer Products and Food Sales

Sales of consumer products increased at an annual average rate of 5.2% for all consumer co-ops, and 6.9% for Aboriginal consumer co-ops (calculated from Figure 5.4).

As part of consumer products, food sales are the major component (over 80% of the sales).

Aboriginal consumer co-ops recorded the highest growth for food sales (9.2% versus 4.6% for all consumer co-ops). This high growth is not surprising since Aboriginal co-ops are still in the process of developing, through the improvement of the food distribution in the North. The low purchasing power of the average Aboriginal person also contributes to the increase in the purchase of the essentials, especially food.

Figure 5.4 Consumer Products Sold by an Average Consumer Co-op: Aboriginal Vs All (\$'000)

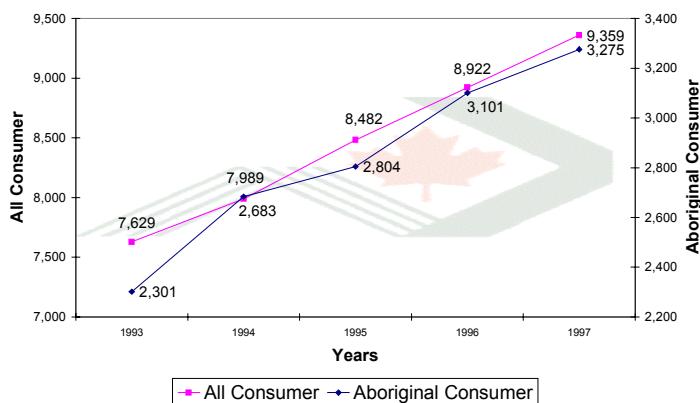
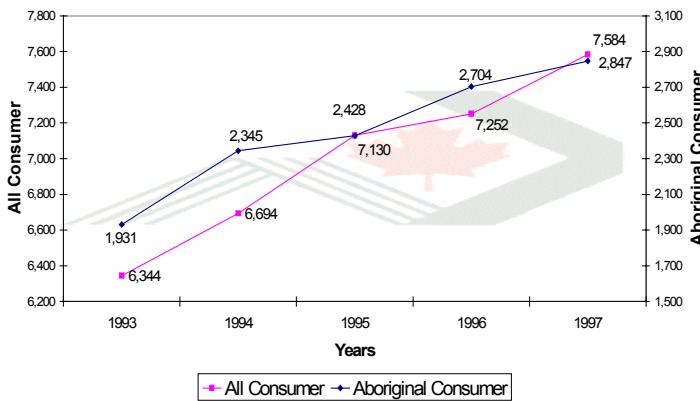


Figure 5.5 Food Sale in an Average Consumer Co-op: Aboriginal Vs All (\$'000)



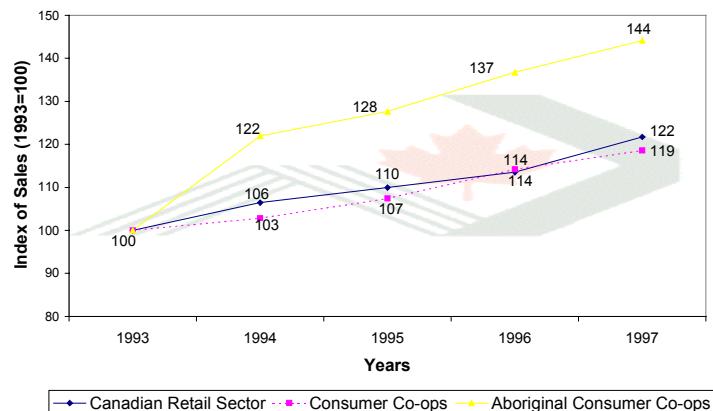
5.4 Growth Index of Sales

A growth index was constructed for the Canadian retail sector, all consumer co-ops, and Aboriginal consumer co-ops. The objective of this index was to show the pace of growth

independently of the volume of transactions²¹. The dynamism of a sector is often measured by its rate of growth, regardless of the absolute value of the sales. What is important is how it is growing.

The curve of the growth index of the Canadian retail sector is very similar to that of the co-ops in this sector. But, the sales of the Canadian retail sector were growing a little faster than those of the Consumer co-ops (average annual rate of 5.1% compared to 4.4%).

Figure 5.6 Growth Index of Sales: a Comparison



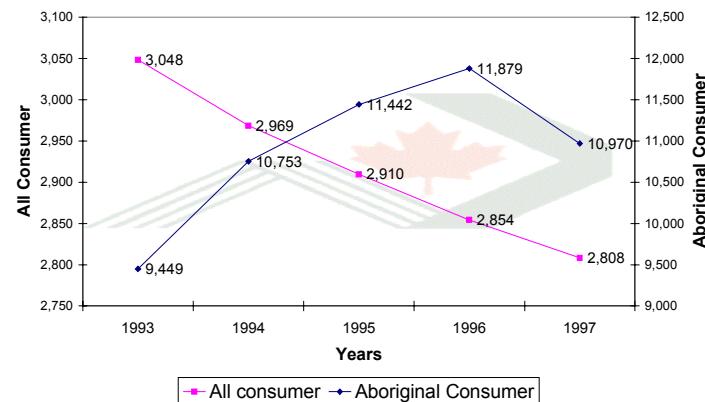
The higher curve in Figure 5.6

shows a high increase in the growth of the sales of Aboriginal consumer co-ops. From 1993 to 1997, the Aboriginal consumer co-ops present in the retail sector registered an average annual growth rate of 9.8% of their volume of business. This outpacing of other consumer co-ops could be explained by the versatility of their sales (consumer products, telecommunications, accommodation services, etc.), by the market structure (less competition?), or by management abilities (better knowledge of the Aboriginal market demand and its expected growth).

5.5 Expenses per Member

The members of Aboriginal co-ops spend on average four times more than the members of all consumer co-ops (Figure 5.7).

figure 5.7 Expenses per Member in Consumer Co-ops: Aboriginal Vs all (\$)



²¹ The volume of transactions of the Canadian retail sector amounted to approximately \$240 billion in 1997. The consumer co-ops in the retail sector have only three percent of the market shares. The market share of the Aboriginal co-ops is also very small (only 3.4% of the value of all consumer co-ops).

The “Aboriginal” member spends about \$210 a week, while the average member in a consumer co-op spends only \$54 a week. The multi-functionality of Aboriginal co-ops explains the high amount spent on various products, ranging from food to snowmobiles. Non-Aboriginal co-ops usually specialize in one or two products and the members’ expenses serve to satisfy a specific need (food, clothing or hardware, etc.).

The graphs depicted in figure 5.7 show opposite directions between 1993 and 1996. While the (nominal) expenses increased for the average member in an Aboriginal co-op between 1993 and 1996, the (nominal) expenses of the average member in a consumer co-op were continuously decreasing during the same period. In real terms, the decrease in these expenses was more pronounced. This decline could be explained by the ferocious competition in the retail sector in general, especially since the emergence of discount and warehouse stores. The situation is not the same for Aboriginal (particularly northern) communities, where consumer co-ops are still dominating the retail sector.

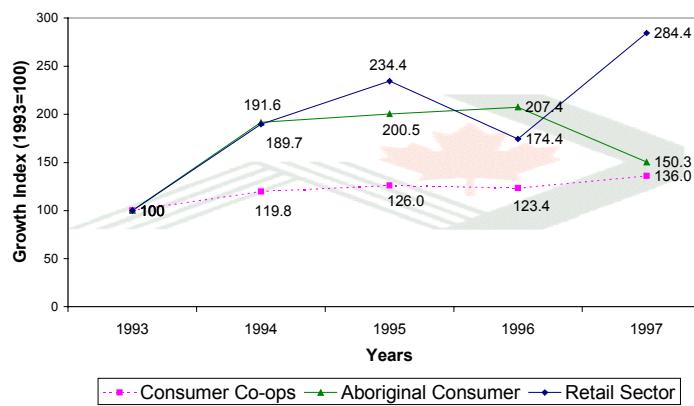
5.6 Index of Profit Growth

Profits and growth in profits are needed to evaluate the financial viability of an organization (sector).

Compared to the Canadian retail sector, consumer co-ops showed a slow but continuous increase in profit growth.

Between 1993 and 1996, profit growth of Aboriginal consumer co-ops was very close (on average) to that of the Canadian retail sector²², but in 1997, the profit levels of Aboriginal consumer co-ops decreased. This does not follow the pattern found in the retail sector or the consumer co-op sector. The decrease in profit levels was unexpected since profits in the retail sector had regained in 1996 their (nominal) levels prior to the 1990 crisis. This short-term

Figure 5.8 Index Growth of Profits Before Taxes: a Comparison



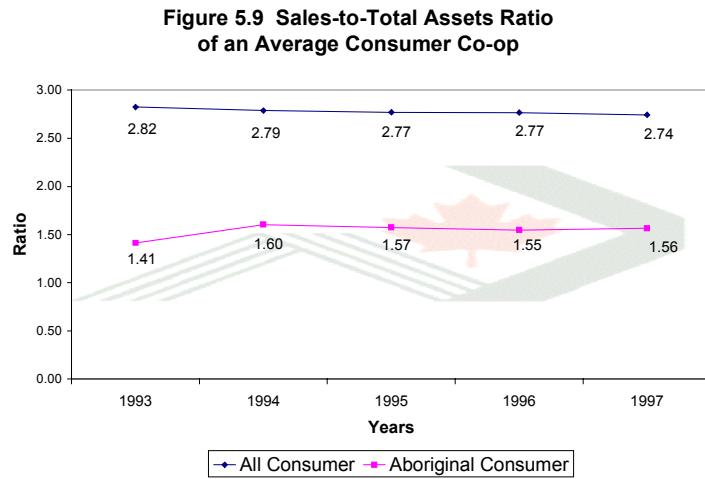
²² The increase in the index value of profits (Figure 5.8) in 1994 was the result of the (near) end of the 1990 recession that hit the retail sector very badly. The level of profits of 1989 was reached only in 1996.

decrease in profit levels raises some concerns, but a more complete picture revealing subsequent years should be examined before drawing any conclusion.

5.7 Sales-to-Total Assets Ratio

Sales-to-assets ratio provides an indication of the general efficiency of an organization, which gives an idea of how the assets are used. This ratio measures the ability of the firm to sell goods with one unit of assets. A high sales-to-assets ratio is generally preferable because it indicates a good ability of the firm to generate sales with a minimum of assets. However, since this indicator is a ratio, a high sales-to-assets ratio could be derived from a small amount of assets. In this case, the firm could be providing poor service to its customers or struggling from inefficient production. Similarly, a low ratio may indicate either lower than normal sales or higher than normal assets. Therefore we should be cautious when interpreting the sales-to-assets ratio.

When comparing the two curves on figure 5.9, we notice a big variation in the value of the ratio that is favorable to consumer co-ops. Aboriginal consumer co-ops have an average value of 1.54, and the whole consumer co-op sector's average ratio is 2.78. While the sales of the average Aboriginal consumer



co-op were about one third (30%) those of the average consumer co-op, total assets for the average Aboriginal consumer co-op were equal to 53% those of the average consumer co-op. This result shows that Aboriginal consumer co-ops either carry too many assets, or do not sell enough goods. At first sight, the low ratio of Aboriginal co-ops may indicate possible inefficiencies. But we should not jump to conclusions, because the structure of assets of Aboriginal consumer co-ops is different from other consumer co-ops. In fact, the sales-to-assets ratio is affected by the company's mix of product lines. For example, manufacturing companies will be more asset-intensive than retail firms. Aboriginal co-ops, which sell not only consumer products but also cable distribution (and other services), do not have the same type of asset requirements as other traditional consumer co-ops. If Aboriginal consumer co-ops have a different asset structure, then the sales-to-assets ratio should be calculated for only the lines of products that are similar to other consumer products. Since we do not have a breakdown of sales and assets by line of product, there is no way to find out a sales-to-assets ratio that is comparable

to other consumer co-ops.

It was also found that the sales-to-assets ratio for all consumer co-ops (Aboriginal and non-Aboriginal) was lower than the one prevalent in “private” industry²³. This finding does not necessarily translate into (socio-economic) inefficiency of the consumer co-ops. Pricing strategies are implicitly included when we use the sales figures in the computation of the ratio. Lower sales-to-asset ratios of consumer co-ops can therefore be the result of pricing strategies by co-operatives that aim to meet a minimum margin (thus, allowing the member to benefit from low prices).

5.8 Equity per Member

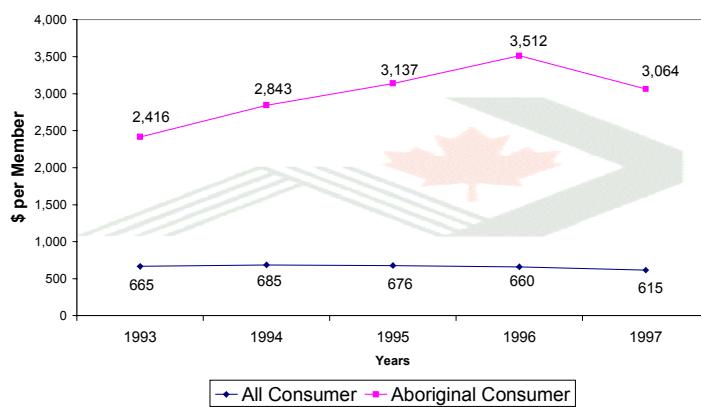
The value of equity expresses the liability that a company has regarding its shareholders.

It is an important indicator because it sheds light on the capacity of the firm to finance its future investments and operations. In 1997, the value of equity for the average Aboriginal consumer co-op

was equal to \$1.2 million and

\$3.2 million for the average consumer co-op. Since the average consumer co-op has more members (5187 members in 1997) than the average Aboriginal co-op (399 members in 1997), this difference is not surprising. However, when we compare the amount of equity per member, it appears that members of Aboriginal consumer co-ops have more equity. In 1997, the equity per member in an Aboriginal consumer co-op was almost five times greater than the equity per member in a consumer co-op. The Aboriginal co-op (especially in small communities in the

Figure 5.10 Value of Equity per Member in a Consumer Co-op: Aboriginal Vs All



²³ Harris, A. and M. Fulton (1996) used an average sales-to-asset ratio of 4.11 for the retail industry between 1987 and 1993. This ratio was calculated for the retail grocers with total assets greater than \$250,000 and less than \$1,000,000. For firms with assets of more than \$1,000,000 the average ratio was equal to 4.69 between 1989 and 1993. These figures were obtained from the Canadian industry norms published by Dunn & Bradstreet.

North) is often the major supplier in the community for several products and services, thereby inducing its members to be very committed to their co-op. Other consumer co-ops (mainly southern) have members that have access to the services of a multitude of competitors, and therefore do not seem to have a very high degree of commitment to their co-op.

5.9 Current Ratio

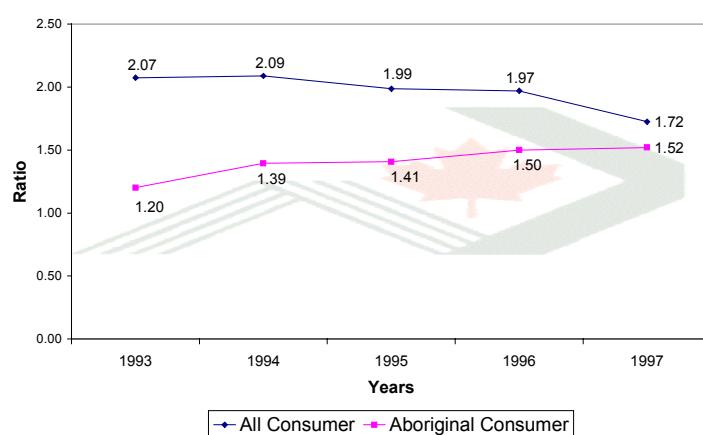
Current ratio measures the ability of the firm to meet its short-term obligations. This measure gives an insight to the degree of risk to the lenders and investors of the firm. The current ratio is calculated as the ratio between current assets and current liabilities. A high ratio guarantees a high level of liquidity, so that lenders are assured that the firm is able to reimburse them. However, a very high ratio may indicate excessive prudence that results in freezing funds that would otherwise be invested.

As illustrated in Figure 5.11, the ratio for the average Aboriginal consumer co-op has been lower than that for the average consumer co-op for every year of the study period (1993 – 1997).

However, we notice a catch-up phenomenon, as the gap between the two curves closes. From 1993 to 1996,

consumer co-ops were very consistent, with a ratio of about 2.00 for every year. In 1997, consumer co-ops seemed to take more (liquidity) risk, but more analysis including the subsequent years is necessary before drawing any conclusion. The liquidity position of Aboriginal consumer co-ops improved, starting at 1.20 in 1993, and finishing at 1.52 in 1997. If we compare the ratios to the industry norms (retail sector)²⁴, we find that consumer co-ops (Aboriginal and non-

Figure 5.11 Comparison of Current Ratios



²⁴ The industry norms are equal to 1.27 (retail grocers with more than \$1,000,000 of assets, 1989-1993), and 1.32 (retail grocers with assets greater than \$250,000, and less than \$1,000,000, 1987-1993). These figures are borrowed from Harris, A. and M. Fulton (1996), who used the Canadian industry norms published by Dunn & Bradstreet.

Aboriginal) are more liquid than their “private” counterparts. This result suggests that consumer co-ops are more risk-averse vis-à-vis their liquidity level. Theoretically consumer co-ops should have no difficulty attracting lenders because of their high liquidity levels, but some other considerations may hinder lending to co-ops. When analyzing the values in 1997, we think that consumer co-ops have reasonable values for the current ratio (1.72 and 1.52). They are not high (less than 1.75) suggesting that the co-ops are not unnecessarily freezing their funds, but also they are not low (more than the industry norm of 1.27), providing prospective lenders with trust and confidence.

6. NWT Aboriginal Co-ops and their Performance within the Territorial Economy

In section 6, we analyze NWT co-ops and compare some of the key variables to the NWT economy (e.g. employment, retail sales, investment, etc.). This section presupposes that the NWT economy is unique and that the NWT co-ops should be compared (when possible) to the economic environment in which they evolve.

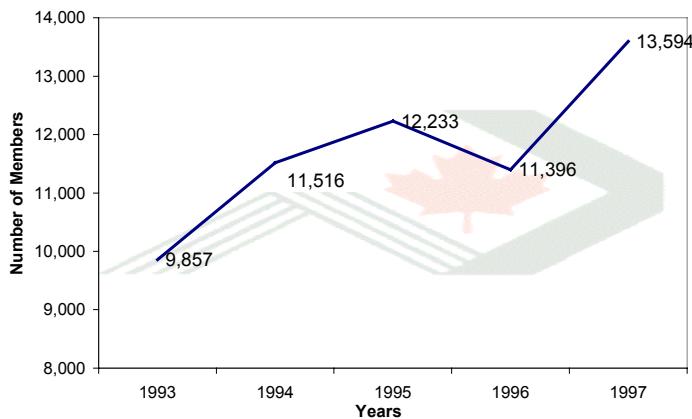
In 1999, there were 51 co-ops in the NWT incorporated between 1960 and 1994. In 1997, only 35 of them responded to the ASCC (a response rate of 69%, which is better than that of the whole set of Aboriginal co-ops in Canada). Between 1993 and 1997, the number of co-ops responding to the ASCC fluctuated between 35 and 40. In 1997, 34 out of the 35 co-ops were doing business in the consumer supply sector; the one co-op was linked to the financial services sector.

6.1 Membership

Membership of NWT Aboriginal co-ops increased from 1993 to 1997 at an annual growth rate of 8.9%. This increase was partly due to the high population growth in the NWT – 1.7% annually compared to 1.12% in Canada.

Figure 6.1 displays a decreasing curve between 1995 and 1996, due mainly to the inactivity of three co-ops that totaled about 1000 members in 1995. One big co-op (more than 800 members), located in Iqaluit was among these inactive co-ops. Nevertheless, NWT Aboriginal co-ops continue to be popular and attract new membership every year. In 1997, 20% of the population in the NWT was a member of a non-financial co-op, compared to 15.7% at the Canadian level.

Figure 6.1 Total Members of NWT Aboriginal Co-ops

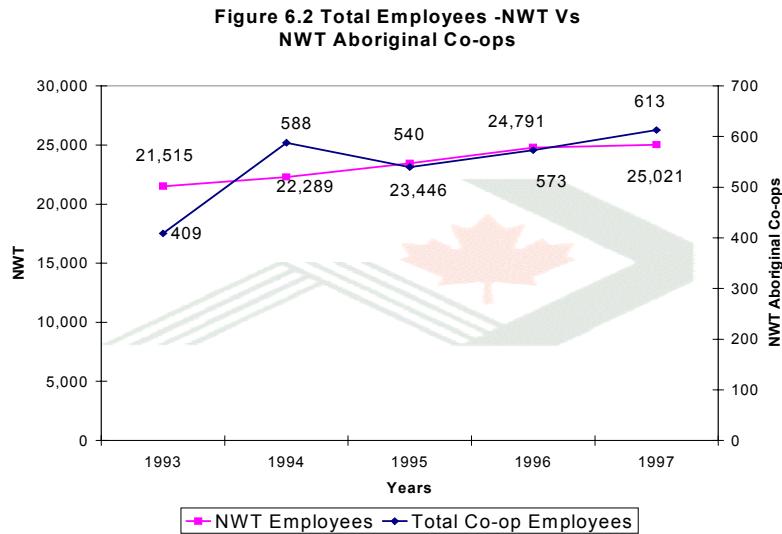


6.2 Employment

Figure 6.2 shows the number of people employed by Aboriginal co-ops in NWT. The data compiled by the Co-operatives Secretariat does not separate between Aboriginal and non-Aboriginal employees. We could however extrapolate the proportion of Aboriginal workers from population data gathered through the 1991 census (Statistics Canada) and reported in the “Basic

Departmental Data –1997” of the Department of Indian Affairs and Northern Development²⁵.

According to these data, about 53% of the population with income in NWT are of Aboriginal descent. If this percent is valid for Aboriginal co-ops, then only about half of the workers would be of native origin. Nonetheless, the big majority (about 80%) of the co-ops are located either in rural or remote areas, where the non-Aboriginal population is almost non-existent. Therefore, we would expect the proportion of Aboriginal employees in co-ops to be much more than 53%.



There was a large increase in the number of employees from 1993 to 1994, due to a reporting problem in 1993 that underestimated the number of workers by about 100. However, an increase in output (sales) of NWT co-ops in 1994 could account for some of the increase.

When compared to employment growth in NWT, co-ops have hired on average 12% more workers each year, while employment in the NWT economy increased only 3.9% each year on average, during the 1993 – 1997 period. Even if 1993 and 1994 are removed (because of the data problems noted above), employment growth in co-ops is still higher than in the NWT in general (6.6% versus 3.3%) during the remaining period (1995 to 1997).

²⁵ The North, in Basic Departmental Data 1997 – Department of Indian Affairs and Northern Development, Information Management Branch, March 1998.

6.3 Salaries and Wages

NWT Aboriginal co-ops paid a total amount of almost \$11 millions in 1993 in salaries and wages and more than \$16 million in 1997 – an average annual increase of 10.8%. During the same period, salaries and wages paid by NWT businesses increased at an annual average rate of 4.75%. Canadian businesses have not done better with an average annual increase of salaries of only 3.5%. Clearly, NWT Aboriginal co-ops are growing and their growth is reflected in the increasing mass of their salaries.

Table 6.1 Comparative Average Annual Salaries and Wages – NWT, Canada and Aboriginal Co-ops

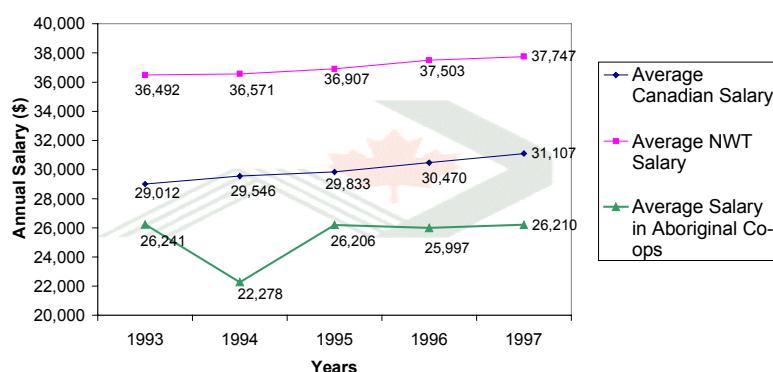
	1993	1994	1995	1996	1997
Average Canadian (private sector) Salary	29,012	29,546	29,833	30,470	31,107
Average NWT (private sector) Salary	36,492	36,571	36,907	37,503	37,747
Average Aboriginal Co-ops Salary	26,241	22,278	26,206	25,997	26,210

Nonetheless, the growth of total salaries does not hide the low average wage per worker in an Aboriginal co-op. In fact, while NWT companies paid their employees an average salary of 37,747\$ in 1997, the average worker in a NWT Aboriginal co-op received only \$26,210. This salary is even lower than the average Canadian salary of \$31,107 in 1997. However, the average salary in the NWT is heavily weighted by the high salaries in Yellowknife, where only few co-ops are established.

The fact that co-op workers receive low salaries is not very surprising if we consider that the majority of workers in Aboriginal co-ops are of Aboriginal descent. We know that the average Aboriginal income is about only 43% (42.5% in the 1991 census) of non-Aboriginal income. If the Aboriginal co-op pays an income equal to 69% (i.e.

\$26210 divided by \$37747 in 1997) of non-Aboriginal (NWT) income it is still better than what

Figure 6.3 Average Salary: Aboriginal Co-ops, NWT (private sector), and Canada (private sector)

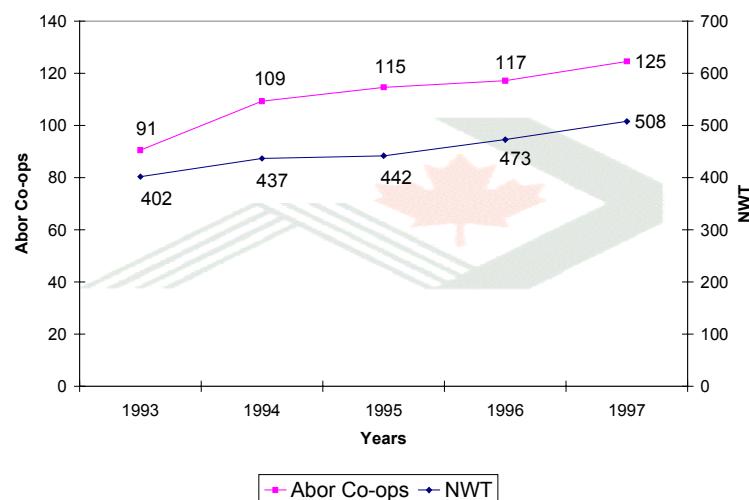


Aboriginal workers could receive elsewhere (outside the co-op). We should also take into account that the northern (including NWT) Aboriginal labour force differs in qualitative terms from the non-Aboriginal labour force population. The demographic differences of the two populations are also different. Nevertheless, concerning the average salary, NWT Aboriginal co-ops are still lagging behind other businesses the NWT. A more consistent analysis should compare salaries in the same sectors as Aboriginal co-ops, namely the retail sector. Co-ops and other firms in the retail sector compete for the same qualitative labour force.

6.4 Total Sales and Volume of Business

The trend in sales growth usually explains consumer confidence in the economy and therefore gives a good idea of the expectations regarding the market demand scheme. NWT Aboriginal cooperatives seem to be in a good position, with retail sales growing almost 38% for the period 1993 to 1997. During the same period, retail sales in Canada and in the NWT increased 22% and 26% respectively. The difference

Figure 6.4 Retail Sales - NWT Economy Vs NWT Abor Co-ops (in \$ million)



could be explained by the fact that Aboriginal populations dedicate each year a higher amount of their income to food and basic necessities generally sold in Aboriginal retail co-ops. If the per capita income of the Aboriginal population is not growing as fast as that of the non-Aboriginal population (and we suspect this is the case because of the fast population growth among Aboriginal people and the difference between the income of Aboriginal and non-Aboriginal peoples), then we would expect an increased proportion of disposable income used to purchase food and basic necessities (major products sold by Aboriginal co-ops in the North).

There is no doubt that NWT Aboriginal co-ops play a big role in the NWT economy: in 1997 they held almost 25% of market shares in the retail sector (Figure 6.4). It is worthwhile to note however that in some locations, NWT Aboriginal co-ops could hold up to 100% of market share (especially in small remote areas).

Volume of business represents all types of revenues that accrue to co-ops. In 1997, the volume of business of NWT Aboriginal co-ops reached over \$144 million, an increase of 34.8% over the period 1993 to 1997. This increase follows closely the growth in sales, which constitute the major component of the volume of business.

6.5 Profits before Taxes

We can detect three periods in profits shown on Figure 6.5: in the first period there was a sharp increase in profits between 1993 and 1994 for both co-ops and other non-financial firms in Canada.

Profits before taxes doubled (100% and 95% increase for co-ops and other firms respectively). During the second period (1994 to 1996), co-ops recorded an annual average growth in profits of 10.1%, compared to 7.9% for the non-financial sector.

Profits were increasing for the non-financial sector, but decreasing for co-ops in the last period (1997), the only year profits took opposite directions (+23% and -19% respectively). Part of the decrease in co-ops' profits could be explained by a lower number of co-ops in 1997 but this is not enough (the average profit was still lower in 1997). The decrease in profits is left unexplained, since even operating revenues of co-ops (i.e. sales and services) were higher in 1997 compared to 1996.

Figure 6.5 Total Annual Profits Before Taxes - All Non-Financial Enterprises Vs NWT Abor Co-ops (\$ million)

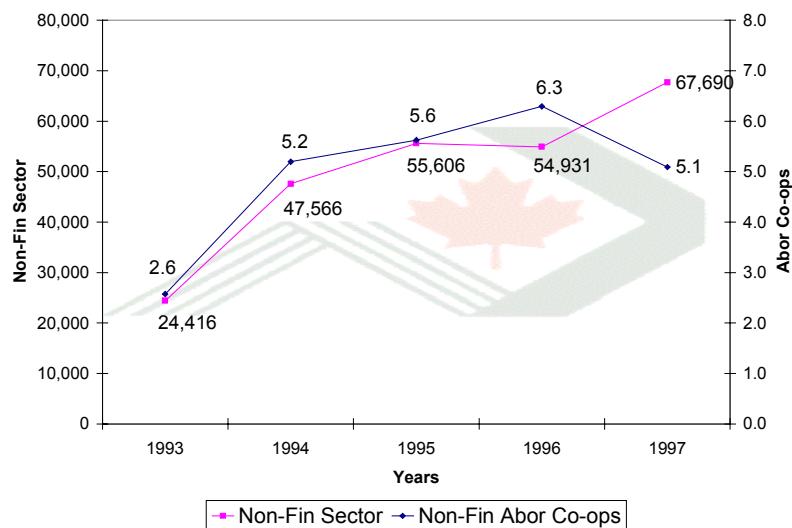
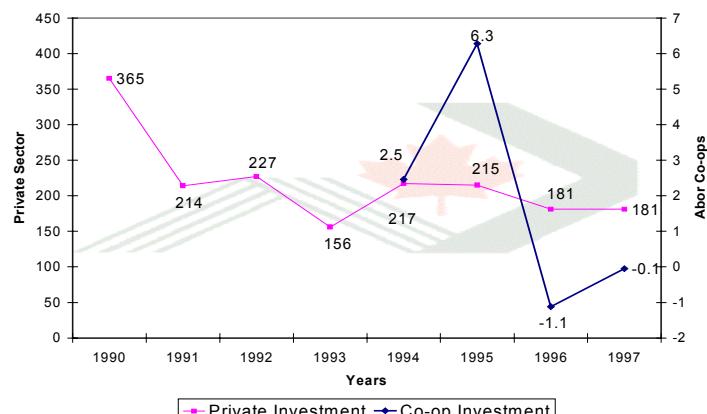


Figure 6.6 Investment in Property and Equipment - NWT Aboriginal Co-ops Vs NWT Private Sector (millions \$)



6.6 Investment in Property and Equipment

Investment is calculated as a difference in capital stocks between two periods (usually years). Capital stock consists

of two major components: property (buildings, land, structures) and equipment (machinery and tools).

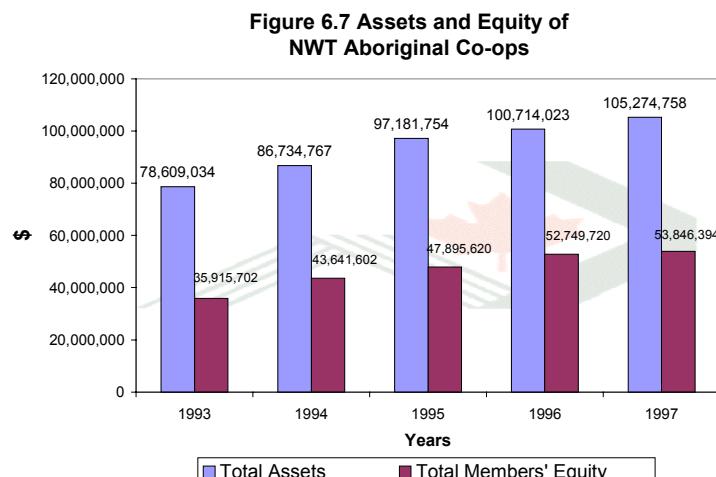
The pattern of investment in property and equipment by NWT Aboriginal co-ops is similar to other Aboriginal co-ops (see Figures 4.12 and 6.6), except that Aboriginal co-ops in the NWT registered a negative investment (i.e. disinvestment) in 1996 and 1997. This negative investment means that co-ops are not even renewing the full amount of the depreciated value of their physical capital. For two out of four years, NWT Aboriginal co-ops did not renew fully their depreciated capital stocks.

The trend of the NWT private investment is slightly downward for the period 1990 to 1997, with only one large increase between 1993 and 1994. Nonetheless, we see no negative investment for the NWT economy. Interestingly, total investment for the Canadian economy showed an upward slope for the period 1991 to 1999 (see Figure 4.12).

6.7 Assets and Members' Equity

Equity capital has been increasing continuously from 1993 to 1997. The main contributors of this increase are the share capital and the reserves. The value of members' shares increased more than 15% annually on average, while the co-ops' reserves increased 5.1%. On the other hand, members loaned fewer dollars to their co-ops (-11.1% annually), and the amount of undistributed surplus shrank an average of -7.1% annually. But members' loans and the undistributed surplus (i.e. the declining components of equity) have no significant effect on the value of equity capital, since they constitute less than six percent of the value of equity. Share capital is once again the major source of equity capital, contributing with almost 55% to the co-op's equity (in 1997). The increasing value of share capital is the result of larger membership (see section 6.1).

In 1997, assets totaled \$105 million, of which \$43 million were considered current assets (i.e. cash and cash equivalents). From 1993 to 1997, total assets grew 7.6% annually (on average), and their current counterparts increased 6.3%. On the other hand, non-current assets (i.e. "portfolio" investments, and



fixed capital) recorded double-digit growth (11.9%). The driving force of this increase is the “portfolio” investment, which increased almost 20% (annual average of 19.1% exactly). In 1997, the value of fixed capital (i.e. property and equipment) decreased 0.18%, and the value of “portfolio” investment increased 29%. Is there a tradeoff between these two types of investment? Theoretically, there should not be such a tradeoff for the type of co-ops in the NWT: these are primarily consumer co-ops that are not very malleable, so that fixed capital is always necessary for the everyday business. Nonetheless, it is interesting to follow these two types of investments in the future and look for a possible correlation.

6.8 Some Statistics on Inuit Communities

The 22 communities that appear on Table 6.2 were selected from a total of 41 communities found on the Internet (Inuit Business Directory - www.pail.ca). The selection was made based on the availability of co-op information in the database of the Co-operatives Secretariat. Nineteen communities were not selected because there was either no data available for them at the Secretariat level, or the data from different sources seemed inconsistent.

In the 22 Inuit communities, there were 15,920 persons employed. Although Inuit co-ops provide only a small portion of employment (3% on average), their contribution to employment for some communities was non-negligible. According to the data, there were six communities that had more than 10% of employment by Inuit co-ops. In Pelly Bay and Pond Inlet, for example, employment by co-ops was 55.8% and 25.0% respectively of total employment.

Based on the data, the average income paid by co-ops was higher than the average income in the communities by 7.12%. Total average income paid by co-ops was \$24,020 compared \$22,308 in the communities. There was considerable variation in the levels of income recorded in the communities. Estimated standard deviation of the average income in the communities was \$11,326, compared to \$1,605 for local co-ops. This indicates that co-ops tend to pay relatively similar salaries across different regions in the North.

The total population for the 22 communities was 35,502. The members of local co-ops accounted for 29% of this total population. The ratio of co-op members divided by the total population gives the participation rate and expresses the level of interest in the co-ops. According to Table 6.2, participation rates varied greatly from one community to another. Some communities had very high participation rates, while others faced low participation rates. In Cambridge Bay, for example, the participation rate was 85.3%. On the contrary, Yellowknife had a low participation rate of 8.7%. Seven communities had participation rates between 30% and 40%, eight communities between 40% and 60%, and six communities over 60%.

In short, Inuit co-ops are an important part of economic development in the community. They provide employment opportunities for Inuit people, and pay somewhat higher than average salaries. With the greater participation of the co-ops in the daily lives of Inuit people, they will improve their economic and social well being.

Table 6.3 is similar to Table 6.2 except that it does not include Yellowknife. The rationale behind this exclusion is that for some people, Yellowknife is “not” considered an Aboriginal city. When Yellowknife is removed, the conclusions of this section are far more reinforced, showing that co-ops do make a significant difference in the lives of Aboriginal communities of the North.

**Table 6.2 Selected Statistics of a Sample of Inuit Communities
(Including Yellowknife)**

NO	COMMUNITY	SAMPLE OF CO-OPS	TOTAL EMPLOYMENT IN COMMUNITY	EMPLOYMENT IN CO-OPS	CONTRIBUTION TO EMPLOYMENT BY CO-OPS (%)	TOTAL POPULATION	TOTAL CO-OP MEMBERSHIP	PARTICIPATION RATE OF CO-OPS (%)	AVERAGE INCOME BY COMMUNITY (\$)	AVERAGE INCOME BY CO-OPS (\$)
1	Akulivik	Akulivik Co-op Ass.	130	13	10	411	281	68.4	16,487	24,653
2	Arctic Bay	Taqput Co-op Ltd.	175	7	4	639	204	31.9	21,111	24,191
3	Anvial	Padlei Co-op Ass. Ltd.	365	21	5.8	1,559	627	40.2	17,770	24,332
4	Baker Lake	Sannavik Co-op Ass. Ltd.	385	12	3.1	1,385	425	30.7	18,688	22,748
5	Cambridge Bay	Ikaluktuiaq Co-op Ltd.	580	36	6.2	1,351	1,152	85.3	28,915	18,488
6	Cape Dorset	West Baffin Eskimo Co-op Ltd.	345	35	10.1	1,118	678	60.6	18,125	24,774
7	Coral Harbour	Katudgevik Co-op Ass. Ltd.	205	14	6.8	669	410	61.3	22,477	23,641
8	Hall Beach	Hall Beach Co-op Ass. Ltd.	125	9	7.2	543	319	58.8	18,036	24,389
9	Holman	Holman Eskimo Co-op Ltd.	160	25	15.6	423	169	40.0	16,862	21,253
10	Igloolik	Igloolik Co-op Ltd.	275	20	7.3	1,174	429	36.5	17,049	24,457
11	Kangirsuk	Payne Bay Co-op Ass.	135	11	8.1	394	309	78.4	17,707	24,005
12	Kugluktuk	Kugluktuk Co-op Ltd.	395	16	4.1	1,201	502	41.8	20,942	23,984
13	Pangnirtung	Pangnirtung Eskimo Co-op Ltd.	390	15	3.9	1,243	486	39.1	18,097	25,492
14	Pelly Bay	Koomiut Co-op Ass. Ltd.	120	67	55.8	496	272	54.8	16,789	25,136
15	Pond Inlet	Toonooniak Safoonik Co-op Ltd.	280	70	25	1,154	606	52.5	18,759	24,845
16	Rankin Inlet	Kissarvik Co-op Ass. Ltd.	870	8	0.9	2,058	773	37.6	28,424	24,714
17	Repulse Bay	Naujat Co-op Ltd.	175	22	12.6	559	200	35.8	17,663	23,991
18	Resolute	Tudjaat Co-op Ltd.	205	9	4.4	270	153	56.7	66,747	24,641
19	Sanikiluaq	Mitiq Co-op Ass. Ltd.	180	17	9.4	631	280	44.4	16,809	23,701
20	Taloyoak	Paleajook Co-op Hotel-Inns N.	185	17	9.2	648	228	35.2	15,574	24,371
21	Whale Cove	Issatik Eskimo Co-op Ltd.	90	15	16.7	301	248	82.4	18,666	23,906
22	Yellowknife	NWT Co-op Busi. Dev. Fund	10,150	2	0	17,275	1,507	8.7	39,086	26,744

Source: Co-operatives Secretariat, August, 2000

**Table 6.3 Selected Statistics of a Sample of Inuit Communities
(Excluding Yellowknife)**

NO	COMMUNITY	SAMPLE OF CO-OPS	TOTAL EMPLOYMENT IN COMMUNITY	EMPLOYMENT IN CO-OPS	CONTRIBUTION TO EMPLOYMENT BY CO-OPS (%)	TOTAL POPULATION	TOTAL CO-OP MEMBERSHIP	PARTICIPATION RATE OF CO-OPS (%)	AVERAGE INCOME BY COMMUNITY (\$)	AVERAGE INCOME BY CO-OPS (\$)
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Source: Co-operatives Secretariat, August, 2000

7. Avenues of Future Research

In this section, we focus on the present research and some aspects of the profile that could not be analyzed due to the unavailability of data.

7.1 Financial and Social Data

To our knowledge, there has never been a comprehensive statistical study of Aboriginal co-ops in Canada. Therefore, this profile filled a gap that was missed by the research on Aboriginal matters. Even when looking at Aboriginal businesses in general, there were only two recent studies²⁶.

We think that the Secretariat has a very comprehensive financial database on all co-operatives, including Aboriginal co-ops. The only shortcoming is that Aboriginal co-ops do not complete the breakdown of their sales and services in the questionnaire. We hope that this problem will be fixed in the future and that we will have a better picture of the diversity in activities of Aboriginal co-ops.

Since the 1930s, the Co-operatives Secretariat has been collecting financial variables that appear in the Statement of Income and the Balance Sheet of Canadian co-operatives. This database is very useful when we try to evaluate the effectiveness of a program for example, or when we want to compare the financial performance of co-ops and other investor-owned firms. But co-ops are not only economic organizations, but also social entities that work for the benefit of the members and their communities. Consequently, we feel it is necessary to begin collecting information on social variables (in the broad sense). The lack of social variables has prevented us from doing

²⁶ The first paper was sponsored by Aboriginal Business Canada (ABC): “The road less traveled: Aboriginal entrepreneurs building economic independence of the 1990s”. ABC, January 1998. The second document is by Caldwell, D. and P. Hunt: “Aboriginal Businesses: Characteristics and Strategies for Growth”. Occasional paper No. 20. Ottawa: Industry Canada, July 1998.

some analysis that we felt was important in the Aboriginal context. Variables such as youth, gender and ethnic origin of the workers could have been very helpful in understanding some of the challenges that the Aboriginal population faces.

7.2 A Special Survey?

Adding a few questions to the ASCC on age and gender of managers and workers can be achievable with some costs (such as a lower response rate), but adding a whole section on social variables can be very costly in terms of lost information (probably very low response rate from co-ops).

To avoid this problem, the Secretariat (or another organization) could design a special survey directed to all co-ops, including Aboriginal co-ops. This survey should be directed not only to the present situation of the co-op, but also to the prospects of its future (growth, needs, etc.).

Four fields need to be covered by this special survey, namely managers and employees, markets, technology use, and government support.

Managers and employees – Questions related to Aboriginal origin, age, gender, education and training are important.

Markets – Questions about the present location of the clientele, as well as the prospects of widening the market (new clients, new products, etc.) are important in order to know the future direction of the co-op. Tools that the co-op uses to improve its market share, and obstacles to growth can also help to understand the opportunities and problems facing the co-op.

Technology use – In the present environment of a knowledge-based economy, it is crucial to know the position of the Aboriginal co-ops on the technology scale. Questions related to computer use (extent of use of computers and specialized softwares for example), as well as the existence of a web site can help place the co-op among its competitors. The use of other technical devices such as a fax machine, modem, CD-ROM stations, and scanners can give a good idea of the level of integration of Aboriginal co-ops in the knowledge-based economy.

Government support – In the past, co-ops have used government support to start their businesses. Today, opportunities for start-ups are less frequent (because of the limited number of Aboriginal communities) but needs are still present. It is useful to the Secretariat and other government

authorities to know which government organizations are used by Aboriginal co-ops when they need help. Today, governments are less disposed to subsidize corporations, but they still have a major role in encouraging some businesses. Knowing what type of help Aboriginal co-ops usually seek from government organizations will give governments an opportunity to adjust their help and tailor it to the needs of Aboriginal co-ops.

Conclusion

Incorporations of Aboriginal co-ops were very popular in the 1970s and 1980s, and even to some extent in the 1990s. Aboriginal co-ops are concentrated in Quebec and NWT, where 73 co-ops are established, counting almost 55% of all Aboriginal co-ops in Canada.

Aboriginal co-ops are still the minority form of organization among Aboriginal people. In 1996, only 35 co-ops served a population of 100,000 compared to 1,300 other forms of Aboriginal businesses.

While Aboriginal businesses are concentrated in the primary and construction sectors of the economy, Aboriginal co-ops are found in the primary and retail sector. The lack of interest in the construction sector by Aboriginal co-ops needs more research.

Seventy-one percent of Aboriginal co-ops are active in the retail sector and account for 93% of all activity, with a volume of business of more than \$230 million.

Membership in Aboriginal co-ops is on the rise, and we expect this trend to continue as long as the population growth is sustained. In 1993 there were about 20,000 members, while in 1997 there were almost 2,500 members. The membership inside a community can be very high: in some communities (especially northern ones), almost everyone is a member of a co-op.

A high inflation rate (particularly in the North) combined with an increasing population is limiting the purchasing power of Aboriginal people to basic necessities. This is observed in the increasing volume of food sold by Aboriginal co-ops.

The growth in the volume of business of Aboriginal co-ops has been slightly higher (9.26% annually) than that of the whole co-op sector (8.64% annually) from 1993 to 1997.

Aboriginal co-ops remain active in the labour market. While the average Aboriginal business is employing 2.6 full-time employees, the average Aboriginal co-op has about 12 full-time employees.

The average salary in the co-op is still lower than the average Canadian salary (\$19,515 and \$27,823 in 1997 respectively).

The ratio of equity-to-assets of Aboriginal co-ops seemed high compared to other co-ops (47.0% versus 32.6%). This could be explained by the fact that Aboriginal co-ops have less access to debt and tend to substitute debt by equity.

Aboriginal consumer co-ops have more product lines (e.g. food, snowmobiles, taxi, hotel, cafeteria, etc.) than the other consumer co-ops. As a result, the average member of an Aboriginal consumer co-op spends more (\$210 per week) than the average member of a consumer co-op in Canada (\$54 per week).

Aboriginal consumer co-ops are growing at a rate almost twice that of the retail sector or the other consumer co-ops. Their volume of business has been growing at annual average rate of 9.8%, while their competitors recorded a rate of 5.1% (retail sector) and 4.4% (all consumer co-ops).

North West Territories (NWT) co-ops are more active in the labour market than other NWT organizations. Between 1993 and 1997, NWT co-ops had annual increases of staff of 12.0%, while other NWT organizations employed about 3.9% more workers annually.

Co-ops are more popular in the NWT than elsewhere in Canada. In 1997, 20% of the NWT population were members of a non-financial co-op, compared to 15.7% at the Canadian level.

Co-ops in the NWT deliver not only social benefits to the community, but are also an efficient form of business enterprise. Between 1994 and 1996, before tax profits accrued by co-ops in the NWT increased 10.1%, compared to 7.9% for all non-financial corporations in Canada.

In conclusion, we can say that the co-op sector is a consistent form of social business among Aboriginal communities, particularly for northern populations. Its devotion to the social contract does not prevent it from being financially and economically a viable form of organization.

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APPENDIX A

PART 2

Socio-Economic Environment in NWT/Nunavut

HIGHLIGHTS

- *Population*, including size, characteristics and changes, is a major indicator for future considerations of government expenditures and cooperative development. It is estimated that the population of both Aboriginal and non-Aboriginal people in the NWT/Nunavut was about 69,000 in 1999. Relative to Canada, the NWT/Nunavut have a faster growing population.
- There have been substantial improvements in the *education* of the territorial population, even though education levels among Aboriginal people lag behind the territorial average, and public school enrollments and graduates have leveled off in recent years.
- The NWT/Nunavut have higher *employment* compared to Canada as a whole. In the NWT, for instance, the employment rate was 67.5%, when Canada's rate was 59.0% in 1999. While high participation rates in the NWT/Nunavut were apparent for both Aboriginal and non-Aboriginal people, the *unemployment* rate was also higher in the territories, particularly for Aboriginal people, compared to Canada as a whole.
- Total personal *income* in the NWT/Nunavut has increased in the past years. It remained relatively constant with a slight growth between 1993 and 1996. There was a gap between Aboriginal and non-Aboriginal average income, which may be attributed to a high level of employment income for non-Aboriginal people.
- Income from salaries, wages and supplementary labor income has consistently been the largest component of the territorial *GDP* at factor cost. Between 1990 and 1997, the economic output from labor income grew 33%, while output from corporate profits dropped 23% over that period. Since 1991, the increases in *consumer prices* have been almost equivalent in Canada and Yellowknife. However, the cost of living was higher in small communities in the Territories than in southern Canadian cities.
- The NWT/Nunavut experienced positive growth in *retail sales* since 1991. From 1990 to 1998, the dollar value of retail sales across Canada increased 28%. This growth was exceeded in the NWT/Nunavut, where the value of retail sales increased 35% over those years.
- Over the past seven years, federal *expenditures* in the NWT/Nunavut decreased each year after 1991 except for 1993. Meanwhile, the federal revenues as a percentage of the expenditures were substantially lower in the NWT/Nunavut than Canada as a whole.

This part provides an overview of current and past social and economic conditions of the Northwest Territories and Nunavut (NWT/Nunavut), including some comparisons to Canada as a whole¹. It gives general information with some tables and graphics. The data are for 1990 to 1999, and the historical information that has been compiled reflects the two geographic boundaries: Northwest Territories and Nunavut. Where the information concerning the NWT is separated from that of Nunavut, it is identified as the Northwest Territories or NWT. Where both the NWT and Nunavut are mentioned, the “NWT/Nunavut” is used.

The socio-economic environment here refers to the conditions in both social and economic measures. Major social influences on cooperative development include population and education. Key economic determinants include the labor force, gross domestic product (GDP) level, consumer price index (CPI), finance and expenditures. This part is divided in four sections:

- population and education
- employment and unemployment
- GDP and CPI
- finance and expenditure

A. Population and Education

The characteristics of the population and the changes in the size of the population are two of the major indicators for further consideration of government expenditures and cooperative development. Educational enrollments and number of graduates at a variety of levels are also acknowledged as major components of socio-economic status. Both population and education are positively associated with Aboriginal cooperative development.

¹ During the data search in March and April, 2000, Indian and Northern Affairs Canada (INAC), Statistics Canada and NWT Bureau of Statistics provided their support. The data in this document are mostly obtained from Department of Statistics of INAC and NWT Bureau of Statistics.

Population

The combined population of the NWT/Nunavut was estimated at 69,000 in 1999 (Figure A.1). Based on the 1996 census, there was an Aboriginal population of 19,000 in the NWT, accounting for 48% of the total NWT population. In Nunavut, the Aboriginal population was 21,674 -- more than five times the non-Aboriginal population of 4,067.

In 1997-98, the overall number of people in the NWT/Nunavut declined slightly, probably because of the downturns in the economy, in public and private capital investments, and because of the closures of some mines. While the number of people in the NWT/Nunavut declined slightly in 1998, the population in 1999 increased with the establishment of the Nunavut territory, which provided opportunities for employment and economic development. Relative to Canada, the NWT/Nunavut still have a faster growing population. From 1990 to 1999, the population of the NWT/Nunavut grew by an average annual rate of 1.7%, while the rate of the Canadian population was 1.12%.

Inter-provincial migration might influence the population growth rate in the NWT/Nunavut. Based on the estimates of immigration, emigration and inter-provincial/territorial migration, the NWT/Nunavut experienced a net migration loss every year since 1991, with the greatest loss in 1997/98 (Figure A.2).

Figure A.1 Population in NWT/Nunavut and Canada

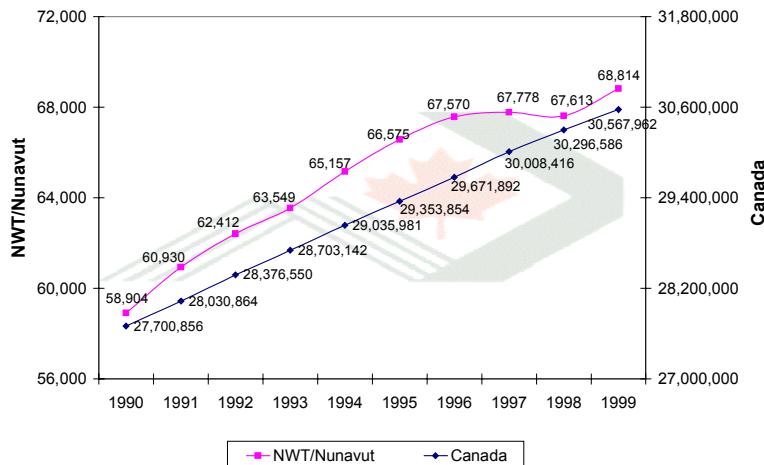


Figure A.2 Annual Estimates of Net Migration in NWT/Nunavut

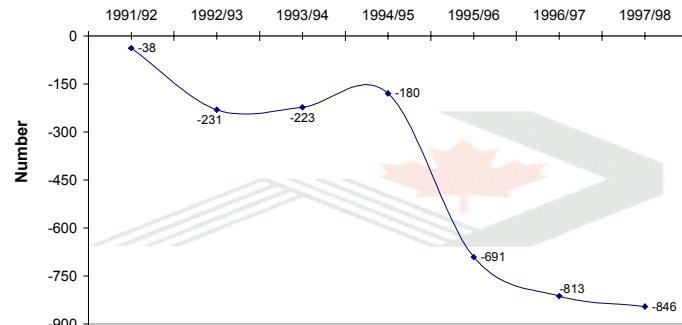
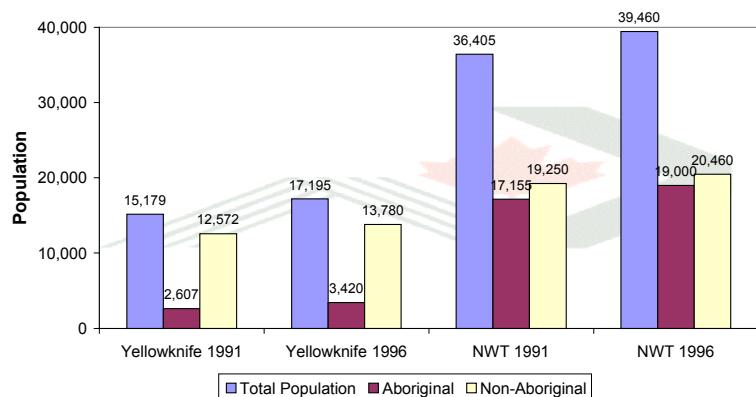


Figure A.3 Population by Ethnicity in Yellowknife and NWT



Historically, people migrate to the urban areas in the NWT/Nunavut. In Yellowknife, for example, the population's share in the NWT increased from 41.7% in 1991 to 43.6% in 1996. The number of both Aboriginal and non-Aboriginal people in the city increased and the people stayed for a longer period of time (Figure A.3).

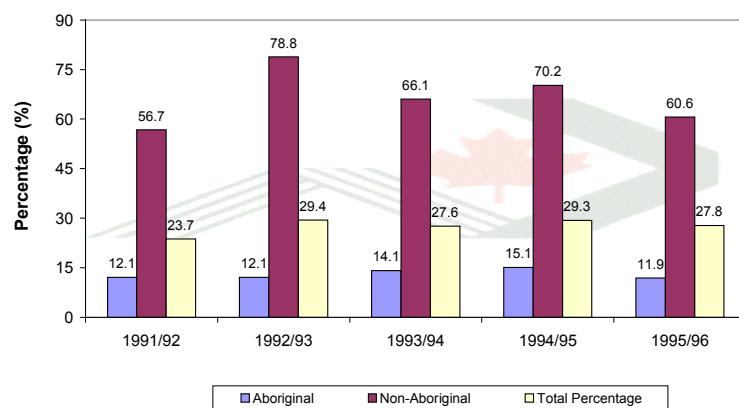
Education

Knowledge and skills are necessities in today's world, and essential for Aboriginal people in the NWT/Nunavut to attain them through education. Society rewards individuals who are proficient with employment opportunities, job success and active participation in the community. The research estimates that two thirds of new jobs in the future will require more than 17 years of education².

There have been substantial improvements in the educational levels of the territorial population, even though overall public school enrollments leveled off in 1996/97 (school year) after increasing steadily between 1991/92 and 1995/96 (Table A.1). Both the territorial number of graduates of grade 12 and graduates as a percentage of the public school enrollments have improved from 1991/92 to 1994/95. The number of grade 12 graduates as a percentage of 18 years old increased in the NWT/Nunavut from 23.7% in 1991/92 to 27.8% in 1995/96 (Figure A.4).

Education levels among the Aboriginal population still lag behind the territorial average. The number of Aboriginal grade 12 graduates from 1991/92 to 1995/96 was 471–26% of the total graduates. In 1994/95, the number of Aboriginal graduates reached its highest level of 105 (Table A.2). In 1995/96, both the number of Aboriginal and non-Aboriginal graduates decreased. The increased availability of employment training programs, which often include wages, may be responsible for this decrease.

**Figure A.4 Grade 12 Graduates as a Percentage of
Aged 18 by Ethnicity in NWT/Nunavut**



² National Literacy Secretariat. "Creating a Learning Culture: Work and Literacy in the Nineties". Ottawa: Ministry of Supply and Services, 1990.

**Table A.1 Public School Enrollments in NWT/Nunavut
(1991/92 – 1996/97)**

School Year	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Enrollments	14,940	15,621	16,252	16,617	17,470	17,378

Source: INAC. *Northern Indicators*, Winter 1997, p.13

**Table A.2 Graduates of Grade 12 by Ethnicity in NWT/Nunavut
(1991/92 – 1995/96)**

School Year	1991/92	1992/93	1993/94	1994/95	1995/96
Aboriginal	85	85	99	105	97
Non-Aboriginal	224	278	261	277	263
Total Graduates	309	363	360	382	360
% as Enrollments	2.07	2.32	2.22	2.23	2.06

Source: INAC. *Northern Indicators*, Winter 1997, P.13

B. Employment and Unemployment

In the NWT/Nunavut, annual employment levels increased by 230 jobs (0.9%) in 1997, 1345 jobs (5.7%) in 1996, and 1157 jobs (5.2%) in 1995 (Figure A.5). In 1999, the NWT had a higher employment rate at 67.5% than Canada's rate at 59%. Participation in the labor market³ was also higher, with a participation rate of 78.3%, while Canada was at 64.5% (Figure A.6).

³ In this section, *labor force* in the labor market refers to persons 15 years of age and older who, during the reference period, were employed or unemployed. *Employed* persons are those who, during the reference period, did any work at all, or had a job but were not at work. *Employment rate* (formerly the employment/population ratio) represents the number of persons employed expressed as a percentage of the population 15 years of age and older. *Unemployment rate* represents the number of unemployed persons expressed as a percentage of labor force. *Participation rate* represents the labor force expressed as a percentage of the population 15 years of age and older (Statistics Canada. Historical Labor Force Statistics, 1999. Catalogue No: 71-201-XPB).

Employment

In the NWT, the employment rate between 1989 and 1999 shows a relatively stable pattern. The data show that improvements in employment conditions among Aboriginal people are apparent over time. In 1989, 41.8% of Aboriginal persons 15 years and older were employed, but 47.9% were employed in 1999 (Table A.3). Aboriginal employment rates have consistently been the highest in Yellowknife, followed by Hay River, Fort Smith and Inuvik, then the rest of the communities (Table A.4).

Figure A.5 Total Employment in NWT/Nunavut

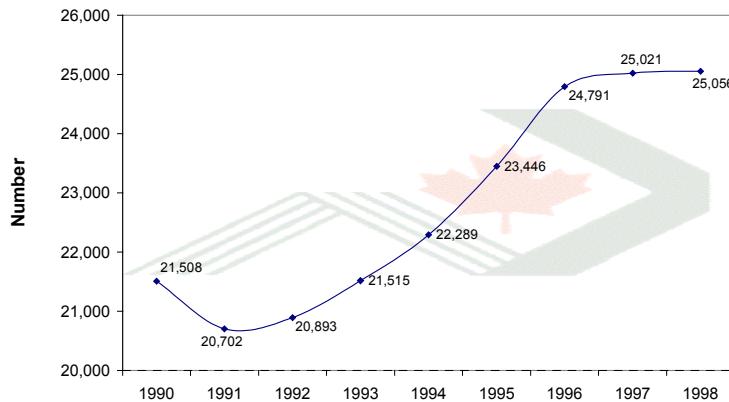


Figure A.6 Comparisons of labor Force Use in NWT/Nunavut and Canada in 1999

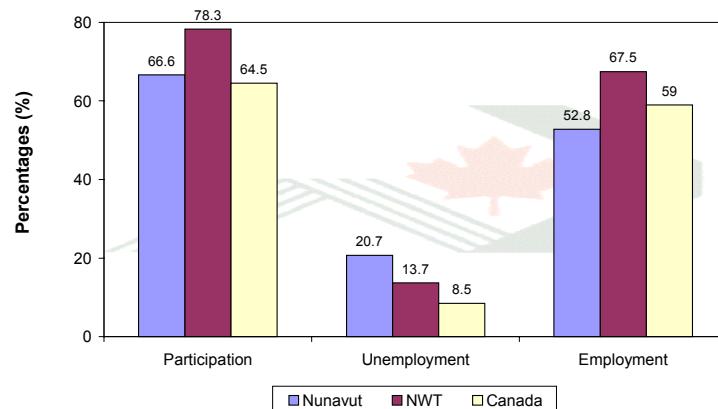


Table A.3 Employment Rate by Ethnicity in NWT (%)

Year	1989	1991	1994	1996	1999
Aboriginal	41.8	48.2	42.1	48.5	47.9
Non-Aboriginal	83.1	85.3	83.6	83.2	84.1
All Persons	65	69.3	65.7	68.2	67.5

Source: 1999 Labor Force Survey, NWT Bureau of Statistics.

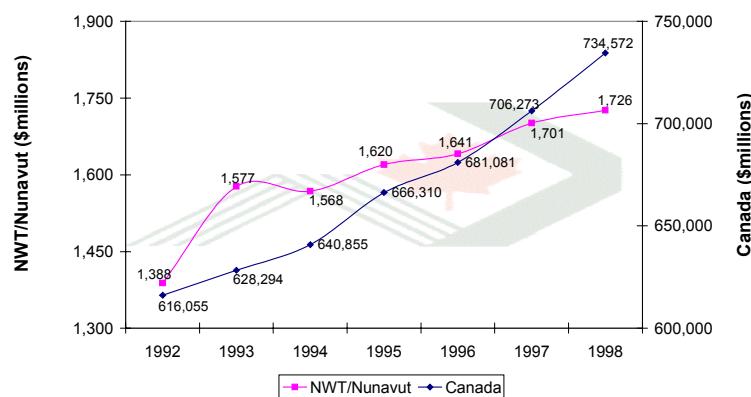
Table A.4 Aboriginal Employment Rate by Community in NWT (%)

Year	1989	1991	1994	1996	1999
Yellowknife	71.2	58.8	63.6	60.1	59.2
Hay River, Fort Smith, Inuvik	53.3	52.8	47.9	54.1	57.4
Rest of the communities	31.6	40.2	34.5	42.7	40.3

Source: 1999 Labor Force Survey, NWT Bureau of Statistics.

Total personal income⁴ in the NWT/Nunavut increased from 1994 to 1998. Particularly, there was a big increase in personal income in NWT/Nunavut in 1993, as government transfer payments might be the major contributor to this growth. The high government transfer levels reflect the federal government's payment to beneficiaries under the Nunavut Land Claims Agreement. There was a slight growth in personal income between 1994 and 1998. By comparison, personal income in Canada increased consistently from 1992 to 1998 (Figure A.7).

Figure A.7 Personal Income in NWT/Nunavut and Canada



There had been a gap of total average income between Aboriginal and non-Aboriginal people in the NWT/Nunavut. The gap might be attributed to high levels of employment income⁵ for non-Aboriginal people (Table A.5).

⁴ According to Statistics Canada, personal income refers to "the sum of all incomes received by persons residing in Canada, whether factor earnings from current production or current transfers from other sectors, plus the investment income that associations of individuals accumulate on their own behalf or on behalf of persons" (Statistics Canada, National Economic and Financial Accounts. Third Quarter, 1997).

⁵ According to Statistics Canada, employment income refers to "a total income received by persons 15 years of age and older during a certain period as wages and salaries, net income from non-farm unincorporated business and/or professional practice and net farm self-employment income." (Statistics Canada, 1996 Census Dictionary, Final Edition Reference. August 1999).

Table A.5 Average Personal Income in NWT/Nunavut (\$)

Year	1985	1990
Aboriginal	12,376	16,151
Non-Aboriginal	27,123	38,028

Source: Basic Departmental Data, INAC.1997

Unemployment

Since the recession of the early 1990s, the rates of unemployment have slowly changed in Canada. However, there are large differences in different parts of the country and among different groups. One third of Canadian workers believe that their skills are already obsolete and almost 40% believe that their skills will become obsolete within ten years.⁶

Table A.6 Aboriginal Unemployment Rate by Community in NWT

Year	1989	1991	1994	1996	1999
Yellowknife	8.9	18.1	17.2	14.7	17.5
Hay River, Fort Smith, Inuvik	21.0	20.3	28.8	20.1	17.6
Rest of the communities	38.7	31.3	38.6	27.7	34.5

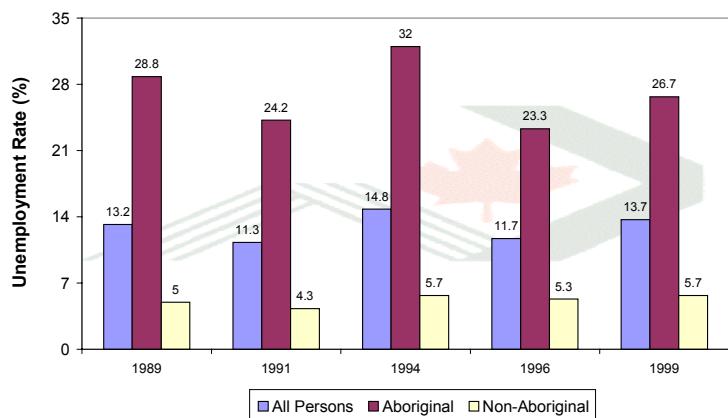
Source: 1999 Labor Force Survey, NWT Bureau of Statistics.

Although the high rates of participation in the NWT were apparent, the unemployment rate was also higher than Canada's rate for comparable periods. In 1999, the unemployment rates in the NWT and Nunavut

⁶ EKOS Research Associates. "What Does Workplace Change Mean for Different Segments of the Canadian Labor Market?" EKOS, Ottawa. 1995.

were 13.7% and 20.7% respectively, while it was 8.5% in Canada. From 1989 to 1999, the average unemployment rate in the NWT for Aboriginal people was 27% compared to 5.2% for non-Aboriginal people (the average employment rate in the NWT was 12.94%). By community, Yellowknife had the lowest Aboriginal unemployment rate, followed by Hay River, Fort Smith and Inuvik. The rest of the communities had high unemployment rate (Table A.6). Although improving, there is still a significant difference in unemployment rates between Aboriginal and non-Aboriginal people in the NWT (Figure A.8).

Figure A.8 Unemployment Rates by Ethnicity in NWT



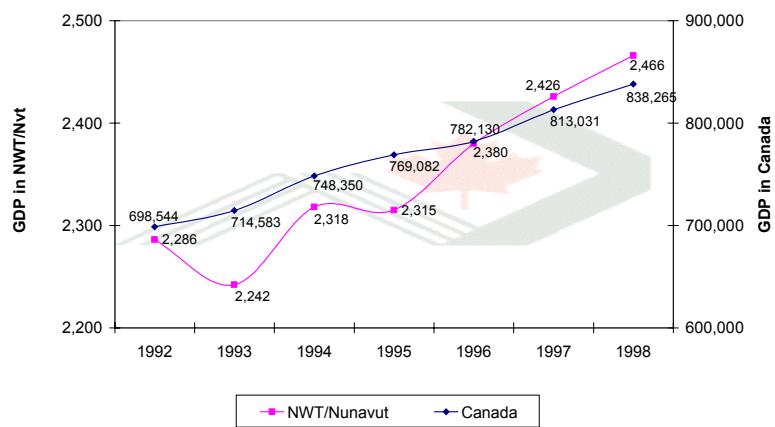
C. Gross Domestic Product and Consumer Price Index

The Consumer Price Index (CPI) indicators measure rates of change in consumer prices for an urban center or Canada as a whole from a base period for which the index is set to 100⁷. Gross Domestic Product (GDP) is a summary statistic that describes the value of all economic activity for a specific location or sector. In this section, GDP refers to the total unduplicated value of the goods and services produced in the economic territory of a country or region during a given period.

Gross Domestic Product (GDP)

There are two ways to compare GDP: either current (nominal) dollars, or constant (real) dollars. Movements in GDP at constant prices reflect changes only in the quantities of goods and services

Figure A.9 Real GDP Growth in NWT/Nunavut and Canada



⁷ INAC. *Northern Indicators*, Winter 1997. p.52

produced, not changes in their prices. Thus, an estimated GDP in constant dollars in the NWT/Nunavut removes the impact of price changes and better reflects changes in the economy of the territories (Figure A.9).

The growth rate in the NWT/Nunavut decreased between 1996 and 1998 due to the impacts of mine shutdowns and the closure of the refinery at Norman Wells in late 1996 (Table A.7). In the NWT/Nunavut, the GDP at factor cost⁸ was \$2.5 billion in 1997, and \$2.4 billion in 1996. Income from salaries, wages and supplementary labor income was consistently the largest component of the territorial GDP at factor cost. In 1997, the total value of this income was \$1.5 billion—almost five times the economic output from corporate profits. From 1990 to 1997, the economic output from labor income grew 33%, while output from corporate profits dropped 23% (Figure A.10).

Figure A.10 GDP at Factor Cost and Major Components in NWT/Nunavut

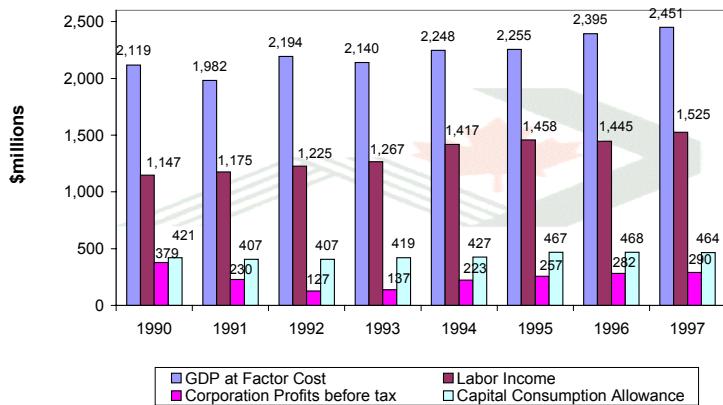


Table A .7 GDP Growth Rate in NWT/Nunavut & Canada (1992 \$millions)

Year	1993	1994	1995	1996	1997	1998
NWT/Nunavut	-1.9	3.4	-0.1	2.8	1.9	1.6
Canada	2.3	4.7	2.8	1.7	4.0	3.1

Source: NWT Bureau of Statistics. 1999

⁸ Besides the three components shown in the Figure A.10, the GDP at factor cost also includes interest and miscellaneous investment income, net income of non-farm unincorporated business with rent and inventory valuation adjustment.

Consumer Price Index (CPI)

Since 1991, increases in consumer price have been almost equivalent in Canada and Yellowknife. However, the cost of living was higher in small communities in the Territories than southern Canadian cities. From 1991 to 1998, the increase in consumer prices was slightly lower in Yellowknife—at about 9%—than across Canada, where the consumer prices increased by 10%. However, the consumer price levels in Yellowknife were higher than the Canada-wide levels between 1993 and 1996. From 1996 to 1998, the three-year increase in consumer prices was much lower in Yellowknife (at 1.6%) than across Canada, where consumer prices increased by 4.1% (Figure A.11). In 1997, the price index of living cost differentials of some communities in the NWT ranged from a minimum of 125 (Hay River compared to Edmonton) to a maximum of 215 (Colville Lake compared to Edmonton) (Table A.8).

Table A.8 Living Cost Differentials in NWT in 1997 (Edmonton=100)

Colville Lake	210-215	Wrigley	150-155
Inuvik	155-160	Hay River	125-130

Source: NWT Bureau of Statistics 1999

From 1993 to 1997, the cost of food in Yellowknife increased by 7.0% but only 5.8% in Canada. During the same period, the cost of energy increased 18.6% in Yellowknife, but only 7.0% in Canada. Taking Yellowknife's food prices as a base, the estimates of price indexes show that in 1997 Colville Lake had a food index (maximum) of 204, while Hay

Figure A.11 Inflation Rates in Yellowknife and Canada

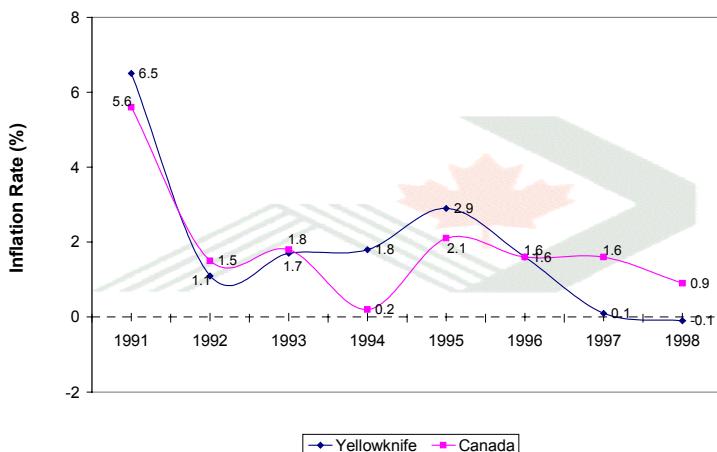
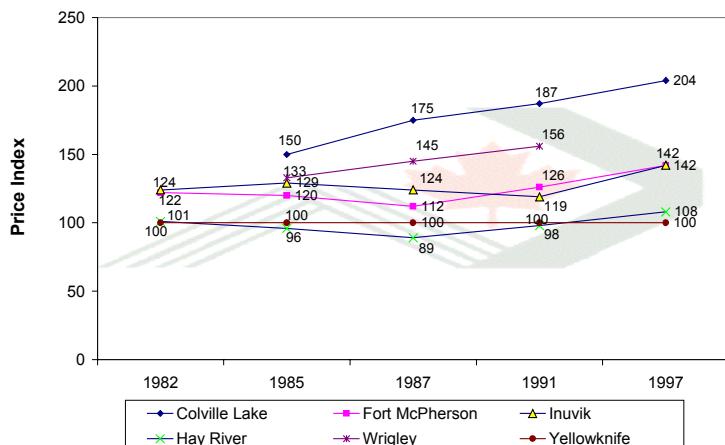


Figure A.12 Comparisons in Food Prices in NWT (Yellowknife = 100)



River had a food index (minimum) of 108 (Figure A.12). From 1985 to 1997, while food prices in Hay River increased 12.5%, the food prices in Colville Lake increased 36%.

Retail Sales

Retail sale is a measure of consumer's confidence in the economy. The NWT/Nunavut experienced positive growth in retail sales since 1991. Retail trade increased from \$357 million in 1991 to over \$500 million in 1998. From 1993 to 1997, the dollar value of retail sales across Canada increased 22%. This growth was exceeded in the NWT/Nunavut, where the value of retail sales increased 26% (Figure A.13).

Retail sales per capita have been lower in the NWT/Nunavut, although the difference in per capita sales between the NWT/Nunavut and Canada as a whole is not large. Per capita sales in Canada had continuously exceeded those of the NWT/Nunavut between 1993 and 1998 although retail sales per capita in the NWT/Nunavut had continuously increased during the period (Table A.9).

Figure A.13 Retail Sales in NWT/Nunavut and Canada

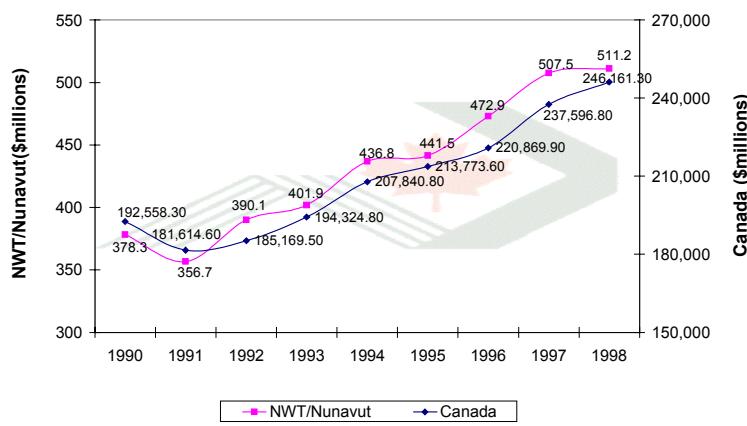


Table A.9 Retail Sales per Capita in NWT/Nunavut & Canada
(\$ thousands)

Year	1993	1994	1995	1996	1997	1998
NWT/Nunavut	6.3	6.7	6.6	7.0	7.5	7.6
Canada	6.8	7.2	7.3	7.4	7.9	8.1

Source: Northern Indicators, 2000. INAC.

D. Finance and Investment

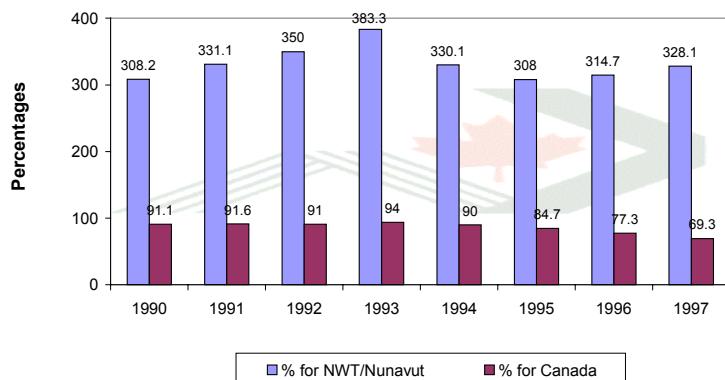
This section provides a financial perspective in the NWT/Nunavut since 1990⁹. It includes the federal revenues and expenditures, and public and private capital investments. In a general view, over the past few years, compared to the 1993 level, the federal government expenditures have leveled off or even decreased as the responsibilities for provincial-type programs have been transferred to the territorial governments.

Public Finance

Federal expenditures on the NWT/Nunavut, as a percentage of the revenues, are substantially higher than in Canada as a whole. Since 1990, federal expenditures in the NWT/Nunavut have accounted for more than three times the average revenues from the territories. During the same period, federal expenditures in Canada averaged about 90% of the average revenues of the federal government (Figure A.14).

In 1991, federal expenditures in the NWT/Nunavut were \$1,490 million. The expenditures were still large in 1993 at 1,476 million, which may be a result of higher expenditures from the government of the NWT as responsibilities for provincial-type programs were transferred to the territorial governments. In general, the federal expenditures in the NWT/Nunavut decreased each year from 1991 to 1995 except for 1993. This downward trend from the peak in 1991 has continued as a result of reduction in some of transfer of provincial-type programs. The devolution of federal-departmental programs, such as the construction of the airports from Transport Canada, may have had an impact on the federal expenditure reductions over the years (Table A.10).

Figure A.14 Federal Expenditures as a Percentage of Revenues for NWT/Nunavut and Canada



⁹ In this section, the data of the federal expenditures exclude interest on the public debt, but include transfers to the territories (Northern Indicators, winter 1997, p. 59). Public and private investments refer to public and private capital investments.

Table A.10 Federal Expenditures in NWT/Nunavut (\$millions)

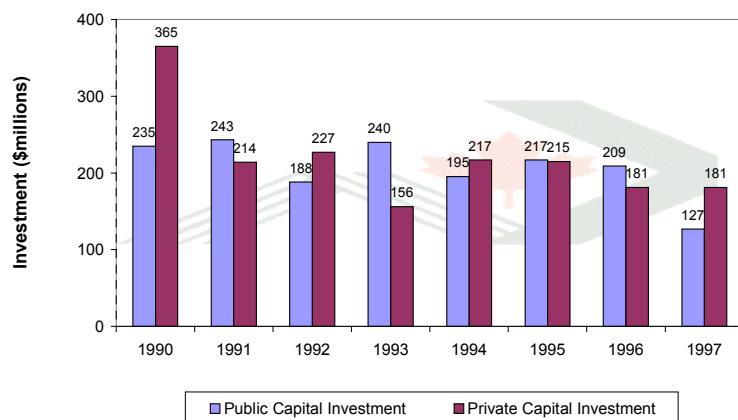
Year	1990	1991	1992	1993	1994	1995	1996	1997
Expenditure	1,273	1,490	1,267	1,476	1,347	1,278	1,325	1,342
Revenue	413	450	362	385	408	415	421	409

Source: Northern Indicators, 2000. INAC.

Public and Private Capital Investments

Public capital investment in the NWT/Nunavut decreased 3.7% in 1996 compared to 1995. In 1997, it was 39.2% lower than 1996. Historically, the levels of total private investment in the NWT/Nunavut have been greater than total public investments. The magnitude of the differences between private and public investments, however, has steadily diminished, and the 1991 level of public investments exceeded the same year level of private investments for the first time¹⁰. Private capital investment in the NWT/Nunavut dropped since 1990. The 1990 high level of private capital investments dropped sharply in 1993 when it reached a low of \$156 million (Figure A.15). Recovery in private capital investment has been slow. Private capital investment levels increased in 1994, but decreased 0.9% and 15.8% in 1995 and 1996 respectively and remained constant in 1997.

Figure A.15 Public and Private Capital Investments in NWT/Nunavut



¹⁰ Northern Indicators, winter 1997. INAC. p.30

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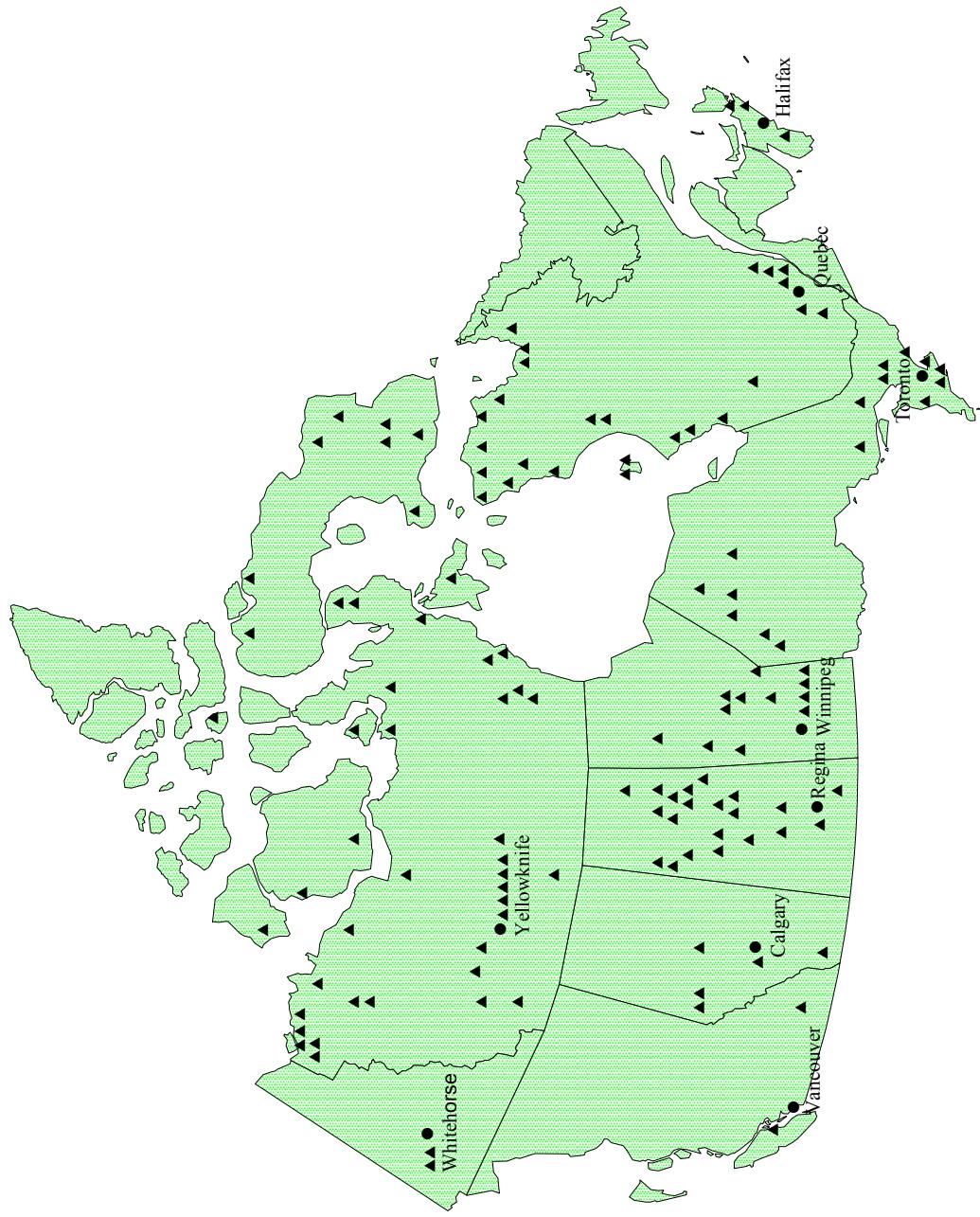
Northern Indicators, winter 1997. INAC.

APPENDIX A

PART 3

Geographic Distribution of Aboriginal Co-operatives in Canada

FIGURE B1 A MAP OF CANADIAN ABORIGINAL COOPERATIVES



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Analysis of the Policy Environment for Aboriginal Co-operative Development

The following analysis of federal, provincial, and territorial programme and policy environments surrounding the development of co-operatives by Aboriginal people is presented in three parts:

- a summary of key issues, gaps, and opportunities according to senior policy officials in each region (part 1); and
- an overview of government economic and community development programmes and policies that could be instrumental for the Aboriginal co-operative sector (parts 2 and 3: federal and provincial/territorial initiatives respectively).

Part 1: Perspectives of Regional Officials

In order to understand the nature and extent of Aboriginal co-operative development as it is working “on the ground,” interviews were held with provincial and territorial officials to access first-hand perspectives on the types of challenges, trends, and possibilities currently being faced in this sector. Telephone interviews with more than twenty-five officials were held from April to June of 2000 (see Annex 1, following this portion of Appendix B, for a list of contacts).¹ Respondents included senior officials in provincial and territorial ministries responsible for co-operative enterprise and in the ministries of Aboriginal Affairs. In all provinces, these areas are functionally and organizationally discrete and no formal corporate relations have been established. The participation and insights of these respondents were invaluable to forming this analysis, and respondents are thanked for contributing their time, wisdom, and enthusiasm to this project.

The interview approach was based on informal guided discussions. This allowed respondents to engage in open dialogue on their field of expertise and to freely share their opinions and insights on the potential and limitations to further development of the Aboriginal co-operative sector. In preparation for the discussions on what is working; what isn’t; and what to do about this, respondents were each given the “Terms of Reference” for the

¹ Excluding officials in Québec (Co-operative and Aboriginal Affairs contacts) due to scheduling problems. Contacts in Ontario and Alberta (Aboriginal Affairs ministries only) declined participation.

overall research project, a working definition of Aboriginal co-operatives, and the following general points for discussion:

- Describe the current policy environment and organizational mandate.
- What policies in your (province/territory/department) have increased the take-up and success of Aboriginal co-operative enterprise/development—either directly or indirectly? Include mention of policies and programmes that are targeted to:
 - the general population (include communities in need);
 - Aboriginal people; and/or
 - the on-reserve population, or exclusively for First Nations or status Indians.
- What do you think are the greatest barriers to co-operative development on-reserve? In urban areas? In the North and/or remote areas?
- Can you think of some good examples of how Aboriginal people/First Nations have overcome these barriers?

These thirty- to forty-minute interviews with federal and provincial officials involved in co-operatives *and* in Aboriginal Affairs produced an extensively rich and detailed body of notes. These notes have been carefully analyzed to draw out the main points, commonalities, gaps, and innovations in each region. The following analysis is based exclusively on these notes and is organized around the research questions. Findings are presented thematically according to the issues and examples that were raised by respondents themselves. For reasons of confidentiality, respondents were assured that their specific comments would remain anonymous, except where unique approaches or solutions were raised.

Organizational and Policy Context

The Aboriginal Development Corporations play a central role in controlling decisions over Aboriginal community development. Development corporations have been supported as a primary mechanism to dispense and manage federal transfers and settlements of land claims and self-government negotiations. As nonprofit development agencies, they are very active in supporting new Aboriginal business and economic ventures, such as quarries and fisheries in Labrador or tourism in the Yukon. They decide what types of investments and business models to pursue and tend to prefer a collective approach over individual initiative. The co-operative model, however, is not being promoted. These development corporations play a crucial role in the success of co-operative enterprise and their views on co-operatives should be included as part of the overall research project.

Governments no longer hold exclusive authority over Aboriginal economic and community affairs. The combined effect of self-government and programme devolution means that First Nations and Aboriginal organizations hold the lead influence and decision-making role over economic and community development. Federal, provincial, and territorial governments have only limited influence and authority over Aboriginal policy choices, although it must be acknowledged that these choices are always influenced by broader government policy frameworks and priorities such as regional economic development initiatives.

Defining Aboriginal co-operatives is problematic. While there are no Aboriginal-specific co-operative programmes or policies in most provinces, co-operative services and supports are available to Aboriginal peoples as they are to all other citizens. It is difficult to define “Aboriginal co-operatives” outside the reserve context since many co-ops operate in neighbourhoods with high Aboriginal populations, such as in Labrador and inner-city areas in Saskatchewan. In these cases, many board representatives and members are Aboriginal people.

Placement within organizational structure shapes mandate and function. In most provinces and territories, the co-operative function is housed in an administrative or central service ministry such as Finance, Corporate Services, or Justice, and these serve primarily an administrative role. In these cases, the co-operative unit is responsible for applying regulatory requirements and documenting applications. These provinces and territories do, of course, share information on co-operative development, but with a lack of resources and no functional mandate for development activities, they operate on a passive “on request” basis. Many provinces and territories also provide core funding to local co-operative networks and provincial federations, which play an active role in co-operative development, promotion, training, recruitment, and public education activities.

In the few provinces and territories where the co-operative unit is housed in a programming ministry such as Economic Development, Community Development and Volunteer Sector, or Industry and Trades, policy and programme approaches are more proactive and dynamic. In Nova Scotia, Manitoba, Saskatchewan, and British Columbia, the co-operative branch is directly tied to and actively part of economic and business development activities. The role and mandate of these branches is active information and programming support for co-operative development. In these provinces and territories, the co-op model is included among other options for business and entrepreneurship.

The co-operative function in territorial governments shares many of the same issues and challenges of their provincial counterparts, yet the North has an unique and long history

of helping to serve the most remote and disparate populations in the country. At this time, the Yukon does not have any formal legislation, policy or organizational support for co-operatives but the model is recognized as an option. The new territory of Nunavut is currently borrowing NWT legislation and policy framework, but plans to review and customize the approach within the year.

Factors for Success: What Is Working

There are a great variety of economic, social, and cultural advantages to the co-operative model, and it is working as a viable business option in many cases. In some provinces, co-ops are hugely successful and competitive businesses. In Saskatchewan, for example, twenty of the top one hundred businesses are co-operatives.

In the Aboriginal context, co-operatives are viewed by many as the middle option between band-run business and private enterprise. This is particularly true for rural and remote areas, where a full competitive economy is unlikely. Small and contained communities have a solid consumer base, keeping funds in the community. For example, the Torengatt fish producers co-op in Newfoundland, created in response to collapsed groundfish strategy, has two-thirds Inuit members and serves all five Inuit communities in Labrador. And although it operates in a remote area with a weak economic base and limited human capital, the co-operative made more than \$100,000 in net profits last year for its 650 members.

Co-operatives have served remote and isolated communities well, sharing scarce resources, creating employment, sharing cash dividends, and helping each other. All territorial respondents recognize the potential that co-operatives offer as a longer-term and sustainable economic alternative to major chains and megastores. While the NWT and Nunavut do not have Aboriginal-specific programmes, the majority of the population is Inuit and hence most members and board representatives are Aboriginal. These territories offer active business development support through loan programmes and contributions, with some follow-up advisory services. They have co-op development funds, dedicated co-op lending programmes, and business credit programmes. However, it is not clear to what extent the co-op model is promoted or being utilized by potential co-ops as part of general economic and community development. The northern co-operative federation, Arctic Co-operatives Limited, has been very successful and effective in supporting co-operatives by having one strong central organization to bid on opportunities, thereby capitalizing on economies of scale and competing against private firms and megastores. Pond Inlet, for example, has several initiatives within one co-op organization: housing, tourism, construction, gas, and a post office.

Aboriginal co-operatives have come up with innovative alternatives to overcome financing barriers. In Nova Scotia, the province has been working with Aboriginal organizations to explore alternative financing arrangements, whereby social assistance contributions are used to pool benefits for equity in co-op development. A tax credit programme is also being considered, where 30 percent of self-directed RRSPs can be directed to equity in co-ops, although this would have its limits for First Nations without a tax base. In Ontario, some Aboriginal co-operatives have overcome the barrier to private capital by securing ministerial guarantees and band resolutions as a guarantee for collateral (in lieu of private property, which they do not own in many cases because they live on Crown land).

Active consultation and business-advisory support services are crucial to the success of co-operative ventures. Manitoba has an especially engaged and proactive approach to business and co-operative development. The province has dedicated staff who take a “problem-solving” approach with community leaders and economic developers to assessing local needs, capacity, and potential for Aboriginal co-operatives. This includes a range of assistance and support, with key business and planning functions: feasibility assessments, scoping out business opportunities, identifying training and skill requirements, providing links to funders and capital, explaining the co-op model and what is required, and helping with set-up and implementation. The approach starts with the community’s current situation, strengths, and needs (interests, education level, experience) and considers co-ops as one among many models from which to choose. In addition to these supports, the expertise and longstanding relationship of staff with these communities have been instrumental to success.

Co-ops can offer an innovative alternative for groups that would not normally have access to capital or business support. By pooling resources, unlikely groups have come together to share costs and expenses. An unusual example is a new artists’ co-op for Aboriginal inmates in Manitoba [see www.inmateart.homesead.com/inmateart.html].

The inclusive governance structure of co-operatives responds to Aboriginal demands for greater involvement in decision making over their own affairs. Unlike most private business models, the active responsibilities of board and members allow direct and transparent control over financial and management decisions, and shared influence over reinvestment and the setting of priorities.

In terms of legitimacy and accountability structures, the co-op model has built-in transparency and reporting requirements to members. The board structure requires shared capital and regular communication and accounting. Members are democratically involved in decisions about reinvesting profits and setting future directions. In many cases, this has

served to build trust where previously, family politics and nepotism could have impeded good business practices.

There are many spin-off benefits of co-ops that are directly tied to developing human and social capital. The collective management requirements of co-operatives have long served as development opportunities for staff who later move to senior posts in government and private-sector initiatives. By involving people in governing their own affairs, co-op operators and members learn new skills and training, develop specific trades, and gain experience in problem solving and decision making. The co-operative federations in each region act as ongoing support systems for the training, recruitment, and operational needs of co-operatives.

Beyond the balance sheet and pooling of profits, co-ops offer much-needed social and community services. Co-ops are a good forum through which to provide products and services to members based on the needs of the community by producing actual services such as day care, goods, and products. In the North, co-ops have worked well. More than retail chains, they have been a social movement.

Culturally, co-operatives are seen to be naturally compatible with Aboriginal values of collaborative and supportive community planning. The co-operative structure has a long history of practising the management values of “partnerships” and “horizontal relationships” with stakeholders. Collective principles require co-ops to be innovative and to collaborate with others with shared interests. The inclusiveness of this business model invites a shared approach to business planning, ventures, and pooled resources. The drawback of this kind of flexibility, of course, is that it takes more time to consult and deal with the interests of many, but the shared commitment makes for a solid outcome.

Barriers to Progress: What Are the Challenges?

Several of the barriers to Aboriginal co-operative development are challenges faced by any co-operative. Most problems, however, are systemic barriers unique to the Aboriginal population. A complicated political and policy environment is acting as a general barrier to economic and community development in all provinces and territories, although in different ways depending on provincial and territorial context. These barriers may help explain the mixed success rate and low take-up of the co-op model over the past few years.

Overall, there may be a general lack of awareness and understanding of the co-operative model. What is a co-operative, how do they work, how do they differ from other businesses, what kind of commitment is involved? There may also be assumptions that the

co-op model is a “soft” business model and will not hold favour over the growing emphasis on the private enterprise model of economic development. Some may also hold unrealistic expectations of quick, high profits for few people.

By and large, the co-op model is not coming up as an option for Aboriginal economic development or on-reserve initiatives. Co-operative units do not deal directly with Aboriginal communities and Aboriginal policy units are not familiar with the co-op operative model.

Some Aboriginal businesses may functionally operate or appear as quasi-co-operatives. Band-owned stores that operate as not-for-profit corporations with shares held by the band might be seen as de facto co-operatives. In some cases, this might also involve collective decision making, but without the underlying co-operative values and principles, shared interests, and commitment to collective enterprise, they may not actually be co-operatives.

Aboriginal communities are in need of educational and development material on co-operatives, customized to their reality and culture, and examples of Aboriginal co-operatives. Most provinces and territories suggested that the co-op federations need to do more work in outreach and advocacy. Others pointed to the need for new resources for Aboriginal staff, and specialists in First Nation economies to make links and promote the model to communities. Alternatively, promotion and co-op development on-reserve relies on personal experience and the interests of staff rather than on being a corporate priority.

The lack of promotion and development activities in some provinces and territories may be tied to what is seen as waning support for co-op philosophy and principles. Widespread ownership and maintenance of co-op principles and values by all members is essential for a co-op’s success and sustainability in the long run. As owners of the co-op, members are responsible for the future of the enterprise. There is a real need to create a loyal customer base with commitment to co-operative philosophy. For similar reasons, where there have been successful and lucrative co-ops, they have often been taken over by development corporations or private enterprise. Many successful private businesses started out as co-ops; in some cases, co-op employees have left to run their own business, and in other cases, co-operatives evolved into private ownership.

The co-operative demands unique values and skills. Several longstanding co-ops are thought to have failed in the past few years because producers were not attached to the organization, and there was a lack of member commitment and connection with co-operative principles. Some have underestimated the amount of time and effort that the

co-operative approach requires for communication, shared planning, and collective management. Some suggest that failed co-ops in the recent past are due partly to a lack of commitment to the underlying principles and partly to the negative effects of a dependency cycle. Instead of addressing issues on their own and taking responsibility for their problems, co-op owners have turned to governments for help.

The respondents expressed some cynicism or doubt that the model holds the caché it has had in the past. On the one hand, there is a general trend towards simple business models that promote individual choice and freedom, such as partnerships or limited partnerships. On the other hand, there is a growing recognition that quick and simple does not necessarily equal successful, and there is a renewed interest in the co-operative model in many places.

There need to be formal links between co-operative federations and Aboriginal development corporations, particularly in the North. Some respondents speculated that several heads of these corporations are former co-op managers and leaders, although no joint ventures have emerged. The views and priorities of these development corporations in regards to co-operative enterprise should be included in the next phase of research.

In the northern context, there was some concern that the northern co-operative federation needs to have a physical presence in the North and in all three territories. Yukon currently does not have co-operative legislation, yet there are many opportunities for development down the road. While Arctic Co-ops Ltd.'s (ACL) operations out of its southern location have allowed for better organization of supply and services, the lack of local presence and direct understanding of northern context is seen to defeat the co-op principle of local involvement and ownership. There was some concern that the federation's priorities could be better balanced to go beyond administration and accounting towards more development and promotion activities.

Without criticizing the valuable and positive contribution ACL has had on northern co-operatives, there was some discussion about the limits of a unitary system. The approach of tolerating only one co-op per community might not be effective in stimulating the development of new co-ops, or in promoting innovation and new membership. The emphasis on consumer co-ops may also serve to overlook the potential for producer co-ops and the need to allow for different roles and opportunities for a variety of co-ops. It might be difficult to make co-ops grow if they are confined to one model or organization per community. The model can become entrenched and inflexible and not as innovative or dynamic in meeting new needs, generating new ideas, or in inviting others to get involved.

There was also some concern that the federation is supporting nonviable ventures, which could be a drain on scarce resources.

There are several general barriers that are unique to Aboriginal economies and hamper development; these apply equally to co-operative development.

Ongoing jurisdictional debates hamper the ability of different levels of government and Aboriginal polities to work together effectively. In each and every region, however, there are examples of ways to move forward and make progress while political processes unfold. More problematic is the uncertainty over rights and unsettled claims, which act as a barrier to commercial development, particularly in areas of the resource sector such as forestry and fishery development. In many provinces and territories, tripartite fora are addressing joint problems, but outstanding court decisions continue to stand against entrepreneurial initiative. The political situation remains a barrier for private entrepreneurs, discouraging the private sector from wanting to invest or work with First Nations.

The instability and insecurity of outstanding land claims and self-government negotiations are consuming community resources and priorities. This leaves no human or financial resources to dedicate to economic and social development. Many communities are dealing with pressing health and social needs, or laying the foundation for governance structures, before embarking on economic development.

The complicated and cumbersome regulatory environment under the Indian Act places restrictions on the economic and entrepreneurial environment, particularly on-reserve. Regulations are unclear and complicated; rules on ownership, autonomy, and the complex mix of individual band by-laws and standards discourage investment and entrepreneurial initiative. The land ownership structure also acts as a barrier against First Nations accessing private capital. Because they live on Crown land and do not own private property as collateral, they are unable to access financing from banks or other financial institutions. This often means resorting to government sources, which maintains dependency and can hamper initiative. As was mentioned earlier, there are many cases where bands have overcome this through ministerial guarantees or band resolutions, which have been accepted as securities by private funders.

Aboriginal groups have limited access to capital and start-up funding. Some Aboriginal groups have greater access to resources than others, since most federal programmes apply to status Indian and Inuit people but not to Metis. However, in all provinces and territories there are several untapped sources to be capitalized upon (see part three of this appendix: “Provincial/Territorial Initiatives”). Generally speaking, Aboriginal entrepreneurs are not

using provincial economic development and business development programming, for which they are eligible as provincial citizens. In the North, there are a range of financing options available and a good availability of capital, but it is unclear as to whether co-ops are tapping into this. For historical reasons, First Nations tend to rely more on federal programmes under Indian and Northern Affairs Canada and Industry Canada. These sources may also be seen as more lucrative and less stringent in terms of reporting and management requirements than provincial sources. At the same time, provinces do not have outreach programmes. This is partly for jurisdictional reasons and partly due to lack of resources and few positive experiences.

Federal economic development programmes are not seen to be relevant to the reality of the small-business needs of rural and remote areas in the North. Specifically, programmes for youth, or in high tech, market expansion, and trade are irrelevant to most First Nations. These programmes may also undermine the co-op model of getting together, pooling resources, and solving problems as a group. The territories saw little relevance for many national programmes in the northern context.

An ongoing problem is the weak, albeit improving, stock of entrepreneurial and human capital in Aboriginal communities. Businesses continue to struggle with a weak skills base to operate and manage businesses and co-operative services. High drop-out rates will make it harder and harder for Aboriginal youth to compete, especially in the high tech and knowledge sectors, where knowledge gaps are growing.

Business culture and entrepreneurial skills need to be improved. Problems with accountability and finances have led to failed co-operative ventures. Although some progress has been made, the general experience is that business plans, project proposals, and front-end preparation do not measure up to professional standards. In some cases, naive entrepreneurial skills misdirect ideas and energy towards extensive public consultation and involvement, but for nonviable ventures. Efforts by Arctic Co-operative Ltd and flexible approaches such as in BC have helped with planning business cases, budgets, and project design. ACL has also been helpful in improving operations and assisting with recruitment and training. In Saskatchewan, opening a credit union near a reserve created new lending and banking services.

The small and disparate population makes for a difficult business environment. Most Aboriginal communities are in rural and remote areas with no neighbours or business base to draw upon. Such small markets and a small, scattered population base make it hard to run a business, especially when only a minority of people have a steady income. Opportunities are scarce and competition for resources is fierce.

Many Aboriginal governance and leadership structures are highly politicized with high turnover rates. As one province explained, “When a political chief becomes head of a co-op, this creates poor economic and investment conditions on-reserve and undermines the co-operative business model and democratic business principles.” Another cultural dimension that may complicate the success of co-ops is that, while collaborative, the cultural constructs of some Aboriginal groups are also hierarchical, which is counter-productive to the co-operative principles of a shared and egalitarian approach.

The absence of a private sector on-reserve and the nature of many band-operated industries are undermining economic progress. One quote sums up a widely held view: “Community ownership by a band can mean nobody owns and nobody is responsible and nobody decides … family and clan ‘club’ mentality is highly political and ineffective and not conducive to business development.” In several provinces and territories, failed co-ops were tied to management problems where one or two family members did everything and burned out.

Finally, it appears that there is a serious case of “too much information” on economic development options and paradigms. In the past, governments have tended to “push” models as opposed to explaining them and providing information and support. In the 1960s it was the co-operative model, then development corporations, and now increasing numbers of band-run numbered companies have emerged, all with varying levels of success. The overwhelming number of models being enthusiastically brought forward to Aboriginal people make for a difficult decision making and planning environment.

Opportunities to Develop the Niche

All respondents saw that there was room for improvement, and that this niche is ripe for attention and development. The following suggestions are based on respondents’ ideas for areas that merit further work or attention and would, of course, require varying leadership, mandates, and resources.

Improving Awareness and Promotion of the Co-operative Model in the Aboriginal Context
Co-op federations could pay specific attention to the needs and potential of the Aboriginal co-op sector. Proactive outreach and advocacy to the Aboriginal economic development community and with Aboriginal development corporations and existing tripartite fora on Aboriginal economic development could go a long way to stimulate take-up of co-ops on-reserve and in urban areas.

Several provinces suggested that a region-wide, or national, support system along the lines of Arctic Co-op Ltd.'s role in the North would be very useful. Such an organization could foster co-operation among Aboriginal co-ops for marketing, distribution, production, and overall promotion and development activities.

For those provinces with an active programming role, targeted and culturally appropriate information kits could be very helpful.

Staff advisors with expertise in Aboriginal economics could help implement development and promotion activities more effectively. The approach to business, consultation, advocacy, and advice on co-operative development used in the province of Manitoba could be considered as a model approach (see above, "Factors for Success: What Is Working").

Target Training and Skills Development

Following from the above suggestion, there is a need for specific training on and about Aboriginal co-operatives. This could be built into existing training, or alternatively, be a component of existing Aboriginal economic development training through organizations such as Canadian Economic Development Officers.

Greater Partnership between Stakeholders

Development of this niche will require parties from both the co-operative and the Aboriginal economic development sector to come together. This would include non-governmental organizations (co-op federations and Aboriginal development corporations), community-level advocates and representatives (Aboriginal organizations), and government departments.

There are many existing tripartite (federal-provincial/territorial-Aboriginal) fora that already exist; some are national and some operate on a regional basis.

Tapping into "Special" Economic Initiatives

In most provinces and territories, new initiatives have been launched to address the economic and community development needs of certain aspects of the population. There may be opportunities for Aboriginal co-operatives to capitalize on rural/small community development initiatives, such as in Prince Edward Island, or for communities at risk or in greater need of economic support, such as in Nova Scotia, Saskatchewan, and British Columbia.

Assessing Business Opportunities and Co-op Feasibility Studies

There is a need for economic analysis and business case studies to examine the potential for new economic development enterprises. This could assess where the co-operative model fits into sustainable economic futures of Aboriginal communities. The timing is ideal to inform and influence options under new self-government arrangements such as among the Nisga'a, or as part of planned co-op policy reviews such as in Nunavut. Suggestions of areas ripe for co-operative development include eco-tourism, high tech, housing, consumer, arts and crafts, fishing, gas and oil.

Publicizing This Research

Several respondents are members of a national Federal-Provincial-Territorial-Aboriginal Working Group that is exploring opportunities for greater integration of Aboriginal people into the Canadian economy. This research could be tabled with the working group as part of their examination of best practices in Aboriginal economic and community development.

Other regional fora might find this study useful, such as the Joint Economic Development Initiative (JEDI) and development corporations. Co-op federations and councils, including those that are "non-CCA members" could also find this research valuable.

A N N E X 1

List of Interview Respondents

Provincial and Territorial Government Officials
Ministries of Co-operative Development and/or
Ministries of Aboriginal Affairs
April–June 2000

Newfoundland and Labrador
Gerald Stone, Registrar
Department of Government Services and Lands

Doug Smith, Assistant Deputy Minister
Brian Walsh, Senior Analyst
Ministry of Aboriginal Affairs

Prince Edward Island
Edison Shea, Director of Corporations
Department of Community Affairs, and Attorney General

Gerry Steele, Consultant
Aboriginal and Constitutional Affairs

Nova Scotia
Fred A. Pierce, Director of Co-operatives
Jeff MacCallum, A/Inspector of Co-operatives
Economic Development and Tourism

Ernest Walker, Senior Policy Analyst
Office of Aboriginal Affairs

New Brunswick
Pierre Leblanc, Director
Claire Gagnon, A/Registrar
Credit Unions, Co-operatives, and Trust Companies Branch
Department of Justice

Gary Bruce, Research and Planning Officer
Aboriginal Affairs Secretariat

Ontario

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Part 2: Federal Initiatives

NATURAL RESOURCES CANADA

1.0 EXPANDING BUSINESS OPPORTUNITIES

1.1 ACCESS TO CAPITAL (GENERAL PURPOSE—FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up
1.2 ACCESS TO MARKETS (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up
Procurement Strategy for Aboriginal Business	<p>This activity is a government-wide strategy to promote Aboriginal business development. The strategy included departmental performance objectives for increasing the total value of procurements awarded to Aboriginal suppliers.</p> <p>NRCan's performance objectives, under this strategy, were established in concert with INAC. They are 1997 (\$720K); 1998 (\$1,450K); 1999 (\$2,155K)</p>	<p>Access is to all Aboriginal businesses including sole proprietorships, limited companies, co-operatives, partnerships, and not-for-profit organizations.</p>	N/A	The target was met for 1997.
1.3 BUSINESS SERVICES (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up
1.4 INNOVATION (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up

2.0 INCREASING SELF-RELIANCE

2.1 LANDS AND RESOURCES				
Program	Description	Clients	Partners	Aboriginal Take-up
First Nations Forestry Program	The First Nations Forestry Program was implemented to improve economic conditions in status Indian communities by assisting First Nations to enhance their capacity to operate and participate in forest-based businesses and to sustainably manage reserve forests. The program is a five-year program (1996/97 - 2000/01) ending on March 31, 2001.	Eligible recipients for contributions are duly elected First Nations Band councils, First Nations organizations and any other First Nations group, or company involved in improving economic conditions in status Indian communities.	Provinces Forest Industry Federal Departments	In 1996/97, 329 proposals valued at \$51 million were received against \$5.9 in available federal funding. 175 proposals were approved. Early estimates for 1997/98 reveal that 262 proposals were received valued at \$27.3 million against \$5.5 in available federal funding. Approximately 180 proposals were approved.

2.2 WORKFORCE TRAINING AND EXPERIENCE				
Program	Description	Clients	Partners	Aboriginal Take-up

2.3 SOCIAL ASSISTANCE REFORM				
Program	Description	Clients	Partners	Aboriginal Take-up

3.0 SUPPORTIVE BUSINESS ENVIRONMENT

3.1 COMMUNITY ECONOMIC INFRASTRUCTURE				
Program	Description	Clients	Partners	Aboriginal Take-up

3.2 CONNECTEDNESS INITIATIVES				
Program	Description	Clients	Partners	Aboriginal Take-up

3.3 BUSINESS CLIMATE				
Program	Description	Clients	Partners	Aboriginal Take-up

CANADA MORTGAGE AND HOUSING CORPORATION

1.0 EXPANDING BUSINESS OPPORTUNITIES

1.1 ACCESS TO CAPITAL (GENERAL PURPOSE—FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up

1.2 ACCESS TO MARKETS (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up

1.3 BUSINESS SERVICES (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up
Property Management Agreements	CMHC has contracted with Aboriginal-owned businesses to provide property management services on a fee-for-service basis for subsidized housing units. To help build the capacity of these Aboriginal firms, CMHC funds training in housing management skills.	Aboriginal-owned property management firms.	In some provinces, the contract with the Aboriginal firm is with the provincial housing agency, acting as CMHC's representative. In these cases, the provinces share a portion of the fee paid.	To date, agreements have been signed with 26 Aboriginal firms.

1.4 INNOVATION (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up

2.0 INCREASING SELF-RELIANCE

2.1 LANDS AND RESOURCES				
Program	Description	Clients	Partners	Aboriginal Take-up

2.2 WORKFORCE TRAINING AND EXPERIENCE				
Program	Description	Clients	Partners	Aboriginal Take-up
Housing Internship Initiative for First Nations and Inuit Youth	This is a two-year initiative, ending March 31, 1999, to provide work experience and on-the-job training for First Nations and Inuit youth to assist them in pursuing long term employment in the housing industry. CMHC has a budget in 1998/99 of \$1 million.	Youths living on First Nations reserves and in Inuit communities who are between the ages of 17 and 29; and are out-of-school, unemployed and have not worked during the past six months.	Sponsors must be able to offer work experience and on the job training related to housing. Several sponsors augment the financial contribution from CMHC.	In 1997/98, CMHC funded 90 internship positions with 56 different sponsors.
Native Inspection Services	CMHC has contracted with Aboriginal-owned businesses to provide housing inspection services for units constructed under CMHC and DIAND housing programs. CMHC funds technical training courses to help individuals obtain the necessary level of skills.	Aboriginal-owned inspections services, which are then hired by Indian bands.	DIAND, community colleges	To date, agreements have been signed with 35 Aboriginal firms.

2.3 SOCIAL ASSISTANCE REFORM				
Program	Description	Clients	Partners	Aboriginal Take-up

3.0 SUPPORTIVE BUSINESS ENVIRONMENT

3.1 COMMUNITY ECONOMIC INFRASTRUCTURE				
Program	Description	Clients	Partners	Aboriginal Take-up

3.2 CONNECTEDNESS INITIATIVES				
Program	Description	Clients	Partners	Aboriginal Take-up

3.3 BUSINESS CLIMATE				
Program	Description	Clients	Partners	Aboriginal Take-up

DEPARTMENT OF FISHERIES AND OCEANS

1.0 EXPANDING BUSINESS OPPORTUNITIES

1.1 ACCESS TO CAPITAL (GENERAL PURPOSE—FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up

1.2 ACCESS TO MARKETS (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up

1.3 BUSINESS SERVICES (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up

1.4 INNOVATION (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up

2.0 INCREASING SELF-RELIANCE

2.1 LANDS AND RESOURCES				
Program	Description	Clients	Partners	Aboriginal Take-up

2.2 WORKFORCE TRAINING AND EXPERIENCE				
Program	Description	Clients	Partners	Aboriginal Take-up
Aboriginal Fisheries Strategy	<p>The Aboriginal Fisheries Strategy was developed in response to a 1990 Supreme Court case (<i>Sparrow</i>), which found that the Aboriginal right to fish for food, social and ceremonial purposes has priority, after conservation, over other users of fisheries resources, and that right is communal. It is a comprehensive strategy which includes consultation on food, social and ceremonial requirements, development of fishing plans, economic development and fisheries management and stewardship activities. The program is an interim measure until the settlement of treaties with First Nations.</p> <p>Objectives include: co-operative fish management programs, enforcement, monitoring and training. The reallocation of commercial fishing licences to Aboriginal communities and a pilot project on the sale of fish are being funded.</p>	<p>The strategy is accessible to Aboriginal groups in areas of Canada where Fisheries and Oceans Canada manages the fishery and where land claim settlements have not already put a fisheries management regime in place.</p>	<p>Department of Indian Affairs and Northern Development</p>	<p>124 Agreements signed with Aboriginal groups in 199798.</p>

2.3 SOCIAL ASSISTANCE REFORM				
Program	Description	Clients	Partners	Aboriginal Take-up

3.0 SUPPORTIVE BUSINESS ENVIRONMENT

3.1 COMMUNITY ECONOMIC INFRASTRUCTURE				
Program	Description	Clients	Partners	Aboriginal Take-up

3.2 CONNECTEDNESS INITIATIVES				
Program	Description	Clients	Partners	Aboriginal Take-up

3.3 BUSINESS CLIMATE				
Program	Description	Clients	Partners	Aboriginal Take-up

INDIAN AND NORTHERN AFFAIRS CANADA

1.0 EXPANDING BUSINESS OPPORTUNITIES

1.1 ACCESS TO CAPITAL (GENERAL PURPOSE—FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up

1.2 ACCESS TO MARKETS (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up
Federal Aboriginal Business Procurement Initiative	The purpose of the initiative is to increase the number of Aboriginal firms competing for and winning federal contracts . Revenue Canada has also developed an initiative to assist in this area.	All Aboriginal groups and businesses who meet the bidding criteria.		A minimum of 3% of the total federal contracts are to benefit this initiative.
Procurement Strategy for Aboriginal Business	<p>The Procurement Strategy for Aboriginal Business is designed to increase the participation of Aboriginal businesses in bidding for federal government contracts. It helps to ensure that Aboriginal businesses are better informed about government procurement needs and that government procurement officers are better informed about the capacities of Aboriginal businesses.</p> <p>Under this strategy, all federal government departments with a contracting budget over \$1 million are required to establish performance objectives for contracting with Aboriginal suppliers. Aboriginal firms are given first opportunity to supply good and services, and construction contracts servicing Aboriginal communities and populations. All procurement over \$5,000, for which Aboriginal populations are the primary recipients, are restricted to qualified Aboriginal firms.</p>	<p>A business applying under this strategy will be required to certify on each bid document that it qualifies as an Aboriginal firm. Qualification is based on the following criteria:</p> <ol style="list-style-type: none"> 1. 51% ownership and control of the firm is by Aboriginal people; 2. 33% of full-time employees must be Aboriginal, for firms that employ six or more full-time people; and 3. Joint ventures of Aboriginal and non-Aboriginal businesses must be at least 51% Aboriginal owned and controlled. 		

1.3 BUSINESS SERVICES (FINANCIAL AND NON-FINANCIAL)

Program	Description	Clients	Partners	Aboriginal Take-up
Canadian Inuit Art Information Centre	<p>The Canadian Inuit Art Information Centre collects and distributes information to support and promote Inuit visual arts.</p> <p>Activities include:</p> <ol style="list-style-type: none"> 1. Maintaining a data base on Inuit artists; 2. Collecting histories of Inuit artists through personal interviews; 3. Promoting the work of new and established artists by publishing their biographies; 4. Producing and distributing educational and promotional publications and videos on Inuit art; 5. Providing an artist identification service for collectors; 6. Providing advice on copyright legislation and referrals; and 7. Providing an information and referral service to Inuit artists who need assistance with portfolios and marketing. 	Any Canadian Inuit artist may be eligible.		
Indian Art Centre	<p>The Indian Art Centre of Indian and Northern Affairs Canada supports the development of Aboriginal artists working in the traditional and contemporary visual arts.</p> <p>The Indian Art Centre provides the following:</p> <ol style="list-style-type: none"> 1. An annual purchase jury for the National Indian Art Collection open to new and established Aboriginal artists; 2. A loan program for works from the National Indian Art Collection available to Aboriginal cultural centres and museums, and to regional and national art institutions for a variety of exhibitions; 3. A Research and Documentation Centre for the general public with information on artists, exhibition catalogues, reports and studies, archival photographs, art magazines and periodicals, video and audio tapes, and slides and photographs of the National Indian Art Collection; 4. A referral service to art dealers, collectors, researchers, scholars, writers, auction houses and the general public on the diversity and availability of Aboriginal art in Canada; and 5. Curatorial opportunities for new and established Aboriginal curators to work with the National Indian Art Collection. 	The annual jury and curatorial opportunities are accessible to all Aboriginal artists living in Canada.	Individual artists, the cultural community and artist's groups, such as the Society of Canadian Artists of Native Ancestry.	

1.4 INNOVATION (FINANCIAL AND NON-FINANCIAL)

Program	Description	Clients	Partners	Aboriginal Take-up

2.0 INCREASING SELF-RELIANCE

2.1 LANDS AND RESOURCES				
Program	Description	Clients	Partners	Aboriginal Take-up
Environmental Protection and Natural Resources	<p>Under the National Environmental Issues Project, the B.C. Region may provide assistance to the Aboriginal communities requiring intervention or assessment pertaining to environmental issues.</p> <p>The B.C. Region, under the Environmental Issues Inventory and Remediation Program, may provide funding to cover costs associated with conducting site investigations, assessments, investigations, and remediations pertaining to contamination.</p> <p>The Indian Environmental Assistance Fund may provide funding to address major environmental issues affecting reserve land, air or water, or to allow participation in the preparatory stages of, or environmental assessment processes for, activities off-reserve.</p>	First Nations Organizations.		
Land Stewardship Training Initiative	<p>A provincially accredited Land Stewardship Management Certificate Program.</p> <p>This program is aimed at developing community level expertise related to an integrated and holistic approach to First Nations Land Stewardship.</p>	First Nations people.		Currently, \$375,000 has been approved for this project.
Lands Devolution Program	<p>DIAND'S Lands Devolution Program allows for First Nations to assume responsibility for the administration and/or management of land activities through either the Regional Land Management Program (RLAP) or through delegated authorities under sections 53 and 60 of the Indian Act.</p> <p>Funding for both RLAP and delegated authorities is calculated annually based on the existing interests in a Nation's reserve lands. Funding allows the Nation to perform land management activities as defined within the terms and conditions of either the RLAP program description or the applicable delegation instrument. The responsibilities associated with having delegated authorities are greater than under RLAP so funding levels are higher.</p>	All First Nations can apply. However, there are program criteria which must be met prior to entering the program.		
Resource Access Negotiations (RAN)	RAN funding assists First Nations to negotiate access to resources needed to pursue business and employment opportunities .	Open to First Nations organizations pursuing business ventures related to natural resources.		

2.2 WORKFORCE TRAINING AND EXPERIENCE

Program	Description	Clients	Partners	Aboriginal Take-up
Aboriginal Postsecondary Graduate Program	The Postsecondary Education Program supports the increased participation and success of Status Indian and Inuit students in recognized postsecondary courses of study, thereby improving participant employability .	This program is available to eligible Status Indian and Inuit postsecondary students who have resided in Canada for a period of 12 consecutive months prior to applying and who have been accepted in a recognized postsecondary education course or program in Canada.		

2.3 SOCIAL ASSISTANCE REFORM

Program	Description	Clients	Partners	Aboriginal Take-up

3.0 SUPPORTIVE BUSINESS ENVIRONMENT

3.1 COMMUNITY ECONOMIC INFRASTRUCTURE				
Program	Description	Clients	Partners	Aboriginal Take-up
Bill C-79 Indian Act Modification	<p>Bill C-79 received first reading in the House of Commons, offering a package of modifications to the <i>Indian Act</i> which could be subscribed to by any Band.</p> <p>This is based on project-specific funding.</p>	All Aboriginal people within the definition of the <i>Act</i> .		
Canadian Aboriginal Economic Development Strategy (Caeds)	<p>The Canadian Aboriginal Economic Development Strategy (CAEDS) contributes to meeting Aboriginal peoples' economic and employment development needs. The strategy streamlines the delivery of community development, business, and employment programs from three departments: Indian and Northern Affairs, Industry Canada, Human Resources Development.</p> <p>Indian and Northern Affairs provides funding to First Nations via the Community Economic Development Program which assists First Nations communities to develop plans and acquire staff to build community economic development organizations capable of assisting individuals to pursue their business and employment goals.</p>	First Nations people.		
Federal Infrastructure Initiative	<p>The program was established in 1994 to enhance economic growth and prosperity by funding First Nations infrastructure projects on reserve.</p> <p>Projects relating to infrastructure on reserves.</p>	All First Nations bands and communities.		To date, contributions have produced \$27 million worth of projects and 315 jobs.
Economic Development—Wealth Creation	<p>In partnership with First Nations, other federal departments, the province and private sector, develop a co-ordinated approach to support sustainable employment, investment and wealth creation in First Nations communities.</p>	First Nations peoples and communities.	Other federal departments, the province and private sector	As an on-going commitment \$6.7 million annually has been contributed to enhance economic growth and prosperity.

3.2 CONNECTEDNESS INITIATIVES

Program	Description	Clients	Partners	Aboriginal Take-up

3.3 BUSINESS CLIMATE

Program	Description	Clients	Partners	Aboriginal Take-up

HUMAN RESOURCES DEVELOPMENT CANADA (HRDC)

1.0 EXPANDING BUSINESS OPPORTUNITIES

1.1 ACCESS TO CAPITAL (GENERAL PURPOSE—FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up
1.2 ACCESS TO MARKETS (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up
1.3 BUSINESS SERVICES (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up
1.4 INNOVATION (FINANCIAL AND NON-FINANCIAL)				
Program	Description	Clients	Partners	Aboriginal Take-up

2.0 INCREASING SELF-RELIANCE

2.1 LANDS AND RESOURCES				
Program	Description	Clients	Partners	Aboriginal Take-up
2.2 WORKFORCE TRAINING AND EXPERIENCE				
Program	Description	Clients	Partners	Aboriginal Take-up
Aboriginal Employment Program (Aep)	<p>This program is to increase employment and opportunities for Aboriginal people by encouraging hiring.</p> <p>Funds can be made available to managers normally cost sharing at 50%.</p>	All federal departments participating in hiring Aboriginal candidates for employment.		
Aboriginal Strategic Initiatives	<p>Aboriginal Strategic Initiatives (ASI) act as a catalyst for innovative projects initiated and managed by Aboriginal communities.</p> <p>Potential projects include labour market training, social services, education, building partnerships and strengthening transitions between welfare to work.</p>	Organizations representing all segments of the Aboriginal population, including off-reserve and urban Aboriginal groups, may apply.		<p>An amount of \$25 million has been set aside over five years.</p> <p>Initiative ends March 31, 1999.</p>
Regional Bilateral Agreements	<p>This initiative facilitates regional agreements between HRDC and Aboriginal organizations by transferring federal funding and responsibility for the approval and delivery of labour market programming, services and other labour market interventions.</p> <p>These agreements have negotiated and contracted sustainable job targets as part of the accountability requirement of Regional Bilateral Agreements.</p> <p>Regional Bilateral Agreements are contracted under the "Aboriginal Flexible Funding Arrangement" (AFFA). The AFFA permits a wide range of flexibilities for Aboriginal program design, as well as a fiscal year carry-over clause for Consolidated Revenue Funding (CRF).</p>	Regional Bilateral Agreements serve Aboriginal clients, which may include individuals, organizations and businesses.	The holders of Regional Bilateral Agreements work closely with federal departments, Provincial/ Territorial Governments and business.	<p>Funding of \$200 million per year has been set aside. Existing agreements last up to three years, ending March 31, 1999.</p> <p>Total funding is a combination of Consolidated Revenue Funding (CRF) and Employment Insurance Part II Funding (EI Part II).</p>

Urban Aboriginal Employment Initiative	<p>This initiative has been contracted with the National Association of Friendship Centres (NAFC), Native Women's Association of Canada (NWAC) and the Congress of Aboriginal People (CAP). The regional affiliates of these organizations facilitates the delivery of labour market programming, services and other labour market interventions to urban Aboriginal clientele. Funding is approved and contracted by the national organization.</p> <p>Emphasis is directed toward the creation of jobs and training that leads to increase Aboriginal people's employability.</p> <p>These agreements have negotiated and contracted sustainable job targets as part of the accountability requirement of the Urban Aboriginal Employment Initiative.</p> <p>Urban Aboriginal Employment Initiative is contracted under the "Aboriginal Flexible Funding Arrangement" (AFFA). The AFFA permits a wide range of flexibilities for Aboriginal program design, as well as a fiscal year carry-over clause for Consolidated Revenue Funding (CRF).</p>	<p>Urban Aboriginal Employment Initiatives serves urban Aboriginal clients through the regional affiliates of NAFC, NWAC, and CAP.</p>	<p>The holders of the Urban Aboriginal Employment Initiatives agreements and their regional affiliates, work closely with federal departments, Provincial/Territorial Governments and business.</p>	<p>Funding in the amount of \$20 million has been committed over three years, ending March 31, 1999.</p>
Heightened Awareness Leading to Opportunities	<p>A pilot program to pull together existing employment-related services to better serve Aboriginal people with disabilities.</p> <p>This project will be ending in June 1998.</p>	<p>Aboriginal people with disabilities.</p>		<p>One million dollars has been allocated to co-ordinate existing services within the Lower Mainland, Northern British Columbia and Vancouver Island.</p>
Youth Service Canada Program	<p>This strategy is intended to help Aboriginal youth make the transition from school to work by obtaining first work experience and build careers.</p>	<p>Urban and off-reserve Aboriginal youth are targeted by such programs as Youth Service Canada and Youth Internship Canada. Aboriginal Youth Intervener organizations are receiving funding to identify and help prepare proposals for Aboriginal youth projects.</p>		

2.3 SOCIAL ASSISTANCE REFORM

Program	Description	Clients	Partners	Aboriginal Take-up

3.0 SUPPORTIVE BUSINESS ENVIRONMENT

3.1 COMMUNITY ECONOMIC INFRASTRUCTURE

Program	Description	Clients	Partners	Aboriginal Take-up

3.2 CONNECTEDNESS INITIATIVES

Program	Description	Clients	Partners	Aboriginal Take-up

3.3 BUSINESS CLIMATE

Program	Description	Clients	Partners	Aboriginal Take-up

Part 3: Provincial/Territorial Initiatives

Newfoundland and Labrador

Statement on Aboriginal Policy

- There are no specific statements on Aboriginal policy; the Labrador and Aboriginal Affairs Secretariat, however, co-ordinates government activities related to Labrador affairs and Aboriginal affairs, including developing policy and programmes managing federal-provincial agreements and negotiating land claims.

Major Provincial Economic Development Initiatives

- The 1999–2000 budget, along with strategic investments in key areas and partnerships with other agencies, will strengthen the foundation already laid for regional economic development and small business development. One specific initiative is the availability of new resources for a federal-provincial post-TAGS economic development programme. The budget provides \$28 million for the post-TAGS programme, which will have a total budget allocation of \$81 million over three years.¹
- The March 1999 Speech from the Throne concentrated on the province's resource-based “megaprojects” (Voisey's Bay, Labrador Hydro, Terra Nova Petroleum) along with the fisheries, forestry, and mining industries.²
- In September 1999, the province launched a public consultation on an economic renewal strategy for jobs and growth. The consultation will also convene a series of sectoral forums in the following areas: manufacturing, advanced technology industries, fisheries and aquaculture, tourism, cultural industries, mining, forestry, agri-foods, and the petroleum industry. The results of the consultations are expected in the New Year.³
- Key Ministries:
 - Labrador and Aboriginal Affairs Secretariat
 - Development and Rural Renewal
 - Fisheries and Aquaculture
 - Forest Resources and Agrifood
 - Intergovernmental Affairs Secretariat

¹ <http://www.gov.nf.ca/releases/1999/drr/0322n09.htm>

² <http://www.gov.nf.ca/house/throne99/speech99.htm>

³ <http://www.gov.nf.ca/jobsandgrowth/default.htm>

Key Provincial Economic Development Programmes

- The province does not have any direct Aboriginal/Inuit economic development policies. The Aboriginals are eligible for any of the current economic development projects offered in the province. They are also represented on the regional economic development boards in their respective zones.
- The Department of Development and Rural Renewal has divided the province into twenty economic zones. In each zone there is a regional economic development board, which facilitates the development and economic opportunities in the zone. The board is the main co-ordinating body between the communities, local development groups, business, labour, education and training groups, and the federal and provincial governments.⁴
- In May 1999, the Labrador Inuit Association, the Government of Newfoundland, and DIAND signed an Agreement in Principle (AIP) regarding the Inuit Land Claim. The AIP is a significant step toward Inuit and Innu self-government, and the beneficial sharing of economic development among all parties. The agreement includes details of land quantum, resource revenue sharing, and self-government.⁵
- The Strategic Enterprise Development Fund is designed to help firms engaged in strategic growth industries, particularly those offering potential for export (e.g., aquaculture, environmental industries, knowledge-based industries, value-added manufacturers). Seven million dollars has been committed to the fund over the course of two years. This fund helps to assist small- and medium-sized businesses take advantage of emerging opportunities in the provincial economy. To date, there have been five hundred investments, which have helped to create thirty-five hundred jobs. This fund helps to provide loans that may not be available from conventional lenders and other sources of business finance.⁶
- The Strategic Social Plan was released in August 1998 and will be phased in during 1998–2000. This framework for social development identifies specific directions, processes, and outcomes to guide the long-term actions of government. Among its strategic directions is the integration of social and economic development. The plan is being used as a means to organize current programmes, and although there is no actual dollar amount allotted to it, funding will be channelled through already existing programmes.

⁴ <http://www.gov.nf.ca/drr/ddrr.htm>

⁵ <http://www.gov.nf.ca/releases/1999/exec/0510n01.htm>

⁶ <http://www.gov.nf.ca/releases/1998/drr/smallbus.html>

- The recently announced Strategy to Support Development of Small-Scale Manufacturing identifies five key areas of strategic action to aid development in this sector. The primary focus is the adoption of emerging international manufacturing “best practices” and the establishment of a supportive government environment to maximize sector development in this province. The five areas of strategic action to develop the full potential of small-scale manufacturing are as follows:
 - targeting small-scale manufacturing as a development priority in the province;
 - Informing and educating manufacturers, industry associations, educators, community development organizations, and government agencies of the key trends and “best practices” for small-scale manufacturing success;
 - assisting small-scale manufacturers in Newfoundland and Labrador to adopt manufacturing “best practices” to improve sales, exports, profitability, and employment generation;
 - identifying, supporting, and marketing provincial and regional strengths and opportunities in specific sectors within the small-scale manufacturing industry; and
 - partnering with both levels of government, industry, education and training institutions, community development organizations, municipalities, and organized labour to create a co-ordinated and sustained approach to growing the small-scale manufacturing industry.

Existing Federal-Provincial Partnerships

- The Strategic Regional Development Agreement was signed between the province and the federal government. It is administered by the Atlantic Opportunities Agency (ACOA) and the province. Since 1996, approximately \$30 million has been committed to community-level economic development projects, which include new regional development corporations, improvements to the fisheries, and small business programmes. ACOA is seeking the renewal of the agreement, consisting of \$31.4 million over three years, from 2000–01 to 2002–03.
- In January 1999, officials unveiled a framework for a three-year Canada-Newfoundland Agreement of Economic Development and Fisheries Adjustment, which will be cost-shared between the federal and provincial governments. The agreement will have two main programmes: initiatives driven by the regional development groups and those driven by the private sector.

Nova Scotia

Statement on Aboriginal Policy

- In the October 1999 Speech from the Throne, the provincial government committed itself to “developing a more inclusive relationship with Nova Scotia’s Aboriginal peoples in finding resolutions to issues of ongoing concern,” and to establishing “a process for meaningful dialogue in dealing with the Aboriginal peoples of this province.”⁷
- Under the previous Nova Scotia government, the mission of the Aboriginal Affairs Directorate was “to assist the Mi’kmaq Community to achieve their self-determination and self-government.”⁸ It is unclear as to whether it will now be revised.

Major Provincial Economic Development Initiatives

- The 1999 provincial budget, presented by the new government in October, concentrated on fiscal measures aimed at getting the provincial deficit under control, and contained few measures directly aimed at economic development. The budget did confirm the establishment of a new Tourism and Culture Department, which will elaborate marketing plans for Nova Scotia’s tourism and craft industries.
- In the October 1999 Speech from the Throne, the government committed to devolve the powers and authority of economic development to the community level.
- Key Ministries:
 - Aboriginal Affairs
 - Department of Economic Development
 - Department of Natural Resources
 - Department of Energy and Mines

Key Provincial Economic Development Programmes

- There are thirteen community economic development agencies in Nova Scotia. Aboriginals are represented in their respective areas.
- The Community Opportunities Fund complements existing government programmes by supporting projects aimed at community economic development that cannot be adequately undertaken using the resources of existing government programmes,

⁷ <http://www.gov.ns.ca/legi/publi>

⁸ <http://www.gov.ns.ca/prio/abo/mission.htm>

community groups, or the private sector. The fund contributes up to \$100,000, or 50 percent of actual cost.⁹

- The Community Economic Development Investment Fund is designed to encourage equity participation in NS communities by assisting in the creation of community investment funds to help develop local business. Investments in these funds are eligible for equity tax credits and are partially protected.¹⁰

Existing Federal-Provincial Partnerships

- A Tripartite Agreement is in place to help facilitate talks between the Mi'kmaq, the Government of Nova Scotia, and the federal government. The chairman of the process is Alex Denny. There are three levels of discussions. The first is the executive level, which includes all thirteen chiefs of Nova Scotia, the minister of Indian Affairs (federal), and the premier of Nova Scotia. The second is the officials' level, which is comprised of Mi'kmaq organizations such as the Union of Nova Scotia Indians, the Confederacy of Mainland Mi'kmaqs, and the Native Women's Association. With the approval of the executive committee, other organizations, such as federal or provincial bodies, can participate as well. The third level is committee, which has eight working committees discussing separate issues. The Natural Resources Committee, for instance, is looking at the harvesting situation. They are also examining the Sable Island Gas project. In the past year, the agreement has been renewed to look at the social housing issues.
- The 1999 budget allocated \$12.3 million to the Canada–Nova Scotia Economic Diversification Co-operation Agreement, signed between the province and the federal government, with provision for municipal cost-sharing as well. This agreement has helped to establish thirteen regional development agencies to support community-based economic and business development activity. The agreement is focussed on five areas: Gateway to North America, International Centre for Education and Research, Leading Trade Centre, International Centre for Oceans and Environment, and Celebration of Culture and Heritage. The projects undertaken by this agreement must lead to the creation of sustainable jobs, encourage development of strategic sectors, enhance the stability of communities, and so on.¹¹

⁹ <http://www.gov.ns.ca/ecor/ced/commapp.html>

¹⁰ <http://www.gov.ns.ca/ecor/pubs/cedguide/index.html>

¹¹ This agreement can be found at <http://www.eda.gov.ns.ca/info/guide-e.htm>

New Brunswick

Statement on Aboriginal Policy

- The previous provincial government had adopted the following three-pronged policy commitment:
 - to further the self-reliance and well-being of the Aboriginal people of New Brunswick, both on- and off-reserve, through pragmatic social and economic development initiatives;
 - to respect the Aboriginal and treaty rights of the Mi'kmaq and Maliseet peoples in a way that promotes harmony and collaboration between Aboriginal and non-Aboriginal people; and
 - to participate in practical projects that support the continued development of self-governing arrangements for First Nation communities.

Major Provincial Economic Development Initiatives

- The previous government's 1999 budget focussed on health care and education. There was also money allocated to economic development and infrastructure. Specific initiatives included \$20 million to improve rural roads, \$2 million to the Small Entrepreneurs Capital Assistance Programme, more money for the Economic Development Fund, and also for infrastructure projects such as the four-lane highway between Moncton and Fredericton.¹²
- In the Speech from the Throne delivered November 30th, 1999, the New Brunswick government stated its commitment to renew health care, create new job opportunities, manage smarter and lower taxes, and invest in education. The government also promised to focus on job solutions and to build on the competitive advantages of small business, natural resources, and the local entrepreneurial strengths of the province's regions and communities. In addition, the government has laid out plans to carry out sector-specific strategies for forestry, fisheries and aquaculture, mining, agriculture, and tourism, which will be developed and presented publicly as key elements of the province's economic development approach.¹³
- Key Ministries: Intergovernmental and Aboriginal Affairs
 Economic Development, Tourism and Culture
 Agriculture and Rural Development
 Natural Resources and Energy
 Municipalities and Housing

¹² <http://www.gov.nb.ca/finance/pubs/buddoc99/index.htm>

¹³ <http://www.gov.nb.ca/legis/busi/54/throne99-e.htm>

Key Provincial Economic Development Programmes and Initiatives

- Nicholas-LaForest Task Force on Aboriginal Issues—Report: March 1999. The mandate of this task force was to make recommendations to the province on how to best proceed with Aboriginal issues. The task force concluded that there is a need for more economic development opportunities and jobs for New Brunswick's Aboriginal community. The recommendations that dealt with economic development include:
 - the forestry industry should seek to increase Aboriginal participation throughout the industry;
 - when negotiating infrastructure and economic development agreements, the federal and provincial governments should include Aboriginal people;
 - JEDI should be given a higher profile and more resources so that it can become more responsive to the needs of Aboriginal communities;
 - there should be a meeting between the province, industry leaders, and Aboriginal leaders on the topic of increasing Aboriginal participation in the provincial economy; and
 - the Aboriginal population should be further encouraged to participate in the province's tourism industry.
- Established in October 1995, the Economic Development Fund helps finance priority economic development initiatives not funded through the federal-provincial Agreement on Regional Economic Development or departmental budget appropriations. The fund is available to provincial departments and agencies in support of provincial government initiatives. This includes those directly related to the resource sectors (forestry, mining, agriculture, and fisheries) now excluded from federal funding, as well as other priority initiatives not able to proceed because of reduced levels of federal-provincial funding.¹⁴
- The Small Entrepreneur Capital Assistance Programme¹⁵ aims to increase incomes and to enhance employment opportunities in New Brunswick by financially stimulating small business enterprises to pursue new opportunities within the manufacturing and processing, information technology, and tourism industries. Up to 40 percent of eligible costs, to a maximum of \$50,000, is available. Eligible costs include capital costs, salary costs, and training costs, and must be of an “arms-length” nature.
- The Department of Agriculture and Rural Development administers the Aboriginal Cottage Industry Initiative, which facilitates the development of Aboriginal cottage industry producers and products.¹⁶

¹⁴ <http://www.gov.nb.ca/rdc/fde%2D98/part1.htm>

¹⁵ http://www.gov.nb.ca/edt/bus_serv/secap.htm

¹⁶ <http://www.gov.nb.ca/agricult/60/01/6001000e.htm>

- In November 1998, the Supreme Court turned down the application for appeal in the Peter Paul case, which led to a sigh of relief for the forestry industry. Forestry export trade in New Brunswick last year was valued at \$2,077,500. The provincial government has reached agreements with ten of the province's thirteen First Nations over the forestry issue. These agreements give allocation of wood on Crown lands based on population. The First Nations must follow the provisions respecting sustainability, pay stumpage fees, and process the wood at New Brunswick mills, thus creating more jobs and the possibility of First Nations mills. In the fall of 1999, the Marshall ruling opened up the possibility of resource rights being extended to forestry. Government and Native leaders are meeting on the issue.
- In September 1999, the Supreme Court of Canada in *Donald Marshall Jr. vs. the Crown* ruled that under a 1780 treaty, Mi'kmaq and Maliseet First Nations had the right to fish in order to provide a modest income for themselves. Natives throughout New Brunswick took this opportunity and began fishing lobster, which upset non-native fishermen because they were doing it out of season. A temporary, voluntary moratorium on fishing was established, but was then removed in mid-October. The situation remains unresolved.

Existing Federal-Provincial Partnerships

- The Joint Economic Development Initiative (JEDI) is a co-operative effort on the part of DIAND, the Atlantic Canada Opportunities Agency (ACOA), and both on- and off-reserve Aboriginal people in New Brunswick. The initiative focusses on practical measures to enhance economic development. JEDI is working to improve community economic development/ capacity building, economic and business development, and employment.
- In August 1999, government representatives signed a two-year extension to the Regional Economic Development Agreement, which adds \$35.9 million from the Government of Canada and \$13.46 million from provincial coffers to the \$277.274 million already allotted to the agreement. The purpose of the agreement, which will expire in March 2003, is to expand New Brunswick's economic base by improving competitive ability, creating sustainable job growth, increasing income opportunities, encouraging the creation and growth of small- and medium-sized enterprises, developing human resource potential, and providing opportunities for private-sector investment as well as public-sector co-operation.¹⁷

¹⁷ Taken from: http://www.acoa.ca/english/media/press/press_info.asp?=&B&ID=1160

Prince Edward Island

Statement on Aboriginal Policy

- There are no specific policy statements.

Major Provincial Economic Development Initiatives

- The Speech from the Throne delivered on November 16th, 1999, outlined some economic development initiatives that the province hopes to establish or continue in their mandate. These include: a possible renewed partnership with the federal government on an infrastructure programme, a commitment to hold a conference on sustainable agriculture in 2000, a commitment to invest in research necessary to ensure the sustainability of the fishery, and a new private-public initiative to create an Information Technology Centre to support the island's IT sector. The government also expressed its support for the approach taken by native and non-native fishers in the province in response to the Supreme Court decision on native rights.¹⁸
- Key Ministries: Development
Employment Development Agency
Agriculture and Forestry

Key Provincial Economic Development Programmes

- Business Support Programmes was designed by the Enterprise PEI Agency (EPEI) to help island businesses develop and expand. The programme has two subgroups, one focussing on helping small businesses and the other on export development. The Small Business Support Programme provides support for manufacturers and processors with provincially-based business plans. Sectors eligible for support include; agri-food, fisheries, and diversified manufacturing (including film and crafts). The Export Development Programme provides support for manufacturers and processors focussing their business outside the province. Sectors eligible for support include agri-food, fisheries, pharmaceuticals, health care, environmental industries, diversified manufacturing, and information technology. EPEI also provides other business support programmes such as an Entrepreneurial Loan Programme and an Equity Investors' Incentive Programme.¹⁹

¹⁸ <http://www.gov.pe.ca/leg/speech/1999/index.php3>

¹⁹ <http://www.peibusinessdevelopment.com/>

Existing Federal-Provincial Partnerships

- Administered jointly by ACOA and the provincial government, the Canada/Prince Edward Island Regional Economic Development Agreement seeks to increase economic development opportunities in the province by supporting general strategic economic development efforts in the tourism, information technology, export trade and prospecting, value-added manufacturing, aerospace, and food-processing industries.

Québec

Statement on Aboriginal Policy

- The Québec government continues to work with Aboriginal nations and communities to better respond to their needs and concerns. Their social and economic development, as well as the harmonization of relations between Aboriginal people and Québeckers as a whole, remain key objectives for the government.²⁰
- In April 1998, the Québec government set out guidelines in a document titled “Partnership, Development, Achievement” to help enable Aboriginal nations and communities to take their own development in hand and thus achieve autonomy. In terms of economic development, the guidelines note that the geographic location of many Aboriginal communities has hampered the potential for the creation of jobs. The Québec government has stated that it “is willing to provide practical support, to the extent its means will allow,”²¹ a policy that establishes its position and acknowledges its willingness to help. Since the release of the document, there have been thirty agreements made between the Québec government and Aboriginal communities.

Major Provincial Economic Development Initiatives

- Key Ministries: Secrétariat aux affaires autochtones
Ministère des Ressources

Key Provincial Economic Development Programmes

- The Aboriginal Development Fund is a \$125-million fund created by the provincial government to support Aboriginal community infrastructure and economic development. Money is distributed to communities according to objective criteria such as population, and the allotted amounts are worked out in agreements between the communities and the Québec government. Money is also reserved for Aboriginals living off reserves. Funding for economic development projects must feature one of the following characteristics: innovation, developmental effects, job creation, and enhancement of the living environment of the nation or community.²²
- The Mohawks of Kahnawake and the Province of Québec have signed ten sectoral agreements, which are designed to harmonize relations between the two partners and focus on the fiscal matter related to various topics, including economic development.

²⁰ *Rencontre*, 2, no 2 (October 1999).

²¹ Partnership, development, achievement. Section 1.5.

²² *Rencontre*, 2, no 2 (October 1999): 8.

This agreement fosters economic development and job creation for the Mohawks of Kahnawake, ensuring that economic projects from Kahnawake will be able to benefit from the Aboriginal Development Fund.²³

- The Algonquins of Barriere Lake have agreed to continue work on the Trilateral Agreement, the purpose of which is to complete the preparation of a draft integrated resource management plan and to initiate new negotiations related to the development of the Barriere Lake community. They hope to develop the lands for new community housing and infrastructure.²⁴
- The Mohawks of Kanesatake have been negotiating since 1991 for self-government. Funding for 1998–99 amounted to \$607,000. There are four areas being negotiated: territory and lands, police services and a justice system, social development, and economic development.
- The Hurons-Wendats of Wandake and the Québec government have reached agreement over the management and control of the Tourille sector of the Laurentides wildlife reserve. The agreement gives the Hurons-Wendats greater control over the natural resources in the area. Since the agreement, the group has benefited from funding provided by the Aboriginal Development Fund for various development projects, which have increased training opportunities and employment.²⁵
- The Kativik Regional Government and the Province of Québec have reached an agreement that will make \$25 million available for economic development in the Kativik region. The money will go towards job creation for the Inuit and the improvement and construction of community infrastructure.²⁶
- The Micmac of Gespeg and the Québec government have signed a framework agreement that will allow the Gespeg Micmacs greater self-government and control of their own social and economic development.²⁷
- The Micmacs of Gesgapegiac and the Québec government have signed a Statement of Understanding and Mutual Respect and a Framework Agreement. The latter outlines the general frameworks within which agreements will be reached. The initial phase involves the Micmacs of Gesgapegiac participating in partnership in the management and development of forest and wildlife resources. The second involves the construction and operation of an ethno-tourism centre in the community, and may also involve the

²³ <http://www.saa.gouv.qc.ca/cpress/a990330.htm>

²⁴ <http://www.saa.gouv.qc.ca/cpress/barriereang2.htm>

²⁵ *Rencontre*, 2, no. 2 (October 1999).

²⁶ <http://www.saa.gouv.qc.ca/cpress/a990629.html>

²⁷ <http://www.saa.gouv.qc.ca/cpress/a990518.html>

negotiation of other sectors such as economic development, education, health, public security, and taxation.²⁸

- Out of a series of agreements centred on the James Bay and Northern Québec area, one with the Adonic of W'Ilnak will define how the Abenaki will carry out their fishing, hunting, and trapping activities and will make the communities full partners in resource management.²⁹
- Inuit villages will receive \$25 million from the Québec government in a five-year initiative designed to promote the development of Inuit communities. The objective of the programme is to stimulate economic development, create jobs, and improve and/or create community infrastructure.³⁰
- An agreement was reached between the Montagnais of Unamen-Shipu to improve and refurbish La Romaine Airport and to improve an access road. Forty percent of the funding for the project will be covered by the Québec government, with the federal government providing the remaining 60 percent.³¹
- The Montagnais of Betsiamites and Hydro-Québec reached a partnership agreement to develop hydro power stations along various rivers in the area. The projects will cost \$82 million, with \$15 million being provided by the Montagnais.³²
- Transport Katinnik will receive \$500,000 from the Fonds régional de solidarité Nord-du-Québec, or regional solidarity fund. In total, this fund has \$6 million. The money for this project will help the transport company and mining industries in the area become more profitable.³³

Existing Federal-Provincial Partnerships

- The Tripartite Political Accord to Create Nunavik Corporation was signed by the Makivik Corporation and the provincial and federal governments. The mandate of the group is to make recommendations on a form of government for Nunavik (action place, recommendations on the structure, operations, and powers, as well as an implementation timetable).³⁴

²⁸ <http://www.saa.gouv.qc.ca/cpress/a991105.html>

²⁹ *Rencontre*, 2, no 2 (October 1999): 4.

³⁰ *Ibid.*

³¹ *Ibid.* 5.

³² *Ibid.* 6.

³³ *Ibid.*

³⁴ <http://www.saa.gouv.qc.ca/cpress.a991105.html>

Ontario

Statement on Aboriginal Policy

- The Ontario government has adopted an Aboriginal Policy Framework, which is aimed at “encouraging and assisting Aboriginal economic and community development to reduce dependence on transfer payments and to facilitate greater self-reliance and responsibility for community well-being.”

Major Provincial Economic Development Initiatives

- The 1999–2000 budget created the “SuperBuild Growth Fund,” which will provide \$20 billion for provincial infrastructure investments over the next five years. In 1999–2000, the fund will support the rehabilitation and expansion of Ontario’s strategic highways, help municipalities with water and sewer facilities, support environmental protection and monitoring, and expand the infrastructure of colleges and universities.
- The October 21, 1999, Speech from the Throne had little to say about specific economic development initiatives. The provincial government will continue to use the SuperBuild Growth Fund to support major infrastructure projects over the next five years, and the Northern Ontario Heritage Fund to support economic growth in rural and northern areas.³⁵

Key Provincial Economic Development Programmes

- The Building Aboriginal Economies strategy, launched in July 1998, is a co-ordinated framework of thirty programmes and services across eleven ministries that supports Aboriginal economic and business development. Its goal is to increase capacity and opportunities in Aboriginal communities in order to promote self-reliance, economic growth and investment, an improved business environment, and more jobs for Aboriginal people. It has four strategic directions:
 - removing barriers to Aboriginal economic development by promoting capacity development, improving access to capital, and improving infrastructure;
 - creating opportunities for Aboriginal economic development;
 - improving access to provincial programmes and services; and
 - promoting Aboriginal/corporate partnerships³⁶

³⁵ <http://www.gov.on.ca/english/thronespeech99.htm>

³⁶ <http://www.nativeaffairs.jus.gov.on.ca/english/about.thm#economic>

- Ontario Native Affairs Secretariat: Through a new, five-year, \$11.8-million programme called Working Partnerships, the secretariat will work to promote and encourage more Aboriginal partnerships with the corporate sector. In addition, the Aboriginal Community Capital Infrastructure Fund currently promotes Aboriginal community development through capital projects that address health, safety, and infrastructure needs. The secretariat will consult on possible future uses of the fund for the creation of a new programme to support economic development infrastructure needs.
- The Ministry of Agriculture, Food and Rural Affairs: The Outreach and Delivery Pilot Project is aimed at improving access to provincial services for rural Aboriginal people and communities by increasing outreach and delivery services and promoting partnerships. As well, the ministry offers Leadership Training courses to rural Aboriginal communities on request. Through a partnership agreement with the Ministry of Northern Development and Mines, northern development advisors are available to provide these services to Aboriginal economic development initiatives in northern Ontario.
- The Ministry of Citizenship, Culture and Recreation administers the following programmes:
 - The Special Projects and Services Grants Programme (SPSG) helps to strengthen First Nations and Aboriginal communities through initiatives that develop or strengthen business and organizational structures; and supports the development of viable Aboriginal community business enterprises. Funding is available for organizational development, small business development, and rolling and capital stock projects. SPSG generally funds up to 80 percent of the total eligible project costs to a maximum of \$20,000.³⁷
 - New in 1999/2000, the Ontario Aboriginal Economic Development Programme (OAEDP) is jointly developed and managed by the ministry and the Aboriginal Provincial and Territorial Organizations (PTOs) to support Aboriginal participation in market opportunities, business development, and economic development. The OAEDP makes use of an alternate service delivery model with Aboriginal project decision making by the Aboriginal partner organizations and programme administration by an Aboriginal organization. This programme is designed to increase community economic activity, to increase the capacity of Aboriginal communities to participate in the economy, and to support the demonstrated business development needs of Aboriginal communities. Funding is available for business development projects and

economic capacity-building projects. An approved applicant may receive up to \$35,000 for either type of initiative.

- The Aboriginal Community Capital Grants Programme (ACCP) has two components: a) the Ontario Native Community Infrastructure Programme (ONCIP) makes funding available for the construction, acquisition, or renovation of community centres and friendship centres across Ontario; and b) the Native Small Business Centres Programme (NSBC) provides funding for the construction, acquisition, or renovation of a small business centre. Funding is also available for the development or expansion of a business park, or for feasibility studies.³⁸
- The Ministry of Consumer and Commercial Relations: A pilot project titled Ontario Business Connects Workstations will test whether workstation technology can improve service to remote Aboriginal communities. Through the pilot, entrepreneurs can perform instant electronic transactions to register or renew business names, or complete applications required for the start-up or expansion of a business.
- The Ministry of Economic Development, Trade and Tourism includes Aboriginal components in its economic development programmes and outreach strategies (<http://www.ontario-canada.com>).
- The Ministry of Finance offers Liaison Services, through which it plans to establish a portfolio of responsibilities aimed at providing liaison services between Aboriginal organizations, the financial services industry, and government, to facilitate linkages and partnerships in support of Aboriginal economic development. It also administers the Community Small Business Investment Fund Programme, which provides small, local businesses with greater access to capital at the start-up phase of development. First Nations are eligible sponsors. Other Aboriginal organizations may also apply to the Ministry of Finance to become sponsors.
- The Ministry of Natural Resources sponsors a programme called Forest Management Economic Development Opportunities. In partnership with the forest industry, the ministry facilitates dialogue and negotiations to promote Aboriginal employment, training, and business opportunities in the forest sector. This has led to joint ventures, partnerships, and other business arrangements between Aboriginal communities and the forest industry.

³⁷ <http://www.gov.on.ca:80/MCZCR/english/citdiv/aborigin/programmes.htm>

³⁸ <http://www.gov.on.ca:80/MCZCR/english/citdiv/aborigin/programmes.htm>

- The Ministry of Northern Development and Mines administers the following three initiatives:
 - The Northern Ontario Heritage Fund Corporation supports the development and marketing of regional tourism enhancement projects, infrastructure improvements in telecommunications and transportation, and other economic development initiatives for northern communities.
 - Through the Regional Economic Development Branch, the ministry has established an integrated approach to regional economic development in northern Ontario. Six area teams provide a focal point for economic development services in all sectors, including tourism, agriculture, natural resources, mining, business/industry, and Aboriginal economic development.
 - When requested by a First Nation, the ministry will negotiate mining agreements to waive Ontario's entitlement to 50 percent of mineral revenues earned on Indian reserve lands. The ministry will also continue to encourage companies to negotiate Impact Benefit Agreements with local Aboriginal communities.

Existing Federal-Provincial Partnerships

- The Economic Renewal Initiative is a partnership between DIAND, the Ontario government, and members of the Aboriginal and non-Aboriginal business communities to foster the growth and development of Aboriginal businesses in Ontario through strategic partnerships and independent ventures. A steering committee of twelve provides direction to the Economic Renewal Secretariat that manages the initiative. The secretariat is supported by full-time staff located in Toronto and receives operational funding from the Government of Ontario, the Government of Canada, corporate sponsors, and Aboriginal organizations.
- The Canada-Ontario Resource Development Agreement, a federal/provincial cost-shared programme, is designed to improve the economic circumstances of First Nations people in Ontario by promoting resource and economic development opportunities. The programme helps Aboriginal communities to access, develop, use, and manage renewable natural resources.

Manitoba

Statement on Aboriginal Policy

- The province elected a new government on September 21st, 2000. The November 30th Speech from the Throne outlined plans to develop the potential of the North and of First Nations people. The speech also promised longer-term economic measures, including a summit on the future of the Manitoban economy that will allow business, labour, and government to forge a new strategy for economic development. The speech included a promise to build a new relationship with Aboriginal people, based on First Nations' aspirations, rights, and needs.³⁹
- A new Department of Aboriginal and Northern Affairs has been created to deal with issues relating to Aboriginal peoples and the North. Eric Robinson is the new minister.

Major Provincial Economic Development Initiatives

- Key Ministries:
 - Department of Rural Development
 - Ministry of Conservation
 - Finance
 - Industry, Trade and Tourism
 - Ministry of Northern/Native Affairs

Key Provincial Economic Development Programmes

- The Department of Rural Development administers the following programmes:
 - The Rural Economic Development Initiative (REDI) reinvests video lottery terminal (VLT) revenue back into rural Manitoba to promote rural economic development. A series of eight programmes gives communities and businesses the tools to develop and prosper, bringing vitality and growth to rural Manitoba. Projects must be commercially viable and be located outside of Winnipeg. Programmes supported by the REDI include the Rural Entrepreneur Assistance and Community Works Loan Programme, which provides loans and loan guarantees to new or expanding businesses. REDI also provides funding for feasibility studies and for projects of strategic importance, such as strengthening the foundation for increased economic development and diversification of the rural economy, and the enhancing and/or restructuring of community economic development programmes and services directed towards rural Manitoba.⁴⁰

³⁹ <http://www.gov.mb.ca/throne.html>

⁴⁰ <http://www.gov.mb.ca/rd/what.html#programme>

- Grow Bonds allow people in rural communities to participate directly in strengthening their local economies and in creating job opportunities for young people. Grow Bonds bring together local investors and entrepreneurs in initiatives such as manufacturing, processing, tourism, commercial water/gas distribution, exporting, and the provision of goods or services for the protection of the environment. Under provisions of the *Rural Development Bonds Act*, communities plan and manage bond offerings to raise capital that is used to finance eligible new business opportunities and expansions.
- Infrastructure Development programmes assist communities to improve sewer, water, and energy services, transportation access, waste disposal facilities, and telecommunications specifically designed to service new or expanding businesses. Economic development organizations and local government authorities can apply for assistance. Eligible projects are funded on a 50/50 matching basis for on-site project costs to a maximum of \$100,000, or \$500,000 if the infrastructure improvement provides a regional service. Infrastructure services must be publicly owned and maintained.
- The Small Business and Co-operative Development Branch supports the Aboriginal Business Development Programme, which promotes entrepreneurship training, business information, seminars, and counselling to individuals and community organizations in the interests of developing small business and entrepreneurship. Access to business, information, services, and programmes is a main target.⁴¹
- Ota-Miska 1999–2000: The department also provides a web site for Aboriginal business information.
- A three-year joint venture between the Ministry of Natural Resources and the First Nations allows for First Nations to capture 150 elk per year; they are allowed to keep up to 250 head. The province will retain an additional 200 elk, some of which will be sold to elk farmers. Over five years, this industry is expected to be valued at \$50 million.⁴²
- The Economic Innovation and Technology Council was established on September 1, 1992, as the Province of Manitoba's private-sector advisory council on economic

⁴¹ http://db.itt.gov.mb.ca/ITT/BRC/BRC_Pub.nsf

⁴² "Elk Farming Agreement Signed with First Nations," Manitoba Government News Release, November 7, 1997.

development and innovation. In May 1999, the *Report of the Aboriginal Economic Development Task Group*, which included representatives from Aboriginal communities and the private sector, presented fifteen recommendations aimed at five areas: improving co-ordination and linkages among all stakeholders by establishing best-practice guidelines; improving the educational outcomes of Aboriginal youth; increasing the participation of Aboriginal people in postsecondary education and training; improving labour-market information so it is more relevant and meaningful; and increasing access to capital for Aboriginal entrepreneurs and businesses. The recommendations included:

- the creation of a directory of private-sector and Aboriginal organizations that have successfully participated in joint ventures, and private-sector organizations seeking partnerships and joint ventures; and
- a strong suggestion that the Assembly of Manitoba Chiefs should establish an Aboriginal Capital Fund as a sound and logical step to improve access to capital for Aboriginal entrepreneurs and business.

Existing Federal-Provincial Partnerships

- The Canada-Manitoba Economic Development Agreement is a collaborative partnership focussed on strategic priorities designed to generate economic development in Manitoba. From 1998 through March 2002, this agreement will direct \$40 million into strategic projects that will expand the international competitiveness of Manitoba's key growth sectors, commercialize new technologies, assist small and medium-sized businesses and entrepreneurs, enhance long-term economic self-sustainability of rural and urban communities, and increase tourism potential. The federal and provincial governments will each contribute \$20 million to the agreement. Under the business development plan, strategic priority is the advancement of Aboriginal entrepreneurship.⁴³
- The Assembly of Manitoba Chiefs is working with the federal and provincial governments to secure a five-year economic development agreement for the First Nations of Manitoba. A report from the assembly's Economic Development Strategy Committee presented to the Manitoba Economic Innovation and Technology Council in March 1997 outlined five strategic objectives for creating a "comprehensive provincial framework to guide First Nations in creating sustainable First Nations Economies."⁴⁴ The task force that was formed as a result, which includes members of the provincial government and corporate Canada, acts as an advisor to the Economic Development

⁴³ <http://www.gov.mb.ca/finance/edpa/programme.html>

⁴⁴ Aboriginal Economic Development Task Group, Terms of Reference, p. 1.

Strategy Committee. Four working groups are looking at Education and Training, Employment Opportunities, Access to Capital, and Building Partnerships.

- A federal/provincial/Aboriginal initiative titled Partners for Careers was established in 1997 to help place Aboriginal graduates in careers. Cost-shared between the Manitoba Department of Education and Trade and HRDC, the programme offers Aboriginal youth participants mentorships with industry leaders and placement in entry-level positions in the private sector. The objective of the programme is to develop working relationships among educational institutions, Aboriginal organizations, and the business community.⁴⁵

⁴⁵ <http://www.gov.mb.ca/chc/press/>

Saskatchewan

Statement on Aboriginal Policy

- Provincial Vision Statement: Framework for Metis and Off-Reserve Aboriginal Peoples.⁴⁶ “Metis and other off-reserve Aboriginal people will be equal members of the Saskatchewan society, who have diverse culture and certain constitutional rights. They will have individual and community well-being. They will participate fully in the provincial economy and have opportunities for education and training and meaningful and sustainable employment.”⁴⁷

Major Provincial Economic Development Initiatives

- The budget released in March 1999 pledges to invest in northern economic development in industries such as tourism, forestry, and Aboriginal business. The budget also pledges support for Small to Medium-Sized Enterprises (SMEs) (doubling the funding available through the Small Business Loans Association programme). In addition, there is money to improve the province’s infrastructure—\$235 million to continue modernizing the transportation system (including \$5 million for rural roads in addition to the \$19 million provided to the municipalities for this purpose), and \$10 million for a provincial-municipal infrastructure programme to help northern, rural, and urban municipalities address priorities.⁴⁸
- Key Ministries:
 - Aboriginal Affairs Division
 - Economic and Co-operative Development
 - Office of Northern Affairs
 - Finance

Key Provincial Economic Development Programmes

- The Aboriginal Employment Development Programme⁴⁹ was established in 1992 to facilitate employment opportunities for Aboriginal peoples across the public and private sectors. Through the development of an Aboriginal inventory, the programme strategically links employers with suitable Indian and Metis candidates. It also provides follow-up support services upon hiring and increases crosscultural awareness in the workplace. The programme provides assistance to Aboriginal education institutions and employers for various employment development projects.

⁴⁶ Note, there is an argument on whether to change to First Nations or leave as Aboriginal Peoples.

⁴⁷ Contacted the Aboriginal Affairs sector of Economic Development. Contact Angis Schmidt for further information (306) 787-3583.

⁴⁸ <http://www.gov.sk.ca/finance/budget/>

⁴⁹ http://www.gov.sk.ca/govt/aborig_affairs/progserv.htm

- The Strategic Initiatives Fund (SIF) is a \$6-million fund administered by the Department of Economic and Co-operative Development to encourage the development of new technologies and research infrastructure in Saskatchewan. The goal of this fund is to enhance the competitiveness of Saskatchewan industries, as well as to develop new value-added products and processes to expand the Saskatchewan economy. Priority is given to the following sectors: forestry, mining, energy, value-added agriculture, information technology and telecommunications, and tourism and cultural industries.⁵⁰
- The Small Business Loans Association Programme provides business development opportunities to the nontraditional or beginning entrepreneur, and extends financing beyond the scope of traditional lenders.
- The Labour-Sponsored Venture Capital Corporation (LSVCC) runs a programme designed to help employee groups and individuals create or maintain jobs by contributing to funds that invest in small and medium-sized Saskatchewan-based businesses. Once an LSVCC is incorporated by a labour association and registered with the department, employees and individuals can invest and qualify for federal and provincial tax credits. The pool of capital can be used for a range of investments, or to enable employees to buy all or part of the company for which they work.
- The Regional Economic Development Authority Initiative encourages groups of communities to work in partnership with the private, co-operative, and public sectors to achieve the shared goals of partnerships, co-ordination, organizational stability, and service in regional trading areas. In Phase I, start-up funds are available on a cost-shared basis to assist in the formation of REDAs. In Phase II, cost-shared funding is available to help established REDAs build their service capacity and form partnerships with provincial government departments and the co-operative and private sectors.
- The Saskatchewan Opportunities Corporation (SOCO) is the province's economic development investment agency, established with a mandate to "facilitate economic growth in Saskatchewan through investment in viable businesses and infrastructure that supports the development of business." The corporation provides a full range of business financing services including debt, contract financing, equity, and guarantees. Emphasis is on partnering with private-sector sources of capital and on community participation in projects. Investments are targeted to companies involved in value-added manufacturing and processing, commercialization of new technologies, and

⁵⁰ <http://www.gov.sk.ca/econdev/welcome/progserv.shtml>

export-oriented or import-replacement projects. The corporation emphasizes six sectors that have potential for continued economic growth in the province: forestry, value-added agriculture and food processing, tourism, mining, energy, and advanced technology.⁵¹

- The Northern Development Fund (NDF) provides northerners with term financing for small and medium-sized business ventures that involve the following activities: pursuing goods and services contracts for mining and resource-sector development; providing and developing products and services that contribute to northern diversification; and traditional northern activities such as fishing, trapping, and wild-rice production. As well, the NDF provides cost-shared funding for organizations that wish to establish community-based regional economic development organizations (CREDOs); northern residents' projects that involve marketing, promotion, and research/ development; and a skills development package that allows northerners to develop a wide variety of training seminars. Each year, \$5 million is available for loans, and \$1 million for grants.⁵²
- The Commercial Fishing Transportation Subsidy and Price Support Programme helps defray the high cost of transporting commercially caught fish from remote areas of northern Saskatchewan to market. Price support is offered to encourage the use of mullet (a bait).
- In 1998, northern political leaders joined Premier Roy Romanow and Northern Affairs Minister Keith Goulet to sign the Northern Strategy Memorandum of Understanding. The northern leaders included representatives of the Prince Albert Grand Council, Meadow Lake Tribal Council, Metis Nation of Saskatchewan, and Saskatchewan Association of Northern Communities (New North), together with Athabasca First Nation chiefs. The Northern Strategy is an agreed statement of goals and objectives for further social, economic, and political development in the northern administration district of Saskatchewan. The strategy also includes three "enabling mechanisms"—new measures intended to support the strategy's goals and objectives. These include a Northern Development Board, a Strategic Opportunities Assessment, and a proposed Northern Development Agreement, which would be funded jointly by the federal and provincial governments. Under the Strategic Opportunities Assessment, researchers will examine the potential for growth and development in northern Saskatchewan, and assess the capacity for northerners and northern communities to participate fully in, and to benefit from, economic development in the North. Work is ongoing.⁵³

⁵¹ <http://www.gov.sk.ca/soco/about.htm>

⁵² <http://www.gov.sk.ca/econdev/welcome/progserv.html>

⁵³ <http://www.northern.gov.sk.ca/DEFAULTV4.HTM>

- The Aboriginal Employment Development Programme (AEDP) is a partnership agreement established with employers to carry out workplace audits to identify and remove any barriers to Aboriginal employment, and to identify future job requirements and work with postsecondary institutions and Aboriginal communities to develop training focussed on present and future employment opportunities. At least twenty-three agreements have been signed so far with the private sector, unions, and health district boards.⁵⁴

Existing Federal-Provincial Partnerships

- The provincial government has proposed a Northern Development Agreement as a means by which the federal and provincial governments can jointly provide incremental funding to support the goals and objectives of the Northern Strategy. The province feels that the agreement could help achieve some of the economic development opportunities and could address SOCOP-economic development recommendations arising from reports issued by the Royal Commission on Aboriginal Peoples and the Federal-Provincial Panel on Uranium Developments in Northern Saskatchewan. The federal government has been advised that the Interim Northern Development Board and Government of Saskatchewan would like to negotiate such an agreement to begin supporting new development initiatives in the 2000–2001 fiscal year, which begins April 1, 2000. Meetings are being held with federal officials to discuss the concept and purpose of this agreement, but no commitments to an agreement have yet been made.⁵⁵
- The FSIN/Public Sector/Private Sector Corporate Circle Development is intended to create economic and employment opportunities for all citizens of Saskatchewan through a formal dialogue and Liaison Forum. The Federation of Saskatchewan Indian Nations ratified a long-term Economic Development Strategic Plan in January 1995. The vision of that plan was one of “healthy individuals, families, and communities developed through a First Nations governmental, societal, cultural, and economic structure, supported by co-ordinated economic development.” The plan calls for the creation of thirty thousand jobs over twenty years. DIAND has agreed to finance the start-up of the project, though budgetary numbers are still being negotiated.⁵⁶
- The Canada-Saskatchewan Western Economic Partnership Agreement was signed in July 1998 to encourage economic development in Saskatchewan. The total funding is

⁵⁴ <http://www.gov.sk.ca/newsrel/1999Jul/634.99071501.html>

⁵⁵ *Ibid.*

⁵⁶ From the Plan for the Corporate Circle. See Saskatchewan files.

\$40 million, which is split between the province and the federal government. The five strategic areas are: economic infrastructure, tourism, export and marketing, rural and northern economic development, and strategic project assessments.⁵⁷

- The Multi-Party Training Plan co-ordinates and funds training for northerners to enable them to benefit from increased mining activity in northern Saskatchewan. A five-year agreement was renewed in February 1999 and provides \$13 million. Its goal is to fill 60 percent of new positions created by mining, construction, and support services with residents of Saskatchewan's north. Participants include the Government of Saskatchewan, HRDC, WD, mining companies, Prince Albert Grand Council, Meadow Lake Tribal Council, and Metis organizations.⁵⁸

⁵⁷ <http://www.wd.gc.ca/eng/content/press/1998/july27-1a.html>

⁵⁸ <http://www.northern.gov.sk.ca/DEFAULTV4.htm>

Alberta

Statement on Aboriginal Policy

- The Department of International and Intergovernmental Affairs is developing an Aboriginal policy framework for the Alberta government, which will be created in consultation with other government departments, Aboriginal communities, and organizations. This framework “will guide government in its relations with Aboriginal peoples and create an environment in which Aboriginal peoples can better participate in the Alberta advantage.”⁵⁹ The policy framework will have three goals: to improve well-being and self-reliance for Aboriginal people in Alberta; to manage natural resources and their revenues in a manner that benefits all Albertans, recognizing the rights of Aboriginal people and focussing on how they can best take advantage of natural resource opportunities; and to clarify roles and responsibilities among Aboriginal people and the provincial government.⁶⁰ A draft was released in September for public feedback.⁶¹ Consultations are ongoing and an announcement is expected soon.

Major Provincial Economic Development Initiatives

- On February 17, 2000, the government opened its new session with a commitment to the following principles: fiscal responsibility, innovation, equity, and balance. The Speech from the Throne stated the government’s intention to implement an updated economic strategy that will “lay out a comprehensive plan for the future that focusses on competition in the global economy and maximizing the human talent and ingenuity of all Albertans.” Economic development related items in the Speech from the Throne included:
 - continuation of a \$900-million, three-year reinvestment in provincial infrastructure systems;
 - proceeding with the restructuring of the electricity industry, including deregulation and the introduction of a competitive marketplace;
 - connecting communities with a high-speed, high-bandwidth Internet line; and
 - the establishment of a \$500-million endowment fund for science and engineering research, as well as a commitment of \$90 million to support research in the areas of agriculture, bioscience, health, forestry, energy, and industry.⁶²

⁵⁹ <http://www.gov.ab.ca/gov/thronespeech2000>

⁶⁰ Intergovernmental and Aboriginal Affairs *Annual Report*, pg. 25.

⁶¹ <http://www.gov.ab.ca/iaa/pdf/abpolicy.pdf>

⁶² <http://www.gov.ab.ca/gov/thronespeech2000>

- In the 1999/2000 budget, the province introduced \$2 billion in new programmes, which will be delegated to five main priorities: health, education, advanced education and career development, and economic competitiveness/infrastructure. Infrastructure spending is estimated to total \$1.3 billion. Major infrastructure construction projects include transportation, schools, health facilities, and information technology networks.⁶³

Key Provincial Economic Development Programmes

- The Oil Sands Expansion will facilitate the development of Aboriginal employment and contract work with oil companies in northern Alberta.
- The Employment and Economic Promotion Programme provided matching grants to remote Aboriginal communities to establish community liaison offices. Other grants helped promote economic and educational opportunities for Aboriginal individuals and communities.⁶⁴
- Under the Co-operative Natural Resource Management programme, Whitefish Lake and Horse Lake First Nation negotiated agreements with Alberta Environmental Protection to provide opportunities for First Nations to participate in the management of natural resources important to them and to benefit from local economic development associated with natural resources.
- As part of the Department of Intergovernmental and Aboriginal Affairs' (IAA) Alberta Self-Reliance Initiatives (ASRI), a series of workshops was held between resource development industries and Aboriginal communities. Co-hosted by the community, the Canadian Association of Petroleum Producers, and IAA, the purpose of these workshops was to increase opportunities for Aboriginal communities to participate in the resource development sector.⁶⁵
- Intergovernmental and Aboriginal Affairs works with the private sector and First Nations to help enhance economic development opportunities for communities. Examples include Weyerhaeuser and the Grand Cache Co operatives and Enterprises, and Syncrude/Suncor and Northeast Alberta First Nations.
- Another IAA programme, Community Liaison Officer on Employment and Economic Promotion, provides funding to Aboriginal communities (\$153,000 in 1998–1999) to increase businesses, employment, and economic opportunities.⁶⁶

⁶³ <http://www.treas.gov.ab.ca/comm/budget99/index.html>

⁶⁴ *Ibid*, pg. 40.

⁶⁵ Intergovernmental and Aboriginal Affairs *Annual Report*.

⁶⁶ *Annual Report*, pg 25.

- The Alberta Opportunity Company's mission is to advance Alberta's economic development by providing loans to Alberta businesses that have viable business proposals, when such support is not available from conventional lenders. Priority is given to smaller businesses in rural communities, and to those which create or preserve jobs.⁶⁷

Existing Federal-Provincial Partnerships

- The Western Economic Partnership Agreement is an arrangement between the federal and provincial government that will direct \$40 million to new economic development projects over the next five years. In 1998–1999 the Department of Intergovernmental and Aboriginal Affairs negotiated eighteen Western Economic Partnerships Agreement Phase II projects with the federal government worth over \$15 million. The agreements will expand the economic potential of key industries and encourage economic and regional development in Alberta. In addition, Phase II projects will involve greater federal-provincial co-operation, improved delivery of government services, and more effective co-ordination of activities related to economic development in Alberta. Funding for the projects will enhance community development, build technology and innovation infrastructure, and will be shared equally between the federal and provincial governments. Canada and Alberta agreed to allocate \$1 million to projects that would have a positive impact on Aboriginal employment/business growth.⁶⁸

⁶⁷ <http://www.treas.gov.ab.ca/comm/budget99/econ.html>

⁶⁸ <http://www.gov.ab.ca/edt/library/annrep/index.html>

British Columbia

Statement on Aboriginal Policy

- The Ministry of Aboriginal Affairs aims to help build a society in which: relationships between Aboriginal people and all British Columbians are based on equality and respect; Aboriginal people can fulfil their aspirations for self-determining and self-sustaining communities; all British Columbians can enjoy the social and economic benefits of co-operation and certainty.⁶⁹

Major Provincial Economic Development Initiatives

- The 1999/2000 budget is committed to improving health care, cutting taxes, strengthening education, improving regional economies, and improving housing opportunities. The province has provided \$1.9 billion for infrastructure development.
- Key Ministries:
 - Aboriginal Affairs
 - BC Oil and Gas Commission
 - Employment and Investment
 - Energy and Mines
 - Fisheries, Aboriginal Affairs Branch
 - Forests
 - Community Development, Co-operatives and Volunteers

Key Provincial Economic Development Programmes

- The First Citizens Fund is a \$25-million endowment fund established in 1969. Interest earned by the fund provides money to enhance economic development, cultural, social, and educational opportunities for BC's Aboriginal people (status, nonstatus, Metis, and Inuit). The Business Loan Programme, within the fund, was created to support Aboriginal economic development through the enhancement of Native business management skills, the creation of successful new Native-owned and -operated businesses, and the expansion of existing Native business and employment opportunities. In addition, the Native Economic Development Advisory Board meets approximately four times each year, and advises the minister and cabinet of appropriate strategies supporting Aboriginal businesses, cultural, social, and economic development.⁷⁰

⁶⁹ <http://www.aaf.gov.bc.ca/aaf/ministry.htm>

⁷⁰ <http://www.aaf.gov.bc.ca/aaf/pubs/fcfund.htm>

- The BC Oil and Gas Commission was established to provide streamlined service in the industry. The BC government recently announced the signing of three agreements, to be administered by the Oil and Gas Commission, with First Nations from Treaty 8. The agreements provide money for further development of Aboriginal interests in oil and gas activity and development plans.
- Since May 1998 the government has given approval-in-principle to seven casino proposals. Four are from First Nations, including the Campbell River Indian Band and Penticton First Nation.
- The mandate of BC's Forest Renewal Communities Programme is to plan and implement a programme of investments to renew the forest economy of British Columbia by enhancing the productive capacity and environmental values of forest lands, by creating jobs, providing training for forest workers, and strengthening local communities that depend on the forest industry. Projects funded by Forest Renewal BC encourage the participation of First Nations.⁷¹
- Fisheries Renewal BC ensures that all British Columbians have an opportunity for direct involvement in efforts to protect and revitalize the province's fisheries. The *Fisheries Protection Act* and the *Fisheries Renewal Act* are key components of the strategy, which proposes a comprehensive, shared vision aimed at protecting fish and fish habitat, ensuring secure jobs in the fishery, providing economic stability for fisheries-dependent communities, and securing a greater role for BC citizens in managing the province's fisheries.⁷²
- The Community Enterprise Programme provides resource-based rural and coastal communities facing economic transition and hardship with seed funding to develop and implement locally driven, new and innovative business ventures. The initiative has three main components: community and co-operative business development (matching funds of up to \$100,000 per project); community capacity building (contributions of up to \$50,000 for pilot projects for select population groups, including First Nations); and community venture capital (to encourage investment in small business).⁷³

Existing Federal-Provincial Partnerships

- In 1997, in conjunction with Alcan, the province created the Northern Development Fund in an effort to resolve some legal issues arising from the cancellation of the Alcan Kemano Completion Project. At the beginning of 1998, the two parties began

⁷¹ <http://www.forestrenewal.bc.ca/frbc/owa/get?p=vi-about>

⁷² <http://www.env.gov.bc.ca/main/newsrel/fisc9798/july/nr045.htm>

⁷³ <http://www.cdcv.gov.bc.ca/ComEnterprise/default.htm>

contributing a total of \$5 million per year for three years. The mandate of the fund is to promote sustainable economic activity in northern communities affected by the Kitimat-Kemano Project and the creation of the Nechako Reservoir. The fund is intended to support the people of these communities, stimulate positive economic development opportunities, and create a legacy of economic and social well being.⁷⁴

- The province has no partnership agreement with Western Diversification, although there has been funding for community ventures through Community Futures Development Corporations.

⁷⁴ <http://www.NDF.gov.bc.ca>

Yukon

Statement on Aboriginal Policy

- The Yukon Government is committed to working together with industry, governments, and Aboriginal communities so that all can gain a better understanding of each other's concerns and needs. Through partnerships, exploration activities can continue to occur in conjunction with traditional use of the land. It is important for companies operating in the Yukon to work well with First Nation governments, since Aboriginal people make up a significant part of the workforce in the North.

Major Territorial Economic Development Initiatives

- The 1999–2000 budget focussed on creating a stronger economy for the Yukon in the year 2000, with \$13.312 million provided specifically for economic development. The goal of the budget is to produce partnerships with the private sector and improve the employment numbers in the North. The focus is on the minerals industry, tourism, and trade and investment.⁷⁵
- Key Ministries:
 - Economic Development
 - Renewable Resources
 - Community and Transportation Services

Key Territorial Economic Development Programmes

- The Economy 2000 initiative includes two new major funds: the Trade and Investment Fund and the Tourism Marketing Fund, which will both receive \$750,000 in 1999–2000. These funds are to support ideas and activities that will help Yukon business people build the capacity to pursue new opportunities outside the territory.⁷⁶
- The Yukon Government is working in partnership with Yukon groups and organizations to focus public discussion on practical, forward-looking solutions that will lead to a healthier, more diverse economy. There are a series of Economic Forums planned to stimulate thought and provide practical ideas about how to make the Yukon's economy work for everyone. They include round tables, workshops, panel discussions, and a wide variety of guest speakers.⁷⁷
- The Immigrant Investor Fund was created to allow foreign investors who qualify for landed immigrant status to make five-year investments in the Yukon's economy at \$250,000 a share.

⁷⁵ <http://199.247.128.2/depts/finance/budget99-20/index.html>

⁷⁶ *Ibid.*

⁷⁷ <http://199.247.128.11/message.html>

- The Yukon Film Incentive Fund, totalling \$175,000, was created to attract film and television production activity to the Yukon.
- The Yukon Mineral Exploration Tax Credit programme provides an income tax refund of 22 percent on eligible expenditures for Yukon exploration on new sites. The fund totals \$2.5 million each year and is meant to encourage mineral exploration in the territory.⁷⁸
- The Yukon Mining Incentive Programme, totalling \$506,000, was created to enhance mineral prospecting, exploration, and development activities in the Yukon. The programme's function is to provide a portion of the risk capital required to locate and explore mineral deposits. It contains three modules: Grassroots—Prospecting; Grassroots—Grubstake (basic operating expenses of up to \$10,000 a year); and Target Evaluation.⁷⁹
- In May 1999, the government released the Yukon Mineral Strategy for public consultation. The strategy has been developed with the expectation that the federal government will transfer responsibilities for minerals and mining to the territorial government in 2000.⁸⁰
- Through the Small Business Investment Tax Credit, Yukon small businesses can apply to receive a 25 percent tax credit to a maximum of \$200,000 per business per year. In total, there is \$1 million available from the province each year.⁸¹
- The proposed Labour-Sponsored Venture Capital Corporation, to be established in early 2000, will allow investors to claim a nonrefundable tax credit of up to \$1,500 a year with a share purchase of \$5,000. The territorial and federal governments would each fund half of this credit.⁸²
- In November 1998, the Yukon government took over the oil and gas resources. Accrued royalties in the Kotaneelee Fund, which have been accumulating since April 1, 1993, amount to approximately \$7.8 million, of which the Yukon First Nations' share is about \$3.9 million. On December 1, 1998, cheques for around \$2.1 million were sent to seven Yukon First Nations: Champagne and Aishihik, Tr'ondek Hwech'in, Little

⁷⁸ <http://www.gov.yk.ca/depts/finance/budget99-20/index.html>

⁷⁹ http://www.economicdevelopment.yk.ca/programmes_and_services/resource_based_industries/Yukon_Mining_Incentives_Programme.asp

⁸⁰ http://www.economicdevelopment.yk.ca/resource_investment_opportunities/mining/Mining.asp

⁸¹ <http://www.gov.yk.ca/depts/finance/budget99-20/index.html>

⁸² *Ibid.*

Salmon/Carmacks, Nacho Nyak Dun, Selkirk, Teslin Tlingit, and Vuntut Gwitchin.⁸³

The remaining money is being held in trust for the seven First Nations as yet without agreements.

- The Yukon Government and the Yukon's fourteen First Nations have formed a partnership for the purposes of jointly developing a common Yukon-wide oil and gas regime. Under a common regime, Yukon and First Nation governments will each adopt the same legislation and regulations to manage their respective oil and gas resources. Together they have now developed common legislation, the *Yukon Oil and Gas Act* (YOGA), and are presently working towards completion of common oil and gas regulations pursuant to the YOGA.⁸⁴
- The Community Development Fund offers Yukon residents an exciting opportunity —the chance to plan and carry out a project that will improve the quality of community life. The fund provides contributions of up to \$100,000 for projects that will preserve the community infrastructure. The Selkirk First Nation, for example, recently received \$25,000 to develop plans for an addition to their community centre.⁸⁵
- The Youth Investment Fund supports community-driven initiatives aimed at addressing the needs of youth. Kwanlin Dun First Nation recently received funding for a student support worker; the position will be filled by a member of the First Nation community.
- The Yukon Government Fund is in the process of being established under the federal government's Immigrant Investor Programme. The fund will have a pool of capital to invest in commercial activities, which will create new employment opportunities and contribute to the diversification of the Yukon economy. The investments may be made on either a loan or equity basis, but will be guided by sound investment principles.⁸⁶
- The Energy Infrastructure Loans for Resource Development programme is designed to encourage the responsible and efficient use of energy in the development of resources in the Yukon. It assists Yukon's resource development sector by deferring the high capital cost of building energy infrastructure. To be eligible, the project must involve

⁸³ <http://www.gov.yk.ca/news/265.html>

⁸⁴ http://www.economicdevelopment.yk.ca/resource_investment_opportunities/oil_and_gas/first_nations_and_OandG/First_Nations_and_OG.asp

⁸⁵ <http://www.gov.yk.ca/news/259.html>

⁸⁶ http://www.economicdevelopment.yk.ca/small_business/business_opportunities/Business_Opportunities.asp#Immigrant Investment Fund

the development of a resource, or the milling or other processing of a resource in the Yukon. “Resources” includes minerals and energy, agriculture and aquaculture, forestry and silviculture, the freshwater fisheries, and tourism. Expenditures that are eligible for assistance include extensions of the current electrical grid, alternative energy source generation, diesel generation, and heat-recovery infrastructure.⁸⁷

Existing Federal-Territorial Partnerships

- The Yukon Venture Loan Guarantee Programme is an initiative between the Yukon Government’s Department of Economic Development and the Bank of Montreal, the Bank of Nova Scotia, the Business Development Bank of Canada, the Canadian Imperial Bank of Commerce, Dana Naye Ventures, the Royal Bank of Canada, and the Toronto Dominion Bank. This programme guarantees loans for new business start-ups or expansions of businesses registered in the Yukon and paying Yukon corporate taxes that have, or project to have, less than \$5 million in gross revenues and fewer than one hundred employees. Guarantees run from a minimum of \$10,000 to a maximum of \$100,000. The guarantee level is 65 percent of the venture loan, principle only, and based on the net loss of the venture loan.⁸⁸
- The Yukon Geology Programme is a joint venture between the geoscience staff of DIAND and the Mineral Resources Branch of the Yukon Territorial Government. Its mandate is to promote sustainable mineral resource development and management in the Yukon Territory through the development of a modern geoscience database. Current projects include Bedrock Geological Mapping, Metallogenetic Studies, Placer Studies, Geophysics, Mineral Resource Assessments, Geochemistry, and Environmental Geology.

⁸⁷ http://www.economicdevelopment.yk.ca/programmes_and_services/Economic_Development_Services.asp

⁸⁸ <http://www.economicdevelopment.gov.yk.ca>

Northwest Territories

Statement on Aboriginal Policy

- The government supports the aspirations of Aboriginal people in the Northwest Territories (NWT) to settle their land claims and implement their inherent right to self-government. The government is committed to working with Aboriginal partners and the federal government to settle land claims and self-government issues. By working in partnership with Aboriginal government, economic opportunities can be achieved for everyone.⁸⁹

Major Territorial Economic Development Initiatives

- The Government of the Northwest Territories (GNWT) is committed to its Agenda for the New North, which emphasizes people, education, and increased economic development. The priorities are outlined in the 1999–2000 budget, the main goal of which is to achieve economic diversification. The Department of Resources, Wildlife and Economic Development is working to attract diamond manufacturing in the North, with \$1.4 million committed to the establishment of a diamond value-added industry in the region. The government has also committed \$10 million to the upgrade of highways.⁹⁰
- Key Ministries:
 - Resources, Wildlife, and Economic Development
 - Municipal and Community Affairs
 - Aboriginal Affairs

Key Territorial Economic Development Programmes

- The Community Economic Development Strategy is aimed at facilitating and supporting regional and community-based action to foster sustainable economic development. In order to stimulate increased private sector and community-based job creation activity, communities and regions will be provided with a comprehensive range of support services, including strategic planning, economic research, programme management, and training. These services are designed to help communities build capacity towards a brighter and more self-directed future.
- The Northern Employment Strategy is a two-year programme, in partnership with the departments of Education, Culture, and Employment and Municipal and Community Affairs, to enhance employment through community and business development programmes. The Department of Resources, Wildlife, and Economic Development budget is \$8.5 million per year for 1997–98 and 1998–99. Four programmes receive funding

⁸⁹ <http://www.fin.gov.nt.ca/1999budg/1999buaa.html>

⁹⁰ *Ibid.*

under this agreement: the Business Development Fund, the grants to Small Business Programme, the Community Initiatives Programme, and the Community Futures Programme. For the first quarter of 1998–99, programme funding along with client equity and other sources of financing totalled \$9 million.⁹¹ The Community Futures Programme provided advice and financial assistance to local businesses.

- The Business Development Fund (BDF) programme has contributions that provide funding to individual entrepreneurs and small businesses. These programme contributions are grouped into eight schedules, which provide guidelines for the type of assistance available to businesses at different stages of development. In 1997–98, assistance was provided to 336 businesses, of which 251 were Aboriginal. Seventy-five percent of the total approved contributions, in fact, went to Aboriginal businesses. The total contributed was \$4.8 million, which levered an additional \$4.3 million in equity investment and \$15.3 million in other financing, injecting a total of \$24.4 million into the economy.⁹²
- The Community Initiatives Programme provided \$7.5 million for 240 projects to community and regionally based organizations; 95 percent of approvals were to Aboriginal organizations.
- The Prospectors' Grubstake Programme provides partial funding for NWT prospecting projects up to a maximum of \$8,000 per individual per year. Experienced prospectors and/or those who have taken an approved prospecting course are eligible to apply to the programme. The grubstake grants are awarded based on the merits of the proposal and past performance in completing the work requirements of the programme.⁹³
- The Grants to Small Business Programme helps to increase jobs and income by encouraging private business and community development across the Northwest Territories. This programme applies to individual entrepreneurs or small businesses that have a legitimate need for funds, are committed to their future business or activity, and have less than \$500,000 in gross sales.⁹⁴

Existing Federal-Territorial Partnerships

- The Regional Economic Development Agreement and National Infrastructure Programme (NIP) implement joint federal/territorial cost-share programmes. NIP

⁹¹ http://www.gov.nt.ca/cgi-bin/display_ministers_statements.cgi

⁹² http://www.gov.nt.ca/cgi-bin/display_ministers_statements.cgi

⁹³ <http://www.gov.nt.ca/RWED/mog/index.htm>

⁹⁴ <http://www.gov.nt.ca/RWED/ced/index.htm>

committed \$1.379 million and the Government of the Northwest Territories \$1.621 million. NIP was extended to March 31, 1999.

- The West Kitikmeot/Slave Study is a regional study to address the environmental and socio-economic impacts of the mineral development in the Slave Geological Province. There is \$750,000 over five years going to this study.
- The Interim Resource Management Assistance Programme (IRMA) provides interim financial assistance for Aboriginal communities in unsettled claim areas to enable them to participate in resource management decision making. The NWT region received \$1.5 million in funding, \$375,000 from the Government of the Northwest Territories and \$1.125 million from the Department of Indian Affairs and Northern Development (DIAND).
- The Protected Areas Strategy programme promotes a balanced approach to land-use decisions by incorporating the best available traditional, ecological, cultural, and economic knowledge. It conforms to all land claim, treaty entitlement, and self-government agreements. Responsibility for implementing this strategy will be shared by the federal and territorial governments working in partnerships with communities, regional organizations, and land claims bodies.⁹⁵
- The Yellowknife EXTECH: In March of 1998, an Agreement-in-Principle was reached among GNWT, Natural Resources Canada-Geological Survey of Canada, DIAND, and private-industry partners to develop a proposal for a multi-year, multidisciplinary, integrated and collaborative geoscience programme in the Yellowknife area. The economy of the NWT is based mainly on resources. The most effective long-term strategy for sustaining mining activity in the region involves increasing the quality and quantity of reserves at the current operations, and discovering new deposits in the region. The GSC's EXTECH programme encourages synergies among specialists in the various fields of geology, geophysics, and geochemistry by focussing efforts on understanding the occurrence of a specific deposit type in a specific mining camp and then applying that to other areas.⁹⁶

⁹⁵ "Northwest Territories Protected Areas Strategy: A Balanced Approach to Establishing Protected Areas in the Northwest Territories," prepared by the NWT Protected Areas Strategy Advisory Committee, February 15, 1999.

⁹⁶ <http://www.extech.yellowknife.nt.ca/>

Nunavut

Statement on Aboriginal Policy

- The Nunavut Government is committed to working with the Nunavut business community to simplify and enhance access to business development and support programmes and to build local employment, while at the same time promoting effective competition.

Major Territorial Economic Development Initiatives

- The government's plan for future programmes was outlined in the Speech from the Throne and The Bathurst Mandate. The government is planning to develop a Nunavut business incentive policy, with our land claims partners, incorporating all the requirements of Article 24; to develop and implement a protocol agreement with Nunavut Tunngavik Incorporated defining common goals and processes; and to work with others in Nunavut to simplify and enhance access to business support programmes.
- Over the next five years, the Nunavut Government also hopes to conclude agreements with the Government of Canada for public investment in key infrastructure (connectivity, roads, wharves, geoscience, mapping).
- Key Ministries: the Department of Sustainable Development

Federal-Territorial Partnerships

- Currently there are no partnerships between the federal and territorial government concerning economic development, but the government has shown interest in such endeavours.

Co-operatives in Québec Aboriginal Communities

Review of the Literature

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Research and Writing by Isabel Faubert-Mailloux

This literature review is based on the few documents written on Aboriginal economic development in Québec, and more specifically on the co-operative component. In view of the limited information identified, an attempt has been made to augment this review with some informal telephone conversations with key players and organizations in Aboriginal economic development. Although the written and oral information provides an overview of the dynamic behind the economic development strategies in place in the Aboriginal communities, it does not permit an analysis of the actual impact of the co-operative formula on the economic and social development of those communities. Neither does this review allow researchers to illuminate certain common features of the different co-operatives so as to deduce their success factors or underscore specific problems.

There are two membership networks for Québec co-operatives: the co-operative movement in Nunavik centred on the Fédération des coopératives du Nouveau-Québec and the caisses populaires in Aboriginal communities associated with the Mouvement Desjardins. The co-operative movement in Nunavik, a full-fledged movement in itself, is by far the largest and consequently the best documented. Along with the Arctic Co-op in the Northwest Territories, it is one of the biggest in Canada. Nearly 20 percent of the Aboriginal co-operatives in Canada are located in the territory of Québec (26¹ out of a total of 133). Half of the Québec co-operatives are in Nunavik. From 1992 to 1997, the revenue of the co-operatives almost tripled. Sales in Québec rose from \$30,777,580 to \$83,896,901, while assets increased from \$20,673,860 to \$62,110,835 (Pickett 1992, p. 4, and Belhadji and Roy 1997).

¹ Because of the difficulties of enumerating Aboriginal co-operatives, the figure of twenty-six, while probably very close to reality, remains an approximation.

Co-operatives North of the 55th Parallel

The first attempts at co-operatives were made in New Québec in the late fifties, with the first co-op in Québec starting in 1959 in Kangirsualujjavaq (formerly George River) in Nunavik. Some identify the federal government as being responsible for the first co-operative endeavour in Nunavik. One finds more references, however, to the initiating and catalyst role played by André Steinman, an Oblate Father, and Peter Murdoch, who before being named managing director of the Fédération des coopératives du Nouveau-Québec, was manager of a branch of the Hudson's Bay Company, the main competitor of the northern co-operatives. Faced with problems of Inuit debt, related among other things to the fall in fur prices in the 1950s, Peter Murdoch set up a pooled loan fund, wherein one can in fact see the not-so-distant origins of the co-operative formula in New Québec.

With a federation in place since 1967, the co-operative movement in northern Québec has a solid structure. The Fédération des coopératives du Nouveau-Québec is the cornerstone of co-operative development in the North, serving both as a stock purchasing and sales co-operative and providing its members with important technical and financial support.

The scope of the movement in Nunavik (where each village has its own co-operative) has drawn the attention of a number of researchers, including Jean-Jacques Simard, Gérard Duhaime, Harold Bhérer, and Denis Beaulieu. One of the most complete works on the co-operative experience in Nunavik is no doubt “*La révolution congélée: Coopération et développement au Nouveau-Québec Inuit*” by Jean-Jacques Simard (Simard 1982), which explains the co-operative movement in Nunavik from a sociohistorical viewpoint. It provides a good understanding of both the historical context of the Inuit people and the current organizational mode of this society. While its sociohistorical analysis continues to be relevant and permits a good grasp of the context of the co-operative movement, it was produced in the early eighties, and thus allows little more than a few hypotheses regarding the present-day situation.

Simard explains that the co-operative movement arose out of a need to escape the control of the Hudson's Bay Company (HBC), which had a monopoly on the supply of consumer goods. He points out, however, as has been already mentioned, that the initiative was the product not of the Inuit communities themselves but of André Steinman, an Oblate Father, and Peter Murdoch, a former HBC manager. But the movement was quickly taken over by Inuit leaders, who associated it with demands for self-government. This period (the sixties) can be seen as the golden age of the co-operative movement in the region.

According to Jean-Jacques Simard, the formation of co-operatives in Nunavik is not the result of a natural process, as the co-operative mode of organization is not particularly suited to the traditional culture of the Inuit. Community spirit as we understand it—that

is, a sense of solidarity and mutual assistance pervading the community—is not particularly present in Nunavik. The values of this traditionally nomadic people relate first of all to the expanded family (close relatives, friends, and neighbours). It is important to remember in this connection that those over fifty years of age knew the area before the people became sedentary, so the nomadic culture is still very much alive in Nunavik. Simard and Gérard Duhaime (Duhaime 1983) agree that, in its beginnings, the co-operative formula was more a way of combatting a certain oppression by the HBC and then the governments than a mode of organization reflecting the dynamic of community life.

Duhaime maintains that the emergence of the co-operatives corresponded to a desire by the Inuit communities to take control, “a tangible sign of the entry of the Inuit of Arctic Québec into the contemporary world, no longer as just passive witnesses or even victims of development of the country by other people, but as agents of development” (Duhaime 1983, p. 180). Once established, the co-operatives not only met the Inuits’ needs for consumer goods, but first and foremost, created a sense of belonging.

“The Co-operatives … were great places where Inuit could express their aspirations, their profound wishes for their communities and their region … there was a very definite seed that was planted in the first Co-op meetings where people started talking about doing things for themselves, running the show, expressing self-determination in ways that government either federal or provincial could never have imagined. People were becoming aware of their identity, and their rights as a collective” (Nungak 1995).

Starting in 1971, the co-operative movement even supported the idea of regional self-government in Nunavik. It should be remembered that the Inuit co-operatives hire whites only on rare occasions. One of the guiding principles—indeed, a noteworthy feature—of the co-operative movement in northern Québec is that it is entirely managed by the Inuit themselves. The co-operative in Nunavik is thus more than an economic organization; it is also symbolic of the autonomy of the Inuit people (Simard 1982, p. 253).

The contribution of co-operatives to the regional economy has fallen off substantially since the implementation of the James Bay Agreements (November 11, 1975). Whereas in 1973 they accounted for 40 percent of the income earned by the Inuit, in 1983 the figure was no more than 18 percent. According to more recent data provided by Bernard Lamothe and Louise Lemire (Lamothe and Lemire 1994, p. 566), the co-operatives rank third as employers in the region, with 8.5 percent of available jobs. The main employer continues to be public and parapublic governments, which supply 68.3 percent of jobs, followed by private companies, which now employ up to 10 percent of the population. The figures in themselves are quite blunt: the co-operatives now play a more marginal role in Inuit society than when they began.

The substantial inflow of cash stemming from the signing of the agreements (i.e., \$90 million) had the effect of not only demobilizing the population but also impeding Aboriginal development, creating major distortions in the regional economy. As a result, the Inuit leaders gradually turned to the federal and provincial governments to obtain funds instead of seeking to build from within their own society. Today, the co-operatives have to measure themselves against the Makivik Corporation, the megastructure of organizations and companies created on funding from the James Bay Agreement.

Simard issues some reservations about political and economic autonomy in Nunavik. It is estimated that about 85 to 90 percent of the region's economy is directly dependent on government programmes (FCNQ 2000(a), p. 205). Nunavik has few resources, and the exploitation of those resources is extremely difficult because of the weather conditions. Since what Simard and Duhaime (Duhaime 1985) call their "entry into the modern age," the Inuit people have relied on government financial assistance to meet constantly growing consumer needs. The appeal of products from the south fosters this dependence. Merely to cover its considerable transportation costs, Nunavik can no longer do without the inflow of outside capital. In this "unhinged" economy (because turned towards the outside), internal development efforts are reduced, if not compromised. Robert C. Depew's citation of Rostaing's analysis of the Kativik Regional Government (KRG) seems entirely relevant as an explanation of the dependence situation in Nunavik.

In his discussion of the KRG boards, councils and committees, Rostaing implies that "foreign" (i.e., provincial) governing and administrative structures may not only be culturally inappropriate for the Inuit, but actually inhibit meaningful participation of the local population in institutional processes, including those concerned with co-ordination of activities, control over the organization's members and events, and communication between its members (Depew 1994, p. 35).

In responding to certain demands of the Inuit as well as granting them substantial financial compensation, the James Bay Agreement has dampened the zeal of many Natives for self-government. This leads a number of observers, Simard included, to think that, despite the official discourse in favour of self-government, "practices are more in keeping with an ideology that encourages dependence." However contradictory it may seem, entry into the North American economy has on the one hand prompted the Inuit to take responsibility for their economy by organizing into co-operatives, and on the other, contributed to the break-up of local solidarity. The establishment of the co-operatives in the late fifties is in fact concurrent with the transition to a money economy and a sedentarized population. Simard argues (1988) that the Inuit's entry into the modern age (at the end of World War

II), bringing with it an increase in government services and access to the world of consumer goods and mass culture, has dismantled the networks of community solidarity (meaning the expanded family of close relatives, neighbours, and friends).

Nonetheless, Simard (working in the early eighties) pointed out that the relationship of obedience to traditional authority and loyalty to one's clan was still very powerful. More recent studies (Chagnon 1995) reveal that the traditional paradigms of authority are tending to disappear. The new leaders are younger and more oriented towards the economic performance of the co-operative organization. Candidate selection is thus based more on the real competence to carry out the functions than on membership in the same social group. The consequence of this is greater integration of the entire community, and so the vision one finds within the Nunavik co-operatives tends to be more collective than family-focussed. Still, it is entirely possible that modes of thinking that are contradictory, to say the least, continue to coexist today. In the context of the modern age, traditional values such as respect for Elders are going to cause certain dysfunctions within an organization. Take the example of an employee who has to deal with an older member whose credit is overextended. The employee would probably be torn between his duty to the co-operative and his respect for an Elder. This situation may partly explain the cash-flow problems of certain co-operatives with sizeable client accounts.

With regard to the distribution of power on the boards of directors, Simard notes that seats are often occupied by members in positions of authority with other community organizations (e.g., the village council, school committee, fabrique (church), caisse populaire, etc.). "One finds here the tendency toward leadership homogenization and versatility that is characteristic of traditional cultures" (Simard 1982, p. 219). As a result, conflicts related to diverging group interests may appear within co-operative boards, delaying decision making. Management within the co-operatives, however, reflects the mode of organization of Inuit society in that it is consensual and flexible in nature. On occasion, for example, members of the executive will carry out clerical tasks. The corollary is that the social gap between executives, administrators, and employees is not pronounced (Simard 1982, p. 256).

Simard adds, however, that northern Québec must not be seen as homogeneous in terms of its population. "There is not *one* community of Northern Québec that can serve as the basis for a general process of consultation, deliberation and regional planning comparable to Yukon 2000" (Simard, <http://www.carc.org/pubs/v16no2/10.htm>). Simard identifies three northern Québeucs: "the Inuit Arctic" (between Hudson Bay and Ungava Bay); "Indian country," comprising the Cree, Naskapi, Attikamek, and Montagnais (from James Bay to the North Shore of the St. Lawrence); and the "white North" (from Abitibi through

Lac-St-Jean to Sept-Iles, in the mid-North). The “New Québec” co-operatives are concentrated in the Inuit Arctic, where fourteen of the fifteen coastal villages have a co-op. The population has a total of 7,660 Inuit, 4,290 of whom make up the labour force (i.e., persons between fifteen and fifty-nine years of age) (Garneau 1992).

Among the topics considered by Harold Bherer (Bherer et al. 1990) and Bernard Lamothe (Lamothe et al. 1993) is the impact of certain sociodemographic factors on the development of Inuit society. According to the data collected, over half the population of Nunavik is under twenty years of age (versus 27 percent for Québec as a whole) (Lamothe et al. 1993, p. 13). Nunavik, therefore, has a smaller labour pool to support the regional economy. The authors also establish a correlation between level of schooling on the one hand and a society’s level of development and possibility of absorbing workers in the labour market, on the other. In Nunavik, 48 percent of the Inuit have not completed grade nine, whereas the number of people with a low level of schooling in Québec as a whole is under 24 percent (Lamothe et al. 1993, p. 14).

Simard’s typology and his establishment of the demographic context offer extremely interesting approaches to the economic development of the region. First of all, as he reminds us, northern Québec itself has certain subcharacteristics, and so the strategies employed must take that fact into account. And the low population density of the Inuit Arctic leads Simard to think that “any effort to build, on that minuscule foundation, a modern society that is in any way complete is mathematically optimistic” (Simard, <http://www.carc.org/pubs/v16no2/10.htm>). In a territory with so few people and so few resources, it is difficult to argue that there can be sustainable endogenous economic development. Despite its scope, the co-operative movement can never aspire to real autonomy.

A whole segment of the Nunavik economy, in fact, depends on the inflow of outside capital, i.e., funding from the two levels of government. Simard estimates transfers from the two governments to be approximately \$200 million annually (including compensation and government services) (Simard 1994, p. 543). This distortion of economic life is directly attributable, as mentioned by Simard and Duhaime, to the Inuit people’s entry into the modern age. In responding to endemic disease and food shortages, the governments have driven the Inuit to sedentarization by installing public services and building villages. But at the same time, this entry into the North American economy has ushered in a whole series of needs that cannot be met using local resources.

Denis Beaulieu has also written on the co-operative movement in New Québec (Beaulieu 1980 and 1983). Although mainly descriptive, his works offer a good overview of the

organizational structure of Nunavik co-operatives. The figures they present are of but limited use to us today, since they no longer reflect the current situation. For this purpose, one would do much better to consult the minutes and annual reports of the Fédération des coopératives du Nouveau-Québec, for that is where the most recent data are to be found. The great majority of the works on economic development in Nunavik were produced too long ago—most of them in the eighties—to offer profiles of any validity today.

According to the information in the minutes of the general assembly of the Fédération des coopératives du Nouveau-Québec held from April 4–11, 2000 (FCNQ 2000 (b)), sales of Inuit carvings seem to be one of the major current concerns of the Nunavik co-operatives. For some years now, the fédération has been encountering substantial problems in selling these carvings, which are said to be sometimes of mediocre quality. The quality of the carvings is, in fact, a major, recurring problem. As a result, the fédération is forced to sell them at a discount, which affects not only sales and finances but also the image of Nunavik art.

In recent years, the co-operatives have also developed tourism packages to northern Québec. This sector is doing very well. For the year 2000, 191 hunting trips and 138 fishing trips have been reserved, representing about 65 percent of the excursions available (FCNQ 2000 (b), p. 29). The sector is experiencing certain growth pains, however, due to a lack of adequate guide training. Lack of training among co-operative employees and general management is another constant concern. According to Investissement Québec (telephone conversation, 2000), which grants loan guarantees to the co-operatives of New Québec, the two main causes of the poor operation of certain co-operatives are unskilled personnel (it identifies, in particular, shortcomings at the general management level) and competition from the North West Company (formerly the Hudson's Bay Company) in certain villages.

The Co-operatives in the South

Co-operative experiences south of the 55th parallel have not received any thorough study. There is some literature, however, on individual entrepreneurship on Native reserves in Québec. Harold Bherer is key figure in this regard. In his work *Wampum and Letters Patent*, Bherer analyzes the entrepreneurial development of Native communities in terms of different variables such as geographic location, culture and traditions, and natural resources (Bherer et al. 1990). Company objectives, therefore, vary depending on the geographic, demographic, and cultural characteristics of each Native community. Bherer nonetheless manages to identify certain common features of business development in Aboriginal communities.

The business, whether individual or collective, is seen in many Native communities as a means of defending and preserving the vitality of culture on the reserve. The community (or family) dimension is thus a factor even in an individual enterprise. Family members are particularly present during the start-up phase, and the entrepreneur naturally shares his or her profit with the family. The importance of family life has much to do with the desire of Aboriginal entrepreneurs to limit the growth of their business. Their main goal is to meet the needs of their community, not to be constantly maximizing profits. This cultural trait explains why one finds so many small businesses in Aboriginal communities. Given this cultural aspect, Bherer seems to agree that the community formula, from which the co-operative was born, is particularly well suited to traditional Native values: “The collective enterprise (created by a board council, group, or co-operative) then becomes a privileged vehicle of the cultural syntheses required for community development, a means of preserving its special character and fighting against assimilation into White culture” (Bherer et al. 1990, p. 145).

In 1990, the participants in a symposium on Native entrepreneurship (Grasse and Bherer 1990) proposed to encourage the development of enterprises of a “third type.” They felt that a business that could deliver projects for the community while allocating a portion of the profits to “individual developers” was the one best adapted to Aboriginal culture. Symposium participants regarded this type of enterprise as “the true foundation of Native entrepreneurship.” Although not specifically defined as such, this business of the “third type” is oddly similar to the co-operative formula. Incidentally, it would appear that this business model is not being given sufficient consideration by band councils.

Bherer identifies three reasons for starting a co-operative: to create jobs on the reserve, to take control of economic development, and to get the chance to be a decision maker in the community. Using a few case studies done on reserves, Bherer manages to identify the factors of success and failure that are most often cited by the Native entrepreneurs questioned. Factors affecting the success of an enterprise include the owner’s commitment (whether an individual or collective owner), the support provided by the family, and the fiscal advantages on the reserves. The entrepreneurs emphasize the importance of not depending on outside aid, however, so they consider it a priority to aim to be self-financing in the short term. The main causes of failure include mismanagement due to lack of technical knowledge, and lack of funding (which is either not available or limited by restrictive government criteria). For co-operatives specifically, a major cause of failure is low enthusiasm by the members and employees, which compromises the organization’s productivity.

Certain difficulties peculiar to the development of an economy on a reserve also emerged at the symposium on Native entrepreneurship. Among the main ones are the location of

the reserves, which are often distant from the urban centres, their low population, a limited market, and a very high percentage of young people and children (the average age on a reserve is twenty-three; in Canada as a whole, thirty-two) (Grasse and Bherer 1990, p. 36). On the other hand, it is felt that these same limitations have contributed to the rapid growth of co-operatives in Nunavik. The fact of being isolated from other communities reduced competition and also made it necessary to establish businesses that could meet the needs of the Inuit people. In the other Aboriginal communities, business development is more difficult. New businesses have to compete with many other services already available off-reserve.

Despite some degree of documentation on Aboriginal economic development, researchers were unable to locate any study focussing on the co-operative formula as a mode of economic and social development. There are a few analyses of co-operative experiences across Canada in general, but this overall analysis does not allow one to draw any conclusions about the specific situation in Québec. Furthermore, the few case studies of co-operatives are usually concentrated in the Anglophone provinces. It should be noted that most of the works on co-operatives in Native communities are administrative documents covering the period 1960–1980 (evaluations and financial reports, training manuals, conference proceedings, and a few case studies). Little in the way of empirical research and comparative studies has been done to identify the strengths and weaknesses of the co-operative model as an economic development tool for Aboriginal communities.

In her annotated bibliography produced in February 2000, Rebecca McPhail of Indian and Northern Affairs Canada arrived at the same conclusion. Lynne Davis and Barbara Heidenreich have also produced an annotated bibliography on Aboriginal economic development. While it notes a number of studies on co-operative development in Native communities, few of them are devoted to the situation in Québec. In any case, the document itself was released in 1988. The present researchers managed to find more recent material (1995–2000) in the administrative library of the Government of Québec, but none of it considers co-operative development per se. For example, the document “Nations autochtones du Québec,” which briefly describes the type of economic development in each community, makes no mention of the existence of co-operatives south of the 55th parallel (Government of Québec 1984).

After consulting a multitude of sources, one conclusion seemed to command attention: there is no Aboriginal co-operative movement as such in the South. All one finds, in fact, are a few initiatives scattered over the whole territory (meaning the area south of the 55th parallel). The official lists from the Ministère de l’Industrie et du Commerce du Québec (MIC) recognize only three co-operatives as still operational. Department officials acknowledge that this list is probably not complete. First, it is possible that many co-operatives, although still functioning, are not forwarding their reports to the department

(rendering them “inactive” as far as MIC is concerned); second, it is not always easy to identify the co-operatives that are run by Natives. The designation “Aboriginal” will not necessarily appear in their charter of incorporation. Neither does their location on a reserve guarantee that they are part of that community. There is a co-operative on *La Romaine* reserve, for instance, that is recognized as being managed by whites. Consequently it is difficult to have a clear idea of the number and type of co-operatives existing in southern Québec.

According to the information obtained,² there are a total of fourteen co-operatives, including caisses populaires or credit unions. There are six Desjardins caisses populaires managed by Aboriginal communities and eight other co-operatives active in the following sectors: crafts, food (2), construction, forestry (2), cable broadcasting, and housing. While it is difficult to draw conclusions about the sectors of preference from such a small number, one cannot ignore the substantial representation of the financial sector in Aboriginal co-operatives. The Desjardins Mouvement is indeed well established in Native communities.

The Mouvement Desjardins and Its Caisses Populaires

There are caisses populaires managed by Natives in Wendake (Québec City), Mashteuiatsh, formerly Pointe Bleue (Lac St-Jean), Lac Mistassini (Abitibi), Waswanipi (Abitibi), Kahnawake (Montréal), and Wemindji (Abitibi). According to the most recent figures from the Secrétariat aux Coopératives, these six caisses have created a total of seventy-five jobs on the reserves, represent more than fourteen thousand Québec members, have assets over \$120 million, and realize pretax profits of about \$700,000.³ In addition to the six run by Natives, there are some twenty caisses in Québec serving the Aboriginal population and offering specific services to these communities. The first caisses populaires in Aboriginal communities date from the early sixties (Huberdeau 1989, p. 22). The very first one was set up in Nunavik in the village of Puvirnituq in 1962. It closed in 1982, however, for lack of a succession to take it over. The oldest caisses still active today are those of Wendake and Mashteuiatsh, both of which were founded in 1965. The most recent was created in 1990 in Wemindji (Abitibi).

The documents discussing caisses populaires in Aboriginal communities are few, and often limited to a descriptive study of their activities (Huberdeau 1989, and Woodall 1991). The caisses have been a subject of interest mainly because of the thorny problem of loan

² An exhaustive list of the co-operatives in Aboriginal communities can be found in the *Répertoire des affaires autochtones du Québec*, 1999.

³ Although this data dates from 1992, apparently these are the most recent figures for caisses populaires in Aboriginal communities. This information was confirmed by a representative of the Confédération des caisses populaires et d'économie Desjardins.

guarantees on reserves. Since reserve lands cannot be sold, mortgaged, or pledged as security to a non-Native under the federal *Indian Act*, entrepreneurs in these communities are often refused loans, as they have no security recognized by the banking system to offer in exchange. For a traditional banking institution to agree to a loan, it must first be guaranteed by Indian and Northern Affairs. Because of this added complication, the time it takes to process an application varies from three months to a year! (Woodall 1991, p. 21)

To address this problem, the caisse populaire of Kahnawake has developed a guarantee system employing a third party—the trustee—who by virtue of his status as an Amerindian may acquire the land as security. The trustee is not affiliated with a federal or provincial body, or even with the band council. Trustees are all volunteers and politically independent (Woodall 1991, p. 21). The presence of the caisses on the reserves is thus a determinant of Aboriginal economic development.⁴

The interveners at the hearings of the Royal Commission on Aboriginal Peoples (Royal Commission on Aboriginal Peoples 1993) also identified the fact that government financing formulas are not always adapted to the realities of these people as a limitation on the economic development of Aboriginal communities. For example, the eligibility criteria prevent Native bands from benefiting from these programmes (Royal Commission on Aboriginal Peoples 1993, p. 54). Among the factors that impede them from obtaining a loan from the government, the interveners mentioned high unemployment, poverty, and the low level of schooling on reserves. Some participants proposed setting up mechanisms to ensure that the money is spent by and for Natives so that these programmes can truly be of benefit to the community. As an inalienable entity, the co-operative formula would seem well suited to meeting this internal development need. However, this is a solution that was not mentioned by the royal commission participants.

One must be wary of overgeneralizations. The experiences of the Aboriginal communities are far from homogeneous. In Québec, as elsewhere in Canada, there are many Aboriginal nations, and this means different cultures and different modes of organization. The history of each of these peoples is also specific to them. Their contacts with whites and their geographic location also influence their development strategies. Consequently, while a co-operative experience may have worked well in one particular community, it will not necessarily meet with the same success in another.

⁴ The loan guarantee system is explained in greater detail in the case study in Appendix I dealing with the Kahnawake caisse populaire.

The Role of the Band Council

Apart from geographic location, which determines access to resources and market proximity, it would be interesting to further explore the role that the band council plays with regard to economic development on the reserves. Certain studies and reports identify the band council as a key player in supporting the start-up of individual or collective enterprises. It is said to play an important role as a political organization that has power both to do business and to develop the reserve economy. As the band council also grants funding to entrepreneurs, it can block projects it considers “not in compliance.” Many Native entrepreneurs (Grasse and Bherer 1990, p. 83) are critical of the band council’s strong influence over the community’s economic development. Some economic development officers in the Aboriginal communities (telephone conversations, 2000), in fact, maintain that communities where the band council is particularly dynamic tend to adopt an economic development strategy based on the individual private business or the not-for-profit community business.

In the community of Betsiamite, these two types of organizations are found in roughly equal proportions. Unlike co-operatives, community businesses remain under the control of the band council, which has a majority of seats on the board of directors. The few co-operatives that have been created in the territory have had to close: “Too many chiefs, not enough Indians.” The political culture that now prevails in the Aboriginal communities does not necessarily facilitate the equal sharing of power. Everyone on the co-operatives’ boards tends to want to be a director. At the moment, therefore, the preference seems to be for the community business model, which can be found in sectors as diverse as forestry, tourism development and cable broadcasting.

It would be appropriate to further explore the hypothesis that the band council, as an unavoidable player in economic development, is orienting development strategies towards individual private entrepreneurship and the community enterprise. This would mean that the underdevelopment of Aboriginal co-operatives is the result of a choice that is first and foremost political. This is the gist of the argument made by Cornell and Kalt. According to their research, as the Aboriginal communities have traditional, decentralized structures, it is easier for them to incorporate participatory modes of management. For a collective management process to be successfully introduced, there must be real participation by the community in the process (Depew 1994, p. 74).

The band council’s role is not the same in all communities. Some of them have set up co-operatives that seem to be working well. The Mashteuiatsh (Pointe Bleue) reserve alone, for example, has three co-operatives on its territory (a caisse populaire, a food co-

operative, and an agri-forestry co-operative). The reluctance of some communities to create co-operatives can also be explained by the spirit of individualism characteristic of certain peoples. According to one MIC officer, it is this “cultural” aspect that partly explains the absence of co-operatives in the North Shore region. It remains to be seen, however, whether the individualistic nature of certain peoples stems from their traditional culture or is in fact the result of their adaptation to the dominant consumer culture.

Systematic case studies of each of the co-operatives in the territory, therefore, seem essential in order to understand this reality and come up with some explanations. It would also be useful to question the economic development officers on reserves that presently have no co-operative. This would provide a better idea of the factors behind the development of Aboriginal co-operatives and the barriers to their establishment. Many variables should be considered in the analysis: the particular culture of the nation; the role played by the band council, and interactions with more traditional councils (such as the council of elders) and the major families holding economic power; the programmes put in place by government authorities; geographic location; economic development status; the vitality of the region; the degree of wealth of the reserve; the unemployment rate; the population distribution by age; and so forth.

As no comprehensive analysis has been done on the current situation south of the 55th parallel in Québec, it is difficult to identify co-operative-oriented economic development trends on the reserves. The Assembly of First Nations (AFN) is presently working on setting up an economic development commission. Activities planned for the year 2000 included an attempt to improve the quality of economic development information in First Nation communities by increasing the type of information, feedback, research, and tools available to promote exchange from one coast to the other. Through the *AFN Bulletin*, the AFN plans to make First Nations aware of the success stories and problems experienced by Aboriginal entrepreneurs.

The Experience of Ouje-Bougoumou

Although it has not employed the co-operative model, the Cree community of Ouje-Bougoumou in Abitibi seems deserving of mention. This community is regarded by the United Nations as one of the fifty communities in the world that best represents the ideals and objectives of the United Nations (HRDC 1999, p. 13). And indeed, the development of this Cree community over the past twenty years or so is quite impressive. Expropriated from its land and marginalized from political and economic life, the community decided in the mid-seventies to engage in development with a view to self-determination. In twenty years (1975–1995), the community rebuilt the village using local labour and established a

series of public and community services (health service, youth centre, home for elders, day-care centre, school, and cultural centre). Some compare the socio-economic development of this community to the kibbutz model in Israel. Although this development model is strictly community-based, the Cree have not opted for the co-operative mode of operation. The model therefore opens new avenues for economic development in Aboriginal communities.

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[*Quotes in the body of the text taken from documents below with French titles have been rendered into English for the purpose of this translation—tr.*]

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Co-operatives and Communities— Some Theoretical Considerations

Aboriginal Economic and Social Circumstances

It is a vast understatement to say that the current state of social and economic development within Aboriginal and First Nation communities is far from satisfactory. A recent study¹ of the Aboriginal economic gap in Saskatchewan, for example, demonstrated that, compared to the non-Aboriginal community, Aboriginal people experience higher poverty rates, lower education levels, and chronic unemployment. The study showed that average Aboriginal personal income was 56 percent of average non-Aboriginal personal income; that 60.4 percent of the Saskatchewan Aboriginal population fifteen and over had not completed high school; and that the Aboriginal community as a whole has an estimated unemployment rate of 53 percent. The study's authors predicted that the statistics would continue to grow, depriving both Aboriginal and non-Aboriginal communities of lost economic potential and GDP, not to mention the enormous associated social costs such figures invariably imply.

A recent study by the Department of Indian Affairs and Northern Development highlights many of the economic and social problems confronting people living on Indian reserves.² While the percentage of people fifteen years of age and older with no schooling or kindergarten only is dropping, it still stands at 5 percent; more than 29 percent of the population over fifteen have less than grade nine education, more than double the national average. The percentage of the population on reserves with university education, while increasing, is not rising faster than the general population. The male labour-force participation rate stands at 58 percent, 15 percent below that of comparable non-Aboriginal communities and 24 percent behind the national average. The female participation rate is 45 percent, nearly thirteen percentage points below that in comparable communities and nineteen percentage points behind the national average. The low participation rate among young people is particularly troubling: it stands at only 56 percent, 14 percent below that of comparable non-Aboriginal communities and 18 percent below the national average.

¹ "Economic Development," in *Report of the Royal Commission on Aboriginal Peoples* (Ottawa: The Commission, 1996), p. 1.

² *Socio-Economic Indicators in Indian Reserves and Comparable Communities, 1971–1991* (Ottawa: Department of Indian Affairs and Northern Development, 1997).

The unemployment rate across the entire community is 28 percent, much above the 10 percent typical of both comparable communities and the nation as a whole at the beginning of the 1990s. Self-employment is only 2.2 percent, significantly below the 9.8 percent to be found in comparable communities, and less than half of the national average.

The situation confronting Inuit, Inuvialuit, and Innu is similarly troubling. Unemployment rates of 50–70 percent are common in many Arctic communities. The opportunities for young people to build careers within market economies among their own people are difficult to pursue. Too many of the most remunerative jobs are held by sojourners from the South. The challenges confronting the new Nunavut government as well as other Aboriginal government organizations are among the most complex facing any politicians and civil servants in Canada today.

Many attempts have been made historically to address these challenges, and many different development models have been advocated to advance social and economic circumstance within Aboriginal and First Nation communities. The co-operative model has been conspicuous by its absence.

Co-operatives are an important instrument for social and economic development across Canada and abroad. They exist in many sectors of the Canadian economy important to Aboriginal people, including fishing, energy, forestry, housing, financial services, consumer goods, and arts and crafts. They are involved in training, the production of goods and services, and marketing and wholesale/retail. They fill an important role in economic capacity-building in terms of skills development, business development, mentoring, and employment. Similarly, co-operatives contribute to social capacity-building, providing a wide range of services in the health, social, and educational spheres.

This appendix examines various strategies for achieving social and economic development generally, and co-operative development specifically. It considers the role of government, and explores the link between Aboriginal and First Nation social and economic development, and co-operatives.

Development Models:³ Comments and Critique

Many agencies charged with economic development recognize that attracting new jobs, retaining existing jobs, or creating jobs cannot be separated from the social and demographic changes taking place within the rest of the community. Despite this realization, policy often remains separated into two solitudes—supply-oriented approaches wherein cities compete to attract existing firms from elsewhere, and demand-oriented approaches wherein growth is based primarily on local markets. In the former approach, governments are expected to reduce the barriers that hinder mobility, while in the latter approach, governments advocate the use of business incubators, small business and entrepreneurial assistance, and skills and education support. These two different views might also be dichotomized between those who feel that the principal goal of community economic development is to create wealth and employment in communities, and those who feel that empowering local communities is an end in itself.

The term community development (CD) is often confused today with economic growth in small population centres. However, community development means much more than economic growth. CD applies to any kind of “community,” whether rural or urban, geographic in nature, or social, religious, or ethnic. It is a process by which people are empowered to affect the course of social and economic change, following priorities that they set according to community, democratic, and other values. It has perhaps rather more to do with the concept of sustainability than the concept of growth. It does not necessarily refer to projects that are economic in nature, although in today’s world—in view of globalization, recession, the decline of remote and resource-based communities, changing economic and occupational structures—the projects communities pursue will often be concerned with economic challenges.

Economic development often has only a minimal focus on the community and only to the extent that community development is seen to occur as an incidental spin-off of the economic development that comes through the natural workings of the market. The goal is to create appropriate jobs and raise the real income of residents. The locality is treated very much as if it were a business firm. Consequently, attention is given to the efficient use and maintenance of productive resources, as well as to adaptability to changes in the external

³ The terms *community development*, *economic development*, and *community economic development*, are often used interchangeably, confusing those who are new to the subject area, and sending mixed signals to those who are more familiar. They represent three very different approaches to developing community, each with different objectives and corresponding means for measuring success, and for this reason, distinctions should be drawn. The broadest in terms of both objectives and measurement, from the perspective of the authors of this report, is community economic development.

environment. This approach often sets communities up to be in competition one with another, for access to limited resources.

In Canada, economic development has utilized a business-like model, accompanied by feasibility studies, market research, and consulting. Often, much of this technical expertise has been provided by firms or individuals from outside of the community concerned. The focus of those involved in the process tends to be the effective functioning of the business or community initiative in question; performance indicators are those that are easily identified and measured, and typically focus on the internal workings of the development project. Since many of these initiatives are tied to government support of some kind, it would seem necessary that appropriate mechanisms be put into place to ensure that the government's money is well spent. Unfortunately, the effect is that of refocussing attention from the impact of the initiative on the community to the internal efficiencies of the project itself. Another more damaging consequence is the refocussing of power and control away from the individuals within the community to government representatives familiar with the programme parameters, as well as to individuals in the community placed in the project to monitor its implementation. This model is often referred to in the community development literature as *development in* the community.⁴

In contrast to *development in* the community, *development of* the community occurs through a recognition of the need to start with the community as a focal point, providing mechanisms to enhance the development of local leadership and control. The essential success factor is local control in the definition of needs, solutions, and evaluation.

Community-based planning is fundamental to this approach, and includes all of the community stakeholders, including business, community groups, local government, and individuals. The notion of partnership is a central feature, and collaborative approaches to problem solving are necessary as a prerequisite to strong partnerships. This approach has become more commonly called community economic development (CED).

Community economic development is typically encouraged by government as a remedial action when more traditional economic development models have not been working. The policies and programmes that result tend to represent a model that uses a combination of

⁴ The distinction between development *of* and development *in* the community is highlighted by Ron Shaffer and Gene F. Summers, "Community Economic Development," in James A. Christenson and Jerry W. Robinson, Jr. (eds.), *Community Development in Perspective* (Ames: Iowa State University Press, 1989), pp. 173–74. In their chapter they refer to CED as an example of development *in*, while CD is identified as an example of development *of* the community. The authors of this study disagree with their characterization, defining economic development as development *in* and CED as development *of* the community.

competitive and collaborative approaches, as well as blending the objectives of both community development and economic development.

A Typology⁵ of Development Models

To provide a description of the current approach to community economic development in Canada is quite complicated, since it involves many players and a large number of government programmes, sponsored at various levels. This can be illustrated by considering the role of private, public, co-operative, and hybrid (public/private) groups in community economic development.

Private Sector Models of Development

Business has long been considered the “motor that drives” the nation’s economy, and governments of all political stripes have attempted to encourage and support the development of either large or small business. Economic development in this context is not “planned” as such, but is considered to happen in an ad hoc fashion, driven by market factors.

Public Sector Models of Development

Although not all political parties have considered the activities of government to be community economic development initiatives, the provision of public services is often a major contributor to local community economies. Planning as such has occurred in an incremental way through the implementation of government policy in many areas such as those affecting education, social services, and health, and many decisions appear to have been made as much for political reasons as for practical.

Co-operative Models of Development

Co-operatives are to be found in all parts of Canada, but tend to play their most significant roles in rural and remote communities. Co-operatives as models of development have been most successful where they have arisen out of grassroots efforts to meet the needs of a community. While there has tended to be an ad hoc nature to co-operative development over the years, a more formalized planning process with a community economic development mandate is beginning to emerge.

⁵ For a much expanded explanation of this typology refer to “Community Economic Development in Saskatchewan,” by Harold Baker and Lou Hammond Ketilson, in David Douglas, ed., *Community Economic Development in Canada* (Whitby, ON: McGraw-Hill Ryerson, 1995), pp. 169–204.

Community-Based (Public/Private) Models of Development

Community economic development corporations have flourished in the past ten years, often with the support of government policy. They provide a core of generic developers, trained in business and co-operative organizations, who pull in specialized consultants as they are needed for specific projects.

Within Aboriginal and First Nation communities, band-owned development corporations have been established to promote economic and social development on reserves. These corporations have been supported as a primary mechanism to dispense and manage federal transfers and settlements of land claims and self-government negotiations.

The Role of Social Capital

Community economic development pays particular attention to what Robert D. Putnam⁶ and others call “social capital.” Putnam, in “The Prosperous Community,” described how twenty regional government centres were established in a variety of locations in Italy starting in the 1970s. All the institutions were identical in form, but implanted in contexts that were very different, ranging from pre-industrial to postindustrial, feudal to modern, Catholic to Communist. The research was concerned with observing patterns of development in each of the centres. In explaining the variations, the research indicated the significance of social capital. It showed that governments were more successful in communities with strong traditions of civic engagement—“voter turnout, newspaper readership, membership in literary circles, service clubs, organized amateur sport”. A similar study in North America revealed similar results: inner-city communities that had established traditions of collective action were more likely to benefit from direct capital investment.

Cornelia and Jan Flora include social capital as one of the three components critical for the development and maintenance of dynamic and vibrant communities. The first two, which are relatively well known, are: 1) the physical infrastructure—the development of railroads, telecommunications, roads, postal services, etc.; and 2) the personal infrastructure—the development of individual leadership within the community. The third necessary component—the social infrastructure—has been given less attention by researchers and CED workers.⁷ It is, nevertheless, the key ingredient that ties together the physical and the human, allowing the community to grow and develop.

⁶ Robert D. Putnam, “The Prosperous Community: Social Capital and Public Life,” *American Prospect* 13 (1993): 35–42.

⁷ C.B. Flora and J.L. Flora, “Entrepreneurial Social Infrastructure: A Necessary Ingredient,” *Annals AAPSS* i. 529 (1993): 49.

James S. Coleman defines the concept of social capital through its function.⁸ Unlike other forms of capital, it is not a single entity but a variety with elements in common. Furthermore, “social capital inheres in the structure of relations between actors and among actors. It is not lodged either in the actors themselves or in the physical implements of production.”⁹ Social capital is brought about, therefore, through networks, social norms, and social trust. Indeed, contrary to popular thought regarding competition in the marketplace, community members will develop social capital only through co-operation and mutual aid.¹⁰ The acquisition of information is a powerful example of the importance of social capital. Through positive social relations, often maintained for other purposes, information can be obtained that is useful for business, politics, and/or social obligations.¹¹

According to Flora and Flora, there are three major aspects to the formation of an entrepreneurial social infrastructure, or positive social capital development—symbolic diversity, resource mobilization, and quality of linkages.¹² Symbolic diversity exists in communities that value diversity of opinion, accept controversy, and allow for the discussion of alternative solutions. In addition, politics are depersonalized and community leaders focus on the quality of the process rather than on winning. Symbolic diversity also implies permeable community boundaries.¹³ There is a tendency to include rather than to exclude people at the margin.

What is key here for healthy development is the ability of a community to be inclusive rather than exclusive. It is also critical that the community be able to collectively mobilize all available resources for investment within the community. Ways must be found to allow community members to invest in some form of group enterprise, rather than concentrating on private, individual investment. If a large number of people are able to invest, and are publicly acknowledged for investing resources such as time and knowledge, along with financial resources, then the community’s social capital fund will be augmented. Flora and Flora have also found that there is little entrepreneurial activity, either by individuals or by the larger community, in areas where the resources available for investment are concentrated with only a few individuals.¹⁴

⁸ J.S. Coleman, “Social Capital in the Creation of Human Capital,” *American Journal of Sociology*, 94 Supp (1988): S70.

⁹ Ibid.

¹⁰ E. Cox, *A Truly Civil Society* (Sydney: ABC Books, 1995), p. 18.

¹¹ Coleman, p. S104.

¹² Flora and Flora, p. 50.

¹³ C. Flora, “Social Capital and Sustainability: Agriculture and Communities in the Great Plains and Corn Belt,” *Research in Rural Sociology and Development* 6 (1995): 236

¹⁴ Flora and Flora, p. 55.

The final element necessary for the development of positive social capital is the formation of high-quality formal and informal networks.¹⁵ These networks need to be diverse, i.e., spread throughout the community. Multiplicity of networks will not only make community members aware of the different problems to be dealt with, but will also encourage more innovative solutions. This will help the development of diversity in community leadership. Linkages also need to be developed, both horizontally and vertically, outside the community. Through horizontal networks, communities can glean development ideas from other communities and groups like themselves. The response to knowledge gained through these types of efforts is often, “If they can do it there, then we can do it here.” Vertical networks, which link community members with public and private resources beyond the community, provide needed information, technical assistance, and financial resources.¹⁶ These linkages can be built through formal organizations or informal relations.

The Importance of Infrastructure

The creation and maintenance of a foundation or infrastructure that can be used in a wide variety of ways and for a number of different purposes is a key element in community economic development. The networks among people (including the development of leadership capabilities) and the knowledge base possessed by the people in the community are also important elements in this infrastructure. This development *of* the community is vital given the wide variation that exists among communities requiring development. The problems facing urban communities are different from those facing their rural counterparts, while the challenges facing fishing communities are different from those facing farming communities. As a consequence, no one approach will work in all instances. The solutions must be tailored to the needs of the individual communities.

In addition, experience has shown that unless the people of a community are able to take ownership of both the problems and the solutions, attempts at community economic development invariably fall short. Local control, therefore, is essential. It provides those in the community with knowledge of the specialized problems facing their community, and it ensures that local residents are motivated to take action.

Fostering community infrastructure is required in order for local control to be successful. Networks are important in mobilizing the people in the community and in developing an understanding of the diversity of goals and desires that need to be considered. This is not enough, however. Also required are: a sound understanding of the problems the community

¹⁵ Ibid., p. 56. See also Coleman, and Cox, pp. 22–24.

¹⁶ C. Flora, pp. 240–41; and Flora and Flora, pp. 56–57.

is facing; the ability to conceptualize and promote innovative solutions to the problems; and the business and organizational skills to implement the ideas that have been proposed. With these elements as a foundation, development *in* the community can proceed. New businesses can be started and new initiatives can be launched, all with a much greater likelihood of success.

Co-operatives have demonstrated¹⁷ their ability to contribute to the development and strengthening of community infrastructure. Co-operatives are participatory democratic organizations, and involvement on co-operative boards can help prepare individuals for more general community leadership. They continue their long-standing role as providers of goods and services in a manner that serves the collective interests of members. Their stabilizing role is particularly evident in more vulnerable localities and among less-advantaged participants. Co-operatives play key roles in community economic development and in the development of community. Many co-operatives have sponsored innovative programmes to address long-standing social and economic problems, including access to home ownership, child-care services, more holistic health care, and attractive employment opportunities. Co-operatives continue to be important in developing social infrastructure, and in creating communities that make economic activity possible and meaningful.

Co-operatives and Community Economic Development

Co-operatives are fundamentally a form of community economic development. For decades, co-operatives have arisen where other institutions—investor-owned businesses and government—have left a deficiency. At times, the concern was a concentration of power and excessive prices; at other times the concern was the lack of goods and services required by people within an area. On yet other occasions, co-operatives arose as people attempted to control the pace and direction of change in order to preserve what they valued.¹⁸

Although co-operatives are economic institutions, this is only the tip of the iceberg. The process of developing and sustaining a co-operative involves, in miniature, the processes of developing and sustaining community spirit, identity, and social organization. Co-operatives have been the most successful when they have arisen out of grassroots efforts to meet the needs of a community. This grassroots orientation is a reflection of local people taking the initiative to understand the problems they face and to develop solutions.

¹⁷ Lou Hammond Ketilson et al, *The Social and Economic Importance of the Co-operative Sector in Saskatchewan*, Report to the Government of Saskatchewan, Department of Economic and Co-operative Development (Saskatoon: Centre for the Study of Co-operatives, 1998).

¹⁸ Throughout this report, where the word co-operative is used, it includes credit unions and caisses populaires.

Co-operatives operating today owe their success to a number of factors. One of the most important is that co-operatives both developed and were able to use the networks and knowledge infrastructure of the community into which they were born. The development of the credit unions and local retail co-operatives in western Canada is a case in point. A key element in the establishment of these co-operatives was the presence of wheat pool members and employees who not only recognized that co-operatives would work, but who also were able to use the skills and knowledge they had previously acquired in order to build a set of new organizations.¹⁹

The successful co-operatives have another characteristic—they were innovations that required new ways of thinking. Although co-operatives seem common enough today, they were difficult to create. At the time of their formation, many people believed co-operatives could not work. Yet, work they did.

The Co-operative Sector Today

Registered, formally organized co-operatives were first established in Europe during the nineteenth century by people concerned about protecting their interests and improving their economic and social well-being. Based on the fundamental principles of one member, one vote, the practice of rewarding people in proportion to their participation, and the use of education as a means of empowering people, the multifaceted organized movement had spread throughout most of the European continent by the beginning of the twentieth century. In the wake of European migrations, co-operative organizations were established in most of the rest of the world as well. Today, the co-operatives affiliated with the International Co-operative Alliance are involved in hundreds of different kinds of businesses; today they have more than 800 million members in over one hundred countries.

All told there are more than 14 million co-operative memberships in Canada, with over 12 million of them being in credit unions and caisses populaires. The membership of some other co-operatives is also significant: the consumer movement has nearly 3.7 million members; housing co-operatives house some 250,000 people in more than twenty-one hundred co-operatives with nearly ninety thousand units. The insurance companies owned by the co-operatives, notably the Co-operators, CUMIS, and the Mouvement Desjardins, are important companies in their industry. In total the Canadian movement has over \$169 billion in assets, making it an important force in the Canadian economy, particularly when considered from a regional perspective. Despite significant success in some large urban

¹⁹ Brett Fairbairn, *Building a Dream: The Co-operative Retailing System in Western Canada, 1928–1988* (Saskatoon: Western Producer Prairie Books, 1989), pp. 77–91.

centres, co-operatives are also located in many of Canada's smallest and most remote communities.

Keys to Success

The innovation that co-operatives represent lies in the relationship they have with their owners. Unlike investor-owned firms, co-operatives do not go into business solely to make a profit. Instead, the focus is on the owner/members—to provide them with goods and services so they can increase their savings (in the case of a consumer co-operative) or increase their profits (in the case of a producer co-operative).²⁰

Because of this difference in focus, co-operatives are often able to start up and to survive where investor-owned businesses would fail. For instance, while an investor-owned firm may withdraw from a community because it was unable to earn a rate-of-return competitive with that available elsewhere in the economy, a co-operative may be willing to provide the service. The owner/members realize that while the co-operative itself may not be hugely successful, the ability to retain the service and the associated spin-offs yields substantial economic benefits.²¹

This ability to consider the needs of those who have a stake in the outcome—the stakeholders—is a trademark of co-operatives. It is also a key to community economic development. Planning processes that incorporate the stakeholders in a community—whether they are businesses, workers, or the unemployed—is a fundamental feature of all types of community economic development. Put another way, community economic development is ultimately a form of group or collective action, i.e., a group decides to the best of its ability how it is going to organize its affairs.

As outlined above, co-operatives in Canada today are a powerful, diversified sector, not dominant in the economy as a whole but playing a critical role in smaller communities, and in particular regions and industries. Although comparable data for other types of co-operatives is not available for Canada, a recent study of co-operatives in Saskatchewan indicated that co-operatives were relatively over-represented in the smaller communities.²² This pattern of co-operative development is a clue to the co-operative niche: smaller communities; communities united by occupation, isolation, or culture; primary production economies with many small producers. Historically, these have been the less

²⁰ J.C. Thompson and H.B. Jones, Jr., "Economic Appraisal of Co-operative Enterprise in the United States: Principles and Issues," *Agricultural Administration* 8 (1980–81): 385–400.

²¹ Murray Fulton and Lou Hammond Ketilson, "The Role of Co-operatives in Communities: Examples from Saskatchewan," *Journal of Agricultural Cooperation* 7 (1992): 15–42.

²² Hammond Ketilson et al., *The Social and Economic Importance of the Co-operative Sector*.

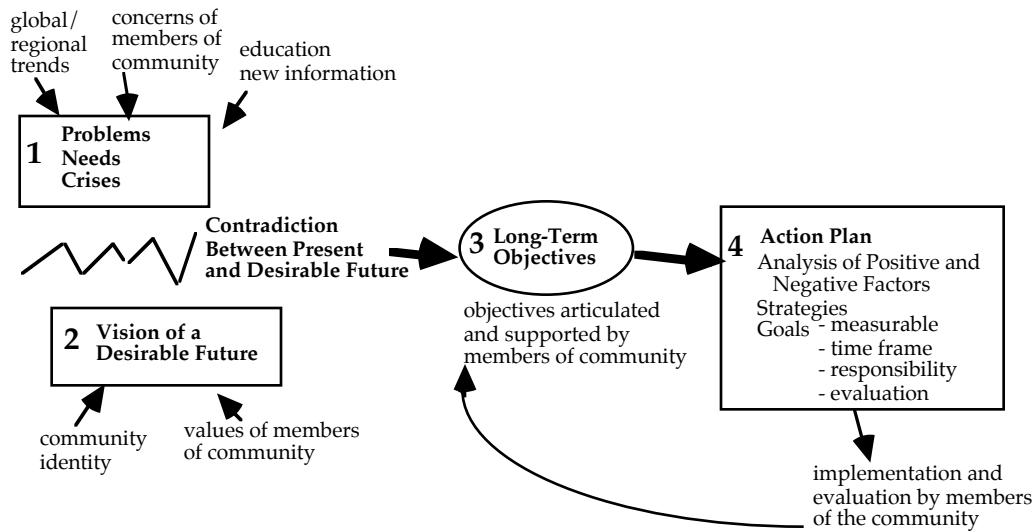
developed areas of Canada—whether in the Yukon, rural Québec, the fishing villages of the Atlantic, or the small villages of the Prairies.

Co-operatives have become major players in these communities because the co-operative characteristics have proven themselves to be advantageous. By considering the needs of a variety of stakeholders, by understanding local needs, and by developing within the community the capacity for problem solving and innovation, co-operatives have prospered.

Conceptualizing Co-operative Development

Communities that need a community economic development approach are those not well served by either the current market system or by present development approaches. By definition, communities requiring community economic development initiatives lack the elements that would allow growth and development to occur via individual action alone; instead, some sort of collective action is required. As outlined previously, the elements of community infrastructure, local control, and stakeholder needs provide the starting point for a co-operative model of community development.

Communities involved in community economic development need the fullest possible mobilization of local resources and the support, ideas, and action of as many of their citizens as possible. This can best be achieved by an open, community-based planning process. The planning process itself centres around five stages: (1) problem identification; (2) vision; (3) objective setting; (4) action; and (5) implementation. In the past, this process has often been very informal. In today's environment, it may have to become more formalized and professional, involving budgets, consultants, and government departments. The workings of this community-based planning process are demonstrated in Figure 1 (next page).

Figure 1: Community-Based Planning Model²³

Although this process is likely to become more formal, it is essential that the local people play a central role at every stage and that they do so in their capacity as members of the community, not simply as agents of established institutions. To allow this to occur, however, education and facilitation will need to be important parts of the mix. In general, people hit hard by economic problems are not in a position to work their way through a process, such as the kind outlined above, without some type of education. As an example, farmers and fishers knew what their problems were, but they first needed an analysis of how the markets worked; then they needed to know what a co-operative was and how it worked before they were in a position to see a co-operative as the answer to their problems.

As pointed out in the previous section, local control of community economic development is essential for success. Experience worldwide has shown that it is a good thing to keep government and other institutions from taking too active a role in co-operative or community economic development.²⁴ Involvement by outside agencies often means the introduction of an inappropriate organizational mould. Outside agencies also force, usually unconsciously, newly established co-operatives or community economic development initiatives to pursue goals that are in the interest of the outside agency. In addition, lack

²³ This planning model was first introduced in Lou Hammond Ketilson, Murray Fulton, Brett Fairbairn, and June Bold, *Climate for Co-operative Community Development: Report to the Federal/Provincial Task Force on the Role of Co-operatives and Government in Community Development* (Saskatoon: Centre for the Study of Co-operatives, 1992).

²⁴ See Patrick Devltere, *Co-operative Development: Towards a Social Movement Perspective*, Occasional Papers Series #92.03 (Saskatoon: Centre for the Study of Co-operatives, 1992).

of understanding of local problems and the removal of ownership of the problem and the solution from local hands mean the likelihood of success is much less when outside bodies are involved.

Paradoxically, experience has also shown that most communities cannot entirely “pull themselves up by their bootstraps.” As the history of co-operatives has shown, every major co-operative movement in Canada today was sponsored originally by some larger social movement and received educational and organizational assistance from established agencies that had staff and resources. The co-operatives of the Antigonish Movement had the sponsorship of adult educators and the clergy. The caisses populaires of Québec also enjoyed the sponsorship of the clergy as well as small-town notables and French-Canadian nationalist leaders. The farmer co-operatives in most areas were sponsored, and even created, by highly organized, political, farmers’ organizations. In many cases, government officials—field staff, extension personnel from ministries of agriculture or fisheries, registrars—played important educational and facilitating roles. Canadian history does not support the idea that bands of individuals just come together to form co-operatives.

In the co-operative model, co-operatives are seen as growing out of integrated, organized community development activity by community-based interest groups, educators, government, established co-operatives, and individuals in the community. Figure 2 (next page) outlines the role of established co-operatives, which lies mainly in personnel training, public education, government lobbying, and provision of some support services. Government is seen as a contributor to co-operative development through the provision of organizational and business assistance, through appropriate legislation, and through educating and training its own personnel about co-operatives. This government assistance is provided not only to co-operatives directly, but to other community and resource groups—groups who may choose the co-operative model for their community development efforts. Note that at the heart of this development model is the community-based planning process referred to above (see Figure 1).

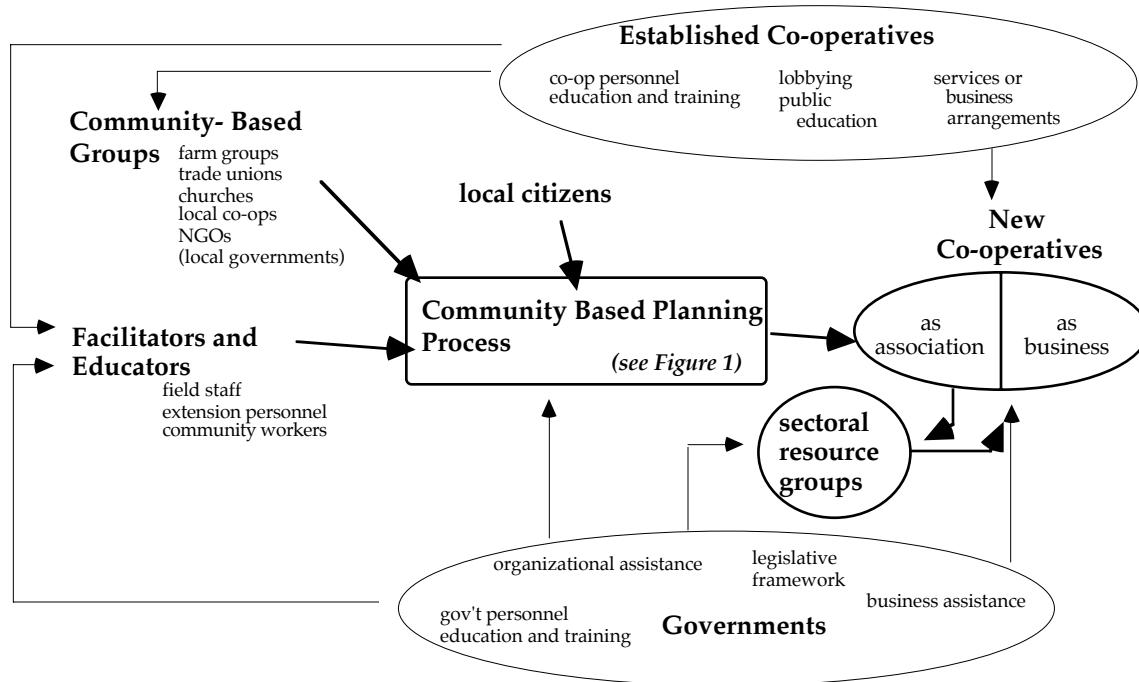


Figure 2: The Role of Government and Established Co-operatives in Developing New Co-operatives²⁵

The recognition that co-operatives and community economic development will not spontaneously emerge, but must be fostered and supported, is central to the distinction between development *of* and development *in* the community. While the view of co-operatives and community economic development as economic enterprises responding to economic changes and opportunities is important, this is only half of the equation. The other part is that co-operatives and community development projects involve associations of people, people who have to be supported and educated in order for the development initiatives to be successful.

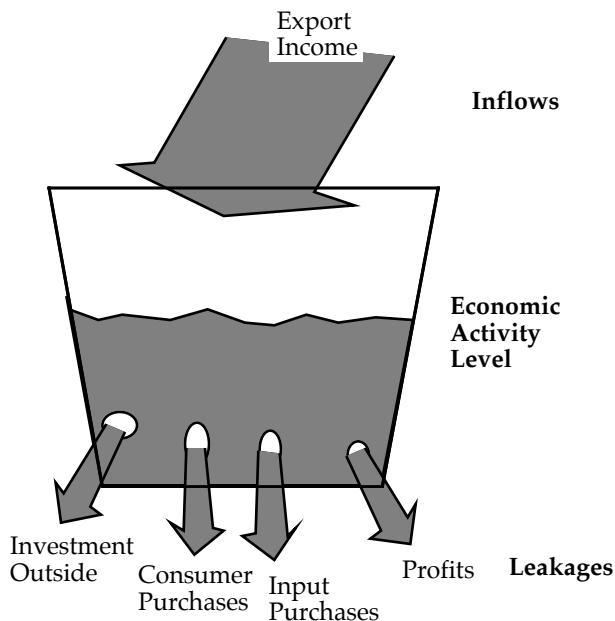
In addition to emphasizing the distinction between development *of* the community and development *in* the community, a co-operative model of community development stresses that development *in* the community can take on a variety of forms. New economic activities may be started by individuals within the community, by groups within the community, or by outside agencies (e.g., government). Each of these activities can be expected to have different consequences for the health of the community.

²⁵ As with Figure 1, this planning model was first introduced in Hammond Ketilson et al., *Climate for Co-operative Community Development*.

The point is that the nature of the ownership of economic activity within a community matters. Investor-owned businesses, for instance, will be much more likely to let financial considerations take priority when making decisions about investment or whether to remain in the community. Community-based organizations such as co-operatives are likely to place less weight on the profitability of the organization, and more on the economic well-being of the members comprising the organization. As well, these organizations are more willing to take into account social considerations, such as the importance to the community of supporting a place where people can meet.²⁶

One way to conceptualize the importance of ownership is through the use of the “rusty bucket” analogy, which is used to signify a community (see Figure 3).²⁷ The level of water in the bucket denotes the level of economic activity, with the earnings from export-oriented industries viewed as the inflows of water to the bucket. The ability of a community to capture and retain these inflows—that is, to sustain a level of economic activity—depends not only on the inflows of export earnings but also on leakages from the system. The leakages arise when people in the community purchase goods and services from outside the community—that is, when the level of local demand is low.

Figure 3: Rusty Bucket Model of Community Economic Development



²⁶ Fulton and Hammond Ketilson, “The Role of Co-operatives in Communities.”

²⁷ For a further discussion, see Brett Fairbairn, June Bold, Murray Fulton, Lou Hammond Ketilson, and Daniel Ish, *Co-operatives and Community Development: Economics in Social Perspective* (Saskatoon: Centre for the Study of Co-operatives, 1991).

The implication of the analogy is that there is a need to co-ordinate export-oriented and locally-oriented activities. In particular, a development strategy for a community requires that locally-oriented industry be developed in such a manner that it ensures the benefits of the export-oriented industry remain in the community. Concentration on the export industries alone will not guarantee success. This is particularly the case in smaller and more remote communities, where the outflows from the community are relatively large.

The nature of ownership within the community can play an important role in determining the balance between export-oriented and locally-oriented activities. As outlined above, investor-owned businesses can be expected to focus on activities that are relatively profitable. In most instances, these activities are likely to be more export-oriented.

In order to provide the locally-oriented industries required to sustain economic activity in the community, other forms of ownership may need to be developed. Given their concern about elements other than simply profits, co-operatives and other community-oriented organizations are often able to play this role. The stakeholder approach inherent in such organizations provides a way of considering the impact on a wider portion of the community. Evidence that co-operatives have played this role can be seen in the types of activities that co-operatives have historically pursued. The development of financial institutions (caisses populaires, credit unions) and retail co-operatives points to a concern for developing community economic infrastructure, rather than focussing on export profitability.²⁸

The Role of Government in Supporting Co-operatives in Community Development Initiatives

Both co-operatives and government have their respective community development roles. Each recognizes it is a role that governments have taken and for which they have been accorded primary responsibility. To advocate a shift to increased responsibility within the community for decisions relating to the community's well-being is to run the risk that citizens will not grasp the opportunity and that government will use the opportunity to give up its responsibility. Any move to shift responsibility to the community must acknowledge that the citizens have to learn the new role and government has to take part in assisting the learning process. Thus, community development is not a case of dumping responsibilities on localities, but rather one of government nurturing and supporting a variety of necessary local development approaches, of which co-operative development is but one.

²⁸ Ibid.

Four ways in which government might choose to employ co-operatives as a means to achieve community development are:

- 1) by fostering the optimal functioning of the co-operative as a business organization; a co-operative is a vital force for community development when it fulfils its operational goals of good business management and member service, and its organizational function through a competent, well-informed board and active membership;
- 2) by supporting community development measures; a healthy co-operative is in an excellent position to support, and even initiate, community development measures in addition to fulfilling its business mandate;
- 3) by supporting the development of new co-operatives; the challenge for co-operatives is to better implement the principle of co-operation among co-operatives in order to provide necessary support services to nurture new co-operatives in new circumstances. It also challenges governments to establish a climate where co-operatives can extend beyond their day-to-day commitments and effectively support new co-operative enterprises; and
- 4) by establishing development co-operatives—co-operative organizations that have as their purpose the development of a community's resources.²⁹

The comments provided in the following section will focus on the role of government in achieving points two to four. It is assumed that if the government does a good job of points two, three, and four, point one will be taken care of.

Support for Community Economic Development Measures

Government has a role to play, both in initiating and in sustaining a process of community development.

Government's Role in Initiating the Community Economic Development Process

From both an organizational and legislative point of view, government can make clear that it is critically important for members of the community to increase their role in development. Through policies and programmes, government can be the stage setter, the enabler, and the sponsor of a process that would transform localities according to the choice and determination of the respective population. Under such encouragement, communities could do all in their power to realize a better society and allocate to

²⁹ These points are elaborated in more detail in "The Socio-Economic Development of Communities: The Roles of Co-operatives and Governments," presented by Teresa MacNeil, Director, Extension Department, St. Francis-Xavier University, to the Conference of Ministers Responsible for Co-operatives, Summerside, P.E.I., 25 October 1991.

government those functions and activities that are otherwise impossible for the communities to handle themselves.

Government has a major climate-setting role to play before any initiative is taken to implement an organized community development process. Government must exercise strong leadership to shift popular expectation from dependency upon government to increased citizen responsibility for development. Four specific leadership functions can be identified:

- 1) to enable the population to come to a clear understanding of the reasons why it is difficult to achieve development or even maintain economic well-being;
- 2) to assist citizens to acquire skills for fact finding, analysis, and deciding upon alternatives for action;
- 3) to enable the population to identify its own development aspirations; and,
- 4) to establish a more trusting and mutually supportive relationship between public and community groups.

Each of these leadership roles will necessarily be highly educational because they call for behavioural changes, both on the part of government agents and citizens. They are functions that go beyond statement of policy and into activities that allow citizens to learn about their circumstances by becoming data gatherers and decision makers themselves.

Government's Role in Sustaining a Community Economic Development Process

When the process of formulating a development plan is in progress, governments become a principal resource for assisting the community in finding the necessary resources to transform plans into action. This calls for enormous flexibility and skill on the part of government policy makers and their agents in the community, as each community has its own particular requirements for assistance in relation to available resources. Flexibility and skill are the necessary attributes to break the tension between the bureaucratic need to specify precise direction for development and the citizens' need to engage in those aspects of development that touch most directly upon their immediate interests.

Government systems for providing financial assistance to development projects must be able to take into account the diverse range of "equity" that a community is able to assemble. Government policy must be flexible enough, for example, to allow for voluntary contributions and to make up for forms of required equity that the community is unable to provide. These variations suggest uneven applications of programme specifications. This is

always a difficult challenge for government, yet a challenge that must be met if a community development process is to take hold.

Support for the Development of New Co-operatives and Establishing Development Co-operatives

As discussed previously, new co-operatives do not develop without support from existing co-operatives and governments. There is no centralized plan and strategy for the systematic development of co-operatives across Canada. Governments must recognize that new co-operatives have to be given, at a minimum, the same degree of support that would be accorded private business development. Governments should treat the establishment of new co-operatives as an activity that requires high levels of business and human resource development expertise, levels with which government would assist any type of business in the interests of community economic and social well-being.

The results of a study of co-operative development in Canada highlighted the importance of an integrated approach. It concluded that despite successes, changes introduced to the Canadian co-operative movement in the early 1990s have left a gap in the infrastructure to serve new co-operatives. “There is a structure to support the co-ops that are ‘institutionalized,’ but when it comes to new co-ops, there is a problem.”

The study further suggests that “the issue is to encourage … co-ops that are lasting, rooted in communities … (which) develop their members. The way to do this is to develop the infrastructure that supports and develops co-operation both before and after incorporation, that draws new co-ops as much as possible into sectoral or multisectoral community federations (or both), and that ensures the co-operative movement and not government directs the policies that promote co-operative enterprise development.”³⁰

Exploring the Co-operative CED Possibility

The introduction of the co-operative possibility into the general community economic development process is a delicate matter even though co-operative organizers were using essentially this approach long before CED was conceptualized. The co-operative model is not a panacea. It is not a quick fix. It is not an approach that can be created in a top-down manner. Nor is it an approach that many people will intuitively consider, since it is not widely practised today and knowledge about the co-operative movement as a force for economic and social change is not as widespread as it once was. It is not discussed in the

³⁰ Brett Fairbairn, Murray Fulton, Lou Hammond Ketilson, Peter Krebs, and Mark Goldblatt, *Co-operative Enterprise Development in Canada: An Action Plan*, Report to the CCA/CCC/Co-operatives Secretariat Steering Committee (Saskatoon: Centre for the Study of Co-operatives, 1993), pp. vi and vii.

curricula of educational institutions, for example, and the organized movement devotes limited resources to the expanded application of the co-operative model.

There are, however, some lessons apparent from considering the Canadian and the international experience with emerging co-operatives over the last few decades. They are lessons first learned as co-operative stores, credit unions, and housing co-operatives were organized in southern Canada.³¹ Refined and publicized around the world by the Extension Department of St. Francis Xavier University, they were also used to a considerable extent in establishing the Inuit co-operatives in the Arctic. They provide the basis for the substantial international development programme carried out by the Canadian Co-operative Association and the Desjardins Movement. And they have been confirmed by the authors' own observations of development projects and by several practitioners asked to comment upon them.

1. *Develop good information on co-operatives appropriate to the intended audience.* Today that means a variety of media if at all possible, including a visual dimension. Scholarly tomes and position papers for policy makers are vitally important in their own spheres, but they are of limited use in promoting co-operative development in communities.
2. *Have the information presented by a person trusted by the people investigating the possibilities.* They also have to be optimistic and confident individuals who believe in the possibilities of the co-operative model and who have the capacity both to lead people and to encourage leadership among people as it emerges.
3. *Ensure that each community is approached in a way that is respectful of its history, culture, and political structures.* It is vital that the discussion of co-operatives start in as non-controversial a manner as possible. What that means with any specific community is highly variable. Certainly, the political and economic leadership should be involved, to the extent that they wish, in any discussions that take place, particularly in the early years.
4. *Through a series of explanatory meetings involving all possible interested people, establish whether there is at least a core of committed individuals willing to pursue serious examination of the possibility of establishing a co-operative.* Developing a co-operative normally requires significant contributions of time, energy, and,

³¹ For more elaboration on this approach see Ian MacPherson, *Each for All: A History of the Co-operative Movement in English Canada, 1900–1945* (Toronto: Macmillan, 1979); *Co-operation, Conflict and Consensus: B.C. Central and the Credit Union Movement to 1994* (Vancouver: B.C. Central Credit Union, 1995); and *Hands Around the Globe: A History of the International Credit Union Movement and the Role and Development of the World Council of Credit Unions, Inc.* (Victoria: Horsdal & Schubart; World Council of Credit Unions, c1999).

ultimately, some financial resources. This should become evident in early meetings, and people wishing to establish a co-operative should recognize these demands. Co-operatives are not “done for” or “done to” people; they are “done by” them.

5. *There is a supportive network—organizations, government officials, other co-operatives—prepared to provide further advice and information in an appropriate manner.* There is a mythology in the Canadian co-operative movement generally that the existing large network of co-operatives in Canada was created and developed by groups of individuals who spontaneously discovered co-operatives and made them work. That mythology is a half-truth. All the major co-operative movements in the country developed with the assistance of supportive networks—other co-operatives, farm organizations, churches, government officials and programmes, trades unions, ethnic organizations, and political parties that then remained (or were forced to become) aloof from them.
6. *A champion (person, organization, group) has been identified.* It is naive—and unfounded in past experience—to expect co-operatives to emerge as some kind of communal outpouring. There must be widespread acceptance, but leadership must be exerted by an individual or a group. Moreover, the role of leadership must be clearly understood and given sufficient scope to conduct its work in a reasonable manner, albeit with continuing communications and consultations.
7. *The group and the co-operative remain distant from politics, religion, and family competition.* This point is vitally important. Politics, religion, and family loyalties are basic to all societies but, as much as possible, they must be put aside in the interest of the common good. Fortunately, if the issues are confronted in an open manner, anticipated problems can often be avoided.
8. *The group focusses on creating an effective organization based on prudent economic calculations and achievable goals.* Once a co-operative has been organized effectively and is operating profitably, it can and should undertake projects for the benefit of the community that are acceptable to the membership. There is no limit on what such projects might be—cultural, educational, charitable, social, encouraging further economic development—as long as they are carefully considered and the full costs are understood and accepted.
9. *The group recognizes the need for education and training.* Successful co-operative development projects in Canada and around the world have demonstrated a strong commitment to educational and training activities, particularly in their formative stages. Members and directors have to learn their commitments and responsibilities; employees have to learn not only what they must do to perform their jobs effectively—they have to learn their special responsibilities in a co-operative. Fortunately, the spin-offs from these learning situations are immensely important in building the economic and social capacity of their communities—in adding to

their social capital. Many individuals will make further use of what they have learned to build co-operative enterprise; they may open new businesses on a private-enterprise basis or play important roles in the public service. That has been the experience of co-operative movements in southern as well as Arctic Canada.

10. *The group works with governments, local leaders and officials, the co-operative sector, and other organizations to secure the best support—financial and advisory—in starting and stabilizing their co-operative.* There is a need to identify the existing financial and advisory services available to people interested in co-operative development.

Making the Link between Aboriginal Economic Development and Co-operatives

There are several dimensions of the co-operative tradition that are particularly amenable to the ways in which Aboriginal peoples have envisioned how they could develop their communities.³²

First, co-operatives are—or should be—driven by the needs of their membership. They stress the importance of meeting member needs and of responding to local pressures. They are inclusive and they are respectful of the rights of individuals and the values of communities. Thus, when managed properly, they can become strong manifestations of community needs and community pride. They can be the kinds of responsive, entrepreneurial institutions many Aboriginal people say they want and demonstrably need.

Definition of a Co-operative

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

“The ICA Statement on the Co-operative Identity,”
in *Co-operative Principles for the 21st Century*
(Geneva: International Co-operative Alliance, 1996), p. 3.

Second, co-operatives are based on the democratic principles of one person/one vote, the accountability of elected leaders, and the need for members to be informed about their co-operatives. They can, as they have been in the Arctic, be easily directed by Aboriginal traditions of community participation through which issues of concern are “thrown into the well from which everyone will drink”—the process whereby groups reach consensus

³² For a more complete examination of the generally accepted basis for the following discussion, see Ian MacPherson, *Co-operative Principles for the Twenty-First Century* (Geneva: International Co-operative Alliance, 1996).

through a process of thinking and talking together. Such traditions can normally be transferred easily into the group decision making that is characteristic of sound co-operative development.

An example of the successful integration of participatory decision making into an Aboriginal-owned co-operative is Neechi Foods, a worker co-operative in Winnipeg's inner city. It has been able to thrive and continue to provide employment when other grocery outlets have discontinued services. While operating in an extremely competitive and difficult industry, the enterprise maintains the high social goals of providing harmony, environmental consciousness, and social justice, and it incorporates decision-making practices that hear the voices of its workers.

Third, if managed effectively, co-operatives deepen relationships among members over time by encouraging them systematically to expand their investments in equity and by involving them in a range of activities in the co-operative. They can also, as the experience of the Arctic co-operatives dramatically demonstrates, expand in many creative ways the range of economic and social services they provide their members. In many Arctic communities, for example, co-operatives not only operate stores and sell Inuit art; they run hotels, tourist businesses, machinery repair shops, and post offices—in fact, any kind of business that is needed in the community and can be operated effectively.

The Advantages of Membership

Members of co-operatives can...

- own the co-operative;
- share in its surplus or profits in proportion to their use of it;
- influence the policies that govern the co-operative;
- invest in their co-operative;
- benefit from what the co-operative does for their community;
- learn from the training and education programmes the co-op provides; and
- be proud of their own organization.

Fourth, the basis in member and community needs, the democratic structures, and the deepening of member participation mean that co-operatives could become one powerful response to the challenge posed by the Wahbung statement of the Manitoba Indian Brotherhood in the late 1960s:

A century of government administration and government and church control and the effects of living in an atmosphere of state dependency, where virtually all

decisions relating to your life and your future are made by others will require developing new methods of response and community involvement.

Fifth, co-operatives stress the importance of autonomy from politics and private enterprise, and that autonomy is often a key to their success. For example, one of the reasons that the Arctic co-operatives became so successful was that they distanced themselves from politics and worked out effective relationships with governments.

Co-operatives were introduced to the Northwest Territories in the 1950s, partly because of the assistance of government officials. For the first few years, however, many of the co-operatives were on the brink of closure, in part because of the involvement of elected council members in business decisions. The turnaround point came when the co-ops placed more emphasis on member education, stressing the value of efficient business management practices aimed at creating dividends and assuring the continuation of services. As members became better informed, they—and their co-operatives—assumed greater responsibility for their own affairs. In 1972, twenty-six stores joined to form the Canadian Arctic Federation of Co-operatives, which ten years later amalgamated with Canadian Arctic Producers to form Arctic Co-operatives Limited (ACL). By 1999, ACL had sales of nearly \$69 million, returned almost \$2 million to its (then forty-three) member co-operatives, had retained earnings of \$890,000, and reserves of \$2.265 million. It had become one of the most important economic forces in the Canadian North—arguably the most important of those owned by northerners.

Arctic Co-operatives Limited and the co-operatives that owned it also had to distance themselves from government in Yellowknife and Ottawa, which was an important dimension of the move of ACL's head office to Winnipeg in 1985. The time had come, much as it does in the maturing of children, when it was crucial to loosen parental bonds and assume responsibility for one's own welfare. Thus the move to Winnipeg, while ultimately a business decision and not without controversy, was important because it led to greater independence from government officials. There is a delicate line for co-operatives, especially as they move beyond the formative stage, when government assistance must be reduced; that time had arrived for the Arctic co-operatives. Since then, progress has been steady and the stability of the organization—and the co-operatives that own it—has been increasingly evident.

Sixth, the co-operative tradition emphasizes the importance of co-operation among co-operatives. Once more, the experience of Arctic Co-operatives Limited amply demonstrates the importance of this principle. ACL emerged in large part because of the work of leaders of the Co-operative Union of Canada (forerunner of the Canadian Co-operative

Association). The Co-operative College of Canada provided important training for the elected leaders and its managers during the formative period of the Arctic co-operatives. Federated Co-operatives has shown flexibility and steadfastness in providing support for the northern co-operatives over the years. The Co-operators insurance company has been a supportive investor and good business partner. And several credit union leaders from the south have made efforts to develop northern credit unions, and someday that will happen—probably when the northern co-operatives are more able fully to support them.

The Suitability of the Co-op Model

The co-op model conforms with the priorities for economic development identified by the Royal Commission on Aboriginal Peoples.

- it makes room “so that Aboriginal people can develop their own solutions”;
- it respects “the collectivity in Aboriginal society”;
- it recognizes that “the economic development of any community is a process—a complicated and difficult one”; and
- it locates “authority and resources to support economic development in the hands of appropriate Aboriginal institutions at the level of the nation and community.”

“Economic Development,” chapter five, RCAP, p. 3.

The most remarkable demonstration of how co-operation among co-operatives has worked, however, is the Arctic Co-operative Development Fund, a financial services organization owned by the northern co-operatives. The fund began operation in 1986 with a little over \$10 million in assets; by 1999 its asset base had increased to over \$28 million, including more than \$18 million in investments by local co-operatives, most of it built up through dividends returned to the co-operatives each year from the fund’s revenues. Over its fifteen-year history, it has returned more than \$15 million in dividends to its member co-operatives. It has operated on a tight budget, and distributed loans at low cost because of the already existing infrastructure within Arctic Co-operatives.

In addition, the member co-operatives have learned that the fund is a kind of insurance mechanism through which they help each other in times of need, meaning that only one loan has not been paid—by a co-operative that had closed its doors—and most loans are repaid before they are due. Co-operatives maintain good standing with the fund partly because it is good business to do so, but also because they are working with their peers in a common enterprise. The fund is a striking example of how co-operatives working together can create collective capital and share resources in the common good.

Seventh, co-operatives have a deep attachment to their communities. They cannot be bought and sold without member agreement, which should obviate concerns among Aboriginal people about losing control over any of their successful enterprises. Co-operatives are a form of enterprise that cannot be sold regardless of the interests of key stakeholders. That means co-operatives, when operated properly, will contribute permanently to a community's economic and social health.

Around the world, too, particularly among Aboriginal peoples, co-operatives have shown a particular concern for cultural issues. They sponsor special events for Elders, perpetuate language study, celebrate traditional dance, and encourage communal pride among the young. They also typically support community activities such as sports teams, and they commonly provide assistance for young people pursuing their educational goals. Co-operatives, however, are not charities and they undertake such activities prudently through conscious decisions made after their economic viability is assured.

Dimensions of Co-operatives That Matter

- they are driven by member needs;
- they are based on democratic principles;
- they build member commitment over time;
- they encourage self-responsibility;
- they are autonomous from politics, governments, and capitalist enterprise;
- they build through co-operation among co-operatives;
- they are concerned about communities; and
- they promote gradual, secure development.

Eighth, co-operatives develop gradually, recognizing the complexities of personal and community development, relying upon the cumulative impact of education and training programmes, and accumulating capital resources slowly. They are not "quick fixes" but, when successful, they are certain providers of economic security, personal empowerment, and community stability.

All told, then, the co-operative approach would appear to fit in well with mainstream Aboriginal development ideas, which are predominantly collective, centred on the individual Aboriginal community. It responds well to the priorities of the Royal Commission on Aboriginal Peoples, and it meets the criteria for economic development presented by other reports—for example, the 1989 Scone Report in which Northwest Territories councils stipulated that economic self-sufficiency should be based on economic growth that retained and re-invested resources in the community and that built sustainable enterprises.

Conclusions

Co-operatives are an important instrument for social and economic development across Canada and abroad. Similarly, they exist in many sectors of the Canadian economy important to Inuit, First Nation, and Aboriginal peoples. In this context, they fill an important role in economic and social capacity building, a role requiring further study and documentation.

The ICA Statement on the Co-operative Identity^{*}

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

First Principle: Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

Second Principle: Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

Third Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Fourth Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Fifth Principle: Education, Training, and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of co-operation.

Sixth Principle: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

Seventh Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

*Ian MacPherson, *Co-operative Principles for the 21st Century* (Geneva: International Co-operative Alliance, 1996). Adopted at the 1995 ICA Centennial Congress in Manchester, England.

Methodology

Principal Researchers

Dr. Ian MacPherson, Professor of History, British Columbia Institute for Co-operative Studies, University of Victoria; and Dr. Lou Hammond Ketilson, Associate Professor of Management and Marketing, College of Commerce, and Fellow, Centre for the Study of Co-operatives, University of Saskatchewan.

Objective of the Study

The objective of the study is to build knowledge and awareness about the current state and contributions of Aboriginal co-operatives to regional and community *economic and social* development, and to identify obstacles, opportunities, and strategies to expand their effectiveness as an instrument for Aboriginal economic and social development.

Proposed Methodology

The proposed methodology includes the following components to address the proposed scope of work:

1. Conceptual Framework.

Objective: To examine the existing literature to identify common themes and potential overlap, and develop a conceptual basis for exploring the obstacles, opportunities, and strategies for developing Aboriginal co-operatives. To develop this conceptual base, researchers will complete a review of the community economic development, Aboriginal community economic development, co-operative community economic development, entrepreneurship, and international development literature.

Responsible for Completion: This task will be shared by the principal researchers. Significant contributions regarding the Aboriginal community economic development literature will be provided by Dr. David Newhouse, Head of the Native Studies Department, Trent University; Warren Weir, Visiting Scholar in Aboriginal Business Education, and Kelly Lendsay, Co-ordinator, Graduate Aboriginal Business Education, both at the College of Commerce, University of Saskatchewan; as well as Dr. Taiaiake Alfred, School of Public Administration, University of Victoria. Contributions regarding Aboriginal co-operatives in Québec will be provided by Dr. Jean-Pierre Girard, Guy Bernier Chair, Université de Québec à Montréal.

2. In-Person Consultation

Objective: Researchers are proposing a number of consultations to ensure that all aspects of the proposed methodology are consistent with the needs of the study's sponsors, as well as the Aboriginal community more generally. The intent is to meet with the organizations named below, or at a minimum, a representative of the organization.

Responsible for Completion: The principal researchers.

Group Consultations:

Steering Committee

Saskatchewan Indian Federated College (SIFC)

Council for the Advancement of Native Development Officers (CANDO)—Warren Weir made a presentation on the behalf of the principal researchers at the February 17–19, 2000, meeting of CANDO to solicit input regarding methodology and potential case studies

Others as identified

3. Statistical Profile of the Sector

Objective: To develop a profile of the existing Aboriginal co-operative sector. The intent is to identify with as much accuracy as possible the numbers, locations, and characteristics of Aboriginal enterprises and organizations incorporated under federal, provincial, and territorial co-operative legislation. Data will include the standard variables collected by the Co-operatives Secretariat in their annual survey of co-operatives in Canada.

Responsible for Completion: This task will be carried out by Bachir Belhadji, Co-operatives Secretariat.

4. Profile of Support Programmes Available to Assist Aboriginal Co-operative Development

Objective: To develop a comprehensive overview of existing federal, provincial, and territorial programmes designed to enable Aboriginal Co-operative development. This will also include an identification of initiatives undertaken by nongovernmental agencies in support of Aboriginal Co-operative development.

Responsible for Completion: Identification of federal, provincial, and territorial programmes will be lead by Rebecca McPhail, Department of Indian Affairs and Northern Development. Identification of initiatives undertaken by nongovernmental agencies will be led by Mary Pat MacKinnon, Canadian Co-operative Association (CCA), and Réjean Laflamme, Conseil Canadien de la Coopération (CCC).

5. Interim Report

Objective: An interim report providing a preliminary overview of the information gathered through steps one to four.

Responsible for Completion: The principal researchers.

6. Case Studies

Objective: A minimum of five case studies will be completed to provide an in-depth examination of best practice in Aboriginal co-operatives. The case studies will identify characteristics of successful co-operatives vis-a-vis their organization, management, corporate strategies, and economic development benefits to the community. They will also attempt to identify external factors supporting and inhibiting success with regard to the initial establishment and ongoing life of the co-operative. Efforts will be made to include an example of an Aboriginal housing co-operative.

Potential case studies will be chosen from an initial list identified with the assistance of the Co-operatives Secretariat, the CCC, CCA, members of the Council for the Advancement of Native Development Officers, and other contacts in the Aboriginal community.

The case studies will be developed by means of two approaches. In each instance, case writers will be provided with a standardized template with guidelines for content.

One set of case studies will be written under the leadership of the principal investigators, using graduate students for assistance. Several students taking the University of Saskatchewan course MBA 817: Aboriginal People and Economic Development (team taught by Warren Weir and Kelly Lendsay) have taken the opportunity to develop a case for class credit. The cases will be developed under the supervision of professors Weir and Lendsay. Their advice and assistance will be sought for the other case studies as well.

A second set of cases will be developed by inviting members or staff of a chosen Aboriginal co-operative to write the case study themselves. A modest honorarium will be offered to the co-operative in exchange for the efforts of the author.

Responsible for Completion: The principal researchers will organize and oversee completion of the case studies.

7. Analysis and Recommendations

Objective: Analysis will be conducted of the information gathered in steps one through six. The final report will address the following areas: follow-up on research needs; appropriate models for Aboriginal co-operatives, and best practices in southern as well as northern Canada; opportunities for expansion; obstacles to be overcome; capital access

issues; areas and possible initiatives for co-operation between government and the co-operative movement in policy, programming, and advocacy.

Responsible for Completion: The principal researchers.

8. Distribution

Details regarding this aspect of the project have not been discussed to any great extent. The principal researchers anticipate that responsibility for this aspect rests with the sponsors of the study, and that the budget for it would be derived from resources additional to those dedicated to the completion of the research project itself.

Revised on March 6, 2000.

A P P E N D I X G — C A S E S E L E C T I O N C R I T E R I A

Case Study	Region	Location			Sector	Date Incorporated	Size			Status	
		Rural	Urban	Remote			Members	Sales	Employees	On-Reserve	Off-Reserve
Arctic Co-operatives Ltd.	Far North			X	Wholesale	1982	41 retails	\$69 M	740		X
Ikaluktutiak Co-operative	Far North			X	Multipurpose/Retail	1961	460	\$3 M	50		X
Caisse Populaire Kahnawake	Southern Québec		X		Financial	1987	7,000	\$58.9 M Deposits	N/A	X	
Puvirnituq Co-operative	Northern Québec			X	Multipurpose/Retail	1958	1,500	\$6 M	21		X
Apaqtukewaq Fisheries Co-operative	Atlantic	X			Fishing/Processing	1995	4	\$40,000	N/A	X	
Anishinabek Nation Credit Union	Ontario	X	X		Financial	2000	N/A	Target \$10 M Deposits	3	X	
Native Inter-Tribal Housing and First Nations Housing Co-operatives	Ontario		X		Housing	1980 1983	N/A	62 homes 42 homes	N/A		X
Akochikan Co-operative	Prairie			X	Multipurpose/Retail	1996	1,800	\$1.2 M	N/A	X	
Neechi Foods Co-operative	Prairie		X		Worker Co-op/Retail	1989	7	N/A	7		X
Amachewespimawin Co-operative	Prairie			X	Multipurpose/Retail	1972	1,000	\$4.5 M	50	X	
Wilp Sa Maa'y Harvesting Co-op	Pacific	X			Processing/Production	1998	106	N/A	1		X

Case Study Guidelines

The purposes for the case studies are as follows:

- to introduce interested persons to a number of established and beginning co-operatives among First Nations people;
- to document the story of those co-operatives;
- to learn from the experiences of those involved in the development of the co-operative; and
- to provide information in a useful format on the experience of the co-operatives studied.

Common Questions

The writers should consider the following questions in preparing their studies. The questions are not intended to become a questionnaire, but rather a checklist for the preparation of an essay written in the author's own words.

1. When did the co-operative emerge?
2. Who were the founders?
3. What network or networks were central to the founding of the co-operative?
4. Were there any special characteristics of the groups of people or location in which the co-operative emerged that help to explain its development (e.g., a number of co-operatives already in existence, band organization already informed about co-operatives, etc.).
5. What kind of activities (business and social) did the co-operative undertake?
6. Have the activities changed?
7. What were the key issues confronting the co-operative in the early stages?
8. What role was played by government?

9. What role, if any, was played by other co-operatives?
10. How was funding secured?
11. How did the elected leadership of the co-operative learn about their roles and responsibilities?
12. How did the managers and employees learn about their roles and responsibilities?
13. What training programmes would have been useful?
14. What are the positive attributes of the co-operative model as you have experienced it?
15. What are the negative attributes?
16. What general advice would you give to any group interested in developing a co-operative?
17. What kind of further assistance would you like to have from government?
18. What kind of further assistance would you like to have from the sector?

A P P E N D I X I

Case Studies

Arctic Co-operatives Limited

Case Study Analysis Prepared by Ian MacPherson
Director, British Columbia Institute for Co-operative Studies
University of Victoria

If you go on a seal hunt using breathing holes to hunt seals, and you go by yourself, and if you cover only one of the breathing holes, you don't have that much chance of being lucky. A seal has five or six breathing holes, so the more you can cover, the better, and so usually the whole camp would go out—with their dogs—and try to cover as many holes as possible and everyone shares. And that is why I think the Inuit took so easily to co-operatives.¹

Surviving on the Arctic tundra and its coasts has always been an unrelenting struggle; harvesting the region's treasures, be they on land or sea, has always been a stark challenge. In the days before the market and the modern state transformed the northern economy, human beings had little option but to work together; they had no choice but to practice pragmatic communal collaboration. Thus the Inuit and Inuvialuit had developed deep traditions of informal familial and group co-operation long before southerners, public servants, missionaries, co-operative enthusiasts, and social engineers encouraged the development of formal co-operatives among them. Those traditions would become vital contexts within which the institutionalized movement could be established and, in general, would flourish.

Origins

European and southern interest in the Arctic region goes back for centuries, but the Canadian government, which accepted responsibility for the Arctic region in 1880, only emerged from its "state of absent-mindedness" about the region during the 1950s. The reasons for the awakening are not hard to recall. The alarms raised by the deepening Cold War rang as loud in the Canadian Arctic as anywhere. The public outcry over stories of abject poverty and high mortality from diseases that would have been curable in the South shamed many southern

¹ Interview, Andrew Goussaert, by author, 15 July 1986.

Canadians. The desire to tap into the extensive mineral wealth of the region stirred many southern entrepreneurs. The drive to create a uniform, national social safety net stretched north as much as it did east and west. All of these pressures revolutionized the way the Canadian government and its territorial representatives carried out their responsibilities in the North. Even more importantly, they reshaped Arctic societies in a rapid and sometimes brutal way. Amid the transformations that took place, the formal co-operative movement, with its distinct way of carrying out business and building local communities, took shape.

Government officials began to discuss co-operatives early in the 1950s as the possibilities for the production and sale of northern Aboriginal art became evident, largely because of the work of James Houston and Don Snowden and, later, that of Alma Houston. Following an extensive study of the possibilities, the federal government announced its first five-year northern co-operative development programme in 1958. A year later, the first co-operatives were organized in George River and Port Burwell (the Kikitoayak Eskimo Co-operative).

Promising starts by the two co-operatives encouraged people in several other communities and the southerners associated with them to develop co-operatives. The major government drive to create co-operatives occurred during the 1960s and early 1970s. By 1970 there were thirty co-operatives in the Northwest and Yukon Territories; by 1975, there were forty-one. In subsequent years more were gradually added until the number reached the mid-forties; they could be found in almost all the major communities in the region. As the co-operatives reached a “steady state,” between 90 and 97 percent of their memberships were Aboriginal and their elected boards were almost universally made up of Inuit, Inuvialuit, and Dene.

The expansion of the 1960s and the early 1970s was the result of an effective partnership between northern Aboriginal peoples, government officials, and southern co-operative leaders. The challenge was to translate informal, traditional forms of collaborative behaviour into effective participation and management of co-operatives. Much had to be comprehended in a short period of time. Aboriginal peoples had to learn about the organization and operation of formal, legally constituted institutions. They had to adapt their consensus model of decision making to the more formal methods of voting and delegation typical of co-operative enterprise. They had to learn how to participate in formal democratic practices: how to carry out elections, how to conduct meetings, how to delegate responsibility to elected leaders, and how to effectively utilize regular and annual meetings. Some, particularly those elected to boards or employed by the co-operatives, had to learn how to harmonize the democratic aspects of their co-operatives with the need to function in the market-place: they had to understand balance sheets, turnovers, and audits. Learning all these skills and understandings became a remarkable exercise in adult education for the generation that was dominant in the 1960s and 1970s. Doing so created a cadre of leaders in the Arctic communities who were somewhat separated from the political and traditional leadership of those communities; a cadre for which the co-op became

the main focus of their economic and many of their social ambitions.

Champions

Because of this learning curve for northern Aboriginal peoples, the involvement of public servants and other southern sojourners was particularly important in the early development of the northern co-operatives. An especially instrumental role was played by officials within the then Department of Northern Affairs, which had responsibility for the northern co-operatives until 1970, when responsibility for co-operatives was generally handed over to territorial officials. Two of the most important of the championing officials in Northern Affairs were Paul Godt and Alexandr Sprudz, recent immigrants who had learned about co-operatives in the strong movements of their respective homelands of the Netherlands and Lithuania. Both travelled extensively in the North and lobbied assiduously within the federal government to secure the resources that made the development of the northern co-operatives possible. They found allies within the Co-operative Union of Canada (the forerunner of the Canadian Co-operative Association), notably Alexander Laidlaw and Ralph Staples. They were aided by several European and southern individuals in the northern communities: typically priests, teachers, and police officers who provided much of the technical expertise and advisory services groups needed to form and to operate co-operatives. One of the transplanted Europeans, Andrew Goussaert, became a tireless promoter of co-operatives in the North and a central figure in the development of the northern movement. For his work over nearly three decades he was recognized nationally by the English-Canadian movement, the only person in the history of the movement to have been so recognized.

The work of such people as Sprudz, Godt, and Goussaert demonstrates the absolutely crucial role played by champions in creating the northern co-operatives. That does not mean that the roles played by Aboriginal leaders and members were not critical as well, because they were. The point is that there was an essential transmission of understanding and training that made the Arctic co-operatives possible, and that exchange took place over a period of time. As in the development of co-operatives in all parts of the world, Aboriginal or non-Aboriginal, then or now, the Arctic co-operatives required careful nurturing by informed champions during their formative years.

The federal government helped the co-operatives in a number of specific ways. It funded the early training of the elected leadership and members. It facilitated the training of managers and helped organize the annual sea lifts that brought most of the consumer goods for the communities northward. It helped the co-ops secure government contracts for the delivery of services and the construction of homes. It provided direct support through guaranteed lines of credit, grants-in-aid, the promotion of Aboriginal art, and support for conferences. Until the mid-

1960s, public servants in Ottawa sorted, stored, and sold the northern art brought south each year by the supply ships.

The Art Business

From the beginning, the northern co-operatives were engaged in two kinds of businesses. One, the more glamorous and better known, was the encouragement of the production of northern art and its sale outside the region, primarily in the Canadian South. In its earliest days, it too was a business that owed much to the energies and expertise of southern experts and supporters. It was always a business, however, that was based on Arctic Aboriginal views of reality, traditional forms of representation, and stories derived from the Arctic cultures.

The art business was organized according to a classic co-operative marketing model, emphasizing control over the quantity and quality of the “product” as well as the careful development of the marketing process. In its earliest days, the business was regulated by the Canadian Guild of Crafts in Montréal which ensured that the quality was high—at least as that was understood by southerners interested in Aboriginal art. The art was distributed through southern stores and encouraged by southern government officers and federal politicians; it was promoted through a growing network of art stores in Canada and, gradually, in some other countries as well. It was in many ways a controlled market, one that could guarantee a reasonable return to northern co-operatives (and their artist/members), particularly in the time when southern sojourners were few in number and when individual northern artists had few opportunities to sell outside the region.

The kind of art produced in the Arctic co-operatives has changed dramatically over the years. The first kinds of art, naturally enough, were extensions of the art traditionally created by the Arctic peoples; much of it was made from soapstone, animal bones, and hides. As southern technology for printmaking became commonplace and southern materials were introduced, the Arctic artistic flare, forms, and perspectives were transferred to other media and new markets. By 1999, more than a thousand northern artists in Nunavut and the two territories were selling their work through the co-operatives. It had become one of the most important sources of income for the region’s Aboriginal peoples. It was a good example of the instinctive entrepreneurial capacity of northern peoples.

The Other Businesses

The other kind of business, in reality more important in the long run, grew out of the development of retail stores in the Arctic communities. Because of the isolation of the Arctic settlements and the domination of two chain stores in the region, the cost of consumer goods was always a major issue among northern peoples. Co-operative stores, through their transparent accounting systems, could be held accountable for the charges they levied on the goods

they sold, the only significant variable being the effectiveness of their management. At the very least they were market-place regulators of the pricing of consumer goods. For that reason alone, they soon became a common feature of almost all the northern communities.

Most importantly, the co-operative stores contributed significantly to the development of the social capital of the region. By the time they reached a steady state of about forty-five stores, they were involving some 250 people annually on their board of directors. Over the years, the co-operatives have trained an estimated 2,000 people in their roles as directors. They have also been for many years significant employers—indeed, after government, the second largest employer of Aboriginal peoples in the North. Today, they employ directly 750 people and they have developed training programmes that, formally and informally, have educated thousands of northerners.

During the 1960s and 1970s, the movement was particularly engaged in the training of people both within the region and in classes at the Co-operative College of Canada in Saskatoon. In a way they were too successful, as the people once trained moved on to other jobs and vocations. Many of the elected people went on into the politics of the region, within Inuit organizations, in the House of Commons and, ultimately in the Nunavut Legislature. Many who first earned employment in the co-operatives went on to work in government and private companies, attracted by southern pay scales and better fringe benefits. Several went into business for themselves, sometimes in competition with the co-operatives where they had once worked. This continuous expansion of “human capacity” was an important contribution to the social and political economies of the northern region.

As the years went by, the northern co-operatives became a considerable engine of growth for the Arctic region. In many communities they were the only private business; in others they were significant competitors in the retail trades, the only protection from gouging by private companies. The co-ops were also remarkably entrepreneurial as they became engaged in whatever kinds of businesses made economic sense: they operated repair shops for the skidoos they sold, ran hotels, organized charters for southern tourists, provided mail service, delivered fuel, opened video shops, built houses, and operated cable television services. They became remarkable testimonies to the capacity of northerners, particularly Aboriginal northerners, to tailor business activities to whatever economic opportunities existed.

Creating Arctic Co-operatives Limited

Effective co-operative movements are typically about more than local co-operatives; they are almost invariably organized in federations, groupings, or alliances that achieve benefits of scale by working together to purchase jointly whatever goods or services they need, to collaborate in training programmes, to sell collectively when it is in their interest to do so,

and to lobby government when it is necessary. These coalitions, in tangible and intangible ways, are central to co-operatives achieving their full potential and to the maximization of the benefits of co-operativism for both members and their communities. Discussions about forming a federation of co-operatives began almost at the same time as the northern movement itself. In 1963, representatives from sixteen co-operatives gathered in Frobisher Bay (now Iqaluit) to discuss the possibilities at length.² The first pan-Arctic gathering of Inuit, Inuvialuit, and Innu, it was a remarkable event, filled with excitement as people from the eastern and western Arctic gathered in significant numbers; as people communicated through interpreters in dialects that were similar yet different; as the vision of a pan-Arctic co-operative movement owned by the people captured the imaginations of many of the people in attendance. One might even say that the first glimmer of a pan-Arctic Aboriginal brotherhood was born at that meeting.

Three years later, representatives of twenty-four co-operatives met in Povungnituk to form Canadian Arctic Producers to market arts and craft, initially through the offices of the Co-operative Union of Canada located in Ottawa. It was an important step in the evolution of the Arctic co-operative movement.

The development of a wholesale organization for the northern co-operatives in the Northwest and Yukon Territories took a little longer and it was somewhat controversial.³ The competing stores in the Arctic naturally resisted the growth of the co-operatives. In the late 1960s, the co-ops were denounced by a Yellowknife newspaper, the speaker of the Council, and the commissioner of the Northwest Territories as being a Trojan horse for socialism. Consequently, before 1970, when responsibility for co-operatives was transferred to the territories, support from the territorial government was lukewarm and guarded. Afterward, for a number of years, the support was less freely given than it had been during the days when the Department of Northern Affairs was primarily responsible.

It was not until 1972 that the territorial government allowed the northern co-operatives to form a federation, some five years after it had received the first request to do so. The Canadian Arctic Federation of Co-operatives (CAFC), formed that year, opened an office in Yellowknife. CAFC immediately undertook a wide range of services, including audit and educational programmes and merchandising and transportation services. It also became more closely associated with southern co-operatives. Its connections with the Co-operative Union remained strong; it continued to use the services of the Co-operative College in its training programmes,

² Eleven of the co-operatives were located in the Northwest Territories, five in Nouveau-Québec.

³ The situation was less complicated in Nouveau Québec and a wholesale was speedily created, La fédération des coopératives du Nouveau-Québec, was established in 1967.

both in Saskatoon and in the North; and it began to use Federated Co-operatives Ltd., the wholesale for western Canadian co-operatives, to secure its consumer and dry goods.

The Chronology of Arctic Co-operatives

- 1959: first co-operatives formed
- 1963: "Frobisher Bay" conference
- 1966: Povungnituk Conference
- 1966: Canadian Arctic Producers formed
- 1972: Canadian Arctic Federation of Co-operatives formed
- 1982: Canadian Arctic Producers and Canadian Arctic Federation of Co-operatives unite to form Arctic Co-operatives Limited
- 1985: Arctic Co-operatives Ltd. head office moved to Winnipeg
- 1986: Arctic Co-operative Development Fund created

Within two years, however, CAFC was facing serious problems, necessitating a campaign to raise more funds during the period 1975–1978. While some of the increased funding came from the fledgling co-operatives, most of it came from the federal and territorial governments. They guaranteed a bank loan of \$3.2 million; made annual contributions of nearly \$300,000; provided low-cost loans to local co-ops; and provided \$240,000 annually for training/ educational programmes. While this assistance was substantial, it was not out of line with the kind of assistance governments gave, directly and indirectly, to southern companies striving to develop businesses in the North.

The pressures of the 1980s forced the leadership of Arctic Co-operatives, both in the central and local organizations, to focus almost entirely upon the needs of their businesses. Thus, though co-operatives had played an important role in encouraging the deepening Inuit/ Inuvialuit sense of identity in the period—and was so evident in the development of the Inuit Tapirisat and the emergence of the land claims issue—the co-operatives became less evident than they had been in Aboriginal politics; less obvious as the primary voice for the development of an Inuit-led economy. It is a trend that is important in understanding the place of co-operatives a decade or so later.

Creating Stability

Because of the influx of funding and its growing managerial ability, CAFC and most of the co-operatives did well until the early 1980s. The art business grew steadily, the operations of local co-operatives improved considerably, and the competence of leaders, both elected and paid, improved. Then the high interest rates so typical of the 1980s began to have their effect. By 1984, the entire system was facing bankruptcy. The dawning crisis precipitated the amalgamation of Canadian Arctic Producers and the Canadian Arctic Federation of Co-operatives to

form Arctic Co-operatives Limited (ACL) in 1982. The new organization consolidated its offices, one of which was in Yellowknife, the other in Ottawa. After researching a number of locations, it located its head office in Winnipeg in 1985, a move that would save an estimated \$450,000 annually. The move also permitted the organization to distance itself somewhat from government and the kind of binding, official and unofficial, that had emerged from the financial support given in the later 1970s.

The most important step in achieving increased autonomy, however, came with the advent of the Arctic Co-operative Development Fund (ACDF). Amid the problems of the mid-1980s, the federal government advanced \$5 million through its Native Economic Development Programme to help local co-operatives purchase supplies and modernize their facilities. The Department of Indian Affairs and Northern Development advanced another \$5 million for the refinancing of the co-operatives. The Government of the Northwest Territories wrote off \$1.5 million it had invested in a parka factory that it had encouraged Arctic Co-operatives to take over some years earlier, and advanced \$500,000 for development projects within local co-operatives. These funds made it possible for Arctic Co-operatives to deal finally with the immense cash-flow problems created by the annual ordering programme of its central and local organizations. Most significantly, the funds were administered in such a way that nearly \$10.5 million went into a new organization—the Arctic Co-operative Development Fund—in effect, a revolving fund that created a permanent capital pool and meant that local co-operatives did not have to borrow significant funds from other financial institutions.

Since 1985, the northern co-operatives and Arctic Co-operatives have enjoyed almost uninterrupted success. ACDF has grown to nearly \$28 million, making it one of the most successful Aboriginal funds in Canada. Between 1985 and 1999, more than \$15 million were returned to local co-operatives—money that otherwise would have gone outside the region to investors in other stores in the North. The trajectory of dividends has also been almost consistently upward and the amount returned in the last few years has been approaching \$2 million. The consolidated asset base has grown from \$15.5 million in 1982 to more than \$82 million in 2000. Membership has increased to over fifteen thousand, and the number of employees has increased to 740, almost all of them Aboriginal peoples. The art programme sells the work of more than a thousand people. A multiyear information system has been introduced and the hotel chain operated by the co-operatives has embarked upon a programme of upgrading its facilities.

Lingerig Issues

The development of the co-operatives in Nunavut, the Northwest Territories, and the Yukon is a remarkable story involving the mastering of difficult business situations. One cannot under-

estimate the complexities of conducting business across such a vast region as that served by Arctic Co-operatives. The sheer distances involved, the difficult (and expensive) transportation systems, the high costs of northern construction, the challenges in creating uniform and effective accounting systems, the difficulties in building viable businesses in communities, many of which contain only three to seven hundred people—all of these elements would strain the capacity of any entrepreneurial organization. Those struggles continue, as they always will.

Beneath all these challenges lies a constant issue: the continual demand for well-trained people, both elected and employed. One of the casualties of the 1980s was the decline of training programmes, partly the result of declining government support, partly of budget cuts within the co-operatives. The inadequate training of personnel has subsequently affected the rate at which Aboriginal people have been able to assume leadership roles within the co-operatives. It has been less of a problem on the elected side of the leadership equation. Boards at the local level are almost entirely made up of Aboriginal people, as have increasingly been the boards of Arctic Co-operatives and the Arctic Co-operative Development Fund.

The main problem has been at the managerial level, where most of the managers, some of them albeit long-standing residents of the North, are typically southerners. While appreciative of the efforts of these transplanted leaders, the co-operatives have long stated a desire to develop more Aboriginal managers, not only to provide more opportunities for northern youth, but also to ensure that the most public face of the co-operatives reflects the realities of the memberships.

The challenge of developing managerial capacity, of course, is broader than an internal issue for the northern co-operatives. It is in large measure a consequence of the shortage of educational opportunities in the North. It is further complicated by the way in which government policy for educational—and for key economic—development has unfolded in recent years. The federal government, since the release of the *Report of the Royal Commission on Aboriginal Issues*, has emphasized decentralized decision making in the political organizations of Aboriginal peoples, in the North Regional Inuit Associations, and the Inuit Tapirisat. It has preferred contracting out the delivery of services through subsidiaries of the Aboriginal organizations—community economic development organizations and development corporations owned by shareholders on a regional basis—NUNASI Corporation in Nunavut, for example, and the Qikiqtaalik corporation in the Baffin Region. In fact, the proliferation of development corporations in response to the government decentralization efforts, the natural desire of local communities to control their destiny, and the need to find ways of channelling money from land settlements into communities have been some of the most important changes in the financial infrastructure of the Arctic region in recent years.

While these changes were understandable, particularly within the framework of the Canadian Aboriginal Economic Development Strategy, they have had the effect of isolating somewhat the Arctic co-operatives. The Arctic co-operatives span the region and work on a system-wide basis that does not coincide with the regional emphases of the unfolding policy framework. The issue has been complicated by the fact that the co-operatives are not entirely Aboriginal, thereby making them unacceptable for much of the new funding allocation system. It is an unfortunate situation since the co-operatives are well over 90 percent Aboriginal in membership and they have served as particularly effective instruments for Aboriginal entrepreneurship. In a way, the current practice undermines one of the historically most important forms of Aboriginal participation in the market-place.

The issue becomes vitally important because it largely excludes the Arctic Co-operatives from region-wide participation in the Aboriginal Human Resources Development Strategy. It has meant general exclusion from the Aboriginal Capital Corporation, although studies are underway to see if the problems can be addressed. Both issues are critical for the development of co-operatives in the Arctic, and there is some need for discussions with the leaders of Aboriginal organizations and government officials to ensure that the co-operative model, which has been so beneficial to Arctic people and their communities, is not unintentionally or thoughtlessly ignored in the future.

Lessons Learned

Along with the Aboriginal co-operatives in Nunavik, the case of Arctic Co-operatives is the most successful Aboriginal experiment with co-operatives in Canada. What explains the successes ACL has achieved? The following factors seem to be particularly important.

- There were several clear needs that the co-operatives could meet.
- The Inuit and Inuvialuit were receptive to the idea of co-operatives.
- There was a small coterie of champions who made major contributions to sustaining the co-operatives, particularly in the early years.
- There was a profitable business—the art business—that provided important income over the years.
- There was sufficient funding to permit success despite adverse economic pressures and the complexity of conducting business over almost the entire Arctic region.
- Progress was not achieved quickly or easily.
- The co-operatives managed to separate themselves from too close a relationship with governments.
- They have developed an innovative funding system through the Arctic Co-operative Development Fund.
- The development of human resources is the most important underlying challenge confronting co-operatives.
- In particular, there is a need to develop Aboriginal leaders as expeditiously as possible.

They are lessons that might usefully be kept in mind by those wishing to start Aboriginal co-operatives in other parts of Canada.

Ikaluktutiak Co-operative Limited

Cambridge Bay, Nunavut

Update 2000

Case Study Analysis Prepared by Juliano Tupone

The community of Cambridge Bay is located on the southeastern side of Victoria Island in the territory of Nunavut. The community has approximately thirteen hundred residents, of which 75–80 percent are Inuit. An arctic char fishery was started in 1959, using a co-operative structure. The co-operative was incorporated in 1967. As Andrew Goussaert stated (referring to the establishment of two northern co-ops), “Both co-ops started from nothing.” In the early years of northern co-operative development, there was little if any support from governments, but communities were still able to develop viable businesses using the co-op model. In the early 1970s, residents began a retail/grocery operation using the existing fishing co-operative.

History

The Ikaluktutiak Co-operative has enjoyed significant success and expansion during the past thirty years. A business that started out as a small fishing co-operative has expanded operations over the years to become a very successful and important community-owned venture. Many people, such as William (Bill) Lyall and Andrew Goussaert, point out that there is a natural fit for co-operatives in Inuit communities. Bill notes that co-operation has always been vital to the survival of the Inuit people, who initially lived in small settlements where all relations worked together and helped out other settlements as well.

Despite the suitability of the co-operative model in Inuit communities, the Cambridge Bay co-operative faced certain barriers in the early stages. Financing was a major issue; there were few funds available to begin operations, even from the various levels of government. As Bill put it, “If we needed ten dollars, they gave us one.” Adding to the lack of financial resources were issues of operational space, and abandoned buildings were used to house the first co-op facilities in Cambridge Bay. Human resources also presented a barrier as there were few, if any, people in the community with the necessary training or education in business operations and management to run the co-op.

Although financial resources were limited when the co-op was started in Cambridge Bay, there was a network of people who assisted the community in setting up the organization. Andrew Goussaert, for instance, was involved with the establishment of the co-op retail store, as well as with other initiatives in northern communities, such as the co-op in Gjoa Haven on King William Island. The co-op model has proved to be a natural fit in Inuit communities, but there

have been difficult periods, particularly in early 1980s, when several northern co-ops were facing bankruptcy (Wuttunee 1992, pg. 84).

Since the co-op was first established as an arctic char fishery in the 1960s, operations have expanded into other areas. The retail store opened in the early 1970s and has since become the main operation of the co-op. In addition to the retail store, the co-op operates a hotel, a taxi service, and a cable service. The fishing operation is approximately 51 percent owned by the Government of the Northwest Territories. The success of the co-op in Cambridge Bay is at least partially due to strong support for the co-op system in northern Canada. In 1972, the Canadian Arctic Federation of Co-operatives was incorporated; in 1982, this organization amalgamated with Canadian Arctic Producers to became Arctic Co-operatives Limited (ACL). ACL is owned by forty-two member co-operatives located throughout northern Canada. It provides accounting and auditing services for members; marketing; merchandising and purchasing; training and education for managers and board members; and management advisory and support services.

ACL's lack of adequate financial resources, however, led to serious difficulties for ACL and its members. In 1986, to alleviate some of these problems, the Northwest Territories Co-operative Business Development Fund (later the Arctic Co-operative Development Fund, ACDF) was established, infused with more than \$10 million in capital contributions by the territorial and federal governments (Wuttunee, pg. 83). Despite barriers to economic development such as geography, climate, and isolation, northern co-operatives such as Ikaluktutiak have managed to survive periods of financial instability, and with the combined resources of ACL and ACDF, have become quite successful over the past two decades.

Education and Training

Northern co-operatives have experienced significant difficulty with respect to co-operative education and training. Initially, outside managers were brought into Cambridge Bay to work for the co-op. It is difficult to train members of the local community in business and co-operative principles, although it has been done with success at various times. After the passage in 1978 of a unanimous motion to train northerners for employment in the co-op system, officials established a joint federal-territorial programme. During the late 1970s and early 1980s, with the assistance of the Co-op College, ACL initiated a training programme based on competency-based modules for the co-ops under its umbrella. The programme was of a sufficiently high standard to be used for credit in similar education programmes at a college in Ft. Smith. ACL also participated in a distance education programme with the University of Regina. As Bill noted, several local managers have been trained within the co-op system over the years, but they tend to move into better paying government positions.

ACL still provides some training for co-op board members and delegates to annual general meetings, holding orientation workshops for new delegates as well as veterans on the first day of each AGM. These workshops address items such as understanding financial statements, the ACL federation, and co-op philosophy in general. Apart from this, member training has basically come to a halt due to financial difficulties, although there is still a significant need and desire to train local people to work in the northern co-op system. At the ACL/ACDF Annual General Meeting in May 2000, motions were passed to initiate more training for northern natives and Inuit. Although there is currently a lack of financial resources for such an endeavour, delegates at the AGM sought support in principle from a representative of the Nunavut government.

The co-op in Cambridge Bay is experiencing similar difficulties. Bill noted that the directors and members of the Ikaluktutiak Co-op would like to see more support from government to develop training and education programmes to enable more Inuit to work in the co-op system. This situation is common to many, if not all, of the northern co-ops. Some people have also noted the need for more public education regarding the benefits of co-ops, adding that if Aboriginal and other government leaders had a better understanding of these organizations, it would likely lead to more support for the co-op model. While many do need to learn more about the benefits of co-ops and the co-op system, it appears that an understanding of co-operative principles and values is increasing among political leaders. As several ACL officials have noted, many northern political leaders began their careers in the co-op system.

Community Impact and Involvement

The Ikaluktutiak Co-operative has had a number of significant and positive impacts on the community of Cambridge Bay. To begin with, it has been very successful at providing employment to community members in the various operations it runs. When the fishing operation was owned by the co-op, there were close to one hundred employees, and the retail store currently provides approximately twenty-seven full-time and twelve part-time jobs to community members. It is also important to note that the nature of co-operatives enables the Ikaluktutiak Co-op to play a vital role in recycling capital within the community. Profits generated by the co-op stay within the community in the form of patronage dividends and reinvestment in business operations. Businesses not owned by community members do not provide the same positive economic impact.

The co-op has also made a positive social impact on the community. As noted earlier, the co-operative structure fits well with Inuit culture, and the democratic nature of co-operatives allows community members to play a significant role in deciding what direction the co-op will take. Other Inuit cultural traditions are also reflected in the co-op, such as fishing, hunting, and

arts and crafts. The co-op runs an arts and crafts operation, supports hunters, and is still involved with the commercial fishing operation, although to a lesser extent than in years past.

Members of the community have of course played an important role in making the co-op successful. Several Elders were instrumental in starting the co-op, although there is not as much Elder participation as there once was. Women did not play a large role in the early stages, but have made a significant contribution to the success of the arts and crafts operation, in which more and more women are becoming involved. Youth are not particularly active within the co-op, and although several youth are employed in the retail store on a full- and part-time basis, there are currently not any initiatives targeted specifically towards youth.

Financial Information

The Ikaluktutiak Co-op experienced some financial difficulties in the 1990s, primarily in the form of a net loss, which occurred in three fiscal years—1996, 1997, and 1998. Return on equity (ROE) was negative during the same years in which a net loss was experienced, as ROE is based on net sales (loss). There were also a few years in which the co-op experienced a decrease in sales compared to the previous year. Despite the decrease in sales, however, there was an increase in members' equity in all but four years throughout the past decade, as is indicated by positive percentage changes.

	1989	1990	1991	1992	1993	1994
ROE	41.13%	27.76%	25.93%	18.35%	0.86%	6.85%
Change in Sales	--	5.05%	8.13%	2.62%	-9.16%	11.37%
Change in Assets	--	62.58%	5.14%	1.63%	-5.71%	4.61%
Change in Members' Equity	--	20.01%	21.94%	9.84%	-8.84%	6.20%
	1995	1996	1997	1998	1999	2000
ROE	2.40%	-9.95%	-12.66%	-4.86%	13.30%	--
Change in Sales	-7.52%	-3.50%	-14.87%	2.53%	-0.49%	--
Change in Assets	47.97%	-0.36%	-8.35%	7.80%	-2.46%	--
Change in Members' Equity	-0.72%	28.00%	-40.49%	-1.48%	10.60%	--

Barriers to Development

There are significant barriers to development with which the Ikaluktutiak Co-op and other northern co-ops have to contend, the major items being financial and human resources issues. There needs to be more training and education relevant to the co-op system and business provided to people within the community. There is also a need for management training, to enable Inuit from the community to fill management roles in their own co-op, Ikaluktutiak, and

possibly other co-ops in the future. And there is certainly a need for financial resources to develop and maintain such initiatives.

Logistics is another area of difficulty for northern co-ops such as Ikaluktutiak. Due to the isolation of many communities and the long distances that suppliers need to travel, expenses are quite high. ACL has been working hard to keep costs down so that merchandise is affordable for member co-ops. At the recent AGM, a number of delegates put forth motions pertaining to the cost of goods, and much time was spent discussing ways in which costs could be brought down to ensure that the co-ops remain competitive with other businesses such as the Hudson's Bay Company's Northern Stores.

The Ikaluktutiak Co-op also faces some challenges that are common to many co-ops in both the North and South. Ikaluktutiak has approximately fourteen hundred members represented by a nine-member board of directors. Not all members of the co-op are active, and not all community members are co-op members. Despite its positive attributes, it can be difficult to get members to participate in the co-op, and it is sometimes hard to convince people to support the co-op directly by using the services provided. Active participation in the management of the co-op, such as attending meetings and sitting on committees, is sometimes not as high as it could be. And it is also not easy to communicate to co-op members that since the co-op is a business owned by them, the profits stay within the community and provide benefits to it.

Future Endeavours

Ikaluktutiak Co-operative has some challenges ahead. The northern co-op system, in general, is going through some trying times with respect to finances, logistics, and human resources. The recent ACL/ACDF Annual General Meeting highlighted the future plans of several co-ops similar to Ikaluktutiak. There are plans in place to expand into operations that may enable ACL and its members to reduce costs. There is talk of purchasing barges to reduce freight costs. Co-ops such as Ikaluktutiak are exploring ways in which to purchase assets, such as buildings to house facilities. Several members of northern co-operatives have made it clear that there needs to be more communication between ACL and its member co-operatives. Co-ops such as Ikaluktutiak will be instrumental in ensuring that ACL and ACDF are effective in providing needed services and resources that will enable them to expand and remain viable in the future.

Works Cited

- Wuttunee, Wanda A. (1992). "Ikaluktutiak Co-operative Limited, Cambridge Bay, NWT." In *Business for Ourselves: Northern Entrepreneurs—Fifteen case studies of successful small northern businesses*. Montreal and Kingston: McGill Queen's University Press, with The Arctic Institute of North America and The Faculty of Management of the University of Calgary.

Name of Co-operative:	Ikaluktutiak Co-operative Limited					
Location:	Cambridge Bay, N.W.T.					
Incorporation Date:	April 21, 1961					
Fiscal Year End:	March 31					
STATEMENT OF OPERATIONS	1976	1977	1978	1979	1980	1981
Sales	223,597	335,140	566,811	595,229	633,741	1,017,408
Contract and Other Revenue	2,198	90,521	54,992	221,310	69,201	107,195
Total Revenue	225,795	425,661	621,803	816,539	702,942	1,124,603
Gross Margins - Sales	151,161	181,370	302,120	351,633	357,208	470,082
Gross Margins - Contracts & Other	2,198	90,521	54,992	221,310	69,201	107,195
Total Margins	153,359	271,891	357,112	572,943	426,409	577,277
Total Expenses	107,510	282,631	354,311	499,961	395,559	564,837
Operating Savings (Loss)	45,849	(10,740)	2,801	72,982	30,850	12,440
Other Income	(4,137)	36,733	16,560	13,720	31,932	34,839
NET SAVINGS (LOSS)	41,712	25,993	19,361	88,702	62,782	47,279
BALANCE SHEET						
Current Assets						
Accounts Receivable	40,544	80,740	41,040	92,284	40,102	196,513
Inventory	17,476	35,225	40,419	70,466	144,350	375,400
Other Current Assets	11,884	23,716	44,047	50,888	52,497	49,755
Total Current Assets	69,903	139,681	125,506	213,638	236,949	621,668
Fixed Assets	232,670	228,353	334,271	275,387	338,954	630,117
Other Assets	239	239	1,117	3,095	3,552	37,980
TOTAL ASSETS	302,812	368,273	460,894	492,120	579,455	1,289,765
Current Liabilities						
Accounts Payable - NWT CBDF	0	0	0	0	0	0
Accounts Payable - Other	25,307	7,944	120,916	120,797	187,726	455,983
Other current Liabilities	9,618	71,086	31,581	34,853	24,884	176,338
Current Portion L.T.D.	6,081	17,000	29,709	32,689	22,565	25,074
Total Current Liabilities	41,006	96,030	182,186	188,339	235,155	657,395
Long Term Debt	125,262	145,430	197,576	165,852	142,618	295,495
Less: Current Portion	6,081	17,000	29,709	32,689	22,565	25,074
Total Long Term Debt	119,181	128,430	167,867	133,163	120,053	270,421
Total Liabilities	160,187	224,460	350,053	321,502	355,208	927,816
Deferred Government Assistance	0	0	0	0	0	0
Members Equity						
Shares	31,545	51,240	65,285	38,359	99,206	98,870
Other	111,080	92,573	45,556	132,259	125,041	263,079
Total Members Equity	142,625	143,813	110,841	170,618	224,247	361,949
TOTAL LIABILITIES & EQUITY	302,812	368,273	460,894	492,120	579,455	1,289,765

Name of Co-operative: Ikaluktutiak Co-operative Limited
Location: Cambridge Bay, N.W.T.
Incorporation Date: April 21, 1961
Fiscal Year End: March 31

STATEMENT OF OPERATIONS	1982	1983	1984	1985	1986	1987
Sales	1,900,708	1,026,960	1,071,807	1,642,918	2,047,628	2,082,175
Contract and Other Revenue	420,421	344,385	113,882	97,029	82,651	77,378
Total Revenue	2,321,129	1,371,345	1,185,689	1,739,947	2,130,279	2,159,553
Gross Margins - Sales	246,529	229,572	438,019	881,420	881,967	836,451
Gross Margins - Contracts & Other	420,421	344,385	113,882	91,510	82,651	77,378
Total Margins	666,950	573,957	551,901	772,930	964,618	913,829
Total Expenses	735,388	761,754	720,231	666,062	732,711	775,148
Operating Savings (Loss)	(68,438)	(187,797)	(168,330)	106,868	231,907	138,681
Other Income	40,679	8,927	1,875	83,564	73,297	54,312
NET SAVINGS (LOSS)	(27,759)	(178,870)	(166,455)	190,432	305,204	192,983

BALANCE SHEET

Current Assets						
Accounts Receivable	210,199	138,265	80,048	72,280	151,128	222,749
Inventory	402,603	394,508	313,451	362,452	359,112	406,519
Other Current Assets	120,581	78,862	102,302	63,312	96,007	53,736
Total Current Assets	733,303	611,636	495,801	498,044	606,247	683,004
Fixed Assets	496,921	363,180	335,590	297,980	265,653	267,963
Other Assets	68,169	38,558	23,570	23,571	9,811	9,666
TOTAL ASSETS	1,298,473	1,013,374	854,961	819,595	881,711	960,633
Current Liabilities						
Accounts Payable - NWT CBDF	0	0	0	0	0	2,781
Accounts Payable - Other	441,705	427,526	500,536	244,733	18,863	62,556
Other current Liabilities	256,742	131,170	94,260	151,335	204,053	155,988
Current Portion L.T.D.	49,370	70,942	85,037	91,329	80,645	86,747
Total Current Liabilities	747,897	629,638	679,833	487,397	303,561	308,072
Long Term Debt	391,086	366,007	347,425	333,008	290,787	256,779
Less: Current Portion	49,370	70,942	85,037	91,329	80,645	86,747
Total Long Term Debt	341,716	295,065	262,388	241,679	210,122	170,032
Total Liabilities	1,089,613	924,703	942,221	729,076	513,683	478,104
Deferred Government Assistance	0	0	0	0	0	0
Members Equity						
Shares	141,938	145,123	143,728	142,933	143,743	243,887
Other	66,922	(56,452)	(230,988)	(52,414)	224,285	238,642
Total Members Equity	208,860	88,671	(87,280)	90,519	368,028	482,529
TOTAL LIABILITIES & EQUITY	1,298,473	1,013,374	854,961	819,595	881,711	960,633

Name of Co-operative:	Ikaluktutiak Co-operative Limited					
Location:	Cambridge Bay, N.W.T.					
Incorporation Date:	April 21, 1961					
Fiscal Year End:	March 31					
STATEMENT OF OPERATIONS	1988	1989	1990	1991	1992	1993
Sales	2,354,045	3,233,053	3,396,311	3,672,425	3,768,649	3,423,577
Contract and Other Revenue	90,680	98,966	120,584	114,428	111,126	104,453
Total Revenue	2,444,725	3,332,019	3,516,895	3,786,853	3,879,775	3,528,030
Gross Margins - Sales	954,784	1,177,465	1,331,780	1,427,469	1,382,680	1,105,148
Gross Margins - Contracts & Other	90,680	98,966	120,584	114,428	111,126	104,453
Total Margins	1,045,464	1,276,431	1,452,364	1,541,897	1,493,806	1,209,601
Total Expenses	874,919	1,017,159	1,193,540	1,307,464	1,355,764	1,288,361
Operating Savings (Loss)	170,545	259,272	258,824	234,433	138,042	(78,760)
Other Income	150,398	174,893	92,794	166,073	173,268	92,030
NET SAVINGS (LOSS)	320,943	434,165	351,618	400,506	311,310	13,270
BALANCE SHEET						
Current Assets						
Accounts Receivable	128,850	165,916	193,919	291,572	444,880	272,884
Inventory	544,627	561,612	551,777	519,141	495,498	599,159
Other Current Assets	97,805	98,634	65,226	216,936	74,058	57,516
Total Current Assets	771,282	826,162	810,922	1,027,649	1,014,436	929,559
Fixed Assets	293,673	517,807	1,267,208	1,153,095	1,138,584	1,030,955
Other Assets	9,560	41,530	174,389	187,637	254,065	309,059
TOTAL ASSETS	1,074,515	1,385,499	2,252,519	2,368,381	2,407,085	2,269,573
Current Liabilities						
Accounts Payable - NWT CBDF	53,070	50,836	261,804	26,560	39,708	82,815
Accounts Payable - Other	66,508	65,009	220,139	127,392	71,264	82,138
Other current Liabilities	11,498	25,529	50,408	33,982	13,193	18,478
Current Portion L.T.D.	78,969	63,264	67,939	49,272	46,440	52,767
Total Current Liabilities	210,045	204,638	600,290	237,196	170,603	236,198
Long Term Debt	218,783	188,606	453,393	635,740	586,167	539,421
Less: Current Portion	78,969	63,264	67,939	49,272	46,440	52,767
Total Long Term Debt	139,814	125,342	385,454	586,468	539,727	486,654
Total Liabilities	349,859	329,980	985,744	823,664	710,330	722,852
Deferred Government Assistance	0	0	0			
Members Equity						
Shares	297,246	429,507	613,967	807,800	1,004,415	1,041,111
Other	427,410	626,012	652,808	736,917	692,340	505,610
Total Members Equity	724,656	1,055,519	1,266,775	1,544,717	1,696,755	1,546,721
TOTAL LIABILITIES & EQUITY	1,074,515	1,385,499	2,252,519	2,368,381	2,407,085	2,269,573

Name of Co-operative: Ikaluktutiak Co-operative Limited
Location: Cambridge Bay, N.W.T.
Incorporation Date: April 21, 1961
Fiscal Year End: March 31

STATEMENT OF OPERATIONS	1994	1995	1996	1997	1998	1999
Sales	3,812,990	3,526,406	3,402,841	2,896,847	2,970,058	2,955,581
Contract and Other Revenue	68,749	64,920	71,562	174,598	150,460	256,715
Total Revenue	3,881,739	3,591,326	3,474,403	3,071,445	3,120,518	3,212,296
Gross Margins - Sales	1,277,627	1,195,107	1,203,350	1,048,730	1,084,387	1,187,268
Gross Margins - Contracts & Other	68,749	64,920	71,562	106,023	94,855	95,775
Total Margins	1,346,376	1,260,027	1,274,912	1,154,753	1,189,242	1,283,043
Total Expenses	1,322,394	1,311,889	1,608,290	1,479,491	1,393,081	1,312,703
Operating Savings (Loss)	23,982	(51,862)	(333,378)	(324,738)	(203,839)	(29,660)
Other Income	88,462	91,063	125,739	169,105	144,403	209,661
NET SAVINGS (LOSS)	112,444	39,201	(207,639)	(155,633)	(59,436)	180,001
BALANCE SHEET						
Current Assets						
Accounts Receivable	423,969	480,583	399,344	337,658	434,382	347,621
Inventory	602,025	517,529	611,227	436,069	508,142	458,501
Other Current Assets	80,323	56,725	78,912	58,878	30,563	24,092
Total Current Assets	1,106,317	1,054,837	1,089,483	832,605	973,087	830,214
Fixed Assets	904,916	2,051,636	1,936,780	1,810,563	1,820,398	1,804,570
Other Assets	362,876	406,382	474,025	564,731	664,591	738,131
TOTAL ASSETS	2,374,109	3,512,855	3,500,288	3,207,899	3,458,076	3,372,915
Current Liabilities						
Accounts Payable - NWT CBDF	89,139	957,270	445,775	19,957	205,279	39,879
Accounts Payable - Other	123,316	471,015	548,124	534,461	606,620	498,393
Other current Liabilities	33,116	25,799	50,175	71,379	184,608	173,974
Current Portion L.T.D.	59,957	60,569	63,220	100,798	111,920	125,217
Total Current Liabilities	305,528	1,514,653	1,107,294	726,595	1,108,427	837,463
						0
Long Term Debt	485,922	428,013	1,043,286	1,340,002	1,237,871	1,307,216
Less: Current Portion	59,957	60,569	63,220	100,798	111,920	125,217
Total Long Term Debt	425,965	367,444	980,066	1,239,204	1,125,951	1,181,999
Total Liabilities	731,403	1,882,097	2,087,360	1,985,799	2,234,378	2,019,462
Deferred Government Assistance						
Members Equity						
Shares	1,024,562	1,053,703	1,067,212	1,052,017	1,043,325	1,042,805
Other	618,054	577,055	345,716	190,083	180,373	310,648
Total Members Equity	1,642,616	1,630,758	1,412,928	1,242,100	1,223,698	1,353,453
TOTAL LIABILITIES & EQUITY	2,374,109	3,512,855	3,500,288	3,207,899	3,458,076	3,372,915

Ikaluktutiak Co-operative Limited

Cambridge Bay, Northwest Territories

Case Study Analysis prepared in 1992 by Wanda Wuttunee¹

A commercial arctic char fishery that started in the late 1950s marked the beginning of the co-operative movement in Cambridge Bay, a community on the southeast coast of Victoria Island. More than thirty years later, the co-op is thriving and operates a number of businesses in the town: a retail outlet that sells groceries, dry goods, and hardware; a twenty-four room hotel; a large commercial fishery; an arts and crafts outlet; a taxi and freight service; a commercial bakery; and a cable television service. During the peak summer season, the co-op employs forty-five to fifty full-time staff and is a major employer of native people in Cambridge Bay.

William (Bill) Lyall has been involved in the operations of the co-op store in Cambridge Bay since 1974. He was elected to the board in 1981 and now serves as president. Bill attributes the success of the co-op to the support of the community, which has grown over the history of their operations. He feels that the personal service he and his staff are able to offer to family, friends, and neighbours in the community of 1,000 people makes all the difference. The co-op has been able to return a healthy proportion of its savings, when annual profits were available for distribution, directly to their customers as dividends, in recognition of their dedicated support.

The Cambridge Bay co-op is a member of Arctic Co-operatives Limited (ACL), an umbrella organization that serves forty-one member co-operatives operating in the Northwest Territories. A history of the co-operative movement in the territory and the co-op in Cambridge Bay is presented in the following section.

History

Co-operatives began over 150 years ago in Britain, and have grown and even flourished in some parts of the world. They are a means for economic activity to be controlled by the workers or co-op members and operate on significantly different principles than are followed by private enterprise. There are six main principles that all co-operatives adhere to and they are described in a brochure entitled, "The Co-Operative Movement in the Northwest Territories: An Overview 1959–1989."²

¹ This case study first appeared as chapter four in Wanda Wuttunee, *In Business for Ourselves: Northern Entrepreneurs—Fifteen case studies of successful small northern businesses* (Montreal and Kingston: McGill Queen's University Press, with The Arctic Institute of North America and The Faculty of Management of the University of Calgary, 1992). It is reprinted with permission.

² Arctic Co-operatives Limited, "The Co-operative Movement," p. 4.

1. Membership in a co-operative is open to anyone who uses its services and willingly accepts membership responsibilities.
2. A co-operative is administered by people who are elected or appointed by the members and are accountable to them.
3. Members are issued shares but receive little or no interest on those shares.
4. When a co-operative has a surplus of earnings from its operations then this surplus may be reinvested in the business of the co-op, invested in common services, or distributed among members in proportion to the value of their transactions with the co-op.
5. Education of its members, employees, executive, and the general public in understanding co-operative principles is a priority.
6. Co-operation among co-operative organizations is encouraged on a local, national, and international basis.

A co-operative exhibits a number of unique features that differ from a privately owned business. A co-op is owned by its members, who are often its employees. Profits are distributed according to the directions of its members, and a percentage is usually returned to its members in the form of patronage refunds. Each member has one vote, and co-operatives thus provide a means to introduce democracy into the decision-making process. As other parts of rural Canada successfully established co-ops, the federal government introduced co-ops to the Northwest Territories in the late 1950s. It was an attempt to establish an economic base for the indigenous population.

In 1972, twenty-six of the existing NWT co-ops became founding members of the umbrella organization that later became Arctic Co-operatives Limited. ACL is a central organization that provides services to member co-ops, including accounting and auditing functions, purchasing and marketing assistance, management support and advisory services, and training and education for managers and directors. Its mission statement is: "To be the vehicle for service to, and co-operation amongst, the Northwest Territories co-operatives; hence, providing leadership and expertise to develop and safeguard the ownership participation of the northern people in the business and commerce of their country, to assure control over their own destiny."³

Assets and equity in ACL reached an impressive \$14 million and \$5.9 million respectively over the ten-year period from 1980 to 1989. Revenues have grown steadily to more than \$35 million in 1989, and net earnings have reached more than \$1.6 million. The major recession experienced in the Canadian economy, however, had a great impact on the financial health of ACL in the three-year period from 1982 through 1984.

³ Arctic Co-operatives Limited, "The Co-operative Movement," p. 15.

In order to meet this challenge, ACL consolidated operations and moved its headquarters from Yellowknife to the less expensive city of Winnipeg, Manitoba, and sold several buildings. These decisions helped reduce operating costs by more than one-third. In October 1986 the Government of the Northwest Territories wrote off more than \$1.4 million in debt owed by ACL. Many member co-ops organized aggressive membership drives to ensure the survival of co-operatives in the territory. ACL has regained financial stability and is set to continue growing in the future.

Its minimal financial resources created difficulties for ACL and its members in raising funds to meet the capital needs of member co-ops. To deal with this situation, the federal and territorial governments provided \$10.2 million in capital contributions to the Northwest Territories Co-operative Business Development Fund in 1986. The fund is itself a co-operative, owned and controlled by Northwest Territories co-ops. Loans are made available to member co-ops for expansion, refinancing existing debt, and short-term financing for annual resupply inventory. Interest from the loans goes into the fund and patronage dividends are issued to its members. For example, for every dollar of income received by the fund in 1989, 64¢ was issued as patronage dividends. There have been no loan defaults in the history of the fund, which grew to \$11.4 million in 1989.

Northwest Territories co-operatives are clearly an important source of revenue and employment for Northerners, with revenues of \$44.6 million in 1989. In 1989, ownership by individuals in their local co-operatives was at 27.4 percent, which indicates a reasonable level of equity invested in the co-operative movement in the Northwest Territories.

On an individual basis, the Ikaluktutiak Co-op has built up a healthy group of successful businesses. As previously mentioned, the fishery was the first co-operative endeavour. It led the way for the construction of the hotel by local labour in the mid-1970s and then the retail outlet in 1981.

Bill Lyall was hired by the board of directors in 1974 to manage the co-op, improve services, and counter pilferage. At that time, Bill had closed his taxi company because he had been recently elected as a member of the territorial legislative assembly. He recalls, "We only had four meetings a year in those days so I had lots of time on my hands to get involved with the co-op."

Bill has taken an active role in the community at the local, regional, territorial, and national level. He is president of the local co-op. He represents six communities at the ACL board meetings and sits as president of the board. He is also president of the territorial Co-operative Business Development Fund. Bill sits on the board of Tuttavik, a joint-venture between ACL

and La Fédération des Co-operatives du Nouveau-Québec wholesaling northern arts and crafts to southern Ontario. He is also a member of the board of Northland Utilities and Canadian Airlines North. He is a past member of the Water Board and the Native Economic Development Program Fund board, and past president of the Arctic Coast Tourist Association.

Bill was elected president to the board of ACL in 1981, when 80–85 percent of the co-ops were on the brink of bankruptcy. One strategy to deal with the crisis, the one that worked for the Cambridge Bay co-op, was a membership drive. The co-op now has approximately 460 active members, close to 50 percent of the community and 90 percent of the adults.

Bill recalls, “We tried to get more interest in the store but it wasn’t working. In the beginning, people used us when they couldn’t charge any more at the Bay. We finally got through to quite a few people that this is their own business and profits stay right here. We proved that with the dividend payments.” The majority of co-ops survived the three-year slump in the early 1980s and have gone on to accomplish many of their goals. This has brought Bill a great deal of personal satisfaction.

Bill enjoys his various positions, especially his involvement in ACL. “There’s always some new thing that comes up so it’s an interesting job. I am also very proud that the whole organization of co-ops is the second largest employer of native people in the Northwest Territories, after the territorial government. I think one of the biggest thrills Eskimo people have with our business is that it’s our own business. Generally native people in the communities own the co-op, but we hire white people to run the biggest part of it for us. People see at last, we’re not working for the white man, but the white man is working for us.”

Operations

A lifetime membership in the local co-op is available for \$15 to anyone over eighteen years of age, with no residence requirement. As previously mentioned, there are approximately 460 active co-op members in Cambridge Bay. Once a member builds up his equity through store purchases to \$1,500, then he is eligible for dividends based on a proportion of total purchases. Equity is allowed to build up to \$7,500, and then the member receives cash for any excess equity that is earned above the ceiling. Each member receives one vote and may attend the annual board meeting.

There are nine board members from the community who are elected for one-, two-, or three-year terms at the annual meeting. The board executive includes the president, first vice-president, and the secretary-treasurer. There are no honoraria because membership is a volunteer service for the benefit of the community. The board guides the co-op’s operations

and recently drafted a five-year plan incorporating suggestions from the membership. Bill notes, "This is one of the new things that we try to encourage all the co-ops to adopt so that they can continue their success."

The board meets once a month and handles complaints, policies, planning, and other issues of interest, with management handling the follow-up of these matters. Bill states, "I might talk to drivers going too fast or to a kid who is stealing stuff out of the store. The board of directors give a lot of direction to management."

The major source of revenue is generated from the retail grocery outlet. In 1989, retail sales were 69 percent of total sales, with the hotel revenues at 15 percent, the fish plant generating 9 percent, and general contracts, including the cable service and delivering mail between offices and the airport for the government, accounting for 7 percent of total revenues.

Retail Outlet

John Senow, a merchandising specialist with ACL, is the temporary general manager in the retail outlet. He has thirty-six years of experience in wholesale and retail sales and store engineering. He freelances for ACL when a store needs his help, for example with staffing, cash flow, or low sales. He expects to be in Cambridge Bay until September 1990, when they hope to have hired a general manager and a produce manager for the co-op.

John is streamlining operations. "I will do a stock relocation which means relocating all similar products together and generally improving the functional end of the business." The retail outlet is 10,000 square feet and carries groceries and dry goods. It has a loading dock, storage space, an office, an arts and crafts outlet, and a sewing center. It is the second largest retail co-op in the territory.

Any co-op member may have an account with the store. The usual amount charged is \$150 every two weeks. Very few people have accounts over \$500 and Bill monitors account levels very closely. He says, "We do not send bills that accounts are overdue the way that Northern Stores does. It is a personal touch, because if you keep sending somebody bills marked overdue they won't pay. If someone is slow in paying then I go personally and see what payment plan can be worked out. Generally they respond positively."

The craft shop is handled by the administration office. Two staff people order crafts from Canadian Arctic Producers for the tourist market. (Canadian Arctic Producers is the arts and crafts wholesale marketing arm of ACL, and Northern Images handles the retailing of these goods.) There are only four local carvers but they do not create a large number of items. Bill notes, "The government tried to start carving here with the attitude that all Eskimos are

carvers. That's not true. They soon found out that we weren't all carvers. We hire women to do some sewing in the wintertime. We don't mass-produce products like we used to because it tied up a lot of cash. What we do now is produce smaller items, for instance, lots of duffel bags that can be sold quickly."

John adds, "Right now we have quite an inventory of fabrics and skins. We've already got some ladies started on using sealskin for men's vests and we'll see how they turn out. [The vests] don't require much time and there is a demand for them. Now, with the weather turning colder, we can go into more products such as sealskin slippers, mitts, and gloves. We also buy finished products from the community if we think that there is a market for them."

Fishery

Bill manages the fishery, which operates seven days a week from the first week in July until the first week in September. He is the only person with the expertise to maintain the equipment, so he is on call throughout the whole season. Seven to ten fishermen are hired to net the arctic char. The fish are gutted and gilled before being flown to the fish plant and trucked in to be weighed, washed, hung, and freeze-blasted. After freeze-blasting, they are graded according to size: two to four pounds, five to seven pounds, eight to ten pounds, and over ten pounds.

The fish are boxed in packages of seventy-five pounds each and stored until there is enough inventory to be shipped to the Freshwater Marketing Corporation in Winnipeg or to fill orders from other communities. The Freshwater Marketing Corporation is a Crown corporation that was formed to market all fish caught in the Northwest Territories for export to markets in Canada and the world. Orders are filled as promptly as possible due to the high power costs associated with plant operations. The fishery provides seasonal employment for about seventy people in the community, including the fishermen. All age groups are hired to work at the plant, including students, as long as they can see over the sink to wash fish.

Hotel

The hotel has twenty-four rooms and operates a dining room geared to the needs of its hotel patrons. There are no choices on the menu and meals may be purchased by townspeople. The cook is encouraged to offer home-cooked meals. Country foods may be ordered by the guests in advance and include caribou, musk ox, and arctic char. The hours of operation are 7:30 a.m. to 7:30 p.m. There is an in-house bakery that provides baked goods to the hotel and sells the rest to the public. Ten people handle the cleaning, cooking, and baking in the hotel. Most receive on-the-job training, since few have any previous experience. No liquor is served in the restaurant in compliance with a motion banning alcoholic beverages, which is supported by local co-op members. A liquor license can be obtained for special occasions, for example a wedding reception, in the meeting rooms.

The bakery was started in the hotel seven years ago as a government project. People who showed an interest in that area were given training. Turnover is high because it is a hot, demanding job. After the co-op took the bakery over, they tried supplying other communities with baked goods. There was a strong demand for their products but the transportation costs were prohibitive. Bill explains, "I shipped the same type of seventy-five-pound package to Resolute Bay, Calgary, and to Norman Wells. It cost \$208 to ship to Resolute Bay, \$123 to Norman, and \$87 to ship it to Calgary. The freight rate from Cambridge Bay to Winnipeg is \$1 a kilo and to Spence Bay is \$3.25 a kilo. The freight rates killed us. They had to start selling a loaf of bread for \$6, which is too expensive."

Taxi, Contract, and Cable Services

Bill organizes the taxi service, which is offered seven days a week from 9:00 a.m. until 8:00 p.m. The co-op has three vehicles. Two are used for fares from the hotel, from the airport, and around town. The third vehicle is used to deliver mail from the airport to the government buildings. In the summertime, there are two full-time drivers, with Bill filling in as required. They have four full-time cabbies in the wintertime. Prior to the purchase of the cable company, the hotel received one television station. It now receives thirteen channels.

Licensing requirements are specific to each co-op business. The co-op has licences for import and export, radio, tobacco, fur dealing, food, as well as a local business licence. It also carries a firearms certificate.

Bill is heavily involved in all operations at the local and the territorial level. He enjoys travel to other communities but does find the demands on his time with the fishery to be trying at times. He says, "I try to take the weekends off but it's very hard unless I go and hide. My wife is a teacher and usually takes extra courses in the summer so she and I are busy at the same time. She sits on the local co-op's board of directors and is involved at that level."

Staff

Locating and keeping reliable, skilled employees is the major problem facing the retail outlet, the fishery, the taxi service, and (to a lesser extent) the hotel. There are twenty-seven full-time employees, with seasonal employment at the fishery adding forty or fifty more. Turnover is constant, and people rotate through companies in the community. They will work at the co-op, the Northern Store, then for the government or a private corporation.

There are few trained local people for the more skilled positions. Many of the people who have been trained work for the government. The co-op's policy is to hire locally if possible; to bring someone into the community is second best. John describes the difficulties in attracting someone to the community. "I think one of the hardest things is to get mature people for manage-

ment positions in the North. We want more mature people, but a person in their late forties is usually set in their life. They don't like to move to the North, so it is very difficult for us to find suitable candidates."

These problems of high turnover and a finite skilled labor pool have implications for the five-year plan. The co-op cannot expand or try business opportunities that require a large number of employees. It seems to have reached a plateau where it can operate successfully with the staff situation. Several strategies are being employed to address these staffing problems.

Education and training are promoted among the young people and adults in the community. A greater number of skilled people to draw on locally will mean more options for further development of co-op businesses. Bill comments,

Arctic College provides different courses. There are problems, however, because first of all, people have to want to go to take upgrading and other courses; and second, once they decide to try, often the courses are too hard because they don't have the required background. For example, to take a good bookkeeping course you need grade 10 or more. I took two courses but I just couldn't go through the whole thing because it was tough.

Older people seem to have a greater desire to upgrade their education than a number of young people, who drop out of school and don't have the skills to get good paying jobs. The kids that have graduated from grade 12 and want to go on to college or university are now working for the government at wages between \$11 and \$17 an hour. We just can't afford to pay them that kind of money when they come back to the community.

Other strategies include increasing salaries and benefits to compete with well-paying government employment, better staff recognition, and increased staff responsibility. Bill states, "With better profits, we plan to start paying better salaries. For reliable and loyal staff, we will try to accommodate their requests for holidays and sometimes may help pay their airfare."

Bill describes a new policy. "We are trying to let people know that they are doing a good job by presenting awards at our annual meeting. ACL is encouraging all co-ops to recognize their staff in some manner."

Bill will hire anyone who can handle the job. This includes handicapped people and members of the same family. All employees are treated equally and are given a chance to work through any problems. Bill notes, "We try to work out difficulties but we keep that code in mind about three times late or three times not to work without a reason are grounds for divorce between you and your job."

Bill describes his philosophy:

I try to give staff responsibility because it gives them input into the operation and they will be encouraged to perform. It takes time, but it will happen. I have a deaf and dumb girl on the checkout there. I've given her a little responsibility and she's really picking it up. We also have handicapped people in the hotel and at the fish plant. They are tremendous people to work with and if you give them a little bit of responsibility you see them meet the challenge. It's almost like a football player that you work with closely and in the end, you get results.

Competition

The Northern Store is the only competitor operating in Cambridge Bay. The co-op store prices its goods to remain competitive, with a 15–25 percent mark-up to cover expenses and to contribute to a fund for future expansion. Bill would never engage in a price war with the Northern Store because the co-op would not gain any advantage. The co-op relies on local ownership and patronage refunds to build customer loyalty. They also advertise their monthly specials in flyers that are delivered to co-op members.

There is one other hotel in town. It has five rooms with kitchenettes but no restaurant. Another hotel is being built that will have approximately sixteen rooms, but it will probably not operate year-round. Bill does not know how this will affect business but he hopes that the hotel restaurant will help attract customers. Advertising for the hotel is carried in regional magazines that are distributed on aircraft, and travel agents receive quarterly updates through ads in large newspapers. There is no other fishery or bakery in town. There are two other taxi companies, but they are not very active.

Financial Information

The co-op relies on a variety of funding sources for meeting its needs. Revenues generated by the various business interests are reinvested in the businesses according to the direction of the board. Government funding plays a role in expanding existing services and investing in new business. Finally, the co-op seeks funding from the territorial Co-operative Business Development Fund or a bank when it is necessary.

Daily reports are compiled and faxed to the ACL office in Winnipeg, where payroll and monthly financial statements are generated on a computer. The Cambridge Bay co-op receives its information reports in about thirty days; these give detailed breakdowns of revenue flows by product and business. Reports are generated for every Northwest Territories co-op so that problems can be identified quickly and remedied immediately.

Table 1: Financial Information for Ikaluktutiak Co-operative Limited

	1986	1987	1988	1989	1990
Return on Equity (%)	83	40	44	42	30
Sales/Assets (times)	1.97	1.85	1.94	2.14	1.41
Wages (\$000)	232	265	392	438	456
Patronage Refunds (\$000)	164	163	107	236	325

Table 1 presents some consolidated financial information for the co-op's businesses over the five-year period from 1986 through 1990. The return on equity (ROE) ratio gives an indication of the return from business profits on the shareholder investment by comparing profits with shareholder equity. As indicated in the table, the ROE for 1986 is very high at 83 percent. Revenues from the various businesses were very good, and the gross margin was reasonable, and these were reflected in the net profit. In fact, the net profit in 1986 is similar to the net profit earned in 1990, but the shareholders' equity was almost three times greater in 1990. This explains the declining but still healthy ROE. The rate of growth in shareholders' equity outstripped the steady but slower rate of growth in net pre-tax profit over the period. For every dollar invested by a co-op member, revenue earned ranged from 30¢ to 83¢. Even though ROE has declined, a 30 percent ROE is an indication of a healthy business.

The sales-to-asset ratio indicates how many times each dollar invested in company assets generates revenue. If the ratio is low, then the company may need to invest in more assets to build the capacity to generate more revenue. The co-op businesses in aggregate generated close to twice the revenue for every dollar invested in assets for the first four years recorded in the table. This ratio dropped to 1.41 times in 1990, which reflects the increased investment in assets during the year. Increased revenues from this investment would not yet be recorded in the financial statements.

Salaries have grown steadily and peaked in 1990 to more than \$456,000. This is a 180 percent increase over 1986 salaries and reflects the increased business activity. Patronage dividends were declared in each year of the five-year period and ranged from \$107,000 in 1988 to \$325,000 in 1990. Patronage refunds range from 36 percent to 92 percent of net profits after taxes. This is a healthy return on the investment made by co-op members.

The next sections will identify a number of reasons for the success of the co-op and areas for improvement.

Reasons for Success

The Cambridge Bay co-op has one of the most viable operations of its type because of the volume of business it generates through the strong support of the community. It is a major presence in the community as an employer and promotes circulation of money in the community through its patronage refunds. Bill Lyall has had a continuing positive influence on the operations of the co-op. He promotes a friendly, family-type atmosphere with his employees and customers.

Bill comments on the success of the co-op. "The Native lifestyle works very much around co-operation so that the community will survive. For example, we share meat amongst our extended family. The co-op banks on the support of the community for its continued success."

Bill also notes, "Every part of this organization complements the other." The restaurant and bakery complement the hotel business. Customers staying at the hotel are encouraged to shop at the retail outlet. The retail store provides a needed service to the community, which is complemented by the arts and crafts centre. The fishery provides a means of livelihood for individuals following a traditional lifestyle or who want seasonal employment, while also meeting a demand in the marketplace for arctic char. The cable system provides a service that meets a desire of local co-op members.

It seems to be in the community's economic interests that the co-op businesses succeed. Bill notes, "In the first five days of opening the fish plant, we made out cheques for over \$11,000. With the other businesses, the co-op contributes a lot to the local economy with a payroll of about \$10,000 every two weeks. Patronage refund cheques are another example of money staying in the community and benefiting local members."

Bill tries to follow a philosophy of personal service.

I know the people that shop with us personally and I always try to greet them or help someone out who might be short of cash one month. It's just temporary, so I think that kind of a help goes a long way in a small community. I try to keep our staff happy and I encourage our staff to treat our customers well. We listen to everyone's suggestions on how to improve our service, but everybody has to work together to have a successful business. If I have a good manager, I try to keep at arm's length from their activities and only become involved if they ask for help. This policy does tend to keep good people here. By giving somebody full authority, they know you trust them and they try harder to make it work.

If someone is sick or wants extra time off, we try to have that flexibility in every part of the co-op, as long as we have a little notice. My job is to make sure everything

works right. I work a seven-day week because I always try to have a firsthand look at everything that is happening. I still enjoy my job and the best part is being around people. Nothing else really counts but people. Another big satisfaction is when everything is working like clockwork and everybody is pulling together.

The community benefits in other ways from the presence of the co-op. It is very common for the co-op to donate food or raffle items to local classes or community events. Bill notes, “We have never refused anybody yet.” Another project sees the history and philosophy governing co-ops taught in the local schools from a curriculum developed by ACL.

Areas for Improvement

The areas for improvement are mainly human resources and administrative procedure. Bill sees the need for help at the senior management level and for a more educated labour pool. John also sees a need for strong management to fill several open positions and for streamlining operations and redefining responsibilities to increase productivity. These efforts would be enhanced by office computerization.

Bill is very busy running the local operation and meeting his ACL duties. He sees a need for one or two additional general managers to help oversee operations. As discussed in the previous section on staffing, a better educated workforce would benefit the co-op’s business ventures. Grade 6 is the highest education level held by current staff in the co-op, except among management.

John identifies a need for strong management to move into two unfilled positions in the retail outlet. He explains, “Strong management is needed in order to maintain the retail operation’s viability. There are confusion and wasted efforts among staff, which can be remedied by good management. We want to make operations easier so more responsibilities are shared and better productivity is achieved.”

He continues, “All administrative work is done by hand. If somebody comes in for the value of their shares, it is very time-consuming to give them an answer. Computerized check-outs would remedy that situation and also help with inventory control. Pricing merchandise would be improved and we wouldn’t have to go through countless files to do an invoice.”

Environmental Friendliness

Bill feels that Native people have been raised to be aware of the environment and minimize any negative impact. He sees that more people are becoming aware of the need for better methods of garbage disposal and better filtration for sewage disposal in the community.

Bill states, “I think that we have been leaders in Cambridge Bay for bringing in biodegradable materials. We’re always looking at new products, especially to replace plastic bags. I must say that disposable diapers are one of the worst pollutants in the Arctic. I see a lot of diapers out on the tundra when I go hunting.” Another item of note is that by keeping the fishery going for the shortest period of time possible, the co-op is minimizing any waste products, which might create pollution for the community.

Sustainability of the Businesses

After weathering the slump in the 1980s, Bill is cautiously optimistic about their chances of surviving another economic downturn. He states, “I’ve got to go through a slump to know if we could survive because people don’t spend money. They always have to buy groceries though. We may not suffer as much, but we would suffer.”

Future Development

Any plans for future expansion would be contingent on the impact of competition and the availability of skilled labour. Additional services in the short term might include a pizza or fast-food outlet in the store or the hotel. In the long term, a new retail outlet and hotel expansion are possible. Bill explains, “The building which houses our retail operations is ten years old now, but buildings don’t last with the kind of weather that we have here. The board of directors is looking for a new piece of land to build a store and perhaps a daycare centre. We may expand the hotel, but we have to see the impact that the new hotels will have on our business first.”

Bill has no firm plans for the future but he knows he will always support the co-op, at least as a member. He plans to retire someday.

I’ve been with the co-op almost ten years. I took on a challenge that I think has come to an end because the business is successful. I would say get out while everything is working right and then if they get in trouble, they can call me in to help with it. I’m getting to that age when I have to look for something else rather than doing this all the time. I might start a tour operation and live off the land. I like fishing, hunting, and walking. I want to do something that interests me because there are a lot of parties and you could end up an alcoholic quickly. I really don’t want that for myself.

I think we have people in place who have the ability to continue operations. However even when you cultivate people as successors, you never know what you are going to get until they take over. I’ve seen many problems, not only in the co-op system but in other Native organizations, where new people take advantage of their positions.

Summary and Conclusions

The Northwest Territories' experiment into co-operatives has proven to be successful over more than thirty years of operations. There were obstacles to overcome, and these eliminated some of the weaker co-ops down, but in 1991 the co-operative movement is thriving in the territory. A major employer and recycler of capital in local communities, the forty-one co-operatives in the territory seem to be meeting their objective as a means of independence and self-determination for Native people.

Native people are the main source of labour for local co-operatives and the movement has been inspirational and a matter of pride for northern people. Although co-ops must compete with the government in attracting skilled employees, they offer fellow community members the chance for employment in traditional and modern pursuits.

The Ikaluktutiak Co-op in Cambridge Bay is one of the movement's success stories. Under the leadership of Bill Lyall, it has become one of the largest co-operatives. With a payroll over \$456,000, this co-op provides employment for twenty-seven full-time staff and an additional forty or fifty people during the summer.

By offering personal service and products at reasonable prices, the co-op has built up community support over the years. Close to 50 percent of the local community are members of the co-op and benefit from patronage refunds amounting to \$325,000 in 1990, a significant proportion of net profits. Nine local community members volunteer to assist in the management of the co-op's businesses as board directors.

Through the board of directors and the annual meeting, the quality of services is constantly under review and steps are taken to remedy any problems that may arise. Input is also sought from members about new products or services they would like to see added to the co-op. Bill has been instrumental in promoting friendly, personal service to customers and supportive policies for employees. Good employees are well treated and given responsibility and flexibility for time off. Employees who require discipline are dealt with fairly but will be asked to leave if the problems are not resolved within a reasonable period of time. Another policy worth noting is the co-op's concern for environmentally friendly products and its leadership role taken in this regard.

In a recession, the types of services offered at the retail outlet would remain necessities while the hotel might face a decline in business. In any case, the lessons learned from the recession in the early 1980s will likely see the co-op through any economic downturn.

The future looks bright for the Cambridge Bay co-op. Expansion plans for products and services are being contemplated, including a fast-food outlet, a new retail store building, and an extension to the hotel. Bill's role may change in the future, although he will always support the co-op as a member. He has been active at the local and territorial levels for a number of years and he may decide to move on to other projects. In any case, he feels confident that there are skilled people who would be able to take up the duties of president without any difficulty.

Caisse Populaire Kahnawake

Co-operatives in Aboriginal Communities in Québec

Case Study Analysis Prepared by Jean-Pierre Girard and Isabel Faubert-Mailloux

There are two trends in Québec in terms of co-operative development in Aboriginal and Inuit communities. The first consists of the group of co-operatives in northern Québec (Nunavik). A second co-operative movement has emerged in the financial sector, with the network of Caisses Populaires Desjardins. Experience with caisses populaires in Aboriginal communities is not a new development: there have been caisses in Aboriginal communities since the early 1960s (Huberdeau 1989 (a), p. 22). The first was in Puvirnituq in 1962, although it was forced to close its doors twenty years later, no one having come along to keep it going (Huberdeau 1989 (a), p. 22). The caisses in Wendake (Village Huron) and Mashteuiatsh (Pointe Bleue) are the earliest caisses still in operation today. Both of them were founded in 1965.

According to the most recent figures from the Co-operatives Secretariat,¹ there are six caisses in Québec managed by Aboriginal people:² Wendake (Québec), Mashteuiatsh (Lac St Jean), Lac Mistassini (Abitibi), Waswanipi (Abitibi), Wemindji (Abitibi), and Kahnawake (Montréal). Together, they have assets worth over \$118 million, equity of more than \$4 million, and \$100 million in deposits. They have more than fourteen thousand members in Québec, and have created seventy-five jobs on the reserves.

This study focusses on the Caisse Populaire Kahnawake, one of the last caisses to be established in an Aboriginal community (1987). The Kahnawake case is worth examining because it is dynamic and has made an important contribution in the area of loan guarantees. The model developed by the Kahnawake caisse, which is referred to as a “trustee agreement,” will be examined in more detail in this paper.

The Economic Situation

The Kahnawake caisse is in a unique geographic location, situated only about twenty kilometres from Montréal. At the same time as it benefits from the economic activity of that metropolitan region, the reserve finds itself with a major problem for local businesses in terms of the market. Since they have a limited market (although it is one of the largest Aboriginal

¹ While these figures date from 1992, it seems that they are the most recent figures available concerning caisses populaires in Aboriginal communities. This was confirmed by a representative of the Confédération des caisses populaires et d'économie Desjardins du Québec.

² There are also some twenty caisses that serve the Aboriginal population and offer specific services to those communities. However, those caisses are not managed by the Aboriginal people themselves.

communities in Canada, the population of the territory is only 6,839 people according to 1992 figures³), those businesses cannot achieve any economies of scale, and consequently cannot compete with businesses in the metropolitan region in terms of prices. This special situation explains, in large part, the difficulty that local businesses have in staying open for long periods. Most of the businesses on the reserve are small-scale: little stores, a few restaurants, three golf courses, and a few construction firms. Those businesses employ about a third of the population. Other members of the community work in the Montréal region or in the United States on seasonal contracts (Huberdeau 1989 (b), p. 22).

The economic situation on the Kahnawake reserve is difficult. Like other Aboriginal reserves in Québec, Kahnawake has a high unemployment rate. During the winter months, it can reach as high as 40 percent. It falls in summer, however, since nearly half of the men go to the United States to work on construction sites. That influx of capital makes a significant contribution to the community's economic wealth. In terms of income, Kahnawake is regarded as one of the most prosperous reserves in Québec. The community is therefore able to anticipate annual income from all sources of about \$40 million (Huberdeau 1989 (b), p. 22). However, most of that income is spent off the reserve.

The primary objective of establishing a caisse on the reserve was therefore to keep those large cash influxes in the community. The decision to opt for a co-operative organization was made for the same reason. The Mouvement Desjardins allowed for relatively autonomous management of funds. The democratic and community-based aspect of the caisses was also of considerable importance to the founders. "As a co-operative movement, the philosophy and spirit of Desjardins is no less than our own, the people of Kahnawake, of the Mohawk Nation, and of the Iroquois Confederacy" (Caisse Populaire Kahnawake 1997, p. 2). The founders thought it extremely worthwhile to provide the community with an institution in which the customers were also members who could take an active part in decision making. At a time when the Mohawk Nation was seeking to revive its culture and take back control of its economy, the caisse populaire offered an excellent resource for that purpose.

A Political Revival

While the reserve had seemed, in the 1970s, to be doomed (loss of the language—even today, the Mohawk language is spoken only by those over the age of fifty—and loss of a measure of political autonomy, although the reserve was ultimately given municipality status by the Minister of Indian Affairs), a political revival began to be evident by the mid-1980s. In some respects, it might even be said that the self-government movement became radicalized. About

³ Source unknown, *La présence du mouvement Desjardins en milieu autochtone* (document obtained from the Co-operatives Secretariat)

1985, white people, who at that time represented one sixth of the population of the area (Marcil 1985, p. 251), were banished from the reserve, and Indians regarded as “soft” were stripped of their offices. At the same time, there was a resurgence of the language and culture, and the idea of an Indian government was starting to make inroads. This was the context in which, in 1987, Michael Rice and a few other leaders decided to establish a caisse populaire on the reserve.

The Trustee Agreement

There was one other decisive factor in terms of the creation of a financial institution in the community. Under the federal *Indian Act*, all income earned on the reserve is tax-exempt. By extension, interest on deposits is recognized as nontaxable income. Apart from financial considerations, it was becoming increasingly essential to provide the community with a resource that would be able to genuinely respond to its needs in terms of loans. The traditional banks, which often had little or no awareness of Aboriginal laws and culture, had been reluctant to do business with this type of community. Criteria for granting loans are often not suited to the circumstances of Aboriginal people’s lives. For example, the traditional banks demand as a prerequisite for obtaining a loan that the borrower have stable, permanent employment. On the Kahnawake reserve, nearly half of the men work on seasonal construction projects. In the eyes of the banks, this kind of job adversely affects the ability of loan applicants to repay. The Caisse Populaire Kahnawake recognizes that situation, however, and relies more on the applicant’s work history.

Members of the community had also been denied loans because they could not use their property as security. Under the federal *Indian Act*, no property located on the reserve may be sold, mortgaged, or pledged as security to a non-Aboriginal. As an incorporated body, a caisse is considered to be a non-Aboriginal entity, so that although it has exclusively Aboriginal management, the caisse cannot take reserve land as security. This provision of the *Act* means that Aboriginal communities must go through the Department of Indian and Northern Affairs to obtain a loan guarantee. However, the department places strict limits on the types of loans that it will agree to finance. It favours first mortgage loans—not to mention that it takes three months to a year to process an application (Woodall 1991, p. 21). As well, the financial backing provided by the government interferes with loan repayment. The loan is guaranteed by the government, and the borrower does not feel bound by his or her financial obligation. Moreover, that system perpetuates the Indians’ dependency syndrome in their dealings with government agencies (Woodall 1991, p. 22).

Given this major problem of access to financing, the Caisse Populaire Kahnawake was the first banking institution to introduce a system of guarantees adapted specifically to the Aboriginal community. The model is known as a “trustee agreement,” under which trustees are used as

third parties when loans are guaranteed. Because the trustees are members of the community, and are therefore Aboriginal, they may receive land as security and sell it in the event that the borrower is unable to repay. The trustees can then reimburse the caisse. The trustee concept is not a new one; what is new is the fact that the trustee is not appointed by a federal or provincial agency, or even by the band council. The trustees are all volunteers and are politically independent (Woodall 1991, p. 21). At the time when the system for loans to be guaranteed by trustees was developed, the Caisse Populaire Kahnawake was contacted by a number of Aboriginal groups that wanted to set up this model in their own communities. The caisse was even contacted by Aboriginal groups on Vancouver Island and in the Northwest Territories. Today, however, relations with the other caisses in Aboriginal communities are stuck in neutral.

Four years ago, a borrower who was threatened with repossession of his land took the Caisse Populaire Kahnawake to court to challenge the trustee system. While awaiting the judgement of the court, due in November 2000, the other caisses in Aboriginal communities can no longer make use of this system; Caisse Populaire Kahnawake alone can continue to use it. The judgement of the court will have a decisive effect on the caisse's lending activities. If the trustee system is ruled to be illegal, the caisse will have to revert to the former system, under which the government provides guarantees. This involves strict criteria at the time applications are evaluated, and lengthy processing times. For Aboriginal people living on reserves, access to credit will inevitably be limited.

Business Development

The caisse plays an important role in business development in the community. Michael Rice, who was both the founder of the caisse and the manager for its first eight years, has made a significant contribution to the economic development of the reserve. Before being appointed manager of the caisse, he in fact worked to promote economic development in Kahnawake, so it was clearly a major concern for him. With that in mind, the caisse has supported a number of business start-ups and carried out some loan follow-ups. The caisse also works with an economic development corporation to assist members in drawing up business plans. Since 1987, the caisse has examined 305 business plans and accepted 223. Those projects represent total loans of more than \$8 million. Out of the 223 approved projects, 82 were business loans totalling more than \$3 million (Caisse Populaire Kahnawake 1997, p. 8).

Having a caisse on the reserve improves Aboriginal people's access to credit enormously. On the other hand, while access is easier, it is not automatic. The caisse has to abide by certain criteria for granting loans to ensure that the organization remains viable. This means that the caisse has to deal with two conflicting factors: its community aspect and its financial aspect.

Mandie Montour, the present general manager of the Caisse Populaire Kahnawake (appointed in March 2000), said that it was sometimes difficult to meet member expectations. Because the institution is located on the reserve and is managed by people from their own community, members expect that it will automatically lend them the money they need. As a financial resource, the caisse has a duty to be rigorous in evaluating applications, and this sometimes causes tension.

Despite the substantial support it provides for start-up businesses, the caisse does not work with local development agencies to devise new economic development strategies. The band council itself has created a commission with responsibility for the reserve's economic development. That body grants loans for start-up businesses, but its focus is more on the development of private businesses. Although the co-operative formula has been discussed in the past, it has been given no particular encouragement. In this respect, the caisse does not exert any pressure to facilitate the development of co-operatives on the reserve.

Education and Training

The Caisse Populaire Kahnawake has invested considerable effort in training its employees. Most of the employees had never worked in a financial institution before, which meant that the caisse offered them complete on-the-job training. The manager, Mandie Montour, was herself trained for her job by the caisse. Chantale Boisseau, who was sent by the Fédération de Montréal et de l'Ouest du Québec to succeed Michael Rice as general manager, personally trained Ms. Montour, who had worked at the caisse for ten years, to replace her. Despite the fact that an acting manager was supplied by the fédération, the caisse has no special ties to the Mouvement Desjardins. The caisse does receive substantial support from the fédération in financial and technical terms, but language is a definite hindrance in their relationship. It is difficult to adapt training programmes designed in French for employees of the Caisse Populaire Kahnawake, who all grew up in an English-speaking environment. The caisse is therefore somewhat inward-looking. As well, it seems to define itself more as an autonomous financial institution serving the Mohawk community than as a caisse populaire that is part of the Mouvement Desjardins. However, the Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec does offer some training in English. Major training tools for managers have been translated to meet the needs of non-French-language caisses populaires. On the whole, however, training is done primarily in French.

Member Participation

During its first two years of existence, the caisse met with some resistance in the community. In a small geographical area, where everyone knows everyone else, there was a fear that some

measure of confidentiality in processing applications would be lost, but in its first year, the caisse was able to reach half of the community and realized a net profit of \$47,000 (Huberdeau 1989 (b), 17). The feeling of ownership in the caisse grew after the Oka crisis in 1990, when the barricades that impeded travel off the reserve encouraged people in the community to make more use of the caisse's services. The caisse had made a point of staying open during the events, and the Mohawks' nickname for it—"the barricade caisse"—arose out of that situation (Woodall 1991, p. 23).

The way in which the caisse has succeeded in the space of a few years is remarkable. In 1988 the caisse had nine hundred members; ten years later it had a membership of nearly seven thousand (Caisse Populaire Kahnawake 1997). In fact, the caisse's membership includes virtually all members of the community within the reserve—95 percent of the adults residing there (Woodall 1991, p. 23). The caisse's membership is defined geographically, rather than by membership in the Mohawk community. Most of the members, however, are Mohawk. The caisse even includes members of its community living off the reserve (Kanesatake—Oka), who are considered to be auxiliary members and so are not entitled to vote.

Despite the fact that doing business with the caisse on the reserve is quite popular, the members do not actively participate in decision making. At a recent general meeting, there were only twenty people present. According to the manager, the low turnout can be explained by the fact that there is presently little or no dispute over power. There is little turnover among representatives on the various committees. The board of directors, the executive committee, and the ethics and audit committee seem to represent the diversity of interests in the community. In fact, the caisse makes an effort to preserve an image of neutrality. Unlike other organizations on the reserve, the caisse does not allocate seats based on the different segments of the community. Everyone sits on the board as an individual. Representatives of the band council have been elected to the caisse's boards, but do not represent the interests of their group.

Financial Activity

Examining the statistical tables that appear in the most recent annual report, (Caisse Populaire Kahnawake 2000, pp. 26–27), we see constant growth in assets, members' deposits, and loans to individuals and businesses since 1988. Assets have risen from \$5.2 million in 1988 to \$62.7 million in 2000. Members' deposits grew proportionately, from \$3.8 million in 1988 to \$58.9 million in 2000, while loans rose from \$500,000 to \$29.1 million. Earnings, however, have not followed the same curve. In fact, the lowest earnings—\$19,000—occurred in 2000, while in 1994 the caisse earned in excess of \$455,000. The low level of earnings in 2000 is apparently attributable to losses on loans of over \$1 million, which represents 4.51 percent of the loan portfolio (Caisse Populaire Kahnawake 2000, p. 4). Part of the explanation for these losses on loans is the fact that the number of businesses on the reserve has grown, while there has been no substantial increase in the population. This means that the businesses have to share an

already limited market for their products. Mandie Montour suggested another factor might be that outside businesses are afraid to do business on the reserve. The Oka crisis undoubtedly did nothing to reduce white businesspeople's suspicions about the Mohawk people.

Community Involvement

The caisse takes its social mission in the community very seriously. It wants to be close to the people and actively support as many activities as possible. In 2000, the caisse reinvested \$39,444 in the community; over the last thirteen years, donations have totalled more than \$399,000 (Caisse Populaire Kahnawake 2000, p. 6). The caisse funds charitable organizations and cultural, educational, sports, and economic development activities.⁴ The largest donation (\$10,000) was to "The Echoes of a Proud Nation Pow Wow" in 1999–2000. That event brought together a majority of the community and had a significant economic impact for local entrepreneurs. The caisse wishes to ensure that donations benefit the community as a whole.

The caisse does in fact seem to be very active in the community. Through loans and donations, it assists in establishing new local businesses and makes it possible to fund sociocultural activities, thus making an undeniable contribution to the economic and social development of the community, although it has no strategic vision of that development. The caisse might have a greater impact in the community if it worked specifically with other community economic development agencies. Despite strong identification with the caisse in the community, many members see it as just another financial institution. The co-operative and community aspects are not apparent to everyone. The caisse is aware of this perception, and is making efforts to educate its members about that aspect of its activities. One of the things it has done is to send all members a list of the donations it has made.

The caisse has set itself the goal of becoming more involved with its members. The challenge to the legality of the trustee model on which the caisse had established its reputation is another significant issue on the horizon. If the court were to refuse to recognize that model, the caisse would have to do some speedy rethinking of its guarantee system, as access to credit in Aboriginal communities would be at stake.

⁴ List of activities and organizations supported by the Caisse Populaire: Business Peoples Fund-Raising, Canadian Cancer Society, Diabetes Prevention, Echoes of a Proud Nation Pow Wow, First Nations Tai Kwon Do Association, Indigenous Games B Team Kahnawake, Jeannine Beauvais Scholarship Fund, Juvenile Diabetes, Kahnawake Christmas Basket Committee, Kahnawake Figure Skating Club, Kahnawake Fire Brigade, Kahnawake Flood Victims, Kahnawake Minor Hockey, Kahnawake Mohawk Senior Lacrosse, Kahnawake School Diabetes Prevention, Kahnawake Survival School Wrestling, Karonhianonhna School, Kahnawake Youth Centre, Kateri Memorial Hospital Foundation, Muscular Dystrophy Association, Mad Group, Native Friendship Centre of Montréal, Native Men's Wellness, Onake Paddling Club, People for a Healthier Lifestyle, Peggt Mayo B New Years Eve Dance, Step by Step Early Learning Centre, S.P.O.R.T., Sonny Joe Cross / Christmas Party, Transportation for Kahnawake Elderly & Physically Challenged. (Caisse Populaire Kahnawake, 1997, p.10.)

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Puvirnituq Co-operative

Nunavik, Québec

Case Study Analysis Prepared by Jean-Pierre Girard, Isabel Faubert-Mailoux, and Sarah Beaulne¹

In Nunavik, every village has its own co-operative, which addresses all of the needs of the community. The special feature of Nunavik's co-operatives is precisely this multifunctionality. They provide both an outlet for a portion of local production to go to markets in the South, and also ensure a supply of consumer goods. This means that since they were first established, the co-operatives of Nunavik have played a key role in the development of the region.

Puvirnituq is located on the coast of Hudson Bay, and is one of the four largest villages in Nunavik, in terms of population, with a little more than a thousand inhabitants occupying an area of just under two square kilometres. The average population of the other Inuit communities is six hundred inhabitants (FCNQ 2000 (a), p. 195). Apart from demographics, the village stands out from the other communities because of its economic success. The Puvirnituq Co-operative has, without a doubt, contributed to that success, and in fact is one of the best examples of economic success in the Aboriginal co-operative movement. Although during the 1950s Puvirnituq was classified as the poorest village in Nunavik, today it has become one of the most prosperous villages.

The Puvirnituq Co-operative was one of the first co-operatives established in northern Québec, its origins going back to 1958. At that time, it was actually an association of sculptors, organized with the support of André Steinman, a Catholic Oblate missionary who was involved in the region for many years, and Peter Murdoch, a marketer for the Hudson's Bay Company.² In 1960, the association was organized in the legal form of a co-operative, and broadened its activities to include other sectors of the economy. It thus began to operate both as a central outlet for the works produced by sculptors and as a general store, which offered members of the community an alternative for purchasing consumer goods. The establishment of the co-operative was specifically intended to break the monopoly exercised by the Hudson's Bay Company. In 1976, the Puvirnituq Co-operative was the leading employer in the community, employing a total of thirty people. During that period, its sales rose to a volume of \$1.6 million (FCNQ 1976, p. 2). Twenty years later, the co-operative posted more than \$6 million in sales (FCNQ 2000 (a), p. 101). Today, the Puvirnituq Co-operative is the largest of the co-operatives in Nunavik, in terms of revenue and members. Despite the successes it has achieved in a

¹ A student who lives in Puvirnituq.

² Peter Murdoch later held the position of general manager of the Fédération des coopératives du Nouveau-Québec, until the 1990s.

number of areas, however, the co-operative is now perceived as playing a marginal role in the community in the political and socio-economic spheres (Tullaugak 2000; Ittukalak 2000).

Mission

At the time it was first established, the co-operative was intended both to operate as a link between the sculptors and customers in the South³ and to provide the inhabitants with a variety of consumer goods, while maintaining a degree of control over prices. Today, the co-operative seems to have fulfilled its primary mission. According to one representative of the Makivik Corporation and the Kativik government (Tullaugak 2000), the role of the co-operative became a little broader over time, changing from being primarily commercial (promoting sculpture by finding market outlets) to playing a more dynamic role in the community. At present, it offers a variety of services to members of the community, and supports numerous community projects (see section on the co-operative network, below).

To respond to the lack of infrastructure in the region, the co-operative offers a number of services to the community such as banking services, consumer loans, insurance services, and even cable television. The Fédération des coopératives du Nouveau-Québec (FCNQ) purchased the Government of Québec and Shell Oil company tanks located in the region, and since 1987 the co-operative has distributed oil to the entire community. In the last two years, the co-operative has purchased a hotel and built a courthouse, which it rents to the Nunavik itinerant court.

In its specific role as a general store, the co-operative offers a wide variety of consumer products, ranging from foodstuffs to electronic equipment, and including motor vehicle sales and the sale of clothing, books, and recordings. This means that the co-operative is able to fill practically all the needs of consumers. Members may place individual orders, and only a few very specialized items are not offered (e.g., VCR head-cleaning cassettes). At the same time as offering this range of products and services, the co-operative acts as a sort of community centre. This broadening of sights is apparently attributable in large part to the training provided for managers by the Fédération des coopératives du Nouveau-Québec.

Associational Life

Generally speaking, the members of the community regard the co-operative as an organization in which everyone plays a role and where everyone can be heard. The co-operative also seems to be seen as a leading instrument of regional development. Because of the connection of

³ The term "South" refers, here, to the portion of Québec located below the 55th parallel, what some call "White Québec."

ownership it provides, the co-operative gives the community more autonomy and power, and it is therefore regarded as a tool for both personal and collective emancipation. For one thing, the co-operative is entirely managed by members of the community, unlike the large stores such as the North West Company (formerly the Hudson's Bay Company), which is owned by foreign interests. This endogenous management gives the movement genuine autonomy in terms of development choices. For another, the fact that it is managed exclusively by Inuit enables members of the community to acquire knowledge about the operation of a co-operative and of management processes.

It seems that the level of loyalty among members has not changed substantially over the years. In fact, the number of transactions has risen. Today, the co-operative has about two thousand customers (including individuals and companies), although not all customers are members. Co-op membership amounts to a total of fifteen hundred people. A rebate equivalent to 4 percent of purchases from the co-operative is paid to members at the end of the year; member organizations receive a 10 percent discount on each purchase made. The co-operative also organizes a number of draws for its members over the course of the year (e.g., cash prizes, merchandise, electronic equipment, food, all-terrain vehicles), offering customers one draw ticket for each \$25 spent on purchases. It seems that the monthly draws are one reason why the number of transactions has risen somewhat.

Board of Directors

The co-operative is operated by a board of directors, which meets at least once a month. The membership of the board is fairly homogeneous, ranging in age from forty to fifty years. There are two women on the board out of a total of seven members. The assistant manager (Ittukalak 2000) feels that power is fairly divided among the members of different interest groups on the board, as no interest group holds a majority of the seats. The general manager, of course, sits on the board as an observer, but does not seem to inform the co-operative's employees about decisions made by the board. The assistant manager did not know, for example, how many years the directors have been on the board, on average, what the turnover was on the board, or what the board's main concern has been in recent years.

Business Aspects

The co-operative has twenty-one employees, with two new jobs having been created in the last five years. Most of the employees are under thirty years of age, and in a reversal of a trend that was apparent a few years ago, young people seem, in general, to be attracted to jobs at the co-op. The co-operative does not engage in any significant staff rotation. While employees seem satisfied with their jobs, they show little initiative, and simply do the work they are asked to do. Nonetheless, the employees regard the co-operative as a source of personal development,

although the organization has not implemented any training system for its employees. For that, it relies entirely on the fédération, which offers training to fill identified needs.⁴

Financial Structure

During the period up to 31 August 1999, the Puvirnituq Co-operative had total sales of \$6.7 million, but was able to achieve a surplus of only \$1,276 (FCNQ 2000 (a), p. 101). This low surplus in 1999 can in large measure be explained by the major investments made in recent years (i.e., the purchase of a hotel and construction of a courthouse). During the 1990s, the Puvirnituq Co-operative was always able to achieve annual surpluses in the neighbourhood of \$100,000.

While its financial health is apparently good, the co-operative is nonetheless having to deal with major problems in its management of customer accounts. There seem to be recurring credit difficulties in the history of the co-operative, which were first identified in the early 1980s (Simard 1982, pp. 352–441). The lax approach to credit policy jeopardizes the cash flow available to the co-operative for paying suppliers. On the other hand, this flexibility in terms of credit is regarded by the members as one of the main advantages offered by the co-operative. Given how slow some members are to pay their accounts, the co-operative ultimately formulated a new policy for paying rebates to members who are having difficulty making payments. The co-operative takes a 2 percent share out of the 4 percent rebate that is returned to members, which it allocates directly to repaying the debts of delinquent accounts.

External Environment

The co-operative's main competitor is the North West Company, although it is not considered to be a threat to the viability of the co-operative, which is the first choice of members of the community for making purchases. A representative of the Makivik Corporation and the Kativik Regional Government (Tullaugak 2000) even said that the co-operative would not have been as successful as it is today if it had not had to fend off competition from the former Hudson's Bay Company. Indeed, the co-operative developed around a movement to oppose and challenge the "White" order of things in Inuit lands. The marginal role the co-operative is currently playing in terms of economics and politics is perhaps not entirely unrelated to a decline in combativeness among the Inuit people. According to certain authors (Duhaime 1985; Simard 1988), the large influxes of money that resulted from the signing of the agreements (\$90 million) not only had a demotivating effect on the population, but was also an impediment to Aboriginal development, creating major distortions in the regional economy.

⁴ The FCNQ offers co-operatives training on request in various subjects (e.g., computers, accounting, human resources). The training is offered both to members of the board and the general manager and to employees.

Inuit leaders thus gradually looked to the federal and provincial governments for funds rather than trying to build within their own society.

Co-operative Network

The Fédération des coopératives du Nouveau Québec (FCNQ) provides support to the co-operative, primarily by offering training and putting it in contact with markets in the South. The FCNQ also acts as a wholesaler for purchases, and as a central outlet for artistic production. In addition, the network of co-operatives allows for funds to be transferred between the various villages, so in this sense the co-op provides a relay service. Membership in a network is regarded as a very positive thing, but apart from membership in the co-operative network, the Puvirnituq Co-operative has no particular relationship with community organizations. The co-operative does, however, support practically all the events that take place in the village. Among other things, it makes a donation every year to the Recreation Council, so that the council can organize community celebrations.

Future Developments

The Puvirnituq Hotel, in many people's minds, is one of the co-operative's most significant achievements. Given its remote location from major urban centres, the 37 percent occupancy rate is regarded as satisfactory (FCNQ 1999, p. 26). The fédération, however, suggested that the co-operative adopt a stricter cancellation policy in order to avoid losing revenue. Another positive factor is the surpluses generated by the co-operative, which are then reinvested in the community. On the other hand, the co-op's most significant difficulty remains unpaid customer debts.

The co-operative model seems well suited to the culture of the community, in that it operates through a collective participation process and takes into account the community's wishes. The commercial nature of the organization, however, seems somewhat foreign to the culture of this people. Before the establishment of permanent communities, trade was in the form of barter, and when co-operatives began operations in Nunavik, reciprocity had to yield to transactions of a more commercial nature. Although no one is questioning the existence of the co-operatives in Nunavik, there are many people among the Inuit today who do question the appropriateness of the co-operative to the traditional way of life and values.

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Apaqtukewaq Fisheries Co-operative

Chapel Island First Nation, Nova Scotia

Case Study Analysis Prepared by Gene Frampton
The Model Social Enterprise Group

General Background

Apaqtukewaq Fisheries Co-operative is a Mi'kmaq Co-op owned by members of the Chapel Island First Nation of Cape Breton Island, Nova Scotia. It is best understood as a vehicle for community control over fisheries resources. The co-op does not fit conventional definitions of a marketing or production co-operative, but encompasses both functions.

Despite being situated in an area of very high unemployment, the Chapel Island First Nation has one of the highest employment rates of all First Nation bands, with approximately 65–75 percent of its members employed on a seasonal basis. The band has proactive strategies in terms of both economic and human resource development. Located on the Highway 4 midway between Sydney and St. Peters on the eastern side of Cape Breton Island, band members can also travel to these communities in search of employment.

This case study was based upon interviews conducted during the summer and fall of 1999.¹

Origins

This co-operative was formed to manage the band's interests in the fisheries. In the summer of 1995, when the decision to incorporate as a co-operative was made, Chapel Island Band had one fishing boat, several band fishing quotas to manage, and was also leasing and managing an oyster-processing facility in Arichat, NS.

In the words of the founding members, "The idea was to link everybody together, to act as a caretaker of the fisheries. The co-op was to take charge of all band activity in the fisheries."

The choice of legal structure was heavily influenced by Noel Doucet, the chief at that time, who had a longstanding appreciation for the co-op model generally and the Antigonish Movement specifically. "The idea for a co-op was Noel's. The co-op probably wouldn't have been formed if it wasn't for him. We talked about it a lot. A lot of people were leery of the idea."

¹ The following individuals were interviewed: Norman Basque, co-op member; Anita Basque, co-op manager; Fred Pierce, Inspector of Co-operatives, Province of Nova Scotia.

Fred Pierce, the provincial inspector of co-operatives, formally incorporated the group on 14 September 1995. The founding members were Norman Basque, who was the first president; Lindsay Marshall, who is the current president, as well as chief of the band since Noel's death two years ago; Lori Doucet, Noel's daughter; and James Basque, Norman's brother and the only fisherman of the four.

Activities

The main activities of the co-op to date have been to fish the band's quotas in lobster and snow crab. During the peak season, May to September, the co-op now employs seven people and operates two fishing vessels—the *Shannon Brothers* and *Netuklimk*. *Shannon Brothers* fishes mainly for lobster off Glace Bay, while *Netuklimk* fishes for snow crab in the Arichat area of Cape Breton. These products are all sold to local buyers.

Most co-op business income results from its pre-established percentage of the catch. A percentage is established for each species fished or harvested, and the co-op pays all expenses related to running the boat, including deck crew labour, from these percentages. To date financed in this manner, annual co-op income has fluctuated around \$40,000. Income is projected to grow much beyond this modest base if the co-operative is successful in launching the oyster processing facility.²

No surpluses (profits) are distributed to the members. The idea of the founding members was, and remains, that "all profits should go back into the co-op."

When the co-op first started, it took over management from the band of an oyster-processing facility that the band was leasing in Arichat. For various reasons, the co-op stopped running that facility in 1998. The co-op has continued to act as a broker to eastern seaboard buyers of oysters, and over the past year has developed an ambitious plan for re-invigorating the local industry through a processing facility on the reserve itself. While the oysters would come from throughout the Bras D'Or Lakes area, this project is of great interest to the community because six band members are leaseholders currently and the project is expected provide two full-time and six seasonal jobs on the reserve.

Issues

Two key issues confronted the co-op in its early stages: management, and community support and participation.

² In the feasibility analysis conducted for the oyster processing facility, "Chapel Island Oyster Processing and Sales Facility—Business Plan, 1999–2004," income is projected to grow to \$614,000 by the fifth year of plant operations.

Management

In the view of the founders, the main aspects of this are financial management and recording systems management. In the first year of its existence, the co-op's financial management was not separated from the band's financial management system. This caused inevitable problems. In the view of one founding member, "All the money going in wasn't going to the co-op ... We had a heck of a time getting certain things paid." This type of problem was apparently resolved with the hiring of Anita Basque, first "to help with the books" and then "to supervise the plant workers and manage shipments." After a short period, she became the first full-time manager of the co-op. Anita had four years banking experience and had worked as a supervisor in the Arichat plant before starting to work for the co-operative. In her own words, "I am a very strict captain; the co-op had to be run like a business."

The co-op also faced challenges complying with the industry record-keeping requirements. The co-op has to meet both the Department of Fisheries and Oceans (DFO) Standards as established in the Quality Management Program (QMP), and the International Hazard Analysis Critical Control Point Program (HACCP). Most of the time the bookkeeping required to meet these standards was adequate in the co-op's case, but some wasn't and "it took many meetings" with DFO officials to sort this out. The Canadian Executive Service Organization (CESO) volunteers have also been very helpful to the co-op in developing the required record-keeping systems.

Community Support and Participation

The Chapel Island community participates in co-op activities in various ways: as members, through the band council, and as employees. Initially, there were significant concerns in the community about the financial implications of the co-op taking over band activities in the fisheries: "There were a lot of questions and worries about the co-op right from the beginning; like ... if the co-op goes down, do we all go down?" With time and experience, however, these fears have apparently subsided. The co-op "submits a year-end statement to the band; sometimes we get on the agenda at band meetings and get advice and answer questions." "It's a small community; everybody knows what's going on, so we get a lot of feedback from the community."

Community participation through membership in the co-op has been an issue from the outset. The co-op started with four members and these four individuals remain the whole membership. Several comments were made about this: "One of my ideas was to get the fisherman involved, but everyone wants to go on their own." "It's hard to find people to give them the idea that joining the co-op would be a good thing."

The manager would like to get more band members involved as co-op members but is unsure how and when the co-op should proceed with a membership recruitment drive. The oyster

processing and packaging facility has generated a lot of new interest both in the band and the surrounding community, which should result in a broadening of membership over the next few years.

Funding and External Support

The co-op has been able to secure all of the additional funds that it has needed during its first four years from various external sources: the band itself, the DFO, Enterprise Cape Breton, and Indian and Northern Affairs. Securing funding for an oyster-processing facility is proving to be more challenging. The facility is by far the co-op's most ambitious project to date. With the help of the band's economic development officer and an outside consultant from CESO, the co-op has calculated the financial requirements for this project at \$250,000.

CESO has been of great assistance in developing the proposal for this project. With their help, a comprehensive feasibility document has been prepared, entitled; "Chapel Island Oyster Processing and Sales Facility"—Business Plan, 1999–2004. The proposal has been submitted to various agencies, but to date, only \$40,000 in commitments has been received.

By mutual agreement, the band's economic development officer has responsibility for securing the funding. While the co-op founders are not directly involved, they have found the process quite frustrating: "They always want more information ... we give them all that we have ... it is like they are digging into your own life."

The co-op has only recently sought help from the co-op sector. The manager, Anita Basque, received information from the Nova Scotia Co-op Council (NSCC) stating its interest in working with aboriginal communities. Although she spoke with the NSCC executive director about the situation and forwarded supporting documents several months ago, she has heard nothing in return.

Roles and Responsibilities

Neither the directors nor manager of this co-op have received any formal training in co-operative roles and responsibilities. As in many small co-ops, problematic issues are talked over by those responsible and a course of action is decided upon. At Apaqtukewaq Co-op, this doesn't necessarily follow common co-operative procedures and practices. The co-op has not held many formal board meetings. Major decisions have been made by consensus both within the co-op and between the co-op and the bands. The manager and the chief are the conduits of both information and input into decision making. There is a widespread recognition of the need for more formal meetings and openness to learning about roles and responsibilities. There are concerns too, however, about the availability and cost of such training.

Anishinabek Nation Credit Union

Case Study Analysis Prepared by Joseph Hare
M'Chigeeng First Nation

Introduction

The Anishinabek Nation Credit Union (ANCU) received its charter from the government of Ontario in May 2000. Officially presented to the chairman of ANCU by the Grand Council Chief of the Anishinabek Nation, the charter allows the credit union to begin operations according to an operational plan developed over a period of six years. The objects of the credit union are to promote co-operative enterprise, to facilitate the accumulation of savings, to create a source of credit for its members, and to provide for its members full financial services that otherwise are not available through conventional financial institutions. A board of directors oversees the operations of ANCU, and members of the board are appointed by member chiefs and councils of the Anishinabek Nation. Board members' terms usually coincide with the terms of office of the respective appointing chiefs and councils.

The Anishinabek Nation has forty-three member First Nations, situated in mid- and southern Ontario, from Thunder Bay to Pembroke and Peterborough to London.

ANCU's head office is located in Garden River First Nation, which is central to the region mentioned above. There is a credit union manager and two support staff. Offices were being set up as of the writing of this report.

A major drive has begun to accumulate sufficient deposit and loan capital to allow the credit union to start receiving deposits and making loans. Target amounts originally set were as follows: \$10 million in deposits; \$500,000 in capital investment; \$8 million in consumer and mortgage loans; and \$2 million in loans to aboriginal businesses. A side agreement with FEDNOR (Federal Economic Development Initiative in Northern Ontario) and Aboriginal Business Canada will provide a loan fund through ANCU in the amount of \$6 million.

Patronage, as envisioned in its development, is what ANCU now needs.

Twenty Years in the Making

In 1979, Joseph Hare was elected chief of the M'Chigeeng First Nation. As is the case with many communities, M'Chigeeng always had difficulty borrowing funds to get certain programmes, projects, and services underway. Towards the end of every fiscal year, M'Chigeeng

had considerable difficulty securing bridge financing during the period from year-end until the funding from the Department of Indian Affairs could be processed. In order to get some programmes started, a contribution from the First Nation was almost always required, but since contribution agreement funding often could not be deferred or put in a reserve fund, there was no money that could be used as the First Nation's share for any project. Funds for housing could be obtained through a ministerial guarantee, but getting a ministerial guarantee depended on the financial situation of the First Nation. First Nations members could not borrow any money for business purposes, or any other purpose for that matter, except through the Department of Indian Affairs. The reason for this is because of the well-known section 89 of the *Indian Act*, which prevents the seizure or execution of real and personal property of an Indian by any person other than an Indian or a band. Collateral, therefore, could not be used, and so loans were not made to an Indian or band.

This section of the *Indian Act* has stifled and continues to stifle economic development and business expansion on First Nations. To get around this inhibiting section of the *Act*, Chief Hare believed the only way was for the M'Chigeeng First Nation to establish a financial institution of its own, and his choice of institution was the credit union. There were many obstacles to be overcome, however, before a credit union could be established in M'Chigeeng. As each obstacle arose, Chief Hare came up with a solution. First of all, there were not enough potential members in the community of a thousand people, so he invited the neighboring First Nation of Wikwemikong, with a population of two thousand, to become involved. The two chiefs, Joseph Hare and Ronald Wakegijig, met and agreed to work together to form a credit union with a branch office in Wikwemikong and one in M'Chigeeng. This was in 1980, and the rules governing credit unions in Ontario required that at least twenty persons be trained in the role each would play in the eventual operation of a credit union. Each community would recruit ten potential directors to become members of the board. While this was a minimal number of potential directors, neither community could recruit a sufficient number to enrol for training, and the idea of a joint effort to create a credit union died.

At the same time, the government of Canada was providing a number of financial support services to circumvent the difficulties posed by the *Indian Act* insofar as business development was concerned. In the 1980s the Department of Indian Affairs had a revolving loan fund from which businesses or entrepreneurs could borrow, but there was never enough money. This fund was eventually devolved to the First Nations, which in turn set up (or were supposed to set up) revolving loan funds augmented by a yearly contribution from the department. The average loan fund of the First Nations was about \$100,000 per year.

Concurrently, Industry Canada, through its Canadian Aboriginal Economy Development Strategy (CAEDS), began to provide funding to groups of First Nations to establish what were

termed Aboriginal capital corporations. These corporations, depending on the size of the area served and the population and business development potential, were making loans from loan funds of up to \$20 million.

The chiefs of the Robinson Huron (part of the Anishinabek Nation) revived an old economic development corporation called, appropriately enough, the Robinson Economic Development Corporation, and designated this corporation as the applicant for support funds that Industry Canada was making available to regions. Chief Joseph Hare, president of the corporation, together with a board of directors, commissioned a study to determine the feasibility of having an Aboriginal capital corporation to serve the Robinson Huron area. The study found that there was insufficient business potential from First Nations in the area—yet another problem requiring a solution. By combining the business potential of the Robinson Superior region (another part of the Anishinabek Nation) with that of the Robinson Huron, there would be sufficient potential business data to justify applying for and receiving funding from Industry Canada, and to finally establish a financial lending institution for the region. While the application was being put together, Industry Canada decided to review the existing regional corporations it had helped establish throughout the provinces and the territories. Pending the outcome of the review, all applications from other regions, including Robinson Huron and Superior, were put on hold. When the review was finally finished, Industry Canada did not lift the suspension of applications and in fact began to downsize its role with the regional corporations. The idea of a financial lending institution for the Robinson and Superior regions hit another snag and died.

All government programmes evolve, and although the name may get changed, the intent remains the same. So it was with the regional corporations funding programme, which was replaced by a programme called Community Futures, available to all nonprofit groups. There were several aspects to the Community Futures programme, but the main one was a loan fund to be managed by a local/area board of directors. To be recognized as a Community Futures participant, applicants had to meet certain criteria, one of which was a minimum rural population. First Nations, by joining together, could easily meet the population criteria. In the Manitoulin area, where M'Chigeeng is situated, the First Nations joined together and created Waubetek, a Community Futures corporation. One of the directors on Waubetek's board was Chief Joseph Hare. After doing a feasibility study, Waubetek received a revolving loan fund and began to make loans to businesses. Finally, there was a financial lending institution in the area. There were limitations imposed on Waubetek, however, by the funding source. The funds were to be for business purposes only and there was a limit of \$60,000. Chief Hare saw again the need to diversify and sought to have Waubetek provide full financial services and evolve into a credit union. His idea fell on deaf ears, and while Waubetek's services were very useful to businesses, it still was not an institution offering the full range of financial services needed by the First Nations people in the area.

By now the year was 1994. That year, Joseph Hare was elected Grand Council Chief of the Anishinabek Nation, and one of the first ideas he pursued was that of a credit union. As usual, there were many obstacles along the way, but as each arose, the team gathered to bring the idea to fruition would resolve the problem. Special mention must be made of Lewis Debassige's motivational support and Nikki Manitowabi's resolve to carry on. Aboriginal Business Canada, a branch of Industry Canada, continued to support feasibility studies and organizational funding. On 31 May 2000, twenty years after Joseph Hare began to work on the idea, the full-services financial institution that came to be called the Anishinabek Nation Credit Union received its charter.

Rationale for First Nation Community Credit Unions/Banks

In order for First Nations to make significant progress in the economic and business development sector, individually or collectively, they need to be in control of sufficient capital to allow them to achieve goals. A viable economic system developed by any First Nation can only be successful if it creates and sustains the necessary wealth to effectively serve the needs of the members.

First Nations must access capital, maintain it, and deploy it to meet certain objectives. Given the obstacles, which include both implementation and operating issues, this is not an easy task. First Nations operate in a different legal and cultural environment. They must contend with the restrictive provisions in the *Indian Act*; they must safeguard immunity from taxation; they must respect the rights of First Nation members as regards seizure and collateral; and they must resist the regulatory intrusions of the federal and provincial governments. There are other difficulties to overcome as well, such as the need for training and communication, which will offset the ever-present element of mistrust that First Nations have always harboured; and the reluctance to move forward boldly and realize the time for doing so is upon all First Nations.

In summary, the Anishinabek Nation Credit Union (ANCU), as it was being developed, was cognizant of the following:

1. It must provide a full range of services to First Nations citizens.
2. It must not compromise on seizure protections enjoyed by First Nations citizens.
3. It must always safeguard the tax immunity of First Nations citizens.
4. It must have a good training programme and a communication programme.
5. It must remain profitable and operate at arms length, yet be accountable to First Nations governments to earn the trust of First Nations citizens.
6. It must seek out projects that promise to be profitable.

Profitable Projects

The key to success for ANCU lies in the pursuit of profitable projects, such as the financing of housing and other projects on First Nations lands. All CMHC housing projects sponsored by a First Nation or a First Nation member have to be guaranteed by the minister of Indian Affairs, and because of this guarantee, there is no risk to lending capital whatsoever involved with these loans.

Because of the confidence in ANCU by senior government officials such as Bob Dickson of Aboriginal Business Canada and Ian Donald of the Entrepreneurship and Small Business Office (both of Industry Canada), each have committed to set up a business loan fund in the amount of \$6 million to be used for business development. Similarly, the minister of Indian Affairs and the minister responsible for CMHC could be convinced to put up a housing loan fund of at least \$30 million.

Other credit unions derive a substantial part of their revenue from mortgage loans. In a small credit union with assets of \$25 million, the mortgage portfolio, on average, will represent approximately 50 percent of net earnings. Extending this service to nonmembers of ANCU (i.e., non-First Nation members) could be another profitable project.

Business Loans Are the Priority

Pursuing profitable projects will in turn enable ANCU to make business loans, which have to be its priority purpose. All other services should be provided to enable ANCU to do this, and this strategy should always be clear in the minds of those charged with operating the credit union. Clarity in this concept should be enunciated in some form of mission statement, as a lack of clarity, while perhaps not perceived as a danger, can often be the underlying factor to failure.

This lending institution, envisioned over twenty years ago, was born of the need to spur economic development in the community of M'Chigeeng. It can now spur economic development in many more communities.

Improving access to credit by minority and low-income communities represents a serious challenge to lenders, community residents, and government officials. The solution to this problem is economic development, an indispensable component of which is an effective banking system. (Jordan 1993)

To help builders of financial institutions stay on track, the *Report of the Royal Commission on Aboriginal Peoples* devotes a substantial section to economic development (volume 2, chapter 5). A key recommendation is as follows:

Building Economic Institutions 2.5.4

Aboriginal nations give high priority to establishing and developing economic institutions that

- reflect the nation's underlying values;
- are designed to be accountable to the nation; and
- are protected from inappropriate political interference.

The development of businesses on First Nation communities has been negligible over the years mainly because access to capital has been the major drawback. But over time it is business which must carry the day as far as employment and income goes. Even to eventually enjoy political autonomy, the First Nations must generate their own revenue. They can do this by levying user fees, license fees and where a business significantly benefits from a First Nation right, political contributions will have to be required from those businesses. If there are no businesses from which to draw unrestricted revenue then the idea of political autonomy has to continue being a dream we just talk about. Massive social assistance and employment with the Band Office from the escalating social assistance is not the answer. Otherwise we continue to be administrators of our own poverty.

Within the context of the general situation above described, ANCU must play its role and realize the importance of that role.

Put Your Money Where Your Nation Is

To what extent First Nation councils and citizens will invest and deposit their money in ANCU is a challenge that will test the oft-stated rhetoric of the First Nation leadership. The chiefs have said they need cultural institutions, educational institutions, and of course, a financial institution. These and other key institutions have been identified as essential to achieving the goals of more self-reliance, more independence, more self-government. All of the other institutions relied on by the First Nations are government funded. ANCU will be the first that is not. The original call for support of ANCU clearly stated what First Nations and their citizens have to do:

We have to use our own money to invest and start it up. We need to deposit our own savings in the credit union so it can continue operating. We need to borrow money from our own credit union so it can make a profit.

This is what is meant by the Anishinabek Nation Credit Union slogan “Put Your Money Where Your Nation Is.”

ANCU will only be the second credit union in Ontario to have been incorporated in the last twenty years. It will be the first Aboriginal credit union in Ontario.

Following the Vision

Following the vision can be easy. A realistic business plan is key, and comparing results at each year-end ought to be the main guides for improvements and changes.

Anishinabek Nation Credit Union: Answers to the Case Study Questionnaire

Joseph Hare (Past Grand Council Chief)

Q. When did the credit union emerge?

A. The credit union officially received its charter from the Ontario Ministry of Finance, Credit Unions and Co-operatives Services Branch, on May 31, 2000. The Grand Council Chief at Grand Council of the Anishinabek made the presentation to Linda Chiblow, president of ANCU.

Q. Who were the founders?

A. There were many persons involved in the founding of the credit union. However, the following were the first persons named to be the official incorporators of the credit union:

Paul Eshkakogan	Spanish River Reserve #5
Jeanne Naponse	Whitefish Lake Reserve #6
Margaret Penasse-Mayer	Nipissing Reserve #10
Albert D. Sewell	Rankin Reserve #15D
Lawrence A. Boyer	Mississauga Reserve #8
Willard J. Pine	Mississauga Reserve #8
Gary Goulais	Nipissing Reserve #10
Linda Chiblow	Mississauga Reserve #10
Lewis Debassige	West Bay Reserve #22
Joseph Hare	West Bay Reserve #22
Augustine Debassige	West Bay Reserve #22
Grant Taibossigai	West Bay Reserve #22
Christi Pervais	Fort William Reserve #52
Angus Toulouse	Spanish River Reserve #5

Eugene Manitowabi	Wikwemikong Reserve #26
Byron Leclair	Pic Heron Reserve #35
Glen Hare	West Bay Reserve #22
Joey Fox Jr.	West Bay Reserve #22
Henry Panamick	West Bay Reserve #22
Rose Marie Manitowabi	Wikwemikong Reserve #26

Note: Some of the above persons were later replaced by other delegates and the names of some of the First Nations have since changed.

Q. What network or networks were central to the founding of the credit union?

A. There are forty-three First Nation communities who are member communities of the Anishinabek Nation. The Anishinabek Nation has an administrative corporation called the Union of Ontario Indians. The UOI acted as the secretariat in the development of the credit union and provided the network information to the member communities.

Q. Were there any special characteristics of the groups of people or location in which the credit union emerged that help to explain its development?

A. A bond of association has always existed among the First Nation communities of the Anishinabek Nation. This bond of association is coincidentally a requirement in the formation of any credit union. The First Nations are also parties to the Robinson Huron and Robinson Superior Treaty of 1850 and the Manitoulin Treaty of 1862 (except for Wikwemikong) and so treaty discussions frequently bring the First Nations together to meetings. Other First Nations, due to territorial proximity and other common interests, are also members of the Anishinabek Nation. Grand Councils are held annually and at these assemblies, a number of issues and projects are tabled and supported by the delegates and then acted upon. This is how the credit union emerged.

Q. What kind of activities (business and social) did the credit union undertake?

A. Many activities were undertaken but the strategic ones are as follows:

1. Grand Council held at Rocky Bay (1994) gives the mandate to explore options that would lead to financial independence of the Anishinabek. One option is to have a financial institution.
2. Call letter is sent to all member First Nations to discuss the feasibility of a financial institution. A steering committee is struck.

3. Funding is secured to hire a consultant to conduct a feasibility study and legal counsel is selected.
4. A draft feasibility study is presented to the board of directors of UOI.
5. Approval is secured from the Ministry of Finance to commence a business plan and an agreement is reached with Credit Union Central of Ontario to do a business plan.
6. A training plan is developed.
7. First Nations are kept informed of progress at subsequent Grand Councils.
8. Strategic planning sessions are held to arrive at a vision statement, goals and objectives, product services, delivery, head office location, and operational goals.
9. An interim manager is hired.
10. Funds for interim manager become exhausted and a number of First Nations cost share the salary of the interim manager so the development work can continue.
11. Support staff is recruited.
12. Potential capital investor contributors are contacted.
13. Agreement for a Small Business Loan Fund is solidified with FEDNOR.

These activities are not necessarily listed in sequence.

Q. Have the activities changed?

A. The activities have and will change slightly but will fundamentally remain the same. ANCU's business and operating plan dictates the kinds of activities that will be undertaken and changed if necessary.

Q. What were the key issues confronting the credit union in the early stages?

A. The following issues posed various degrees of difficulty but all had to be resolved:

1. feasibility funding and business-plan funding;
2. securing statements of intent to invest in the credit union;
3. "deficiencies" identified by Credit Unions and Co-operatives Services Branch; over 100 deficiencies were identified by the branch. As one set of deficiencies were addressed, another set would be identified.
4. finding a consultant and business plan authors who understood the legal, treaty rights, and "sui generis" status of the First Nations and their members;
5. securing confidence and loyalty to the project and having its relevance appreciated;
6. selecting the head office location and future branch officers; and
7. integrating other services questioned by the credit unions branch.

Q. What role did the government play?

A. The government played a vital role in the development of the credit union. Aboriginal Business Canada provided funding for the feasibility study and the business plan as well as some other expenses. Even when the deficiencies above described seemed to be impossible to address, the support of ABC continued to be there. FEDNOR and ABC went further and initiated a draft agreement concerning the establishment of an Aboriginal Small Business Financing Programme in northern Ontario and committed \$4.2 million for business loans.

The Ontario Ministry of Finance issued the charter. Prior to doing so, considerable scrutiny was conducted by their staff. In retrospect, this kind of scrutiny will be a guide to ANCU's board of directors in the operation of the credit union.

Q. What role, if any, was played by other credit unions?

A. Credit Union Central, through one of their divisions, CCG Management Consultants, authored the business plan.

The Kahnawake Credit Union (Kahnawake, Québec) hosted a visit by a delegation from ANCU and provided valuable advice and information.

Member credit unions of Credit Union Central of Ontario were aware of our upstart credit union and response from them was always encouraging.

The annual report and audit of a credit union located in the area was a valuable reference.

Q. How was funding secured?

A. A proposal for a feasibility study was submitted to Aboriginal Business Canada and later another proposal for a business plan was also submitted. ABC provided the funding to do both.

When funds for the interim manager were exhausted, a request to First Nations was made asking them to cost share the salary of the interim manager and contributions were made from those First Nations.

Q. How did the elected leadership of the credit union learn about their roles and responsibilities?

A. The board of directors of ANCU are the leaders of the credit union. They are appointed by their respective chiefs and councils to the board. The chiefs and councils, when considering who to appoint to the board, select an individual who is already well versed in finance, business, or other related fields. The knowledge each brings to the board has already been acquired. All the directors have good business acumen and do not need to learn about general roles and responsibilities. However the directors had to take some special training so as to be

knowledgeable about credit unions and how these are governed. The *Caisse Populaires and Credit Union Act* disqualifies an individual from being a director if he/she “does not complete a prescribed training programme as required by the regulations.”

Q. How did the managers and employees learn about their roles and responsibilities?

A. The manager was also involved in the prescribed training on how credit unions are governed. The manager, when being recruited, had to demonstrate experience and knowledge in the operation of credit unions. So the manager who was hired already had considerable experience. The staff being hired have to meet certain specified qualifications and so learning on the job is not built into the employment process.

Q. What training programmes would have been useful?

A. This is not applicable in the case of ANCU. As previously stated, directors and the manager already had considerable experience in the business sector and specific training was later provided.

Q. What are the positive attributes of the credit union model as you have experienced it?

A. The ultimate control and management of the credit union is vested in the members of the First Nation communities.

The required flexibility in lending to persons who otherwise are not adept in proposal writing will be beneficial. Many First Nation members are borrowing from lending institutions and are paying extremely high interest rates.

There is a certain amount of pride in knowing that First Nations people own a financial institution.

Business loans and other loans will be secured through a collection process, which at the same time respects the exemption from seizure of their assets.

The tax-exempt status of First Nations members (e.g., RRSPS and pension payments) will be respected.

ANCU, over time, will become a vital contributor to the self-government practices and independence of the First Nations.

Success breeds success, and ANCU can become a facilitating organization for other services to the First Nations.

Q. What are the negative attributes?

A. No negative attributes can be identified at this time.

Q. What general advice would you give to any group interested in developing a credit union?

A. You must be meeting a defined need. Rely on knowledgeable persons to help. Develop a plan of action. Understand client needs. Negotiate around obstacles. Use political strategies. Conduct business in a professional manner. Communicate plans and ideas to all those involved. Find out what the competition is doing; securing their help is even better. Be accountable.

Q. What kind of further assistance would you like to have from government?

A. It is not so much further assistance that the credit union needs. However, government rules that impede its operations services should be reviewed every so often. First Nations are unique identities in Ontario and Canada and so appropriate consideration should be given to their equally unique needs. This suggestion is made in the knowledge that the governments, both federal and provincial, seem to limit the potential of First Nations and want to keep them in a state of poverty. The government changes rules and adopts policies that will advance the needs of Canadians but will seldom do the same for First Nations.

Several years ago the government formed the National Aboriginal Financing Task Force and the report of the task force, titled *The Promise of the Future*, was published on 15 April 1996. This report contains many recommendations on achieving economic self-sufficiency through access to capital. However, not too much has improved since the report was issued.

The *Report of the Royal Commission on Aboriginal Peoples* (volume 2, chapter 5) also contains excellent recommendations on economic development, but one has to wonder when these recommendations will be put into play. Regulatory provisions are what prevent First Nations people from advancing in the way they want, economically and socially.

For example, the ANCU should appropriately be licensed or chartered by the First Nations or the Anishinabek Nation. Then, truly, we would be able to develop a financial institution that addresses our unique needs.

There are many connected needs that should be under the control of the First Nations such as licensing of businesses, free trade with other aboriginal groups, land use and management, etc.

If the government really wanted to facilitate the advancement of First Nations, not only in the business and financial sector, but in all areas, it can quickly do so. As the initial tool for advancement, the *Indian Act* can be amended fairly easily and quickly to accelerate the advancement of the First Nations. After all, it was amended fairly easily and quickly to make Canada look good when it was seen by the world to be discriminating against First Nations women who married non-Indians and so lost their status.

Native Inter-Tribal Housing Co-operative and First Nations Housing Co-operative London, Ontario

Case Study Analysis Prepared by
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Executive Summary

The following report documents the stories of two Aboriginal housing co-operatives in the city of London, Ontario. Their origins are similar. They both accessed federal government support and applied a standard co-operative organizational formula: total member control and the availability of subsidized rent in exchange for member involvement in the running of the co-op. Both organizations have focussed development efforts on “scattered” housing. The Native Inter-Tribal Housing (NITH) Co-op has concentrated its housing in a particular neighbourhood in the west end, while the First Nations Housing Co-op (FNHC) has its homes scattered widely across the east end of town, primarily in the lower income areas of London. In terms of organizational structure, both co-operatives have a president, board of directors, a housing co-ordinator, and a series of committees. The FNHC, however, is experiencing more difficulties with the interrelated issues of unpaid rent, high turnover rates, and low member participation.

The two pressing priorities for both co-operatives today are to keep their funding agreements at the federal level and to work for new spending in the sector. Both organizations have resisted attempts by the federal and provincial governments to download funding responsibilities for co-operative housing to the municipalities. As well, both co-ops have been frustrated in their efforts to expand their services due to the complete absence of new government spending since 1994.

The Early Years

Both the Native Inter-Tribal Housing Co-op and the First Nations Housing Co-op began in response to the need for a decent standard of housing and a sense of community for Aboriginal people living in the city of London. In other words, due to the failure of the London housing market to respond to the particular needs of Aboriginal peoples, these two co-operatives were founded as a way to intervene in the market and to address the socio-economic barriers and challenges of Aboriginal housing such as: landlord racism and discrimination, low incomes, and the desire for an Aboriginal community within an urban environment. Financial difficulties coupled with discrimination were leading to overcrowded houses and apartments and ultimately to substandard health and safety conditions.

The NITH co-operative was founded in 1980 and is one of the oldest Aboriginal housing co-operatives in Ontario. After completing a comprehensive feasibility study in collaboration with the N'Amerind Native Friendship Centre, the NITH was incorporated in 1983 with a mandate to provide housing to Aboriginal¹ people in the city of London. Once having accessed federal funding, the NITH immediately purchased twenty homes in one particular neighbourhood. But the newly formed co-operative was quickly faced with a number of complaints from the non-Native residents who were becoming anxious about the growing Aboriginal presence. The president of the board of directors at the time was, however, able to ease their prejudices and fears by addressing a community meeting and providing information as to the co-op's structure and plans.

The majority of the people didn't understand. The rumours were going around that the Natives are buying these houses, they're starting a co-op and each house is going to have two or three families in it ... with fifteen or sixteen kids. And so we had this community meeting and explained to them that most people in the co-op had only two or three children and our by-laws state that members can't be 'under-accommodated' and so there is a maximum of two people to a bedroom. We also explained that we are going to be buying older houses and we are going to upgrade them and improve the neighbourhood.²

The NITH co-op emerged out of the local Aboriginal community of London. The six founding members,³ who were committed to developing a housing co-operative for Aboriginal people, were aware of the various federal and provincial support programmes and willing to volunteer much time and effort. The Canadian Mortgage and Housing Corporation (CMHC) Housing Co-op programme, under section 56.1 of the *National Housing Act*, provided a great deal of support for this initiative in the form of a mortgage guarantee and a subsidy of ongoing mortgage payments. Under this programme, 15 to 18 percent of the units could be rented on a rent-to-income basis, with the remaining units required to be rented at fair market value. This core group of founders were able to further access the federal Urban Native Housing Programme,⁴ allowing for the possibility of 100 percent of the units to have rental charges linked to tenant income.

It has never been necessary to have all of the units geared towards income because we do have a very diverse membership in our co-op. A lot of couples in our co-op

¹ Aboriginal identity is broadly interpreted as having some degree of ancestral or community connection and is documented by either a status card or a letter from a band office. Eligibility for becoming a member was further interpreted as having a former (and formal) three-month residency in the city as well as a household that was at least 50 percent Aboriginal.

² Butch Stevenson, NITH.

³ Jack Christjohn, Shirley Christjohn, Butch Stevenson, Ivon Stevenson, Joel Johnson, and Colleen Johnson.

⁴ A joint initiative of CMHC and the Department of Indian Affairs and Northern Development.

are both working, they make good money, and are paying the market housing charge on their unit.⁵

Moreover, as part of their strategy to purchase and upgrade older homes, NITH was able to access home improvement subsidies from the CMHC Residential Rehabilitation Assistance Programme.

The origins of the First Nations Housing Co-operative are slightly different. In contrast to a founding group of six, the FNHC was started by two people in the N'Amerind Friendship Centre who were attempting to develop housing for Aboriginal students. They applied to CMHC and sought assistance from the Mackenzie Malo consulting firm. After it became clear that the CMHC programme was strictly geared towards family housing, they modified their application and were successful in obtaining a similar funding arrangement with CMHC as the NITH.

The co-ops pursued different strategies with respect to the location of their units. The NITH strategy was to focus on purchasing houses in a defined twelve-block neighbourhood in the west end of London, while the FNHC began by purchasing homes in various locations across a much wider area covering most of the east end of London.

The NITH co-op was able to obtain organizational support from London Community Homes (LCH),⁶ a provincially based resource group that specialized in the development of co-operatives. The LCH provided a model of policy and procedure guidelines and a set of by-laws as well as various training programmes to assist members in their various responsibilities. Their assistance was critical to the founders of the NITH in its early stages. Training was provided in the areas of how to conduct meetings, create job descriptions, determine roles and responsibilities, and deal with conflict resolution. The policy and by-law models were amended to meet the NITH's particular needs and then accepted by a general membership vote.

For example, each committee received training in conducting meetings, reviewing and developing job descriptions, so that each committee knew exactly what their function was and that they weren't overlapping, and the board was trained on what specifically a board of directors of a housing co-op was expected to do. Their rights and responsibilities were clearly outlined in the by-laws as well. And, as other types of training became available, we were always notified.⁷

⁵ Butch Stevenson, NITH.

⁶ Their name later changed to Community Homes of South Western Ontario.

⁷ Denise McGahan, NITH.

As well, other local co-operatives were consulted for advice and were quite helpful. It is important to note the general ethic of sharing information and offering support that seems to exist among co-operatives. Two groups in particular were helpful in the early days—the Community Homes and the South West Ontario Co-op Housing Federation (SWOCHF). Similar to the London Community Homes resource group, the SWOCHF provides education and training opportunities to members as well as model by-laws and job descriptions.

In southwestern Ontario there is a fairly close link between co-operatives, both Aboriginal and non-Aboriginal, and back then when there were so many co-operatives developing everybody was working to help each other. One of the principles of a housing co-op in Canada is co-operation amongst co-ops. And so it is not unusual to get a call from another co-op saying ‘We’re having trouble with this; do you have any suggestions as to what to do about it?’⁸

In contrast to the NITH’s use of a broad base of support from agencies within the co-operative housing sector, the FNHC received a similar type of support (standard by-laws and regulations and membership training) from their consultant, Mackenzie Malo.

Upon receiving funding approval in 1983, the NITH co-op immediately purchased twenty homes. Over the course of the next eleven years, they continued to expand considerably, ending up in 1994 with sixty-two homes. This was the year that the Urban Native Housing Programme was terminated and the remaining programme funds were distributed to the various co-ops for housing purchases. The FNHC experienced a similarly rapid expansion of services and has been able to accumulate forty-two homes during the seven years from 1987 until 1994.

In 1995, when the Conservative government returned to power in Ontario, funding for co-operative housing was immediately stopped and the NITH co-operative had to terminate negotiations for the purchase of two new homes. Moreover, the London Community Homes resource group disbanded shortly after this time as their services became increasingly redundant given the halting of new developments.

In addition to providing housing, the NITH supports community activities and programmes by providing meeting space and administrative assistance such as photocopying and the use of office space. Many co-op members are actively involved in organizing a wide range of programmes for students through the local Community School Association. The NITH became involved in successfully promoting an urban Native language education programme in the

⁸ Denise McGahan, NITH.

local school and was at one time the delivery agent for the Ontario Aboriginal Healing and Wellness Strategy, a responsibility that was later taken over by a neighbouring First Nations community.

We try to stick mostly to housing, but members of the co-op did develop an Urban Native Parents Association and they were instrumental in getting the Native language taught in the neighbourhood school and actually they went on to branch out to other schools in London that had a concentration of Aboriginal students. As well we became a health access centre as part of the Healing and Wellness Strategy and so we were able to bring some of these services into the city.⁹

The fact that a local First Nations community took over the health access centre, funded by the Healing and Wellness Strategy, seems to point to a degree of uncertainty surrounding the control and jurisdiction over services to Aboriginal people in urban areas. In this particular case, the NITH was criticized publicly by a local First Nations chief for their attempt to seek representation as the “Aboriginal seat” on the board of the Co-operative Housing Federation of Canada. The criticism revolved around the questions of jurisdiction and control. In other words, the chief was questioning whether or not an independent Aboriginal housing co-op has the authority to represent Aboriginal interests in this area. As this was a more or less recent occurrence, it is perhaps a good time to move from the early years of the co-ops to current issues.

Current Issues

Both the NITH and the FNHC protect their existing agreements and seek out new sources of funding through their affiliations with provincial and federal organizations. For example, the CMHC Housing Co-op programme (56.1) ended in 1985 and was replaced by the Index Linked Mortgage (ILM) programme and partnered with the provincial government. However, given the successful lobbying of both federal and provincial co-op housing organizations, the new ILM programme policy guidelines specifically guarantees that the NITH and the FNHC will continue to be funded federally.

It is about involvement and ownership. Our lobby campaign was grass roots, actual members organizing and contacting MPs saying, ‘I don’t want Mike Harris in charge of my home,’ and this effort has been effective.¹⁰

If the co-op defaulted, we have over \$8 million in property with maybe \$3 million still owing. This is why when Harris was elected he said that the first thing that he was going

⁹ Denise McGahan, NITH.

¹⁰ Butch Stevenson, NITH.

to do was to sell off all the social housing. But he soon realized that he didn't own it, we the members own it. And so the first thing that he did with the provincial co-ops is give them the 21.9 percent budget cut with the hope of driving them into bankruptcy and then forcing them to sell.¹¹

It is important to note that, in spite of CMHC policy,¹² the original design for the NITH co-operative was for scattered housing within a specified neighbourhood, and they were consistent in this approach until the purchase of fifteen townhouse units in 1994. The townhouse complex created an entirely new set of problems relating mostly to privacy. Since this development, the board of directors has been obligated to spend much time and effort dealing with internal disputes between townhouse members:

If you were to talk to a number of other co-ops, the ones that are townhouse complexes, the first thing that they are going to mention are members' issues—one member is having a problem with another member and somebody has to resolve it and it usually ends up at the board of directors and everybody is involved and choosing sides ... and until we had the townhouses we had little to none of that. We did save money on maintenance in terms of buying a new complex, but that saving came with all of these other issues and so we went back to scattered housing in our last expansion.¹³

In comparison, the FNHC cited unpaid rent as being a serious problem that affected not only the economic viability of the co-op, but member willingness to participate as well.

We had a year when we had a real lot of arrears and we had a really bad time with it. It got so difficult that we had a president at the time say that he had his tires slashed on his car. And someone else's house got broken into. And so we do have a hard time getting people to be board members ... because they don't want to be involved. We have had a big turnover in members forever. They come and go, there are a lot of arrears and there are a lot of evictions. Someone has to do that and they don't really like to do this. A lot of compassion is shown to people that can't make their rent, and often we will temporarily not charge people rent. Evicting a family onto the street is a really difficult decision to make for many people, and sometimes these decisions have to be made.¹⁴

As well, since 1994, the Conservative government's cut-backs in all areas of social spending (including co-op funding) have had a ripple effect on the FNHC membership, exacerbating the already high turnover rates.

¹¹ Butch Stevenson, NITH.

¹² CMHC policy privileges condo-style, group housing developments.

¹³ Denise McGahan, NITH.

¹⁴ Mary Smith, FNHC.

We found that the turnovers started changing really drastically in the first year that Mike Harris came into government and cut subsidies and the welfare mother's allowance and others. We had a lot of moms that couldn't afford to live in the units anymore. Yes, our rent is geared to income, but the tenants are still responsible for heat and utilities, and London hydro could be two to three times their rent.¹⁵

Funding for co-operative housing was one of the first spending cuts made by the present provincial government in spite of long waiting lists in this sector.

We go on a waiting list campaign when we need to because for many years we had people waiting and waiting—unrealistically. So we might have six people on our waiting list right now and we could get down to two and then do a blitz on applications and get up to ten people and then we're happy with ten. Because it takes six months, a year, two years, to get in.¹⁶

As a result of these social spending cuts, there have been no new homes purchased in the last five years. In 1994, the NITH proposal for the acquisition of two new properties had to be cancelled. "Most Native people who live in the city, unless they have a really good job, are living in slum households. London has a low vacancy rate and so it is easy for the landlords to say no."¹⁷

As previously stated, the London Community Homes resource group, which was instrumental in terms of education and training during the early years of the NITH, has disbanded. The South Western Ontario Co-operative Housing Federation and the Co-op Housing Federation of Canada continue to provide training for members, although they are presently charging for these services. As time passes, and if members continue to live in the co-op, they are able to learn from each other so that education and training can be provided internally.

Organizational Structure

The NITH and FNHC co-ops are owned and run entirely by their members as nonprofit organizations. There are no formal political or financial ties to any First Nations community or organization. This form of independence is considered crucial to fostering a welcoming atmosphere and a sense of collective ownership to a culturally diverse group of Aboriginal people. Moreover, as they do not want to be seen as drawing people from reserve communities to the urban centres, CMHC encourages this sense of independence and disconnection between

¹⁵ Mary Smith, FNHC.

¹⁶ Ibid.

¹⁷ Butch Stevenson, NITH.

the First Nations communities and the urban housing co-operatives. They achieve this by requiring the applicants to have a minimum three-month previous residency within the city of London before being eligible for co-op membership.

The NITH co-op has a president and a board of directors that consists of nine elected members whose two-year terms are staggered so as to provide continuity in decision making. Elections run on a two-year cycle whereby five board members are elected at the annual general meeting and then four are elected the following year. After four consecutive years on the board, a member must take a two-year break before seeking a re-appointment.

I have seen co-ops where the board of directors hasn't changed in ten to fifteen years ... and of course that is no good as the organization becomes stagnant with no new ideas being generated by new people.¹⁸

The board works with the housing co-ordinator and the various committees and makes decisions on most political and financial matters such as membership issues and acquisitions. The housing co-ordinator is the chief administrator for the co-operative and oversees the day-to-day operations of the office and the nine committees, which include maintenance, work party, membership, finance, social, newsletter, youth, office, and cleaning.

For example, our work party committee goes out if there is a unit to be painted or other general maintenance like fences to repair ... and to help some of our Elders if they need their grass cut—things like that—this committee is able to help those who are unable to do this work themselves, and the board determines who these people are.¹⁹

The by-laws outline the decision-making authority of the various components of the co-operative, and whether an issue should be brought to the general membership for a resolution. All decisions are made by a majority vote, and by-laws may only be changed by both the board of directors and the membership.

The FNHC organizational structure is more or less the same as that of the NITH, with a president, a board of directors, a housing co-ordinator, and a series of committees. A notable difference is that the FNHC co-op does not have a finance committee. Issues of rent payments, rent debts, and other organizational financial matters are considered confidential and fall within the jurisdiction of the board of directors. As well, the FNHC has a participation committee that works to ensure that members are meeting their co-operative obligations to be actively involved in the running of the organization.

¹⁸ Butch Stevenson, NITH.

¹⁹ Denise McGahan, NITH.

In return for their service on the committees or the board of directors, members' rent payments are subsidized such that they are never more than 25 percent of their gross income. NITH member involvement in the operations of the co-op leads to a sense of community and shared ownership as well as a commitment to the organization. Many residents are long term and have been with the co-op since its early years.

The FNHC also operates under this standard co-op arrangement of subsidized rent in exchange for member involvement in the organization. In the case of FNHC, however, there appears to be a higher turnover rate for members and less of a desire to participate in the co-op's management.

The general population of the co-op just doesn't like to be involved. This was always one of my questions as to how we became one in the first place; it just seems a lot more difficult than other nonprofit housing that I have been involved with. A lot of our people they don't like their business to be known and they don't like to bother to know other people's business. The co-op part of things always seems to be a hassle. For the members—they are here for the low rents and not for the co-operation aspect.²⁰

The NITH attempts to promote member involvement by striving to be culturally sensitive and to respect traditional Aboriginal practices. This has proven to be challenging given the cultural diversity of members and the desire for inclusiveness. However, when deemed appropriate, meetings begin with prayers and traditional foods are sometimes served at socials.

There is a sense of this co-op as being an Aboriginal community. We have a lot of members come to us because that is what they want. They are living in the city and they want to live within the co-op so that they are living with their people of the same culture. The socials that we do, we try to keep culturally sensitive, and people like that.²¹

Finally in the area of organization, the NITH and FNHC co-ops are presently members of three larger organizations that provide both political advocacy as well as ongoing organizational support—the Co-op Housing Federation of Canada, the National Aboriginal Housing Association, and the Native Home Providers.

General Comments and Advice from Respondents

When asked for their general comments and advice to those thinking of developing an Aboriginal housing co-op, the respondents reflected on the considerable number of homes

²⁰ Mary Smith, FNHC.

²¹ Denise McGahan, NITH.

purchased over the last fifteen years and the continuing demand for more decent and affordable housing for Aboriginal people in the city of London. As well, respondents noted the challenges of asserting and protecting their political interests as an urban Aboriginal organization in the face of resistance from First Nations governments to this form of political representation. Respondents also spoke of the difficulties of ongoing landlord racism and discrimination, and the importance of pushing for scattered-style housing developments in spite of the CMHC policy preference for condo-style group housing.

Since 1994, one of the biggest problems facing Aboriginal housing co-operatives has been funding. There is presently no federal money for off-reserve housing, and in Ontario today there is clearly no interest in co-operative housing at all. The political responsibility for housing has been devolved from the province to the municipalities without a corresponding increase in their tax base. Overall, the co-op sector is strong in terms of the education and training services that are available and the successful lobby effort that kept existing agreements within federal control. However, there is a continued and growing need that is not being met for decent and affordable housing for Aboriginal people in urban areas.

And so, without any programmes we are not able to develop any further; we are not able to expand, and we do have a need, but people sit and wait on waiting lists and the lists are getting longer. The federal government is not providing off-reserve housing and the provincial government is stepping totally out of social housing and is passing it all down to the municipalities, and as long as we are tied into our thirty-five-year agreements we are not able to use any of our properties as collateral in order to buy new homes, but after this period our mortgages will be paid for and then we would be able to expand.²²

As a general comment, it was felt important not to overlook the personal developments that can take place within a co-operative type of organization.

In this co-op anyway, you have people sometimes with no formal education or training and they will come to realize that they are successfully managing a \$5 million corporation and we have people who would shy away from the finance committee who, two years later, were on the board as treasurer. The co-op can give a person life skills and help with their self-esteem. I mean otherwise where would any of us in this co-op get a chance to run such a large corporation? This here is our home and if we don't do it right we lose our homes.²³

Socials have also become an important part of the FNHC's activities:

²² Denise McGahan, NITH.

²³ Butch Stevenson, NITH.

When they do have their gatherings I would say that maybe 65 percent of the people show up and so you get to see them, their children, and guests that they bring all interacting and it is usually a potluck gathering and everybody brings something and the social committee provides so much. That's the highlight, these are the nice times.²⁴

Advice was also offered in a number of areas relating to the organization and administration of the co-operative. Perhaps most importantly, all respondents recommended that a Native housing co-op must provide scattered rather than a group-home type of development. For the NITH co-op, for example, the condo-style arrangement has led to lack-of-privacy concerns and small-community-type intermember conflicts that require conciliation at the board level and consequently keep board members from other more pressing matters.

It is further important to set careful and fair standards for membership eligibility. It is imperative that each member be able to pay their rent, and so conducting a thorough landlord reference check is very helpful. As well, applicants to the co-op must be clearly informed as to the ethic or community culture of the organization and be willing to play an active part in its activities.

Before people move into the co-op here they are required to attend an information session and we go through what is expected from you as a member and what you can expect in return. We talk about all of the committees and the board of directors. We talk about how we calculate their housing charges, when they are due for payment, we talk about our pet policy, etc. And sometimes after they have attended our information session some people say, 'Hey, this is not for me. I don't want all that hassle.'²⁵

In terms of the early stages of development, the NITH housing experience demonstrated the need for between six to twelve people who are willing to commit a great deal of their time and who are prepared to meet at least two to three times per week. As well, it was considered important to develop both internally as well as externally. There must be equal attention paid to member education and training as well as to expanding into new properties. It was considered critical that founding members be trained in the area of house selection and purchasing; too many of FNHC's early homes were poorly selected, which resulted in ongoing high maintenance costs. And internal development must also mean ensuring adequate resources be allocated to the management of the co-op. In the case of the FNHC, there was a clear need for decent office space as well as a common area for members.

²⁴ Mary Smith, FNHC.

²⁵ Denise McGahan, NITH.

Lastly, it was recommended that in order to encourage a sense of community ownership and involvement, founding by-laws should be adopted by the entire membership, and that any future amendments must be supported first by the board of directors and then by the membership at large through a majority vote.

Appendix 1

Questionnaire

1. When did the co-operative emerge?
2. Who were the founders?
3. What network or networks were central to the founding of the co-operative?
4. Were there any special characteristics of the groups of people or location in which the co-operative emerged that help to explain its development (e.g., a number of co-operatives already in existence, band organization already informed about co-operatives, etc.)?
5. What kind of activities (business and social) did the co-operative undertake?
6. Have the activities changed?
7. What were the key issues confronting the co-operative in the early stages?
8. What role was played by government?
9. What role, if any, was played by other co-operatives?
10. How was funding secured?
11. How did the elected leadership of the co-operative learn about their roles and responsibilities?
12. How did the managers and employees learn about their roles and responsibilities?
13. What training programmes would have been useful?
14. What are the positive attributes of the co-operative model as you have experienced it?
15. What are the negative attributes?
16. What general advice would you give to any group interested in developing a co-operative?
17. What kind of further assistance would you like to have from government?
18. What kind of further assistance would you like to have from the sector?

Appendix 2

Researchers interviewed two senior representatives from Native Inter-Tribal Housing Co-operative, and as a result of that interview, were also able to interview a representative from the First Nations Housing Co-operative. Although the latter interview was shorter and less detailed, it provided a different perspective on co-operative housing in London and some interesting contrasts to the NITH experience. The interviews were structured around a series of eighteen questions, outlined in Appendix 1 (above), which were used as a starting point for a series of related discussions.

The two NITH interviews are the focus of this report, with information from the FNHC interview incorporated as a series of contrasting perspectives. Quotations are used throughout to allow respondents to tell their stories as directly as possible.

Respondents

Butch Stevenson, one of the founding members of NITH and present board member, vice-president of South Western Housing Co-operative Federation

Denise McGahan, housing co-ordinator, NITH

Mary Smith, housing co-ordinator, FNHC

Appendix 3

Trent University Research Consent Form

I (respondent) agree to participate in the Aboriginal Housing Co-op Survey conducted by the University of Saskatchewan in collaboration with Trent University (Native Studies) and I consent to being interviewed by (researcher) on (date). I, the undersigned, agree that the researchers may use any or all information and quotations from this interview/survey for the purposes of this study. The results from this research are confidential and are the property of the research team. If you have any conditions that you would like to place on this interview/survey please specify:(check one)

- 1) No conditions
- 2) Guarantee of my anonymity
- 3) Other conditions, as specified below:

I agree or do not agree (check one) that the interview can be tape recorded. If you agree, the tape will be destroyed within sixty days of the end of the project. I understand that I am free to withdraw from participation at any time.

Signature of respondent:

Signature of researcher

Witness

Date of signatures:.....

Akochikan Co-operative

Mathias Colomb Band
Pukatawagan, Manitoba

Case Study Analysis Prepared by Juliano Tupone

Pukatawagan is an isolated Cree community located in northern Manitoba approximately six hours by train from Thompson and The Pas. The community is also a First Nations Band called Mathias Colomb Band. Before being relocated to Pukatawagan after a devastating forest fire, community members lived at the Prayer River Reserve, located near Pukatawagan. The community has undergone several changes since the creation of the first reserve at Prayer River. Members of the community were forced into the residential school system, as was the case with most First Nations throughout Canada. Several social and economic disparities face the community of Pukatawagan, such as high rates of unemployment (estimated to be in excess of 80 percent), poverty, and a loss of Cree culture.

Economic development in northern Manitoba is a daunting task, particularly when there are so many social issues that must also be addressed to ensure sustainable development. For decades there has been little opportunity for the community of Pukatawagan with respect to economic and social development. That began to change, however, when a group of band members got together in 1996 to explore ways to develop the reserve economy and address some of the social issues the community faced.

History

For decades, the Hudson's Bay Company has served Pukatawagan by operating a general store off-reserve near the community. The Northern Store has essentially had a monopoly in the area. While conducting research into different methods by which to develop the reserve economy, Ralph Caribou, a former chief of the Mathias Colomb Band, discovered the co-operative model. Meetings were held with band members to discuss the possibility of bringing a new company such as IGA into Pukatawagan to compete with the Northern Store. As a result of Chief Caribou's research, however, community members decided to form a co-operative to provide the retail services they required.

They chose the name Akochikan Co-operative Association Limited. *Akochikan* is a Cree word that roughly translates as “cupboard,” and originates from a Cree cultural practice. When people from the community used to go out into the bush to hunt, fish, and trap, they would set up storage compartments at convenient locations. Constructed high up in trees so that animals could not get at the supplies, these compartments would be stocked with food and provisions

for anyone to use. When someone used supplies from the Akochikan, they would restock it afterwards so the next passerby could use the supplies if needed.

Band members approached Arctic Co-operatives Limited (ACL), a wholesaler owned by its member co-ops in the North, for assistance in establishing a co-operative store in Pukatawagan. Community members, however, played the most crucial role in establishing the Akochikan Co-operative. The fact that the community would own the retail store was a significant factor in the decision to use a co-operative model. The band government supported the establishment of the co-operative financially by providing \$70,000 to stock the new store and get it up and running. Apart from this funding, no further financial assistance was acquired to start the co-operative.

When the Akochikan Co-op first opened, operations were limited to a retail store that sold grocery items. Since the founding of the co-op, however, a restaurant has been added and an automated teller has been installed in the building where the co-op is located. The co-op store has also started carrying supplies for persons with diabetes due to the need for such goods in the community. The members and board of directors are continually reviewing potential ventures in which the co-op could invest. For instance, the co-op is looking at beginning a logging operation to supply lumber to the local construction company and possibly to other parts of northern Manitoba and the Arctic. As some members of the community are self-employed as commercial fishermen, the co-op is also looking at selling northern pickerel as well as developing a marketing system to obtain better prices for the fishermen's catch.

Education and Training

When the Akochikan Co-operative was first founded, meetings were held to educate community members about the role of the co-operative, as well as co-operative principles. Board members such as Lorna Bighehy and Irvin Pronteau stressed the importance of dialogue among co-op members and directors, pointing out that members had to be made aware of the benefits of a co-op and why it was being started in the first place. Lorna and Irvin have found that the more people within the community know and understand about the co-operative system and co-operative principles, the more they support the co-op. Board members are committed to teaching others about the role and benefits of the co-op, particularly the youth within the community. Recently, members of the co-op went on a local radio programme to talk about the co-op in detail, so that more community members would develop a better understanding of what the co-op is.

While it is important to educate the community, who are all co-op members in this case, about the Akochikan Co-op and the co-op system, it is also important that adequate human resources

training be available to co-operatives such as Akochikan. Initially, a retail manager for the co-op store was brought in from outside the community, with ACL taking on the responsibility of interviewing and hiring a manager with training and experience. Currently, two local band members are being trained for management positions in the store, and the co-op is also focussed on training local persons as employees. Irvin feels strongly that there will be better management and services if locals are trained to manage them. One of the current management trainees is fluent in Cree and English, so she will be able to communicate with older community members who don't speak English well, or at all. Both the board and co-op members feel that local managers will be more in touch with the culture of the community, and that will make customers more comfortable when using the co-op's services.

Training programmes are needed to enable residents of Pukatawagan to develop the necessary business education to effectively manage the co-op's operations. The need for such programmes and money to take advantage of them, however, is not a recent development. Co-op members would like to see more assistance and support from the federal and provincial governments to enable more community members to seek business training and education. Board members feel that it would be a great help to co-ops such as Akochikan and communities like Pukatawagan if more Aboriginal people could be trained in business and co-op principles. One current employee of the Akochikan Co-op would like to go to school to study business and learn more about the co-operative system and principles, then return to Pukatawagan to work for the co-op and the community. Money for such an endeavour, however, is not readily available. Irvin notes that the Akochikan Co-op is growing and gaining more support from community members, and he feels that the federal government (through departments such as Indian and Northern Affairs) should support the co-op system as well.

Community Impact

Since the founding of the Akochikan Co-operative Association, the community of Pukatawagan has seen many positive changes. People see value in the fact that the co-op is a business owned and run by community members. The co-op store provides services to community members while recycling money within the community, whereas privately owned business ventures remove money from the community. Approximately 30 to 40 percent of community members are involved with the co-op, primarily by utilizing services such as the retail store and restaurant. It is important to note that members of the Akochikan Co-op enjoy social as well as economic benefits. Members of the community and the co-op see the co-op model itself as something positive, which is a refreshing departure in a community with many social and economic disparities, where it is easy to focus on what is negative rather than what is and can be positive. Irvin and Lorna feel that because the co-operative model is community based, it will continue to play a significant role in building a strong, positive future for the

youth of the community as well as future generations. It is also felt that the co-operative model will enable the community of Pukatawagan to develop stronger ties with other Cree and First Nations communities in Manitoba, as well as with Inuit communities in the Arctic.

The co-operative plays a significant role in economic development within the community of Pukatawagan as well. Due to the nature of the co-operative model, as has been mentioned, profits from the co-op are kept within the community, rather than leaving the community, as is the case with many privately owned businesses. And because the co-op is located on reserve, there are tax incentives of which band members can take advantage. For instance, band members who work in the co-op do not have to pay income tax or sales tax on items purchased in the co-op store. Members of the co-op also actively support local businesses such as the Missinippi Construction Company, which is owned by the band, when contracting services are needed.

The co-op also supports local artists. For example, it is looking at having a local artist do prints for t-shirts that will be sold in the co-op store and perhaps marketed outside the community as well. There is another initiative to buy and sell clothing designed and made by a local entrepreneur. And there are plans to start selling soapstone carvings in the retail store and also market them to tourists who come to the area to fish and hunt.

The co-op supports local businesses and encourages local employment as much as possible. Recently, it hired a local mechanic to repair a four-wheeler owned by the co-op, rather than shipping the vehicle out of the community for repairs. When the co-op needed picnic tables for the restaurant, a local carpenter filled the order.

The co-op also works on community social initiatives as well as economic development initiatives. It donates to events such as the Women's and Men's Wellness conferences that take place in the community. When the new school was opened, the co-op purchased a soapstone carving called *The Lost Warrior* from a local artist and donated it to the school as a symbolic cultural gesture. The warrior needed a home, and the school seemed an appropriate place from which he could watch over members of the community. The carving is also intended to remind children of their culture and that part of it that has been lost, which the community is working hard to regain.

Overall, the co-op has made a positive impact on the community. As Irvin stated, “Any little way we can, we give back to the community—there’s a continuing cycle of improving things.” This statement essentially outlines the role that the Akochikan Co-operative Association plays in the community of Pukatawagan.

Financial Information

Despite the relative youth of the co-operative association, there has only been one fiscal year in which a net loss was recorded—1997. Sales also dropped slightly in 1997, from \$1,053,027 in 1996 to \$1,043,302. Apart from 1997, Akochikan has managed to record a profit, as well as increase member equity, every year. Total assets have increased every year, from \$286,437 in 1996 to \$360,137 in 1999.

**Return on equity, change in sales, assets, and member equity
for the Akochikan Co-operative Association, 1996–99**

	1996	1997	1998	1999
Return on equity	15.89%	-41.05%	0.93%	16.36%
Change in sales	--	-0.92%	2.12%	12.16%
Change in assets	--	2.44%	3.00%	19.17%
Change in member equity	--	-29.10%	0.94%	127.52%

As shown in the table, there was an increase, or positive change, in all of the indicators in every year except 1997, when the co-op experienced a net loss (see Appendix for Statement of Operations). For a business that has only been in operation four years, Akochikan is doing quite well. As Irvin and Lorna have noted, the members and the board of directors view the co-operative as more than just a business with the ultimate goal of making money and turning a profit. The Akochikan Co-operative Association also plays a social role in the community.

Barriers to Development

Establishing the Akochikan Co-operative was not an easy task, nor is its continued operation. It is difficult to obtain adequate financing for co-op expansion, for instance, and to train co-op and community members in business and co-operative education. The co-op is also looking into establishing a credit system for members in order to become more competitive with the Northern Store, which operates a credit system that encourages community members to shop there and charge their purchases. And while the co-op does not want to force the community to shop at the co-op by establishing a credit system, it does hope that the system will give community members a choice as to where they can shop. It has, however, been difficult to find the funds to establish a credit system for the co-op.

Board members would also like to see more support for the co-op from community leaders. While the band supports the co-op officially and continues to play a crucial financial role in its operation, not all community leaders support it by attending meetings or even shopping there. The board feels that if community leaders supported the co-op by using the services more often and establishing community meetings to educate others about it, most of the people within the community would also actively support it. Irvin and Lorna note that it is important for any Aboriginal community to have support from leaders if a co-op is to be established, because community leaders play a crucial role in encouraging others to support the organization.

Community Involvement

Every person who is a member of the Mathias Colomb Band is also a member of the Akochikan Co-operative Association. The founders of the co-op felt that all band members should also be members of the co-op since the band government contributed the necessary start-up capital. Approximately thirty to forty percent of band members support the co-op by shopping at the retail store. Youth are quite involved in the co-op, with some youth members employed by the organization on a part-time basis. Active members have discussed ways in which to get more youth involved in the co-op, such as setting up a youth area within the building to make them feel as if the co-op is something of which they are a part. There is a commitment to teach youth about the co-op and co-operative principles so they can continue to play an increasing role in the organization as they grow older.

Elders have also played a significant role in the co-op since it was founded in 1996, with a number participating in its initial establishment. Many see the co-op system as a way for the community to develop greater self-sufficiency. Some Elders do not actively support the co-op because of loyalty to the Northern Store, which has been in the community for decades. During World War Two, the Northern Store helped the community a great deal by giving credit to families and supporting the community while several of the men were serving in the military. Many Elders remember how the Northern Store helped families out during that time and feel a sense of obligation to support it as a result. Many women within the community also support the co-op, but more education about the co-operative system and principles is still needed so that people will better understand how beneficial the co-op is to the community.

While there is still a need for more people to become actively involved in the co-op, it has not been difficult to attract community members to run for positions on the board. The current board of directors has a fairly diverse make-up. There are seven members on the board, four women and three men. Two directors run the local day-care centre, one is a former chief, one is a teacher, one works as a financial officer at the local nursing station, and two are Elders. Irvin and Lorna have said that any co-operative in an Aboriginal community should have Elders sitting on the board of directors, as they fulfill a crucial leadership and educational role in the community.

Community members and people from other Aboriginal businesses in the community have a generally positive attitude towards the co-op. There are not a great number of businesses in the community, and there is some concern that the co-op will take over all or most of the businesses and end up becoming a monopoly. Irvin notes that there are not many people who do not support the co-op in principle. The Northern Store is quite concerned because the co-op is becoming more popular amongst community members.

Despite some negative sentiment towards the co-op, the overall experience has been very positive, and not only with respect to economics. As Irvin noted, “The co-op brings people together. People who don’t normally associate have come together to get involved and socialize—It’s a real positive thing.” The co-operative structure itself has encouraged people to come together and work towards common goals.

Future Endeavours and Expansion

The Akochikan Co-op is currently in the process of developing a new facility for co-op operations. Financing of this initiative and others was co-ordinated by the Arctic Co-operatives Development Fund (ACDF). The band government and Indian Affairs are making significant financial contributions to the construction project—approximately \$600,000. The remainder—approximately \$1 million—is being borrowed from Peace Hills Trust, an Aboriginal-owned financial institution. While funding has been successfully obtained for this project, Irvin and Lorna emphasize the fact that the co-op must manage the funds wisely to ensure financial stability. The new co-op building will be a useful asset as operations and the range of goods carried within the retail store expand, as it did recently when the first load of furniture was brought in.

There are also several ideas being discussed with respect to economic development that revolve around the co-op. Board members met previously to discuss a proposal by the co-op to supply the band with trailers to help alleviate some of the severe housing shortages in the community. Chief and council, however, did not pick up this particular project. The feasibility of starting a fishing co-op is also being explored, since some community members are active in commercial fishing. There are difficulties associated with this process, particularly political issues, as the provincial and federal governments both play a significant role in development based on natural resources. Information is still being gathered on fishing co-operatives at the time of writing, and there is a significant interest in establishing a fishing co-op in the community.

Lumber operations are also being considered. Ideally, the co-op will start a small sawmill operation using lumber from the local area. Such an endeavour would provide employment to some community members, and lumber could be used for local projects such as the construction of much-needed homes. The co-op recently purchased a delivery truck for hauling diesel fuel and obtained a contract to supply the local construction company with diesel for a project. Currently, there is not a great deal of consideration being given to using a co-operative structure to provide other services such as health or child care, as the community already has these services in place.

Advice to Others

Starting a co-op involves a significant amount of hard work and dedication. Irvin and Lorna advise other communities and groups interested in starting a co-op to think about several things. When looking at economic development opportunities in a community, the benefits of a co-op should certainly be considered. With a co-op, money stays in the community and comes back to the people. The community also decides what should be done with the money that is made through co-operative activity.

Communities and groups need to be careful about their co-op getting involved in too many different projects. A co-op can be extremely beneficial to community development, but it is important to have good financial management to ensure that the co-op survives. Do not rush into projects without first considering their feasibility. Work hard during the first couple of years of operation to build adequate capital. Work on acquiring customers and members during the early years as well, in order to build a strong foundation of support. Profits should be reinvested into the co-op for the first couple of years to ensure that it is financially stable. Once the organization is financially strong and on the way to expansion, patronage dividends can be paid out. These principles must be communicated clearly to the membership so that everyone understands the importance of building a strong co-op.

Any new co-operative requires an experienced manager, one who will be committed to the business and work for the people to see the community and the children of the community benefit from it. A co-operative can help to build a future for a community because the nature of the organization enables people to get involved in something positive, rather than just operating a business. A co-op also provides a social network that can be used to help communicate these values when starting a co-op, so people will more clearly understand the various benefits that can result from using a co-operative structure for development. In Aboriginal communities such as First Nations, it is also important to get chief and council involved in the co-op, because as leaders they have a great influence on community members.

Financial Information

Name of Co-operative: Akochikan Co-operative Association
Location: Pukatawagan, MB
Incorporation Date: 1995
Fiscal Year End: 31 August

Statement of Operations	1995	1996	1997	1998	1999
Sales	0	1,053,027	1,043,302	1,065,402	1,194,908
Contract and other revenue	0	0	0	0	116,422
Total revenue	0	1,053,027	1,043,302	1,065,402	1,311,330
Gross margins—sales	0	279,421	243,322	404,618	341,266
Gross margins—contracts and others	0	0	0	0	72,849
Total margins	0	279,421	243,322	404,618	414,115
Total expenses	0	283,435	298,891	417,881	396,418
Operating savings (loss)	0	(4,014)	(55,569)	(13,263)	17,697
Other income	0	23,688	19,543	14,088	15,286
Net Savings (Loss)	0	19,674	(36,026)	825	32,983

Balance Sheet

Current assets

Accounts receivable	0	61,467	65,971	14,056	85,878
Inventory	0	81,076	59,920	95,821	139,225
Other current assets	0	35,411	32,500	66,273	45,710
Total Current Assets	0	177,954	158,391	176,150	270,813
Fixed assets	0	88,930	98,841	76,947	24,241
Other assets	0	19,553	36,180	49,105	65,083
Total Assets	0	286,437	293,412	302,202	360,137

Current liabilities

Accounts payable—NWTCBDF	0	0	0	0	0
Accounts payable—other	0	81,649	124,642	123,485	137,998
Other current liabilities	0	0	0	9,119	20,558
Current portion LTD	0	0	0	0	0
Total Current Liabilities	0	81,649	124,642	132,604	158,556
Long-term debt	0	81,000	81,000	81,000	0
Less: current portion	0	0	0	0	0
Total long-term debt	0	81,000	81,000	81,000	0
Total Liabilities	0	162,649	205,642	213,604	158,556

Deferred Government Assistance

Members' Equity					
Shares	0	147	155	158	158
Other	0	123,641	87,615	88,440	201,423
Total Members' Equity	0	123,788	87,770	88,598	201,581
Total Liabilities and Equity	0	286,437	293,412	302,202	360,137

Neechi Foods Co-operative Limited

Winnipeg, Manitoba
Update 2000

Case Study Analysis Prepared by Juliano Tupone

Neechi Foods Co-op Limited is a worker co-operative located in Winnipeg. The co-operative operates a small grocery known as Neechi Foods Community Store at 325 Dufferin Avenue in the north end of the city. The word *Neechi* means friend in Cree and Ojibway.

The co-operative was formed with help from a coalition, of which Neechi is a part, known as Winnipeg Native Family Economic Development Inc. (WNFED). The store began operations in January of 1990, and in the early years, WNFED was central to its development. Several individuals played key roles in starting the Neechi Foods Co-op. The founders were Russ Rothney, Louise Champagne, Elaine Clark, and other workers who have come and gone over the years. Currently, the co-op is also involved with the Winnipeg Community Development Business Association (CDBA).

There were several special characteristics of the groups of people who founded Neechi Foods. The idea for the co-op evolved out of a project group initiated by an intensive Aboriginal Community Economic Development Officer training programme, which led to the project prioritization and to the first Neechi project appraisal. Many Aboriginal people took part in the establishment of Neechi Foods. Several graduates of the Aboriginal Community Economic Development Officer programme, such as Louise Champagne and Russ Rothney (instructor), were already heavily involved with community-based development initiatives in the Winnipeg area. Several people and organizations committed to the revitalization of some of Winnipeg's inner-city neighbourhoods also played an important role in the Neechi Foods project.

Operations

Initially, Neechi Foods opened a single store that sold grocery items such as produce and dry goods. The store played an important economic and social role in the community, and developed various specialty projects such as the fresh fruit basket for kids only, the Christmas Lights campaign, and the annual sale of fresh wild blueberries. Operations remained somewhat unchanged until 1997. In August of that year, the co-operative opened a second store in a different neighbourhood of Winnipeg—a specialty goods store that catered to a middle- and upper-middle-class clientele. The store was very successful for the first two weeks and actually turned a profit during that short time. The location of the store, however, did not pay off. It was located in a small strip mall, and although the people at Neechi Foods had been assured that

the mall had leases in place that would fill the building with other businesses, this turned out not to be the case. Neechi was one of a few businesses operating within the mall and the store was not located near a main street, so walk-in traffic was minimal. The specialty store closed in June of 1998.

Over the years , Neechi Foods has branched out beyond grocery operations. It has played an important role in aiding community organizations such as schools by supplying groceries to meal programmes. The store also fulfils a significant social need in the neighbourhood, as well as for employees and volunteers. One of the main goals of the organization is to create a positive atmosphere where people can deal with the variety of personal and social issues that make sustainable, meaningful employment difficult to attain.

Education and Training

Since the beginning of the Neechi Foods project, regular board meetings have always been held, and all workers and volunteers are welcome to attend as full participants. For a number of years, Russ Rothney and Louise Champagne filled key management roles within the organization. During this time, special attention was paid to developing employment skills as well as helping the members of the co-op to understand their roles and responsibilities. Russ and Louise still serve as board members and continue to be very active within the co-op.

Human resources training would have been very useful to the Neechi Foods Co-op at the beginning. Management training is still needed for members/employees. Neechi is currently pursuing a pilot project, supported by the Assiniboine Credit Union, which will focus on developing human resources skills, employee strengths, organizational strengths, and so on, to determine weaknesses and strengths within the operation. It is hoped that the pilot will produce a model that can be used by other co-operatives to develop human resources, as well as operational strengths. The pilot project will

- develop a system that will enable co-operatives and other community enterprises to self-assess development needs and to build solid management teams;
- develop a co-operative business mentorship-apprenticeship system; and
- establish shared technical services.

While financing for this project has been partially attained, there is no direct support from government as of yet. Russ Rothney and Louise Champagne have several contacts within the credit union system who are willing to support it, and it is hoped that other organizations such as the Manitoba Co-op Council will provide some assistance to help get the pilot off the ground. Organizers are also hoping for government support for co-op business development and models such as the Co-operative Business Development pilot project.

Community Impact

Neechi Foods has made a significant, positive impact on the community of which it is a part. Establishing a worker co-operative has resulted in social as well as economic benefits for the community. The workers own and control the co-op, and since members actively participate in the decision-making process and are all treated equally, a strong sense of ownership and responsibility has developed over the years. For example, by 1992, the recession had hit Winnipeg's inner-city neighbourhoods hard, and Neechi was experiencing severe financial problems as a result. It was believed that the business would have to be closed and liquidated. The membership, however, voted unanimously to take an across-the-board pay cut of 25 percent to save the organization. The co-operative has been consistently successful in providing stable employment with decent wages. Employees are learning new skills as well as acquiring valuable work experience by being part of the Neechi Foods Co-op.

Neechi Foods is also using the co-operative model to deal with several social issues that must be addressed in order to make the venture a success. The model has thus been useful in a number of different ways: dealing with social issues, creating employment and wealth, and fostering economic development.

Board meetings offer an opportunity for members to discuss business as well as deal with other important issues. Most people involved with the Neechi Foods Co-op are Aboriginal, and for this reason, Neechi's focus has been to address as many issues as possible in a holistic manner, one that is conducive to a number of different Aboriginal cultures. A lot of peer counselling, for instance, takes place within the co-op. People listen to each other and talk to each other to try and divert certain patterns that develop as a result of social status. One of the goals of Neechi Foods is to try and find ways to stop distress patterns from disrupting co-operative relationships and the healing process upon which people involved with Neechi Foods have embarked. Helping people to build confidence and self-esteem is also important, so to alleviate some of the pressure, the members of Neechi Foods decided to use consensus decision making instead of majority voting. Roberts' *Rules of Order* was also voted out as the method for conducting meetings because members did not want to get caught up in intimidating formal procedures.

Barriers to Development

Neechi Foods has faced difficulties with financing since it began operations in 1990. Assiniboine Credit Union provided a mortgage, and several individuals and community organizations offered private loans and donations. Grants were also obtained from the Winnipeg Core Area Initiative Programme and the federal Native Economic Development Programme. Obtaining other grant monies, however, proved to be a difficult task. The process

of obtaining grants was time-consuming and involved a lot of bureaucratic procedure. Many of the criteria in place for granting financial assistance were not conducive to supporting a worker co-operative. Federated Co-operatives Limited (FCL), for instance, did not support Neechi Foods financially at all when the co-op was founded, although it has provided merchandising services. It has also been difficult to gain access to management and retail training for Neechi Foods members. Money for training programmes would be very useful, but few grants are available for such an initiative. If the pilot project for Co-operative Business Development is successful at obtaining financing, there will likely be more access to money for training and development in the future.

There are also social barriers that restrict the development of the Neechi Foods Co-op—issues that make development in Winnipeg's inner city a daunting task. A number of people within Neechi Foods are struggling with social barriers that make it difficult to focus on employment. Several people, for instance, have grown up in poverty, broken homes, surrounded by alcoholism and so on. The Neechi Foods Co-op places great emphasis on addressing the social barriers faced by so many people within the organization.

Community Involvement

The Neechi Foods Co-operative has a very active membership. Since Neechi is a worker co-operative, all the members of the co-op are employees and/or volunteers. There are seven people on the board of directors. Six of the directors are Aboriginal people, five of whom are women. Several strategies promote participation and diversity on the board. Fostering respect for self and others is an important principle of co-op meetings and day-to-day operations. Participation in board meetings is encouraged by using strategies such as alternating who reads minutes from previous meetings, and forming small groups where everyone is involved in assessing different aspects of financial reports and other business matters. Members who are not directors are also encouraged to participate in monthly meetings.

It has been somewhat difficult to maintain youth involvement in the co-op. Over the years, several youth have been hired to work in the Neechi Foods store, including a number who have been hired through work placements with nearby high schools. Youth are encouraged to participate in board meetings in the same manner as other members, and there has been some youth involvement over the years, but Russ notes that they tend not to stick around as long as adults. Elders have not played a direct role in the co-op, but have been approached at different times to assist with ceremonies.

The co-op has taken steps over the years to develop relationships with other community organizations, which have been generally positive towards Neechi Foods. Neechi has a sister co-operative called Payuk Inter-Tribal Co-op, which has been having difficulties over the past

few years as a result of a capable manager leaving the organization for personal reasons. Neechi has relied on co-operative networks, both Aboriginal and non-Aboriginal, to strengthen its own organization and the community. Neechi Foods has also developed partnerships with several community organizations such as schools, youth centres, and clinics. These relationships are based on, but not limited to, promoting nutritious foods, such as the wild rice harvested by another Aboriginal co-operative, and providing food sales for initiatives like school meal programmes. Since the recession, however, Neechi has been working more towards strengthening the business aspects of the organization, and has benefited from workshops and mutual support within the Community Development Business Association.

Financial Information

Neechi Foods is in a solid cash position, but this has been achieved by tight cost controls in the face of a serious decline in sales to institutions, such as Child and Family Services and schools. The co-op's current efforts to upgrade staff capacity include recruiting someone who can rebuild that part of the business. Total annual sales peaked at \$560,000 but then dropped by over \$100,000 after losing a key staff person who handled the institutional sales. Assiniboine Credit Union continues to provide a mortgage and commercial loans to the organization.

Future Plans

Since the recession in the early 1990s, Neechi Foods has focussed on maintaining a stable retail operation. Although there are some capital projects that will need attention soon, such as renovations and repairs to the existing building, the current focus is on strengthening the business and rebuilding organizational sales. There are no plans to open a second store until the original store becomes more stable.

There are plans in the near future to develop stronger relationships with other community organizations and businesses such as Payuk Inter-Tribal Co-op. Initially, Neechi Foods had strong links to this organization and others, but due to various circumstances beyond Neechi's control, those relationships have been weakened somewhat. Ideally, the Co-operative Business Development pilot project will develop stronger networks for community-based development using a co-operative model.

Neechi Foods Co-operative Limited

Winnipeg, Manitoba

Original Case Study 1991

Case Study Analysis Prepared by Russ Rothney

Historical Overview

Description

Neechi Foods Co-op Ltd. is a worker co-operative that operates a small (3,500 square foot) supermarket in Winnipeg's north end. Located at 325 Dufferin Avenue, the store operates under the name Neechi Foods Community Store. *Neechi* means friend in Ojibwa and Cree.

All four full-time employees, and four out of the five part-time employees, are Aboriginal (Indian or Métis). The manager is a Native woman. The co-op is part of a coalition of innercity projects known as Winnipeg Native Family Economic Development Inc. (WNFED).

By developing the store operation through their worker co-op, the workers at Neechi Foods have created their own long-term jobs, an important model in an area of the city characterized by severe unemployment. The Native character of the co-op is also particularly significant as the store is centrally located amidst the largest urban Native population in Canada.

Purpose and Function

The land and building used by the store are owned by WNFED, but the business is entirely operated by the workers through Neechi Foods Co-op Ltd. This relationship was chosen by project members to reflect a combined commitment to the well-being of the community, the workers, and the business. The official goals of the co-op are directly related to inner-city concerns:

- better selection of food
- better prices
- community health
- Native pride
- neighbourhood employment
- money staying in the community
- sharing and co-operation
- local control
- new community projects

The worker co-op model is intended to promote personal and business self-confidence, a dignified work environment, a sense of ownership and control, self-initiative, developer mentality, co-operative relationships, community responsibility, and, therefore, high productivity.

Growth

Neechi Foods began regular operations at the beginning of January 1990. In that year, merchandise sales totalled \$302,000. During the next year, monthly sales kept on rising, in spite of the recession that caused overall provincial and national sales by supermarkets and grocery stores to fall. Neechi's sales for 1991 climbed to \$444,000, 47 percent higher than in 1990.

Sales in the first quarter of 1992 ran 28 percent higher than in the preceding year, but in the second quarter they were only 9 percent higher than in 1991. With second-quarter sales down 12 percent from the first quarter, it looked as though the general economic recession had finally caught up with Neechi. The neighbourhood around the store is characterized by chronic high unemployment and welfare dependency. This partly explains why the impact of the recession came so late for Neechi. A nearby modern convenience store was one of the Mac's stores recently shut down by the recession, and a cash-and-carry grocery wholesale store across the street from Neechi went under earlier that year.

Accomplishments

Work on the Neechi Foods store project first began in 1985. The store site was purchased in 1989 after project members had put in many hundreds of hours of unpaid work, including the operation of a pilot project and feasibility studies leading to project financing. In this context, the purchase and opening of the store were major achievements.

Neechi's sales growth has involved a lot of hard paid and unpaid work, and, overall, has been impressive. However, the long-term commercial viability of the store is still not proven. Moreover, sales growth, like the acquisition of store assets, is only a requirement for the social goals referred to above. It is not an end in itself. Community and personal development does not come automatically with commercial gains. In the long run, the evolution of co-operative social relationships within the co-op and within the community development network to which Neechi belongs is far more important than sales figures.

The development of an inner-city enterprise owned and operated by its workers is a major step forward. Although it still has a lot of maturing to do, the progress to date has been very significant. It did not come easily.

Monthly co-op membership meetings assess and plan the ongoing development of the business. On a daily basis, final authority and direction is provided by the manager. However, store development is shared through a system of “lead workers,” who carry special responsibility—and pride—for different areas of the store. In addition, general co-ordination is shared through “team meetings” and by senior staff acting as shift supervisors.

In addition to regular staff there are three volunteer workers who fill important roles relating to bookkeeping, finances, and equipment. They are full members of the co-op, along with all of the paid workers.

As part of its commitment to community development, Neechi Foods Co-op has generated further employment in the neighbourhood by marketing moccasins and other home-made crafts made by Aboriginal women. Most of the payments are made through a store credit system, which is also used to pay for flyer distributions and various odd jobs.

Another notable achievement by Neechi is the positive influence the store has had on the health of neighbourhood children. Most visibly, this is reflected in a now-popular “kids only” basket of fresh fruit, sold at cost, at the front counter, and in the absence of cigarettes in the store.

The co-op has also forged some important economic ties with Native communities outside of Winnipeg. The Kagiwiosa Manomin Co-op, which supplies Neechi with wild rice, and the Wabigoon Métis Development Corporation, which supplies the store with wild blueberries, are particularly interesting examples. Located at Wabigoon in northwestern Ontario, they are also working to build co-operative economic relationships and community self-reliance. On the customer side, Neechi has helped to lower food prices in several northern communities by supplying bulk staples for winter-road traffic.

Initiative

As outlined in the following section, the history of Neechi Foods goes back to 1985. The original Neechi project planning group included some fourteen people, about half of whom were among the twenty people who helped to run a volunteer pilot project. Three members of the planning group and of the pilot project were graduates of a Native economic development training programme. The manager of that programme, Louise Champagne, and the lead economic development instructor, Russ Rothney, have been centrally involved since the inception of the pilot project in 1987 to the present. At the time of the training programme (1983–1985) Champagne was also chairperson of a Native child welfare coalition in Winnipeg, which gave rise to a major child and family support centre. She has been the manager of Neechi Foods since 1989.

Since the start of regular operation two and a half years ago, about twenty people have worked at Neechi Foods for significant periods of time. Most of these are inner-city residents who joined Neechi after the start of regular business. One of them, Janet Stevenson, is another graduate economic development officer and manager of a sister housing co-op. Neechi's progress has also been greatly encouraged by Dama Richard, who joined Neechi on a volunteer basis after taking early retirement from Display Fixtures (owned by the Loblaws chain). Other key senior worker-owners include Elaine Clarke, chief bannock baker, and Tannis Wiebe, lead clerk.

Community Development Network

Planning

The idea for Neechi Foods came out of community planning meetings in the summer of 1985. These meetings were organized by Indian and Métis development officers enrolled in the Métis Economic Development Training Programme, and by local sponsoring committees.

The training programme provided intensive classroom and on-the-job training to Aboriginal people in urban centres and in Métis settlements throughout Manitoba. Staff sharing and other forms of co-operation occurred between this programme and the Budget and Financial Analyst Training Programme for staff of Indian band and tribal councils in Manitoba. Both of these programmes were sponsored by major provincial Aboriginal organizations but were run independently.

In Winnipeg, four project ideas were prioritized by the community planning meetings—a food store, a housing co-op, a commercial day care, and a crafts shop. All were intended to meet important needs within Winnipeg's Native community and in the inner-city generally. A project working group was formed for each one. The project groups assisted the trainees in planning and assessing the projects. Appraisals were completed by the trainees as part of their course work.

As a result of the appraisals, the crafts project was dropped because it did not look commercially feasible. The food store, housing, and day-care projects, however, are now all operating realities, known as Neechi Foods Community Store, Payuk Inter-Tribal Co-op and Nee Gawn Ah Kai Day Care.

Winnipeg Native Family Economic Development Inc.

Payuk Inter-Tribal Co-op has a forty-two-unit apartment block and five duplexes. One of the basic purposes of this co-op is to provide a safe and supportive environment for Native women and children. Nee Gawn Ah Kai, housed in the co-op apartment building, has six employees and space for thirty children.

One of the organizations that co-operated with the Economic Development Training Programme was the Winnipeg Coalition on Native Child Welfare. The coalition initiated Canada's first major urban Native child and family support programme, known as the Ma Mawi Wi Chi Itata Centre. Ma Mawi now employs about fifty-five, largely Native, staff.

The three projects that began in the training programme, plus the Ma Mawi Centre, are linked together through a co-operative federation. This federation is incorporated without share capital as Winnipeg Native Family Economic Development Inc. (WNFED). The network has also included FCR Development Resource Group, a partnership formed to provide technical and managerial support to WNFED projects, and to provide professional employment to Aboriginal people with specialized skills relating to business and community development.

In addition, from 1988 to 1991, a youth cleaning business also belonged to the WNFED coalition. Known as One Earth Collective, this co-operative training and employment venture was started through Ma Mawi's Youth Programme. In all, it provided part-time employment and business training to forty inner-city youth. It was commercially self-sufficient for two years before shutting down because volunteer management assistance could no longer continue.

The model is based on action at the project level. Active participation in one of the affiliated projects defines membership in WNFED. WNFED has a co-ordinating board made up of representatives chosen by each of the sister projects. The idea is to facilitate the sharing of resources at the community level through a decentralized decision-making system.

From the start, it had been hoped that a community investment fund would be set up based on a voluntary pooling of capital by WNFED affiliates. However, this has not materialized to date.

Obstacles and Responses

Community Development Infrastructure

With all of the WNFED projects emerging within a short time of each other, resources have been spread very thinly and formal planning between projects is still at the preliminary stage. The different projects have been preoccupied with their own start-up and early development problems. Payuk Inter-Tribal Co-op provides WNFED office space that is used by the different projects, but WNFED has never had any paid staff or core funding of its own.

In the latter half of the 1980s, there was a special component of the federal Native Economic Development Programme (NEDP) that was supposed to have provided infrastructure support

to urban Native economic development. A WNFED proposal was submitted but got nowhere as government officials continuously preoccupied themselves with how they could bring “all the Native groups” together. After several years of this circus, the NEDP ended without any funds going to co-ordinated urban community development.

Prior to running a pilot project on its own, Neechi’s initial board had become stymied by many months of bureaucratic meetings focussed on seeking government feasibility money. In the end, a combined federal and provincial offer of \$55,000 was rejected by weary Neechi survivors because the terms precluded the possibility of engaging Native economic development officers who had helped to develop the Neechi concept.

Government officials were obsessed with their need to have arm’s length consultants in charge of feasibility studies. This ran directly counter to the self-reliant development strategy initiated in the economic development training programme that led to the creation of the WNFED network. In fact, while operating as a commercial partnership, WNFED’s Development Resource Group deliberately staked the livelihood of its partners and associates to a policy of providing ongoing back up to projects as co-workers, before and after feasibility assessments.

Because of the absence of support for this approach, a lot of professional support work has been done at very low levels of income, and considerable potential benefits from the training have been lost. As a consequence, too much development support responsibility has fallen on too few shoulders. The price has included serious initial restraints on the social development of the different projects.

Neechi Pilot Project

In the winter of 1987/88, Neechi volunteers operated a small pilot project every second Saturday at the Indian Family Centre on Selkirk Avenue. With a \$2,000 loan from Payuk Inter-Tribal Co-op, grocery inventory was purchased through Boni Co-op, a direct-charge, consumer co-op in east St. Boniface. The manager of Boni, Frank Sklepovich, helped with advice and information. The inventory was loaded onto borrowed trucks, hauled across the city to the store’s north-end location, set out on display, and priced. At closing, the unsold stock was counted and then packed back onto a truck and returned to St. Boniface until the next time. Baked goods, fresh produce, and eggs were added to the inventory from neighbourhood suppliers.

Lessons learned from the pilot project were included in a feasibility study and initial business plan compiled by Neechi members through the Development Resource Group, again without outside assistance. The self-initiative demonstrated by this pilot project played a significant role in attracting store investors later on.

Capital Financing

In July 1989, an old store site was purchased just north of the CPR tracks on Dufferin Avenue between Main and Salter. Financing came from private loans and donations from individuals and community organizations, a mortgage loan from the Assiniboine Credit Union, and capital grants from the Winnipeg Core Area Initiative Programme and the federal Native Economic Development Programme.

Unforeseen delays in capital contributions from federal and city programmes prevented the new business, Neechi Foods Community Store, from developing regular grocery operations until the beginning of 1990. The federal delay was directly related to NEDP staff changes. This led to months of staggered requests for information to satisfy changing bureaucratic interpretations of what was needed to comply with programme regulations.

The most exhausting dispute focussed on whether or not long-term loans raised through WNFED would be counted as part of NEDP's equity requirement. Initially, in November 1988, this was accepted. But it was emphatically rejected shortly after the store had already been purchased in the summer of 1989. Eleventh-hour phone calls to Ottawa finally got things back on track in the fall. In the meantime, a small convenience store operation was conducted to slightly offset the fixed costs that were seriously depleting potential cash reserves.

The problem with Core Area Initiative funds administered by the city was that \$39,000 intended for renovations was authorized through a programme designed for the construction of multi-million-dollar community facilities, not for small business improvements. The demand for architectural designs, formally tendered bids, and the satisfaction of other red tape, went on for ten months after the store was purchased. Along with the renovations money, more than \$28,000 intended as a contribution to the original purchase was held up because it was tied to the renovations agreement. In the end, Neechi lost thousands of dollars as a result of the federal and city delays. In contrast to the problems experienced around the renovations money, other programme components of the Core Area Initiative Programme, involving provincial and federal cost-sharing, provided major support in a flexible and timely fashion.

Even basic renovations were delayed until the summer of 1990. In turn, this held up development of store services and staff capacity. The grand opening was not held until late November 1990.

Monthly sales rose from \$5,000 per month in December 1989 to \$32,000 per month in December 1990. But, because of the delays, by the fall of 1990 all of the planned cash reserves were exhausted. An application for loan assistance from the provincial Co-operative Loans and Loans Guarantee Board was submitted at the end of August. However, it was declined in

December because of concerns over WNFED ownership of the major assets. At that point, Neechi would have been forced to close if it were not for emergency loans provided by Payuk Inter-Tribal Co-op and private supporters. During the following spring and summer, the Mennonite Central Committee and Kagiwosa Manomin Co-op (wild rice) provided further bridge loans on the assumption that federal and/or provincial support would be forthcoming.

On the public-sector side, Revenue Canada started threatening to seize store assets listed under WNFED's name because of a dispute over the now-dormant One Earth youth training and employment co-op, which operated under WNFED's incorporation. The dispute with Revenue Canada is still dragging on as a result of their refusal to understand the unique WNFED/One Earth model. Nearly \$2,000 in store assets are still threatened and a lot of pointless anxiety continues to be created for volunteers who provided back-up support to the youth co-op.

As a nonprofit development corporation, WNFED is incorporated without share capital under the Manitoba *Corporations Act*. Legally speaking, it is not a co-operative. The Manitoba Loans and Loan Guarantee Board's initial rejection of Neechi's loan request centred on WNFED ownership of major store assets, even though all of these assets were available as security. The fear was that the WNFED connection might compromise the integrity or viability of Neechi Foods Co-op Ltd.

Neechi had to lobby a succession of two deputy ministers and three ministers, before a \$35,000 loan guarantee was approved a year later. The guarantee was not put into place until the beginning of April 1992, a full year and a half after the application.

In the meantime, Neechi's old agreement with the federal NEDP programme was extended to allow a further conditional capital contribution. In addition, short-term funding for project "after care" was provided under the current Aboriginal Economic Development Programme. This time, senior administrators were directly involved and the arm's length hurdle was eventually overcome.

A closing comment on Neechi's encounters with government bodies: With the exception of the now defunct Winnipeg Core Area Initiative, the combination of business and community goals has continually run into administrative roadblocks. Public policy still generally appears to be split between economic and social thinking. This is a contradiction in terms when it comes to community economic development strategies.

Business Structure

Neechi Foods chose a worker co-operative form of business organization because of a desire to develop systems where control rests with the people who do the work and carry the responsi-

bility. Most members of consumer co-op grocery stores do not actively participate in business decision making. Apart from their consumer role, they tend to be “paper members” only. Moreover, in Neechi’s neighbourhood, most people cannot afford to purchase shares of any significant value, and residential location is often unstable. Moreover, visiting relatives and friends from northern settlements come and go continuously. Membership fees, restrictions, or privileges would discourage them from shopping at Neechi.

The fact that the business is incorporated as a co-op is really incidental to its structure. The real issue is that it functions on the basis of co-operative, democratic, work relations and control, and that it is strongly oriented to community development. This is its ultimate strength.

Unfortunately, Manitoba’s Co-operative Development Branch (collapsed into the Small Business section of Industry, Trade and Tourism last fall) focussed exclusively on supporting legally incorporated co-ops. Manitoba’s *Co-operatives Act* does not even use the term *worker co-operative*. Rather, it speaks of *employment co-operatives*, thus revealing a make-work mentality. In Neechi’s case, co-op development staff prodded project planning group members into incorporation and the formation of a formal board of directors before the group had worked out the key parameters of the business, let alone assessed its prospects. This was part of preparation for applying for government feasibility funds.

The formation of a conventional board immediately created a hierarchy and broke the development momentum that had been strong in the project planning group that it displaced. Participation fell off sharply. It did not return until the board structure and meetings with government officials ground to a halt and were replaced by the direct-action collective that launched Neechi’s pilot project. Today, given the size of the business, there are no board meetings separate from the monthly general membership meetings.

Preoccupation with legal structure has also played a major part in Federated Co-operatives Ltd.’s (FCL) long delay in dealing with Neechi’s membership application. Apparently they have not previously granted membership to a worker co-op. Most of their members are consumer co-ops, but they are well aware that Neechi Foods is a stand-out example of concern for customer well-being. From the start, Federated has been Neechi’s main wholesale supplier; co-op-labelled products help to distinguish Neechi within Winnipeg’s abnormally competitive retail food industry.

In contrast to Co-op Development and FCL, Neechi’s legal identity has never caused problems for Assiniboine Credit Union, which holds Neechi’s mortgage, or for Co-operators Insurance, which provides Neechi’s insurance coverage.

Social Attitudes

Preceding sections have devoted a lot of attention to problems related to a shortage of appropriate and adequate access to technical and financial support in relation to the community development needs of Winnipeg's inner-city. The paramount issues emerging from the experiences of Neechi Foods and other WNFED affiliates, however, relate to how people think and feel, and to how well they manage to work together in pursuing common community goals. Because of time and space considerations, attention to this fundamental area of concern is limited in this report. And unfortunately, this space allocation unwittingly reflects the weight given to the conscious building of co-operative human relations in actual development work.

At Neechi Foods and at other WNFED projects, more and more attention is being devoted to developing positive social relationships. Some of the concerns are specific to inner-city life, but most relate to the world-wide conflict between highly commercialized value systems and community needs. An example of an important workplace issue is the question of how to give and receive advice in a manner that is mutually strengthening. This means working systematically at overcoming competitive individualism based on insecurity generated by commercial values, hierarchical social structures, colonial conditions, and exploitative human relationships generally. Quite a mouthful, quite a challenge!

On the customer side of Neechi's experiences, large numbers of people want the positive social things that the store stands for. Many who have reasonable access to the store, however, do not shop there. Either they do not really think that the store is very significant, do not understand how important each customer is, or are unwilling to depart from conventional supermarket shopping. As Neechi's manager likes to put it: "It's not enough to talk the talk. We also have to walk the walk!"

Amachewespmawin Co-operative

Lac la Ronge Band

Stanley Mission, Saskatchewan

Care Study Analysis Prepared by Juliano Tupone

Stanley Mission is an Aboriginal community located in northern Saskatchewan, approximately one hour northeast of Lac la Ronge. The community is made up primarily of First Nations people and is part of the Lac la Ronge Indian Band, one of the largest First Nations in the province of Saskatchewan. The community's name is derived from an Anglican mission that was established there in the 1850s. Lush green forests, rivers, and lakes surround the community and this natural beauty makes Stanley Mission a popular destination for tourists.

A co-operative store was established in Stanley Mission between 1972 and 1973. Prior to this, Northern Co-op Trading Services operated a store in the community, but when it began to experience difficulties, the community decided to purchase the assets from the company. Existing equity was used to purchase the assets and no financial assistance was required. Seven community members played the largest role in founding the Stanley Mission co-op, which is now called Amachewespmawin Co-op. Approximately eighteen hundred people live in Stanley Mission, more than half of whom are members of the local co-op, and several of whom are actively involved in its operations.

History

The Amachewespmawin Co-op has become very successful over the years, and has undergone considerable change with respect to operations and expansion since it was founded. Initially, the co-op operated a retail store in the community, which was forced to expand over the years as the co-op's membership grew and more people began to shop there. In the early 1980s, when the original store had become too small, the community constructed a second retail building with the assistance of a \$72,000 grant from the federal government. The co-op continued to grow and expand throughout the eighties, and the current building housing the retail store was constructed when the second building became too small for all the merchandise that was being carried. The co-op currently operates a large retail store that carries a wide range of merchandise including groceries, sporting goods, clothing, housewares, and more. The co-op also operates a gas bar and fast-food restaurant.

The co-op has not received a great deal of financial assistance from outside sources. The federal government has provided two grants of approximately \$50,000 each during the past decade. One was used for construction on the new building, which was finished about seven

years ago. The other grant was used for starting the Chester Fried Chicken operation run by the co-op. The federal grant for the chicken outlet helped to create twelve jobs within the co-op and the community. The government's primary concern when providing the grant was how many jobs would be created as a result. Bob Walker, who has managed the co-op since 1988, estimated that the co-op would be able to create four new jobs with the government grant, but the need for twelve emerged by the time the project was finished.

Although the co-op has faced difficulties periodically, the business has been very successful for quite some time. Careful financial management of the co-op's assets is a top priority for management and the board. This is one of the reasons that the co-op has enjoyed so much success. As Bob notes, "You can do a lot in these communities if you have the money to do it and someone in place who has the interest of the business at heart." The co-op receives financing from private sources, such as the Canadian Imperial Bank of Commerce (CIBC), for various initiatives. Currently, for example, the community is constructing a new building that will house a larger restaurant. Partial financing for the project was obtained through CIBC, with the remainder of the funds coming from the co-op's own financial assets.

Education and Training

The co-op in Stanley Mission has been quite fortunate with respect to education and training. The co-op is part of Federated Co-operatives Limited (FCL) and because of this is able to take advantage of various training programmes. The co-op can always use training programmes for employees, who often take courses that will enable them to do their jobs more effectively. One employee, for instance, was recently sent to take a course at Northlands College in La Ronge. Bob notes that it would be helpful to the co-op in Stanley Mission and other businesses in the area if more courses relevant to business were available at nearby education institutions such as Northlands College. Employees also learn about their roles and responsibilities through formal policy developed by the co-op. In addition they must, of course, adhere to government policies.

Any member of the co-op is free to run for positions on the board of directors. Members learn about the roles and responsibilities of the board of directors at the annual general meeting, when directors are also nominated and elected. Since the co-op in Stanley Mission has been around for quite some time, new directors are able to learn from others who have served on the board in the past.

Community Impact and Involvement

The Amachewespmawin Co-op has had a significant impact on the community of Stanley Mission. The co-op's business operations have been very successful over the past several

years. In 1999, for example, total sales were approximately \$4.5 million, and \$170,000 in patronage dividends were paid out to members. The co-operative model makes it possible to keep profits in the community, since community members own and run the organization. The co-op has also been successful in generating employment in the community. There are approximately fifty casual and full-time staff employed in the co-op's various operations, and the payroll for 1999 was around \$500,000.

The co-op has more than a thousand active members who shop in the retail store and use other services such as the gas bar. Members have significant input into the operations of the co-op because they have a voice. While the board of directors does not become directly involved in day-to-day operations, members often make suggestions to directors, such as giving consideration to stocking various items in the store that may be beneficial. Joe Roberts and Lester Roberts, who both serve as members of the board, note that board members can and should be involved in pricing and suggesting what sorts of goods should be carried in a retail co-operative.

There is some youth involvement in the co-op, primarily in an employment role. Several youth in the community work for the co-op during the summer months, for instance, and others work on a part-time basis throughout the year. Although there are not any specific initiatives or policies for educating youth about co-operative principles, as they become interested in the co-op they are encouraged to get involved and learn more. Elders played an important role when the co-op was founded, and during its early years. Several Elders communicated the importance of having a store that was owned and operated by the community. Women have essentially played an equal role in the co-op since it was founded. Out of seven members presently on the board, three are women. There is a relatively diverse group of people who serve on the board as well. One director is a carpenter/construction head, one is a band councillor, three are teachers at the elementary and high schools, and another, who has been a board member for several years, was involved with founding the co-op.

The co-op also supports local community activities, such as fishing derbies, which are held throughout the summer months, donating a significant amount of money to these events and others. In 1999, the co-op donated approximately \$20,000 to various community initiatives. A lot of fundraising takes place in Stanley Mission, and the co-op can always be counted on for support.

Barriers to Development

The co-op in Stanley Mission has not experienced a great deal of difficulty with the co-operative model. The organization is at the point where financial assistance from government

sources can be more of a hindrance than a benefit, since government intervention and assistance usually involves certain conditions that must be followed. For this reason it is preferable for the co-op to invest in initiatives that can be financed using funds from private financial institutions and co-op equity. The co-op has enjoyed a great deal of success because community members support it and take pride in ownership.

Although three or four different managers have been local people, there have been some difficulties and complications associated with community members managing the co-op, so the co-op board and membership have decided not to pursue the goal of having a band member in management. Significant general employment, however, has been created for the community, although family connections within a relatively small community can complicate employment matters for some people. Some clerks, for instance, have experienced difficulties from time to time because so many family members use the co-op's services. Lester Roberts notes that there needs to be an outside person running the co-op, and that any organization in a community such as Stanley Mission needs at least one outside person. "The expertise is there (within the community), but that's not the problem."

Future Endeavours

The Amachewespimawin Co-op has successfully undergone considerable expansion over the years. The most recent is the new building presently under construction for the larger restaurant. The board of directors and the manager are also hoping that the co-op will be able to acquire the Canada Post contract, which is currently held by the Northern Store. Mailing addresses in the community are general delivery because the Northern Store does not have adequate space to provide individual mailboxes. When the new building is completed, the co-op will have enough space to provide such a service, so the possibility of obtaining the Canada Post contract is quite promising.

A co-operative model is not being considered for providing services such as health care, day care, or housing, as the community already has many needed services in place. There is a day care, for instance, and a large health centre that provides various services to community members. A number of locals provide guiding services to tourists who come through the area en route to fishing camps and the like, and there are not any plans to involve the co-op in similar endeavours. There have been inquiries from individuals in other northern communities such as South End, Black Lake, and Deschambault Lake, who have approached board members of the Amachewespimawin Co-op about starting co-ops in their areas, which might possibly be linked with the co-op in Stanley Mission.

Advice

The Amachewespimawin Co-op is a very successful business that will undoubtedly continue to expand services and operations. Members of the board such as Joe Roberts offer the following advice to groups or communities interested in starting a co-op. Initially, of course, there has to be an interested group of people with a common need. A feasibility study should be done at the beginning of the process, and governments can and should play a role in preparing this. Before starting a co-op, it is also important to make sure that people in the community fully support a co-operative model. Questions need to be asked as well, such as what type of co-op is wanted and needed, e.g., retail, arts and crafts, etc. Joe and Lester also note that existing competition should not be viewed as a deterrent to starting a co-op, because competition can actually help a co-op. To ensure that the organization remains stable, it is also important to hire a manager who is committed to the business and what is best for it.

A N N E X 1

New Initiatives in the La Ronge Region

Historically, northern Saskatchewan has been well represented by commercial fishing co-operatives, supported by the Saskatchewan Commercial Fishing Co-operative Federation. A period of inactivity during the 1980s and 1990s resulted in many being struck off the co-operative registry. Recently, however, this sector has been revitalized, and there are currently thirty active co-ops, with over one hundred memberships among them. Since they are just in the process of formally incorporating once again, these numbers are not reflected in the statistics for Saskatchewan. In addition, approximately ten northern communities have expressed an interest in starting a retail co-operative.

Wilp Sa Maa'y Harvesting Co-operative Northwestern British Columbia

Case Study Analysis Prepared by Carla Burton and Phil Burton
Symbios Research and Restoration

Introduction

The Wilp Sa Maa'y Harvesting Co-operative is a community-based co-operative located in northwestern British Columbia. This enterprise is designed to support sustainable harvesting, processing, and marketing of wild berries and other forest products indigenous to the region, while providing supplemental income (especially to First Nations people) in an area of high unemployment. The business of the co-op is conducted in Hazelton, with space provided by the Gitxsan Treaty Office for meetings of the board and the general membership. Berries are currently picked by members of the co-op mainly on the traditional lands of the Gitxsan, Gitanyow, and Wet'suwet'en peoples. Most of our pickers are First Nations people and some of them are picking on their traditional house territories.

Origins as a Research Project Spin-Off

In late 1995, Richard Overstall (of the Gitxsan Treaty Office) and David Coates (from the Research Section of the Prince Rupert Forest Region, BC Forest Service) approached Phil and Carla Burton of Symbios Research and Restoration (Smithers, BC) to prepare a proposal to study the biology of berry-producing shrubs. The response of berry bushes to clearcut logging has long been a concern to First Peoples, foresters, and biologists. So Forest Renewal BC eventually funded this two-year study entitled "Inferring the Response of Berry-Producing Shrubs to Different Light Environments in the ICHmc." This research project investigated the growth and/or berry production of five shrub species (important to the Gitxsan for food, medicinal use, as browse for ungulates, and as competition for conifer seedlings) under a range of forest shade conditions. Its results have implications to silvicultural planning and the layout of cutblocks, as all species exhibited optimal productivity with some degree of shading. Two of the species studied are important food sources for First Nations people: black huckleberry and soapberry.

This research project was conducted in partnership with the Strategic Watershed Analysis Team (SWAT), a technical branch of the Gitxsan Treaty Office (GTO). SWAT staff members did much of the fieldwork and arranged for teams of assistants to help locate suitable patches, describe their local ecology, and take biomass samples for quantitative analysis. Throughout the summers of 1996 and 1997, it was clear how important the work was to all participants, most of whom were First Nations people. Many of them had no other jobs or were seasonally

unemployed. At the end of the project, everyone working on the project had a good idea where there were good huckleberry and soapberry patches and we had a freezer full of berries. The idea of starting a business started as a joke that we should make the berries into jam and sell it to tourists after we weighed them. But the idea started to be seriously considered as we realized that we now knew where some good berry patches were, and it was clear that a lot of people could use some extra income. Over the period of a few months after completion of the research project, several of us who had worked on the project informally discussed the idea of forming a co-op, checked out the requirements for establishing one, and scouted around the community to see if there were any funds or grants available.

Getting Off the Ground

We decided to base an enterprise on co-operative principles because we believe that a co-operative is a democratic way for a community group to run a business. Half of the original organizers were First Nations people affiliated with the Gitxsan Treaty Office, and they liked the idea of clan-like, communal organization. People pool resources and ideas, but in a co-op, only one vote per member is allowed, regardless of the number of shares held. This is different from a standard corporation, in which there is one vote per share (allowing a single shareholder to sometimes have a lot of power), and assures equitable community participation at all levels. Membership would be open to the public and anyone could become a member by purchasing at least one share. We decided that all people picking berries, processing them, or helping with the distribution and marketing of jam would have to be members of the co-op. Holding one share would allow members to participate in its business activities, to vote on issues brought forth at the annual general meeting, to participate in the election of a board of directors who make decisions about the co-op throughout the year, and to receive updates on the co-op through newsletters. People would be encouraged to buy more than one share if possible, in order to provide working capital.

One of the first steps in registering any organization is reserving a name with the provincial government. We decided that the co-op should have a Gitxsan name, since most of the business was conducted on Gitxsan land and (in the initial stages) all of the First Nations people involved were Gitxsan people. We settled on the name Wilp Sa Maa'y, which means "House for Berries" in the Gitxsan language, then applied for reservation of the name with the BC Ministry of Finance and Corporate Relations. Once that name was approved, we had our first organizational meeting, consisting primarily of the technical people involved in the shrub biology research project. At that first meeting, we reworded a stock set of co-op by-laws and filled out the official papers to become a registered co-op. The interim board agreed that our co-op would like to pay a decent wage of ten dollars per hour to anyone who worked for the co-op. The wage would be set at the same price as the cost of a single share so people could trade berries or time for shares if they wished. We each bought a share for ten dollars and

opened an account at the local credit union. SWAT put up the two hundred dollars to file the legal papers, and the co-op became a reality when the Registrar of Companies signed off on the documents on 4 August 1998.

Our interim board of directors consisted of four Gitxsan and two non-Native members. Though we had a few dollars available from share sales, we would not have been able to get off the ground that first year without a significant financial infusion. We applied to the Gitxsan-Wet'suwet'en Economic Development Corporation for a \$5,000 start-up grant, which allowed us to buy wild huckleberries immediately that same summer. With some cash and some raw materials, we were now in business.

Development of the Co-op and Its Products

Since one of the co-op goals was to have local participation, we needed to attract the interest of the community, so we approached the Smithers *Interior News*, which featured the development of the co-op in a couple of articles in 1998. One of the articles included phone numbers for further information. In addition, we posted flyers around Hazelton and Smithers, advertising a label contest and a huckleberry jam recipe contest with a two-hundred-dollar prize for each. The winning entry for the label contest was selected by the board from among three entries, and was later modified for use as our logo.

There were twelve entries for the jam recipe contest and a jam-tasting party was held to select the winner. About fifteen members of the community met to taste and rate the jam entries in a blind-taste comparison. This party not only helped us to select a winner, but served to drum up enthusiasm for the co-op and brought in new members.

Since our capital was limited, we primarily concentrated our efforts on the manufacture of one product—wild huckleberry jam in 250 ml. jars. In the first year, keeping our motto “Think Big But Start Small” in mind, we discussed many creative ideas for future development while focussing on the production of our flagship product. We introduced highbush cranberry jelly the next year as our second major product. Plans are to introduce a new product every season, while monitoring the success of existing products. Continued production depends on market demand. We are also experimenting with different sized jars, since requests have been made for both larger and smaller sizes.

Although we had decided to develop only one product in our first year, we did produce a limited supply of soapberry preserves because a co-op member traded sixty litres of soapberries for shares. We intend to continue this production, although soapberry preserves are not likely to become a popular commercial product. The berries are widely available in the area and are an important traditional food and tonic for both coastal and interior First Peoples.

Making this product available through our co-op therefore reinforces traditional cultural values and maintains continuity with previous generations.

Huckleberry jam production was slow at first because it was necessary to adjust the recipe and methods for large-scale production. We needed to monitor ingredient quantities and production time in order to set a fair price for the jam. The final price would have to cover all of our costs and reflect a reasonable profit, without pricing our product out of the market.

Our label and logo feature a distinctive Northwestern Native art motif, and the jars are square, rather like a bentwood cedar box, the traditional storage vessel for dried berries in this area. We hoped that in this attractive package, our jam would appeal to individuals who support wilderness, organic foods, cottage industries, and First Nations connections. It appears that we are achieving our goal since retail markets established in the first two years included three museums, four tourist gift shops, and a health-food store.

Currently, labels are printed on a computer in the home of one of our directors. Information on the label is in English only with a brief description about the product as well as a list of ingredients. A major goal is to have the labels professionally printed so that we can add a bit of colour and include French, which is required by law if we sell outside our region. We would also like to produce a small booklet, which would be attached to the jar, explaining the co-op goals in English, Gitxsan, Wet'suwet'en, and French.

First Nations Traditions and Concerns Promoted by the Co-op

Although it is not the mandate of our co-op to promote traditionalism, the nature of Wilp Sa Maa'y embraces many First Nations traditional values. Berry picking was and is an important subsistence and commercial activity of most First Peoples in British Columbia. Our co-operative encourages people to go out and pick berries in exchange for cash and shares. Although traditionally berries would have been a trade item rather than a cash crop, berry picking and processing can be considered an extension of pre-European commerce. Extracting resources from traditional family territories is also a historic activity. In the past, families and small groups would go out and pick berries when they were in season to augment their food supply over the winter, and to trade with others. Today, families and small groups go out berry picking for the co-op to earn cash, although they do not pick on traditional sites, since most of these are now overgrown. In the first year of business, one member and his two sons picked for three days, at a secret spot, and earned about \$800. The money earned certainly helped to augment their resources that year.

Since our greatest demand for soapberries is from Coastal Natives (because soapberries don't

grow on the coast), our sale of soapberry preserves re-institutes traditional trade links between Coastal and Interior First Peoples. Managing the land for resources other than timber is also a First Nations tradition. The co-op helps to focus the tradition of reaping sustainable benefits from the forest without destroying or degrading the forest ecosystem. Finally, the idea of a co-operative fits in well with the Gitxsan people's traditional economic unit of huwilp (houses). Traditionally, goods were shared amongst members of individual houses and were bartered (sold) amongst houses and nations.

It is not a goal of Wilp Sa Maa'y to create an exclusively First Nations co-op. Membership is open to all members of the immediate community and to anyone else who wants to purchase shares. We believe that an open membership can help to build the relationship between Native and non-Native people as they work towards a common goal in their community. Membership in mid-2000 stands at 106 people, 46 of whom are Native. The second elected board has three Native and three non-Native directors. Previously, the board was comprised of four Native people and three non-Native. Any member of the community is welcome to attend our annual general meetings and any member can stand for election to the board.

Although it is not the goal of Wilp Sa Maa'y to be an exclusively First Nations enterprise, it may eventually be run largely by First Nations people. Unemployment is highest amongst this population, so the work is most needed in that community. Such First Nations leadership may be beneficial since most of the picking occurs on traditional territories. If First Nations can control what was once a traditional activity, it may help to recapture traditional cultural values, political power, and instil pride and a sense of control. Administration of such a co-op would also provide development of leadership skills and business management skills. Certain grants and loans are also available for First Nations enterprises that are not available to the public at large, so we have followed an unwritten goal of maintaining 50 percent (or greater) Native representation on the board of directors.

The role of clans or extended families is very evident in our co-operative. We notice that many of our members (both Native and non-Native) are clusters of family members, where one or two original participants have urged other family members to join. There are some obvious advantages to family connections being used to expand the membership, with these new members often investing in numerous shares. But within the local First Nations community, there may also be disadvantages if dominance by particular families then inhibits other families from participating. In addition, board members need to learn how to avoid favouritism and conflicts of interest.

Being a land-based enterprise, berry picking of course has a bearing on the land question. Sustenance use of wild berries is recognized as an Aboriginal right, but the commercial harvesting of nontimber forest products is typically unrecognized and unregulated. According

to the traditional Gitxsan huwilp system, berry patches were as highly valued and controlled as salmon-fishing spots. There is a need to resolve the issues around the roles of First Peoples and provincial regulation of the maintenance and harvesting of nontimber forest products on public lands. This is an ongoing subject of discussion amongst Gitxsan leaders and negotiators.

Future of the Co-op

Development of Wilp Sa Maa'y is progressing slowly. We were especially hampered in our second year when the berry crop was very poor and we were unable to purchase any berries. Because we could not buy essential ingredients, interest and enthusiasm for the venture seemed to wane. Fortunately, our established markets continued to request the jam and we were slowly acquiring additional retail outlets. Because we had purchased many berries the previous year, we were able to continue jam production and meet our market demands. A small core of people continued to run the business of the co-op.

Sustainable management of Gitxsan lands is a major topic as treaty talks proceed, involving various measures, agreements, and consultations in the interim. Wilp Sa Maa'y and its members participated in a Ministry of Forests initiative designed to document current and historic berry-picking areas in a portion of the Kispiox Forest District. We made our list of berry-picking members available to the researchers who conducted interviews and prepared maps; they agreed not to publish the locations of any berry patches considered confidential. We also sold them a few cases of jam, which they used as gifts when interviewing Elders. The final product of this exercise was not only a map of known berry-gathering places, but recommendations on how forest companies could better protect and sustain berry production. The board of directors is looking forward to other opportunities to get involved with land-management issues.

Financial resources continue to be a limiting factor to the co-op's growth. Our sales are steady and will probably continue to allow us to survive at our current scale. In our first two years, we purposely had no employees. Instead, we paid our berry pickers for product and had our jam maker on contract. All administrative work was done by directors on a volunteer basis or for shares. In addition, jam was made by a member who had a catering business with a Board-of-Health-approved kitchen. Clearly, if we are to provide steady jobs, an international product, a more diverse product line, and higher levels of production, we will need more investment. With this in mind, we are currently in the process of applying for a couple of new grants that will help us apply for a barcode symbol, have professional labels made, hire a part-time clerk, and rent an industrial kitchen. To date, we have sent out a newsletter to our membership once each year, but we would like to have at least two issues per year. Much of our future will depend on the success of these applications.

We also need to revise our by-laws in order to make the co-operative easier to run. The board of directors functions well, but the annual general meeting remains a problem. We did not envision so many people joining the co-op as a statement of support, although they do not live in our local area and are not interested in the management of the organization. The quorum for our annual general meeting was set at one-quarter of the membership, which is much too high, even with proxy voting. This feature of the by-laws will be amended so that a quorum will be met by any number of members more than twice as great as the number of sitting directors.

In addition, there remains a need to build administrative capacity within the co-op. This may be partially helped by hiring a part-time administrator. But it would also be useful if each newly elected board of directors could receive a one-day seminar on the functioning and principles of a co-operative, and on expected standards for business management. Amateur enthusiasm and volunteer time can take a business only so far, and we look forward to growing Wilp Sa Maa'y into a professionally run enterprise.

Answers to the Case Study Questionnaire

Carla Burton (past president and current secretary)

Q. When did the co-op emerge?

A. The Wilp Sa Maa'y Harvesting Co-operative became a registered co-op on August 4th, 1998. The idea for the co-op emerged at the end of a research project looking into the optimal light conditions for some berry-producing shrubs important to First Nations People. Our first organizational meeting was held in June 1998, after which we opened an account at the Bulkley Valley Credit Union. We started buying berries in August 1998.

Q. Who were the founders?

A. The founders of the Wilp Sa Maa'y Harvesting Co-operative were Russell Collier from the Strategic Watershed Analysis Team (SWAT), Darlene Vegh, SWAT, Marilyn Freel, (SWAT), Carla Burton, Symbios Research and Restoration (SRR), Phil Burton, (SRR), and Mavis Goertzen. All of the founders were involved in the research project examining the response to light of berry-producing shrubs.

Q. What network or networks were central to the founding of the co-operative?

A. Though not necessarily networked, a number of organizations were instrumental in getting the co-op off the ground. Symbios Research and Restoration initiated the research project,

procured the original registration documents, and kept the idea alive, which led to the development of the co-op. FRBC funded the initial research and emphasized the desirability of including First Nations People, women, and unemployed forestry/mill workers. SWAT, as the technical branch of the Gitxsan Treaty Office, who assisted with the research programme, provided liaison with the First Nations community and participated in the development of the co-op. SWAT also provided the original registration fee for incorporation as a co-operative. We continue to use the Gitxsan Treaty Office for our board and general meetings, and work with them to promote co-management of public lands for a variety of forest products. Gitxsan Wet'suwet'en Economic Development Corporation gave us a \$5,000 start-up grant.

Q. Were there any special characteristics of the groups of people or location in which the co-operative emerged that help to explain its development?

A. The Hazeltons is a logical and perhaps unique place for the development of this sort of co-op. First, the GTO, through the strength of the Delgamuukw Supreme Court decision, has been actively pushing for co-management and development of nontimber forest products. Second, the Hazeltons has approximately equal proportions of First Nations and non-Native people, with a history of working together. The proximity of the co-op to Smithers (which has a large professional community) has also promoted a number of non-First Nations to join the co-op, in support of community-based alternatives to industrial forestry. The Gitxsan land, where most of the berries are picked, is some of the richest in the province with respect to the diversity and abundance of wild berries, mushrooms, and other potential nontimber forest products.

Q. What kind of activities (business and social) did the co-operative undertake?

A.

- We contacted the local newspaper and invited them to do an article on the development of the co-op.
- We undertook to have monthly meetings of the board and an annual general meeting open to all members.
- We sent out two newsletters, one each year, to update the membership on co-op progress.
- We advertised a logo and label contest and a huckleberry jam recipe contest, open to all members of the community, with a prize of \$200 each, in order to attract the interest of the community.
- We held a jam-tasting party, open to members of the community, to select the winning entry for the recipe contest.
- We attended local fairs, markets, and conferences to introduce our product to the community and to sell membership shares.

- We gave presentations on the development of the co-operative, as invited speakers.
- We supplied samples of our jam to museums and gift shops to actively seek retail outlets.
- We are developing a business plan.
- We actively sought financial support from funding agencies.

Q. Have the activities changed?

A. We do not attend local fairs and craft sales as frequently, as we are trying to develop a more sophisticated market around the province and nationally (and eventually internationally), so we are concentrating our efforts in that area.

We try to hold monthly board meetings, but given that the co-operative is largely run by volunteer effort and/or work in return for shares, this is not always possible because our board members must work to make a living. If we cannot hold a meeting in person, we try to hold meetings informally by phone. If there is any decision to be made and we cannot have a meeting, members of the board are contacted before any decisions are made.

Social activities will be activated as they become necessary. For example, when we want to introduce a new product, we will likely hold another contest.

Q. What were the key issues confronting the co-op in the early stages?

A.

- funding;
- determining a fair price for berries that would attract pickers;
- the issue of finding a place to make jam (i.e., an industrial kitchen approved by the local health inspector);
- quality control, maintaining a consistent product;
- developing an attractive, marketable product with limited funds; and
- getting our product out into the market (especially re: transportation/shipping costs).

Q. What role did the government play?

A. The Gitxsan-Wet'suwet'en Economic Development Corporation provided start-up funds. Though not a government agency, this corporation is government funded. Likewise, Forest Renewal BC, which is a crown corporation, funded the original research project.

Q. What role, if any, was played by other co-operatives?

A. The Bulkley Valley Credit Union showed interest and enthusiasm for the idea of the co-op, and one or two of their employees became members.

Q. How was funding secured?

A. An application, developed by the board, was made to the Gitxsan-Wet'suwet'en Economic Development Corporation in Hazelton, and Darlene Vegh of SWAT met with them to discuss the development of the co-op. Other funds came from the sale of shares to members, and from product sales.

Q. How did the elected leadership of the co-operative learn about their roles and responsibilities?

A. At board meetings, we informally discussed our responsibilities. People who had time volunteered to do the tasks that needed to be done.

Q. How did the managers and employees learn about their roles and responsibilities?

A. We do not yet have a manager. Our only employees (actually independent contractors) are our jam maker and our berry pickers. Pickers were informed about picking etiquette, location of buying stations, and prices, through posters, newsletters, and from the berry buyer. Our jam maker was and will continue to be in constant contact with various members of the board, by telephone and in person.

Q. What training programmes would have been useful?

A. Workshops on co-ops and co-op functioning especially in regard to financial management, officer duties, conflict of interest, bookkeeping, and reporting requirements.

Q. What are the positive attributes of the co-operative model as you have experienced it?

A.

- it taps the creative ideas of the membership;
- it provides capital through membership and share purchase;
- it is a democratic way to run a business;
- it allows equitable community participation at all levels;
- members can build equity in the organization even if they cannot purchase shares by donating work for the co-op in return for shares.

Q. What are the negative attributes?

A. People who are putting the most time and effort into the project do not have the most say in

its direction. (i.e., one vote per share). Board structure is awkward for decision making since board is scattered between four or five towns and villages.

Q. What general advice would you give to any group interested in developing a co-operative?

A. [This is answered specifically with respect to developing renewable forest products:]

- Identify a product
 - use a resource that is plentiful, renewable, available
 - develop a product that is feasible, distinctive, desired
 - avoid competition with other groups; communicate so you can all produce a distinctive product
- Research your product
 - biology, harvesting procedures, processing/storing, uses, markets
- Develop partnerships and co-operation
 - investors <==> management <==> labour
 - meet with other forest users to discuss the impact of your business
- Business Plan
 - develop a realistic business plan. Think Big But Start Small!!
- Funding
 - how will you fund your plan?
 - find out what financial aid is available
- Product Development
 - involve the community in the development of your product
 - test your product on members, make comparisons
 - package your product distinctively
- Production and Marketing
 - establish and maintain product consistency
 - determine fair but profitable wholesale and retail prices
 - advertise your product in your local community while actively searching for markets outside your community.
- Look to the Future
 - plan to gradually introduce new products
 - keep abreast of research and politics that may affect your business
 - keep the co-operative in the public eye

[We can further offer some Do's and Don'ts by way of advice:]

DO:

- spread the workload among as many members/partners as possible
- assign certain tasks to be done on a regular basis; i.e., updating books

- contact distributors and retailers regularly
- update inventories
- develop new markets
- hold regular board meetings
- pursue funding opportunities in the form of start-up grants and loans
- get involved with research and resource management initiatives regarding nontimber forest products
- develop co-operation among co-operatives; find out about similar groups, producing similar goods, so you develop products that compliment one another rather than compete with one another

DON'T

- worry about having everything in place before embarking on such a venture; planning is good, but things won't happen if you don't start!
- structure your organization too rigidly (e.g., requiring _ of your membership to be present in order to have a quorum for your annual general meeting is difficult to attain)
- duplicate existing products and promotional material—be distinctive
- try to do too much at once. THINK BIG BUT START SMALL!!

Q. What kind of further assistance would you like to have from government?

A.

- seed funding to reach a self-sustaining level of production and marketing
- grants available at any time throughout the year are much more helpful than those having deadlines for application
- free workshops or seminars on co-op and corporate management principles

Q. What kind of further assistance would you like to have from the sector?

A. Not sure what “the sector” is. If we are talking about the nontimber forest products sector, there is often a need to regulate the harvest of forest botanical products to prevent over-harvesting and to promote resource stewardship. This might take the form of some sort of license or land-based tenure, but this needs to be carefully developed in conjunction with local First Nations and other community interests. We don't want to follow the “get rich quick” mentality of the pine mushroom industry.

Additional Case Studies

Two Housing Co-operatives

New Beginnings Housing Co-operative Prince Albert, Saskatchewan

Case Study Analysis Prepared by Juliano Tupone

The New Beginnings Housing Co-operative is a community-based development initiative established in Prince Albert, Saskatchewan. The purpose of the co-op is to fill the economic void created by run-down homes and vacant lots in older neighbourhoods of the city. A second, but equally important, goal of the co-op is to develop a programme to revitalize properties and provide an opportunity for those unable to qualify for a mortgage to become homeowners. The New Beginnings Housing Co-operative purchases homes in need of repair in consultation with a realtor. Homes are matched to co-op members on a waiting list.

History

The New Beginnings Housing Co-operative initiative began in 1996, when a Community Housing Advisory Committee was established in the city of Prince Albert. Interest rates at this time were quite low and because of this a number of people were able to afford mortgage payments on homes, but were not able to acquire the money for a down payment. The committee was made up of Floyd Baldwin, a real estate agent who played a key role in the committee's formation, representatives from the city of Prince Albert, Prince Albert Credit Union, Postsecondary Education, and Social Services. The committee found significant community interest in establishing a housing co-operative—150 people, which resulted in seventy-one applications being filled out in anticipation of the co-op's formation.

The co-op targeted low-income families, those with a household income not exceeding \$30,000. Applicants underwent a ninety-day credit check, as opposed to the typical five-year check. Twenty applicants were chosen from the seventy-one applications to start the co-op. An application was made to Home Grown Solutions for a grant to hire a co-ordinator, and when the grant was confirmed in September of 1996, the co-op got under way. The first meeting was held in December of that year with the families in attendance, and the co-op was incorporated.

The co-op took possession of the first home in February of 1997. This particular property was purchased for \$20,000 and required renovations. The Prince Albert Credit Union wanted

appraisals of the home to include the value of the property after renovations had been completed. In order to acquire the down payment for the home, a system was developed that would use equity from the home after renovations. If the value of the home was 33 percent above the purchase price plus the cost of materials, then the resulting equity would be used as the down payment for the home. The first home was appraised at \$42,000 after renovations were completed. Three homes were purchased using this method. Afterwards, to assist the co-op, Saskatchewan Housing offered 0 percent loans for down payments on houses.

Community Involvement and Impact

There was a great deal of support from the community to start the New Beginnings Housing Co-operative. Representatives from various organizations participated in the Community Housing Advisory Committee, and there was also significant support from local merchants and the public. The City of Prince Albert provided a contribution of \$1,875 per home; the Province of Saskatchewan contributed \$7,5000 per home via 0 percent interest loans; Prince Albert Credit Union provided mortgage financing up to 75 percent of the appraised value of homes after renovations; and CHC Home Grown Solutions provided a grant of \$20,000 to the Community Housing Advisory group to form the housing co-operative and hire a co-ordinator.

Support for New Beginnings from other co-operatives came primarily from the Prince Albert Credit Union. In addition, Co-operators Insurance provided insurance for the homes. The credit union provided \$750,000 mortgage financing and an additional \$250,000 for renovations. The Co-operators provided the first year of home insurance pro-bono. In contrast, there was little support from the local retail co-operative. New Beginnings would like to see more help from the Prince Albert Co-op for building materials, as other local merchants have offered assistance by providing renovation and building materials at discounted rates.

New Beginnings has a very active membership, and holds regular meetings as well as other co-op functions. A lot of community activity takes place as a result of the co-operative structure. There is an annual barbecue, for instance, a Christmas party, and a landscaping contest. Everyone works together and there is a great deal of support for co-op members. The board of directors has nine members, with five male and four female directors. All directors are members of the co-op, with homes. Approximately 75 percent of the co-op members/home owners are Aboriginal.

Barriers to Development

New Beginnings has not faced many difficulties since its founding. Initially, financing the purchase of homes posed some problems, but once the co-op had secured financing, these diminished.

The co-op faces some difficulties with respect to the co-operative model itself. These, however, are limited to personality clashes resulting from a diverse group of people.

There is a need for more assistance from the co-operative sector, particularly the local retail co-op in Prince Albert. Members of New Beginnings would like to see more support from the retail, such as providing low-cost materials for renovations and sharing experiences by providing an information network.

The involvement of various persons who played a key role in helping the co-op get started has diminished somewhat. It would be nice if there were more ongoing assistance from some of the knowledgeable and influential people who were involved with the co-op in the beginning.

New Beginnings does not have a need for any further government assistance. It is generally felt that the government should let co-ops stand on their own and make decisions on their own.

Quint Development Corporation¹

Saskatoon, Saskatchewan

Quint Development Corporation, established in 1995, is a community economic development (CED) initiative representing five core neighbourhoods in Saskatoon: Pleasant Hill, Westmount, King George, Riversdale, and Caswell Hill. Quint emerged from a community planning process that identified the common issues and challenges faced by the five communities, which are characterized by low income levels, high unemployment, a significant number of families on social assistance, a large proportion of rental properties, vacant houses, and an ageing housing stock.

Emphasizing both *community* and *economics*, Quint facilitates access to skills and resources not otherwise available to low-income individuals and families. It is working to increase participation and facilitate socio-economic and cultural understanding within the core communities. As a community economic development organization, its goal is to “enable minority or low-income groups to pool their resources and talents to create ownership, opportunity, jobs, training, and income for themselves and fellow community members. It uses business methods to provide social and economic benefits in urban pockets of poverty” (Quint Document 1)². To this end, it has formed partnerships with various levels of government and businesses, which are compatible with community cultures and values. Its mission statement indicates that “Quint exists to strengthen the economic and social well being of Saskatoon’s five core neighbourhoods through a community-based economic development approach” (Quint Document 1).

Quint and its projects are almost entirely government funded. In 1999, 45.37 percent of its funding came from the Government of Saskatchewan, 31.27 percent from the Government of Canada, and 3.67 percent from the City of Saskatoon. Remaining funding came from corporate sponsorship—3.67 percent—and self-generated or -collected funds—16.01 percent. Quint would prefer to be more independent than it is currently, as the majority of the funding has specific and predetermined requirements attached. Since focussing on helping low-income individuals has severe limitations for generating revenue, however, it is doubtful that Quint will ever be reasonably independent or self-sufficient.

¹ This case is excerpted from “Quint Development Corporation Ltd.: A Case Study of Co-operatives as a Means for Aboriginal Economic Development,” written by Nikki Hipkin and Neville Fernandes for an MBA course titled Indigenous People and Economic Development, taught by Warren Weir and Kelly Lendsay.

² Quint Documents 1–4, referenced in this article, are unpublished internal documents prepared by the Quint Development Corporation. Interested readers may contact Quint directly for further information (230 Avenue R South, Saskatoon, SK, S7M 2Z1; phone: (306) 978–4041; fax: (306) 683–1957).

Quint's largest expense—74.35 percent—is wages and benefits, although only 28.54 percent goes to core administration. The remaining 45.81 percent is allocated to the programmes. Every programme operates independently from Quint and is a self-sufficient unit, although Quint provides all the necessary funds. These programmes pay wages to administrators, instructors, and project workers, who are almost entirely drawn from within the community.

While incorporated as a not-for-profit development corporation, Quint encourages the development of co-operatives to implement many of the objectives within its mandate.

Quint: Housing Co-operative

Citizens determined to improve the condition of their lives and their neighbourhoods came together in 1995, deciding that community economic development would enable them to take control of their well being. The highest priority identified by the surveyed community members was improved and affordable housing. Quint, together with the Saskatchewan government, the City of Saskatoon, and local businesses, has made this possible for some.

Quint Housing Co-operative (QHC) was formed in 1997 through Quint's Affordable Home Ownership Programme (AHP). QHC purchased ten homes within the five communities, renovated these homes, and placed ten families, seven of whom were Aboriginal, who had previously been in rental accommodations. By 31 March 1999, Quint had formed two more housing co-operatives, each comprising ten homes and families: C.O.R.E. Housing Co-operative (Communities Organizing Roots for Everyone) and Good Neighbour Housing Co-operative. Since that time, Quint has formed another two: Millennium Housing Co-operative and H.E.A.R.T. (Healthy Environment and Roofs Together) Housing Co-operative.

Members of the housing co-operatives are chosen based on a number of factors: total family income below \$30,000, children under the age of eighteen, inability to secure financing through traditional institutions, and support for co-operative ideals. Additional but not required factors are commitment to the community and various practical skills. A number of home-owners are recipients of social services.

To finance the purchase, a forgivable loan from the Saskatchewan government through the Saskatchewan Housing Corporation (SHC) provides 25 percent of the mortgage, and a grant from the City of Saskatoon covers 5 percent. For the first five years, the housing co-operative owns the title to the home, though each payment by the resident family goes towards the mortgage. In addition to the mortgage principle, monthly payments include insurance, property taxes, contribution to the emergency repair fund, and Quint administration,. At the end of the five years, the SHC loan is forgiven and the family has the option to assume the title. St.

Mary's Credit Union, Saskatoon Credit Union, and Co-operative Trust have agreed to provide mortgages for co-op members who have remained in good standing by consistently and promptly making their mortgage payments. The family also has the option to leave the co-operative at this point, but may stay for as long as they like, whether or not they assume the mortgage.

SHC and the city also contribute \$900 per home for renovations and a \$2,000 emergency repair fund for the first three years. Each home-owner contributes \$50 monthly to this fund, which is available for such things as water heaters. In addition, the co-operatives provide short-term loans to home-owners for home improvements.

Quint encourages participants to work together to improve their economic and social well-being, and through its Affordable Home Ownership Programme it is helping to achieve many other community economic development goals.

Improving and Stabilizing Family Living Situations within the Community

Quint has renovated houses to ensure that families are moving into clean and structurally sound homes. As these families obtain permanent housing, neighbourhood stability increases, resulting in important benefits for both adults and children. For adults, stability helps increase a sense of ownership in the community, and feelings of self-determination and self-worth. For children, this stability reduces some of the barriers to education and assists them in developing roots in the community.

Decreasing Social Costs Related to Poor and Unstable Housing Conditions

Many rental properties are not well kept by the landlords, and tenants are often unable to make many changes to the structure on their own. These two factors combined can lead to a lack of pride in one's home, and often, a lack of pride in oneself. For the children involved in these situations, instability prevents them from developing long-term friends and relationships.

Moving frequently is a serious impediment to the learning process, interrupting their schooling and diminishing the importance of education.

Reducing Poverty and Hunger by Creating Affordable Housing Alternatives

For those employed in low-income occupations, decreased housing costs release some of the family funds, which can be used for other fundamental needs such as food and clothing.³

³ This does not apply to social services recipients, as their housing allocation simply decreases in direct proportion to the reduction in their housing payments.

Creating Healthier Communities by Increasing Residents' Stability, Pride, and Commitment to Their Communities

Home-ownership, by its very nature, provides more stability than renting. Once repaired, these homes are in better condition than many of the rental accommodations previously occupied, which results in increased pride among the home-owners. When provided with an opportunity to participate in activities aimed towards community betterment, individuals become more committed to their communities. And once they become home-owners, they have a vested interest in doing so.

Developing Housing Co-ops, Which Provide Support for and Build the Capacity of the Families / New Home-Owners

One co-op member's experience illustrates the way in which co-operatives help to build personal capacity. When he had a furnace breakdown, he phoned Quint and asked the administrators to come and fix it. They reminded him that as a home-owner, he was now responsible for home repairs. They helped him deal with the problem, while letting him work through the process largely on his own. As a result, he learned about his responsibility, as well as gaining a perspective and understanding of decision making as a home-owner. In an interview with the authors, this gentleman indicated that he valued the co-op, the group, and the advice and assistance to which he had access through the co-op. Because of this, he is committed to remaining with the co-op after the initial five years.

Developing a Sense of Community by Working Together in Housing Co-ops

Through the housing co-ops, individuals provide assistance to each other and work together to determine such things as collective direction and appropriate expenditures. As home-owners, they have a vested interest in their community, its condition, and the stability of their fellow residents. This fosters a sense of collective interest and helps develop a sense of community.

The Christmas party was very much appreciated by the members, not only in helping out with the expense of Christmas, but really making the participants feel like part of a community. As a whole, they feel the group is very friendly and supportive of one another (Quint Document 4, p. 21).

Helping Low-Income Families Build Equity

By facilitating the home-ownership process, Quint helps families build equity rather than simply paying rent. Further, by financing through a co-operative, low-income families are able to establish a good credit rating, which can later be used to obtain mortgage financing.

Stemming the Outflow of Income from the Core Communities

Many landlords live outside the core areas and do not reinvest the money they earn in the communities. Further, they generally do not work to improve housing conditions. By making home-ownership affordable through the mechanism of housing co-operatives, more money stays in the core communities.

Purchasing, Renovating, and Improving the Ageing Housing Stock in the Core Communities

To date, Quint has purchased fifty homes through the housing co-operatives, and the organization is currently looking for another twenty to purchase within the next year. After purchase, each of these homes is renovated by local construction crews, thereby increasing property values in the neighbourhood.

Creating Employment and Training Opportunities for Community Residents through the Restoration and Improvement of the Houses

The Quint Construction Worker's Co-operative provides carpentry and construction training through a shop used as a base for renovating the new homes. This is a five-week programme funded through their partners, and in conjunction with New Careers, provides participants with practical, hands-on experience and also a level-one certificate in carpentry, which will help residents secure future employment in this sector.

Another offspring of Quint Housing Co-operatives, the Bent Nail Tool Co-operative, provides basic tools to members for a minimal annual fee. Through this service, members of the housing co-operatives are encouraged and able to maintain their homes and their yards.

Self-Employment Training and Micro-Lending

Building on the idea of small-business loans, Quint is offering entrepreneurial training in partnership with Can-Sask Career Employment Services, Saskatoon Credit Union, and Western Economic Diversification. The intent of the programme is to equip individuals with the skills and knowledge to successfully handle the business loans they request. The process consists of a short business-skills course, which assists in the development of a business plan. The plan then goes to a committee made up of three members from Quint and one from the Saskatoon Credit Union, which provide ongoing support⁴ and mentorship. This programme is creating small businesses in the core communities and additional employment within these businesses. Western Economic Diversification has recently loaned significant financial support to this venture, with a loan default cushion of 20 percent, amounting to \$1 million over five

⁴ The Support for Small Business Training Program provides individuals and groups with instruction, startup, and ongoing support, encouraging the creation of small community businesses, including home-based businesses and worker co-ops.

years. Such support should allow Quint and the Saskatoon Credit Union to significantly increase the availability of funds to those prepared to invest in a small business.

Conclusions

Quint has set reasonable objectives that it has been able to meet through its programmes, contributing to long-term benefits for its co-operative members. By increasing homeownership and contributing to successful entrepreneurial ventures, community residents have experienced an increase in their sense of self-confidence, self-determination, and self-worth.

My kids have a sense of belonging, a sense of comfort, a sense of home. They have more respect for the things around them. My youngest daughters asked if they ever move out, when they get older, will they still have their room? My answer was—your room will always be here, be in our house, the house that you grew up in.

We have taken twenty years to get here and it will take thirty years more to finally have roots. To call this house home—our dream has come true. We are finally home (Quint Document 3).

What began with a group of strangers—some shy, some scared, all of us wary about what lay before us—became a strong circle of friends working together for the good of each other and of the co-operative.

We are achieving a dream most of us had thought impossible. We are working together collectively at owning our own homes. We walk taller, together we are stronger, and we smile when talking of our homes. We are home-owners (Quint Document 2).

The Consultation Process

The two co-principal investigators, Lou Hammond Ketilson and Ian MacPherson, met and consulted formally with a variety of individuals, groups, and organizations in the process of compiling this report.

Dr. Hammond Ketilson conducted extensive consultations during the course of the project with Warren Weir, co-ordinator, and Kelly Lendsay, program consultant, who are with the Graduate Aboriginal Business Program, College of Commerce, University of Saskatchewan; discussions were also held with David Newhouse, head of the Native Studies Department, Trent University; and Richard Missens, head of the Faculty of Administration at the Saskatchewan Indian Federated College in Saskatoon. She met in May 2000 in Winnipeg with participants in Arctic Co-operatives Limited Annual General Meeting, and in October 2000 in Banff with those attending the National Chiefs' Think Tank on First Nation Economic Development.

Dr. MacPherson met with the following individuals: Professor Taiaiake Alfred, of the Institute for Aboriginal Governance, University of Victoria (two meetings in June 2000); Andrew Goussaert and Andrew Morrison of Arctic Co-operatives, 7–9 June 2000; Joe Hare and Nikki Manitowaki of Anishinabeck Credit Union, May 2000; Elders of the Nuxalk Nation, Bella Coola, March 2000; and Carla Burton and Phil Burton of Wilp Sa Maa'y Harvesting Co-operative, July 2000.

And Dr. Hammond Ketilson, Dr. MacPherson, and other researchers conducted numerous interviews with people involved in Aboriginal co-operatives across Canada in connection with the preparation of the case studies.

There were also a number of steering committee meetings and conference telephone calls, which helped to direct the course and progress of the work. These meetings involved all of those acknowledged on page seven of this document. Meeting dates are as follows: 17 February 2000 (Hammond Ketilson and MacPherson participated via conference call); 15 March 2000 (all-day meeting and conference call); 3 May 2000 (all-day meeting); 11 July 2000 (all-day meeting and conference call); 29 August 2000 (all-day meeting); 29 September 2000 (all-day meeting); and 4 December 2000 (half-day meeting).

In addition to these formal meetings, both co-principal investigators consulted informally with officials in a number of organizations, including Indian and Northern Affairs Canada and Aboriginal economic development organizations.