

ABORIGINAL ECONOMIC DEVELOPMENT BY TWO CARIBOO-CHILCOTIN
FORESTRY JOINT VENTURES

by

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Abstract

This thesis will examine Aboriginal Economic Development (AED) in two Cariboo-Chilcotin communities involved in forestry joint ventures. In particular, the thesis will reveal how each forestry joint venture (JV) keeps politics from over-running the business, and how each aboriginal community defines the success of their forestry JV.

AED is different from mainstream economic development, in that it involves an aboriginal community/nation achieving self-reliance through business, while not compromising their traditional culture, values, or language. AED can be seen as a vehicle to lead aboriginal communities towards self-reliance. A JV is one of many options to move the AED vehicle. Both JV's examined in this thesis contribute to AED in different ways. The Ecolink JV has not been very profitable but has 100% aboriginal employment even in management positions. In contrast, the West Chilcotin Forest Products JV is highly profitable but has 30-40% aboriginal employment and only one aboriginal employee in a management position.

So which business is successful? Most interviewees chose profitability, employment, or both as indicators for success of their forestry JV. However, success is defined differently for each aboriginal community as a whole, so this research adapts the AED framework to each aboriginal community. Much of the literature states that in order for aboriginal businesses to succeed, politics should be minimized from the business, meaning the elected chief and councilors should not be directly involved with the business. Each JV had their own way but they did it with an elected chief and councilor sitting on the Board of Directors level since inception.

Not all components of AED were completely fulfilled by the two forestry JV's studied. Most notably, the preservation of traditional culture, values, and language was lacking and neither aboriginal community had gained additional control over forest management decisions on their asserted traditional territory. An aboriginal community/nation needs some degree of control over their traditional territory in order to truly fulfill AED. This thesis concludes that forestry JV's can contribute to AED by helping to build aboriginal capacity needed for self-reliance but JV's should not be seen as a political opportunity to gain more control.

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List of Abbreviations

AAC	Allowable Annual Cut
ABC	Aboriginal Business Canada
ACOA	Atlantic Canada Opportunities Agency
AED	Aboriginal Economic Development
ARM	Alkali Resources Management
BC	British Columbia
BCR	Band Council Resolution
BOD	Board of Directors
CAT	Chilcotin-Anahim Tatla
CBCA	Canadian Business Corporations Act
CED	Community Economic Development
CEO	Chief Executive Officer
CF	Community Futures
CFPA	Community Forest Pilot Agreement
CJV	Contractual Joint Venture
EFN	Esketemc First Nation
FNDI	First Nations Development Institute
FNS	First Nations Summit
FRA	Forest and Range Agreement
HRM	Human Resources Manager
INAC	Indian and Northern Affairs of Canada
IOG	Institute on Governance
ISO	International Standards Association
JOA	Joint Operating Agreement
JVC	Joint Venture Corporation
JVP	Joint Venture Partnership
MOU	Memorandum of Understanding
MPB	Mountain Pine Beetle
NAFA	National Aboriginal Forestry Association
RCAP	Royal Commission on Aboriginal Peoples
SFM	Sustainable Forest Management
SLA	Softwood Lumber Agreement
TSA	Timber Supply Area
TUS	Traditional Use Study
UBC	University of British Columbia
UFN	Ulkatcho First Nation
USA	United States of America
WCB	Workers Compensation Board
WCFP	West Chilcotin Forest Products
WFFP	West Fraser Forest Products
YKW	Yun Ka Whu'ten Holdings

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Dedication

I dedicate this thesis to my great grandmother Margaret Boyd because of her undying faith and love that anchored my family. She will always be remembered and be in the hearts of my family and by the people of the Cariboo-Chilcotin who knew her.

Chapter 1: Introduction

This section will introduce the concept of aboriginal joint ventures in the forest sector, and explain the historical, legal, and policy context for their development in Canada, and in British Columbia (BC) in particular since the case studies are located there.

A joint venture is any business venture where an agreement is made between two or more companies (who remain separate entities) to engage in ongoing collaboration to pool complementary assets and/or skills for a common goal (i.e. profit) (Reiter and Shishler 1999:227). Both partners benefit from the joint venture relationship, contributing different assets to the business that would otherwise be unavailable to either partner on its own. The aboriginal partner brings legal rights to the land and timber to the table, and the non-aboriginal partner brings capacity and forestry experience to the table.

Joint ventures involving aboriginal communities are not uncommon in Canada, considering more than 80% of all aboriginal¹ communities reside in timber productive zones (Hickey and Nelson 2005:1-30). A 2005 research project on business ventures involving aboriginal communities entitled "First Nations² and Sustainable Forestry: Institutional Conditions for Success" found seventeen forestry joint ventures in their national survey (Trosper et al. 2005:1-30). Earlier in the same year, another national study on aboriginal forestry collaborations found that the joint venture was the most popular type of forestry business venture chosen by survey respondents for employment and profitability purposes (although this survey only found 12 joint ventures in existence) (Hickey and Nelson 2005:1-30). A 2004 study on aboriginal forestry commissioned by the Institute on Governance (IOG) found that aboriginal participants had different opinions on the value of joint ventures. Some believed the business form was good for building an economic base for their aboriginal community but others felt the forestry joint venture was too much of a financial risk and not conducive to capacity building within the aboriginal community (Graham and Wilson 2004:1-44). Although forestry joint ventures involving aboriginal communities are common, there is much to learn about this type of business alliance, since the political environment in Canada has been conducive to their development.

¹ In Canada Aboriginal is a term that identifies First Nation, Inuit, and Metis people. This paper will use this term as much as possible.

² In this paper First Nation will refer to a status Indian or band as defined by the *Indian Act*.

Each partner in the joint venture has different incentives for entering into the business relationship. The main incentive for aboriginal people in Canada is the ongoing policies and legislation brought forth by provincial governments that favor natural resource extraction initiatives in First Nations' traditional territories undermining their aboriginal rights and title. Although these aboriginal rights and title are protected under section 35 of the *Constitution Act* of 1982, the provincial governments continue to undermine this fact by not adequately consulting and accommodating the interests of aboriginal communities affected by these natural resource extraction projects. Furthermore, the aboriginal communities want to participate in the forest sector and this comes as no surprise since most live in productive timber areas and they want to improve on their unemployment rates, which are three times higher than the national average (Graham and Wilson 2004:1-44; Parsons and Prest 2003, 79:779-784)

In the past few years, several key court decisions have prompted some change in provincial forest policy. These court decisions have been the end results of First Nations led blockades of forestry operations, to protect their claims to ownership of the land throughout the province of BC. These legal developments have created incentives for the forest industry to get involved in joint ventures with aboriginal communities. On November 18, 2004, the Supreme Court of Canada (Supreme Court) ruled in favor of the Haida Nation, stating that the Haida were not adequately consulted by the provincial government regarding forest tenure within their traditional territory that infringed on their aboriginal rights and title. This case was also the first time a third party (Weyerhaeuser- one of the largest forest companies in Canada) was considered to have the duty to consult aboriginal communities. The provincial government and Weyerhaeuser appealed the decision because they felt they did not have any duty to consult and accommodate the Haida Nation until the inherent scope and content of their aboriginal right was finalized. The Supreme Court rejected the provincial government's appeal; Weyerhaeuser, however, was determined not to have a duty to consult. The Supreme Court declared that the duty to consult and accommodate occurs when the provincial government is aware of the existence of Aboriginal interests to the land and is trying to conduct something that will adversely affect that interest (Haida Nation and Guujaaw, Province of BC (Ministry of Forests), and Weyerhaeuser 2004:1-35).

Weyerhaeuser, like all forest companies, is caught in the midst of the clash between aboriginal people's fight for their inherent title and rights to their land that is reaffirmed by section 35 of the *Constitution Act* and the federal and provincial governments who continually try to test the limits of their fiduciary duty. Provincial governments implement forest management policies that ignore precedents set by the courts affirming Aboriginal rights to forest lands (including Aboriginal Title which is a form of ownership). Despite this ongoing clash, forest companies have and are still trying to recognize the interests of aboriginal communities residing within their areas of operation even if the provincial government (who has constitutional jurisdiction over the land and its management) does not deem it as a requirement for securing forest tenure. This on-going clash between First Nations and provincial governments creates uncertainty for the forest industry, which creates a major disincentive for commercial investment in the BC forest sector.

In March 2003, the BC government responded to the Haida decision with its "Forestry Revitalization Plan" to make forestry more sustainable and competitive in the marketplace.³ The "Forestry Revitalization Plan" creates certainty for BC's forest companies by allowing First Nations to participate alongside them through forest licenses, forest revenue sharing, or both. The provincial government made this possible by taking back 20% of its total forest tenure from 28 major forest companies.⁴ BC's First Nations have been offered 8% of the 20% take back but those urban First Nations (those with no productive forests or range land) or those in finalized treaties (the Nisga'a Nation is the only treaty that has been finalized through the modern BC treaty process to date) cannot apply. As the former Minister of Forests stated at a First Nation forestry conference in 2004 "The First Nations

³ Although this Plan responds in part to First Nations interests in the forest land base, it was mainly created due to pressure from other provinces to end the Softwood Lumber dispute between Canada and the USA. Despite BC's forestry reform the Americans still continue to impose a countervailing and anti-dumping duty on all Canadian lumber exported into the USA and the duties paid so far have reached over \$5 billion since the expiration of the Softwood Lumber Agreement (SLA) back in 2002. Currently, the Americans have reduced the duties in half but they still maintain that Canadian forest companies are still being unfairly subsidized by the provincial governments and both sides still have not discussed what should happen to the duties collected to date and negotiations are now at a stand still (BC Ministry of Forests and Range website 2005). Until this SLA dispute ends Canadian forest companies will continue to pay the duties imposed on their lumber and they will since their main marketplace is the USA. The BC government acknowledges this fact and hopes their forestry reform will create certainty for the remaining forest companies.

⁴ Approximately 10% of the forest licenses will be offered to small businesses through an open market system which in turn will set the prices for stumpage to be paid to the BC government. Stumpage is the price paid to the BC government by the forestry businesses because 95% of all land is public owned and in the care of the province.

population in the province is about 4%. In areas where forestry activity predominates, that population increases up to 8 %. First Nations comprise 8% of the total population in those areas. That is how we came up with that number” (Pacific Business & Law Institute 2004).

To help implement its Revitalization Plan, the provincial government has offered all 198 First Nation bands in BC the opportunity to enter into one of two types of interim measures agreements: a Direct Award (forest tenure) or a Forest and Range Agreement (includes forest tenure and revenue sharing). Both options include a declaration that both parties will work together to address consultation and to work out a interim workable accommodation for any infringements on aboriginal interests or proven aboriginal rights that result from the forest/range development activities occurring within that First Nation’s asserted traditional territory (Graham and Wilson 2004:1-44; National Aboriginal Forestry Association 2003:1-78). In addition, both types of agreements will provide certainty to third party operators, without inhibiting the First Nation bands from asserting their aboriginal rights and title as set out in section 25 and 35 of Canada’s *Constitution Act*. The Forest and Range Agreement (FRA) option includes a revenue sharing component, in which the amount of revenue to be shared is decided by the provincial government, rather than negotiated with the First Nation. The provincial government made it no secret that a per capita formula would be used to determine the amount of timber volume and revenue that would be awarded to each First Nation who chooses either a Direct Award or an FRA. However a few First Nations did manage to be awarded more timber volume than the policy dictated.⁵

The revenue sharing component in all FRA’s did adhere to the provincial government’s non-negotiable per-capita formula, despite the disproportionately large revenues being profited by the provincial government from stumpage paid by forest companies operating within the asserted traditional territories of all First Nations who signed FRA’s. According to the information made public by the BC government on its website (where copies of all signed FRA’s are posted), each First Nation band will get about \$2,500 in revenues and about 230 m³ of timber per band member. Most FRA’s have a 5 year term. In contrast, for a Direct Award, First Nation bands get about 260 m³ of timber per band member

⁵ BC’s largest band the Cowichan Tribes on Vancouver Island opted to receive an additional year of forest revenue (six years’ instead of five years) and a extra \$2 million because they did not want the forest license associated with the FRA, they are the only ones to ask for this (BC Ministry of Aboriginal Affairs website 2005).

over a 3, 5, or 10 year term (BC Ministry of Aboriginal Affairs website 2005). The timber volumes used to honor all signed interim measure agreements will come from undercut timber volume from other forest licenses, or from increases made to allowable annual cut (AAC) to mitigate the Mountain Pine Beetle (MPB) epidemic, and recent fire damage in the BC interior. In the FRA's and Direct awards, First Nations have no control over what type of forest licenses the province deems to be economical for them, nor what land and timber is allotted to them. Even given the above drawbacks to the Forest Revitalization Plan from a First Nations perspective, this forest policy was still able to entice BC's First Nations to participate in the forest sector. Just over half (100 out of 198 bands) of BC's First Nations signed either a FRA or a Direct Award. Table 1 shows the distribution and characteristics of agreements signed up to February 19, 2006.

Table 1. List of all signed FRA's and Direct Awards by BC First Nation bands up to February 19, 2006.

Number of FRA's:	67
Number of Direct Awards:	26
Total Number of Agreements signed:	93
Number of First Nations in BC Treaty Process who signed:	76
Number of First Nations not in BC Treaty Process who signed:	24
Total Number of First Nation Bands who signed:	100
Total Forest Revenues being shared (\$):	\$116,300,547.00
Total AAC to date (m ³):	17,593,215

Source: BC Ministry of Aboriginal Affairs website.2005 "Agreements with First Nations."

The number of FRA's signed is nearly three times the amount of Direct Awards signed because of the revenue sharing component. BC has its own treaty process to resolve First Nations and Canada's conflicting claims to land ownership, and 76% (76 out of 100 First Nation bands) of all First Nation bands who signed a FRA or a Direct Award are in differing stages of this six stage process. Nearly half or 50.5% (100 out of 198 bands) of BC's First Nation bands have signed a direct award or FRA⁶. The provincial government has committed a total of \$135 million in forest revenue to help First Nations participate in the forest sector (BC Provincial Government website 2004). Since there is \$116 million in revenues already been awarded through existing FRA's, this leaves only \$19 million more to

⁶ Although, these 100 First Nation bands who have signed a FRA it does not mean they have the non-replaceable forest license to begin operating since the province has to determine what one will be awarded to them. This causes some of these First Nations to wait for their forest license longer then some.

be spent on the remaining 98 First Nation bands. The 17,593,215 m³ shown in Table 1.0 is higher than the Revitalization Plan's proposed 5.6 million m³ AAC or 8% of the province's AAC to be allocated to First Nations. Additional timber was available for FRA's and Direct Awards because of uplifts in the AAC due to the MPB epidemic and forest fires in the BC interior. The numbers shown above reveal the eagerness for First Nations to be involved in the forest sector since the signing of the first Direct Award back in September of 2002, allowing for the development of many new aboriginal forestry businesses in the province.

Table 1 shows that, through entering into FRA's and Direct Award agreements, almost half of BC's First Nation bands are entering into forest sector business ventures. Some First Nations have opted not to develop their own forestry business, but rather to pay harvesting contractors to log the awarded timber volume for them at cost. For those who want to start their own businesses, there are different business types available. A First Nations prior experience in the forest sector or the lack thereof is a major factor determining whether they decide to start their own business, or whether to work with an industry partner in a joint venture. Since many First Nations in BC have little experience in the forest sector, they have opted for joint ventures with established companies in the industry.

Although the exact number of aboriginal forestry joint ventures in Canada is unknown⁷, some research has been done to explore the reasons why these business ventures involving aboriginal communities exist. The findings of this research are summarized as follows. First is the uncertainty arising from the fact that forest companies have forest tenures within the asserted traditional territories of First Nations that do not have a formalized treaty with the government, as stated earlier in this chapter. Second, a joint venture allows the forest company to get unimpeded access to the timber fiber and to obtain a good corporate image with the local communities residing within their forest tenure (Brubacher 1998, 74:353-358; National Aboriginal Forestry Association 2000:1-85). Joint ventures allow the aboriginal partner to build capacity at the technical and managerial level, to create training and employment opportunities for community members, and to help build an economic base that will be required to fully assert their self-governance when it comes (Bourgeois 2002:33-38; Brubacher 1998, 74:353-358; Ferrazi 1989, 9:15-32; Findlay 1999:1-9; Fraser 2001:1-55; Lewis and Hatton 1992:1-72; Whiting 2001:1-139). However, it is a common assertion in

⁷ Surveys to date have given conflicting results, due to low response rates.

the literature that forestry joint ventures favor the mainstream mode of forest management, benefiting the forest licensees more than the aboriginal partner. If this is the case, then the true goals of Aboriginal Economic Development (AED) are not being realized by forestry joint ventures that involve aboriginal communities. This thesis looks at whether this common assertion holds true in BC, using two forestry joint ventures as case studies, to determine how and whether these business ventures are contributing to Aboriginal Economic Development (AED) in each community.

1.1 Research Approach and Rationale

This thesis is going to analyze two forestry joint ventures involving aboriginal communities to see if forestry joint ventures in general can fulfill the goals of AED that are deemed to be important and beneficial to aboriginal communities across Canada. I will attempt to answer the following three research questions:

1. How are these forestry joint ventures involving aboriginal communities providing Aboriginal Economic Development?
2. How are these forestry joint ventures involving aboriginal communities preventing politics from overrunning the business?
3. How do the aboriginal participants define success for the forestry joint venture?

The first research question is very important because there are not enough examples of how businesses involving aboriginal communities can help to fulfill the goals of AED, and to see what limitations exist. Joint ventures can help to bridge the gap between the aboriginal community and outside investors, who may contribute to fulfilling the goals of AED. The concept of AED is very similar to Community Economic Development (CED) and some studies claim that they are the same thing. I disagree that CED is the same as AED, because AED involves two very important aspects which make economic development for aboriginal communities very different from CED in mainstream society. These two necessary concerns of AED, are first, the continued assertion of aboriginal title and rights; and second, the preservation of traditional culture, values, and language. Processes and tools for AED that are successful in one community may not necessarily be successful in another, because of the diversity in traditional values, culture, and language amongst aboriginal communities is so

great (Gandz 1999, 64:30-34). Therefore, the level of success of case study businesses in producing AED in their communities cannot be generalized to other aboriginal businesses without considering the cultural and socioeconomic context of the communities involved.

Like the first research question the second one is very important because a lot of business ventures involving aboriginal communities dissolve because of on-reserve politics that can interfere with business operations from the grassroots through to band council levels.⁸ The *Indian Act* is an assimilative tool still used today to structure the governance for most of Canada's 630 First Nation bands that perpetuates nepotism and despotism at the chief and council level. Although there are some First Nations who have exhibited genuine self rule, there are a lot who still operate under the *Indian Act*. The *Indian Act* is responsible for allowing business opportunities to be lost by First Nations due to the Indian and Northern Affairs of Canada's (INAC) slow regulatory process, which doesn't allow First Nations to keep up with the fast paced business environment. Despite the federal government attempts to streamline the *Indian Act*, it is still ten times harder to create wealth on First Nation reserves than in the mainstream Canadian society. The *Indian Act* also contributes to the practical impossibility for any aboriginal community to keep politics from entering their business venture. However, the best companies use tactics to not allow politics to overrun their business operations or decisions (Public Policy Forum 2005:1-20). Although, these tactics for not allowing politics to overrun the business can be reiterated, they cannot be generalized for all aboriginal communities. This is why this research question, like the first one, needs to be explored with more business examples. There is no one-size fits all approach.

The third research question will reveal how both aboriginal participants define as success for the joint venture. Interview respondents for this research question are either affiliated with the joint venture, or its presence is felt in their community. Although generalizations have been made, based on previous studies about why aboriginal and non-aboriginal companies become involved in joint ventures, this question hopes to uncover how

⁸ Previous research in this area has used the term "separation of politics from business" (Cornell & Kalt 1992,1998). I do not like this term, as I don't think it's realistically possible to keep business and politics separate in small aboriginal communities, and in cases where there are strong leaders in the elected council that are supportive of the business, it can be beneficial for them to be involved in the business. However, I agree that businesses need to adopt strategies to prevent local politics from negatively interfering with their operations, therefore I use the term "preventing politics from overrunning the business".

aboriginal partners measure business success in the contemporary world, in the context of AED. The results of this research may help other aboriginal communities who are in the early stages of developing a joint venture or other forestry company, and want to define success for their respective business venture to ensure that they achieve the goals of AED. Knowing what people define as success is important considering there are more and more business alliances amongst aboriginal and non-aboriginal people.

The remainder of the thesis is structured as follows to answer these three main research questions. First, the research methodology used in both case studies is articulated in Chapter 2. Chapter 3 reviews the literature on AED, specifically addressing the components that make AED distinct from other approaches of economic development, and describing the differing views on AED from a generalist to a community specific view. Chapter 3 also presents the difficulties with defining joint ventures and the current research gap on joint ventures involving aboriginal communities, and explains the AED framework that I will use on the two case studies.

This framework was modified from Robert Anderson and Kyle Whiting's work capturing the main components of AED. The framework is applied to show how AED is presented by two forestry joint ventures involving aboriginal communities: The Ecolink joint venture involving the Esketeme First Nation, and the West Chilcotin Forest Products joint venture involving the Ulkatcho First Nation. The case study communities and businesses are profiled in Chapters 4 and 5 using the AED framework described in Chapter 3.

In Chapter 6, the results of the three research questions will be discussed for each forestry joint venture, showing the diversity between the two ventures. Chapter 7 will highlight the main results from both forestry joint ventures involving aboriginal communities, draw recommendations on AED and joint ventures involving aboriginal communities, discuss the contributions made by this research, and suggest related future research topics.

Chapter 2: Research Methodology

This chapter serves to show the rationale for using case studies for this research, and the challenges with performing case studies. It also discusses the challenges and special methods needed to performing research with forestry joint ventures involving aboriginal communities. The chapter will end with the benefits and risks I encountered while using the case study as a research design for aboriginal research.

2.1 Case Study Rationale

Since there are relatively few examples of forestry joint ventures involving aboriginal communities from the academic literature, the case study research design was chosen to help unveil the contextual conditions that may help to better understand the participating joint ventures in my study. Case studies are the preferred research method when “how” and “why” questions are posed, and where the researcher has no control over the contextual events of the contemporary phenomenon being studied (Creswell 1998:1-403; Yin 2003, 3:1-179). Case study research designs can be based on qualitative and quantitative evidence without just focusing on one philosophical belief (Yin 2003, 3:1-179).

The strength of this research design is that two case studies will be thoroughly researched and compared instead of just one case study. These two case studies of forestry businesses which have different numbers of shareholders will help to expand the joint venture literature involving aboriginal communities. Another important point that will add to the strength of this research project, is that it is linked to a national quantitative survey on forestry businesses in aboriginal communities funded by the Sustainable Forest Management Network- to be referred to in this thesis as the SFM Project⁹, I will use the quantitative results of this survey for my two case study businesses, meaning the combination of qualitative and quantitative approaches or mixed methodology will be implemented (Tashakkori and Teddlie 1998:1-185).

Both the case study research design and mixed methodology utilize multiple sources of evidence, namely interviews, direct observation, and documentation; this is called

⁹ The National Project is “First Nations and Sustainable Forestry: Institutional Conditions for Success” funded by the SFM Network. See <http://www.forestry.ubc.ca/fnconditions/> for details.

triangulation (Miles and Huberman 1994, 2:1-338;Stake 1995:1-175;Tashakkori and Teddlie 1998:1-185). This process will be explained in detail in section 2.3 (subsections 5-7).

2.2 Aboriginal Research

Aboriginal research is an ongoing challenge since each aboriginal community is so diverse, but three main issues were addressed which are applicable to all communities. These were: 1) protection of the interviewees, 2) protection of the aboriginal community, and 3) ensuring that the research gives something back to the people of each community.

Aboriginal research should be conducted in an ethical matter more stringent than the university standards. Although I did obey and conduct my research on human subjects according to the university's standards for research ethics, it was not enough for my two case studies and for the national SFM Project (UBC Board of Governors 2002:1-5). I did have my interviewees sign and date an informed consent form adhering to the university's policies. However, the SFM Project team (involving myself) concluded that the research also required an informed consent form for the aboriginal community and for the business, in addition to the individual informed consent forms. The main rationale being that each joint venture was a part of the aboriginal community's economic, social, cultural, and traditional values, as much as the community encompasses the business (see appendix 1 for all three informed consent forms). The business and aboriginal community informed consent forms were very similar to the individual informed consent forms. They provide the business and the aboriginal community the option to pull out of my research and the SFM Project at their own discretion without penalty, and the option to have their community name or business name published in project reports.

Many aboriginal communities have experienced an "in and out" research approach done by mainstream academic institutions, that provides benefits to the researcher(s), but not to the community (Battiste and Henderson 2000:1-324;Smith 1999:1-208). All aboriginal research (research involving aboriginal people regardless of the ethnicity of the researcher (s)) should give something back to the participating community or to aboriginal people in general. The SFM Project and my case study research will provide summative results of our findings to each participant for their review and records. Also the SFM Project hosted a workshop to reveal the survey results with all aboriginal communities who were interested,

including the ones that participated in the study. This SFM Project workshop evaluated and discusses the findings from the research to produce a how-to manual for establishing aboriginal businesses. The existing research gap in joint ventures involving aboriginal communities, and how to effectively manage one provides a great rationale for conducting my research for the benefit of aboriginal communities who want to choose this popular aboriginal business model in the natural resource sector.

2.3 Case Study Methodology

2.3.1 Development of Questionnaires

Because I had commitments as a research assistant for the SFM Project, their research questions had to be addressed within the two case studies as well, but this was not a problem because they mirrored the research questions I wanted answered. The SFM project's scope was to identify the institutional determinants of success for forestry businesses involving aboriginal communities. This research project wanted the opinions of people who are involved with aboriginal communities forestry business ventures (Troster, Nelson, Hoberg, and Smith 2005:1-30). Their main research questions were similar to my research questions.

The SFM Project addressed their research questions by conducting a national survey via telephone and by using participating case studies from across the country. This two tier research methodology involved developing a survey and case study questionnaire that was implemented and answered by all participating aboriginal businesses (see appendix 2 for survey and case study questionnaires).

The survey questionnaire was composed of quantitative and qualitative questions about the business structure, community, and indicators of success of the business relationship. The survey questionnaire had to be short enough for the telephone interviewees to answer in a reasonably short time, so it is not as comprehensive as the case study questionnaire.

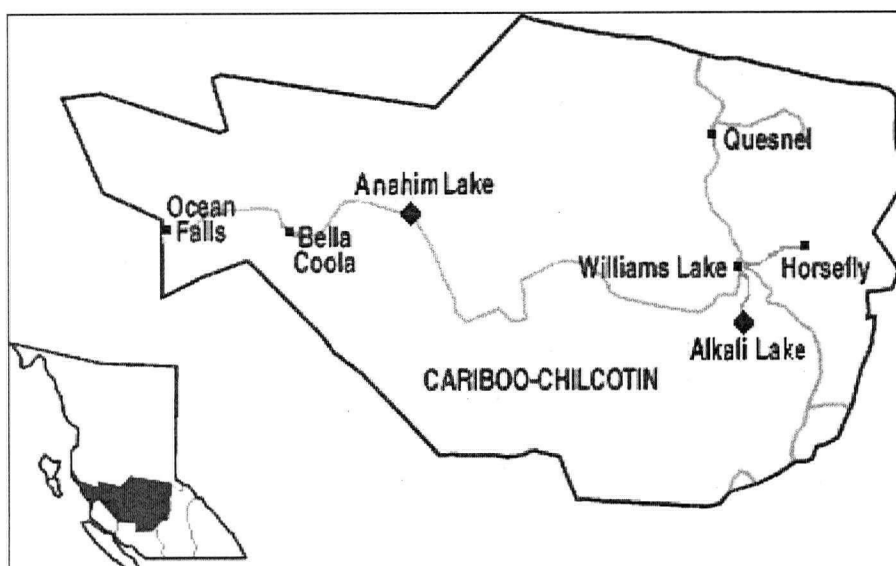
The case study questionnaire was used as a guide for my interviews during my research period. The case study questionnaire mainly had open ended questions to uncover areas that would not be found through the telephone survey. I used the case study questionnaire as a tool to help answer my three research questions, since it posed related questions about the aboriginal community and business. In addition to the SFM project

questionnaire, I elaborated by evaluating interviewees responses and asking more detailed questions about certain key phenomenon uncovered during the research period that may affect the joint venture's performance, efficiency, or the business's history.

2.3.2 Research Site and Scope

The geographical scope of the thesis will be within the Cariboo-Chilcotin region in BC's interior. The Cariboo-Chilcotin is in the central interior of BC where both of my case studies reside. In fact, I am a local resident of the Cariboo-Chilcotin, which helped me to entice the two joint ventures to be a part of my research. The Cariboo-Chilcotin stretches to the north to Quesnel from its south end in Clinton. The communities of Ocean Falls and Horsefly mark the west and east ends of the Cariboo-Chilcotin region. (See map in Figure 1 below.)

Figure 1. Cariboo-Chilcotin Map.



The Cariboo-Chilcotin region is dominated by the Sub-Boreal Pine-Spruce biogeoclimatic zone¹⁰ (BC term for classifying its diverse forests), which is mainly made up of Lodgepole pine (*Pinus contorta var. latifolia*) with some hybrid spruce. There is also Douglas-fir that grows in the region but it is not as prominent. An important issue that is currently impacting all forestry operations in this region is the Mountain Pine Beetle epidemic. Lodgepole pine is

¹⁰ A biogeoclimatic zone is a BC term for classifying its diverse forests. A detailed explanation of this classification system can be found on the BC Ministry of Forests website:
<http://www.for.gov.bc.ca/hfd/library/documents/treebook/bigeo/bigeo.htm>

the main host for the Mountain Pine Beetle (MPB) which has a history of infestation in the region. The current MPB epidemic is much worse than ever before within the Cariboo-Chilcotin. For instance, if the current MPB epidemic rate continues, forest analysts believe that 80% of all merchantable Lodgepole pine will be killed by 2013 if there is no severe cold weather (-20 degrees Celsius in the Fall or -40 degrees Celsius in the late winter) to retard their growth rates. The Cariboo-Chilcotin and other MPB infected regions have not had any cold winters since the early 1980's. The provincial government increased harvest levels (i.e. AAC) in these MPB regions to salvage the infected Lodgepole Pine trees that remain economical now, but if left standing, will soon become unmerchantable timber (BC Ministry of Forests and Range 2005:1-20).

The two main forest companies who hold most of the forest tenure within the Cariboo-Chilcotin are Tolko Industries (Tolko) and West Fraser Forest Products (WFFP). Both case studies reside and operate within the confines of the MPB epidemic so their continued existence hinges on a cold winter. Although the industrial shareholders in both joint ventures studied have other areas of operation, the scope of the case studies will be restricted to the business operations and the aboriginal community associated with the joint venture.

2.3.3 Initial Contact and Approval

On December of 2004, initial contact occurred with Ecolink via telephone with two of its representatives and a meeting was set up at that business's location. The two Ecolink representatives and I attended the meeting in which I answered all their questions and helped to alleviate their concerns with the amount of information I would need and what I would do with it. Considering Ecolink was a private company, I reassured them that the information I needed would come from the interviewees only and not from the business records (i.e. financial statements). Most importantly, all interviewee information would not be disclosed to anyone including other company employees, and that the strictest confidentiality would be upheld according to my university's ethical research guidelines on human subjects (UBC Board of Governors 2002:1-5). After I answered their questions, a verbal agreement was made for Ecolink to be a part of my research and of the SFM Project as well.

In February of 2005, initial contact for the West Chilcotin Forest Products (WCFP) joint venture occurred during an aboriginal forestry conference in BC when I met the aboriginal board member for this business. After discussing my research objectives and the SFM Project's research objectives with her, she agreed and accepted on behalf of her aboriginal community to allow me to commence my research on WCFP. The week after the forestry conference, I contacted the WCFP manager via telephone and he also agreed that WCFP would be happy to be involved with my research project. This acquisition of WCFP as a case study occurred right after I made a decision to drop a past case study from my own community due to personal reasons, as discussed in section 2.4.

2.3.4 Field Process

Although an informal approval to perform my research happened in late December of 2004 and in February of 2005 for both case studies, fieldwork did not commence until March 7, 2005 with Ecolink and April 9, 2005 with the WCFP joint venture. As stated earlier in the chapter, an informed consent form was developed to get informed consent from the aboriginal communities and from their respective forestry business ventures. Both businesses signed and dated the business informed consent form during my fieldwork and each one chose to have their business's name publicly listed. I only managed to get one aboriginal community to sign and date the community informed consent form during my fieldwork, because the elected chief of the other aboriginal community was too busy to sign it but he gave me oral consent to perform my research within his community. One week's fieldwork happened with each case study involving personal interviews with willing and available interviewees at their own residence or worksite. A report summarizing the interview was sent to them by E-mail or by mail after my first fieldwork period, giving each of them time to make correction or additions to the report. Allowing my interviewees to have the time to review and make the necessary corrections/additions to the interview summary report I sent them proved to be an effective research strategy because about twelve interviewees did make changes and felt more satisfied with their participation once they had that control.

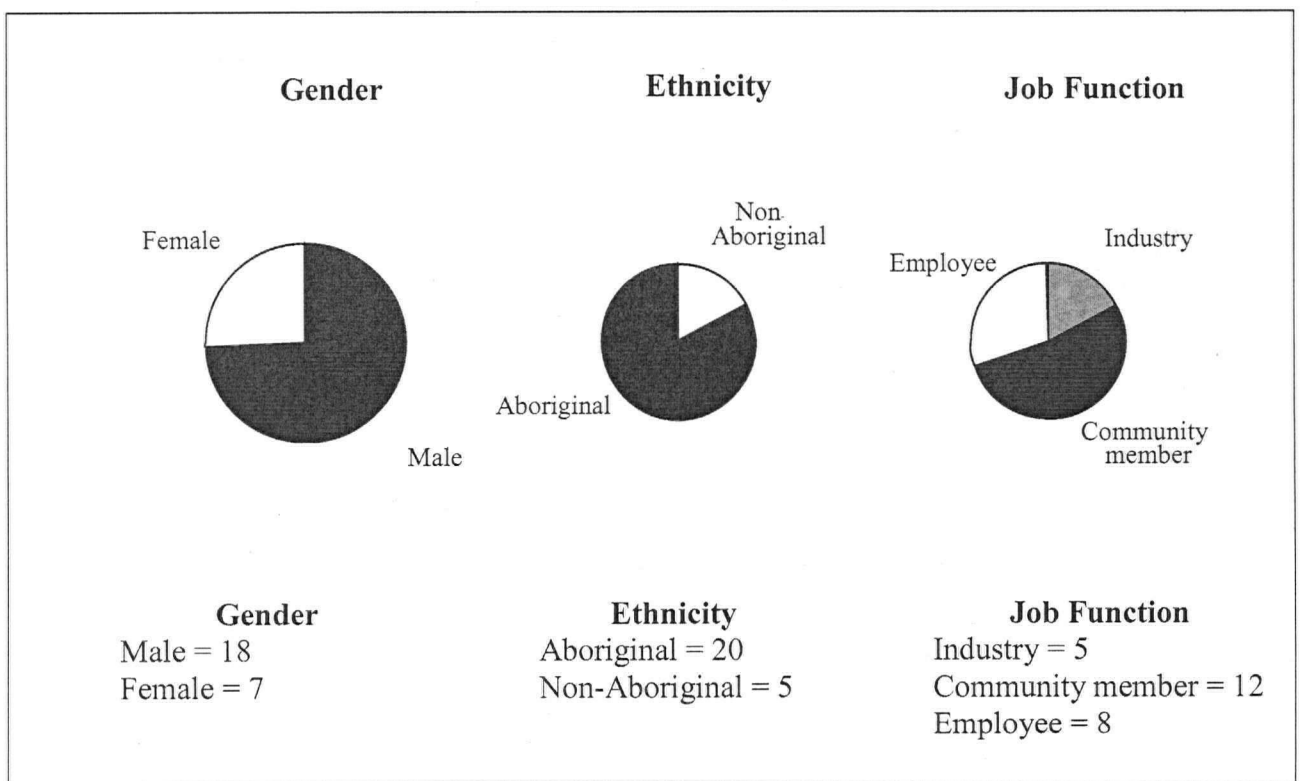
On September 29, 2005, a second fieldwork trip was performed to tour each of the joint venture's operations and to meet some of the employees. At this time, the revised interview summary reports from each participant were collected. This second research trip

allowed me to directly observe the operations of both case studies. In the end, I spent about one and half weeks in the field for each of the two case studies.

2.3.5 Interview Process

In total, 25 interviewees participated in the research (twelve from one and thirteen from the other case study). A profile of the interviewees is represented in Figure 2 below. Interviewee respondents included key forest industry members, community members, and employees of either joint venture.

Figure 2. Interviewee Profile



More men were interviewed than women, probably because forestry employs more men than women. All seven women were of aboriginal ancestry and five of them were in management positions. I interviewed twenty aboriginal respondents compared to the five non-aboriginal respondents. Twelve aboriginal community members (six from each community) were interviewed from both case studies and they were people who did not have any direct affiliation (employment or shareholder) with either business venture. Only five industry interviewees were available for my research as many potential industry interviewees declined

to participate since they were too busy. Eight employee interviewees participated in my research and they came from all levels (employee to management positions) within both joint ventures. My research is different from past aboriginal research in this field that interviewed only management level and key role players of the business, since I included community and employee respondents as well. Considering the limited timeframe, the low availability of interviewees, and the financial constraints of this research, I believe I have obtained an adequate sample size to allow for some inductive and deductive reasoning.

The same interview process was utilized for all interviewee respondents, adhering to UBC's policy for conducting research on human subjects (UBC Board of Governors 2002:1-5). The following steps were followed prior to each interview:

1. Explain the research project's purpose and how the interviews will contribute to the research. Let the interviewees know I will be the only one conducting the research in their community/business operations.
2. Explain my methodology and how I will handle the interview information. Most importantly, how the interview information will be confidential and exclusive to me and the interviewee only. All interviewee information will be coded and stored in a locked cabinet for seven years free from being accessed or identified by anyone. The numbered list for the interviewee information will be kept by me only and all information will be destroyed after seven years.
3. Inform interviewees that their participation in my research is voluntary and they can pull out at anytime during or after the interview without any penalty. Also they can stop the interview process at anytime to ask more questions or if they feel some questions are too sensitive for them to answer.
4. Hand them the informed consent form that outlines the research purpose, methodology, and contact information (principal investigator's, university research subject information line, and my own contact information).
5. Once all interviewees had time to read the informed consent form I asked them if they had anymore questions.
6. Once they were answered I then asked them to circle in the informed consent form the option to tape record the interview or not, and if they wanted their name to be publicly listed in the list of interviewees section of the research. Interestingly, 20 out of 25 respondents chose to be tape recorded and this greatly helped because many people directly affiliated with the joint venture provided much information on the business. Five interviewee respondents chose not to be tape recorded so notes from their interviews were handwritten. There were three interviewee respondents who did

not want their names to be publicly listed in the list of interviewees section because they did not want to be identified by anyone from their community.

7. Once these two options were circled, the interviewee was asked to sign, date, and write down their contact information. Each interviewee kept a copy of the informed consent form. Once these 7 steps were complete, we were ready to begin the interview.

The interviews lasted about half an hour to two hours depending on the number of questions being asked and the time it took the interviewees to answer them. All interviewee recordings were coded (no names to identify the interviewee) and I have the only copy of the coding list. The interview summary reports were also numbered, corresponding to the same coding list in my care. I typed out an interview summary report for each handwritten and taped recorded interview. This confidential document was then sent to the interviewee by mail or E-mail for their review, along with a letter (by mail) or message (by E-mail) reiterating the important points from the informed consent form regarding confidentiality of the interview information. In fact, three interviewees did need this clarification once again because they had forgotten about this aspect of the research process. This review process was useful to help clarify some facts that I may have misinterpreted or missed during the interview.

2.3.6 Documentation

The pertinent documentation I found on both case studies involved high level management plans, interim measures agreements, court cases, and journal articles. I was not allowed access to either of the two joint venture's shareholders agreements because they were deemed highly confidential and not available to anyone but the shareholders and appointed board members. Being appreciative for both case studies active participation in my research, I acknowledged their concern and did not pursue this matter any further. However, both representatives from each forestry joint venture did assure me that the shareholders agreement was registered under the BC Corporations Act, so the general characteristics of each agreement would be similar in accordance with the requirements of this act (2004, SBC 2002: Chapter 57). The BC Corporations Act entails the capacity and powers, location of

office, list of shareholders, and other pertinent information but the fine details of the limited/general partnership are left up to the shareholders.

The WCFP joint venture's pertinent documents were the Carrier Lumber case file, Anahim Lake Roundtable Plan, and some related articles done on the business venture which affirmed the dynamic community relationship between all three shareholders (Brubacher 1998, 74:353-358; Stirling 2005, 10). The Anahim Lake Roundtable is a sub-regional plan for the Cariboo-Chilcotin region endorsed by all major stakeholders residing within the Ulkatcho First Nation's (UFN) traditional territory. Such stakeholders include the UFN and WCFP who have endorsed and continue to implement the objectives in this community based land use plan for their operations in the region (Ministry of Sustainable Forestry Management website 2001). The Carrier Lumber case file helped to clarify the interviewee responses on relevant events that took place before the origination of WCFP, such as the UFN's blockade on Carrier Lumber's operations in Anahim Lake. The provincial government and Carrier Lumber tried to mitigate the UFN's environmental concerns over their traditional territory. In the end, the provincial government awarded the UFN a forest license knowing there was going to be a business alliance between the UFN, CAT Resources, and Carrier Lumber (BC Ministry of Forests website 2005; Carrier Lumber and Province of BC (Minister of Forests) 1999:1-219).

Ecolink's pertinent documents helped me to understand and to reaffirm the interviewee's responses about why the joint venture was formed and its goals and vision. The employee handbook and traditional organizational chart given to me by the silviculture supervisor defined the values, people, and vision and mission statements of the business (Ecolink Forest Services Ltd 1997). All this information reaffirmed the views on Ecolink expressed through my interviewees as an aboriginal business employing and training Esketemc First Nation (EFN) band members while remaining competitive and respecting the land and its resources.

Also the interim measures agreement called the FRA was signed by the EFN and this reaffirmed their initiative to build an economic base while negotiating a treaty (BC Ministry of Forests website 2004:1-15).

2.3.7 Direct Observation

Direct observation is one of many techniques for triangulation to verify a researcher's sources, and this was done for both case studies (Tashakkori and Teddlie 1998:1-185; Yin 2003, 3:1-179). I spent two days directly observing the WCFP operations led by the Quality Control Supervisor during my first research trip and the General Manager on the second trip. I spent a day directly observing Ecolink's logging operations led by the managerial team but I did not directly observe Ecolink's silviculture division because they were not operational at the time due to limited silvicultural contracts being tendered in their area. The direct observation of operations for both case study businesses helped me to understand the high production environment in which the employees operated. Also, I visited the communities while conducting my personal interviews and spoke informally with the local residents and this helped me to understand the community context prior to and during my fieldwork.

2.4 Benefit and risks of case study methodology

The one benefit encountered with case study methodology was the ability to be seen as the outsider by the business and community if you have no family, political, or business ties. The two risks for using case study research is the removal of informed consent, and the limited variation in the data. Each of these issues is discussed below.

The biggest benefit for using another community rather than your own for research is the ability to be seen as an "outsider." Although I have a myriad of benefits from my research this was the most important one for me, as the aboriginal researcher. The most prominent aboriginal academics like to encourage aboriginal researchers to do aboriginal research and on their own community if possible, since they will be more attuned to the culture and traditions of aboriginal people than a non-aboriginal researcher (Battiste and Henderson 2000:1-324; Smith 1999:1-208). I agree with the latter statement that there should be more aboriginal researchers doing aboriginal research, but I disagree with the statement that they should do research on their own communities. I was stress free and happy to perform my research within both aboriginal communities, because I was seen as an outsider who had no political or business interest in their community.

Of course, there is no way for me to prove this, but I do believe that being an aboriginal person did help my own and the SFM Project's research to quickly identify the social, political, and cultural norms quite common within most aboriginal communities. Now I do not know how a non-aboriginal researcher would perform, but because I am aboriginal, I found it very easy to analyze the aboriginal communities in my research, and to very quickly see what the big picture was politically and socially. Being able to quickly identify the problems with either aboriginal community helped me to focus on the research objectives and not to be overwhelmed with new knowledge that may plague a non-aboriginal researcher who has no experience with aboriginal people. This is not to say that a non-aboriginal researcher would not have had the same results as I had, nor does it mean that a non-aboriginal researcher who has experience with aboriginal people would have done better or worse. However, based on my experience, I believe that an aboriginal researcher should not use their own community for their research unless they know there will be no problems, keeping in mind that some problems cannot be foreseen.

Acquiring several case studies for research is an arduous task, and there are many unpredictable factors that may cause a given business or community to withdraw from the research at any point in the process. Political or social developments can cause business instability overnight, which may also affect the ability of a business to participate in a research project. This happened with the case study I had acquired from my own community. The political environment was very unstable because of a newly elected council, affecting the working environment of the employees of this aboriginal business, and resulting in the dismissal of my parents from its operations. Because of this, I made the decision to drop my own community's joint venture from my research, because a researcher must remain objective and natural during the research period, and the new political situation's effect on my family would have made it impossible for me to remain objective in my analysis of this business case.

Even if I had continued to use my community as a case study, there would still have been the chance for them to remove themselves from my research, even against my own wishes. By using the case study methodology a researcher puts himself/herself at the risk of losing their case studies during the research process following ethical research guidelines of informed consent, but withdrawal from the research has to be an option for case study

participants in order to be respectful of the community/communities participating (Association of Canadian Universities for Northern Studies 1998; Battiste and Henderson 2000:1-324; Royal Commission on Aboriginal Peoples 1996a; Smith 1999:1-208). I recommend not using your own community for your research project, so that you will not encounter the problems I have dealt with. Luckily, my social skills and networking helped to acquire a replacement case study.

One other problem with the case study methodology is the risk of limited variation in the data collected using the survey and case study questionnaires, compared to the actual variation from case to case according to contextual conditions of the joint venture and the community. The danger is that the survey and case study questionnaire may not address the contextual conditions of the business and the community before the research. On-reserve development might contribute to the demise or success of the business; and both questionnaires cannot capture everything within either community. In this research, the following two methods were used to try to limit this risk of limited variation. First, the case study questionnaire was used as a guide, and additional questions were asked to follow up on particular issues of interest that arose in initial responses. Second, informal observation through discussions with community members and company employees during site visits allowed for the capture of additional contextual data.

Chapter 3: Aboriginal Economic Development and Joint Ventures

3.1 Aboriginal Economic Development

Aboriginal economic development (AED) is a vehicle towards self-reliance for all aboriginal communities, whether they want to achieve self-governance or not. The question is how can it be done effectively? The answer is not as simple as people think it is because aboriginal communities within Canada are so diverse in their traditional values, culture, and languages that are so important for them. This section will briefly describe mainstream economic development approaches, highlight how they differ from AED, and explain why AED is the preferred framework for economic development in aboriginal communities. Afterwards, issues with the application of AED in Canada will be discussed.

In the last half of the twentieth century the federal government used the mainstream “top down” economic development approach through its policies and programs to improve the economic situation in rural communities. This “top down approach” was to infuse external capital and build infrastructure into rural communities, believing that this capital would remain within the community creating employment for all. The government believed these successful rural communities would attract external business and rural people from other communities as well. The government chose particular rural communities- called growth centers- as the epicenters for economic growth. Not only did they believe these growth centers would be economically successful, but also that their wealth would spread around the region. The government still maintains control over the capital and services provided to these rural communities through generic programs like the Community Futures program (CF) and the Atlantic Canada Opportunities Agency (ACOA) to name a few. This mainstream approach allows the government to have power over development, in contrast to the new “bottom up approach” towards economic development-called community economic development (CED), which empowers local community members to have control over development within their community and region, while the government provides the financial and technical support (Sveinbjornsdottir 2001).

Community Economic Development (CED) refers to a particular form of regional development, in which local resources play a principal role. The main objective of CED is

self-reliance and the fulfillment through local control of long-term community social, cultural, economic and political needs. Principles of CED required for successful development are entrepreneurial spirit, local control, community support, planned process, and the holistic approach. Although this does not guarantee success for any particular community any of these principles on its own can improve the chances for successful development in small ways, compared to the mainstream economic development approach still used today by the government of Canada (Sveinbjornsdottir 2001). A detailed discussion of CED is out of the scope of this thesis, since it is a vast research subject on its own, but it is mentioned here because it is one way to help economic development to occur within aboriginal communities, but CED is different from AED, which is the preferred method, and hence the focus of this thesis.

AED includes two factors that are missing from the CED model. First, AED promotes the continued assertion of aboriginal rights and title by the aboriginal community/nation over their traditional territory, because having more control over the natural resources in their traditional territories will create more certainty for businesses within and outside the community/nation. An aboriginal community/nation needs an established economic base in order to implement self-governance when it becomes a reality in the near future. Second, AED incorporates the importance of sustaining aboriginal traditional culture, values and languages, which are important elements for ensuring sustainable economic development in aboriginal communities. Therefore, AED is a better framework than CED because; AED is culture specific, and able to help reach self-determination for everything within the aboriginal community/nation's territory in a holistic way, whereas CED only applies to parcels of land that still fall under federal or provincial governmental authority. AED works towards the same primary goals and vision for any aboriginal community, and those are self-reliance and self-governance over their traditional territory.

The main inhibitor to successful AED in Canada is the limited or non-existent control that aboriginal communities have over natural resource development occurring within their traditional territories. In 1996, the Royal Commission on Aboriginal Peoples (RCAP) recommended that aboriginal peoples must have control over their own lands and resources in order to obtain economic self-reliance leading to self-governance. RCAP participants

agree that the transformation of aboriginal economies from dependence on government transfers to self-reliance is required for the development of self-governance. Past, federal economic development programs used a 'one-size fits all' approach for all aboriginal communities, although these communities were quite diverse from one to the next. RCAP distinguished four distinct aboriginal economies in Canada, which were the First Nation reserves, rural Métis communities, urban aboriginal, and the northern economies which demonstrates the problem with using a homogenous economic development approach on aboriginal people. The mainstream economic development approach is still being implemented through governmental funding programs. The true concept of AED will not be fulfilled until control is given to aboriginal communities over the development and resources within their asserted traditional lands (Royal Commission on Aboriginal Peoples 1996b).

As stated above, the most important factor impeding AED in Canada is the failure to relinquish governmental control over the lands and resources that have belonged to aboriginal communities/nations since time immemorial (Alfred 1999; Anderson 1999; Cornell et al. 2005:1-42; Cornell and Kalt 1992:1-59; Cornell and Kalt 1998, 22:187-214; Fraser 2001:1-55; Groenfeldt 2003, 35:917-929; Public Policy Forum 2005:1-20; Royal Commission on Aboriginal Peoples 1996b; Salway Black 1994:1-27; Think Tank on First Nations Wealth Creation 2003:1-116; Whiting 2001:1-139; Wuttunee 2000:1-236; Wuttunee 2004:1-199). According to the Harvard Project on American Indian Economic Development (Harvard Project), control over a tribe's lands and resources is essential for successful economic development, because they found through their extensive research that economic development within aboriginal communities was a political problem, rather than an economic problem as previously thought. The business environment within aboriginal communities is uncertain and unattractive for outside investors if the aboriginal community has no control or capable institutions in place to manage lands within its borders. A 2003 interview study on four aboriginal communities in Atlantic Canada revealed that aboriginal communities who had some control over some of their natural resources did create economic benefits, not only to themselves but to the surrounding communities as well. The most successful tribal businesses described in this study were based in communities that had political control and decisive authority over all economic development that occurs over their land/reserve, whereas the least successful businesses were located in communities that remained under the

paternalistic federal government resource management regime (Atlantic Canada Opportunities Agency 2003:1-83). Gaining control and authority over land and resources is a common goal for fully implementing AED within any aboriginal community.

Although control over all economic development projects occurring within a particular aboriginal community's asserted territory is a main goal, AED cannot be based on economics alone. The economic benefits an aboriginal community can obtain from having shared/veto decision making authority over their land base cannot compromise their own traditional culture, values, and language (Alfred 1999; Gandz 1999, 64:30-34; Newhouse 2000, 1:55-61; Newhouse 2001, 2:75-82; Public Policy Forum 2005:1-20; Royal Commission on Aboriginal Peoples 1996b; Salway Black 1994:1-27; Whiting 2001:1-139; Wuttunee 2000:1-236; Wuttunee 2004:1-199). Like many aboriginal scholars, I believe that traditional culture, values, and language are the attributes that make aboriginal communities distinct from each other and from the rest of the world, and economics should not compromise any one of these attributes. If a particular business, project, or initiative compromises or even jeopardizes the traditional culture, values, and language of an aboriginal community it is not AED.

Many aboriginal communities want to be involved in AED through business ventures or agreements like joint ventures, impact benefit agreements, partnerships, and contract arrangements with outside investors. Aboriginal academic David Newhouse calls this insurgence by aboriginal communities "capitalism with a red face", in which the traditional values and culture of all aboriginal people are sustained/enhanced while the business competes in the dominant capitalist society. He also believes that if these successful aboriginal businesses can compete in the mainstream society without compromising their aboriginal community's culture or traditional values, such business development is not wrong. Aboriginal communities want to build an economic base leading to self-reliance, and this cannot be done without participating in the capitalist world. As Newhouse points out, there are few aboriginal people who do not want to actively participate in the capitalist world (Newhouse 2000, 1:55-61; Newhouse 2001, 2:75-82).

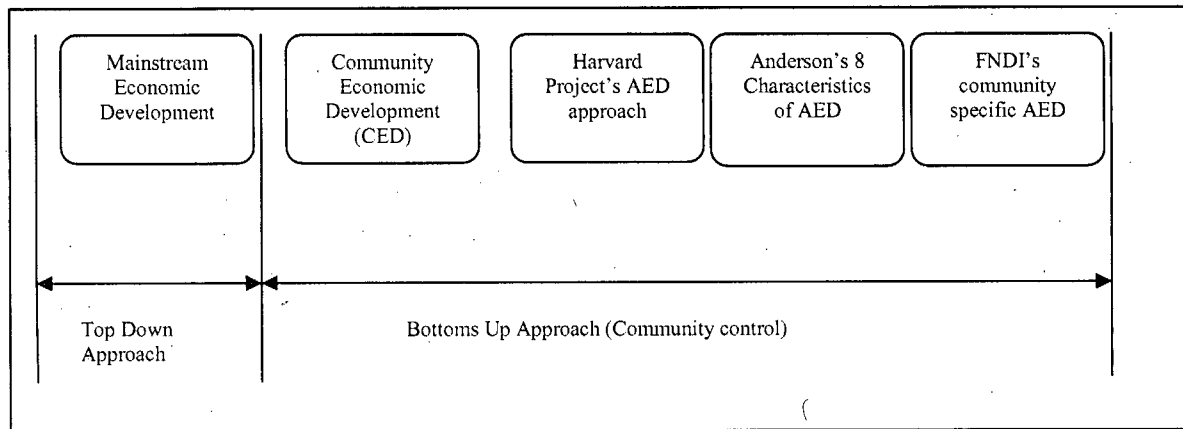
Are joint ventures or partnerships the right business ventures to implement AED? Or should aboriginal people take the alternative road of accepting Impact Benefit Agreements or contracts that do not offer the same opportunities for training and experience of with working

with non-aboriginal people? There are so many ways to implement AED and so few examples of it in practice, but joint ventures seem to be the dominant vehicle chosen for AED in the natural resource sector throughout Canada. Since it is a popular type of business venture, it is necessary to evaluate if joint venture businesses can fulfill the elements of AED. Before focusing on the joint venture literature, the next section will reveal the differing approaches to AED.

3.2 Economic Development spectrum

An economic development spectrum includes all possible approaches, ranging from the mainstream “top down” economic development approach to the “bottom up” economic development approaches of AED. Figure 3 below shows the economic development spectrum with a focus on Aboriginal Economic Development (AED).

Figure 3. Economic Development Spectrum



The mainstream “top down” approach for economic development is on the one end of the economic development spectrum and this is the approach consistently used by industry and government organizations. The “bottom up” approaches presented have increasing levels of community control, as presented in Figure 3. CED is presented in this economic development spectrum to show that it belongs in the bottoms up approach for economic development but it in no way means that CED has the least amount of community control because a aboriginal community might prefer this approach. The Harvard Project uses a general economic development approach for all aboriginal communities, Anderson’s approach based on eight characteristics of AED provides for some adaptation to community circumstances, and the First Nations Development Institute (FNDI) approach provides maximum community control with their aboriginal community specific approach for economic development. Each of these approaches is described below.

The Harvard Project research team takes a generalist view of AED that can be applied to all aboriginal communities. They found through their research of hundreds of Native American businesses that the most successful businesses had governments with self rule and capable institutions of self-governance that matched their culture and traditions. The Harvard

Project concludes that economic development is a political problem within aboriginal communities/nations rather than an economic one. Ultimately, all aboriginal communities or nations want to have self rule over their lands, resources, administration, and judicial systems; the Harvard Project provides some examples of Native American tribes who have achieved some degree of control over development. Successful businesses in these tribes had some degree of control coupled with culturally matched institutions. Although culture is deemed important by the Harvard Project, they keep that important part community specific. In the end, the Harvard Project affirms that a stable political environment created when an aboriginal community has self rule, combined with capable institutions matching their culture, will attract outside investors (Cornell, Jorgensen, Kalt, and Spilde 2005:1-42; Cornell and Kalt 1992:1-59). The Harvard Project is based on research done in the United States, and its conclusions would not necessarily hold true in Canada where the political and social context for aboriginal communities is much different.

The Think Tank on First Nations Wealth and Creation (Think Tank), initiated and sponsored by the Skeena Native Development Society (an aboriginal organization from the west coast of BC), proposed that First Nation communities must have self-governance with effective institutions, control over their own lands and resources, and entrepreneurial thinking in order to produce economic development (Think Tank on First Nations Wealth Creation 2003:1-116). Their first two points agree with the Harvard Project research findings, but apply to the Canadian context. The Think Tank also finds that the creation of entrepreneurs who come up with effective businesses on reserve will promote economic development, through reducing transaction costs; however they conclude that the *Indian Act* and related lack of self-autonomy are the barriers that have to be removed. The Think Tank does a good job with its findings but is too focused on aboriginal communities that have self-governance (i.e. Nisga'a), considering that most First Nation communities in Canada still have to work under the federal government's imposed framework (the *Indian Act*) to create economic development (Think Tank on First Nations Wealth Creation 2003:1-116).

The First Nations Development Institute (FNDI) and its fellow advocate Wanda Wuttunee believe the traditional and cultural values of any aboriginal community are more important than profits and employment, which are always the main measures for success in mainstream economic development initiatives. FNDI is a national Native American

economic development organization working with participating tribes and Native Americans by creating an economic environment that focuses on the 'cultural DNA' of the community, which is comprised of the values, goals, and priorities tailor made to a community, society, or culture. FNDI uses the "Elements of Development" framework for measuring community success, which is based on the Native American worldview of development consisting of four quadrants forming a circle. These four quadrants are kinship, assets, personal efficacy, and spirituality; twelve other elements fall within these four quadrants. The sixteen elements of the framework can help to create goals or standards and also to formulate measures or indicators that mirror the values and priorities of the First Nations community (Salway Black 1994:1-27). FNDI and Wuttunee are in favor of creating an economic environment that builds on local resources while recognizing the culture and indigenous knowledge of the First Nations community. Also, their approach stresses that this development has to occur within the community, meaning it has to come from the people not from outsiders. In the end, FNDI are adamant that First Nations communities should be the ones to determine their own measures of development that does not harm the ecology of their lands and resources. FNDI uses the Elements of Development framework to evaluate how a business is doing from the community's measures rather than western society's measures of profit and employment.

Wanda Wuttunee uses FNDI's "Elements of Development" framework to evaluate eight aboriginal communities across Canada. Wuttunee and FNDI believe that the "Elements of Development" framework, although complex, does offer new ways of measuring economic indicators and values proposed and developed by the grassroots - people from the community- not by outside experts. One of Wuttunee's research objectives was to examine if aboriginal wisdom has a place in economic development theory, using eight aboriginal communities as case studies. She concludes that such wisdom does have a place since it is the moral fabric of aboriginal people (Wuttunee 2000:1-236). Wuttunee's book, *Living Rhythms*, uses the FNDI framework to examine eight aboriginal communities/companies ranging from urban to rural communities, and in the end these cases studies show that aboriginal wisdom is present in any community economic development initiative (Wuttunee 2004:1-199).

Robert Anderson's eight characteristics of AED are particularly relevant to this thesis research, because he is in the middle of the AED spectrum and he focuses on how business

alliances with outside investors can help any aboriginal community towards being self-reliance (Anderson 1999). Anderson argues aboriginal people want to compete in the capitalist world through business alliances with anyone but on their aboriginal terms and conditions. Anderson's framework was developed to demonstrate how aboriginal communities/nations can compete in capitalist society without compromising other community needs.

Robert Anderson's approach is right in the middle of the spectrum of the bottoms up approaches, because it does try to generalize for aboriginal communities or nations. His work also encourages aboriginal communities/nations to get into mutually beneficial arrangements such as joint ventures or partnerships with mainstream society. The Harvard Project approach doesn't allow for as much adaptability to community context as Anderson's does, whereas the FNDI approach focuses on development within the community, rather than joint initiatives with non-aboriginal partners. Another facet of Anderson's approach that makes it particularly relevant to this thesis is its focus on the use of business ventures as solutions for AED, especially aboriginal joint venture businesses such as those created by the Meadow Lake Tribal Council in Saskatchewan (Anderson 1997). This thesis will draw on Anderson's eight principles for the purposes and processes of AED to help develop a framework to answer the three research questions presented in section 1.1 Anderson's 8 principles are as follows:

1. A predominately collective approach, centered on the individual First Nation *for the purposes of:*
2. The attainment of economic self-sufficiency as a necessary condition for the realization of self-governance at the First Nation level.
3. The improvement of the socioeconomic circumstances of the people of the First Nations.
4. The preservation and strengthening of traditional cultures, values, and languages.

Involving the following processes:

5. Create and own businesses to exercise control over the economic development process.

6. Create businesses that can complete profitability over the long run in the global economy, to build the economy necessary to support self-government and improve socioeconomic conditions.
7. Form alliances and joint ventures among themselves and with non-First Nations partners to create businesses that can compete profitably in the global economy.
8. Build the capacity for economic development through (i) education, training and institution building, and (ii) the realization of treaty and aboriginal rights and title to land, resources, and self-government (Anderson 1997:1-299).

Anderson's principles for AED as stated above apply to the case studies examined in this thesis, most notably points 5-8 which focus on business ventures and their contributions to aboriginal communities. Section 7 in particular applies to this thesis because both case studies are joint venture businesses

3.3 Defining a Joint Venture

As mentioned above, this thesis will be evaluating if forestry joint ventures involving aboriginal communities fulfill AED as described by Anderson. It is first necessary to show how hard it is to define a joint venture in the business and legal worlds, and to provide a definition that will be used for this thesis.

3.3.1 Business Definition

Finding a definition for the term 'joint venture' is an easy task, but finding a definition that is consistently used in the business world is a difficult challenge. It is especially difficult because globalization has torn down the traditional barriers of doing business worldwide; markets now have few barriers between countries. The joint venture is a commonly used business form to compete in this new business paradigm and different countries have their own definition for what constitutes a joint venture. According to the business world, a phrase to describe a joint venture is "it captures the strategy for collaboration amongst parent companies". Thus, in the business world a joint venture "encompasses any business venture where there is an agreement between two or more parent firms (who remain separate entities) to engage in ongoing collaboration to pool complementary assets and/or skills for a common

goal” (Reiter and Shishler 1999:227). This means a business will not be classified as a joint venture unless it has all of the 5 following features, which are:

- Ongoing collaboration,
- Shared participation in decision making,
- Parent firms who remain separate entities,
- A combination as opposed to an exchange of assets; and,
- Complementary assets (Reiter and Shishler 1999, 19).

Aboriginal Business Canada (ABC), a federal lending program of Industry Canada helping aboriginal people to start up business ventures through financing capital and providing business support services, defines a joint venture to be two or more people/businesses joining together to become a single business enterprise (Aboriginal Business Canada website 2005). ABC will not lend capital to a joint venture unless it shows through a signed joint venture agreement from all parties that the aboriginal partner has sufficient participation in the planning and future management of the business and that the non-aboriginal partner has sufficient business skills. The stipulation that ABC will not fund any joint ventures made with aboriginal communities without a joint venture agreement, is a good and important feature that will be discussed later on in the chapter.

In 2000, a joint study by between the National Aboriginal Forestry Association (NAFA) and the Institute on Governance (IOG) revealed that there are five business partnership types used between aboriginal peoples and the forest sector, namely:

- Joint Ventures,
- Cooperative business arrangements,
- Forest services contracting,
- Socio-economic partnerships,
- And forest management planning (National Aboriginal Forestry Association 2000:1-85).

The study describes each of the partnership types with examples, with the intention of revealing what types are happening in the forest sector, rather than defining the partnership arrangements. Nonetheless, this study gives a general definition on a joint venture, which is any partnership in which the ownership of the business enterprise is shared between an aboriginal and non-aboriginal partner, each making a tangible non-monetary contribution to

the business such as human capital, business expertise, and access to timber supply (National Aboriginal Forestry Association 2000:1-85).

Robert Anderson defines a joint venture to be a contractual arrangement made between two or more investors to share control, decision making, profits, and losses of a particular business purpose or project. The investors retain title to the assets they brought into the joint venture (Anderson 1999). As demonstrated in this section, the definition for joint ventures is not consistent. Table 2 distinguishes Reiter and Shishler's classic business definition for joint venture compared to the other definitions mentioned in this section.

Table 2. Comparison of joint venture business definitions compared to Reiter and Shishler's joint venture definition.

Reiter and Shishler's JV	Aboriginal Business Canada's JV	NAFA's JV	Robert Anderson's JV
Ongoing Collaboration	Yes	Yes	Yes
Shared Participation in Decision Making	Yes	Yes	Yes
Parent Firms Remaining Separate Entities	Yes	No	Yes
A combination of assets rather than exchanged	No	No	No

None of the other three joint venture definitions include Reiter and Shishler's "combination of assets rather than exchanged assets" criteria in their definitions for a joint venture. This is an important distinction between the joint venture definitions mentioned above because the main reason investors get involved in joint ventures is to pool their assets to meet the purpose of the business/project alliance. If an aboriginal community or forest company can exchange their assets between them without any ongoing collaboration then there is no need to form a joint venture. The assets involved in an aboriginal forestry business venture can be non-tangible, so a mere exchange is not likely. This is the reason why this research will apply Reiter and Shishler's joint venture definition.

3.3.2 Legal Definition

The legal world is just as bad or even worse for providing a consistent definition of a "joint venture" because of litigation matters that can result from its misclassification/classification. The term joint-venture is not even recognized in some countries in Europe. So the legal world has classified joint ventures into partnerships, corporations, or contract relationships. The business definition for joint venture may be too loose for lawyers to apply depending on the country, so tying in the relationship types listed in the latter statement helps to better define the business relationship. Partners in a joint venture are sometimes unclear themselves on what their legal relationship is. For example, there have been cases in which the partners thought they were in a contract joint venture but instead they were in a partnership, and in some countries a joint venture is classified as a subset of a partnership (Reiter and Shishler 1999:227). However, the track record for defining joint ventures as businesses in the legal world is not adequate and still manages to challenge the courts because each country has left the door open for this matter.

Canadian lawyers Reiter and Shishler categorize joint ventures into the following legal arrangements: Joint Venture Corporation (JVC), Joint Venture Partnership (JVP), and Contractual Joint Venture (CJV). Since a JVC is a corporation, it shares the same rights, powers, and privileges as a person, meaning it can sue or be sued, and the business can acquire other businesses. Most importantly, the shareholders of the JVC have limited liability so they cannot be sued over incurring debts made by the business. In fact, the number of JVC's is known and recorded because the business must incorporate itself through the process set out by the Canadian Business Corporations Act (CBCA), but this information is available to the government only. The JVP is governed by the applicable provincial partnership legislation, which outlines the general partnership structure, and the partners negotiate the fine details of the partnership. A JVP is not like a corporation, so the liabilities for each partner will be determined by the amount of their investment into the partnership and if they are either a general or limited partner. A general partner has unlimited liabilities to the debts and objectives of the partnership, while a limited partner has less liabilities to the partnership depending on the amount of investment. In fact, a JVP or partnership must have a general and limited partner in order to be termed a limited partnership. A general partnership

is when all partners have the same amount of liabilities in the business venture. A CJV does not create a separate legal entity and it does not adhere to any applicable partnership legislation because the partners involved want the arrangement to be private with no disclosure to the public (Reiter and Shishler 1999:227). When comparing the three joint venture models, on a spectrum of increasing liability, the less liable more stringent JVC would be on one end, the JVP in the middle, and the more liable but less stringent CJV at the other end of the spectrum.

As the above discussion shows, defining the joint venture from a business and legal perspective is a daunting task that can easily lead to misinterpretation by the partners involved and by people in general. Such misinterpretation has occurred in many aboriginal forest based companies who claim to be in joint ventures but are really in partnerships. Joint venture definitions in the business and legal world vary in their preciseness.

3.3.3 Joint Venture Definition for the Thesis

This thesis will use Reiter and Shishler's joint venture definition stated earlier as "any business venture in which there is agreement between two or more parent firms (who remain separate entities) to engage in ongoing collaboration amongst parent companies to pool complementary assets and/or skills for a common goal" (Reiter and Shishler 1999:227). These complementary assets are pooled among the parties, not exchanged.

This thesis will further classify a joint venture into an informal or formal relationship by whether there is a negotiated agreement amongst all parties. In order for a joint venture to be formal, it has to have a shareholders agreement. The joint ventures will also be classified according to their legal form, to see if either joint venture is a corporation (JVC), partnership (JVP), or contractual agreement (CJV) to provide some contemporary examples. If it has neither a negotiated agreement, nor a shareholders agreement, it will be classified as an informal joint venture because all three types of legal forms require formal agreements stipulating the roles and responsibilities of all parties involved with the joint venture. A Memorandum of Understanding (MOU) agreement or its equivalent between an aboriginal community and a forest company is an example of another type of agreement that may be signed to form a joint venture. Timber harvesting agreements are another type of agreement that can be signed by all parties, but harvesting agreements are really a contractual

arrangement for a guaranteed service rather than a joint venture. In the end, the joint venture as defined above will be classified as either formal (with a legal agreement) or informal (not having a legal agreement).

3.4 Aboriginal Joint Venture Literature

This section will summarize the literature that is available on aboriginal joint ventures in the forest sector in Canada, as it applies to my three research questions regarding contributions to AED, keeping politics from overrunning business decisions, and defining success. Because joint ventures have no public reporting requirements even if they are formal, this makes it very difficult to know how many exist in the forest sector. Nonetheless, there have been studies that have attempted to count them. In 2000, NAFA in collaboration with the Institute on Governance (IOG) found in their study of aboriginal forestry businesses that there were fourteen aboriginal forestry joint ventures (nine in BC, three in SK, and two in QC) nationally, but there was no research done to see if any had formal shareholder type agreements (National Aboriginal Forestry Association 2000:1-85).

Kyle Whiting revealed in his thesis that out of eleven potential aboriginal forestry joint ventures in northern BC, four of them had a formal joint venture with a Joint Operating Agreement (JOA), which is a legally binding document negotiated between all partners that is similar to a shareholder's agreement (Whiting 2001:1-139). Anderson details in his research that there were 59 non-agricultural aboriginal joint ventures in Saskatchewan, but he does not state how many of them were involved in the forest sector (Anderson 1997:1-299). In 2002-03, the NAFA study on aboriginal-held forest tenures across Canada revealed that there were 23 joint ventures nationally (nineteen in BC, three in SK) but again no research was done to see if these were formal or informal joint venture arrangements (National Aboriginal Forestry Association 2003:1-78). What is quite apparent in the examples above is how many proposed JV's there are in BC, and this comes as no surprise because of the vast natural resources within the province and the current provincial forest legislation allowing First Nation communities some access to forest licenses through the Forest Revitalization Plan described in Chapter 1.

In the past, the main research paradigm focused on joint ventures established between companies from developed countries. Well known scholar J. Peter Killing affirms that joint ventures must have a dominant management structure (i.e. one shareholder manages the joint venture) instead of a shared management structure (all shareholders have equal management control) because a shared structure is more difficult to manage and it can affect the financial bottom line. He believes that any foreign company (i.e. developed country company) should retain its dominant control and management in the joint venture by choosing a local partner whose contributions are not significant at all. In some cases the joint venture was started because of foreign policies, rather than stakeholder needing to pool their assets or information with another. In fact, 77% of all managers of a dominant parent joint venture who participated in Killing's survey declared that their business was doing satisfactory or better. However, he had only thirteen dominant parent joint ventures and only 37 joint ventures in total, which is a small sample size (Killing 1982, 60:120-127; Killing 1983:79). In the end, he acknowledges that the biggest limitation to his research was that it dealt with joint ventures involving developed countries not on developing countries. However, joint ventures regardless of origin should be only temporary business solutions for all parties because the knowledge and assets that each shareholder requires from one another can be acquired over a finite time period, after which the incentive for being in business no longer exists.

Paul Beamish discovered in his comparative research that there is definitely a difference between joint ventures dealing with developed countries and joint ventures dealing with developing countries. His research results on joint ventures in developing countries involving a multinational company and a local partner reveal that there has to be equal ownership and management between the partners. Beamish also found that the successful developing country joint ventures in his survey looked for local knowledge and management from the local partner, while the management elite of the unsuccessful joint ventures only looked for the support and contributions from their local partner that were necessary to satisfy the governmental requirements to keep the business going in that country. Beamish advocates that joint ventures in developing countries can be successful if there is shared decision making authority, and if the multinational executives of the foreign company look to the local partner for their local knowledge, culture, and political knowledge of their country and if the joint venture uses local management (Beamish 1985, 20:13-19; Beamish 1988; Lane

and Beamish 1990, 30:87-102). Beamish's research findings are very applicable to joint ventures involving aboriginal communities in Canada.

The existing literature on joint ventures involving aboriginal communities in Canada has been based on generalized descriptions and prescriptions of a few contemporary examples (Aboriginal Business Canada website 2005;Bourgeois 2002:33-38;Chelsea 1999;Findlay 1999:1-9;First Nations Forestry Program 2003:229;La Pointe 1997;National Aboriginal Forestry Association 2000:1-85;Ross and Smith 2000:1-88). Acknowledgement of all shareholder contributions and the importance of building trust are the main components of a successful joint venture, but it is up to the shareholders to find this happy medium (Ellis 1993:1-16;Ferrazi 1989, 9:15-32;Joy 1999).

Forestry joint ventures involving aboriginal communities are seen as vehicles for providing local employment and training while the forest industry shareholder gets unimpeded access to the timber supply. While this ongoing collaboration occurs, there is also the sharing of risks and the significant tax advantages that an aboriginal partner can share directly or indirectly with the non-aboriginal partner by choosing the joint venture business structure (Insight Press 1999;Native Investment & Trade Association 1996;Native Investment & Trade Association 1997). Generalized descriptions and prescriptions dominate the joint venture literature, but there are only a few case study examples from the forest sector, thus a research gap exists, which this thesis will help to fill.

The joint venture literature advocates the importance of having a negotiated shareholders agreement or its equivalent because this will help sustain the working relationship until the joint venture's dissolution. In cases where the aboriginal partner is involved in long term land claims disputes or negotiations, the shareholders agreement can include a "without prejudice" clause stating that it will not infringe on the aboriginal title and rights of the aboriginal shareholder involved (Findlay 1999:1-9). Also, the shareholders agreement has to clearly express each shareholder's equity and management control, the dissolution/buy out option, and the legal format such as a corporation, limited partnership, or a general partnership (Lewis and Hatton 1992:1-72). These agreements can take six months or more to complete amongst all partners, with negotiations over the equity structure and technology transfer components being the most difficult. A clear buy out or other exit mechanism must be stated in the shareholders agreement so that it is not done in an *ad hoc*

way (Miller et al. 1996:1-25). A good example of the importance of such a clause is Iisaak Forest Resources Ltd (Iisaak) - a forestry joint venture between the Nuu-Chah-Nulth First Nations and the forest company giant Weyerhaeuser. The aboriginal shareholder of Iisaak took advantage of the buy-out option in their negotiated shareholders agreement, and now the business is owned by the aboriginal communities in their area of operations, which is located within Clayoquot Sound, the most contentious forest region in BC on the west coast of Vancouver Island.

In Doug Brubacher's article, he uses his own analytical framework (which is the identification of the partners, context, objectives, accountability, contribution, and risks to the joint venture) for assessing the West Chilcotin Forest Products (WCFP) joint venture (Brubacher 1998, 74:353-358). His analytical framework is used to portray how the aboriginal partner wanted to get access into the forest sector while being profitable and meeting the socioeconomic objectives of their community. The forest industry partner wanted unimpeded access to the timber supply and for the joint venture to be profitable. Although Brubacher uses only one case study example, it was unique because it was between an aboriginal community, non-aboriginal community, and an outside forest company. Conveniently, the same case study will be used in this thesis, allowing for a comparison of what was examined then to how the situation has evolved now. Brubacher generalizes from his single case study to suggest future problems that can occur with other joint ventures involving an aboriginal community. He does not provide other case study examples, thus his study contains no replication.

Up to this point, the aboriginal joint venture literature has been outdated and not as comprehensive in focus, (including the two major contributions to the field which will be discussed below). Although the experiences of past and current joint ventures involving aboriginal communities should not go unnoticed, there remains a need for further research. Two key research contributions on joint ventures involving aboriginal communities come from Kyle Whiting and Sarah Jane Fraser. Both studies provided more than descriptive research and opened the door to more aboriginal research on business ventures.

Kyle Whiting's thesis looks at four aboriginal forestry joint ventures in BC and determines these business ventures can contribute to the capacity building component of AED. He found through his four case studies that joint ventures do not provide all the

requirements to fulfill AED. Instead joint ventures involving aboriginal communities are primarily a vehicle to reach economic goals as opposed to cultural ones. For example, cross-cultural training and traditional First Nations activities are non-existent within his four case studies; also, the advanced training/education or managerial promotion for aboriginal people was minimal. The most successful case studies in his research were the ones that included more capacity building components in the business. In the end, forestry joint ventures introduce aspects of AED through capacity building; but to fully realize the potential for AED offered by the joint venture, the mutual benefits must be appreciated by all partners involved, encouraging them to implement more capacity building components (Whiting 2001:1-139).

Sarah Jane Fraser also examines four joint ventures made between the Membertou First Nation and Nova Scotia businesses in an effort to increase economic development for the aboriginal community. She used the metropolis/hinterland theory¹¹ to predict that these joint ventures would bring limited economic benefits to aboriginal communities causing resource exploitation and other effects. After examining each joint venture involving the Membertou Development Corporation, she found that joint ventures were not capacity-building ventures but rather profit making businesses in which all partners used each other for economic gain. Thus, she concludes that a joint venture can be an appropriate model for economic development for an aboriginal community, once they know what their contributions will be and what hazards can occur prior to the business inception (Fraser 2001:1-55; Fraser 2002, 3:40-44). Powers of negotiation during joint venture talks will determine the level of capacity building components an aboriginal community will get. Meaning an aboriginal community must demand capacity building components during the pre-joint venture negotiations. However, Fraser applies CED in her research instead of the AED framework, because it conforms to the metropolis hinterland theory. Her approach is not ideal, because not all components of CED conform to aboriginal issues. For instance, the preservation of traditional culture, values, and language is a significant component of AED that is missing from the CED model.

¹¹ Metropolis/hinterland theory: a theory that the metropolis areas will generate more of the wealth and power but the regional communities will just continue to be a staples economy.

Neither Whiting, nor Fraser examines the issues of how the aboriginal community can prevent politics from overrunning business decisions, or how participants define success for their joint venture. However, success of a joint venture involving an aboriginal community may depend on these two factors. In addition, Whiting focuses on the capacity building components of AED only, while Fraser applies the CED approach rather than AED since it conforms to her paper's theoretical framework. Therefore, neither one address AED as a whole the way Anderson attempted to do in his research with the Saskatchewan First Nation. AED is a goal for any aboriginal community and it should be treated separately. This is what my main research question addresses. The process of AED is as distinct as each aboriginal community, and I hope to address its importance through the analysis of my two case study joint ventures.

All pertinent aboriginal literature on any social or economic initiative will in some way discuss and show how counterproductive a business or program can be if politics overruns the decision-making process. In Canada, the main culprit is the federal government's *Indian Act*, which is a catalyst for allowing the politics to overrun an aboriginal community business creating an unattractive environment for outside investors. The main reason is that the *Indian Act* dictates an election system used to elect the chief and council for a First Nations band that cultivates nepotism and despotism amongst band members. The *Indian Act* stipulates that there shall be one elected councilor per one hundred band members, and this is ludicrous because it increases the number of band members as councilors as the population grows. Another problem with the *Indian Act's* electoral regulations is that it requires elected councilors to be on-reserve residents, so off-reserve band members cannot be nominated leaving them more excluded from community issues that may affect their own family who may be on-reserve residents¹². Thus, only on-reserve band members can run for the councilor but anyone can run for chief. Also, an on-reserve band member can be nominated for a councilor and chief position at the same time so his/her position is secured for another term through two elected positions. These are only some of the reasons that politics can easily overrun business decisions in an aboriginal community

¹² The 2001 Statistics Canada Survey states that about 47% of all aboriginal people live on-reserve compared to the 53% who live off reserve.

operating under the *Indian Act*. However, the First Nation band now has the ability to change this through implementing a custom elections system.

The first method that is commonly cited for First Nation bands to prevent politics from overrunning business is developing their own custom elections. The federal government's department of Indian and Northern Affairs Canada (INAC) responsible for the *Indian Act* has allowed First Nation bands to develop their own election system for chief and council, which can help create an attractive business environment for outside investors. Under custom elections, the First Nation band can extend the two year terms for chief and council and stagger elections for councilor positions. The customs election also can allow off-reserve band members to run for council. These are just a few examples of changes that can be made to the electoral system by First Nation bands adopting custom elections. However, INAC does make the final decision on whether the custom election system developed by the First Nation band is adequate but no information is made public to determine how many they refuse to accept and for what reasons. Generally, First Nation bands can alter the present *Indian Act* election system to produce an attractive environment for investors. Extending and staggering the terms of office for chief and council can create more stability and predictability, and allow for the retention of experienced councilors who have become accustomed to their position (Wortman 1994). The present two year term is too short for the elected chief and council because by the time they are accustomed to their position, re-election is right around the corner. This short two year term is also conducive to high changeover rates and less mentorship amongst councilors.

The second commonly reiterated method of not allowing the politics to overrun the aboriginal business venture is not allowing the chief or council to be involved in the day-to-day operations of the business. The chief and council should be working on the strategic goals of their community rather than on business operations, because this leads to successful sustainable development (Cornell and Kalt 1992:1-59). The Harvard Project found in their research that tribal businesses who had no elected chief or councilors involved in daily business operations had a 400% greater chance of being profitable than those that had the chief and council involved at the board of directors level, or otherwise involved in daily business decisions (Cornell and Kalt 1998, 22:187-214). However, does this trend hold true amongst aboriginal businesses in Canada? I would say to an extent, yes it is does, but since

there are more diverse aboriginal communities in remote regions of Canada, this answer will have to be determined through more case study examples.

Another commonly used tactic by a First Nation band or nation to not let the politics to overrun the business is to set up a development corporation run preferably by a qualified Chief Executive Officer (CEO) or its equivalent. The primary role of a development corporation is to manage all business ventures owned by the aboriginal community or nation. The development corporation acts as the business arm for the aboriginal community/nation, so that elected aboriginal politicians can focus on short term and strategic issues for the community. The CEO or equivalent is appointed by the development corporation's board of directors (BOD) who are also elected or appointed by the aboriginal community/nation. The development corporation's BOD is the barrier between the community and the appointed CEO (Cameron 1992:61-90). The organizational structure for development corporations is community/nation specific, so a one-size-fits-all approach will not work for all aboriginal communities. However, a development corporation is one approach that can help aboriginal community/ nation to achieve its economic development initiatives from political interference.

In the end, there is no one-size-fits-all approach for not allowing the politics to overrun the business since each aboriginal community is different from the next. Rather, each aboriginal community/nation should try to come up with unique strategies that fit its needs, when trying to figure out how to keep politics from overrunning the business. An aboriginal community/nation has to simply look at how the omnipresent *Indian Act* limits their ability to achieve AED or to develop successful business and go from there. The challenge is for aboriginal communities to implement these rhetorical solutions for not allowing the politics to overrun the business.

The last research question of this thesis asks all aboriginal interviewee respondents how they define success for their joint venture. This has not been asked in the current joint venture literature involving aboriginal communities, but it is important because the aboriginal community must know if any potential business venture does alter their present traditional culture, values, or language. The aboriginal community may define successful economic development as businesses that strengthen cultural institutions, or they may define success as profitable businesses that provide employment for the community and dividends to fund

traditional, cultural, or language event/ceremonies (Public Policy Forum 2005:1-20).

Knowing their definitions for success prior to being involved with a joint venture may help the aboriginal community/nation to evaluate and change their political environment to an environment that will attract investors. The AED framework shown in the next section may help an aboriginal community/nation to define their own measures for success.

3.5 Aboriginal Economic Development Framework

This section will explain the AED framework that was applied to help answer my three research questions. This framework was developed by combining elements from other AED frameworks in the literature that were relevant to aboriginal joint ventures. It draws mainly on Anderson and Whiting's work, as these were most applicable to this thesis, as they also discussed joint venture businesses in the context of aboriginal economic development, and their frameworks can be adapted to each community context. This framework has the following seven main elements:

- 1. Business structure**
- 2. Profitability**
- 3. Employment**
- 4. Aboriginal Capacity**
 - a) Education and Training
 - b) Work Experience
 - c) Financial Capacity
- 5. Preservation of Traditional culture, values, and language.**
- 6. Forest Management Decisions and Control over their asserted traditional territory.**
- 7. Community Support**

The *business structure* may lead to the politics not overrunning the business, may improve the business's success, and may aid to fulfilling all components of AED. The business structure will reveal how the corporate governance will be handled leading to its affects on profitability and employment. *Profitability*¹³ and *employment* are needed in order to sustain the business over unforeseen events. In fact, these two factors are seen as the main

¹³ Profit is the excess of total revenues over total expenses incurred in the business. I hope to obtain access to the financial statements of each joint venture to determine if they made a profit. If not, I will have to rely on each joint venture's CEO or equivalent's answer.

measures for success in mainstream economic development and are also important to a degree in AED.

Aboriginal capacity was further divided into education and training, work experience, and financial capacity. The *education and training* subcomponent can be measured in either joint venture by the educational and training opportunities offered by the business through programs such as apprenticing and scholarships. The *work experience* achieved by aboriginal employees in either joint venture is a necessity for capacity building. This is especially important for logging and sawmilling operations, which have a "learning by doing" approach associated with most positions. The third part of aboriginal capacity as the term is applied in this framework is the *financial capacity* of the aboriginal community to contribute to business start up costs such as business planning, and the financial capacity of the joint venture to pay for capacity-building initiatives within joint venture. Aboriginal capacity is important for building an economic base within any aboriginal community and it's important for achieving self-governance.

The *preservation of traditional culture, values, and language* for the aboriginal partner in either joint venture will help to truly fulfill the component of AED that distinguishes it from CED (Anderson 1999; Gandz 1999, 64:30-34). An example of a traditional or cultural value can be a fishing site that is integral for one or more aboriginal communities. This thesis will not define traditional or cultural values for an aboriginal community because each one is so diverse from one to the next. I expect each aboriginal community to point out any that they feel has been compromised or destroyed. Furthermore, the effects of the joint venture on the aboriginal partner's role in *forest management decisions and control over its asserted traditional territory* will be examined. It is considered to be a major inhibitor for the success of AED if the aboriginal partner has no control or shared decision making authority over their land base and resources (Royal Commission on Aboriginal Peoples 1996b).

Community support for the business leads to a stable business environment without political interference from non-elected band members, allowing the business to flourish. This is the kind of environment that is required to prevent politics from overrunning any aboriginal business. Community will be defined as the boundaries of the reserve for both

aboriginal communities involved in my case studies, since the on-reserve band members are more prone to being influenced by the business activities than off-reserve band members.

The AED framework explained above will be used to compare and contrast two forestry joint ventures in BC, and to determine if they are helping to fulfill AED in the case study communities, in accordance with my research questions (see section 1.1). Although the components of the framework are all inter-related to some degree, they will be examined separately to allow an organized analysis of the case study results.

Chapter 4: Ecolink Forest Services Ltd

This chapter will first present some background on the Esketemc First Nation (EFN), including their demographics, governance, and history of forestry development, which are important contextual factors for the case study. This general context information is followed by a discussion of how the Ecolink Forest Services Ltd (Ecolink) joint venture originated. The chapter will end with the results of the Ecolink case study organized according to the Aboriginal Economic Development (AED) framework presented in Chapter 3 (section 3.5).

4.1 Esketemc First Nation

4.1.1 Community Statistics and Demographics

Alkali Lake is situated in the Cariboo-Chilcotin region which is located in the central interior of BC. Alkali Lake (called "Esk'et" by the locals) is a rural aboriginal community situated 50 km southeast of Williams Lake- the nearest town (Johnson 1986:1-57). Alkali Lake Indian Band is one of seventeen bands comprising the Secwepemc (The People) Nation (Secwepemc Cultural and Education Society website 2005). The Secwepemc Nation (Shuswap) traditional territory stretches from the east of the Rocky Mountains to the west of the Fraser River, and it is bounded in the north by the upper Fraser River and in the south by the Arrow Lakes. The Shuswap traditional territory is just over 100,000 square kilometers and the current population is about 8,000 members. The Shuswap language is called Secwepemctsin (language of the Shuswap) which falls under the Interior Salish subgroup of the Salishan language (George Manuel Institute website 2004).

Alkali Lake is comprised of 19 reserves with a total size of 3,931.8 hectares and the main community is situated on Indian Reserve #1, which is called Esk'et which means "white ground" in Secwepemc because of the white alkali deposits that are left on the ground when the lake dries up or recedes (Esketemc First Nations website 2002). The Alkali Lake Indian Band is now called the Esketemc First Nation (EFN) and it has 411 on-reserve and 309 off-reserve band members for a total membership of 720. Table 3 presents a breakdown of EFN band members by gender and residency from 2005.

Table 3. Esketeme First Nation band membership in 2005.

Residency	Number of Band members
Males on-reserve	215
Females on-reserve	196
Males off-reserve	153
Females off-reserve	156
Total Band member's	720

Another important demographic is that there are 37 EFN band members over 65 years of age and 198 band members under the age of 18. Thus the total available workforce of EFN is 485 band members.

4.1.2 Political Environment

The EFN is governed by the *Indian Act* but it is trying to formalize a treaty through the BC Treaty process. The BC Treaty process is a tripartite process amongst participating BC First Nation bands and both the provincial and federal governments. The intent of the BC Treaty process is to finalize treaties addressing First Nations land claims within BC. To date, only one modern treaty has been finalized - with the Nisga'a Nation in northwestern BC. Although, the Nisga'a Nation finalized a treaty with both governments it was not negotiated under the BC Treaty process¹⁴. On December 16, 1993, the EFN filed a "statement of intent" to negotiate a treaty with both BC and the federal government (a tripartite agreement) and they are now in stage 4 of the 6 stage process, the agreement in principle stage, which forms, a basis for a final treaty. Forty two out of the fifty five First Nation bands involved in the BC Treaty Process are in stage 4. Only five First Nation bands are in stage 5, meaning that their agreement in principle has been ratified by the band membership, and negotiations to finalize a treaty are in progress (BC Treaty Commission website 2005). An extensive discussion of the BC Treaty Process is beyond the scope of this thesis, but it is important to note the dissention amongst BC aboriginal communities/nations over this government led process,

¹⁴ In most of Canada, treaties were signed in the early colonial period (1800s-early 1900s), but for most of the province of BC, no treaties were negotiated, and land ownership remains under dispute between First Nations and the governments of Canada and BC. Court cases won by First Nations proponents in the 1970s through the 1990s have affirmed First Nations rights and title to lands and resources in their traditional territories. These Court decisions have lead to the establishment of the BC Treaty Process in 1992.

most notably at the political organization level. There are two main aboriginal political organizations representing BC's Indian bands: the Union of BC Indian Chiefs (UBCIC) which is an organization comprising Indian bands who strongly oppose the BC Treaty Process, and the First Nations Summit (FNS) which is an organization comprising Indian bands who are proactively supportive of the treaty process. Although a great deal of discussion can be done on the aboriginal politics in BC, what is important is the fact the EFN, as a member of the FNS is very proactive on asserting its aboriginal rights and title over its traditional territory through the BC Treaty Process.

The EFN's governance has always been dictated by the *Indian Act*; therefore, the chief and council have the conventional two year term in office. The hereditary chiefs are acknowledged in the EFN but they do not have a formal decision-making role. The EFN also has a Council of Elders, but they have an advisory role, rather than the formal decision-making role of the elected chief and council. There have been three EFN band members in the last two decades who have been chief, so the changeover rate is not as high as the short two year term suggests. According to a few EFN interviewees, the current chief and council are focused on economic development initiatives within the community, and are doing a good job of letting on-reserve businesses operate.

4.1.3 Forestry development

The EFN band members had logging and silviculture experience prior to their joint venture's inception. In the mid 1900's, small mills operated around the interior, harvesting primarily white pine and Douglas-fir, and leaving Lodgepole pine because it was too small and not valuable at the time (Drushka 1999:1-304). The following quote from an experienced retired logger from the EFN gives a good idea of the early history of logging in the region. "I was 17 or 18 years old when I started in horse logging and I was the cross cutter for a small mill. In those days we cut the big Douglas-fir trees and I was making \$1 per tree. We could cut down and load 30-38 truckloads a day because the Douglas-fir was huge. Also you can put 12 logs on a sleigh for horse logging"(Dick 2005). He was operating logging equipment and even working in silviculture right up to his retirement in 2000 leaving him with 55 years of forestry experience. He managed to be an employee for all of the EFN's forestry businesses.

During the 1980's, the EFN purchased a sawmill and started a logging company, Alkali Logging, which employed EFN band members and non-aboriginals to run both operations. The following quote from William Chelsea Sr.- a past EFN chief and experienced logger explains the problems that the EFN experienced with these initiatives: "we (The EFN) made a big mistake when we purchased through a bank loan a new skidder and loader for Alkali Logging's operations without having any timber agreement/contract with the local mills. Also we purchased a sawmill without a guaranteed timber supply for its operations and it remained operational for only three months because of this error. This put both Alkali Logging and the sawmill in debt and I wish we did not take the advice from our non-aboriginal economic development advisor at the time, because he did not know anything and he was a crook. We learned a very expensive lesson"(Chelsea 2005b). Although Alkali Logging and the band's sawmill went bankrupt and ceased to exist, in the minds of the EFN it will never be forgotten because of the expensive lesson they learned and they will remember it when it comes to any future business opportunities within the forest sector.

4.1.4 Forest Management Initiatives

Being involved in the BC Treaty Process has not hampered the EFN's ability to be proactive on securing different types of forest tenure and forestry agreements within its traditional territory. In fact, the EFN has a treaty staff that makes sure all economic development initiatives within their territory do not infringe on any treaty related issues still being discussed or negotiated. Currently, the EFN has a community forestry license, a woodlot license, a Forest and Range Agreement (FRA), and a timber contract license from its joint venture partner Tolko. Each of these will be discussed below in more detail.

On February 16, 2001, the EFN formally received a Community Forest Pilot Agreement (CFPA) from the provincial government to see if they would be able to handle and administer this forest agreement on their own for five years. The CFPA consists of 25,000 hectares of land (90 % crown land and 10% reserve land) with an Allowable Annual Cut (AAC) of 22,000 m³ over five years within the EFN's traditional territory (BC Ministry of Forests 2004:1-9). On December 14, 2004, the provincial government extended the EFN's CFPA to 25 years, making EFN the second applicant to get an extended term after the five year pilot process. Currently, the EFN is the only First Nation holding a long term CFPA in

the province (BC Ministry of Forests website 2004). This CFPA provides local employment in silviculture, logging, and management planning for a few EFN band members because the AAC, not the availability of workers, determines the amount of work.

The CFPA is managed by the EFN's forest company Alkali Resources Management (ARM), formerly Esketemc Forest Products Ltd. The EFN wanted their aboriginal forestry joint venture Ecolink to be separate from all of their other forest licenses because they did not want the forest industry partner to be involved with any of their own forest license decisions. This separation of business entities on reserve is indicative of how the EFN wants to become more self reliant by doing forest management planning on their own with help from independent professionals. ARM has a non-aboriginal forester on staff working with qualified EFN band members and they are responsible for meeting all of the silvicultural, harvesting, and administrative duties required to maintain the EFN's forest licenses. The EFN band manager states "ARM has a five member Board of Directors (BOD) that does not include any elected representatives from the EFN. Two members are non-aboriginals and both have extensive business and forestry expertise (one used to be a woodlands manager and the other is a retired government employee) and the other three are the EFN education coordinator, the EFN forest entrepreneur, and myself. The past chief and council passed a Band Council Resolution (BCR) to have the ARM BOD like this based on the recommendations from myself and a soon to be hired professional forester. We wanted a diverse BOD without any elected representatives and it has worked for ARM"(Chelsea 2005a).

Another reason why the ARM was established was because the EFN administration did not have the human resources to adequately handle the CFPA and other forest licenses while trying to adhere to other community objectives. Currently, ARM looks after all of the EFN referrals and they work directly with the band and also with the band's treaty branch (staff hired to work at the EFN treaty table in the BC Treaty Process).

On April 14, 2004, the EFN signed a FRA which consists of a non-renewable forest license commitment and revenue sharing component offered to them from the provincial government. The EFN band manager states "we signed the FRA right up to the last minute even when we had ten months to look at it. I made sure the chief and council made a decision because I wanted an answer because we needed the money and timber for employment

opportunities. We used the money for our band programs and it has helped us out a lot” (Chelsea 2005a). An FRA can have a term of three to five years and a per capita formula is used for the amount of timber volume and revenue allocated to First Nations who sign a FRA. The EFN under its FRA will get 38, 293 m³ per annum (196,465 m³ in total) and \$354,291.00 (\$1,771,455.00 in total) per annum for five years (BC Ministry of Forests website 2004:1-15). The derived provincial government formula for both components of the FRA works out to \$500 per band member and 40-50 m³ per band member annually using the Indian and Northern Affairs of Canada (INAC) census data for the First Nation band (Pacific Business & Law Institute 2004). This formula is consistent with what the EFN got in timber volume and in revenue sharing money in their FRA. The EFN is one of 86 First Nation bands who have signed either a FRA or a direct award (these agreements are described in Chapter 1). Meaning, 100 out of 198 BC Indian Bands or 50.5% of all BC Indian Bands have agreed to sign a provincial forestry agreement.

Unlike most First Nations who have signed the FRA without prior forestry harvesting experience, the EFN do have the experience. First Nations who have signed a FRA will not make a huge profit from harvesting the negotiated timber volume if they do not have their own forestry business to do it. Also the First Nations eager to start their own logging company to harvest their FRA volume should not expect to make a huge profit because the timber volume is not large enough. Further, the methods of logging required to harvest the FRA volume such as helicopter logging or cable logging might be too sophisticated for a First Nations to do on their own and they may need to hire contractors to do the work for them. Some First Nations who have signed a FRA hire independent contractors to harvest their volume for them. The common consensus among First Nations who signed the FRA's was that it was risky to enter the forest sector. The EFN's decision also considered risks, but they were better off than most First Nations because they had their own forestry business to harvest their FRA volume. In fact, the EFN elected chief and some councilors felt the FRA was a good option for the community to pursue because they had the necessary capacity in place to meet the administrative and harvesting requirements.

In 2003, the EFN obtained a three year project worth \$339,400 through the BC Economic Measures Fund which is a provincial government initiative to allow First Nations to participate in the natural resource sector. This three year project will help to share

information and improve the consultation process between the EFN and anyone who has forest development and operational plans residing within the EFN's asserted traditional territory. This funding allowed the EFN to hire a forestry professional and some EFN band members to be involved with the planning and administrative process (Treaty Negotiations Office website 2003). This project makes sense for the EFN considering that most of my interviewees expect to be involved with forest management in their territory. The project is ongoing and the staff is still being employed under the fund.

4.2 Ecolink History

Talks focusing on wanting their own sawmill took place between the EFN elected chief and council and Lignum Ltd (Lignum) throughout the mid 1980's. The two parties built a relationship. Lignum was a family owned medium sized sawmill based out of Williams Lake and its timber supply area (TSA) was within the EFN's asserted traditional territory. Lignum's management knew that it needed certainty over access to its timber supply, and that in order to get certainty; they needed to work with aboriginal communities within their TSA. In order to have unimpeded access to timber fiber, Lignum knew it needed community support, and the joint venture model was a good option to gain it. According to Lignum representative Bill Bourgeois, they made sure their joint venture relationship started out small, was First Nation initiated, equally split in equity and control, built capacity within the aboriginal community, and there was a buy out option after five years exclusive to the First Nation's partner. This is consistent with Lignum's objectives for all of their joint ventures- which are to build a positive relationship, to contribute to community stability, and to make a profit (Bourgeois 2002:33-38). With these issues in mind both partners talked more after the demise of the EFN's sawmill and logging company.

After the demise of the sawmill and Alkali Logging due to mismanagement and lack of timber supply, the newly elected chief and council were very hesitant to embark on any business opportunities for awhile. According to the EFN Chief at the time "I was hesitant at first to get into another forestry business because we did get in debt with the sawmill which put the band administration into third party receivership"(Chelsea 2005b). The EFN Chief's brother and other band members urged him to talk to Lignum and he did. Both partners

acknowledged their goals and wanted to start the business relationship out small, so a silviculture company was chosen as the first small step.

In August of 1990, the shareholder agreement was signed, formally creating Ecolink, and the silviculture crews started working that summer. Each partner had to contribute \$25,000 to make Ecolink legal. The EFN obtained their share from their administration funding. The EFN Chief states "We needed the capital to get Ecolink started so I borrowed \$25,000 from the EFN's social services program and I got it passed through council. I hoped that the next EFN council would understand why I did it. In the end, the EFN understood my decision to use the social services money to get Ecolink started"(Chelsea 2005b). This method of acquiring start-up capital used by the past EFN Chief is not uncommon. In the end, Ecolink was worth the financial risk for the EFN because the business quickly paid off its loan from the band's social services program. The EFN did need Lignum to help them acquire a bank loan to pay for the equipment and supplies for Ecolink's first inaugural season.

Ecolink's forest industry partner has changed due to the consolidation of forest companies happening throughout the country. Lignum was first bought out by Riverside Forest Products (Riverside) in early 2004. Riverside was a corporation situated out of the Okanagan and had its operations in Williams Lake just under a decade so they were not new (see map- Figure 1). In late 2004, privately owned Tolko Industries Ltd (Tolko) from the Okanagan bought out Riverside after competing with another forest company for the purchase. With the acquisition of Riverside, Tolko is now the 5th largest softwood lumber producer in Canada producing 2,074 million board feet per annum (Logging and Sawmilling Journal website 2005). Forest consolidation continues to be the cost effective way for surviving forestry conglomerates in Canada to compete on the international stage.

The next three sections (4.3-4.5) present the results corresponding to each of my three research questions.

4.3 Aboriginal Economic Development Framework

This section shows how Ecolink contributes to Aboriginal Economic Development for the Esketemo First Nation (EFN) community, organized according to the seven components of the framework presented in section 3.5.

4.3.1 Business structure

Ecolink is a formal joint venture as defined in chapter 3 because it has a formal shareholder's agreement negotiated by both partners. Although I did not have access to this private document I was told that it was registered with the BC Corporations Act making it a Joint Venture Corporation (JVC). Therefore, Ecolink shares all the same powers and liabilities as a legal person making both the EFN and Lignum not liable to the business. The latter statement helps to reduce the liabilities to each shareholder if some business decisions are incorrect leading to the dissolution of Ecolink. Also, I was told that the shareholder's agreement stipulates the equity shares were to be split equally between both shareholders and there was a buyout clause after five years exclusive to the EFN, not Tolko. Each shareholder has three representatives on the Ecolink Board of Directors (BOD) and the EFN can appoint anyone from their community to sit on the board. However, as yet, only the EFN chief and one councilor and two Tolko representatives sit on the BOD and a third EFN board member has not been selected since the takeover.

Ecolink has a supervisor for the silviculture division, and another for the logging division. They also have an employee manual for all of its employees with their job descriptions laid out. Ecolink's mission and vision statements are also clearly articulated in their employee handbook.

4.3.2 Profitability

Ecolink has enjoyed early success through its profits due to the company's experienced workforce and its strategy of capitalizing on provincial government forest subsidy programs. In fact, Ecolink was so profitable in its first 4 years that they were able to buy a used skidder and a front end loader with their profits. Being profitable helped the

company diversify into logging in its 5th year of operation. Table 4 illustrates the revenues generated from Ecolink from its inception to 1998.

Table 4. Ecolink's revenues from 1990 to 1998.

Year	Silviculture Revenue	Logging Revenue	Total Revenue	Assets ¹⁵	Wages	Wage expense (%) out of Total Revenue
1990	\$ 219,309.00	-	\$ 219,309.00	\$ 70,554.00	\$ 164,951.00	75
1991	\$ 532,065.00	-	\$ 532,065.00	\$ 204,387.00	\$ 335,494.00	63
1992	\$ 551,460.00	-	\$ 551,460.00	\$ 186,063.00	\$ 385,159.00	70
1993	\$ 846,926.00	-	\$ 846,926.00	\$ 311,189.00	\$ 559,538.00	66
1994	\$ 722,452.00	\$ 365,389.00	\$ 1,087,841.00	\$ 433,606.00	\$ 659,253.00	61
1995	\$ 1,005,586.00	\$ 679,119.00	\$ 1,684,705.00	\$ 377,462.00	\$ 945,128.00	56
1996	\$ 1,164,122.00	\$ 851,872.00	\$ 2,015,994.00	\$ 498,761.00	\$1,044,081.00	52
1997	\$ 1,360,207.00	\$ 772,051.00	\$ 2,132,258.00	\$ 490,060.00	\$1,261,998.00	59
1998	\$ 1,586,361.00	\$ 992,658.00	\$ 2,584,019.00	\$ 610,417.00	\$1,473,654.00	57
Total	\$ 7,988,488.00	\$3,661,089.00	\$11,654,577.00	\$3,182,499.00	\$6,829,256.00	59

Source: Chelsea, William Sr. 1999. *Ecolink: Building Block for the Future*. Paper presented at Structuring Aboriginal Participation in Forestry Ventures, 25 1999.

Although Table 4 above does not include the profit of the joint venture but what it does illustrate is that on average 59% of the total revenues go to wage expenses. This statistic fits with Ecolink's goals of profitability and employment. It is important to note that I had no access to the most current financial statements since Ecolink is a privately owned company but a logging company should expect a 5-20 % profit margin according to the Tolko joint venture administrator. Ecolink has broke even since she assumed control over the business's finances two years ago. Before 2002 Ecolink was in a deficit (Beck 2003).

4.3.3 Employment

One of Ecolink's goals from the outset was to employ EFN's own people, and it has done that since its inception. Ecolink efficiently utilized provincial government programs- most notably Forest Renewal BC (FRBC) for training and to obtain silviculture contract work all over the Cariboo-Chilcotin. This government subsidy helped them hire more of their

¹⁵ Asset is an economic resource for the benefit of the future such as cash, equipment, land, and buildings to name a few (Horngren et al. 2005, 6:1-653).

own community members, as well as aboriginal people from other communities. Table 5 shows the employment levels achieved from inception to 1998 (Chelsea 1999).

Table 5. Ecolink Employment from 1990-1998.

Year	Number of employees who remained working for the year	Total Number of people hired per year	Percent of employees who remained working out of total employees hired for the year
1990	15	120	13
1991	25	100	25
1992	25	70	36
1993	35	60	58
1994	50	70	71
1995	65	80	81
1996	78	90	87
1997	88	100	88
1998	100	115	87
Average	53	89	61

Source: Chelsea, William Sr. 1999. *Ecolink: Building Block for the Future*. Paper presented at Structuring Aboriginal Participation in Forestry Ventures, 25 1999.

The table above shows the increase in retention among Ecolink employees since the company's inception. Ecolink's success came through its profits and this in turn created more employment and training opportunities for its employees. Ecolink from inception to 1998 had an average employee retention of 61%, which reveals that silviculture work is not for everyone. However, in 1994/95 the company used its profits to diversify into logging. Table 5 does not separate the amount of logging employees from the silviculture employees, which is included in the far left column results.

Ecolink's silviculture division did hire mostly aboriginal workers and most of them came from the EFN. Although Ecolink operated all over the Cariboo-Chilcotin, they always made sure to hire as many EFN people as they could. In fact, a former Ecolink silviculture employee states "In the ten years I worked with Ecolink, we only had trouble employing EFN band members who did not want to work, so we would hire aboriginal people from neighboring bands to work for us and this was successful for Ecolink. We always had people on standby when Ecolink was running and they would be ready for us when we needed their services" (Paul 2005). All of the interviewees who used to work in silviculture for Ecolink always talked about how they loved working for the company and how it made them feel

proud to be a part of it. It was evident that the positive work environment set up by the past and present Ecolink management staff was the key for this positive attitude among the silviculture division staff.

Ecolink hires 23-28 employees during peak times during the logging and silviculture seasons. Ecolink hires a minimum of eleven full time employees in the silviculture division and ten fulltime employees in the logging division. Currently, Ecolink has an office administrator who handles the company's book keeping; she is being trained by the Tolko Joint Venture Administrator. Most of the logging and silviculture employees are fulltime seasonal staff depending on favorable working conditions or contract opportunities. In fact, the Ecolink logging supervisor, silviculture supervisor, and the Ecolink office administrator have fulltime status year round. The Tolko Joint Venture Administrator who is in charge of Ecolink's finances and management is not on the company's payroll but on the payroll of the forest industry partner. She is the only employee not on Ecolink's payroll.

Most importantly, about 70% of Ecolink employees are from the EFN, which is consistent with EFN's employment goal for the joint venture. The EFN knew it had a young and experienced workforce in silviculture and this available workforce helped to form the company and to reach the community's goal of hiring local band members. Since its inception, Ecolink's silviculture division has always been made up of EFN band members, and it still has 100% EFN silviculture crews.

In 1995, Ecolink diversified into logging, employing experienced personnel from outside their community at the beginning. To this day Ecolink had employed EFN band members to operate the skidder and processor and subcontracted out the other logging positions. Ecolink owns all of its logging equipment, which consists of a skidder, two dangle-head processors, a top head loader, and a feller buncher. Ecolink only has one brand new logging machine (dangle-head processor) and the rest are used machines. Currently, there are five EFN band members and five Chilcotin Nation employees in the Ecolink logging division; thus the division is operated by aboriginal people. Although some advocates in the EFN do not want outside aboriginal people working in their company, the EFN has hired outside aboriginal employees with extensive logging experience. The logging supervisor is from the Chilcotin Nation, which is the EFN's western neighbor. According to the logging supervisor "we can do 125,000 m³ with the logging crew we have in an optimal logging

season with minimal downtime” and he also goes on to say that Ecolink’s goal should be 100,000 m³ because if they obtain more volume it would mean more logging equipment and overhead (Wynja 2005). Thus, Ecolink’s logging division has always relied on external experience and this is evident with the hiring of outside aboriginal people.

Ecolink has achieved its goal of local employment with 16 out of 23 (70%) positions held by EFN band members. Including both the silviculture and logging division, Ecolink has a 100% aboriginal payroll. The EFN has fulfilled the AED employment component since all aboriginal business ventures want all available positions to be filled by aboriginal people.

The success of Ecolink is the employees. Most of my interviewees can be quoted in saying “Ecolink’s success is as good as the hard work of its employees.” According to the Tolko logging supervisor “No aboriginal joint venture is going to be successful without the hard work of the employees in the day-to-day operations. I mean you can have a good board of directors level for business but you need the employees to make it successful” (Mooney 2005). According to the Ecolink logging and silviculture supervisors, the “employees make me look good” and both are proud of their employees growth and training. Although there may have been past employees who did try to bring politics into the business or tried to do other harmful things to the joint venture, the current staff is committed to the joint venture’s success.

Another important factor in Ecolink’s success with local employment is that Ecolink has its own employee procedure manual with requirements based on past employee problems like drinking and driving or doing illegal drugs on the job. This manual helps to keep events or concerns in writing so that problems can be quickly resolved, or that the firm is prepared should litigation occur.

4.3.4 Aboriginal Capacity

The aboriginal capacity of the EFN through Ecolink will be discussed under its three subcomponents according to the AED framework: which are education and training, work experience, and financial capacity.

4.3.4.a: Education and Training

The Ecolink joint venture has not funded any EFN band member to pursue any diploma or degree from a post secondary institution. However, Ecolink is planning to fund their own office administrator to upgrade her book keeping skills so she can do the company's books without supervision. Ecolink has funded and trained most of the EFN band members in all aspects of silviculture. A former Ecolink employee who worked with the company since inception states "I was glad Ecolink paid for the training needed to do everything in silviculture because I can use it anywhere. Ecolink gave us the opportunity to learn everything about our jobs and I walked away with a supervisory training ticket. Five of us hold that ticket from a course taken at the local university and Ecolink paid us when we finished it, supplied a vehicle to get there and back, and paid for the course. Ecolink gave everyone the opportunity to learn about everything in silviculture besides tree spacing and always paid for the training" (Paul 2005).

Although Ecolink itself did not fund anyone to embark on a diploma or degree, the EFN has done so with two EFN band members, working towards community education goals. One is embarking on a forestry diploma while the other one is pursuing a forestry degree from a post secondary institution. It is not known if either one will be coming home to work, but the opportunities are there. There are ten EFN band members holding a post-secondary diploma or degree, and two of them hold management positions in the community. Three EFN band members have degrees in business, education, and social work. What is hoped by most EFN interviewees is for more educated band members because they will be the community's future leaders.

4.3.4.b: Work Experience

All Ecolink employees have to adhere and be trained in all pertinent requirements set out by the Workers Compensation Board (WCB) and contract employers. Usually, this means the Ecolink employees must have basic First Aid and Fire Suppression training.

As stated earlier, Ecolink has funded and trained all of their employees in all aspects of silviculture. Ecolink can rely on hiring EFN band members to perform most silvicultural duties since the work experience is there. There are only a few experienced EFN logging operators within Ecolink. There were some Ecolink silviculture employees who moved over to the logging division and got trained through experience. In the end, Ecolink has trained a lot of EFN band members in silviculture but not too much in logging due to the limited number of positions available.

Logging is more computerized, leaving fewer positions available for anyone to train into. In the past, logging equipment was more mechanical and less computerized so there needed to be more human labor, but now the human labor required is less due to the computerization of logging equipment. Due to the MPB epidemic, harvesting has increased and legitimate logging contractors such as Ecolink have to maintain or exceed their current production levels in order to secure a long term business relationship with their contract employers (local sawmills). While maintaining their current production levels, logging contractors must have efficient log quality standards meeting their employer requirements. BC is known as the lowest cost producer of lumber in Canada and the country's sawmills want to maintain this standard in order to compete in the global forest sector. Thus, a logging contractor such as Ecolink must rely on experienced logging operators to achieve this benchmark needed to secure their long term business relationship with the local sawmills. These ongoing production demands leave very little opportunity to train new logging operators from the EFN. This is the case for all logging contractors, not just Ecolink. However, the Tolko joint venture administrator states "I believe a goal for any aboriginal business should be succession planning. Managing your operation at a level equitable enough to hire new employees for training can occur"(Beck 2003).

The managerial training in Ecolink is happening slowly within its operations. Both Ecolink's logging and silviculture supervisors are still too new to their positions to offer any training to other potential candidates. The forest industry partner has been insightful in

assisting and training them through practical experience. Most notably, Tolko's joint venture administrator, who is of aboriginal ancestry, has been insightful in helping them both to become accustomed and trained in their management positions. She is also learning about their culture and experiences through their close working relationship. As noted earlier, the MPB epidemic may contribute to the demise of continued managerial training within Ecolink, because it threatens the company's future timber supply required to sustain its annual operations.

4.3.4. c: Financial Capacity

Ecolink does not have the financial capacity to include capacity building programs for EFN band members in its business operations. As stated earlier, Ecolink cannot currently train more logging operators since the business has to meet its expected AAC, and requires experienced loggers to do so while remaining profitable. Both Ecolink managers are still new to their positions, so training a successor is not an option. Ecolink is making a profit for the first time in the last four years and the plan is for the profits to be reinvested into the business allowing for expansion or purchase of new equipment, rather than investing in educational training.

4.3.5 Preservation of Traditional culture, values, and language

Ecolink has used some of its profits in the past to fund Christmas parties and band administration programs. According to one interviewee, they used Ecolink profits one year to fund their annual pow wow. Also the EFN has their entire spiritual, cultural, or heritage sites protected from natural resource development within Ecolink's operating areas. In the end, the joint venture has helped minimally to preserve the traditional culture, values, and language of the EFN.

4.3.6 Forest Management Decisions and Control over their asserted traditional territory

The forest industry partner for Ecolink does not try to impede on spiritual, cultural, or heritage areas deemed important to the EFN. These areas are protected by the EFN's community forest area, as they have control over the development and management within its boundaries. On the other hand, the EFN has no control over forest management decisions

made outside their community forest area, because they do not hold the forest licenses for these areas - like their forest industry partner Tolko. In the end, Ecolink is a subcontractor for Tolko and they do not have any control over the forest management activities within their asserted traditional territory. I define control as the EFN having access to information at the strategic and operational levels for all cut blocks within their asserted traditional territory. The most common statement heard from EFN and Ecolink employees during my research was that the joint venture seems to get the less economical cut blocks within their own territory and this is due to the EFN having no control over what areas they are assigned to work on, since Ecolink is a contractor from Tolko, the tenure holder.

4.3.7 Community Support

Community support for Ecolink was evident since all nine EFN interviewees (excluding two outside aboriginal interviewees involved with the joint venture) approved of the joint venture so far.

This chapter has shown how proactive the EFN is on forestry development while asserting their aboriginal rights and title over their traditional territory. Ecolink has helped provide some Aboriginal Economic Development in the EFN community. It has also contributed by being a catalyst for other developments in the forest sector. Apart from the Ecolink joint venture, the EFN have acquired a variety of forest licenses helping the community to gain experience and training within the forest sector. An important factor contributing to Ecolink's success was that the EFN made sure to start small when establishing Ecolink because of failures with past forestry business that started out big. Ecolink was a catalyst for the EFN's acquisition of the FRA and the community forest. These forest tenures led to the establishment of ARM which handles the forest licenses exclusively for the EFN. Although Ecolink could harvest the EFN's forest licenses, the EFN chooses not to use Ecolink, but rather to rely on their own forest entrepreneurs. This approach is building an economic base for the EFN.

4.4 Factors for not letting politics overrun their business

There are four factors in the Ecolink case which prevent politics from overrunning its business. These are the elected chief, community support, hard working employees, and family within the Esketemc First Nation. Each of these four factors are discussed below.

4.4.1 Leadership

The elected chief for any aboriginal community can prevent the politics from overrunning any of the band's business arrangements because he/she is the leader and spokesperson. The elected chief's influence can be wielded both ways, sometimes resulting in the demise of a business venture involving his/her people. Ecolink has been fortunate to have past and present elected chiefs who did not negatively influence the business's operations. This is not to say that the chief never disagreed with the business in his political role, but it did not affect business decisions to the extent that either shareholder contemplated dissolving the joint venture relationship. In fact, the past EFN chief fired his own two siblings and three other EFN band members at once from their jobs at Ecolink, and this sent a message to his community that Ecolink will not tolerate drugs or alcohol on the job and that the business will be run like a business. The EFN chief was a board member for Ecolink. His effective leadership and hard stance helped the Ecolink manager and employees to fulfill their roles and responsibilities free from interference from band politics, and to know that they will be rewarded for their hard work.

The current EFN chief was also instrumental for Ecolink's logging success by giving the Ecolink logging supervisor the permission to run the logging any way he wanted. As the Ecolink logging supervisor states "The EFN Chief told me from the start that Ecolink is a business and he told me I had his support for running it like one. The chief and council left me alone and let me run the logging side on my own"(Wynja 2005). This Ecolink supervisor is an outside aboriginal employee so he did not have the community ties like a local and this might have affected his success as well. Hiring non-local manager's helps the business

because this non-local employee does not live in the area affected by the local (on-reserve) politics. Once the logging manager had the EFN chief's support, he turned the logging division around and made it into a team environment built around aboriginal employees. Ecolink's logging division was 5th out of all Tolko's logging contractors, and this is huge achievement considering they did it with used logging equipment. However, this may not have happened if the EFN chief had not given the Ecolink logging supervisor the support he needed to turn the logging division into a legitimate logging contractor.

4.4.2 Community Support

The community support along with the political support from the elected chief and council helps Ecolink to remain focused on business decisions not political ones. Community support for the business is related to support from the elected chief and council, since they need support from their community to remain in office. Most of my interviewees supported Ecolink and some stated that the community supports the business. Determining the level of community support through a larger community survey was beyond the scope of this research due to funding and time constraints. However, there has been no uprising against Ecolink from the community that has interfered with business decisions or led to a shut down of operations. Also, family segregation that was identified but not proven in the EFN might be a big reason contributing to the community support for Ecolink. Kinship may contribute to community support and if this is the case then more research has to be done on the issue. The issue of kinship and family segregation is discussed in section 4.4.4.

4.4.3 Employees

Ecolink, like all businesses has had its share of employees who test the company's organizational structure. If either supervisors or managers are weak, this can allow politics to overrun the business. The current Ecolink management staff has dealt with this and has fired these "bad apple employees" without objection from the board of directors. Getting rid of these troublesome employees helps to send a message to others that no insubordination or illegal acts will be tolerated in the business. For example, the past EFN chief who fired his 2 brothers and 3 other EFN band members for committing an illegal act. Therefore, getting rid

of the bad employees helps to build a positive relationship with the ones who want to be there. Performance incentives like bonuses have been used in the past to reward Ecolink employees for their efforts.

4.4.4 Families within the EFN

During the research period, it became evident that families within the EFN were segregated into band programs or band businesses, and this segregation may contribute to Ecolink's success and longevity. The research identified, but did not prove that this family segregation was intentional. However, I would speculate that the EFN family segregation into band programs or businesses was not a coincidence, because there might have been a general consensus among the dominant families that this is how the community infrastructure should be set up. In fact, the dominant EFN family running Ecolink might have had informal permission from the community to do in the past and this may have been understood by the past and current EFN chiefs (i.e. 4 EFN chiefs during Ecolink's life span) who have not stopped this family from having most of the jobs within Ecolink during their tenure as chief. These EFN chiefs had the opportunity to use their political power to get them out, but they did not do so. When I asked my EFN interviewees about this, they said this is how it works in any aboriginal community. This is an important finding and more research needs to be done on how kinship can play a role in all business ventures involving aboriginal communities. This issue is discussed in more detail in chapter 7.

4.5 Definitions of Success for the Joint venture.

Interviewees for the Ecolink joint venture mentioned various factors that were important to them in defining success of the business. Only responses from aboriginal interviewees are presented here, to protect non-aboriginal respondents' confidentiality, since they could be easily identified due to the small sample size.

The most commonly mentioned factor was profitability- mentioned by 4 of 11 interviewees. The second most common factors were employment and ownership, mentioned by 2 interviewees each. The remaining factors, which were mentioned by 1

interviewee each, are as follows: Independent and competitive business, creating opportunities for your people, and experience working with a business you're proud of.

Chapter 5: West Chilcotin Forest Products Ltd

This chapter will first present some background on the Ulkatcho First Nation (UFN), including their demographics, governance, and history of forestry development, which are important contextual factors for the case study. The next section will show how the West Chilcotin Forest Products Ltd (WCFP) joint venture originated. The chapter will end with the results of the WCFP case study organized according to the Aboriginal Economic Development (AED) framework presented in Chapter 3 (section 3.5).

5.1 Ulkatcho First Nation

5.1.1 Community Statistics and Demographics

Anahim Lake is situated in the Cariboo-Chilcotin region which is located in the central interior of BC. Anahim Lake is 328 km west of the nearest town, Williams Lake, on the western edge of the Chilcotin Plateau. The UFN is the main aboriginal community; it is one of twelve bands that make up the Carrier Nation. Ulkatcho means "Fat of the Land" in the Carrier language which is in the Athabaskan language family group. The UFN is also called "Ulkatchot'en", which means "People of the Ulkatcho." The UFN's main language is Carrier but they have strong relational ties with their aboriginal neighbors from the west (Nuxalk Nation) and the east (Tsilhqot'in Nation). In fact, some UFN band members have strong Tsilhqot'in family ties and can speak the Tsilhqot'in language as well as Carrier (Birchwater 1991:1-28; Birchwater 1994:1-42).

The UFN is made up of 21 reserves totaling 3,245.7 hectares and most of the band members reside on Squinas reserve #2 adjacent to Anahim Lake (Indian and Northern Affairs Canada website 2005). The UFN has 540 band members on-reserve and 368 off-reserve, for a total band member population of 908. See table 6 for a breakdown of Ulkatcho band members by residency in 2005.

Table 6. Ulkatcho First Nation band membership in 2005.

Residency	Number of Band members
On-reserve	540
Off-reserve	368
Total Band members	908

There are 60 UFN band members over 55 years of age and 235 band members who are the under the age of 18 leaving a workforce of 613 UFN band members.

5.1.2 Political Environment

The UFN's political organization adheres to rules and regulations of the *Indian Act* but has its own customs election system for its chief and council. All UFN band members elect a chief and 7 councilors. The UFN decided that each of the seven major families will have a seat on council and the majority winner represents his/her family. However, the UFN still uses the two year term in office for their elected chief and council. As one UFN band member states "I think our family election system is better than the INAC election system but it still has its drawbacks. The one drawback is how they are funding it but you also can get more input into it than the conventional INAC election system" (Capoose 2005). She means there is more flexibility to produce election bylaws and this was the case when a bylaw was passed that prohibited outside aboriginal people from running for chief and council. There is no flexibility under the current *Indian Act* to approve such a bylaw. The UFN held an election for chief and council during my research fieldwork. The UFN is not involved in the BC Treaty Process like the EFN.

5.1.3 Forestry Development

In 1984, the UFN formed Chunta Resources Ltd (Chunta) in order to start a joint venture with a group of outside investors called Buffalohead. The two potential partners wanted to build a sawmill in Anahim Lake, and approached the Minister of Forests to obtain a forest license for the region. In 1990, this joint venture proposal was not pursued further by the UFN because of the death of Chief Jimmy Stillas who was and still is considered the best UFN chief ever. In honor of his prolific leadership, the UFN built the 'Chief Jimmy Stillas

Learning Center' and in addition to the education center, this building has expanded to house the Natural Resources Center which will be discussed below. Chief Jimmy Stillas played a pivotal role in the negotiations of the Buffalohead joint venture proposal and he was also instrumental in his efforts to build a relationship with the provincial government. Since his passing, the trust has not been there to pursue the Buffalo head joint venture proposal (Vaughan 2005).

Chunta continued on with its forest company by expanding into silviculture, logging, and archaeology. However, Chunta had too many supervisors and the mismanagement of the logging machines led to a growing deficit. In 1986, Chunta had to liquidate some of its assets by selling some to UFN band members who worked with Chunta. As the former Yun Ka Whu'ten Holdings Ltd (YKW) manager states ¹⁶: "Chunta did have a lot of logging equipment and we sold them off to UFN band members with buy out agreements. Chunta does co-ops with UFN band members when they see an opportunity that makes sense. The UFN band members just work and Chunta does all the business dealings and management for a fee. Currently, there are four UFN contractors. One has a skidder, another has a logging truck, another with a processor, and another with a feller buncher" (Vaughan 2005). These UFN entrepreneurs contract themselves out to WCFP mainly. Currently, Chunta still provides the same services for the UFN under the control of YKW. Also Chunta owns a lumber and logging truck. Chunta also diversified into log home building. As the former YKW manager states "we sold five or six cabins but nothing bigger yet" (Vaughan 2005).

In 2001, the Natural Resource Center (NRC) was formed by the UFN to respond to the concerns of UFN band members over wildlife issues caused by increased logging in the region. Now the NRC handles the huge task of handling all of the UFN's referrals. According to the former YKW manager "people are not aware of anything until the ribbons go up in their area, then they are scrambling to see what it is happening" (Vaughan 2005). Also they handle the fishing and wildlife management issues within the UFN. They have a manager and a conservation/fisheries technician who are both UFN band members.

¹⁶ As will be explained in the next section on WCFP History, Yun Ka Whu'ten Holdings Ltd (YKW) was formed to be a holding company for all of WCFP's forest licenses. Yun Ka Whu'ten in the Carrier language means "People of the Land".

5.2 WCFP History

The UFN has been very proactive on asserting their aboriginal rights and title within their traditional territory. The UFN was notable for their defiance to the harvesting methods used by the logging companies operating within their traditional territory by blockading the main forest company in the region Carrier Lumber Ltd (Carrier Lumber). Carrier Lumber is a medium sized privately owned sawmill situated outside of Prince George, BC. In 1983, the provincial government offered a 5 million m³ forest license to be harvested over ten years to control the Mountain Pine Beetle (MPB) epidemic that infiltrated the Cariboo-Chilcotin region. Carrier Lumber was the only serious bidder and obtained the MPB forest license on December 9, 1983. Carrier Lumber set up small modular saw mills within their timber supply areas (TSA) and started the timber extraction. Carrier Lumber had a large portable sawmill and a planer mill established in Anahim Lake and it was operational for about four to five years before the UFN roadblock led to the forest license cancellation (Carrier Lumber and Province of BC (Minister of Forests) 1999:1-219).

On July 17, 1989, the UFN blockaded the construction of a bridge leading into the Beef Creek Trail region, to protest the harvesting being done by Carrier Lumber. Carrier Lumber obeyed the UFN demands to stay out of the Beef Creek Trail region until the provincial government solved the standoff. Meanwhile, the UFN with professional assistance offered an alternative forest development plan for the Beef Creek Trail region that was "holistic" in approach, which included a 20% first pass volume restriction and a cut block size maximum of 20 hectares. The UFN plan was rejected by the provincial government and by Carrier Lumber because it was deemed uneconomical and it did not conform to provincial forest policy.

The Beef Creek Trail region remained off limits for Carrier Lumber but they continued their timber extraction from other areas within the region, until they encountered a blockade by another aboriginal community (Carrier Lumber and Province of BC (Minister of Forests) 1999:1-219). On May 7, 1992, band members of the Nemiah Valley Indian Band from the Tsilhqot'in Nation road blocked Carrier Lumber to prevent harvest within the Brittany Triangle. The Nemiah Valley Indian Band did not want any logging to occur within

the Brittany Triangle and to this day there has been no logging in this area. These two First Nation groups' protests led the provincial government to try to reconcile and negotiate with them both. On March 31, 1993, the Ministry of Forests cancelled Carrier Lumber's forest license in the Cariboo-Chilcotin. In the end, Carrier Lumber was only able to harvest 2,447,050 m³ out of the 5,000,000 m³ forest license and they felt that the provincial government had no right to cancel their forest license, because they had followed their obligations thoroughly (Carrier Lumber and Province of BC (Minister of Forests) 1999:1-219).

Carrier Lumber was not going to back down and took the provincial government to court to argue for wrongful cancellation of their forest license. On July 29, 1999, the BC Supreme Court ruled in favor of Carrier Lumber. The government's initial response was to appeal the decision, but eventually, the provincial government dropped its appeal and on May 27, 2002, the Ministry of Forests and Carrier Lumber agreed to a settlement of \$30 million dollars, two parcels of land bought by the Ministry of Forests from BC Rail, and a 1,500,000 m³ forest license to be harvested over five years- free from any provincial government tax (BC Ministry of Forests website 2005). This case is a good example of the uncertain business environment that exists for logging companies such as Carrier Lumber in BC, created by the provincial government's reluctance to address aboriginal rights and title over crown land.

During this standoff, Carrier Lumber and the provincial government knew they had to build a relationship with the UFN and the local non-aboriginal community in order to continue harvesting in the region. Carrier Lumber tried to negotiate a joint venture with the Nemiah Valley Indian Band, but the two sides could not agree on anything that would work for them both (Carrier Lumber and Province of BC (Minister of Forests) 1999:1-219). Carrier Lumber was not the only one trying to negotiate a joint venture with the Nemiah Valley Indian Band, but all proponents failed to get a joint venture started because this community did not want to be involved in logging. However, Carrier Lumber did entice the UFN to negotiate on a joint venture arrangement.

Talks between the UFN, CAT Resources (the non-aboriginal community partner-described in section 5.3 below), and Carrier Lumber began in late 1993. WCFP interviewees were vague on how the three shareholders started negotiating together and there was some

disagreement on who initiated the joint venture. The UFN interviewees were adamant that they initiated the possibility of developing a business relationship with Carrier Lumber with support from the provincial government because of their blockade at Beef Creek Trail. According to one UFN interviewee "the minister of forests told us a forest license will not be issued in their region unless the UFN were involved" (Dester 2005). Non-aboriginal interviewees declared that the joint venture would not have happened without the non-aboriginal community's support. As noted earlier, the UFN almost had a deal with an outside business partner called Buffalohead but that fell through when the UFN chief passed away from a snowmobile accident (Vaughan 2005).

In December 1994, all three shareholders negotiated a shareholder's agreement to formalize the WCFP joint venture, and operations began in January, 1995. Each partner contributed \$500,000 for the startup business costs and expenses. Carrier Lumber loaned the start up capital to the UFN with interest until they could pay it off through the joint venture's dividends. Both CAT Resources and the UFN bought the sawmill, planer mill, and land from Carrier Lumber through a devised formula that would garnish part of the business's revenue until it was fully paid off. I was not able to find out how much WCFP paid Carrier Lumber to take over their operations in Anahim Lake.

Band owned YKW was formed to be a holding company for all of WCFP's forest licenses. The UFN made sure the forest licenses were to be in their name and according to one UFN interviewee: "The Ministry of Forests was there for any questions we had on the obligations and liabilities for being a forest license holder because it was new for us and we did not want to lose a forest license like Carrier Lumber did in the past" (Dester 2005). Currently, YKW holds five non-replaceable forest licenses for the sole benefit of WCFP with a combined AAC of 330,000 m³. Since these forest licenses are non-replaceable, the expiration date and AAC for each is different, as the former YKW manager states: "with all these forest licenses it can be an administrative nightmare. The provincial government should just give us one forest license instead of all these non-replaceable forest licenses that reside within our traditional territory. Silviculture agreements and other things have to be tracked for all these forest licenses and it is tedious work" (Vaughan 2005). Regardless, this YKW manager and other UFN people that have held her position in the past have learned through experience the pros and cons of being a forest license holder in BC.

5.3 Aboriginal Economic Development Framework

This section shows how West Chilcotin Forest Products (WCFP) contributes to Aboriginal Economic Development for the Ulkatcho First Nation (UFN) community, organized according to the 6 components of the framework presented in section 3.5.

5.3.1 Business Structure

WCFP has a unique business structure because it has an aboriginal community, a non-aboriginal community, and a forest company as shareholders in the joint venture. Both aboriginal and non-aboriginal communities have a Board of Directors (BOD) for their respective companies formed for the WCFP joint venture. Chilcotin-Anahim-Tatla (CAT) Resources is a privately owned business made up of 49 local investors from the Anahim Lake and Tatla timber supply region, with a seven member BOD. Yun Ka Whu'ten Holdings Ltd (YKW) is a private holdings company owned by the UFN with a five member BOD. Each company appoints two members from their BOD to sit on the six member WCFP BOD. The third shareholder, Carrier Lumber Ltd (Carrier Lumber), is a family and privately owned sawmill. Carrier Lumber's owner and manager have been on the WCFP BOD since its inception.

WCFP's six member BOD is responsible for all of its business decisions, but the board of directors representing both CAT Resources and YKW have only annual terms, leading to a high changeover rate. However, local politics have not overrun the business since the WCFP's BOD have not had a deadlock on any money decisions since its inception. These decisions require a five to one vote in order to be ratified. All other business decisions need a 4 to 2 vote. These voting margins prevent the business's decisions from being overrun by politics.

The WCFP business structure is clearly laid out in the shareholder's agreement signed by all three partners making the business a formal joint venture. According to the WCFP general manager, the shareholder's agreement was a well crafted document that cost about \$200,000-300,000 in legal fees. He also told me that WCFP is registered with the BC Corporations Act making it a corporation. Thus, WCFP is a JVC meaning the shareholders of the company are not liable for their business decisions because the business has the same legal rights and powers as a person. WCFP can be sued or sue others like a person can.

Although I did not have access to the confidential WCFP shareholders agreement, I was told that it stipulated the business goals of being profitable while employing future generations of local people. The shareholder agreement has a dispute resolution mechanism that has never been used. Most importantly, the shareholder agreement states all three partners have equal dividends ($33 \frac{1}{3}$ each) and control over WCFP. This shareholders agreement is still used today by the WCFP BOD.

The WCFP general manager is a local resident of the area who is independent of the forest industry partner, but has a stake in CAT Resources through his family. This has contributed to the success of WCFP because he is committed to the business's success. As he states: "WCFP wants to remain profitable so future generations can have employment opportunities through the joint venture. WCFP will be a long-term sustainable forest company for all three shareholders" (James 2005).

WCFP has a sawmill and a planer mill division. The sawmill runs two shifts annually, whereas the planer mill utilizes one shift annually, and a second planer shift works for about 6 months. WCFP manufactures lumber for the Japanese and USA markets. The Americans are their main export market. WCFP's end products include Stud Grade 2 x 4's and 2 x 6's and a number of other different lengths and grades (WCFP website 2005). According to the WCFP general manager "WCFP started out doing 140,000 m³ in its first year, 240,000 m³ in its second year, and on average 300,000 m³ thereafter. Now we are doing 350,000 m³ this year alone" (James 2005). WCFP's mills can produce 80 million board feet a year composed mainly of Lodgepole Pine (90%) and some spruce and Douglas-fir. The AAC for this sawmill is modest, considering they still use the same old equipment with a few upgrades such as a new optimizer edger and lumber stackers. The planer mill has used the same equipment since it was built, but it has added a new electronic controlled tray sorting system. WCFP also air dries its own lumber, which takes about 3-6 months to fully dry. WCFP would like to have a kiln dryer like its competitors, but they cannot afford it since they pay about 15% more on energy costs and they also have to truck their product since the nearest railroad is 300 kilometers away. WCFP is also International Standards Association (ISO) 14001 certified, meaning its operations adhere to an environmental management system for its products, activities, and services. WCFP has managed to remain competitive since its

inception, despite a weak lumber market, the unresolved softwood lumber dispute, the rising Canadian dollar, and rising fuel costs.

5.3.2 Profitability

WCFP has been profitable since its inception and this was reiterated by the board members who sit on the BOD. Although I had no access to financial statements, it was confirmed through all three partners that WCFP paid off all of its biggest liabilities in two and a half years. The UFN also managed to pay off the loan given to them by Carrier Lumber which was used to start the joint venture. The quickness of paying off its liabilities shows how profitable the company has become. The WCFP general manager told me how WCFP went from \$10-12 million to \$20-30 million in total revenues and on average WCFP has a profit margin of 10- 30%, which is divided equally amongst all three shareholders. The profit margin has been a lot smaller now than in the past for the shareholders.

YKW receives the UFN dividends from WCFP and uses them to fund business entrepreneurs, the elders program, the youth program, and many other band administration programs and infrastructure. According to the former YKW manager: "the UFN gets on average \$500,000 to \$1 million dollars annually from their share of WCFP dividends, but this has been diminishing due to the weak lumber market" (Vaughan 2005).

Being profitable has its consequences and problems. One common statement heard from interviewees was that the UFN dividends should be allocated to all band members because they do not see any of the profits. Furthermore, through observation and from my UFN interviewees, there seems to be dissention on a per capita formula for WCFP dividends. Being profitable has led to mistrust amongst the UFN members over the financial management and allocation of WCFP dividends by their own people. This mistrust has led to a changeover in YKW staff during my research fieldwork. The YKW manager and office employees quit for their own reasons. However, WCFP's profitability has created employment within and outside the mill and people's social lives have improved from it as well.

5.3.3 Employment

WCFP has managed to sustain its overhead since inception, proving it wants to create sustainable employment for the local communities. Spin-off benefits in the contracting side have benefited aboriginal and non-aboriginal people from the local area as well. Currently, there are 80 fulltime jobs in the mill and about 60-70 jobs on the contracting side. This does not include other businesses within the region that benefit from WCFP's existence. There are eleven full-time truckers for WCFP. Furthermore, all three partners made an informal agreement (not written down) to have 50-50 employment amongst the aboriginal and non-aboriginal communities within the mill and through its contracts (Holst 2005; James 2005; Vaughan 2005). Although there is only about 30-35% aboriginal employment within the mill, there is 50% aboriginal employment on the contract side. It seems that the aboriginal employment within the mill is very cyclical, and at one time they did reach 50%, but like all mills the changeover rate can be quite high during some years because some workers regardless of ethnicity cannot handle doing the same job for very long. The latter statement was expressed by the WCFP general manager referring to people who have moved on to another line of work or quit because they cannot stand doing the mill job any longer regardless of the money they make. In the end, he states "the people you see working in the mill are capable of working in this repetitive environment because they can stand to do this type of work for their own reasons" (James 2005). In the end, WCFP has fulfilled its goal of providing local employment for both the aboriginal and non-aboriginal communities.

5.3.4 Aboriginal Capacity

5.3.4.a: Education and Training

WCFP has an apprenticing program for electricians and millwrights that local people have successfully completed, but these have primarily not been UFN band members. Only one UFN band member has successfully completed the apprenticing program, and he is an electrician. There have been no aboriginal employees in supervisory positions within WCFP since its inception; this bothered most UFN interviewees who felt there should be some, given that some UFN employees have worked in the mill for a long time.

Outside the joint venture, the UFN is encouraging its band members to further their education through post secondary institutions. Currently, there are eight Ulkatcho band members who have or will obtain a degree from a post secondary institution. The three closest students will have bachelor degrees in the political sciences, arts, and in the social work field. The UFN band member who is pursuing the Political Science degree is going to finish this year, but it is not known if she is going to work for her community. There are also four Ulkatcho band members who have diplomas in electrical, automotive repair, social service, and community economic development. On the forestry side, three Ulkatcho band members are embarking on forestry diplomas and one of them graduated this year. According to interviewees this UFN forest diploma graduate has decided to continue on to get a forestry degree. It is not known if he will come back to work for his community when he completes the forestry degree.

5.3.4.b: Work Experience

During my research period, a common theme reiterated from my interviewees was how most UFN band members will not accept managerial positions in the community or within WCFP because they do not like the responsibilities, and they do not want to be alienated from their friends and family. An example of this fear that UFN band members have of being in managerial positions can be seen through a UFN forestry student who preferred being in a lesser role working for YKW's silviculture division, even though her training qualified her to take on a more responsible position. According to the non-aboriginal YKW silviculture manager, some UFN people do not understand that they need education and training for any management position. He really wants this UFN forestry student to learn how to fill his position, because he feels she can do it (Shortreed 2005). The problem is how to encourage educated band members to remain working with the community in management positions.

Currently, WCFP has a Human Resources Manager (HRM) position filled by a UFN band member at the managerial level. This position has been filled by an outside aboriginal and a UFN band member in the past. This HRM job description was very broad and it did not focus on the aboriginal employees exclusively but on all WCFP employees. This HRM position and the YKW manager position are the only two managerial positions filled by UFN band members. The new HRM told me she was going to go back to school, so this position

will once again be available in the fall. Also there is a new YKW manager and some new YKW staff. This changeover in YKW and WCFP staff is a business reality for any venture, and as the WCFP manager said “people just move on for their own reasons” (James 2005).

5.3.4.c: Financial Capacity

The WCFP joint venture has given the UFN the financial capacity to employ its own band members in managerial and technical positions elsewhere in the community, such as YKW. Also WCFP has the financial capacity to fund an apprenticing program for the local people of Anahim Lake to pursue.

5.3.5 Preservation of Traditional culture, values, and language

The preservation of traditional culture, values, and language of the UFN occurred through band administration programs funded by WCFP dividends. These huge WCFP dividends built a new church and a new community center for the UFN. Also, WCFP profits help to fund the elders program, the youth program, and many other band programs. This shows that the UFN have used WCFP profits to help contribute to preserving their traditional values, culture, and language.

5.3.6 Forest Management Decisions and Control over their Asserted traditional territory

The UFN have learned through experience how to administer provincial forest licenses from start to finish. YKW was formed to hold and administer all of the forest licenses for WCFP exclusively. YKW is responsible for obeying and fulfilling all the provincial silviculture and administrative requirements for all five of its non-replaceable forest licenses with a total of 330,000 m³ per year. However, the UFN has very little strategic authority over forest management decisions within their traditional territory, since WCFP's forest management plans must comply with the terms of their forest licenses issued by the province. The provincial government has control over all forest licenses being issued within the UFN's traditional territory and there is nothing WCFP's shareholders can do about it. It is at the provincial government level where the UFN wants equal strategic authority over their asserted traditional territory. In the end, the WCFP joint venture does not give the UFN much control over their land base

The UFN has participated in the higher level management plans in their region, but to them it was a planning exercise with little consequence. The UFN through YKW has done a wildlife management plan, a Traditional Use Study (TUS), and other related plans.

5.3.7 Community Support

There is definitely community support from the aboriginal and non-aboriginal communities for WCFP, but there are a few people who disapprove of the business. Among my interviewees, the majority supported the business. In fact, only two out of eight UFN interviewees disapproved of the joint venture. Although I did not attend the latest WCFP community meeting, a UFN band member told me it went well and she said the community support seemed to be there.

This chapter has served to address the amount of forestry development that has occurred within the UFN due to the WCFP joint venture. Most importantly, the chapter explains how the joint venture originated and evolved into the business it is today, despite the Carrier Lumber case against the provincial government. Despite the profitability of WCFP there is still high unemployment within the UFN community revealing that the business cannot provide opportunities for everyone. The UFN does have the work experience and financial capacity to do most forestry jobs, but there are not enough UFN band members with the education or training for senior management level jobs. In fairness, there are champions from the UFN who work for the UFN directly or indirectly for all band administration and on-reserve businesses, but their physical and mental limits are stretched thin. The UFN could use more band members to help fill certain positions in the community and in WCFP. This undue pressure on these few champions socially and mentally may also come from the split amongst UFN community members who want a per capita formula for WCFP dividends. In the end, WCFP has worked successfully business wise since it involves two communities and a forest company.

This chapter has demonstrated that the WCFP venture has contributed in many ways to Aboriginal Economic Development for the UFN community, although it could do better in certain areas such as providing employment and management training to UFN members.

5.4 WCFP Factors for not letting the politics overrun their business

WCFP was predicted to make a profit by the SFM Project's model and it did make one. This is because WCFP has a strong business structure that is responsible for not allowing the politics to overrun the business. The relevant factors of their business structure are the three shareholders, and the well structured shareholders agreement. Also the profitability of the business and its loyal employees has contributed to the business' ability to keep the politics at bay. These four factors that prevent local politics from interfering with WCFP's business decisions and operations are explained below.

5.4.1 Number of shareholders

WCFP's main strength that prevents politics from overrunning the business is the fact that they have three shareholders as oppose to the usual two shareholder joint venture. Also, the fact that two of the three shareholders represent the aboriginal and non-aboriginal communities makes the joint venture relationship unique. All three shareholders keep each other in check since serious business decisions such as reinvestment opportunities can inhibit each of them from receiving a dividend for a year. Nonetheless, the third shareholder creates a stronger business environment, instead the political environment that can exist between two shareholders who sit on opposite sides of the fence, since the third shareholder can switch sides. As one interviewee states "there is never a dull moment at the WCFP BOD level because some shareholders may surprise you when it comes to certain business decisions"(Vaughan 2005). Also the shareholder CAT Resources has direct family ties with the business region so they are not an outside investor like the other shareholder Carrier Lumber.

5.4.2 Shareholders Agreement

Interviewees considered that having a well structured shareholder's agreement contributed to not letting politics overrun the business for WCFP. Although I did not have access to the WCFP shareholder's agreement, I was told by the general manager that it is

used once in a while. WCFP is registered as a corporation, so the shareholder's agreement will have the taxation and liability clauses similar to what is stated in the BC Corporations Act because those two parts cannot be altered or customized. The rest can be filled in by the shareholder's agreement negotiated by all parties. In fact, by registering as a corporation, a business venture has no choice but to negotiate through a shareholder's agreement, because if they enact their own bylaws to outline their powers and responsibilities under the BC Corporations Act, it is harder to amend them. Therefore, most business ventures only have standard form by-laws (i.e. location of office, number of directors) under the BC Corporation Act and the powers and responsibilities of the partners is stated within the shareholder's agreement. Thus, a shareholder's agreement helps to declare what the roles and responsibilities are for the partners, the powers and duties of the WCFP BOD, and most importantly the distribution of the company's shares. Although politics will inevitably interact with the business, the shareholder's agreement helps to minimize or clarify any misinterpretations that could be made by members of the WCFP BOD. The shareholder's agreement helps all parties to clarify their legal roles and limitations, and details that can be easily forgotten. This is especially important given the high turnover among the Board from the UFN and CAT Resources representatives.

WCFP's BOD structure prevents politics from overrunning the business. A 5-1 vote is required for all money decisions and a 4-2 vote for any other business decisions. Therefore, no two members of the WCFP BOD can stop or seize a business decision due to politics, because it will be passed without their support. Politics is present at the WCFP BOD level, but the voting rules ensure that it does not compromise any business decisions, and the company's success is testament to this. Therefore, this voting procedure at the BOD level is one option for aboriginal business ventures to minimize politics in the business, depending on the number of shareholders.

5.4.3 Profitability

Profitability helps to prevent politics from overrunning the business because everyone in the community is satisfied with the dividends, employment, and other direct spin off benefits from the business. Although WCFP will not disclose its financial information, it was

quite apparent from my interview respondents that the profits made from the joint venture were huge. Making money helps the business to sustain its overhead and to maintain its equipment in order to compete in the global market. A common statement heard through some WCFP interviewees was “no one wants to mess with the goose that is laying the golden eggs”.

5.4.4 Loyal Employees

WCFP would not be as successful without its loyal employees from all of its operations, and they contribute to not allowing politics to overrun the business. WCFP has a core group of employees who have remained with the business since its inception. Four WCFP interviewees who worked with the company since its inception stated that they are too busy to talk about politics, and they love to work because it pays well. WCFP has a high changeover rate, so these core employees help the business to maintain its operations.

5.5 . Definitions of Success for the joint venture.

Interviewees for the WCFP joint venture mentioned various factors that were important to them in defining success for the business. Only responses from aboriginal interviewees are presented here, to protect non-aboriginal respondents' confidentiality, since they could be easily identified due to the small sample size. All 9 aboriginal interviewees were from the UFN but there were only 8 who did answer research question three. The one UFN interviewee was not able to be reached for further comment.

The most commonly mentioned factor was employment- mentioned by 4 of 8 interviewees. The remaining factors which were mentioned by 1 interviewee each include profitability, joint venture structure, and aboriginal management control.

Chapter 6: Comparative Results and Discussion¹⁷

In this chapter, I will compare and contrast the two case study results for my three research questions. I will also discuss these results in the context of recent provincial policy developments affecting First Nations in the forest sector. I will first discuss whether the joint ventures meet the elements of the AED framework presented in Chapter 3 (3.5). I will then discuss how the case study ventures managed to keep politics from overrunning the business. Lastly, I discuss how my aboriginal interviewee respondents define “success” for their joint venture.

6.1 How are these forestry joint ventures contributing to Aboriginal Economic Development in their communities?

Both joint ventures strengths and weaknesses can be illustrated by this paper’s AED framework which is comprised of the seven components shown in Table 7 below.

Table 7. AED Framework applied to both joint ventures.

AED Framework Components	Ecolink	WCFP
Business Structure		X
Profitability		X
Employment	X	
Aboriginal Capacity: a) Education and training		X
b) Work experience	X	
c) Financial capacity		X
Preservation of traditional culture, values, and language		X
Forest management decisions and Control over their asserted traditional territory		X
Community Support	Yes	Yes

¹⁷ Results for the case studies were presented in Chapter 4 for Ecolink and Chapter 5 for WCFP. Although presenting the results in three separate chapters creates some repetition, it was important for each case study to have its own chapter, as I promised to do it this way early in the research process when the businesses agreed to participate as case studies. I strongly believe that the importance of giving back to the community through aboriginal research sometimes requires adapting the research products accordingly.

The "X" within Table 7 denotes which joint venture was stronger in each of the seven components of this paper's AED framework. WCFP's business structure is stronger because they have three shareholders compared to Ecolink's two and they also have a stringent voting structure for business decisions. Ecolink is stronger in the employment component because they currently have 100% aboriginal employees compared to WCFP's 30-40% aboriginal employees hired; and there are more UFN band members employed in the Ecolink joint venture compared to the number of UFN band members employed with WCFP.

In the AED framework, aboriginal capacity was subdivided into three subcomponents which are education and training, work experience, and financial capacity. Even though only one UFN band member has completed the apprenticing program with WCFP, the fact that this is an educational option makes this business stronger than Ecolink in the education and training subcomponent of aboriginal capacity. Ecolink has more managerial capacity and more band members trained in supervisory positions than WCFP, making Ecolink stronger in the work experience subcomponent of aboriginal capacity. A lack of financing capital seems to hinder aboriginal capacity initiatives, and the availability of capital for such initiatives depends on the business's profitability. WCFP, being a larger business venture, has more financial capacity than Ecolink does. As a result, WCFP has accomplished more aboriginal capacity building than Ecolink has due to the financial contributions WCFP has made to the UFN. WCFP is more profitable than Ecolink, which allows the business to contribute more to the preservation of the UFN's traditional culture, values, and language. Also WCFP allows the UFN a little more control over forest management decisions than Ecolink has because the UFN have access to viewing the proposed cut blocks and have obtained the experience of managing a forest license. Both joint ventures through my interviewees have community support denoted by "yes" in the above table but the level or measure of it is unknown, so I cannot say if one is stronger than the other.

Table 7 is for illustrative purposes only, and it in no way concludes that either joint venture is better than the other because it is stronger in more areas within the AED framework. The joint ventures are different in terms of the type of business, and the number of shareholders- which are important distinctions. Another important difference is that WCFP is a larger business, with triple the amount of revenues and workforce compared to Ecolink,

and larger businesses naturally create more of an economic impact in the region. The ways that the joint ventures fulfilled each component of the AED framework is discussed below.

6.1.1 Business Structure

Both Ecolink and WCFP are joint venture corporations (JVC) with stringent shareholders agreements to keep the shareholders together. This structure reduces the liabilities of all shareholders. WCFP has a better business structure than Ecolink because it has a stringent BOD structure to satisfy three shareholders compared to Ecolink's two. WCFP needs a 5 to 1 vote from its six member board for all money decisions and a 4 to 2 vote for any other business decisions. Ecolink used to have a six member board, but since the takeover there has only been 4 board members (two from each shareholder) deciding the business affairs of the company. A majority vote is used to decide on any Ecolink business decisions but the WCFP joint venture has more stringent voting procedures. This stringent voting procedure on the WCFP board of directors protects the business from being overrun by politics in spite of high changeover rates amongst the CAT Resources and YKW appointed board members.

6.1.2 Profitability

WCFP is by far the more profitable of the two aboriginal joint ventures. According to the former YKW manager, "the UFN gets about \$500,000 to \$1 million in annual dividends from the WCFP joint venture" and she goes on to say "we knew there was to be more money made in sawmills than in logging" and she was right considering the dividends received by her community were larger than those received by the Ecolink joint venture (Vaughan 2005). Ecolink was profitable in its first 5 years helping them to diversify into logging, but poor management decisions later on put the company in debt; as a result, they are still trying to recover and have only recently started making a profit again. Thus, the EFN does not rely on Ecolink for financial gain. WCFP has been very profitable for the UFN and this money is used for most of the band's various programs and it also helps to employ UFN band members in silviculture and harvesting. WCFP has managed to make a profit since inception according to my interviewees who sit on the WCFP BOD but there were years when they did reinvest

their dividends back into the business rather than putting them towards community development.

6.1.3 Employment

The employment results must be shown in two parts which are local employment and aboriginal employment. As stated in Chapter 3, WCFP is a community joint venture, so local employment means employing both the local aboriginal and non-aboriginal community members. Both joint ventures have a goal of hiring as many local professionals and employees from the region as possible. WCFP's management continues to employ local community members and as the general manager states: "WCFP will continue to exist and create employment for the people of Anahim Lake and surrounding areas" (James 2005). As a matter of fact, WCFP has sustained its overhead since its inception 10 years ago.

Ecolink fulfills the employment component of the AED framework because they employ a 100% aboriginal workforce. Ecolink represents the EFN community and has a primary goal of providing employment for aboriginal people. During its first five years of operation, Ecolink has hired about 80 people per year within its silviculture operations utilizing all available EFN band members and adding outside aboriginal people. Although Ecolink has experienced a decline in silviculture work due to a lack of available contracts being tendered in the region, the logging division has its employees working fulltime. Ecolink's logging division is operated by aboriginal employees (5 EFN and 5 Chilcotin employees). If the silviculture division was operational with 2 crews, Ecolink would have employed an additional 10 EFN band members. Currently, Ecolink has aboriginal people filling all available positions within its company.

WCFP shareholders made an informal agreement (not written) during negotiations that there would be 50-50 aboriginal and non-aboriginal employment within its operations and associated contract work. The contract work for WCFP has achieved the equal split amongst aboriginal and non-aboriginal communities. However, WCFP has only 30-40% aboriginal employees and only half of them come from the UFN (15%-20%) but this was not always the case. According to interviewees, more UFN band members were employed within WCFP at the beginning of the company's operations. WCFP's business has a high changeover rate because some employees cannot handle the stress and repetition of their job

regardless of ethnicity. This can be said of the Ecolink joint venture as well. According to the WCFP manager: "we have a small core of local employees who have been with the company since inception while there are others who are still new" (James 2005). In fact, all of my WCFP interviewees have been with the company since inception and they agreed that not everyone can handle working within WCFP because they have seen people come and go.

Both joint ventures have exhibited through experience, that in order for their business to be sustainable, they have to hire outside help if no local people are available or if a reduction in overhead is required. As the current WCFP treasurer and board member states: "The company now needs a computer electrician and we will be looking for outside expertise since no one in the area is qualified" (Holst 2005). Although outside hiring may seem undesirable, the option has to remain available in order for the business to meet its financial bottom line.

6.1.4 Aboriginal Capacity

Aboriginal capacity is the ability of a community to have the necessary human resources through education and training and through work experience to fill all of its community development initiatives. Also, an aboriginal community needs financial capacity to meet community development goals. Overall, the WCFP joint venture contributed more aboriginal capacity to the UFN than the Ecolink joint venture contributed to the EFN.

6.1.4.a: Education and Training

WCFP is stronger in the education and training subcomponent of aboriginal capacity than Ecolink because it has a millwright and electrician apprenticeship program offered to its employees and local people. Although some local people have successfully completed both programs, only one UFN band member completed the electrician apprenticeship program to date. According to the WCFP general manager: "the company also has 5 bursary programs for the local high school students" (James 2005). Ecolink has not funded any EFN band members through apprenticeship, diploma, or degree programs, but they want to help fund their office administrator to complete a bookkeeping diploma. She would be the first to be funded by Ecolink to go to school. However, outside of the joint ventures, some UFN and EFN band members are pursuing a forestry diploma or degree, funded exclusively by the band. In the

end, WCFP has used its business's success to entice and recruit local community members to get a diploma or higher and this helps to build an economic base for everyone in the region.

6.1.4.b: Work experience

Ecolink has provided work experience for the EFN on the silviculture side but not on the logging side. The EFN has a very experienced and technically trained silviculture workforce who can fill any available silviculture positions. However, there are very few technically trained or experienced EFN band members who can immediately be productive at any of Ecolink's logging positions. Those EFN band members who could be productive at any of the Ecolink logging positions are not available because they either have their own logging business or work for someone else. A person needs the training and experience to operate logging equipment safely and this training takes awhile. Ecolink would have to hire from outside the EFN if no one from the community can operate at or near the current production levels.

The UFN has not had sufficient work experience within WCFP's operations because only 15-20% of all WCFP employees are UFN band members. The UFN band members currently employed within WCFP are not in supervisory positions, according to UFN interviewees. Although most have positions under the supervisor, and are extremely valuable employees, there is no one from the UFN who has even been trained or experienced being a WCFP supervisor. Also, because only one UFN band member has successfully completed a trade's diploma, UFN has very little technical capacity at the millwright and electrician levels. Even the outside aboriginal WCFP employees do not have the technical capacity in the operation.

The Ecolink joint venture has more aboriginal managerial capacity than the WCFP joint venture. Ecolink has two aboriginal people in management positions within its operations compared to WCFP's one. However, all aboriginal people in management positions from either joint venture are far from truly fulfilling their roles and responsibilities, since they are still learning their positions through experience. Although only a few direct managerial positions are filled by both joint ventures, the managerial capacity that has been developed can be seen within the respective aboriginal communities. The UFN has been able to employ UFN band members for the YKW manager position. The EFN has hired a band

member to manage ARM and she used to manage Ecolink. Some managerial capacity is being built within both joint ventures and within the aboriginal communities but more work is needed on a succession plan to train potential band members.

The MPB infestation threatening the existence of both businesses and the lack of qualified aboriginal people to fill these management positions makes any succession planning efforts difficult. Until more is known about how long MPB infected trees can remain economical, management succession planning efforts have to be put on hold for both joint ventures. The lack of qualified aboriginal people to fill these management opportunities is due to low post secondary enrolment in both aboriginal communities and this is another problem that needs to be examined.

In both aboriginal communities, some potentially capable people did not want to be in management positions within the joint venture or within the band's businesses because they feared losing respect from their own people. As the former YKW manager states: "Management is a tough position because you can be isolated from your own community. I mean I walk into a community event or business and my own people will be quiet towards me. It can be lonely but you need those positions filled by our own people" and she explains how just having two more managerial type people can make a difference in sustaining the business (Vaughan 2005). Of course, one has to respect a person's wishes for not embarking on something they do not want to do, but one person's resistance should not be generalized to apply to all band members. In order for the aboriginal community to gain control over the joint ventures they are involved with the technical and managerial capacity has to be there along with succession planning for future candidates within the community. This reluctance of some aboriginal people to take on managerial positions needs further research and may be a key issue for obtaining the work experience that is needed.

6.1.4.c: Financial capacity

WCFP provides more financial capacity to the UFN due to its silviculture trust fund, silviculture administration fee, and contract opportunities offered to the UFN. WCFP pays into a silviculture trust fund that is administered by the UFN and the provincial government to cover all silviculture contract work needed for the joint venture's forest license obligations. Also the WCFP pays the YKW staff a silviculture fee for administering and meeting all the company's forest license obligations. Both of these fees are costs to the joint

venture so they are not considered to be part of either shareholder's dividends. Lastly, the WCFP contracts are split between both aboriginal and non-aboriginal communities giving a lot of financial capacity to the forest entrepreneurs in the region.

6.1.6 Preservation of traditional culture, values, and language

Of the two joint ventures, WCFP has contributed more to cultural and traditional events and programs than Ecolink has due to the high dividends being made from the business. The UFN uses its WCFP dividends to fund the elders and youth fund. WCFP dividends have contributed to cultural and educational initiatives within the UFN. For example, the UFN built a \$1.3 million dollar community centre and a brand new church with its WCFP dividends. Social, cultural, and sporting events take place in the community centre shared by both aboriginal and non-aboriginal communities. The EFN has used some of the profits from Ecolink to help fund cultural events such as the community's pow wow and the band's social programs; but Ecolink has not contributed funds to EFN activities at the level of consistency that WCFP has achieved.

6.1.7 Forest management decisions and Control over their asserted traditional territory

WCFP has enabled the UFN to see the economic benefits that can come from the timber resources within its traditional territory, through its involvement at the BOD level. The UFN has access to harvesting contract work that will be performed by the WCFP contractors, so this level of information helps them have some control over which contractors will harvest what areas. Also the UFN through its holdings company YKW obtains the experience of managing a forest license. By comparison, Ecolink has not provided the EFN with a similar level of control over the EFN's traditional territory. Ecolink contracts from its forest industry partner who has the forest management authority over the timber supply area. In both cases, however, the aboriginal community does not have control over the type and amount of harvesting, because the forest licenses require that forest management conforms to BC provincial forest legislation and policies. Both aboriginal communities have expressed that First Nations need more control over their land at the government level. Both aboriginal communities have been trying to make more forest management decisions over their

traditional territory through other forest management planning initiatives. But making these strategic plans equivalent to the province's Forest Stewardship Plan is challenging.

The two aboriginal communities sit on opposite sides of the fence when it pertains to the FRA introduced by the provincial government to entice First Nation communities to participate in the forest sector. The FRA stipulates ongoing forest activities can take place in the participating First Nations asserted traditional territory and continuous consultation must occur over all strategic and operational forestry plans. However, the FRA stipulates the First Nation has been fully accommodated economically. The provincial government has a derived per capita formula (\$500 per band member per annum) to offer all band members of the participating First Nations. This per capita formula is non-negotiable and it is consistent in all signed FRA's to date. The UFN did not sign a FRA because they felt their aboriginal rights and title to the land cannot be traded for economic gain. The EFN signed a FRA because they needed the economic benefits provided through the agreement to fund their band programs and they needed the forest license to employ their forest entrepreneurs. According to an EFN band member involved with the FRA negotiations: "me and a councilor argued over the FRA because he did not want to sign it because he thought it would extinguish our aboriginal rights and title. I told him he was wrong because if it does we can pull out at anytime. I wanted the FRA because it provided some funding for band administration and other programs because if we did not have it I would have had to lay off some staff" (Chelsea 2005a). This band member believes she was correct because there is an option to pull out of the FRA at anytime. The EFN decision is a good example of the limited choices many aboriginal communities face when trying to properly administer their own programs with very few resources.

In contrast, the UFN might have objected to the FRA because they did not really need the forest license opportunity due to the myriad of forest licenses they have already, and also due to the dividends received from the WCFP joint venture that help its band administration programs already. If this is the case, it suggests that poorer aboriginal communities will sign FRA agreements because of financial need, while less poor aboriginal communities do not need the revenue as much would not be expected to sign. Also, the UFN's main reason not to sign the FRA was that their aboriginal rights and title should not be traded away for

economic gain. It is reasonable to speculate that the UFN may have signed an FRA if they did not have the WCFP joint venture.

6.1.8 Community Support

Both joint ventures have community support and this is an important requirement for all shareholders of either joint venture. One joint venture's community support might be stronger but we can't tell since we had no quantifiable measure to determine this. However, there was no stoppage of business activities for either joint venture, which indicates that community support is there for each joint venture. Another problem was my definition of community not being simply 'the area within the boundaries of the reserve and traditional territory where immediate impacts (social, economic, etc') but something more inside the community was happening amongst the people that this research could not capture due to time and funding constraints. In fact, Arun Agrawal and Clark Gibson argue that assumptions of community being small sizes, territory dependent, homogenous, and having shared norms is incomplete because of actors within a community can influence decisions and the possibility of alliances at multiple levels of politics (Agrawal and Gibson 1999, 27:629-649).

As stated above there was community support and interviewees expressed how important certain community members had the power to make sound business decisions for their respective communities. These band members are called champions and have the power to persuade political and business decisions for the community. Also families within aboriginal communities can influence the political and business environments, making it an unattractive environment for anyone unless there is a truce amongst them. Although this is all speculative, both aboriginal communities did have the above traits of family segregation and active key role players or champions in the community. There is community support for the joint ventures in both communities, but further research needs to be done to see how community dynamics can affect the level of support. A community strategic plan could be used as a tool to provide a measure of community support because this would entail consultation from the community.

6.1.9 Summary of the ability of the Ecolink and WCFP to fulfill AED in the EFN and UFN communities

Neither joint venture is able to fill all the goals of AED for the aboriginal community involved, however both joint ventures act as vehicles toward achieving AED. The AED process is too large to be fulfilled by a joint venture business alone. The preservation of traditional culture, values, and language, and the control over forest management decisions within the aboriginal communities' asserted traditional territory go beyond the business realm. Also, the aboriginal capacity required to build self-reliance within either aboriginal community was not sufficiently created by either joint venture.

AED results should be measured by these important components, because the primary goal of AED is aboriginal community self-reliance, which will be needed if the community wants self-governance or some form of control within their territory. Once self-governance is achieved the aboriginal community/nation must have the human and financial resources needed to properly administer the institutions needed for self-governance. An analysis of AED in the community can help an aboriginal community to see how close they are to self-reliance. It's important to look at all components of the AED framework to have a useful result.

Both joint venture case studies give the aboriginal community minimal control over forest management decisions and cutting rights. Ecolink is a silviculture/harvesting contractor for its forest industry partner so this role is limited to a contractual relationship. The UFN also have minimal control over forest management decisions since these decisions are being made by WCFP through the business's higher level forest management plans (i.e. Forest Stewardship Plan). Both aboriginal communities have gained experience with administering provincial forest licenses, but the joint ventures have not changed their status of having minimal control over strategic management decisions occurring within their territories. A good example is the limited First Nation involvement in most but not all high level forest management plans in BC.

The aboriginal capacity is lacking in both joint ventures because the businesses are not willing to take a financial risk. In total, three managerial positions are filled by aboriginal

people in both joint ventures, but neither joint venture is ready to train anyone else. WCFP has one technically trained UFN band member who utilized the electrician apprenticeship program offered by the business. Ecolink cannot train anymore people unless it becomes profitable like it was in the early years; however, even though WCFP is profitable, there are still no aboriginal people in supervisory positions and this may be related to the business's financial performance. One reason mentioned by interviewees of why there are no aboriginal employees in supervisory positions within WCFP's operations is because aboriginal employees do not want such positions because of the huge responsibilities and related alienation from their own community members. One WCFP aboriginal employee begs to differ by saying he has never been offered such a supervisor opportunity, even though he has been there since the beginning.

The Ecolink BOD still elects to train both its logging and silviculture supervisors all year, even when the business is barely meeting its financial bottom line. On the contrary, WCFP has exceeded its financial bottom line since inception, but there have never been aboriginal employees in supervisory positions in over a decade of operations. Although forestry joint ventures may not have the high technical/managerial capacity opportunities seen in other sectors, a risk is associated with these training opportunities regardless of the business venture. WCFP has not taken that risk but Ecolink has even when it impedes on the business's financial bottom line.

My case study results show that joint venture business operations do not address the preservation of traditional culture, values, and language. No cross cultural training was offered to anyone from either joint venture. However the joint ventures have made some cultural contributions to their communities. There are community and sporting events sponsored by both joint ventures. In fact, because WCFP was more profitable, more of the UFN's dividends helped the band build a church and community center and fund the youth and elders programs. Both joint ventures were established with the understanding that all traditional, spiritual, and cultural sites will be protected for the aboriginal partner within the business's area of operations, and this has been upheld.

This research has shown that joint ventures involving aboriginal communities do not fulfill all components of AED, but they are a vehicle to keep the aboriginal community/nation moving towards the ultimate goal of self-reliance which is needed in

conjunction with self-governance. A joint venture should be seen as a means to an end, not an end in itself. Joint ventures are business solutions that can help to create a stable business environment. In fact, joint ventures occur when assets need to be borrowed and a business relationship has to occur because neither shareholder could obtain the required assets alone. Joint ventures should be formed for the purposes stated above, and aboriginal communities must recognize that joint ventures are only part of a broader aboriginal economic development strategy.

6.2 How are these forestry joint ventures involving aboriginal communities preventing politics from overrunning the business?

The interference of local politics into business decision-making is seen as a common problem for sustaining business ventures involving aboriginal communities. As shown in the results presented for Ecolink in Chapter 4 (section 4.4) and WCFP in Chapter 5 (section 5.4), both joint ventures exhibited differing factors that prevent politics from overrunning the business. Although both businesses succeeded in keeping politics from interfering with their operations, they did respect the local political issues as well, leading to the conclusion that although politics will often interfere with businesses in small communities, it does not necessarily compromise the financial bottom line.

Although both joint ventures exhibited their own ways of not letting the politics overrun the business- there is one important factor shared by both, which was the shareholders agreement. All aboriginal business ventures involving outside investors should have a formal shareholder agreement or its equivalent detailing the equity breakdown, management control, dispute resolution mechanism, shared business relationship goals, and capacity building components for the aboriginal community involved. Both joint ventures had a formal shareholders agreement that stipulated all these elements, minus the capacity building component. Aboriginal communities involved in joint venture negotiations should ensure that capacity building components are written into the shareholders agreement; such as total number of managerial and employee positions to be made available to its band

members and training opportunities to be provided. Shared goals should also be negotiated so that shareholders can look back at the agreement to see what was agreed upon when future business decisions come to a deadlock. The shareholders agreement helps to shape the business relationship right up to its dissolution.

Having a board of directors (BOD) without any elected chief and council is seen as a goal for any business venture involving an aboriginal community, but limiting the number of elected representatives is a more realistic goal. Both case study joint ventures have a chief or councilor sitting on the BOD and sometimes a band member was appointed with the chief. Appointing qualified band members that have business or management training to the joint venture BOD will help alleviate the pressures that may be set on the business by having the elected chief or council members on the BOD, and allow the BOD to keep focused on the business. Although this was not done on a consistent basis in the case study joint ventures, it did have its place within both joint ventures during their early years. Thus, having an elected representative on the BOD of a joint venture should not be seen as a bad thing since it was quite common in both of my case studies, the goal should be to have more qualified band members sitting on the BOD as well.

Staggered terms within the aboriginal community's governance and on the joint venture BOD level will help to prevent politics from overrunning the business. Board members and elected councilors who have adjusted to their job descriptions or portfolios can be more beneficial to their community or community's business if they are sitting for more than one term. This allows a succession plan for other potential candidates while not compromising the community's governance or business decisions. Political influence from newly elected councilors or board members may subside when they are guided and mentored by the current councilor or board member. Although staggered terms are not a guarantee for any aboriginal business's success, it will help the aboriginal community towards self-reliance more so than the current INAC two year term for chief and council.

However, a system is only as good as the people who implement and use it. There is no guarantee that any one system will prevent politics from overrunning the business. WCFP's business structure helps to not allow politics to overrun the business, but Ecolink's does not. Ecolink's business structure is unstable because they have a chief and council sitting on the BOD and the EFN still uses the current INAC two year term for chief and

council. However, despite all of this, Ecolink is profitable and this is due to the community leaders and community support. Having these two components can keep the politics down, but for how long? Having a solid business structure will help to prevent bad people from ruining the whole business.

Both joint ventures offer five vital components for not allowing the politics to overrun the business. These are as follows: 1) to change to a customs election with staggered terms, 2) no elected chief or council on the BOD, 3) well structured shareholders agreement with stated goals and capacity building components, 4) community leaders (i.e. chief, councilors, champions), and 5) community support from the grassroots people.

6.3 What do aboriginal and non-aboriginal participants define as success for the forestry joint venture?

This research question was chosen because there is definitely a research gap filled with broad generalizations of what either non-aboriginal or aboriginal persons define as success for a business. Non-aboriginal persons tend to focus on profitability and employment factors, but there is little research on how aboriginal people define business success. Conflicting opinions on what is defined as success for any business can change or affect the business relationship amongst all partners. Some aboriginal people define success for an aboriginal business as being profitable while adhering to or not infringing on its traditional and cultural values. Most advocates feel that any business has to be profitable in order to afford to build aboriginal capacity and to sustain/increase the business's overhead. Thus, the definition for success has to be known from either partner regardless of ethnicity to see if this conflicts with the business at all.

Table 8 below is for illustrative purposes only, because a larger sample size would be needed for the data to be representative of the communities. Although this is a small sample size, the 19 interviewees (one aboriginal interview was not available for further comment) are important people and the spread of opinion among them is interesting and worth repeating. Table 8 reveals the results of all definitions for success for the Ecolink or WCFP joint venture provided by the interviewees. I separated the aboriginal interviewee answers according to the joint venture they were associated with, but the non-aboriginal interviewee

answers were not separated to protect respondents' confidentiality, since they could be easily identified due to the small sample size.

Table 8. Definitions for Success for either the Ecolink or WCFP joint venture.^{18,19}

Definition for Success	Aboriginal Interviewees from Ecolink JV	Aboriginal Interviewees from WCFP JV
Profitability	4	1
Employment		4
Profitability & Employment	2	
Ownership	2	
No Success		1
JV Structure		1
Aboriginal Management Control		1
Local Employment & Business Alliance		
Independent & Competitive business	1	
Creating opportunities for your people	1	
Experience working with a business you're proud of	1	
Total Interviewees:	11	8

Approximately 61 % (11 out of 18) of all aboriginal interviews define profitability, employment, or both as success for the joint venture they are either directly or indirectly involved with. The aboriginal respondents' reasons for '*profitability and employment*' were simply because each business needs to make money in order to create employment and training opportunities. According to an aboriginal elder, "you need to make money to create jobs"(Dick 2005). These definitions of success were consistent with the profitability and employment goals in both joint venture's mission and vision statements.

The Ecolink aboriginal interviewees were the only ones to mention '*aboriginal ownership*' as success for their joint venture. 100% aboriginal ownership was not defined as success by any aboriginal interviewees in the WCFP joint venture. The possible reasons for

¹⁸ Although 5 non-aboriginal participants were also interviewed, it was decided to present only responses from aboriginal interviewees here for 2 reasons. 1) to protect the confidentiality of the non-aboriginal participants, since individuals could easily be identified from the data due to the small sample size, and 2) there has been a lot of research on defining successful business in non-aboriginal communities, and it is generally known that profitability and employment are usually considered to be the most important success factors for non-aboriginal business ventures.

¹⁹ The interviewees were asked for their definitions of success in an open-ended question. These categories were developed from an analysis of interview response data; they were not pre-determined categories that interviewees could choose from.

this not being defined as success by UFN interviewees could be that the joint venture involves three shareholders compared to Ecolink's two shareholders, and that the UFN interviewees know how capital intensive the lumber manufacturing business is. Also, Ecolink has a buyout clause in the shareholders agreement that is still on the table for the EFN to capitalize on, but they do not have the money yet. Both shareholders of Ecolink realize the joint venture is there for the EFN to buy and own. Regardless of the reasons aboriginal ownership was a prevalent factor defining success of the joint venture for the EFN community.

Employment was considered an important factor to demonstrate success by most aboriginal interviewees. WCFP was considered to be lacking in aboriginal employment by several interviewees. Only one aboriginal interviewee did not consider the WCFP joint venture to be a success since there is not enough aboriginal employment. WCFP shareholders all agreed (but did not write down) that there will be 50% aboriginal employment within its operations, but there is only 15-20% UFN band member employment. This interviewee said it is supposed to be 50% UFN band member employment not aboriginal employment since there is about 15-20% outside aboriginal employment in WCFP's operations. Another UFN interviewee also reiterated how few UFN employees are employed in WCFP operations and no UFN supervisors and managers in the business. Although there was one UFN band member in a management position, he felt there should be at least one UFN supervisor, since there are UFN employees who have been with the business since inception. Thus, he defined more '*aboriginal management control*' as success for WCFP.

One UFN interviewee defined WCFP's '*joint venture structure*' as success. This came as no surprise, since WCFP's joint venture structure was the more successful of the two case studies for preventing politics from overrunning the business since it has three shareholders and a stringent voting procedure on the company's BOD. This structure has prevented the stalling of any business decisions due to politics.

Both past and present EFN chiefs defined '*creating opportunities for your people*' and '*developing the experience working with a business you're proud of*' as success for the Ecolink joint venture. These two measures seem odd compared to the rest stated above in Table 8, but they make sense in the minds of two community leaders who wanted to create a business environment for their band members.

The majority of interviewees responding for Ecolink defined success as 100% aboriginal ownership, and this is still a community goal. Most UFN interviewees defined aboriginal employment as success for WCFP due to the agreed upon 50% aboriginal employment within the operations. Currently, there's less than 50% aboriginal employment in WCFP and the EFN has no capital to buyout Ecolink's industrial partner (Tolko), but these are the main definitions for success from the interviewees.

Chapter 7: Conclusions and Recommendations

7.1 Conclusions and Recommendations

This chapter presents the main conclusions and recommendations arising from the two forestry joint ventures involving two aboriginal communities in the Cariboo-Chilcotin region of BC. The main goal of this thesis was to determine if either joint venture provides Aboriginal Economic Development (AED) for the respective aboriginal community; and, if so, to describe how each business venture did it. The second research question examined was how each joint venture prevents politics from overrunning the business. The last research question examines what aboriginal participants define as success for their respective joint venture.

For each research question, a discussion of the case study results is presented in the context of the most relevant AED and indigenous joint venture literature, and recommendations for how to set up forest sector joint ventures in aboriginal communities are made based on the results. The chapter ends with conclusions arising from the case study research, and a discussion of the practical and research contributions made by this thesis. Finally, some suggestions for future research in this field will be presented.

As explained in Chapter 1, First Nations in British Columbia are becoming increasingly involved in the forest sector through joint ventures or other business ventures. BC's recent forest policy and legislation related to its Forest Renewal Plan has enticed First Nations to enter into the forest sector through the awarding of forest licenses, non-negotiable forest revenues, or both. There is a need to determine how these forest-sector businesses are working for First Nations communities. This thesis provided an analysis of two forest-sector joint ventures between aboriginal communities and non-aboriginal partners to determine whether and how these businesses are providing AED for the aboriginal communities involved.

AED is a vehicle for aboriginal communities to achieve self-reliance without relying on governmental support. This is a difficult challenge for most communities and the existing literature provides different approaches towards successful aboriginal economic development, but with the same visions of self-reliance.

A review of the AED literature revealed that there is a spectrum from the generalist AED work advocated by the Harvard Project on American Indian Economic Development (Harvard Project) to the aboriginal community specific work advocated by the First Nation Development Institute (FNDI) in terms of what is required for successful AED. The Harvard Project generalized for all aboriginal communities by stating that obtaining self rule and creating self governing institutions matching the culture of the aboriginal community will promote successful aboriginal economic development. On the other hand, FNDI advocates that each aboriginal community should have its own measures for success towards AED and that a generalist approach is flawed. FNDI uses the Elements of Development framework to evaluate how a business is doing from the community's measures not western society's measure. Robert Anderson's eight characteristics of AED were most applicable to my case study research, because he is in the middle of both ends of the AED spectrum and he focuses on how business alliances with outside investors can help any aboriginal community towards becoming self reliant (Anderson 1999). Anderson argues that aboriginal people want to compete in the capitalist world through business alliances with anyone, but they want to do it on their aboriginal terms and conditions. All the approaches presented in the literature can be applied towards AED. The aboriginal community/nation must choose or define for itself, its preferred approach that will lead it towards self-reliance.

For the main research question, this research concludes that neither joint venture fulfills all components of AED for their respective aboriginal communities. AED is a vehicle for building an economic base for aboriginal communities leading towards self-reliance. A joint venture is one of many tools to make the self-reliance vehicle move. The Royal Commission on Aboriginal Peoples (RCAP) concludes that aboriginal communities need an economic base to truly fulfill their self-governance and if there is no economic base than the whole self-governance is a practice in futility (Royal Commission on Aboriginal Peoples 1996b) . WCFP and Ecolink have shown that one business despite it being a joint venture cannot fulfill all components of AED for the respective aboriginal communities.

The biggest AED component lacking was the limited control an aboriginal community/nation has over their traditional territory when involved with a joint venture. The preservation of traditional culture, values, and language and the aboriginal capacity components were also lacking in both joint ventures, but not to the extent of the lack of

control. This is a major drawback, because previous studies have concluded that the biggest weakness for the ability of joint ventures to contribute to AED is the minimal control given to aboriginal shareholders over strategic management decisions within the business's operational area and their broader traditional territories. AED cannot be realized without giving aboriginal communities some degree of control over the natural resources within their traditional territories, rather than continuing to apply the centralized resource management solutions passed down from federal and provincial governments (Atlantic Canada Opportunities Agency 2003:1-83; Gandz 1999, 64:30-34; Public Policy Forum 2005:1-20; Royal Commission on Aboriginal Peoples 1996b)

The case study results also affirm that joint ventures do not fit the cultural component of AED. Whiting's research on four BC forestry joint ventures involving aboriginal communities also discovered lack of fit with culture. Both Ecolink and WCFP did not fulfill the preservation of traditional culture, values, and language component of AED because there were no traditional values or culture being practiced within each business's operations. Neither business offered cross-cultural training for employees. However, even though the business operations themselves did not enhance traditional values, culture, or language in the communities, the businesses did provide cultural benefits by providing funds for cultural events or programs in the EFN and UFN communities.

Joint ventures are aboriginal capacity building options but the aboriginal community/nation has to be assertive on the matter. For example, Ecolink has two aboriginal employees training in managerial positions within its business and the business still trains silviculture supervisors. WCFP only has one aboriginal employee training in a managerial position but no aboriginal supervisors even when there were potential aboriginal supervisors working as employees within the joint venture. The Ecolink BOD made sure to employ aboriginal people in all positions within the company even if it may affect the profitability of the business. Although I was given a reason by some WCFP interviewees that UFN band members do not want the pressure of being in a supervisory position, other UFN interviewees contradicted this, because as experienced employees of WCFP, they have never been given the opportunity to prove themselves. Cultural clash between employees from different cultures can be one impediment to trying to produce aboriginal capacity within a joint venture but not giving aboriginal people opportunities within the business is another

impediment that has to be resolved early in the business. WCFP now has recently promoted a long time UFN employee into a supervisory position, and this recognition was a long time coming for him and his community. In the end, both joint ventures do show that the business can contribute to the capacity within an aboriginal community in a small or a big way, but the aboriginal shareholders must be assertive. This has to come from either the community leadership or champions.

Aboriginal communities must assess their own capacity before embarking on any development project. They must look at their own human and financial capacity and determine if there is a market for their business service or product to decide if the development project/ business venture is worth pursuing for their aboriginal community²⁰. Unfortunately, the need to improve socioeconomic conditions by increasing employment levels puts pressure on aboriginal communities to jump at any business opportunity, rather than taking the time to complete an economic development plan or business plan (Public Policy Forum 2005:1-20). This economic development or business plan does not have to be comprehensive, but failing to plan creates missed opportunities in a business venture involving outside investors. However, joint ventures allow the outside investor to supply the technical and managerial capacity, depending on the business service, while aboriginal communities train their band members. Such training will take time and aboriginal communities should not expect immediate results especially in logging or in sawmilling, since employees need to learn by experience.

Creating educational opportunities through the joint venture may help entice aboriginal band members to obtain further schooling and help to build the aboriginal capacity within the community. One UFN interviewee expresses the importance of having more trained and educated UFN band members in her community as follows: "Do not get stuck in one demographic because they are the loudest. Keep going after all the UFN people because 2 or 3 UFN band members can make a difference within WCFP or any forestry business or organization"(Vaughan 2005) . Using this philosophy, WCFP has an electrician and millwright apprenticeship program offered to the UFN community and its employees. However, only one UFN band member has completed the apprenticeship program offered by

²⁰ Marketing was not discussed in length in this thesis but it is an important requirement for determining the feasibility of any business venture or development project.

WCFP, a huge step for all local employees. Another strategy for improving capacity through education is for an aboriginal community to set up an educational trust fund in which a small part of the joint venture's profits go towards the trust fund. This education trust fund can be seen as a sunk cost that is permanent so future generations of band members can have the educational opportunities even when the business has dissolved.

Another area to create more capacity is to sustain aboriginal employment within the business involving aboriginal communities through job sharing and community awareness initiatives. WCFP has a tough time sustaining the agreed upon 50% aboriginal employment within its operations. Although the 50% aboriginal employment goal was informal and not written down, all three shareholders have kept their word. Other natural resource sectors have tried job sharing and this is something WCFP is considering to implement²¹. Future joint ventures should also create more community awareness and provide cross cultural training to all employees. The use of community meetings/forums and newsletters can create more community awareness since the public can easily misinterpret information about the joint venture. Monthly tours of the joint venture operations should be done to allow local people to see the operations first hand. WCFP runs an annual forestry day and is a huge success, allowing the local community access to the operations. Such tours are something all joint ventures involving aboriginal communities should do. These community awareness initiatives allow people to see what the employees do, thus building respect for these employees' roles in the business.

As stated earlier, the case studies affirmed the findings of previous research that joint ventures do not directly help aboriginal communities to obtain control over natural resources within their traditional territory because forestry joint ventures operating on government tendered forest licenses must conform to provincial forest policy and legislation. Because Ecolink is a logging/silviculture contractor, its employer has control over where the joint venture can harvest. WCFP has control over the end product, but the business conforms to the province's forest license obligations. Both the UFN and EFN have no control over the harvesting in their traditional territory outside of their protected areas. Also the UFN has to administer all WCFP's forest licenses issued by the provincial government. Provincial

²¹ For example, hiring two people to share their hours for an 80 hour or longer pay period so the company has no loss man days per shift and both employees can have time for traditional activities like fishing, hunting, etc.

policies and legislation control each aboriginal community's land base. Joint ventures do not help aboriginal people to gain any more control than they had before the business's inception.

RCAP and other advocates feel the provincial government has to allow some degree of control to aboriginal communities because the contemporary methods are not working or showing improved results (Royal Commission on Aboriginal Peoples 1996b). In the end, aboriginal communities should not expect more control over their land base through joint ventures involving outside investors. More control over natural resources occurring within an aboriginal community's land base has to happen at the provincial government level with support from the federal government not at the business level.

The second research question dealt with the separation of the business from political interference. Previous research has shown that local politics can affect the success of business ventures in aboriginal communities (Cornell & Kalt 1992, 1998). Both case studies exhibited their own methods for preventing politics from overrunning the business, with some similarities and differences. First, both joint ventures had a shareholders' agreement which stipulates the terms and conditions of all shareholders such as equity breakdown, shared control, dispute resolution mechanisms, and shared goals or vision for the business. Not having any formalized agreement can lead to future conflict since a joint venture relationship relies on trust and mutual respect from all shareholders (Miller, Glen, Jaspersen, and Karmokolias 1996:1-25). This trust and mutual respect can change overnight, and a formalized agreement can help shareholders to remember why they are in business when they look at the negotiated details in the document. Having the dividend breakdown, control structure, dispute resolution mechanism, and other clauses in the formal agreement helps all shareholders to feel comfortable with what was negotiated and to look back on the lifespan of the joint venture.

Also both joint ventures were either profitable or employing local people and these factors can help to prevent politics from overrunning the business. When businesses involving aboriginal communities are not making a profit or are not employing enough band members, this creates an environment for the politics to overrun the business. Both joint ventures exhibited early success in their first three years of existence, and the profits made improved the employees' and the community's morale and sense of pride in themselves due

to the business's success. This improved community morale and pride is the kind of atmosphere that is worth capturing early in the business's existence if possible.

The third research question addressed how all 18 (one could not be reached for further comment) aboriginal interviewee respondents defined success for their joint venture. However, the research question focused on success from the point of view of the business, rather than success from the point of view of the community. Each interviewee's answers may have been different if it was focused on success for the community or aboriginal nation. Plus, with my relatively low sample size, these answers should not be generalized for either aboriginal community or for aboriginal communities in general. Nonetheless, all 18 interviewee responses are important because they come from important people within either community ranging from key role players to grass roots people. Profitability and employment were the two most common answers for defining success for either joint venture. In fact, 61% (11 out of 18) of all aboriginal interviewees defined profitability, employment, or both as success factors for either joint venture. In 2005, a national survey on aboriginal forestry collaborations also found that profitability and employment were high on the list for most survey participants (Hickey and Nelson 2005:1-30). Preserving traditional values, culture, and language did not come up as a factor in interviewees' definitions for success, but this was likely because the interview question focused on the joint venture, not on the aboriginal community as a whole. The answers might have been different with another focus, but this paper attempted to respond to the doubts about forestry joint ventures involving aboriginal communities in British Columbia that was evident in a 2004 study by the Institute on Governance (Graham and Wilson 2004).

An important contrast between the case studies was that most EFN interviewees defined profitability as success for Ecolink, whereas most UFN interviewees defined employment as success for WCFP. This is interesting, because Ecolink is performing better in its aboriginal employment goals than WCFP, with all aboriginal employees and managers but their profit margin is small. Whereas, WCFP has only 15-20% UFN employment but the business is highly profitable. Different factors were important in defining success of the venture for each community because of the following reasons. The EFN knows it does not have the financial capital to buyout its forest industry partner, so Ecolink needs to make a profit to make the buyout a reality. The UFN knows it cannot buyout its two other

shareholders like the EFN because the buyout was never an option amongst the three shareholders. However, the UFN wants what was promised to them by their shareholders, which was 50% UFN employment within WCFP's operations. UFN interviewees were adamant that non-local aboriginal employees in WCFP did not fulfill this promise to them. Thus, the interviewees' definitions for success are related to the histories of both joint ventures.

A profitable business with less aboriginal employment, or a business making less profit with more aboriginal employment are two of a myriad of contemporary examples for success an aboriginal community/nation can choose from. Sometimes profitability and employment goals cannot be reached at the same rate, and trade offs have to be made between the two goals. In all fairness, WCFP is as a community joint venture involving the aboriginal and non-aboriginal communities, and there was a promise to provide 50-50 employment between both communities and this contributes to the aboriginal employment challenge for this business. Ecolink has a higher proportion of band members (70%) employed than WCFP (20-25%); also, Ecolink has trained more aboriginal employees into managerial and supervisory positions than WCFP has to date. On the contrary, WCFP is more profitable than Ecolink and has continued to be for a decade and this has allowed the UFN to use their dividends from WCFP to build community programs and infrastructure. This shows that both employment and profitability provided by the business can bring benefits to the community as a whole. An aboriginal community/nation must identify their own goals and define their own measures for success of any business venture they enter into. Both case study joint ventures revealed alternative definitions for success, and neither one is the wrong approach.

In the end, all aboriginal communities/nations must identify their own goals and visions and have measures for them. They can do this through economic development plans, community plans, Traditional Use Studies, or business plans. A formal shareholders agreement stating the business's shared vision and goals will make it easier to evaluate the business or community's strategic direction throughout the business's existence. Memorandums of Understanding (MOU) are useful to provide strategic direction, but clearly negotiated business goals and a vision for the business venture help to keep all parties in line. The plan or vision does not have to be a major undertaking, something as small as two pages

can suffice, because most aboriginal communities can quickly identify their own human and financial capacity needs. However, the elected chief and council must consult with their band members on identifying the community's goals and vision and to decide on measures for success as early as possible in the business planning or joint venture negotiation process.

7.2 Contributions made by the Research

This research will contribute to informing students, forest industry representatives, government representatives, non-aboriginal communities, and, most importantly, aboriginal communities who want to promote AED in their communities through business ventures. Both joint venture case studies have contributed to AED in different ways throughout their existence, according to their type of business, and their difference in the number of shareholders involved. Significantly, both the Esketemc First Nation and the Ulkatcho First Nation have been proactive in economic development efforts and in asserting their aboriginal rights and title to their land. Both are examples of aboriginal communities building an economic base through their own forestry entrepreneurs and businesses while continuing to assert their aboriginal rights and title over their traditional territory.

Both Ecolink and WCFP's continued existence as viable businesses contribute to the AED of their respective aboriginal communities and the current aboriginal forest sector. Ecolink is 15 years old and WCFP is 10 years old making them older than most case studies involving aboriginal communities within the AED and aboriginal joint venture literature. In fact, the average lifespan for a joint venture is 3.5 years and even less in the technological industry sector, so both joint ventures continued existence is a testament to their success (Reiter and Shishler 1999:227). However, both joint ventures reside within the area of the Mountain Pine Beetle (MPB) epidemic so their future timber supply is being threatened. Each joint venture's continued existence will depend on its response to this natural threat.

Also both joint ventures contribute to future aboriginal forestry businesses by their different business services. Ecolink is a harvesting/silviculture contractor and WCFP is a manufacturer of lumber (sawmill and planer mill). This difference in either joint venture's service contributes to aboriginal communities wanting to know what type of forestry business service they either can afford or conforms to their community's goals or vision. This can be seen in the differing employment levels and dividends shown in chapters 4 and 5. Also WCFP is more capital intensive compared to Ecolink so it is a very high risk endeavor; in fact, the EFN did buy a sawmill in the past but it quickly went bankrupt putting the band into third party management. The EFN recovered, but learned from their early sawmill and logging failures to start out small in the Ecolink joint venture by being a silviculture

company first, then diversifying into logging later on. In the end, Ecolink is less capital intensive due to its status as a contractor, compared to WCFP which as a sawmill, requires more infrastructure and equipment, and has to find mostly foreign buyers for their lumber.

Also the WCFP joint venture breaks the usual two shareholder joint venture structure by having three shareholders; a non-aboriginal community, an aboriginal community, and a non-local forest company. WCFP's three shareholder joint venture reveals how an aboriginal and non-aboriginal community can work together through a business alliance to create local employment and opportunities for them both. WCFP has also split their downstream benefits, such as trucking and other contract work, equally amongst both communities of Anahim Lake since its inception. In fact, WCFP's forest industry partner, Carrier Lumber, has a similar three shareholder sawmill joint venture with the Cheslatta Carrier Nation and a group of local investors in northern BC. This Cheslatta Forest Products joint venture is five years old, surpassing the average age of 3.5 years when a joint venture usually dissolves, proving that this three way joint venture model can work in other communities besides Anahim Lake (Stirling 2002, 7).

An important contribution of my research, which was not specifically addressed in the research questions of this thesis but which arose from the contextual information obtained during the case study field research, was the importance of family institutions within joint ventures involving aboriginal communities. It was found that one of the joint venture's employees mostly came from one family, and their work effort and punctuality kept them in these positions. This is not to say that there is no one else from the aboriginal community who could do their positions, but this is a forestry family. This family's ancestors and relatives prided themselves on their forestry abilities and this was transferred down to their children. The youngest employee of this joint venture was from this family and he is flourishing in his new position. This shows that an aboriginal community's traditional values and culture can break down the borders of business theory when it pertains to informal aboriginal family institutions. Aboriginal scholars might classify aboriginal family institutions as aboriginal wisdom, and how aboriginal people must use it to keep their values and culture intact in the capitalist world (Newhouse 2000, 1:55-61; Wuttunee 2000:1-236). Aboriginal communities must not forget their aboriginal wisdom because it does have a place in AED regardless of what the western society says. Aboriginal families segregated into

certain band owned departments or businesses are not a bad thing, when this system can work for the benefit of the aboriginal community's goal towards self-reliance.

Research grounded in western society's business theory may quickly conclude that a forestry business hiring members from only one family was suffering from nepotism, but in aboriginal communities this may be acceptable or in fact recommended if it fits with the community's traditional culture, which is often tied to kinship and informal family institutions. Segregating qualified families into certain community functions- although it might be seen as nepotism by western society- is not necessarily a bad thing. Some aboriginal communities are more extreme than most in this regard, such as the matrilineal aboriginal groups. Kinship relationships can have positive effects on businesses in aboriginal communities, because supervisors or managers can more easily order their own kin around, and this may help to entice more potential aboriginal candidates to pursue high management positions, knowing their relatives are working there. Aboriginal communities know more about kinship traditions and norms within their own reserves and can try to make it work for their benefit in business ventures.

Although this kinship strategy may not work for all aboriginal communities, informal family institutions are an important thing to consider when analyzing the success of businesses in aboriginal communities. It is important to recognize that segregation of roles and responsibilities by family may be intentional and desirable. Researchers should not dismiss such findings as problematic within the business because aboriginal people need more positive role models in the grassroots community and in the political and business arenas to help them on the road to self-reliance. There are political and business elites in the capitalist world who hire their own so this is nothing new. Family segregation into band programs or businesses may work or help other aboriginal communities to gain economic development more easily amongst band members. Currently, the FNDI advocates have recognized kinship as an element in AED and it is an aboriginal community/nation specific.

7.3 Suggestions for Future Research

As more collaborations between aboriginal communities and the forest sector continue to occur, more research has to be done using this paper's AED framework on other businesses involving aboriginal communities. Furthermore, the paper's framework affirms

that aboriginal communities must define their own criteria and indicators for successful AED.

More community based research should be done on the socio-economic impacts felt in the local aboriginal and non-aboriginal communities from businesses like Ecolink and WCFP. This thesis identified the reasons for the success of both joint ventures, but it did not show the negative impacts of the business ventures on the aboriginal and non-aboriginal communities involved. Some interviewees discussed at length the social and educational problems within their community, and the joint venture was blamed for these problems. More extensive research on the socio-economic conditions felt by the communities will help to show what areas need to be addressed during future joint venture negotiations. An understanding of community dynamics may help to improve the longevity of the business ventures.

Also, community based research will help to discover certain political and business actors or families within the aboriginal community who can contribute to or bind the success of any business on-reserve (Agrawal and Gibson 1999, 27:629-649). These key role players or families can have a big influence on anything deemed important for the community's well being – as seen in the Ecolink joint venture. This factor was uncovered but not researched extensively due to budgeting and time constraints. According to EFN interviewees, there is family segregation in the band departments. The current literature does not contain extensive research on how kinship or key role players can have a significant impact on community decisions (Savoie 2000:1-143). More research in this area will help to prove the significance of key role players and families in an aboriginal community's structure and dynamics.

Another important question that remains to be addressed significantly in the literature is: Do capacity building clauses in the shareholders agreement or equivalent create more opportunities for aboriginal communities involved in joint ventures or partnerships? A well known case in British Columbia- Isaak Forest Resources- had capacity building components in their joint venture agreement such as management and staffing, contracting opportunities for its band members, and targets for aboriginal employment and training (Findlay 1999:1-9). Isaak is no longer a joint venture since the aboriginal shareholders bought out the forest industry partner. However, it is unknown to what extent these capacity building components in the shareholders agreement helped this aboriginal community to make this buyout happen.

Did the existence of these components in the agreement ensure that qualified human resources and financial capacity were created in the aboriginal communities through the joint ventures operations? Interviewees from the Ecolink and WCFP joint ventures felt that there should have been capacity building components in their shareholders' agreements, and this is an issue that future research should address.

Extensive research is being done on value added opportunities for communities in the BC interior whose timber resource is affected by the Mountain Pine Beetle (MPB) epidemic. Since there is no way to stop the MPB by human methods, considerable attention should be placed on value added options for the infected MPB wood. If there are no viable business options for the MPB wood, then employment opportunities outside of forestry must be found for these communities who are used to a staples economy. Forestry in Canada is primarily a staples economy and if there are no alternative solutions found through research or other means, the MPB epidemic could be the demise of forestry dependent communities, and this will have a major impact on aboriginal people, because 80% of all aboriginal communities reside in commercial forested areas in Canada.

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Appendix 1

CASE STUDY INFORMED CONSENT FORM Individual

FIRST NATIONS AND SUSTAINABLE FORESTRY: INSTITUTIONAL CONDITIONS FOR SUCCESS

A University of British Columbia and Lakehead University research group, headed by Dr. Ronald Trosper, principal investigator, in cooperation with Dr. George Hoberg, Peggy Smith, Dr. Casey van Kooten, and Dr. Ilan Vertinsky have a research project on "First Nations and Sustainable Forestry: Institutional Conditions for Success." They have invited your First Nation and its forest business to become a case study participant in this research. As a graduate student involved in conducting this research, I will also be developing my thesis as a smaller portion of the larger research study. My thesis will be tentatively titled "Two Aboriginal forestry joint ventures in the Cariboo-Chilcotin." We are now following up to ask, in keeping with our Research Ethics guidelines, for your formal consent to participate in our study.

Purpose

The purpose of this research project through surveys and case studies is to help identify what contributes to or hinders the success of forest-based businesses involving First Nations. We would like to explore the nature of your forest-based business(es)/relationship and its performance. The information generated from the interviews about the forestry business will be included in a case study report that will help to answer the factors that contribute or hinder the success of forest-based businesses involving First Nations. Also the information from the interviews will be used in my thesis in partial fulfillment of a Masters degree from the Faculty of Forestry at UBC. We feel that your knowledge about your community, the forest business being researched, or both will contribute greatly to our research.

Methods

I will be the only one administering the case study interviews within the community and forest business. The interviews will take at least an hour or more to complete. I will cover various themes such as the community's background, the community's well being, the forest business characteristics and performance, the vision of the forest business relationship, the role of the forest industry, the role of the provincial and federal governments, and the factors unique to your forest business and community. With your permission, the interview will be recorded on audiotape to allow for accuracy in responses. However, if you decide not to be audiotaped then I will use handwritten notes throughout the interview. I will write up an interview report that will be submitted to you for further revision or accuracy. The interview report I send you will be seen by only you and will remain confidential. The final case study report, incorporating your revisions for accuracy, will be shared with the research team and included in publications. The case study findings will be published in the Masters thesis and in publications produced for the research project.

Contact

If you have any questions or desire further information about this study, please contact Dr. Ronald Trosper, principal investigator by telephone at _____ or by e-mail at _____

You should also feel free to ask any questions about the procedure at any time during or after the interview. The UBC researcher's name is Jeremy Boyd and he can be contacted by telephone at 604-822-9505, or by e-mail at ijboyd@interchange.ubc.ca.

If you have any concerns about your rights or treatment as a case study participant in this research study, you may contact the Research Subject Information Line in the UBC Office of Research Services at the University of British Columbia at (604) 822-8598.

Consent

My signature indicates that I have agreed to participate in the study by Dr. Ronald Trosper, principal investigator, Dr. George Hoberg, Peggy Smith, Dr. Casey van Kooten, and Dr. Ilan Vertinsky, co-investigators on "First Nations and Sustainable Forestry: Institutional Conditions for Success" and the supplementary Masters thesis study by Jeremy Boyd, MSc Candidate for the Faculty of Forestry at UBC. My consent is granted on the understanding that:

1. I am voluntarily participating and may withdraw at any time from the study without penalty.
2. The information I provide will remain confidential and no responses will be associated directly with my name to ensure my anonymity.
3. The data will be securely stored at the University of British Columbia for a period of seven (7) years.
4. The purpose and methods of the study have been explained to me.
5. I will receive a copy of the interview report upon request at any time during or after the research.
6. I agree/ do not agree (circle one) to be recorded on audiotape.
7. I agree/ do not agree (circle one) for name to be publicly listed under the list of interviewees section in the research and thesis.
8. I will be able to access research results through the project website at <http://www.forestry.ubc.ca/fnconditions>.

Interviewee Signature

Date

Interviewee Name (Please Print)

Interviewer Name

Please provide your contact information below:

Organization: _____

Address: _____

City: _____

Province: _____

Postal Code: _____

Email: _____

CASE STUDY INFORMED CONSENT FORM

First Nation

FIRST NATIONS AND SUSTAINABLE FORESTRY: INSTITUTIONAL CONDITIONS FOR SUCCESS

A University of British Columbia and Lakehead University research group, headed by Dr. Ronald Trosper, principal investigator, in cooperation with Dr. George Hoberg, Peggy Smith, Dr. Casey van Kooten, and Dr. Ilan Vertinsky have a research project on "First Nations and Sustainable Forestry: Institutional Conditions for Success." As a graduate student involved in conducting this research, I will also be developing my thesis as a smaller portion of the larger research study. My thesis will be tentatively titled "Two Aboriginal forestry joint ventures in the Cariboo-Chilcotin." They would like to invite your First Nation to become a case study participant in this research.

We are in a period of rapid change in the relationship between First Nations, industry, and the provincial and federal governments in the forest sector. First Nation communities are entering business in the forest sector through co-management agreements, interim measure agreements, partnerships, joint ventures and other arrangements. This research project is evaluating what factors are important and what role policy can do to achieve helpful outcomes for all parties involved in First Nations forestry enterprises of all types.

Purpose

Your First Nation is invited to be a case study participant to help identify what contributes to or hinders the success of First Nation forest business arrangements. We would like to explore the nature of your First Nation forestry business agreement and its performance. Your participation in this research project is entirely voluntarily and you may select the degree to which your participation is publicly recognized. The choices are as follows: to be fully recognized in all publications and in the masters thesis; not to be recognized but to be listed as one of the companies participating, or not to be recognized or listed and to have identifying facts suppressed.

Methods

One UBC researcher will administer the case study interviews within your forest company. The interviews will take at least an hour or more to complete. The UBC researcher will cover various themes such as the community's background, the community's well being, the forest business characteristics and performance, the vision of the forest business relationship, the role of the forest industry, the role of the provincial and federal governments, and the factors unique to your forest business. The interviewer will write up a case study report on that will be submitted to you for review and comment for accuracy and for compliance with the level of confidentiality you select.

Contact

If you have any questions or desire further information about this study, please contact Dr. Ronald Trosper by telephone at _____ or by e-mail at _____

You should also feel free to ask any questions about the procedure at any time during or after the case study. The researcher's name is Jeremy Boyd and he can be contacted by telephone at _____ or by e-mail at _____

If you have any concerns about your rights or treatment as a case study participant in this research study, you may contact the Research Subject Information Line in the UBC Office of Research Services at the University of British Columbia at (604) 822-8598.

Consent

My signature indicates that I have agreed to participate in the study by Dr. Ronald Trosper, principal investigator, Dr. George Hoberg, Peggy Smith, Dr. Casey van Kooten, and Dr. Ilan Vertinsky, co-investigators on "First Nations and Sustainable Forestry: Institutional Conditions for Success" and the supplementary Masters thesis study by Jeremy Boyd, MSc Candidate for the Faculty of Forestry at UBC. My consent is granted on the understanding that:

1. The First Nation may withdraw at any time from the study.
2. If desired, the data the First Nation provides will be kept confidential and documented so that no individual communities, businesses or responses can be identified.
3. The data will be securely stored at the University of British Columbia for a period of seven (7) years, and that a copy of my First Nation's interview notes may be requested from the researchers.
4. The purpose and methods of the study have been explained to me.
5. I agree/ do not agree (circle one):
 - a. to be fully recognized in all publications and in the masters thesis,
 - b. not to be recognized but to be listed as one of the companies participating, or
 - c. not to be recognized or listed and to have identifying facts suppressed

First Nation Representative Signature

Date

First Nation Representative Name
(Please Print)

Interviewer Name

Please provide your contact information below:

Organization: _____

Address: _____

City: _____

Province: _____

Postal
Code: _____

Email: _____

CASE STUDY INFORMED CONSENT FORM

Business Venture

FIRST NATIONS AND SUSTAINABLE FORESTRY: INSTITUTIONAL CONDITIONS FOR SUCCESS

A University of British Columbia and Lakehead University research group, headed by Dr. Ronald Trosper, principal investigator, in cooperation with Dr. George Hoberg, Peggy Smith, Dr. Casey van Kooten, and Dr. Ilan Vertinsky have a research project on "First Nations and Sustainable Forestry: Institutional Conditions for Success." As a graduate student involved in conducting this research, I will also be developing my thesis as a smaller portion of the larger research study. My thesis will be tentatively titled "Two Aboriginal forestry joint ventures in the Cariboo-Chilcotin." We would like to invite your First Nation forest business partnership to become a case study participant in this research and in my thesis which is in partial fulfillment of a Masters degree from the faculty of Forestry at UBC.

We are in a period of rapid change in the relationship between First Nations, industry, and the provincial and federal governments in the forest sector. First Nation communities are entering business in the forest sector through co-management agreements, interim measure agreements, partnerships, joint ventures and other arrangements. This research project is evaluating what factors are important and what role policy can do to achieve helpful outcomes for all parties involved in First Nations forestry enterprises of all types.

Purpose

Your First Nation forest business partnership is invited to be a case study participant to help identify what contributes to or hinders the success of First Nation forest business arrangements. We would like to explore the nature of your First Nation forestry business agreement and its performance. Your participation in this research project is entirely voluntarily and you may select the degree to which your participation is publicly recognized. The choices are as follows concerning the all publications and in the masters thesis: to be fully recognized in all publications; not to be recognized but to be listed as one of the companies participating, or not to be recognized or listed and to have identifying facts suppressed.

Methods

One UBC researcher will administer the case study interviews within your forest company. The interviews will take at least an hour or more to complete. The UBC researcher will cover various themes such as the community's background, the community's well being, the forest business characteristics and performance, the vision of the forest business relationship, the role of the forest industry, the role of the provincial and federal governments, and the factors unique to your forest business. The interviewer will write up a case study report based on the interviews conducted which will be submitted to you for review and comment for accuracy and for compliance with the level of confidentiality you select.

Contact

If you have any questions or desire further information about this study, please contact Dr. Ronald Trosper by telephone at _____, or by e-mail at _____.

You should also feel free to ask any questions about the procedure at any time during or after the case study. The researcher's name is Jeremy Boyd

and he can be contacted by telephone at

or by e-mail at

If you have any concerns about your rights or treatment as a case study participant in this research study, you may contact the Research Subject Information Line in the UBC Office of Research Services at the University of British Columbia at (604) 822-8598.

Consent

My signature indicates that I have agreed to participate in the study by Dr. Ronald Trosper, principal investigator, Dr. George Hoberg, Peggy Smith, Dr. Casey van Kooten, and Dr. Ilan Vertinsky, co-investigators on "First Nations and Sustainable Forestry: Institutional Conditions for Success" and the supplementary Masters thesis study by Jeremy Boyd, MSc Candidate for the Faculty of Forestry at UBC. My consent is granted on the understanding that:

1. The company may withdraw at any time from the study.
2. If desired, the data the company provides will be kept confidential and documented so that no individual communities, businesses or responses can be identified.
3. The data will be securely stored at the University of British Columbia for a period of seven (7) years, and that a copy of my company's interview notes may be requested from the researchers.
4. The purpose and methods of the study have been explained to me.
5. I agree/ do not agree (check one):
 - d. to be fully recognized in all publications and in the masters thesis,
 - e. not to be recognized but to be listed as one of the companies participating, or
 - f. not to be recognized or listed and to have identifying facts suppressed.

Company Representative Signature

Date

Company Representative Name
(Please Print)

Interviewer Name

Please provide your contact information below:

Organization: _____

Address: _____

City: _____

Province: _____

Postal
Code: _____

Email: _____

Appendix 2

Survey Questionnaire

Date of Interview: _____

Start time: _____

1. a) Is the business _____ still in operation?
(insert name of business from database)

☐ YES (go to 2 b)

☐ NO (go to 2 c)

b) if yes, update contact information below (unless already given on consent form)

Interviewer fill in information from Database where available & confirm/ update.

Company Name	
Manager	
Address	
Telephone	
Fax	
E-mail	
Website	

c) If no, Do you know why not? _____

2. Has your band/ First Nation been involved in any forestry related business ventures prior to this one?

☐ Yes ☐ No

IF CONTACTING FIRST NATION BAND OFFICE, NOT BUSINESS DIRECTLY, THE SURVEY ENDS AFTER PART 1. ASK IF THERE ARE OTHER FORESTRY RELATED BUSINESSES IN THE COMMUNITY AND GET CONTACT INFORMATION.

PART 2: BUSINESS CHARACTERISTICS AND PERFORMANCE.

Introduction: In this section we will ask questions about your business operations and the performance of your business over time.

1. a) What is your primary business activity? (e.g. logging, silviculture...)

b) Are any of the following activities also a component of your business?

(list & check all) (if they contract it out = yes- still responsible for it)

☐ a) Logging

What end product? (what are logs/fibre used for): _____

☐ b) Silviculture (e.g. planting, spacing)

☐ c) Management planning (forest management: e.g. planning, GIS, inventory)

☐ d) Non-timber harvesting or manufacturing- What products? _____

☐ e) Support activities for forestry (i.e. road construction) Describe: _____

☐ f) Forest product trucking

☐ g) Wood product Manufacturing

What type?: ☐ 1 pulp and paper / ☐ dimensional lumber/

☐ 3 value added

☐ h) Other (describe) _____

2. a) From the following list, please indicate with yes or no, what factors were important in creating your business? *[check all that apply]*

- ☐ a) Land claim or treaty settlement
- ☐ b) First Nation-initiated
- ☐ c) Industry-initiated
- ☐ d) Individual entrepreneur
- ☐ e) Conflict resolution (boycott, blockade)
- ☐ f) Other (please specify) _____

b) Please describe the events that lead to the creation of the business: *(i.e. describe the situation that resulted in your business forming.)*

3. a) What year was the business established? _____

b) How long has the business been operational? _____

4. a) IF logging business What is the annual volume of timber harvested?
(could be your average, or what you harvested in 2003)

_____ average / volume harvested in 2003 *(circle)*

b) Under what type of agreement is the volume accessed?

- ☐ 1) license or tenure
- ☐ 2) harvesting contract
- ☐ 3) employment contract *(e.g. agreement to hire an aboriginal logging crew)*

c) What is the term / duration of agreement? _____ years

d) Is the agreement renewable? _____

e) Who holds the agreement?

- ☐ 1) First Nation/ Band (*EDO may admin on behalf of the band*)
- ☐ 2) Tribal Council
- ☐ 3) Economic Development Corporation (*a legal entity owned by band but not directly*)
- ☐ 4) First Nation business
- ☐ 5) Joint with First Nations partners
- ☐ 6) Individual member of the First Nation
- ☐ 7) Joint with Non-First Nations partners
- ☐ 8) Non-First Nations business
- ☐ 9) Other

describe : _____

5. a) What were your total annual sales revenues or fees for the most recent fiscal year?

(e.g. fees billed for silviculture work/ other services vs. sales revenues for product)

\$ _____

b) If you're not comfortable giving a figure, please choose from the following categories:

- ☐ 1) <\$100,000
- ☐ 2) \$100,000 - \$499,999
- ☐ 3) \$500,000 - \$999,999
- ☐ 4) \$1 million - \$1.99 million
- ☐ 5) \$ 2 million - \$10 million
- ☐ 6) >\$10 million

6. a) Are you satisfied with the profit record this business has established to date?

☐ Yes ☐ No Please explain: .

b) Taking all of that into consideration, did the business make a profit last year?

☐ Yes ☐ No

b) Would you mind sharing with us your profit rate as a percentage of your revenue? (% of your revenues that is profit)

Positive percentage: _____ %

Negative percentage: _____ %

7. How would you describe the change in revenues, employment, and First Nations employment over the past **3 years**? (*Substitute over the life of the business, if in operation less than 3 years*) For each, please choose from grown, no change, or declined.

	1-Grown	2-No Change	3-Declined
a) Revenues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Employment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) First Nations Employment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. a) On average, over the past 3 years (*substitute over the life of the business if not in operation for 3 years*), has the business been profitable? ☐ Yes ☐ No

b) if Yes- how have profits changed?

- ☐ 1-Grown
☐ 2-No Change
☐ 3- Declined

c) if no- how have losses changed?

- ☐ 1-Grown
☐ 2-No Change
☐ 3-Declined

9. a) What is the total number of employees in the business? _____

of Full Time employees? _____

of Part Time employees? _____ (*i.e. year round PT*)

of Seasonal employees? _____ (*i.e. FT for season*)

b) What _____ % or _____ number of employees are First Nations members?
of Full Time employees? _____

of Part Time employees? _____ # of Seasonal employees? _____
10. a) Is the business reliant on external sources of funding (from government or partner) to maintain operations? <input type="checkbox"/> Yes <input type="checkbox"/> No b) What is the source(s) of funding? _____ _____
c) Would you have to close if you lost this funding? <input type="checkbox"/> Yes <input type="checkbox"/> No
PART 3: Business Type, Ownership and Control
Introduction: In this section we will ask questions about the ownership and management structure of the business.
1. What type of business is this (from the following categories)? <div style="margin-left: 20px;"> <input type="checkbox"/> 1) Sole Proprietorship <input type="checkbox"/> 2) Joint venture (<i>partners create a new company or business to which they have contributed capital or other resources</i>) <input type="checkbox"/> 3) Partnership agreement (<i>partners agree to pursue new or multiple business opportunities together and pool resources but don't form a new company</i>) <input type="checkbox"/> 4) Contracting (<i>one party agrees to utilize another for specific tasks i.e. silviculture, hauling, logging</i>). <input type="checkbox"/> 5) Other. Please Describe: _____ _____ _____ </div>
2. Which of the following categories best describes the Legal ownership of your business? <div style="margin-left: 20px;"> 1) Sole proprietorship (<i>single owner/operator</i>) 2) General partnership (<i>each partner is jointly and severally liable for debts = both partners on the hook for all debts</i>) identify partners: _____ _____ 3) Limited partnership (<i>liability limited to amount invested; limited partner has no participation in management of partnership</i>) identify partners: _____ _____ </div>

4) Corporation (*no personal liability*)

Identify shareholders and indicate whether individuals or communities:

5) Cooperative (*controlled by members*)

Identify members: _____

6) Not-for-profit corporation (This would cover First Nations organizations like NAFA, for example, which might go into a consulting business in order to cover operating costs.) *Describe structure:* _____

7) Other – *Describe structure:* _____

3. How is the First Nation's ownership of the business held?

- ☐ 1) Directly through the Band
- ☐ 2) Directly through the Tribal-council
- ☐ 3) Through a Development Corporation
- ☐ 4) Other- Describe: _____

4. a) **If the business is a Joint Venture, partnership or contracting business:** Is there a formal legal agreement?
(i.e. something that contains obligations for both parties)
☐ Yes ☐ No

If YES:

- b) **If a Joint Venture**, what equity does each partner hold?

_____ % First Nations

_____ % Industry

_____ % Other

- c) **If a partnership**, what share of the profits/ losses does each partner hold?

_____ % First Nations

_____ % Industry

_____ % Other

- d) **If contracting**, does the agreement create obligations for the parties? (i.e. % wood from First Nation etc...) ☐ Yes ☐ No

Describe: _____

5. a) **IF JV or partnership:** From the following list, what kind of assets are contributed by each partner?

(check all that apply) (template: For _____, who contributed?)

a) Natural resources (land, timber)

b) Tenure

c) Human resources (workforce, expertise)

d) Financial assets (cash, loans)

e) Material capital (Machinery, buildings)

f) Other- Describe: _____

FN

Ind

☐
☐
☐
☐
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☐

<p>b) <i>IF contributing land:</i> What is the ownership of the land contributed by the First Nations?</p> <p>1) reserve land</p> <p>2) claim settlement/ treaty land</p> <p>3) fee simple</p> <p>4) aboriginal title/ traditional territory</p> <p>5) other: describe _____</p>
<p>6. a) What is the long term capital investment in the business? (value of equipment/ assets – not including standing inventory) \$ _____</p> <p>b) If you're not comfortable giving a figure, please choose from the following categories:</p> <p><input type="checkbox"/> 1) <\$100,000</p> <p><input type="checkbox"/> 2) \$100,000 -\$499,999</p> <p><input type="checkbox"/> 3) \$500,000 - \$999,999</p> <p><input type="checkbox"/> 4) \$1 million - \$1.99 million</p> <p><input type="checkbox"/> 5) \$ 2 million - \$10 million</p> <p><input type="checkbox"/> 6) >\$10 million</p>
<p>7. <i>IF the business involves some kind of JV or partnership:</i></p> <p>Which description best describes the control of the business?</p> <p><input type="checkbox"/> a) Equal control (each party has equal say)</p> <p><input type="checkbox"/> b) Dominant control (one party exercises most of the control)</p> <p><input type="checkbox"/> c) Joint control (each party has control over specific parts)</p> <p><input type="checkbox"/> d) Independent control (the parties use outside management)</p>
<p>8. a) Is there a board of directors for the business? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>b) <i>IF YES</i>, how many seats total, and how many are held by First Nations representatives? i) # _____ First Nations ii) # _____ Total</p> <p>c) Who occupies those seats?</p> <p><input type="checkbox"/> 1) elected officials (Chief or Council)</p> <p><input type="checkbox"/> 2) other First Nations members</p> <p><input type="checkbox"/> 3) combination</p> <p>d) Do any independent third parties sit on the board? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>

9. Who is the senior management person (e.g. CEO / President / Manager- head honcho) of your business?

☐ 1) First Nation elected official

☐ 2) other First Nation member

☐ 3) Member of the industry partner (*if JV or partnership*)

☐ 4) Shared (*describe:* _____)

☐ 5) Third party

10. Who provides the management staff for the business?

☐ 1) First Nation members

☐ 2) Industry partner members

☐ 3) Shared (*describe:* _____)

☐ 4) Third party

11. If there are supervisory positions, who fills those positions?

☐ 1) First Nation members

☐ 2) Industry partner members (*If JV or partnership*)

☐ 3) Shared (*describe:* _____)

☐ 4) Third Party

12. If Parntership/ JV: These questions ask about the operation of the business and how partners work together. For each statement in this list, please state whether you agree or disagree on a scale from 1- "strongly disagree" to 5 "strongly agree".	1 – Strongly Disagree	2 - Disagree	3 – Neutral	4 – Agree	5- Strongly Agree
a) The First Nations partners are involved in day to day decision- making.					
b) The First Nations partners are involved in determining the strategic plan and objectives.					
c) There is a communications strategy to keep community members informed of what is happening (<i>e.g. Monthly meeting, company reps come, etc.</i>).					
d) There are clear lines of authority and people know whom to approach to resolve problems.					
13. a) Are there written rules or a procedure to resolve conflict between parties? (<i>if there's some sort of long term relationship – even contracting</i>)					

☐ Yes ☐ No

b) **IF YES**, Do these rules rely on:

- ☐ 1) a person
- ☐ 2) a formal procedure
- ☐ 3) a third party

c) Have these rules been used? ☐ Yes ☐ No

d) **If yes**, in your opinion, were they effective? ☐ Yes ☐ No

14. How much influence does your First Nation have over the policy environment within which the business operates? (i.e. the set of rules set by government(s) that influence or constrain forest management and forest business activities- such as rules on land use, forest practices, and forest management.).

Please choose from the following categories:

- ☐ 1) No Influence
- ☐ 2) A Little Influence
- ☐ 3) Moderate Influence
- ☐ 4) Significant Influence
- ☐ 5) Complete Control

15. **IF some degree of influence:** What form does that influence take?

- ☐ 1) Self-government (explain *what form*--treaty, interim measures agreement, land claim settlement & *describe legislation governing arrangement* (eg. Indian Act or alternatives to the Indian Act like the First Nations Land Management Act, Sechelt Self Govt Act, Westbank Self Govt Act)

ii) form:

iii) legislation:

- ☐ 2) Co-management (a formal agreement with provincial or territorial government)
- ☐ 3) Consultation with other governments

16. a) Does the business have set objectives in place? ☐ Yes ☐ No

b) **If yes**, how are these business objectives set?

- ☐ 1) Process
- ☐ 2) Protocol
- ☐ 3) Mediator
- ☐ 4) Other: (Describe

c) What are the business's objectives? (Please list or describe):

PART 4: GOALS & OBJECTIVES & THEIR RELATIVE IMPORTANCE

Introduction: In this section, we will ask questions about the importance of forestry to economic development in your community, and how your business contributes to community development objectives.

1. List the top 3 most important economic activities in your community?

(Such as fisheries, mining, forestry, high tech sector, tourism...)

1) _____

2) _____

3) _____

2. What things do you consider important in evaluating the success of your business? Please list the top 3 in order of importance:

1) _____

2) _____

3) _____

3. I will list some objectives that are important to some communities as priorities for development planning. Please rate the importance of each objective to the business as expressed by the community. (on a scale from 1 "not at all important" to 5 "very important") (i.e. what do you perceive the community has as important goals for your business)	1 - Not at all Important	2 - Not Very Important	3 - Neutral (no opinion)	4 - Important	5 - Very important
a) Employment (Jobs for community embers)					
b) Alleviating poverty					
c) Increasing First Nation's / Band's income					
d) Increasing income of individual First Nation members' households					
e) Training and skills development					
f) Reducing dependence on Canadian or Provincial governments					
g) Protecting Aboriginal and Treaty rights					
h) Increasing voice in local forest management planning					
i) Protecting environmental values					
j) Strengthening First Nations culture and values					
k) Other (please list):					
Other 1:					
Other 2:					
Other 3:					

4. *If partnership / JV*: Please indicate whether you agree or disagree with the following statement: (from 1- strongly disagree to 5-strongly agree). Referring to

the objectives in the last question that you stated were important for your community:

*"These objectives were clearly understood
in the negotiations establishing the business."*

- ☐ 1. Strongly Disagree
- ☐ 2. Disagree
- ☐ 3. Neutral
- ☐ 4. Agree
- ☐ 5. Strongly Agree

5. a) Has your community undertaken an economic development plan?

☐ Yes ☐ No

b) If Yes, do you have a copy? ☐ YES ☐ NO

c) If Yes: who could I ask to get a copy?

6. There are some additional activities that a business may carry out that are also thought to enhance the likelihood of success. Please indicate with Yes or No, whether your business is active in any of the following areas.	Yes	No
a) Does the business offer any job or skills-training or mentoring designed specifically for First Nations employees?		
b) Does the business offer any training or education for its management designed specifically for First Nations?		
c) Is cross-cultural training offered for workers?		
d) Does the business contribute funds to community development? (e.g. housing)		
e) Does the business provide funds for education of First Nations members? (e.g. scholarships)		
f) Does the business deliver any cultural benefits? (Contribution to ceremonies, etc.)		
g) Has the business contributed to the development of management expertise within the First Nation? If yes, how many management positions are held by First Nations members in your business today?: i) # of positions held by FN: ____ ii) Total # of mgt. positions: ____		

<p>h) Can you think of any other important activities that we didn't list? (If Yes, Please List in order of importance.) Other activity 1: _____ Other activity 2: _____ Other activity 3: _____</p>			
<p>7. In your opinion, what leads to a successful relationship with a non-Aboriginal company? (Please List the top 3 things in order of importance.) 1) _____ 2) _____ 3) _____</p>			
<p>8. a) Do you think that your First Nation's relationship with the non-Aboriginal forestry industry has improved or deteriorated in the past five years? (<i>substitute over the life of the business if not in operation for at least 5 years</i>)</p> <p> <input type="checkbox"/> 1. Improved <input type="checkbox"/> 2. No change <input type="checkbox"/> 3. Deteriorated </p> <p>b) To what do you attribute this improvement or deterioration? _____ _____ _____</p>			
<p>9. If partnership or JV: Please indicate if you agree with the following statement: (on a scale from 1- strongly disagree to 5- strongly agree.) <i>"I trust the partner to work in the best interests of the business."</i></p> <p> <input type="checkbox"/> 1. Strongly Disagree <input type="checkbox"/> 2. Disagree <input type="checkbox"/> 3. Neutral <input type="checkbox"/> 4. Agree <input type="checkbox"/> 5. Strongly Agree </p>			
<p>10. If partnership or JV: How has your level of trust in the partner changed since the arrangement first started?</p>			

- ☐ 1. Increased
- ☐ 2. Remained the same
- ☐ 3. Decreased

11. a) *If partnership or JV*: Has your relationship with your partner improved since its beginnings?

☐ Yes ☐ No

b) Why do you think this is the case? _____

PART 5: POLITICAL ORGANIZATION OF YOUR COMMUNITY

Introduction: In this section we will ask questions about the political organization of the community in which your business operates. (If interviewee is not a member of the First Nation, may need to ask for someone else to interview for these questions)

1. a) Do you feel able to answer questions about the political organization of your First Nations community?

☐ Yes ☐ No

b) If not, who could we ask the questions for this section? (it would only take a few minutes) _____

2. What rules specify how your First Nation/Tribal Council is governed?

- ☐ 1) the Indian Act
- ☐ 2) a self-government Agreement (*if ratified, a copy should be available on the DIAND website*)
- ☐ 3) traditional governance system (*explain how this works with the Indian Act; have you developed a constitution under this agreement? is a copy available? we can then see legally how issues such as conflict of interest, public notification, etc. are dealt with*)
- ☐ 4) other (explain--there may be combinations of traditional and Indian Act systems).

3. a) How is your elected government chosen?

- ☐ 1) Through Indian Act Regulations (*section 78 of the IA states that the term of office of the Chief & Council is 2 years.*)

☐ 2) Through Custom Elections

b) *If Custom Elections:*

i) Are terms staggered? (i.e. not all Chief & COuncillors come up for election at the same time) ☐ Yes ☐ No

ii) What legal agreement specifies the Custom Elections?

4. What is the term of office for Chief and Council? _____ years

5. How long has the current Chief been in place? _____ years

6. Do the Chief and Council play a significant role in the day- to-day operations of the business?

☐ Yes ☐ No

7. a) Does your Nation have hereditary chiefs? ☐ Yes ☐ No

If so, how important are Hereditary Chiefs in political processes?
(on a scale from 1- not important to 5- very important)

- ☐ 1 Not important
- ☐ 2 Of little Importance
- ☐ 3 Somewhat Important
- ☐ 4 Important
- ☐ 5 Very important

b) Do Hereditary Chiefs have a formal role in decision-making processes in the community?

☐ Yes ☐ No

c) How important are Elders in political processes?
(on a scale from 1- very important to 5- not important)

- ☐ 1 Not important
- ☐ 2 Of little Importance
- ☐ 3 Somewhat Important
- ☐ 4 Important
- ☐ 5 Very important

d) Do Elders have a formal role in decision-making processes

in the community (i.e. elders' committee)?

☐ Yes ☐ No

8. a) Have Chief and Council ever been removed from office before their term was over?

☐ Yes ☐ No

b) If yes, why?

9. a) Has your band ever been under third party management? (e.g. federal government inserted a company like KPMG to do their finances- due to negative audit etc...)

☐ Yes ☐ No

b) If yes, why? _____

PART 6: THANK YOU, ADDITIONAL COMMENTS, FOLLOW UP

1. a) One final question, do you have future plans for the business?

☐ 1) Expansion in size

☐ 2) Diversify (become active in more areas: products/ services)

☐ 3) Stay the same

b) Please explain how you see your business evolving in the future:

2. a) *If Partnership/ JV:* Do you know who I could speak to from your industry partner? We are hoping to survey someone from both sides.

☐ Yes ☐ No

b) If Y, get contact information:

Name _____

Phone _____

3. Thank you very much for your participation. Are there any important factors that you think we missed in this survey, or anything you would like to add?

a) ☐ Yes ☐ No

b) List/ explain _____

4. a) Would you like to receive a summary of our results?

☐ Yes ☐ No

b) When we send you the summary, would you like a copy of the survey I just completed with you?

☐ Yes ☐ No

Length of Interview: _____ minutes

Interviewer Comments: _____

Case Study Questionnaire

THEME ONE: COMMUNITY BACKGROUND

Discussion Topic Prompt Questions

A) COMMUNITY DESCRIPTION

- ☐ Geography
 - Exact location
 - Official size of reserve land base (hectares)
 - Location of traditional territory
 - Size of traditional territory (hectares)
 - Approximate distance to next Aboriginal community
 - Approximate distance to non-Aboriginal community
 - Approximate distance to non-Aboriginal large urban centre
- ☐ Population
 - On-reserve
 - Off-reserve
 - Youth
 - Elders
 - Male vs. Female
 - Has the population of your community increased, decreased, or remained steady over the past 20 years (approximately)? What social, economic, and ecological factors do you feel have contributed to this?
- ☐ Education
 - What is the state or nature of education attainment within your community?
 - Percentage of population without a high school degree
 - Percentage of population with a high school degree
 - Percentage of population with a University education
 - Percentage of population with a college diploma/trades certificate
 - Percentage of population with a diploma, certificate or University degree in a forestry program or related field
 - What factors do you feel have contributed to the nature and degree of educational levels within your community?
- ☐ Economic Conditions
 - What is the primary economic activity in your community? Secondary, Tertiary?
 - Overall, what are the economic conditions or state of the economy within your community?
 - What key factors do you feel contribute to these economic conditions within your community?
 - How significant is forestry as a whole to economic and employment conditions within your community? OR How dependent is your community on the forest sector for a source of livelihood?

- Have the economic conditions within your community increased, decreased or remained steady over the past 20 years? Explain why or why not?
- Have there been efforts to improve the economic conditions within your community? Explain what has been done?

☐ Community Health Conditions

- Overall, what is the state of physical and emotional health among members of your community?
- Has there been an increase or decrease in the health conditions of individuals within your community over the last 20 years?
- What are the major social, economic, environmental and cultural factors (internal or external) that you feel have contributed to the state of community physical and emotional health?

☐ Socio-cultural Environment

- Explain the degree of interaction your community has with local non-Aboriginal communities?
- Explain the degree of interaction your community has with other First Nation communities?
- Is there a strong cultural presence within your community? Explain?
- Does your involvement in forestry aid in revitalizing and sustaining traditional Aboriginal culture within your community? Explain?

B) COMMUNITY POLITICAL ORGANIZATION (SR Part 5)

- ☐ Overall, could you describe the nature of politics and the political environment within your community? (i.e. high levels of conflict, no conflict)
- ☐ What factors, both internal and external, do you feel contribute most to the nature of politics in your community?
- ☐ The Chief and Council DOES/DOES NOT (*circle one*) play a significant role in day-to-day business operations within the community (**SR Part 5 #6**). Explain how their role or lack thereof affects the community's political environment/business environment.
- ☐ Hereditary Chiefs are _____ (**SR Part 5 #7a**) in political processes within your community. Explain? What is their specific role in your community's political environment? How has their involvement or lack thereof affected the political performance within your community?
- ☐ Hereditary Chiefs DO/DO NOT (*circle one*) have a formal role in decision-making processes within the community (**SR Part 5 #7c**). If so, explain why and how they are organized? If no, explain why?
- ☐ Elders are _____ (**SR Part 5 #7b**) in political processes within your community. Explain? What is their specific role in the community's

political environment? How has their involvement or lack thereof affected the political performance within your community?

- ☐ Elders DO/DO NOT (*circle one*) have a formal role in decision-making processes within the community (**SR Part 5 #7d**). If so, explain why and how they organize themselves? If no, explain why?
- ☐ Does your community have conflict resolution mechanisms in place? Explain the process (written, formal, traditional, informal)? If so, who is involved in this process? If not, explain why and how your community deals with conflict?
- ☐ Are politics often a problem when dealing with conflict in your community? Explain? If so, what are the impacts of "unfair dispute resolution" on the community?

C) SOCIO-ECONOMIC DEVELOPMENT: COMMUNITY CHALLENGES AND DESIRED CHANGES

- ☐ Identify and describe barriers encountered with respect to undertaking forest-based economic development within your community? What are the barriers to increasing your community's involvement?
- ☐ If possible, how did your community attempt to overcome these obstacles?
- ☐ Identify and describe any changes for the future that your community would like to see with respect to forest-based economic development activities or initiatives?

THEME TWO: BUSINESS CHARACTERISTICS AND PERFORMANCE

Discussion Topic Prompt Questions

A) ORIGIN AND DEVELOPMENT OF BUSINESS/PARTNERSHIP

- ☐ In your survey response, you noted that _____ was/were the major factors important in creating your business or partnership (**SR Part 2 #2**). Describe in detail the chronological events that lead to the creation of your business.

B) STRUCTURE OF THE BUSINESS

- ☐ Elements of the Business/Partnership Arrangement
 - (*If the business is a Joint venture, partnership or contracting business*)(**SR Part 3 #1**) Your survey response indicates there IS/IS NOT a formal legal agreement that contains obligations for both parties (**SR Part 3 #4a**). Explain: Why did the partners choose or not choose to use a formal legal agreement to govern the business?
 - (*If a JV or partnership Refer to Part 3 #4b,c of survey to see % equity/profit share*) Identify and describe the factors that determined the percentage of equity or profit-share that each partner holds? Who was involved in deciding this?

- (If a contracting venture, refer to **Part 3 #4d** of survey) Your survey response indicated that the formal agreement DOES/DOES NOT (circle one) create obligation for the parties. Explain the reason for this. If the agreement does create obligations, identify and describe them.
- Did you use another partnership/business to model your partnership structure or to develop the business arrangement? If yes, how was it customized? Describe the process.
- The business DOES/DOES NOT have set objectives in place (**SR Part 3 #16a**).
- IF YES, how are business objectives set? Process? Protocol? Mediator? Other? Explain. (**SR Part 3 #16b**) IF NO, explain why your business DOES NOT have objective in place?
- What are your business objectives? (**SR Part 3 #16c**) Explain.

☐ Partner Selection

- How was the partner selection process developed and conducted? Describe in detail.
- What were the desired qualities in the First Nation partner? Industry partner?

☐ Monitoring Assessment and Improvement Mechanisms

- How are open lines of communication kept within the business? Communications strategy? Explain.
- Are there clearly defined roles and responsibilities within the business?
- The business DOES/DOES NOT have a procedure to resolve conflict between parties (**SR Part 3 #13**). If so, have these rules ever been used? Explain. Were you satisfied with the process? Explain.
- Describe the evolution of the negotiation process? Any benchmarks? Any watershed dates?
- How are internal politics handled? Does the First Nation partner have influence over the policy environment within the business? Explain how?
- How is the changing of company strategy or human resource practices handled? Explain.

☐ Expectations and Satisfaction with Business Structure

- Describe the expectations and motivations of the First Nation partner.
- Describe the expectations and motivations of the Industry partner.
- Overall, are you satisfied with the structure of the business itself? Explain.
- Identify any changes you would make to the structure of the business.

C) EXPECTATIONS AND SATISFACTION WITH BUSINESS/PARTNERSHIP PERFORMANCE

- ☐ In the survey, you identified your expectation for the success of the business relationship when it was established (**SR Part 2 #11c**). Explain why you expected this.

- ☐ In the survey, you rated your satisfaction with the business (**SR Part 2 #11a**). Explain in detail your feeling behind this.
- ☐ In the survey, you rated your level of trust in your partner. How has this trust developed/not developed? Explain the factors influencing this. (**SR Part 4 #10, 11**)
- ☐ In the survey, you rated your satisfaction with how the partners involved in this business work together. Explain why you rated this way. What are the strengths and weaknesses in the Industry partner/First Nation partner? Any additional strengths/weaknesses? (**SR Part 3 #12**)

D) ACTIVITIES THAT ENHANCE BUSINESS/PARTNERSHIP SUCCESS

- ☐ How has the cultural gap within the business been dealt with? Have cross-cultural training workshops been offered (**SR Part 4 #6c**)? Explain.
- ☐ Does the business incorporate traditional Aboriginal values into day-to-day business operations? Does the business deliver any cultural benefits? (**SR Part 4 #6f**) Explain.
- ☐ Does the business offer any job or skills training specifically for First Nations employees? (**SR Part 4 #6a**) Explain.
- ☐ Identify and describe additional factors that have helped to enhance the success of the business.

E) LESSONS LEARNED

- ☐ Partner selection
- ☐ Business structure
- ☐ Business performance

THEME THREE: VISION FOR BUSINESS RELATIONSHIPS

Discussion Topic Prompt Questions

A) FACTORS INFLUENCING SUCCESS OF RELATIONSHIPS WITH NON-ABORIGINAL BUSINESSES

- ☐ From your survey response, it was indicated that 1) _____, 2) _____, and 3) _____ (**SR Part 4 #7**) were the most important factors that contribute to a successful relationship with a non-Aboriginal company. Explain why you chose these as the most important factors?
- ☐ From your survey response, it was indicated that 1) _____, 2) _____, and 3) _____ (**SR Part 4 #8**) were the most important factors that contribute to deterioration in relationships with a non-Aboriginal company. Explain why you chose these as the most important factors?

B) LESSONS LEARNED

- ☐ Do you have a long-term strategic vision for developing relationships with the forest industry? Explain some potential methods for achieving this.
- ☐ From your forest-based business experience(s), what were the major factors that contributed to success/failure with your non-Aboriginal partner? Explain in detail.
- ☐ Is there anything you would have done differently? What are some required areas of improvement?
- ☐ Where will your enterprise be in the future? What challenges do you foresee?

THEME FOUR: FOREST INDUSTRY AND GOVERNMENT

I) RELATIONSHIP WITH FOREST INDUSTRY

Discussion Topic Prompt Questions

A) NATURE OF RELATIONSHIP WITH INDUSTRY

- ☐ Describe the nature and state of your current relationship with the forest industry?
- ☐ Your survey response indicated that your First Nation's relationship with the forest industry has IMPROVED/DETERIORATED/NOT CHANGED (*circle one*) in the past 5 years. **(SR Part 4 #9)** Has your relationship changed over the past 20 years? What do you feel are the factors that have contributed to this?
- ☐ What do you perceive are the roles and responsibilities of the forest industry with respect to increasing Aboriginal involvement in forest-based economic development and improving Aboriginal and non-Aboriginal relationships?
- ☐ What efforts have been made by the forest industry to increase your community's involvement in forest-based economic development? What circumstances led to this?
- ☐ What efforts have been made by your First Nation to increase your involvement?
- ☐ What are the primary motivations for First Nations to enter into relations with the forest industry?
- ☐ What do First Nations see as the primary motivation for Industry to enter into relations with Aboriginal communities/companies?

B) POLICY ENVIRONMENT

- ☐ How much influence does your community have over the policy environment to determine the degree of participation in the forestry sector? **(SR Part 3 #14)**
- ☐ Explain what form this influence takes (i.e. self-government, co-management, membership in advocacy groups like CANDO, NAFA, and AFIC etc).

C) LESSONS LEARNED

- ☐ Identify and describe the impacts, benefits and outcomes for your community with respect to your relationship with the forest industry.
- ☐ Identify and describe the impacts, benefits and outcomes that you perceive for industry as a result of relationships with Aboriginal communities.
- ☐ Identify and describe the major barriers encountered through your efforts to improve relationships with the forest industry.
- ☐ Identify and describe factors that hinder First Nations' ability to improve industry relations and increase involvement in forest-based economic development.
- ☐ What are the areas of improvement for increasing your communities' involvement in forest-based economic development?
- ☐ What have you learned from your experiences with the forest industry?

II) RELATIONSHIP WITH GOVERNMENT, ROLE OF GOVERNMENT

Discussion Topic Prompt Questions

A) NATURE OF RELATIONSHIPS WITH GOVERNMENT

- ☐ Describe the nature and state of your current relationship with the federal and provincial Government?
- ☐ Do you feel that your First Nation's relationship with the federal government has improved, declined, or remained the same over the past 5 years? Has your relationship changed over the past 20 years? Explain. What do you feel are the factors that have contributed to this change?
- ☐ Do you feel that your First Nation's relationship with the provincial government has improved, declined, or remained the same over the past 5 years? Has your relationship changed over the past 20 years? Explain. What do you feel are the factors that have contributed to this change?
- ☐ What do you perceive are the roles and responsibilities of the federal/provincial government with respect to increasing Aboriginal involvement in forest-based economic development and improving Aboriginal and non-Aboriginal relationships?

B) GOVERNMENT EFFORTS TO IMPROVE ABORIGINAL AND NON-ABORIGINAL FOREST-BASED RELATIONSHIPS

- ☐ Policy Environment

- What efforts do you perceive have been made by the Federal government with respect to the development and implementation of policy/legislation that aid in strengthening First Nation and forest industry relations? To increase First Nation involvement in forest-based economic development?
- What efforts do you perceive have been made by the Provincial government with respect to the development and implementation of policy/legislation that aid in strengthening First Nation and forest industry relations? To increase First Nation involvement in forest-based economic development?
- How much influence do you feel your community has over the development and implementation of these policies? Explain?
- ☐ Education and Training
 - Explain efforts that you perceive have been made by the Federal government with respect to increasing capacity within First Nation communities through workshops, training, funding education, scholarships, etc?
 - Explain efforts that you perceive have been made by the Provincial government with respect to increasing capacity within First Nation communities through workshops, training, etc?
 - Do you feel there has been effort by the Federal and Provincial level of government to further educate the non-Aboriginal forest sector by undertaking research that addresses historical and contemporary Canadian Aboriginal issues in forestry? Would this benefit First Nation communities? Explain.
- ☐ Government Funding
 - How successful have the Federal and Provincial governments been at establishing funding programs for First Nation communities who wish to undertake forest-based economic development initiatives?
 - Your survey response indicates that your business IS/IS NOT reliant on external source of funding from the government. Explain why or why not.

C) LESSONS LEARNED

- ☐ Identify and describe the major barriers encountered through your efforts to improve relationships with the Federal and Provincial government.
- ☐ Identify and explain some required areas for improvement.
- ☐ Identify and describe the impacts, benefits and outcomes for your community as a result of Federal and Provincial governments, with respect to your involvement in forestry and forest-based economic development.

III) RELATIONSHIP WITH OTHER STAKEHOLDERS

A) NATURE OF RELATIONSHIP WITH OTHER STAKEHOLDERS

- ☐ Are there other groups that have influenced forest-based economic development in your community? If so, who?
- ☐ Explain your relationship with these groups. How have they affected forest-based economic development in your community?

B) LESSONS LEARNED

- ☐ Identify and describe how your relationships with other stakeholders have benefited or impeded forest-based economic development in your community.

THEME FIVE: COMMUNITY WELL-BEING

Discussion Topic Prompt Questions

A) COMMUNITY GOALS AND OBJECTIVES

- ☐ What is your community's long-term vision for quality of life within the community (economic, social, cultural, environmental, health, and education conditions)? Do you see your current involvement in the business meeting your long-term vision? Explain.
- ☐ If not, do you have potential methods for achieving your vision of well-being? Explain.
- ☐ What other methods do you think would be useful to achieve your long-term community vision/goals?
- ☐ In the survey you identified a number of objectives that are important to your community as priorities for development planning (**SR Part 4 #3**). How does your involvement in this business contribute to your goals? Explain in detail.

B) NATURE OF COMMUNITY ECONOMIC DEVELOPMENT PLANNING

- ☐ How does your community organize its economic development to meet community objectives?
- ☐ Who controls the nature of community development within your First Nation? Explain? (who makes these decisions about development approaches, type of resources to develop and projects to undertake)
- ☐ Your community HAS/HAS NOT (*circle one*) undertaken an economic development plan (**SR Part 4 #5a**). If not, explain why. If yes, when was the first time an economic development plan was developed in your community?
- ☐ Who is involved in the process of preparing your community's economic development plan?
- ☐ Have there been any changes to the plan? Are you actively trying to make changes? Explain how?

- ☐ From your experience, what lessons have you learned by preparing or not preparing a Community Economic Development plan? How has this affected the economic condition within your community? What would you do differently?

C) SOCIAL IMPACT ASSESSMENT/COST-BENEFIT ANALYSIS

- ☐ How has the business/partnership benefited the community? Explain.
- ☐ What costs have been borne by the community for the business?
- ☐ How has the community changed as a result of involvement (direct or indirect) with the business/partnership? Explain in detail.

THEME SIX: ECOLOGICAL SUSTAINABILITY

Discussion Topic Prompt Questions

A) PERCEPTION OF SUSTAINABILITY

- ☐ If your forest-based business(es) are based on extraction of natural resources on community lands (reserves and “traditional territory” as defined by the community), do you think this is being carried out sustainably? Explain.
- ☐ Do you feel that resources available now and the degree of your business’s sustainable forest practices will ensure that future generations are able to enjoy those resources as well? Explain.

THEME SEVEN: FACTORS UNIQUE TO CASE

Discussion Topic Prompt Questions

- A) Issues/topics/matters that arise, not addressed in other parts of the report