



Partnerships in Practice

Case Studies in Municipal and First Nations'
Economic Development Co-operation

A report prepared by the

**Municipal-Aboriginal Adjacent
Community Cooperation Project**

for the

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PROJECT PARTNERS

Federation of Canadian Municipalities / Indian Taxation Advisory Board /
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Executive Summary

Partnerships in Practice

Case Studies in Municipal and First Nations' Economic Development Co-operation

Neighbouring municipal governments and First Nations across Canada are working together to create economic opportunities and improve the quality of life in their communities.

In 2001, the Centre for Municipal-Aboriginal Relations (CMAR) struck a committee to explore these relationships. The committee consists of representatives from the Federation of Canadian Municipalities (FCM), the Indian Taxation Advisory Board (ITAB), and Indian and Northern Affairs Canada (INAC). FCM and ITAB together manage CMAR.

The Municipal-Aboriginal Adjacent Community Cooperation Project committee conducted research to identify best practices in municipal and First Nations' partnership building for economic development, and to provide a resource for other municipal governments and First Nations interested in pursuing similar partnerships.

While improvements have been made, persistent gaps remain in the quality of life in Aboriginal communities compared to their non-Aboriginal neighbours. The federal government promotes partnerships in economic development as a key tool to improve the social and economic status of Aboriginal communities.

By pooling assets, especially in an area with limited or constrained economic opportunity, municipal governments and First Nations can improve their local and regional economies. Joint initiatives can open up a larger market for both, as First Nations' land holds a full range of opportunities for economic development that frequently remains untapped.

First Nations' reasons for entering into a partnership with municipal governments include the provision of municipal services in cases where it is more cost

effective to draw on existing infrastructure, or the establishment of urban reserves through the federal Treaty Land Entitlement or Additions to Reserve Policy process.

Aboriginal communities and municipal governments recognize the potential economic and social benefits of an expanded industry and tourism sector by jointly fostering opportunities for economic development.

The differing governance and taxation systems within which municipal governments and First Nations operate and a lack of effective communication are identified as the main barriers to economic partnerships. In particular, the relationship between First Nations and the federal government is not always well understood. And businesses off-reserve feel at a disadvantage when businesses on-reserve, which do not have to charge provincial sales tax, can offer lower prices for goods and services.

The Municipal-Aboriginal Adjacent Community Cooperation Project committee selected five case studies for further research:

- ▼ Fredericton and St. Mary's First Nation, New Brunswick
- ▼ Thunder Bay and Fort William First Nation, Ontario
- ▼ The Pas and Opaskwayak Cree Nation, Manitoba
- ▼ Saskatoon and Muskeg Lake Cree First Nation, Saskatchewan
- ▼ Central Okanagan and Westbank First Nation, British Columbia

Information provided by these communities confirms the reasons for and barriers to the partnerships mentioned above. Despite the challenges, the case studies demonstrate that, with perseverance and commitment from Aboriginal communities and municipal governments, mutually beneficial economic development initiatives can be achieved. In all five cases, the foundation for partnership building was laid by service agreements for the provision of municipal services, such as sewage, water, fire protection, and policing.

The specific experiences of these communities provide lessons learned in creating opportunities for successful economic development partnerships in municipal and First Nations' communities across Canada. Each case study partnership had some practical advice for other communities contemplating or about to embark on a joint municipal-First Nations' economic development initiative. Their recommendations form the conclusion of this report and include partnership aspects, such as service agreements, public perception, communication, building trust, leadership, and planning and resources.

Perhaps owing to their mostly informal nature, many of these types of partnerships are undocumented. This study on municipal and First Nations' economic development co-operation fills that information gap by documenting the experiences of five partnerships. That makes this report a much-needed resource to others interested in pursuing similar relationships with a neighbouring community.

Acknowledgments: This project was funded in part by Indian and Northern Affairs Canada and conducted by the Centre for Municipal-Aboriginal Relations' Adjacent Community Cooperation Project, a partnership between the Federation of Canadian Municipalities (FCM), the Indian Taxation Advisory Board (ITAB) and Indian and Northern Affairs Canada (INAC).

Introduction

Neighbouring municipal governments and First Nations across Canada are working together to create economic opportunities and improve the quality of life in their communities. Perhaps owing to their mostly informal nature, these partnerships have been largely undocumented. This study on municipal and First Nations' economic development co-operation fills that information gap by documenting the experiences of five partnerships:

- ▼ Fredericton and St. Mary's First Nation, New Brunswick
- ▼ Thunder Bay and Fort William First Nation, Ontario
- ▼ The Pas and Opaskwayak Cree Nation, Manitoba
- ▼ Saskatoon and Muskeg Lake Cree First Nation, Saskatchewan
- ▼ Central Okanagan and Westbank First Nation, British Columbia

The specific experiences of these communities provide lessons learned in creating opportunities for successful economic development partnerships in municipal and First Nations' communities across Canada. That makes this report a much-needed resource to others interested in pursuing similar relationships with a neighbouring community.

Municipal-Aboriginal Adjacent Community Cooperation Project

In 2001, the Centre for Municipal-Aboriginal Relations (CMAR) struck a committee to explore relationships between adjacent municipal and First Nations' communities. The committee consists of representatives from the Federation of Canadian Municipalities (FCM), the Indian Taxation Advisory Board (ITAB), and Indian and Northern Affairs Canada (INAC). FCM and ITAB together manage CMAR.

The Municipal-Aboriginal Adjacent Community Cooperation Project committee and staff conducted research to:

- ▼ Identify best practices in municipal and First Nations' partnership building for economic development, and
- ▼ Provide a resource for other municipal governments and First Nations interested in pursuing similar partnerships.

Project Methodology

1. Research Overview

A literature review and case study research led to findings in two main areas:

- ▼ The need for municipal and First Nations' economic development partnerships, and
- ▼ Catalysts and barriers to municipal and First Nations' economic development partnerships.

2. Case Study Research

From its review of existing partnerships, the project committee selected five case study communities that illustrate:

- ▼ A representative sample of community size and location;
- ▼ Partnership innovation; and
- ▼ One or more of INAC's five principles of partnership building in economic development (*see page 7 for a list of these principles*).

Site visits and approximately 20 interviews with First Nations' and municipal leaders and technical staff were conducted from January to March, 2002.

Case study research was designed to answer the following questions:

- ▼ What are the catalysts to forming such partnerships?
- ▼ How are partnerships developed?
- ▼ What are the barriers and benefits of partnership?
- ▼ What is the future of these partnerships?

Research was compiled in this report to serve as a "best practices" guide to facilitate partnership building between adjacent municipal governments and First Nations in order to create opportunities for economic development.

Acknowledgments: This project was funded in part by Indian and Northern Affairs Canada and conducted by the Centre for Municipal-Aboriginal Relations' Adjacent Community Cooperation Project, a partnership between the Federation of Canadian Municipalities (FCM), the Indian Taxation Advisory Board (ITAB) and Indian and Northern Affairs Canada (INAC).

Research Overview

1. The Need for Municipal and First Nations' Economic Development Partnership Building

Aboriginal peoples represent the fastest growing and youngest segment of the Canadian population.

- ▼ The Aboriginal population growth rate is double that of the overall Canadian population.
- ▼ In 2000, approximately 50 per cent of the total Aboriginal population was less than 25 years of age, compared to 33 per cent in the total Canadian population.¹

While there have been some improvements, persistent gaps remain in the quality of life experienced by Aboriginal peoples in Canada. Social, economic and health indicators in Aboriginal communities are far below those of their non-Aboriginal neighbours. According to the 1996 Census (2001 Census figures had not been released at the time of publication):

- ▼ The average employment income of Aboriginal peoples (\$17,382) was 34 per cent below the national average (\$26,474).
- ▼ Only 54 per cent of working-age Aboriginal peoples were employed compared to 71 per cent of non-Aboriginal working-age people.
- ▼ 60 per cent of Aboriginal earners had completed high school, compared to 75 per cent of earners in the general population.

These statistics reveal an increased need for employment and economic development opportunities in the Aboriginal community. With the rapid growth rate of the Aboriginal population, it is estimated that an additional 160,000 jobs will be needed within the next decade to maintain current levels of employment.²

¹ Basic Departmental Data 2001, INAC.

² Loizides, Stelios and Greenall, David. *Creating Value Through Corporate-Aboriginal Economic Relationships*. Ottawa, The Conference Board of Canada. October 2001.

Strength Through Partnerships

The Government of Canada promotes partnerships in economic development as a key tool to improve the social and economic status of Aboriginal communities in Canada.

The importance of partnerships is articulated in *Gathering Strength – Canada’s Aboriginal Action Plan* (1998), the Government of Canada’s response to the Royal Commission on Aboriginal Peoples (1993).

INAC has identified five objectives to be achieved through partnership building in Aboriginal economic development:

Improving access to capital: There is a growing demand for investment capital by Aboriginal communities and businesses. The private sector is the principal source of this needed investment capital and innovative approaches.

Facilitating access to markets: Most Aboriginal businesses are small and serve local markets. They need access to partnership and mentoring opportunities to gain a foothold in the larger regional and national/international private sector and public procurement markets.

Improving access to lands and resources: Increasing Aboriginal participation in resource-based development in and around their communities will generate employment and business development, which in turn will increase investment confidence.

Enhancing access to workforce skills and experience: The Aboriginal labour force is growing at more than twice the national average and needs the skills and workforce opportunities to compete in the future economy. Through partnerships with government and Aboriginal peoples, many companies are working to reduce systemic barriers to employment caused by poorly designed hiring and contracting processes.

Supportive business climate/economic infrastructure: Building a positive investment climate through attractive economic infrastructure, good governance, certainty of land tenure and community consensus is critical for economic partnerships and growth.

The National Aboriginal Financing Task Force report, *The Promise of the Future: Achieving Economic Self-Sufficiency Through Access to Capital* (1996), also identifies partnerships as one of five key steps to promoting Aboriginal economic self-sufficiency. It concludes:

1. Aboriginal peoples must have access to capital.
2. Economic development in Aboriginal communities is likely to succeed only when they have strong and stable governments; a long-term plan for the future of their communities; make their own decisions; and have consistent revenue sources.
3. The most effective way (and probably the only way) for Aboriginal communities to address their current socio-economic challenges is to create wealth through business activity.
4. According to population projections, Aboriginal communities must recognize that human resource development is the key to a thriving economy in the 21st century. A highly educated and skilled labour force is a valuable asset for any community today.
5. To achieve economic self-sufficiency, Aboriginal communities must promote coordination and partnership among many groups and individuals, both inside and outside the Aboriginal community.

Municipal-Aboriginal Partnerships

INAC identifies all orders of government, including municipal governments, as important partners in Aboriginal economic development.

The 1993 Royal Commission on Aboriginal Peoples (RCAP) recommended that “leaders of municipalities, counties and larger regional bodies and their Aboriginal counterparts consider how to reduce the isolation between them and develop a mutually beneficial relationship.”³

FCM has become a key partner in improving and encouraging partnerships between municipal governments and Aboriginal communities. In 1997, FCM and ITAB partnered to develop CMAR to facilitate communication between municipal governments and Aboriginal peoples. CMAR serves as a forum for providing information and advice on municipal-Aboriginal relations, including best practices in service delivery agreements.

One of the first studies the centre published was a *Literature and Effective Practices Review of Municipal-Aboriginal Relations* (1997), which identified partnership potential in areas where First Nations’ activities intersect with municipal government interests, including:

- ▼ Self-government;
- ▼ Land claims and treaty process;
- ▼ Jurisdiction;
- ▼ Taxation; and
- ▼ Service agreements.

A second study, *A Portrait of Municipal-Aboriginal Relations in Canada* (1998), identified other emerging areas for partnership, including:

- ▼ Economic development initiatives;
- ▼ Land ownership, use and development; and
- ▼ Infrastructure cost-sharing.

This study also showed that 48 municipal governments had existing economic initiatives with 96 First

Nations, Aboriginal service and political organizations or some section of the Aboriginal community. However, as documented in the *Literature and Effective Practices Review*, these partnerships are largely informal in nature, and therefore undocumented.

Recognizing the need for further research and documentation, in 2001 CMAR requested and received funding from INAC for the Municipal-Aboriginal Adjacent Community Cooperation Project. It was determined that the ideal way to begin a best practices inventory of municipal-Aboriginal relationships was to focus on existing collaborations between neighbouring municipalities and First Nations.

PROJECT PARTNERS

Federation of Canadian Municipalities (FCM)

FCM has been the national voice of municipal governments since 1901. The organization is dedicated to improving the quality of life in all communities by promoting strong, effective and accountable municipal government. It represents the interests of all municipalities on policy and program matters within federal jurisdiction. Members include Canada’s largest cities, small urban and rural communities, and the 17 major provincial and territorial municipal associations.

Indian Taxation Advisory Board (ITAB)

ITAB was established in 1989 to complement amendments to the *Indian Act* specific to taxation issues and to facilitate the approval of First Nations’ taxation bylaws. The board directs the review and analysis of all First Nations’ property taxation bylaws and provides advice on their approval. It also provides general tax policy advice to the Minister of Indian and Northern Affairs, among others.

Indian and Northern Affairs Canada (INAC)

INAC’s primary role is to support First Nations and Inuit in developing healthy, sustainable communities, and in achieving their economic and social aspirations. To fulfill this mandate, INAC works collaboratively with First Nations, Inuit and Northerners, as well as with other federal departments and agencies, provinces and territories.

³ RCAP Recommendation 2.5.8.

2. Review of Existing Partnerships

Partnerships take shape according to the specific needs of each community, but significant trends can be discerned as catalysts and barriers to developing these collaborative relationships.

Catalysts to Municipal and First Nations' Partnerships

Partners initiate and continue economic development projects to achieve the following mutual benefits:

- ▼ Economic and social benefits;
- ▼ An opportunity to take advantage of Aboriginal demographics (i.e., the growing Aboriginal population and the effect that this will have on the future workforce);
- ▼ A desire to make each community more attractive to the tourism market; and
- ▼ Recognition that there is strength in numbers in dealing with other orders of government.

First Nations report the following reasons for pursuing partnerships with neighbouring municipalities:

- ▼ **Infrastructure needs:** For most First Nations, it is not economically feasible to build their own service facilities separate from adjacent municipal communities.
- ▼ **Spinoff effects of economic development:** First Nations recognize that economic development provides the means for meeting the social services objectives of their communities.
- ▼ **Urban reserves:** Urban land may be acquired by First Nations for the establishment of urban reserves under the Treaty Land Entitlement or the Additions to Reserves Policy process, administered by INAC. Treaty Land Entitlement agreements allocate money to First Nations for the purchase of federal, provincial, or private rural or urban lands for reserve status. The agreements were created by the federal government to settle outstanding land debt to First Nations. The debt had accumulated through under-allocation of reserve land to which First Nations were entitled under Treaties signed by the Crown in the late 19th century and

from government expropriation of reserve lands that occurred in the early 20th century. First Nations that have not signed a Treaty Land Entitlement agreement may acquire land through the Additions to Reserve Policy process.⁴

Municipal governments report the following reasons for partnering:

- ▼ **Mutual economic and social benefits:** By pooling assets, especially in an area with limited or constrained economic opportunity, communities can improve their local and regional economies, which will result in better social conditions.
- ▼ **Opening up a larger market:** First Nations' land holds a full range of economic opportunities for development that often remain untapped. Joint economic development initiatives can open up a larger market for both communities. Tax breaks available for development on-reserve can attract business to the area.

⁴ Barron, Laurie and Garcea, Joseph. "The Genesis of Urban Reserves and Role of Governmental Self-Interest" in F. Laurie Barron and Joseph Garcea, eds., *Urban Indian Reserves*. Saskatoon: Canadian Cataloguing in Publication Data, 1999; Martin-McGuire, Peggy. "Treaty Land Entitlement in Saskatchewan: A Context for the Creation of Urban Reserves." in F. Laurie Barron and Joseph Garcea, eds., *Urban Indian Reserves*. Saskatoon: Canadian Cataloguing in Publication Data, 1999.

Barriers to Municipal-Aboriginal Partnerships

The differing governance and taxation systems within which municipal governments and First Nations operate and a lack of effective communication are the main barriers to economic partnerships.

- ▼ **Governance:** Municipal governments and First Nations fall under different jurisdictions. The First Nations' community, by virtue of its historical relationship with the Crown, has a special relationship directly with the federal government. Municipal governments have delegated authority through provincial or territorial governments.
- ▼ **Taxation:** In 1988, amendments to the *Indian Act* extended the taxing powers of First Nations to their interests in conditionally surrendered or "designated" lands (i.e., reserves). This change to the *Indian Act* gave First Nations broad new powers to tax interests within reserves, thereby establishing their jurisdiction, creating economic development opportunities and providing a basic tool for self-government.

The result is two very different tax regimes and the resulting partnership challenges:

- a) Government to government: Municipal governments face property tax losses when land is converted to reserve land and thus becomes exempt from municipal taxation.
- b) Business to business: On-reserve businesses do not have to charge Provincial Sales Tax (PST) on goods and services. Some off-reserve businesses feel that this is an unfair tax advantage as they cannot compete with lower prices that do not reflect PST, especially for fuel and tobacco. From a First Nations' perspective, this tax-exemption is a right and, as such, should not be revised.

- ▼ **Communication:** Most municipal governments and First Nations demonstrated wariness in partnership potential if regular communications were not maintained. Public perception varies, particularly at the beginning of a municipal-First Nations' partnership. Responses include scepticism, indifference, acceptance and support depending on past experiences between the communities.

BENEFITS OF MUNICIPAL AND FIRST NATIONS' ECONOMIC CO-OPERATION

- ▼ A cost-effective way to provide services to reserves
- ▼ Expanded market for municipal service providers
- ▼ Access to potential markets in neighbouring community
- ▼ Increased economic development opportunities, such as growth in tourism and industrial sector
- ▼ Improved employment opportunities in both communities
- ▼ Improved opportunities for training and human resources development in Aboriginal communities—a key to successful self-government
- ▼ Improved relationships between communities through increased interaction
- ▼ Improved social conditions on-reserve
- ▼ Economic development improves quality of life in both communities

Case Study:

FREDERICTON AND ST. MARY'S FIRST NATION, NEW BRUNSWICK

Fredericton and St. Mary's First Nation are neighbouring communities located on the St. John River. The reserve is located six kilometres east of Fredericton.

Population: The City of Fredericton has a population of 46,507, with a secondary trading area of 110,656 in Greater Fredericton (2001 Census). Data collected by the Tribal Council in 2000 showed a total population of 1,189 for St. Mary's First Nation.

Economic base: Fredericton's diversified economy includes transportation, forestry, manufacturing, tourism and, to a lesser extent, farming and fishing. Its location on the Trans-Canada Highway and one hour from a major American highway, makes Fredericton a pivotal location for the Atlantic Canada and northeastern US markets.

Developing the partnership

The partnership arose from a need to provide basic services to St. Mary's First Nation. Fredericton provides water, sewer, fire, police, and other basic services to St. Mary's through established service agreements—a cost-effective alternative to building new infrastructure on-reserve. The two communities began working together more than a decade ago around discussions on the building of a new highway through both Fredericton and St. Mary's First Nation.

The city and First Nation have also worked in partnership with the province and the federal government. In the late 1990s, land was transferred from New Brunswick Power to St. Mary's First Nation in exchange for a highway right-of-way through the reserve. The highway has increased traffic to the whole area—delivering economic opportunities to all local business.

Fredericton and St. Mary's have developed a strong relationship and continue to work together on new initiatives. The two communities maintain communication on mutual interests, such as the building of an overpass linking various parts of the city to the entertainment centre located on the reserve. Most recently, Fredericton and St. Mary's have been discussing the sharing of best practices by organizing services, such as business counselling and workforce development initiatives training for the public.

Successes

Taking advantage of the large market with its neighbouring city, the First Nation has developed a number of viable businesses on-reserve. St. Mary's Retail Sales, the First Nation's umbrella company, owns and operates a courier and delivery service, a convenience store, a gas bar, a wholesale division, and a coffee vending machine service. St. Mary's is also developing a 6,100-square-metre mall and office complex, which will cost an estimated \$4.3 million and create approximately 100 new jobs.

These on-reserve businesses have substantially increased employment and training opportunities for First Nation's members. Unemployment dropped to 12-15 per cent in 2001, down from 80 per cent only two years ago.

By attracting the interest of other investors, such as the information technology industry, the whole area has benefited from a stronger and more vibrant business climate.

Challenges

Some business owners in Fredericton argue that differences in the sales tax system are inequitable because they favour businesses on-reserve, which are not required to charge PST and therefore can offer lower prices for goods and services. This issue remains a concern for some off-reserve business owners.

A lack of financial and human resources have been an impediment to St. Mary's participation in economic development partnerships.

Future

Fredericton and St. Mary's look forward to developing more specific and formalized partnerships, such as the joint development of a recreation facility on the First Nation's land. They have also discussed jointly developing an overpass in the area of the First Nation's Entertainment Centre, which will improve traffic flow and accessibility to the centre.

Lessons learned

The partners advise other municipal governments and First Nations wishing to develop economic partnerships to initiate communication and work towards developing a trusting relationship through regular interaction. It is also very important to know the business the partnership will set out to establish. The First Nation needs to know its community members and understand its market. St. Mary's also noted that support of the Chief and Council for local economic development initiatives is important.

Case Study:

THUNDER BAY AND FORT WILLIAM FIRST NATION, ONTARIO

The City of Thunder Bay is situated at the head of Lake Superior in Northwestern Ontario. The Fort William First Nation and Thunder Bay are connected by a bridge over the Kaministiquia River.

Population: Thunder Bay and surrounding area has a population of 121,986 (2001 Census). The population of Fort William First Nation is 1,589, with 691 people living on-reserve.

Economic base: The City of Thunder Bay is a major transportation hub serviced by one of Canada's largest port facilities, a junction of the Trans-Canada Highway and two major railways. With some 1.4 million visitors a year, tourism generates \$350 million for the local economy. The city forecasts an increase in light to heavy industry when two new industrial parks, now under discussion, are established on First Nation land. One park will house a softwood sawmill park, the other is expected to serve as an energy park.

Developing the partnership

The partnership was initiated to provide basic services and encourage economic development on-reserve. The city also anticipated spinoff benefits for its residents.

The City of Thunder Bay and Fort William First Nation have service arrangements in place, such as water and fire services to the proposed softwood sawmill park. Services to the energy park are still under discussion. Electricity will be provided to the First Nation through a partnership with Thunder Bay Hydro and North West Energy Association. This partnership is expected to lead to the development of a major power plant on First Nation land.

A 225-hectare industrial park, which will house the new softwood sawmill, is being developed on First Nation land. The land, previously owned by Canadian National Railway, was returned to the First Nation in 1999. Prior to the land transfer, the city and First Nation worked co-operatively to study how the land could best be used, the basic services it would require, and the market it would serve. The city was involved in these discussions to secure a right-of-way on the land to install and link water infrastructure to existing city infrastructure.

Successes

The \$14-million Fort William industrial park and Bowater Mill development project is expected to deliver economic and social benefits to the entire region.

The project will generate:

- \$100 million for the Fort William First Nation's economy over the next 20 years;
- More than 250 jobs for First Nation and city residents employed in sawmill construction and operations, and associated activities, such as transportation, on-reserve fuel sales and restaurants;
- New economic development opportunities within the First Nation and the city of Thunder Bay; and
- Support for local businesses within the First Nation and the city.

The social benefits anticipated from the creation of employment opportunities include the means for Aboriginal peoples to establish a life independent from social assistance.

Challenges

The City of Thunder Bay stands to lose taxes on the land slated for development, since the land once transferred to the First Nation will be designated reserve land. Currently, the tax ratio for residential developments is low in Thunder Bay while the tax ratio for commercial development is double in order to offset the subsidy to residential developments. The city is concerned that under its current tax ratio, subsidized residential development in the city is not sustainable when industrial development happens outside municipal boundaries and thus outside the city's tax regime. The reserve-designated land creates an advantageous tax environment for the new mill. Despite the potential property tax loss, the city supports the project because it will attract investors to the area and ultimately benefit the entire region.

Future

The city and the First Nation are very open to partnering for future development. The city is currently working with the First Nation to develop a \$9-million power plant project.

Lessons learned

Partners advise municipal governments and First Nations wishing to establish an economic development partnership to ensure support from municipal and First Nations' leadership. Partnerships are best started with small projects, which will lead to increased trust and opportunity. Sharing success stories with both communities is important to raise public awareness and support for future endeavours.

Case Study:

THE PAS AND OPASKWAYAK CREE NATION, MANITOBA

The Pas region is located about 600 kilometres northwest of Winnipeg at the junction of the Saskatchewan and Pasquia Rivers. It comprises the Town of The Pas, the Rural Municipality of Kelsey, and Opaskwayak Cree Nation.

Population: The region has a population of almost 13,000 with 7,747 living in The Pas, 2,520 living in Kelsey and 2,432 living on the Opaskwayak Cree reserve (2001 Census).

Economic base: Forestry, agriculture, services and transportation are the region's industrial pillars. Pulp and paper manufacturer Tolko Manitoba is the largest employer in the area with 750 people working in the mill and 350 people in the woodland operation. The Saskatchewan River delta offers some of the best farmland in western Canada.

Developing the partnership

After overcoming what was a strained relationship, The Pas and the Opaskwayak Cree Nation are now working together to develop their common economic base. They jointly manage a range of projects, including service agreements, community improvement activities and Treaty Land Entitlement negotiations.

The town provides basic services, such as water, sewage and fire protection, to the reserve. The partners also have an agreement whereby the town provides water and sewer services to the First Nation's residential area located within municipal boundaries. These agreements include details on costs for specific services and repercussions for non-payment—an important practice to manage expectations and avoid conflict.

The Pas and the First Nation have fire protection and police services, and have arranged to share these services based on where in the communities a need will arise.

The communities are engaged in improvement projects, such as a recycling program, funding the addition of a police dog to their local RCMP detachment, and a program addressing homelessness. The

local hockey team, the OCN Blizzard, is owned by the First Nation and sponsored by The Pas. The team has been instrumental in bringing the three communities closer together. Together, they also hosted the 2002 Manitoba Winter Games. At the time of writing, the town and the First Nation were nearing the end of negotiations on a Treaty Land Entitlement (TLE) service agreement. Discussions on a service agreement with The Pas began in April 2000 when the Opaskwayak Cree Nation acquired land within municipal boundaries designated for reserve status under the TLE agreement. The agreement includes a clause on compatible zoning with adjacent lands and fees payable annually to the town for municipal services such as water, sewer, garbage disposal, and animal control.

Successes

The most innovative aspect of the partnership between The Pas and the Opaskwayak Cree Nation has been their ability to work through past issues. Community relations were severely tested with the 1971 sexual assault and murder of a Cree woman by several men from The Pas. Overcoming a serious obstacle to trust, the communities have managed to build an economic future. Community leaders have observed economic improvements since initiating the partnership, with the First Nation identifying an increase in employment and training opportunities due to economic development on the reserve. All parties promote the region as one community, working together to develop a strong business climate.

Challenges

While the issue of property tax on the First Nation's newly acquired land was resolved through the service agreement, including provision of fees payable to the town for municipal services, the issue of education tax was not addressed. The service agreement does not require the First Nation to pay educational tax, which is seen by the town as lost revenue,

because it would normally collect this tax on that land. The Town of The Pas plans to address this concern with the provincial government and lobby for a provincial formula that would provide some funding to assist with school costs to offset lost education tax.

The town also is seeking to make the whole region a tax-exempt area for goods and services. Currently, on-reserve First Nation's businesses supply provincial tax-exempt goods and services to First Nation's citizens. The town feels this situation places off-reserve businesses at a disadvantage. Opaskwayak leaders, on the other hand, feel the economic need prevails to exercise their tax-exemption rights on reserve.

Both communities need a better understanding of each other's governance systems: The Pas needs to know more about the First Nation's fiscal relationship with the federal government and the Opaskwayak Cree Nation needs to learn more about municipal government.

Future

Both communities are planning more joint economic development, including increased retail and professional services, tourism opportunities, additional recreational facilities and roads. The goal is to develop the region as a shopping and entertainment centre for northern Manitoba.

Lessons learned

The partners advise municipal governments and First Nations wishing to develop an economic development partnership to start small and set realistic goals. Success with small projects builds confidence and momentum for larger projects. All partners need to make sure they have a clear understanding of what is to be achieved and not expect immediate results. The partners need to be patient since each will go at their own pace and this must be respected. The partnering communities need to put aside fears and apprehensions and work at developing trust and sharing information.

Case Study:

SASKATOON AND MUSKEG LAKE CREE FIRST NATION, SASKATCHEWAN

The Muskeg Lake Cree First Nation is located about 100 kilometres north of Saskatoon (roughly midway between North Battleford and Prince Albert). While it is not adjacent to the city, a relationship developed through the establishment of an urban reserve by the First Nation in Saskatoon.

Population: Saskatoon today is a thriving metropolitan area of 225,927 people (2001 Census), with a combined primary and secondary trading area of 800,000. According to 2001 population estimates by Saskatchewan Health, the Aboriginal population of Saskatoon makes up 6.2 per cent of the total population. The Muskeg Lake Cree First Nation counts 296 people on-reserve.

Economic base: Saskatoon's resource-based economy has expanded to include research and manufacturing in a variety of industry sectors, including agri-food, technology, biotechnology, food processing, and metal fabrication.

Developing the partnership

The City of Saskatoon and the Muskeg Lake Cree First Nation are not adjacent communities, however in 1984 they began negotiations to establish an urban reserve—the first time a new reserve was established within municipal boundaries in Canada—under INAC's TLE process. The urban reserve was to help economic development for the Muskeg Lake Cree First Nation.

In 1993, the city and the First Nation signed a service agreement for the urban reserve. Under this agreement, Saskatoon provides garbage pickup, water, sewer, and fire protection. The Muskeg Lake Cree First Nation collects property taxes on the urban reserve to pay for these services—an amount equivalent to what the city would have received if land had remained under its jurisdiction.

The growing Aboriginal population in the city and its effect on the future workforce led the partners to a number of employment initiatives: the "Yes, We Can" program recognizes young Aboriginal entrepreneurs; the Employer Circle provides cultural sensitivity training for employers and matches Aboriginal candidates to positions; and there is participation in the Saskatoon and Area Chamber of Commerce.

Successes

The land that was designated urban reserve has evolved from what was once vacant land into a thriving business area. Muskeg Lake Cree First Nation has diversified its economy and now manages assets of close to \$17 million, including \$2 million in infrastructure, such as water, sewer and roads, and \$15 million in buildings leased for office space in the industrial park.

The people of Saskatoon and the wider business community have accepted the urban reserve because it is understood that fees for municipal services equivalent to the property tax the city would have received if land remained under municipal jurisdiction were being paid.

The First Nation's community also is supportive of the partnership. Band members receive regular information about the partnership at band meetings and an annual meeting is held between the leadership of the First Nation and the city.

Challenges

Establishing an urban reserve is a complex process. Some difficulties arose from a lack of information on INAC's TLE policy, especially how it affected the city. The First Nation's direct approach in the negotiations helped overcome these early difficulties.

Saskatoon's main concern was to maintain a level playing field in taxation, where tax in the area would be harmonized to reflect competitive retail prices on- and off-reserve. Local businesses off-reserve were concerned that the tax-exempt status of businesses on-reserve would give them an unfair advantage, and draw business away with lower retail

prices (especially for tobacco and fuel), since they did not have to charge Provincial Sales Tax (PST). Off-reserve businesses preferred that on-reserve businesses charge the same prices and keep the money equivalent to the PST for their community. This issue has not been discussed between the two communities and remains unresolved.

Future

The city and the First Nation continue to identify and develop other business opportunities, which will result in more employment and training opportunities for Muskeg Lake Cree First Nation members and residents of Saskatoon. Both parties are discussing the development of additional urban reserves in Saskatoon in aid of these goals.

Lessons learned

The partners advise municipal governments wishing to initiate similar relationships with First Nations and establish an urban reserve to proceed only if there is political will on both sides. People who are willing to take the risks need to be identified. The key is to connect often to avoid municipal governments and First Nations operating in isolation from each other.

First Nations need to come to the table knowing their own assets and with a vision of what they want from the partnership. Although economic resources are limited, First Nations have a strong human resource sector within their communities. With economic expansion, First Nations will be able to meet increased demand for human resources.

Both partners felt that if they could do one thing differently, it would be to develop the relationship at a faster pace.

Case Study:

CENTRAL OKANAGAN AND WESTBANK FIRST NATION, BRITISH COLUMBIA

The Regional District of Central Okanagan lies in the heart of the Okanagan Valley and comprises five areas: Kelowna; Lake Country; Peachland; Westside (including Westbank First Nation, one of seven Aboriginal communities that make up the Okanagan First Nation); and Joe Rich-Ellison region. The Okanagan Valley and, in particular, Westbank First Nation's communities on the west side of Okanagan Lake adjacent to the city of Kelowna, is among one of the fastest growing areas in Canada.

Population: The district counts about 150,000 residents, more than 50 per cent of the Okanagan Valley's total inhabitants. Westbank First Nation has a population of 591.

Economic base: The service industry accounts for the largest economic sector in the district, followed by the goods producing sector, including primary industries, manufacturing and construction. Other sectors include wholesale and retail trade; government, health and education; and transportation, communication and utilities.

Developing the partnership

The Westbank First Nation has representation on the district's Economic Development Board, an advisory body consisting of representatives from different sectors of the economy, including the municipal government and the Chamber of Commerce.

Land in the Okanagan Valley is at a premium, hence the development of First Nation's land would be mutually beneficial, drawing more businesses and residents to the area. Reserve-held land also may prove attractive because it is not subject to the same tax applied to municipal or provincial lands.

The Regional District of Central Okanagan and the Westbank First Nation have negotiated two sanitary sewer agreements and one general municipal services agreement. Under the sanitary sewer agreements, development on-reserve is subject to the same fees for service as those off-reserve to ensure an equitable basis for both communities.

Under the general services agreement, the municipal government provides economic development, recreation facilities, transit services, and dog control. A lump sum has been negotiated for these services. Both agreements help open up reserve land for development.

A second reserve has been created at Mission Creek on the Kelowna side of Okanagan Lake. The district was involved in an extensive review required under INAC's Additions-to-Reserves policy. While the process was lengthy, the district felt its concerns were addressed.

A Memorandum of Understanding between the Westbank First Nation and the regional district was signed in January 1999, encouraging politicians and staff of both parties to meet regularly on issues of common interest.

Successes

The partnership has led to significant commercial, residential and industrial development on the reserve, which has brought benefits to the whole region, such as increased traffic and more retail and residential development.

The new and uniform sewage system is an improvement over individual septic tanks that could damage health and the environment.

While negotiating the different agreements was the responsibility of the political bodies of both parties, technical staff through informal co-operation achieved a comfortable working relationship in implementing the agreements.

Challenges

Development on-reserve may have halted development off-reserve unintentionally, but most feel that this is a temporary situation. At the operational level, there were some technical challenges, such as on-reserve rights-of-way, as staff for both partners were not given the opportunity for input.

Partners are trying to address the need to maintain a strong and trusting relationship through ongoing dialogue and face-to-face meetings. The First Nation, however, is preoccupied with provincial and federal land negotiations and not always available to focus on new local

initiatives. The district also has limited time and resources to commit to further partnership development, especially if the First Nation is unable to respond. It has been suggested that some of these challenges could be addressed and the partnership facilitated by a third party who would act as a broker.

A certain discomfort exists in the non-Aboriginal community about the treaty process and other provincial and federal negotiations with the Westbank First Nation. But as development continues and benefits accrue to the whole area, public perception and support continues to improve.

Future

The district and the First Nation are working on an extension to the current sewer service agreements. They are jointly applying for infrastructure grants to expand sewer services on-reserve in the Casa Loma area, a project worth an estimated \$10 million. This will open up for development a piece of First Nation's land that is now undeveloped, but is prime land for building resorts, hotels and marinas.

Both parties have common economic development objectives. They agree that if one community benefits economically, everyone in the area will benefit.

Lessons learned

Partners advise municipal governments and First Nations wishing to establish an economic development partnership to be flexible. Municipal governments may need to adjust the way they conduct business to facilitate First Nations' involvement. Sharing as much information as possible will help maintain a strong and trusting relationship.

If First Nations want to partner with municipal governments, they will need to work at establishing a relationship of trust. They also need to identify the cost savings and benefits for both communities associated with development on First Nations' land.

Recommendations: Strategies for Success

The five case studies confirm the barriers to partnerships identified in the Review of Existing Partnerships (pages 9 and 10). Despite these challenges, the five case study partnerships demonstrate that, with perseverance and commitment from both communities, mutually beneficial economic development initiatives can be achieved.

Each case study partnership had some advice for other communities contemplating or about to embark on a joint municipal-First Nations' economic development initiative. A set of recommendations in the form of practical steps follows this advice.

Service Agreements

Service agreements provide a framework to establish fees for services, such as sewer and water infrastructure, and resolve the underlying concern of municipal cost recovery.

Practical steps:

1. Focus on service delivery and cost recovery arrangements in discussions rather than governance or taxation issues.
2. Negotiate service delivery through an agreement that provides for full cost recovery of services, details on costs for specific services, and repercussions for non-payment.
3. Maintain dialogue between the two communities.

Public Perception

Promoting the positive outcomes of partnerships and joint ventures is essential to building public support. Initial scepticism dissolves when leadership commitment is clear and positive outcomes shared. Acceptance and support grow when equity is the main principle—both communities paying equally for the same services.

Practical steps:

1. Address community concerns and negative feedback as they arise.
2. Understand that building community support takes time. Allow time for the community to see the benefits of the partnership.
3. Promote the benefits of the partnership through local media, joint community events, and town and band meetings.

Communication

Good communication is key to the success of a municipal-First Nations' partnership. This not only improves the effectiveness of partnership activities, but also helps foster trust and understanding.

Practical steps:

1. Initiate contact with the municipal or First Nation's government. Both often operate in isolation and need to inform each other and their communities on what is happening, as well as allow for input.
2. Ensure early, regular and direct communication and sharing of information on partnership activities and new initiatives.
3. Build awareness about the differences in municipal and First Nations' governance systems, and how these differences affect decision-making, timing, funding allocations and operating parameters.
4. Ensure that both partners have a clear understanding of goals and expectations.
5. Make honesty and openness basic tenets of the partnership. Set aside apprehension stemming from past differences and strained situations.
6. Promote success stories to show other partners and the respective communities that the partnerships benefit everyone, building broader support for further partnership initiatives.
7. Recognize champions of municipal government-First Nations' partnerships for the time and effort they spend promoting these relationships.

Trust

Building and maintaining a trusting relationship requires regular and focused attention.

Practical steps:

1. Begin with small-scale partnership initiatives and set realistic goals. A series of small successes builds trust and momentum for larger projects in the future.
2. Identify a neutral third-party facilitator who could broker the initial relationship and share elective practices in other communities.
3. Be patient and flexible to accommodate each other's differences. Developing a relationship takes time; regular interaction is essential to a successful evolution.
4. Show commitment to the notion of partnership. Work towards developing a trusting relationship through regular interaction.
5. Maintain a sense of humour.
6. Learn as much as possible about one another's governance systems to understand and deal effectively with issues as they arise. Both communities also need to adjust to different approaches to doing business.
7. Identify the right staff to work on partnership initiatives. Staff, like their leadership, will need to see a vision of equal partners working towards economic success for all.

Leadership

Strong, supportive and forward-thinking leadership in both communities is critical to a municipal-First Nations' partnership.

Practical steps:

1. Address past issues before moving on to build a partnership.
2. Ensure that political and administrative representatives in both communities are willing to work together.
3. Demonstrate that economic and business development is a real priority for both communities.
4. Develop a vision of a strong economic future for both communities.
5. Differentiate between governance issues and business issues, allowing for separate spheres of operation.

Resources

It is important that both communities identify what they have to offer and hope to gain before proceeding with a partnership. Financial and human resources will need to be allocated.

Practical steps:

1. Plan for partnership and know expectations and objectives of development.
2. Identify staff and other resources to support the partnership.
3. Understand the business that will be pursued under the partnership.
4. Get to know community members, markets and assets to develop a sound business strategy.
5. Generate federal and provincial support for local economic development initiatives.
6. Define measurable outcomes to gauge success or need for improvement.
7. Identify political and business champions to support the partnership. This gives the initiative profile and highlights common objectives.
8. Ensure that those who will be implementing the partnership—the technical staff—are given the opportunity to provide input during negotiations. This will also help avoid controversial interpretations of agreements.
9. Identify benefits and cost savings for both communities of a long-range development plan.
10. Secure the co-operation of the municipal government to avoid land development delays.
11. Involve the other community where possible to establish a hands-on approach to the partnership.

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