

INDIAN ECONOMIC DEVELOPMENT EVALUATION

BRITISH COLUMBIA REGION

APPENDICES

Prepared for

the

EVALUATION BRANCH

CORPORATE POLICY

DEPARTMENT OF INDIAN & NORTHERN AFFAIRS

by

William Kerr & Associates, Inc.

203-1326 Johnston Road

White Rock, B.C.

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WILLIAM KERR & ASSOCIATES



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MANAGEMENT SERVICES

APPENDICES

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B.C. REGION

ECONOMIC DEVELOPMENT EVALUATION

TERMS OF REFERENCE

I. INTRODUCTION

The Economic Development Activity provides a means of helping people in their overall development. The major thrust for the Activity came in the early 1970s with the establishment of the Indian Economic Development Fund (IEDF).

The original objectives of IEDF can be summarized as follows:

- source of financing for Indian business activity;
- provide access to management advisory services;
- integrate Indians and sections of Canadian business and financial community;
- increase involvement of Indians in design and delivery of economic programs; and
- increase independence of Indian people through employment and income opportunities.

To support the Indian entrepreneur and Indian bands a variety of mechanisms have been used, e.g. Economic and Employment Development staff at the Regional Office and seven District Offices, Indian managed institutions such as the Indian Fisheries Assistance Program (to 1979), the B.C. Arts and Crafts Society and the Western Indian Agricultural Corporation, staff at the Tribal Councils and some of the Bands, CESO workers, etc.

The attached Review of the Economic Development Program, B.C. Region, 1968-78, provides an overview of the Program but does not analyze its impact on Indian people. This shortfall in the review resulted from a lack of readily available statistical data. The required data continues to be unavailable.

## II. EVALUATION PURPOSE

The purpose of the evaluation is: (1) to document the changes in the rationale, policies and objectives that have taken place since the inception of IEDF: and, (2) to determine the effectiveness of various economic development approaches used in B.C. during the period in question. The resulting conclusions and recommendations would serve in making short-term improvements to the program as well as providing inputs to longer-term changes, e.g. national policies, new emerging mechanisms, changing departmental role, etc.

## III. EVALUATION APPROACH

### Phase I

As preliminary step the various mandates, policies, objectives, goals and approaches used to effect economic development would be described from the inception of the Indian Economic Development Fund through to the present time. Significant changes over the ten-year period would be highlighted.

The different delivery mechanisms would be studied, compared and contrasted to ensure complete familiarity. An important focus here would be to outline pro forma development requirements for use in the project assessment phase and the success/failure analysis. Evaluation reports and other information that is available in this regard are shown on Appendix A.

A brief progress report would be prepared and a research design developed prior to the continuation to Phase II.

#### Phase II

The sample of 16 bands shown on Appendix B, which represents a cross-section of economic development output, would be reviewed in-depth to determine the effectiveness of the program under its mandate as it evolved over time and under the various delivery mechanisms. All projects at the bands, whether currently operational or not, as well as projects that did not receive departmental support are to be examined. The evaluation issues described below would need to be specifically addressed for both Phases I and II as applicable.

#### IV. EVALUATION ISSUES

##### 1. Impacts and Effects

###### (a) Jobs, Income and Business Viability (Direct Benefits)

As a minimum a comparison would be made between the anticipated and actual jobs created (per StatsCan definition for permanent and other) and income generated. The "success" of a business would be weighed against the objectives in place, from both a departmental and Indian perspective. (There has been a gradual shift from economic development, to socio-economic development and back to economic development reflecting a changing emphasis on "viability".)

###### (b) Secondary Objectives (Indirect Benefits)

Where information on secondary objectives is readily available, it is to be provided.

Similarly, where spin-off benefits can be readily substantiated, they would be identified. For example, a project may initially have been for a single job that has subsequently grown into a larger business, marketable skills were developed, a business has expanded into other initiatives, etc.

(c) Negative Effects

Negative effects that may have been caused under the varying mandates should be described.

2. Success vs Failure Analysis

Not all of the projects identified in the sample are operational some are marginal in status while others are unqualified successes. The sample should be so categorized.

"Success" or "failure" is not simply a result of financial or delivery mechanisms. There can be an impact from the quality of support provided, timeliness of the support, a changing economic situation, market conditions, etc. An analysis is to be provided of the major contributing factors that led to success or failure, namely:

- (i) Project conceptualization, e.g. individual vs band vs departmental input and expectations.
- (ii) Project planning, e.g. by type of support such as feasibility studies, consultants, etc.
- (iii) Project approval process, e.g. which projects were most analogous to normal business practice.
- (iv) Training, e.g. management skills, financial control, etc.
- (v) Financial support, e.g. loans, contributions, guarantees, amount of equity, debt-equity ratios, impact of stabilization, etc.
- (vi) Advisory support, e.g. departmental staff, Indian corporation or related staff, consultants, CESO staff, etc.
- (vii) Other, e.g. financial or other type of support such as through Special ARDA, province, commercial institutions, etc.
- (viii) Market/economic conditions, e.g. changes in demand, interest rates, etc.

3. Roles and Responsibilities

It is agreed that during the past ten years leadership at the band

level has grown significantly. There is much greater input and involvement now with a resulting changing role for the department. While "leadership" is a very subjective element, there are a number of aspects that could be quantified that would be useful in describing the "environment" in which economic development was taking place. The following are examples of items that are to be included under this heading:

- (i) Authority levels, e.g. of departmental staff, Indian managed corporations, Tribal Council economic development advisers, etc.;
- (ii) Indian participation in the staffing process;
- (iii) Indian participation on loan boards, etc.: and,
- (iv) Accountability relationships, etc.

The changing roles and responsibilities of departmental staff supporting "Economic Development" are to be described. Is there a need for further change?

4. General

To provide an overall setting for the program component, financial information of the type shown in the Review of the Economic Development Program, will be provided through to the end of 1980-81.

While analyzing the process and the sample, it would be desirable to obtain a sensing of the understanding of this program by the Indian people. Could some of the problems be ones of communication rather than, for example, the delivery mechanisms?

To the extent that information is readily available, some relationship between the costs and benefits of the various business categories can be attempted, e.g. agriculture vs forestry vs fishing, etc.



V. EVALUATION REPORT

The in-depth examination of a relatively large number of Indian economic development projects spanning a period of ten years should lead to specific conclusions and recommendations against the issues identified.

It is anticipated that the report will result in:

1. short-term improvements that could be acted upon immediately by either DINA, existing Indian managed corporations or both;
2. input for the development of new policies and delivery mechanisms; and
3. basic data on those factors essential for optimizing "success" and those aspects to be avoided in order that "failures" are minimized.

VI. EVALUATION ADVISORY COMMITTEE

Direction for the evaluation will be provided by an Evaluation Advisory Committee. Membership of this Committee is shown on Appendix C.

The evaluation will be done in accordance with the Principles for the Evaluation of Programs by Federal Departments and Agencies, published by the Office of the Comptroller General.

VII. TIME FRAME

The project is anticipated to take five months from signature of the contract to the preparation of a draft report.

ECONOMIC DEVELOPMENTEVALUATION REPORTS AND RELATED STUDIES

1. Report on Allocation of Discretionary Funds - DIAND - Alberta Region, 1980. J. Slavik
2. Review of the Economic Development Program, B.C. Region 1968-78. Reserve Management Ltd. 1979.
3. Evaluation of the B.C. Indian Fishermen's Assistance Program 1968/69 - 1976/77. Edwin, Reid and Associates Ltd. 1976.
4. Review of Indian Economic Development Fund. Woods Gordon Co. 1976.
5. Review of Economic Development Program, Management Consulting Services 1977.
6. Review of the Guaranteed Loan Program. Woods, Gordon Co., 1977.
7. Review of Sectoral Programs and Economic Development Corporations, Hickling-Johnston Co. 1978.
8. Review of the B.C. Indian Fishermen's Assistance Program, 1968-69 to 1977-78. Kay and Ouellette 1978.
9. An Evaluation of the B.C. Arts and Crafts Society. DMR, 1980.
10. An Evaluation of the National Indian Arts and Crafts Corporation, Bureau of Management Consulting Services, 1978.
11. An Evaluation of the National Indian Arts and Crafts Corporation, Adelard Enterprises, 1981.
12. Review of Common Factors for Unsatisfactory Performance of Native Enterprises in the Forestry and Logging Industry in Alberta and B.C. Woods, Gordon and Co.
13. Sectoral Programs and Economic Development Institutions, An Overview, DIAND, 1981.
14. DREE-CEIC-DIAND and Indian Economic Development. J. Slavik and Associates, 1981.

SAMPLE OF BANDS BY DISTRICT

BELLA COOLA DISTRICT

1. Bella Bella

CAMPBELL RIVER DISTRICT

2. Nimpkish

CENTRAL INTERIOR DISTRICT

3. Similkameen
4. St. Mary's

GITKSAN-CARRIER DISTRICT

5. Kitsegukla

NANAIMO DISTRICT

6. Cowichan
7. Sheshaht

NORTHWEST DISTRICT

8. Canyon City
9. Metlakatla
10. Port Simpson

PRINCE GEORGE DISTRICT

11. Burns Lake Bands
12. Fort Ware

VANCOUVER DISTRICT

13. Musqueam
14. Sliammon

WILLIAMS LAKE DISTRICT

15. Alkali Lake

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B. C. REGION

ECONOMIC DEVELOPMENT EVALUATION

APPENDIX B

PRE-IEDF BACKGROUND

and the

INTRODUCTION OF THE

INDIAN ECONOMIC DEVELOPMENT FUND

BACKGROUND & HISTORICAL FRAMEWORK

1. PRE-IEDF BACKGROUND

Indian Economic Development activities in B.C. have not been the exclusive domain of the Department of Indian Affairs or for that matter even the Federal Governments. The Province and Crown Corporations have also played a role. While the programs and projects seldom describe the Indian individuals, bands and associations as sponsors, (in the sense that the funding organizations and their programs are) Indians have as program and project hosts, creators and sponsors, played an important role in program delivery.

During the early years of the decade in review, the participants in economic development, principally DIAND and the bands, were represented by a handful of early DIAND Economic Development field appointments and some progressive Indian leaders amongst whom former UBCIC Community Development Workers were highly represented. In retrospect, it is strange that the close relationship between effective community development and economic development wasn't recognized more widely at that time.

Notwithstanding, the communities and the individuals with whom the Economic Development people of the Department in B.C. could most effectively interact were those whose "state of readiness" was greatest. Some leaders had been exposed to or created major elements in the Community Development program, others were from communities who had been ready for years, in some cases since perhaps the early 1900's.

2. PRE-IEDF HISTORICAL FRAMEWORK

Rolf Knight <sup>1</sup> points to countless instances from the times of early settler contact to the mid-depression where Indian involvement in the development of the Province, let alone just their own communities, was very significant. For several decades the Indian-owned ranches of the interior and the Indian-owned fishing fleets of the North Coast were the equal of the settlers. Indian people near Vancouver and New Westminster dominated the waterfront longshoreman business as well as a significant portion of coastal freight services as boat owners, skippers and deckhands. Native people's involvement as freight packers on the interior roads and trails to the Similkameen, the Cariboo and Hazelton was extensive as was their involvement in railway and road contracting, gold mining, logging and sawmilling.

The deterioration of these Native post-contact economies and Native withdrawal from commercial enterprise operations and workforces has been attributed to many events. It is clear that the great depression was a major factor.

The Department recognized the problem and attempted to reverse the trend. The first programs were more oriented to relief and recovery than a growth thrust. This may have reflected the whole world's thoughts in the 30's. In 1939 DIAND established the first revolving loan fund capitalized at \$350,000. This loan fund and its' successors were built up to a capitalization level of near \$6 MM prior to the establishment of the Indian Economic Development Fund by Appropriation Act #1 in 1970.

<sup>1</sup> Indians at Work; 1858 to 1930. New Star Books, Vancouver, 1979.

Throughout the pre-IEDF period, other economic development initiatives were undertaken. These were quite diverse. An example is the "DIAND Revolving Herd", whereby in various districts where ranching was a tradition, the Department maintained a brood herd that was lent to various bands. The bands were to realize the offspring and develop their own herds.

In the 60's immediately prior to the establishment of the IEDF, the Osoyoos Band's Inkaneep Vineyard, the Cowichan Bands' Farm, some three band ranches in north east B.C. and other projects were established under appropriations.

Until 1967 Regional Social Services and Economic Development were functions of the Community Affairs Branch. The economic development functions were not separated at Headquarters until a year later (1968). In 1969 planning for the Indian Economic Development Fund was initiated.

### 3. THE INTRODUCTION OF THE IEDF

The creation of the IEDF is the starting point of this review of the Economic development Activity. To many the IEDF is economic development. "The fund" and "the activity" are to these people interchangeable terms. The fund, established to assist development, due to staffing and activity focus from HQ's to the district became the program, to a large extent, rather than a tool to be used in the activity. In the early 70's the Director of Economic Development took every opportunity to point this out in correspondence and personal presentations.



Nevertheless, the Band Economic Development Committees Program established in 1970 was completely overshadowed. By 1973 of four districts that had field staff, most were "loans" or IEDF oriented. Only the Thompson district had a comprehensive BEDC activity underway. Kootenay-Okanagan exploited the BEDC program to fund other objectives and Vancouver District BEDC activities were just being initiated by 1974.

Economic Development Officers had all been reclassified to commerce officers or more precisely "development" officers became "loans" officers. Their handbook, or job manual was the IEDF policy and procedures document. Their training was in loan application preparation, documentation, taking security and collection. No one was trained in "development". The contribution activity was to supplement loans by provision of funds for infrastructure or other deficiencies. The loans program for 1969-1970 to 1974-75 was established in TB minute No. 694590 (Feb.'70) at \$40 million. Contributions through the IEDF were to be \$10 million. This loans emphasis persisted until the Stabilization era.

#### 4. PROGRAM GROWTH

The decade in review has seen a considerable growth in staff from 19 man years to 39. Annual funding by contribution and grants has also grown, but the specific project element only accounts for a portion of such funding. Much of the funding is directed to external programs (i.e. WIAC, Arts and Crafts, Forestry, etc.).

Loan making activities have actually dropped from a pre-stabilization (1976) average in the millions of dollars to a post '76 level of less than a million per year (see following table).

TABLE 1  
SUMMARY OF INDIAN ECONOMIC DEVELOPMENT FUND (IEDF) DISBURSEMENTS

B. C. REGION

(\$000)

<u>Year</u>	<u>Loan</u>		<u>Loan Guarantees</u>		<u>Loan &amp; Guarantee Sub- Total</u>		<u>Contributions</u>		<u>Loan &amp; Contb'n. Total</u>
	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>			<u>#</u>	<u>Amount</u>	
1970-73(1)	366	3,907(1)	5	205		4,112	43	827	4,939
73-74	45	3,465	17	219		3,684	47	819	4,503
74-75	47	1,064	12	886		1,950	52	712	2,662
75-76	51	2,002	15	2,959		4,957	74	1,160	6,121
76-77	44	1,523	10	879		2,402	47	1,047	3,449
77-78	(2)		3	382			(2)		3,938
78-79	37	564	13	215		779	121	2,588	3,367
79-80	12	221	6	131		352	32	1,218	1,570
80-81	28	686	11	210		896	44	1,402	2,299
81-82	41	996	11	146		1,142	212	2,189	3,333

(1) Includes IFAP

(2) Data confused, may include stabilization

5. FUNDING ACTIVITY

Indian Affairs funding to individuals, bands and associations is depicted in the table 2, following, for the post-stabilization period (1976 to 1982).

Some \$31½ million was distributed by the Economic Development Activity of the IEDF. This does not include any administrative costs of the department. In the breakdown, some of the money allocated to associations is consumed in the administration of programs. District and association breakdowns follow in Tables 3 and 4 respectively.

Detailed information from 1976 was readily available. Prior to this period documentation was incomplete. Because activity since 1976 is representative of current operations, it is an appropriate period to focus on.

Free Balance of B.C. Allocation  
of loan fund  
as at March 31

1979	\$ 2,301,650
1980	3,088,613
1981	4,556,177
1982	4,218,820

In the overall funding of economic development, the IEDF plays a relatively small part. Funding by the IEDF in this period, exclusive of stabilization, which did not create new jobs, amounted to less than 7%. IFAP, IFEAP and the Port Edward Fleet Purchase were twice this sum.

TABLE 2 -  
B. C. REGION  
ECONOMIC DEVELOPMENT FUNDING BY  
SOURCE AND TYPE OF FUNDING  
(1976-1982)

<u>Sources</u>	<u>Contributions</u>		<u>Loans &amp; Guarantees</u>		<u>Funding Total</u>	
	<u>(\$000)</u>	<u>(% of Tot.)</u>	<u>(\$000)</u>	<u>(% of Tot.)</u>	<u>(\$000)</u>	<u>(% of Tot.)</u>
<u>DIAND</u>						
IEDF	2,180	3	2,642	37	4,822	7
IEDF Stabil.	2,390	4	-		2,390	3
IFAP	2,210	3	2,702	37	4,912	7
IFEAP	2,000	3	900	13	2,900	4
Pt. Ed. Fleet	4,199	7	-		4,199	6
DPF	6,712	11	-		6,712	9
SPF	1,137	2	-		1,137	2
Associations	5,245	8	-		5,245	7
Mega Proj.	1,812	3	-		1,812	3
<b>TOTAL DIAND</b>	<b>27,885</b>	<b>44%</b>	<b>6,244</b>	<b>87%</b>	<b>34,129</b>	<b>48%</b>
<u>DREE</u>						
SARDA	16,412	26	-		16,412	23
ARDSA	5,301	8	-		5,301	8
<b>TOTAL DREE</b>	<b>21,713</b>	<b>34%</b>			<b>21,713</b>	<b>31%</b>
<u>CEIC</u>						
LEAP	11,325	18%	-		11,325	16%
Other CEIC	n.a.				n.a.	
<u>PROVINCE</u>						
1st Citizens	2,804	4			2,804	4%
Farm Credit Corp.			973	13%	973	1%
<b>NON-DIAND TOTAL</b>	<b>35,842</b>	<b>56%</b>	<b>973</b>	<b>13%</b>	<b>36,815</b>	<b>52%</b>
<b>TOTAL ALL SOURCES</b>	<b>63,727</b>	<b>100%</b>	<b>7,217</b>	<b>100%</b>	<b>70,944</b>	<b>100%</b>

\* Excludes commercial loans and band funds.

TABLE 3

FUNDING FOR ASSOCIATIONS FOR  
ECONOMIC DEVELOPMENT PROGRAM DEVELOPMENT  
AND SECTORAL PROGRAM DELIVERY

NAME	77/78	78/79	79/80	80/81	81/82	82/83	TOTAL
B.C. Arts & Crafts Society	--	\$ 99,100	--	\$ 250,000	\$ 200,000	\$ 200,000	\$ 749,100
U.B.C.I.C.	--	6,000	122,000	--	616,000	--	744,000
Native Brotherhood Program Development	--	10,000	60,000	78,000	116,000	200,000	464,000
N.B., I.F.A.P. Residual Admin.	--	--	--	176,000	176,000	182,000	534,000
Western Indian Ag. Corp. Program	--	65,300	60,000	542,100	542,100	705,000	1,914,500
W.I.A.C. Knapweed Control	--	--	--	60,000	65,000	96,000	221,000
The Alliance	--	--	--	25,000	--	--	25,000
Nuu-Chah-Nulth Forestry	--	48,500	--	25,000	60,000	60,000	193,500
Native Brotherhood Pt. Edwards	--	--	--	100,000	230,000	3,869,300	4,199,300
Gitksan-Carrier Fish Mgt.	--	--	--	100,000	100,000	100,000	300,000
Nishga Tribal Council Pearse Commission Submission	--	--	--	--	50,000	--	50,000
Native Brotherhood Pearse Commission	--	--	--	--	50,000	--	50,000
IFEAP Admin - Nuu-Chah-Nulth	--	--	--	--	--	60,000	60,000
- Native Brotherhood	--	--	--	--	--	122,400	122,400
		\$ 228,900	\$ 242,000	\$ 1,356,100	\$ 2,205,100	\$ 5,594,700	\$ 9,626,800

TABLE 4  
D.I.A. MEGA PROJECT SUMMARY (CONTRIBUTIONS)

971	Gitksan Carrier	210,000
972	Bella Coola	Ø
974	Nanaimo	95,000
975	Fort St. John	135,975
978	Campbell River	25,000
981	Central	115,380
985	Prince George	140,250
986	Northwest	962,830
987	Vancouver	97,750
989	Williams Lake	Ø
901	Associations (Provincial)	30,000

TOTAL:      1,812,185

6. OPERATIONS EXPENSES

The following table provides information respecting the spending of O & M monies. During the period the manner in which reporting is carried out changes frequently. Accordingly, strictly comparable information is not possible without an audit-like investigation. Prior to 1977-78 spending was portrayed on the basis of the type of service (i.e. Development services, business service, etc.) as well as the type of cost (administration wages, expenses, grants). Following that year the expenses were categorized primarily by economic sector and by the control of funds (band vs government control).

TABLE 5

DIAND ECONOMIC DEVELOPMENT ACTIVITY  
STATEMENT OF DEPARTMENTAL EXPENDITURES  
1971/72 to 1981/82  
(\$000)

	<u>BY OPERATIONS ACTIVITY</u>					<u>TOTAL</u>	<u>BY CLASS OF DISBURSEMENT OF OPERATING EXPENSES</u>				
	<u>Admin.</u>	<u>Dvlpmnt. Services</u>	<u>Bus. Svcs.</u>	<u>Arts &amp; Crafts</u>	<u>Econ. Planning &amp; Dev.</u>		<u>Personnel Costs</u>	<u>Other Opt'g.</u>	<u>Grants &amp; Contbns.</u>		
1971-72 (1)	38	1367	254.0	55.0	212.0	1976	481.0	665.0	782.		
1972-73 (1)	82	1215.5	329.0	26.6	174.4	1827	455.5	617.9	700.2	Note: for the period 1971-78 lands admin. costs have been removed from statement presented in Reserve Mgmt. report	
1973-74 (1)	155.9	772.3	313.1	36.0	93.9	1371	498.8	532.9	339.8		
1974-75 (1)	171.1	1541.4	367.7	33.5	100.3	2214	539.5	537.4	1137.1		
1975-76 (1)	173.6	1874.6	1193.1	120.2	73.4	3435	667.9	379.5	2387.5		
1976-77 (1)	257.0	2058.0	1692.0	317.0	150.0	4474	586.0	601.0	3287.0		
1977-78 (1)	165.0	2040.0	2669.0	99	333	5406	922.0	334.0	4150.0		

	<u>BY ADMINISTRATION OF EXPENDITURE</u>			<u>IEDF</u>	<u>BY SECTORAL ACTIVITY &amp; OPERATIONS ACTIVITY</u>											<u>OTHER NAME \$</u>	
	<u>Dept.</u>	<u>Bands</u>	<u>Prov.</u>		<u>STAB</u>	<u>BEDC</u>	<u>AGR.</u>	<u>FRSTRY.</u>	<u>FISH</u>	<u>TRPNG.</u>	<u>ARTS &amp; CR.</u>	<u>CESO</u>	<u>CONSU.</u>	<u>ADMIN</u>	<u>DPF</u>		
1977-78 (2)	3,778	1,485	143	5406	857	1,291	220	65	49	1,228	9	90	88	87	1,003	BWP 276	
1978-79 (2)	3,159	949	-	4108	854	688	214	253	34	278	10	1	70	70	1,091	531	
1979-81 (2)	1,749	3,8249	-	5578	1844	272		415	25	17	-	250	97	201	973	229	
1980-81 (3)	1,328	3,965	-	5578	not available											1,110	
1981-82 (3)	1,419	5,459	-	6878												1,175	YOUTH1255

- (1) Review of Economic Development Program B.C. Region, Reserve Management Ltd., March 1979
- (2) Program review 77-78, 78-79, and 79-80, B.C. Region
- (3) Current Budget estimates.



HIGHLIGHTS OF EVENTS DURING THE REVIEW PERIOD

1968 - Indian Fishermen's Assistance Program (IFAP) commenced its first 5-year plan. Funded by DIA and co-administered by Fisheries and Oceans through the Indian Fishermen's Development Board. A total \$16.3 million was disbursed over 10 years in grants and loans (50:50). Indian Fleet tonnage increased by one-third.

1969 - White Paper published at the National level concluding that integration of Indians into the outside economy was inevitable and desirable. The Indian people responded loudly that they rejected integration as an objective. For many Indian leaders, the White Paper was a major influence in formulating their early thinking.

At this time in B.C. there was little or no development activity on Reserves. The Bands were experiencing severe difficulty in accessing funds for self-development. Banks were, with a few exceptions, unwilling to lend money to Indians because of the problems of securities and the Banks' inability to seize collateral on Reserve.

Most Bands were administered under the 'Indian Agent' model and few Band Councils had authority in financial matters.

1970 - The Indian Economic Development Fund (IEDF) was introduced to assist the start of new small businesses on Reserves (vote L53b). The Fund offered a source of small loans for individuals who could not access funds through normal Bank channels.

- The Arts and Crafts Program was approved by Treasury Board.

1971 - The IEDF Loan Guarantee Program was introduced as a bridging mechanism to utilize Bank lending facilities. There was a belief that this could lead to establishment of more direct links between Bands and Banks.

- The IEDF Contribution Program was introduced. These contributions met the obvious need of the projects with limited cash flows. Grants were also available for training to make up for infrastructure deficiencies and other similar uses.

- The Band Economic Development Committee Program (BEDC) was established. By 1977-78 some 46 communities were involved in the program. The program has failed to survive in fact, but the members of the BEDC continue to show up as leaders in later activities. To a large extent, by the late 1970s, the BEDCs were supplanted by increasingly effective Band administrations and Councils.

1972 - The Treasury Board approves the use of IEDF grants for existing businesses under the same existing IEDF guidelines. Previously, funds were available only for new businesses. This move was a re-allocation of existing funds, no new capital was injected into the Fund.

- Treasury Board approves the use of IEDF funds for infrastructure development as well as business ventures. This revision reflects a degree of feedback from field experience.
- The Federal-Provincial Agreement leading to DREE and SARDA funding is signed.

1973 - NIB publishes its National Statement on Economic Development.

- The IEDF policy and procedure manual is published.
- Economic Development staff in B.C. is expanded by the creation of several District Officer positions.
- SARDA became active in the field with some implementation pains.
- IFAP Phase I ends. Phase II begins 5-year program.
- Western Indian Agricultural Corporation (WIAC) planning starts. WIAC proposes to offer guidance and non-monetary assistance to Indian farmers. This is in response to the extensive agricultural potential of B.C. Reserve lands which Indians had not developed.

WILLIAM KERR & ASSOCIATES

- B.C. Arts and Crafts Board established to assist Indian Artists in the commercial development of traditional skills.

1974 - Port Simpson Cannery established with Provincial funding and co-management committee.

- Burns Lake Native Development Corporation established with Provincial funding as an experiment in community-based development.

- Bella Bella construction completed on major projects.

- Port Simpson Net Loft constructed with IFAP support.

- Treasury Board approves sectoral planning activities with DIA economic development activity and provides \$65 million.

1975 - The NIB / DIAND Task Force formed to review National Soci-Economic Development. This was the first broad review of the activity. The Task Force process leads to the community-based strategy concept and the growth of the B.C. Task Force process. (See Appendix E).

- The first LEAP projects were implemented on Reserves in B.C. in 1975 after some isolated pilot projects.

- The B.C. Arts and Crafts Society was formed and began a life that has been largely independent of other Indian Development organizations.

1976 - A period of review and assessment at the National level.

- NIB publishes its Socio-Economic Report emphasizing bottom-up development.
- NIB / DIAND publish the report "A Strategy..." (see preceding section for further details on this process).
- The Woods Gordon Report was published providing a critical assessment of the financial and administrative structure of the IEDF.
- A major Task Force reviews the IEDF loan portfolio and recommends "stabilization".
- A new Provincial Government (Social Credit) takes office in B.C. The active experimentation of the previous Government is terminated. Support is continued for projects initiated by the preceding government. A period of federal-provincial conflict over resource control on Indian land begins.

1977 - The majority of Band Councils by now have administrative control over their Band finances. Smaller Bands have developed sufficient administrations to enable them to start active pursuit of development projects. Larger and more sophisticated Bands have experienced several years of project management.

- Stabilization of major IEDF projects is approved. The debts of some of the large projects are relieved in hopes of a successful fresh start.

- The Band Works Process (BWP), an improved Work Opportunity Program (WOP) becomes part of the Economic Development activity. The use of this concept reflects the increasing creativity of the Bands. The unification of SA funding with the community development process addresses some of the core factors of Indian dependency.

- Revised Privy Council orders are issued for the Direct Loan Order, and for the Guarantee Order.

1978 - WIAC receives approval for funding.

- The Knox Report "Redirecting Economic..." is submitted to the EPC.

- The Dodson Report is submitted to DIAND.

- The first meeting of the B.C. working group is held. Representatives from all major B.C. Provincial Indian Organizations meet to plan a development strategy (see preceding section).

- The Indian Business Loan Fund policy and procedure guidelines are revised and re-issued.

- Overall, in 1978, development activity is occurring on a broad front in B.C. The demand for services exceeds the ability of the delivery systems both in range of needs and cost. The level of awareness now extends to remote and northern Bands.

Staff continuity in northern offices now increasing:

- Port Simpson Net Loft receives LEAP funding.
- Metlakatla proposes ferry project.
- Kitsegukla receives delivery of its trucks.
- Canyon City sawmill proposed.

The frustration of Bands in failing to receive funding approval for every project they propose leads to critical examination of the delivery systems. Participation in groups and organizations working to change the system increases. Tribal Councils become the focus of the movement for change. DIAND staff support the increased involvement of the Indian People in restructuring the system, through increasing funding of Associations.

1979 - B.C. Task Force representing Tribal Councils develops its initial 8-point plan.

- Union of B.C. Indian Chiefs publishes independent report, A Socio-Economic Strategy for B.C.
- The Development Project Fund (DPF) is established in support of a community-based development strategy (BWP and BEDC integrated therein).
- The Beaver Report is published advocating development based on community level corporations. An insightful approach which, like Dennis Chettain's Community Based Work, may have been before its time. The NIB at the National level rejected the report. Interviews with some of B.C.'s key Indian leaders indicates no equivalent hostility to Mr. Beaver's report. On the whole,

Mr. Beaver's comments were echoed by a majority of respondents interviewed in our survey of B.C.

- WIAC commences operations.

- IFAP ends.

1980 - The B.C. Socio-Economic Task Force becomes the Provincial Regional Forum.

- Indian Fishermen's Emergency Assistance Program (IFEAP) proposed. Following a particularly poor year of fishing, this program proposed to assist fishermen threatened with bankruptcy in order to preserve the fleet. The program was administered by two Indian Boards, one under the Native Brotherhood of B.C., and the other under the Nuu-chah-nulth Tribal Council. Unfortunately the bulk of the fishermen's debts were IFAP loans, ineligible for IFEAP.

- B.C. Task Force petitions Ottawa to withdraw funding from B.C. Arts and Crafts Society.

- Forum sends negotiating team to Ottawa to secure for B.C. its per capita share of National Indian economic development funding.

- Forum Task Force proposes a specific 3-year plan to swing all B.C. economic development funding to community per capita allocation by 1983.

1981 - First B.C. Native LEDA Corporation formed by the Nicola Valley Band who combined this government resource with their 2-year old Development Trust.



- B.C. Mega Project Program established due to thrust of Northeast Coal and Hydro Developments.
- Special Project Fund distributes \$1.8 million in a period of a few months. This one-short injection is a distinctly peculiar phenomena that parallels the year-end surplus disposals of the early years of the decade.
- Tribal Councils have developed a tendency to be more frequently oriented toward historical cultural (language) groupings than the District Administration groups of the mid-1970s. Tribal Councils now number more than 20. Some Bands belong to both a cultural-based Tribal Council and an administrative area-based Council. Some Bands belong to no Councils for practical purposes. Some Tribal Councils are extremely small, close-knit groups inside larger District Councils.

1982 - B.C. Indian Economic Development Corporation incorporated by Forum. The Forum has included in the articles of incorporation the prohibition of control by any political group or groups.

- B.C. Packers fleet purchased by Northern Native Fishing Corporation. A 4-year plan was developed primarily by three Tribal Councils assisted by the Native Brotherhood.
- CEIC develops one-window approach whereby a single program officer can access all relevant programs to a given Band.

B. C. REGION

ECONOMIC DEVELOPMENT EVALUATION

APPENDIX C

DIAND ECONOMIC DEVELOPMENT ACTIVITY

The Activity Components  
Funding Program Descriptions  
Component Mandates  
Delivery Mechanisms

1.0 THE ACTIVITY COMPONENTS

1.1 INTRODUCTION OF COMPONENTS

The DIA Economic Development Program or "Activity" comprises a series of staff functions and sub-programs. The staff functions have varied but they have usually comprised Business Services and Advisory Services components. Business Services involve the administration of the grant and loan funds. The Advisory Services group is concerned with supplying technical and financial advice to Indian people. Specialists in Fishing, Agriculture, Forestry, Arts and Crafts, Trapping and Tourism, and Commercial development have been on staff at various times since 1972.

The funding programs have been:

1972 to present	IEDF loans, contributions and guarantees
1972 to 1979	Band Economic Development Committee Program (BEDC)
1972 to 1974	Work Opportunity Program (WOP)
1979 to Present	Development Project Fund (DPF)
1980/81 only	Special Project Fund (SPF)

Funding has also been made available for a variety of non-project oriented activities. They are:

- CESO (a volunteer consultant program)
- Native Brotherhood programs (development work and fisheries programs)
- Nuu-Chah-Nath Tribal Council (program development work and fisheries programs)
- Knapweed Spray Control Program
- Consultants for general development and feasibility studies
- WIAC (an Indian operated agricultural extension service)
- B.C. Native Arts and Crafts Society
- B.C. Maraculture Program

WIAC and B.C. Native Arts and Crafts Society programs are reviewed from time to time. The CESO, consultant and Knapweed programs don't lend themselves to direct project oriented evaluation. The balance are not project oriented as yet, but are rather in a task force mode except the fishing components of Nu Chah Nalth and Brotherhood activities. The fishing programs have all been evaluated recently.

The effects of these funding activities are noted to the extent they impact the primary program areas, and the overall effectiveness of the activity in the field. No direct attempt to evaluate these activities individually in terms of their objectives, costs and benefits has been made.

2 . COMPONENT MANDATES

The major programs have had a regulatory base that authorizes the process of funding. These are the "legal mandates".

2.1 IEDF Regulatory Base

Vote L53b of Appropriation Act No. 1, 1970

Respecting the making of direct loans for the purposes of economic development of Indians. This vote makes specific reference to the waiving of section 89 of the Indian Act allowing security to be taken with respect to the loans.

TB694590 Feb 17/71, Indian Economic Development Fund

Authority in the final Supplementary estimates for \$50 million to establish the IEDF. Loans and guarantees \$40 m chargeable to supplementary estimates 1969-70.

Grants chargeable to Vote 5 Budgetary estimates 70-71.

(funding to 1974-75 in annual increments).

PC 1972-1498, 4 July 1972: Indian Economic Development Regulations

Regulations respecting the making and guaranteeing of loans for the purpose of the economic development of Indians (supersedes PC 1971-480, 16 March, 1971). (See Appendix D for copy).

PC 1977 3609, 2 Dec. 77: Indian Economic Development Direct Loan Order

Terms and conditions respecting the making of direct loans for the purposes of the economic development of Indian (supersedes PC 1972 1498 above)(see Appendix D).

TB700070 Dec.23, 1970 Indian Economic Development Contribution

Respecting the provision of contributions for purposes of Indian Economic Development.

TB712872, July 13, 1972: Indian Economic Development Contributions

Respecting the expansion of purpose of contributions to include provision of infrastructure, starting costs, support services, planning and other costs.

TB720131, July 4, 1973 Indian Economic Development Contributions)

Respecting the expansion of purposes of grants to include incentives, such as are offered by DREE, to induce industry to move into reserves and employ Indians (see Appendix D).

PC 1977 3608 22 Dec. 1977, Indian Economic Development guarantee Order

Respecting terms and conditions for the guaranteeing of loans for the purpose of Indian Economic Development (supersedes PC 1972 1498) (Appendix D).

TB 750181, May 25, 1977 Stabilization of the Indian Economic Development Fund

To obtain approval of funding to stabilize the Fund. (Attached Appendix D).

2.5 MANDATE, OUTPUT & IMPACTS

GENERAL

The attempts to change, to modify and to adapt to Indian initiatives as well as current economic development techniques has been a constant characteristic of the Economic Development Activity.

There have also been moves to adapt to the practice of other government departments in the economic development field as well as the theories of people involved in foreign and third world development.

The speed with which new directions came to the fore exceeded the capacity of the program to respond.

It was a few years after stabilization before the IEDF manual reflected the recommendations of the Stabilization Task Force.

The rather "global" changes proposed for the activity by the taskforces and others would take a considerable period to implement. As a result they queue up, waiting to be sanctioned. By the time all authorities had studied a proposal, it was often pre-empted in the queue by successive task force proposals.

The recommendations of these task groups are broadcast by every means from the "Affairs" newsletter to the rumour mill. The staff responds as if each were the new objectives. Perhaps they were. Direct effects of these trends in the field were barely noticeable. Client contact routines could not be disrupted in the middle of a project's activ-

ity. Changes in the field more often reflected staff turnover than policy change. Throughout the period the objectives of the activity have been poorly expressed. While program's objectives were better expressed, in neither case is there a clear understanding by staff or client.

The level of mutual understanding of the purpose of the activity could be best described as a consensus.

It is appropriate to define the usage of the terms:

<u>Mandate or Purpose</u>	- primary function raison d'etre, e.g. to improve standard of living,
<u>Output or Objective</u>	- a sub function, e.g. to provide employment and incomes,
<u>Impacts or Goal</u>	- a specific target for the objective, e.g. to provide 100 jobs that will yield \$1,000,000 wage income.

This hierarchy could be continued to include rules and regulations or policy procedures, etc.

In the decade in review, a reasonable level of comprehension and codified documentation has only existed at the foot of the hierarchy, or in policy, procedures and regulations.

An extensive search of the documents and numerous interviews with Department staff failed to reveal a coherent framework of purpose, objective or goals for the activity. Based on the definitions above, we conclude that the DIA economic development activity can be described as follows:



Mandate - most documents and virtually all respondents indicated a consensual agreement on the mandate of the activity: To improve the standard of living of Indian people residing on reserves.

Output - Documents and respondents were inconsistent respecting output of the activity. The methods by which the mandate can be achieved have changed both over time and between individual staff members. There is consensus that the standard of living is to be raised through employment, however, approaches range from make-work projects to investments in independent operations. Some staff emphasize training, some infrastructure, the latter stimulate entrepreneurs with capital. Furthermore, the range of needs vary between bands and who frequently define their own objectives. Thus the endorsement and implementation of standardised objectives for the overall activity is impractical within the current system.

Impact - There are no quantified overall goals or desired impacts for the activity. There is a collection of impacts sought but no prioritization or quantification on an annual basis.

2.6 DOCUMENTED ACTIVITY MANDATES (& SOURCES)

1972 Annual Report

To assist Indian and Eskimo communities to utilize, as determined by them, their collective resources for the creation of optimum employment and income for individual members.

1972 Brochure on Economic Development

- To increase employment opportunities for Indian people;
- To assist them improve their economic position;
- To enhance their ability to promote and execute economic development projects;
- to administer and manage Indian reserve lands and to transfer these responsibilities to the Indian people, and
- To promote economic progress for the Indian people through the provision of business services.

73-74 Annual Report

"The Economic Development is concerned with improving the economic position of Indian people by increasing their involvement in the planning and implementation of economic enterprises."

74-75 Annual Report

The Economic Development Branch was created to assist in improving the economic status of Indian and Inuit people by establishing a variety of economic enterprises."

75-76 Annual Report

"Economic self-sufficiency for Indian people is the Economic Development branch mission....."

After 1976 Annual Reports did not include objectives. They tended to list an outline of responsibilities and functions, and provide publicity for objectives defined by Indian organizations.

2.7 DOCUMENTED IEDF OBJECTIVES

Specific program objectives are more explicit, and have been more widely circulated. Of these, IEDF objectives were most widely circulated. They were never codified in a single placenor were they consistent.

1973

- to provide a source of capital to Indian people for economic development both on and off reserves,
- to ensure that Indian people engaged in business have access to basic managerial, professional and technical services necessary for the successful operation of their businesses,
- to help achieve a progressive integration of Indian businessmen with relevant sections of the Canadian business community in order to help optimize Indian peoples' opportunities for economic development.

Source: Section 1.3 Policy & Procedures  
Manual (BHQ) June, 1973

1976

- provide support and investment funds for enterprises that will contribute to the long term economic improvement of Indians.

Within this definition, "long term economic improvement" means:

- the development of permanent, satisfactory job opportunities for Indians
- improvement in individual and group earning capability equal to accepted general standards
- reduced dependence on outside support, particularly financial transfers and technical services,
- development of independent economic institutions and organizations.

Source: Ministers Summary, Economic Development  
Treasury Board Submission, Appendix A:  
Economic Development Objectives

This is the "Submission re Stabilization" undated; Mid-76 est. and it was never circulated in Region.

1977

The object of the Direct Loan program is to provide a source of commercial financing, from the Indian Business Loan Fund, on a last resort basis, to assist in the economic development of Indian people, where loans are the suitable financing vehicle.

Source: Indian Affairs and Northern Development  
Indian Economic Development Direct Loan  
Order (P.C.1977-3609 December 22, 1977)

1970 - BAND ECONOMIC DEVELOPMENT COMMITTEE PROGRAM OBJECTIVES

- To facilitate the assumption by Indian people of full responsibility for, and control of their economic destiny.

UNDERLYING PRINCIPLES

- Indian Band Councils are supreme in their authority over internal band affairs and as such have a responsibility to the band members in ensuring that the resources of a band are planned, managed and utilized in the best interest of the band members and in planning and promoting the economic well-being of the people.

1977-78 BAND WORK PROCESS OBJECTIVES

Short Term

- To create meaningful employment opportunities for unemployed Indian and Inuit (Northern Quebec) people on work projects that are beneficial to the community;
- To support Band governments in the development of medium and long-term community employment plans;
- To develop departmental delivery systems which co-ordinate available resources to support employment program.

Long Term

In the long term, the objective of the B.W.P. is to better equip participants to take advantage of future labour market opportunities and, therefore, reduce dependency on social assistance.

DEVELOPMENT PROJECT FUND CONTRIBUTIONS

OBJECTIVES

The purpose of the Development Project Fund is to make available at the District level a source of funding which can be used to help meet the developmental aspirations of individual Indians, Band and District Councils. It is intended to operate in conjunction with a revised Band program budgeting process which will be based on priorities as established by the Band Council.

Specifically, the objectives of the Fund are to:

- pool sources of Department Developmental Funding so that they can be used to meet developmental needs and priorities as defined by Indian people,
- establish a decision making process for development project funding which can be administered at the district level,
- ensure the involvement of Indian Bands/District Councils in the decision making, management and evaluation processes surrounding the use of the Fund,
- to provide a flexible form of Funding which can be used by Bands/District Councils to supplement their own resources, and other sources of funding they may attract to meet their developmental objectives. Funding would be provided on the basis of project applications.

#### SPECIAL PROJECTS FUND

This one-time boost of funds availability had no clear objectives of its own. It was to supplement grants fundings. But special criteria applied that indicated immediate benefits were sought. The immediacy is as much an objective as any other characteristic of the program.

### 3.0 FUNDING PROGRAM DESCRIPTIONS

#### 3.1 INTRODUCTION

Brief program descriptions follow for the current major funding programs:

- the Indian Economic Development Fund, IEDF  
loans,  
contributions,  
guarantees.
- the Development Project Fund, DPF
- the Special Project Fund. SPF

Also included are descriptions for the Band Economic Development Committee Program and the Band Works Process. These programs are now part of the Development project Fund.

Extensive program details are offered in Appendix "C".

#### 3.2 THE INDIAN ECONOMIC DEVELOPMENT FUND IEDF

##### 3.2.1 General

The fund provides financial assistance by means of loans, guaranteed loans and grants. Many aspects of the fund apply to all means of assistance. During the decade, several rules and regulations were modified. The current program is described here. The evolution of the rules and regulations and policies is discussed later.

##### 3.2.2 IEDF Eligibility

IEDF funding is available to applicants whose business activities will contribute the economic benefits of Indian people.



- The applicant is not likely to receive adequate funds elsewhere.

3.2.3 Direct Loan Criteria

- The applicant must appear to be able to repay.
- Loans are to be secured.
- Reasonable realizable equity must be injected.
- Repayment must be made in 15 years or less, except by
- TB approval.
- Scheduled repayment is essential.

3.2.4 Direct Loan Administration

- Formal application must be approved by the Regional Board.
- Security and conditions must be met before disbursement.

3.2.5 Loan Guarantees Eligibility

- Guarantees are available to banks and designated to cover loans made to applicants eligible for IDEF assistance.
- Guarantees allow the bank security not normally available to them under section 89 of the Indian Act.

3.2.6 Loan Guarantee Criteria

- The bank must make a normal evaluation of loan.
- The bank must take normal security as it is available.
- Banks must report on loan progress.
- Only a portion of the loan is to be guaranteed.
- Guarantees must be renewed annually.

3.2.7 Guarantee Administration

Applications are forwarded by the bank to the department on the prescribed form generally with the banks loan application.

The bank application is augmented with relevant material as required. The guarantee is processed by the appropriate authority.

3.2.8 Approval Authorities

Direct Loans: Up to \$50,000; - Director General, Director of Operations

Over \$50,000; - Ottawa

Loan Guarantees: Up to \$25,000 & 80% Liability; - Director General, Director of Operations

Over \$25,000; - Ottawa

Contributions: Up to \$75,000; - Director General, Director of Operations, Director of Econ. Dev.

Over \$75,000 ; - Ottawa

3.2.9 The Regional Loan Board

The Regional Loan Board approves loans, etc. under their authority and recommendations, grants and guarantees that exceed their authority to Headquarters Loan Boards. The regional committee is comprised of five native representatives and a chairman from the FBDB. Three members form a quorum.

3.3 DEVELOPMENT PROJECT FUND

3.3.1 General

This fund was first run in 79-80 with approximately \$2.5mm budget allocated to districts on a per capita basis. It was created by combining budgets allocated to:

Economic Development

BEDC

Band Economic Dev. Officers

General Seed Money

Social Development

Preventative Social Services

Social Assistance Transfers (BWP & WOP)

Local Government

Planning

Band Training

Administrative Overhead

O & M for Community Facilities

Education

Vocational Training

Training on the Job

Adult Education

Placement Relocation, etc.

3.3.2. Objectives

The fund was to overcome these shortcomings that Region felt were limiting development.

Funds are available only within the narrow and often restrictive criteria of Departmental programs. Often these do not match up with broader Indian goals, object-

ives and priorities.

There is not enough direct involvement of Indian people in the management and decision making surrounding developmental funding.

The decision making process is too remote (Region or Headquarters) and time consuming to react effectively to local circumstances.

The purpose of the Development Project Fund is to make available at the District level a source of funding which can be used to help meet the developmental aspirations of individual Indians, Bands and District Councils. It is intended to operate in conjunction with a revised Band program budgeting process which will be based on priorities as established by the Band Council.

Specifically the objectives of the fund are to:

Pool sources of Department Development Funding so that they can be used to meet developmental needs and priorities as defined by Indian people.

Establish a decision making process for development project funding which can be administered at the District level.

Ensure the involvement of Indian Bands/District Councils in the decision making, management and evaluation processes surrounding the use of the Fund.

To provide a flexible form of Funding which can be used by Bands/District Councils to supplement their

own resources, and other sources of funding they may attract to meet their developmental objectives.

3.3.3 Fund Administration

Part of the Funds were allocated to bands in a block to be budgeted by Bands to development purposes.

Part was to be available to "projects" on an application basis.

3.3.4 Eligible Uses

- a) band and Community Planning
- b) Financing a staff developmental capacity at the Band/District Council level.
- c) To provide basic equity funding for small economic projects which indicate viability.
- d) To provide front-end developmental funding for projects which are exploratory or developmental.
- e) To fund activities/projects eligible under existing Preventive Social Services, BWP & WOP Guidelines.
- f) To supplement or fill fundings gaps within job creation programs.
- g) To provide special placement and relocation services not available from other sources.
- h) To cover special training needs in the fields of vocational training, training-on-the-job, adult education or band training.

3.3.5 Regulations

- a) DIAND district managers will develop systems whereby

Bands in District/Tribal councils are meaningfully involved in management decision making.

- b) Participating bands will prepare development strategies.
- c) Project Application Forms will include
  - objectives and goals
  - general operations plan
  - budget
  - management plan.

### 3.4 BAND WORK PROCESS (BWP)

#### 3.4.1 General

This program and its predecessor, Work Opportunity Program (WOP) have been in and out of the Economic Development Activity at intervals since 1973. It is now part of the DPF.

#### 3.4.2 Purpose

This program makes use of a variety of funds including welfare and preventative social services to fund projects of a job creation nature. They may be short term or permanent jobs.

#### 3.4.3 Eligibility

Bands are eligible to apply. Projects may be municipal services or revenue producing. Funds may be used for the planning of same.

3.4.4. Criteria

Funds are allocated on the basis of need (i.e. High Un-employment, lack of other funds), community participation and capable administration.

Only persons eligible for social assistance are to be employed.

Bands with equity are expected to contribute.

3.4.5 Administration

Projects are approved at District level.

Projects are to be evaluated for the benefit of Indian leaders on a Costs Benefits basis.

Projects may be renewed annually based on their evaluation and the three year plan of the band.

3.5 SPECIAL PROJECT FUND

3.5.1 General

This program was a single "one-shot" funding initiative taken by Headquarters. Some \$8 million was made available and B.C.'s portion amounted to \$1.14 million. The T.B. submission went forward in September, 1981. The funds had to be disbursed before the end of fiscal 81/82.

3.5.2 Purpose

The program was to fund a series of projects that would become self-sustaining. The projects were to have no further call on funding after March 31, 1982.

3.5.3 Eligibility

Projects must have a capacity to be self-sustaining.

Projects must not require funding after the fiscal year end 81/82.

Must demonstrate accountability.

3.5.4 Administration

Lists of projects to be approved by BHQ and Cabinet Committee on Economic Development.

Contributions to conform to TB763729, April 6, 1979 and current directives relating to the administration of the IEDF.

Each project to have a financial plan.

An effort should be made to hold back a portion of the grant until interim audit is made.



4.0 POLICY & PROCEDURES

4.1 General

During the decade in review, three manuals have served at the operational level as "policy & procedures" documents.

The three manuals are:

- 1973            1) Indian Economic Development Fund  
                  Policy & Procedure Manual (BHQ)  
                  final draft issued, June 11/73  
                  B.C. Addendum: August 30, 1973
- 1978            2) Indian Affairs and Northern Development  
                  Indian business Loan Fund (BHQ)  
                  loans:            final draft issued, Mar. 14/78  
                  guarantees: final draft issued, April 18/78  
  B.C. Region Appendix, June/78
- 1981            3) Economic & Employment Development  
                  "Desk Book" (B.C. Region)  
                  Issued approx. (Feb. 1981)

Both the BHQ prepared manuals had "B.C. Addendums". To the 1973 guideline a considerable volume of job training material was added. The manual and its additions were presented in 2-3 day sessions to BSO's in the fall of '73. None of the appended material could be viewed as altering or modifying policy guidelines.

The 1978 documents have a B.C. Appendix which reiterates and addresses some basic material not covered in the BHQ documents such as the "Fund Objective".

These three documents are the only codified and assembled sources of Policy and Procedure. Several other sources of apparent policy statement in the form of correspondence exist, but they were usually at the proposal stage and did not differ materially from the contents of the three

documents in question, nor were they widely distributed as a rule.

An exception to these generally "soft policy" letters was the directives in correspondence during the stabilization era. "Stabilization" directives initially effected an almost complete cessation of funding for new projects. This was followed by a series of directives that greatly diminished, then gradually increased regional funding authorities and perogatives. The terminal point of these adjustments was codified in the 1978 Guidelines.

#### 4.2 Variations in Policy & Procedure

The variations between all three documents are considerable in general topic content. Sections devoted to a given subject in one document may not be addressed in another document written for the same purpose.

Where material issues such as "objectives of the fund" are addressed either directly, indirectly or by implication, in both issues, the variations between publications are minimal.

The Policy & Procedure Manuals in question are assembled in Appendix D of this report.

The 1973 Manual was the most complete. It opened with an introductory section considering background and objectives. Sections on "authorities" and "administration" followed. The balance of the manual is devoted to operational considerations and is more a reference and training document.

Table of Contents

1973 Policy & Procedures Manual

Section I	<u>Introduction</u> <u>Background</u> Objectives & Philosophy	IX	<u>Land</u>
II	<u>Basic Authorities</u> Legislation, Regulations TB authorities & Delegation of Authority	X	<u>Security</u> Taking & maintaining; types of forms, legal require- ments, etc.
III	<u>Administration of IEDF</u> Department organization Functions & Org. charts	XI	<u>Collection &amp; Follow Up</u> Methods of payment, Accounting for payments, Release of Security, Counselling, etc.
IV	<u>Flow chart</u> Application Process		
V	<u>Confidential Nature of</u> <u>Information</u>	XII	<u>Delinquent Loans</u> Collection Methods Revision of terms, foreclosure, etc.
VI	<u>Negotiations with Clients</u> Considerations and Assistance		
VII	<u>Review &amp; Assessment of Proposals</u> Grants, Viability, credit Ratings, Marketing, Technical Aspects, Management, Land, Labour, etc.		
VIII	<u>Sources &amp; Terms of financing</u> IEDF, other programs and con- ventional financing, terms and conditions.		

The 1978 "Policy & Guidelines" manual was developed at BHQ and is in fact two separate documents, one related to loans and the second to guarantees. The guidelines are almost exclusively regulatory in nature.

The regulations concern eligibility for loans and regulations respecting loan approval boards, their makeup, responsibilities and authorities. A summarized review of the contents follows.

A "made in B.C." amendment was attached to the '78 policy guidelines. It reiterates some sections and enlarges on objectives. The variations are of an administrative nature and can't be construed to be factors that would bear on the success or failure of projects, implementation or other aspects thereof.

Finally the B.C. desk book, produced in '81 contains all the material from the '78 manuals as well as a series of operational directives and the fund regulations. Detailed material related to the preparation of applications is included.

Of most value is the pro forma outline. It is detailed and clear and by and large it has been as well followed as closely as was warranted by the nature of the loan applications in process.

1978 Policy & Guidelines

Contents

<u>Loan Order Portion</u>		<u>Guarantee Order Portion</u>
<u>Section</u>		
<u>General:</u>	Objectives, Authorities, basic board responsibility, eligibility for loans	Same content
<u>Application:</u>	No section	Info. required, role of applicant, Band and Minister (Dept.)
<u>Criteria:</u>	Ability to repay equity, terms, security, etc.	Same content
<u>Renewals and Revisions:</u>	No section	Process and requiremnt
<u>Administration:</u>	Disbursement criteria, last resort, Reg'l. loan allocation	No section
<u>Deletions (or) Claims for loss:</u>	direction & authorities n/r	N/R reg's and procedures for banks
<u>Delegation:</u>	Authorities for approval limit	None
<u>H.Q. Loan Board and Regional Loan Board</u>	Purpose, composition, terms of reference, responsibilities, quorum etc.	N/R N/R

4.3 Specific Topical Comparisons

Objectives

None of the manuals deals with objectives particularly effectively. The B.C. Desk Book is especially obscure. The objectives contained in the other manuals have been outlined previously in this report.

Delegations of Authority

The variance in delegation of authority was material in grants availability and processing.

1972 Manual

	<u>LOANS</u>	<u>GUARANTEES</u>	<u>GRANTS</u>
Region	to \$50 M	nil	to \$5 M
Headquarters	to 250M	as required	to 50 M

1978 Manual

	<u>LOANS</u>	<u>GUARANTEES</u>	<u>GRANTS</u>
Region	to \$50 M	nil	to 75 M
Headquarters	to 250M	to \$250 M	to 250 M
Treasury Board	over 250 M loan or where loans all Fed, funds exceed 500 M	Same as	(authorities moved to Financial Adminis- tration Act) IEDF authority recinded

'81 Desk Book

no change	no change	grants through DPfund as well as a small Regional allotment
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Specific Loan Terms and Conditions

The evidence of some fine tuning of the program shows up in the varying of loan conditions in the manuals. To some extent these are attributable to changes in the P.C. regulations. The 1973 Manual made direct reference to the P.C 1972-1487. The later manuals went somewhat further into interpretation. The more contentious and variable topics are reviewed.

Applicants Equity Need

The 72 P.C. Regulations were quite clear. An applicant must have 20% equity in the project to be funded (Sec. 4 sub sec 1, para. f) except for Indian applicants, where relief from the equity provisions is in the opinion of the minister (the dept.) warranted in view of the circumstances.

The regulations published pursuant to the revised Privy Council guidelines of 1977 (P.C. 1977-3609; 12/29/77) were unchanged. Notwithstanding, the Policy and Guideline of 1978 interpreted these regulations in some detail.

The interpretation made no mention of the capacity to overlook the equity need. They further excluded reserve land equity although it had value as land surrendered and/or leased was often required as security. Finally, the regulations required 40% equity of inexperienced operators of that specific type of business.

The support for these moves cannot be seen in the privy council regulations. A knowledgeable field or regional individual could have contested the regulations or disregarded them.

Length of term

The P.C. Regulations of '72 and '77 both specify maximum 15 year loans unless approved by the Treasury Board. The 1978 Manual suggests the term of a capital loan should not exceed 80% of the expected life of the assets, and that an operating loan should be reviewed and renewed annually. Both recommendations are prudent practice.

Eligible Applicants

The eligibility of clients is unchanged during the decade in either P.C. Regulations or relevant manuals. The provisions for non-Indians and other companies to apply were unchanged, but were always less than fully exploited. This is consistent with native wishes as expressed in the early '70's on ARDA Boards and later Regional IEDF Boards. They don't want the IEDF devoted to funding employers of Indians. They want Indian employers, by and large.

Interest

The '72 P.C. Regulations tied the interest rate of the first \$25,000 to the rate charged under the Small business Loans Act and the rate on any excess at 2% greater, to be charged at a blended rate. The regulations of the 1977 P.C. Regulations revised the cut off point to \$40,000.

Security

The security requirements of the P.C. Regulations were not made any more explicit. In 1977 the question of rank and prior charges was left to the minister's discretion, presumably to allow conventional institutions to be involved in any financing package.



Similarly in 1977 the regulations prohibited the disposal of secured assets (a normal procedure).

Further in 1977, capital purchases beyond those proposed to be financed under the loan were prohibited. Prior to these regulations these eventualities were covered under such mechanics as the controlled disbursement. The controlled disbursement saw the loans officer controlling loan funds disbursements by joint cheque signing authority, a somewhat "paternal" practice.

Conditions Respecting Revisions & Default

Both 72 and 77 P.C. Regulations allow the same degree of term extension, payment revision and taking of more security to secure repayment of a loan. They do not provide for a write off.

Write offs of loans (deletions) fall under the provisions of the Financial Administration act (except for the stabilization circumstances). These are so onerous that in fact loans can't be written off.

The department (H.Q.) can write off up to \$2,000 and Treasury Board to \$5,000 in principal. Any loans in excess of \$5,000 must go to parliament.

Even with deletion the loan is not cancelled but becomes "inactive". The government could act on it in the future and on the heirs or assignees of the debtor.

Guarantees of Loans

In 1972 the provisions respecting bank loans guaranteed by the Minister were outlined in Sections 15 to 25 of P.C. 1972 1498. In '77 these provisions were outlined in a separate Privy Council Order P.C. 1977-3608 respecting "Guaranteed Loans".

The provisions of the 1972 P.C. Regulations in section 15 allowed guaranteed loans of the nature that would be available from a bank (small business, Fisheries & Farm Improvement Loans) except for Section 89 of the Indian Act that precludes repossessions on the reserve. Section 17 allows for all other business loans. The 1977 Guarantee Order did not differentiate between types of or purposes of loans.

The minister in 1972 could not guarantee more than 90% of the loans under section 17. By 1977 this provision covered all guarantees but the '78 Policy and guideline manual sought to lower guarantees considerably.

There were no security taking provisions directed to the banks in 1972, except that the bank scrutinize the loan as it would in the course of its' regular business. This caused the banks to look at the guarantee as the security, not as a backup.

The 1977 guarantee order and the '78 regulations made the duty of the bank to take security and keep it in force very specific.

There are additional provisions respecting the bank's position when loans are in arrears or default.

5 STAFFING

5.1 General

In 1972-73, the start of the decade in review, economic development staff comprised 19 people.

Regional Office

Asst. Regional Director Economic Development

Head Business Services (loan fund)

Advisory Services Specialists - Commercial & Real Estate

Forestry

Agriculture

Fisheries

Arts and Crafts

Tourism and Trapping

2 Business Service Officers (added March 1973)

(also 3 ex bankers on contract who served as BSO's & loans administrators).

at the District Level

4 District Superintendants - Fraser District

South Island

Thompson

Kootenay Okanagan

2 District foresters - Thompson District

South Island

3 District Agriculturalists Thompson District

Williams Lake

Kootenay Okanagan

5 District Business Service Officers - Fraser District  
Kootenay Okanagan, Early '73  
Thompson Dist. Early '73  
South Island Early '73  
Williams Lake Early '73

5.2 Staffing continuity & Availability

The positions established by 1973 have been fairly continuously staffed except in the Kootenay Okanagan and Thompson districts which were closed in May 1975. Staff in those districts since closure and the other outlying areas has often been very sparse.

Central District (Est'd. Fall '75)

(formerly Thompson & Kootenay Okanagan Districts)

Field Officer '76 to '78  
Dist. Supt. '79 to present  
BSO '77 only

The Central District Office is situated in Vancouver, some 6 to 12 hours drive from the Indians it serves. It has been staffed with one and sometimes two economic development staff. This staff is to replace two District Supers, two BSO's, two Agriculturalists, one forester and one development (BEDC) officer. It is inadequate.

Gitksan Carrier District (Hazelton)

Business Service Officer position created in September '77, this position has been vacant for 24 months of this period.

Fort St. John District

Business Service Officer's Position created July '78. This position has been vacant 37 months in this period.

North Island District (Campbell River)

Business Services Officer position created September '77 this position has been vacant 10 months since this period.

Williams Lake District

Business Services Officer - position vacant 24 months since 1975.

At these outlying districts, turnover of personnel has been extremely high as well. These are entry level positions and the new incumbants as a rule have serious experience deficiencies having no appreciation of reserve circumstances or legal peculiarities.

5.3 Secondments

At the end of 1982 seven staff members of the B.C. Economic Development group were seconded to other programs. These were all operational people not support staff. They were at ARDA in Victoria, the Mega Projects group at Region, the lands claims office and other special tasks.

5.4 Organizational Structure

The organizational structure has changed. In 1977 Lands, Estates and Memberships was separated from the activity. In early 1979 Social Development was added to Economic

Development. The Advisory Services specialists were re-organized and became major projects officers. This is to a considerable extent a change in name only.

B. C. REGION

ECONOMIC DEVELOPMENT EVALUATION

APPENDIX D

NON-DIAND ECONOMIC DEVELOPMENT RESOURCES & PROGRAMS

NON-DIAND ECONOMIC DEVELOPMENT RESOURCE & PROGRAMS

1 GENERAL

There are a great number of economic development resources outside the department that aid economic goals and projects. The most important external sources are Special ARDA, LEAP and other CEIC programs as well as the Province's 1st Citizens Fund.

Brief descriptions of these programs follow.

2 DREE

Special ARDA

The first Federal-Provincial Agreement respecting the Special ARDA program was signed in August 25, 1972. The ARDA program became operational in 1973 when it was used to fund several of the major B.C. projects.

ARDA provides, through grants, a proportion of fixed asset costs, training, consulting and startup needs such as legal and accounting costs. The proportion of the assets subsidized varies. Manufacturing retail and commercial businesses realize 50% while primary resource businesses can receive up to 100% for certain assets such as buildings and land clearing but only 50% for vehicles and other equipment.

ARDA OBJECTIVE

To provide residents, primarily of Indian Ancestry, in



rural areas, with new and better opportunities to improve their economic circumstances.

Special ARDA Brochure (undated circa '77)

Delivery System

Staffing

The Special ARDA Program is staffed with program officers in Victoria and Prince George. Case loads are extremely high and the field people do not work closely with applicants. They generally are very capable people whose advice would be valuable were a concentrated effort to deliver it possible.

Field staff assist in application preparation, confirm eligibility of part I applications, and analyze part II application. They prepare submissions based on the applications for approval by the SARDA board.

SARDA Board

The SARDA Board is comprised of Federal, Provincial and Native representatives. They approve projects and generally shape the program. This shaping is done through development of Regional Policy respecting priorities. For instance, while non-Natives and non-Native companies can apply for ARDA grants to create employment for Indians, the ARDA Board recognizes that an outside controlled labour exploiting economy on reserve is not particularly desirable and has tended to recommend rejection and discourage submission through discussion with program officers. Similarly high cost, low employing projects, such as realty development, have been discouraged of late.

Indian participation on the board now comprises 7 of 13 members. This has been the case since 1975. Board input is minimal as they will often consider more than 40 projects in a day.

#### Application Process

Applicants submit a part 1 application which determines their eligibiltiy. This is a practical measure for full application is often a costly proposition for both parties. Part 1 is approved by the officer about 99% of the time. The board reviews borderline or exceptional cases. When the full part II application and the attachments thereto are submitted the program officer prepares his submission and recommendation for the board. This preparation time averages about 2 months at the present time. Meetings are held every 6 to 8 weeks. Thus routine response time can vary from 14 to 16 weeks depending on the analysis completion synchronization with the next meeting.

#### Eligibility

Project must be in a designated area (see "Trends") below).  
Project must employ a majority of native people.  
Project must be viable and adequately managed.  
Applicant must provide equity (varies by project type).  
Project must pay provincial or national minimum Wage except primary producing types of projects.

#### Proceeds

Grants of up to \$250,000 can be made regionally.  
Funding is up to \$30,000/job created.  
Funds are applied to assets on a proportional basis that varies by type of project.

Trends

Over the decade the ARDA regulations and their administration have relaxed. The 1972 agreement specified equity in the amount of 20% of the capital costs. In the 1975 agreement the equity requirement was 10% for commercial enterprises and was not even addressed in materials promoting primary resource development. Similarly the 1972 agreement required that applicants be situated at least 10 miles from cities of more than 25,000 population (which excluded bands near Prince Rupert, Prince George, Kamloops, Okanagan centres and several other areas). By 1975 the agreement excluded only the most metropolitan areas of Vancouver and Victoria (allowing even Richmond, Delta, Surrey, and Coquitlam amongst other centres of 100,000 plus). The current ARDA agreement is being extended 2 years to March 1984. The funds allocated will not cover the requirement of projects in process. The future of the program appears to be threatened, and steps to mitigate the impact of a withdrawal are warranted.

3 PROVINCE OF B. C.

General

The province operates a variety of economic development programs. With few exceptions, Indian people, their bands and other organizations have been unsuccessful in accessing these. The stance of the provincial authorities has been to refer requests back to Federal Departments or their 1st Citizen's Fund. The latter has been almost a catchment basin for non-program response. The motives and objectives are not clear. To a large extent it does not have these usual program delivery attributes, a mixed blessing.

The exception to the general provincial stance of deflection was the wholehearted response to the Burns Lake Native Development corporation and the Port Simpson Cannery, where the province spearheaded the projects, during the NDP term in office.

First Citizen's Fund

This fund was established under the "Surplus Appropriation Act" of B.C. in 1969. Basically \$25,000,000 was put in a fund (invested in B.C. Crown Corporation bonds) and the earnings of the fund were to accrue to Indians. The fund supports athletic, cultural, social and economic development activities. The latter have been an increasing element of the fund's activities. The fund in its early years did no field assessment of request, nor did it control disbursements.

Currently the fund's program people make an assessment before approval where significant sums are involved. They

also control disbursements assuring that other sponsors support the activity as well before they disburse.

Economic Development projects are eligible for up to \$100,000 if band owned and \$20,000 if privately sponsored. This is double the limits of the mid-70's.

#### Process

Applications must be in the office at least 6 weeks before a quarterly meeting. The approvals and confirmation are slow and the cheques slower. There has been a regrettable tendency for the cheques to be held up until the Minister can present them on site, complete with press coverage.

#### Other Provincial Initiatives

The Burns Lake Projects and Port Simpson Cannery are discussed in the relevant Band Field Work Sections. The province has tended to contribute in recreation outside 1st Citizens under "the Community Recreation Facilities Funding Act" and "The B.C. Sports and Fitness Association". Social programs have also received support under various Ministry of Human Resource Programs, but the economic development impact has been indirect.

#### 4 CANADA EMPLOYMENT & IMMIGRATION

(Canada Manpower)

##### 4.1 General

This department has sponsored an almost bewildering array of programs, many of which during the decade have changed names and acronyms. They fall generally into two classes "Job Creation" and "Job Facilitation" (our term) through

training, relocation, placement and counselling.

The extent of their program diversity is appreciated in their design of "a program for people not reached by our programs". This program "Outreach" was in fact a great success and clearly indicated the state they were in. Outreach was designed to help individuals through the program labyrinth. It is only recently that CEIC have acknowledged that it isn't any easier for bands to sort their way through the programs. A "one window" approach whereby a single officer can access and co-ordinate all programs was proposed in mid-82 and implemented by year end.

#### Job creation Programs

These major programs comprise:

- LEAP: Local Employment Assistance Programs
- CCDP: Canada Community Development Programs
- CCSP: Canada Community Services Program

#### 4.2 LEAP

At the reserve level "LEAP" is the flagship of CIEC's Job Creation programs. It provides up to three years of financial support for job creation projects employing 4 or more people. The projects should have the capacity to become self supporting after that period. Projects can involve training in specific skills or employment. Thus economic development (employment) projects must be potentially viable.

Leap Objectives

To assist groups of individuals who would likely remain unemployed to create employment opportunities for themselves

Delivery System

Staffing: LEAP is presently staffed with program specialists at Vancouver, Victoria, Terrace, Prince George and Kelowna. Program officers work very closely with their clients throughout project life.

Staff identify possible projects. In consultation with clients, a pre-entry phase is usually funded. This will involve study of the project and organization to facilitate its' development. The application to LEAP usually flows from this activity. The LEAP Officer prepares a submission and recommendation to the LEAP Board.

Funding is disbursed on the basis of a sum of initial working capital followed by monthly sums for expenditures made. No holdbacks are involved.

LEAP Officers generally have closer and more frequent project contact than those of any other program.

LEAP BOARD

Each LEAP Office has a LEAP Board consisting of Canada Manpower representation and general community representation. Native people are reasonably well represented given that the program has not been specifically Native oriented. Under the "One window" approach, an all native board will consider native application to all training and job creation programs.

Eligibility - Projects require a non-profit sponsor of unquestioned reliability.

- Projects must employ 4 or more eligible workers, those unemployed or likely to be so.

- Projects may be oriented towards training or permanent job creation (retention).

Criteria - Training type projects are evaluated annually.

- Retention projects must be capable of being self supporting.

Proceeds - Funding of up to \$250,000/year is possible.

- All wages and benefits are paid. Overhead and special costs cannot exceed wages.

- Capital costs are limited to \$30,000 in total over the three year period.

#### 4.3 C.C.D.P.

These programs operate during periods of high unemployment on a seasonal or structural basis.

#### Objective

To create jobs for unemployed through projects that will improve the community.

#### Delivery System

Staffing: Canada work and CCDP operate in a manner rather like LEAP. Program officers work with the projects and prepare from the application materials submissions for a "Constituency Board" or advisory boards.



Constituency Boards

These boards are comprised of members of the constituency who are appointed by the local riding associations, the M.P. or the program officer.

Application Process

Due dates for applications are scheduled in a manner that reflects the peak unemployment periods. These cut-off dates are currently scheduled rather closely reflecting current times. The decision process and initial disbursements take 4 to 6 weeks. Allocation of the ridings resources causes some projects to be rejected and others to be cut back on occasion.

Eligibility

Community groups, bands, municipalities and Service organizations.

Projects must provide at least 16 man months.

4.4 CCSP (Canada Community Service Programs)

These projects are very comparable to CCDP. They differ in that funding is available for up to three years for a diminishing annual basis. Funds to cover the operating costs over the period must be found elsewhere.

These projects may be applied for at any time, and are dealt with in due course. At the current time some areas funds are depleted for this fiscal year.

5      FARM CREDIT CORPORATION

The Farm Credit Corporation has been involved with DIAND in the financing of Agricultural Projects since the early 70's. The basis for this involvement was founded through a 100% DIAND guarantee of FFC loans. During the mid 70's F.C.C. withdrew pursuant to a dispute over the guarantees. The F.C.C. made little collection effort when payments failed and sought the guarantee. DIA for its part was not consulted when these loans were made and felt many were not responsibly assessed. They declined to make good the loans.

The program got underway again in late 77. Technically the same situation still exists.

Purpose

The program is to provide loans at a favourable rate (now 16%) to individuals who lack their own resources to develop economic units. Loans are available for land, seed, fertilizer stock, and to consolidate debt. They tend to be very capital and equipment oriented at the reserve level however.

Proceeds

Individuals can borrow up to \$200,000 (was \$100,000 in 77) and Corporate entities up to \$400,000.

Process

Loan applications are directed to FCC at Kelowna. there is no DIAND or other agency involvement. Processing periods

vary widely from 6 to 16 weeks or more.

Eligibility

Applicant must be an experienced operator and must hold a Notice of Right Use and Occupancy (NRUO) for the land.

General FCC also operate other programs.

a) One allows loans for farmers to acquire non-productive small units to add to their economic units (or create same).

b) Another allows loans for joint purchase of machinery.

these are not commonly seen on reserve, but the former is very appropriate for band farms. The question of title would almost certainly be an obstacle but could likely be overcome.

6 OTHER EXTERNAL PROGRAMS ENCOUNTERED

Agriculture: B.C. & Federal Farm Income Insurance

Farm Interest Reduction Program

4H Clubs

4H Club scholarships

Dyking Program

Cultural: Friendship Centres - (that often sponsor economic development programs).

Economic

Development: CASE assistance c/o FBDB

Salmonid Enhancement Program

Rural Electrification

Tourist Wharf Program

Inland Waters (dredging, etc.)

B.C. Native People's Credit Union

Employment

Young Canada Works

Katimavik

Manpower Consultative Services

Job Counselling and Placement Services

Manpower Mobility Program

Creative Job Search Techniques

Employment Orientation for Women

High School Student Summer Employment Program

Indian-Eskimo Recruitment and Development (IDEA)

Work--Government Program

Youth Employment Program

Outreach

Re-Location

On the Job Training

Native Opportunity and Development Programs,  
Parks Canada

Youth Employment Summer Hiring - Indian  
Associations

work Adjustment Training (W.A.T.)

Canada Manpower Training Program (CMTP)

Basic Training for Skill Development (BTSD)

Canada Farm Labor Pool

Basic Job Readiness Training

Canada Manpower Industrial Training Program(CMITP)

Outreach

High School Student summer employment Program

Apprenticeship Program

Student Community Service Program (SCSP)

Job Explorations for Students (JES)

Occupational Career counselling Service

Career Oriented Summer employment Program

Office of Native Employment

B. C. REGION

ECONOMIC DEVELOPMENT EVALUATION

APPENDIX E

ECONOMIC DEVELOPMENT STRATEGIES

FORMAL PROPOSALS FROM B. C. INDIANS

ECONOMIC DEVELOPMENT STRATEGIES

FORMAL PROPOSALS FROM B.C. INDIANS

INTRODUCTION

In 1975, the NIB and DIAND initiated at the National level, a task force to review Indian economic development strategies. As a result, both DIA and the Indians of British Columbia became increasingly aware of the opportunity to participate in planning their own development strategy. A sequence of activities was initiated to generate a consensus of opinion among B.C. Indians on the structure of future development funding and administration.

Commencing in November 1978, B.C. Indians with DIA assistance produced a series of proposals and recommendations outlining an economic development strategy appropriate for British Columbia and its diverse Indian population. The work of this group and succeeding groups continued over several years in the hopes of implementing a new strategy of local design.

The most recent activity of this planning group was its involvement with this review of British Columbia's Indian economic development. This current review provides base-line data against which to evaluate any proposed changes to the system. No similar review of B.C.'s Indian economic development projects had been conducted since the inception of the IEDF.

The pages which follow provide a review of the B.C. group's activities and is provided as a chronological sequence to clarify the evolution of ideas. Many concepts were included at various stages and then deleted. We have documented these ideas as well, to provide a broader insight into the Indian perspective and to serve as "minority reports" in some cases.

BACKGROUND

History has shown that governments are most likely to respond to the wishes of a population sector when a true consensus of opinion can be demonstrated. When the sector is unable to present a unified proposal, the government is free to procrastinate.

The definition of British Columbia as a Region or unit of management for DIA is appropriate for the non-Indian economy, but is out of line with the B.C. Indian realities. The work of the task force to develop a consensus among B.C. Indians was a virtually impossible assignment.

Within B.C. are some 192 separate Indian Bands, 22 distinct tribal affiliations, and nearly as many languages. The severe physical geography of B.C. has kept these groups separate throughout history and enabled them to develop in different directions and at differing rates of progress. The broad range of cultures, geographic influences and economic opportunities has produced very diverse interests and needs among the Bands in B.C. This diversity, together with their historical isolation and current need to compete for funds, provides an unlikely basis for consensus on economic development planning. On what basis can an isolated Haida fisherman find common ground with a Shuswap cowboy working on a modern Band ranch?

The B.C. task force found that virtually all Indian spokesmen recognized that no centralized program could meet the needs of B.C.'s Indians. Thus, all formal proposals have recommended a system that permits diversity between Bands and recognizes their right to independently plan and fund their own development.



Correspondence from individual Indians on the issue tended to describe the problems they were experiencing in trying to match the real economic opportunities on their Reserve, to the program regulations limiting disbursement of funds. In most cases of complaint, they believed that the National funding program was unable to support their project because of apparently arbitrary criteria, and that a program based in their local area would recognize the viability of the proposal.

The Indian People who live within B.C. Region recognize the need for an organized response to Ottawa's apparent interest in re-structuring the Indian Economic Development process. Because of the highly fragmented mix of Indian cultures that has been included in B.C. Region, the process of gathering input and formulating policy has been lengthy and difficult for the working groups. The following sections provide a brief history of B.C.'s strategy development.

1975 - NATIONAL - NIB / DIAND

In 1975 a National level working group of NIB and DIAND was formed under the name Socio-Economic Development Task Force and headed by Mr. Mair. Gathering input from Regional representatives of the NIB, the group developed a comprehensive plan addressing methods to re-activate the Indian economy. A review of the success and failure of various projects led to recommendations to shift from the paternalistic approach of the past, to a more independent approach maximizing economic self-determination at the community level.

The public release of the Mair Report in 1977 had significant impact on Indian economic development philosophy and planning across Canada. There was a major increase in interest in economic development and a stimulation of both Indian and DIA efforts to re-think the Indian economy. The report was well received and broadly distributed. It is evident that many DIA staff, particularly District BSO's, took the NIB conclusions as accepted DIA objectives.

The key recommendations of the Mair Report emphasized the concept of "bottom-up" economic development based on locally established community goals and priorities. In brief, the report concluded that the economic development of Indians could only be achieved if the development projects are identified and planned locally. The report did not believe that general programs offered from Ottawa could be used to fund local projects because of the need for standard program criteria and the diversity of Band requirements.

1978 DIAND RESPONSE - KNOX REPORT

In response to the NIB's Mair Report, the DIA issued the Knox Report in September 1978 entitled "Redirecting Economic Development". This discussion paper was submitted to the EPC in Ottawa.

Supporting the NIB philosophy, the Knox paper proposed a phase-out of DIAND's control of Indian Economic Development and the creation of Band Economic Development Corporations to deliver funds and services. These funds would be from existing programs and consolidated from a variety of SED resources. This radical step to a community-based development strategy was viewed with alarm by many Bands. Two groups in particular expressed concern: the small Bands who had no administrative structure nor sufficient population to qualify for meaningful funds, and those Bands who had learned to use the existing structure to their particular advantage. Within the DIAND staff there was considerable concern over potential job losses in the Department if the Indians took over SED administration.

SEPTEMBER 1978 - B.C. REGION RESPONSE TO NIB AND KNOX

In September 1978, the B.C. Regional Office of DIA responded to the Ottawa initiatives by proposing that each Region in Canada prepare separate SED strategy plans for its own Region in concert with representative Indian groups from within the Region. This marked the beginning of the B.C. Task Force, it is unclear if other Regions followed B.C.'s lead. Later correspondence indicates that Indian groups in the rest of

Canada felt that B.C. was trying to gain control and that no equivalent process was underway in their own Regions.

1978 - EPC RESPONSE - DODSON REPORT.

After reviewing the Knox report, the EPC called upon Mr. Dodson to develop a National task force to develop specific plans based on Knox's generalized conclusions. Mr. Dodson was directed to draw upon Regional expertise to identify methods by which to achieve the Community-Based Development concept recommended by Knox.

The Dodson discussion paper "A Plan for Re-focusing Departmental Resources" provided objectives and principles for the consolidation of DIA discretionary funds into community-controlled economic development. Mr. Dodson's report also called for Regional Task Forces to be established to liaise with Regional Indian representatives.

OCTOBER 1978 - B.C. WORKING GROUP MEETS

An informal working group was formed in October 1978. The meetings were attended by representatives of the major B.C. Indian organizations including the Native Brotherhood, The Alliance and the Union of B.C. Indian Chiefs. The meetings represented a broad base of support from the B.C. Indian population.

NOVEMBER 1978 - B.C. INDIAN ASSOCIATIONS STATE POSITIONS

In November 1978 a strategy working group was assembled with the assistance of Mr. J. Evans of DIA's Regional Office. The objective was to develop a new Socio-Economic Strategy for B.C. Region as proposed by Dodson and previously by B.C. Region.

Each of the three major associations (Alliance, Brotherhood and UBCIC) submitted documents outlining their initial thoughts on a new SED strategy.

The Alliance:

The Alliance indicated support for a purely communities based strategy and little support for sectoral programs. This reflects the Alliance members' previous dissatisfaction with Indian organizations that had administered funds on their behalf.

UBCIC:

The UBCIC submitted a proposal for a two-pot funding system within B.C. and a per capita allocation of funds to the Region. Within B.C., one pot of funds would be allocated to the community directly, while the other pot would be used to fund sectoral programs such as IFAP and WIAC. The UBCIC submission emphasized the importance of maintaining the Indian Government process by having decision-making rest with each Band's Chief and Council.

The Native Indian Brotherhood:

The Brotherhood's submission emphasized its commitment to sectoral programs and proposed a two-pot system to ensure that community-based development was not hindered. The

membership of the Brotherhood, as fishermen, had benefited from the successful IFAP program and understandably did not wish to eliminate sectoral programs. The Brotherhood, too, called for a per capita allocation of funds to B.C. Region.

The series of meetings which followed consisted of detailed discussions of the positions of the three associations and the DIA. Concern was expressed that the group should make every effort to ensure that its conclusions are representative of the entire B.C. Indian population.

The meetings consolidated support for a request that DIA National funds be allocated to B.C. on a per capita basis. All parties agreed to a two-pot system within B.C. to permit sectoral programs under Indian control. The group expressed strong support for the concept of community-based development. The allocation of funds to each community was an expression of this support. The group was unanimous in agreeing that any B.C. system must be flexible enough to meet the diverse needs and circumstances of B.C.'s Indian communities.

Mr. W. MacKay was appointed as a consultant to act as an organizer to facilitate the preparation of a mutually agreeable strategy document.

Over the following months, Mr. MacKay and his working group succeeded in creating a single discussion paper that reflected their positions. At this stage it was agreed that they should proceed no further until the Indian People had an opportunity to express their reaction.

SPRING 1979 - REPORT OF THE WORKING GROUP

The discussion paper produced by the group was titled "Toward a Socio-Economic Strategy for the Indian People of B.C." The key resolutions of the discussion paper were:

- A. (1) The underlying goal is to raise the standard of living of Indian People (as defined by themselves), both on and off Reserve.  
(2) The standard of living is to be raised through meaningful employment in long term economic development activities.
- B. (1) Decision-making for economic development must rest with the Band Chief and Council who are accountable to their membership.  
(2) The Band is the entity to which the strategy is directed and the Band is responsible for dealing with its off Reserve population.
- C. A new legislative base is needed for the many opportunities that are land and land resource based.
- D. Planning and opportunity assessment should be the responsibility of each Band who may wish to solicit expertise from consultants and the Government(s).
- E. A two-pot funding system is proposed to permit sectoral programs to continue their growth without hindering community-based development.
- F. The report makes a strong case for the allocation of funds to B.C. Region on a per capita basis. At the

time, B.C. had 18.5% of Canada's Indians but received only 8% of National Indian development funds.

- G. It was proposed that membership in the NIB was necessary in order to facilitate action on restructuring funding mechanics (UBCIC did not concur).

The full report was distributed to the individual Bands across British Columbia for their comments. The Bands were asked to communicate their support or criticism through their District Councils. The District Councils were asked to assemble the feedback from their Bands and bring these comments to a central meeting. In May 1979, an assembly of 72 people representing District Councils and Provincial Indian Organizations met to discuss the MacKay paper.

#### MAY 1979 - MEETING OF B.C. INDIANS

The May 1979 meeting of B.C. Indians to discuss the MacKay document represented a unique step in the B.C. development process. Mr. F. Walchli, Director of B.C. Region DIA, commended the group noting that this meeting was the first time that elected representatives of the Councils had ever met to change the direction of SED.

The meeting opened with an address from Mr. I. Goodleaf of the NIB, in which the NIB expressed support for the two-pot system but cautioned against per capita allocation of funds. The meeting split into four working groups formed from the delegates. These groups worked separately to discuss the issues and to produce recommendations from each working group. In addition, 10 District Councils prepared separate responses to the issues.



The key input from each group is summarized below:

Working Group I

- Agree with Band as focus for SED.
- Qualified support for sectoral programs. Caution against nepotism and favouritism in sectoral management.
- The group expressed a need for detailed information on legal authorities and development funding procedures.
- Need more total SED funding.
- Need more planning assistance at Band level.

Working Group II

- Want more Indian control of their own economic destiny.
- Reviewed the history of legal and practical obstacles to Indian economic activity.
- Support per capita allocation to B.C. Region.
- Support two-pot proposal.
- Call for increased total SED funding.

Working Group III

- Recommended that Tribal Councils be the decision-maker on allocation of SED funding.
- Cautious of sectoral funding because it restricts funding to the communities.
- Support per capita funding to the Tribal Council level.
- Request aid for community planning, both money and expert guidance.

Working Group IV

- Support per capita funding to the Band level.
- Opposed to sectoral funding.
- Expressed concern over the effects of per capita funding on small Bands, recommend study of SED strategy for small Bands.

District Councils

- Eight of the ten Councils supported a per capita basis for SED funding.
- The two Councils opposing per capita expressed concern for the small Bands.
- Several Councils recommended per capita funding to the District level, the remainder were not so specific.
- Two Councils voiced the opinion that the MacKay report was not representative of all B.C. Indians.
- One Council advocated retention of the existing program-based funding system.

Following extensive discussions, the meeting voted to adopt the MacKay strategy paper, "Towards an SED Strategy". The meeting directed the original working group to form a Task Force to prepare a detailed action plan from the strategy document. The three Indian Organizations were also directed to move immediately to obtain per capita SED funding allocations for B.C. Region.

MAY 1978 - CONCLUSIONS FROM THE MEETING

The official summary of the May meeting of District Councils addressed the following concepts as essential elements to a B.C. strategy.

1. The Band is the focus of development and the Chief and Council have authority for development decisions.
2. Bands may wish to delegate responsibilities to District Councils or other administrations for SED services.

3. Per capita funding allocations to B.C. Region and Districts within B.C.
4. The key goal is self-sufficiency and elimination of dependence on government funding.
5. The basis for development is Band level planning.
6. The DIA is not the correct vehicle for economic development.
7. Economic opportunities should be supported on or off Reserves.
8. Unified technical and management training programs are needed to reduce conflict and divided effort between government departments.
9. Current economic development budgets are inadequate for the task.
10. The IEDF is to be retained as a tool for development funding shortfalls.
11. A resource centre for Indian SED should be considered.
12. Bands be given the option to control their capital and revenue funds in keeping with sound investment practices.

JUNE 1979 - B.C. TASK FORCE FORMED

The B.C. Task Force was formed to prepare an action plan to implement the strategy developed by the original working group and as directed by the May 1979 assembly of Councils. The formation of the B.C. Task Force also met the recommendations of the National review process as expressed in the Dodson and Knox reports. The Task Force was comprised of the members of the original B.C. working group plus one representative from each Tribal Council to ensure broad representation. The original working group prepared a discussion paper outlining the next steps entitled "Working Toward Implementation". This document was circulated to the Tribal Councils prior to a full meeting of the Task Force.

AUGUST 1979 - B.C. TASK FORCE RECOMMENDATIONS

In August 1979 the Task Force met to plan implementation. The focus of discussion was the document "Working Toward Implementation". The meeting achieved concensus support for a package of eight recommendations for B.C. Indian economic development. Discussion at the meeting covered broad philosophical ground and addressed many specific issues. Some delegates expressed concern that the working group was isolated from the Indian People. Nonetheless, the meeting voted to support eight specific recommendations. The B.C. Regional Office of DIA had assisted and co-operated in the development of the strategy. In democratic terms, the vote by elected representatives of the Tribal Councils was a valid mandate for a new Indian economic strategy for B.C. The meeting also moved to disband the original working group, continue with the Task Force, and appoint a committee of six. This committee was instructed to

co-ordinate examination of the eight points by individual Bands and to work toward implementation of the plan.

The eight points which received general support from the August general meeting of the Task Force were:

1. National DIA economic development budget be distributed to the Regions on a per capita basis. No special funding agreements (James Bay) to be taken off the top.
2. Regional allocation of these funds be distributed per capita to all Bands in British Columbia.
3. Sectoral programs to be restricted to advisory and training functions. No authority to allocate development money.
4. Band level authority for all training and planning funds. All Regional funds pooled and distributed per capita to Bands (Local Government, Planning, Training, Economic Development).
5. DIA not to monitor funds.
6. IEDF loan fund to be a Provincial fund retaining repayments and having control over interest rates. 100% Indian control - long term.
7. A resource centre to be set up as a referral service on Economic Development.
8. The National economic Task Force in B.C. be under the control of the B.C. Task Force. Adequate funds to be given to Bands to determine long term development needs.

It is interesting to note that DIAND Region sent copies of the 8 points to its staff along with expressions of complete support. In the absence of formal objectives, it is evident that many of the field staff took the 8 points as Department objectives. Although the aim was to assist the B.C. Task Force in its efforts, the correspondence succeeded in creating "pseudo-objectives" in the minds of many staff members.

The Task Force committee of six experienced difficulty in obtaining responses from the individual Bands to the 8 point strategy. Bands appeared to be too busy, saw the committee as too close to DIA, or too far from their own community. With little time or budget left, the committee faced the dilemma of losing the momentum for change by waiting for Band response, or 'imposing' a strategy without full feedback from the Bands. A tally of responses to that time showed universal support for points 1, 2, 4 and 7. It was decided to proceed on these points.

DECEMBER 1979 - B.C. REGION RESPONSE TO 8-POINT PLAN

The B.C. Regional Office responded as follows:

1. National Allocation - Support for per capita allocation to Region and a promise of support on the issue.
2. Provincial Allocation - The Development Project Fund (DPF) was put forward as an example of DIA efforts to allocate per capita to the Districts.
3. Sectoral Funding - The Department indicated its intention to continue sectoral funding and cites the lack of Indian unanimity on the issue.

4. Training and Planning - Support for Band priority for training and planning. DPF offered as a vehicle.
5. Monitoring - Stressed the legal requirement for DIA monitoring of funds but emphasized that evaluation should be by an independent third party.
6. IEDF - Supported the concept of a Regional fund and noted a precedent for such a structure in B.C.
7. Resource Centre - Supported concept.
8. National Task Force - The Department pointed out that the B.C. portion of the National Task Force did not supercede the B.C. Task Force in the area of development methods and strategies. The National group was attempting to calculate financial need projections for such development.

JANUARY 1980 - B.C. TASK FORCE SECOND MEETING

The 1980 Task Force meeting focused on pragmatic issues and the implications of the 8-point plan.

The opposition of the National NIB to per capita funding and Provincial negotiations at the National level was reviewed. It was decided that the NIB was subordinate to the mandate of the B.C. Task Force. It was agreed to proceed, but to send a committee member to convince the NIB to agree.

In a similar vein, much discussion took place on the possible negative effects of withdrawing sectoral support. Advocates

of funded sectoral programs, political organizations, and other affiliation groups feared the loss of services if funding were terminated as planned. In defense of the per capita formula, it was argued that those groups who provide a useful service would continue to be funded, but from the participating Bands and at their discretion. In this way it was argued, the sectoral groups would be funded by and accountable to the communities they serve.

Throughout the discussions it is evident that the fundamental issue of Band level authority over all development funds won in every disputed case. The abrupt termination of funding to the sectoral groups was considered too radical so a motion was made to allow a transition period. The motion was passed to provide a one-year phase-out period with organizations receiving 20% of Regional Economic Development money for preparation of proposals to the Bands soliciting support and funds to continue operations.

The proposed resource centre and its budget were scaled down to provide only for a librarian who would collect library contents.

The status of the IBLF was also discussed extensively at the January 1980 meeting. Consideration was given to the formation of an Indian controlled fund. It was decided that the Task Force prepare a document outlining the advantages and disadvantages of such a fund.



MARCH 1980 - B.C. COMMITTEE REPORT "AN IMPLEMENTATION STRATEGY FOR ECONOMIC DEVELOPMENT OF B.C. INDIANS"

The B.C. Task Force produced a specific set of implementation steps in their March 1980 report. The B.C. group was subdivided into the following teams:

Socio-Economic Task Force - An organization of District Tribal Councils working for long-term SED for B.C.

Socio-Economic Working Committee - Group appointed by the Task Force to develop specific implementation process.

Ottawa Negotiating Team - Appointed by the Working Committee to negotiate for B.C.'s per capita share of DIA Economic Development National budget.

Provincial Forum - Representatives of the Tribal Councils responsible for communications with Regional Office of DIA.

The March report "An Implementation Strategy" described the current funding process and recommended alternatives for B.C. Economic Development funding as outlined below:

Current Process - National (1980)

- A. Receives all Economic Development Funds from Government on behalf of Indian People.
- B. Commitments (James Bay, NIACS, etc.) taken off top of funds.

- C. Remainder allocated to Regions by DIA Executive Planning Committee (EPC), based on input from Regional Directors General.

Working Committee Proposal - National

- A. Elicit support of DIA and Indian Organizations for per capita Economic Development funding.
- B. Send team to negotiate with EPC for per capita.
- C. No funds to be taken off the top for James Bay, etc.

Working Committee Proposal - Provincial Implementation Strategy

To achieve concensus from the diverse functions within the Task Force, a three-year transition plan was developed. This plan included three elements:

- (1) One Pot - per capita funding to Bands.
- (2) Two Pots - (a) per capita to Bands plus (b) funding to existing sectoral and political organizations.
- (3) Three Pots - (a) per capita to Bands, (b) funding to existing organizations, (c) base funding on a per Band basis to stimulate local Economic Development planning.

The March 1980 working committee recommendation called for a three-year strategy moving from three-pot funding to one-pot as a final structure. The base funding to Bands was included to allow Bands to identify local opportunities and produce plans for utilization of Economic Development funds.

Specifically, the recommendations were based on the timetable below:

Proposed B.C. Economic Development Funding (\$000)

	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>
Per Capita to Bands	1848 (56%)	2244 (68%)	3300(100%)
Base Funding to Bands	660 (20%)	660 (20%)	0
Sectoral & Political Org.	<u>792 (24%)</u>	<u>396 (12%)</u>	<u>0</u>
	3300(100%)	3300(100%)	3300(100%)

Also in March 1980, the Task Force announced its intent to actively pursue per capita distribution of B.C.'s Economic Development funds. The Task Force was unhappy with the performance of the Indian Arts and Crafts Society of B.C. (IACS) and protested its special funding status.

MARCH 1980 - UNION OF B.C. INDIAN CHIEFS INDEPENDENT ACTIVITY

The UBCIC withdrew from the Task Force process in March 1980 and announced its separation from the Provincial Forum. A variety of causes for the split can be identified. One of the more universal causes expressed by respondents during the current survey was a growing fear that the process was too close to the DIA. Many Bands felt that the new strategies were developed by the DIA. In addition, interior and northern Bands perceived George Watts and the Forum as a political force representing a limited sector of the B.C. Indian population. There has been no survey or sampling to determine the level of actual support for the Task Force versus the UBCIC position. To a large extent, those interviewed in this study

were undecided. There was general support for the thrust of the Task Force activities, but suspicion of the DIA connection and the motives of the Provincial Forum.

UBCIC did not oppose the concepts developed by the Task Force. In March 1980, UBCIC sent a letter to Mr. Munro, the Minister, announcing their withdrawal from the Forum. In a separate letter a few days later, UBCIC asked Mr. Munro to support:

- (a) Per capita allocation to B.C. Region.
- (b) Elimination of DIA from Economic Development in order to cut the cost of salaries from Indian funding administration.
- (c) Per capita allocation to Bands within B.C.
- (d) Band level authority on spending, pooling or re-assigning their funds.

1980 - OTTAWA RESPONSE TO TASK FORCE

Ottawa's reaction to the B.C. plan was essentially sympathetic, but unproductive. The Ottawa position was based on their belief that there were insufficient total funds Nationally to permit per capita to B.C. Region. Allocation of the available funds was to be varied to accommodate the immediate needs of some communities. Ottawa was also unwilling or unable to cut funding to the B.C. IACS as requested.

Delegations visited Ottawa in April 1981 to lobby for support of their plans for a B.C. strategy.

During late 1980 and 1981, the momentum for change was lost. The lack of results in implementing change and the inability of the group to elicit support in Ottawa led to this lengthy gap in activity.

1982 - B.C. INDIAN ECONOMIC DEVELOPMENT CORPORATION

In early 1982, The Provincial Forum incorporated the BCIEDC, a corporation to support community-based development. The corporation has not yet been activated. The intent of the corporation is outlined below:

- Goal - Economic self-reliance through the opportunity to manage or develop resources more effectively.
- Principles - Community based.
- Flexible between groups of Bands or individual Bands.
  - No Indian political organizations can gain control.
  - The corporation will operate competitively in the open economy.
- Objective - To assume responsibility for B.C. Indian economic development.
- To support existing development corporations.

1982 - FORUM CO-SPONSORS ECONOMIC DEVELOPMENT REVIEW STUDY

In 1982, the DIA with assistance and involvement from the Forum, initiated the 10-year B.C. Economic Development review which you are now reading. Through its links with B.C.'s Tribal Councils, the Forum liaised with the Bands to gain their support in this study. Forum members have provided valuable assistance in the course of our fieldwork. Without the trust and support of the Bands in the sample, the data gathering would not have been possible.

B.C. REGION

ECONOMIC DEVELOPMENT EVALUATION

APPENDIX T

NICOLA VALLEY INDIAN DEVELOPMENT CORPORATION

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## NICOLA VALLEY INDIAN DEVELOPMENT CORPORATION

### 1.0 INTRODUCTION

The Nicola Valley Indian Development Corporation is a community-based economic development activity situated in Merritt, B.C. It serves the five member Bands of the Nicola Valley Indian Administration (NVIA). The NVIA was formed in 1972 to provide administration and government services to some 1300 Band members.

The Bands of the Merritt area were originally identified as a member of the sample selected by the evaluation committee but they withdrew.

It was felt to be imperative that this example of successful community-based development be included. The NVIA's success and that of Burns Lake speaks well for appropriate future approaches. Accordingly, the consultants arranged for the inclusion of data respecting the Development Corporation.

Permission to review Band projects was not sought nor would it have been granted. The data here deals with the Development Corporation, its achievements, policies, structure, setting and background.



## 2.0 BACKGROUND

The N.V.I.A. had for some six years or more provided business services to clients in the Bands. These included financial and advisory services as well as accounting services.

### 2.1 Business Development Services of N.V.I.A.

The efforts of this section played a part in the establishment of these Native-controlled and operated businesses:-

- The Nicola Valley Indian Services Association.
  - the owners of a \$1 million office building & contiguous land.
- The Nicola Indian.
  - a community newspaper.
- Valley Business Computer Services.
  - a commercial computer service bureau in Merritt.
- The Nicola Valley Construction Company.
  - a contractor & wholesale building supply firm.
- The Nicola Valley Sand & Gravel Company.
  - a gravel pit, crushing and readymix operation with facilities at Merritt and Logan Lake.
- The Shulus Cattle Company.
- The Spahomin Cattle Company.
  - ranches at Lower Nicola and Douglas Lake.

Between the companies and the administration, more than 100 Native people are employed through all levels of the organization(s). Non-Indians employed number three.

The N.V.I.A. also serves individuals and groups who operate businesses and ranches. These have comprised:-

A campsite and resort.	Tree planting contractors.
A multitude of ranches.	Fencing contractors.
A chicken farm.	Trucking & excavation contrs.
Logging contractors.	Direct sales agents.
Produce import and sales.	
A youth camp.	
A seniors home (under development).	

These activities have been assisted technically and with finances by means of application preparation and facilitation with agencies such as Indian Affairs, ARDA, Farm Credit Corporation, and the like as well as direct loans.

The N.V.I.A. had established their own development trust. The trust is only 30 months old but has an enviable record. It has been used as a general short-term finance service for:-

- farmers and ranchers
- 4-H Club cattle raisers
- N.V.I.A. businesses
- logging and related contractors
- special education needs
- sporting and cultural organization.

Approximately 40 loans (not including small loans to 22 4-H Club participants) were made in 1980-81.

Collections have been excellent with no defaults and no arrears that were significant or indicative of a potential default and this fund will continue to operate in concert with LEDA funds.

N.V.I.A. Trust Performance Summary - 1980-81 Loans

Loans made	100.0%
Principle amounts repaid to March 31/81	32.6%
Principle amounts repaid to August 1/81	31.6%
Outstanding at August 1/81	35.8%

2.2 Resource Management Role of N.V.I.A.

Under costsharing agreement with DIA, N.V.I.A.'s Economic Development section undertook a project to analyse the basic resources of the five Bands.

Specific achievements in data collection during 1980/81 include:-

- preliminary mineral surveys of all 25 reserves;
- labour force survey of 500 adult Band members providing details of training and employment;
- student writing ability survey.
- agricultural land inventory.
- irrigation system survey.
- erosion control requirements analysis.
- assessment of priority timber spacing requirements.
- job description and classification analysis for N.V.I.A., the five Bands, and related entities.
- knapweed control survey.

- rangeland survey for Upper Nicola and Lower Nicola.
- Coquihalla Highway impact study.
- inventory of water resources in Nicola and Guichon watersheds.

Work performed in actual physical resource management during 1980/81 includes:-

- seeding 200 acres of rangeland at Shulus with excellent results.
- fencing and waterhole development at Spahomin.
- fencing at Shulus, Coldwater, and Nooaitch.
- juvenile spacing of timber at Coldwater IR#1.
- flume reconstruction at Nooaitch and Shackan.
- domestic water system construction at Spahomin and Coldwater.
- registration of Upper Nicola Fishing By-law.
- construction of a recreational youth camp at Glimpse Lake.
- purchase of development land within the Town of Merritt.
- opening gravel pit at Pipeaul (Logan Lake).
- regulation of storage levels at Chapperon, Mammit and Nicola Lakes.
- purchase and management of a 70 sq. mi. trapline near Douglas Lake.
- co-ordination of knapweed spraying in the area.

### 2.3 Housing and Capital Projects Co-ordination

A new administrative function was established in 1980/81 primarily to take advantage of CMHC funding programs for residential rehabilitation, insulation and non-profit housing developments. An experienced tradesman was hired to administer these programs. On one hand, the program attempts to respond to the housing and infrastructure requirements of individuals and Bands, while also addressing itself to N.V.I.A.'s "trustee" position of monitoring the progress of government funded projects to ensure satisfactory completion and protect Bands and their membership from unreasonably high construction costs.

In the past 12 months, the RRAP program has injected \$200,000 into the local economy, using Native labour to rehabilitate more than 30 reserve homes.

A further \$20,000 injection resulted from participation in the CHIP program, which also utilizes all Native labour to upgrade insulation.

During the year, application was made to CMHC for \$400,000 funding under the non-profit housing program. The program provides long-term mortgages at a rate of 2% interest. A further \$600,000 loan budget has been negotiated for the coming year.

Revenue of more than \$18,000 was generated from RRAP administration of the Nicola Valley and SCTC programs.

#### 2.4 Training and Employment

The details of N.V.I.A.'s 1980/81 employment strategy are provided in the report "Employment through Community Development" which is available.

The principles of planned training and maximization of Indian employment have been the underlying basis of nearly all of N.V.I.A.'s activities. In support of this, N.V.I.A. provided employment for 100-160 Natives.

Of the persons employed by N.V.I.A., no less than 80% can be considered to have received extensive training on-the-job (with direct instruction from an experienced co-worker or trainer). Particularly noteworthy are the programs in basic carpentry skills and management supervisory skills which were provided with the co-operation of Cariboo College. Other instruction provided to N.V.I.A. employees included: concrete technology, accounting and bookkeeping, intensive forest management, computer operations, air brakes license, real estate

syndication, farm management, tutorial and teacher aide techniques, office procedure, typesetting, and community planning.

Aside from those directly employed, many Band members received formal instruction in universities, colleges, vocational institutes, and programs designed to upgrade basic literacy skills, complete high school requirements, or encourage the use of proven job-search techniques. Even on the social level, Band members received instruction in homecrafts such as hide tanning, carving, beading, ceramics, knitting, cake decorating, and nutrition.

Programs designed especially for youth include: on-the-job work experience, 4-H beef production and farm management, job-search techniques, and tutorial skills.

#### 2.5. Nicola Indian Community Newspaper

This project may seem to be very expensive, but it is the Nicola Mouthpiece. It allows them to "report" to DIA and other government bodies on a voluntary rather than compulsory basis. It sits on the desk of every MLA and MP who votes on issues directly effecting the Nicola Valley Indians. It gets sent to every Band office in B.C. and many more throughout the country. If they wish to subscribe, it is available to the members of the non-Indian community in Merritt. Much more important, it goes to most of the Native households in the Nicola Valley and to the homes of out-of-town Band members for whom they have addresses.

The paper takes local news events to National leaders and in return brings news of national significance to local people. It serves to inform members of upcoming events and reports progress to DIA and other government agencies. It serves as a modern chronical of these (1981) historical times in Indian Affairs, as well as being a medium in which tales of the past can be made public.

## 2.6 Development Record

The N.V.I.A. has an excellent record of development capability as indicated by their achievements. The requisite skills are present for effective administration and provision of technical inputs. Management personnel are in somewhat limited supply and they always have been. The N.V.I.A. has recruited, trained, and developed a considerable number of managers in the past four years. Some have left the organizations and others have returned but the net growth has seen them able to staff a constantly growing number of management positions. Thus while management development results are excellent, the demand continues to run slightly ahead of supply. This is not a problem unique to the Valley, it is a factor in a great number of industries and government bureaus.

The N.V.I.A. has shown the control and the responsibility to run a Development Loan Fund that revolves as required. The value of this cannot be over-emphasized.

## 2.7 LEDA Development Capital Approval

In March 1981 the N.V.I.A. received permission for financial assistance to prepare a submission for LEDA support. In due course the application was accepted and the LEDA support realized. The Nicola Valley Indian Development Corporation was formed and endowed with the N.V.I.A. Trust Funds as well as LEDA support.

### 3.0 LEDA PROGRAM

The LEDA Program offers to community development corporations, funds to lend to local corporations to create jobs. They also provide operating funds.

Loans are provided at a rate of \$150,000/yr, Operating costs at \$100,000/yr for up to three years.

Various loan conditions apply but generally the loans must be for the private sector and are limited to \$25,000 per client. Equity investment and loan guarantees are also allowed. The borrower must invest a sum equal to the assistance. The business must be reasonably likely to be viable and borrowers must first apply to the FBDB for a loan and be refused.

To receive the funding, the Corporation had to prepare a detailed Action Plan.



## 4.0 The Action Plan

### 4.1 General

This section is devoted to the development of an Action Plan based on the opportunities identified. Broadsheets outline the activities and the role of the LEDA Corporation with respect to each. The activities are prioritized and the likelihood of their actual realization is considered.

A set of numerical targets for the first full year of an Operational Stage Agreement (with projection for the second year) include:

- The number of continuing private sector jobs that the Corporation would expect to help develop through the provision of financial assistance to businesses in the community;
- The number of new or existing businesses the Corporation would expect directly to assist financially through loans of equity involvement;
- The number of businesses that the Corporation would expect to technically assist, including the giving of consultation and advice with respect to other sources of technical and financial assistance available;
- A plan for consultation activities with other related governmental bodies and commercial agencies situated within or outside the community.

Brief descriptive writeups are included for those project activities that are most relevant to the short-term plans.

### 4.2 Plan Attainability

The question of the practicality of the plan rests on two factors: the feasibility of the project ideas and the capacity of the LEDA

Corporation. Work done to date only considers feasibility in general terms to identify projects of apparent viability. It is the LEDA Corporation that will have to bridge that tremendous gap between appearance ("looks good") and actual feasibility, investment, implementation, and return ("is good"). Therefore this section (3.4) addresses the proven capacity of the N.V.I.A. and their management to operate this program.

The bulk of this capacity is demonstrated in the experience and the achievements to date of both the N.V.I.A. and their specific clientele.

## 5.0 AN ECONOMIC OVERVIEW OF THE NICOLA VALLEY

### 5.1 The Nicola Valley Setting

The Nicola Valley comprises the watershed of the Nicola River and that of its chief tributary the Coldwater River. This physical definition defines an area quite consistent with Electoral Areas M and N of the Thompson Regional District (see map). Merritt is the population and trading centre of the area. However, Logan Lake, which is in the watershed but beyond the political bounds, is a rapidly developing centre serving the mining areas.

The watershed of the Coldwater lies on the eastern slope of the Coast Range and the climate is cooler and wetter than the Nicola River's watershed which originates in the dry and mild Thompson Plateau. Some 70% of the Valley can be considered to have a true Interior-type climate similar to that of the Kootenays and a little cooler than the Okanagan. The area is not given to extreme cold, but is very hot and dry in summer.

Metal mineralization occurs in the mountainous areas and fossil-laden sedimentary rock hosting some coal deposits occurs in the Valley. The Coldwater Valley is quite heavily forested whereas the Thompson Plateau is almost 40% open and lightly forested.

Merritt, the focal point of the Valley, is some 370 km northeast of Vancouver and 90 km southwest of Kamloops (see map). The Valley is served by CPR's Kettle Valley Spur and B.C. Highways No.5 and 8 that connect Merritt to the Trans Canada Highway at Spences Bridge and Kamloops, and to the southern Trans Provincial Highway at Princeton. A new Trans Canada route is being built that will pass through Merritt connecting the Lower Mainland to the existing Trans Canada Route at Kamloops. This highway is not expected to be complete until 1990 at the earliest. The economic impact will be considerable as tourism, travel, and secondary industry will be greatly facilitated by the access. Travel time to Vancouver will be reduced 2 1/2 to 3 hours.

## 5.2 The Valley's Economic History

The Nicola Valley has been home to Interior Salish Indians for 7000 to 9000 years or since the retreat of the last Ice Age. Initially settled by Athapascans, Okanagan & Thompson peoples who now live there migrated to the area and later assimilated the original Native people. Evidence of permanent settlement some 3000 years old has been found. Therefore it is safe to say economic activity which is a requirement of permanent settlement is at least 3000 years old.

White settlers arrived in numbers in the Interior in waves related to Fraser River, Cariboo and Similkameen River gold rushes and found the Indians packing on the Brigade Trails as they had been for 50 years since the arrival of the Hudson Bay Company in 1813. They also found the Indians placer mining on the rivers. Natives had established the value of the sand bars and by taking out and trading up to 800 ounces per year were instrumental in their own invasion.

Indians worked on the wagon roads that were established to supply the Cariboo but by the time the railway came, those of the Nicola Valley were suppliers of beef along with the White settlers. This cattle ranching is still the mainstay of the Valley.

Coal mining was introduced when the railways entered the Valley, in fact, the quality of the coal was the prime motivation in route selection and spur construction for the Great Northern and CPR respectively. While coal mining faded out in the 1950's for economic reasons, metal mining has experienced substantial growth. It has overtaken the forest industry and is now the major employer of the region. Unlike the forest industry which has peaked due to the limit of the renewability of the resource being realized, the mining industry is continuing to grow. Several major properties are currently under various phases of development.

### 5.3 The Resources of the Bands of the Nicola Valley

#### 5.3.1 Human Resources

The Nicola Valley area population is defined for statistical purposes as SUBDIVISION "C" of the THOMPSON-NICOLA CENSUS DIVISION or alternatively, SCHOOL DISTRICT #31. The area population is estimated to be 10,000 in 1981 with a forecast growth of +1,500 people over the ten years to 1991. Completion of the Coquihalla section of the Trans Canada Highway will accelerate this historical growth trend. However this increase cannot be without a firm completion date forecast.

The area population is concentrated in the Town of Merritt with 65% of the total. The nearby communities of Collettsville, Lower Nicola and Nicola contain 12% of the area population while the remaining 23% live in scattered locations throughout the surrounding rural and ranch lands.

The area is home to the five Indian Bands which make up the N.V.I.A. and whose membership represents 14% of the total area population.

Growth in the Town of Merritt has kept pace with the Provincial average, increasing +20% over the past decade. The surrounding rural areas on the other hand, are experiencing a population decline. This is in part

due to town boundary expansions, but does reflect a static growth situation overall. The table below provides an historical summary of population trends.

	<u>Area Population Trends</u>					
	<u>1966</u>	<u>1971</u>	<u>1976</u>	<u>1981</u>	<u>1986</u>	<u>1991</u>
Total Merritt Area	7,482	8,965	9,315	10,000	10,500	11,500
	+31.5%	+19.8%	+3.9%	+7.4%	+5.0%	+9.5%
Town of Merritt	4,500	5,289	5,680	6,500	7,000	8,000
	+48.1%	+17.5%	+7.4%	+14.4%	+7.7%	+14.3%
Rural	2,982	3,676	3,635	3,500	3,500	3,500
	+12.5%	+23.3%	-1.0%	=3.2%	<u>+ 0</u>	<u>+ 0</u>

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The population of the Merritt area is heavily skewed toward the young when compared with Provincial and National norms. The elderly (age 64+) are noticeably under-represented at 5.2% of the total versus the Provincial average of 9.8% and the Okanagan's 17.5%

Merritt offers good potential for the development of the area as a retirement centre similar to the recent growth of the Okanagan. Merritt offers the same scenic and climate attractions as the Okanagan and importantly, much lower housing and land costs. Recent trends toward increased prices and population congestion in the Okanagan together with the opening of the Coquihalla makes Merritt a prime development site for retirement housing.

The employed labour force in the Merritt area increased by +23% between 1971 and 1979 while the total population rose by only +6.3% over the same period. Participation rose from 56.2% in 1971 to 64.7% in 1979.

The growth in the labour force of +775 people reflects both the loss of 345 jobs and the addition of 1,120 new positions. The largest job loss sector was Mining which fell from #1 employer with 670 jobs to #5 with only 375 jobs. Forestry also lost 50 jobs over the period.

Growth in employment has been diverse and reflected in all employment sectors (ex Mining and Forestry). This diversity shows a healthy expansion of the total area economy in contrast to previous single industry boom/bust cycles.

The membership of the five Nicola Valley Indian Bands totals 1,400 people. This population is also skewed toward the young and under-represented among the elderly. The table below shows the population by Band and age group.

Age Distribution - Five Bands

	Upper <u>Nicola</u>	Lower <u>Nicola</u>	<u>Coldwater</u>	<u>Nooaitch</u>	<u>Shackan</u>	<u>Total</u>
0 - 14	31.9%	30.0%	30.5%	32.7%	34.9%	31.3%
15 - 64	64.1	65.8	66.4	61.5	59.3	64.6
65+	<u>4.0</u>	<u>4.2</u>	<u>3.1</u>	<u>5.8</u>	<u>5.8</u>	<u>4.1</u>
Band % of Total	32.6%	30.4%	23.2%	7.6%	6.2%	100%

Employment among Band members has been disproportionately high in agriculture and on-reserve construction which account for about 50% of the Bands' active labour force. Overall, about 66% of members age 15-64 have participated in steady employment in the last five years. Of this group, 40% are presently employed, 10-15% of the eligible force receive UIC or welfare benefits, and the remaining group survives hand-to-mouth without formal income.

### 5.3.2 Physical Resources

The five Bands of the Valley control 65,683 acres in 25 different reserves ranging from 15 to 23,000 acres.

Roughly 50% of this is rangeland, clear of forest cover, and substantial areas with the "park-like" pine cover that barely inhibits foraging. Many areas where brush occurred naturally have been cleared for hay fields and pasture.

Every provincial document that assesses economic potential of this area identifies the Indian reserves as containing great quantities of under-utilized agricultural land. Regretfully, they fail to point out that in most cases and certainly in the case of the Nicola Valley reserves it is not a lack of willing farmers, but a lack of modern irrigation systems that lies at the root of the problem. The water resource is available in most cases but development is required.

Several reserves have recreational lakeshore. Two are on Nicola Lake and others bound on five excellent fishing lakes as well as many small lakes whose sport fishing capabilities simply aren't known.



There is documented metal and coal potential on four reserves such that on preliminary geological assessment by the Department of Mines and Resources further work including drilling was recommended. Gravel deposits are abundant and two pits are in operation now.

Several reserves are situated astride highways and at present and future intersections such that their commercial development potential is significant. The potential for modest commercial development at some of the reserve communities is similarly practical because of their size and the lack of services on or adjacent to the reserves.

#### 5.4 Sectoral Analysis

In the Economic Profile & Opportunity Analysis, each major sector of the economy was viewed. The sectors were considered with the relevance to the potential activities of the Bands in mind. Thus, in a sector such as Mining, the potential of mining activity itself is not stressed as the technology and investment outstrips the Band and N.V.I.A. capabilities. Rather, mining is viewed as:

A consumer of goods of potential local manufacture.

A major impetus to the future house construction field.

An impetus in population growth that provides retail trade and service opportunities.

5.4.1 Agriculture: Agriculture is the greatest employer of Native people, just as it is the mainstay of the whole Valley. Farming and ranching which employs an estimated 150 Native people has been part of Native life since prior to 1880. Band members' ranches and farms were developed with earnings realized off the reserves in contract logging and similar tasks. Nowadays this seasonal work is difficult to obtain as the logging field becomes increasingly mechanized and capital intensive. Regretfully the need for contract work is greater because the agricultural business is becoming more mechanized and capital intensive.

trout, the business is profitable and a lake-grown trout from a fishermen's paradise should well be able to compete with tank-grown Japanese, slough-grown Alberta, and other products. The reserves have countless small lakes that could support such fish. Although some stream-fed raceways will be required for August holding when trout get soft in warm lakes, as well as winter holding. Aquaculture is a growing business and fish are efficient feed to fresh converters. Trout will be cheaper than good beef cuts in the near future.

Agricultural opportunities comprise:

- Continued ranch and hay farm development.
- Irrigation Districts.
- Irrigated Pastures.
- Non-traditional farming. Potatoes  
Asparagus  
Parsnips  
Market gardening  
Nursery Crops  
Turf
- Trout Farming.

5.4.2 Mining Sector. Mining is the growth sector in the Valley.

The Highland Valley is a phenomenal copper molybdenum production centre. This concentration of mines, rare in the west, is reminiscent of Northern Ontario and Quebec gold mining communities. Five mines are operating although one is in cleanup and two firm prospects are under development which will see this area producing more than 50% of B.C.'s copper output.

These metals have seen the resurrection of the Valley as a mining centre. The first half of this century saw Merritt as the Province's coal

mining centre, but the mines closed as rail and heating converted to oil. Shell Resources however have acquired extensive holdings and the quality of the coal from this area which attracted the railroads may see development re-occur.

Regretfully, the Bands cannot likely benefit directly from mineral extraction and processing. They do have mineral prospects on the reserve but these are hardly "bankable". Furthermore, the exploration, development, and construction of facilities for efficient operations of coal or low grade copper one requires massive investment.

Nonetheless, two opportunities to joint venture exist in the field of mining supply. One is the manufacture of grinding media and the other of mill liners. The former requires a modest foundry and the latter limited manufacturing space. Grinding media, ball and bar sales amount to several million dollars annually in the Valley alone while the B.C. market is in the tens of millions. All these materials, close to 100,000 tons, are shipped from Alberta to the U.S.

Mill liners is a very complementary line and the investment is much less. Both ideas are outlined in the Appendix.

Finally, almost all B.C.'s molybdenum producers ship molybdenum in drums on pallets to foreign buyers. The closest pallet producer is in Chilliwack and they supply the local mines. Pallet manufacture requires a very modest investment and an appropriate building exists on Coldwater Reserve.

5.4.3 Forest Sector. Forestry now employs 350 people in the mills of Merritt and a like number in logging. It is the biggest employer in the Town of Merritt.

Forest harvest and the related sawmill facilities are not a growth sector. In fact, unless the forest regeneration efforts are dramatically increased, the industry will have to curtail operations in 20 years or so. The wood resources are simply over-committed and will not sustain the present annual cut.

It appears that the forest industry has acknowledged their problem and regeneration efforts are doubling this year. Four to five million seedlings will be planted this year at a cost of close to one million dollars. Spacing (thinning stands) will amount to \$200,000.

This work is all let on contract and is the type of work that is consistent with Native subsistence ranchers needs if they are to grow. The work will comprise several man-years in the spring for planting and through the summer for spacing.

The Coldwater Valley has long been a Christmas tree supplier and this work can be contracted in the fall for harvest and the winter for pruning. Year-round contract work is available particularly if one was to train forest fire suppression crews for the late summer. The N.V.I.A. LEDA Corporation's role will be in co-ordinating and financing the Native people already in this field. As the work doubles, it will become practical to have at hand some full-time people and year-round crew capabilities.

5.4.4 Secondary Manufacturing. We have excluded sawmilling and mineral processing from our secondary manufacturing definition as these more rightfully belong in the relative resource sectors. Having done so the sector is depleted.

For practical purposes the major secondary industry of the Regional District then is comprised of:

Food processing: (bottlers and small slaughterhouses).

Construction products: Readymix, concrete products, trusses, windows, doors, cabinetry and house components.

Machinery manufacture & Metal fabrication: Producers of specialties for mines, logging, and sawmills, as well as construction components.

Printing & Allied trades: Newspapers and printers.

Secondary Manufacturing in this region is hampered by the conditions that exist throughout B.C. as well as local conditions. Leaving aside the obvious problems for major manufacturing of, distance to major markets, and offshore competition in labour intensive fields, one of the most serious constraints is the availability of reasonably-priced land. This is an area where Merritt generally, and the Bands specifically, have something to offer potential joint venture partners, and the Bands have in fact done so at Logan Lake.

Merritt's secondary industry comprises:

Newspaper and Printers  
Bakery  
Readymix operators (2)  
Concrete Cast Products

A few opportunities warrant investigation based on the observations made in the Appendix. These comprise:

A slaughterhouse.  
Wood Products plant (pallets, trusses, etc.)  
Post-treating facilities; and  
FRP fabrication.

5.4.5 Transport. Merritt's future highway transport role is foretold by the elaborate but less than obvious energy transport network in the area. This network comprising oil and gas transmission as well as B.C. Hydro's largest substation outside the Lower Mainland, reflects Merritt's strategic location with respect to the Coquihalla Pass and Interior centres and its suitability as a staging area.

The Coquihalla Highway Project is however some years away. In the meantime, opportunities are confined to taxis and local or long-distance trucking on an owner/operator basis with one of the five existing firms.

Taxi potential is high if a license to operate can be secured as the Native people in Merritt represent the bulk of the business. They comprise the majority of the clientele and their trips are longer. The taxi business allows a variety of other fields to be entered. The need for overnight attendance at a switchboard means alarm monitoring, answering services, security patrol and overnight instant printing, can all be considered.

5.4.6 Construction. This sector employs some 375 people in Merritt and has experienced considerable growth as in 1971 only 260 were so employed. The mining impact has provided the impetus and will continue to do so. A great number of Merritt contractors are employed in residential construction in Logan Lake. That area will likely continue to grow for the next five years.

Construction activity that involves local tradesmen in Merritt is remarkably steady. While annual building permit dollar values are rather variable, the peaks are caused by major works that usually involve out-of-town contractors and union crews.

Details of the historical and projected building activities are provided in the Appendix. House construction alone will provide some 400 to 450 man-years of work per year in the trades, labour and supply fields.

Housing demand in the Valley is predicted to exceed 450 units per year for the next five years.

Specific opportunities exist for the Band through the consolidation and expansion of their two existing companies in the construction field and entry into related trades and businesses. The present construction activities of Nicola Sand & Gravel and Nicola Valley Construction Company comprise:

- residential construction (on reserve)
- residential repair and rehabilitation (on reserve)
- wholesale sales (on reserve)
- gravel sales (throughout the Valley from two pits)
- crushed gravel sales
- readymix sales
- cast products manufacture and sales
- some subtrade subcontracting

To these could be added:

- concrete form rental
- U-Haul trailer rental
- tool rental
- little mix rental
- more cast products
- more wholesale lines
- sub-contract crews in painting, roofing, insulation & dry wall excavation work

5.4.7 Energy Sector. Alternate energy is unquestionably a growing field. The bulk of the economic activity is of course technology- rather than resource-oriented. This is not the case in the Nicola Valley. Three energy semi-unconventional energy resources exist. Resources that are not new but rather being re-assessed in the light of current needs. They are coal, wind, and wood.

Coal resources are still reasonably plentiful in the Merritt area. Merritt area coal is clean and of low ash content making it practical for stove and heater use. The known deposits and old workings developed are all small. This limits the potential for large scale development for export purposes. It was hoped that some of the deposits identified on the reserves would be of a scale and setting that allowed recovery by simple excavation. The deposits to date have been isolated lumps in alluvial deposits rather than sedimentary and wouldn't yield a truckload. Godey IR#2 is a good coal prospect but the amount of overburden would require a full-scale mining operation to recover whatever may be there.

Wind is constant in Merritt or so it seems to the residents and visitors. However, as no wind records have been kept, the resource is not quantified in practical terms. Present wind energy conversion technology precluded practical development because a wind plant to produce 600 Mega watt, the size required of a Vancouver Island thermal or nuclear plant, would consume 160 square miles (102,000 acres) of land and 2800 miles of transmission cable. The sight and sound of 50,000 windmills boggles the mind.

However, the reserves around Merritt offer a practical and relatively secure test site for wind generators. This is important as B.C. Hydro's first two experimental units, although in remote areas were vandalized beyond repair causing the program to be abandoned. Vandalism in reserve communities is low by our standards and reserves are not greatly trespassed by hunters and recreation vehicle users except when immediately adjacent non-Indian communities.

Wood energy potential that can be developed by the Band is simply firewood production. Previous work has shown that this can be packaged and distributed to chain grocery stores, service stations, and lumber yards. Bulk shipments to U.S. Centres by rail are also possible. The B.C. Presto-log market exceeded 8000 cords in 1972 and has likely increased considerably since.



5.4.8 Government Social & Business Services. When any sector displays growth, so does this sector. N.V.I.A. is of course in the government and social services field. While these types of services are not normally investment opportunities, they are in the N.V.I.A.'s cases.

Two program areas are of a high priority at N.V.I.A. They are salmon enhancement and a combined seniors and care residence. Both can be viable long-term employers that will not be a drain on N.V.I.A. financial resources.

#### 5.4.9 Tourism and Recreation

The travel and tourism industry in B.C. is the most dynamic growth sector in the Provincial economy generating an estimated \$2.0 billion per year in 1981. Forecasts of future growth are strongly positive.

The Nicola Valley area has a unique geography and climate which makes it an area of potential development of major significance to the total Province. The dry climate, vast grasslands, and lakes, as well as the surrounding mountains offers strong attraction for tourists. The ranch/cowboy atmosphere gives the area a truly unique appeal.

Despite the area's proximity to the major population and transportation centre of Vancouver, the Nicola Valley is virtually undeveloped as a tourist destination. Even more peculiar is the fact that it is entirely surrounded by areas of high tourist interest and traffic. The Fraser Canyon to the west and the Okanagan to the east are major tourist routes and the latter is a well developed year 'round destination. The Nicola Valley can offer similar tourist draw and is much closer to Vancouver. To the north the area is bounded by the Trans Canada Highway with the Thompson and Shuswap tourist areas, and to the south is the Trans Provincial Highway with Manning Provincial Park as a major attraction.

With 80% of B.C. tourists travelling by automobile and the Valley being so close, it is evident that promotion can develop high traffic levels. A campaign attracting highway travellers such as that mounted for the Yellowhead Highway would seem practical. Of course future traffic growth is assured with the completion of the Coquihalla Route. The area is already showing strong growth as the Vancouver population discovers this untouched area. Some 200,000 people per year visit the lakes for fishing. The recent publication of the tourist guide book "Exploring the Nicola Valley" assures near term growth in the area's tourist traffic.

The B.C. tourism industry is heavily based on automobile travel. This is in contrast to the profitable destination resort industry being developed in other parts of the world. These destination trips are sold as complete packages and as such are compatible with the systems used by travel agents and wholesalers who are in fact the industry sales force.

The Merritt area has a Cowboy/Indian theme that is highly attractive to the vast German and Japanese tourism markets. B.C. Government publications have specified the need for development of such theme attractions and destination packages.

The Douglas Lake and Quilchena area offers the tourist an unmatched and totally authentic "Cowboy & Indian Experience". Trail rides, participation in active ranching, fly fishing at trail end campsites, and a host of related activities can be assembled to provide a solid base for destination package sales.

Opportunities of a more conventional nature include development of a marina on Nicola Lake, up to three new campgrounds to serve Merritt, Trans Canada Highway traffic, and lakeside sites for fishermen. Each of these are described in more detail in the Appendix.

#### 5.4.10 Retail

The Nicola Valley trading area represents a total market demand of \$38,000,000 per year in retail/commercial activity based on an average spending rate per household. This estimate is confirmed by Financial Post Survey of Markets data.

The existing supply of retail/commercial facilities in the area appears to be adequate to meet the local demand in each category based on the existing square footage of sales space. The results of a store-by-store survey indicate that these outlets are operating at higher than average sales margins. This is due largely to the area's isolation and the stores' reliance on single regional wholesalers who rarely offer discounts to a captive market.

In reviewing the supply/demand ratios in the major categories, the following observations were made:

Supermarkets and Groceries. There is a shortage of 3000 to 6000 square feet of supermarket space. Since this is not sufficient to justify a new supermarket, it is likely that one or both of the existing outlets will expand their premises in the near future.

Convenience Stores. There is a need for at least one new late hours convenience store. Locations in Collettville and Douglas Lake should be considered.

Clothing. Adequate supply.

Furniture. Purchased in Kamloops.

Laundry/Dry Cleaning. There is a clear need for additional facilities.

Food Service. Adequate supply.

Automotive. Current oversupply. However, the Coquihalla Highway will offer significant new opportunities.

Farm Equipment. There is an apparent shortage of local supply. The reasons for this may be unavoidable but the category clearly warrants further study.

#### 5.4.11 Fishery

The salmon runs of the Fraser and Thompson River systems have been a traditional resource for the five Bands both for home consumption and historically for trade and commerce. The potential for employment and profit through commercial fishing is substantial.

Although the economic development of this river fishery is presently prohibited, the strength of the demand for return of this traditional resource, together with precedents in Canada and the U.S. make a change in the laws a possibility in coming years.

A commercial river fishing offers significant economic advantages versus coastal fisheries because of the relatively nominal capital cost requirements.

An industry based on producing branded, consistent quality "Indian smoked" salmon could be developed into a viable growing enterprise, without direct competition with the established coastal industry.

Distribution can be established through major retail chains if standard and compatible packaging is developed.

Isolated opportunities such as trucking, firewood and arts and crafts have a collective potential of five new jobs a year. It is unlikely they will yield this volume without aggressive grass roots promotion.

TARGET SUMMARY

		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
(1) <u>Job Creation</u>				
Individual & Band projects:	(Potential)	42	60	108
Full time and seasonal	(Actual)	36	24	27
(2) <u>Technical Assistance Initiated</u>				
Excludes ongoing where work may continue more than one year.				
Individuals & Organizations	(Potential)	18+	21+	20+
	(Actual)	13+	17+	27+
(3) <u>Financial Assistance Initiated</u>				
	(Potential)	17+	24+	21+
	(Actual)	13+	15+	16+
(4) <u>Facilitation Activities Initiated</u>				
	(Potential)	5	3	1
	(Actual)	5	3	1

## 5.5 Outside Consultation Plan

The outside consultation plan is more accurately a policy rather than a plan. The policy sees a series of resources prioritized and general guidelines established to realize the greatest benefit for the cost involved.

The LEDA Corporation has available to it through the N.V.I.A. staff, these resource people:-

- A professional Agrologist.
- A training specialist.
- A financial planner.
- A social worker, social planner.
- A knowledgeable construction inspector.
- Two Ranch Managers.
- Two Construction Managers.
- A professional accountant.
- Bookkeepers and computerized accounting service.

As in the past, these organizations and services will likely be used:

Western Indian Agriculture Corp. (an agriculture extension service).

CESO, Canadian Executive Services Overseas (a volunteer consultant organization.

CASE (a similar FBDB service).

Government Departments who have assisted in the past will likely be used again:

- Department of Agriculture (Federal and Provincial).
- Department of the Environment (Federal Fisheries and Water).
- Department of the Environment (Prov. Forests, Land & Water).
- Department of Education (Provincial).
- Department of Energy Mines & Resources (mapping and surveying).
- Department of Indian Affairs (mineral services).
- Department of Health & Welfare (Health Services & Inspections).
- Department of Manpower (consultative services).

The Bands receive some funding for technical services from Indian Affairs in lieu of direct services from this department.

Consultants used in the past year were:

- Willis Cunliffe & Tait (Engineering)
- Urban Systems (Engineering)
- William Kerr & Associates Inc.
- ICG (Indian Consulting Group) Ltd.

These companies, while reasonably costly are quick and work extensively with B.C. Bands and often have direct experience in the projects at hand.

Priorizing the route to be taken with any particular task usually involves consideration of:

- the scale of the work: can we do it ourselves?
- the complexity: do we have the knowledge or time to research?
- the availability of the government resources to help: is the work too specific or beyond their terms of reference?
- the number of facets to the work: would it involve too many departments, too long a period for volunteers, etc.?
- is directly related experience essential? Can we contract with a knowledgeable individual or consult for the complete task?

B.C. REGION

ECONOMIC DEVELOPMENT EVALUATION

APPENDIX U

INDIAN FISHING



INDIAN FISHING

The importance of fishing to the Indian People along B.C.'s coast and far up into river networks, cannot be overstated. The significance of fishing in an economic review of B.C. Indians is multifaceted and fundamental. The historical high level of productive participation and adaptability demonstrates the capacity of the people to succeed in the fishing industry. In no other sector did we observe such a high level of skill, technical expertise and business acumen as in fishing. At a superficial level it can be said that B.C.'s Indians have a natural talent for the business.

The existence of fishing as an industrial sector that successfully employs numerous Indian People, makes it worthy of detailed attention. There has been a trend, until recent years, toward less participation by Indian fishermen. This resulted from their inability to secure the capital to maintain vessels at a competitive level with outside fishermen.

The IFAP, IFEAP and B.C. Packers Fleet Acquisition programs have been vital in the survival of the Indian fleet.

During this review, the Pearse Commission on Pacific Fisheries Policy published its final report. The Pearse report contains the most detailed, extensive, and up-to-date data on Pacific Fisheries currently available. The Pearse Report paid special attention to the needs of the Indian People and sought input from a variety of Indian sources. Although most fishermen we interviewed feared the implications of having to bid for licences, virtually all expressed support for the Pearse recommendations.

The relevant chapters of the Pearse Report are included in their entirety in this report.

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 CHAPTER 14

 THE INDIAN FISHERY
 

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*The fishery has been of such importance that it is at the very roots of our cultures; our lives have revolved around the yearly arrival of the river's bounty. And so we cannot talk of the fishery without talking of our cultures because in many ways they are one in the same.*

GITKSAN-CARRIER TRIBAL COUNCIL

The Indian fishery puts relatively light demands on the fish resources in the Pacific region but it involves issues of profound social, political and economic consequence. It is a complicated and often contentious aspect of fisheries policy. This is reflected in the remarkable amount of testimony this Commission has received on the question of Indian fishing, from Indian bands, tribal councils and individuals, and also from commercial fishermen, sport fishermen and others. Present policies are obviously unsatisfactory in many respects, and most groups stress the urgent need for reform.

The Indian fishery has presented a major challenge for this Commission. The legal underpinnings of Indian fishing rights are subtle and complicated. Neither these nor the traditions upon which they are based are widely understood. Few non-Indians have been exposed, as I have, to the extensive testimony of Indian leaders about their traditional fishing, their economic and cultural dependence upon fish and the problems they have encountered in exercising what they regard as their historical rights to fish. Moreover, because the rich cultural heritage unique to the Indians of this region is not widely appreciated, the task of formulating appropriate policies to accommodate it in relation to other users of the resource is even more difficult.

Furthermore, the Commission's terms of reference restrict me to consider only Indian rights to fish and their implications for resource management. Yet Indian fishing rights are a part of the much larger and more controversial issues of aboriginal rights and land claims, which have yet to be resolved.

A number of stimulating presentations by Indian organizations at the Commission's public hearings have

helped to identify means of alleviating the present deficiencies of Indian fisheries policy and for deepening Indians' involvement in resource management. Certainly some fundamental changes are called for. I perceive promising opportunities for Indians and for improvements in management through a bold new approach to this question.

To bring these issues and opportunities into focus, in this chapter I sketch the historical background of traditional Indian fisheries and examine the available information about the dimensions of this fishery and its impact on the resource. Then I trace the development of regulatory policy and identify the most pressing policy issues. The legal character of the Indian fishery and associated issues were raised repeatedly in the public hearings, so I will review these as well before turning to policy objectives and recommendations.

## INDIAN FISHERIES AND POLICY DEVELOPMENT

The present Indian fishery, or the Indian food fishery as it is commonly called, is a continuation of traditional native fishing practices.<sup>2</sup> The traditional importance of fish extended well beyond its food value, however. Fish were also a major commodity of trade among Indian bands and tribal groups. The pattern of Indian settlement can be traced in large part to the accessibility of fish both on the coast, where permanent villages and seasonal camps were located near fishing grounds, and in the interior, where villages and fishing stations were established on rivers and streams near places where salmon could be easily caught. Today, this pattern of Indian settlement remains in large part unchanged. Seasonal fishing established the annual routine of life, and the runs and catches of salmon were viewed with reverence since fish were the primary means of survival. The great social and cultural significance of fish, especially salmon, is reflected in the important role they play in elaborate traditions of feasts, ceremonies, myths and art.

Indian people devised a wide variety of methods for harvesting fish, adapting their technology to the varying species sought and their physical circumstances. Hooks were fashioned from bone or hardwood and attached to lines made of cedar bark or nettle fibre. Spears, harpoons, dipnets and gillnets were common. Weirs and traps were especially effective in catching salmon migrating upstream to their spawning grounds.

Salmon were usually abundant, but in low-cycle years they were sometimes insufficient for winter food supplies. At such times coastal tribes could turn to groundfish and shellfish to meet their needs, but interior tribes occasionally suffered hunger and starvation. And even in years of abundance, tribal wars sometimes prevented harvests of available stocks.

The fur trade, with its associated forts and trading posts, changed the complexion of the Indian fishery. In addition to furs, Indians were encouraged to barter food-stuffs, including fish, for manufactured goods. Dried salmon rapidly became a staple food among fur traders because of its light weight, preservation qualities and rich food value.

### Trends in Indian Fishing

The native Indian population in British Columbia and their harvests of fish, mainly salmon, have undergone long cycles of growth, decline and revived growth since the early 19th century. According to Hudson's Bay Company records, the Indian population in 1835 was estimated to be 70 thousand. But since initial European contact decades earlier, they had suffered from the introduction of new diseases, firearms and alcohol, so the precontact population of the region could have been as high as 125 thousand.<sup>3</sup>

The Indian population in the province declined dramatically during the next 100 years reaching a low point of about 23 thousand in 1929. Since then, their numbers have gradually increased to some 57 thousand registered in 194 bands by latest count. More than 21 thousand are registered in 96 bands on the Fraser River and its tributaries. On the next 2 largest salmon-producing rivers, the Skeena and Nass, there are 4,000 Indians in 8 bands.

The importance of fish in the traditional Indian society of this region can hardly be exaggerated. According to some estimates, fish comprised three-quarters of the diet of coastal Indians and a large but unknown portion of the diet of interior Indians.<sup>4</sup> One estimate suggests that before colonial settlement 700 pounds of fish per capita were consumed each year;<sup>5</sup> this implies a very substantial total catch.

Today, many Indians still depend heavily on fish for food, although their diets are now much more varied. Some continue to fish with traditional equipment, the technical and economic efficiency of which often compares favourably with that of the modern industrial fishery. Traditional methods of processing and preserving fish through dry-curing, smoking and other means are also practised and, with the recent renewed interest in traditional culture, its use in feasts and ceremonies has been increasing. The traditional Indian fishery is thus a blend of a search for food, production for trade, a social activity and a cultural expression. The distinction customarily drawn by non-Indians between commercial and recreational fishing is inappropriate in this context. Indian fishing has elements of both, and more.

The Indians' historical attachment to fish and the importance of fish to their cultural identity often sur-

prises non-Indians. As one group put it in testimony to this Commission—

... fish are more than food, fish are an integral part of life itself. Without fish we have no culture and with no culture we are not a people. To us, the marine resources of B.C. are part of our struggle to survive and to grow.<sup>6</sup>

### Current Catches

The available statistical data on both the amount of fishing activity and on catches in the Indian fishery are very weak. In 1978, the last year for which figures have been compiled, about 3,500 individual permits and 50 band permits were issued. In addition, some permits were issued to Indian commercial vesselowners to allow them to catch specified quantities of fish for coastal bands that could not otherwise meet their requirements using traditional methods in the rivers.

But there are many more people involved in the Indian fishery than these numbers suggest. Individual permits are issued to heads of families, but they allow other members of the family to fish. And band permits enable band councils to assign fishing rights to any member of their bands. Recent estimates suggest that about 25 thousand Indians in British Columbia benefit directly from the food produced in the Indian fishery; this represents almost half the number of status Indians in the province.<sup>7</sup>

A variety of methods are used to collect data on the catch. Local fishery officers, who are responsible for reporting this information, have developed their own methods for estimating catches in their administrative areas. Sometimes the whole catch is counted. More often, only a sample of the catch in a few nets is counted and then extrapolated. In some cases estimates are based on interviews after the season, and in others the local fishery officer is provided with reports from the band council or individual fishermen. As a result of these diverse methods, the accuracy of catch estimates is questionable in many cases, and many believe that catches are underestimated.

Salmon are overwhelmingly important, but a wide variety of other species are used in the Indian fishery as well. Many bands attach a special value to eulachon (ooligan or candlefish), which is used as a source of oil ("grease") and protein, and for traditional medicinal and cultural purposes. Some coastal bands take significant quantities of herring and herring roe; some catch groundfish such as halibut and cod; others use clams, oysters, abalone and other shellfish extensively; and some interior Indians take considerable catches of kokanee (land-locked salmon).

The catch of salmon in the Indian fishery has apparently been increasing significantly in recent years.<sup>8</sup> The

estimated catch in 1965 was 350 thousand fish, or roughly 1.6 percent of all salmon landings. By 1975 this had increased to roughly 600 thousand fish, and by 1980 to 700 thousand fish or 3.5 percent of salmon landings. Increases in catches have been the most pronounced in Johnstone Strait, where they have more than trebled, and off the west coast of Vancouver Island, where they have doubled. In both of these areas, Indians have been able to use commercial gear to supplement their traditional methods. In the Fraser River system and Howe Sound area, average catches have increased over this period by only about 60 percent.

Table 14-1 Indian Salmon Catch by Area<sup>a</sup>

	Fraser River and Howe Sound	West Coast Vancouver Island	South Coast	Northern B.C. and Yukon	Total
	— thousands of fish —				
1965	200	13	22	119	354
1970	207	12	31	153	403
1975	347	15	44	182	588
1980	263	39	143	251	696

<sup>a</sup> Includes steelhead catch, which accounts for less than one percent.

Source: Department of Fisheries and Oceans, Exhibit #167.

Sockeye is by far the most important species taken, accounting for 50 to 70 percent of the total, but all the other salmon species are used as well. No statistical information on the catch of fish other than salmon is available because no method of reporting has been established.

Most salmon are taken in freshwater on the Fraser, Skeena and Nass river systems, but Indian fishing takes place throughout the province. Table 14-1 sets out Indian catches by area. The Fraser River is by far the most important source, and accounts for as much as 60 percent of all the salmon taken in the Indian fishery. Many Indian reserves are located close to the river or its tributaries, and its large summer runs of salmon provide an important part of the Indians' food supply. Fishing is especially intense upstream from Lillooet, where traditional culture and practices are pronounced.<sup>9</sup>

Although the dependence of these Indians on salmon for food has declined to some degree over the years, the fishery remains both a valuable source of protein and an important element in their cultural life.<sup>10</sup> In the upper Fraser River, where Indians depend on specific, individual stocks, yearly fluctuations in runs and strict conservation measures for ensuring adequate escapement often lead to shortfalls in catches. In the lower reaches of the Fraser River, Indians have access to more plentiful sup-

plies of fish; but even there, increased restrictions on fishing times in recent years have made it difficult for some to obtain their supplies.<sup>11</sup>

The Skeena and Nass Rivers account for about 30 percent of the salmon catch in the Indian fishery (and a much larger proportion of the eulachon catch). Fish are extremely important to the Indians on these rivers; more than a third participate directly in fishing and a much higher proportion depend on it for food.<sup>12</sup> Fish are a particularly important component of the diet of Indians in the Nass Valley.<sup>13</sup> In recent years, heavy commercial exploitation has restricted supplies of certain species for the Indian fisheries on these rivers.<sup>14</sup>

Coastal Indians depend on a wider variety of fish, but some have experienced increasing difficulties in obtaining their customary catches of salmon. Many coastal bands have come to depend on commercial gear, and much of their food fish is taken in the commercial fishing season. But the widespread displacement of Indians from the commercial fishery in recent years (see Chapter 12) has left some bands without the means to meet their requirements even by this method. The Department has partially alleviated this problem for certain bands in the Strait of Georgia by allowing commercial fishermen to harvest surplus hatchery stocks for distribution. This arrangement does not, of course, replace the traditional and social significance attached to Indian fishing.

Even with the increases in catch in recent years, the present Indian catch of about 5 million pounds annually is only a fraction of the level prior to European settlement.

#### Evolution of Regulatory Policy

The present arrangements governing the Indian fishery are the outcome of a century of policy development. Throughout, the basic issue has been that of reconciling the conflict between Indian traditions of fishing and hereditary fishing areas, on the one hand, and early British colonial policy, federal-provincial constitutional responsibilities over Indians and fisheries, and the need to conserve fish stocks, on the other. In the evolution of policy, a significant role was played by several royal commissions, and the travels and hearings of some of these bear a striking resemblance to those of this Commission.

When British Columbia entered Confederation in 1871, certain constitutional responsibilities having an important bearing on Indian fisheries policy were assumed by the Dominion Parliament. The Dominion's jurisdiction included "sea coast and inland fisheries" and also "Indians, and lands reserved for the Indians." From the beginning, measures adopted regarding the Indian fishery under both of these areas of responsibility recognized a special status for the Indian fisheries.

**Fisheries regulation** Before 1877, all fisheries in British Columbia were essentially unregulated.

In this era there was no distinction between "food fishery" and commercial fishing. There were no regulations, no Proclamations, no Orders-in-Council, no laws of any kind which specifically restricted or regulated Indian fishing in British Columbia.<sup>15</sup>

The Dominion Fisheries Act, which was applied to the province that year, included the first official recognition of native fisheries in the province by enabling the Minister to issue licences to Indians to allow them to catch fish for their own use. The British Columbia Fishing Regulations were first adopted under the Act the next year, but it was not until 10 years later in 1888 that they dealt specifically with the Indian fishery. A lease or licence was required by others for fishing in all waters of the province, but it was provided that —

Indians shall, at all times, have liberty to fish for the purpose of providing food for themselves, but not for sale, barter or traffic, by any means other than with drift nets, or spearing.<sup>16</sup>

Over the ensuing decades the regulations continued to give special recognition to Indian fisheries, with a few minor modifications and exceptions. In 1894 the permission of the Department was required for Indians to engage in the fishery, a requirement that was strengthened by regulations enacted in 1910. Then, a permit was required, under which the Department could fix the area and time that fishing activities could be undertaken and the gear to be used.

These provisions continued more or less unchanged until 1977, when new regulations required licences instead of permits. Although this change in name caused some anxiety among Indians, it was not really very substantial. As with the former permits, licences could specify the area, gear and time of fishing. (In this report I continue to refer to these authorizations as permits, as they are commonly known.) The regulations continue to prohibit the sale or trade of fish to others. The most recent development came in 1981, when a new regulation required permits to specify both the species and the quantities of fish that may be taken. However, I understand that this latter requirement has been implemented only in some permits.

The permit system has given rise to a good deal of friction between the Department and certain Indian bands, as I describe below. In 1977, in an effort to reduce tension, the Department initiated the practice of issuing permits to some Indian bands instead of to their individual members, with the permits to be administered by

band councils. This practice has been formally acknowledged in recent amendments to the fisheries regulations. Today, about 10 percent of the bands engaged in the fishery participate under this arrangement, and the Department reports few problems with enforcing these permits. For other bands, individual permits continue to be issued directly by fishery officers, though sometimes they simply supply a number of permits to an Indian community. Another arrangement involves issuing permits to Indian commercial fishermen authorizing them to use commercial gear to catch food fish for distribution to others.

**Indian lands administration** A recurrent source of friction between the two levels of government and the Indian community since British Columbia joined Confederation has been the allotment of reserves to Indian bands in the province. The Terms of Union that were settled between the two governments in 1871 provided that —

... tracts of land of such extent as it has been hitherto the practice of the British Columbia Government to appropriate for that purpose, shall from time to time be conveyed by the Local Government to the Dominion Government in trust for the use and benefit of the Indians. . . .<sup>17</sup>

Difficulties with interpreting these general expressions led to the appointment of Reserve Allotment Commissions over the 40 years from 1876 to 1916, which were to make recommendations to both governments with respect to reserve lands for Indian bands in the province. In the course of discharging their responsibilities, these commissions frequently recognized traditional Indian fishing locations by allotting to some bands exclusive fishing rights at tidewater and over certain stretches of inland streams, although at the time the commissioners expressed concern about their authority to do so.

## CURRENT PROBLEMS

The present policy governing the Indian fishery is not only unsatisfactory to many Indians, but gives rise to awkward management and enforcement problems for the Department. Unless the arrangements are improved, friction between the government and the Indian community will almost certainly increase.

Increasingly stringent regulations, particularly those requiring permits and curtailing fishing times, have been regarded by the Indian community as unfair interferences with their historical traditions and rights. Some have complied with the regulations, but others have refused, leaving fisheries officials with little choice but to prosecute. Tighter regulations have meant increased enforcement, which in turn has led to charges and court

battles. Already sensitive relations between Indians and the Department have become inflamed, and resentment and mistrust have been aggravated.

We also have been legislated against, arrested or threatened with arrest for practicing our harvest of resources. . . . Since regulations, restrictions and policies have come into existence by the Federal Government, harassment has become a real problem for Indian people. Harassment on Indian Fishing increases as more policies are developed.<sup>18</sup>

. . . a great deal of harm and bad faith has arisen . . . over the rights . . . to food fish. . .<sup>19</sup>

This deterioration in relations between Indians and the government is the result of a long history of resentment over restrictions on Indian fishing, recurrent legal disputes and confrontations, and recently the resistance by the Department to band fishing by-laws (described below). And pervading all this is the frustration over the slow progress toward resolving the fundamental issues of Indian land claims and aboriginal rights.

Several concurrent trends can be expected to aggravate present problems. Increasing pressures on resources from the commercial and sport fisheries in addition to the growing demands of the Indian fishery itself will inevitably call for improved control of escapements and more stringent regulation of fishing, as I explain elsewhere in this report. Moreover, the sharp rise in Indian fishing may well continue in view of the trends in Indian populations and age structures, and the movement of off-reserve Indians back to their communities.

It should be emphasized that Indian fishing is not problematical everywhere. In some areas, smooth working relationships have developed between the Department and local bands. But in many other areas, the issue of Indian fishing is contentious and in some, explosive. In the following paragraphs I summarize the main difficulties with the present arrangements before turning to my proposals for resolving them.

### Priority

The Department has stated that it recognizes Indian fishing rights, and accords this fishery first priority in the utilization of fish, subject only to the paramount needs of resource conservation (which means leaving enough spawners to replenish the stocks).<sup>20</sup>

But according first priority to the Indian fishery presents a practical problem, since this fishery usually comes last in the sequence of demands on migrating salmon. Indian fishing on the rivers takes place after the much larger commercial and recreational fisheries have taken their catch. Giving priority to the Indians' catch therefore

is exceedingly difficult, especially when the size of the total stock is not reliably known until most fishing is completed.

Inevitably, the commercial and sport fisheries sometimes take too many fish to provide sufficient stocks for both needed escapement and the Indian fishery, and by the time this is known the only way to maintain the stocks is to constrain Indian fishing. This problem is aggravated by the fact that the requirements for the Indian fishery are not quantitatively specified. The Department never knows in advance how many salmon in the various runs it should reserve for the Indian fishery, and similar uncertainty is faced by the International Pacific Salmon Fisheries Commission in regulating the sockeye and pink salmon of the Fraser River. To resolve this problem, among others, I propose below that the Indians' first priority claim on the catch be defined quantitatively.

### The Permit System

The permit system has been adopted to identify Indian fishermen and to regulate their fishing times and places where this is required. The system is offensive to some Indians and, in communities without a fishery officer near at hand, it is inconvenient.

Certain administrative requirements of these permits are criticized by Indians as being unjustifiable or unnecessarily bothersome. These include the provisions that gear must be marked with identifying tags and that Indians must provide their Social Insurance numbers and band numbers as well as certify that they are Indians under the Indian Act. The administrative practice of restricting fishing in some areas to a few days per week is also criticized. Under the regulations, permits may require the fish to be marked to identify them as Indian food fish by removal of their snouts and dorsal fins, which Indians view with distaste. And some Indians object to the whole system as an unwarranted interference with their fishing rights.

There is another side to all this, however. The permit system enables Indians to fish in ways and areas that are forbidden to non-Indians. Their legal effect is to exempt Indians from general restrictions, such as those on fishing for sockeye and pink salmon in nontidal waters, the use of nets on inland streams and the bag limits that apply to sportfishing. Permits provide the instruments to authorize these special exemptions for Indians.

Permits also provide the means for managing stocks by stipulating fishing in certain places, at certain times and for certain species. As well, they are a means of obtaining needed statistical information on Indian fishing. Moreover, they help to avoid disputes among Indians: by authorizing certain Indians to fish in certain places, the

Department can protect traditional fishing stations from interference by others (and usually does so at the Indians' request). So at least some of the administrative details that are a nuisance to Indians appear to be necessary to identify legitimate Indian fishermen, to manage the resources they use and to enforce the restriction on selling their catch. Some others can be simplified.

A more fundamental issue underlies the Indians' dissatisfaction with the permit system, however. While permits confer fishing privileges that are not available to non-Indians, they have also been the government's means of curtailing Indian fishing. But many Indians feel that their traditional access to fish is their right and not merely a privilege to be meted out by the authorities as they see fit. It has become clear to me that this is the root of much of the discontent and friction that have erupted in the field and spilled over into the courts. Under current policy, Indians view their access to fish to be vulnerable to changes in Indian fishery regulations and the Department's policies, to catches by other, larger resource users, to pollution and other habitat damage, and to the Department's difficulties in managing the resources. Thus, the permit system offers the Indians no security for their claim on the resource. To overcome this I propose below that Indian catches be guaranteed.

### Illegal Sales of Fish

The illegal sale of fish caught in Indian fisheries is by no means universal, but it is common in certain areas and draws much criticism from outside observers. The measures taken to control it are irritating to innocent Indians, and it presents an exceedingly difficult enforcement problem for the authorities.

Many Indians resent the prohibition on sales of fish as a denial of their historical practices. In the words of one northern group,

The idea that the inland Indian fisheries should be for subsistence only was first introduced in this area in the B.C. Fishery Regulations, November, 1888. Up to that time, and indeed after, it was considered legitimate for an Indian fisherman to trade or sell any of his catch that was surplus to the needs of his family.<sup>21</sup>

The desirability of permitting sales of fish caught in the Indian fishery is debated among Indian groups themselves. Those on the Skeena and Fraser typically support legalization of sales, while those of the Nass valley generally oppose it. But all advocate inland commercial fisheries as a means of economic development.

The refusal of some Indians to accept the legitimacy of restrictions on the sale of their fish makes enforcement

particularly difficult. Moreover, many believe that the system has attracted non-Indians to become involved in bootlegging fish taken in up-river Indian fisheries. As salmon have increased in value, the incentives for illegal sales have increased correspondingly, and enforcement has become almost impossible.

These problems would disappear if the restrictions on Indian sales of fish were abolished. This could be done if Indians had the right to specific quantities of fish, as I propose below under certain conditions. This would also meet the fundamental concern that underlies the prohibition on sales: that is, keeping the catch to a legitimate level.

### Other Enforcement Issues

In addition to the difficulties over sales of fish, the Indian fishery has a history of abrasive relations between the Department and Indians over enforcement of requirements concerning fishing times, places and other matters. Many Indians find these regulations offensive in principle, others maintain that they are arbitrarily imposed, and others appear to misunderstand them. In the course of public hearings and meetings with Indians, I heard of many incidents in which gear or fish have been destroyed or confiscated and arrests made that have left Indians bewildered or outraged and have often had severe economic consequences for them. These measures are often interpreted by Indian people as harassment;

... Indian people (have) experienced harassment, intimidation, unjustified confiscation of fish, cars and gear, unnecessary and fruitless court action pursued at great expense by Fisheries personnel, constantly using emotionally loaded terms as "massive poaching", "illegal possessions", etc.<sup>22</sup>

For enforcement officers, too, the present arrangements often pose very difficult problems. While they must apply the law with understanding and sensitivity, they are, at the same time, under heavy pressure to closely monitor highly visible Indian fishing.

To help resolve these problems I propose new provisions to clarify in advance the fishing arrangements for particular bands and to enable the Indians themselves to take more of the responsibility for administering them.

### Consultation and Participation

A recurrent criticism by Indians is that the Department fails to consult them in formulating regulations for their fishing activity and that this results in difficulties relating to their customary fishing practices. They also claim that their local knowledge is ignored and that they have little opportunity to contribute to fisheries management.

Many Indians have expressed concern that the Department might, without consultation, authorize commercial exploitation of certain minor marine species that they have customarily relied on. They are particularly apprehensive about eulachon. This fish, which has such a special place in Indian food and traditions, is not now widely harvested commercially, but there are recurrent rumours of a potential market for eulachon and hence of its commercial exploitation. Indians are concerned that commercial harvests of the relatively small stocks of this species would soon impinge on their traditional supplies. Similar concerns are felt about licensing commercial harvests of certain types of seaweed that are traditional foods among some coastal bands, and of minor shellfish species. Some argue that the commercial abalone fishery has already interfered with a traditional food source.

In response to these concerns, the Department has made various informal arrangements to improve its communications with those involved in the Indian fishery. Some fishery officers consult with and seek the advice of local Indians, and the Department has recently created at the regional level the position of Indian liaison officer to improve communication with Indian people (although the position is presently unfilled). Regular discussions are held with the bands along the Skeena River, through the Skeena River Advisory Committee, which help the Department determine the escapement required from the commercial fishery to supply the Indian food fishery, as well as to provide for adequate spawning. Both the Departments of Indian and Northern Affairs and Fisheries and Oceans have held frequent meetings with Indian groups in the Pacific region and in Ottawa to confer on Indian fishery issues.

Indian organizations have suggested that more formal consultative structures be adopted to assist both Indians and the Department; suggestions include a representative Indian fisheries board that would implement a "co-management strategy" for developing Indian fisheries,<sup>23</sup> and a board to coordinate management of all Indian fisheries on the Fraser River system.<sup>24</sup> My proposals build on some of these ideas; I suggest a formal consultative body for Indian fishing interests and contractual arrangements to enable Indians to become directly involved in management and enhancement.

#### Legal Issues

In recent decades Canadian courts have grappled with Indian rights to fisheries and wildlife resources in relation to federal and provincial law-making powers. For Indians in British Columbia this process has been complicated by the fact that few of the bands ever formally relinquished their claims to land and resources under treaties. So, while some Indian claims on fish are based on treaties, most rely on unextinguished aboriginal rights

and the Terms of Union between British Columbia and Canada. I review below the issues involved in each of the claims and related legal problems.

*Treaties* Indian treaties in British Columbia are confined to Vancouver Island and the northeast part of the province. In the 1850s, fourteen "Douglas treaties" were negotiated with various coast Salish and Kwakiutl bands on the island by James Douglas, then of the Hudson's Bay Company. Under these treaties the bands formally surrendered claims to certain lands in return for cash, but they retained their village sites and fields. In addition, in identical language for all treaties, they were given the assurance that they were "at liberty to hunt over the unoccupied lands, and to carry on (their) fisheries as formerly."<sup>25</sup>

Other than the Douglas treaties, the only treaty affecting Indians in British Columbia is Treaty No. 8, signed at the turn of the century between Dominion Treaty Commissioners and several Indian tribes, covering an extensive tract of land in northeastern British Columbia, Alberta and the Northwest Territories. Here, the Indians' fishing rights, according to the text of the treaty, were more qualified:

(T)hey shall have the right to pursue their usual vocations of hunting, trapping and fishing throughout the tract surrendered as heretofore described, subject to such regulations as may be made from time to time by the Government of the country under the authority of Her Majesty, and saving and excepting such tracts as may be required or taken up from time to time for settlement, mining, lumbering or other purposes.<sup>26</sup>

Despite these formal assurances in treaties, Canadian courts have consistently held that any rights they confer to the Indians over fish and wildlife are subject to federal laws that relate to these resources. Thus, hunting restrictions in the federal Migratory Birds Convention Act have been applied by the Supreme Court of Canada to Indians who were assured hunting rights under treaty.<sup>27</sup> More to the point for this Commission, this principle has been applied to Indians on southern Vancouver Island where one of the Douglas treaties is in effect.<sup>28</sup> So, notwithstanding the assurances of access to traditional fisheries contained in these treaties, Indians are required by law to comply with the regulations under the Fisheries Act respecting permits, gear, fishing times and so on, even though the treaties themselves do not permit such qualifications to fishing rights.

I find these court decisions unsettling. It is hard to avoid the conclusion that they permit the government to unilaterally curtail the Indians' contractual rights embodied in treaties. The editor of a recent law report reached



a similar conclusion, in referring to this line of court decisions in an unusually pointed comment as "a sad history of national dishonour."<sup>29</sup>

Canadian judicial attitudes toward Indians' treaty rights in this region contrast sharply with those in the State of Washington, where, under the controversial 1974 "Boldt decision," fishing rights in 5 treaties were interpreted to provide a 50 percent interest in fisheries resources to Indian tribes. Following protracted litigation that came on the heels of the initial court ruling, an umbrella Indian fisheries organization has recently participated with governmental authorities in co-managing the resource, as a means for securing the Indians' share.

**Aboriginal rights** Most Indians in British Columbia have never formally surrendered land and resources through treaties, however, so their claims to fish rest on their aboriginal rights. All of the mainland (with the exception of the land in the north-east covered by Treaty No. 8), most of the coast, including the Queen Charlotte Islands, and parts of Vancouver Island fall into this category.

In the early 1970s the Nishga Band attempted to obtain judicial clarification of the status of these lands and resources by launching a law suit against the province, basing its claim on unsurrendered aboriginal rights and a 1763 British Royal Proclamation. In its decision, the British Columbia Court of Appeal declined to recognize aboriginal rights.<sup>30</sup> Subsequently, the Supreme Court of Canada, in a fragmented decision, left the issue unresolved and in limbo.<sup>31</sup> Since then, the Supreme Court of Canada has decided that any native aboriginal rights that remain unextinguished are subject to the Fisheries Act and regulations concerning Indian fishing, placing treaty and nontreaty Indians on the same legal footing with regard to fisheries.<sup>32</sup>

Despite the lack of judicial unanimity about the legal nature of aboriginal rights, the federal government announced in 1973 its intention to negotiate with the Indians for the extinction of their claims. This has led to talks with some Indian groups, but by and large progress has been slow.

The recently proclaimed Canadian Charter of Rights and Freedoms provides that "the existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed."<sup>33</sup> But the effect of this guarantee in relation to Indian fisheries is unclear, and so far remains untested in the courts.

**Terms of Union** When British Columbia joined Confederation in 1871 the Dominion undertook responsibility for Indians and pledged that "a policy as liberal as that hitherto pursued by [the] British Columbia Government shall be continued by the Dominion Government

after the Union."<sup>34</sup> The Supreme Court of Canada has since determined that this provision offers no comfort to the Indians of British Columbia.<sup>35</sup> The Fisheries Act and regulations have overriding authority. Inconsistencies in the application of this decision by British Columbia lower courts leave unresolved some important issues concerning the management priority to be accorded Indian fisheries, and I understand that litigation to higher courts on this question is currently proceeding.

**Indian fishing by-laws** The Indian Act authorizes band councils to enact by-laws covering a wide range of activities on reserves, including fish preservation, protection and management.<sup>36</sup> These may be vetoed by the Minister of Indian and Northern Affairs within 40 days after he is notified of them; otherwise they become effective. So far, such fishing by-laws have been adopted by 10 bands in the region.

To the extent that these by-laws conflict with the Fisheries Act and regulations, their legal status is far from clear. The conflict here is not between federal legislation and the rights claimed by Indians, but rather between two federal statutes. Indians claim that the Indian Act, and hence also the by-laws passed under it, supercede the Fisheries Act and regulations, a contention that has been supported by a legal opinion of the federal Department of Justice. According to this view, band councils can assert regulatory control over fisheries on reserve lands by approving an appropriate by-law without consulting with the Department of Fisheries and Oceans. On the other hand, the Department has taken the position that, in the interests of resource conservation, the Fisheries Act must be complied with in all cases. In the Department's view, the Fisheries Act must therefore have priority; band by-laws should not eliminate the obligation of Indians to obtain permits to fish and to observe their terms, conditions, and other fishing regulations. However, the Department has apparently been instructed to follow the legal opinion.

To date, the Minister of Indian and Northern Affairs has not exercised his power to veto Indian fishing by-laws. And a countervailing authority of the Governor in Council (effectively the federal cabinet) under the Indian Act to regulate fishing on reserves, has so far not been exercised. The effect of this imbroglio is that fishing is carried out on some reserves without regard to the Fisheries Act or its supporting regulations and permit system.

**Summary of legal framework** All these developments leave an alarmingly ambiguous and incoherent legal framework for Indian fisheries. Treaties and other historical assurances leave Indian fishermen vulnerable to shifts in fisheries policy that may be imposed on them unilaterally by the government. And the band by-law impasse undermines even the scant opportunity offered

by the permit system for Indians to be involved in fisheries management cooperatively with the Department. The resulting uncertainty about the legal foundation for Indian fisheries has left the Indians in an unacceptable position and the Department unable to properly manage the resources.

A Commission such as this one cannot purport to adjudicate the legal merits of Indians' claims. That is up to the courts to decide. Nevertheless, it is within Parliament's power to give stronger legal recognition to Indian fisheries, and it is clearly within my mandate to consider the merits of doing so.

### A NEW APPROACH TO INDIAN FISHERIES POLICY

Indian fisheries policy cries out for reform. I have identified the major shortcomings and frustrations associated with current Indian fisheries policy arrangements; I now turn to my proposals for change. (Because the arrangements in Yukon are already the subject of an agreement in principle, described in Chapter 20, my recommendations below apply only to Indian fisheries in British Columbia.)

My recommendations are guided by my terms of reference that require me to ensure that they are "conducive to proper management and conservation, to an equitable division of the catch among sectors. . . ." In this context I perceive several urgent requirements: to clarify and strengthen Indian fishing rights; to enable Indians to become involved in fisheries management; to provide opportunities for Indians to take better economic advantage of their rights to fish; and to improve the administrative and enforcement arrangements.

#### Securing Indian Rights to Fish

My investigations lead to the conclusion that the Indian claim to some fish is legitimate and substantial. This has always been acknowledged, though the legal foundation is weak. But apart from the law, Canadians have a moral responsibility to ensure that this important claim on fish resources is respected. It is inconceivable to me that those Indians who entered into treaties more than a century ago would understand, or could have anticipated, the subtleties of the parliamentary and judicial systems that could override their bargain with the government. And for the majority who never made such bargains to relinquish their claims to land and resources, the moral case is at least as strong.

Canadians, and their governments, pride themselves on Canada's cultural diversity. But no culture in British Columbia is as deeply rooted in the fisheries resources as

the Indians'. No other group in our society seeking to preserve its culture can lay claim to the ancient links that have been forged between the Indians and the fish of the region.

At the same time, modern policy towards Indian fisheries must take account of the other demands on fisheries resources that have developed over the past century, including the large commercial industry and the recreational fishery. I propose, therefore, that the Indian claims on fish should not only be acknowledged but should also be made explicit, binding and unequivocal, so that they can be provided for in the context of modern social and economic conditions. To accomplish this, defined quantities of fish must be allocated to Indian fisheries. This will secure the Indian's claim on the available catch and eliminate the legal uncertainty that now surrounds this question. It will also enable the Department to work toward escapement targets, knowing how many fish will be taken by Indians. So my first recommendation is —

1. **The Department should allocate a specific quantity of fish to be available annually to each Indian band involved in the Indian fishery.**

This is consistent with the present (albeit normally unmet) requirement that the quantity of fish to be taken must be specified in permits. It is also consistent with the new fishing arrangements for Indians proposed below.

The quantity of fish to be allocated to each band, and its species composition, should be based mainly on recent levels of utilization, which vary widely among the Indian bands in British Columbia. Other special circumstances should be taken account of as well, such as trends in band populations and their economic opportunities. These should be considered in consultation with the Indians. Accordingly—

2. **The quantity and kind of fish to be allocated to each band should be determined through negotiations with the bands, primarily with reference to their catches in recent years but also taking into account special circumstances relating to population trends and economic opportunities.**

These negotiations should be initiated immediately. In Chapter 17 I propose an Indian fisheries advisory committee for the region, and the advice of this body should be sought in organizing the process.

These allocations should be given priority over all other fisheries. However, unforeseen events or errors in managing other fisheries may require the Department to constrain bands from taking their full allocations in order to meet the paramount needs of conservation. Whenever this happens, the Department should be required to com-

pensate the affected bands by making up the shortfall later. Thus:

3. The Department should be committed to giving the catch allocated to Indian bands priority over the commercial and sport fisheries. If in any year a band fails to harvest its allocation because of conservation measures imposed by the Department, and if the Department is unable to provide an alternative source of fish, the Department should be required, in subsequent years, to make up the deficiency plus an amount to compensate the band for the delay in obtaining its catch.

I suggest that the extra increment be determined with reference to prevailing interest rates.

Because the above arrangements are intended to recognize Indians' traditional rights, no royalties should be applied to the fish allocated through them, notwithstanding my recommendation in Chapter 8 for royalties on the commercial catch and my recommendation below that Indians be permitted to sell their catches under some circumstances. Thus:

4. No royalties should be levied on fish harvested by Indians under the allocations proposed above.

#### Forms of Rights

I have already described the considerable variety of administrative arrangements that are now used to regulate the Indian fishery. Particular systems appear to work well for some bands but not for others. This is not surprising in view of the diversity of fishing opportunities, the varying dependence of bands on fish and the range of political organizations and attitudes among Indian communities. Some are anxious to become more actively involved in fisheries management and development, while others appear to be more or less satisfied with existing opportunities. This suggests that the appropriate policy must provide some flexibility.

I propose that Indian bands that are content with the present permit system be given the opportunity to continue under these arrangements with the more clearly defined rights to fish described above. Others who wish to become involved in resource management and enhancement, and are able and willing to accept the responsibilities that this entails, should be encouraged to do so under new Indian fishery agreements proposed below.

I therefore recommend that allocations to bands be conveyed through either of two forms of rights:

5. Each band should be given the opportunity to choose whether its entitlement to fish will be allocated through Indian fishing permits or a new Indian fishery agreement.

The character of each of these is described below.

*Indian fishing permits* The permit system should be geared towards bands that want fish only for food and ceremonial purposes and that do not have an interest in becoming involved in fisheries planning and management. By and large, present policies should be continued for these.

6. Indian fishing permits should be issued annually to individual fishermen directly by the Department or through band councils. Permits should authorize Indians to take fish for food and ceremonial purposes only. They should specify the quantity and composition of the authorized catch, and the location, time and method of fishing as required for management purposes.

Later I propose that the Department establish more systematic arrangements for consultation with Indian fishery interests. I expect that through the consultative process some possible simplifications of the permit system can be identified. Moreover, some of the present regulations governing Indian fishing should be reviewed. I am particularly concerned about restrictions on fishing times that have been imposed more or less across the board without sufficient recognition of the needs of either the Indians affected or resource management.

*Indian fishery agreements* Bands that find the permit system unsatisfactory, and wish to participate more actively in fisheries management and enhancement, should have the opportunity to do so. Indians are well suited to engage in fisheries development activities, because of their historical use of and strong cultural attachment to fish. In Chapter 12 I noted that Indians in this region have been more successful in adapting to commercial fishing than other modern industrial activities. Moreover, their communities are well situated geographically to participate in fish management and enhancement. Most reserves are located on or near productive salmon streams throughout British Columbia: on the coast, they are situated at the mouths of salmon streams and near productive saltwater and shellfish beaches; and in the interior, they are dotted along the reaches of the major salmon rivers.

At present few Indians are able to support themselves on their reserves. In contrast to other parts of Canada where reserves are large, most of the Indian reserves in British Columbia are small. This is due, at least in part, to the opinion of the authorities who set aside reserves, that Indians in this region did not require large areas of land because of their dependence on fish and wildlife. Thus an early Indian Superintendent for British Columbia noted:

There is not, of course, the same necessity to set aside extensive grants of agricultural land

for Coast Indians; but their rights to fishing stations and hunting grounds should not be interfered with, and they should receive every assurance of perfect freedom from future encroachments of every description.<sup>37</sup>

Thus most reserves west of the Rocky Mountains are capable of supporting agriculture or forestry only on a very modest scale. In addition, most reserves are isolated, so off-reserve employment opportunities are limited.

While the Indians' orientation toward fish resources justified small reserves, fisheries policy has prevented them from developing economic activity based on fish. What was once an activity that provided a base for commerce as well as food has become, through prohibition on the sale of fish, a subsistence fishery.

To enable Indians to regain the economic opportunities afforded by their access to fish, I propose new Indian fishery agreements that will take the form of contracts between the government and Indian bands. These agreements should have terms of 10 years to provide reasonable security for planning and development; they should contain provisions for renewal at least 1 year before they expire in order to avoid uncertainty as the end of the term approaches; they should incorporate the band's allocation of fish recommended above; and they should permit the bands to sell their authorized catches, under appropriate monitoring and marketing arrangements.

Each agreement should call for an annual fishing plan to be designed jointly by the band and the Department in advance of the fishing season. This will enable the Department to approve fishing times and the demands on particular stocks and ensure orderly harvesting with reference to the cycles of fish abundance.

The agreements should also provide Indians with an opportunity to engage constructively in enhancement activities. Many Indians are interested in becoming involved in enhancement programs, especially for salmon. In Chapter 5 I described the participation of Indians in the Salmonid Enhancement Program through its Community Development Program, but the resources of this program are insufficient to cope with the large number of proposals from Indians. Thus, Indian fishery agreements offer an avenue for broadening this activity without depending on the enhancement program's funds.

Where bands have identified enhancement opportunities and are willing and able to undertake them, their Indian fishery agreements should enable them to do so under an attached enhancement plan approved by the Department. And they should benefit from a share of the enhanced production. The share should be set out in the plan, and be fixed with reference to the cost of the enhancement activity, any governmental support received and other considerations.

The following recommendation incorporates all these features:

7. The Department should be authorized to enter into Indian Fishery Agreements with Indian bands. These agreements should —
  - i) Carry terms of 10 years with provisions for renewal 1 year before the term expires.
  - ii) Specify the bands' allocation of fish.
  - iii) Authorize the band to harvest its allocation of fish according to an annual fishing plan determined jointly by the band and the Department.
  - iv) Where appropriate, authorize the band to engage in enhancement activities on or near their reserves and to augment their allocated catch by a portion of the enhanced stocks, under fisheries management plans.
  - v) Exempt the band from restrictions on the sale of fish under agreed monitoring and marketing arrangements.

The provision for marketing arrangements is necessary to enable monitoring and inspection of catches and to ensure that health standards are met. I expect that the market channel will normally be an organization of the band itself or an associated corporation or cooperative.

On larger river systems, where several bands hold these Indian fishery agreements, collective planning might be advantageous. Discussions leading up to annual fishing plans, especially, could include all the relevant bands, and might involve tribal councils and other umbrella native organizations.

#### Administration and Enforcement

An important objective of these new arrangements should be to enable the Indian bands to participate in administration and enforcement. Certainly they are well placed to assist with the allocation of catches among their members, and regulating and monitoring fishing activity. Many Indians want this responsibility, and experience has shown that where they have been given it, the administrative and enforcement problems of the Department have been lessened.

Individual permits issued by fishery officers, band permits administered by band councils, and fisheries management plans of the kind proposed here represent a progression of responsibility into the hands of Indians themselves. As a general rule, the more responsibility successfully delegated to the Indians in this matter, the better, providing that the needs of fisheries management are met.

I therefore recommend —

8. Where they are willing and able to do so, band councils should be encouraged to take responsibility for administrative and supervisory functions associated with Indian fisheries. In particular, they should be given responsibility for—
  - i) Apportioning the band's allocation of fish among the band members.
  - ii) Issuing individual Indian fishing permits where the Department issues a general permit to the band.
  - iii) Negotiating with the Department about the band's fishing arrangements and the design of plans under Indian fishery agreements.
  - iv) Supervising the bands' fishing and related activities.
  - v) Providing statistical and other information to the Department.

Under Indian fishery agreements the responsibilities of the band council should be set out in the agreement itself.

Since the Department is ultimately responsible to Parliament for managing the fisheries resources, it must have the opportunity and means to ensure that the arrangements for Indian fisheries are properly administered and enforced. The new forms of fishing rights I have proposed, by providing for specific quantities of fish instead of undefined allocations, will shift the focus of enforcement away from compliance with restrictions on fishing time and gear and toward monitoring catches. It is essential that catches under Indian fishing arrangements be reliably monitored and identified. To meet this need I recommend—

9. Simple tags should be required to be attached to all fish caught under Indian fishery arrangements. The Department should issue sufficient tags to each band to cover its allocation of fish.
10. The present regulation requiring Indians to remove the dorsal fins and snouts of their fish should be rescinded.

The Department requires accurate and timely statistical information about catches in Indian fisheries in order to manage escapements. But these requirements vary considerably as do the bands' ability and willingness to provide the information. So the procedures for reporting catches should be determined jointly by the Department and individual band councils. Where Indian fishery agreements are adopted, the agreed arrangements should be set out in the agreements themselves, and all agreements should pledge the band to cooperate with the

Department in providing information and facilitating inspections of fishing activities.

Finally, the legal and administrative uncertainty surrounding band fishing by-laws should be eliminated. Under my proposals above, I can foresee a valuable role for such by-laws in managing and administering the bands' fishing activities on reserves, organizing marketing arrangements and so on. But they must be compatible with the proposed agreements and permits. And the Department, with its general mandate to conserve and manage fish, must be able to monitor these arrangements effectively. I therefore recommend that steps be taken to resolve the conflict between the Indian Act and the Fisheries Act:

11. The Minister of Fisheries and Oceans should initiate discussions with the Minister of Indian and Northern Affairs and representatives of Indian organizations to find means of reconciling band fishing by-laws with the paramount responsibility of the Department of Fisheries and Oceans for fish conservation and management.

To a large extent at least, Indian fishing by-laws have been a response to unsatisfactory working relationships between bands and the Department. With the more secure access to fish and the more effective management framework recommended in this chapter, by-laws can become more constructive supplementary instruments for regulating Indian fisheries and advancing fisheries management generally.

#### Mariculture Opportunities

In Chapter 11 I reviewed the promising developments in mariculture and the considerable opportunities for this activity on the Pacific coast. My proposals for mariculture leases are designed to enable private parties to engage in commercial fish culture and ocean ranching ventures. These offer special opportunities for Indians because of the strategic location of their communities and their familiarity with fish.

Indians should be encouraged to participate in developing mariculture and ocean ranching opportunities, and I suggest that some of the initial pilot projects recommended in Chapter 11 be undertaken by Indian organizations.

12. The Department should encourage Indian organizations to participate in mariculture and ocean ranching through carefully selected mariculture leases.

Some imaginative proposals for ventures of this kind were presented by Indian organizations at hearings of this Commission.<sup>38</sup>

I have already emphasized the need for cautious development and careful planning of mariculture and ocean

ranching policy. Until satisfactory arrangements are demonstrated, only a few such ventures should be approved. In the long run, however, this form of commercial fishing activity may provide a major base for economic development in Indian communities. Under appropriate arrangements, the allocations of fish to Indian bands proposed earlier in this chapter could be incorporated into mariculture leases.

#### Assistance

Initially at least, some Indian bands will probably need assistance to take advantage of the opportunities afforded by Indian fishery agreements and mariculture leases. I therefore recommend —

13. The Departments of Fisheries and Oceans and Indian and Northern Affairs, in consultation with Indian organizations, should explore means of providing technical, financial and educational assistance to enable Indians to develop opportunities under Indian fishery agreements and mariculture leases.

In Chapter 11 I referred to certain consultations that have already begun on these matters, and suggest that these be pursued vigorously.

### CONCLUSION

A major impediment to developing satisfactory policies for Indian fisheries has been the lack of public understanding of Indians' traditional reliance on fish, the cultural and economic significance they attach to these resources, and the complicated legal questions surrounding them. This has generated many of the frustrations and confrontations that have beset Indian fisheries in many parts of the province. The government has an important responsibility to resolve the prevailing vagueness of public policy on this issue and to improve public understanding of it.

Earlier in this chapter I suggested that new policies should be directed toward certain objectives. First, was

the need to clarify and strengthen Indian fishery rights. I have proposed, among other things, that this be done by clearly defining Indian rights to the resources quantitatively, and obliging the Department to see that these allocations are provided.

Second, I pointed to a need for Indians to become involved in fisheries management, and my proposals for new Indian fishery agreements and mariculture leases are designed to meet this need. Third, I suggested that new policies should provide opportunities for Indians to take economic advantage of their rights to fish. Thus I have proposed arrangements to allow them to use their catches for commercial purposes and to develop economic opportunities through enhancement and fish culture. Finally, I emphasized a need to improve the administrative and enforcement arrangements governing Indian fisheries. My proposals will lighten the burden of enforcing fishing activity and the way that fish are used, and will enable Indians themselves to participate in regulating their fishing activities.

The proposals in this chapter are intended to provide an improved framework for recognizing Indians' fishing rights. They do not, of course, resolve the legal questions about Indian claims under treaties and aboriginal rights. Those must be dealt with through legal and political processes. My proposals offer means of accommodating Indian fisheries in the meantime, and they should be adopted without prejudice to the ultimate resolution of Indian claims.

In spite of the friction and frustration that has aggravated relations between the government and certain Indians over their fishing activities, I have found in the course of my consultations with Indians a concern to find more constructive arrangements that will enable them to enjoy their fishing rights, while at the same time contributing to resource management and development. My proposals are aimed at providing these opportunities; but to implement them successfully, a major cooperative effort on the part of both Indian organizations and the government is required.

## FOOTNOTES

1. Gitksan-Carrier Tribal Council, Exhibit #52, p. 10.
2. The term "Indian food fishery" is criticized by many Indians on the grounds that it implies a traditional dependence on fish for direct consumption only. Fish have historically been important commodities of trade and barter as well.
3. Wilson Duff, Indian History of British Columbia. Anthropology in British Columbia Memoir No. 5, Victoria, 1964. Vol. 1. p. 39.
4. G.W. Hewes, Indian Fisheries Productivity in Pre-contact Times in the Pacific Salmon Area, Northwest Anthropological Research Notes. Volume 7, 1973.
5. Hewes, Indian Fisheries Productivity.
6. The Native Brotherhood of British Columbia, Exhibit #141a, p. iv.
7. W. McKay, "The Native Food Fishery and the Potential Impacts of Oil Spills." A report prepared for the West Coast Oil Ports Inquiry, 1978.
8. Because of the lack of a consistent system of data collection, catches and trends are very uncertain. Some of the increase suggested by these figures may be due simply to improvements in reporting. The figures cited were provided in Department of Fisheries and Oceans, Exhibit #167.
9. Marilyn G. Bennett, "Indian Fishing and its Cultural Importance in the Fraser River System." A report prepared for the Union of B.C. Indian Chiefs and the Fisheries and Marine Service, 1972.
10. W.F. Sinclair, "The Economic and Social Impact of the Kemano II Hydroelectric Project on British Columbia Fisheries Resources, (Vol.II)." A report prepared for the Fisheries and Marine Service, 1976.
11. Edwin, Reid and Associates Ltd., "Working Paper on Indian Food Fisheries and Salmonid Enhancement." A report prepared for the Department of Fisheries and Oceans, 1979.
12. Sinclair, "The Economic and Social Impact of the Kemano II."
13. Nishga Tribal Council, Exhibit #129, p. 4.
14. Edwin, Reid and Associates Ltd., "Working Paper on Indian Food Fisheries."
15. Reuben M. Ware, "Five Issues Five Battlegrounds - An Introduction to the History of Indian Fishing in British Columbia 1850-1930." Prepared for Coqualeetza Educational Training Centre, 1978. p. 14.
16. British Columbia Fisheries Regulations, November 26, 1888.
17. Revised Statues of Canada 1970, Appendix II, No. 10.
18. Union of B.C. Indian Chiefs, Exhibit #133, p. 24.
19. Squamish Indian Band, Exhibit #106, Part III, p. 2.
20. Exhibit #167, p. 1.
21. Exhibit #52, p. 26-27.
22. Exhibit #133, p. 18.
23. Exhibit #133, p. 24.
24. Nicola Valley Area Council, Supplementary Document #S-10.
25. See Robert B. Lane and Barbara Lane, "Union of British Columbia Indian Chiefs Fishing Portfolio." 1978.
26. Lane and Lane, "Union of British Columbia Indian Chiefs Fishing Portfolio."
27. The Supreme Court of Canada has acknowledged that such legislation could impinge on previously guaranteed treaty rights in R. v. Sikyea. [1964] 2 Canadian Criminal Cases 325; Affirmed [1964] Supreme Court Reports 642, [1965] 2 Canadian Criminal Cases 129. 50 Dominion Law Reports (2d) 8.
28. R. v. Cooper, (1968) 1 Dominion Law Reports (3d) 118.
29. C.A.G. Palmer, "The Unilateral Abrogation of Indian and Eskimo Treaty Rights", 47 Criminal Reports 395.
30. Calder et al v. A.G.B.C., 74 Western Weekly Reports 481, 13 Dominion Law Reports (3d) 64 (B.C. Court of Appeal).
31. Calder et al v. A.G.B.C., [1973] Supreme Court Reports 313, [1973] 4 Western Weekly Reports 1, 34 Dominion Law Reports (3d) 145 (Supreme Court of Canada).
32. Derriksan v. The Queen, [1976] 6 Western Weekly Reports 480 (Supreme Court of Canada).
33. Canadian Charter of Rights and Freedoms, Canada Act.
34. See Revised Statutes of Canada 1970, Appendix II, No. 10, Schedule, Article 13.
35. Jack et al v. The Queen, 100 Dominion Law Reports (3d) 193 (Supreme Court of Canada). In a dissenting judgment, Mr. Justice Dickson stated that the Indian fisheries should be accorded a priority second only to conservation needs.
36. Indian Act, Revised Statutes of Canada 1970 chapter I-6, sections 81(o), 82.
37. Annual Report. Department of Indian Affairs, 1876, p. 32.
38. See The Nimpkish Band Council, Exhibit #156; and The Native Brotherhood of British Columbia Exhibit #198.

## CHAPTER 12

# INDIANS IN THE COMMERCIAL FISHERIES

*The fishery is our heritage. In it rests our expertise and our hopes for the future.*

NUU-CHAH-NULTH TRIBAL COUNCIL<sup>1</sup>

The Commission's terms of reference instruct me to make recommendations for ensuring that the fisheries make "the highest possible contribution to the economic and social development of the people of Canada. . . ." With respect to the commercial fisheries, the concern for social as well as economic advantage focuses attention especially on native Indians.

When the modern fishery developed in the last century, the Indians of the Pacific coast adapted to the new technology of fishing and canning much more readily and successfully than they adapted to other industries. The fisheries provided them with an opportunity to participate in the new industrial society, and for a great many, it was the only opportunity. As a result, Indians have held a particularly important place in the Pacific fisheries, and fisheries policy has been moulded, with mixed success, to accommodate their special needs.

This Commission has received a remarkable amount of information and advice from Indian organizations and individuals. Eight tribal councils and eight bands, as well as the Native Brotherhood of British Columbia, the Union of B.C. Indian Chiefs, Indian cooperatives and individual Indians have submitted briefs. Others provided information in the form of Supplementary Documents. In addition, many non-Indian participants have commented on the special problems of Indians. And the Commission has held eight of its community meetings either on reserves or in communities where Indians are dominant.

With respect to the position of Indians in the commercial fisheries, the testimony has had a consistent theme: Indian participation has been declining, and because the fisheries afford a unique economic opportunity for them, this trend must be reversed. This chapter is devoted to this problem. It reviews the history of Indian participation and the policies adopted to promote it, and recommends some initial steps toward improvement.

## INDIAN PARTICIPATION IN THE COMMERCIAL FISHERIES

Before European settlement, a much larger population of Indians than survives today was settled in communities along the coast and the river systems of the interior, in locations that were determined in large part by accessibility to fish resources, especially salmon. Fish formed the foundation of their local economies and inspired many of their ceremonies and myths and much of their folklore and art.

Through all the dislocations and painful adjustments to "white" society, involvement in the fisheries has been essential for the Indians in maintaining their identity and self-respect. This theme was introduced repeatedly in presentations to this Commission. One group put it as follows:

Participation in the fishing industry allowed us to remain living by the sea with our own people. And it was a kind of work that was more compatible with our way of life than other kinds of work in the white man's economy. It was, if nothing better, at least the lesser of two evils. It did not require us to give up our communities and our culture altogether.<sup>2</sup>

As described in Chapter 2, the early salmon fishery developed widely scattered operations along the coast. Canneries were typically located near major salmon runs in inlets and estuaries, where Indian communities were also located. They drew heavily on those communities for men to operate their vessels, and in addition, they provided employment for thousands of Indian women and older children in the canneries. By 1919 there were 97 canneries on the coast from the Fraser River to the Nass River, on Vancouver Island and on the Queen Charlottes, employing more than 9,000 people, the majority of whom were Indians. And more than one-third of all salmon fishermen were Indian.<sup>3</sup> They adjusted remarkably well to the fishing industry, even to the technological changes that brought a wholesale shift to powered fishing vessels and mechanized canning processes.

During the 1920s and 1930s Indian fishermen were displaced by the trend toward larger, costlier fishing vessels and packers. The consolidation of canneries also reduced opportunities for many native cannery workers. For some years the decline was slowed by Indian fishermen and their families being transported from the south to the canneries of the central coast for two months each summer. During World War II, the strong demand for fish temporarily improved Indian employment, and the expulsion of Japanese from the coast enabled many Indians to acquire fishing boats at bargain prices.<sup>4</sup> However,

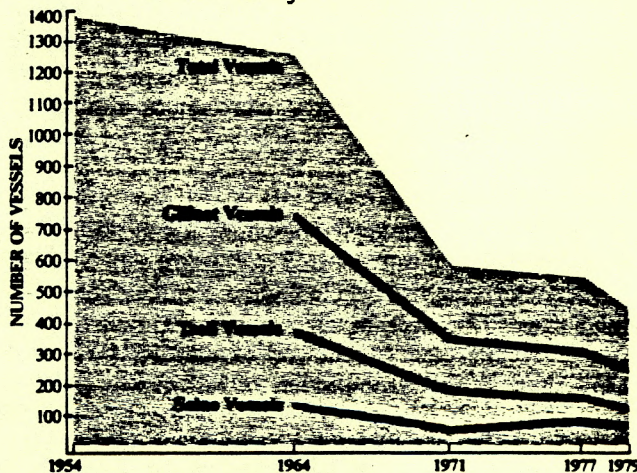


after the war Indian employment in the fisheries declined sharply.

This more recent displacement was caused by the accelerated consolidation of the canning industry into fewer, larger operations and the adoption of bigger and costlier vessels. By 1970, only 15 canneries were operating, all but 3 in the Fraser and Skeena areas. Their employees had been reduced to about 3,700, of which Indians accounted for about 1,500.<sup>5</sup>

Prior to this consolidation, many Indian fishermen fished in local waters close to canneries, using smaller, older vessels rented from the processing companies. Their numbers fell rapidly as the canneries closed down, especially on the central and northern coast. On the west coast of Vancouver Island, local fish camps, which Indian troll fishermen relied upon to buy their fish, also closed. Moreover, Indians were unable to raise the capital for larger, more powerful and more mobile vessels and more sophisticated gear. So they were unable to compete.

Figure 12-1 Postwar trends in Indian participation in the salmon fishery<sup>a</sup>



<sup>a</sup> Data refer to vessels licensed, but not necessarily active in any year, and are not precise.

Sources: H. Hawthorn et al., *The Indians of British Columbia*, 1958; M. Friedlaender, *Economic Status of Native Indians in British Columbia, 1964-1973*, 1975; W. McKay and K. Ouellette, *Review of Indian Fishermen's Assistance Program*, 1978; and *Native Brotherhood of British Columbia*, Exhibit #141a, Appendix VI.

In about two decades the number of vessels owned by Indians in the salmon fleet fell by roughly 60 percent, to 599 in 1971 as shown in Figure 12-1. Between 1964 and 1971 the number of gillnetters declined by about 400, to 345. Indian-owned trollers dropped from 388 to 157, and seiners, from 135 to 57. Nonsalmon vessels owned by Indians, while few in number, declined even more rapidly during this period, from 12 percent of the total fleet in 1963 to less than one percent in 1971. By the beginning of the 1970s, the fishing and processing industries employed less than half the number of Indians that had been

involved two decades earlier. Since restrictive licensing was introduced for the salmon fishery 12 years ago, the number of Indian salmon licensees has declined substantially.

Table 12-1 shows the number of Indian licence holders in the salmon fishery in 1979 and in other fisheries in 1980. In 1979 Indians operated about 60 percent of the salmon vessels rented by processing companies; of the 260 licensed vessels rented by Indians, 55 were seine vessels and the remainder gillnetters.

Table 12-1 Numbers of licences for restricted fisheries held or exercised by Indians in 1980<sup>a</sup>

licensed fishery	number of Indian licensees	vessels rented by Indians from companies	percent of total fleet
salmon <sup>b</sup>			
gillnet	252	205	20
seine	72	55	25
troll	128	—	7
total salmon	452	260	15
roe-herring			
gillnet	399		31
seine	61		30
halibut	10	1	2
spawn-on-kelp			
Indian bands	5		
individual	13		64

<sup>a</sup> The figures provided in this table are estimates.

<sup>b</sup> Estimates for 1979, including ordinary, Indian and temporary licences.

Source: Department of Fisheries and Oceans.

The marked decline in Indian-operated vessels during this century does not fully reflect the decline in gainful employment, of course; employment of Indians as crewmen on fishing boats and packers, in support industries and in canneries also declined. The erosion of employment in fishing and related occupations has had a devastating impact on dozens of Indian communities that offered no other employment opportunities and where unemployment was already chronic.

In one century, we have been dispossessed of the ability to provide for ourselves. . . . We have a sole economy, that of fishing, and have managed to continue participation in this resource industry as commercial fishers, but each year the ability to participate has lessened.<sup>6</sup>

And it created severe economic and social problems beyond those normally attributed to unemployment. For example, vessels were displaced that had been depended upon for food fishing and for transportation links with other communities.<sup>7</sup>

## POLICIES TO PROMOTE INDIAN PARTICIPATION

The magnitude of Indian displacement and the severity of the problems it has created drove the Department of Indian and Northern Affairs and the Department of Fisheries and Oceans to adopt measures to protect and, if possible, to increase the participation of Indians in the commercial fisheries. A brief review of these experiments is instructive in designing policies for the future.

### Provisions for Indians under Restrictive Licensing

Under the restrictive systems introduced in the Pacific fisheries and described in preceding chapters, a number of special arrangements were made for Indians.

**Salmon licensing** The salmon fleet control program introduced in 1969 initially accelerated the long-term decline in Indian participation in the fishery, a result that was feared from the start. To arrest this trend, several measures were taken:

- i) In 1970, funds were provided by the Department of Indian and Northern Affairs to purchase derelict vessels from the existing fleet in order to create a "tonnage bank," which was administered under the Indian Fishermen's Assistance Program (discussed below). Indian fishermen wanting to introduce vessels into the salmon fishery were allocated the required tonnage for vessel licences out of this bank.
- ii) In 1969 and 1970, whenever an Indian applied for a temporary ("B") licence rather than an ordinary ("A") licence, the Department of Indian and Northern Affairs was notified and in most cases was able to arrange for the higher ordinary licence fee to be paid.
- iii) In 1971 the Indian licence ("A I") was created and any Indian could convert his ordinary licence to this new category, which carried a fee of only \$10. Vessels with Indian licences were ineligible for purchase under the buy-back program, but they could be transferred to other Indians (or to non-Indians by converting the licence to an ordinary licence by paying the accumulated difference in fees between the two categories of licences). Some licensed vessels were purchased by the Department of Indian and Northern Affairs, which transferred the licences to the Indian Fishermen's Assistance Program's tonnage bank, where they were made available to Indians who required assistance.
- iv) In 1972 all temporary ("B") licences held by Indians were converted to Indian ("A I") licences. Sixty-three licences were changed under this provision, but they were mostly on small boats and only 52 of them were renewed as Indian licences the following year.

- v) Beginning mid 1980, holders of Indian licences were no longer permitted to convert them to ordinary licences.

Despite these special provisions, the number of Indian participants in the salmon fishery declined during the first few years of restrictive licensing. In the first two years alone the number of Indian gillnetters dropped by 29 percent. This was partly offset by an increase in Indian-owned seiners and trollers, which was apparently the result of aid provided under the Indian Fishermen's Assistance Program (discussed below). Overall, the number of Indian vessel-owners and crewmen fell by eight percent.<sup>2</sup>

One reason for this decline was that many Indian vessel-owners failed to meet the initial landings qualifications required to obtain a salmon licence. A second was the sale of Indian vessels with ordinary licences through the buy-back program. And a third was the inability of some Indian vessels to pass the inspection for quality standards introduced in 1973. But later, for a few years after 1972, with the help of the Indian Fishermen's Assistance Program, Indians were able to maintain and even increase their relative position in the salmon fisheries.

**Roe-herring licensing** Two important provisions were incorporated into the roe-herring licensing system to encourage Indian participation: no restrictions were imposed on Indians until 1977, though licences for non-Indians were limited three years earlier; and Indian roe-herring licences carry an annual fee of \$10, rather than the \$200 for gillnet and \$2,000 for seine licences issued to non-Indians.

In 1980, 61 Indian seine licences and 399 gillnet licences were outstanding in the roe-herring fishery. Existing regulations require that Indian licences not be leased to non-Indians. (While some people have suggested that this still happens quite frequently, I have not found any firm evidence to indicate that this is the case.) Nonetheless, processing companies seem to have acquired equity interests in some Indian-owned herring seine vessels.

**Licensing in other fisheries** For the halibut fishery, special licences are issued annually to Indians who depend on halibut for a significant part of their income but who did not qualify for the restricted halibut licences introduced in 1979. Currently, there are only 10 such licences. Also, as a general Departmental policy, individual Indians and band councils are given priority for new licences in the spawn-on-kelp fishery. At present, Indians hold 18 of the 28 licences in this fishery.

### The Indian Fishermen's Assistance Program

In 1968, the Indian Fishermen's Assistance Program was introduced to improve Indian participation in the

Pacific fisheries. The program was funded by the Department of Indian and Northern Affairs and administered by the Department of Fisheries and Oceans through the Indian Fishermen's Development Board on which Indians as well as the two government departments were represented. Some \$16.3 million had been expended by 1979 when the program ended, about half in grants and half in loans. Until the end of 1978 the recovery on loan payments was an impressive 91 percent; since then the rate has fallen as a result of poor returns from fishing.

The program had three primary objectives:

- i) To arrest the decline in the number of Indian vessels and, if possible, to reverse it;
- ii) To improve the earnings of Indian vessels so they equalled the average of the rest of the fleet; and
- iii) To improve the versatility and mobility of the Indian fleet to the level of the rest of the fleet.

Secondary objectives included assisting Indians who operated rental vessels to become owners, helping young Indians to enter the fishing industry, maintaining a tonnage bank to assist Indians with licences, improving training and fishing skills, and assisting in developing shore facilities on reserve lands for fishing vessels.

Coupled with the special licensing provisions for Indians, the program achieved a good measure of success in terms of its main objectives. First, while the portion of the salmon fleet owned and rented by Indians had declined to 15 percent by 1969, by 1977 it had increased slightly to 16 percent. The increase was entirely in Indian-owned seine vessels, which increased by nearly 60 percent to 27 percent of the total seine fleet. Indian gillnetters and trollers declined at about the same rate as non-Indian vessels.

Second, the average gross earnings of Indian vessels increased from a low of 61 percent of the average for the salmon fleet as a whole in 1967 to a high of 109 percent in 1973, and averaged 84 percent during the last five years of the program. The average gross earnings of the vessels that were assisted under the program were almost half again as high as the average earnings of all Indian vessels over the program period. The value of landings by Indian vessels in species other than salmon (mostly herring) increased from less than two percent of the total catch in 1969 to more than nine percent in 1977.

Third, the versatility and mobility of Indian vessels was improved. The total tonnage of Indian vessels increased by 33 percent, more than double the rate for the fleet as a whole, and their average value increased from 67 to 87 percent of the average for the whole fleet. The vessels that were assisted by the program were valued 31 percent above the average for all vessels.<sup>9</sup>

Assistance was extended to 59 Indians to purchase rental vessels, and 52 operators of rental boats received aid to purchase gear and equipment. Eighty-five grants were made to bring older vessels to the minimum standards required for licensing.

The program was less successful in encouraging younger Indians to enter the fishery; many were deterred by the 12.5 percent minimum down payment (20 percent prior to 1974) required to purchase a vessel. The attempt to promote construction of shore facilities in Indian communities to increase efficiency of fishing operations also met with little success.

The main criticism of the Indian Fishermen's Assistance Program was that it benefited primarily those Indians who were already well-established and successful fishermen. It probably also increased the disparity of earnings across the Indian fleet. Furthermore, by providing financial assistance, it contributed to the problem of overcapitalization and excess capacity in the fleet, especially in the seine sector. However, in the context of the restrictive licensing program described in Chapter 9, this latter result must be regarded as almost inevitable if the competitive position of Indian fishermen were to be improved.

#### The Indian Fishermen's Emergency Assistance Program

In spite of the substantial assistance provided under the Indian Fishermen's Assistance Program and the special licensing arrangements for Indians, the number of Indian salmon vessels began to decline sharply after 1977. Between 1977 and 1980, the Indian-owned fleet dropped by some 100 vessels.<sup>10</sup> These vessels fell into two groups: better vessels (including several that had benefited under the Indian Fishermen's Assistance Program) that were sold to non-Indians in order to reap the capital gains from inflated licence values in the boom years of 1977 and 1978; and submarginal vessels that survived the prosperous years but failed in the poor years that followed.

Indians and the Department of Indian and Northern Affairs were afraid that the conspicuously poor year of 1980 and the bleak prospects for 1981 would accelerate the displacement of Indians. As a result, a stop-gap emergency program (the Indian Fishermen's Emergency Assistance Program) was implemented late in 1980. Its purpose was to assist with debt payments, repairs, equipment and start-up costs of Indians threatened with bankruptcy.<sup>11</sup> This program was funded by the Department of Indian and Northern Affairs and administered by two Indian-controlled boards: one controlled by the Native Brotherhood of British Columbia; the other, by the 13 bands of the Nuu-chah-nulth Tribal Council. It provided for \$2 million in grants, another \$2 million in loan guarantees and \$200 thousand in direct loans. At the time

of the Program's termination early in 1982 the \$2 million in grants had been fully expended, as had the \$200 thousand in direct loans; and \$700 thousand in loan guarantees had been extended.

This program had two significant deficiencies. First, very little assistance could be provided in the form of loan guarantees. Apparently because of the depressed condition of the industry, banks have been reluctant to extend even guaranteed loans to fishermen. Second, no assistance could be provided to make payments on loans from the Indian Fishermen's Assistance Program because of a rule that federal funds cannot be used to write off debts to the federal government. This is important, because these loans are the largest form of debt for many Indian vesselowners.

Nevertheless, emergency funds for vessel repairs, start-up costs and essential equipment enabled many Indian fishermen to fish in the 1981 season who otherwise probably could not have operated. And because that was a fair season for salmon, these fishermen have been able to improve their financial position.

#### **Acquisition of a Gillnet Fleet**

In 1982 B.C. Packers Ltd. sold 243 vessels and 252 licences (most of its northern gillnet rental fleet) to the Northern Native Fishing Corporation, an organization established by three tribal councils. The purchase was arranged through the cooperation of the Departments of Indian and Northern Affairs and Fisheries and Oceans, and involved a federal grant of \$11.7 million, of which \$3 million was provided for vessel improvements and operating costs, the remainder for payment to the vendors. The corporation intends to retain title to the licences, and to lease the licences and sell the boats to Indian fishermen, most of whom have hitherto operated the vessels under company rental arrangements.

#### **The Salmonid Enhancement Program**

The ambitious Salmonid Enhancement Program is described in some detail in Chapter 5. I include some discussion of it here because one of its official objectives is to improve native well-being, which implies improving incomes and employment for Indian fishermen and cannery workers.

Several criticisms have been made about this program regarding Indian involvement. Most important is its geographical orientation: projects are concentrated in the south coast, especially in the Johnstone Strait area, where Indian fishermen and communities are already relatively prosperous.<sup>12</sup> Another is its focus on large hatchery projects; Indian groups argue that a greater emphasis on small stream improvement projects would yield greater benefits to Indians and their communities.

Partly in response to such criticisms, a formal Community Development Program was initiated under the Salmonid Enhancement Program in 1978, mainly for the benefit of Indian communities. Its present budget provides \$3.6 million annually for 15 community development projects, of which 12 are with Indian communities. Tentative proposals are aimed at expanding the program to 62 projects at an additional cost of \$45 million during the next five years.

Community development projects are contracted to Indian bands and other groups who assume responsibility for specific works, such as small hatcheries, stream rehabilitation and resource surveys. The Department provides technical advice to the contractor and a training program for those involved in the project. Problems of one kind or another have arisen in most projects, but the program has been generally successful (see Chapter 5). The response from Indians has been enthusiastic; about 150 Indian communities have applied to undertake projects. This interest is the main reason for expanding the program.<sup>13</sup>

The Indians' main criticism of the program is that the Department gives the contracting bands insufficient control over the projects, a criticism that must be weighed in light of the experimental and risky nature of much enhancement work. Other concerns are that funds are insufficient or not disbursed promptly and that Indians have inadequate influence over the general design of the program.

#### **Indian Mariculture**

The Department of Indian and Northern Affairs, in cooperation with the Marine Resources Branch of the Ministry of Environment for British Columbia and the Department of Regional Economic Expansion, is currently attempting to develop a program for native Indian involvement in mariculture. This program recognizes the keen interest of coastal Indian bands in mariculture, the strategic location of Indian reserves for mariculture, and the provincial government's interest in encouraging Indian participation in this activity.<sup>14</sup>

Recently the Department of Indian and Northern Affairs established an Indian Mariculture Task Force, with membership composed of representatives from various tribal councils. The goal of the task force is to develop a mariculture program for Indians. The task force operates autonomously, with Departmental personnel acting primarily as coordinators.

This careful approach, involving Indians in the earliest stages of program design, is undoubtedly appropriate in view of the uncertainties of commercial success. But, as I explain in Chapter 11, the potential for mariculture is substantial, so the program deserves continuing support.

The measures I propose in Chapter 18, by clarifying the respective roles of the federal and provincial governments, will help advance the program.

### Observations on Experience

The historical record leads to certain general conclusions relevant to determining appropriate future policies.

First, apart from brief intervals, and despite efforts to prevent it, large numbers of Indians have been displaced from the commercial fishing industry in recent decades.

Second, as numerous studies and submissions to this Commission have confirmed, this displacement has generated serious economic and social distress in Indian communities, many of which offer no alternative employment. The relative immobility of Indian people has left them heavily dependent on unemployment insurance and welfare payments. This is costly to the taxpaying public and, at the same time, inflicts high costs on the Indians themselves in the form of idleness, dependency, demoralization and social and personal breakdowns.

Third, Indians can obviously adapt and perform well in the commercial fisheries. Because of their greater familiarity with fish and the activities associated with fishing, coastal Indians have stronger motivation, greater skill and more experience to support their participation in commercial fishing than they do in most other fields. In contrast, development programs based on commerce, tourism and related activities, which are largely alien to Indian cultures and traditions, have usually been unsuccessful. In short, the commercial fisheries afford a highly promising means of involving coastal Indians in constructive economic activity. Moreover, it is an activity in which many of them claim an historic right to participate. The fisheries, then, must be regarded as an obvious base for policies aimed at Indian social and economic development.

Past experience also shows that, in the rapidly changing environment of the commercial fishing industry, expecting developmental programs to be entirely self-supporting is unrealistic. They will likely need external support and subsidization for a considerable time. Decades of dependency and exclusion from economic opportunities have left widespread apathy, coupled with passive and sometimes active resistance to public authority. Indian culture and traditional means of livelihood have been overwhelmed by a complex "white" society with its rapidly changing technology, and by the organizational structures imposed upon them. Their self-development has been retarded by a governmental approach to Indian administration that, until recently, tended to be authoritarian and paternalistic.

Indians have also experienced difficulty in obtaining the same financial assistance available to their non-Indian competitors:

(Indians) do not have access to the capital resources required for investment in large new vessels or expensive equipment. Generally low incomes plus the fact that reserve land cannot be secured as collateral has limited most Indians' ability to borrow money from traditional financial institutions.<sup>15</sup>

Policies for increasing Indian participation in the fisheries must recognize these special problems.

### POLICY PROPOSALS

For many coastal Indian communities, the basic policy choice is now fairly clear. It is between increasing subsidies to coastal Indian communities in the form of welfare funds and personnel needed to cope with the growing problems of unemployment, dependency and demoralization, on the one hand, and subsidizing fisheries programs that will provide productive employment and contribute to individual and community morale, on the other. I have no doubt that the latter is the most constructive not only from the point of view of the Indians themselves but from that of Canadians generally. The position the Indians take concurs with this judgement:

It makes more sense to enhance the ability of Indian people to support themselves through the fishing industry than it does to spend increasing amounts of federal revenue supporting them on social assistance.<sup>16</sup>

Sensitive and costly programs will be required to successfully increase the involvement of Indians in the commercial fisheries and thereby to increase their self-reliance in the long term. Many of the benefits sought are difficult to measure in economic terms because they involve unquantifiable social, psychological and cultural improvement. But this does not mean that they are less important than more quantifiable economic benefits.

In approaching recommendations for improving Indian participation in the commercial fisheries, several general problems brought to this Commission's attention must be addressed. One is the role of the Department of Fisheries and Oceans. As I suggested in Chapter 1, the Department is obliged to modify and adapt its policies and procedures to accommodate social policy objectives relating to the fisheries, and to provide the technical expertise to help ensure that the objectives will be met; but it is not the appropriate agency to undertake either the designing or the funding of needed social programs. In the past the Department has, in the opinion of some, become too deeply and directly involved in efforts to

solve Indian problems; it has therefore been seen as the agency responsible for these problems and has consequently become a target of criticism. Thus, many Indian groups that have appeared before this Commission have expressed frustration and even hostility over the Department's apparent insensitivity to their problems.

The Department of Indian and Northern Affairs, with its direct responsibility for Indian affairs, is best placed to initiate and financially support programs of social and economic development for Indians. The Department of Fisheries and Oceans must adapt its policies to accommodate these programs without obstructing the objectives of Indian administration or of the Indians themselves. Of course, the technical administrative advice of the Department of Fisheries and Oceans should be sought in designing any such projects involving the fisheries.

For the reasons presented above, the government must initiate a well-defined program to protect and expand Indian participation in the commercial fisheries, using the considerable experience of past programs of assistance. It should have long-term goals, and hence be more than an emergency aid program, though its ultimate objective should be to eliminate the need for its continuance. Accordingly, it should not only assist Indian vessel-owners to improve their productivity and young Indians to enter the fishery for the first time, but also provide training to enable them to succeed.

In the present circumstances of the Pacific fisheries, any program designed to encourage Indian participants must be compatible with the general need to rationalize and reduce the overexpanded fleets. This presents an obvious difficulty, and it calls for careful program design. First, it requires that any additional fishing licences made available to Indians be drawn from the existing stock, rather than being added to it. Second, it requires that provisions be made to ensure that Indian licences will remain in Indian hands, rather than be transferred to non-Indians. Third, it requires that provisions be made to ensure that Indians will have access to credit and financial support that will enable them to operate and improve their position. Finally, it should provide for a high degree of Indian participation in the program's administration.

#### **Indian Fishermen's Economic Development Program**

These conditions are largely met by the Indian Fishermen's Economic Development Program proposed by the Native Brotherhood of British Columbia. Following extensive consultation within the Indian fishing community, the program has been the subject of intensive planning during the last three years by a working committee consisting of representatives of the Native Brotherhood and the Departments of Indian and Northern Affairs,

Fisheries and Oceans, and Employment and Immigration.

The essential objectives of the program are to provide financial assistance to young Indians to enable them to acquire vessels and enter the industry, to provide training in fishing skills and business management, to secure a permanent block of fishing licences for Indian fishermen, and to assist Indian owners of marginal vessels to improve them.

The proposed program was presented in a submission to this Commission.<sup>17</sup> Having examined it and alternatives, I make the following recommendation:

1. **The federal government should proceed toward implementing the Indian Fishermen's Economic Development Program as quickly as possible.**

I support this program's general outline, but since negotiations are already taking place, I refrain from making recommendations on matters of detail.

Its proposed structure is designed to alleviate some of the problems encountered by the earlier Indian Fishermen's Assistance Program. The program would be managed by the Indian Fishermen's Development Corporation, which would be a nonprofit organization controlled by Indians. Directors would be elected from regional groups of Indians traditionally involved in commercial fishing to ensure representativeness and equitable treatment. The Corporation is expected to be affiliated in some way with the already-established Northern Native Fishing Corporation.

The current proposal calls for a budget of about \$20 million over five years to meet the costs of purchasing licensed vessels, upgrading existing vessels, training and administration. It is proposed that this be funded by a governmental grant, provided through a special allocation from the budget of the Department of Indian and Northern Affairs, the Western Initiatives Fund, other sources, or a combination of these.

An issue that is not addressed in the present proposal concerns the possible continuing need for operating subsidies for Indian fishermen. Many Indian fishing operations are marginal, and the objectives of the program imply that they may require financial assistance. Moreover, past experience suggests that the success of such programs often rests on some support beyond the initial assistance. So I recommend the following:

2. **The Department of Indian and Northern Affairs should provide staff and resources for the purpose of monitoring the financial performance of Indian fishing operations under the Indian Fishermen's Economic Development Program.**

To stabilize the Indian presence in the fisheries, the corporation would purchase licensed vessels from non-Indians, sell or otherwise dispose of the vessels, and make the licences available to qualified Indian applicants, who would purchase or construct their own vessels suitable for licences under the prevailing vessel replacement rules. Depending upon their financial circumstances, recipients might be provided with additional assistance from the corporation.

The interest of the corporation in acquiring licences should, incidentally, strengthen the value of Indian ("A I") licences, which are presently restricted to Indians.

Discussions with the Department suggest that it would be desirable to create a new category of Indian licences for this purpose that would unambiguously prohibit their transfer to non-Indians and would enable this and the Northern Native Fishing Corporation to maintain ownership of licences while leasing them to individual Indians. I therefore make the following recommendation:

3. Licences held by Indian fishing corporations should not be transferable to non-Indians and licensing policies should be developed to enable such licences to be leased to individual Indians.

These conditions would ensure that the licences would never leave the Indian community, and would advance the developmental objectives of the corporation.

The proposed Indian Fisherman's Development Corporation would be well-suited to organizing some of the innovations in commercial fishing that I have suggested in earlier chapters. For example, it could organize small numbers of licensees to operate in "pocket fisheries," establish new contractual arrangements with foreign fish

buyers, and organize fishing cooperatives. More specifically, the corporation could establish an interest in the long-term opportunities in mariculture and ocean ranching. In the shorter term, the proposed corporation's interest in economic activity based on fish converges with one of the objectives of the Salmonid Enhancement Program, which is to expand the Community Development Program component of the Salmonid Enhancement Program.

Finally, my proposals in preceding chapters for fleet rationalization and reform of the licensing system call for special provisions to ensure that Indians will be able to maintain and improve their position, the third condition for a successful Indian fisheries policy noted above. I therefore recommend—

4. The Department of Indian and Northern Affairs should provide Indians and Indian corporations with the financial assistance they need to compete successfully in the proposed periodic reissuing of licences by competition.

In summary, the proposed program appears to be a well-conceived and constructive approach to the problem of Indian participation in the commercial fisheries, and offers considerable promise for improving the economic opportunities of coastal Indian communities. It is a costly program, but the alternative of not undertaking it is likely to be even more costly, not only in economic terms, but also in terms of social distress among Indian people. Moreover, if it succeeds, the cost will decline as Indian fishermen become more self-reliant. And if the other proposals made in this report are also adopted and prove successful, this improvement in the position of Indian fishermen will be accelerated.