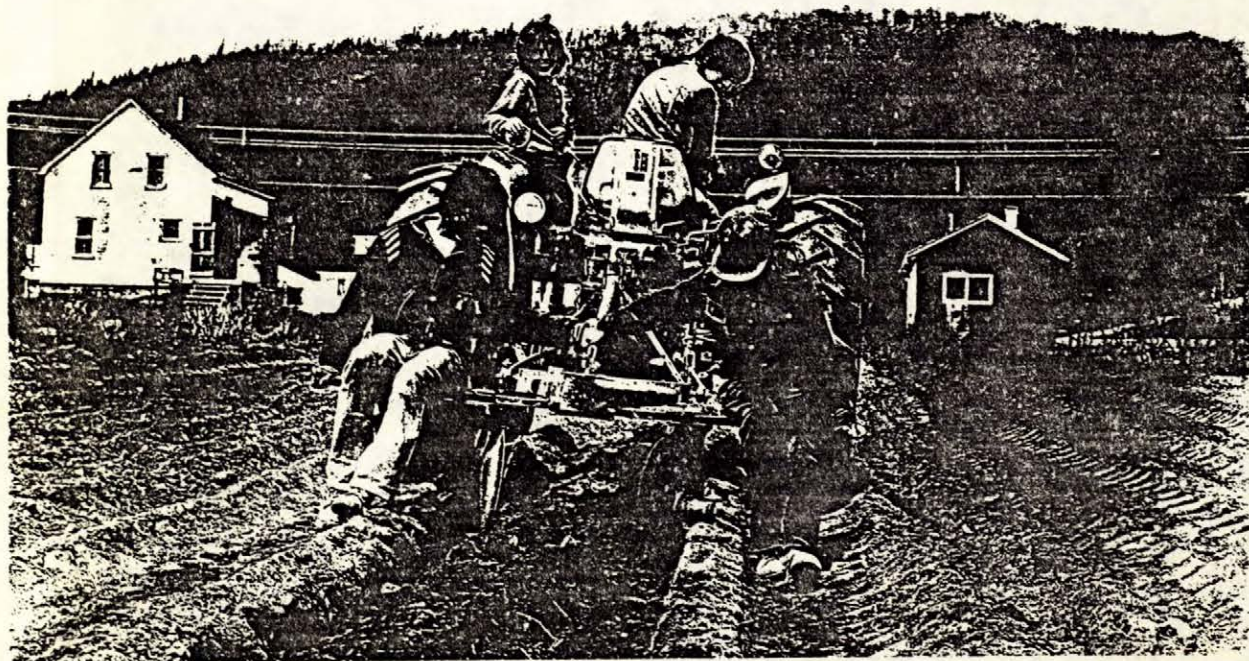


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Economic Potential and Constraints on Nova Scotia Indian Reserves: A Discussion Paper

Prepared for
Union of Nova Scotia Indians
Department of Regional Economic Expansion
Nova Scotia Department of Development

Prepared by
DPA Consulting Ltd.
January 1982



ECONOMIC POTENTIAL AND CONSTRAINTS
ON NOVA SCOTIA INDIAN RESERVES;
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TABLE OF CONTENTS

	<u>Page</u>
1. INTRODUCTION	1
1.2 Methodology	1
1.3 Review of Study Implementation Process and Context	2
1.4 Organization of Report	6
2. DEVELOPMENT ISSUES AND PROBLEMS	8
2.1 The Problem	8
2.2 The Economic Development Context	21
2.3 Special Concerns/Issues	22
3. INVENTORY AND DISCUSSION OF DEVELOPMENT OPPORTUNITIES	26
3.1 Observations on Availability and Quality of Data	27
3.2 The Process of Opportunity Identification	28
3.3 Inventory of Development Possibilities	30
3.4 Natural Resource Opportunities	37
3.5 Manufacturing Opportunities	40
3.6 Substitution for Off-Reserve Services On-Reserve	40
3.7 Attracting Off-Reserve Business On-Reserve	41
3.8 Other Small Business Opportunities	41
3.9 Native Consulting Business	42
4. FUNDING SOURCES AND PROGRAMS	45
4.1 Federal Programs	45
4.2 Provincial Programs	54
4.3 Adequacy of Funds and Funding Programs	57
5. BARRIERS TO ECONOMIC DEVELOPMENT ON NOVA SCOTIA RESERVES	59
5.1 Labour Market Barriers	61
5.2 Resources and Location Barriers	62
5.3 Labour Force Barriers	63
5.4 Financial Barriers	65
6. SUMMARY AND RECOMMENDATIONS	68
6.1 Development Potential of Nova Scotia Reserves	68
6.2 Adequacy of Present Funding and Programming	70
6.3 The Need for a New Development Implementation Structure	71

APPENDIX A: TERMS OF REFERENCE

APPENDIX B: PARTIAL LIST OF DOCUMENTS REVIEWED OR CONSULTED

APPENDIX C: FEDERAL BUSINESS AND INCENTIVE PROGRAMS

APPENDIX D: A BRIEF HISTORY AND OVERVIEW OF SPECIAL ARDA
AND THE WESTERN NORTHLANDS AGREEMENTS

APPENDIX E: COMMUNITY DEVELOPMENT CORPORATION (CDC) CONCEPT

EXECUTIVE SUMMARY

This study assesses the economic development potential of Nova Scotia Indian reserves, including constraints and barriers to economic development which might be addressed by an alternate or additional funding source or mechanism. The major recommendations and findings of the study are summarized below in point form and elaborated upon in the body of this report.

1. Summary of Major Recommendations:

- . *Establish an Indian Development Corporation with adequate funding as the vehicle for bringing about more Native controlled social and economic development.*
- . *Establish commitment and funding priority from both the Federal and Provincial governments for Indian economic development.*
- . *Carry out comprehensive resource studies for each reserve to address their combined forest, agricultural, fishing, tourism, trapping and mineral potential. These studies would facilitate opportunity identification and overall economic and community planning.*
- . *Conduct economic feasibility studies on those reserves containing opportunities with potential for economic development.*
- . *Establish a central information source where all Native studies and relevant data resources are collected, catalogued, kept up to date and are readily accessible.*

- . *Establish a Native consulting firm operated by qualified Natives both as a means to increase local expertise in, and maintain Native control over, economic development and planning.*

2. Summary of Major Findings:

- . *A total of 60 opportunities were identified for the ten reserves visited, or an average of six per reserve.*
 - Most of these opportunities have not been implemented to any extent; most have had no feasibility analysis, and have not been advanced beyond the idea stage.
 - Almost half consist of small-scale resource based seasonal projects, likely to supplement a few incomes rather than provide many full-time permanent jobs.
 - Most, however, are realistic and potentially workable ventures; some will require a fuller feasibility analysis.
 - It is concluded that the 60 or so opportunities listed in the study, are not all the available opportunities, because to date no systematic process of resource and opportunity identification, at the band level, has been carried out.

Business and employment creation opportunities identified are grouped below in order of frequency mentioned and overall significance:

- natural resource opportunities, including tourism development projects (e.g. blueberries, cranberries, woodlots, restaurants)
- manufacturing opportunities, primarily as identified recently through a number of LEAP feasibility studies (e.g. tubular steel)
- substitution on reserve for services and products presently purchased off-reserve (e.g. barbers, groceries, gasoline)
- attracting off-reserve businesses to the reserve, either through the availability of land or labour, or through tax incentives (e.g. a truck storage depot)
- servicing of off-reserve businesses (and consumers) in adjacent communities (e.g. providing trucking services to Michelin)

Small business projects, either band run, or individually owned, are not likely to be the only, or even the major basis for successful economic development of Nova Scotia reserves. While these projects must be encouraged and supported, other development initiatives, for example the establishment of an Indian Development Corporation, are equally or of greater importance at this time.

- Job placement, as opposed to job creation has not had sufficient emphasis, and many more initiatives could be taken in this direction. As well, certain social development and human development initiatives may have a greater impact on economic development on some reserves than business development or job creation.

Financial or project funding barriers, both in terms of funds availability and mode of delivery; mutually reinforcing labour market and labour force barriers; and resources and location barriers have been identified as constraints to economic development. As well, a number of cultural and political barriers have been identified.

Labour Force/Labour Market Barriers

- . Discrimination exists in obtaining access to scarce off-reserve jobs, particularly in this time of high unemployment.
- . The seasonality and marginal (low-paying) nature of many jobs in rural Nova Scotia mitigate against employment of Native people.

Resources/Location Barriers

- . Many reserves are at a distance from employment opportunities such that commuting and day care costs tend to offset the remunerative advantages of employment.

- . Lack of information on the reserve resources in forestry, minerals, fisheries, agriculture and other potential of reserve lands results both in not developing certain opportunities and possible wasting or lack of conservation of some resources.

- . Inadequacy of training programs over the past decade has acted as an important development barrier. Manpower training programs have resulted in too many Native people being trained in some areas (e.g. carpentry) with little hope of employment in that skill area. Too few have obtained training to the level of journeyman or other professional or craftsman status that would be recognized and marketable anywhere. Training has not been generally tied to availability of jobs. As a result, there is a somewhat cynical attitude to training, with some people using training itself as just another means of income support, and others refusing to take any further training. In addition many required skills are not available on the reserves.

- . Social assistance programs are not designed to assist Indian people to cope with their social and economic difficulties. Social assistance to families presently acts as a disincentive to take the low paying jobs generally available to persons of low job skills and training, and thereby reinforces the cycle of welfare dependency, low job skills and experience.

Funding Barriers

- . The availability of considerable economic development funds for opportunity identification, feasibility studies and project start-up and implementation through DIAND during the early seventies was followed by a period of marked reduction in development funds and support each year. The dependency on the Department established during the earlier periods and the assumption by many other departments and agencies that the development needs of Natives continued to be provided through DIAND, together acted to greatly reduce or curb the overall access of Native people of Nova Scotia to development funds from any source.

- . Funds have not been readily available through conventional lenders or the Federal Business Development Bank because of the lack of personal equity of most Natives, as well as, because of the nature of land and building ownership, and the subsequent inability of native people to provide normal collateral for loans.

- . Lack of priority has been given to Native people in Provincial programming, including agencies and programs which receive Federal funds (e.g. General Development Agreements).

- . The difficulty in achieving coordination of departments and agencies required by existing federal development programming acts as some deterrent to initiation of projects, and/or successful implementation.

Political/Cultural Barriers

- . Nova Scotia's Native people have given high priority to settlement of land claims issues and the status of Native people before the Constitution. Without settlement of these issues, many development related measures are interpreted to set precedents or otherwise jeopardize ongoing negotiations. As a result, economic development as a process is a controversial, political issue among Nova Scotia bands. Consequently many potentially beneficial programs, funding arrangements, or the like may be deferred.
- . A set of taxation issues with respect to Native eligibility to pay income or business tax or for bands to collect municipal or business taxes, are presently before the courts. The lack of resolution of these issues creates a situation of financial and economic uncertainty for taking on new business ventures. As well, as with the above mentioned land claims issues, there is some desire not to set precedents or predispose the issue toward unfavourable resolutions.

. The present level of economic development funding through Indian Affairs and other Federal and Provincial departments and the level of planning support and other expertise available to Nova Scotia reserves is inadequate to overcome the existing barriers to economic and community development.

. Although the Special ARDA legislation is limiting and its extension is not recommended, the newly reorganized department replacing DREE should be an important source of development funding for Nova Scotia bands. Whatever assistance is allocated to Native people should be used to provide them with the resources - natural, financial and supportive for Indian self-determination and self-development.

. Special ARDA in the West and Northern territories has been, on balance, a rather successful program for Native people; and, has generally been seen by Native people to contribute to some extent to social and economic development of reserves and other Native communities. The economic climate and social needs of Nova Scotia reserves however, are very different from the situation in the West. Special ARDA was and continues to be an interim measure, designed to provide funds when no other mechanism or legislation was available to meet the needs.

1. INTRODUCTION

This report presents the results of a review and assessment of economic development potential and constraints on Nova Scotia Indian reserves. The study has been carried out with a view to assessing the feasibility of implementing an alternative source of development funding such as through a Special ARDA agreement.

An inventory of development opportunities or potential projects has been prepared in order to demonstrate, to some extent, the scope and limitations of development potential on the Nova Scotia reserves. The context in which these development opportunities might be implemented, and the existence of constraints to their implementation have been delineated including the overall need and desire for development, resource constraints, the political and economic climate, funding problems and constraints.

DPA Consulting Ltd. was commissioned by a steering committee made up of one representative each from the Union of Nova Scotia Indians (UNSI), the federal Department of Regional Economic Expansion (DREE) and the Nova Scotia Department of Development (DOD). The Terms of Reference for the study are included as Appendix A.

1.2 Methodology

As outlined in the Terms of Reference the study methodology has entailed:

- . interviews with key persons on the various reserves;
- . interviews with government officials implementing development programs used by Indians;
- . interviews with funding agencies;
- . compilation of information and data on reserve resources;

- . review of documents, reports and discussion papers outlining development problems and issues faced by Canada's and Nova Scotia's Native people, and/or suggesting development strategies;
- . compilation of available information on funding sources and development programs; and,
- . a particular review of Special ARDA and the Western Northlands Agreements as they have been implemented in the Western provinces and territories.

1.3 Review of Study Implementation Process and Context

The initiation for this study came from the Union of Nova Scotia Indians under the leadership of Stanley Johnson. Terms of Reference (Appendix A) and a proposal were drafted and funding was provided jointly by the Department of Development and DREE under the Planning Subsidiary Agreement. Agreement to proceed with the project was obtained at a meeting of all parties concerned, in February of 1981. Numerous delays in early stages of the study ensued resulting from:

- Misunderstanding between the Governments and the Union over the contract, and ultimate access or control over the study.
- Union elections and a wholesale change in Union leadership shortly after the contract was signed.
- Despite the fact that the project was approved by the Union in Council, there continued to be a lack of unanimous support for the study among all the bands, and among all the Union leadership and technical staff.

- Lack of clarity about the Union's representative(s) on the Steering Committee, who was to attend meetings, and who was responsible for facilitating access to documents and the reserves.
- Lack of access to reserve documents (in particular, the Community Profiles).
- Lack of permission to enter all the reserves.

Bands Support and Involvement in the Study: Although it was deemed necessary from the outset to have the full agreement and cooperation of all bands, this was not obtained prior to the signing of the contract and approval of the Union Council. At two different Union meetings of band chiefs, attended by the Study Team, it was evident that the study was controversial, and not all parties agreed to it. Access to most community profiles was withheld for several months. Access to reserves was obtained in stages - first only the mainland reserves agreed to participate; then later some but not all of the Cape Breton reserves allowed access to the study team. Visits to any particular reserve were subject to the schedule and time availability of the chief and his representatives, and arranged through one of the Union technicians. This resulted in numerous delays, and a lack of certainty that the study could proceed to completion.

Access to two of the twelve reserves (Membertou and Chapel Island) was not obtained, and hence the conclusions as to opportunities, development barriers and other findings apply primarily with respect to the ten reserves visited.

Previous Nova Scotia Experience with Special ARDA: In the mid seventies, an earlier Special Arda Agreement was drafted and eventually opposed by the Union leadership. The extension of Special Arda was opposed at that time because

the Provincial government was a party to the Agreement, and because it might serve to jeopardize land claims negotiations and constitutional negotiations. Constitutional issues concerning the Canadian and British Governments' obligations to the Micmac people, the settlement of the Micmacs' claim of never having signed away their rights to Nova Scotia territory, were seen of first priority, and not to be put in jeopardy by a joint Provincial-Federal-Native economic development agreement. A related concern was that by bypassing the Department of Indian Affairs and Northern Development (DIAND), such an Agreement might allow the Federal Government to abdicate some of its responsibilities to Indian people, as guaranteed in the Indian Act, through decreasing the responsibilities/obligations of the Department of Indian Affairs.

Other Political and Economic Factors in carrying out the Study at this time: This study was carried out during a particularly unstable period for undertaking new economic development initiatives, or predicting the likely future course of economic development in Nova Scotia. Particularly during the latter part of the study, during the analysis phase, a number of important political and economic events of relevance to the study and its recommendations took place. For instance,

- - The final negotiations on patriation of the Canadian Constitution were taking place this fall (1981); the constitutional position of Canada's native people, the inclusion of Native rights in the Bill of Rights; and issues of land claims guarantees were very much before the public. Much energy and effort was expended by native groups to keep abreast of events, present a united front, and to lobby or negotiate a strong position.

- The Canadian economy moved from a period of record high interest rates, and consequent failure of many small businesses, into what is being termed by some as likely to be the worst recession in sixty years. The growth rate is predicted to be negative over the next year.

- In October 1981, in the Speech from the Throne handing down the Budget, an allocation of \$345 million for economic development and housing for Canada's native people was announced. Of this amount, \$75 million is allocated for the 1982-3 fiscal year; \$80 million for 1983-4; \$90 million for 1984-5; and \$100 million for the 1985-6 fiscal year. Little detail is known at present, as to whether these funds will be allocated to existing departments and programming, whether they will be handled primarily through the Department of Indian Affairs, or whether a separate foundation or other institution will be created. This new allocation is a reversal to some extent of recent trends in funding of economic development through DIAND. DIAND economic development programming has been substantially cut back each year since 1975. A new broad scale socio-economic development strategy has recently been proposed by DIAND and submitted to Cabinet. About half of the funds would be for establishing and providing core funds for appropriate Native institutions at local levels for initiating and directing integrated development programs. Most of the remainder would be allocated to equity funding for economic projects, with about ten percent for training and human resource development. The program is proposed at a level of funding many times the present economic development budgets.

- On January 12, 1981, the Federal Government announced a major reorganization of departments associated with regional development. It appears that the Department of Regional Economic Expansion (DREE) has been largely eliminated as an entity and some of its functions taken on by "Ministry of State for Economic and Regional Development". The new emphasis seems to be on combining regional development initiatives with industrial development, and a new department under Industry Minister, Herb Gray, has been established called the Department of Regional Industrial Expansion (DRIE). The implications of this move, and for various types of legislation proposed or in existence, is indeterminant at present.

1.4 Organization of Report

Chapter one provides an introduction to the purposes and background of the study, and the methodology and data sources used. Chapter two provides a discussion of development issues and problems - the need and desire for development, and some of the political, social and economic barriers to development for Native people in Canada generally, and more particularly for Nova Scotia reserves. This chapter is intended to provide some background and the context within which development initiatives may be implemented.

Chapter three presents an inventory of development opportunities, with a discussion of the stage of their implementation, likely scope and funding requirements, and to some extent, the availability of resources and funding for each project. Chapter four reviews funding sources and programs available to Nova Scotia Indians for economic

development, and outlines limits and gaps in present development funding. Chapter five reviews the financial, labour force and labour market barriers to development of Nova Scotia reserves.

The final chapter draws some conclusions and makes recommendations about the economic potential of Nova Scotia reserves, the adequacy of present funding, the feasibility of implementing a development funding agreement for Nova Scotia reserves, and some suggestions for a community development corporation for Nova Scotia reserves.

2. DEVELOPMENT ISSUES AND PROBLEMS

2.1 The Problem

The economic problems and prospects of Canada's Indians and their reserves have been outlined in many reports and papers over the past 15 years. The Hawthorn report, A Survey of Contemporary Indians of Canada, published in 1966 and a more recent Indian Affairs report, Indian Conditions: A Survey (DIAND, 1980) provide an overview and some national statistics.

The Hawthorn Report and the DIAND Survey have documented a situation in which levels of Indian employment, income and economic activity have continued to remain substantially below national and local standards in all regions of the country. Indian participation in the labour force is presently about two-thirds that of the national population, and the unemployment rate continues at about two and a half times the national rate. The average earned income for employed Indians is one-half the national average, involving a high proportion of part-time or seasonal jobs. The entire Indian population is consequently supported by only 30% of its population which is economically active (compared to almost 50% nationally) and at substantially lower levels of income than the national population.

One result is that Indians have become heavily dependent on social assistance. The proportion receiving social assistance has risen from an estimated 36% in 1964 to between 55% and 70% of all Indians in 1978. This compares with approximately 6% of the national Canadian population.

Indian living conditions remain substantially below not only national but local standards as well. One in three families lives in crowded conditions. Less than half of Indian

housing is properly serviced compared to a national level of over 90%. Life expectancy, a reflection of health standards, is ten years less than the national population. Violent deaths among Indians are three times the national levels, and suicides, particularly in the 15-24 age group, are more than six times the national rates.

This situation is further complicated by forecast increases in the working-age population. The Indian "baby boom" of the 1950's and early 1960's is expected to increase the working age population from about 126,000 at present to 156,000 over the next decade, an increase of 30,000 or almost 24%. This average of 3,000 potential new workers per year contrasts with the recent annual average creation of only one thousand permanent new jobs for Indian people.

Moreover, such changes have taken place as the livelihood derived from the traditional pursuits of hunting, fishing and trapping is seriously threatened by major constraints: a rapidly growing on-reserve population on a limited resource land base, and declining traditional skills*.

A recent task force study (1976) concluded, "Indian communities have been severely affected by the declining economic potential of small communities dependent upon primary resource extraction activities. The alternative economic opportunities in most of these communities are extremely limited because of their location. Meanwhile, the potential labour force population of these communities is growing rapidly.

* Some of the above discussion draws upon the 1980 discussion paper, Indian Economic and Employment Development, compiled by Employment and Immigration.

These economic pressures act to force Indian people to migrate to urban centres but the serious social, economic, and cultural barriers to assimilation into the urban environment leave them with few alternatives to increasing dependency on social assistance."

2.1.1 A Statistical Profile of Nova Scotia Reserves

Among Nova Scotia Indian bands, economic and social conditions and prospects are similarly problematic. In the mid 1970's an extensive data base was developed for each of the twelve Nova Scotia bands by the Institute of Public Affairs at Dalhousie (IPA), in cooperation with the bands. This data base is presently in the process of being updated but the new data were not yet available at the time of this study. What follows is a brief discussion of demographic, economic, and social conditions highlighting those which describe the problem among Nova Scotia bands, and which delineate some of the barriers to economic development on Nova Scotia reserves.

TABLE 1: SELECTED DEMOGRAPHIC STATISTICS FOR NOVA SCOTIA BANDS

Population, Nova Scotia 1976 band lists:	5369		
Annual population growth rate, 1966-1976:	2-3%		
Projected population	<u>1981</u> 5813	<u>1985</u> 6194	<u>1990</u> 6706
Percentage on-reserve population	<u>1965</u> 80%	<u>1975</u> 70%	<u>1976</u> 71.5%
Dependency ratios:	<u>1965</u>	<u>1975</u>	<u>1976</u>
on reserve	.94	.83	.79
off reserve	.43	.45	.43
Total	.81	.70	.67
Youth dependency ratios	1.43	1.26	1.20
Youth dependency ratio, Nova Scotia, 1971			.81

Compiled from Institute of Public Affairs data.

According to the Nova Scotia band lists, the population of Nova Scotia Status Indians was 5369 in 1976. Based on information on population growth rates and trends, the population has been projected to be from 5700 (DIAND estimate) to 5813 (IPA estimate) in 1981. IPA projects the population in 1985 will be about 6194 people and in 1990 about 6706. The proportion of the status population living on the reserve has been declining somewhat over the past decades, from 80% of persons on the band lists in 1965, to 70% in 1975.

Because the native birthrate has been higher than the rest of the Nova Scotia population, and because of the tendency for single persons and small families to go off reserve for

employment, and larger families to remain, the on-reserve population is younger, and contains more dependent children overall than the Nova Scotia population. The youth dependency ratio, for instance, in 1971 was 1.55 compared to .81 for Nova Scotia, almost double that of Nova Scotia. This means that on the reserves the number of old people and children is large relative to the size of the work force.

$$\text{Youth dependency ratio} = \frac{\text{Persons aged 0 - 19 years}}{\text{Persons aged 20 - 64 years}}$$

EDUCATION: Average education levels for Nova Scotia's Native people are lower than for the rest of the province; and the Native labour force has substantially lower education levels than either rural Nova Scotians or Nova Scotians overall. In 1975 the average number of years of education obtained by band members was 7.3 years. Nearly 50% had less than grade 10 education. In Nova Scotia close to 40% of the labour force have some post-secondary education, compared to 5% of the status Indian labour force. 53% of the Indian labour force had less than grade 9 compared with only 18% of the Nova Scotian labour force.

TABLE 2: EDUCATIONAL ATTAINMENT OF ADULT ON-RESERVE POPULATION, BY AGE GROUP

EDUCATION LEVEL	AGE GROUP		
	<u>20-34</u> <u>Years</u>	<u>35-54</u> <u>Years</u>	<u>Over 55</u> <u>Years</u>
Less than grade seven	8%	38%	83%
Grade ten or higher	34%	13%	1%
Average education level:	7.3 years		

Compiled from Institute of Public Affairs, Dalhousie 1976 data.

Some important changes have taken place in education levels over the past few decades, and there are presently many younger people of the reserves with high school and post secondary education levels. That there has been a significant shift in this respect, may be seen from a comparison of the under and over 35 years age groups.

The 1976 data revealed little difference between persons in their 20's or early 30's in terms of educational levels, but significant differences between those over and under 35. Of the adult on-reserve population from 20 to 35 years of age, 34% have achieved grade 10 or higher educational levels as compared with 13% of those over 35 (35 - 55 years) and 1% of those over 55. The young adult age group (20 - 35 years) contained less than 8% with less than grade 7 education while 38% of those over 35 and 83% of those over 55 have less than grade 7 formal education.

It was reported that there are presently 50 native students from Nova Scotia enrolled in University. If the majority of these graduate, there will be available to the reserves, many of the skills necessary for economic development.

TABLE 3: SELECTED LABOUR FORCE AND EMPLOYMENT STATISTICS,
ALL NOVA SCOTIA BANDS

Labour Force Participation Of On Reserve Population, All
Bands

	<u>1975</u>	<u>1976</u>
In The Labour Force	64%	61%
Housewife	24%	26%
Retired	9%	9%
Student	2%	2%
Other	1%	1%
	<u>100%</u>	<u>100%</u>

Nova Scotians in labour force with
some post-secondary education, 1975 40%

On-reserve Natives in labour force with
some post-secondary education, 1975 5%

Unemployment Rate, 1976 66%

Employment of Labour Force

Regular or continuous employment	25%
Irregular employment	37%
Unemployed, year round	39%

Compiled from Institute of Public Affairs 1976 data.

Employment and use of Social Assistance: Comparing unemployment rates in the province, the 1976 data indicated that 66% of the Micmac on-reserve labour force was unemployed, compared with 31% and 7% in two comparable non-Indian Nova Scotia rural areas (South-west Nova Scotia and Eastern Shore). During 1975 close to forty percent (38.5%) of the native labour force was unemployed year round, and only 25% were regularly or continuously employed (either full-time or part-time) throughout the year.

Comparing the use of social assistance of Nova Scotia bands and other rural non-Indian comparable groups, 37 to 49 percent of the rural Nova Scotians received some social assistance, compared with 64% of the native groups. Of the non-Indian groups about two-thirds of the social assistance received consisted of old age pensions, while for the Indian groups about two-thirds of social assistance received was IAB Assistance provided through the Department of Indian Affairs. The younger age groups, though having generally higher levels of education, experience higher unemployment levels, and are more likely to require social assistance.

Diversification of Labour Force: The on-reserve labour force is much less diversified than the Nova Scotia labour force with concentration in a few particular areas. There are about three times as many designated as construction workers (reflecting the CEIC training programs) among the Indian labour force, as compared with the Nova Scotia labour force. The proportions of the on-reserve labour force in public administrative positions (primarily band government), in hunting, fishing, trapping, and forestry occupations, are more than double those in the Nova Scotia labour force. The Nova Scotia labour force has proportionately more teachers, health personnel, clerical and sales workers as well as more farmers and workers in manufacturing occupations.

The male and female native labour force differs greatly from each other, with the services and public administration sectors accounting for about 75% of the female labour force. Sixty-one percent of the male labour force is in the construction (construction of on-reserve housing has been a major activity on the reserves over the last decade or two) and primary sectors as compared with 3% of females in these sectors. Males are more likely to be employed on LIP projects or on-reserve manufacturing or fish farming projects, while females living on-reserve are more likely to be working off-reserve in neighbouring service industries (22% of females in 1975 were working off-reserve compared to 11% of the male reserve population).

TABLE 4: INDUSTRY SECTOR OF MAIN JOB IN 1975, PERCENTAGE OF ON-RESERVE ADULTS, BY SEX

<u>Industry Sector</u>	<u>Male</u>	<u>Female</u>	<u>All N.S. Bands</u>
Agriculture	*%	*%	*%
Forestry	10	*	7
Fishing, trapping and hunting	10	1	8
Manufacturing	6	9	7
Construction	41	2	32
Transport, Communication and Utilities	7	2	6
Trade	5	11	7
Services-Community, business & personal	8	40	15
Public Administration	<u>13</u>	<u>35</u>	<u>18</u>
Total	100%	100%	100%

* Less than 1%.

Compiled from Dalhousie Institute of Public Affairs 1976 data.

Some Mainland/Cape Breton Differences: Some differences are evident between the reserve populations in Cape Breton and those on the mainland, in terms of demographic factors and employment experience. The Cape Breton population is somewhat younger on average, with 57% under 35 years of age as compared to 47% of the mainland population. The unemployment rate was found in 1976 to be 75% in Cape Breton reserves, and 52% on the mainland. Similarly, in 1975, 20% of the Cape Breton labour force was regularly or continuously employed as compared to 33% of the mainland labour force. The industry or occupational distribution is somewhat different for the two groups. The Cape Breton reserves are more involved in fishing, trapping and forestry occupations (23% compared to 3% on mainland) and less in the manufacturing and services sectors.

2.1.2 A Brief History of Economic Development Initiatives on Nova Scotia Reserves

There is some evidence that Micmacs have lived in what is now Nova Scotia for at least 10,000 years. The large waves of European settlers had the effect of making the Micmac way of life--of hunting, trapping and living off the land, increasingly difficult, and consequently the Indian people, increasingly impoverished.

According to H. F. McGee's historical overview of the Micmac people, about the time of the large Loyalist influx into Nova Scotia, "the Superintendent of Indian Affairs" suggested that the Micmac learn trades such as barrel making, shingle making, basket making and other items of use to the Loyalists in establishing their farms. The difficulty with this program was not the Micmac inability to shift from hunter/trapper to craftsman/tradesman but rather inability of the Loyalists to pay for work done."

The next government effort at economic development was to turn the native people into agriculturalists. After 1800, grants of land were made available and white agents were named to instruct the Micmac in the farming practice of the day. Although some successful farms were established, most efforts in this direction failed because seeds were usually shipped from government stores too late for planting; there was lack of sufficient relief during the first few years of the program such that people ate the seed or neglected the fields to hunt for food; and most importantly, lands set aside for the Micmac were encroached upon by white settlers. As a result of the failure of this program, the bulk of the Micmac people subsisted by hunting, selling craft items, casual house labour, and relief. The latter half of the eighteenth century and all of the nineteenth century were characterized by increased dependence upon the non-Indian government.

At the time of Confederation, Indian affairs became the responsibility of the Federal Government. "By this time the Province of Canada had a fully developed Indian policy, inherited from the British Imperial and Colonial governments, and administered by the Crown Lands Department. This policy was, in turn, inherited by the new Federal Government which was given legislative authority over 'Indians, and Lands reserved for the Indians.' The bases of the policy were: alienation of Indian interest in land through treaties, reservation of lands for Indians, and the existence of a government department charged with managing the affairs of Indians. The aim of the policy was to effect a transition from the native way of life to that of the white majority, and the basic assumption was that the Indian required not only assistance, but also protection in making the transition.

In 1868, the Parliament of Canada embodied this policy in legislation which became the basis of the Indian Act of 1876. Despite subsequent revisions and modifications, the same basic principles are still in effect today".

During the 1940's, the Indian Affairs Branch initiated a relocation program. In 1940 there were 38 occupied reserves in Nova Scotia. The goal of relocation was to amalgamate these scattered reserves into two administrative centres. One was to be located in Cape Breton at Eskasoni and the other on the mainland at Shubenacadie. Incentives of better houses, barns, farm machinery and educational facilities, as well as threats of withdrawal of medical aid or schools were used to convince people to move. The relocation program, did not result in increased jobs or prosperity, but rather reduced self sufficiency and increased the dependency of the people on the Government and on welfare payments. The relocation scheme was partially successful in that only 16 reserves were occupied at the end of the program instead of the 38 at the beginning.

During the 1960's and '70's DIAND became more and more concerned with economic development. Considerable amounts of money were available for job creation projects and creation of new economic enterprises on the reserve. Through the Department's economic development program, a cadre of economic development workers travelled among the reserves, initiating and to some extent monitoring various projects intended to be economically viable*.

* The above discussion is based, in part, upon The Micmac in Historical Perspective, as included in the Community Profiles.

An Indian Economic Development fund was established providing both loans and grants to locally initiated entrepreneurial projects. In the mid 1970's an ambitious new program, Band Works Process, was launched intended to support local community planning efforts, and the creation of a capability in the community to initiate and direct economic development efforts. The BWP was also intended to streamline overall program delivery. The BWP was initiated, however, at a time when funds for economic development were being drastically curtailed. Further, economic development was the only discretionary portion of the budget, and was therefore often allocated to meet shortfalls in other areas of the budget, or in response to political pressures. Over the past 5 or 6 years native economic development has received a relatively low priority with the federal government, and many development activities and projects have been discontinued because of the low availability of funds.

At least two reserves (Millbrook and Schubencadie) compiled land use plans in the early '70's and the one for Millbrook was updated in 1979. Through the Popular Education Program each reserve has at least one PEP worker; most reserves have a paid economic development worker. Community profiles of each reserve have been developed, through the PEP program, including a view of Micmac history and the early development of the community, a demographic and statistical profile of the community, and an overall community development strategy document. This latter document, though included in each profile, does not appear to have been endorsed by all the chiefs or have other official or policy status among Nova Scotia's Native people. The community profiles have, in most cases, not been updated since their completion in 1979, and the statistical information they contain is now six to seven years old.

Other government departments have been involved in native economic development to some extent, though primarily on a short-term basis. Programs known as LIP, LEAP, OFY, Canada Works, TOJ, CCDP, and others have provided funds for housing construction projects, short-term job creation, training, and sometimes financing for band run projects intended to become economically viable. These programs are available to all Canadians, and have been extensively utilized by Nova Scotia bands.

2.2 The Economic Development Context

2.2.1 General Political and Economic Climate for Development

Rural Nova Scotia has long had a relatively stable and aging population. Generally speaking, most regions have experienced a long period of outmigration of youth and persons in the most employable age groups. Rural Nova Scotians tend to be employed in seasonal, often marginal occupations, in in-shore fisheries, fish processing, logging, and small tourist operations, supplemented in many cases by unemployment insurance in the off-season. Some commute to the small and medium towns/cities to work in fish plants, steel or tire manufacturing plants, tourist and service operations, and other industries.

Unemployment throughout Canada is particularly high at present, and layoffs in many of the major industries are taking place - particularly in automobile manufacturing and related industries. In Nova Scotia the short-term employment prospects in the traditional primary industries, particularly the fishing industry are fairly poor at this time. Offshore industries and some other energy-related economic activities are being looked to for future employment and growth potential.

2.2.2 Present Attitudes and Policies of Governments

The past decade has seen a marked increase in the number of native organizations at the national, provincial and local levels. The Department of Indian Affairs appears to be engaged in a sweeping and long term evolution of its activities, with increasing decision-making and implementation responsibilities allocated to Indian bands. Other federal departments, DREE, Secretary of State, Employment and Immigration are all reviewing their programs related to natives.

The Provincial Government to date has remained little involved in development for Nova Scotia's native people, and tends to view Native people as primarily a federal responsibility.

2.3 Special Concerns/Issues

A number of concerns and special issues have been identified with respect to the priority of economic development, and the types of socio-economic development desired. The extent to which these issues facilitate or hinder economic development, or impose limitations on the types of development possible or desirable, will be addressed more directly in other sections.

Constitutional and Canadian Public Policy Issues and Conflicts: "The fundamental philosophical conflict between Indian people and White government has come into clear focus in the last ten years. The position of Indians is that, in return for relinquishing their land and their means of livelihood, they are constitutionally entitled to receive special consideration from government, this in the form of protection of their land base, exemption from certain

ordinary duties (such as some forms of taxation), the provision of essential services, and assistance in developing responses to the socio-economic order imposed on them. From the Indian standpoint, the B.N.A. Act commits the federal government to support of Indian people." Further, the Micmac position of never having relinquished their land of having only signed peace treaties not land treaties, is still being pressed. For many, economic development initiatives, and agreements with various levels and bodies of government are viewed in the light of how they may affect or jeopardize ongoing negotiations. Settlement of land claims issues remains a priority, and sometimes conflicts with economic development objectives.

Self-Government and Local Control: Both the interviews conducted on reserves and the literature reviewed emphasized the need for more local control over development. The Beaver report, To Have What is One's Own a somewhat prescriptive document, sees full band self-government as a necessary precondition for genuine progress towards improving current socio-economic conditions facing Indian people. The report recommends that band governments be transformed from political bodies acting for DIAND to political organizations designed by and for the Indian people. As well, all existing programs should be transferred to the band who in turn, should allocate a significant proportion of existing funding (eg. social assistance) in more developmental ways.

On the Nova Scotia reserves at present, socio-economic concerns are expressed by and seen as part of the mandate of local band councils. Most bands are in the process of identifying opportunities and attempting to initiate or expand a number of projects.

Job Creation, Economic Development and Community Development: Although all groups emphasized the unemployment problem and the lack of employment opportunities, many community leaders commented on the need for integrated community development. Much of the literature over the past five years, on appropriate development strategies for native peoples, focuses upon the need for comprehensive community development approaches, including human resource development, support for individual entrepreneurs and for social, economic and infrastructure developments initiated by the band; all, however, as part of a generally agreed-upon community development strategy.

Taxation and Incorporation: The potential implications of native exemptions from payment of municipal and income taxes, as provided in the Indian Act, when involved in business or development projects were frequently addressed. This factor affects the form of business organization favoured - whether individual ownership, cooperative, band owned, or incorporated business. Generally speaking, profits from businesses (both off or on-reserve) incorporated under provincial laws are subject to normal taxes. Although most Native income is not presently being taxed, a number of pending court decisions are expected to challenge this position. The insecurity attached to potential and imminent wholesale changes in Native peoples tax position has resulted in some unwillingness to consider economic development issues. Native businessmen and leaders expressed great reluctance to consider any potential project based upon incorporation, or likely to set precedents for the future.

Business Ownership Options: Ongoing economic projects on Nova Scotia reserves cover a range of conventional forms of ownership - unincorporated businesses owned by individuals,

partners, or a group of native businessmen; band owned operations; cooperatives, either with community ownership or worker owned; and incorporated businesses.

Concern was expressed not only about incorporation of businesses, but also about cooperative ownership. Worker ownership was seen by some to predispose workers to expend less effort and to result in difficult relations with management, making it difficult for managers to perform their job.

A large proportion of potential projects proposed by economic development officers, chiefs, band managers, or other community leaders were for band owned and run projects - i.e., where project funds are managed from the band office through the chief and council.

Cultural and Lifestyle Concerns: The issue of how economic development could be made to fit with cultural and local priorities was a serious concern. Opportunities identified and job preferences expressed tended to be ones which fit with a preferred lifestyle, based around somewhat traditional economic activities and patterns. It is apparent that the labour market and business models as apply in Central Canada or Halifax are not necessarily the most appropriate for Nova Scotia reserves (or for that matter, for rural Nova Scotia).

3. INVENTORY AND DISCUSSION OF DEVELOPMENT OPPORTUNITIES

This chapter presents the results of efforts to identify economic development opportunities, present and future, on reserves throughout Nova Scotia. In coming up with a list of specific opportunities per reserve the following steps were taken:

- . efforts were made to obtain and review all studies and reports on economic development opportunities and potential on Nova Scotia reserves over the past 10 year period;
- . discussions were held with regional and district DIAND staff involved with economic development, planning and community affairs;
- . in-depth discussions were held with band development officers on each reserve; band chief; popular education workers; local business people; band managers;
- . discussions were held with senior program development staff in CEIC as well as individual LEAP officers;
- . discussions were also held with UNSI executive and technical staff

These consultations were further supplemented through conversations held with members of the project's Steering Committee.

3.1 Observations on Availability and Quality of Data

While undertaking this data collection process a number of observations were made on the available data and the nature of development opportunities identified. Generally speaking, there is very little specific information available about Nova Scotia reserves. During the early 1970's, a number of different studies were conducted, directed at investigating the resource potential of reserves. These included a fairly comprehensive assessment of each reserve's mineral potential; and an overview of the reserves' commercial-recreational possibilities. As well a few specific resource studies directed at particular reserves (such as the forestry potential of Eskasoni) were conducted. Since the mid-1970's, however, few if any additional studies addressed to opportunity identification or resource potential have been carried out. Further, to the knowledge of the consulting team, no single comprehensive study has been undertaken for any or all of the reserves to address their combined forest, agricultural, fishing, tourism, trapping, and mineral potential.

Physical (land-use) planning reports for three or four reserves were compiled, also during the early '70's primarily through the DIAND planning office. The Millbrook Plan was updated in 1979. The community profiles compiled through the Popular Education Program in 1978-79 were a useful tool in assessing the human resources available at the reserve level - demographic, education, employment, training, etc. However, most of the data were obtained in 1975 and require updating on an annual basis to continue to provide useful information and statistics.

No comprehensive and up to date centralized information system, or library is in existence, either at the regional or district DIAND offices or at the union offices. The

absence of one location where all reports or studies pertinent to Nova Scotia reserves are located and available, is clearly a detriment to persons involved in planning at all levels; from the incoming band executive, band staff, UNSI, to DIAND staff, CEIC staff and consultants.

3.2 The Process of Opportunity Identification

From discussions with the individual bands' staff, chief and development workers, a number of points emerged regarding the potential economic development possibilities identified.

Some of the potential projects had been identified through some earlier process (e.g. Consulting studies). They had not been pursued beyond the idea stage, however, due to insufficient people at the reserve level with expertise and knowledge to investigate the ideas further; through a lack of funding for feasibility studies; or from a combination of both.

Further, through discussions held with DIAND staff, it became apparent that, from the Department's perspective, the onus for pursuing any given idea or project rests with the bands themselves; and should a band (or individual) demonstrate a strong commitment to pursuing a development idea, at that point DIAND would provide services as might be available.

Not all bands have gone through an internal process of attempting to identify possibilities for economic development; some bands are clearly at a level of social or human development, where economic or business development is necessarily given a low priority.

Off-Reserve Employment and Business Opportunities: A final point which emerged through discussions is that there are resources available for economic development that are being presently overlooked by a number of bands; namely the economic base of nearby communities. The dollars earned off-reserve can be a significant source of new dollars to circulate on-reserve through locally-run businesses. While there are a number of individuals who do live on reserves and are employed off-reserve, it would appear that no comprehensive assessment of this resource has been carried out either by bands, UNSI or DIAND to identify its full employment or business opportunity potential.

The industrial park at Truro, the steel plant in Trenton and Michelin in the Annapolis Valley are specific examples of resources which could be better utilized by bands, either as employees, or in providing some service to the business or its employees.

The stated reasons for individuals or bands not taking advantage of employment opportunities in nearby communities include feelings of inferiority, and discrimination. While these factors may be acting as deterrents, it is apparent that there has not been a concerted effort on the part of staff at the band level (including band development workers, popular education workers, manpower outreach program, employment officers) directed towards placement and community development. Little attention has been focussed on investigating employment opportunities off-reserve; identifying the associated training requirements; and developing affirmative action programs.

With the recent announcement made by the Minister of Employment and Immigration to develop training programs to correspond with projected demands for skilled labour, band

staff should be in a good position to obtain appropriate training programs for their labour force.

3.3 Inventory of Development Possibilities

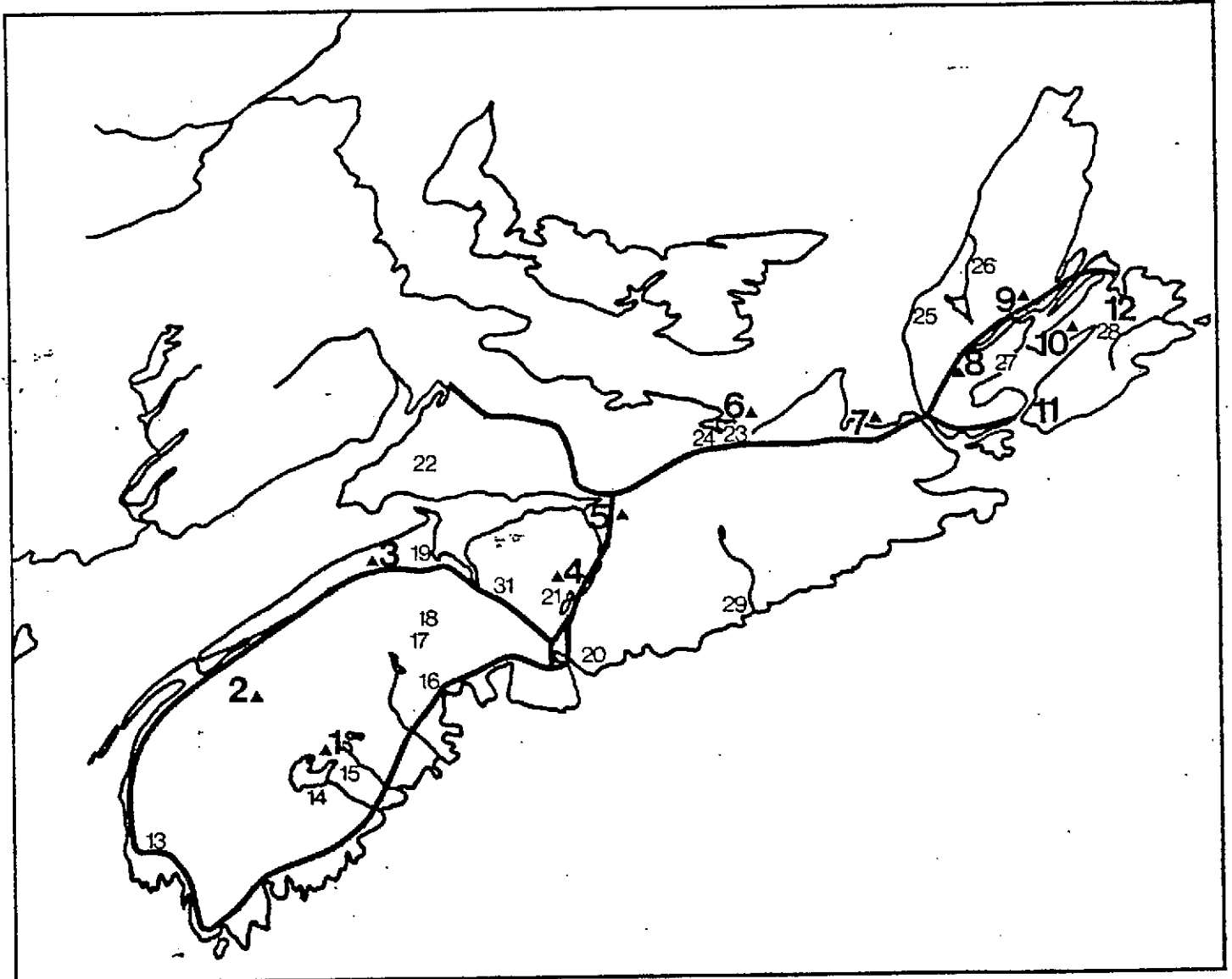
Exhibit 1 provides a list and shows the location of all the reserve lands, including those not occupied (or occupied by one or two families only). There are 12 major occupied reserves of which the ten visited are indicated. Some of the reserve lands (numbered from 13 to 31) are owned jointly by several bands; others are owned usually by a band on nearby lands.

Exhibit 2 sets out the specific opportunities by reserve (total of 60), identified through the consultative process. Because of the lack of information available on many of the ideas and on reserve resources, the inventory cannot be said to consist of ideas which at this point in time have been identified as fully feasible.

It must be emphasized that no reserve in Nova Scotia has gone through a comprehensive planning process, part of which would identify resource potential for economic development opportunities. While seven reserves in Nova Scotia have received funding through the BWP Program, the original stipulation, which tied inclusion in that program to the undertaking of a planning process, appears to have been waived.

Many of the ideas for development listed in the inventory were identified by band members in perhaps a rather arbitrary fashion, more out of an effort to come up with ideas because of outside pressure to do so, than out of a proper planning process. This does not necessarily detract from the ideas but suggests that further analysis is required. On the other hand, a number of ideas appear in

EXHIBIT 1 : NOVA SCOTIA MICMAC RESERVES



MAJOR RESERVES

- 1 Wildcat
- 2 Bear River
- 3 Cambridge
- 4 Shubenacadie
- 5 Millbrook
- 6 Pictou Landing
- 7 Afton
- 8 Whycocomagh
- 9 Middle River
- 10 Eskasoni
- 11 Chapel Island
- 12 Sydney

OTHER RESERVE LANDS

- 13 Yarmouth
- 14 Ponhook Lake
- 15 Medway River
- 16 Gold River
- 17 Pennal
- 18 New Ross
- 19 Horton
- 20 Cole Harbour
- 21 Schubenacadie
- 22 Franklin Manor
- 23 Merigomish Harbour
- 24 Pomquet
- 25 Port Hood
- 26 Margaree Forks

- 27 Malagawatch
- 28 Caribou Marsh
- 29 Sheet Harbour
- 30 Beaver Lake
- 31 St. Croix

RESERVES VISTED

1▲

the inventory which had been identified in some earlier study (e.g. Park and Campground at Whycocomagh; sand and gravel operation at Gold River) but which have not been pursued further due to lack of necessary funding; or in the latter case, lack of leadership.

EXHIBIT 2: INVENTORY OF OPPORTUNITIES, BY RESERVE

<u>Reserve</u>	<u>Project</u>	<u>Start up Or in Progress</u>	<u>Preliminary Feasibility Investigations Conducted</u>	<u>Idea Stag</u>
Afton	-gas station and auto body shop			X
	-work, shop and hand craft store			X
	-woodworking shop		DIAND rejected for funding	
	-convenience store			X
	-excavation company (foundations/driveways and septic tanks)			X
Bear River	-silviculture	X		
	-tourism Bear River Festival	X		
	Day trip cultural display			X X
	-production of small items (artisan work)			X
Cambridge	-industrial trades training			X
	-woodworking co-op			X
	-tourism possibilities (cabins) at St. Croix			X
Eskasoni	-bottling of spring water			X
	-development of blue- berry barrens			X
	-tourism possibilities			X

<u>Reserve</u>	<u>Project</u>	<u>Start up Or in Progress</u>	<u>Preliminary Feasibility Investigations Conducted</u>	<u>Idea Stag</u>
	-maple sugar industry			X
	-Christmas trees	X		
	-ash trees cultivation for baskets			X
	-harvest peatmoss			X
	-harvest cranberries			X
	-potato and vegetable gardens			X
	-canvas fabric products (LEAP)	X		
Millbrook	-log home construction			X
	-solar greenhouse for vegetables			X
	-native consulting firm specializing in job creation and economic development			X
	-Christmas trees			X
	-grain mill			X
	-truck storage area for transport company's depot			X
	-convenience store		X	
	-gas station (with oil company)		X	
	-Micmac Culture Museum	X		
	-Day picnic area	X		
	-Hiking trails	X		
	-campground-tenting and trailer park	X		
	-tubular steel (LEAP)	X		

<u>Reserve</u>	<u>Project</u>	<u>Start up Or in Progress</u>	<u>Preliminary Feasibility Investigations Conducted</u>	<u>Idea Stag</u>
Pictou Landing	-manufacture of lobster traps			X
	-small grocery store and gas pump			
	-woodlot clearing and blueberry operation			X
	-arts & craft coop			X
	-carpentry shop			X
	-fish processing plant and store	X		
	Shubenacadie	-convenience store and restaurant expansion		
-leather products (gloves, mocassins)			X	
-commercial/ recreation tourist complex (Grand Lake)				X
-prefab housing				X
-"work for welfare" program				X
-cottage industries (piece work for manufacturing)				X
-sale of spring water off reserve				X
-trout farm at Spring Brook source				X
-sawdust brickettes				X
-Glooscap Lumber & Building Supply Assoc.		closed		

<u>Reserve</u>	<u>Project</u>	<u>Start up Or in Progress</u>	<u>Preliminary Feasibility Investigations Conducted</u>	<u>Idea Stag</u>
	-bean sprout project (LEAP)	X		
	-Katimavik cabin campground/New Ross	X		
	-manufacture of musical toys		X	
	-greenhouse for fruits and vegetables		X	
	-broiler chicken or piggery farm			X
	-gas station for residents and gravel trucks			X
Wagmatcook	-swimwear ^{ing} manu- facturing plant (LEAP)		X	
	-shingle mill			X
	-plant ash for baskets			X
Whycocomagh	-restaurant (LEAP)	X		
	-island recreation park and camp- ground		X	
	-ski trails		X	
Wild Cat	-silviculture program and forestry related work	X		
	-potential for sand and gravel operation at Gold River land			X

The projects identified as possible opportunities fall under five categories, and are discussed below:

- . natural resource opportunities (and tourism)
- . manufacturing opportunities
- . substitution for off-reserve services on reserve
- . attracting off-reserve businesses on-reserve
- . other small business opportunities

3.4 Natural Resource Opportunities

Of the approximate 60 opportunities listed in the exhibit, approximately half fall under the natural resource category. The majority of these opportunities are seasonal in nature and capable of supplementing the income of one or two individuals. These would include most of the woodclearing and Christmas tree operations, greenhouse and maple sugar operations, and blueberry, cranberry and peat moss farming projects. The capital cost requirements for most of these projects, however, would be relatively low with more significant concerns being identification of and access to market(s)..

A number of the reserves identified their forests and woodlands as containing economic potential. Bear River, through the concerted efforts of its chief and economic development worker has been involved in the DREE forestry sub-agreement with the Province, and is presently involved in developing and implementing a 5-year management plan under the silviculture Program. The plan is a valuable tool for the band as it provides an inventory of the reserve's woodlands, present and potential, and outlines a detailed plan for managing and harvesting its full potential (be it Christmas trees, blueberries, pulp, firewood, etc.). A number of other bands (Eskasoni, Wildcat, Wagmatcook, Pictou

Landing) have also expressed an interest in the silviculture program. It was pointed out to the consultants, however, that theoretically Indian reserves are not eligible for inclusion in the program as the Agreement was made with the Province, and that Bear River was "the exception", and not the rule. On the other hand, it is difficult to obtain the agreement of the majority of people on the larger reserves, to give over the free and unfettered use of forest resources to a management plan that provides no short-term benefits.

A second area identified by a number of reserves as containing potential for future development lies in tourism (Bear River; Cambridge/St. Croix; Shubenacadie/Grand Lake/New Ross; Millbrook; Eskasoni; Whycocomagh). Millbrook has taken major steps towards developing tourist potential through the Abenaki hotel complex, the Micmac museum, and ongoing development of campsites and hiking trails. With effective advertising, and building high standards into the campground operation, Millbrook should be in a good position to service the camping market within the Truro area. Since the closure of the Victoria Park Campground in the mid seventies, campers arriving in the Truro area have been without sites in the immediate vicinity.

Bear River reserve has the opportunity to build upon the tourist draw of the nearby Bear River Community. Bear River, known as the "little Switzerland" of Nova Scotia for its mountain scenery and flowing river, has developed as a tourist point of interest because of its artisans, craftsmen and scenery. The Chief and local development workers, have expressed an interest in exploring the tourist potential of their reserve. Initial steps taken in this direction were towards the establishment of the annual Bear River Festival (first held 1980), attracting top musicians from the Atlantic Region. From an initial 800 in attendance in the festival's first year, the audience grew to 2,000 by

its second year. The band is in the process of developing campsites on the reserve to accommodate the visitors for the two day event and to be utilized throughout the summer season by tourists.

The band is also in the process of constructing a modern band office with facilities capable of seating large groups. Preliminary discussions indicate strong interest on the part of the Chief and reserve planners to participate in the development of a day-trip package for bus tours originating out of Annapolis Royal or Digby Pines. The day trip would consist of a visit to the Costume Museum at Bear River, and the several craft and art outlets; ending at the reserve to be served authentic Micmac dishes. Story telling, demonstration of Micmac games, and displays of herbal remedies could be additional unique components of the day trip.

Whycocomagh, located along the Trans Canada Highway at the start of the Cabot Trail and the Bras d'Or Lakes, is in an excellent position to further develop its tourism potential. A number of individuals within the band have already established successful small businesses through the selling of baskets to the drive-through traffic; further, the band is in the process of establishing a quality restaurant under LEAP funding to cater to both the tourist and local markets. In addition, the band has plans, which have not been implemented to date due to lack of funds, to develop Indian Island as a campground/park site for tourists. To ensure that the proposed project can compete with the National Highlands campground in terms of standards and quality, the band will require a full parks management plan to be carried out, as well as access to funds sufficient to implement the plan.

3.5 Manufacturing Opportunities

The manufacturing opportunities identified on reserve included in the exhibit amount to 13 (or 21% of the total). Four of these were identified through LEAP feasibility analyses, and three are presently underway with LEAP funding. (Eskasoni -- Canvas Fabric Products; Millbrook - tubular steel; Shubenacadie -- bean sprouts). The 4th opportunity identified was at Shubenacadie -- manufacture of musical toys. Of the remaining 8 opportunities, some preliminary investigation by band or DIAND staff, appears to have been given to 3 with favourable results (Bear River - manufacturer of small items; Pictou Landing - the fish processing plant; Millbrook - production of leather products). A funding source is presently being sought for their implementation. The remaining 5 opportunities appear to still be at the idea stage, and require a much fuller examination than received at present. The process of utilizing the funds available from LEAP both for project identification and implementation has proven to be an effective one for the bands and demonstrates the need for sufficient monies to support project identification and feasibility analysis at the local level.

3.6 Substitution for Off-Reserve Services On-Reserve

Seven of the opportunities identified would provide services on-reserve presently available only off-reserve. They include convenience stores (Afton, Millbrook, Pictou Landing and an expansion of the utility store at Shubenacadie to carry meats and vegetables); gas stations or pumps (Afton in association with an autobody shop, Millbrook, Pictou Landing/pump in association with a small grocery store, Shubenacadie). Most of these opportunities (with the exception of Millbrook which could be a larger station,

attracting drive-through traffic) are small-scale in nature and would be run as a one-person operation, or family business. They are not capital intensive but would require some funding for training in bookkeeping, or basic accounting methods, as well as assistance with initial start-up and operations.

3.7 Attracting Off-Reserve Business On-Reserve

Millbrook is considering leasing on-reserve land as depot space for transport companies. Situated adjacent to the Truro Industrial Park this opportunity should have good potential. Funds will be required to make improvements, to parking and for construction of building(s) for truck storage. The potential for attracting such outside business to other reserves has not been considered to date, in any detail, by these reserves.

3.8 Other Small Business Opportunities

Other small business opportunities identified by reserve individuals included 4 addressed to carpentry and wood-working (reflecting the training and experience of the labour force obtained through the housing building program on reserves). Again capital costs would be minimal, with the greater concern being the demand for the services, particularly in the surrounding vicinity. The types of products or woodworking services for which there is demand would have to be identified through a market analysis. A fifth potential opportunity (excavation business/Afton) would also require market analysis and in addition, capital for basic machinery including backhoe, loader and dump truck.

Three additional ideas emerged from Shubenacadie - a trout farm, piggery and broiler chicken operation. Each of these

ideas are major undertakings requiring extensive capital investment and contingent upon many factors (e.g. training, markets, management) for their success. Each of the ideas would require extensive feasibility analysis before they can be seen to be realistic opportunities.

3.9 Native Consulting Business

Throughout the course of the study there has been discussion from various sources concerning the potential for a native consulting firm. It was identified as an opportunity by Millbrook, and by members within the UNSI and its executive. It is clear that many thousands of dollars are spent on consulting studies carried out by non-native firms, and that many more studies will be carried out (or should be carried out as has been pointed out in this chapter). There are native people within Nova Scotia with background in business administration, management and previous consulting experience who could consider initiating their own consulting business. To obtain the credibility required of consulting firms, the new venture could consider sub-contracting native consulting expertise available elsewhere in Canada; local non-native personnel on an as-required basis; or apprenticeship periods with western firms and local non-native firms; or any such combination. There is no question that a need exists for a Native consulting firm in Atlantic Canada, both as an economic opportunity and as a mechanism for Native people to build up an expertise in economic development and planning.

General Assessment

Many of the opportunities listed in Exhibit 2 would, on the surface, appear to be realistic and workable ventures; fuller feasibility and/or market analyses should be conducted for several of the opportunities, including for instance,

- . Afton gas station/auto body shop
- . Afton excavation company
- . Bear River artifacts production (some prototypes are available)
- . Spring water bottling
- . Native consulting firm
- . Micmac museum
- . Pictou landing fisheries expansion and processing plant
- . Bean sprout operations
- . Whyccomagh, Island recreation park and campground.
- . Sand and gravel operation at Gold River

Most of the opportunities identified are small-scale in nature, capable of employing one or two individuals, with some being strictly seasonal. Most of the opportunities would not substitute for a full-time job and would require to be part of another set of job opportunities very typical of an Atlantic rural lifestyle. Many of the opportunities could be described as belonging to an alternate economy, one not traditionally serviced by sources such as DREE, ITC, and the N.S. Department of Development which have generally been more geared towards capital intensive urban development opportunities than towards the individual requiring funds for a snowmobile or backhoe. The exceptions lie in the manufacturing opportunities which have been identified and funded through LEAP; and in leasing of reserve land to outside companies and businesses.

The process of reserve visits to identify opportunities has resulted primarily in opportunities and projects to be exploited on-reserve. A number of additional opportunities, off-reserve, have been suggested by the UNSI economic development worker for consideration. These include the establishment of a native owned and operated retail outlet

for groceries and other goods in Sydney to service particularly the three area reserves as well as Sydney non-native residents. Additional possibilities include projects aimed at servicing manufacturing plants located near reserves, e.g. providing trucking services to Michelin, or establishing a small restaurant close to Michelin (Cambridge band); or in training the reserve labour force in areas required to service off-shore rigs. Other opportunities may exist at the Yarmouth and Digby ferry terminals for native-run craft businesses to exploit the tourist market there.

The opportunities discussed in this chapter are by no means all-inclusive; there remains a process to be initiated at the band level supported by the necessary expertise and planning funds which will provide a proper framework out of which further opportunities will be identified. This process would include a complete resource analysis for reserves to include agricultural, forest, marine, mineral, tourist and industrial assessments; assessment of each reserve for its ability to provide services to off-reserve businesses in nearby communities; and identification of possibilities for native-run businesses off-reserve. Finally, the point was made by band staff that several individuals on reserves may have ideas for possible business opportunities but have not pursued them due to past frustrations experienced when attempting access to funding; and to the lack of a clearly identifiable structure, program or group readily accessible whose mandate it is to provide information and/or advice regarding small business.

4. FUNDING SOURCES AND PROGRAMS

This chapter presents a brief review of federal and provincial programs of relevance or potential relevance to Native economic development. The main concern of this review has been to document what funding is available to Nova Scotia status Indians and its adequacy for meeting development objectives.

4.1 Federal Programs*

4.1.1 Department of Indian Affairs and Northern Development

The main federal economic development programs used by Native people have been administered through the Department of Indian Affairs (DIAND).

However, over the past five to six years, DIAND has cut back considerably in its funding of economic development. Budgets have generally been cut back in all program areas and since economic development is the discretionary portion of the DIAND budget, funds have been transferred from economic development programs to meet shortfalls in education, health care and welfare budgets.

In the Atlantic region about \$16 million was budgeted over the past year for all DIAND programming. Less than 3% of this total budget was allocated to economic development funding. The regional budget to assist private entrepreneurs with new or ongoing businesses (IEDF) was about \$420,000 this past year. Band work process funds for community development projects were about \$418,000 for Nova Scotia.

* A more complete list of Federal business incentives programming is presented in tabular form as Appendix C.

The Department's role and philosophy appears to have changed from one of initiating development projects, and providing "seed money" for development, to providing short-fall funds for projects initiated by the bands, where the bulk of the funds are provided by another federal government source. There is some evidence that this is taking place simply because increasing welfare and education costs are taking up most of the budget. On the other hand, it may also have reflected a conscious Government decision for the Department to begin to get out of the business of economic development entirely.

At present, DIAND provides development funds to Nova Scotia bands and entrepreneurs primarily through the Indian Economic Development Fund (IEDF) and the Band Work Process, but also to some extent through the Regional Work Incentive Scheme, and the Work Opportunity Program.

Indian Economic Development Fund (IEDF): In one form or another, direct government funding in support of Indian economic development has been in place since the 1950's (then the Revolving fund, now the Indian Economic Development Fund). The IEDF, the principal direct mechanism for Indian economic development, consists nationally of:

- . a Direct Loan Fund (\$70 million);
- . a Guaranteed Loan Fund (\$30 million), with loans negotiated through commercial lending agencies at commercial rates and terms; and
- . Parliamentary Appropriations (1979-80 - \$53.9 million).

In the Atlantic region about \$420,000 was allocated last year to IEDF. The objective of the IEDF has been to assist Indian economic development by meeting perceived limitations in Indian access to traditional financing mechanisms. The funds have been directed at business development either with contributions or loans.

A number of other DIAND programs are available which are directed at community developmental goals.

The Regional Development Scheme was designed to assist the Indian people in gaining economic self-sufficiency as well as mobilizing and vitalizing available developmental services. The Scheme is directed at social assistance recipients and provides an incentive to generate income, by not setting the full amount of income earned against social assistance entitlement.

Extensive evaluations of this program were conducted in three Regions of Canada. It was found that few social assistance recipients have had the opportunity to use the program since only a limited number of jobs are available to which the Scheme could be applied. The Scheme was criticized for favouring heads of families over young single adults.

The Work Opportunity Program, developed in 1972, was created to provide unemployed but employable Indian people on social assistance, with access to employment opportunities in the form of labour intensive community projects. Most of the cost of the program was to be borne by social assistance transfers, as participants would be paid the equivalent of what they would have received on social assistance. In the long-run it was hoped that the program would reduce dependency on social assistance by increasing the community's ability to create jobs, and to train individuals who would be able to obtain employment off the reserve.

The separate evaluations of this program in three regions found that although the majority of bands had made use of the program, the number of jobs were too few and too short in duration to make much of a developmental impact on reserves. Most of the projects were directed at housing repair and improvement. Again, the Program seemed to favour heads of families since they brought more social assistance dollars to the program.

The Band Work Process, introduced in 1976, was designed to assist bands in taking a more coordinated and planned approach to development. The BWP authority provides the means to consolidate funds from various government programs while the BWP funds are used to support the planning process within a Band. It was anticipated that eventually this planned development would lead to job creation, community development, increased job skills and a decrease in dependency on social assistance.

The program was announced with much promise, but has been greatly underfunded. Its basic premise of providing "seed money" to encourage outside funding from other sources has not been acceptable to all bands.

The intent and requirements behind the program have not been implemented in most cases. Bands have not produced community development strategies as required by the program. Systematic criteria for funding projects have not been developed or consistently adhered to. The program has moved away from the provision of seed money to the provision of shortfall funding.

Over the past year, BWP funds were allocated in Nova Scotia as follows:

- . 13 employers received training on the job (TOJ) funding for placement of unemployed persons. CEIC provided 65% of wages in the TOJ program, and DIAND made up the remaining 35%. A total of \$20,000 was expended for this purpose, in Nova Scotia last year, toward a total of 28 jobs.

- . \$25,000 was spent for assisting people with special needs (e.g., for tools, fishing nets) (about \$200 per individual).

- . \$180,000 provided the administrative expenses for 9 band development workers across the province.

- . the remainder was used as "short fall funding" for projects on reserves, in situations where the bulk of the funding came from CEIC programs, (e.g., LEAP), Secretary of State, Department of Fisheries, or Ministry of State for Economic Development.

4.1.2 Canada Employment and Immigration (CEIC)

Native people across Canada have taken advantage of CEIC programming directed at short-term and long-term job creation, and job training. These include Canada Community Development Projects (CCDP), Local Employment Assistance Program (LEAP), Canada Community Services Projects, and a Summer Employment Program. Each is briefly described below.

Canada Community Development Project (CCDP): This program replaces the Canada Works, LIP, and other CEIC short term job creation programs. Funding has decreased over the past

two years from about 11 million for Nova Scotia in the late 70's to 8.2 million in 1980 and 8.9 million in 1981. A part of these funds is specifically allocated for Natives, with \$42,000 designated this year for status Indians and \$48,000 for non-status Indians. These programs have been well subscribed to by Native people. Last year, while \$78,000 was allocated for status and non-status Indians, \$845,997 was actually received by this group. The main use of CCDP funds by bands has been for the labour component of housing construction projects. A small amount was also provided to the MicMac Arts and Crafts Association and the Native Womens Association.

Local Employment Assistance Program: A total of 2.4 million has been allocated to Nova Scotia for LEAP projects, for the current fiscal year. Of this amount \$477 thousand has been committed for status Indian groups and \$672 thousand for non-status groups. Because of the current philosophy and thrust of CEIC toward more long term job creation programs, it is anticipated that the funding for the LEAP program will increase over the next few years. There are two types of LEAP projects - retention projects and preparation projects. Most are of the retention type, where funds are available for three years.

LEAP projects are primarily involved with certain target group employees; and they are not allowed to provide unfair competition to private industry.

LEAP does not hold all the answers to the problems of funding economic development projects. Reserves with a small population base, for example, will probably not be eligible for LEAP funding as LEAP requires a minimum of five employees per project. Experience has demonstrated a turnover for employees on LEAP projects which necessitates a community population large enough to guarantee a labour

pool. Further, LEAP only can contribute up to \$30,000 for capital costs for any one project. Projects requiring higher capital costs may not be fundable under LEAP unless other funders can be found willing to piggy-back on LEAP funding.

Canada Community Services Projects: This program is designed to fund non-profit volunteer associations for up to three years. The total Nova Scotia budget last year was \$240,000 from which 30 projects were approved. Only one native project (court workers) was funded under this program.

Summer Employment Program: This program provides short-term job creation projects for students during the summer. About \$3 million was available in Nova Scotia in 1981. Of this, \$835 thousand was available under the federal stream, allocated through other departments (e.g. DIAND, Health and Welfare) and \$2.3 million was provided under the community stream. \$184 thousand was approved for status Indians under the federal stream, distributed primarily through Indian Affairs, and some through Health and Welfare. \$79,300 was allocated to band councils through the community stream, primarily for recreation and senior citizen projects. The emphasis has been on social development projects - recreation, day care, social services - rather than on job creation or economic development.

4.1.3 Department of Regional Economic Expansion (DREE)

DREE has provided most of its funds directly to the Province through the General Development Agreement. The objectives of the GDA with Nova Scotia are to:

- encourage the expansion or maintenance of viable, long-term employment opportunities and optimum quality of life within Nova Scotia;

- . increase the earned incomes of the people in Nova Scotia; and,
- . assist in the development of a dynamic and creative provincial economy which will encourage the growth and stability of economic activity in Nova Scotia.

Under the GDA, programs in Tourism, Forestry, Energy, Agriculture, etc. have been carried out over the past 5 to 10 years. The GDA process is presently under review by the Federal Government. It is likely that in future more regional programming will be administered directly through Federal departments or agencies. Bands in Nova Scotia have started to take advantage of the GDA for Forestry and should be encouraged to explore possibilities for funding under the Tourism Agreement should it be continued.

DREE has in the past been directly involved in a number of economic development programs, some specifically for Native peoples. The Regional Development Incentives program (RDIA) provides funds directly to local businesses and eligible regional projects. Although the program has not been tailored for or used, to date, by Nova Scotia Native businessmen, it could be utilized by native entrepreneurs.

Special ARDA (Agricultural Rehabilitation Development Act) and the Western Northlands Agreements have been widely used by Native peoples in the Western Provinces - Manitoba, Saskatchewan and British Columbia -, and in the North. Because of the attempt to draft a Special ARDA Agreement in Nova Scotia, about five years ago, and because the possible extension of some form of special ARDA agreement to Nova Scotia was a basis for the present study, a brief history and overview of Special ARDA (including Western Northlands Agreements) is presented in Appendix D. A review of the

results of evaluation of the Saskatchewan and British Columbia experience with Special ARDA is also presented. From these evaluations, it appears that Special ARDA in the Western provinces has been, on balance, a positive experience for the Native people in those areas. However, it is to be viewed largely as an interim measure, and not in itself a solution to the social and economic problems confronting Canada's native peoples.

The Saskatchewan experience demonstrated that the program worked best in non-status and Metis communities, rather than on reserves, in medium sized communities not near an urban center, rather than in the most urban or most remote communities. However, Northern Saskatchewan has been experiencing a minor economic boom. Many of the projects undertaken were one-time opportunities exploited by the Natives with the assistance of Special ARDA, rather than only by non-natives (as might have been more probable without Special ARDA). In Saskatchewan the best successes took place in the more integrated communities - communities with a community focus - a central commercial area or the like. If Nova Scotia groups were to consider implementing a similar agreement, the experience of the operation for the past decade in the West should be carefully examined before setting out the terms of such an agreement.

4.1.4 Federal Business Development Bank

Although technically available for Indian projects, Native people in Nova Scotia have to date, made little, if any, use of FBDB financial assistance. FBDB funds are seen to have too stringent equity requirements and high interest rates. FBDB non-financial business services - management information services and assistance (e.g. CASE program) should be utilized further by Native businessmen or community leaders.

4.2 Provincial Programs

The Nova Scotia Government has a number of programs for business development, although none are specifically designed to meet the needs of native peoples. Though supposedly eligible for these programs, Indians in Nova Scotia have made little use of them in the past in part because economic development of Indian reserves has been seen by the Province to be primarily a federal concern and responsibility. The Provincial Programs have not generally been tailored toward the needs of Native people and are often not appropriate. A number of programs of potential relevance to economic development of Nova Scotia reserves are summarized below.

It is interesting to note, however, that since the beginning of this present report's preparation, at least 10 native entrepreneurs have approached the N.S. Department of Development for funding under three programs (Trade Expansion Program, Opportunity Identification Program and Product Development Program). Of the 10 applicants, nine were approved receiving amounts from \$528 up to \$10,000. The average amount was in the range of \$2,000 for consulting assistance.

Task Force Industry Program: The purpose of this program is to create new incremental private sector jobs through assistance to businesses willing and able to expand their work force. Those eligible for this program include manufacturers, processors and selected services (primarily services to business), service industries (not including personal service, construction industry, and employees working on commission) and tourist related operations.

The employer is obligated to provide a job for a minimum of 35 hours per week for a minimum of 16 weeks. The Province

will pay 50% of the new employee's wages up to a maximum subsidy of \$75/week. Assistance is available up to 32 weeks for a total subsidy of \$2,400 for each new job created.

Rural Industry Program (RIP): The objective of this program is to help industries establish or expand in rural areas to create job opportunities for rural Nova Scotians. Individuals, private and public companies, and co-operatives are eligible for the program as long as their projects provide employment for rural Nova Scotians. Assistance is available to establish, expand or modernize any commercial undertaking engaged in the utilization of primary resources; processing; manufacturing and selected services. Provincial assistance is in the form of a discretionary grant and may vary by project. Usually, assistance can cover up to 50% of the total capital costs up to a maximum of \$10,000.

Industrial Loan Program: Under this program loans are available to finance fixed assets for processing businesses, fish plants, lobster pounds, saw and planing mills and other industries related to the natural resource sector. Loans are available up to 75% of the value of the project with terms up to a maximum of 20 years.

Tourism Industry Loan Program: The purpose of this program is to provide loans to finance new construction or expansion of existing facilities on the fixed assets of hotels, motels, camp sites, restaurants and recreational facilities related to tourism. Loans are not available to purchase existing facilities nor are they available for projects in the Halifax Metro area. Financing is available up to a maximum of 75% of the value of the program with terms not to exceed 20 years.

Small Business Financing Program: The program is designed to provide financing or supplementary funds (loans) to new

or expanding small industries engaged in manufacturing, processing (and related support services) and selected non-urban service industries*. Assistance is available to those enterprises whose annual sales volume does not exceed \$1,000,000. The amount of assistance required must not exceed \$250,000 and terms are available up to a maximum of 20 years.

General Development Program: The objective of this program is to provide financing to new or expanding manufacturing industries. A minimum of \$250,000 in loan financing is available under this program. Industrial Estates Ltd. will finance up to 100% of the land and buildings and 60% of the production equipment. Repayment is generally on a 20 year term. IEL will also provide additional assistance to meet specific needs to ensure the continued success of the operation.

Small Business Development Corporation: The Small Business Development Corporation provides financing to small enterprises wishing to start up, expand or modernize. Any proprietorship, partnership, cooperative or corporation is eligible if sales are less than \$2 million per year; the establishment has less than 50 employees; required financing is more than \$5,000 but less than \$250,000. Financing may be used for buildings, equipment and other fixed assets. Term loans are secured by fixed assets and repayment terms are flexible, depending on individual cases.

* Including machine shops, rebuilding and repair operations, handcraft activities, commercial job printing, dry cleaning, bakeries, furniture upholstery, etc.

4.3 Adequacy of Funds and Funding Programs

The Department of Indian Affairs has long been the major source used by Native people for economic development, as well as almost all other forms of programming. This is in part due to a long historical process, where other forms of programming and assistance (particularly through provincial and municipal governments) available to other Canadians, were not provided to Native people on reserves. DIAND substituted a whole range of programs and services, and a mutual dependency relationship evolved. Some Native leaders have even expressed strong views on refusing to seek or receive funds through other sources because it may serve to undermine the responsibility of the Federal Government and the Department of Indian Affairs.

However, it is generally agreed that the level of funding available to Nova Scotia reserves through the Department of Indian Affairs, for developmental purposes is inadequate. Work started in the early 1970's on opportunity identification, resource analyses, feasibility and market analyses, have all but stopped. (Some feasibility funds for potential manufacturing projects have been provided through LEAP). Tourism or resource opportunities identified up to 10 years ago are sometimes still discussed, but, due to scarcity of funds, either for studies or projects, the process of further investigating these opportunities has simply stopped. Meanwhile, business or project funding from private lenders and conventional sources is largely unavailable in part due to the Native businessman's inability to provide collateral, and in part because of the special status of reserves and the unwillingness of most Natives to incorporate their businesses.

It is evident that provincial programs have been little used by Native peoples, in large part because funds are primarily loans to be repaid and because of equity requirements more stringent than most Native projects are able to provide. Coordination with federal departments and "piggybacking" of funds has not been taking place largely because the Province has taken the position that status Indians are the responsibility of the federal government and the Indians (because of Constitutional considerations) have traditionally been reluctant to involve the Province in their affairs.

5. BARRIERS TO ECONOMIC DEVELOPMENT ON NOVA SCOTIA RESERVES

Social and economic development on Indian reserves, as a process of "catching up", of achieving similar standards of living to other Canadians, and of alleviating the severe unemployment problems, and the social problems associated with poverty and dependency, has been proceeding rather slowly. Without delineating all the historical, political and socio-cultural reasons for this, this chapter briefly outlines some of the barriers to economic development that should be kept in mind when structuring any new programming for social or economic development. These barriers have been discussed under the following headings:

- . Labour Market Barriers
- . Resources and Location Barriers
- . Labour Force Barriers
- . Financial Barriers

In general, it is the existence of barriers or the combination of barriers in all the above areas that has resulted in the continuing cycle of relative underdevelopment. At present, existing institutions reinforce, to some extent, the process of keeping Indians outside of and marginal to the Canadian economy. The 1976 Task Force concluded, "Indian people lack the capital and the institutions capable of mobilizing capital and technology, of gaining access to markets, and of managing economic activity. Without these capabilities, they have little hope of coping in the contemporary economic system. Living as they do at the periphery of the economic system, the economic situation of Indian people is a direct consequence of the economic and institutional environment.

Public policies and government programs reflect the individualistic attitudes of Canadian society and are

inappropriate to all but a small minority of Indian people. This emphasis upon individualistic programming has been debilitating to Indian people and communities. Both levels of government have failed to recognize the special circumstances of Indian people or to take cognizance of Indian aspirations."

All the reasons for small business failures -- inadequate marketing, inventory accounting and costing of inputs; poor pricing policies; low management expertise and labour productivity; cash flow problems and the like -- apply to native small business. In addition, a number of other factors contribute to difficulties of native businesses: for instance, the joint or band ownership of reserve land, such that band councils and politics generally, are involved in business decisions of individuals; the involvement of the Department of Indian Affairs in most such activities; the Federal status of Indians tending to close off various provincial assistance mechanisms; the lack of access to conventional lending sources because of legal problems with using reserve lands or buildings as collateral; and the whole range of problems associated with poverty -- low levels of work experience, poor work habits, welfare dependency and the like. Any new business on the reserve generally starts with the major disadvantage that all those involved -- entrepreneur, managers, salespersons, and workers -- need to be trained. If an outside manager is brought in to oversee the project he or she faces certain cross-cultural barriers.

Wages and the securing of a labour force, must compete with an entrenched welfare system. A person with a family may receive a welfare supplement (of 50% of his original welfare allowance) for one year. After this time his social assistance will be discontinued. In many cases, depending on the wages paid and the size of one's family, the welfare

entitlement will exceed or equal the wages paid. Even when wages are considerably higher, the additional daycare expenses and transportation costs (if daycare or the job is off-reserve) may well exceed the difference between social assistance and wages. For these persons there is a disincentive to take employment. For these reasons, the labour force for most projects is drawn largely from single persons (eligible for low amounts of social assistance). Both in Native and non-Native communities this segment of the labour force tends to be somewhat less productive and more unstable -- more mobile, and less committed over the long term.

5.1 Labour-Market Barriers

The labour market in the rural areas where most Nova Scotia reserves are located tends to be fairly limited, and competition for jobs is high. Several of the reserves are located near larger urban centers -- Sydney and Truro. Sydney, is a particularly high unemployment area, as is Cape Breton generally. The industrial and service jobs available in these locations have been viewed as largely inaccessible to Native people, due to discrimination and prejudice on the part of the White Community, and severe competition for jobs. There are seen to be fairly severe cultural barriers to cross before obtaining permanent employment off reserve. On the other hand, some persons from Millbrook have been successfully employed in jobs in Truro, consistently for some years..

Most of the other reserves are located some distance from urban areas and the costs of community to jobs act as an impediment to employment. Further the jobs available and obtainable in the rural areas tend to be seasonal, and marginal in terms of remuneration.

5.2 Resources and Location Barriers

"Most of the Indians of Canada live today where they were directed to live more than a hundred years ago. This residence pattern is the first and perhaps most pervasive result of the imposition of an external system on Indian life. Many reserves throughout Canada (and Nova Scotia) are in relatively remote areas, at some distance from major urban centers, or even from small towns.

There is much evidence to support the conclusion that Indians prefer to live close to the land, on the reserve if they can. Nevertheless, there has been a marked trend to off-reserve living in the past few years so that now almost one third of the registered Indian population lives off the reserve. (30% of Nova Scotia status population in 1975). An examination of the population figures on reserves shows them to be fairly stable through time in most areas of Canada. This suggests the conclusion that at the current level of economic development, the reserves can only support a certain number of people and that population increase forces the excess to live elsewhere".

The primary resource extraction activities upon which most Native communities have been based, have become increasingly marginal to the Canadian economy over the past decades. Alternative economic opportunities, however, are usually quite limited by the locations of reserves. As pointed out in Chapter 3, the potential resource base of Nova Scotia reserves is not fully known. Few studies have been conducted to outline the forestry, mineral, fishing, agricultural and other potential of reserve lands. As well, no programs are in place to cultivate or conserve the forestry and other resources.

5.3 Labour Force Barriers

As discussed in Chapter 2, the Native labour force continues to be less educated and to lack technical and technological training to the level of journeyman, or professional training. For instance, though many have training in carpentry and woodworking, few have the papers and certification to allow them to sell these skills off-reserve.

The mix of occupations and training among the Nova Scotia Native labour force is very limited, and many useful marketable skills -- manager, accountant, mechanic, teacher, counsellor, surveyor, entrepreneur -- are not readily available on most reserves.

Both for new projects on-reserve or for placement in off-reserve jobs, much of the Native labour force presently lacks the work experience/work habits required by the job. As well, a prospective employer must complete with the exigencies of the welfare system.

"Once started, it is extremely difficult to break free of the welfare cycle. Apathy becomes a way of coping with despair and the stigma of "failure". Social assistance levels (as well as some of the support levels of community employment programs) which maintain people below the poverty line only serve to reinforce the cycle.

In sum, the social assistance system is oriented to treating individuals and their problems; social assistance programs are not designed to assist Indian people to cope with their social and economic difficulties".

Because of the low level of wages usually available in rural areas for persons with low levels of job skills and training, there may be little financial incentive to take

work. With daycare or baby-sitting costs, transportation and other expenses associated with employment, it is quite possible for a person taking employment to be financially worse off. Thus, the cycle of welfare dependency and low job skills and experience is continually reinforced.

Training Programs: "However well-intentioned, training programs cannot be viewed as an end in themselves but only as a means to economic development. All too frequently, training programs have been relatively unproductive or even counterproductive, simply because the end product, i.e. obtaining a regular job, was unattainable. The expectations of all concerned could not be met, given the limited employment opportunities in the reserve community (or the surrounding area).

Occupational training frequently requires migration to an urban centre and confrontation with the social, economic and cultural barriers to adjustment into the urban environment. Unless there is an immediate potential to utilize and develop the skill acquired, the value of the occupational training is soon lost. Meanwhile, the trainee becomes frustrated as a result of the experience. The traditional economic activities have been disrupted by a program that had little meaning to the individual, except that it might have appealed to a general desire for an improved economic situation.

The present system of manpower services presumes that individuals can take part in training programs, move to a suitable city, obtain a job, and adjust in a relatively short space of time to the new socio-economic environment. The individualistic approach of these programs reflects the individualism of Canadian society. As with the economic development programs, this individualistic approach is inappropriate to all but a small minority of Indian people.

Moreover, manpower training and labour force migration siphon off some of the communities' vital human resources. The age and skill distribution of the community labour force that remains after out-migration becomes an additional barrier to community socio-economic development."

Training, as an end in itself and not integrated with an overall development program, and job creation or placement scheme is not likely to have very positive results for the individuals or communities involved. The SARDA evaluations and some LEAP evaluations have demonstrated, however, that on-the-job training is also not usually a very effective means to train a labour force. The manager, concentrating on productivity and viability may lack the time, skills or motivation to provide transferrable skills to employees.

At best, training should be tied to a specific job opportunity; occupational training should not be undertaken as an end in itself, without some reasonable assurance of a long-term job at the end of it.

5.4 . Financial Barriers

Over the past five years or so, there have been few funds available to Nova Scotia Indians in support of socio-economic development projects -- neither for band initiatives, nor for individual small businesses. The early to mid seventies, however, were a period of rising expectations, during which the Department of Indian Affairs provided considerable funds for economic development. The Indians continued to look to the Department and compete among themselves for a greatly diminished and fast dwindling pool of development project funds.

Funds from other sources are also limited. Conventional lenders and even the Federal Business Development Bank

require considerable collateral up front, and personal equity before providing funds. Assets on the reserve -- land, buildings, and equipment -- are generally not acceptable as assets because of the special status of Canada's native people and of reserve land. Because of collective ownership, Federal status under the Indian Act and other factors, it is generally difficult for a mortgage owner to seize the company's assets on Indian land. For this reason these conventional sources of funds are generally unavailable to Native people.

Provincial funds for projects (e.g., The Small Business Financing Program) or federal funds provided to the Province through the General Development Agreements are not very accessible to Native people. Provincial program funds are usually limited, with many individuals and communities competing for them. As the Province views Native people to be a Federal responsibility, Native projects are given low, (if any) priority for these funds, or, at best, given no special consideration but made to compete with all other applicants.

Funds through Federal programs other than Indian Affairs, are usually not tailored to meet the particular needs of Native people. They usually require a higher amount of equity than Native entrepreneurs or bands can supply. No source provides funds to buy inventories, or to deal with cash flow problems. In addition to the actual level of funds available to Native development and business initiatives, there are other barriers associated with how funds are allocated, the associated terms and conditions, administrative handling of funds, and the knowledge and effort required to access available funds.

The problems of coordinating several government departments and funding sources (e.g. CEIC, DREE, DIAND, Health and Welfare), of coping with their differing equity requirements, application formats, time frames, and eligibility rules, were frequently mentioned. The associated unpredictability of funding from one year to the next because most programs operate on annual budgets, interferes with the ability of bands or individual businessmen to plan for the future, or to have any security that the operation will be in existence from one year to the next.

It was also suggested in interviews with Indian leaders and businessmen that those in Indian Affairs or other programs were usually too remote from the day to day operations and contingencies of the project to realize when a project was underfunded, or floundering due to unforeseen or unavoidable circumstances. This lack of flexibility of funding in the early stages of a project is often then interpreted as mis-management of funds.*

* Most of this discussion of barriers is based upon discussions with band staff and UNSI staff. Some relevant sections have been quoted from The Task Force Study, 1976.

6. SUMMARY AND RECOMMENDATIONS

6.1 Development Potential of Nova Scotia Reserves

Our conclusions about the resources and development potential of Nova Scotia reserves, are that in part, the potential of the reserves is indeterminate awaiting further studies, and, in part, there now exists a set of opportunities of several types that bear further exploration and development. These opportunities are not restricted to any one sector, or in any one area - e.g. natural resources development, manufacturing, acquiring off-reserve businesses or employment. Rather, bands have the greatest chance of developing their potential if they develop a number of areas together, to diversify and improve the overall economic circumstances and options available on the reserve.

It should be recognized that the economy of reserves is an exaggerated version of the economy of the outlying rural communities throughout Atlantic Canada, where families are often not dependent upon one source of income for their livelihood but rather are involved in a number of economic and supplementary activities, some seasonal and marginal in the return they provide, and frequently include unemployment insurance and other transfer payments as family income sources. Most of the bands in Nova Scotia have individuals/families involved in seasonal activities such as woodcutting, Christmas trees, wreaths, basket making, trapping and hunting as supplements to other forms of income, including social assistance. These activities are integral components to the rural lifestyle of the region and should be recognized as such. (For instance, there should be a review of the present policy that any individual selling reserve-cut hardwood off-reserve must have a permit, assigned by both band council and DIAND).

The present UNSI executive recognizes the significance of these traditional pursuits and supports the development of this kind of opportunity, so widely identified in the course of this study. The UNSI is taking appropriate steps towards strengthening the economic potential of these marginal resource based activities through, for example; investigating all available market sources, processing and delivery systems in support of a centralized operation for Christmas trees and wreaths. The establishment of a Native Trappers Association to improve marketing and ensure top prices, is another example of support for this type of opportunity.

The facts that only 3.6% of the total Canadian population tend to initiate small business ventures, that of all small businesses started, only 15% ever become operational, and that only one third of these survive beyond 5 years, should be taken into consideration in evaluating the developmental potential of reserves on a small business base. Further the question should be asked whether it is either realistic or fair to expect a great deal of small business development to occur within the present economic climate of high interest rates, and poor business prospects. Some opportunities clearly exist in the form of small grocery or convenience stores; gas pumps/auto body shops; hair dressers; local tradesmen (electricians, carpenters) on reserves with a large enough population to support them. But even in the bigger reserves these businesses are unlikely to be able to provide sufficient revenue to support a family.

Manufacturing is a relatively unexploited opportunity for reserves and, as the LEAP feasibility studies show, offer greater potential for full-time employment for larger numbers of people. Studies should be conducted to identify other light manufacturing possibilities; in consultation with reserve residents.

The full potential of the reserves total land and water resources remains largely unknown. Bands need immediate access to expertise to carry out indepth analyses of their lands' full potential - agricultural, forest, marine, mineral and tourism. Little work has been done in this area, which in the opinion of the study team, is a priority if attempting to identify economic opportunities.

Employment placement as opposed to job creation should be given greater emphasis. It has to be recognized that not all the labour force can expect to find employment on-reserve - at least not in the foreseeable future. Band leaders, staff (popular education; employment officers; development workers) alone or in coordination with CEIC staff, should much more vigorously pursue employment opportunities for native people in nearby communities. Affirmative action programs can be effectively utilized to this end, but the initiative must come from the individual bands and staff hired to further community development.

6.2 Adequacy of Present Funding and Programming

The present level of economic development funding through Indian Affairs and other Federal departments, and the level of planning support and other expertise available to Nova Scotia reserves is inadequate to overcome the existing barriers to economic and community development. It is evident that policies aimed at assimilation, urbanization or training, have not resulted in improving the material well-being of Indian people, or bringing about community development. Whatever assistance is allocated to Native people should now be used to provide Native people with the resources - natural, financial and support expertise for Indian self-determination and self-development.

A large influx of incentives dollars at this time for individual businessmen would likely be of only temporary benefit and has the potential for increasing native people dependency rather than bringing about economic development of the reserves.

Most of the opportunities identified at present are too small to beneficially absorb large amounts of dollars. They are also too small and not of a type to produce many permanent jobs. As well, as pointed out in the SARDA evaluation studies, social adjustment measures should be an integral part of any economic development or employment creation efforts, for Native people at this time.

6.3 The Need for a New Development Implementation Structure

Perhaps most importantly there is a need for infrastructure support which will allow more Native control over development resources and initiatives. There is considerable interest in the "community development corporation" (CDC) form of organization to deliver funds to potentially viable or socially desirable projects, and to provide various forms of planning and business expertise to local projects. An Indian Development Corporation, based upon the CDC model, and treating the status Indians of Nova Scotia as the "community" of interest could be established as a vehicle for uniting the Micmac people, and bringing about social and economic development that is, to a much greater extent than ever before, Native controlled.

There is considerable interest in the Federal Government at present, in the CDC form of organization. A new CEIC program, Local Economic Development Assistance Program (LEDA), was originally conceived on the CDC model, and is experimenting with a form of the concept in thirteen communities across Canada, including four Native communities. A working community development corporation has

been in existence in Guysborough for above five years. A federation of community development corporations was recently established, and claims a membership of several hundred across Canada.

Generally speaking, a community development corporation is a non-profit, profit-seeking organization set up by a disadvantaged community to act as a catalyst for economic development in poverty areas, to create and use private enterprise income, as well as government funding, and to provide an independent flow of funds to finance activities to meet the social needs of the community.

The CDC raises funds by pursuing venture capital; short and long-term loans; seed money from governments, foundations, corporations and banks; and from sales of capital stock to community residents. It uses the funds raised by these means to develop the economic, human, and physical resources of the community by investing in or making loans to a variety of individuals, co-operatives and subsidiary profit-oriented corporations whose activities are expected to benefit the community. These benefits to the community are expected to accrue through the provision of ownership and employment for residents, through developing employment skills, and by bringing additional income into the community.

The essential characteristics of CDC's can be summarized as follows:

- they focus on economic development, provide planning and technical assistance to local entrepreneurs and invest in and operate local businesses;

- . they are subject to local control; that is, they are controlled by residents directly or through representatives selected by residents;
- . they use the profits or funds generated by their activities for local social goals.

Some of the usual activities of CDC's, some problems sometimes encountered with the CDC model, and the potential role of governments in CDC's are briefly outlined in Appendix E.

Based upon our review of barriers to development, and the economic and social conditions of the Nova Scotia reserves, as well as on experience with the establishment or operation of similar development agencies, we suggest a number of principles to keep in mind in considering this option for promoting development of the reserves.

- . The agency should include and make available outside expertise as well as involving persons from the Native community.
- . It is essential that the board not be political in nature; it should neither attempt to represent each of the 12 bands, nor be established as an arm of the UNSI. It should however try to include persons committed to development of the reserves and to local control. The UNSI could act as the elected body over the corporation, and appoint a majority on the board. This majority could then appoint outside members.
- . It is especially important that the individual appointed as General Manager of the CDC be an expert in economic development.

- . Board membership from the community at large might include representatives from universities, other development agencies (e.g. FBDB, LEAP, DREE, DOD, DEVCO) on an ex officio basis, other Community Development agencies, or local bankers. Native participation could come from the manager of an existing Native business, a Union executive representative, a PEP worker and the like.
- . Core funding should be made available for a small paid staff, and overhead.
- . The Indian development corporation would serve some of the functions of a bank, providing financial and investment expertise, venture capital, and some monitoring of the investments made. Any profits from such a bank would be reinvested in other Native projects.
- . The agency would also act as a repository of resource development and project planning expertise, hiring staff to carry out (or hire outside consultants) feasibility analyses, market analyses, assist in developing appropriate business practices for a project, or the like.
- . It is important that such a development agency not replace or compete in function with band councils. Band councils, individuals, and various organized groups could apply to the development agency for financial and other developmental assistance.
- . The community development agency should not be confused with an agency that funds primarily community or social projects. The name does suggest

that projects with the potential to contribute on a small or large scale to the overall development of the reserve population, would be the priority, rather than projects that would benefit a few at the expense of others.

The mandate for the CDC might include particularly the following areas:

- . manage and direct funds for feasibility analysis, and resource and market studies;
- . make investments in potentially viable Native commercial enterprises;
- . coordinate funds for and invest in socio-economic projects and infrastructure with government departments and other agencies;
- . provide and coordinate the process of providing development and business expertise to Native projects. Act as a resource to development workers, and training and employment staff;
- . act as a communication link between native entrepreneurs and private enterprise.

Further information on CDC's and how to begin implementing such a structure should be obtained from the experience of other CDC's in Nova Scotia and on Indian reserves in other parts of Canada.

APPENDIX A: TERMS OF REFERENCE

1. BACKGROUND

Recent studies on socio-economic conditions among Canada's Native peoples have shown that labour free participation is about two thirds the national average, and unemployment remains at 90 - 100% of working population.

The resources of Indian reserves remain largely undeveloped. The use and dependancy upon social assistance among Indian people has increased dramatically from 36% fifteen years ago to between 50 and 70 per cent over the past three years. Though federal funds for development have increased over the past decade, development funding remains less than 10% of overall funding.

To work toward greater development of resources of Indian people, and increase employment levels, the Union of Nova Scotia Indians is investigating the advantages of, and likely impact of a Special Arda Agreement for the Native people of Nova Scotia. In this regard a study is proposed to collect all pertinent information, analyze, and assess the likely impact of such a Special Arda Agreement.

2. THE PROJECT

2.1 Objectives

a) To outline and assess the major socio-economic development problems and issues for the twelve Nova Scotia reserves, including the need for development, and the general potential for socio-economic development of Indian reserves. (including education levels, skill levels, work experience of population)

b) To make an assessment of available funds, and gaps and limitations of present development funding sources.

c) To prepare an inventory of potential development projects for the 12 Indian Bands in Nova Scotia and/or status Indians (both on and off reserve). For each project an assessment would be made of its impact on above development problems and issues, including number of jobs to be created and the like. As well, each project will be examined in the light of above resource and skill/experience limitations. The potential for funding of each project listed will also be evaluated.

d) To develop the objectives and elements of strategy in support of a special economic development program for Indian-Native people of each of the 12 Indian Bands in Nova Scotia.

3. METHODOLOGY

3.1 Data Collection

In general the data collection process will use a combination of questionnaire, and review of available documents, and personal interviews with Indian Leadership, Government Departments, and relevant financial institutions/sources. The following are examples of the types of information sought and some of the data sources for each:

a) FROM INTERVIEWS WITH BAND MANAGERS, BAND DEVELOPMENT OFFICERS, UNION DEVELOPMENT OFFICERS, DIAND BUSINESS SERVICES OFFICERS, BAND WORK PROCESS COMMITTEES AND OTHERS: A listing of projects considered but not yet developed to implementation stage. Suggestions as to projects likely to be submitted to a Special Arda fund.

b) REVIEW OF EXISTING OPPORTUNITY STUDIES, FEASIBILITY STUDIES, COMMUNITY PROFILES, COMMUNITY DEVELOPMENT PLANS (IF AVAILABLE).

c) FROM INTERVIEWS WITH PROVINCIAL AND FEDERAL DEPARTMENTS INCLUDING CEIC (LEAP AND CANADA WORKS), DEPARTMENT OF INDIAN AFFAIRS (ECONOMIC DEVELOPMENT PROGRAM, BAND WORK PROGRAM), PROVINCIAL DEPARTMENTS OF TOURISM, DEVELOPMENT, INDUSTRY TRADE AND COMMERCE, FBDB: Funds likely to be available to Indian people for development projects, funds that were provided to Nova Scotia Indians in 1979; extent of availability of funds

and use made of them by Indian people; changes in policies if any; and proposed changes.

4. ANALYSIS OF DATA

THE ANALYSIS OF THE ABOVE DATA SOURCES WILL RESULT IN THE FOLLOWING:

4.1 A profile of funding sources available to Nova Scotia Indians with amounts and limitations; conduct an overall assessment of gaps in available funding sources and extent of shortfall.

4.2 An inventory of potential projects for funding under a Special Arda project; with likely socio-economic and/or employment impact of each.

4.3 An assessment of the general need for a Special Arda program for Nova Scotia Indians; and the likely response to such a program.

4.4 An assessment of expected total impact of a Special Arda Agreement for Nova Scotia Indians, in terms of jobs, training and number of viable businesses created over a five year period.

APPENDIX B:

PARTIAL LIST OF DOCUMENTS REVIEWED OR CONSULTED

LITERATURE REVIEW

1. To Have What Is One's Own, The National Indian Socio-Economic Development Committee, October, 1979.
2. Indian Employment and Development Discussion Paper, September, 1980.
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6. Excerpt from Canada's Indian Reserves Legislative Powers, W. B. Henderson, April, 1981.
7. Presentation Parliamentary Task Force on Critical Skills for the 80s, Stanley Johnson, Union of Nova Scotia Indians, November, 1980.
8. Task Force on Native Employment Report, David C. Walker, Gordon Vidal, Winnipeg, June, 1980.
9. Special ARDA Program for Manitoba, Dept. of Regional Economic Expansion, Information Brochure.
10. Barriers to Native Labour and Employment, prepared for the Western Regional Office of DREE, Thomas Owen and Associates, Ltd., 1976.
11. A Review of the British Columbia Indian Fisherman's Assistance Program, 1968 to 1978, Report prepared for DIAND by Will MacKay and Ken Ouellette, 1978.
12. Manitoba Indian Agricultural Program Evaluation Report, prepared for DIAND by P.M. Associates, Ltd., 1978.
13. Indian Government Development Conference, Montreal, 1979, Prepared by the National Indian Brotherhood, 1979.
14. Evaluation of Special ARDA in Saskatchewan, Prepared by DPA Consulting Ltd., 1981.

15. Canada-Saskatchewan Special ARDA Agreement, various documents.
16. Report on Band Economic Development Committee Program Review Ontario, DIAND, 1979.
17. Developmental Application of Social Assistance Funds, Quebec Region, Alberta Region, Atlantic Region, Reports prepared by DIAND, 1980.
18. Evaluation of the Saskatchewan Indian Agricultural Program P.M. Associates Ltd., 1979.
19. Objectives and Goals, 1979-1980, DIAND, Atlantic Region.
20. Indians and the Law Conference, March 6-9, 1978, National Indian Brotherhood.
21. A Survey of the Contemporary Indians of Canada, A Report on Economic, Political and Educational Needs and Policies, by H. B. Hawthorne, October, 1966.
22. Western Northlands Objectives and Progress, DREE, 1978.
23. Atlantic Region Indian and Inuit Affairs Program, Resource Plan Presentation, January, 1981.

APPENDIX C:

BUSINESS INCENTIVE AND ADJUSTMENT PROGRAM: FEDERAL

BUSINESS INCENTIVE AND ADJUSTMENT PROGRAM: FEDERAL

PROGRAM

<u>MULTI-SECTOR</u>	<u>TYPE OF SUPPORT</u>	<u>GRANT</u>	<u>LOAN</u>	<u>FEDERAL DEPARTMENT</u>
Local Economic Development Assistance (LEDA)	Enterprise Assistance		X	CEIC
Canada Works: Economic Growth Component	Enterprise Assistance	X		CEIC
Cape Breton Development Corporation	Community Services Industry	X	X	DREE
Newfoundland and Labrador Development Corporation	Community Services Industry	X	X	DREE
General Development Agencies	F/P Cost Share (15% Industrial)	X		DREE
Small Business Loans	Service Construction Transport Communications		X	ITC
Federal Business Development Bank (FBDB)	Management Information Equity financing		X	ITC
Design Canada		X		ITC
Export Development Corporation	Foreign Loans - Invest- ment Guaranties - Credit Insurance		X	ITC
Inuvialuit Development Corp.	Social Development			DIAND
Northern Small Business Fund				DIAND
Eskimo Loan Fund			X	DIAND
Indian Economic Development Program	General Development Program			DIAND
Eskimo Management Assistance				DIAND
Indian Management Assistance				DIAND

<u>PROGRAM</u>	<u>TYPE OF SUPPORT</u>	<u>GRANT</u>	<u>LOAN</u>	<u>FEDERAL DEPARTMENT</u>
<u>MANPOWER DEVELOPMENT</u>				
Critical Trade Skill Shortages	Manpower Training	X		CEIC - Not Approved
Portable Wage Subsidies	Manpower Retraining	X		CEIC - Not Approved
Canada Manpower Consultative Services	Relocation	X		CEIC
Canada Industrial Training Program	Manpower Retraining	X		CEIC
Job Experience Training Program	Manpower	X		CEIC
Canada Farm Labour Pools	Manpower	X		CEIC
Local Employment Assistance Program	Manpower	X		CEIC
Canada Manpower Training Program	Manpower Training	X		CEIC
Canada Manpower Mobility Program	Relocation	X		CEIC
Small Business Interim Program (SBIP)	Manpower Development	X		ITC-CEIC
Management Advancement Program	Government-University (Education)	X		ITC
Fashion Design Assistance Program (FDAP)	Education & Training Experience	X		ITC
Northern Canada Power Commission				DIAND
Indian Outfitters and Guides Assistance	Hunting and Trapping			DIAND

<u>PROGRAM</u>	<u>TYPE OF SUPPORT</u>	<u>GRANT</u>	<u>LOAN</u>	<u>FEDERAL DEPARTMENT</u>
<u>ENERGY</u>				
Development & Demonstration of Energy Conservation Technology (DIRECT)				DFE
Energy from the Forest (ENFOR)				DFE
Forest Industry Renewable Energy (FIRE)		X		EMR
Federal-Provincial Cost-Sharing Demonstration Projects for Renewable Energy	Commercial, Residential, Industrial	X		EMR
Industrial Energy Research and Development Program	Industry-Government Cost Share 50-50			ITC
<u>MINING</u>				
Grants to Assist Prospectors	Exploration Grant	X		DIAND
Northern Mineral Exploration Fund	Exploration Fund	X		DIAND
Incentive Program North of 60° Exploration & Development, NWT & YT.	Exploration Fund	X		DIAND
Canada-Saskatchewan Heavy Oil Development		X		EMR
<u>FORESTRY</u>				
Technical Services to Forestry				DFE
Forest Resources R & D				DFE

<u>PROGRAM</u>	<u>TYPE OF SUPPORT</u>	<u>GRANT</u>	<u>LOAN</u>	<u>FEDERAL DEPARTMENT</u>
Forest Management				DFE
Forest Protection				DFE
Land Data Inventory				DFE
Environmental Protection				DFE
<u>AGRICULTURE</u>				
Grain Terminal Construction Assistance	Construction			CDA
Fruit & Vegetable Storage Construction Assistance	Construction			CDA
Feed Grain Freight Assistance Adjustment	Transportation			CDA
Skim Milk Subsidies				CDA
Farm Improvement Loans	Construction		X	CDA
Livestock Improvement				CDA
Agricultural Research				CDA
A.G.M.A.P. Agricultural & Food Products Markets Development Assistance Program				CDA
Advance Payments for Crops			X	CDA
Crop Insurance Act	Insurance			CDA
Agricultural Stabilization Act				CDA
Long-Term Loans for Agricultural Exhibitions			X	CDA
Animal Disease Irradication-Compensation		X		CDA

<u>PROGRAM</u>	<u>TYPE OF SUPPORT</u>	<u>GRANT</u>	<u>LOAN</u>	<u>FEDERAL DEPARTMENT</u>
Migratory Waterfowl Crop Loss Compensation		X		CDA
<u>FISHING</u>				
Fishery Improvement Loans (Vessels Equipment)			X	DFE
Low Cost Insurance for Fishing Vessels	Insurance			DFE
Fish Chilling Facilities				DFE
Price Support For Fish	Subsidy			DFE
Salmonid Enhancement Program				DFE
Small Craft Fishing Harbours				DFE
Canadian Hydrographic Services				DFE
Temporary Assistance Rehabilitation	Ice Storage Facilities	X		DFE
Water Management				DFE
Fisheries & Marine Services	Plans & Administers 2,300 Harbours			DFE
Fishery Development				DFE
Fishing Vessel Construction Subsidy (under 75 feet long)	Subsidy 35%			DFE
Fishing Vessel Construction (Over 75 Feet)	Long Liner Program			ITC
Fresh Water Fish Marketing Corporation				DFE
Canadian Salt Fish Corp.				DFE

<u>PROGRAM</u>	<u>TYPE OF SUPPORT</u>	<u>GRANT</u>	<u>LOAN</u>	<u>FEDERAL DEPARTMENT</u>
Fishery Market Information				DFE
Oil Spill Research Program				DFE
<u>TOURISM</u>				
Tourist Wharf Program		X		DFE
Marine Development Program		X		DFE
Small Craft Fishing Harbours		X		DFE
<u>CONSTRUCTION</u>				
Indian Housing Assistance	Construction Grants	X		DIAND
Northern Roads Resource Program	Construction-Roads	X		DIAND
<u>MANUFACTURING</u>				
Contracting out Major R & D Programs				NRC
Standards Research & Services				NRC
Scientific & Technical Training Program	Manpower & Professional Development		NRC	NRC
Technology Transfer to Industry (PILP)				NRC
Cooperative Projects with Industry (COPI)				NRC
Shipbuilding Industry Assistance Program (SIAP)	20%	X		ITC
Defence Industry Productivity Program (DIP)	50-50%	X		ITC

<u>PROGRAM</u>	<u>TYPE OF SUPPORT</u>	<u>GRANT</u>	<u>LOAN</u>	<u>FEDERAL DEPARTMENT</u>
Industry Modernization for Defence Exports (IMDE)	50-50% DIP		X	ITC
Enterprise Development Program (EDP)	50%	X		ITC
Promotional Projects Program (PPP)	Promotion	X		ITC
Program for Export Market Development (PEMD)	50% 1% Gross Sales	X	X	ITC
Unsolicited Proposal Program		X		DFE
Industrial Research Assistance Program	Cost Share	X		NRC
NRC R & D Projects & Facilities to Meet Industrial Needs				NRC
Industrial Post-Doctoral & Senior Fellowships	Educational Assistance Upgrading	X		NRC
Scientific Assistance to Industry		X		NRC
Advanced Tele-Operator System				NRC
RDIA	Comprehensive Aid	X	X	DREE
<u>PULP & PAPER</u>				
Accelerated Capital Cost Allowance	50% Write-Off			DFE
Forest Products Development				DFE
Senior Fellowships				

APPENDIX D:

A BRIEF HISTORY AND OVERVIEW OF SPECIAL ARDA
AND THE WESTERN NORTHLANDS AGREEMENT

<u>PROGRAM</u>	<u>TYPE OF SUPPORT</u>	<u>GRANT</u>	<u>LOAN</u>	<u>FEDERAL DEPARTMENT</u>
Migratory Waterfowl Crop Loss Compensation		X		CDA
<u>FISHING</u>				
Fishery Improvement Loans (Vessels Equipment)			X	DFE
Low Cost Insurance for Fishing Vessels	Insurance			DFE
Fish Chilling Facilities				DFE
Price Support For Fish	Subsidy			DFE
Salmonid Enhancement Program				DFE
Small Craft Fishing Harbours				DFE
Canadian Hydrographic Services				DFE
Temporary Assistance Rehabil- itation	Ice Storage Facilities	X		DFE
Water Management				DFE
Fisheries & Marine Services	Plans & Administers 2,300 Harbours			DFE
Fishery Development				DFE
Fishing Vessel Construction Subsidy (under 75 feet long)	Subsidy 35%			DFE
Fishing Vessel Construction (Over 75 Feet)	Long Liner Program			ITC
Fresh Water Fish Marketing Corporation				DFE
Canadian Salt Fish Corp.				DFE

D.1 Introduction

The parliamentary authority for Special ARDA is the Agricultural and Rural Development Act which authorizes the Federal Government to enter into cost sharing agreements with provincial governments to increase employment opportunities for people living in rural areas. It has been used for people of native ancestry living in underdevelopment areas. Both the program and the socio-economic context has evolved considerably since program inception. Since 1972, for instance, Special ARDA has evolved from a program which would provide incentives to existing businessmen to create employment for native people, to a program intended to assist native people to become owners of their own businesses.

The DREE Special ARDA agreements with western provinces originated in 1971 and 1972, following a Cabinet Decision of March, 1970, giving approval to the provision of incentive grants to projects employing disadvantaged people in areas with a high proportion of people of native origin. Agreements were signed with British Columbia, Saskatchewan and Manitoba. The original agreements were renegotiated with Manitoba, Saskatchewan and British Columbia in 1975 following Cabinet approval for extension of the program to March 31, 1977. During the time of this extension, the Minister of Regional Economic Expansion was expected to consult with the Minister of Indian Affairs and Northern Development about the future development of the type of program governed by Special ARDA agreements.

In 1976, Cabinet approval was given to the Minister of Regional Economic Expansion to work with the Governments of the Northwest Territories and the Yukon Territory, and with the Department of Indian Affairs and Northern Development, towards the formulation of agreements to be submitted for

Governor-in-council approval under the Agricultural and Rural Development Act (ARDA) similar in purpose to the Special ARDA agreements with the provinces.

Initially DREE attempted to introduce an industrial incentives scheme for native or disadvantaged groups, which would entail lower equity and other requirements. It was found there existed no legislation that would allow such programming. The Regional Development Incentives Act, for instance, would not permit such a scheme. It was then introduced under the Agricultural and Rural Development Act (ARDA) as Special ARDA. The experience with the program has demonstrated that to some extent the ARDA legislation has some limitations, and may not be the most appropriate for meeting the needs and aspirations of Native peoples. Urban projects, for instance, are ineligible. As well, the legality under the Act of certain types of social and community projects is questionable.

The Department of Regional Economic Expansion is presently developing new programs for presentation to Parliament to address community and rural development initiatives for disadvantaged peoples. One proposed program (local Development Institutes) is intended to facilitate the establishment in the community of a corporation or other structure for the purpose of initiating or promoting economic development projects. The local organization obtaining core funding from the program, would assist the Native entrepreneurs in obtaining equity or venture capital. The program would be specifically designed to be of relevance and assistance to communities at various levels of development and organization according to their particular development needs.

The Special ARDA program in British Columbia has four major components or sub-components.

1. The commercial undertaking component is designed to support the expansion of existing or the development of new businesses.
2. The primary producing component involves projects which can demonstrate that they will bring about significant improvements in the marginal or sub-marginal incomes of applicants engaged in primary producing activities (agriculture, forestry, fishing and trapping).
3. The training and counselling component is intended primarily to provide funds for training for an existing or planned commercial undertaking.
4. The remote rural communities sub-program is designed to improve the sub-economic conditions of people living in remote areas of the Province.

The Saskatchewan Special ARDA involved three components: a commercial undertaking (CU) component and Primary Producing Activity (PPA) component, as in British Columbia, and a Socio-Economic Adjustment Measures (SAM) component. The kinds of activities to be funded under the SAM component were diverse, and not well specified.

The experience in British Columbia demonstrates that over the total period the commercial undertaking component has been the most heavily utilized representing 76% of total applications and 65% of offers made. Across all sub-programs, DREE's contributions averaged \$74,600 per project

and constituted 44.4% of total project costs. DREE contributions for full and part-time jobs expected to be created by SARDA projects came to \$19,288. Sixty-three percent of offers were made to projects with total project costs of less than \$100,000.

In Saskatchewan, CU's represented 61% of processed applications and 50% of completed projects. Over the past few years, the Primary Producing component has been used to a lesser degree and more and more primary activities have been initiated under the CU component.

D.2 Program Objectives

The objectives of Special ARDA are both economic and social/cultural. The evaluation of Special ARDA in British Columbia defined the objectives as follows.

Economic

- .. To provide new employment and income opportunities for people of Native ancestry in rural British Columbia.
- . To stimulate, encourage, and facilitate the establishment of viable, self-sustaining, Native owned businesses in rural areas.
- . To assist Native people in taking advantage of business opportunities as they arise, and before the non-Native community.
- . To stimulate the generation of investment capital (wealth) in Native communities so that, in the long run, the equity requirements for job creation and income improvement can be generated from within Native communities.

- . To improve the incomes of Native people currently engaged in primary producing activities.
- . To enhance the management skills of Native businessmen.
- . To improve the accessibility of Native-owned businesses to traditional lending institutions.

Social and Cultural

- . To generate improvements in individual characteristics such as self-esteem, confidence, employability, quality of life, and job satisfaction.
- . to stimulate improvement in the interpersonal relationships of people of Native ancestry in British Columbia in terms of family relationships, in terms of the ability to get along with co-workers, and in terms of involvement in the community.
- . To stimulate improvement at the community level in terms of improved living conditions, increased cohesion, increased planning, and concerted action in solving community problems.
- . To lessen geographical and cultural isolation of remote communities which are largely populated by people of Native ancestry.
- . To encourage the development of projects which are compatible with the social and cultural environment of the Indian people.

Objectives in Saskatchewan were very similar. Also included were objectives to:

- . Stimulate Native community and institutional development in terms of the ability of groups or communities to plan and organize effectively to achieve objectives, create short-term employment, create long-term self-sustaining economic activities, and improved living conditions.
- . Provide training to people of Native ancestry in skills which will enable them to obtain long-term employment.

D.3 Program Evaluations

Program evaluations were conducted by DPA Consulting of the Special ARDA Programs in British Columbia and Saskatchewan. The economic and social impacts of the program to date were assessed, and recommendations as to continuance and restructuring of the program were made. What follows is a brief summary of some of the evaluation findings of relevance to the present study.

D.3.1 Program Evaluation: British Columbia

Economic Impacts

In British Columbia to date, SARDA has been responsible for creating a significant number of jobs for native people at an average cost of between \$16,000 and \$20,000 per job. However, SARDA has had little success to date in achieving its objectives to create profitable, self-supporting native owned businesses. It was suggested that possibly, not too much emphasis should be placed, at the moment, on the lack

of financial success of the many projects engaged in under Special ARDA, because many of them have been in existence only for a short time and because of the high failure rate of small businesses in remote areas generally. On the other hand, it was demonstrated that involvement in Special ARDA has resulted in improvement in the skills, qualifications and work attitudes of SARDA project employees, as well as, improvements in the business management and planning skills of project administrators, members of boards of directors, and other band leaders involved in projects. SARDA has resulted in the provision of needed community services at reduced prices, increases in the self-confidence of bands through their involvement with the SARDA supported business ventures, and improvements in the leverage of applicants in securing short or long term financing from the traditional lending institutions. As well, the purchase of supplies, materials, equipment, and services were from local businesses many of which were native owned.

The economic impact evaluation emphasized that in the final analysis, the community or band level is the appropriate perspective from which to evaluate a success or failure by the program. Two or three successful SARDA projects can have a profound effect on the socio-economic circumstances and the future economic prospects of a single band.

Social Impacts

Both a social and economic impact evaluation was carried out by DPA Consulting. The social impact evaluation indicated that the Special ARDA program has had significant positive impacts on project owners, managers, employees, their families, and the community as a whole. Every operating or previously operating project surveyed reported some social benefits resulting from the project. The most frequently mentioned impacts were those on the whole community: more

jobs, more income, increased opportunities for youth and improved housing. Less frequently mentioned community impacts were improved entertainment/recreation facilities, reduced out-migration, reduced isolation, an increase in traditionally relevant economic activities, and a decrease in welfare dependency.

Although jobs and income are, strictly speaking, economic benefits, the point made by the users of Special ARDA was that social problems cannot be alleviated without jobs and the associated income. For example, the way to reduce alcoholism is not by counselling programs alone, but rather by providing the native person with a job so that his or her everyday life becomes more meaningful. Similarly, opportunities for youth could be viewed as an economic benefit; the people interviewed saw jobs for their children as a key to dealing with the devastating social problems of teenage suicide, homicide and drug use. Improvement in housing is, of course, a direct spin-off of increased income.

Based on social criteria, most of the projects operated by individuals has been considered to be an overall success, while all the band owned projects were deemed to be mixed successes. This result largely reflects project size. Projects owned by individuals tended to be small, one person or family operations. The band owned projects were larger operations involving greater capital outlays as well as more sophisticated technologies and management skills. Also noteworthy is the fact that the two individually owned projects which were not viewed as overall successes were owned by non-natives.

Three major conclusions flow out of the social impact evaluation.

- . The interdependence of social and economic goals should be fully recognized in redesigning SARDA. This implies that a broad socio-economic perspective should be employed rather than a narrow financial perspective in project evaluation and program administration.
- . The application process should be revised so as to reduce the number of rejected applicants who go through the total application process, to ensure that all applicants, regardless of final disposition of their application, learn about small business development by means of the application process.
- . Whenever economically feasible, projects should be encouraged to start small with the opportunity to increase in size as the operators gain business experience.

Attitudes of Native People to Special ARDA

The following points summarize the general attitudes of the native people who are interviewed in the British Columbia study toward the Special ARDA program:

1. For all of the SARDA clientele, the design and delivery of SARDA came closer to meeting their requirements than other government programs utilized in the past.
2. It was found in many projects that SARDA's importance to establishing the project was not only a result of

the program's contribution to capital costs. In many cases, SARDA acted as a catalyst in developing and realizing these projects.

3. Many respondents expressed a clear preference for SARDA over so-called "make work" programs. They indicated that SARDA provided a greater feeling of independence and self-confidence.
4. In general, the native communities who have used SARDA view it as a positive development tool. At the same time, it must be recognized that from the native peoples' perspective, Special ARDA is not a substitute for the access to resources which have been denied to native communities, and is only a partial response to the problems which were created by the actions of non-native society. In the view of the evaluation team, one major conclusion flows out of this situation. Special ARDA together with other native economic development programs, must not only be effective tools within themselves, they must also help to lay the foundation for more comprehensive socio-economic development thrusts that will be managed and controlled by the native community in the future.

D.3.2 Evaluation of Special ARDA in Saskatchewan

Introduction

The Evaluation Team concluded that overall the program in Saskatchewan has been worthwhile and should be continued, although with some important modifications. The program has created a significant number of jobs and has provided economic opportunities to people of Indian ancestry that they might otherwise not have had. It has also served as a

funding vehicle for experimentation with approaches to overcoming the obstacles faced by people of Indian ancestry in gaining access to good jobs and incomes.

It was found particularly significant that the program is perceived by people of Indian ancestry to have been a positive one. Those interviewed often compared it favourably with other programs because they perceived it as addressing what they identify as the highest priority needs of their communities, i.e., the creation of businesses, resource development and permanent jobs.

In general, it would appear that the Commercial Undertakings (CU) component has been the most successful in terms of stimulating new jobs and additional incomes for people of Indian ancestry in rural Saskatchewan. Certain kinds of Primary Producing Activities share many of the features of the CU component and also have experienced good success. The Socio-Economic Adjustment Measures appear to have been less successful in terms of providing Natives with access to long-term jobs and incomes, but the Study Team believes that in the long run the kinds of programming pursued under this category have the potential for benefiting many more Natives than do the Commercial Undertakings.

Key Problem Areas

- . One of the principal problem areas which was strongly identified in interviews with people of Indian ancestry is the lack of clarity of program objectives and program definition. The inclusion of a wide range of very different activities under one program has created confusion and could undermine program integrity.

- . There is a need for the development of a clear set of

priorities for the program, especially in view of the budgetary constraints which DREE and the Provinces now face.

- . There is a need for much more extensive efforts in project planning, counselling, management and employee training, and project monitoring.
- . The present program delivery process is cumbersome and slow and this is generating significant problems for the client group and for the implementing agencies.

Some of the key findings of the Saskatchewan evaluation, relevant to the Nova Scotia situation include:

- . SARDA has been utilized more effectively in the North for a variety of reasons, and in many respects more effectively by non-Status and Metis than by Status Indians.
- . Many of the activities supported under the Agreement (particularly in the case of SAM's) have only a tenuous relationship with the specific funding provisions in the Agreement.
- . The CU component has enjoyed success in establishing businesses which at least manage to survive over a three year period.
- . The CU component has not demonstrated that it has much potential in the urban centres in the South and there are reasons to believe that it could not be applied without significant changes in the urban South.

- . The program has been more successful with small family operations and projects sponsored by individuals than with larger operations.
- . The evidence strongly suggests that most CU projects would not likely have proceeded without SARDA assistance (at least not as quickly or as effectively).
- . The Study Team estimates that approximately 560 long-term jobs (full-time equivalent) have been created by the CU component of the program since program inception.
- . The cost per job in CU projects is estimated at \$13,314, not including provincial grants or loan subsidies. (This is certainly under the grant limit of \$30,000 per job established for the program).
- . Incomes derived from CU projects tend to be relatively low. While Managers surveyed earn an average of \$13,000 (plus benefits derived from ownership), most workers were paid only modest wages, averaging \$9,398 per year.
- . The PPA component of the program has declined relative to the CU component, in part because some projects which might formerly have been PPA's are now being funded as CU's, and in part because of the drop in funding for agricultural projects.
- . There has been a tremendous diversity in the range of implicit objectives, activities and projects funded under the SAM component. In the absence of any apparent strategy or priorities the program has

teneded to respond to demands from a variety of sources and has been used as a source of funding of last resort for projects begun by other agencies. As a result there is really no consistent set of indicators which could be used to measure program achievement of SAM's (for example, some projects resulted in neither training nor significant employment but rather in a building to be used by Natives for numerous but only generally defined activities).

The SAM component has, however, supported some very interesting and exciting projects and has been an important factor in developing projects which have had widespread, beneficial impacts on communities (e.g., alcohol rehabilitation centres).

SARDA has also sponsored some projects which have been innovative and which may point the way to important solutions to Native unemployment problems.

Program delivery of Special ARDA has been a success story in the sense tht the program, after almost a decade of operation has not yet faced the kind of major difficulties often experienced in Native programming.

Most of the Native clients contacted credit the various implementing agencies and DREE with a great deal of the responsibility for developing their projects and making them a reality.

APPENDIX E

COMMUNITY DEVELOPMENT CORPORATION (CDC) CONCEPT

Community Development Corporation (CDC) Concept

CDC's vary according to the needs of the community. They can include some or all of the following types of activities:

- . the provision of employment for local low-income and unemployed people;
- . the establishment of local businesses to employ residents and to generate a profit for community use;
- . the training of residents for higher skill jobs, in management skills, or in community organization;
- . the accumulation of land for development of a housing complex, business, or industry, or to control land use and housing prices;
- .. the contracting of social service delivery to residents.

E.1 Problems Encountered

Experience to date with such organizations has pointed to a number of problems in their development and self-maintenance:

- (a) a conflict between the need for outside resources and the maintenance of local control and distribution of benefits. In order to obtain funds or investments from external sources, C.D.C.'s in certain instances have had to share control over some of their operations and decision-making

functions with those bodies providing operating finances or investment capital.

- (b) the extent of community participation in the administration of the organization and its subsidiaries. On the one hand, too many participants results in inefficient administration, while on the other hand, too few participants results in inadequate community representation in decision-making functions.
- (c) a conflict between the need to preserve business viability and the need to utilize C.D.C. income to provide immediate social benefits to residents. C.D.C.'s in many instances have used net business income for community service expenditures. This has tended to mitigate against economic viability concerns such as the build-up of capital and cash reserves.
- (d) a conflict between short-term and long-term economic benefits. Since one of the goals of the CDC's has been to generate employment, they have tended in some cases to invest largely in business activity which is low skill and labour intensive, instead of planning for the future by investing in or promoting high skill industries which might serve to develop transferable skills among the unemployed.
- (e) a general lack of management skills, combined with local leadership shortages, also has created problems for CDC's, both in obtaining capital from traditional lending sources and in the operation of CDC owned business.

E.2 The Potential Role of Government With CDC's

Government officials are excluded from decision-making of CDC's because of conflict of interest. Further, if Government officials took decisions with CDC boards then the Government could be held liable for any debts that might arise as a result of these decisions. Government officials can sit on the CDC Boards as ex-officio members or consultants. This involvement of Government officials is sometimes advantageous to;

- . help interpret government guidelines;
- . relate to and to interpret performance criteria;
- . aid in the setting up of organizations;
- . provide skills and planning assistance;
- . recruit private and other support;
- . evaluate results;
- . ensure accountability of actions and to enact legislation.

At the federal level there is need for policy and program coordination. Among the Departments and programs that require co-ordination are National Health and Welfare, Secretary of State, Department of Indian and Northern Development, D.R.I.E., and C.E.I.C. A big question in this area of federal involvement is whether the community dimension is being sufficiently respected and promoted--given the response of these Departments is uncoordinated.

At the provincial level in Nova Scotia, the Department of Social Services and Department of Development would likely be involved in supporting a Community Development Corporation. Apart from the perennial need for more money, there is a need to ensure that local and regional priorities are established to focus agencies, communities and institutions towards the solution of priority problems. At the provincial level, like the federal level, there is a need to establish the criteria for CDC's in the areas of membership, accountability, responsibilities, finances, community participation and control, autonomy, etc.

A last and final issue for consideration at all levels is whether CDC's should begin with handpicked leaders such as "New Dawn" in Sydney and the "Human Resources Development Association" in Halifax, or through elections or a combination of both as in Guysborough. A related issue is how to maintain good relations with City Hall, local M.P.'s and Government Departments, when CDC's are involved in similar helping roles.

E.3 Some Key Questions

- . What degree of community organization, commitment, and understanding should exist in the community prior to negotiating a CDC?
- . How can we ensure that CDC's can learn, or obtain, the management skills required to operate businesses in competition with the private sector?
- . What advisory, financial, and technical assistance will be required from the federal and provincial governments during the period when a CDC is "learning the ropes" so to speak?

- . Can tax-exempt status be obtained for the CDC or a subsidiary so that its fund-raising capability is enhanced by its capacity to provide tax deductible receipt to donors?
- . Would local, federal and provincial government agencies be willing to turn over to CDC's operating responsibility, such as social service delivery, housing rehabilitation and manpower training.
- . What forms of organization would be acceptable to both governments and the community involved for a viable CDC to be created?
- . Should there be some limit on the amount of CDC income to be utilized for community social needs?
- . How can activities at the federal and provincial levels be co-ordinated?*

* This Appendix has been excerpted from a draft discussion paper by M.J. Keyes, Canadian Employment and Immigration, Halifax.



