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Urban Reserves in Saskatchewan

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Urban Reserves in Saskatchewan

INTRODUCTION

The establishment of First Nations reserves in urban settings is a relatively new development in western Canada. Whereas cities in western Canada have expanded to encompass existing reserves, Saskatchewan is home to the unique occurrence where new First Nations reserves are being created directly within existing municipal boundaries.

In 1992, the *Saskatchewan Treaty Land Entitlement Framework Agreement* was signed and twenty-eight of 70 First Nations in Saskatchewan were allocated a potential share of \$446 million to purchase land with an allowance to enter into agreements with municipalities with the intention of formal reserve status designation. The potential for economic development through the acquisition of urban property was now possible for First Nations peoples.

Since that time, 28 new urban reserves have been created in Saskatchewan, the first one in Saskatoon in 1988. Of these 28 urban reserves, nine have been created in cities, which include Saskatoon, North Battleford, Prince Albert and Yorkton.

The purpose of this report is to provide some historical context to the creation of new urban reserves, discuss some of the experiences associated with establishing these reserves, and explore some of the economic impacts associated with these reserves. In looking at economic impacts, the report focuses on business and employment creation and municipal costs and benefits related to servicing and taxation.

The terms used in this report reflect the current terms used by Indian and Northern Affairs Canada (see Appendix).

BACKGROUND

Urban Reserve: A Definition

An Urban Reserve is land that has received official Indian Reserve status from the Federal Government and is located within a municipality or a Northern Administration District.¹

¹ Lorne A. Sully and Mark D. Emmons, *Urban Reserves: The City of Saskatoon's Partnership with First Nations*, 6.

Historical Context in Saskatchewan

The *Saskatchewan Treaty Land Entitlement Framework Agreement* (TLEFA) was brought about to resolve the outstanding treaty land entitlements of 28 First Nations in Saskatchewan and to calculate total land compensation value owed to each. Funds (approximately \$446 million) were allocated to the First Nations for the unsettled claims, allowing them to make land purchases. The TLEFA permitted First Nations to enter into agreements with municipalities to purchase land with the intention of formal reserve status designation. These parties realized the potential for economic development through the acquisition of urban property.

Article 9 of the *Saskatchewan Treaty Land Entitlement Framework Agreement* prescribes the requirements and conditions for urban reserves within Saskatchewan. This section allows for the reconciliation of the differing legal environments that govern reserve and non-reserve property in urban areas and facilitates the creation of agreements, which remedy this.

Subsection 9.01 outlines the requirements for agreements between the Entitlement Bands, municipalities, and affected school divisions. Compensation through a servicing agreement or another form of payment scheme is required for loss of taxes, levies or grants by municipalities or school divisions, with the sum not necessarily equal to the amount of the loss and taking into account any benefit accrued by the Band from any affected school divisions. It is set out that this compensation is the sole responsibility of the Band and neither Canada nor Saskatchewan is required to compensate anyone. The Article provides that agreements must address issues of compatibility between municipal/Band bylaws in their application and enforcement and appropriate dispute resolution mechanisms.

Flexibility is allowed for parties to vary from the format of agreement as prescribed in subsection 9.01 in order to draft an agreement that meets their needs and objectives. However, it is stipulated that if there is no agreement between the Band and one or more of the parties within five months, where the Band is willing to enter into an agreement, but the other party won't respond reasonably and in good faith, Canada can set aside land for a reserve without an agreement. Any disputes regarding this situation can be referred to the Arbitration Board by Canada, Saskatchewan or the affected Band – with the city/school division receiving standing before the Board upon request. In the event of a dispute in front of the Arbitration Board, the above situation of Canada setting aside a reserve without an agreement will be delayed until the Board reaches a decision. This provision ensures that the municipality does not carry a veto power in refusing to negotiate an agreement. It was realized that it was necessary to avoid giving municipalities veto power over reserve creation as it was recognized that a significant level of resistance could exist either in municipalities themselves or through pressure from the community.

Agreements made under subsection 9.01 are subject to expiration 15 years from their execution date – with a prescription for parties to enter into good faith negotiations to determine the future of the agreement as soon as possible following the 14th year after the execution date. If no agreement is reached by the expiration date, the provisions of subsection 9.01 will continue to apply for three years after which time, if parties still have not reached a new agreement, Canada will apply the current policy on reserve creation as a substitution for urban reserve policy.

Potential Impacts of Urban Reserves

The main purpose of creating urban reserves is for First Nations to achieve a higher level of economic self-sufficiency for their communities and governments.

Potential Economic Impacts of Creating Urban Reserves:

- More potential for self-generating revenue than on rural land and reserves;
- Increased employment opportunities for First Nations closer to growing populations of urban First Nations;
- Urban reserves create an environment for the successful development of First Nations owned businesses.

Potential Community and Social Impacts of Creating Urban Reserves:

- Reduced dependence on federal government funding;
- A raise in the standard of living for its members;²
- Increased ability to contribute to meeting social services needs in urban areas, as well as on parent reserves in rural areas;³
- Urban reserves help First Nations meet their cultural and political development objectives;
- Urban reserves provide a cultural environment for First Nations' members to interact as entrepreneurs, clients, educators, students and public citizens;⁴
- Urban reserves also provide a centralized location for aboriginal government businesses and organizations to operate. This is beneficial for the delivery of social and educational services.

Potential Impacts on Community in which Urban Reserves are established:

- Municipal governments benefit from increased revenue from service provisions;
- Stronger linkages between First Nations and municipal governments;

² F. Laurie Barron and Joseph Garcea, "Conclusion," *Urban Indian Reserves: Forging New Relationships in Saskatchewan* (Saskatoon, SK: Purich Publishing, 1999).

³ Ibid.

⁴ Ibid.

- Increased demand for professional services during the development of urban reserves;
- Positive impact on local real estate markets.

URBAN RESERVES IN SASKATCHEWAN

Saskatoon

Creation of the Muskeg Lake Cree First Nation Urban Reserve

In the past, urban reserves were created when municipalities extended their borders to integrate previously existing reserves. In 1988, Saskatoon became the first city in Canada to actually establish a new urban reserve that was specifically intended to be a First Nation's commercial and economic development project.⁵ The Muskeg Lake urban reserve, also known as the McKnight Commercial Centre, is 33 acres of land on the eastern edge of Saskatoon. This land was originally purchased by the federal government to build a correctional institution.⁶

Discussions about the creation of the Muskeg Lake urban reserve in Saskatoon began in 1984. Muskeg Lake placed a claim on the land with the Federal Government in August of 1984⁷ and in 1988, an agreement was made between Muskeg Lake Cree First Nation, Canada, and the City of Saskatoon (the City). This agreement included five major components: the federal government would set apart the parcel of land for Muskeg Lake Cree Nation and transfer it to reserve status; Muskeg Lake would lease the land to a development company; First Nation members would agree by way of vote to any sub-leasing of the land; the city would provide the installation of services and the reserve would be connected to the city's infrastructure system; development on the reserve would at all times be in accordance with the laws of Saskatchewan and the bylaws of Saskatoon.⁸

Municipal Services Agreement

In 1993, the City of Saskatoon and Muskeg Lake Cree First Nation completed negotiations and established the Municipal Services Agreement.⁹ This agreement outlines the relationship between the City and Muskeg Lake with regards to the provision of services and the payment for these services by Muskeg Lake.

⁵ Sully and Emmons supra note 1 at 9.

⁶ Ibid.

⁷ INAC, http://www.ainc-inac.gc.ca/pr/pub/ep/effneg_e.html

⁸ Ibid.

⁹ Ibid.

In this agreement, the City agrees to provide all municipal services, such as garbage pick up, snow removal and fire and police protection. The city also agrees to supply direct services, such as water and electricity, and each individual customer will be billed separately for these direct services.

In return, Muskeg Lake agrees to collect taxes on the property and to pay an annual, lump-sum municipal service fee, which amounts to what the city would have received in taxes had the land been under municipal jurisdiction.¹⁰ In collecting its taxes, Muskeg Lake adopts the going commercial municipal tax rate in Saskatoon. This rate is applied equally to both First Nation and non-First Nation businesses on the urban reserve.

The actual sum paid by Muskeg Lake to the City compares with the sum the City would have received if it had taxed tenants on the reserve at the existing commercial rate. Interestingly, the City receives the commercial rate even though the urban reserve is actually federal land (held in trust). Typically, federal and provincial lands within the city are taxed at a lower rate than commercial properties.

Both parties in the agreement also agree that at all times, land use and development on the urban reserve will be the same as if the land were not reserve land and that Muskeg Lake will abide by all city bylaws.¹¹

To ensure adherence to the agreement and to assist in the development of their own bylaws, Muskeg Lake obtained the professional services of engineers, planners, management consultants and legal counsel.

Economic Situation

There are currently over 40 businesses operating on the Muskeg Lake reserve and, in total, they employ over 300 people.¹² The largest on-reserve employers are aboriginal government businesses, and include the Federation of Saskatchewan Indian Nations (FSIN), the Saskatoon Tribal Council, and the Saskatchewan Indian Gaming Authority (SIGA).¹³ A diverse range of other businesses providing employment include a dry-cleaning plant, an Aboriginal-owned trust company, a restaurant, a doctor's office, a large transportation company, three law firms, three insurance brokers with one Saskatchewan Government Insurance (SGI) license issuer, retail stores, a computer training company, gas station, a film production company and a travel agency, among others. Many of these businesses are housed within Veteran's Plaza, an office complex.

¹⁰ INAC.

¹¹ Sully and Emmons supra note 1 at 7.

¹² Sully and Emmons supra note 1 at 9.

¹³ Ibid.

There are a few non-Aboriginal owned businesses on the Muskeg Lake reserve. These businesses include an engineering firm, a chartered accountant, and two of the insurance brokers.

In order to enhance the development potential of the reserve, a new roadway was recently built to improve access to the Muskeg Lake urban reserve. The cost of the project was \$778,552. The City of Saskatoon contributed \$221,986 to the project's cost, the Muskeg Lake Cree Nation contributed \$194,666 and the Federal and Provincial governments contributed \$361,900. This road has increased traffic flow to the reserve, improved access to its businesses and services. The traffic count is approximately 7,940 each day.

Business development is also expanding on this urban reserve. There are plans to establish a dental clinic, commercial condos, a retail sports store and a car wash. There are potential plans to establish a business service centre. Recently, the Muskeg Lake Cree Nation also proposed the development of a comprehensive wellness centre, including an MRI facility. Plans are expected to be completed by the Fall of 2004 pending approval of the provincial government.

Urban Reserve Benefits

This urban reserve is proving to be mutually beneficial for the Muskeg Lake Cree First Nation and the City of Saskatoon. The urban reserve has made Saskatoon a significant commercial centre for Aboriginal businesses and entrepreneurs. The on-reserve presence of Peace Hills Trust, an Aboriginal-owned trust company that specializes in providing banking services to First Nations, enhances this reputation of Saskatoon as a commercial centre for Aboriginal entrepreneurs and businesses.¹⁴

The creation of the reserve has also resulted in tangible financial benefits for the city for providing municipal services to the reserve. The lines for municipal water, sewer and electrical services were already present prior to the transfer of the land to urban reserve status. However, due to the undeveloped status of the land, few taxable benefits accrued to the City. By moving to urban reserve status, taxable benefits to the City were accelerated and are now four times the level compared to the return to the City when the land remained undeveloped.

As well, the development of the urban reserve in Saskatoon provided a more detailed framework from which to work from for the creation of other urban reserves, such as the three urban reserves in Yorkton. It was also very valuable for the formulation of article 9 in the TLEFA, which outlines responsibilities between First Nations and municipal governments.

Other Potential Urban Reserves

¹⁴ Marty Irwin, "Municipal Perspectives From Saskatoon" *Urban Indian Reserves: Forging New Relationships in Saskatchewan* (Saskatoon, SK: Purich Publishing, 1999).

Besides the Muskeg Lake urban reserve, there are four other parcels of land in Saskatoon that have Municipal Servicing and Compatibility Agreements signed with the City of Saskatoon, as of December 2004. They all have a Municipal Services and Compatibility Agreement with the City of Saskatoon. However, none of them have received formal urban reserve designation. They are expected to receive designation in the future.

The Battlefords Tribal Council owns a parcel of land containing the Avord Tower, a large office complex located in downtown Saskatoon. The Yellow Quill First Nation owns the Canterbury Office Tower, a nine-storey office building located on another parcel of land downtown. This tower houses the First Nations Bank of Canada. The Churchill Building is an office building located downtown that is in the process of being owned by the Yellow Quill First Nation. The third parcel of land located at 1601-1605 20th Street West is owned by the One Arrow First Nation. A Municipal Services and Compatibility Agreement was recently made between the One Arrow First Nation and the City of Saskatoon. The other parcel of land is on Speers Avenue and is owned by the English River First Nation. It contains a commercial office complex.

Prince Albert

Creation of Three Urban Reserves

The first urban reserve in Prince Albert was developed on the city's west side. In 1978, the Peter Ballantyne Cree Nation first expressed an interest in owning a 41-acre parcel of land that was the site of the Prince Albert Indian Student Education Centre (PAISEC).¹⁵ The creation of this urban reserve, now called the Opawakoscikan Reserve, was controversial from the beginning. City council, the provincial government and members of the general public expressed strong opposition to the idea of a reserve within the city limits of Prince Albert.

A municipal services agreement was drafted in 1980 and 1981, but was rejected by the Prince Albert city council due to municipal jurisdiction issues. The First Nation stated that it would not allow municipal jurisdiction on reserve land and city council felt that this would result in complete disregard for municipal interests. Despite opposition, in 1982, the Opawakoscikan Reserve received formal reserve land designation by order-in-council of the Privy Council. Although a formal municipal services agreement did not exist at this time, services were provided to the reserve for payments. For twelve years, the reserve operated without any problems.¹⁶

The second reserve is a parcel of land that was purchased in 1995 as an extension of the already existing urban reserve. It was at this time that the city

¹⁵ The Peter Ballantyne Cree Nation, "The Opawakoscikan Reserve in Prince Albert" *Urban Indian Reserves: Forging New Relationships in Saskatchewan* (Saskatoon, SK: Purich Publishing, 1999).

¹⁶ The Peter Ballantyne Cree Nation, "The Opawakoscikan Reserve in Prince Albert" *Urban Indian Reserves: Forging New Relationships in Saskatchewan* (Saskatoon, SK: Purich Publishing, 1999).

and the First Nation signed a Memorandum of Understanding Agreement, outlining the details of the informal agreement that was already in place for the Opawakoscikan Reserve. A Municipal Services Agreement was then signed for the extension of the reserve, although the urban reserve extension has not yet received formal urban reserve designation.¹⁷

Both of the agreements state that the city will continue to provide the same municipal services, which are paid for in fees to the city, in lieu of taxes, at the same rate that would have been paid if the land were not reserve land. These agreements were made without controversy.

The third urban reserve in Prince Albert is also owned by the Peter Ballantyne Cree Nation and is the site of the Northern Lights Casino. Initially, there was some opposition from the city and from members of the community about the proposed development of a casino in Prince Albert. However, the casino was eventually approved. A Municipal Services Agreement between the Peter Ballantyne Cree Nation and the City of Prince Albert was established in 1997. This agreement is similar to the ones made for the Opawakoscikan Reserve and its extension.

Urban Reserve Benefits

The expansion of the Opawakoscikan Reserve has resulted in more building and investments in the Prince Albert area, which also means additional revenues to the City of Prince Albert for municipal services.¹⁸ In 1994, on the Opawakoscikan Reserve and its extension, a 23,000-square-foot office complex was built to provide administrative offices for the Peter Ballantyne Cree Nation, the Prince Albert Grand Council, the Saskatchewan Indian Equity Foundation, a branch of the Canadian Imperial Bank of Commerce and on-reserve offices for the Pandila-Morin law firm. The office complex now also houses the Peter Ballantyne Cree Nation Health Services Inc. administrative services, a newspaper office and First Nations Insurance Services.

The third urban reserve in Prince Albert is home to the Northern Lights Casino. Approximately 430 people are employed at the casino, with this number having increased recently. There are no other businesses on this reserve.

North Battleford

Creation of the Urban Reserves

There are currently two urban reserves in North Battleford.

¹⁷ Ibid.

¹⁸ Denton Yeo, "Municipal Perspectives from Prince Albert" *Urban Indian Reserves: Forging New Relationships in Saskatchewan* (Saskatoon, SK: Purich Publishing, 1999).

The Red Pheasant First Nation has a 357-acre urban reserve on the eastern outskirts of North Battleford, along Territorial Drive. This land was purchased in 1995 and continues to be used as it was zoned, for agricultural purposes.¹⁹ A municipal services agreement could not be established between the City of North Battleford and the Red Pheasant First Nation. In 2001, the issue went to arbitration and the Arbitrator, Dan Ish, ruled that the City of North Battleford was unwilling to enter into the proposed municipal services agreement. The Red Pheasant First Nation made an application for the lands to receive formal urban reserve status designation without an Urban Reserve Services Agreement and in January 2003, this occurred.²⁰

Without a services agreement, the City does not receive tax loss compensation coming from the sale of land; there are no municipal taxes being collected and there are no agreements for bylaw compatibility or dispute resolution.²¹ There are prospects for the urban reserve to become commercialized,²² but it may depend on whether a municipal services agreement can be established.

The other urban reserve in North Battleford is a 5-acre parcel located in a highway commercial zone. The process of establishing this urban reserve occurred over a period of years. In June 2001, the City of North Battleford and the Mosquito, Grizzly Bear's Head, Lean Man First Nation signed an Urban Reserve Services Agreement and in January 2002, the land received formal urban reserve status.²³

This Urban Reserve Services Agreement was made relatively easily because both parties knew the market and the development that was to occur.²⁴ The agreement specifies that at all times, land use and development on the urban reserve will be the same as if the land were not reserve land and that all city bylaws will be abided by. Municipal service fees are paid to the City of North Battleford similar to the way that other off reserve businesses pay them.

Urban Reserve Benefits

Currently, there are four businesses being run on this urban reserve. They include: the Golden Eagle Casino, Blackjack's Saloon, the Smoke Shop, and the Kihwi Restaurant.²⁵ The Battlefords Tribal Council owns Blackjack's Saloon and the other three businesses are owned by the Saskatchewan Indian Gaming Authority (SIGA). There are over 300 people employed on the urban reserve and there has also been a recent increase in the employment rate at the Casino. A

¹⁹ "Sask. Party, candidate split on merits of urban reserves," *The Star Phoenix*, April 21, 2003.

²⁰ *Leader Post*, January 20, 2003.

²¹ *Ibid.*

²² Telephone interview with Larry Wuttunee, Red Pheasant First Nation, Saskatoon, SK. May 11, 2004.

²³ Telephone interview with Jim Toye, City Commissioner, City of North Battleford, Saskatoon, SK. May 10, 2004.

²⁴ *Ibid.*

²⁵ *Ibid.*

new hotel and convention centre will be constructed in 2004. This will add to the increase in employment by providing jobs for approximately 100 people.

Yorkton

Creation/Benefits of the Urban Reserves

The development and operation of the Muskeg Lake urban reserve in Saskatoon has served as a model for the establishment of the three urban reserves in Yorkton. Like Saskatoon, from the beginning, Yorkton city council supported the creation of urban reserves and this proved to be beneficial for all parties involved.

The municipal services agreements for all three urban reserves in Yorkton are very similar to the agreement made for the Muskeg Lake reserve in Saskatoon regarding financial compensation on an annual basis to the City for municipal services and regarding bylaw compatibility.²⁶

The first urban reserve was created in Yorkton's west-end and is the location of the Yorkton Tribal Council, which is housed within a 15,000 square foot office building. The Sakimay First Nation owns this land, which received urban reserve status in 1996. As noted above, there is a municipal services agreement with the City.

Currently, the Yorkton Tribal Council office employs approximately 50 people. There are no other businesses or organizations in the office building on this reserve. However, once a new casino opens on the Kahkewistahaw Urban Reserve in Yorkton, there is a possibility of increasing the number of employees in the building.

The Sakimay First Nation also owns the second urban reserve, which is the location of the Painted Hand Casino. This reserve was also created in 1996 and as noted above, there is a municipal services agreement. There are approximately 210 people employed at the Painted Hand Casino. No official decisions have been made about what development will occur on this land once the new casino is built on the Kahkewistahaw Urban Reserve.

The third urban reserve in Yorkton is the Kahkewistahaw Urban Reserve. It is an 8-acre parcel of land located in Yorkton's west end. This urban reserve was created in August of 2002. Recently, May 1st 2004, a new gas bar opened on this urban reserve. It employs approximately 16 people. There will be an increase in the number of businesses and in employment rates as there are plans for a new casino and a large office complex to be built. Construction is expected to begin in 2005.

Other Urban Reserves in Saskatchewan

²⁶ F. Laurie Barron & Joseph Garcea, "The Genesis of Urban Reserves" *Urban Indian Reserves: Forging New Relationships in Saskatchewan* (Saskatoon, SK: Purich Publishing, 1999).

Other urban reserves in Saskatchewan are located in Kylemore, Meadow Lake, Spiritwood, Deschambault, Southend, Sturgeon Landing, Denare Beach, Kinoosao, Sturgeon Landing 2, Sandy Bay, Pelican Narrows, and Lebret. There are two urban reserves in both Duck Lake and Leoville and there are currently three urban reserves in Fort Qu'Appelle. There are a total of 28 urban reserves in Saskatchewan.

HAVE URBAN RESERVES MADE A DIFFERENCE?

Earlier in this report, it was proposed that the main purpose of establishing urban reserves was for First Nations to achieve a higher level of economic self-sufficiency for their communities and governments. A number of potential positive community and social impacts were identified, as well as potential positive impacts for the community in which urban reserves are established.

This section assesses the factors and rationale for urban reserves in the context of the potential impacts of urban reserves.

Economic Impacts

Urban reserves have more potential for self-generating revenue than on rural land and reserves.

An urban reserve that clearly demonstrates this is the Muskeg Lake Cree Nation Urban Reserve in Saskatoon. It started with raw land and no infrastructure. Today, the asset value of the land, infrastructure and buildings is approximately \$18 million. It is obvious that this type of development and infrastructure could not occur on the parent reserve of the Muskeg Lake Cree Nation and continue to sustain itself due to its rural and isolated location.

A detailed description of entrepreneurial success and Aboriginal owned businesses is given below as part of the discussion on the potential for self-generating revenue on urban reserves.

Urban reserves have increased employment opportunities for First Nations closer to growing populations of urban First Nations.

Urban reserves provide job opportunities for aboriginals in urban settings. There are increasing employment rates for each of the nine urban reserves discussed above. This is especially true for the urban reserves that have casinos.

It is estimated that there are 1,356 individuals currently employed on the nine urban reserves described above. This number is expected to rise drastically within the next two years. Analysis was unable to determine explicitly if these jobs would have been created without the presence of urban reserves.

Urban reserves also offer a taxation benefit that can be an advantage in attracting a First Nations labour force. Status Indians do not lose their non-tax status with regards to federal income tax when they are working on reserve. Non-Status Indians do not have non-tax status either on or off reserve. This study was unable to determine whether this taxation benefit on an urban reserve accrues more to the employee, in the form of higher after-tax income, or to the employer, in lowering wage costs, or a combination of the two.

It is likely that urban reserves have more employment opportunities because rural reserves simply do not possess enough employment opportunities for their members of the employable community. Employment opportunities may also arise on urban reserves because of racial barriers that can be present in off-reserve locations.

Urban reserves create an environment for the successful development of First Nations owned businesses.

The analysis of the nine urban reserves in this report estimates that at least 52 new businesses have been established since 1982. This number does not include businesses that have come and gone since the urban reserves were established and it does not include the number of businesses on the other 19 urban reserves in Saskatchewan.

Compared to business on rural reserves, the urban reserve offers numerous advantages. First Nation businesses in rural areas face barriers such as the remoteness of some of their communities from key markets and sources of financing. The mass of capital and resources critical to building a successful business can be difficult to find far from major population centres. As well, access to markets is more expensive and this affects the margins that firms in remote locations can expect, which in turn impacts their ability to attract capital. Some of the issues that are seen to affect access to capital include: lack of collateral, an inability to use assets on reserve as collateral, and a lack of local financial institutions. All of these challenges may enhance the likelihood of presenting an increased risk profile to lenders.²⁷

A report by Industry Canada estimates that the population of Canadian Aboriginal business owners is growing by 7 percent per year. Aboriginal

²⁷ Industry Canada "Small and Medium-sized Enterprise (SME) Financing in Canada" 2002.

youth are approximately twice as likely as Canadian youth in general to become entrepreneurs. Aboriginal women are less than one half as likely to start a small or medium-sized enterprise (SME) as Canadian women in general. However, the number of SMEs owned by Aboriginal women is growing at a rate higher than any other group.²⁸ Urban reserves can contribute to these trends by eliminating some of the barriers facing First Nation businesses on rural reserves. For example, the presence of a local financial institution on an urban reserve, such as Peace Hills Trust on the Muskeg Lake Urban Reserve in Saskatoon, eliminates one of the issues that was identified as being a barrier to the success of aboriginal enterprises.

In the case studies presented earlier, urban reserves have used their urban location to provide a more positive environment that could contribute to a successful business or entrepreneur. However, the analysis does not conclude whether First Nation-owned businesses on urban reserves are more successful than those on rural reserves and whether First Nation-owned businesses on urban reserves are more successful than those in non-reserve urban areas.

Community and Social Impacts

Urban reserves will reduce dependence on federal government funding.

The increase in employment opportunities, the number of First Nation-owned businesses, and in overall economic wealth on urban reserves could reduce the level or need for federal transfer payments to First Nations. However, the current research could not determine whether there are any obvious changes in the levels of federal government funding as a result of the establishment of urban reserves.

Urban reserves will raise the standard of living for their members.²⁹

It is likely that the standard of living will be raised as a result of increased employment opportunities and increased revenue from First Nations owned businesses on urban reserves. Without an analysis of the base level of wealth or output associated with First Nations, the study was unable to determine whether the standard of living had changed.

Urban reserves may provide an increased ability to contribute to meeting social services needs in urban areas, as well as on parent reserves in rural areas.³⁰

²⁸ Industry Canada "Small and Medium-sized Enterprise (SME) Financing in Canada" 2002.

²⁹ F. Laurie Barron and Joseph Garcea, "Conclusion," *Urban Indian Reserves: Forging New Relationships in Saskatchewan* (Saskatoon, SK: Purich Publishing, 1999).

³⁰ Ibid.

This is not readily apparent from the research conducted. However, the Muskeg Lake Cree First Nation does direct revenues from their urban reserve to social service needs on the parent reserve.

Urban reserves help First Nations meet their cultural and political development objectives.

First Nations associated with urban reserves tend to have more clearly defined governance structures. These First Nations are expected to dialogue on a government-to-government basis with municipal governments in the development and ongoing implementation of service agreements. These relationships are being developed at both the political and bureaucratic levels of the organization.

Urban reserves also encourage a more structured governance model. For example, zoning bylaws exist on all urban reserves, but they may not necessarily exist on rural reserves.

It is possible that urban reserves may draw human and financial resources away from rural reserves, no differently than in non-First Nation communities. One implication of this shift is the potential for social and economic problems to arise on parent reserves in rural areas.

Urban reserves provide a cultural environment for First Nations' members to interact as entrepreneurs, clients, educators, students and public citizens.³¹

An example of this is clearly seen on the Muskeg Lake urban reserve in Saskatoon. The diversity and large number of businesses, the presence of the aboriginal government businesses and the variety of occupations on this urban reserve creates an environment conducive to interaction and effective communication. This type of environment may not be present on all urban reserves, especially ones that are relatively small.

Urban reserves also provide a centralized location for aboriginal government businesses and organizations to operate. This is beneficial for the delivery of social and educational services.

The Muskeg Lake urban reserve in Saskatoon is home to the corporate offices of the Federation of Saskatchewan Indian Nations (FSIN), the Saskatoon Tribal Council, and the Saskatchewan Indian Gaming Authority (SIGA). In Yorkton, the Sakimay First Nation urban reserve houses the offices for the Yorkton Tribal Council. In Prince Albert, there are

³¹ Ibid.

administrative offices for the Peter Ballantyne Cree Nation, the Prince Albert Grand Council and the Saskatchewan Indian Equity Foundation on an urban reserve.

It appears that while aboriginal government offices are attracted to urban centres, the presence of an urban reserve provides an additional attraction to that urban community, which in turn, may increase the already growing population. It is well known that the major population trend of First Nations people is the move from rural communities to urban centres.

Impacts on the Communities in which Urban Reserves are established

Municipal governments benefit from increased revenue from service provisions.

As discussed earlier in the Saskatoon situation, the City of Saskatoon has benefited from the establishment of an urban reserve. This establishment accelerated the development of serviced land. Thus, revenues to the City were similarly accelerated.

As well, development on the urban reserve provides for a higher tax base than if the land remained undeveloped. Finally, the level of revenue for Saskatoon on the urban reserve is higher. This occurs because Muskeg Lake has negotiated with the City to provide a grant (in lieu of taxes) equal to the commercial tax rate as opposed to the lower tax rate paid by the federal or provincial government on municipal-owned lands.

Urban reserves provide stronger linkages between First Nations and municipal governments.

The relationship between the City of Saskatoon and the Muskeg Lake Cree First Nation provides an ideal model of how an urban reserve can be established without conflict or confrontation. From the beginning, the City of Saskatoon, the business community, and the public were generally supportive of the creation of this urban reserve. This positive relationship stemmed from the strong belief that the urban reserve is mutually beneficial. The development and implementation of the municipal services agreement and the working partnership between the parties allows them to meet their objectives cooperatively. This type of relationship also exists between the City of Yorkton and the Sakimay First Nation and between the City of Yorkton and the Kahkewistahaw First Nation.

On the contrary, the municipal city councils and citizens in Prince Albert and in Fort Qu'Appelle did not support the creation of urban reserves. In the late 1970s and early 1980s, Prince Albert city council responded to the initiative to create an urban reserve with opposition. They rallied for

support of their organized opposition at the local, provincial, regional, and national levels.

There are three major reasons to account for the relations in Saskatoon and Yorkton compared to the relations in Prince Albert and Fort Qu'Appelle. First, municipal councils in Saskatoon and Yorkton believed that establishing urban reserves would result in economic development benefits that outweigh any potential concerns of coordinated governance. Second, city councils in Saskatoon and Yorkton had a high level of trust in the First Nation councils that they were negotiating with. Third, there was not a significant amount of public opposition towards the creation of urban reserves in Saskatoon and Yorkton.³²

In general, any public opposition towards the development of urban reserves can be attributed to the misunderstanding of two main points. First of all, gaining formal reserve status means that the "land is under the jurisdiction of the First Nation council and it is the First Nation council or First Nation that has the authority to establish its own bylaws" and secondly, it means that "reserve bands are exempt from paying municipal taxes and school levies."³³

Opposition would arise amongst those members of the public who are unaware of the agreements and provisions that are made between the First Nation and the municipal government. It is necessary to understand that although the land is under the jurisdiction of the First Nation, both the First Nation and the municipal government enter into a compatibility agreement which addresses all issues of zoning bylaws, building codes and other municipal regulations. As discussed above, most agreements specify that land use and development will be the same as if the land were not reserve land. As well, municipal services agreements are created, stating that service charges will be paid in lieu of property taxes, although the charges are equal to the amount that would have been paid in property taxes had the land not been reserve land.

Urban reserves create an increased demand for professional services during the development of urban reserves.

The development of urban reserves often requires the services of engineers, management consultants, legal counsel, and other business and planning consultants. This was true for the development of the Muskeg Lake urban reserve in Saskatoon. However, it is inconclusive as to whether all urban reserves required these professional services during their development.

³² Ibid.

³³ Kathleen Makela, "Legal and Jurisdictional Issues of Urban Reserves in Saskatchewan" *Urban Indian Reserves: Forging New Relationships in Saskatchewan* (Saskatoon, SK: Purich Publishing, 1999).

Urban reserves have a positive impact on local real estate markets.

For Saskatoon, the land that is currently owned by the Muskeg Lake Cree Nation was originally planned to be used for a correctional institution. The Federal government made this land available for purchase by one of the 28 First Nations who had outstanding land entitlements.

It is difficult to present any conclusions about whether or not urban reserves create any implications for the real estate market because urban reserves cannot transfer ownership to anyone but the federal government.

SUMMARY

With 28 urban reserves currently established in the province, urban reserves serve as a governance and economic model, which is now part of the economic and business landscape of Saskatchewan. The evidence suggests that the number and distribution of such urban reserves will be growing in the future.

This assessment indicates that urban reserves appear to have had a positive economic impact on First Nations. Urban reserves also appear to have created various positive community and social impacts. Although, some of the potential community and social impacts listed were inconclusive for some urban reserves due to the fact that the research needed was beyond the scope of this report. The potential impacts on the community in which these urban reserves were established also appear to be positive for some communities, but remain inconclusive for others.

Due to the research restraints imposed by the capacity of this report, many questions still remain to be answered. For example, are First Nation-owned businesses on urban reserves more successful than First Nation-owned businesses on rural reserves? Are First Nation-owned businesses on urban reserves more successful than First Nation-owned businesses in non-reserve urban areas? If urban reserves were not established, would the same level of First Nation or Aboriginal employment opportunities that currently exist on urban reserves be present in non-reserve urban areas? Do urban reserves create any implications for the local real estate market? Do urban reserves reduce the level of dependence on federal government funding?

As well, the major question of whether urban reserves are the best tool for assisting First Nations in achieving economic independence still remains to be answered. Although there are arguments to support the notion that the establishment of urban reserves help to achieve this goal, further research is still required to determine a conclusive response to all of these questions.

Appendix

Terminology Guide - Indian and Northern Affairs Canada³⁴

Aboriginal peoples: The Canadian Constitution (*the Constitution Act, 1982*) recognizes three groups of Aboriginal peoples – Indians, Métis and Inuit.

First Nation: A term used to replace the word “Indian” or “band,” when referring to a community.

First Nations peoples: A term which refers to the Indian people in Canada, both Status and Non-Status.

Non-Status Indian: An Indian person who is not registered as an Indian under the *Indian Act*.

Status Indian: An Indian person who is registered as an Indian under the *Indian Act*.

³⁴ Communications Branch, Indian and Northern Affairs Canada, “Words First: An Evolving Terminology Relating to Aboriginal Peoples in Canada” October 2002. http://www.ainc-inac.gc.ca/pr/pub/wf/index_e.html