Final version 1238-501

SECTORAL STUDY: FORESTRY

AN ANALYSIS OF THE FOREST INDUSTRY'S VIEWS OF ABORIGINAL PARTICIPATION

Prepared for

THE ROYAL COMMISSION ON ABORIGINAL PEOPLES

by

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February 1994

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EXECUTIVE SUMMARY

Forested land in Canada is home to most Aboriginal communities. For thousands of years, Aboriginal people have traditionally depended on that land for their physical and spiritual sustenance. Since colonization, however, Aboriginal people have been marginalized to smaller pieces of land as their traditional territories and pursuits were eroded. The forest industry in Canada, more than any other, influences the land base and economies of Aboriginal communities in forested areas. Through provincial licensing arrangements, the forest industry holds tenure to huge tracts of forest considered by many Aboriginal communities as their traditional territories. In the past one hundred years, Aboriginal people have found themselves both in conflict with and participants in the forest industry.

The purpose of this study is to identify and assess the relationship of forest industry companies to Aboriginal communities and to identify the action and attitudes that lead to the success or failure of Aboriginal involvement in the industry.

Fourteen forestry companies throughout Canada agreed to participate in a lengthy interview survey probing their relationship with Aboriginal communities and people. The research team asked participants about employment, consultation, contracting, business ventures, resource management, government agencies and future relations.

The responses of the forestry companies, interestingly, varied little throughout the country. There was far more cohesion in responses to all questions than there were differences.

EMPLOYMENT

In matters concerning employment, the industry has reduced its workforce significantly over the past decade. Most woodlands operations are contracted and both pulp and saw mills have reduced the number of workers to improve productivity and competitiveness. Aboriginal people are not well represented in the workplace, in any category or level, despite making up a large proportion of the population where many forestry operations are located. Most respondents are opposed to target-driven employment equity but recognize that their workforce must become more representative of local populations.

CONSULTATION

All forestry companies consult, to varying degrees, with Aboriginal people, most as a requirement of their tenure licence and when specific issues arise from time to time. By and large, Aboriginal people and communities do not participate in forestry planning consultations. Dialogue usually takes place informally or when discussing business opportunities or particular concerns. Companies overwhelmingly prefer relationships built around business and employment opportunities. Information and a cross generation of ideas do not generally take place between Aboriginal communities and forestry companies. While respondents are aware of Aboriginal issues, that

awareness is generally superficial.

CONTRACTING/BUSINESS PARTNERSHIPS

A significant portion of saw and pulp mill operations are now contracted, especially woodland operations for timber supply and silviculture. Again, as with employment, Aboriginal businesses make up a very small proportion of total contractors. There are isolated areas within a few company operations where Aboriginal contractors are a significant proportion. Respondents indicated that potential does exist to increase Aboriginal business, but they cited many barriers to increased Aboriginal involvement. The industry does, however, recognize that provision of contracts and equity ventures with Aboriginal people will help to build a better relationship and potentially provide future security of fibre.

RESOURCE MANAGEMENT

Most companies surveyed control large tracts of Crown land through area and volume based tenure arrangements with provincial governments obligating them to varying degrees of forest and timber management. Few are involved in any type of shared or co-management agreements with Aboriginal people. Companies are sceptical of provincial and Aboriginal initiatives for shared management, believing the concept to be vague and ambiguous and leading to more bureaucracy. However, most companies believe that shared management and greater participation of Aboriginal people in forest management decision-making is an inevitable fact of the future. They are willing to participate provided they have security of timber with little or no incremental cost. No company walked away from an opportunity to participate in co-management although many expressed apprehension. Those companies participating with Aboriginal partners in the federal Model Forest initiative were very positive about their experience.

GOVERNMENT

Companies were unanimous at expressing their frustration with the apparent inertia and inability of federal, provincial and Aboriginal governments to resolve the "Aboriginal land question." The forest industry feels it is caught in the middle and that government contributes little to helping them build positive relations with Aboriginal communities. Industry is accustomed to reaching agreement or settling disputes in order to get on with business.

FUTURE RELATIONS

More dialogue and the exploration of business and employment opportunities is the preferred industry route for future relations with Aboriginal people. They believe that a stronger business and working relationship will lead to security of timber supply and less conflict.

The problem in evaluating the ingredients of success or failure of Aboriginal participation in the forest industry is in its definition and from whose perspective the evaluation is made. In

most terms, be they employment, contracts, protection of traditional uses or meaningful participation in management decisions, the current relationship can be characterized as poor.

While there are some commendable examples of Aboriginal/industry partnerships, they are few and far between. The forest industry is quite clear about its needs and preferences for developing future relationships with Aboriginal people on the basis of mutually beneficial business arrangements. There is nothing altruistic in their motivation. They wish to cultivate a relationship that will provide the industry with greater security in terms of tenure, wood supply, competitive rates and an improved corporate image. If their dealings with Aboriginal people fit these corporate goals, they are willing to negotiate and "do business" with the Aboriginal community. Aboriginal communities wishing to participate with industry within the current rules and management strategies will have doors opened and opportunities available to them.

If, on the other hand, Aboriginal communities wish to gain meaningful participation in the decision-making and management of forest lands, their task will be more cumbersome. Nevertheless, it is in the area of forest management that the greatest opportunities for Aboriginal communities exist. Involvement in forest management decisions will increase the potential for Aboriginal communities to benefit from development and to direct the nature of development to preserve other forest values and their traditional and spiritual connections with the forest.

INTRODUCTION

Forested land in Canada is the homeland of a majority of Aboriginal communities who have traditionally depended on that land for sustenance, both physical and spiritual. Since colonization by the Europeans, Aboriginal people have been marginalized to small parcels of land. Their traditional livelihood pursuits such as hunting, trapping and gathering have been severely limited, although still recognized, by treaties and by the Canadian Constitution. Jurisdiction over natural resources was placed in the hands of the provinces. Over time they leased large areas of public lands to forest industry companies to exploit and manage in support of both sawmills and pulp and paper mills. As the forest industry and both provincial and federal governments prospered with the wealth generated by forests, Aboriginal communities grew poorer and more alienated from their traditional dependence on forest land.

The forest industry plays a central role in forestry in Canada, holding tenure to lands considered by many Aboriginal communities as traditional territories. More than any other industry, it is the forest industry in Canada which has the greatest impact on the land base and economies of Aboriginal communities in forested areas. It is the forest industry therefore which plays a key role in the future of Aboriginal communities in the productive forest lands of Canada.

PURPOSE

The purpose of this study was to identify and assess the relationship of forest industry companies to Aboriginal communities and to identify the actions and attitudes of the forest industry which may contribute to the success or failure of Aboriginal involvement in the forest industry. The focus of the study was on the industry itself, not on provincial policy and regulation makers or Aboriginal communities. With the number of joint ventures and employment agreements between the forest industry and Aboriginal companies and communities increasing, it was hoped that the study would provide Aboriginal communities with some insight into the forest industry's corporate climate and might point the industry to better ways of doing business with Aboriginal peoples.

This study was designed to complement the intervenor submission to the Royal Commission on Aboriginal Peoples by the National Aboriginal Forestry Association (NAFA), *Forest Lands and Resources for Aboriginal People* which presented an Aboriginal perspective on participation in the forest sector through case studies of Aboriginal communities.

METHODS

An initial, extensive consultation on the scope of the study was conducted with: representatives of the National Aboriginal Forestry Association who were preparing an intervenor submission to the Royal Commission; Commission research staff, Fred Wien and Ken Paul; study advisors, Dr. John Naysmith, School of Forestry, Lakehead University, and Dr. Peter Murphy, Department of Forest Science, Faculty of Agriculture and Forestry, University of Alberta; and principal researchers Garry Merkel, R.P.F. (B.C.), responsible for western Canada, and Peggy Smith, R.P.F. (Ontario) responsible for eastern Canada.

A questionnaire to be administered to selected forest industry representatives was developed through a similar consultation process and is attached as Appendix I. Forest industry companies were chosen from those located near Aboriginal communities who may have developed a working relationship with those communities.

Operations managers of forest industry companies were contacted by letter outlining the scope and purpose of the study (Appendix II). Company representatives were asked to confirm their participation, identify the primary contact for the company, review the questionnaire to prepare background information for the interview, identify the best time to conduct the interview (1-2 hours) and review the completed questionnaire for accuracy. Confidentiality was promised. The questionnaire was administered by phone to nine forest companies representatives in eastern Canada by Peggy Smith. In western Canada five forest companies were interviewed by Frank Osendarp, Peak Management and Communications.

Further clarification on industry-Aboriginal relationships was sought from provincial natural resource departments and forest industry associations.

BACKGROUND

LITERATURE REVIEW

The NAFA submission to the Royal Commission (1993), *Forest Lands and Resources for Aboriginal People*, focused on Aboriginal-led initiatives and examined *"options to overcome the inaccessibility to land and resources"* with an emphasis on *"access to harvest resources such as timber"* and *"access to resource management decision-making so that resources will be managed on an integrated basis taking aboriginal cultural and traditional uses into account along with the interests of Canada's industrial society."* The report used several case examples of Aboriginal communities who have tried to deal with the barriers to Aboriginal access to resources and participation in the forest sector through joint ventures with forest companies and co-management agreements with provinces. The report made several recommendations to the Royal Commission from urging the implementation of Strategic Direction Number Seven of the National Forest Strategy on Aboriginal Peoples to

modifications in provincial tenure and licensing systems, encouragement of joint ventures and greater co-operation between governments, Aboriginal communities and the forest industry.

Legal Aspects of Aboriginal Title and Land and Resource Jurisdiction

An overview of legal decisions on Aboriginal title, the Crown's fiduciary responsibilities and an examination of *"the meaning of consultation"* in light of legal precedents and conflicting jurisdiction over land and resources between federal and provincial governments was provided in the NAFA submission. Briefly, the federal government has responsibility for "Indians and Indian lands" and although many Indian Reserves are forested, most Reserves are either too small to provide substantial economic returns from forest resources or have been mismanaged to the point that this forest land is severely degraded. It is therefore on "traditional territories," which are Crown lands on which natural resources are managed by provinces and leased to forest industry companies through tenure arrangements, that Aboriginal communities want recognition of their rights and access to natural resources for economic development. It should be reiterated here that recent legal decisions have pointed to provincial fiduciary obligations to continue to provide Treaty rights to resources off Reserve while recognizing the provinces' authority to manage resource development. These recent legal decisions are affecting provincial resource management decisions, including forest management agreements with industry.

Forest Tenure

The NAFA intervenor submission contains a short description of provincial tenure arrangements for the forest industry as large area licenses, renewable every 20-25 years, granting *"larger integrated forest industries that operate pulp and paper and/or major sawmills ... a virtually guaranteed supply of timber."* Only in British Columbia is there *"specific legislative provision for access to Crown timber by Indian bands."*

In exploring options for *A Forest Tenure System for Yukon*, Heartwell (1988) surveyed forest tenure arrangements across Canada and Alaska. Heartwell predicted how tenure arrangements might be affected by the imminent settlement of land claims:

> *Once the land claims are settled, the Indian bands will have the authority to manage forest resources on their settlement lands. It is envisaged that forest management on settlement and Crown lands will be co-ordinated through the development of forest management plans which will be developed on a regional or subregional basis. In conjunction with this, co-ordinated management procedures are to be established to ensure that Bands are consulted on the management, allocation and protection of forests on Crown lands. The degree and manner of Band participation in Crown land management will vary between regions reflecting both forest resource values and the potential for conflict with other resource users.*

Cassidy and Dales (1988) explore the same territory in *After Native Claims? The Implications of Comprehensive Claims Settlements for Natural Resources in British Columbia.* In this treatment, the authors examine conflicting provincial and federal jurisdictions and numerous shared tenure arrangements which have been developing in the shadow of the land claims process in B.C.

L. Anders Sandberg in his introductory chapter to *Trouble in the Woods: Forest Policy and Social Conflict in Nova Scotia and New Brunswick* (1992) gives a good overview of the history of the development of the forest industry from saw milling to pulp and paper manufacturing and the parallel development of the industry's relationship with the provinces in developing tenure systems. This overview, although restricted to Nova Scotia and New Brunswick, has application nationally.

> *Large foreign transnational pulp and paper corporations dominate the life and politics of many resource towns in New Brunswick and Nova Scotia. Pulp and paper is the very lifeblood of such towns, where the acrid stench of sulphur represents the sweet smell of money. The surrounding rural areas also feel the corporate presence. The pulp and paper companies maintain a firm grip on the pulpwood market by controlling large freeholds and Crown land leases....*

Barriers to Aboriginal Involvement in Resource Development

The NAFA submission contains a description of Aboriginal involvement in other forest uses, including harvesting rice, berries and wildlife, and describes how *"the continuing encroachment of resource industries into traditional territories"* is jeopardizing *"Aboriginal access to traditional rice, wildlife, fish, berry and medicinal plant resources."* The NAFA submission goes on to outline models in which Aboriginal communities have attempted to overcome the barriers to access to forest resources.

Barriers to Aboriginal participation in the forest industry are also described in most of the publications reviewed in the "Policy Initiatives on Aboriginal Involvement in the Forest Industry" below and in Cassidy and Dales (1988) described above.

The State of the Forest Industry

The Third Annual Report to Parliament, *The State of Canada's Forests 1992*, describes current and future economic conditions for the forest industry, as well as recent policy initiatives and challenges facing forest management. The Model Forests Program, a network of 10 pilot projects across the country, in which a number of Aboriginal communities are participating with government, industry and other "partners," is described. Over time the Model Forests Program may provide some lessons on Aboriginal participation. Hirvonen's "Timber Harvest on Federal Lands 1988-1990" (1991) gives a breakdown by province of "Indian lands" showing them as 5% of the total federal lands (national parks make up 18.4% of the total). Of

the total 245 million hectares of productive forest in Canada, 28 million hectares are under federal control (11%). "Indian lands" comprise 1.4 million hectares or less than 1% of the productive forest land in Canada.

The report *Hard Choices--Bright Prospects* (1993), although focusing on Ontario, provides an overview of the current state of the forest industry and its future potential. The report lists the challenges *"driving change in the resource sector ... the move to the sustainability of resource use, globalization of the economy, and the need for a broad social consensus on environmental and resource management."* Demand for forest products is expected to rise over the next twenty years and it is predicted that *"demand will begin outstripping supply in some parts of the world in the next ten years.* The report chronicles the rapid changes underway in the Canadian forest industry. The development of "eco-labelling" standards for forest products, the demand by U.S. markets for recycled newsprint, new market pulp and newsprint capacity in the U.S. South and South America and increased liberalization of international trade are some of the factors cited as driving this change.

Pearse (1991), in a draft report prepared for Greenpeace, raises an alarm about the current trends in the forest industry:

> *The modernization and expansion of existing production capacity and the construction of new processing facilities, of which some will be the largest in the world, will result in the single greatest wave of timber harvesting activity ever in the country.*

Pearse sees the forest industry rapidly changing

> *... particularly with respect to the expanding role of foreign ownership.... The reasons why Canada appears so attractive to foreign firms include (1) large resource base; (2) low fibre costs; (3) high quality fibre; (4) environmental challenges in rainforests elsewhere; (5) access to and availability of fibre; (6) lower energy costs; (7) duty free access to U.S. markets; (8) investment climate improved since Foreign Investment Review Agency removed; (9) low value of Canadian dollars; (10) good supply of joint venture partners, financing vehicles (including government subsidies), and skilled workforce.*

Pearse predicts and describes devastating impacts for Aboriginal communities in the vicinity of expanded pulp operations in British Columbia, Nova Scotia and Alberta. He does not think that sharing the wealth will solve these problems:

> *The answer does not lie in having more money, or necessarily in having jobs that provide money but no meaning in one's life. Money brought into the territory by the transnational corporations will find its way in substantial amounts into the local Indian economy; not only through the provision of jobs which require Indian workers to destroy the very thing that is the basis of their identity, but through the escalated sales*

of alcohol, drugs, and Indian women.

It is important to note conflicting views of the forest industry to understand the forest industry's views, the response of Aboriginal communities and the current climate of confrontation and change in all arenas of Canadian forestry--social, environmental, economic and political. It should be noted that the Aboriginal response is not a unified one. Cassidy and Dales noted:

> *... British Columbia's native peoples have always walked a fine line between the harvesting and preservation of forest resources. The ambivalence was as recognizable in the apologetic chants of canoe-makers in past times as it is today in the tensions within bands when some members vie for commercial timber harvests while others argue on behalf of older values.*

This ambivalence within Aboriginal communities about resource development has erupted into conflict in several communities. The longest standing blockade in Canadian history took place in northern Saskatchewan with local community members protesting the forest practices of the Meadow Lake Tribal Council (MLTC). The tribal council was the first Aboriginal group in Saskatchewan to be given a provincial licensing agreement. The blockade was finally removed when the Meadow Lake Tribal Council established community forest management boards to provide input into the planning process. In northern British Columbia, the formation of Tanizul Timber by Tl'azt'en First Nation, has raised concerns among community members. The president of Tanizul, Ed John, questioned the pace of change and asked, *"As our lifestyle changes, what values of our people will survive? How will we fit out values into the current economic development ventures? Will our traditional land ethic change?"* (Searle, 1991).

Policy Initiatives on Aboriginal Involvement in the Forest Industry

- Although not dealing directly with Aboriginal/forest industry relationships, the *Final Report and Recommendations of the Royal Commission on the Northern Environment* (1985) is worth reviewing because *"it was the prospect of a new pulp and paper mill and the grant of the largest tract of forest land ever given to a single company which lay behind the establishment of the Commission."* Fahlgren's recommendations on forestry practices (Chapter 5) attempted to address the concerns of the residents of north of 50 in Ontario who are mainly Aboriginal. This Commission's findings merit a current assessment.

- The Intertribal Forestry Association of B.C.'s (IFABC) *Lands, Revenues and Trusts Forestry Review* (1990) is a comprehensive review based on wide consultation with Aboriginal communities in B.C. Although its focus is Reserve land, the report also examines resource management issues on *"traditional territories"* where Aboriginal communities would be dealing with the forest industry.

- *The B.C. Task Force Report on Native Forestry* (1991), with Aboriginal, industry and governmental representation, examined *"the extent of Native participation and interest in the forest industry,"* documented *"progress and opportunities currently available"* and identified *"barriers to further involvement"*. The Task Force recommended:
  - *"strategies for increasing participation"* which included the settlement of land claims to provide *"stability in Native and non-Native communities and in the forest industry";*
  - priority allocations of the Allowable Annual Cut to First Nations forestry ventures;
  - a new First Nations Forest License tenure;
  - targets for First Nations' participation in the forestry sector;
  - co-operative forest management agreements;
  - the development of a Native Silviculture Program;
  - the creation of a Native Forestry Capital Pool to establish forestry-related economic ventures;
  - encouragement of joint ventures between First Nations and forestry companies;
  - development of programs to increase Native employment in the forest industry;
  - funding to promote Native participation in forest management planning processes; and
  - the establishment of a First Nations Forestry Council to facilitate the implementation of the report's recommendation and *"strengthen communication between First Nations, the government, and the forest industry on forestry issues."*

  The First Nations Forestry Council was established and continues to meet to follow the above mandate.

- *The Forestry Sectoral Task Force, Ontario Round Table on the Environment and Economy* (1992), with Aboriginal, environmental, forest industry and union representation, recommended that:
  - the province encourage the federal government to settle lands claims;
  - the forest industry *"should become a major factor in the successful resolution of aboriginal issues"*;
  - the forest industry, *"with the support of unions, should provide on-the-job training and encourage aboriginal participation with such culturally supportive programs as seasonal shifts and employment opportunities"*; and
  - *"joint industrial/aboriginal economic ventures should be encouraged."*

- The Canadian Council of Forest Ministers *Sustainable Forests: A Canadian Commitment* (1992), *"Strategic Direction Seven,"* focuses on Aboriginal people in a *"Framework for Action"* designed *"to increase the involvement of Aboriginal people in forest land management," "to ensure the recognition of Aboriginal land treaty rights in forest management"* and *"to increase forest-based economic opportunities for Aboriginal people."*

- The Price Waterhouse study (1992) commissioned by the IFABC, *Strategic Study of the Potential for Increased Native Participation in the Forest Sector*, *"is organized by industry sector (Resource Management, Forest Harvesting, Wood Products, Pulp and Paper) followed by sections on issues affecting all sectors, including financing, timber resources and training*. The report recommends that Native groups use the present period of difficulty in the forest industry *"to position themselves to participate in the next upswing of the business cycle."* It points to the area of silviculture contracting as the most promising. *"In the sawmilling sector, there are opportunities in the value added sector although the risks are high and obtaining business experience and access to timber are key elements to getting started. In pulp and paper, the significant capital investment required limits Native opportunities to participating in the general workforce at established operations."*

- The *SCAN North Task Team on Value-Added in the Forest Industry* report (August 1992) has a section on "Aboriginal Involvement in the Forest Industry" which recommends *"That forest industry companies be encouraged to pursue co-operative arrangements with aboriginal people in the development of value-added industries, including the provision of necessary training in manufacturing and marketing."*

- A report prepared by a committee led by Mitigonaabe Forestry Resources Management Inc. (formerly the Indian Forestry Development Program under the auspices of the Ontario Ministry of Natural Resources) published a final report on access to resources, resource management and timber allocation (September 1992). The committee members included representatives of Mitigonaabe, the forest industry in northwestern Ontario and Ontario Ministry of Natural Resources. Mitigonaabe hoped that discussions with government and industry would *"culminate in the procurement of increased economic and employment benefits for status Indians from the Treaty Three First Nations."* The report outlines a set of 15 initiatives on a local level including:
  - increased First Nations involvement in forest management planning;
  - improved communications between First Nations and industry and government;
  - identification by Elders of culturally sensitive sites;
  - development of local forest-based economic plans;
  - development of performance targets;
  - development of an Aboriginal controlled economic development fund;
  - formation of a forestry careers subcommittee;
  - co-ordination of hiring practices to encourage Native students to pursue forestry careers;
  - establishment of a special scholarship fund;
  - scheduling of an intra-cultural values training workshop;
  - simplification of government policies, guidelines and regulations;
  - establishment of permanent committee; and
  - a follow up conference.

- *The Aboriginal Forestry Training and Employment Review (AFTER)* report (1993) summarizes current Aboriginal employment in forestry and examines education and training programs, *"traditional ecological knowledge"* and issues in human resource development, including Aboriginal demographics, the outlook for the forest sector, the potential for Aboriginal forest management and barriers to employment and training. The barriers to employment included a competitive market, discrimination by industrial employers, government forest management plans, the rigidity of federal forestry programs, difficulties in gaining access to forest land, the short-term nature of silvicultural work, the lack of role models, worker self esteem and productivity and difficulties in purchasing job equipment and paying for transportation to job sites. Phase 2 of this review is in progress with government, industry and Aboriginal representatives.

- The *Report on the Aboriginal Participation Survey* (1993), prepared for the Aboriginal Affairs Section of the B.C. Ministry of Forests, shows the results of a questionnaire distributed to provincial Forest District offices, First Nations and the forest industry via industry groups. In relation to the forest industry the report concluded that forestry training and education were inadequate and that there is *"potential for growth in Aboriginal small business forestry."*

PROVINCIAL & TERRITORIAL POLICY OVERVIEW

With provinces having control of natural resource management on Crown land, it is the provinces who negotiate and monitor forest management agreements with the forest industry. Aboriginal affairs are guided by the federal government who have the constitutional responsibility for "Indians and Indian land." This conflicting jurisdiction has resulted in the exclusion of Aboriginal people from participation in direct resource management decisions on Crown land. Aboriginal people have been involved in provincial resource management decisions in defence of their Treaty rights, but this defensive posture most often means that their involvement comes after resource management decisions are made and traditional livelihoods protected by Treaty are threatened or curtailed (trapping, hunting, fishing, gathering).

As mentioned above in the Literature Review section on *"Legal Aspects of Aboriginal Title and Land and Resource Jurisdiction"*, recent legal decisions have indicated a provincial fiduciary obligation to manage resources to ensure the continuation of Aboriginal Treaty rights. It is this legal climate, local conflicts over forest operations and international pressures for sustainable forestry and the protection of indigenous knowledge, recognized at the United Nations Conference on the Environment and Development held in Brazil in 1992, that are fuelling the movement to greater involvement by both provinces and the forest industry in Aboriginal issues. Many provinces have established Aboriginal Affairs departments or have added an Aboriginal portfolio to ministerial responsibilities. As can be seen from the "Provincial Overview" below, relationships between provinces and Aboriginal communities

are becoming more complex and extensive.

Newfoundland

The Province of Newfoundland has three large pulp and paper operations on the island and hundreds of small sawmill operations on both the island and Labrador. There are no large scale forest operations currently in Labrador. The Province has been involved in negotiations with the Innu Nation located in Labrador on a land claim covering most of Labrador. The Province has entertained two proposals for forestry operations in Labrador since the land claim was filed. In response the Innu Nation commissioned two independent studies, one by George Marek (1992) on forest management practices in Forest Management Unit 19 and one by Herb Hammond in response to an updated forest management plan prepared for Forest Management Unit 20. The FMU 20 plan has been registered by the Province and will probably undergo further consultation.

A Forestry Working Group was also established to provide a forum for discussions between the Province and the Innu Nation on forestry matters. The group has met occasionally, but all such negotiations, including land claims, were suspended by the Province after recent confrontations with the Innu Nation. The group is expected to resume meeting in the near future.

The Province is also involved on the island with wood allocation for the Conne River Mi'kmaq who operate a sawmill on-Reserve.

Nova Scotia

The Province of Nova Scotia has been involved in tripartite negotiations with Stora Forest Products, located on Cape Breton. Negotiations are ongoing and involve Aboriginal access to timber resources on Crown land to supply Stora's mill. The outcome of these negotiations is still unknown. All thirteen Bands who are members of the Confederacy of Nova Scotia Mi'kmaq are involved in on-Reserve forestry. The Confederacy has been negotiating with the Province for province-wide forestry developments, but is frustrated by the lack of development funding available through the federal government.

New Brunswick

Aboriginal affairs within the Province of New Brunswick are addressed by the office on Aboriginal Affairs within the Department of Intergovernmental Affairs and within the Department of Natural Resources and Energy by the Policy and Planning office. Productive forests in New Brunswick are intensively managed and allocated. Timber allocations may become available when smaller sawmill operators go out of business. Aboriginal communities are eligible to apply for such allocations but there is no special treatment. They are treated under the same rules as apply to all sub-licensees on Crown land. The Province does give

special consideration to Aboriginal applications for permits for small amounts of timber for special uses such as crafts.

The Province has a commitment to contribute to the social and economic development of Aboriginal peoples, to respect Aboriginal and Treaty rights and to contribute to pragmatic self-government initiatives. The Department of Natural Resources has begun discussions with Aboriginal communities about co-management of wildlife resources, stressing that provincial concerns about conservation and public safety are paramount. The Department has made special efforts to increase Aboriginal employment especially on projects assessing the availability of wildlife resources. The province is also considering special leasing arrangements on Crown waterways to support Aboriginal tourism projects.

Quebec

A detailed position paper by the Quebec Forest Industries Association on *The Native Issue and Quebec's Forest Industry* (1992) was prepared for the Quebec Minister responsible for Aboriginal affairs in response to negotiations underway about Aboriginal territorial rights. Members of the QFIA were *"worried about possible modifications to management regulations on public lands and as to the value of the Timber Supply and Forest Management Agreements they have signed in good faith with the Quebec government."* The industry described its relationship with Aboriginal communities as varying enormously, from *"harmony"* to *"mutual incomprehension."* Although the industry describes *"the native problem"* as *"more or less unfathomable,"* elements of solution are identified ranging from:

- new consultation mechanisms prior to the development of forest management plans;
- involvement of Aboriginal people in the implementation of forest management and processing operations including training of Aboriginal forest workers, technicians and engineers;
- permanent political solutions including:
  - abolition of the Indian Act,
  - the settlement of land claims by democratically elected governments *"in the greater interest of Quebec"* avoiding legal settlements,
  - development of structures that allow shared jurisdiction with Aboriginal people, and
  - the avoidance of *"all new forms of trusteeship or of protectionism via special help programs."*

The Grand Council of the Crees of Northern Quebec stated their concerns about forest development to the Standing Committee on Natural Resources (1994):

> *At the present time the rights to the forests on the Cree lands have been unilaterally--and we believe illegally--given to multinational forest corporations by the Quebec forestry ministry.... The overall strategy for cutting forests on Cree lands is also governed by a 25-year forest management plan ... to be reviewed by the James Bay*

Advisory Committee on the Environment, according to the James Bay and Northern Quebec Agreement.

The present 25-year plan makes general statements about the overall compatibility of forest cutting with the Cree way of life, but fails to address the real situation on the ground and fails to provide any enforceability of considerations concerning the Cree way of life.

The review of the James Bay Advisory Committee has never been taken seriously by the Quebec government, and so basically the 25-year forest management plan is decided unilaterally by the Quebec forestry ministry in consultation with the forest development companies. The Crees have been excluded from this process.

Ontario

In 1985 the Province of Ontario, under a Liberal government, began a "Class Environmental Assessment for Timber Management on Crown Lands in Ontario," which examined all aspects of forest management in the province. The hearings concluded in 1993 and a final report is expected shortly. The assessment board heard testimony from a large number of groups and individuals with an interest in forestry in Ontario, including a large number of Aboriginal representatives. Transcripts of testimonies before the board are available through the Ministry of Natural Resources and some libraries. The final recommendations of the Board are expected to have a significant impact on provincial forestry policy.

The Government of Ontario, under the New Democratic Party elected to lead the province in 1990, undertook a major review of the Department of Natural Resources policy and a reorganization of the department's structure. The policy review is multifaceted and still in progress. Although each policy review within the Ministry claims to be *"consistent and complementary with efforts being made in other forums,"* (Forest Values Backgrounder, 1993) the sheer number of such forums, the difficulties in exchanging information between them, the weight given to the initiatives involving public consultation and those underway as internal and restricted in public involvement and the initiatives undertaken in other provincial government departments has led to confusion. In addition, how this policy overview will fit with recommendations forthcoming from the Class Environmental Assessment for Timber Management is another question. These initiatives, grouped under the heading of "Sustainable Forestry," include the Forest Industries Action Group, the Forest Policy Panel, the Forest Values Project, the Timber Production Policy Project, the Old Growth Policy Panel, the Status of Forest Regeneration and the Carman group to review the Forest Management Agreements structure. Many reports have been published by these various groups. Affecting the economic direction of the industry is "An Industrial Policy Framework for Ontario" (1992) *"which outlines a sectoral approach to economic development, with competitiveness as its cornerstone"* addressing *"continuous innovation; raising skill levels; increasing technological capability; establishing more of companies' home-base activities in Ontario; developing linkages and networks; and, building international capabilities"* (Hard Choices--Bright Prospects, 1993). The dual considerations of economic development and resource

sustainability are married under the term "sustainable development" but the question is often raised in policy discussions about whether resource sustainability is being sacrificed in the quest for economic development.

The re-organization of the ministry's structure was due in part to an effort to improve forest management services and in part to a comprehensive "Expenditure Control Plan" *"to meet the fiscal and economic challenges facing the province, including controlling the deficit."* In the new organization, Aboriginal affairs within the Ministry of Natural Resources are administered by the Aboriginal Policy Operations Branch within the Operations Division with the following mandate:

> *... plans and directs the development and evaluation of policies and strategies of the ministry related to aboriginal people in Ontario. The branch is also responsible for ensuring that policies affecting aboriginal people are complemented through ministry operations. Leading and directing negotiations in Ontario, and leading programs related to aboriginal people, are additional functions of the branch.*

Aboriginal affairs are also handled by Native Liaison officers who report to Regional managers (the province is divided into four regions) and Resource Co-Management Specialists who report to District managers.

The Ministry of Natural Resources has developed an Aboriginal Resources Technician Program, a 3-year diploma distance education program administered by Sault College in Sault Ste. Marie, and is beginning the development of an Aboriginal Conservation Officer training program. The first graduates (1992) of the Aboriginal Resources Technician Program have been finding their way into positions within the Ministry, the forest industry and Aboriginal organizations.

The Province has supported four Community Forests pilot projects, one of which is run by an Aboriginal community and another which has Aboriginal involvement.

The province's Aboriginal policy is directed by the "Statement of Political Relationship" signed in 1991 by the Province and Ontario's Aboriginal leaders. It recognized the *"inherent right to self-government of the First Nations"* and made a commitment to *facilitate the further articulation, the exercise and the implementation of the inherent right to self-government".* Discussions continue under the umbrella of the Ontario Native Affairs Secretariat (ONAS) about the practical implications of this agreement. ONAS has provided funding to Aboriginal communities to help research land claims, to provide the basis for discussions with the province on "co-management" arrangements and to lay the groundwork for self-government negotiations. The Ministry of Natural Resources and the Indian Commission of Ontario are involved in many of these self-government and co-management negotiations.

As can be seen from the quotes from natural resources policy initiatives underway, the

"Statement of Political Relationship" seems to have become an excuse for excluding consideration of Aboriginal issues from these initiatives. In their turn, many Aboriginal leaders have postponed discussion of natural resource issues until self-government issues are settled. In its Public Participation Plan for the Forest Values Project, it is noted that several issues were raised that *"are more appropriately the responsibility of the Ministry as a whole."* Included in these issues are *"First Nations."*

> *Ontario's First Nations' have a strong interest in economic and non-economic forest values. During pre-consultation discussions, Aboriginal representatives expressed the concern that they should be involved in developing options that would affect their interests. However, consultation with First Nations on the Forest Values Project presents a breadth of issues that the project may not be able to address on a program level. With the signing of the Statement of Political Relationship, the provincial government and First Nations have been discussing how the new government to government relationship will work. The discussions are unlikely to be completed before these projects are due to report to Cabinet. However, the project could benefit from Aboriginal input on forest values. In this context, First Nations are invited to participate in all Forest Values activities.*

The Ontario report *Hard Choices--Bright Prospects* (1993) recognized *"the limited time available did not permit an examination of a number of important issues"* including:

> *Involvement of aboriginal communities with the sector, for economic, social and spiritual reasons; and the sector's response to land claims issues. Because negotiations with aboriginal groups are viewed as "government to government", these issues were beyond the scope of the steering committee at this time.*

The Forest Policy Panel in its report, "A Comprehensive Forest Policy Framework for Ontario" (1993), addressed *"Aboriginal Concerns"*:

> *Aboriginal people shared many of the concerns raised by others. Input into decision-making, the need to treat different areas in different ways, and the need to respect and protect the environment were common to all Ontarians--Aboriginal and non-Aboriginal. Two other key concerns of Aboriginal people were stated.*
>
> *Some Aboriginal people feel threatened by current forest policy and practise. Aboriginal people said they feel a strong connection with forests. Their continued viability and survival as a people is threatened without forest sustainability. Many Aboriginal people said they depend on forests for their sustenance and livelihood through trapping, hunting, fishing, logging, guiding and gathering of plants and herbs, as well as for their spiritual needs. They noted that past exploitation of forests has changed their lifestyles in a negative way. They wish to see modern technologies and methods modified by their traditional values and teaching.*

Aboriginal people consulted by the Panel generally believe that whatever action is taken in the forests, Aboriginal people will ultimately be affected. They expressed an interest in community forest models where decisions around forest use and management are made or strongly influenced by those who rely most on forests and who will be most affected by the decisions.

Many Aboriginal people made reference to their treaty and Aboriginal rights. Because the exercise of these rights will be affected by forest decisions, they considered these rights to be a further reason for their participation in decision-making.

The basis of many of the concerns of the Aboriginal people consulted was fundamental disagreement around who should be in control of decision-making. They feel some current approaches are at odds with the Government of Ontario's Statement of Political Relationship which provides for government-to-government relations with Aboriginal people. It was suggested that forest policy dealing with the concerns of Aboriginal people is required to bridge that gap.

The forest industry in Ontario is represented mainly by the Ontario Forest Industries Association (OFIA). The OFIA and its member companies, as well as those companies who are not members, are involved in all of the provincial forest policy initiatives. The OFIA developed a "Guiding Principles and Code of Forest Practices" which states as one of its principles that member companies will *"be a major factor in the resolution of aboriginal issues as they apply to forest management, and a proponent of cooperative ventures with aboriginal groups."* The OFIA will be discussing these issues at this year's annual meeting in a workshop entitled, *Finding Common Ground*, which *"will explore ways that aboriginal communities and the forest industry can better communicate and work together."*

The rapidly changing nature of the forest industry in Ontario with increasing demands for "competitiveness," a rapidly changing forest policy climate and severe cuts to government budgets in the name of deficit control will obviously affect Aboriginal communities. The exclusion of Aboriginal concerns from many of these levels of policy development which are resulting in new industrial arrangements, land tenures and public participation does not bode well for Aboriginal participation in resource management. Although the Province is pursuing a *"government-to-government"* relationship, decisions being made in parallel arenas may result in Aboriginal communities having very little left to govern.

Manitoba

Manitoba Natural Resources has issued four codes of practice guiding forestry activities. The guidelines include a forest practices code (1990/1994), a wildlife code (1989) and two fishery codes (1984/1990). The codes are policy guidelines. Some guidelines are written into the provisions of tenure licences.

There are several co-management initiatives sponsored by the Manitoba government. Co-management boards are established in areas covered by the Northern Flood Agreement and other hydro projects. In the Split Lake area a co-management board has been in place for the past two years. The board has 50% representation from First Nations and 50% representation from the provincial government. The provincial government has allocated one of its seats to a major mining stakeholder in the area. The co-management board is charged with land use planning and resource planning initiatives. The boards are advisory in nature and make recommendations to the provincial Minister of Natural Resources. As yet there is no Metis involvement in the boards.

Species specific co-management boards have also been established. Co-management boards are established throughout the province for caribou, moose, bison and fish. These boards are comprised of First Nation, Metis (community), other stakeholders (sportsmen) and provincial representatives. The boards are viewed with suspicion and caution by industry, particularly forestry companies.

Saskatchewan

Co-management advisory boards have been established in various parts of the province. Most activity has centred in the northwestern portion of Saskatchewan. Six advisory boards have been established and organized, geographically, in the Fur Conservation Blocks in the northwest. The advisory boards are comprised of forestry and wildlife management stakeholders (i.e. forestry companies, provincial officials, trappers and sport associations and community groups, including First Nations and Metis communities). The advisory groups have direct input into forestry management plans. However, the Minister of Environment and Resource Management retains full and final decision-making authority.

In the northeastern part of the province the government and two First Nation communities have signed an umbrella agreement as a precursor to co-management activities. At the present time the parties are sorting out what activities will be undertaken.

The province has also undertaken to develop a 100-year integrated forest management strategy. Through a series of public consultation rounds, the Department of Environment and Resource Management has issued a "State of the Resource" document and draft plan. The plan is presently undergoing its final draft. The Department is conducting special community consultations regarding the draft with a number of First Nation and Metis communities.

The plan will call for a major review of forestry legislation and policy in Saskatchewan. The review will be undertaken next year. The government was unable to say if the plan or forestry review would result in the development of a forest practices code.

Alberta

The Alberta forest industry has drafted a forest practices code, *Forest Care: Guiding Principles and Codes of Practice* (1993). The program is performance driven and intended to open the forestry industry to public scrutiny. Companies complying with the code will conduct and issue annual public audits. The program is intended to improve forest practices in six key areas including forest management, land use, environmental practices, sustainable development, safety and public consultation. Alberta forestry companies have given themselves five years to voluntarily comply with the code. The draft code does not specifically address Aboriginal issues, but guiding principles include a commitment to *"consider multiple uses and values"* and be *"open and responsive to community views and questions regarding the industry."*

There is no formal initiative for Aboriginal co-management within the province. Alberta Pacific Forest Industries Inc. (ALPAC) has a cooperative management committee in the Lac La Biche area, including a "Parallel Process" for Aboriginal representatives in the region under which traditional land use studies are being conducted to be incorporated into the company's forest management plan.

The government of Alberta has undertaken a major review of forest management in the Province. The Forest Conservation Strategy will review and develop, with extensive public involvement, forest management and conservation into the next millennium. The government is currently in the process of establishing a Steering Committee and Strategic Issues Groups. A First Nation representative from Treaty 8 and a Metis representative are members of the steering committee. All Aboriginal organizations within the province have been invited to participate in Stakeholder Advisory groups. The process will also include Strategic Issues groups, including a Traditional Values and Uses group which will have significant Aboriginal representation. Community working groups will also be established in 14 Alberta communities. The government has requested that Aboriginal people be invited to participate in the community working groups.

British Columbia

Forest policy and planning is undergoing enormous changes in the Province of British Columbia. The provincial government, elected in 1991, has stated it is committed to improving forest practices and the planning process and resolving forestry conflicts by involving all stakeholders. Since the new government was elected, Aboriginal issues have been given much more attention than previously.

Land and Resource Management Planning (LRMP) is a sub-regional integrated resource management planning process for British Columbia. LRMP forms the sub-regional component of the Provincial Land Use Strategy currently being developed by the Commission of Resources and Environment (CORE). LRMP is a consensus-building process where all stakeholders are given an opportunity to participate in the broad planning framework for a particular area. The purpose of LRMP is to integrate environmental, social and economic

values. The goal is to accomplish sustainable resource development on Crown lands. LRMP's will be guided by provincial policies and approved regional plans. The LRMP will provide direction for more detailed resource planning by government agencies such as the B.C. Forest Service. All resource values are to be considered in the process.

The B.C. government is encouraging First Nations to participate in the LRMP process. LRMP will not prejudice land claims nor will the decisions be considered during land claim negotiations. Therefore, all decisions can change after settlement. LRMP can be used to set up specific requirements of joint stewardship agreements between the province and First Nations. Within the process, Aboriginal people may participate as members of inter-agency planning teams, liaison and advisory bodies, public participation events and in the collection and analysis of information on Aboriginal use or the value of natural resources.

Under this new LRMP process the requirement to seek public involvement is mandatory. Public involvement guidelines for LRMP are currently under development and awaiting further recommendations from the Commission on Resources and Environment (CORE). Public involvement will be negotiated between the Inter-agency Planning Team and the public during the drafting of each area's LRMP Terms of Reference. The primary objective of LRMP is to build consensus with the public in each of the following areas:

- identifying issues;
- determining approaches to public participation;
- setting terms of reference;
- determining resource units;
- developing and assessing scenarios; and
- reviewing the draft plan.

In 1991 the Province of British Columbia undertook to develop a Forest Practices Code. The Code will establish base standards of operation that are "environmentally sound and consistent with maintaining reasonable costs for timber." It will also cover range operations and forage use. The Forest Code will provide a mechanism to ensure that forest operations decisions are consistent. The Code will be a key instrument for the Ministry of Forests to guide all sectors of forest and ranching industries. It will likely cover all aspects and activities of forest (timber and range) management.

The Forest Practices Code will also consolidate standards that currently exist in many different documents. The administration of public lands and resources is governed by laws or statutes. Regulations further clarify the statute's intent. From this legal framework, policies, field manuals, guidelines and specifications are developed so that the Ministry can manage the resource. The Code is intended to capture all of the requirements and present them in an understandable way. The Code will also address important forest management issues.

The draft Code states that Aboriginal groups should be consulted to determine their areas of

interest and concerns prior to forest development or use. Affected Aboriginal people will have the opportunity to participate in the preparation of forestry operational plans and Aboriginal rights must be recognized at every level of the planning process. Prior to authorizing resource use activities, resource managers must accommodate constitutionally protected Aboriginal rights through discussion and negotiation.

The Ministry of Forests released a draft of the Forest Practices Code in December 1993 inviting comment and undertaking a public consultation process. Ministry officials suggested that some special provision will be made to solicit First Nation participation in the consultation process.

In June 1993 the Government of British Columbia released the Protected Areas Strategy Report. The strategy aims to set aside 12% of the province by the year 2000. Presently, approximately 6% of the province is set aside from development activities. The Protected Area Strategy has two goals:

- To protect areas of the province which represent the natural diversity of ecological areas. These include major land, ocean and freshwater areas, characteristic habitats and land forms, back country recreational and cultural heritage.

- To protect the special natural, cultural heritage and recreational features of the Province. This would include rare and endangered species, critical habitats, outstanding botanical, zoological, geological and paleontological features. It will also include fragile and outstanding cultural heritage and recreational features.

A list of study areas and a map was produced in 1992. The existing list of study areas will be revised over the land use planning process. Meanwhile, management guidelines have been established and applied to approved study areas. Recreational, natural and cultural values of the study areas cannot be compromised during the study period.

The Protected Area Strategy states that existing Treaty and Aboriginal rights and interests will be respected. The province commits itself to involve First Nations in protected area planning. First Nation participation in land and resource planning will not limit their subsequent treaty negotiation with the Crown.

As described in the Literature Review section, a First Nations Forestry Council has been established to implement recommendations made in the B.C. Task Force Report on Native Forestry (1991).

Yukon

The Government of Yukon will take over jurisdiction of forest management on April 1, 1994. The transfer negotiation is very close to completion. Transfer negotiations include all

jurisdictions, current Forest Resources staff, capital (i.e., buildings, trucks) and operations and maintenance. Once transfer is completed, the Yukon government is expected to introduce new policy, legislation and administrative guidelines. The Yukon Territorial Government (YTG) has no, or chooses not to reveal any, formal plans for policy and legislative development until the transfer is complete. Forestry staff and resources are, however, expected to increase under territorial control. The YTG expects that the staff and resources of the Watson Lake District will increase after transfer. They would like to hire a Registered Professional Forester at the District. Currently there is no forester on staff in the District offices.

The Yukon Government agrees, apparently, to manage the forest resource in accordance with the federal fiduciary responsibility to First Nations. Both parties recognize that the federal government retains its fiduciary responsibility and will apply it as is done in other provincial jurisdictions. First Nations are not included in the transfer discussions. The Council of Yukon Indians (CYI) have refused to participate in transfer negotiations, choosing at this time to focus on completion of an umbrella framework agreement which would define First Nations control of and responsibility for, among other things, natural resources under lands under claim.

Northwest Territories

The Government of the Northwest Territories and the federal Department of Indian Affairs and Northern Development have undergone significant changes with regard to forest and land management in the past few years. Responsibility for land and resource management and planning rests with the Ministry of Renewable Resources within the Government of NWT. Issuance of development and environmental permits rests with the Department of Indian Affairs and Northern Development. Both governments are continuing to pursue a policy of devolving responsibility from the federal to the Territorial government. The pace is not as swift as the Yukon's, due to significant changes brought about by comprehensive land claims.

Currently, NWT is dealing with the implementation of three comprehensive land claims with the Gwich'in, Inuvialuit and Nunavut. These agreements will require the establishment of shared jurisdictions and resource management, division of responsibilities and, in the case of Nunavut, the partition of the Territories.

In forest and land management areas, the Ministry of Renewable Resources is developing a new forest policy framework. They are moving toward an integrated, community-based land and forest management planning process. The process will involve community control through working partnerships within communities, including both Aboriginal and non-Aboriginal peoples. The Territory has participated in a number of pilot projects to test the integrated community approach. The Liard Community Integrated Planning Model and the Fort Simpson Resource Management Program are two of the test models.

The NWT Government is also running an education and training program which provides

practical experience and training for land and resource management.

RESULTS

OWNERSHIP AND TYPE OF OPERATION

Table 1 shows a profile of survey responses according to ownership and type of operation. The largest number of responses came from integrated pulp and paper and lumber operations. Most of the responses were from the woodland sections of these operations.

I OWNERSHIP	Number of Survey Respondents	
Canadian or non-Canadian	Canadian	Non-Canadian
	7.5	4.5
Canadian Head Office	Port Hawkesbury	1
	Montreal	4
	Toronto	1
	Sault Ste. Marie	1
	Thunder Bay	1
	Calgary	1
	Prince George	1
	Vancouver	2
	Saint John	1
Corporate Headquarters outside Canada	U.S.	2
	Japan	1
	Sweden	1
Worker owned (If yes, percentage)	None	
Aboriginal owned (If yes, percentage)	1	

II TYPE OF OPERATION	Number of Survey Respondents
Pulp and Paper	2
Lumber	1
Integrated Pulp, Paper, Lumber, Woodlands	10
Forestry Consulting	1
Woodlands Operation	

Table 1. Industry Survey Responses Showing Ownership & Type of Operation

EMPLOYMENT

An inquiry about the total number of employees, occupations, a breakdown by full-time, seasonal, part-time, Aboriginal and unionized was not answered in a way to display the information uniformly for the industry. Some operations were so large and integrated, covering numerous divisions from regional to manufacturing facilities to woodlands operations that companies were unable to provide a breakdown of exact employment figures. One company was in a proposal stage and not yet in operation, so all figures were theoretical. Another forestry consulting company was Aboriginal operating with only two full-time employees. Most companies were unionized to some extent.

The forest industry's present employment environment has been sculpted by several global economic forces. Increased international competition, requirements for increased productivity, economic recession and public demand for better forest management have all affected the Canadian forest industry.

A few companies said that they are experiencing growth due to capital investments such as new mill purchases, increased operations capacity or value added product development. One company noted that their pulp mill workforce expanded because of environmental technology improvements. One company was maintaining the status quo but incurring losses. Closure or reductions in mill operations were not considered because of recent significant investments in new mill technology and the need to maintain and satisfy customers. The company was riding out the difficulties. However, growth or status quo were very much the exception among survey participants.

Most companies have decreased their workforce over the past five years. Fluctuating prices due to the cyclical nature of forest commodity prices, mechanization and increased competition have contributed to layoffs and a restructured workforce. In the face of greater competition, companies rationalized operations, reorganized workforces, increased contracting services and made technological improvements to gain the upper hand. Most companies have now contracted all of their woodlands operations, significantly reducing company payrolls. Technological and mechanical changes have resulted in lower employment levels for both woodland and mill operations. One company said that:

> *Our product is costing more than what we can sell it for. The only way to get out is to cut jobs, get existing people to do more work, cut expenses to the bone and develop new technology to increase productivity.*

Aboriginal Employment

Most companies were unable to identify the exact number of Aboriginal employees. Companies do not require Aboriginal employees to identify themselves as such on job application forms and so much of this knowledge rested with individuals and was dependent on

how well the interviewee knew the company's operations. Questioning racial origin on employment applications may be interpreted as discriminatory, but the practice can also be helpful in employment equity programs to determine whether companies are meeting hiring goals. Most interviewees were more familiar with woodlands operations and less familiar with employment in mill facilities, although most interviewees concluded that Aboriginal employment was higher in woodlands operations than it was in the pulp and paper mills.

Generally, Aboriginal employment in the forest industry seems to be low. The *Aboriginal Forestry Training and Employment Review Phase I Final Report* (Hopwood et al, 1993) summarized Aboriginal employment in the forest sector based on the 1986 census. Of a population of approximately 450,000 (about 2% of the adult Canadian population) over 15 years of age, 65% worked during some period of 1985 or 1986. Of this number about 3% worked in the logging and forestry industries. Work in this sector was most significant in British Columbia where just over 7% of the working Aboriginal population was employed. In other provinces and territories, logging and forestry provided less than 3% of Aboriginal employment. Aboriginal employment was lower in the wood processing occupations, particularly in the pulp and paper sector. The highest concentration of Aboriginal workers was found in the "forestry conservation" sector, mainly in fire control. There was also significant employment in the "labouring" category which includes seed-cone collection and treeplanting.

Aboriginal people are under represented in almost all employment categories and skill levels, particularly when comparisons are done at a regional level where Aboriginal populations are highest. Those positions requiring higher skills and management categories have the lowest representation. Aboriginal representation appears higher in woodland and silvicultural operations, particularly where companies are contracting to Aboriginal businesses.

Companies identified lack of education and training as the largest inhibitor to increased Aboriginal employment. Continued technological improvements will demand further knowledge, skilled trades and higher levels of education. One company now demands, as a minimum requirement, a 4th class steam ticket to work in their mill operation.

Several companies said that they found it very difficult to recruit from the Aboriginal population. Aboriginal post secondary students tend to concentrate their studies in general arts, law, nursing, social work and education fields. There are few Aboriginal post secondary students enrolled in sciences. Foresters, forest technicians or biologists are not commonly chosen careers for Aboriginal students. Skilled trades people are also difficult to find in Aboriginal communities. It is worth noting that the Aboriginal population is growing at a more rapid pace than the overall Canadian population, and therefore the issue of youth training and employment in Aboriginal communities will gain prominence.

The downsized and increasingly competitive environment is also seen as a major contributor to fewer Aboriginal employees. Long-term contractors and low employee turnover has led to a stable and less dynamic workforce:

> *New technology requires more education and skills, unavailable to many Aboriginal people. Trades require a minimum grade twelve education. Increased safety and labour regulations have also contributed to less Aboriginal employment. Stricter regulation, collective agreements and a low employee turnover require a greater commitment to the workplace. Prior to the 1980's turnover was much higher. As fewer people moved from their jobs, seniority provisions worked against the Aboriginal employee.*

While the industry was expanding, Aboriginal employment was less of a problem. Companies could sustain a good deal of turnover. In a shrinking market, lower seniority works against the Aboriginal employee.

> *In the recent past, many Aboriginal people have lost their employment due to reductions in the workforce. Aboriginal work patterns (often seasonal or short term) and union seniority rules within collective agreements usually lead to Aboriginal people being laid off first and called back last.*

Many respondents suggested that the workforce has been stable for the past few years. The low level of turnover applies to both Aboriginal and non-Aboriginal employees. Where there has been turnover, companies believed Aboriginal people left because of reasons ranging from better opportunities elsewhere to uneasiness with an indoor workplace requiring mechanical skills and routine, repetitive tasks. Several companies also believe that poor work habits, a lack of commitment to the job, poor self discipline and a culturally inappropriate work environment inhibits Aboriginal employment.

> *[Aboriginal people] lack a work ethic: keeping regular hours, staying at the job year round. This is difficult to correct in one generation. It's difficult to maintain motivation when most people in the [Aboriginal] community are on UIC or welfare.*

Given the present economic climate, most companies see joint ventures and contracts with Aboriginal people as the most promising route for increased employment.

Before Aboriginal people are offered employment or contracts, most companies believe that higher levels of education and skill training are essential. Several companies offer scholarships and/or summer student employment programs, either specifically targeted to Aboriginal students or available to them. Scholarships, typically, cover tuition fees, book allowances, housing costs, reasonable living expenses and other assistance, as well as summer employment and possible career opportunities. Participation rates for Aboriginal students are unfortunately low.

Another avenue for increasing Aboriginal employment may simply be the presence of Aboriginal people within the company's operations. Several companies said that once a

critical mass of Aboriginal employees enter an operation, the numbers of Aboriginal employees tend to increase. They believed this was due to lower levels of discrimination among those hiring for the company.

Employment Equity

Respondents suggested that employment equity can work, under certain conditions, to increase the numbers of Aboriginal employees. Most believe, however, that the present economic climate is not conducive to the application of employment equity programs.

Respondents recognized that they must do more to better reflect the community in which they operate. However, if employment equity is undertaken, the implementation time frames must be at the company's discretion. A number of companies mentioned that they must hire and promote according to the collective agreements negotiated with their unionized employees. Unions must also cooperate in the implementation of such programs.

> *Employment equity and participation of Aboriginal people should lead to better management practices and decision-making. In the past, employment equity has not been well carried out. Education of the workforce and management is key to a program's success.*

Most companies do not presently have an employment equity program. The reasons given included:

- difficulties hiring in times of downsizing;
- don't like imposing quotas;
- resentment from other employees;
- not willing to displace current employees;
- does not dovetail with business decisions in a highly competitive environment;
- best when implemented voluntarily where it can reflect the values and concerns of the company's culture and business plans;
- difficulty when recruiting for a highly skilled and technological workplace (i.e. pulp mills);
- difficult enough to attract people to the north.

Several spoke of attempts to hire locally in order to more adequately reflect the community in which they operate.

Those few companies having an employment equity program stated that the policy is difficult to implement because of the downturn in the industry. Most companies have not hired for the past few years and therefore could not improve their equity numbers. Companies did suggest, however, that having a more representative workforce, particularly Aboriginal people, will likely improve community relations and the company's corporate image.

Aboriginal Liaison/Affairs

Participants were asked whether the company had a specific position dedicated to Aboriginal liaison. None of the companies surveyed have a position exclusively dedicated to Aboriginal matters. Most indicated, however, that they do have designated responsibilities for Aboriginal liaison somewhere within the company. Those individuals responsible for Aboriginal relations are usually senior management, chief foresters or general managers at the division level.

Policy

Senior and executive management are usually responsible for the development of employment policy. Most companies identified the vice-president or chief forester as the responsible party. Employment equity, in relation to federal initiatives, was most often developed at a corporate headquarters level. Most companies, however, charged senior management at the operations level (province) with employment policy related to particular operations. Application of policy would be carried out at the level of hiring, often under the direction of human resource managers. Several respondents use peer hiring teams to select new employees. Peer teams are instructed and guided on company requirements and policy.

PARTICIPATION/CONSULTATION

Industry/Aboriginal Relationship

Most companies characterized their relationship with Aboriginal people as positive and steadily improving. Respondents suggested that, where a business or partner relationship had developed, the relations were positive. Most of the respondents had some business or employment relationship with First Nations or Metis people. Companies believe that as dialogue increases relationships improve.

On a political level, however, the relationship can be strained and unproductive. Companies expressed frustration with the "political whipping" they often take from Aboriginal leaders who have little understanding of the industry or business. Respondents believe the present political relationship is caused by a history of mistrust, ill faith and a legacy of resource development that has not been beneficial to Aboriginal communities. One company noted that the electoral provisions of the *Indian Act* allow for only a two-year Band Council term. Such a short period demands the infusion of "too much politics" into the decision-making system at the First Nation level. Companies preferred meetings about specific issues which needed to be solved rather than meetings which address the general relationship.

Where organizations and communities perceive forest activity to conflict with their use of the resource the relationship can be confrontational:

> *The nature of our company's relationship to Aboriginal groups and/or*

> *communities is linked by virtue of employment, economic and environmental matters related to our business. Some very tangible successes have been achieved in each of these areas from early dialogue (to avoid confrontation) to successful business enterprises. The pursuit of a land claim settlement by X community and its own complexities have precluded similar successes between our company and this community.*

Companies were unanimous in stating that establishing better relations with Aboriginal communities is critical to security of harvestable timber and a future fibre supply. It is the largest influencing factor in forest industry and Aboriginal relations. Companies, in many parts of the country, are facing inevitable reductions in the annual allowable cut. Access to First Nation controlled land, particularly in the future, could provide the difference between enough supply and an inadequate amount. Building successful relationships promotes stability, provides a broader base of supply, avoids confrontation and leads to better public relations.

> *In certain cases, the future of the company is more closely aligned to the stable economic future of our operation. Security of fibre is an obvious benefit to development of better relations. More participation of First Nations also helps to mitigate a negative environmental focus.*

Companies stated that the government must resolve "who owns the resource." Ownership, however, is not as important to companies as access to supply. Any solution to the Aboriginal question is acceptable provided such a solution guarantees access to resources, includes fair compensation or does not result in incremental costs to the company.

Consultation

Most companies must consult with Aboriginal communities as a requirement of their operating licence granted by provincial governments. In most cases, five-year general plans and annual harvesting plans must be shared with all stakeholders and communities prior to approval from provincial officials. Typically, companies conduct open houses and invite the participation and comment of Aboriginal and other stakeholders. In some cases, the provincial government plays an intermediary role. Most companies indicated that Aboriginal communities do not often participate in the process. A number of companies stated that meetings or dialogue most often occurs after the company is operating in a particular area when they are suddenly faced with confrontation by Aboriginal communities who have complaints about forestry practices.

Other consultation takes place between the companies and Aboriginal communities on specific issues, business arrangements or attempts to foster better community relations. Forestry companies prefer those relationships based on business arrangements. Most companies expressed a desire to sit down with Aboriginal leaders, communities and entrepreneurs to discuss business and contracting opportunities.

Respondents said that, when dealing with Aboriginal people, they most often meet with the Chiefs and political leadership of Aboriginal communities. They did not often deal with forestry specialists at the First Nation or Metis community level. At times, they deal with economic development officers. Many companies expressed frustration with the Aboriginal leadership's apparent lack of knowledge about forestry or resource development matters. They believed that most Aboriginal government institutions, whether community or tribal organizations, did not have the expertise or knowledge to deal with complicated land use and forestry issues. Respondents believed that there is a need to improve the number of Aboriginal government employees in the business and economic development field.

Companies indicated that senior levels of management--vice-presidents or chief foresters--are primarily responsible for developing consultation policy. Operations or division management usually carry out consultation policy and respond to specific situations.

Awareness of Aboriginal Issues

Survey participants were asked if their company conducted or participated in any seminars on Aboriginal issues, race relations or cross cultural awareness. Most respondents said that senior management had been involved with seminars, business conferences and workshops regarding Aboriginal issues. Few have attended cross cultural training, but rely on meetings and practical experience to become more familiar with Aboriginal people and issues.

Most respondents believed that their attendance at conferences, seminars and cross cultural workshops had helped to raise awareness and promote better understanding of Aboriginal issues within the company. In today's forestry environment, most companies recognized that Aboriginal issues must be accounted for in both planning and operations processes. Many believed that their involvement has lead to a greater exchange between themselves and the Aboriginal community. However, most attendance at such workshops was restricted to senior management level. Most companies did not have a forum where their workers had the opportunity to participate in programs addressing Aboriginal issues. Companies were split on whether such workshops would be valuable for their employees:

> *Dealing with racism is an expensive proposition for companies. Where will the money come from? Customers don't care if there is an equity program, they just want quality economical product. If the customer isn't willing to pay, who is going to?*

Several companies had lent financial support to various Aboriginal businesses and cultural events. While they believe their support for such events has increased awareness within the company, it has not necessarily translated into a better public profile among Aboriginal people.

Traditional Use and Land Claims

Almost all companies were aware, to varying degrees, of hunting, trapping, fishing and cultural sites within their operating area. However, information is obtained informally through the knowledge of an individual, discussion with Chiefs or trappers, letters objecting to current logging activities or a blockade. Almost no companies have a formal mechanism through which to identify Aboriginal traditional use areas. One company had developed a policy of approaching Aboriginal communities directly before operations plans were developed to find out their concerns. This policy was developed after the company lost money when a plan had to be rewritten to accommodate concerns brought forward after the plan had been prepared.

Several companies expressed frustration at "vague" Aboriginal claims to entire traditional use areas. They said that specific information is difficult to obtain and that First Nations are reluctant to share information with the industry due to mistrust and the issue of propriety. One company indicated that it is preparing to use geographic information system (GIS) technology to predict high use of traditional areas.

> *In the Model Forest project, a consultant has ben hired to complete a cultural study. The study will use GIS technology to predict resource conflict areas of high probability. The company hopes to use the experience of the Model Forest research and expand it to other areas of operation.*

As with traditional use, most companies are aware of some land claim activity but only on a superficial level. If a company is acutely aware of a land claim issue, they are most likely drawn into the negotiations, facing blockades or party to a compensatory settlement. Most respondents indicated that the settlement of claims is the responsibility of governments and Aboriginal people. Although companies did not like the uncertainty resulting from unsettled claims, company operations usually continue with the endorsement of provincial regulators.

Many respondents expressed frustration with the apparent inertia over resolving claims, blaming both government and First Nations for the failure to deal with the issues efficiently. Companies want a resolution to the claims in order to provide some certainty in fibre supply.

Companies suggested that they are reluctant to become involved in the resolution of political issues. Provincial governments have granted them tenure, through a licence system, to Crown timber. Companies have a right to conduct business under the provisions of these licences. It is up to the federal and provincial governments to deal fairly and justly with Aboriginal claims and issues. The forest industry is simply looking for certainty and security of the wood supply at competitive rates. Respondents suggested that they are willing to explore issues and opportunities that would improve their relationship with Aboriginal people. They are prepared to help, where appropriate, toward improving the economic position of Aboriginal communities within their operating area. They will also entertain any other proposals that will provide them with security of access to Crown forests.

> *The company is willing to explore any initiatives that could be mutually*

beneficial to First Nations and the company's stakeholders (shareholders, financiers, employees, community, etc.).

A number of companies have let government know that they require a resolution to land questions. There is also a good deal of confusion with regard to precisely what issues Aboriginal people want addressed. Do they want land? Employment? Are they looking for a piece of the action? A better standard of living? From the industry's perspective, Aboriginal people must identify the issue with clarity and be willing to propose mutually beneficial resolutions.

Almost all respondents indicated that the establishment of a business relationship through contracts and/or joint ventures represented the best opportunity for increased Aboriginal participation in the industry. Companies indicated that they were willing to "cut deals". Suggestions included:

- arrangements to have land made available to Aboriginal contractors;
- providing a guarantee of purchase;
- establishing offices on-Reserve;
- tendering contracts through invitation to bid.

Some companies also said that they are willing to provide greater Aboriginal participation, within reason, in the planning of harvesting activities. Smaller clearcuts, greater consultation and less damaging activity were all cited as possible or negotiable changes to current practices. Companies recognize that dealing with Aboriginal people will be part of their future operations. The development of higher standards of forest management through forest practices codes and "eco" labelling of forest products may soon provide the impetus for companies to consult with Aboriginal peoples. The companies indicate a willingness to reach out to Aboriginal people in exchange for security.

Several companies cautioned, however, that they should not be seen as able, nor can they attempt, to solve the huge unemployment problems in Aboriginal communities. They also drew attention to the fact that much of the contracting infrastructure, similar to the workforce, is currently stable. Contracts for such operations as harvesting, silviculture, planting or servicing mills are either multi-year arrangements or rolled over on an annual basis. Increased Aboriginal participation may displace current contractors. A renewed relationship between forestry companies and Aboriginal people must be based on sound business principles that benefit both partners.

CONTRACTING

Most of the companies increased the number of contractors substantially in the early 1980's. Woodland operations significantly reduced their workforce and moved to contracts for harvesting, road building and silviculture work to reduce company payrolls. Most respondents

had dozens of contracts; some had hundreds. Dollar values and percentage of total production varied between each respondent. The dollar value of overall contracts ranged from $8 million to $100 million plus.

Although almost all companies had some contracts with Aboriginal businesses, these contracts usually made up less than five percent of the total number. The annual dollar value for Aboriginal businesses ranged from $200,000 to $12 million. Most respondents indicated that the total percentage of work from Aboriginal contractors is less than one percent of overall production.

> *With the large number of business units it is difficult to determine the exact number of Aboriginal contractors. However, we believe there are very few.*

> *All logging operations are done with contractors, approximately 5000. Five are with Aboriginal bands.*

There are some exceptions:

> *Of the six major fibre contractors, five are Aboriginal owned businesses (Metis). The contractors produce approximately 30% of the wood supply.*

Most respondents believe that the number of Aboriginal contractors could be higher, particularly in those areas where a large portion of the population is Aboriginal.

In the past five years, most respondents indicated that the number of contractors has remained stable. Some companies experienced increases, others moderate decreases. Increases occur as direct employment decreases. Contracting decreases as companies further mechanize or attempt to consolidate their contracting to longer term, stable suppliers. Most companies are projecting present trends into the next five years. Respondents indicated that there is "some" room to increase the number of Aboriginal contractors.

> *There is some opportunity for further Aboriginal involvement in the harvesting of timber in low capital, labour intensive logging. More stringent environmental regulations may lead to the requirement for less mechanized harvesting in sensitive areas.*

> *Opportunities for Aboriginal communities have been identified in the silviculture area.*

Respondents recognized that there are incentives to increase contracts with Aboriginal businesses. A number acknowledged that Aboriginal people must obtain a greater share of the economic benefits derived from the forest industry. Incentives included building better relationships, less conflict, security of fibre supply and a better public image. No respondents,

however, mentioned economic incentives accruing to status Indians under federal obligations related to income tax, medical benefits, sales tax, access to education and training dollars, among others.

Companies also identified many barriers which prevent Aboriginal businesses from having more contracts with the industry. The barriers include:

- lack of training and knowledge of production;
- poor track record--volume commitments were rarely met;
- lack of business skills;
- lack of capitalization and the high cost of mechanization;
- too much politics.

Several respondents also spoke of the apparent lack of entrepreneurial drive and inability of First Nation businesses to operate efficiently.

> *The Company has found, through experience, that they have had more successful business relationships with Metis entrepreneurs than with the First Nation businesses or communities. Community ownership, most often the route chosen by First Nations, is less reliable and much more political than private ownership. Consensus management is problematic when running a business where reliability, accountability and the security of the wood supply is paramount.*

> *The welfare mentality, poor work habits and Indian Act disincentive to businesses contribute to the difficulty experienced by status Indians.*

Companies believe that a more aggressive training approach is required to enable Aboriginal businesses to compete on an equal footing. Respondents cautioned that "instant" Aboriginal businesspeople will not result from quick government training programs. Entrepreneurial development must be encouraged and nurtured within the Aboriginal population. Support is also needed for capitalization of Aboriginal businesses. Technology and mechanization are expensive investments. Respondents points out that the industry requires demonstrated success. They need some assurance that the relationship will be long term, economically beneficial and that the contractor can deliver. Companies believed that an important element to building a successful "business" relationship was to reduce the role of politicians.

To increase the number of Aboriginal contractors, companies may have to adjust their policies and procedures for awarding contracts. Senior and executive management develop contracting policy. Local operations, woodlands managers or division level employees tender and award contracts. Most companies award contracts based on price and the contractor's ability to deliver the product. Companies indicated that the contracts are either multi-year or rolled over annually. Currently, the contracting infrastructure of those companies interviewed appeared relatively stable.

BUSINESS PARTNERSHIPS

Most companies have few, if any, business partnerships with Aboriginal people. Most company partnerships are with other large forest industry companies or businesses. Companies suggested that they are more responsive to a contracting relationship than negotiating positions on equity with Aboriginal businesses or communities. The decision to enter into partnership must be strictly business and have clear financial benefit to the company. Saw and pulp mills are capital intensive operations, probably too large for most Aboriginal businesses or investors. Investment of revenue from land claim settlements is perceived to be one area where opportunity for partnerships may exist.

One company had recently formed a joint venture partnership with an Aboriginal business and community:

> *The Company holds a 20% share in the First Nation company and milling operation. The company provided capital as well as engineering and management expertise. They will undertake a training (trades and management) program at the mill. The company's involvement provided the banks with confidence to provide further equity. The company will also receive a guaranteed fibre supply to its pulp and wood chip operations from the First Nation forest tenure.*

RESOURCE MANAGEMENT

Surveyed companies operated throughout the country, primarily in the northern regions. Most companies controlled large tracts of Crown land through area-based tenure licences. The majority of large area-based licences carry forest management responsibilities for harvesting, silviculture, planting, road building and tending to the free-to-grow stage. Some licensing arrangements, such as British Columbia's Tree Farm Licences, also obligate the company to manage forest lands for other uses such as recreation and range grazing. In most provinces, however, the forest licence agreements obligate the holder to manage for timber harvesting activities only. Area-based tenures may allocate a specific tree species to the holder. Other uses are managed by the province including the allocation of timber quotas and dispositions. Some provinces also undertake a greater number of forest management activities, such a timber inventories and silviculture. Most large area-based agreements carry a twenty-year term rolled over every five years. Companies are obligated to submit five-year and annual harvesting plans to provincial forest ministries. Most are required to consult or provide the opportunity to share plans with the public and stakeholders, including Aboriginal communities. Some provinces also allocate third party harvesting rights within area-based forest management agreements while in others, it is the company that grants third party rights.

Several companies hold volume-based tenures. These are usually awarded on a five- or one-year basis and typically carry less management responsibility than the larger area-based

agreements. Provinces assume greater responsibilities for planning and management in volume-based tenures.

Shared Management

Most companies are not participating in any "formal" co-management or shared management arrangement with Aboriginal communities. Indeed, many respondents expressed confusion over the precise definition of "co-management" or shared responsibility. Those that participated in shared management described it in terms of advisory boards and consultation mechanisms. Many respondents see co-management as another layer of bureaucracy.

> *Negotiations (between First Nations and the Province) are leading to the establishment of comprehensive comanagement boards responsible for land use planning and recommendations to Ministries. No Ministry's rights or authority are being delegated to the board. Without decision-making authority the comanagement boards cannot provide certainty of supply, our main concern.... We are concerned that comanagement will only change the location where disputes take place rather than solve the problems.*

Most companies are not presently operating in areas of Aboriginal/government resource management agreements but foresee the possibility in the future. Those that chose to comment on the arrangements are sceptical about their success:

> *The company operates in areas where there are species specific management agreements (moose). A good deal of confusion and differing interpretations exist among the various participants. Some believe that the agreements give them the right to control all resources and activities seen to be impacting on the moose.*

Companies that are participating in joint management arrangements are doing so to secure future rights to timber and because it makes business sense. There is nothing altruistic in the motivation of the forest industry. Companies believe that joint ventures, shared management and better relationships will result in a secure supply of fibre into the future. Several companies said that they agreed to shared management at the insistence of the provincial government.

Other companies believed that shared management provides a different and better way to manage forest resources:

> *Shared management is ... a better way to understand the needs and aspirations of those who work on the land base. I'm a firm believer that we can supply most of those needs at little or no cost and we can have a better understanding of management principles and processes which we're going to need if we're to*

do a better job of management.

Some companies indicated that they were involved in Model Forest projects [see Appendix III]. One company is involved in a Model Forest with four Aboriginal partners. Those involved were very positive about the potential success of the Model Forest projects:

> *The Model Forest is made up of a corporate body of stakeholders and partners in forest management. There is a clear set of objectives and all partners have bought into the process. The arrangement looks very attractive for future endeavours.*
>
> *The company believes that the Model Forest project is working because of the commitment of the participants and the clear objectives.*
>
> *The basic principle behind the Model Forest is that individuals and individual groups have a narrow concept of what they need; however, their understanding of the multiplicity of needs or linkages between needs and where opportunities and impacts on the resource lie is poor. We must have a menu of wants and needs and understand how they relate to one another. Secondly, we must have the technical and professional management to indicate what is possible on an ecological basis to meet those needs. We have to understand the outcome, trade-offs and choices involved. Model Forests act like a small town council in which stakeholders have the right to use their representatives to decide the value they will receive, how that value will be distributed and what the impacts will be.*

The vast majority of respondents have not pursued shared management. Where the opportunity has presented itself, or been forced upon them, they have participated. One company suggested that within certain jurisdictions government, industry and Aboriginal policy positions have not matured for this type of structure to exist.

Although First Nations have approached many of the companies interviewed, most companies were not enthusiastic about the prospect of joint or shared management. They favour business relationships and believe that the required management expertise does not yet exist within the Aboriginal community. Most companies believe that the idea of comanagement, while it may be inevitable, still requires some clarity of thinking. They are unclear about what exactly comanagement means.

Scepticism of provincial initiatives and the vast number of intangibles are a concern for industry. Some respondents expressed the opinion that Aboriginal groups should be treated as any other forest stakeholder and that other resource users see comanagement as providing an unfair advantage to Aboriginal people. Some believe that it is simpler if one party has responsibility for resource management.

> *Comanagement arrangements add another party to management, which in itself adds another medium that can further complicate, not assist, the process. Government is largely the driver of these issues in our sector and they have not moved substantially in this area. For comanagement to be effective, both parties must be held responsible for their actions.*

One company, whose area of operation was to be affected by comanagement negotiations underway between a First Nation and a provincial government, corresponded with the provincial government pointing out that the Aboriginal community was just one of many "stakeholders" in the area and should be treated as such.

Respondents overwhelmingly stated that a business relationship built on contracts and joint ventures is preferable to shared resource management mechanisms. Companies believe that business relationships are much more productive and better address economic spin-offs from development. Companies expressed the desire to deal with one authority rather than layers of bureaucracy (the current perception of comanagement arrangements).

> *Where Aboriginal control of the sector is established, comanagement of this resource by the operator and the community makes sense. Where the resource is outside the bounds of Aboriginal control, then common sense and good operational communications and potential involvement in the business through employment of business opportunity makes sense.*

GOVERNMENT INVOLVEMENT

Respondents noted that their primary contact is with provincial forest services and ministries through provisions in the licence agreements and direction on forest use and management. Where ministries or departments of Aboriginal affairs exist, companies may have some contact and dialogue about Aboriginal initiatives.

Dealings with federal departments was sporadic. The Department of Indian Affairs seemed to be involved in issues related to land claims and on-Reserve forestry and environment. Human Resources Canada (formerly Employment and Immigration) is at times involved through employment and training programs. Surprisingly, very few companies mentioned any contact or relationship with the Canadian Forest Service of Natural Resources Canada (formerly Forestry Canada).

Respondents overwhelmingly expressed frustration and disappointment with the role of government. A number believe government should get out of the process all together and allow companies to build relationships with Aboriginal communities free from interference. Many believe that government contributes little to solving Aboriginal issues, fails to share plans and information with the industry and negotiates deals behind industry's back. Many are frustrated with the continued ambiguity regarding the Aboriginal land question:

> *We are frustrated with both government and Aboriginal attendant issues which impact our relationship with Aboriginal people. The frustration level is very high with government and First Nation (politicians and bureaucrats) inertia regarding the resolution of land claims.*

Forest Codes

Most respondents are either signatory to or working on the development of forest codes of practice. The industry codes typically deal with management and environmental guidelines. A number of companies stated that the industry is writing codes in various provinces in an attempt to stave off the B.C. situation where the provincial government has written a code of practice. One respondent noted that codes are fine but the "proof is in the pudding." The respondent called for independent evaluations of forest practices and also expressed frustration with an Aboriginal-led initiative to develop a forest practices code:

> *The National Aboriginal Forestry Association, which is developing an Aboriginal forest practices code, is becoming like a bureaucracy.... They aren't providing any real information about how Aboriginal people are managing forests.*

FUTURE RELATIONS

Respondents suggested that they will continue to reach out to Aboriginal communities and build stronger relationships into the future. Potential initiatives included:

- more dialogue to develop trust with Aboriginal people;
- develop business opportunities;
- explore employment opportunities;
- employment equity, joint venture, scholarship programs and training;
- more involvement in education and training;
- willingness to discuss shared management.

Respondents, again, indicated that a stronger working relationship with Aboriginal communities will lead to greater security of fibre. Companies stated that changing management approaches, community involvement and local control, land claims resolution and demographics, particularly in the north, all point to the need for better relationships with Aboriginal people and communities.

> *We don't want to be in a position down the line when Aboriginal people have ownership of land where we don't have a working relationship with them.*

Developing a stronger relationship is a legitimate business consideration for most of the companies. They believe that all forest stakeholders must work to foster better relationships.

Both the corporate headquarters and the local operations levels need to become more sensitive to Aboriginal issues and develop a greater understanding of Aboriginal needs. Efforts should not be limited to the industry:

> *Management, union, governments and educators must begin to coordinate efforts to create opportunities for Aboriginal people. Financial constraints cannot be allowed to impede the removal of obstacles. Further involvement of Aboriginal people will bring a better perspective to decision-making and reflect community values and aspirations more clearly.*

Most companies indicated that division or local management is responsible for addressing future relations with Aboriginal people. Boards of Directors confirm policy but rarely participate in its development. Division management would also be responsible for implementation of future initiatives. Some companies indicated that senior executive management are driving future policy with regard to Aboriginal issues.

CONCLUSIONS AND RECOMMENDATIONS

The problem in evaluating the ingredients of success or failure of Aboriginal participation in the forest industry is defining "success" or "failure." But, in most terms, whether they be levels of employment, numbers of contracts awarded, protection of traditional uses or culture or meaningful participation in forest management decisions, the current relationship between Aboriginal communities and the forest industry varies considerably, but is generally poor.

THE BUSINESS RELATIONSHIP

The forest industry is quite clear about its needs and preferences for developing future relationships with Aboriginal communities. The industry sees certainty as the necessary ingredient for business success. Certainty is defined in terms of:

- tenure,
- security of wood supply at globally competitive rates,
- an avoidance of conflict which could jeopardize production and
- an improved public corporate image.

If Aboriginal communities, individuals or companies can contribute to these corporate goals, the forest industry is willing to do business.

The industry overwhelmingly prefers a business-based relationship such as contracts to supply wood to mills or joint ventures. Many forest companies have, or are, developing such relationships with Aboriginal businesses. However, with very few exceptions, the relationship is based on the forest industry and provincial government priorities. As long as Aboriginal contractors can meet production quotas, time limits, negotiated prices and work within the current forest management regime, forest industry companies predict a mutually beneficial relationship. Many companies are willing to provide training to meet these goals through joint ventures or company employment leading to independent contracting. A few companies have a number of such relationships that have been built over time, usually with a strong commitment to help to solve problems along the way.

Joint ventures may also prove successful, but they are relatively new arrangements which must stand the test of time. Crucial to these new arrangements, which often involve granting Aboriginal businesses some form of tenure or forest license, is the co-operation of the provincial government. The trilateral nature of these relationships (provincial government, Aboriginal business, forest industry company) may also be a means to develop better relations and understanding of the other parties' priorities. However, the relationship will be based on current economic conditions and provincial licensing and forest management requirements. Aboriginal participants may be forced to compromise their view of land use and care which may lead to conflict within the Aboriginal community, such as happened at Meadow Lake. Participants in such ventures should not be under the illusion that a business relationship will

solve the underlying conflict between current forest practices and the desire for forest management practices which will ensure that traditional Aboriginal forest activities are protected. Experience has proven that this is not the case. The barriers to successful business management must be addressed.

RECOMMENDATION: That the forest industry, with the support of governments, be encouraged to explore possibilities and to assist Aboriginal people to enter forest-related and industry-linked businesses. Included should be related training, advice and coaching in business skills and culture to enhance learning and chances for success. Such opportunities may include silviculture contracting, forest management activities, environmental assessment and monitoring, support services and value added manufacturing, as well as logging.

FOREST MANAGEMENT

Most forest industry companies have clearly stated their willingness to deal with Aboriginal issues and communities. However, this willingness is tempered by the limitations placed by the industry on such dealings.

Several forest industry representatives in this study conjectured that Aboriginal people lacked the business or technical skills required to operate a successful forestry operation. But it may also be the limitations of business relationships which explain the reluctance of many Aboriginal communities to engage in forestry operations. What is missing from the business relationship is a consideration of the quality of forest management itself. The forest industry has in the past been restricted to timber harvesting. The dearth of responses in this survey on the quality of forest management indicates that this situation continues today. Only a few respondents allowed that Aboriginal involvement might improve their forest management practices, and only a few reluctantly conceded that companies might consider voluntarily altering forestry practices to accommodate Aboriginal concerns.

It is in the area of forest management that the greatest opportunities for Aboriginal communities exist. Involvement in forest management decisions will increase the potential for Aboriginal communities to benefit from forest development and to direct the nature of that development. These benefits might include increased employment, increased professionalism in resource management and, most importantly, improved forestry practices. To have meaningful input into such decisions, Aboriginal communities will need to work at several levels:

- at the community level to determine what kind forest management is desired;
- through existing consultation mechanisms provided by provincial governments on forest management plans in place and planned for the future; and
- in developing and participating in new models of forest management.

Developing Community Forest Management Goals

RECOMMENDATION: That Aboriginal communities and organizations be encouraged to carry on a dialogue about their vision of forest care.

This dialogue should be encouraged at a community level, across regions and nationally. Efforts should be made to share information, especially with those communities who have begun this dialogue or have some practical experience in implementing changes in forestry practices. Existing organizations such as the National Aboriginal Forestry Association are important in providing a focus for this dialogue.

Consultation

Dialogue between industry and Aboriginal communities is usually confined to specific issues that arise out of conflicting use or priorities. There is not a great deal of shared information or cross generation of ideas through informal or formal mechanisms. Aboriginal people are not participating in formal consultations processes established by the provinces (open houses, forest management plan reviews). Present consultation processes are not addressing Aboriginal concerns or, if an attempt is made, it is not done in a way welcomed or understood by Aboriginal communities.

Industry also indicated that it has no formal mechanisms to incorporate Aboriginal knowledge or traditional uses or values within their planning mechanisms. There may be something inherently contradictory about having Aboriginal values dovetailed into present timber harvesting plans, quotas and licensing conditions. Present planning tools and industry standards may not deal with "land care" and preservation of traditional Aboriginal harvesting practices. Other parties involved in forest management consultation may also have little understanding of Aboriginal issues and concerns.

RECOMMENDATION: That provinces and forest industry companies develop better consultation mechanisms that encourage more Aboriginal participation, with information that is easily understood by Aboriginal community members with no technical background.

RECOMMENDATION: That provinces require forest licensees with forest management responsibilities, as a requirement of their operating license, to consult Aboriginal people about inventory and protection of traditional harvesting practices and other forest values. Parallel guidelines on Aboriginal land use should be developed for other parties who are part of consultation processes on forest management (i.e. municipalities, outfitters, anglers and hunters, environmentalists).

Participation in consultation about forest management is important, but Aboriginal communities are finding it difficult to respond effectively to requests for their input. While

growing and assuming greater control over their communities' affairs, Aboriginal governments are typically small and undergoing a tremendous amount of change. They do not have the resources, financial or technical, to deal with the level of consultation in which they are being asked to participate. While national or provincial Aboriginal forestry organizations, relatively new themselves, may provide some assistance, Aboriginal governments need people at the local level.

RECOMMENDATION: That Aboriginal governments be given adequate preparation and resources to deal effectively and efficiently with the amount of consultation they are obligated to undertake. Intervenor funding for resource management consultations should be established through one body which has an arm's-length relationship with the provincial resource ministry or the forest industry to avoid undue influence from parties responsible for forestry practices.

New Models of Forest Management

Most forest industry companies expressed discomfort with current "comanagement" initiatives being negotiated between Aboriginal communities and some provincial governments. However, most companies believed that shared or comanagement will be an inevitable fact of their future and they have not walked away from the opportunity to participate when it has been presented.

The few forest industry companies who were involved in the federal Model Forest initiative spoke highly of the arrangements. More opportunities such as these for developing cooperative relationships and experimenting in forest management practices which incorporate all forest values should be supported and encouraged.

RECOMMENDATION: That Federal and provincial support of pilot projects, such as the recent Model Forests initiative, or Ontario's Community Forests program, should be continued and extended. These initiatives should include adequate Aboriginal participation and Aboriginal-led initiatives.

EMPLOYMENT AND TRAINING

It is clear that the forest industry perceives a lack of education and trained Aboriginal people in the forest management field as an impediment to Aboriginal involvement in their forest operations. While some of these perceptions may simply be excuses for not hiring or dealing with Aboriginal people, other studies, principally the AFTER Report (1992), have concluded that few Aboriginal people are pursuing resource management careers. As well, the type of employment available in the forest sector is becoming increasingly sophisticated and demanding higher levels of education and skills.

Industry and government should increase their efforts to attract Aboriginal people to these

fields. Several companies have commendably instituted scholarship and apprenticeship programs. Efforts at recruitment should be intensified and within companies, industry leaders can act as mentors to new Aboriginal employees. Aboriginal organizations, such as NAFA, need to assume a lead role in the promotion of forestry careers among Aboriginal youth.

Principally, however, the responsibility for directing education lies with Aboriginal communities and their leadership. Based on present trends in court decisions, provincial initiatives, land claims and industry's realization that Aboriginal people are important to their future, Aboriginal communities will assume increasing responsibility for forest management and decision-making. The Aboriginal community requires resources managers, environmental planners, biologists, foresters and forest technicians.

RECOMMENDATION: That Aboriginal communities be encouraged to be more strategic about their use of education funding and setting priorities for future requirements for trained forest sector workers and managers in their communities, including ensuring students have required math and science background and access to role models to provide inspiration.

In terms of forest management education, the forest industry is willing to assist Aboriginal students by offering scholarships and summer employment. Within mill operations, apprenticeship programs, while respecting union agreements and the current workforce, can also be useful in upgrading skills and providing opportunities for youth to enter the workforce.

RECOMMENDATION: That Aboriginal education authorities, provincial and federal governments, unions and the forest industry be encouraged to increase the effectiveness and availability of existing scholarship and apprenticeship programs for Aboriginal students and workers and where such programs are non-existent to institute them.

Educational institutions can also improve the climate for Aboriginal students in forestry faculties by offering support services and improve the quality of curriculum by incorporating Aboriginal values. The National Forest Strategy made such a recommendation in its Strategic Direction Number Seven on Aboriginal Peoples and this report supports that recommendation:

RECOMMENDATION (Strategic Direction Seven, National Forest Strategy): Post-secondary and professional forestry educational institutions will broaden their programs to reflect the Aboriginal land ethic as well as the constitutional status and positions of the Aboriginal people of Canada. (Canadian Council of Forest Ministers, 1992)

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APPENDIX I:
Questionnaire Administered to Forest Industry Companies

COMPANY
NAME OF INTERVIEWEE
POSITION IN COMPANY
ADDRESS
PHONE FAX

I OWNERSHIP

Canadian or non-Canadian
Canadian Head Office
Corporate Headquarters outside Canada
Worker owned (If yes, percentage)
Aboriginal owned (If yes, percentage)

II TYPE OF OPERATION

1. Type of operation (eg. lumber, pulp and paper, tourism and recreation, shakes and shingles, integrated)
2. List of major departments, i.e. field operations (specify type) and office administration

III EMPLOYMENT

a) DESCRIPTION

1. How many people work for your company, in what occupations, how many are full-time, part-time and seasonal; what percentage are unionized and with which union; how many are Aboriginal?
2. Does your company have an employment equity program?
3. Does your company have an Aboriginal Affairs position or department?

b) POLICY AND IMPLEMENTATION

1. What level of management develops employment policy? What level implements such policies?

c) ANALYSIS

1. If there have been changes in the number of employees, what is the reason?
2. How could employment of Aboriginal people be increased in your company? What do you think inhibits their increased employment?
3. Does employment equity work? Why or why not?

4. If Aboriginal people have worked for the company and left, why do you think they left?

IV PARTICIPATION/CONSULTATION

a) DESCRIPTION

1. How is your company involved in consulting with Aboriginal communities in your area of operation?
2. Has your company conducted and/or participated in any seminars on Aboriginal issues, race relations or cross-cultural awareness.

b) POLICY AND IMPLEMENTATION

1. What level of management develops consultation policy? What level implements such policies?

c) ANALYSIS

1. What is the nature of your company's relationship to Aboriginal groups and/or communities?
2. Do you have a contact person within the Aboriginal communities in those areas in which your company operates? If so, who is the person and what position does he/she hold?
3. Are you aware of the areas in which your company operates where Aboriginal people either hunt, trap, fish or have a sacred or cultural site?
4. Are you aware of any land claims being made in the areas where your company currently operates or expects to operate in the future?
5. What actions or involvement might your company consider to help:
   a) facilitate the resolution of Aboriginal issues; and
   b) improve the participation of Aboriginal people in areas where your company operates or intends to operate?
6. What opportunities do you think might result from dealing with these issues?
7. If you have held cross-cultural or race relations workshops, have they been successful?
8. How would you characterize your company's relationship with Aboriginal people. Why is it like that?

V CONTRACTING

a) DESCRIPTION

1. How many contracts does your company have? How many are with Aboriginal-businesses?

2. What is the annual dollar value of these contracts or percentage of overall operations?
3. Has the number of contractors changed within the past five years and how. Do you expect there will be any increase or decrease within the next five years.

b) POLICY AND IMPLEMENTATION

1. What level of management develops contracting policy? What level awards contracts?

c) ANALYSIS

1. What do you think are the barriers and/or incentives to increased contracts with Aboriginal businesses?
2. How do you think increased contracts with Aboriginal businesses could be encouraged?

VI BUSINESS PARTNERSHIPS

1. How many business partnerships does your company have. How many are with Aboriginal businesses? What is the nature of these partnerships. Who owns the controlling percentage?

VII RESOURCE MANAGEMENT

a) DESCRIPTION

1. In what geographic areas does your company currently operate? Where will your company operate in the future? What is the nature of the license which allows you to operate in this area?

b) POLICY AND IMPLEMENTATION

1. Does your company participate in any formal mechanisms for shared management. If yes, what form does this mechanism take? Who else participates in it?
2. Does your company operate in an area where an Aboriginal group has entered a formal resource management arrangement with government? What is the nature of the arrangement between your company and the Aboriginal group involved?
3. Has there ever been interest expressed by an Aboriginal group in a more formal structure for joint resource management?

c) ANALYSIS

1. Why did your company participate in a joint resource management structure?

2. If your company chose not to participate in some form of joint resource management, why not?
3. What do you think of co-management arrangements? Do they work? Under what conditions? How can they be improved.
4. Are there, in your view, other forms of joint resource management, besides co-management agreements, that would be better?

VIII GOVERNMENT

a) DESCRIPTION

1. What role have provincial and federal governments played in your contacts with Aboriginal people? Which departments have been involved?

b) POLICY AND IMPLEMENTATION

1. What level of management develops policy on joint government/Aboriginal relations? What level implements such policy?

c) ANALYSIS

1. Are you satisfied with the role government has played in developing your company's relations with Aboriginal people?
2. Has your company begun to implement Codes of Forest Practices such as those formulated by forest industry associations in Ontario and Alberta? Within such codes, how do you see your company helping to resolve Aboriginal issues.

IX FUTURE RELATIONSHIPS

a) DESCRIPTION

1. Describe your company's plans for future development of relationships with Aboriginal people and communities.

b) POLICY AND IMPLEMENTATION

1. What level of management develops policy on the company's future concerning Aboriginal policy? Does the Board of Directors address matters related to Aboriginal affairs? What level implements such policy?

c) ANALYSIS

1. Do you think it is worthwhile for your company to develop a stronger working relationship with Aboriginal people? Why or why not?
2. If the company does develop more effective working relationships with Aboriginal people, at what levels and in what ways would you see this occurring?

APPENDIX II:
Letter of Introduction to Forest Industry Companies

Dear Forest Industry Representative,

As we discussed on the phone, I am writing on behalf of a project team conducting research on behalf of the Royal Commission on Aboriginal Peoples. We are conducting a survey of representative forest companies across Canada to:

a) characterize the relationship between Aboriginal groups and various forest companies;

b) determine the effectiveness of various programs, policies and/or procedures regarding Aboriginal relations; and

c) use this information to forward specific recommendations on Aboriginal employment, forest management participation and equity participation in the forest sector to the Royal Commission.

Given upcoming land claim settlements, the constitutional and legal recognition of Aboriginal hunting and fishing rights, the government's fiduciary duty to protect these Aboriginal rights where they are being practised and the steady movement toward Aboriginal self government, the results of this project are important to all those involved in the forest sector. We must plan together how to meet the profound changes occurring as a result of these directions.

The project team consists of:

- Mr. Ken Paul, Senior Research Associate, Royal Commission on Aboriginal Peoples, Ottawa
- Dr. Peter Murphy, Professor of Forestry, Dept. of Forest Science, University of Alberta, Edmonton
- Dr. John Naysmith, Director, School of Forestry, Lakehead University, Thunder Bay
- Ms. Peggy Smith, RPF, Community Project Forester, KBM Forestry Consultants Inc., Thunder Bay, ON
- Mr. Garry Merkel, RPF, Owner, Forest Innovations, Cranbrook, BC
- Mr. Frank Osendarp, Owner, Peak Consulting, Canmore, AB

Each of these people has a well-established track record and a widespread reputation as a forest industry, Aboriginal interest and/or research specialist. References and further background information on any of the above is available on request.

The primary source of information for our research will be personal interviews with representative forest companies. We will follow the attached questionnaire in a scheduled phone interview. All information will remain strictly confidential at the individual company level, and will be returned after analysis upon request. All survey results will be summarized as a basis for further research and recommendations, and will be published in a summarized form.

We are asking you to:

1. Confirm your participation and identify our primary contact for your company.

1. Review the questionnaire to prepare whatever background information you may need for the interview. Please do not attempt to soften your input for fear of offending anyone. We must rely on your candid, completely honest responses to develop a sound action plan with a high chance of success.

3. Identify the best time to conduct the interview. This will take between 1-2 hours on the phone.

4. Review your completed questionnaire for accuracy.

5. Inform us about how you would like to keep your company's information confidential.

Your participation is very important and will fill an extremely valuable segment of our research. We hope that you will also benefit from the study.

If you have any questions, please contact me by phone or fax.

Thank you for your willingness to participate in this important project.

Sincerely yours,