

The Ontario Rural Council's June 2004 Forum Report

“Trade and Tradition: A Dialogue with First Nations”

Tuesday, June 22, 2004
Rama, Ontario

Thank you to our platinum partners Agriculture and Agri-Food Canada, through the Rural Secretariat, and the Ministry of Municipal Affairs and Housing for their ongoing support of the Council's activities.

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June 2004 Forum
“Trade and Tradition: A Dialogue with First Nations”

Tuesday, June 22, 2004
Mnjikaning Arena and Sports Ki
Rama, Ontario

A. Welcome & Introduction

Pat Smith, Chair, The Ontario Rural Council

In being a catalyst for rural dialogue, collaboration and action, The Ontario Rural Council (TORC) held a forum to look at First Nations issues in the province of Ontario. This forum, *“Trade and Tradition: A Dialogue with First Nations”*, was intended to help participants move past preconceived notions to facilitate an open dialogue with those involved in aboriginal community economic development at the provincial and local levels.

The purpose of this forum was to overcome simplistic views and stereotypes of First Nations to create awareness of the issues. Non-native people have a tendency to assume that First Nations think with one mind. Dialogue, such as this one, helps to uncover the differences and similarities in issues between First Nations people and with non-native communities. The non-native community can relate to many of the challenges faced by the First Nations, from disconnected ‘silos’ of community development to youth engagement in the life of their community.

B. Greetings from Chief Stinson Henry, Mnjikaning First Nation

Mnjikaning was known historically as a gathering place that welcomed travellers. This tradition carries on today, hence their warm welcome for participants of the TORC forum. The Mnjikaning people celebrated their heritage on First Nations day, which takes place each year on June 21st for the summer solstice. The joy filled ceremonies celebrate Mother Earth and rebirth.

First Nations are looking to support growth in their communities, but they must overcome a number of challenges and obstacles to do so. For example, government at every level poses challenges to the growth of their economy. Casino Rama is an example of an economic development project that succeeded on First Nations territory due to the tenacity and vision of those involved. The casino has outperformed all revenue projections and is a major economic source for all First Nations people. It averages 12,000 visitors each day. The Mnjikaning are very proud of the success of the casino, but also want to focus on diversifying their economy and moving in to other areas, such as health care.

C. A Dialogue with First Nations: A panel presentation

Tim Sim, Acting Manager Business and Economic Development Unit, Native Affairs Secretariat, Province of Ontario

The new liberal government in Ontario has five key priority areas:

- Student Success
- Healthier Ontarians
- Prosperity for People
- Strong Communities

- Stronger Democracy

The provincial government has also developed a True North Platform, which states that they will work to:

- “build a new partnership with Ontario’s Aboriginal communities”
- “ensure increased participation by Aboriginal people in decisions that affect their lives”
- “work cooperatively with Aboriginal peoples and the federal government to ensure a sustainable future for Aboriginal communities”
- “ensure that key services will reflect the needs of Aboriginal communities and where possible will be delivered by them”

The Ontario Native Affairs Secretariat (ONAS) role in aboriginal economic development includes the coordination of the Building Aboriginal Economies strategy, which began in 1998 and was renewed in 2003. They also manage three economic development programs:

- *The Working Partnerships Program*, which involves seven strategies and initiatives including an advisory committee, partnership development advisors, aboriginal partnership awards and scholarships, a resource kit, workshops and forums and an aboriginal economic development website at: www.aboriginalbusiness.on.ca
- *The Ontario Aboriginal Economic Development Program*, which provides funds to help aboriginal people start up small businesses or engage in capacity building
- *The Aboriginal Community Capital Grants Program* provides funding for infrastructure development

Major concerns of the provincial government in relation to aboriginal affairs include:

- Establishment of a new partnership between government and aboriginal peoples
- Formation of a government to government relationship with First Nations & Métis
- Participative interaction with government
- Resource development & resource revenue sharing
- Urban Aboriginal Strategy
- Access to capital
- Population growth
- Disadvantaged living conditions: basic infrastructure
- Youth emigration

There are a number of challenges faced by both First Nations and the Ontario government in working to address these concerns. First Nations has a limited land base, a small population, limited sources of funding and human resources, and a geography that poses some problems. The provincial government is in the midst of trying to develop a new relationship with aboriginal people and they have fiscal challenges of their own. Finally, municipalities are challenged by taxation, issues of service delivery and by-law enforcement as they pertain to First Nations.

The 2001 Canadian Census showed that the total aboriginal population in Ontario was 188,315 and that 48,340 people reported Métis identity, though these numbers may be low because many aboriginal people do not take part in the census survey. Fifty percent of the aboriginal population is under the age of twenty-seven.

Educational achievement is lower among aboriginal populations than in the general population. Forty eight percent of aboriginal youth (20-24) had incomplete secondary education as their highest level of schooling. This often leads to minimum wage jobs, unemployment or welfare

among aboriginal people. In fact, the unemployment rate in 2001 was 19% for aboriginal people and the average income was \$21,435, compared to a 7.4% unemployment rate and \$32,000 average income in Canada overall. The higher unemployment rate and lower income levels among aboriginal people results in greater social service costs for the government.

First Nations people also have a significantly lower health rating than the general population, with children being the most vulnerable. The life expectancy is 8 to 10 years lower for aboriginal people than the average Canadian. Causes of poor health status among aboriginal people include a lack of nutritious food, sometimes caused by the high cost of food in remote communities and leading to an increase in diabetes; poor housing; and disabilities resulting from accidents, injuries and chronic health conditions, which plague 25% of the aboriginal population. Poor health results in significant costs to the health care sector and lost productivity to the economy.

Other detrimental social conditions faced by aboriginal people include:

- Cases of STD's are significantly higher
- Rates of HIV transmissions are at least six times higher
- Mothers are generally younger on reserve
- Family violence is eight times higher, which is linked to a loss of culture, role identity, complicated by poor housing, lack of income, alcoholism and lack of culturally appropriate counseling and treatment programs
- Five times the national rate of children in care
- Alcohol, drug and solvent abuse continue to be problems in many aboriginal communities
- Over 50% of aboriginal children in North America either experiment with or sniff gasoline and solvents regularly

The rate of suicide is also two to five times higher on reserve and seven times higher among males 15-25 years of age. Some main reasons for this include a lack of recreation, overcrowded and substandard housing, loss of cultural identity, substance abuse, physical and sexual abuse, hopelessness and need for recognition and respect.

Harry Willmot, Market Manager – Aboriginal Banking, Royal Bank of Canada

The Royal Bank has developed a vital interest in generating economic successes among aboriginal peoples. The cost of the status quo will be debilitating to all Canadians. RBC Royal Bank's Aboriginal banking team continues to develop initiatives to meet the changing needs of Aboriginal communities. The value added focus in Aboriginal communities is on youth, training, education, and economic development. The growing list of initiatives reflects the Royal Bank commitment to all Aboriginal customers.

- Understanding financial service requirements
- Providing flexible solutions
- Offering superior customer service

Understanding Financial Service Requirements

- Aboriginal banking managers across Canada
- National Aboriginal Banking Group
- RBC Royal Bank is proud to serve the National Association of Friendship Centres, representing Native Friendship Centres across the country. As the hub of the urban Aboriginal population these Centres provide a broad range of services and programs. Our partnership includes a national banking package, a personal banking package offered to all board and staff members of Friendship Centres, sponsoring a variety of their initiatives and providing employment and training opportunities
- We solicit guidance from our Aboriginal employees on banking requirements and employment training needs
- We actively pursue ways to provide banking services either electronically or by way of on-reserve agency outlets, to remote Aboriginal communities.

Providing Flexible Solutions

- RBC Royal Trust is the only financial institution to establish a national Aboriginal Services Group for trust, investment, and land claim services
- Development of unique on-reserve housing loan program
- Provide specialized financial and risk management training to the appropriate Aboriginal organizations' employees
- Established national First Nations lending criteria
- The Big Idea, our free Internet and PC-based business planning software package for small businesses
- Provided a \$50,000 loan fund for entrepreneurial Aboriginal youth (New Brunswick)
- Assisting the First Nations Lands Advisory Board (LAB) to increase skills and capacity with 14 First Nations that have received approval to be exempt from the land regulatory sections on the *Indian Act*.

Superior Customer Service

- Seven branches, 3 agency outlets and 1 sub-branch on reserves as well as six branches "North of 60" (three branches in Nunavut)
- Sponsor of Canadian Executive Services Organization (CESO) Aboriginal Services, including their MBA program offering economic development assistance in Aboriginal communities.
- Aboriginal Student Awards Program provides five Aboriginal students each year

with \$4,000 for each year of their post-secondary education up to a maximum of four years

- National Aboriginal Stay in School Program
- RBC Financial Group's involvement and support in Aboriginal Communities

RBC Financial Group Charitable Foundation

In 2001 RBC Financial Group donated over \$27 million within Canada and abroad to assist educational, health, cultural, charitable and other community organizations whose work enhances quality of life.

Carolyn King, Partnership Development Advisor, Two Rivers Community Development Centre

The first step in overcoming many of the challenges faced by the First Nations is for non-native people to recognize their special circumstances. The TORC Forum is a first step in that direction.

As a backgrounder on First Nations, Carolyn explained that aboriginal people are split into three main groups:

- **Status Indians** – Live on First Nations reserves. They are recognized for their special circumstance and receive funding from the Canadian government
- **Inuit** – Originate in Northern Canada
- **Métis** – Both aboriginal and non-aboriginal parentage. Non-recognized, which often leads to greater suffering among these people

There are 134 First Nations and five bands with over 5,000 people. The “band” includes both those people who live on reserve and the “members” who are the First Nations people living off reserve. Six Nation is the largest Indian reserve in Canada, but over 70% of other reserves house less than 500 people. This creates a situation where there are not enough people in a community to do the economic development work that needs to be done.

For the most part the First Nations people face similar issues to other rural areas in Ontario, including funding, infrastructure and social issues. While the statistics that outlined above show many of the weaknesses of aboriginal communities, Carolyn’s organization focuses on capacity building in the midst of opposition.

The First Nations struggle with the fact that provincial policies do not often mention them or address their needs. The provincial government needs to recognize First Nations so that they can work toward solving their problems and eliminating barriers.

Carolyn has worked in what is technically an *economic* development department, but she called herself a *Community* Development Officer, because she recognizes the importance of focusing on community first in economic development. In the 1980’s First Nations under went community planning processes in order to receive funding from the provincial government. They created a twenty year plan at that time.

The People of the Credit are a model for other First Nations groups. Lessons they learned include:

- A catalyst and a champion are needed
- Two year terms of office for First Nations leads to constant change and it is important for economic and community development initiatives to stay focused and on track
- It is important to build partnerships with neighbouring municipalities

Overall business and community development are becoming stronger on First Nations reserves across the province. Mnjikaning is another great model for how this can happen.

Jean LeMay, Economic Development Manager, Mnjikaning First Nation

The Mnjikaning First Nation have a ten year plan for economic development guided by the vision of creating “a proud, progressive native community dedicated to people, culture and service”.

The ten year plan includes the development of:

- **Grocery and retail stores** – Because the reserve is only 2,900 acres and home to only 600 people, they need to look at the viability of a grocery store. A small scale grocery and convenience store may be more realistic.
- **Native owned businesses**
- **Fast food outlets**
- **Shopping mall**
- **World class tourist destination (the Casino Rama complex)**
- **Bank outlet** – a bank outlet has been opened and is successful largely because of the Casino
- **Employment training centre** – HRDC used to have an employment training centre on reserve when the Casino first opened. However there is now a higher level of human resources among the Mnjikaning, so they run their own employment training facility.

Economic development is important to First Nation communities for a number of reasons, including the fact that they have no tax base and need to attract businesses that can create sustainable revenue to meet the needs of the community and pay for infrastructure development. Ensuring that the social needs of the community are being met can be even more important than net profit. It may be necessary to compromise net profit to support an individual or the community in some cases.

Economic development can also diversify business on reserve, which in the case of the Mnjikaning is important. They should not have their entire economy reliant on the Casino, because if there was a problem with it then the entire economy would suffer.

As is evident from the statistics that Tim Sim provided about unemployment rates and the effects among aboriginal people, economic development needs to play a key role in creating employment on reserve.

For successful economic development to take place, it is important to understand the needs of the community. The Mnjikaning need the economic development program to oversee the management of existing businesses to ensure that they are fulfilling the vision statement, to act as a resource to guide people through the business start up process, and to provide training and mentoring to help aboriginal people understand how to run a business.

The Mnjikaning economic development program provides an “engine” to enhance and support community services, such as welfare and care for the aged population. They do this through on

and off reserve business opportunities. Before entering in to off reserve business partnerships three criteria need to be met: 1. The partner has to stand to lose as much as the Mnjikaning; 2. The Mnjikaning must have a management role; and 3. A way out of the deal needs to be stipulated from the beginning. External business opportunities include off reserve investments, ventures with other First Nations and joint ventures with surrounding communities.

A number of local business developments are occurring. These include:

- **The Gathering Place** – this is the retail area in the Casino. It provides skill development opportunities, employs forty people and provides a large profit for the Casino.
- **Grocery Store** – they are currently re-doing the Shell gas station into a small, but unique grocery store that will also include a post office.
- **Diagnostic Centre** – the culmination of a two and a half year health project, which will be revealed shortly.
- **Development of Golf Course Facility** – finding the land for this initiative has been a problem. People believe the Mnjikaning can afford to pay any price for land so they are not giving them fair quotes.

Economic development on reserve does pose some challenges. Human resources are often lacking. The small population, lack of skills among the population and lack of training programs are all issues. Casino Rama employs 700 people and is the largest First Nations employer in Canada. However partners were needed to help the Mnjikaning people develop the skills needed to work at the Casino.

Doing business on a First Nations reserve also poses partnership and lease challenges. The law prohibits the leasing of reserve land to non-First Nations businesses unless they go through a surrendering process, which is not the most attractive option to aboriginal people. The inability to lease land makes it difficult to attract investment. Acquiring financing from financial institutions is another difficulty because of the insecurity for the institution.

As mentioned above, the First Nations political environment makes it necessary to balance social and economic development needs. The government is responsible for functioning as a developer and an investor on First Nations, which is a huge responsibility on top of governance. The short, two year term of office held by First Nations governments also causes problems for project stability.

Further economic development challenges include:

- Employment skills
- Future skills
- Programs for future needs
- Diversify skill base
- Motivation for educational commitment

There is a need for young people to leave the reserve, obtain employment skills and come back. Mnjikaning's long term economic development objective is to focus on more than just the Casino.

C. Moderated Panel Discussion Highlights

Moderator: Elinor Humphries, Alpha Projects

“What was the challenge that led to the solution/response that you talked about today and what was the new thinking in the activities you decided upon to address the challenge?”

- When Harry Willmot was first involved with the aboriginal banking market around 15 years ago their structure could not deal with First Nations people. He spent three years deconstructing and rebuilding the structures. Buy-in from high level non-native people is now secure and it has become a large business.

Housing is a current challenge faced by the First Nations. There is a need for housing and renovations to existing homes on reserves. However, there are strict regulations for building on reserve. Harry has been involved in creating innovative housing programs. Full service banks are found on some reserves in Ontario now and others have franchise banks that are owned and operated by the community. Bankers are also willing to do business by telephone or make home visits. RBC works one-on-one with aboriginal people to help them be able to build homes. They do this by building relationships with people, not on a collateral basis.

- Carolyn King spoke about municipal rules and regulations for locating landfill sites that do not take into consideration how close the landfill is to a reserve. This example helps raise awareness about challenges faced by First Nations. Municipal governments need to ask questions of neighbouring reserves and keep up to date on the issues.

Carolyn also spoke about the lack of rules and regulations on reserve. Instead people live by philosophies, in which women play an integral role in ‘enforcing’. “Raise the women and they will raise the nation” was a key quote. Because there are no rules and regulations, flexible programs that address aboriginal needs are needed.

- One of the province of Ontario’s key innovations is the Building the Aboriginal Economy strategy. According to Tim Sim, the government also conduct open consultation processes where they make a concerted effort to consult with aboriginal people on and off reserve. Developing programs with community members leads to greater satisfaction with the outcomes.
- Jean LeMay has found that balancing social development with economic development is important. When he first started working with the Mnjikaning people he was coming from a fast-paced, business background. However, the culture on reserve was much more slow-paced and community focused. Now when he presents ideas to council he outlines the social benefits, because they mean more to First Nations people. The social benefits are also much more important to the long term success of an aboriginal business. This is a good lesson for all people engaging in economic development.

“Have First Nations community’s accessed the newest infrastructures?”

The lack of a tax base on reserve makes it difficult to keep up with the newest infrastructures and while some things, such as internet access, are slower it is happening. The provincial government has business deals with First Nations councils and community economic development groups. The challenges cause aboriginal people to exercise innovation in obtaining their infrastructure.

On southern Ontario reserves there is less difficulty in infrastructure development because surrounding municipalities possess the needed infrastructures and make them more readily

available. One example is the Six Nation reserve which had poor water quality in the 1990's and by building good working relationships with neighbouring municipalities was able to develop agreements with surrounding areas to access good drinking water.

In remote, northern First Nations areas there may be no access to resources such as water and sewage systems. In fact, some of these areas are ranked below developing countries in regards to infrastructure. According to the government there are funds available for these communities, but they are not being accessed. This makes it nearly impossible to carry out economic development initiatives in these areas. Some successful infrastructure development initiatives have taken place on remote reserves. Diesel generated hydro is used in many areas, though the cost of bringing it in is quite high. Winter roads are also built across lakes in order to bring supplies and infrastructure in to remote areas.

“What will it take to close the social and economic gap between First Nations who have strong infrastructure development and those that do not?”

The gap between the “have's” and the “have-not's” is an issue faced by rural areas in general and one that non-native people can relate to.

Western Canada has a number of success stories about closing the social and economic gap between First Nations people specifically. However, the province of Ontario has not been as committed to working toward this goal. The cost of closing the gap is enormous, particularly in remote Ontario communities that do not have roads and other infrastructure. Giving money to aboriginal people living in remote places is meaningless if they have nothing to spend it on. Instead providing employment and creating programs to support health and wellbeing are important first steps.

One strategy for economic development in remote areas is to tap into the natural resource sector. Large companies have taken advantage of the richness of northern Ontario's resources for years. Unfortunately, the First Nations people who live there may not have possessed the business savvy to deal with these companies in the past. In order to optimize their economic development opportunity many northern First Nations people are learning business skills and best practices.

“What is the impact of Casino Rama?”

Casino Rama was developed on the Mnjikaning First Nation reserve partly because it is strategically located in the province and partly because they had surrendered land available.

The Casino's average revenue is \$535,000,000 a year. Twenty five percent of the gross amount goes to the government and the net amount is divided among the First Nations. The Six Nation, being the largest reserve, receives \$21,000,000 from the casino. Smaller areas receive less money. The Mnjikaning are given \$1.2 million with which \$400,000 is used by their government and the other \$800,000 is spent according to the vote of a committee of community members. In fact all First Nation communities decide how they will use their share of the money.

The Ontario economy, particularly nearby Simcoe County, also benefits from the Casino through both direct and indirect employment opportunities. So while Casino Rama is profitable for the First Nations, they are actually the last to benefit from it. Because it is so profitable the provincial government is looking at opening other casinos in the Toronto area. This would be an economic blow to the First Nations and to Simcoe County.

D. Next Steps

The panel discussion and moderated question and answer session provided insightful definitions and information about First Nations culture, issues and concerns. A number of important learning points emerged which provide a starting point for further dialogue and next steps. In order to build upon the momentum created by this forum a number of next steps should be taken, including:

- **Facilitating open and continuous dialogue.** Recognition of First Nations issues and an open dialogue between native and non-native people is an important step toward overcoming challenges. This forum has taken the first step and it is up to TORC members and forum participants to continue the dialogue.
- **Recognizing the value of pursuing social benefits above economic benefits for long term prosperity.** A focus on meeting the social needs of a community is more important than economic gains in development work with aboriginal people. Both because they tend to value social gains over economic benefits and because basic needs have to be met before economic and business advances can be made. This type of community focus can be beneficial to the success of non-native economic development initiatives as well.
- **Being flexible.** Because the First Nations live under special circumstances and by different philosophies than most non-native Canadians, it is important to be flexible when working with them. For example, financial institutions often have to exercise flexibility and develop one-on-one rather than collateral based relationships with aboriginal clients.
- **Using innovation and creativity** to come up with solutions to challenging situations faced by First Nations people.
- **Developing the human resource capacity of First Nations people.** In order for aboriginal people to be competitive in business they need to further develop their Human Resource capacity.
- **Forging partnerships between reserves and their neighbouring municipalities.** This is key to infrastructure development on reserve and important for municipal regulations that may affect reserves.
- **Building partnerships between First Nations people and the provincial government.** Though the nature of their involvement is extremely complex, the government of Ontario has an important role to play in addressing First Nations issues and funding solutions.
- **Involving the community.** Open consultation with aboriginal people about programs that affect them will lead to successful initiatives and greater satisfaction with outcomes.
- **Raising awareness of First Nations success stories.** Models and best practices from other First Nations initiatives are excellent learning tools. The Casino is one example of a large scale economic development initiative that was successful and lucrative for both native and non-native people.

- **Developing a new revenue sharing mechanism.** This is needed to close economic gaps between native and non-native people and among the “have’s” and the “have-not’s” within the First Nations community.
- **Keeping in mind that First Nations issues affect all Canadians.** The social and economic concerns faced by First Nations people affects all Canadians, if only through the cost of support programs to the economy.