

INDIGENOUS – INDUSTRY PARTNERSHIPS AND CAPACITY
BUILDING FOR ABORIGINAL ECONOMIC DEVELOPMENT:
THE CASE OF FOREST INDUSTRY JOINT VENTURES IN
NORTH CENTRAL BRITISH COLUMBIA

by

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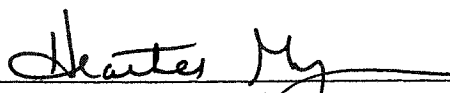
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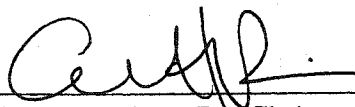
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Abstract

The purpose of this thesis is to explore how forestry joint ventures between Indigenous People and the forest Industry are building Indigenous capacities for economic development.

A review of literature surrounding applied economic development theories and policy regimes related to development of Indigenous People in British Columbia, Canada, Australia and New Zealand demonstrates an increasing trend of private sector-Indigenous partnerships in natural resource development. A case study examination of forestry joint ventures in north-central British Columbia demonstrated local elements of emerging Indigenous-Industry policy regimes and showed that capacity-building elements articulated in development theories of community and aboriginal economic development (CED/AED) are linked to venture successes.

Activities involved in joint ventures do address and/or introduce aspects of capacity building for AED. Nonetheless, joint venture activities do not completely fulfil criteria of an ideal approach to AED. Generally, there are no mechanisms involved that provide inclusive community participation, conflict resolution and integration of culture in either venture-related activities or the determination of the overall nature of local economic development and share of benefits. First Nations do not retain full ownership of the factors of economic production nor do they share control with Industry or the government in the management of natural resources on traditional territories.

The utility of joint venture activities to widely address capacity-building was limited by a number of factors: timber supply licenses are often limiting; ventures were often viewed from a short-term, return-on-investment economic perspective; minimized-risk ownership levels may limit greater First Nation participation in management and future increases in ownership; First Nation partners involved in consortia suffered from inter-Nation conflict; few opportunities for on-going advanced training and resource-planning experience were available for First Nation employees; hardly any culturally-sensitive management approaches were applied; and overall relations between First Nations and Industry are often antagonistic.

It is apparent that capacity building may be better facilitated if both partners support and invest in capacity-building activities for joint ventures. Greater investment in capacity-building activities is possible if both partners can realize the mutual benefits of joint ventures.

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List of Abbreviations

AED	Aboriginal Economic Development
AIC	Advanced Industrialized Country
ATSIC	Aborigines and Torre Strait Islanders Commission
BC	British Columbia
BLNDC	Burns Lake Native Development Corporation
BLNL	Burns Lake Native Logging Company
BOD	Board of Directors
BSW	Burns Lake Specialty Wood Products
CAEDS	Canadian Aboriginal Economic Development Strategy
CED	Community Economic Development
COFI	Council of BC Forest Industries
FL	Forest License
FRBC	Forest Renewal BC
HRDC	Human Resources Development Canada
JOA	Joint Operating Agreement
JV	Joint Venture
LIC	Less Industrialized Country
NGO	Non-Governmental Organization
NWT	Northwest Territories
NZ	New Zealand
TSL	Timber Sale License
VSW	Vanderhoof Specialty Wood Products

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Introduction

Joint ventures and other collaborative economic partnerships are considered a key means to bypass market barriers (i.e. tariffs, protection of national industries) related to nationally or culturally imposed political boundaries (Marti & Smiley, 1993; Wilkins, 1993). Most commonly used in international business and natural resource exploration, joint ventures characteristically involve a large multinational firm privately collaborating with a smaller firm - often familiar with, and/or located near, the place of the venture - for mutual benefit. In order to gain access to new markets, the large firm provides capital and technical know-how while the smaller firm contributes labour and local knowledge about government regulations and operating conditions.

Joint ventures discussed in this paper are private economic collaborations influenced by government incentives and intervention. Nation-states have provided incentives to entice joint venturing between multinational and local firms, especially in the development of natural resources such as gas, oil and minerals. In more recent times, beginning most forcefully in the 1970s, Less Industrialized Countries (LICs) adjusted their policies to promote joint venturing with foreign industry in order to increase investment; improve local ownership in economic activities; stimulate local supply industries; and access foreign expertise (Franko, 1989; Battat, Frank & Shen, 1996).

Joint Ventures and Aboriginal Economic Development

Following the dramatic expansion of both multinational enterprises and advanced country commitments to international development following the Second World War, governments were interested in increasing the participation of Indigenous and rural people in industrial ventures. Typically, localized mega-projects such as hydropower/irrigation dams and oil/gas/mineral exploitation provided Indigenous and rural people with limited duration

employment opportunities. In an attempt to stimulate longer-term, spin-off economic opportunities, commonwealth governments such as Canada, New Zealand and Australia in the early 1970s, pushed for such things as preferential employment for Indigenous People and joint venture opportunities (Young; 1995; Durie, 1998; Frideres, 1998). As a result, joint ventures typically involved minority equity participation or wholly-owned contracting companies who carried out limited functions within a given project. Both types of ventures were characteristically localized and limited Indigenous participation in strategic management of businesses and resources.

Since the 1970s there has been a modest increase in the number of companies entering into co-operative agreements with local firms, as well as Indigenous People (Mariti and Smiley, 1993). Especially notable are increases in natural resource extraction industries including those in forestry and forest plantations (FAO, 1997). In nations that provide significant recognition of Indigenous rights - as is the case in Australia, New Zealand and Canada - there has been a trend for resource extraction industries to venture with Indigenous People and include improved economic development strategies such as trusts, scholarships, training opportunities, and some degree of participation in management (Sloan and Hill, 1995; Kauffman, 1998). However, these early ventures such as activities associated with the Mackenzie Pipeline in Canada (1970s-1980s), typically did not address Indigenous self-determination with respect to economic development and management/co-management of traditional lands and resources (Tester, 1984; Anderson, 1998; Frideres, 1998). Indigenous management and employment skills were typically directed to highly specialized extraction technologies that may or may not be useful in local development once a particular resource is eventually exhausted (Frideres, 1998). Overall, oil/gas/mineral venture benefits were characterized as being very localized to communities directly impacted by operations.

An imperative for increased Indigenous participation in economic development has emerged over the last few decades with the global concern over the sustainability of human growth and enterprise with respect to the natural and cultural environment (World Resources Institute, 1985). For centuries, forest flora and fauna have provided for the material needs of Indigenous People in the form of food, medicines, building materials, and fuel wood for heat and light. The Food and Agriculture Organization of the United Nations estimated that about 70% of people in developing countries - most of whom are located in rural areas and are of Indigenous descent - rely on forests for basic economic requirements (World Resources Institute, 1985). Tied with a tradition of forest use is also a cultural and spiritual connection that remains a source of meaning and wellbeing for Indigenous People. However, as modern industrial expansion and subsequent exploitation of natural resources extends further into all reaches of the globe, traditional lifestyles, as well as the very survival of Indigenous People as a distinct people and society, are increasingly at risk at two broad fronts. First, land and natural resources that remain the basis of traditional activities and cultural meaning are continually shrinking due to alternative uses and alienation through private and/or national imperatives. Secondly, the development of natural resources constitutes the only means of acquiring economic resources by which minority Indigenous groups can seek to assert their rights, achieve representation and influence government policies. However, substantial social and economic barriers exist with respect to Indigenous access to the means for modern economic exploitation of natural resources.

In 1987, the World Commission on Environment and Development (WCED) warned that leaving Indigenous People out of modern industrial development would inevitably lead to such environmental catastrophes as mass erosion of productive land, species extinction and deforestation. A major WCED recommendation sought the efforts of states, NGOs and the private sector to both include and facilitate the participation of Indigenous People

participation in the economic development of natural resources (WCED, 1987). The subsequent conferences and conventions of the 1992 United Nations' Conference on the Environment and Development solidified commitments to, and mapped the course for, increased Indigenous participation in development through such efforts as the Rio Declaration (1992), Agenda 21, the Biodiversity Convention and the Intergovernmental Forum on Forests' (1997) sustainability criteria and indicator initiatives (Smith, 1998, p.327).

With respect to Indigenous People and their communities, national governments and international development agencies have increasingly adopted more participatory economic development strategies such as Community and Aboriginal Economic Development (CED/AED)(Nutter and McKnight, 1994; Nthomang and Rankopo, 1997; Shragge, 1997).

CED can be viewed as a multi-dimensional approach to economic development that specifically addresses social issues and local empowerment. The central appeal of CED approaches are that, on one hand, they promote status quo objectives for economic development, yet retain and facilitate the prospect of locally controlled and adapted economic systems. Thus, CED involves empowering people to participate in the institutions and economic fabric of the modern economy in the context of eventual self-determination (Stein, 1997). Aboriginal Economic Development (AED) is distinguished from CED in that cultural and traditional activities make up central components of socioeconomic capacity-building strategies (McLay, 1993). Promotion of language, traditional activities, and culture are considered as crucial to promoting lasting economic development in many Indigenous communities, as are matters of skills development, education, job readiness programs and so on (Skinner, 1997).

Forestry joint ventures

It is difficult to determine the exact number of forestry joint ventures in British Columbia and beyond. In studying formal international joint ventures, Mariti and Smiley (1993) noted the difficulty in quantifying exact numbers of co-venturing firms using collaborative agreements. As most agreements tend to be privately arranged when and where needed, there are few official, up-to-date records of them. Second, compared to more-used business structures such as the corporation, very little study of collaborative agreements has been carried out (Mariti and Smiley, 1993; COFI, 1994). With respect to forestry joint ventures in British Columbia (BC), Cradock (1998) observed a general increase in the number of Industry collaborations with Indigenous People by quantifying the frequency in which they were mentioned in popular media and government policy statements.

Despite having little concrete indication of the number of forestry joint ventures, it is apparent that significant changes in international policy and legal interpretation have created an environment conducive to their expansion. For governments of less industrialized countries and international development agencies, the United Nation's Food and Agriculture Organization introduced the 1985 global tropical forestry strategy; now known as national forest programmes (FAO, 1996). The strategy envisioned a sustained reduction in poverty by stimulating local stewardship opportunities for impoverished citizens through such activities as sharecropping-type plantation schemes, collaborative forest-based activities and joint ventures (World Resources Institute, 1985).

Although highly influenced by international conventions, promotion of forestry joint ventures in Advanced Industrialized Countries (AICs) is largely the result of recent advances in legal recognition of Indigenous rights and interests in lands and resources. In the commonwealth countries, determinations such as Canada's Delgamuukw (1997) and Australia's Mabo (2) (1992) have set legal precedent to stimulate national governments to

renegotiate their social, political and economic relationships with Indigenous People (Kauffman, 1998). Since the early 1990s, the BC Government's response to emerging Indigenous rights has involved incentives for industrial collaboration through such means as the provision of access to timber supply through the Ministry of Forests (MOF) Small Business Forest Enterprise Program (SBFEP), financial backing and training support. (BC Government, 1991).

Major companies and multinational corporations have, in turn, responded to both international conventions and legal uncertainties created by rights litigation by becoming more receptive to collaborative ventures with Indigenous People. In Canada, forest companies are increasingly providing concessions to and/or drafting specific policies for First Nations (Sloan & Hill, 1995).

Forestry joint ventures are occurring most prolifically in the aboriginal rights-respecting countries of New Zealand and Canada. In the former, collaborative forestry ventures are an increasingly desirable economic strategy for a great proportion of Maori interest lands that are unsuitable and/or marginal for the purposes of agriculture or pasture. Out of a total of 1.3 million hectares of Maori lands held in common, it is predicted that the amount committed to forestry will likely double from 260,000 hectares in 1993 to approximately 560,000 hectares over the next 50 years (NZ Forestry, 1996, p1).

In Canada, the BC and federal governments have widely promoted forestry joint ventures since the early 1990s as a progressive means of promoting aboriginal economic development (BCGov't, 1991; INAC, 1997; HRDC, 1998). A majority of BC First Nations have stated interest in pursuing forestry as an economic development strategy (COFI, 1994). Furthermore, many see joint ventures as a means to build member and organizational capacities to participate in the global economy (NITA, 1993; Cradock, 1998)

British Columbia has entertained the bulk of forest industry collaborations and joint ventures in Canada. The last decade has seen the unprecedented emergence of business joint ventures in cutting-edge, value-added wood manufacturing such as engineered structural components, finger-joined/laminated timber and paper products. In addition to joint ventures there are a whole host of less formalized contract, management and other relatively long-term business arrangements (Lewis and Hatton, 1992).

Despite ever-increasing adoption of Indigenous-Industry joint ventures, very little research has been carried out to explore the implications (COFI, 1994). The available Canadian literature surrounding joint venture implications tends to deal with issues such as capacity-building and economic development in a highly generalized manner. Brubacher (1998a) employed several case studies to develop a very simple assessment framework to analyze factors of success and failure in joint ventures. Anderson (1999) viewed joint ventures in Canada as representing an Indigenous inspired economic development strategy for improving the capacity of leaders in the Indigenous civil sector to both better articulate community concerns and to strategically negotiate and plan socioeconomic developments. Cradock (1998) considered joint ventures as a critical component for First Nations to maximize global economic opportunity in a re-emerging aboriginal political economy. Lewis and Hatton (1992) commented on the potential of joint ventures to provide additional economic and social benefits as compared to simply jobs, equity and income typical of customary industry activity with First Nations. Case study examples of First Nation-Industry joint venture-type partnerships abound in such media as business development conference proceedings, magazines, association publications and government documents.

Approach

This thesis sets out to examine how forestry joint venture partnerships with industry contribute to aboriginal economic development. The broad questions posed are: How do such economic partnerships build the capacities of Indigenous People for economic development? Are broad Indigenous expectations for capacity-building met through economic partnerships?

In this thesis I address the goals through the following objectives:

- To situate aboriginal economic development in the context of mainstream economic development by exploring theoretical and applied approaches.
- To explore Indigenous and natural resource development policy regimes involved in the cases of New Zealand, Australia, Canada and the Province of BC for commonalities with respect to private sector-Indigenous partnerships as an economic development strategy.
- Establish whether formal forestry joint venture examples from BC involve major capacity building components as outlined in AED/CED literature and explore how they contribute to relative successes.

The inspiration for examining AED capacity-building in the context of Indigenous-Forest Industry economic partnerships is twofold. First, given BC examples of partnerships established through joint ventures, it seems the right mix of government incentives, and legal and political recognition of First Nation rights may guide similar phenomena in natural resource development in an international context. Second, as partnerships are popularly deemed an appropriate and empowering component of aboriginal economic development, it is important that the claim be explored. This is especially true in light of commonly held notions that a competitive business is an inappropriate level at which to address socioeconomic development issues (Elias, 1991; COFI, 1995).

A number of methods will be used to explore how joint ventures are building the Indigenous capacities for economic development. In chapter one, I examine broad trends in government and development agency approaches to economic development with Indigenous People. In chapter two, an analysis of policy regimes surrounding natural resource and Indigenous economic development in the varying political contexts of the case countries illustrates the increased importance of private sector-Indigenous partnerships in economic development. Chapter three outlines the methodology used to investigate the thesis questions and justifies the use of a multiple-case study approach. Chapter four examines how a number of joint ventures in BC are developing First Nation capacities for AED. Chapter five provides a discussion of case study implications and recommendations with respect to capacity building in joint ventures and broader policy regimes. Chapter six presents the conclusions of the thesis and suggests some further areas of research.

Chapter One

Approaches to Economic Development with Indigenous People

Definitions

Traditional People, Native, Indian and Aboriginal are often terms interchangeably used to describe people of distinct ethnic and societal background whose occupancy of given areas pre-dates Westphalian concepts of territoriality. With respect to the people this thesis is geared towards, I will use the term 'Indigenous' or 'Indigenous People'. This term is adapted from a Canadian legal term of Aboriginal People as "...the descendants of most of those who have inhabited the land since time immemorial..." (Pointing as cited in Brubacher, 1998b, p.1). The term 'Industry' refers mainly to large corporate entities, especially multinational corporations.

Approaches to Economic Development

As will be discussed, prior to recent community-centric approaches to economic development for Indigenous People, government approaches centred largely on assimilating local people into national economies. Early approaches focused on social and cultural assimilation while later forms centred on economic assimilation.

In the early twentieth century, national governments commonly believed that the barriers to economic development of Indigenous People were rooted in their general lack of formal education and conformity to western social norms (Innis, 1962; Armitage, 1995; Ferro, 1997; Frideres, 1998). Participants at the 1961 Native Welfare Conference of Federal and State Ministers in Australia put forward this definition which captures the official stance many governments world-wide held regarding the development of Indigenous People:

“The policy of assimilation means that all Aborigines and part-Aborigines are expected to attain the same manner of living as other Australians and to live as members of a single Australian community, enjoying the same rights and privileges, accepting the same customs and influenced by the same beliefs as other Australians” (Australian Law Reform Commission, 1986, p.37).

Given such sentiments, many governments developed socially disruptive policies that paved the way for assimilation to impact Indigenous People in a far-reaching, systematic way. Under legislation such as the Indian Act (1876) in Canada and ‘Protection of Aborigines’ Statutes (1869-1909) in Australia, dramatic methods of assimilation such as removal of Indigenous children from their parents and banning of traditional customs were implemented nation-wide (Armitage, 1995, p189-190).

Around the 1970s, governments and aid agencies abandoned outright assimilation policies in their attempt to promote economic development of Indigenous People. This change can be attributed to both emerging international consensus popularized through United Nations and development NGO initiatives, and the failure of previous policies to significantly improve economic conditions for Indigenous People (Bodley, 1988). As social assimilation policies of economic development began to wane, a more subtle form of assimilation replaced them: economic assimilation. From a sociopolitical perspective, Indigenous People were no longer considered people to be converted into national majority cultures, but rather as ethnic minorities in multi-cultural nation-states. Armitage (1995) uses the term ‘integrationist’ to describe the general approach to economic development where Indigenous People are officially allowed to retain their ethnic culture and identity but are expected to integrate into the larger economy. Early integrationist policies in both case and LIC countries were characterized by a two-pronged strategy: self-sufficient national economic growth and an increased focus on development of rural regions and people (Elson, 1997). Policies generally promoted the most efficient economic entrepreneurs, usually large

corporate bodies, to invest in the development of rural resources - particularly in energy and natural resource exploitation. There was overall confidence that prosperity in larger national and regional economies, in terms of burgeoning opportunities, high wages and relatively long-term jobs, would also stimulate economic development in the communities of Indigenous People.

Although large-scale industrial developments greatly stimulated both local and national economies, they failed to provide an overall sustained improvement for Indigenous People. In many cases, employment opportunities - dependent on the magnitude of the resource to be exploited - were relatively short-term (Page, 1986). Further, many employment positions made available to Indigenous People eventually fell into the hands of non-indigenous workers who adapted better to the routine of industrial work schedules and/or possessed more education/skills (Frideres, 1998). Expected economic spin-offs failed to materialize within communities as such activities as service contracts were often awarded to more competitive, outside businesses rather than to Indigenous People who, in general, lacked critical entrepreneurial skills and/or investment capital. When available, training and education programs were mainly geared to getting Indigenous People into the blue collar workforce, and did little to improve Indigenous capacities in strategic economic skills such as management, administration, investment and enterprise (Young, 1995; Brohman, 1996).

Although integrationist policies generally provide acknowledgement of cultural uniqueness, they are heavily infused with a modernization perspective - which is essentially pessimistic about the viability of any Indigenous system of economic organization and assumes that with progress, traditional-based economies will succumb to the most efficient, rational model: western market economy. (Elias, 1991; Anderson, 1998; Fideres, 1998). This assumption continues regardless of the fact that traditional economies have persisted despite

centuries of exposure to the modern economic juggernaut and economists' dire predictions (Brodley, 1988; Elias, 1991).

From an economic perspective, international aid agencies were finding that although integrationist approaches were apparently increasing economic benefits to LICs, equitable distribution of those benefits were lacking. Increasingly, aid agencies began to follow an approach to economic development popularized in the World Bank's famous proclamation 'Growth with Equity' (Elson, 1997). Broadly stated, aid agencies began adopting development strategies that both sustain economic growth and distribute the resulting wealth more equitably. Poorly developed human elements or 'human capital' of societies in poverty were considered major barriers to equitable economic development (Freire, 1993). With provision of basic education and health – 'basic needs' – as the main tenets, development programs moved to directly target marginalized segments of society (Gultung, 1991).

Yet, basic needs programming failed to provide wide spread improvements in economic development. Concurring with recent international development theories of participatory development (Chambers, 1993), rural and small community development theorists have pointed out that barriers to extensive and equitable economic development lay in the lack of local input into and control over factors of economic production (Shragge, 1997).

Community Economic Development

A new focus on a local or Community Economic Development (CED) approach addressed a lack of Indigenous control and involvement in economic development by promoting local input into and/or control of the factors of production. The CED approach espouses targeted, advanced training/education programs to build local capacities to participate in economic development.

CED advocates that local communities be involved in and eventually 'self-determine' the nature of local economic development. The CED approach has typically involved strategies for improving public participation such areas as democratic organizations and meaningful consultation mechanisms, to increase both community control and local economic benefits (Broadhead, 1994). It is clear that creating truly participatory and independent economic institutions in communities stricken with poverty or lacking education is extremely difficult and often subject to failure. Nonetheless, a CED approach anticipates that certain interim institutions such as community land trusts, workers' cooperatives and community financial/business institutions can act as organizational frameworks that help build community member capacities to achieve a truly participatory form of economic development (Shragge, 1997). In the case of Canada and New Zealand, economic institution building largely involved making improvements to existing First Nation reserve administrations and Maori Land Trusts, respectively. In the case of reserve administrations, Canada transferred to them municipal-like authority for social programs in order to promote socioeconomic development '....based on strong self-governing Bands....' (Elias, 1991, p.20). With regard to the Land Trusts, legal changes were enacted to enable individual Maori Freehold Lands to be amalgamated into larger, economically viable communal units (Tester, 1984).

While continuing with methods to improve employment skills of community members, a CED approach emphasizes advanced training and education as critical to overall improvements in economic development. Training must transcend basic education to include strategic business management skills in areas such as accounting, business administration and law (Nthomang and Rankopo, 1997). Popular and motivated individuals within communities are identified as those best able to secure and manage new economic opportunities (Paul Mitchell-Banks, Pers. Comm., March, 1998). Their achievements and

commitment to local economic developments provide positive examples that establish crucial community interest and sense of ownership. Incentives such as scholarships and bursaries for higher education and trade apprenticeships are made available to both improve motivated members' skills and to encourage other local members to pursue advanced education.

Once organizations and human capacities are developed, economic means and recognition are required to give them meaning and the ability to effect change on behalf of the community. Without equity stakes in, and control over, economic developments, it has been difficult for Indigenous People to obtain any significant degree of influence over developments. Various methods have been employed to rectify power imbalances. One popular method is the use of legislation and/or codes of conduct requiring governments, industry and aid agencies to consult with local people before developments proceed (BC Gov't, 1991; Young, 1995).

Despite the progressive nature of the CED approach sustained improvement of economic conditions in Indigenous communities has often failed to take hold. One reason for this lack of effectiveness is that the CED approach, as applied, rarely addresses core theoretical CED principals. In his examination of CED literature in North America and Europe, Fontan (1993) suggested that applied approaches tend to be used according to a 'liberal' perspective. In a liberal perspective, capacity-building elements of CED are applied not with the intention of empowering communities to take charge of economic development, but rather to reduce socioeconomic barriers to the continuance of status quo, private-sector economic development. In this sense, such development approaches could be considered subtly integrationist and therefore antagonistic to CED goals and objectives for self-determined development.

Ultimately, commonly applied CED approaches do not adequately address Indigenous desire for self-determination. CED approaches tend to promote limited self-governance

within established frameworks of national or local governance. The form of self-determination widely embraced by Indigenous People is reflected in a statement made by the Council of the Canne River MicMacs and Innu Nation Board of Directors in 1995, “..As a principal and practice....Self determination [as opposed to self-governance] refers to the right and ability of a people or group of people to determine their own destiny. There must be a legal, political and structural framework to be ‘sovereign’ and operate as a supreme authority within a defined geographic area” (Human Resources Development Canada (HRDC), 1995, P. 8). This framework for ‘sovereignty’ over an area need not be absolute but can also exist as meaningful co-management or co-governance with national governance (Berkes, 1994; Campbell, 1996).

Aboriginal Economic Development

In light of the inability of applied CED approaches to effect positive economic development in Indigenous communities, Indigenous People themselves have largely promoted the concept of Aboriginal Economic Development (AED) (Young, 1995; Royal Commission on Aboriginal Peoples (RCAP), 1996; Cradock, 1998; Anderson, 1999). Although often considered similar or the same as CED, AED is culturally specific and tends more to embrace the social change aspects of CED as opposed to ‘liberal’ applications (Nutter and McKnight, 1994).

AED addresses an Indigenous desire for self-determination by advocating for their ownership and management of resources and industries. As Indigenous People often lack critical capital and resources with which to obtain ownership, emphasis is placed on methods to establish their rights to lands and resources. Rights-affirming activities include official acknowledgement of status (recognition), negotiation of treaties and establishing proprietorship over traditional knowledge and natural resource uses (RCAP, 1996).

With ownership comes the possibility for meaningful involvement in, and/or control of, governance over areas of Indigenous interests. To make up for lack of capital and business ownership, economic partnerships are sought in both public and private sectors to help establish more Indigenous ownership and involvement in business activities.

A cornerstone of AED is its emphasis on cultural continuity. It suggests that economic capacity building strategies must include a strong cultural component. Accessible educational opportunities in traditional activities, languages and customs help community members re-establish a sense of identity, worth and purpose. A strong grounding in traditional Indigenous economic and cultural activities not only prepare Indigenous People for participation in formal economic activities but allow them opportunity to infuse traditional values and knowledge into such activities (Nutter and McKnight, 1994). Anderson (1999) and Cradock (1998) support this by arguing that it is not inevitable that Indigenous participation in Industry collaborations will result in eventual Indigenous assimilation or incur a state of perpetual underdevelopment and dependency. Rather, there is real possibility for Indigenous forms of economic organization to take root and flourish in the new global economy (Anderson, 1999).

AED promotes long-term, sustainable economic activities that mesh with cultural orientation (McLay, 1993). Activities which are related to or have a stewardship role in the management of natural resources such as forestry, fishing and tourism, are especially acceptable (NAFA, 1997). Further, cultural sensitivity should pervade all development activities such as training and organizational management style.

To address Indigenous concerns over 'appropriate' industrial activities, cultural continuity, marginalized community status and especially the sustainability of economic activities, an AED approach suggests that development activities be guided by needs identified by Indigenous People themselves (RCAP, 1996). Further, developments should be

structured in ways that provide a sense of recognition of inherent Indigenous interests and rights to lands and resources. Recognition can be manifested in a number of ways that include respectful conduct in on-going developments; arranging agreements in ways which avoid compromising higher Indigenous goals (i.e. land claims); and/or providing official acknowledgement of both defined and undefined aboriginal rights. Meaningful recognition also includes consideration of Indigenous partners' conditions of underdevelopment and marginalization when undertaking specific economic activities (Bryant, 1994).

Applications of AED have typically faced problems similar to the CED approach; namely a lack of a widespread transfer of local control and ownership over lands and resources. National governments and private industry are resistant to transferring rights to lands and resources to Indigenous People. Further, many AED approach activities such as progressive joint ventures in the mining sector have tended to impact relatively few Indigenous People and communities. According to Kaufmann (1998) and Young (1995), historic industrial partnership promotions in Canada and Australia were typically enacted only with Indigenous communities immediately effected by mining/petroleum operations of limited geographic scope. Further, equity stakes in such partnerships were often minority shares and/or afforded minimal participation in management of operations.

Joint Venture Partnerships

Over the last decade joint ventures between Industry and Indigenous People have emerged as an important component of AED strategies. Joint ventures link needed employment and economic development with access to such things as financial resources, technical "know-how", on-the-job training and management participation. As compared to the commonly used business partnership which largely shares only profit, McKee (1995) points out that sharing of production output is an important distinguishing feature of a JV.

Production output includes not only capital, but also, important technology and information transfer such as techniques, data, and management experience gained through venture operations.

Joint ventures address fundamental Indigenous concerns over ownership and co-management by providing equity, management responsibilities and technology transfer with respect to industrial and resource management activities (Lewis & Hutton, 1992). In cases where outright ownership is not conferred to Indigenous People, alternative forms of ownership are typically sought. Although development of alternative forms of ownership or tenure for AED are still relatively new and evolving, some examples include long-term land and resource leasing arrangements (i.e. industrial site rentals or housing projects); mining and energy; and forestry resource tenures which do not alienate areas from Indigenous land claims (NITA, 1993; NZ Forestry, 1996; van Hattem, 1998; Foy and Pitcher, 1999).

Equity involvement in joint ventures affords Indigenous People relative levels of co-management responsibilities in such things as shareholder committees, Boards of Directors, and operational management. In such positions, Indigenous People enjoy direct input and, in the case of a Board, rights to a binding vote on broad management decisions.

The characteristic that sets joint ventures apart from previous partnerships is that co-parties share responsibilities according to the spirit and intent of and/or legal requirements in a relationship known as a Joint Operating Agreement (JOA) (Bean, 1995). Admittedly, as the case of the forest industry in B.C. illustrates, the vast proportion of Indigenous partnerships are not JVs by legal definition. However, as I will explore in the following chapters, many JVs are increasingly being carried out according to an informal, if not a formal JOA model.

Although highly dependent on the nature of business activities, JOAs nonetheless are similar in their basic framework: parties are brought together through common goals and

interests to pursue a single, limited project - usually distinct from the co-venturers' main business interests (Revenue Canada, 1995). All parties are co-owners of venture assets with one party acting as a manager, while the supervision of the activities is jointly controlled through an operating committee (Bean, 1995). JOAs also impart fiduciary responsibilities upon venture partners. Broadly stated, such a responsibility requires that all individual partners – especially the dominant operator – relinquish self interest and act for the mutual benefit of the co-owners (Continuing Legal Education Society of British Columbia (CLESBC), 1998, p. 4.1.06).

By establishing fiduciary responsibilities that are legally binding on all parties, a JOA approach addresses disparity in power and influence Indigenous partners may face in a business venture. As arbitration, legal or otherwise, is limited to the terms of the JOA, there is incentive for parties to immediately address potential problems concerning the JV relationship through their JOA negotiations. Without a relationship requiring parties to 'get it right' in the beginning, there may be a propensity to ignore uncomfortable issues such as interests for future increases in Indigenous ownership or management levels, which, if left long enough, may prove disastrous for the long term viability of a business venture. Once a strong JOA is established it can be used as an important framework that partners can refer to in order to solve problems related to unforeseen events such as economic downturns or changes in partner ownership (Bean, 1995; Brubacher, 1998).

Both the JV's successful application as a prominent vehicle for international business ventures and its appeal to those interested in AED are linked to a JOA's ability to incorporate many important non-economic, social and culturally-related considerations through a negotiation process (Battat et al, 1996). Some examples of social-cultural issues that can arise during negotiations include criticism of management style and bias, gender and racial

equity in employment positions, cultural sensitivity/adaptability and any social disadvantages that may inherently exist with respect to a co-venturer.

JVs are not simply a business tool, but also a conduit for government programming. Attempts are made to bundle training and capacity building programs into the 'real' context of a business venture (British Columbia Ministry of Forests (MOF), 1998; Indian and Northern Affairs Canada (INAC), 1998). In such settings, delivered training concepts stand a better chance of being retained by beneficiaries when they are reinforced through hands-on application.

Particularly in the development of natural resources, joint ventures have been embraced by governments, industry and the public as a preferred and popular means of economic development for Indigenous People (Government of BC, 1991; NAFA, 1997; HRDC, 1998). In the countries of Canada, New Zealand and Australia, forestry and non-renewable resources industries have been the most prolific sectors involved in JVs. In many cases, such partnerships have formed spontaneously through private industry and Indigenous initiatives (Sloan and Hill, 1995). Admittedly, JVs have not been widely adopted in countries – especially LICs – where recognition of Indigenous rights and interests are not as advanced as, for example, in the commonwealth countries. However, as the availability of commercially-developable lands unencumbered by communal or native claim shrinks, commercial forestry partnerships such as JVs will become more commonplace (Anderson, 1999; Asiapulse, 1999; Foy and Pitcher, 1999).

Although it is widely acknowledged in the CED literature that JVs are simply components of an overall AED strategy, popular expectations have idealized them as a 'must have' component. In his examination of Indigenous-Industrial partnerships in Canada, Ferrazi (1989) cautioned proponents about the importance of recognizing the value of JVs as means to greater goals rather than ends. In many cases, Indigenous communities focused on

JVs as 'the' economic development strategy and not simply as part of a larger overall strategy. Despite cautions, governments in Canada, especially the Province of BC, have made JV promotion a central component of their AED strategies (INAC, 1997; MOF, 1998). Since JVs are applied in the context of already existing AED program initiatives (and even facilitate their delivery), government promoters seem to imply that widespread promotion of JVs can be seen as a valid or even improved AED approach in and of itself (INAC, 1997).

Others view a JV approach as possibly adverse to AED goals and objectives by putting more emphasis on short-term gains as opposed to longer-term political negotiations to secure outright land/resource ownership and equitable co-management with governments (Berkes, 1994; Campbell, 1996). In fact, a number of north central BC First Nations and non-aboriginal people I talked with during this research felt that JVs did not substantially change existing economic and social conditions. To them, JVs are characterized as 'business as usual' - some First Nation members getting rich, the resource base steadily depleting and progress in land claims and treaties changing little.

This chapter has served to illustrate major capacity-building elements of CED/AED approaches and how they have influenced economic development in the case countries examined. The following list of insights into the economic approaches and capacity building in the context of joint ventures serve to both summarize the main gist of the chapter and provide the criteria with which the BC joint venture case studies will be assessed:

- ◆ Ventures should seek to **maximize levels of Indigenous employment** - including marginalized members of Indigenous societies such as women, the under-skilled and the handicapped.
- ◆ **Local ownership** of productive assets by Indigenous People is key to an AED strategy.

- ◆ Equal or greater **participation in management** should include not only involvement in venture operations but also natural resource management aspects. Participation should extend beyond broad authorities of BODs and into day-to-day operations.
- ◆ Ventures should include widely available and diverse **training opportunities** in such areas as management, business, cross-cultural education, design, and marketing.
- ◆ **Advanced education** opportunities such as scholarships and apprenticeships in technical, business and resource management training should be made available for Indigenous workers.
- ◆ Industry and Indigenous partners should improve relations through **extension of support to cultural and community activities** that develop a sense of community ownership over venture activities.

Chapter Two

Policy Regimes of Natural Resource-Based Economic Development with Indigenous People

The previous chapter examined the trend for economic development programs applied by governments of such countries as Canada and New Zealand, to increasingly incorporate principles of Aboriginal Economic Development/Community Economic Development in approaches to promoting economic development and Industry joint ventures with Indigenous People. However, as the phenomenon of joint ventures in any given nation-state arises from unique historic, sociopolitical, legal and geographic circumstances, a question remains: are the experiences of Indigenous-Industry joint ventures emerging in places like New Zealand and Canada applicable to other nation-state jurisdictions?

To explore the applicability of BC forestry joint venture experiences to other jurisdictions, a policy analysis of Canadian, New Zealand, and Australian government approaches to natural resources and the development of Indigenous People will be elaborated below. In this chapter, I will argue that changing interests and relationships between major stakeholders are resulting in the emergence of new and potentially stable institutional patterns of decision making, negotiation and agreement that highlight increased Industry partnerships with Indigenous People.

Using the concept of government policy environments as an analytical context is appropriate as national governments and their delegated regional authorities (i.e. states, provinces, etc.) are custodians and administrators of legal rights with respect to any nation-state. Industry remains highly dependent on governments for such things as access to resources and setting reasonable regulations for carrying out economic activities. Policy direction in natural resource development is highly influenced by a close relationship

between Industry and governments - whose interests with respect to economic development often run in parallel (Hessing and Howlett, 1997). Governments also play a dominant role in programming for social and economic development for the public and Indigenous People within the nation state.

I first provide a brief introduction to the concepts and components of policy regimes: actors, institutions, and ideas. I then go on to make a closer examination of policy regimes surrounding the utilization of natural resources and economic development for Indigenous Peoples in three countries: Canada, Australia, and New Zealand. From this point I explore commonalities of the policy regimes examined at a national level to those existing at sub-national levels by outlining the particular case of forestry and economic development of First Nations in the Canadian province of British Columbia. I then conclude by arguing that all examined countries demonstrate a newly emerging policy regime that is characterized by enhanced relationships between governments, private industry and Indigenous People.

Policy background

In countries with liberal democratic governments, public policy-making as a problem-solving tool often follows what is known as the policy cycle process: a) problem recognition b) proposal of solution c) decision making d) implementation and e) evaluation (Hessing and Howlett, 1997, p.97). In the case of policies related to Indigenous-Industry economic partnerships, concerns are typically discussed and information shared between central parties or policy actors (i.e. industry, government, Indigenous People, public, etc.) involved in the decision-making process within a particular planning sector (i.e. natural resource development and local economic development). Decision-makers then choose among a number of policy courses-of-action to which they will subsequently attach sanctions in order to ensure compliance. Policies are then implemented through courts and governments until

they are finished or cancelled. Ideally, results of the policies are evaluated against goals and objectives of the original decision-makers (Hessing and Howlet, 1997).

I will use Hoberg and Morawski's (1997) conception of policy regimes – the triad of actors, institutions and ideas - to explore government policy outcomes related to Indigenous - Industry economic partnerships (p.389). Specifically, significant occurrences in natural resources and the development of Indigenous People will be analyzed with respect to prevailing ideas, actors and institutions involved.

The policy regime approach suggests that as policy outcomes are the result of interactions between regime components, a causal relationship exists between policy change and regime component changes. Regime component changes are conceptualized as the result of the intersection of regime actors and institutions of discrete policy sectors (i.e. resource development, Indigenous development). Policy sector intersections are considered to be motivated by two broad means: a) socioeconomic or political disruptions that include what Hessing and Howlett (1997) describe as paradigm shifts, and b) strategic political maneuvering by actors whose actions are largely influenced by ideology and institutional contexts.

I take a traditional pluralist standpoint¹ by viewing actors in natural resource development as industries and their lobby groups; delegated levels of government (Federal, State, etc.) representatives of Indigenous People (Tribal Councils & Corporations, Band Governments, etc.) and publics (NGOs, Lobbies, committees). Institutions refer to characteristic 'inner workings' or structures within regimes such as the manner in which decisions are made in governance systems. Hoberg and Morawski's (1997) conception of regime ideas is similar to Hessing and Howlett's (1997) definition of policy paradigms as the

¹ Where interest and lobby groups are key influences in policy decision making

“...underlying beliefs, values and attitudes connected with public problems and the solutions to them...” (p.101)

As un-alienated public lands make up the majority of national land area in all case countries discussed here, related policy regimes are an important focus of this study. Policies affecting public lands have the potential to touch a large number of Indigenous People, regardless of whether or not they are involved in treaty processes and other agreements.

Natural Resource Development Policy Regimes: Canada, Australia, and New Zealand

Regime Components

As outlined by Dickerson and Flanagan (1988), Australia and Canada share a federal parliamentary system where the authority to govern and establish laws consistent with the judiciary are at a national and regional level. Although Australia's States and Territories have freedom to draft their own legislation and policies, such enactments must be consistent with the national Constitution. With respect to issues of national importance in Canada, Federal Government relations with the relatively autonomous Provinces and Territories are carried out in a more diplomatic fashion through such means as ministerial negotiations and conferences. On the other hand, New Zealand - and the majority of nation-states in the world – has a unitary system of parliament where a sovereign central government delegates by statute, constituent governments (municipal, county, etc.) and/or regional governments.

As ex-British colonies, all three countries' relationships with Indigenous People are historically defined through treaty making and government statutes. Indigenous People emerged with constitutional recognition, limited title to some lands but no sovereign authority. Legal uncertainty surrounding past treaties and rights to public lands have led

governments and Indigenous People to negotiate modern new treaties and re-negotiate unsound old treaties.

Indigenous People² are very unique actors in policy regimes: their socioeconomic status is far below that of non-aboriginals; in BC, Australia and New Zealand they are characterized by below average life expectancies, infant survival, employment levels and higher rates of suicide, family violence and substance abuse (Durie, 1994, p132; Young, 1995; KPMG, 1996, p21). Generally, Indigenous People also suffer from a lack of formal skills and education; In 1994, three quarters of BC First Nation members had not completed high school (COFI, 1994); and 63% of all New Zealand Maori had no educational credentials (Durie, 1994, p132).

Indigenous People are disadvantaged, distinct people whose affairs have largely been dictated by non-local governments (Frideres, 1998). They are largely at the mercy of nation-state governments and majority populations whose interests are often threatened by political and legal advancement of Indigenous rights to such things as resources, title and governance. Unlike public actors such as NGOs, which are relatively independent of governments and can raise private funds, minority Indigenous People often lack financial, institutional and technological means by which to effectively promote their interests.

² Used in this section to refer to the larger linguistic groupings associated with the respective case examples: The Polynesian Maori of New Zealand, the Koori (Aborigines and Islanders) of Australia and the First Nations of Canada.

Industry-Government Policy Regimes

Natural resource development is an important component in all the economies of the case example countries. Although mining and petroleum product development are important economic industries in all countries, forestry in Canada and New Zealand represents an especially important economic activity in that opportunities are available to a greater number of Indigenous People over a wide geographic area. In 1998, mining provided Australia with approximately 36 billion Australian dollars in export earnings (Kauffman, 1998), while natural resources production in Canada represented a trade surplus of 45 billion Canadian dollars (Hessing and Howlett, 1997). Excepting the petroleum industry, the largest primary producer in New Zealand in 1997 was forestry with sales of goods and services of approximately 2.3 billion New Zealand dollars (Te Manau Ngaherehere, 1997).

Prior to the mid-1980s, the main actors dominating natural resource development policy regimes in all case countries were Industry and governments. Government policy approaches were characterized by a paradigm with a focus on self-sufficient national economic development and large-scale resource development schemes in hinterland regions (Elson, 1997). In the case countries, the idea of Indigenous People and public participation in natural resource development had taken root from political and legal influences of the 1960s-70s. Many legal acts and government ministries involved in guiding policy for mining, oil & gas and forestry were reorganized to include Indigenous and local peoples' concerns as well as consideration for environmental impacts (Dixon, Ericksen and Gunn, 1989; Horsley, 1989; Young, 1995).

Although the idea of participation by Indigenous People in natural resources development emerged decades before, meaningful and wide-spread efforts did not really take root until the World Commission on Economic Development's (WCED) conception of sustainable development was widely popularized in 1987. As well as entrenching the ethic of

public participation in resource development in general, the WCED strategy stressed that sustainable development required that Indigenous People - with their knowledge and understanding of the natural environment – be fully included in all future developments (WCED, 1987).

Prior to the sustainable development era, newly developed institutions that included mandates to address the concerns of Indigenous People in natural resource-use were characteristically administered through government agencies and personnel who were pro status quo development and, in general, lacked sympathy for the aspirations of Indigenous People. In New Zealand, modified resources-related acts such as the Town and Country Planning Act (1977) and Mining Act (1971) remained biased against Maori interests as they were administered under the ‘pro industrial development’ Ministry of Works and Development (Dixon et al., 1989, p.148). Australia’s participation-friendly planning and environment legislation was substantially watered down in 1979 in effort to “...reduce the Planning and Environment Minister’s power to intervene in the business of government authorities.”(Taplin, 1989, p.22).

Enhanced Participation for Indigenous People

The early 1990s ushered in a series of new institutions that entrenched widespread Indigenous participation in resource management issues. Under New Zealand’s Resource Management Act (RMA) (1991), resource developers must obtain “resource consents” from local authorities (Regional, District, or City Councils) for access to public lands and resources (Te Puni Kokiri, 1999). Maori interests are specifically considered by local authorities in two ways: first, plans must include written statements as to how local Maori interests will be accommodated. Second, the local authorities have the power to require that developers secure written consent of local Maori who are affected by developments. In

Australia, the Native Title Act (NTA) (1993) requires developers to negotiate with (and in some cases identify) Koori claimants about prospective activities with respect to large areas of Australia lands unencumbered by past enactment (Altman, 1995). Major promotion of First Nation participation in natural resource developments in Canada, not only includes mandated legislation (i.e. Forestry Act (1989)), but also inter-provincial conferences and programming such as the Canadian Council of Forest Ministers' sustainable forestry strategy in 1992 and the Canadian Aboriginal Economic Development Strategy (CAEDS) in 1989 (Natural Resources Canada, 2000). Through the federal conventions, as well as individual efforts, the provinces increasingly required input of Indigenous People into resource use decision-making. For example, land use in BC must be consistent with the requirement of the Forest Practices Code BC Act (1996) for First Nations' input into higher-level planning. The CAEDS program provided support for native capital corporations and made available financing to encourage partnerships and joint ventures between First Nation and non-aboriginal actors in resource development.

The advent of popular concern over environmental degradation and status quo economic development in the late 1980s, resulted in substantial changes in actors, institutions and ideas that dramatically changed natural resource development policies in all of the case countries. For the first time, Indigenous People were considered key stakeholders in natural resource development of public lands.

Indigenous People-Government Policy Regimes

This section examines the progressive involvement of Indigenous People in economic and natural resource development in the three case countries. Through an examination of a series of consequential development programs and activities, this section outlines how

associated development policy regimes characterized by a strong relationship between governments and Indigenous People increasingly involve the private sector.

Actors

Prior to the era of widespread legal and political recognition of Indigenous rights and interests in natural resource development from the late 1980s onwards, central actors involved in policy regimes surrounding Indigenous economic and natural resource development were governments and Indigenous People. Governments have control over two very important determinants in the economic development of Indigenous People: land and resources and the agenda for economic development programming. Government actors vary considerably depending, for example, on how authorities are delegated. In Canada, both the federal and provincial/territorial governments share responsibilities for First Nation interests in economic developments - including those related to natural resources. In the provinces/territories, the federal government holds responsibility for honoring treaties and administering affairs related to First Nations on lands reserved for them. Provinces and territories, on the other hand, have autonomy over natural resources (excepting waterways) and their own government programs for Indigenous People (Young, 1995). Similar to Canada, states and territories in Australia have autonomy over their programming for land use, while the Commonwealth government manages for the interests of all the nation's Koori (Kauffman, 1998). In New Zealand, the central government holds central responsibility for Maori-related policies and administration of all public resources (Conservation Estate) but delegates considerable governing authority to regions and districts (Durie, 1998).

Industry's involvement in this regime is diminished due to the fact that they have little authority over how public lands and resources are used, and respond mainly to market forces as opposed to social concerns.³

The hegemony of governments' role in this regime cannot be attributed to a lack of Indigenous desire to be involved. Self-determined socioeconomic development has long been the agenda of Indigenous People (Elias, 1991; Young, 1995; Durie, 1998). With much of their energies and meager resources directed to petitioning governments and seeking legal help, Indigenous voice and ambitions for economic development were subdued. However, with moral backing derived from developments related to the UN's 'third world' decolonization initiatives in the 1960s, empowered Indigenous advocates went on to secure a number of landmark political and legal determinations (Young, 1995). Determinations that served to elevate Indigenous status as regime actor included: the recognition of Indigenous title to lands and resources in the Calder (1973) case in Canada; the right to contest treaty decisions through New Zealand's Treaty of Waitangi Act (1975); and the securing of title to reserved lands through the Aboriginal Land Rights (NT) Act (1976) (ALRA) in Australia (Young, 1995; Kauffman, 1998).

Ideas

As touched on in the earlier chapter, the changes taking shape in the 1970s ushered in new ideas and institutions with respect to land and economic programming. First, Indigenous People could no longer be viewed as merely disadvantaged ethnic citizens but rather as a legally distinct people. Emphasis of development programming shifted from promotion of

³ However it is important to note that despite lack of authority over lands, industry invokes powerful political lobbies such as the Council of Forest Industries of BC and the Minerals Council of Australia, to resist any changes to status quo land and resource use designations (COFI, 1995; Altman, 1995)

economic development for individuals to include community and communal options. With respect to land, it was realized that Indigenous People should be more directly involved in contemporary land and resource management, beyond simply that related to traditional practices and ownership. Ideas coalesced to converge into a new paradigm of self-determined economic development for Indigenous People.

Institutions

A number of new institutions evolved as a result of regime changes. In terms of land and resources, the Calder (1973) decision spurred the introduction of the Canada Comprehensive Claims Policy. Negotiations under the policy opened up nearly 600,000 square kilometres of land in the NWT, Yukon and Northern Quebec for potential First Nation ownership (Young, 1995, p.56). In BC, the government made some limited changes to forest tenure arrangement (i.e. Babine Forest Product's Forest License) obligations were modified to include requirements for increased First Nation participation in forestry activities. In Australia's Northern Territory – the home of the majority of Koori - the Aboriginal Land Fund Commission (ALFC) was formed to purchase unalienated public lands under leasehold for Koori purposes. Other states followed suit with such mechanisms as Koori-managed perpetual leaseholds in Queensland and Aboriginal Land Trusts in Western Australia (Young, 1995, p.63). In New Zealand, the Maori Affairs Act (1953) was amended to create Section 483 Trusts⁴ that allowed Maori land owners greater freedom from restrictive government control (Harris, 1997). All new land institutions served to provide Indigenous People greater control over lands and resources which in turn could be used to stimulate economic development.

⁴ Which have evolved into what are now known as Ahuwhenua Trusts

With respect to government economic development programming, institutions changed or were introduced to include more community and communal-targeted options as opposed to those focused on individuals. According to Young (1995), the Department of Indian Affairs and Northern Development's (DIAND's) Indian Community Human Resources Strategies Program (ICHRS) in Canada, moved away from past program emphasis of loans/grants for individual business promotion, to those in human resource development and community-based businesses. From 1975 onward, Australia's Department of Aboriginal Affairs began providing economic support for communal lands acquired under the ALFC (p.107). At the same time, the nationally run and risk-avoiding lending agency, Commonwealth Capital Fund, was decentralized and transferred to the regionally-applied Aboriginal Loans Commission – considered to be more sympathetic to the concerns of local people (p.108).

The advent of international popular concern for sustainable development in the late 1980s introduced further institutional changes to the emerging regime. As touched on in the first chapter, the latest thinking in international development theories which supported more communal and culturally-specific activities proved highly influential in government approaches to economic development programs targeted to Indigenous People. Theories of Community Economic Development (CED) that included aspects of Aboriginal Economic Development (AED) were increasingly incorporated into government programming. Introduced in 1989, the Canadian Aboriginal Economic Development Strategy (CAEDS) combined the efforts of three separate ministries to provide major program focus on human resource development, CED and efforts to derive more benefits from traditionally-used resources such as fisheries. CAEDS also provided funding support and business advice for procuring joint ventures with non-aboriginal partners and for fledgling Native Capital Corporations established in 1984 (Elias, 1991).

According to Young (1995), Australia's Department of Aboriginal Affairs amalgamated with the small-scale business-focused funding arm Aboriginal Development Commission in the late 1980s to form the national Aboriginal and Torres Strait Islanders Commission (ATSIC). With lending assistance for culturally appropriate businesses through the Community Economic Initiatives Scheme (CEIS), social benefits channeled through Community Employment Projects and Regional and Community Planning programs, the ATSIC involved the empowering, decision-making institution of regionally elected Aboriginal Commissioners (p.107).

According to Te Manau Ngaherehere (1995), mid-1980 advances in New Zealand land leasing arrangements advocated by Maori land owners, the Maori Affairs Department and Board of Maori Affairs, created institutions conducive to Maori forestry. Examples of these institutions include 'amalgamated' Maori land leases, such as the Ngati Hine Lease, and Maori Trust-operated corporations, such as Taitokerau Forests Ltd., are examples of such institutions. These institutions provided Maori owners with annual rents, an annual percentage of stumpage on short-rotation plantations (approx. 35 years), stand-tending employment opportunities and the flexibility to use lands for other Maori purposes in the future (Te Manau Ngaherehere, 1995, p.10). In the very important agriculture sector, the Treaty of Waitangi Act (1975) invoked a number of settlement negotiations resulting from investigations into discriminatory and sometimes fraudulent treaty allocations of poorly productive lands to Maori Iwi (tribal authorities) (Te Puni Kokiri, 1999).

Despite the positive changes made with respect to access to lands and resources for Indigenous People, as well as, government economic development programs throughout the 1980s, widespread opportunities for all Indigenous People remained elusive. Much of lands and resources transferred to Indigenous People have largely been restricted to relatively small areas under treaties or other agreements. For example, the percentage of lands controlled or

owned by Indigenous People in Australia and New Zealand consisted of only 13% in 1991 and approximately 6% in 1996, respectively (Young, 1995, p.61; Te Puni Kokiri, 1998a). Furthermore, much of the land, trust and leasing allocations to Indigenous People are of marginal economic value. Seventy-nine percent of Maori land is classed as unsuitable for agriculture, pasture or forestry (Te Puni Kokiri, 1998b). While in Canada and Australia, the majority of land settlement allocations are located in the cold and rocky northern regions and parched scrublands of the Northern Territories, respectively.

Although progressively improving, government economic development programming generally lacked the incorporation of major CED/AED principals and suffered from an overt focus on market-based economic viability. According to Elias (1991) and Young (1995), major components in Canada's CAEDS and Australia's ATSIC programs were geared toward business development loans. Frequent changes in government administrations and the status of Indigenous legal rights in combination with emerging popular conceptions of sustainable development often led to discontinuities in economic development funding, programs and training (Elias, 1991; Young, 1995; Duffy and Stubben, 1998; Frideres, 1998). Even in the more progressive co-management schemes with governments, which were included in the 'modern treaties' of the NWT, and shared-management conservation areas in New Zealand, Indigenous People rarely have equity in decision making authority (Berkes, 1994; Campbell, 1996; Prystupa, 1998).

Indigenous People-Industry-Government Policy Regimes

In the 1990s, a series of compelling legal determinations with respect to Indigenous rights and interests in public lands resulted in an intersection of government-industry and Indigenous-government policy regimes. In Australia, the High Court Decisions *Mabo 2* (1992) and *Wik* (1996), rejected the *Terra Nullius* - 'Land belonging to no one' - argument

which asserts that upon discovery, public lands were immediately under the authority of the Crown (Kauffman, 1998). The decision gave common law recognition to the rights and interests of the Koori, known as 'Native title', over public lands and some pastoral leases. However, in the event of exigency, 'Native title' can be extinguished; but only through established legislative procedure and due compensation (Kauffman, 1998). In Canada, the legal decisions of *Guerin* (1984), *Sparrow* (1990) and especially *Delgamuukw* (1997) reaffirmed First Nation rights to lands and traditional use (Elias, 1991). Although placing the burden on First Nations to prove occupancy and traditional use for fee simple ownership, *Delgamuukw* (1997) affirmed the existence of (as yet) undefined First Nation rights with respect to traditional uses of public lands and resources; which are not necessarily pre-Contact in nature (*Ibid.*, 1991; *Delgamuukw v. British Columbia* (1997)). In New Zealand, three important legal determinations; *Huakina Development Trust v. Waikato Valley Authority* (1987) and *NZ Maori Council v. Attorney-General* (1987) & (1990) established that the Treaty of Waitangi was binding on legislated acts regardless of whether or not it is specifically referred to in legal documents (Durie, 1998). In all case countries discussed here, recent litigation efforts by Indigenous People have acted to further reduce the certainty of government authority over lands and resources. Essentially, the legal ramifications are such that now many public lands are potentially open to claims by Indigenous People regardless if they live on the land in question, in a city or even outside the country.

Actors

The recent litigation efforts marked the beginning of a merging of Indigenous and natural resources policy regimes. As a result, significant changes to the composition of regime actors began to take place. Since national government assertions of sovereignty over lands and resources are contested by recent litigation, their involvement in the policy regimes

dramatically increased. In Canada, the federal government placed more funds and efforts into already established federal/provincial and territorial interim-measures boards that are designed to address Indigenous land and resource-use concerns during on-going treaty negotiations. Litigation spurred nationally-binding federal legislation such as the Te Ture Whenua Maori Act (1993) for Maori land reform in New Zealand and Australia's Native Title Amendment Act (1997) which affirmed the Koori right to make claim to public lands and pastoral leases under the Native Titles Act (1993) (Durie, 1998; Kaufmann, 1998).

The role of Indigenous People in the policy regime increased not only because of a greater level of political negotiation with governments and private industry, but more so because courts were increasingly making favorable determinations with respect to Indigenous protests of status quo economic developments. Further, aware of past examples of deficient joint ventures and economic development programs, Indigenous People are actively pursuing agreements with a broader range of benefits that include training, education, and shared management (NITA, 1995).

Industry's role as regime actor moved away from an emphasis on a strong relationship with governments to one more inclusive of Indigenous People. The successful First Nation court injunction against logging activities on Mears Island, B.C. in 1989 and the ability for Koori to block mining and exploration through the Native Title Act (1993), convinced Industry that until Indigenous claims were settled, governments could not guarantee secure tenure (Cradock, 1998; ATSIC, 1999). Nonetheless, since governments remain important actors in economic development, the emerging policy regime involves a strong triad between governments, Indigenous People and Industry.

Ideas

The developments of the 1990s served to build upon established ideas and introduced new ones. As touched on in the chapter on CED/AED, ideas surrounding government programming evolved to include more emphasis on cultural activities, training, self-governance and co-management. However, it meant that commonly held ideas, such as 'terra nullius', which served as a basis for sovereignty assertions, necessarily had to change. As it is now clear that legal aboriginal title exists, many of the newly emerging ideas deal with adapting such title into the fabric of society.

One of the most enduring of ideas with respect to lands, resources and government programming is that of partnerships between stakeholders. It is now widely recognized that the existence of aboriginal title affects not only Indigenous People and government but all members of national societies. Two 'partnership' ideas which have received much policy attention are political partnerships between national, regional and Indigenous governments and private sector partnerships (INAC, 1997; ATSIC, 1999; Te Puni Kokiri, 1999). Despite the commitment governments have placed on political partnerships with respect to Indigenous People, much more resources and effort have been directed to partnerships with the private sector. In all three countries, the bulk of budgeting for government programs targeting economic development for Indigenous People is directed to private sector-Indigenous partnerships – mostly in the form of wage subsidies for employment and training and business loans (ATSIC, 1999; INAC, 1999; Te Puni Kokiri, 1999). In New Zealand, the share of Active Labour Market Policy total expenditures devoted to private sector employment-generating schemes increased from 5% in 1985 to 14% in 1996 (Te Puni Kokiri, 1999, p.100).

A statement made in ATSIC's on-line 1997-1998 Annual Report (1998) neatly captures the idea of partnerships in all the case countries:

“...[government] initiatives have been driven by the desire to improve service delivery; harness skills and resources of other organizations – and in particular the private sector; and more effectively link all activities aiming at promoting indigenous economic development.”

Institutions

In all case countries, institutions have increasingly developed to expedite private sector partnerships with Indigenous People in areas of land/resources and government economic development programming. With the enactment of the Native Title Amendment Act (1998), the national government of Australia introduced a series of land use agreement frameworks under the Native Title Act (1993) which specifically reduce bureaucratic restrictions for negotiations between Indigenous People and the private sector, yet ensure that Indigenous People are properly represented and native title not unduly extinguished (van Hattem, 1999).

Under the Te Ture Whenua Maori Act (1993), the New Zealand government continues to support and improve consolidation of small-sized and highly dispersed Maori-owned lands by utilizing various kinds of Maori trusts and incorporations (Harris, 1997). Especially for pastoral and forestry activities, consolidation of Maori lands increase their economic viability and attractiveness to outside investors. Furthermore, in 1996 the New Zealand government opened negotiations to allow the option of joint ventures between Maori and outside forestry interests to buy out government leases on around 50,000 ha of Maori lands stocked with high-value forest plantations (New Zealand Forestry, 1996, p.5).

Outside of direct treaty and land settlement proceedings, governments have developed a number of institutions to improve Indigenous access or control over access to natural resources on public lands. In Canada, federal, provincial and territorial governments began

contributing more resources and effort to previously established 'interim measures' programs that address First Nation interests in lands and resources while lengthy treaty settlement negotiations continue. Interim measures moved away from strictly monetary transfers to include innovative arrangements that provide First Nations with access to raw materials (i.e. short-term forest licenses) that can support economic development (MOF, 1998; INAC, 1999). Newly refined interim agreement boards, such as the Canada-Saskatchewan Common Table, serve to provide a forum where private industry, Indigenous People and government can investigate appropriate economic activities i.e. joint ventures (INAC, 1999). According to Te Tari Kooti (1999), New Zealand's Resource Management Act (1993) was amended in 1996 to establish the non-legal Environment Court mandated to air concerns over access to land for development purposes. In addition to serving as a dispute mechanism, the Environment Court also functions to provide information and clarification to private industry and Maori on such matters as government policy positions and declarations on legal status of activities.

In New Zealand and Canadian 'modern' treaty settlements, a number of government-Indigenous institutions were recently introduced to promote innovative private partnerships that not only produce economic wealth, but also protect Indigenous interests. In the recent Nisga'a Treaty (1999) in BC, an innovative forest tenure agreement allows the Nisga'a First Nation to manage extensive tracts of Crown forest land and collect stumpage from private forest companies on behalf of the Nisga'a and the Crown. In New Zealand, joint ventures have been applied in treaty settlements to widely distribute capital, access to resources, and economic capacity-building benefits to Maori. In the Treaty of Waitangi (Fisheries Claim) Settlement (1992), fishing quota and proceeds related to the Maori-industry joint venture, Sealord Products Ltd., went not only to Maori claimants of traditional fishing areas, but also to inland and urban Maori groups (Durie, 1998, p.158-159). The Maori venture partner of

Sealord, Te Ohu Kaimoana, promoted Maori economic development and education in fisheries through targeted education programs, scholarships and fishing quota leasing arrangements (Durie, 1998).

A number of specific policy institutions have emerged or are emerging to assist the development of and/or delivery of economic development programming through private sector partnerships and joint ventures. In 1997, ATSIC began negotiations with private banks to deliver the business training program, *Getting on With Business* (ATSIC, 1998). While in New Zealand, greater levels of funding have been channeled to private sector organizations for on-the-job and class-based training in transferable-industry skills through the Industry Training Strategy (Skills New Zealand, 1999). In Canada, treaty Interim Measures institutions provide fora for First Nations, governments and Industry to explore joint venture opportunities and to develop and apply innovative training (MAA, 1996; INAC, 1999).

Conclusion

In the three countries examined there is a clear trend of increasing cooperative relationships between Indigenous People and the private sector in policy regimes surrounding economic development programming and utilization of natural resources on public land. In the late 1980s, advances in environmental legislation and policy that stemmed from the World Commission on Economic Development principals of sustainable development, required that the interests of Indigenous People be addressed before development proceeded. Legal clarification of Indigenous rights in the 1990s served to entrench the existence of Indigenous rights to public lands and use of resources in a modern context. In response to the legal changes, both industry and governments increasingly entered into partnerships with Indigenous People that are characterized by elements of cooperative shared management and capacity building.

Forestry Joint Ventures in British Columbia

Until this point the focus on policy regimes has been within a national context. However, the case of forestry joint ventures in BC occurs within a more localized context where provincial and local actors command a greater deal of influence. Thus, this section sets out to draw parallels between arguments suggesting the emergence of new policy regimes at a national level with the case of policy regimes surrounding forestry and economic development of First Nations in BC and the north central region. The historical progression of BC's forest industry and related First Nation involvement is outlined to illustrate a shift in forest-sector related government policies which increasingly involved private sector partnerships with First Nations.

The First Nations of the north central interior region of British Columbia belong to a broad ethnic group known as Athapaskans who have inhabited the areas of the Chilcotin Basin for thousands of years (Duff, 1969). Distinguished by cultural, linguistic and geographic characteristics, Athapaskan tribes in the north central region belonged to three broad nations: Carrier, Sekani and Chilcotin. With the advent of national control by the federal government and later the BC government in the late 1800s, the First Nations were reorganized for government administration purposes. Now, three tribal councils – Carrier-Sekani, Carrier-Chilcotin, and Cariboo - and two independent bands – Lheit-Lit'en Nation and Lake Babine Band – represent the majority of First Nations' communities in the north central region under this study.

Forestry is of major economic significance to the economies of BC and Canada.

Around seventy percent of Canada's total exports in sawn timber originate from BC. In 1997, the wood products industry in BC contributed to about 48 percent, or \$16.8 billion, of total Canadian manufactured shipments (COFI, 1998, p.3.3).

During the late 1800s and early 1900s, the bulk of forest operations were carried out on Vancouver Island and the coastal areas. Advances in small wood sawmilling technology and the emerging pulp and paper sector in the early 1970s prompted a dramatic expansion of large-scale forestry activities in the interior regions of BC. Currently, the production of dimensional lumber, and pulp and paper by large integrated forest companies make up a majority of northern BC forest product outputs destined for the United States, Canadian and overseas markets. More than 40% of BC's total softwood lumber output is produced in this region (NFPA(B.C.), 1998, p.1).

The majority of forest land in northern BC is publicly owned with around 80% managed in large, long-term timber tenures by relatively few integrated companies. The remaining 20% is either private or managed by the government to meet social and economic objectives such as promoting small business, value-added industries and woodlot establishment (NFPA(B.C.), 1998, p.1).

First Nations have a long history of involvement in BC's forest sector. As Knight (1996) points out, throughout the 1800s and early 1900s First Nations were employed in a variety of activities including band-owned hand-logging companies and small sawmills. However, participation of First Nations steadily declined as the forest industry progressed from a focus on numerous timber extraction and basic saw milling operations to integrated land management by large companies involved in high volume production of a variety of forest products (BCGov't, 1991). Currently, 80% of First Nation communities are located on

forest lands, yet First Nations only make up about 2% of the labour force in the forest products industry (NAFA, 1997, p.2).

A number of characteristics of the forest sector evolution are attributed to reduced First Nation participation. Increasingly, available forestry employment moved from localized, outdoor-oriented activities to full-time, centralized manufacturing-type jobs. Manufacturing employment may have been less appealing to First Nations, in general, considering work schedules reflected European-inspired standards such as the working week and holidays as opposed to First Nation conceptions such as working periods and seasonal-based breaks for hunts and other traditional activities. First Nation involvement in emerging capital - and technology-intensive manufacturing activities was increasingly out of reach as a large portion of community members lacked sufficient skills, education, and capital. This can be largely attributed to BC Government resistance to acknowledging First Nation rights to productive lands and resources. Unlike other areas of Canada during the late nineteenth and early twentieth century, BC First Nations never signed treaties with governments. Only relatively small tracts of marginal land were reserved and managed for First Nations by the federal government. Subsequent efforts by First Nation advocates to gain further recognition of rights were actively blocked by BC's Government until the early 1970s when a legal case put forward by the Nisga'a resulted in a landmark Supreme Court decision Calder (1973) (NFB , 1991).

As a result of First Nation inspired litigation, the BC Provincial Government finally committed to participate in the negotiation of 'modern' treaties with First Nations in 1991. Yet, despite the new economic opportunities that treaty negotiations would open, the ability for BC First Nations to widely participate in co-management of natural resources and lucrative forestry and mining activities on public lands, remained elusive. The federal and BC governments continued to take the stance that transfer of fee simple title and/or sovereign

status to very large claimed territories was not possible. Through negotiation, legally established but largely undefined traditional-use rights over claimed territories were to be exchanged for fee simple title to relatively small areas of land, some co-management responsibilities, cash payments, and/or government concessions (INAC, 1996). Particularly contentious treaty issues surrounding resource use were that governments viewed traditional rights as only those related to traditional activities that were carried out prior to European contact. However, court cases such as Guerin (1984), Sparrow (1990) and the recent Delgamuukw (1997) have all re-affirmed First Nation rights in relation to modern resource uses such as timber harvesting.

First Nations in BC are keenly interested in forestry and forest manufacturing opportunities. Out of a total of 196 First Nations (Bands) in BC, 160 have stated interest in pursuing forestry as an economic development strategy (COFI, 1994, p29). Further, First Nations see forestry joint ventures as an important means to build member and organizational capacities to participate in the global economy (NITA, 1995; Cradock, 1998; Assembly of First Nations, 2000)

With respect to economic development, federal and BC government responses to advances in First Nation rights to lands and resources have been to modify programs and policies to improve the opportunities for, and First Nation capacities for, involvement in co-managed, forest-based economic development (BCGovt., 1991). The current Federal Government's program Gathering Strength, includes programs to develop First Nation capacities in fiscal administration (Fiscal Relations Program) and natural resource management (Land Management Training Program) (INAC, 1999, p.25-26). INAC's recent First Nations Forestry Program (FNFP) initiative earmarked nearly one million dollars in 1998 to forest business capacity building in such projects as forestry skills training, forest management plan development and business feasibility studies (INAC, 1997).

In BC, 'interim measures' carried out by all BC Government ministries provide support for such things as First Nations access to natural resources and management training with respect to lands and resources subject to on-going treaty negotiations (MOF, 1998).

Both federal and BC governments have placed much emphasis on forestry joint ventures. According to Nello Cataldo of the First Nations Forestry Program, "A major aim of the program is to encourage joint ventures with off-reserve business partners. The program supports activities that identify, encourage and develop partnership initiatives, negotiation, business and forest management skills"(INAC, 1997, p.1)

Recent political willingness to negotiate treaties and concessions make up key aspects of the BC government's role in stimulating industrial partnerships. Of particular importance is provision of access to timber supplies. Incentives created by government policy, and access to timber supply through the MOF Small Business Forest Enterprise Program's Section 21 Sales greatly encourage Industry and First Nations to collaborate on new economic opportunities. Of special interest to First Nations involved in treaty negotiations is that use-rights under Section 21 Sales (and other MOF tenures) only apply to the timber and not underlying land title; thus, a third party cannot claim title or property rights to areas under joint venture activities.

The most common forms of formal forestry ventures in north central BC revolve around re-manufacturing and related service contract operations. For the purposes of this study re-manufacturing refers to any activity that adds value beyond primary dimensional lumber manufacture, and ranges from resawing of lumber to more value-added finished products such as finger-joined lumber, log homes, wooden I-joists, structural frames, moldings and window-frames. Service contract operations refer to a variety of contract companies involved in such things as logging, hauling, maintenance, and so on.

The ubiquitous use of terms such as partnerships and joint ventures in literature, and the rhetoric surrounding collaborative industrial ventures has made it difficult to clearly define what is meant by the term joint venture. Typical business relationships in industrial forestry partnerships in north central BC are ad hoc, legal partnerships, limited partnerships, joint ventures, and incorporations. Often industrial relationships referred to as joint ventures are not Joint Operating Agreement-type ventures (see Chapter one), but rather some other form of business relationship or collaborative economic arrangement. In fact, most of the First Nations and forest companies I approached during this study were involved in ad hoc collaborations.

A legal agreement that defines a relationship is a critical framework which partners refer to for guidance during operations and unforeseen circumstances. As venture outcomes are highly dependent on business relationships, clear understanding is needed of respective co-venturer rights and responsibilities. Various legal business relationships applicable to BC forestry ventures are described in Appendix 1.

In summary, the policy regime in the BC forest sector has changed from one with an emphasis on the relationship between large forest industry and government that resulted in the marginalization of First Nation participation in forestry, to a policy regime more inclusive of First Nations. With on-going legal clarification of First Nation rights, the BC government has moved to promote Industry-First Nation partnerships by making available timber supply for secondary wood products manufacture.

The emergence of a policy regime characterized by the triad of industry, government and First Nations in BC is congruent with the emergence of similar regimes discussed earlier in this chapter's examination of national government policy regimes in Canada, New Zealand and Australia. The fact that similar policy regimes have emerged in the BC forest sector, as

well as across differing national jurisdictions, suggests that the emergence of similar regimes in an international context is very possible. For international practitioners who may find themselves considering Indigenous-Industry joint venture activities, a study of the positive and negative aspects of BC First Nation-Industry joint ventures can provide important lessons about how future ventures should be approached.

Chapter Three

Methodology

This thesis sets out to explore how joint ventures with Indigenous People contribute to capacity building according to concepts of AED. Specifically, the study examines whether adhering to principles of AED/CED outlined in Chapter One helps joint ventures contribute to capacity building.

Scope

For a number of reasons, the geographic scope of the field research focuses on north central British Columbia. First, the First Nations political economy of BC - a mixture of legally recognized but largely undefined First Nation rights, modern treaty negotiations and government incentives - has created an environment more conducive to the wide-spread formation of industrial partnerships with the forest industry than in any other region in Canada (Cradock, 1998). Focusing on the north central region allowed me to visit First Nations' communities and meet face-to-face with their representatives.

The study area ranges from Williams Lake in the south to Ft. St. James in the north. The communities of Moricetown and Prince George mark the west and east boundaries of the study area. Relatively uniform forest resources and weather conditions characterize the study area. Industries within these areas face similar market conditions as all are located a considerable distance from major urban industrial cores and end-markets.

In general, the nature of both industrial partnerships themselves and economic development in First Nation communities precludes a purely deductive examination of the presence or absence of capacity building components (Merriam, 1988). Joint ventures are highly diverse institutions whose organizational behavior depends on a host of circumstances. Nature and marketability of products produced, size and influence of industrial co-venturers

and training requirements of First Nation employees all vary according to such things as negotiated terms of agreement, on-going relationships between venture partners and product demand. Even if functionally identical ventures (same products produced under the same JOAs with employees of the same community) were to be studied, diversity of such things as individual employee/manager characteristics and market forces suggests that factors could not be analyzed without interpretation according to context.

Similarly, economic development in many First Nation communities does not follow linear concepts according to conventional economic growth models espoused in popularly practiced development theory (modernization). As experience has shown, in international and national development approaches - carried out under conventional paradigms such as modernization - attempts to stimulate economic wealth in communities with differing world views and conditions of underdevelopment does not achieve the expected savings and investment behavior assumed in a western economic growth model (Todaro, 1994). The fact that national governments and development agencies have widely adopted CED and other alternative theoretical approaches grounded in international development theory, suggests an implicit acknowledgement of the nonlinear dimension of economic development in Indigenous and local communities.

Aside from inherent complexity of economic development issues, ventures in BC operate within unique political and strategic business contexts that limit how candidly First Nation and Industry representatives will provide information. Thus, the use and comparison of 'objective' factors obtained through experimental means such as survey questionnaires with pre-defined questions will likely not reveal the full dimension of the joint venture phenomenon (Yin, 1994). Further, considering the extensive history of government attempts to assimilate First Nations, and recent concerns over exploitation of Indigenous knowledge/products, First Nations generally have been resistant to providing socioeconomic

data on their communities. Having experienced a dramatic increase in non-aboriginal contractors and businesses interested in First Nation information, communities are especially wary about information they share concerning their joint ventures (Chief Martine Louie, pers. comm., June, 1998).

A major factor limiting a more quantitative approach is that specific details concerning ventures are private, as the JOA is a confidential, legal document. All venture partners approached in this study immediately made it clear that as they are operating in a competitive market environment, the JOA document must remain confidential. However, with respect to First Nation participation and capacity-building, research participants were generally open to discussing and revealing related documentation which illustrated progressive features of their JOAs.

In short, the study is not aimed at only finding out how many ventures use JOAs or incorporate central tenets of AED/CED. Rather, the intent is to provide insight into how AED/CED principles are integrated into ventures and the overall impact ventures have with respect to meeting community-specific goals for AED. Although ventures may exhibit all major characteristics consistent with an AED approach, such as First Nation management participation on BODs and equity ownership, the manner of their application may limit overall effectiveness. For example, there is a big difference between how much First Nation business acumen is developed through management collaboration on a Board - whose scope is restricted largely to broad investment decisions and courses of action - and management collaboration in day-to-day operational matters.

Given the complexity of joint venture variables and the thesis questions posed, which seek to find out how and why joint ventures are addressing capacity building as defined by AED, a case study research design is utilized. According to Yin (1994), the case study

approach is appropriate in situations where questions of how and why are raised in a context in which the researcher has little control over behavioral events (p.6).

Case study research is characterized by the dominant role a researcher plays in gathering and analyzing data. The researcher makes sense of a complex of issues by employing inductive reasoning to interpret factors disclosed through descriptive researching of case example data; which may be obtained through a variety of means including documentation, stakeholder interviews, and observation (Merriam, 1988). Researcher interpretation can help provide insight or expose causal relationships by contextually relating on-the-ground activities to broad theoretical constructs or 'grounding' theory (Ibid., 1988). Rather than examining cases with a rigid, pre-defined framework solely based on theory or historical accounts, the researcher allows information and experiences of the fieldwork process to improve evaluative tools, which provides better understanding about the subject (Yin, 1994). In fact, my initial evaluative framework - based only on business-related literature surrounding JVs and readings in mainstream AED literature - did not fully focus on important components of local First Nation conceptions of AED. Upon discovering, through the field research process, the importance of First Nation ownership and employment opportunities, I changed the evaluative framework to better reflect joint venture experiences.

Two points of major concern are how researcher ethics and subjectivity affect the objective results of the study. The role of the researcher brings up issues concerning the limitations of the case study approach. It is asserted that facts and figures can be interpreted by a researcher to produce results according to preconceived notions or strongly-held beliefs (Merriam, 1988). I have made an attempt in this research to mitigate overtly biased results by utilizing proven case study methodology, informing interview participants of my role as a researcher and providing the reader of this thesis with an indication of my biases (Creswell, 1994). By stating my biases here the reader can be aware of the possible impacts

my bias may have had on this study. My experience is derived not only from an academic review of the issues but also from personally working and living in rural forest Industry and Indigenous communities in northern Saskatchewan, British Columbia, the NorthWest Territories, and Chiapas, Mexico. Self-determined economic development was a topic of central concern in all local communities I worked with. I am not a First Nation member nor attest to know the experiences of First Nation people, but I am convinced that joint ventures represent an opportunity to advance self-sufficient and sustained economic development. In order for joint venture relationships to achieve this, both First Nation and non-aboriginal partners must be prepared to learn from research outcomes.

By following accepted case study methodology with respect to sampling and analysis of data, concerns over objectivity of results due to a researcher's inherent subjectivity can be mitigated. As detailed below, triangulated information obtained from purposively sampled interview respondents; personal communications; background literature; and joint venture proposal documents make up the foundation of this research.

Data Collection

Data collection methodology for a case study allows for multiple techniques ranging from literature and document review to field research with personal interviews, in order to fully explore the thesis topic (Yin, 1994). In this study, information used for examining the case studies was obtained from a number of sources: personal interviews, partnership proposal documents, and available literature on AED/CED. The triangulation method is employed to ensure the validity of the research data collected through the various techniques. Triangulation refers to a process where a specific piece of information is cross-checked with related data collected through other techniques or different informants/information sources within a technique (Creswell, 1994).

Sampling

Given the complex and variable nature of joint ventures, the unknown number of industrial partnerships, and the relatively few Industry-Indigenous ventures in BC that are organized around a legal JOA, 'purposive' case sampling, based on opportunity and researcher limitations, was employed to find the best representative cases. Purposive or subjective sampling is when specific samples best suited to the purposes of the study are selected either through the use of researcher criteria or by the recommendations of knowledgeable contacts. Purposive sampling in qualitative research is considered an acceptable technique when a sample population cannot be precisely defined (Frankfort-Nachmias and Nachmias, 1992). Ventures sought were those that formally involved capacity-building elements characteristic of a model joint venture: a JOA-type legal agreement, Indigenous management participation, transfer of process techniques and technology, and cultural considerations (including on-the job, formal and advanced training opportunities, as well as measures of corporate goodwill).

A majority of the region's dominant forest companies were polled by phone and office visits to inquire about joint ventures with First Nations. From initial contacts, further contacts were recommended with persons and organizations such as First Nation Development Corporations, Tribal Council representatives, and First Nation businesses.

Personal Interviews

A total of 26 structured interviews were carried out with key stakeholder informants that included representatives from Industry, Ministry of Forests, and First Nation economic organizations and Band governments. Interviewees were chosen because of their expertise, willingness to participate and relative accessibility. The majority of interviews took place within the informants' community or place of business.

The interview guide (Appendix 2) consisted of a series of open-ended questions related to major capacity-building themes outlined in AED literature and best-practices case studies. Questions were sufficiently open-ended as to allow for previously unconsidered factors to be identified. Having developed good interviewing skills within a concurrently run research project, I employed hand recorded interviewing techniques as opposed to audio recording. To ensure that the interview guide both appropriately phrased questions and, more importantly, provided information necessary to address the study topic, an interview pretest (Yin, 1994) was carried out with a representative from the Lake Babine Nation in Burns Lake.

Documents

Key documents referred to in the case study evaluations were proposal applications for Ministry of Forests Small Business Forest Enterprise Program timber tenures that outlined timber supply needs and partnership arrangements. Although varying considerably in content and language, proposals included First Nation objectives for employment levels; partnerships; partner commitments; management roles; and facilitation efforts. Informants suggested that concepts described in proposals are consistent with elements of confidential JOAs. In fact, in a JOA I was able to view, details were consistent with information found in the related public proposal document.

Evaluation of proposal documents involved checking to see how well they adhered to the spirit and intent of AED principals covered in Chapter I. By comparing what was set out in proposal documents with actual outcomes, one can also check whether or not adherence to principals of AED may have contributed to relative joint venture success or lack of success.

Chapter Four

Joint Venture Case Examples

The examination of case studies in this chapter illustrates how joint ventures in value-added wood products manufacture between First Nation and Industry, address capacity building of First Nation members and communities. First, selected joint venture cases are separately evaluated and summarized according to criteria previously discussed in Chapter

One of this thesis:

- ◇ **Maximized First Nation employment levels**
- ◇ **First Nation ownership**
- ◇ **First Nation participation in management**
- ◇ **Advanced training and education opportunities**
- ◇ **Support of community and cultural activities**

Then, the outcomes of all case evaluations are examined together within the context of each capacity-building theme (i.e. management participation). Results are then discussed in terms of limitations, implications and conclusions.

As discussed in the methodology chapter, I interviewed a number of First Nation and forest businesses in order to come up with appropriate joint ventures cases to examine. Out of eleven prospective First Nation-Industry collaborations I contacted, only four ventures had formal organizational structures approaching a JOA-type agreement (Table 1). Thus, for the case study examinations I examined the following ventures: Kyahwood Forest Products, Burns Lake Specialty Wood Products , Dezti Forest Products and TI'oh Forest Products.

Table 1. Northern BC First Nations-Industry Economic Partnerships Considered for Case Study Examination

First Nation	Industrial Partner	Location	Venture Type	Case Use?	Reasons
Ft. Babine Band	Pacific Inland Resources	Ft. Babine	Silviculture contracts	no	No formal venture
Moricetown Band	Northwood	Moricetown	Fingerjoined lumber	yes	Joint venture
Cheslatta Carrier Nation	Canadian Forest Products	Southbank	Submerged Logging	no	Not functioning
Burns Lake Native Development Corp.	Babine Forest Products (Weldwood)	Burns Lake	Fingerjoined lumber and housing components	yes	Long running venture
Ne Duchun Forest Products Ltd.	Vanderhoof Specialty Woods/ Slocan Group	Vanderhoof	Fingerjoint lumber, housing components	yes	Limited partnership
Nak'azdli Band	Apollo Forest Products	Ft. St. James	Fingerjoined lumber, I-joists	yes	Limited Partnership
Lheit-Lit'en Nation	Lakeland, Carrier Lumber and Northwood	Prince George	Shingles, silviculture contracts	no	Not continuously operating
Nazko Band	Slocan Group	Quesnel	Lumber mill Silviculture	no	non-JOA structure
Lhatako Dene Nation	Tolko	Quesnel	contracts, management assistance	no	no formal venture
Soda Creek Indian Band	Weldwood	Soda Creek	Log Homes	no	Owned by Pioneer Log Homes
Williams Lake Band	West Fraser and Lignum	Williams Lake	Lumber mill, management assistance	no	Not operating

Case Evaluations

Burns Lake Specialty Wood

Burns Lake Native Development Corporation/Babine Forest Products Ltd.

This case study is based on information obtained through BSW's TSL proposal (360514 B.C. Ltd.(BSW), 1989) and 1998 interviews with Mr. Patrick Kohlo, General Manager, Burns Lake Native Development Corporation; Mr. Wes Boehmer, Manager, Burns Lake Native Logging; Mr. Frank Michelle, Lake Babine Band; Chief Robert Charlie, Burns Lake Band; Barry Metzner, General Manager, BSW; Rod Beaumont, Chief Forester, Weldwood of Canada Ltd., Vancouver.

The history of First Nation collaboration between Weldwood of Canada's Babine Forest Products (Babine) and First Nations of the Burns Lake area began in 1974 following an award of a 1.2 million cubic metre TSL. The collaboration resulted in the establishment of a First Nation-owned development corporation called the Burns Lake Native Development Corporation (BLNDC), and a logging company, Burns Lake Native Logging (BLNL).

BLNDC was established by BC/federal governments and a consortium of local First Nations - Broman Lake Band, Burns Lake Band, Cheslatta, Lake Babine Nation and Nee-Tahi-Buhn - for the purpose of managing revolving investment funds and facilitating economic development. Babine is an integrated forestry company producing dimensional lumber for US and Canadian markets and is majority owned and managed by Weldwood of Canada with 58% of shares, West Fraser Timber Co. with 32% of shares and BLNDC with a 10% stake (INAC, 1999). BLNL is one of three long-term logging contractors harvesting about 112,000 cubic metres of timber annually for Babine. In addition to harvesting, about 10% of their work includes road building and rehabilitation.

Started in 1992, Burns Lake Specialty Wood (BSW) is a specialty wood products mill co-owned by BLNDC at 50% (originally 40%) and Babine which produces housing components (i.e. floor joists and trusses) for Japanese and European markets (Figure 1).

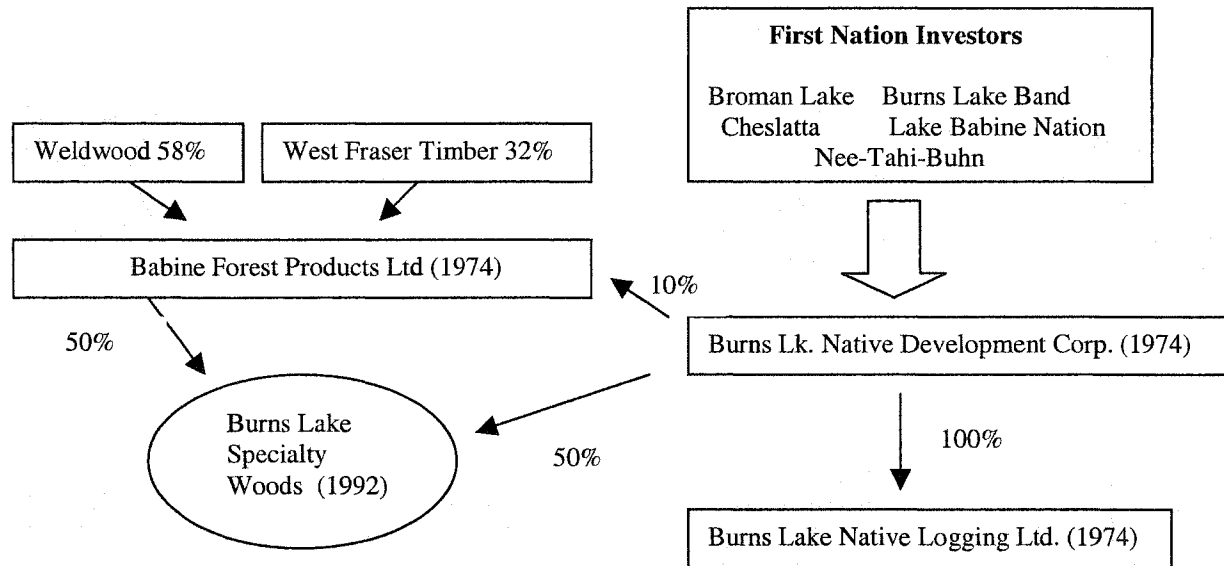


Figure 1. Organizational Structure of the Burns Lake Specialty Woods Joint Venture

Goals

One of BC's first Indigenous-Industry manufacturing related collaborations, BSW's only available public TSL proposal document is sketchy about goals related to First Nation participation and capacity-building (BSW, 1989). Aside from business viability, goals were to provide First Nation employment levels that correspond with population distributions in the community of Burns Lake and "...native equity participation with co-management responsibilities..."(BSW, 1989, p.3). According to Mr. Kohlo, manager of BLNDC, goals of

First Nation stakeholders for BSW have focused on long-term objectives for ownership of operations. Both BLNDC and Burns Lake Native Logging have negotiated increases in harvesting quotas by 70% and in equity ownership in BSW from 40% to 50%. Additional goals identified by BLNDC and BLNL representatives included the need for transfer of technology and strategic management training. Mr. Beaumont, Chief Forester for Weldwood of Canada, also suggested a major goal for BSW and other Weldwood-First Nation collaborations is to ensure continued economic growth and mutual benefits within an emerging political environment where First Nations have substantial influence over lands and resources.

Results

Ownership

As mentioned, BLNDC realized ownership in the BSW industrial collaboration through 50% equity in BSW, 100% ownership in BLNL, and 10% in Babine. However, such ownership patterns have not met overall goals of BLNDC for a number of reasons. First, the First Nation development corporation had hoped to have a greater percentage of ownership in BSW. As stated by Mr. Kohlo, eventual full-ownership of the venture is an important goal for First Nations in the area. Until recently, efforts to increase both BLNDC ownership in BSW and BLNDC harvest levels have consistently been met with resistance by Babine and Weldwood.

Judging by the responses from members of the Babine Lake Nation, Burns Lake Band, BLNDC and BLNL, the Burns Lake Specialty Wood collaboration lacked a sense of community ownership. According to informants, negative perceptions can be attributed to a resistance by Babine to renegotiate the partnership agreement to reflect advances in

recognition of First Nation rights. Also, unresolved differences between individual First Nations collaborating in BLNDC and BSW, created significant division amongst community members. Chief Robert Charlie of the Burns Lake Band strongly voiced his discontent with BSW as an investment for the Band. Furthermore, BSW provided poor capital returns to the Band and employed very few of their members. In fact, over the last six years, the involved Bands have received almost no dividends from initial investments in the millions of dollars (Boehmer, pers. comm., November, 1999). Finally, despite their capital contributions, the Burns Lake Band, as a minority First Nation in the community, had very little say with respect to operational matters in BSW or investment decisions made by BLNDC.

Management

BSW is an incorporated limited partnership, with Weldwood as the general managing partner. BSW is directed by a four member Board of Directors (BOD): three members from Babine and one from BLNDC. Although the Board arrangement allows for First Nation input into BSW, the level of representation is minimal. If a particularly contentious issue arises between Babine and BLNDC, a Board vote can be easily vetoed by the general partner. According to Mr. Kohlo, BLNDC representation should at least reflect their level of ownership in BSW. Management of BSW operations is carried out by Weldwood (Babine) through a designated manager. First Nation participation in management consists of one foreman and two administrative assistants.

Babine assumes the majority of responsibilities for managing forestry plans and obligations with respect to the BSW timber supply. In most cases, First Nation and other BLNL employees have minimal exposure to the techniques used in completing plans.

As asserted by Mr. Kohlo, there is concern that management may not be focusing on viability and future growth of BSW. No significant changes were made to management

approach and the substantial management fees charged despite recent poor performance of BSW. In Mr. Kohlo's opinion, Weldwood's priorities for the BSW venture were more related to guaranteeing timber supply for Babine, than ensuring that BSW was a viable, growing business.

Management Style

Management of BSW is carried out according to a 'team'-approach that Weldwood applies to all its forestry operations. The team-approach sees members of various departments or production teams work together to achieve that particular work unit's objectives. All employees operate in a working environment characterized by equality where advancement is based on merit. Some efforts have been made to provide limited job rotation. However, because employees are unionized, rigidly defined job classifications and seniority rules restrain the flexibility of a team approach.

Despite management efforts, tensions have developed between the First Nation and non-First Nation employees that stem from cultural differences and the fact that Status First Nation employees typically made more money (as their income is not taxed).

Training

Training in BSW includes scheduled and on-the-job training programs. At the beginning, and periodically throughout the history of BSW, governments and NGOs such as the Prince George Native Training Association have been involved in providing employment-entry and advanced skills training. BSW management, on the other hand, has provided on-the-job training, first aid/safety skills, and refresher courses for lumber graders, co-funded by Forest Renewal BC and HRD Canada. Two employees are currently apprenticing as electricians.

Employment

As 35% of BSW's 25 employees are First Nation, original proposal goals for a level of employment representative of First Nation populations in Burns Lake have been met. However, the current level still represents a reduction in First Nation employment, which at the beginning of BSW, was around 50%. As of 1998, respondents suggested that overall interest in providing employment equity to levels commonly attained in newer joint ventures is not a priority of Weldwood.

Cultural Support

First Nation interests are largely represented through BLNDC's participation on BSW and BFP Boards of Directors. However, some community members questioned the appropriateness of BLNDC as a provider of equitable representation for all participating First Nations. A First Nation's voice and respective say in BLNDC's activities largely depend on contribution levels and number of members. Thus, according to Chief Charlie of the Burns Lake Band, the agenda for economic development tends to be dominated by the interests of the area's largest First Nation: the Lake Babine Nation.

Both BSW and BFP provide funds for community projects such as sponsoring sports teams and donating to local charities. However, such sponsorship is directed to the whole community of Burns Lake and not specifically to First Nation members.

Recognition

Similar to other collaborative ventures, it was legally established that BSW would proceed without prejudice to First Nation treaty claims. Proposal documents provide no acknowledgement of possible First Nation jurisdiction.

Informal Relationship

In general, the relationship between Babine and partner First Nations in BSW is antagonistic. Weldwood's initial resistance⁵ to altering original agreements to provide more opportunities and advancement for First Nation interests, has left an impression that the overall relationship is one sided and not geared towards mutual benefits. While Industry partners are finding the conflicting goals and objectives of the First Nation consortium partners difficult to manage.

⁵ As of 1999, Weldwood is renegotiating the terms of BSW with BLNDC

Tl'oh Forest Products Ltd.**Nak'azdli First Nation /Apollo Forest Products Ltd. - Fort St. James**

Information gathered here is based on the Nak al koh's Timber Sale Licence (TSL) proposal document (Nak'al koh Timber Ltd., 1994) and interviews carried out in 1998 with Mr. Merv Work, Operations Manager, Tl'oh Forest Products Ltd. (Tl'oh); Mr. Scott Shettel, General Manager/Director, Tl'oh and Manager, Apollo; Chief Harold Prince, Nak'azdli; and Leonard Thomas, Carrier-Sekanni Tribal Council.

Tl'oh Forest Products is located on the Nak'azdli Reserve, outside the town of Fort St. James. Approximately 150 km northwest of Prince George, the community of Fort St. James is located on the south end of Stuart Lake. Directly employing around 45% of the labour force, Ft. St. James' main industries are in forestry and forest products manufacture (BCStats, 1996).

The MOF's Ft. St. James Forest District administers approximately three million hectares of forest land consisting largely of pine/spruce forests. Major forest companies in the area are Canadian Forest Products and Apollo Forest Products. Established in 1969, Apollo Forest Products Ltd. (Apollo) is a modern, integrated forest products company specializing in wood manufacture, as well as the management and reforestation of its license area.

The Nak'azdli First Nation make up about one-third of the population of Ft. St. James and are members of the Carrier-Sekanni Tribal Council. The Nak'azdli Band Government (Nak'azdli) is the central representative of the Nak'azdli Nation in most political and economic aspects.

After a lengthy period of negotiations, Apollo and the Nak'azdli collaborated to begin the Tl'oh venture in 1993 upon a successful bid proposal for the acquisition of a non-replaceable TSL and Forest License (FL) through the MOF's SBFEP. As a result, a fully-

owned First Nation forest management company, Nak'al koh Timber Ltd. (Nak'al koh) and the jointly owned Tl'oh finger-joined stud and I-Joist mill (Apollo 50% - Nak'azdli 50%) were formed and located on the Nak'azdli Reserve near the town of Fort St. James. The Tl'oh mill remanufactures waste trim blocks from Apollo's milling operations into value-added building components which are marketed both regionally and internationally. Nak'al koh is responsible for harvesting timber allotted under the TSL & FL, as well as, reforestation and forest management obligations tied to the FL. (See Figure 1). Nak'al koh employs 12 First Nation members in their harvesting operation including four involved in forestry planning fieldwork. Tl'oh employs 60 people of which 85% are Nak'azdli members.

Goals

Nak'azdli's goals for the partnership are based on long-standing concerns over providing long-term, local employment options for Nation members. In the early 1990s the Nak'azdli community had an unemployment rate of around 50%, of which youth between 15-27 years old made up a large percentage. Despite the existence of three sawmills in the area, Nak'azdli members made up less than 1% of their workforce (Nak'al koh Timber Ltd., 1994).

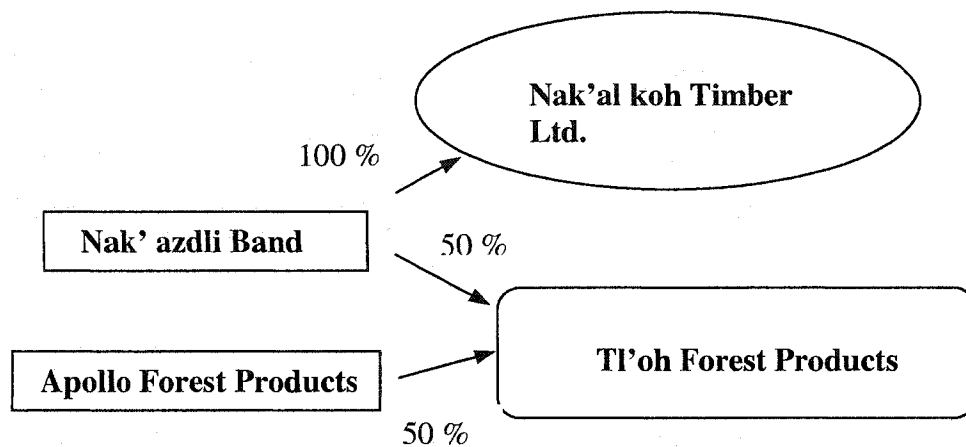


Figure 2. Organizational Structure of Tl'oh Forest Products Ltd. Collaborative Joint Venture (Nak'al koh Timber, 1994, p.3)

The goal for Tl'oh was to ensure First Nation employment in all aspects of the organization from managers and supervisors to floor staff and maintenance personnel. It was hoped that 75% of the workers would be Nak'azdli members with at least one in a supervisor role. With equal opportunity hiring policies it was hoped that women would fill many positions. One member would be trained as a Human Resources Manager. After the first year, opportunities for sponsorship to attend a two year forest products management program at the B.C. Institute of Technology (BCIT), in Burnaby, would be made available to qualified employees. Nak'al koh proposed to employ one person in field-level forest management duties and nine people in harvesting activities.

Results

For the Nak'azdli First Nation, the Tl'oh partnership has developed many forms of ownership. The Nak'azdli are co-owners in Tl'oh and full owners of Nak'al koh. The significance that 'ownership' has for the Nak'azdli is reflected in their proposal to the provincial government for wood access:

"The Nak'azdli Band believes that control of this [TSL] License solely by the Band through the Band's ownership of Nak'al koh is an important step in the progress towards the settlement of outstanding treaty claims (Nak'al koh Timber, 1994, p. 2)."

The partnership has also created a sense of community ownership especially with respect to Tl'oh. Interviewed respondents from both Apollo and Tl'oh commented on the positive community response and sense of ownership with respect to Tl'oh.

As reflected in Chief Harold's words:

"The Nak'azdli have the lead role in the mill. The small business licence is under the First Nation's name. . . . although we are in a 50/50 partnership, the mill is still considered Nak'azdli's mill. It is on our reserve, and our people have the first priority. It is identifiable as our mill." (NAFA, 1997, p.57)

According to Scott Shettel (pers. comm., June 1998), the community's sense of ownership has contributed to both the overall business successes of Tl'oh, high First Nation employment participation rates and low absenteeism.

Management

Overall management direction of Tl'oh is facilitated through a Board of Directors having equal representation from Nak'al koh and Apollo. According to Mr. Shettel, a 50/50 partnership is ideal in the sense that negotiations related to unforeseen circumstances cannot

simply be vetoed by a controlling partner, but rather a degree of consensus is required of both parties before actions are taken.

As part of the partnership Apollo provides a certain degree of management assistance and advice to Tl'oh; largely concerning the management of Nak'al koh's timber tenures. To support Nak'al koh in the completion of forestry planning documents such as forest development plans and road permits, Apollo has made available the assistance of a professional forester for such field-level activities as supervision and inspection.

Management Style

Tl'oh has adopted Apollo's general movement towards employee-centric organizational style. Employees are encouraged to provide feedback and make suggestions concerning manufacturing processes. Employee concerns can be raised directly through shop foremen and during regular safety and training meetings. Concerns raised with foremen are brought up with Tl'oh's manager during weekly meetings. The manager maintains informal relations with all the employees and has stated openness to directly hearing of employee concerns. Employee concerns can be brought up by the manager during monthly Board of Directors meetings.

Training

Employee-wide training initiated through the partnership is largely restricted to on-the-job training, safety meetings and periodic industry-related upgrading (i.e. Workplace Hazardous Materials Information System (WHMIS), etc.) Trained shop foremen oversee job rotation; provide informal training in equipment usage; and answer employee questions into value-added manufacturing processes. The two foremen were sponsored to attend Forest Renewal B.C's Value-added Wood Products Centre in Abbotsford. A millwright is currently

apprenticing with Tl'oh. Further training opportunities, pending qualified applicants, include sponsorship for a two-year, value-added manufacturing program at BCIT in Vancouver.

With respect to Nak'al koh, four members are employed and three members are in training for field-level forest management planning activities required by the Forest License. Further, Nak'al koh partnered with a local forest planning contractor to carry out planning activities which specifically involved training and employment opportunities for First Nation members. The contract company has made available positions in cruising (forest mensuration) and layout (harvest planning) and provides opportunities for First Nations members to job-shadow with staff in active field sites. Technical training - both start up and on-going - was carried out by governments and third parties in association with the partnership. During Tl'oh's start-up, the Prince George Native Training Association, Aboriginal Business Canada (Indian and Northern Affairs Canada) and the Nak'azdli all contributed to a comprehensive training program for Tl'oh employees involving life skills, first aid, lumber grading and initial on-the-job-training. Periodic training in the venture included lumber grading, administration techniques, and safety programs.

Employment

To date over 85% of the 60 employees at Tl'oh are Nak'azdli members with a number of those positions held by women and youth between 18 and 27 years. Two members hold supervisory positions. However, there are currently no members in upper management positions. On the other hand, 100% percent of Nak'al koh's workforce of 12-15 people are First Nation.

Cultural Support

Community interests are represented by Nak'azdli council members who participate on Tl'oh and Nak'al koh Boards of Directors. Company investments in community activities are restricted to common practices of corporate citizenship carried out by Apollo, such as sponsoring minor hockey teams and donating to local charities. Through mutual partner consent, the Nak'azdli have assumed responsibilities for community obligations related to the Tl'oh venture.

Recognition

All legal contracts related to the venture contain clauses stating that activities will be carried out without prejudice to Nak'azdli treaty claims.

Relations

Good formal and informal relations between Nak'azdli and Apollo can be attributed to careful negotiations carried out before operations began, and to Apollo's innovative approach. Beginning in 1993, the Nak'azdli spent a great deal of time negotiating with potential co-venturers, preparing proposals and securing support and funding through government agencies before Tl'oh finally started up in late 1995 (NAFA, 1997, p.71). Apollo made substantial efforts to facilitate the Tl'oh venture. Aside from technical cooperation in

the proposal, negotiation and agreement development stages, Apollo's commitment to the Nak' azdli's wish for community involvement, secured their proposal over three other rival corporate venture bids.

Dezti Wood Ltd. - Industrial Partnership between Plateau Forest Products/Vanderhoof Specialty Wood Products Ltd.

This case study was based on information obtained through Dezti's TSL proposal (Ne Duchun, 1994) and personal interviews carried out in the summer of 1998 with former-Chief Jacqueline Thomas, Saik'uz Nation, Stoney Creek; Kate Morin, Nadleh Whut'en Economic Development Officer, Ft. Fraser; Ted Anthony, Manager, Plateau Forest Products, Vanderhoof; George Lacerte, Director, Ne Duchun Forest Products, Vanderhoof (Pers. Comm., Jan. 1999); and Del Blackstock, Carrier-Sekanni Tribal Council, Prince George.

Located 100 kilometres west of Prince George, the Dezti venture is within the jurisdiction of the MOF Vanderhoof Forest District which administers approximately 850,000 ha of pine/spruce forest lands with an annual allowable cut of around 1.7 million cubic metres. Sixty-four percent of the cut is allocated to four large mills in the Vanderhoof area: West Fraser Sawmill- Fraser Lake Division; L & M Lumber Company; Plateau Forest Products; and Lakeland Mills (MOF, 1997). Forest products manufacture and forestry are the dominant industries in Vanderhoof and directly employ 26% of the workforce (BC Stats, 1996).

The Dezti collaboration began in early 1991 with a Memorandum of Understanding (MOU) between local bands and the MOF as part of increased initiatives related to Treaty interim measures. The purpose of the MOU was to "...increase First Nations participation in planning, management, harvesting and manufacturing in the forest sector." (BC Ministry of Aboriginal Affairs (MAA), 1997). Major developments connected with the MOU included the Dezti specialty-cut mill venture and establishment of a community staffed MOF fire protection Unit Crew.

The major partners in the Dezti venture are Vanderhoof Specialty Wood Products (VSW), Plateau Forest Products Ltd. - Slocan Group (Plateau), and a First Nation consortium company, Ne Duchun Forest Products Ltd. (Ne Duchun). Established in 1989, Ne Duchun was established to facilitate economic activities on behalf of three First Nations in the area: the Nadleh Whut'en, Stellaquo, and Saik'uz.(Stoney Creek). Since 1990, Ne Duchun has been involved in reforestation, tree spacing and seed cone collecting contracts with the Vanderhoof MOF and Plateau. Ne Duchun is responsible for a 20 person, community Unit Crew for MOF fire protection activities, as well as harvesting and timber management of 50,000 cubic metres of timber on their awarded TSL. VSW is a relatively small, specialty forest products mill making housing components which started in 1990. Plateau is an integrated forest company that produces dimensional lumber for a North American market.

A year after the venturers signed a private Memorandum of Understanding in 1993, the Dezti venture was launched. The Dezti facility produces fingerjoined window and door stock and laminated posts, using waste stock from the VSW and Plateau mills. Sawdust and shavings obtained from all partner operations were to be used to produce heating pellets in a proposed wood pellet plant. Ne Duchun has a 51% stake in Dezti while Plateau and VSW equally hold the remaining shares (See Figure 3).

Goals related to AED capacity-building are set out as objectives in Dezti's business proposal. According to the Ne Duchun proposal (1994), a key objective outlined is "...to provide native people with the necessary training and work experience to ensure that they are able to fill as many of the new jobs as possible" (p.13). Dezti proposed to offer right of first

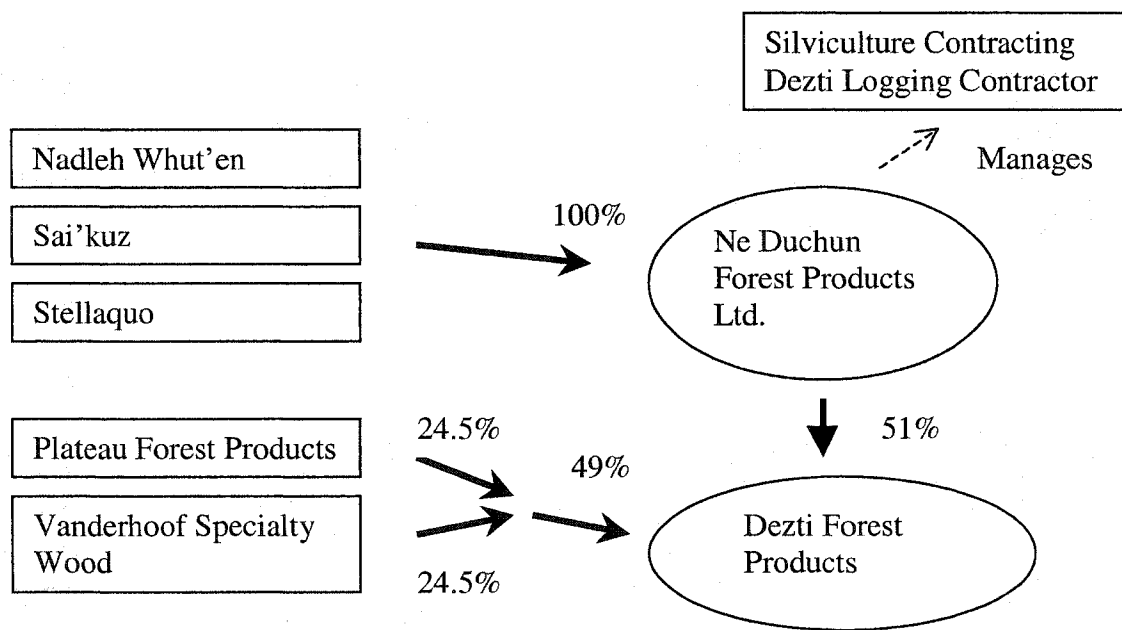


Figure 3. Organizational Structure of the Dezti Joint Venture

refusal to partner First Nations with respect to 50 new employment positions – 44 in the remanufacturing facility and six in the pellet plant. All harvesting and forest management obligations were to be contracted out to Ne Duchun to provide eight full-time equivalent employment positions. Plateau further offered to help Dezti establish a silviculture program to capitalize on such opportunities as site preparation, mistletoe eradication, planting, and tree spacing tied to Dezti's timber tenure. Such work was expected to provide about 4 full-time equivalent employment positions. It was proposed that VSW and Plateau would work with Dezti to coordinate on-the-job training and develop an 'all operations' worker exchange program. On-going safety and industrial training would be the responsibility of VSW and to a lesser degree Plateau. The Slocan Group and VSW committed to provide marketing services and training for the three First Nation representatives on Dezti's management committee.

Results

Ownership

The three First Nations share ownership of Ne Duchun, a principal shareholder, as well as contractor for Dezti. Together, they hold controlling interest in Dezti at 51%. With fewer First Nation members employed as a result of the suspension of a majority of Dezti's operations in 1997 after the Asian market collapse, community perceptions of Dezti are not completely positive. While Dezti was running, the Saik'uz Nation Council were not entirely happy with both their level of participation in management and having to pay substantial management fees while Dezti struggled. After the brief shutdown, Dezti re-opened to begin producing a much reduced product line of building studs. According to Jacqueline Thomas, over the last few years the Saik'uz were covering losses of around \$25,000 per year (pers. comm., 1998).

Management

In the beginning, VSW maintained responsibility for the overall management of Dezti. First Nation participation in Dezti management included representation on the management committee, employment in managerial/supervisory positions and logging/safety committees. Each Nation sent two chosen candidates to be employed and trained in management and supervisory positions, respectively. Due to differences between the Industry partners, management responsibilities were shifted, one year into operation, from VSW to Plateau and then as of 1998, back to VSW. This resulted in the loss of the three First Nation management employment positions. The displaced managers maintained representation on the management committee, but no managerial training materialized. However, according to Mr. Lacerte, the year of collaborative involvement in management

with VSW provided important experiences and lessons for value-added manufacture. With respect to planning and cost estimates, expected conversions of raw materials to value-added products were overestimated as the Dezti plant had lower wood recovery rates than standard lumber mill conversion factors that were used.

Management Style

Under VSW, management followed a team-centred production approach involving job rotation within the Dezti plant. Contracts between Dezti and Ne Duchun were characteristically verbal agreements. Operational concerns were managed by the forest company, while major spending decisions were dealt with by the management committee. Despite a team-centred approach and proposed measures to include/train First Nation members in management positions, overall continuity of Dezti's management approach was substantially disrupted. First Nation management trainee positions were lost, employees subjected to differing management styles, and the proposed innovative employee exchange program failed to materialize. The fledgling Ne Duchun experienced significant management growing pains as they took on an extremely ambitious mandate of assuming business responsibilities not only for the Dezti facility but also for harvesting operations and fire protection/silviculture crews.

Training

HRDC and FRBC provided initial support for employee job readiness and life skills training, as well as on-the-job training in conjunction with VSW and Plateau. However, the proposed 'all operations' worker exchange program which would allow for experienced Dezti workers to substitute-in, at a higher rate of pay, for absent Plateau employees and gain exposure to a variety of sawmilling activities, never materialized. Although Plateau pledged

to provide training assistance, no major programs have been introduced. Aside from initial job-readiness activities, very little subsequent training for either on-the floor or management positions has been carried out. The dissolution of the management committee further represents a loss of First Nations exposure to management activities. No formal apprenticeships or scholarships were made available.

Employment

Except for six positions tied to the proposed pellet plant, Dezti met most proposed goals for employment in the first two years of operation. Within the second year, Dezti employment rose to 68 people. A local First Nation member was established as the central harvesting contractor, employing and sub-contracting the services of 10-12 First Nation members.

Due to the Asian market crisis, the staff was downsized to only 12 people (1998 figure) in the production of a reduced product line of building studs. Expected improvement in silviculture employment through contracts related to Dezti's timber tenure (TSL) failed to materialize as silviculture obligations were carried out by other more competitive MOF contractors, rather than Ne Duchun.

Cultural Support

VSW and Plateau are the main agents for charitable community donations related to Dezti. Aside from considerable contributions to the Vanderhoof community, no charitable programs are specifically targeted to First Nation communities.

Recognition

Aside from a standard legal clause in the venture agreement which states the business will proceed without prejudice to First Nation treaty claims.

Many innovative methods were developed and proposed to develop a positive relationship with First Nations in the Dezti venture. This included management training; majority representation on the management committee; the proposed 'all operations' worker exchange program and general partner commitments to keep a reduced number of people employed despite the major market downturn. However, the loss of substantial First Nation employment and management positions; frequent management disruptions; and the failure of the worker exchange program to materialize have all contributed to strained relations between the general partners and Ne Duchun. Furthermore, the relations between the individual First Nations collaborating in Ne Duchun have increasingly turned antagonistic as concerns emerged about equity in the hiring of First Nation members. According to some First Nation respondents, it was felt that Dezti's hiring and contracting practices were favoring certain Nations over others. Respondents involved in the management of Dezti confirmed the venture had unequal representation of individual Nation members, but suggest that it was largely due to unexpectedly high employee turnover combined with a policy to hire "best qualified" candidates. Regardless of cause, the lack of addressing employment equity issues in Dezti, has led to not only increasing conflict between the collaborating First Nations economic organizations but also respective community members.

Kyahwood Forest Products Ltd. Moricetown Band and Northwood Pulp and Paper

This case example is based on information obtained from the Moricetown Band's TSL/FL proposal (Kyahwood, 1994) and interviews with Mr. Terry LaLonde, Manager, Kyahwood; Ron Mitchell, Band Manager, Moricetown Band; and Mr. Graeme Hynd, Regional Forester, MOF Prince Rupert Region.

A joint venture between Northwood Pulp and Paper⁶ and the Moricetown Band, Kyahwood Forest Products Ltd. (Kyahwood) produces odd-sized and fingerjoined studs for the southern US housing market. Kyahwood is located approximately 30 kilometres west of Smithers in the village of Moricetown which is primarily a First Nation community comprised of members of the Moricetown Band. Together the Moricetown, Hagwilget and Nee-Tahi-Buhn Bands form the larger Wet'suwet'en Nation.

According to the MOF (1994), the Bulkley/Cassiar Forest District in Smithers administers approximately 750,000 ha of diverse forest land; ranging from pine/spruce forest types to higher elevation hemlock/cedar. Accounting for about 44% of all incomes, forestry and forest products manufacture are major industries in the Bulkley-Nechako region. Major forest industries operating in the area are Pacific Inland Resources (PIR), Skeena Cellulose and Northwood.

The Kyahwood joint venture began as early as 1993 with a three-year consultation and proposal writing process carried out between the Wet'suwet'en Nation, represented by the Moricetown Band Council, and Northwood Pulp and Paper, Houston, BC. Upon securing TSL and Forest License timber tenures in 1997, the Kyahwood joint venture and the Moricetown Band-owned logging company, Kyah Industries, were established. The Kyahwood plant produces fingerjoined lumber and specialty housing components, while

⁶ Now owned by Canadian Forest Products

Kyah Industries is the central logging contractor for the awarded timber tenures. The Wet'suwet'en have a 51% and 100% stake in Kyahwood and Kyah Industries, respectively. Around ninety-nine percent of the operation's 56 employees are First Nations members.

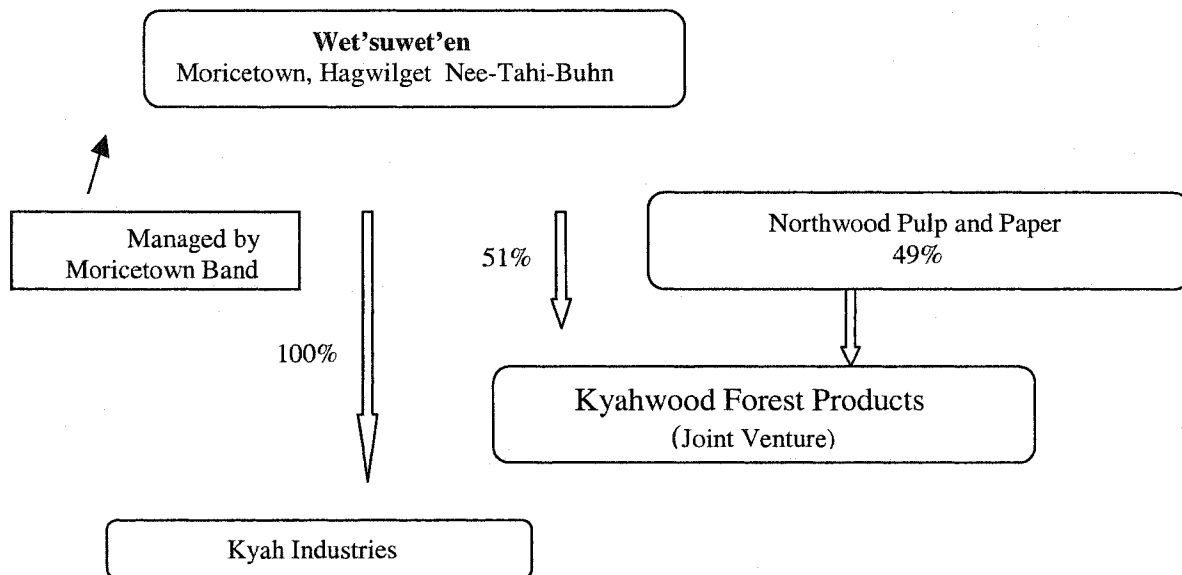


Figure 4. Organizational Structure of the Kyahwood Joint Venture

Goals

Major AED capacity-building goals of the venture are to both "...develop and encourage native employment" (Kyahwood, 1994, p.11) and provide capacity-building training. Goals for First Nation employment levels in Kyahwood were set for at least 90% of formal positions. In order to promote indirect employment opportunities, Kyah Industries and associated subcontractors are offered harvesting contracts with a right of first refusal. Indirect opportunities include subcontracting in trucking milled wood pieces to Kyahwood, as well as silviculture work related to Forest License obligations. With respect to training, partners jointly agreed to share responsibility for costs and procurement.

Results

Ownership

In terms of ownership, the Wet'suwet'en hold a 51% share in Kyahwood and a 100% stake in Kyah Industries. Further, the option is open for the Wet'suwet'en to eventually become sole owner of the venture. Within the community, there is a positive sense of ownership with respect to the venture. Proactive company measures such as on-going consultation with a community council; sponsoring of community social events; and high profile, First Nation symbols on company logos and packaging have all contributed to a positive sense of community ownership of Kyahwood.

Management

Kyahwood collaboration is officially recognized as a joint venture. Specifically, it is a limited partnership qualified by a legal Joint Operating Agreement (JOA). Although the Wet'suwet'en have controlling interest, the parties agreed to equal representation on the BODs and designation of Northwood as the managing, general partner.

A Management Committee with binding decision-making authority was formed from staff equally nominated from Northwood and the Wet'suwet'en to assume operational-level responsibilities in aspects of initial facility construction, plant and tenure management and personnel administration.

The Northwood-designated head manager is privy to concerns brought up in regularly held Clan representative meetings, as well as through an informal open-door policy for employees. By mutual consent, Kyahwood is to be run strictly as a business - with the Management Committee as the deciding authority. First Nation governance is delegated the responsibility for addressing local political issues and advising Kyahwood of community concerns.

Management Style

Although no cross-cultural training was provided for Kyahwood management, INAC-sponsored governance administration courses, covering elements of management communication, were jointly attended by representatives from both the Band and Northwood. The day-to-day management approach is team-centred, involving daily job rotation in floor operations. Safety and crew meetings occur on a monthly and weekly basis, respectively. Although Kyahwood is non-unionized, employees receive industry-standard wages and job flexibility.

Kyahwood's management approach involved significant measures to include cultural concerns. Out of respect for culture-specific, community events, objectives for the annual operating year were adjusted down from 250 working days to 230. In hiring, a volunteer group of First Nation Elders is responsible to pre-screen and recommend prospective community employees. A volunteer social committee was formed to provide input for community events – the first being a community-wide salmon barbecue on Kyahwood's grand opening.

Training

At the beginning of the venture, job-readiness training was sponsored through FRBC in coordination with INAC administration training. Floor supervisors and managers provide

weekly crew meetings and on-the-job training as needed. Periodic safety training programs have been initiated to keep employee certification up to date. Advanced training opportunities are open for interested long-term employees. As of 1998 they had one planer apprentice working with them.

Employment

Employment levels of 99% community members exceeded original goals. Women make up at least 35% of the workforce. However, no suitable candidate emerged for the trucking subcontract. The logging company, Kyah Industries, is currently operating with around ten First Nation employees.

Cultural Support

Kyahwood has demonstrated commitment to community interests in Moricetown by maintaining close council with Wet'suwet'en leaders and targeting charitable donations to the First Nations community. Some activities carried out since 1998 were assistance in building a children's playground, two-Northwood sponsored tours of Kyahwood for local grade five and six students and the community-wide salmon barbecue. Attempts have been made to reestablish a once active Moricetown hockey team.

Recognition

In the formal JOA, specific clauses state that Kyahwood is carried out without prejudice to First Nation claims and treaty negotiations. Attempts have been made to structure the business around cultural practices. If necessary, a partial day shut-down can be carried out to honor an important community event.

All major stakeholders - the Wet'suwet'en, Northwood and provincial and federal governments - partnered to play a key role in the success of Kyahwood. Impetus for the venture began with the Wet'suwet'en petitioning governments to modify available timber supply profiles - tied to their outdated dimensional lumber mill, Kyah Forest Products - in order to allow for a value-added facility, Kyahwood. Much of the proposal generation and negotiation phase of the JOA development for Kyahwood was carried out privately between Northwood and the Wet'suwet'en over a three-year period. Before any on-the-ground operations began both parties wanted to ensure a business agreement which could weather any foreseeable contingency.

In summation, the cases of four joint ventures were individually detailed and examined with respect to how well they addressed capacity building aspects of applied elements of Aboriginal Economic Development. The next chapter provides a summary of the case examinations and goes on to discuss their implications with respect to the overall role joint ventures have in capacity building and broader policy regimes.

Chapter Five

Case Summaries

Drawing on literature surrounding Aboriginal Economic Development in Chapter One and community expectations - as reflected in venture proposal document and case interviews - this chapter explores case-study outcomes to evaluate the contributions of joint ventures with respect to AED and broader policy regimes.

Venture Viability

Out of the four ventures examined only two have maintained 'continuous' operations⁷. In 1998, both Dezti and BSW unexpectedly shut down a vast proportion of their operations in response to major market downturns in Asia. Both ventures eventually reopened with Dezti operating on a reduced staff and product line (building studs). It should be noted, however, that although these ventures suffered temporary shutdowns they did not completely fail or go bankrupt. The backing of the major partners enabled venture facilities and other assets to be retained.

The ability of any economic venture to build capacities is critically dependent on that venture's survival as a business. First Nation economic development is immediately and adversely affected by the loss of crucial direct benefits such as wages and investment capital. But most importantly, First Nation confidence is shaken when businesses fail. In a defunct business, further opportunities for capacity-building in areas of training and management vanish. Even if First Nation participation in share equity and management is initially low,

⁷ A particular venture's definition of continuous operation depends not so much on the calendar year but rather on outlined goals and objectives.

there is future opportunity to renegotiate venture terms in a successful business (Lewis and Hatton, 1992).

Venture Type

All ventures examined were limited partnerships (Annex 1) modified as a result of negotiations between industry and First Nation partners. Although only Kyahwood operated under a formal Joint Operating Agreement, the partnership agreements of the other ventures provided similar protections, rights and responsibilities. The agreements limited the financial risks facing First Nations to their capital investments and not venture assets and associated liabilities. Except for Burns Lake Specialty Wood, the degrees of First Nation representation on management boards were greater than ownership levels. In all cases, the forest companies assumed management responsibilities for the joint venture operations.

Ownership

Two central aspects of First Nation participation in joint ventures were identified as significant to First Nation economic development: current and future levels of First Nation ownership, and difficulties encountered in First Nation consortium forest companies.

All the ventures examined are characterized by a relatively high degree of First Nation ownership. Equity ownership in all ventures is balanced between 50% and 51%. For the First Nations involved in Dezti and Tl'oh, the ventures represents their first ownership stakes in major forest manufacturing facilities. Shared ownership in Kyahwood has allowed the Moricetown Band to revitalize their idled lumber mill into a progressive value-added facility. While stakes in BSW have increased First Nation levels of ownership in forestry manufacturing. All ventures resulted in the creation of fully-owned First Nation logging companies.

Although in many instances, the AED literature (Cradock, 1998; Anderson 1999) suggests that full First Nation ownership of economic ventures is a desired state, a number of First Nation community representatives I talked with, sought collaborative ventures in which financial risks are minimized. According to Lewis and Hatton (1992), joint ventures are useful in that they minimize First Nation exposure to financial risks and liabilities in multi-million dollar ventures. Minimization of risk is especially important to First Nation economic organizations that are relatively new and/or taking on a completely new line of business. In all case examples, large-scale production of specialty wood components is a business in which the First Nation economic organizations and co-venturing forest companies have relatively little experience. As Wilson (1996) points out, specialty wood manufacturers in Canada face substantial risks as markets for products are limited and face stiff competition from well-established European and Asian firms. In the cases of Kyahwood and Tl'oh, First Nation representatives stated that, for the time being, the levels of First Nation equity investment and respective limited liabilities were suited to the degree of risk they felt comfortable with.

Whether or not greater or full ownership levels in forestry joint ventures build capacity for AED largely depends on the longer-terms goals of First Nation partners. For some Nations such as the Saik'uz, who have expressed an interest in future diversification away from a forestry-dominated economy, greater venture ownership levels may not be a priority. Yet, most First Nation representatives hinted that eventual increased First Nation ownership in ventures was desirable.

Except for the Kyahwood venture, there was little indication in proposal documents and interviewee responses of concerted measures to allow for greater First Nation ownership of the ventures in the future. In the Kyahwood agreement, details concerning changes to ownership centred largely on ensuring that existing supply arrangements be maintained.

However, it seems that the norm for agreements in more recently formed joint ventures in BC is to include more detailed options for increasing First Nation ownership levels in the future (NITA, 1997).

It is possible that a First Nation goal for increased ownership levels in joint ventures conflicts with parallel capacity-building goals of minimizing financial risk and increased participation in management. By the nature of the legal agreements used in the case ventures, increased involvement in the management of operations (imparted by greater ownership levels) opens First Nation partners to increased financial and legal risks. As outlined by VanDuzer (1997), a limited partner is subject to losing their limited liability if that partner takes part in the control of the business as opposed to a more advisory role (p.60). Consequently, joint venture ownership levels that minimize risk may be creating disincentives for First Nation groups to pursue greater levels of management participation and ownership. As the Burns Lake venture example points out, management participation and ownership in Babine Forest Products has changed little despite 25 years of First Nation involvement as a limited partner.

Relationships between First Nation venture partners is another aspect affecting capacity building for economic development. In ventures involving First Nation consortia, a great deal of conflict developed between the individual First Nation groups over time. With minority status in the BLNDC consortium, concerns of the Burns Lake Band centred on a lack of say in venture and lending activities. Both the Burns Lake Band and the Saik'uz First Nation were concerned with the lack of equitable hiring and contracting of their members for on-going venture positions and contracts. As the responsible organizations, the management committees of the consortia ended up bearing the brunt of animosity of First Nation partners. As Del Blackstock of the Carrier-Sekanni Tribal Council points out, fledgling consortia, set

up primarily for business administration, are poorly prepared for resolving or negotiating venture-related political issues.

Sources of consortia conflict seem to be a lack of common understanding of rights and responsibilities, especially when unforeseen circumstances affect venture operations. According to proposal documents and respondents involved in consortia for the BSW and Dezti ventures, First Nation rights and responsibilities, as negotiated at the beginning of venture activities, were generally well known to First Nation representatives involved in the consortia. However, when unforeseen circumstances occurred, such as greater-than-expected levels of employee resignation, rights and responsibilities tied to subsequent rehiring were less known. The wider First Nation communities whom the consortia represent may be even less aware of their rights and responsibilities in joint venture activities and/or what benefits are accruing from the ventures if these issues were not properly communicated to them from the beginning.

Management

In the cases examined, First Nation involvement in the management of joint ventures focused on participation on Boards of Directors (BODs), activities of Nation-owned harvesting companies and a number of floor-level supervisor positions. The forest company partners (general partners) carried out management of manufacturing activities and forestry responsibilities tied to timber supply licenses.

Except for the Burns Lake venture, First Nation partners held equal or greater levels of representation on BODs. This representation allowed First Nation partners the opportunity to both participate in management activities and, if necessary, demand consensus in BOD's decision making. As attested by interview respondents who sat on the BODs of Kyahwood and Dezti, directors were involved in exploring many aspects of value-added forest product

manufacturing and management. However, as BODs decision making is often restricted to very broad-level management responsibilities such as major investments and general changes to business approach, First Nation directors who are not directly employed in and/or closely cooperating with venture operations may lack exposure to detailed operational management activities (Volker, 1999). Nonetheless, all First Nation members on venture BODs in this study had at least one representative who was personally involved with venture/forestry operations.

Through their respective forestry companies, First Nation partners were involved in the management of harvesting activities tied to awarded timber tenures. In collaboration with the Industry partner, the forestry companies ensured that all harvesting activities were in compliance with all forest practice and environmental protection regulations. Further responsibilities for forest planning and silviculture obligations were required for those companies issued Forest Licences. However, either the Industry partner or a consulting company carried out most forest management activities. In the Tl'oh venture, an innovative agreement with a local forest planning contractor allowed for the creation of a limited number of field positions for Nak'azdli members and the opportunity for other members to accompany or 'job shadow' during planning activities.

The provision of First Nation supervisor or foreman positions that include opportunities for advancement, which floor staff can strive to achieve, represents a positive step to building First Nation management capacity over the long-term. In all ventures, motivated employees identified and selected as supervisors were involved with various aspects of personnel and process management that included participation in various management meetings and consultations. Educational opportunities tied to supervisor positions in the Tl'oh venture motivated two foremen in the Tl'oh venture to further pursue advanced studies in value-added manufacturing processes. Such advanced management

skills are highly transferable to other managerial positions in a variety of economic activities that may be undertaken by a First Nation (Lewis and Hatton, 1992). Management positions that allow for professional advancement have potential to motivate other First Nation employees and community members to excel and achieve in their work. This is because candidates who have advanced from a floor position to accomplish various management responsibilities and skills development, serve as important peer models and mentors with respect to what is possible for First Nation members to achieve (Nthomang and Rankopo, 1997). But, except for TI'oh, provisions for managerial positions with significant advancement opportunities were not widely implemented in the examined joint ventures.

First Nation venture partners are involved in management of forest resources through their contract harvesting businesses, responsibilities for procurement of timber supply licenses (TSL & FL) and, in the more recently negotiated ventures, administration of harvest and silviculture activities involved with Forest Licenses (FLs). Yet, in cases where First Nations held responsibilities for timber licenses, the Industry partners often carried out a large proportion of their administration. In the case where TI'oh's Nak'al koh Timber held responsibilities for the Forest Licence, the bulk of forest management planning and fieldwork activities were contracted out to a consulting firm. In all ventures, there is little indication of First Nation involvement in important aspects of forest management such as long-term planning of harvesting, silviculture and environmental protection activities; timely preparation of permits and applications; scheduling of field and office duties; and supervision of personnel involved in multiple activities.

It is commonly agreed that increased Indigenous stewardship over forestlands and natural resources is important for sustained Aboriginal Economic Development (McLay, 1993; NITA, 1993; Young, 1995; RCAP, 1996; NAFA, 1997; Prystupa, 1998). If First Nations participating in joint ventures wish to have greater control over forest management

activities in the future, greater exposure to detailed aspects of forest and natural resource management is needed. A central barrier to participation is that the main licensing instrument supplying value-added joint ventures, the TSL, does not entail forest management planning responsibilities. Furthermore, as discussed in the previous section on ownership issues, legal barriers exist with regard to the extent First Nations can be involved in management before they become financially liable. However, within the context joint ventures are operating in a number of improvements could be made to increase forest management involvement. A greater diversity of licenses involving forest management responsibilities should be made available for joint ventures. Aside from entailing greater involvement in forest planning, provision of relatively unplanned licenses would allow for greater management flexibility, as planning and harvesting activities could be better synchronized with Industry partner activities. Added effort can be made to include more Industry and consulting positions for First Nation members that will involve them in detailed aspects of forest management planning.

Training

Training is an important component of all ventures. Employee training occurred at two broad levels: one transitional and the other skills-based. Life skills and other job readiness courses were implemented through such agencies as the federal government's HRDC and INAC, BC Government, FRBC, and the First Nation-managed Prince George Native Training Association. Life skills training aimed to develop skills necessary for a transition from marginal rural, and often subsistence-influenced, economies, to a technical skills-based economy linked to value-added wood manufacturing industries. Often in conjunction with life skills training, skills-based technical training was usually held during the onset of venture operations. Training programs typically involved technical instruction in

machinery operation, value-added manufacturing processes, informal on-the-job instruction, job rotation, workplace safety and first aid.

Out of the four ventures, only TI'oh involved formal opportunities for advanced training and education. This included an FRBC certificate program in value-added wood products manufacturing for two First Nation floor supervisors. An additional scholarship opportunity for a two-year, BC Institute of Technology diploma in value-added manufacture is open for a qualifying First Nation member.

With respect to all ventures examined, there is a general lack of management training for First Nation members – especially in skills for effective participation in BODs, management committees and negotiations. With the exception of the INAC communications course attended by Kyahwood management, none of the ventures involved formal management training for First Nations. Although it was proposed that Dezti would provide training to First Nation members on the management committee, none materialized. Only TI'oh's partnership with a local planning contractor provided First Nation members with formal exposure to field-level forest management duties tied to venture operations.

Although all respondents acknowledged the utility of start-up employee skills training, many suggested that more on-going training should be supported. In many cases, few additional resources were allocated for on-going training as venture partners had not anticipated on-going employment needs. Dezti experienced some production problems and added costs when higher-than-expected employee turnover rates compelled the hiring of new First Nations members lacking essential basic education and life skills training (Ted Anthony, Pers. Comm., Nov. 1999).

To better facilitate training and improve employee screening, it was a common Industry suggestion that an employee pool of potential candidates, with at least a secondary-level of education (Grade 12), be created and maintained in partnership with First Nations,

industry and government agencies. Providing comprehensive training on a person-by-person basis is considered highly impractical for small to medium-sized enterprises (Pers. Comm. Barry Metzner, Aug. 1998). More feasible is the provision of on-going training and skills upgrading to groups of employees who share similar levels of basic education and technical skills needed for the job at hand. Under the administration of First Nation members, a proposed employee pool could facilitate periodic training and skills upgrading for both potential pool candidates, as well as venture employees. Combined employee/pool candidate training would serve to lower training costs and give lower-qualified candidates an opportunity to up-grade their skills.

In most of the cases examined, basic frameworks for First Nation employment pools were already incorporated in venture agreements. Except in BSW, it was agreed that First Nation partners would shoulder responsibilities for selecting and recommending potential employees from the community. However, virtually all pool frameworks suffered from a lack of resources and institutions for basic, on-going and advanced training in value-added forest product manufacturing and human resource development.

In summation, government and general partner support for on-going, capacity-building training for First Nation members (and other employees) involved in the joint ventures tend to focus on start-up activities. There is need for greater long-term, collaborative partnerships between government, Industry, and First Nation partners to provide more on-going and comprehensive training opportunities for venture employees.

Employment

Three out of four ventures met First Nation employment goals as set out in proposal documents. Kyahwood and Tl'oh exceeded their proposed goals for First Nation employment positions; Eighty-five and ninety-nine percent of the workforce in Tl'oh and

Kyahwood, respectively, were First Nation. BSW experienced short-term layoffs in conjunction with temporary plant shutdowns but have since restored employment levels and demographics. Dezti's operation was unsuccessful in achieving proposed employment targets. Except for BSW, First Nation partners raised no concerns over the validity of employment level forecasts in venture proposals. Representative BLNDC stakeholders were concerned over the low percentage of First Nation employees (approx. 30%) and expected employment levels would increase from the 1992 figure to one commensurate with levels commonly attained in recent joint venture agreements.

In terms of innovations for employment practices, Dezti worked to develop a tri-company employee exchange program and a wage incentive system to reduce absenteeism. Although the wage incentive system is still used, the employee exchange program has yet to materialize. In the case examples, it is apparent that innovations in employment practices are linked to venture success.

Tl'oh and Kyahwood invested a great deal of effort in the personnel selection process during planning and on-going stages of operations. These efforts involved incorporating First Nation institutions, such as Elder and Band councils, into personnel management systems within ventures.

Cultural Support

In general, the level of cultural support involved in the case ventures has been minimal. Except for the participation of Kyahwood's management personnel in a First Nation-targeted administration and communication training course, none of the ventures involved any form of cultural awareness courses for non-aboriginal management. Kyahwood took steps to establish an allowance for plant shutdown in response to a community emergency and to incorporate a community institution into management by extending

authority to an Elders Council to assist in the process of employee selections. In the case of Tl'oh, it was agreed by venture partners that the Nak' azdli would be responsible for social and cultural considerations related to the venture.

Both Kyahwood and Tl'oh made use of highly identifiable First Nation symbols in product packaging and venture regalia. Maintaining visibility of a First Nation-inspired venture is important in gaining overall community acceptance and sense of ownership. As detailed in the socioeconomic impact assessment of the defunct Orenda Pulp and Paper Mill collaboration near Terrace, despite many employment and financial benefits accruing to First Nation stakeholders, the venture was ultimately rejected (BDO Dunwoody and Columbia Pacific Group, 1993). Lack of community awareness about the venture was considered an important contributing factor to the venture's eventual demise. In a study carried out with the First Nation community stakeholders, 80% of those surveyed were not aware that a First Nation organization was involved in the venture (Ibid, 1993).

Community Support

In most cases contributions to community events are usually through corporate donation programs of forest Industry partners. Activities ranged from local sports sponsorships to donations for community development NGOs such as the United Way and local food banks. Out of the four cases, only Kyahwood and Tl'oh targeted extra resources to fund local First Nation community activities. Kyahwood sponsored local community events such as the Salmon Barbecue and maintained close contact with an Elders Council. Tl'oh provided a training scholarship open to all Nak' azdli Band members.

In the cases of Kyahwood and Tl'oh, community involvement, through venture-related social programming, was explicitly delegated to the respective First Nations.

Programming examples included both involvement in human resource development of potential employee candidates and funding for general community initiatives.

Recognition

In all ventures, recognition of First Nation rights were largely restricted to legal guarantees that operations would be carried out without prejudice to First Nation claims and/or treaty negotiations between First Nations and governments. Lands utilized for venture facilities remained un-alienated as all are located on federal lands reserved for First Nations.

Aside from the standard legal clauses of non-interference with treaties, none of the agreements provided any acknowledgement or regard for the possibility of First Nation rights to land and resource stewardship. The dominant view among Industry representatives in this case is that treaty and First Nation rights determinations exist as legal burdens (uncertainty of rights) with respect to the management of and investments in Crown Forest tenures. In general, there seems to be a resistance by Industry to accept the possibility of multiple authorities governing lands and tenures. In fact, a policy statement issued by the BC forest industry lobby group, Council of Forest Industries, suggests legal acknowledgement of First Nation rights, other than those related to traditional subsistence and cultural practices, are actively resisted (COFI, 1995).

Many First Nation representatives I spoke with suggested that the overall climate of relations between Industry and First Nations is generally antagonistic. They argue that only now, as a result of legal entrenchment of First Nation rights, or local actions such as blockades, have government and Industry stakeholders moved to involve First Nations in major forest-based economic developments.

Although having largely acknowledged that First Nations will play an increasingly important role in forest management, the Industry has generally been slow to follow the lead

of developments occurring in other natural resource industry sectors. The extensive experience the energy and mining sectors have with respect to collaborative partnerships has led to some useful innovations. For example, by arranging legal agreements that were neutral with respect to stating exactly who the land-use authority was (government or First Nation) - in other words, providing a measure of recognition - the San Andreas joint mining exploration venture in the Northwest Territories was able to proceed on good terms with a Dene First Nation- known for its resistance to third-party development of contested treaty lands⁸ (Pers. Comm., Petr Cizek, Yellowknife, July, 1997).

For capacity building to be effective both First Nation and Industry partners need to develop better a better relationship. As stated by Mr. Anthony, Manager of Dezti's Industry partner, Plateau Forest Products, "No matter how well negotiated a legal relationship is, without good informal partner ties, the sustained operation of any venture is at risk." (Pers. Comm., Nov., 1999)

Local Policy Regimes

So far this chapter has provided an analysis of how capacity-building activities have or have not been applied in the case ventures. However, the relationship between specific activities carried out in the ventures and influences of broader policy regimes is not yet fully clear. This aspect can be considered by examining case study results in the context of policy regime concepts discussed earlier in this thesis.

The analysis of the case ventures and responses from others interviewed for this research reveal a number of innovative changes to institutions and actors involved in local policy regimes that support a trend of an enhanced role for First Nations in economic development and forestry issues. As discussed in Chapter Two, actors, institutions and ideas

⁸ Treaty # 8 and 11

surrounding economic development issues of Indigenous People in the cases of three countries and the province of British Columbia have increasingly evolved to form new policy regimes that are characterized by stronger relationships between industry, governments and Indigenous People.

In the case study ventures, First Nations, governments and forest companies all collaborated as actors in various capacity building initiatives such as training, joint venture negotiations and raising venture capital. In the Tl'oh and Kyahwood ventures, balanced representation on Boards of Directors and Management Committees afford the respective First Nation partners considerable say in management direction of ventures and some aspects of forest management activities on government timber licenses (TSLs & FLs).

Using the example of the earliest negotiated venture, Burns Lake Specialty Woods, as a basis, the particulars of the more recently established ventures demonstrate a progressive change in ideas surrounding local joint ventures. In the more recent venture proposals, less emphasis was placed on 'rate of return on investment' and more on capacity-building aspects such as increased levels of First Nation management participation and employment. In the BSW proposal, details on capacity building barely covered one page while in the most recent Kyahwood proposal they are major report sections. Newer venture agreements proposed to maximize First Nation employment levels as opposed to setting levels that reflected the minority status of First Nation members in the overall community. The ideas of providing training went beyond simple start-up and on-going skills to include advanced training in areas of management and value-added manufacturing.

The change in ideas resulted in the emergence of new capacity-building institutions that increased the involvement of Industry and First Nation actors. Extensive negotiations and detailed proposals, often carried out with the assistance of government resources, have become standard requirements in applying for timber licenses that supply joint ventures. The

increasing use of renewable Forest Licenses, as opposed to temporary Timber Sale Licenses, allowed for joint venture partners to take on greater long-term forest management responsibilities that include silviculture and harvest planning. Employment screening institutions moved away from those only involving the venture management and government-sponsored skills training to include community selection committees and members of First Nation governance.

In general, it is apparent that the First Nation partners involved in the case ventures are increasingly included in policy regimes surrounding local economic development. To a great extent, joint venture establishment has been facilitated by a general improvement in the government and Industry willingness to involve First Nation communities in economic development.

Case Study Successes and Implications

The application of AED capacity-building elements of the case joint ventures are summarized in Table 2. Major factors related to each capacity building element are recorded for each of the joint ventures examined in this study. Elements indicated as either present or not (yes/no) are designated according to how well they corresponded to ideal AED principles and community expectations – as articulated in proposal documents or by community representatives. A simple accounting of positive responses recorded for each venture, in combination with the analysis of case outcomes, allowed for the joint ventures to be broadly categorized by their relative successes. More ideal AED capacity principles were consistently incorporated and appropriately applied in Kyahwood and Tl'oh as opposed to Dezti or BSW.

Table 2. AED Capacity Building Characteristics of Indigenous People-Industry Joint Venture Case Studies (1998)

		Dezti	BSW	TI'oh	Kyahwood
Operational Status		Reduced Capacity	Temporary Shutdown	Operational	Operational
First Nation Ownership	Single Nation	-	-	50%	51%
	Multi-Nation Consortium	51%	50%	-	-
Management Participation	Board of Directors	67%	33%	50%	50%
	Operations Management Committee	Failed to emerge	No	No	50%
	Forestry Planning	Yes	No	Yes	No
Management Style	Culture sensitive approaches?	Some	No	Delegated to Nation	Some
Training	On-the-job	Yes	Yes	Yes	Yes
	Advanced	No	No	Yes	INAC Course
	Managerial	Some	No	No	No
	Apprenticeship	0	1 person	2 persons	No
	Scholarships	No	No	Yes	No
Employment	Met proposed goals?	Partially	Initial goals	Yes	Yes
Community	Community targeted activities?	Indirect	No	Indirect	Yes
Recognition	Of possible First Nation Rights	no prejudice clause only (Treaty)	no prejudice clause only (Treaty)	no prejudice clause only (Treaty)	no prejudice clause only (Treaty)

Implications

Results from the case study examinations confirmed the importance of AED capacity-building elements in the joint ventures that are regarded as relatively successful. Elements deemed important included: continuous venture operation; met employment levels; cultural

considerations; participation of Indigenous People in management; and advanced education and training opportunities.

More important for success, however, is a context of collaborative and enhanced investment surrounding capacity building elements. The successful case ventures, TI'oh and Kyahwood, were characterized by capacity building activities undertaken by both partners that went beyond immediate need for such things as training for venture start up or standard, on-going skills upgrading in first aid and/or lumber grading. The Nak'azdli agreed to volunteer their time and resources to manage cultural concerns arising from the TI'oh venture, while Apollo made available scholarship opportunities for advanced technical education. In Kyahwood, the Elder Council of Moricetown Band contributed their time to interview and consider candidates for employment positions. While Northwood sponsored a grand opening community barbecue and has stated openness to sponsoring further community-specific activities such as local sports teams.

As apparent in the examined cases, the degree to which the partners were willing to further invest in joint venture activities stem from how good the informal partner relations were and an appreciation of the mutual benefits of joint ventures. In the successful ventures, informal relationships were good; with both First Nation and Industry representatives citing mutual benefits as a major factor in motivating joint ventures.

Thus, as a means to encourage and promote enhanced partner investment in capacity building elements of joint ventures, efforts should focus on developing relationships and partner realization of mutual benefits. However, there are difficulties to making broad suggestions on how to improve partner relations, as they are highly personal and context-specific. On the other hand, mutual benefits are a subject both partners appreciate and in which both have an interest. In fact, a majority of interview respondents cited mutual benefits as a major motivating factor stimulating joint ventures in BC.

However, considering circumstances surrounding the case ventures and interviewee responses, it seems that a full appreciation of mutual benefits by venture partners may be lacking. In all formal interviews, respondents were asked about what they felt was motivating joint ventures in BC. According to First Nation respondents, the top three factors motivating joint ventures were, in order of frequency of response: mutual benefits; timber company interest in securing forest license investments; and First Nation activism. Industry representatives identified the following motivating factors: investment security; access to additional wood supplies; and mutual benefits. Aside from 'mutual benefits', a majority of responses had antagonistic or 'self-interest' connotations with respect to motivating factors. Similar motives were suggested by First Nation representatives and local Ministry of Forests staff I informally interviewed (Pers. Comm., Cliff Lebron, Quesnel, 1998; John Gray, Aboriginal Affairs, MOF Prince George Forest Region, 1997). Further, a majority of Industry and First Nation representatives viewed joint ventures strictly as employment-generating business ventures and investments. Although acknowledging that ventures provided opportunities for capacity building, representatives were more commonly concerned with business viability and survival. With significant investments made in, and community jobs depending on joint ventures, First Nation stakeholders shared similar business viability concerns to those of Industry. In fact, the most common criticisms made by First Nation representatives unhappy with their particular venture were with respect to the poor or nil rate of returns on their substantial investments.

If the venture partners were to closely examine present, as well as potential benefit aspects of joint ventures, they would discover that significant mutual interests are being addressed. Ventures are allowing both parties to explore new businesses in value-added wood products whose markets will increasingly play a role in the future profitability of forest industries. As Marchak (1983) warns, forest economies largely based on primary lumber

manufacturing, such as BC's, face certain difficulty as new, cheaper primary sources emerge when vast southern-hemisphere plantations mature in the near future. Forest companies with significant value-added manufacturing capability are better able to capture emerging markets for high-value, engineered wood-products and would be more insulated from effects of the consistent downturns in primary lumber markets (Forest Renewal BC, 2000).

Aside from economic benefits and participation in modern economic ventures, joint ventures also represent an opportunity for First Nations to reduce government control over the agenda of economic development in their communities: a step toward self-determination. As Chief Harold Prince of the Nak'adzli notes, "Joint ventures are providing First Nations a greater sense of control over what happens to their [natural] resources"(Pers. Comm., July 1998). Brian Yellowhorn of the Williams Lake Band suggests that joint ventures are helping devolve authority over natural resource development under circumstances where, despite the rhetoric, government is still hesitant to give up control (Pers. Comm. August, 1998).

Given a better appreciation of mutual benefits, it is in the best interest of both partners to provide enhanced levels of investment in joint venture activities. This is especially true if the parties wish to capture lucrative value-added forest product markets, in which production processes demand a highly skilled, flexible workforce and adaptive production techniques (Hayter and Barnes 1997). Joint venture employees will not only need technical training in workshop and business administration skills but also advanced creative skills in such areas as marketing, product design and dynamic employee organization. Making mutual concessions through enhanced investments, even if relatively minor in nature, go a long way to developing a positive working relationship. With strong commitment on behalf of both partners, it is possible to find the means to implement more costly and time consuming capacity-building activities such as advanced creative training.

Chapter Six

Conclusions and Recommendations

A goal of this study has been to examine how joint venture arrangements address capacity building for Aboriginal Economic Development (AED) in Indigenous communities. Insight is drawn from both literature and case examples to provide recommendations of how to improve joint venture arrangements for optimal AED capacity building.

In order to meet the stated goal a series of objectives were set. The first objective was to situate AED within the context of broader economic development. I then argued that promotion of joint ventures between Indigenous People and Industry in BC represents a movement toward policy regimes - typical of commonwealth countries - that entrench private partnerships as a government strategy for developing capacities for AED. Lastly, I set out to establish whether CED/AED capacity building elements were utilized in forestry joint ventures and contributed to their relative successes.

The literature review into the progression of approaches to AED by development organizations and nation-states - particularly those with a British colonial tradition - suggest the emergence of an economic development approach which highlights joint ventures. In the early stages of contact with western cultures, development programs centred on adapting Indigenous People involved in subsistence-trading economies to participate in a westernized, wage-based economy. As official assimilation policies were largely abandoned and colonial economic expansion exhausted, nation-states in the 1970s sought to improve the economic conditions of rural and Indigenous communities through the capture of economic spin-offs from energy and natural resource sector developments that were undertaken by the most efficient private sector operators: corporations. By the 1980s, mainstream efforts at CED/AED were geared to developing the capacity of Indigenous Peoples to participate in

applicable economic sectors with a degree of autonomy and cultural integrity intact. Most recent CED/AED approaches have tended to utilize government programs to bring Indigenous People, who have some degree of recognized status, to a basic level of education that will allow them to participate and gain experience in economic activities largely undertaken by the private sector. At the same time, activities that work toward building the capacities of Indigenous People to participate in the broader economy have increasingly been implemented by the private sector.

Chapter two demonstrated the existence of natural resource development policy regimes within the diverse government frameworks of Australia, New Zealand, Canada and the Province of British Columbia that involve the use of collaborative partnerships. A paradigm shift popularizing sustainable economic development of natural resources and advances in legal recognition of the rights of Indigenous People in the late 1980s, resulted in policy regimes where Indigenous People first secured greater collaborative roles with government and then with both government and Industry. Governments moved away from a focus on Industry-led, market-based development to include working with Indigenous People on communal and culturally appropriate options such as land trusts/leases, local product enterprises (plant and animal products, crafts and foodstuffs) and community economic development institutions. By casting legal uncertainty over government authority for lands and resources, landmark legal determinations such as *Mabo 2* (1992) in Australia, *Delgamuukw* (1997) in Canada and *New Zealand Maori Council v. Attorney-General* (1990), served to increase Industry's interest in collaborative participation with Indigenous People in economic development. Progressive government institutions such as legislated enactments and interim measures boards stimulated greater Industry participation in economic development with Indigenous People in joint ventures and other economic collaborations.

The overall trend for increased government, Industry and Indigenous involvement in current policy regimes is illustrated through the case example of the British Columbia government divesting development responsibilities such as training and employment generation to collaborative partnerships and joint ventures between Industry and First Nation groups. As illustrated in Chapter 5, a similar policy trend was also reflected in local-level policy regime ideas and institutions surrounding the case ventures. Venture establishment included the mandatory use of comprehensive negotiation and proposal stages that were locally developed by district-level ministries, Industry field-office staff and specific First Nations. Local Industry, government and First Nation organizations worked to collaboratively implement training activities. In sum, local policy regimes involving specific First Nation groups, Industry field-office staff, and district-level MOF personnel included similar components and processes as policy regimes occurring at federal and province levels.

Another objective of this thesis was to establish what capacity-building components, as identified in the CED/AED literature, were applied in ventures and to analyze the results. Capacity-building components were identified in a review of CED/AED literature and confirmed during the case study interview process. Indigenous ownership, management participation, employment, advanced training and recognition of culture were considered important capacity-building components and applied, to varying degrees, in the case ventures examined. An analysis was then undertaken in Chapter 5 to examine the relative successes and failures of case venture activities with respect to capacity-building components of AED.

From the case analysis a number of generalizations and recommendations can be drawn concerning the effectiveness of value-added forest products joint ventures at developing capacities for AED. However, it is important to stress that the generalizations face certain limitations. As the theoretical framework used in this thesis is based on a political pluralist conception - which views that central concerns of communities are represented

through local governments and organizations - the full potential of community concerns and local economies may not be expressed and/or addressed. Furthermore, unique community contexts influencing joint ventures, such as venture partner relations can vary how capacity-building components address AED.

High levels of First Nation ownership in joint ventures are important for capacity building. Limited ownership levels of 50%-51% are appropriate in that they provide a manageable balance that minimizes legal and financial risk, affords equal or greater management participation, and leave open a possibility for future increased ownership levels. However, ownership levels that minimize risk may also inhibit future increases in First Nation ownership. Capacity-building benefit of increased or majority ownership levels in ventures depends on longer-term economic strategies of First Nation partners. Regardless, it is necessary for the issue of future ownership enhancement to be specifically addressed in joint venture negotiations; and then periodically reviewed over time. If majority ownership is obtained too quickly, parallel First Nation goals of minimizing risk and increasing management participation with Industry may be at risk.

Ventures with ownership structures involving consortia of diverse First Nation groups may realize fewer capacity-building activities and develop significant levels of conflict if all collaborating parties are not fully aware of their rights, responsibilities and share of benefits. It is possible that such conflict could be avoided in the future by introducing means to improve communication between consortium representatives and their community members. Possible mechanisms include the development of communication/negotiation skills of consortium officers, transparent reporting of on-going consortium performance and benefits, clear guidelines for consortium collaboration, and more comprehensive community representation in formal joint venture negotiations.

Industry partner support of continued venture operations is crucial to the economic goals of First Nations. If unsupported, ventures that are subject to the market downturns characteristic of the forest sector, could face quick ruin, especially if downturns occur in the early stages of venture operations. In this study Industry partners have demonstrated a willingness to support, to varying degrees, continued operation of ventures during economic downturns.

Maximized levels of First Nation employment in joint ventures is another important factor in building capacity. Successful case ventures met or exceeded First Nation employment goals (85% of workforce or greater). Given the possibility of high employee turnover rates, venture agreements should include strategies to ensure that First Nation employment goals are maintained. Possible strategies include utilizing a First Nation-managed employee pool to ensure availability of suitable employee candidates and implementing a review process to examine reasons behind high employee turnover rates. Given that, over time, expectations seem to vary from those outlined in official start-up agreements, employment goals and concerns should be periodically re-examined to ensure they are congruent with community expectation, needs and performance.

Typical training involved in joint ventures contributes to capacity-building in that many activities go beyond standard, skills-upgrading training (relatively standard industry procedures) to involve instruction for worker transition/preparedness and supervisor skills for new employees. However, funding and commitment to on-going training of this nature is typically not provided. It cannot be expected that fledgling ventures, once operations have commenced, would be viewed as self-reliant, efficient economic agents, and then divested of developmental support. Within the context of current approaches to training, one recommendation was to utilize a First Nation-managed employee pool to administer cost-effective group training sessions for both employees and potential employees.

Joint ventures address First Nation interest in management participation with industry in venture-related economic and forest resource activities by involving high levels of First Nation representation on venture Boards of Directors (BODs), the provision of floor-level supervisor positions and contractor opportunities for forest planning and harvesting.

BOD representation is the primary mechanism for First Nation participation in the management of joint venture activities. As is typical in the examined case ventures, equal First Nation and Industry representation on BODs is considered an optimum level in that contentious management decisions cannot be forced through by veto of a dominant party. Rather, all parties are required to reach consensus through some process of negotiation and collaboration. Through BOD participation, First Nations are privy to broad-level management decision making within a learning environment where all directors are exploring relatively unfamiliar techniques and strategies of innovative, value-added businesses. However, management decisions at the BOD level tend to be broad and conceptual. Unless First Nation directors are also directly involved in venture-related operations, BOD representation may offer little comprehensive participation in venture management. It is recommended that at least some, if not all, First Nation directors be employed or involved in management activities of venture and forest management operations.

Joint ventures are less effective at involving First Nation member participation in supervisory positions and forest management planning. On the positive side, most ventures make available supervisory positions which First Nation members and employees can endeavor to attain. As prospective community role models, motivated members show the greatest potential for achievement both within the venture itself and/or in utilizing their skills in other economic activities in the community. However, supervisor positions in small-sized, value-added manufacturing ventures offer limited opportunity for professional advancement and employ only a very small percentage of First Nation members. Greater opportunities for

supervisory positions and advancement opportunities are needed. As demonstrated in the more recently negotiated case ventures (Tl'oh & Dezti), ideal methods to improve opportunities include the provision of advanced education prospects in value-added/resource management and a greater number of employment positions that include possibilities for professional advancement. Advancement opportunities in venture-related activities external to venture facilities such as First Nation/Industry planning departments, mills, and other economic pursuits should be explored.

Joint ventures are involving First Nations in forest management related activities through responsibilities in contract harvesting operations and in some aspects of procurement and management of minor timber supply tenures. As many First Nations, especially at the beginning of a venture, agree to have Industry partners assume responsibilities for planning and management activities, it is important to ensure that First Nations become more progressively involved in resource management. Opportunities for planning participation are further limited if the timber tenures that supply ventures, such as BC's Timber Sale License, have few requirements for resource stewardship. Where First Nation partners retain planning responsibilities, motivation to minimize risk may often lead First Nation managers to contract out planning and fieldwork obligations to experienced consulting firms. As often is the case in both Industry and consultant planning departments, some First Nation employment positions are made available in venture-related, field-level planning activities such as surveying and harvest layout. However, such positions may provide employees with little exposure to processes involved in development and approval of comprehensive tenure management plans.

As minimized-liability ownership in ventures and limited obligation TSL licenses act as barriers to increased First Nation participation, venture agreements should integrate options for future increased ownership levels and include timber supply licenses that involve

a greater diversity of terms and conditions. A potential mechanism to increase First Nation participation in forest management planning would be to establish a number of employment positions within Industry and consultant planning departments that provide a balance of field and office responsibilities.

A major weakness of joint ventures in developing capacity for AED is the lack of integration of First Nation culture in economic activities. First Nation partners can expect ventures to involve legal guarantees to not prejudice treaty issues and some indirect community benefits from conventional Industry donations for such things as sport team sponsorships and local community charities. However, ventures involve almost no mechanisms to improve cultural sensitivity of operations or recognition of the rights of First Nations. Innovative activities such as cross-cultural training for employees and supervisors and culturally-adapted management approaches – typically found in progressive energy/mining sector collaborations with First Nations – are not often utilized in forestry joint ventures.

Given their contributions in successful ventures, integration of First Nation institutions in venture operations, First Nation-theme product symbols/venture regalia, targeted community funding, and cross-cultural training for both aboriginal and non-aboriginal employees are ideal means to integrate culture into economic activities, develop positive working environments and improve First Nation-Industry relations. As was identified in this research, a successful relationship between venture partners requires collaboration, respect and adaptability beyond the provisions of any legal or business document.

In sum, capacity building components involved in joint ventures do not completely fulfil criteria of an ideal approach to AED. Generally, there are no mechanisms involved that provide inclusive community participation, conflict resolution and integration of culture in

either venture-related activities or the determination of the overall nature of local economic development and share of benefits. First Nations do not retain full ownership of the factors of economic production nor do they share control with Industry or the government in the management of natural resources on traditional territories. Furthermore, ventures provide minimal opportunities for the majority of First Nation employees to obtain much needed advanced education/skills and professional promotion.

Nonetheless, activities involved in joint ventures do address and/or introduce aspects of capacity building for AED within the context of venture-related economic development. On their own accord, First Nations are pursuing joint ventures in value-added forest products industries that provide them with unprecedented levels of ownership and BOD management participation; often under circumstances where First Nations have never before held any form of control in viable manufacturing facilities. Joint venture activities involve the hiring and training of a high number of First Nation members who lack formal skills and education for employment in the production of value-added forest products and, to a lesser extent, in resource management fieldwork. Highly motivated First Nation employees and members who show the greatest potential for professional development and probability of transferring skills to other economic activities undertaken in First Nation communities are identified and employed in supervisory positions with limited advancement potential.

It is clear that joint ventures alone cannot address all aspects of capacity building required for First Nations to realize goals for AED. The larger First Nation – Government – Industry policy regimes surrounding joint ventures need to engage more inclusive forms of First Nation and non-aboriginal governance, improved First Nation involvement with government in the co-management of natural resources, and greater venture partner commitment to building capacities and relationships with local First Nation communities.

As demonstrated in the case studies, joint ventures applying elevated levels of capacity-building components experienced more relative successes and better Industry-First Nation relations than ventures that include fewer components. What is also revealed is that barriers to implementing capacity building activities may stem from venture partners' short-term-economic perspectives, a lack of full appreciation of the mutual benefits, and overall strained relations between Industry and First Nations.

An appreciation of the mutual benefits that stem from successful joint ventures is key to motivating partners to further invest in capacity building activities. Joint ventures are allowing both parties to explore new business opportunities in potentially lucrative value-added forest products markets. They also allow the parties new access to previously unavailable resources and lands within evolving Indigenous People-Industry policy regimes that are providing greater opportunities for a reduction of bureaucratic inefficiencies (timber license constraints) and self-determined Indigenous stewardship/control over lands and resources. Greater partner investments in joint ventures not only enhance mutual benefits but also go a long way to improving overall partner relations. With a respectful and collaborative relationship, there are good opportunities to achieve venture successes and capacity building that at one time may have been unimaginable.

Contributions of the Study

It is inevitable that the way joint ventures address capacity building for AED will constantly evolve according to developments in value-added forest product markets, political and legal advances regarding the rights of Indigenous People, economic development theories and treaty negotiations. As the right for Indigenous People to be involved in the management of natural resources and economic development is translated into tangible economic ventures and arrangements, Industry, government and Indigenous planners must have a good working

knowledge of the unique conditions and history of formal economic collaborations between Industry and Indigenous Peoples.

Future Research

Collaborative Indigenous-Industry joint ventures in renewable resource use are a very new form of business partnership. The long-term sustainability of ventures, and the socioeconomic contributions they will make to Indigenous Peoples is still uncertain. As recent, privately negotiated ventures have become more innovative, compared to older economic relationships with industries that largely involved only spin-off benefits, examples of emerging joint ventures should be examined to inform Indigenous communities, business, development research, governments and the public.

Some specific aspects of joint ventures that need further exploration include economic viability of value-added forest products manufacturing, community involvement and benefits in joint venture-related AED, and the organizational development of Indigenous enterprises. Since advances in AED capacity-building in any value-added forest products joint venture depends on the venture's viability, it is important to determine the full spectrum of economic prospects: short, medium and long term.

At least two case study respondents suggested that First Nation-Industry collaborations should move away from strictly wood products manufacture and diversify into other highly promising sectors such as First Nation-theme tourism, certified wood products, and the manufacture of needed forest machinery components such as hydraulic fittings. As respondents have suggested, putting the central focus of economic development programs on status quo forest sector development, leaves fledgling First Nation economic institutions and their communities open to the social and economic ills of resource dependent economies.

Economic diversification should make up a good part of the contextual framework in which industrial collaborations need to be applied.

Almost no research has been carried out with respect to community involvement in joint venture-related AED. Community perceptions, needs and benefits with respect to joint venture-inspired economic development should be explored. Related efforts should focus on developing methods to improve civil institutions of First Nation communities involved in joint venture businesses. Fair, transparent and participatory governance and economic systems, grounded in First Nation cultural and tradition, are required to fully represent First Nation communities.

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Appendix 1

Examples of Legal Partnership Mechanisms

Partnerships

Legal Partnerships can be broadly categorized into two types: Partnerships and Limited Partnerships.

Also known as firms, partnerships are characterized by the following: All partners have equal share in a) management of the operation b) income c) assets d) liability and debts of the partnership e) access to financial statements of the partnership and f) capital contributions. Partnerships involve fiduciary duty in that partners must act in good faith with respect to other partners and the partnership itself. All partners must act in the best interest of the partnership above and beyond personal interest (Van Duzer, 1997)

Partnerships in Canada are subject to specific provincial legislation. However, unlike other forms of business relationships – excepting sole proprietorships – a partnership need not be formalized to exist. Once partners get together to start a profit making business, it is automatically a partnership, and therefore subject to the force of law (Kerr & Kurtz, 1998).

Despite the ease of formation and benefits of shared management, partnerships suffer from a number of drawbacks: a) they are easily dissolved b) involve personal partner liability for partnership debts, losses and liabilities c) have unfavorable tax rates for high income ventures and d) partner assets including land title become the property of the partnership. As a result of these limitations, added negotiations and unanimously decided legal partnership agreements are often required to both meet partner concerns and guard against unforeseen events (VanDuzer, 1997). Of particular concern to First Nation investors is exposure to liabilities and the possibility of third party alienation of land title.

Limited Partnership

Limited partnerships alleviate some of the partnership concerns by allowing for varying levels of partner contributions and responsibilities that are subject to limited liabilities. With a requirement for legal registration, a limited partnership has at least one general partner with legal partnership liabilities and one or more limited partners. Retaining partnership-like rights such as the ability to examine financial statements and fiduciary obligations to act in good faith, a limited partner is entitled to a share of profits and liability commensurate to their capital contributions. Further, both general and limited partners enjoy tax benefits as loss deductions are transferable (Kerr and Kuntz, 1998). The downside is that without a partnership agreement, the ability for the limited partner to share in management responsibilities is restricted.

In most business situations limited partners are more interested in a secure return on a limited investment in a stable business activity and less interested in management details. As is implied in First Nation-Industry partnerships occurring in BC, First Nation participation in management is an important goal. However, by simply adhering to a legal limited partnership framework, management participation could be adverse to a limited First Nations partner's overall business interests. As set out in Ontario legislation, a limited partner is subject to losing limited liability if that partner "...takes part in the control of the business..." rather than in an advisory role (VanDuzer, 1997, p.60). Again, mutually determined partnership agreements must be used mitigate special concerns of individual partners.

Corporations

A business corporation is a legally enacted entity that enjoys legal rights and obligations – including borrowing - similar to individuals. Business liabilities incurred are

restricted to the corporation and its assets and not the owners/co-owners (shareholders) who simply risk their investments. In addition to reduced liability, corporate status benefits (owners) shareholders through tax advantages, transferable business interests (shares) and the ability to use the corporation as lending equity (Kerr and Kuntz, 1998).

Management of a corporation is carried out by a board of shareholder elected directors and director appointed officers. Although shareholders have a say in the overall direction of the corporation by such means as the ability to vote in directors, they are usually not involved in management. However, since election of directors and other matters are predominantly carried out by majority vote, a minority shareholder's ability to influence management is diminished. This remains an important concern for BC First Nation partners as economic collaboration tends to be with large forestry corporations having many shareholders. In many BC corporate collaborations, First Nation concerns over their minority stakeholder position have been address through such means as establishing stronger First Nation representation on BODs. As stated by VanDuzer (1997), such negotiated arrangements are extra to the basic legal corporate framework.

Appendix 2

Interview Guide for Research Interviews

Interviewer _____

Date: _____

Respondent ID# _____

Approximate Interview Duration: 1 Hour

1. Introduce topic and inform respondent of her/his rights in the study and particulars of the interview process.
2. Co-sign the Participant Agreement of Consent form with the respondent.
3. Interview Questions

Joint Venture Description

- A. Can you describe the nature of the joint-venture?
- B. How was the joint venture initiated? Was there any gov't involvement?
- C. How are First Nations involved in management of operations? i.e. resource mgmt. planning, operations, etc.
- D. Does either the jt-venture or the parent company have policies and procedures in place concerning aboriginal relations? Describe.

Employment

- A. What types of employment have directly resulted from the joint-venture?
 - i) Of the positions what percentage are management related?
 - ii) What are the opportunities for advancement?
- B. Were any positions adapted to meet aboriginal concerns? i.e. flexibility of time off periods, etc.

i) If joint-venture is a subsidiary of or managed by a larger company, how closely does it reflect management principals of the larger firm?

C. Is there any commitment to principals of Total Quality Management?(employee centred production)

Contractors

A. If any, can you describe the nature of preferential contracting arrangements?

i) What percentage of native contractors were pre-existing?

B. Were there any efforts to support management capacity of new contractors

i.e. Explain procurement procedures

C. What types of indirect employment opportunities are the result of the joint-venture?

(i.e. maintenance, supplies, ect)

D. Can you describe the working relationship between native contractors and the jt-venture company?

(Involved in company training, meetings, etc?)

Skills and Training

A. Were there any training programs involved in the set up of the jt-venture? Explain.

(employment readiness courses, cross-cultural, etc.)

i) Did other agencies help with facilitating training? (gov'ts/band leadership) How?

B. Were there any arrangements made for scholarships, apprenticeships, etc?

C. What types of training are involved on an on-going basis?

Capital

A. By what mechanism are joint-ventures contributing capital to First Nations?

(i.e. shareholder dividends, finance collateral(secure resource tenure), infrastructure, royalties, etc)

i) Can you give a rough estimate of the value of capital input?

B. % profits re-invested ? local or external investments?

C. Has the partnership changed investment climate for the jt.venture? parent company?

Value of shares changed? Shareholder confidence?

Capacity Building

- A. How are links between First Nations gov't/community and joint-venture maintained?
(board of directors representation, forestry relations persons, etc.)
- i) Do agreements and correspondence acknowledge possible First Nation rights to land and resources?
- B. Is there any involvement of the jt-venture corporation in First Nations gov't ?(committees, advisors, etc.)
- C. Is jt-venture corporation involved in community outreach? (school visits, sponsor community events, etc.)

General Questions

Has the advent of joint-venture(s) changed the historic relationship between First Nations and forestry companies in the area? between gov't ? public?

What do you believe is motivating joint-ventures between First Nations and Forest Companies?

What role do you feel jt-ventures are playing for First Nations?
Forest Companies? Gov'ts?

Appendix 3

List of Interviewed Participants for the Case Study Analysis

Name	Title	Organization	Location	Venture Relation	Date
Barry Metzner	Manager	BSW	Burns Lake	BSW	Aug 4/98
Patrick Kohlo	General Manager	Burns Lake Native Logging	Burns Lake	BSW	Aug 4/98
Wes Boehmer	Manager	BLNL	Burns Lake	BSW	June 12, 98 Nov 99
Chief Robert Charlie	Band Chief	Burns Lake Band	Burns Lake	BSW	June 98
Rod Beaumont	Chief Forester	Weldwood of Canada Ltd	Vancouver	BSW/ General	Oct 16/98
Frank Michelle	Economic Dev. Officer	Babine Lake Band	Burns Lake	BSW/ General	June 98
Ted Anthony	Manager	Plateau Forest Products	Vanderhoof	Dezti	Nov 25/99
George Lacerte	Director	NeDuchun Forest Products	Vanderhoof	Dezti	Nov 24/99
Martine Louie	Chief	Nadleh Whutén Nation	Fort Fraser	Dezti	June /98
Kate Movin	Economic Dev. Officer	Nadleh Whutén Nation	Fort Fraser	General/ Dezti	July 9/98
Jacqueline Thomas	Chief	Saik'uz Nation	Stoney Creek	Dezti	Sept 3/98
Mike Robertson	Economic Dev. Officer	Cheslatta Nation	Francois Lake	General	August 5/98
Del Blackstock	Business Officer	Carrier-Sekanni	Prince George	General	May 13/98
Wayne Boudreau	Manager	Tolko Forest Products	Quesnel	General	July, 20/98

Name	Title	Organization	Location	Venture Relation	Date
William Ostenstad	Economic Dev. Officer	Nazko First Nation	Quesnel	General	July 24/98
Cliff Lebron	Economic Dev. Officer	Lhatako Dene Nation	Quesnel	General	August 18/98
Graham McIntosh	Forester	West Fraser Mills Ltd.	Williams Lake	General	August 18/98
Brian Yellowhorn	Band Manager	Williams Lake Band	Williams Lake	General	August 18/98
Petr Cizek	Planner	Cizek Enviro. Services	Yellowknife	General	July 97
John Gray	Aboriginal Affairs	Ministry of Forests (regional)	Prince George	General	Oct. 97
Paul Mitchell-Banks	First Nation Forestry Consultant	Central Coast Consulting	Vancouver	General	March 98
Merv Work	Manager	Tl'oh	Ft.St. James	Tl'oh	June 19/98
Harold Prince	Chief	Nak'azdli First Nation	Ft.St. James	Tl'oh	July 23/98
Scott Shettel	Manager	Apollo Forest Products	Ft.St. James	Tl'oh	July 10/98
Leonard Thomas	Representative	Carrier-Sekanni Tribal Council	Prince George	Tl'oh	Nov 26/99
Ronald Mitchell	Band Manager	Moricetown Band	Moricetown	Kyahwood	Dec 10/99
Terry Lalonde	Manager	Kyahwood	Moricetown	Kyahwood	June 25/98
Graeme Hynd	Forest Officer	MOF	Smithers	Kyahwood	June 24/98