

A REPORT ON

Aboriginal Co-operatives in Canada

Current Situation and Potential for Growth

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DR. LOU HAMMOND KETILSON
ASSOCIATE PROFESSOR
MANAGEMENT AND MARKETING, COLLEGE OF COMMERCE
AND CENTRE FOR THE STUDY OF CO-OPERATIVES
UNIVERSITY OF SASKATCHEWAN

— ~ —

DR. IAN MACPHERSON
DIRECTOR
BRITISH COLUMBIA INSTITUTE FOR CO-OPERATIVE STUDIES
UNIVERSITY OF VICTORIA

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The article titled “Ikaluktutiak Co-operative Limited, Cambridge Bay, NWT,” by Wanda A. Wuttunee, beginning on page 290 of this report, was originally published in her book *In Business for Ourselves: Northern Entrepreneurs—Fifteen case studies of successful small northern businesses* (Montreal and Kingston: McGill Queen’s University Press, with The Arctic Institute of North America and The Faculty of Management of the University of Calgary, 1992). It is reprinted with permission.

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Centre for the Study of Co-operatives
101 Diefenbaker Place
University of Saskatchewan
Saskatoon, SK S7N 5B8
Phone: (306) 966-8509 / Fax: (306) 966-8517
E-mail: coop.studies@usask.ca
Website: <http://coop-studies.usask.ca>

Executive Summary

There are about 133 co-operatives in Canada in which the membership is predominantly Aboriginal. The largest number of Aboriginal co-operatives can be found in the northern regions of the Arctic, mostly among Inuit and Inuvialuit. The Aboriginal co-operatives serve a wide variety of needs, the most common being the provision of food and supplies in remote communities. They are also important as marketers of arts and crafts, wild rice, fish, and shellfish. A small number have demonstrated the possibilities of housing in urban communities, a crucial need with considerable potential for future development.

The Aboriginal co-operatives are part of a larger Canadian movement, and their history and development has, to a significant extent, emanated from the larger movement. All told there are more than 15 million memberships of co-operatives in Canada, with over 12 million of them being in credit unions and caisses populaires. The membership of some other co-operatives is also significant: the consumer movement has nearly 3.7 million members; housing co-operatives house some 250,000 in more than twenty-one hundred co-operatives with nearly ninety thousand units. The insurance companies owned by the co-operatives, notably the Co-operators, CUMIS, and the Mouvement Desjardins, are important companies in their industry. In total the Canadian movement has more than \$169 billion in assets, making it an important force in the Canadian economy, particularly when considered from a regional perspective.

Aboriginal co-operatives are members of other co-operative organizations that form the membership of the national co-operative organizations, Conseil Canadien de la Coopération and the Canadian Co-operative Association. In the case of the latter, Arctic Co-operatives, the wholesale and marketing agencies owned by northern (and mostly Aboriginal) co-operatives, is one of twenty-seven regional members of that organization. Through the two national organizations, Aboriginal co-operatives are members of the International Co-operative Alliance, whose basic statement of co-operative identity they affirm.

This report reviews the contexts within which Aboriginal co-operatives exist, considers the suitability of the co-operative model for what Aboriginal leaders say about the kind of economy they wish to encourage, and draws upon the findings of eleven case studies to make a series of conclusions and recommendations about the potential of growth for co-operatives owned by Aboriginal peoples for their own purposes.

Understanding the Context

- Aboriginal peoples in Canada have an unacceptably low standard of living and consequently suffer from a range of complex social problems.
- There have been a number of efforts by governments to encourage economic development among Aboriginal peoples, but they have not achieved all the desired results.
- Aboriginal leaders have expressed a preference for economic development conceived of as a process that takes into account the history, collective aspirations, economic diversity, and underlying realities of each Aboriginal community.
- The co-operative approach conforms well with the aims and preferred methods for community development articulated by Aboriginal peoples.

Conclusions

Success

1. The 133 Aboriginal co-operatives in Canada, particularly those in the Arctic, make substantial economic contributions to the communities they serve through local businesses and through the wholesales they own, which return surpluses or profits back to them.
2. Co-operatives are major employers of Aboriginal people. They have made and are making significant contributions through the training and education they provide their elected leadership and employees.
3. Aboriginal co-operatives, particularly in the Arctic, have shown remarkable entrepreneurship by engaging in a wide range of economic activities.

Thinking about Further Success

4. A complicated political and policy environment is acting as a general barrier to economic and community development in all provinces and territories, although in different ways depending on provincial and territorial context. These barriers may help explain the mixed success rate and low take-up of the co-op model over the past few years.
5. Aboriginal communities require educational and development material on co-operatives, customized to their reality and culture, and providing examples of Aboriginal co-operatives. Most provincial and territorial representatives contacted suggested that the co-operative federations need to do more work in outreach and advocacy, while others pointed to the need for new resources for Aboriginal staff, and specialists in Aboriginal economies to make links and promote the model to communities.
6. Aboriginal development corporations play a central role in controlling decisions over Aboriginal community development, and consequently play a crucial role in the success of co-operative enterprise. Formal links should be encouraged between co-operative

federations and Aboriginal development corporations, particularly in the North, and the views and priorities of these corporations with regard to co-operative enterprise should be identified in the next phase of research on Aboriginal co-operatives.

7. Aboriginal people have started and developed co-operatives to meet clearly identified needs, not because someone told them it was a good idea; this basis in pressing needs will be crucial in determining future success.

Contributions

8. Co-operatives contribute to the physical infrastructure of communities by contributing to better transportation and communication systems in remote communities; by creating employment in resource industries; and by providing essential services, such as co-operative housing.
9. Co-operatives have contributed significantly to the social capital of Aboriginal communities by enhancing educational programmes, supporting business management skills, providing understanding of other societies, and fostering community action.
10. Aboriginal co-operatives have emerged in part because of the dedicated and informed leadership from either outside or within the communities they serve. The leaders emerging from co-operatives have played important and diverse roles in their communities.

Future Challenges

11. Aboriginal co-operatives have secured funding from a variety of sources, but there is a need for greater collaboration with government funding sources, Aboriginal economic organizations, and the co-operative sector.
12. There is need for more research on how co-operatives “fit into” Aboriginal communities—their social structure, other economic organizations, and political systems.
13. Like all co-operatives, Aboriginal co-operatives have a significant challenge in ensuring strong interest and involvement by their members
14. The following kinds of co-operatives would appear to offer the most promise for development in the near future: arts and crafts co-operatives; co-operative stores, particularly in remote communities; co-operative financial services; co-operative housing, both on and off reserves; co-operative development of the resource economy; and the delivery of social services.

Recommendations

1. A special committee (the Aboriginal Co-operative Co-ordinating Committee) consisting of representatives from the Assembly of First Nations, the Inuit Tapirisat, Indian and Northern

Affairs Canada,* the Co-operatives Secretariat, the co-op sector, CANDO, and co-operative studies specialists should be appointed to (a) develop a strategy and recommend an implementation process to foster the development of co-operatives within communities; and (b) oversee a series of initiatives aimed at increasing understanding of the co-operative model among Aboriginal peoples.

2. There is a need for a “special survey” collecting information on all possible variables affecting the co-operatives (including financial co-operatives) and the community.
3. The northern co-operative experience within Inuit, Inuvialuit, and Dene communities needs to be more completely examined, information on it compiled in accessible forms and communicated to Aboriginal peoples as much as possible by Inuit, Inuvialuit, and Dene leaders.
4. A special symposium/workshop should be organized to expand understanding of existing Aboriginal co-operatives and to explore the most likely areas of interest for future development.
5. Aboriginal people must be empowered to expand their understanding and development of co-operatives in their community, be they on or off reserves .
6. The Aboriginal Co-operative Co-ordinating Committee should prepare a plan—drawing upon the resources, financial and in kind, of government departments, Aboriginal organizations, and the co-operative sector—to create a cadre of trained co-operative organizers in different parts of Canada able to assist Aboriginal communities interested in studying and applying the co-operative model to meet their economic and social needs.
7. The Aboriginal Co-operative Co-ordinating Committee should consider how greater co-ordination of all levels of government and government/sector initiatives for Aboriginal co-operative development might be achieved on a continuing basis. It should co-ordinate its approach with the development programmes of the Canadian Co-operative Association and the Conseil Canadien de la Coopération.
8. The Arctic federations of co-operatives should be consulted in the future development of training/education/promotion programmes. They have differing experiences and traditions, and many years of experience that should be used for the benefit of all Aboriginal co-operatives.
9. There is a need to ascertain more completely the views and priorities of Aboriginal economic development organizations regarding the expansion of the co-operative movement in Aboriginal communities.

* Depending upon the date of certain written materials, this department is cited in this document as both Indian and Northern Affairs Canada (INAC) and the Department of Indian Affairs and Northern Development (DIAND). Both names are valid. DIAND is the older appellation and remains the legal title, required for legal correspondence. For other uses, INAC, as per the Federal Identity Program, is sufficient.

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The authors alone, however, accept full responsibility for all the information, conclusions, and recommendations included in this report.

Table of Contents

Executive Summary	3
Acknowledgements	7
Foreword: The Nature of This Study	
Introduction	11
The Objectives of This Report	12
The Complexities of This Study	13
Clarifying Terms	13
Defining Aboriginal Co-operatives	14
Methodology	14
Chapter One: The Current State	
Aboriginal Economic and Social Circumstances	15
Government Approaches to Aboriginal Economic Development	17
Aboriginal Perspectives on Economic Development	18
Report of the Royal Commission on Aboriginal Peoples	20
Making the Link between Aboriginal Economic Development and Co-operatives	23
The Extent and Nature of the Aboriginal Co-operative Movement Today	28
The Policy Environment Today	32
Chapter Two: Emerging Themes—Aboriginal Co-operatives and Communities	
Case Study Characteristics	36
Emerging Themes	39
The Role of External Agents	43
Governance	48
Community Support and Participation	49
Chapter Three: The Potential for Growth	
Expanding Understanding of Aboriginal Co-operatives	51
Encouraging Co-operative Development	54
The Co-operative Model of Community Economic Development	56
Encouragement of Greater Government and Government/Sector Co-ordination	58
The Need for Further Research	59
A Concluding Statement	60
Appendix A	
Socio-Economic Profile of Aboriginal Co-operatives in Canada	61
Appendix B	
Analysis of the Policy Environment for Aboriginal Co-operative Development	
Part 1: Perspectives of Regional Officials	140

Part 2: Federal Initiatives	156
Part 3: Provincial/Territorial Initiatives	177
Appendix C	
Co-operatives in Québec Aboriginal Communities: Review of the Literature	217
Appendix D	
Co-operatives and Communities: Some Theoretical Considerations	234
Appendix E	
The ICA Statement on the Co-operative Identity	262
Appendix F	
Methodology	264
Appendix G	
Case Selection Criteria	268
Appendix H	
Case Study Guidelines	269
Appendix I	
Case Studies	
Arctic Co-operatives Limited	271
Ikaluktutiak Co-operative—Update 2000	281
Original Case Study 1992	290
Caisse Populaire Kahnawake	305
Puvirnituk Co-operative	313
Apaqtukewaq Fisheries Co-operative	320
Anishinabek Nation Credit Union	324
Native Inter-Tribal Housing Co-operative / First Nations Housing Co-operative	336
Akochikan Co-operative	349
Neechi Foods Co-operative Limited—Update 2000	358
Original Case Study 1991	363
Amachewespimawin Co-operative	373
Wilp Sa Maa'y Harvesting Co-operative	378
Appendix J	
Additional Case Studies: Two Housing Co-operatives	390

The Nature of This Study

Introduction

In considering the possibilities confronting Aboriginal people in Canada today, it is tempting to employ Charles Dickens's well-used words, "the best of times, the worst of times." The positive aspects are clear in the growing sense of identity and pride among many Aboriginal people; the effectiveness of leadership cadres at the national level and in Aboriginal communities all across Canada; the successful negotiations of land-claims agreements; and the increasing numbers of highly trained young people.

The problems are also clear: high unemployment and suicide rates, particularly among the young; widespread health issues; growing frustrations over protracted negotiations about land and other issues; low levels of education; and despair to be found amid an all-too-common heritage of abuse.

Given the paradox of "best and worst," the future will depend largely upon the willingness and capacity of Aboriginal people to grasp their own economic destiny. But what can that destiny be? What kinds of economic alternatives are there to be considered? Which kinds of economic structures best meet their needs? What combinations of economic institutions can best assure the sustainable economic development of their communities? How can they create health and social organizations that serve their own unique needs? How will this generation of Aboriginal leaders make wise decisions about the large land-claims settlements, decisions that will shape the lives of generations as yet unborn?

These kinds of decisions are remarkably challenging. Aboriginal peoples and particularly their leaders are facing a wide range of fundamental issues as they seek to create their own future, economically, socially, and politically. They are making decisions that will affect Aboriginal peoples for generations to come as they seek to make the best possible use of any treaty funds they receive; as they seek to create sustainable communities; as they search for ways to circulate financial resources as frequently as possible within their communities, rather than see it leaked away to businesses outside their communities; and as they encourage new forms of entrepreneurial activities.

It is important, therefore, that Aboriginal peoples have a full understanding of all the possible

institutional forms they might use in responding to such complex questions. *Broadly speaking, Aboriginal peoples have four options to consider in making decisions about their economic future: they can choose to foster the further development of individual entrepreneurs, an approach that has achieved great success in recent years; they can form alliances with “Corporate Canada,” an approach that offers many possibilities; they can further develop the capacity of Aboriginal “governmental” organizations, notably band councils, to undertake economic activities; and they can encourage the development of co-operatives that function in the market-place and have clear lines of accountability between leaders and the people they serve.*

Each of these forms of enterprise has its own strengths and weaknesses; none is a perfect or complete answer to all of the challenges that confront Aboriginal peoples. Strong economies generally possess all four kinds of economic organizations.

It is important, therefore, that Aboriginal leaders, already coping with difficult and complex questions, know about all institutional options that can encourage greater communal strength and self-reliance among the people they serve.

What Is the Co-operative Model?

The co-operative model involves the use of co-operative forms of organization—based on democratic control, rewards in proportion to use, continuing economic involvement by members, community responsibility, and co-operative value systems—by people concerned about controlling their own economic and social destiny.

The Objectives of This Report

This study examines the possibilities Aboriginal peoples might explore should they decide to consider employing the co-operative model more extensively in meeting one or more of their needs. It will summarize our knowledge of the current state and contributions of Aboriginal co-operatives to regional and community *economic and social* development. It will look at the current state of Aboriginal co-operatives, their characteristics, and their sector distribution. It

will identify the benefits for Aboriginal economic and social development by analyzing case studies about aboriginal co-operatives. Finally, it will draw preliminary conclusions regarding opportunities for growth, requirements for success, and strategies to expand their impact within Aboriginal communities across Canada.

Co-operatives are not a new or untried form of organization in Canada or within Canadian Aboriginal communities. They exist in many sectors of the Canadian economy important to Aboriginal people, including fishing, energy, forestry, housing, financial services, consumer goods, and arts and crafts. They are involved in training, the production of goods and services, marketing, and wholesale/retail. They fill an important role in economic capacity-building, providing skills development, business development, mentoring, and employment. Aboriginal co-operatives are playing an important role in Aboriginal economic development, particularly in Nunavut, Nunavik, and the Northwest Territories, and have the potential to grow in rural, urban, and remote Aboriginal communities in southern as well as northern Canada. This report addresses the key question of how that potential might best be met.

The Complexities of This Study

One of the most difficult challenges in considering how Aboriginal peoples might more extensively use the co-operative model is that both the people and model are diverse. The circumstances of Aboriginal people and communities differ among nations and across nations, within provinces and regions, and between urban communities and rural reserves. There is a continuum of development among Aboriginal peoples across the country, all seeking autonomy and degrees of self-government; each First Nation community is faced with unique circumstances of resources and capacity, and similar complexity exists across the experience of the Metis and Inuit peoples.

Moreover, Aboriginal peoples, like all peoples, could use the co-operative model for the development of most kinds of economic enterprise—from the very smallest kind of micro-enterprise to the largest of firms—and the provision of all kinds of social services, literally from the cradle to the grave. In fact, as with all peoples, the application is limited only by awareness of the possibilities and the availability of resources—financial and human—to create the opportunities. The questions to be asked and answered—by each interested Aboriginal community—are: does the co-operative model fit our ambitions and needs? If so, what kinds of co-operatives should we try to organize in our own interest?

Clarifying Terms

The authors have used the term “Aboriginal” to refer to all people who consider themselves descendents of the first human beings to inhabit Canada: i.e., Amerindian peoples (status and nonstatus), Inuit, Inuvialuit, Innu, and Metis. They have used the term “First Nation” to refer to

status Amerindians associated with the Assembly of First Nations.

Defining Aboriginal Co-operatives

The authors accept the definition of co-operatives endorsed by the International Co-operative Alliance. It reads: “A co-operative is defined as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.” They have classified a co-operative as Aboriginal if it is located in a predominantly Aboriginal community, if the membership or customer base is predominantly Aboriginal, or if the co-op is owned and/or controlled by Aboriginal peoples. They have included in their data only co-operatives that are formally incorporated as such, although they are aware that there are some Aboriginal businesses that are not formally incorporated as co-operatives but, in essence, follow co-operative practices.

Methodology

This report is based upon the following research:¹

- (a) a description of Aboriginal economic and social circumstances;
- (b) a discussion of government approaches to Aboriginal economic development;
- (c) a consideration of the “fit” between economic development preferred by Aboriginal people and the co-operative model as it has been used by some Aboriginal peoples and others;
- (d) eleven case studies of existing Aboriginal co-operatives selected so as to give insights into different kinds of co-operatives in different contexts; and
- (e) the understanding of co-operatives the authors have developed as specialists in co-op studies.

The authors use this research to assess ways in which Aboriginal peoples might better inform themselves about the co-operative model and how they could develop more co-operatives should they decide that this form of enterprise is appropriate in meeting their needs in communities.

¹ Major research contributions to this report include the work of Bachir Belhadji, socio-economic analyst with the Co-operatives Secretariat, Agriculture Canada, and that of Rebecca McPhail, senior research analyst with Indian and Northern Affairs Canada. Their research appears in its entirety in Appendices A and B respectively.

The Current State

The Question is Urgent

What measures need to be taken to rebuild Aboriginal economies that have been so severely disrupted over time, marginalized, and largely stripped of their land and natural resource base?...The question is urgent, and not only because progress toward self-government would be severely constrained in the absence of effective measures to rebuild Aboriginal economies. For Aboriginal individuals and families, whether they live in urban or rural areas, employment levels and income continue to lag far behind Canadian standards. Furthermore, the rapid increase of the Aboriginal population means that thousands of additional young people will be entering the labour market over the next two decades. Indeed, our estimate is that more than 300,000 jobs will need to be created for Aboriginal people in the period 1991 to 2016 to accommodate growth in the Aboriginal working-age population and to bring employment levels among Aboriginal people up to the Canadian standard.²

Aboriginal Economic and Social Circumstances

It is a vast understatement to say that the current state of economic development within Aboriginal communities and nations is far from satisfactory. For example, a recent study³ of the Aboriginal economic gap in Saskatchewan demonstrated that, compared to the non-Aboriginal community, Aboriginal people experience higher poverty rates, lower education levels, and chronic unemployment. The study showed that average Aboriginal personal income was 56 percent of average non-Aboriginal personal income. It identified that 60.4 percent of the Saskatchewan Aboriginal population fifteen and over had not completed high school, and that the Aboriginal community as a whole has an estimated unemployment rate of 53 percent.

² "Economic Development," in *Report of the Royal Commission on Aboriginal Peoples* (Ottawa: The Commission, 1996), p. 1.

The study's authors predicted that the statistics would continue to grow, depriving both Aboriginal and non-Aboriginal communities of lost economic potential and GDP, not to mention the enormous associated social costs such figures invariably imply.

A recent national study by Indian and Northern Affairs Canada highlights many of the economic and social problems confronting people living on Indian reserves.⁴ While the percentage of people fifteen years of age and older with no schooling or kindergarten only is dropping, it still stands at 5 percent; over 29 percent of the population over fifteen have less than grade nine education, more than double the national average. The percentage of the population on reserves with university education, while increasing, is not rising faster than the general population. The male labour-force participation rate stands at 58 percent, 15 percent below that of comparable non-Aboriginal communities and 24 percent behind the national average. The female participation rate is 45 percent, nearly thirteen percentage points below that in comparable non-Aboriginal communities and nineteen percentage points behind the national average. The low participation rate among young people is particularly troubling: it stands at only 56 percent, 14 percent below that of comparable non-Aboriginal communities and 18 percent below the national average. The unemployment rate across the entire community is 28 percent, much above the 10 percent typical of both comparable communities and the nation as a whole at the beginning of the 1990s. Self-employment is only 2.2 percent, significantly below the 9.8 percent to be found in comparable communities and less than half of the national average.

The situation confronting Inuit, Inuvialuit, and Innu is similarly troubling. Unemployment rates of 50–70 percent are common in many Arctic communities. The opportunities for young people to build careers within market economies among their own people are difficult to pursue. Too many of the most remunerative jobs are still held by sojourners from the South. The challenges confronting the new Nunavut government as well as other Aboriginal government organizations are among the most complex facing any politicians and public servants in Canada today.

Understanding the Context

³ M. Painter, K. Lendsay, and Eric Howe, "Managing Saskatchewan's Expanding Aboriginal Economic Gap," *Journal of Aboriginal Economic Development* 1, no 2 (Winter 2000).

⁴ *Comparison of Social Conditions, 1991 and 1996* (Ottawa: Indian and Northern Affairs Canada, 2000).

Aboriginal peoples in Canada have an
unacceptably
low standard of living and
consequently suffer from
a range of complex social problems.

Government Approaches to Aboriginal Economic Development⁵

Governments were not very active in promoting economic development among Aboriginal peoples prior to the 1960s, except for some assistance given to the development of agriculture and arts and crafts. It was widely assumed that most First Nation people would move into urban communities and enter the economic mainstream. Since the 1960s, the federal government has placed emphasis on education, vocational training, and techniques of mobility to assist Aboriginal peoples in adjusting to the wage economy.

In keeping with this general approach, the federal government has utilized five different kinds of programmes in trying to encourage economic development among Aboriginal peoples. These approaches were similar to those generally followed by governments in fostering economic growth in the wider Canadian community.

Business Development

This has been the most significant approach used by the government in encouraging economic development. It has been based on the assumption that poverty is primarily the problem of the individual and the way to solve it is to raise personal incomes. An economic development fund for on-reserve projects was created in the early 1970s, providing loans, loan guarantees, equity, and advisory services to both individually and collectively owned projects. This fund was followed by other similar programmes and they were all combined in the Canadian Economic Development Strategies (CAEDS).

Human Resource Development

Partly as a result of the emphasis upon business development, the government increased its funding for the education and training of Aboriginal peoples through the community human resource strategy (1985–92) and the Pathways programme of the 1990s. These initiatives were supplemented by the work of the Gabriel Dumont Institute and the Saskatchewan Indian Federated College, both controlled by Aboriginal peoples. The early programmes in human

⁵ The following summary is based largely upon the *Report of the Royal Commission on Aboriginal Peoples*, pp. 15–20, and H.B. Hawthorn, ed., *A Survey of the Contemporary Indians of Canada: A Report on Economic, Political, Educational Needs and Policies* (Ottawa: Indian Affairs Branch, 1966).

resource development tended to emphasize individual development that would contribute to easier migration to the city; later programmes were focussed on the training of band managers and community health representatives. Today, there is a growing emphasis upon training graduates in technical and professional health fields, such as teaching, nursing, and business administration.

Sectoral Development

During the 1980s, the government placed increased emphasis upon sectoral development, particularly in forestry, fishing, agriculture, arts and crafts and tourism. While more successful than a project-by-project approach, sectoral programmes have from time to time been criticized for having too much government control and for having a limited impact upon Aboriginal communities. Thus, in recent years, the government has placed more emphasis upon the community, largely because of pressures from Aboriginal peoples concerned about how economic growth affects community health.

Community Economic Development

During the 1960s, the federal government had only limited success when it tried to incorporate an emphasis on community development into its economic initiatives. It re-emphasized this approach in the 1980s through devolution of programmes to the community level, and comprehensive community-based planning. These programmes, however, did not result necessarily in community control as the community implementation process proceeded. More recently, though, the government has attempted to encourage more local control by providing increased support to economic development officers.

Co-operative Development

At various times since the 1940s, federal and provincial governments have encouraged the development of co-operatives among Aboriginal peoples, particularly in the Arctic and the northern Prairies. They have provided comparatively little support in recent years.

While there have been some successes in all these initiatives, the record of economic development among Aboriginal peoples has not completely achieved the desired results, leading to considerable reflection, not least by Aboriginal leaders, upon what kind of economic development is desired.

Understanding the Context

There have been a number of efforts by governments to encourage economic development among Aboriginal peoples, but they have not achieved all the desired results.

Aboriginal Perspectives on Economic Development

Over the years, Aboriginal leaders have reacted to the ways in which Aboriginal economic development has taken place. As far back as 1969, for example, the report issued by the Manitoba Indian Brotherhood, *Wahbung: Our Tomorrow*, called for development on each First Nation reserve to proceed not in bits and pieces but according to a comprehensive plan composed of three integrated elements:

- a plan to help individuals and communities recover from the pathological consequences of poverty and powerlessness;
- a plan for Indian people to protect their interests in land and resources; and
- a concerted effort at human resource and cultural development.

At the very heart of this position was the assumption that economic development must be directed by Aboriginal peoples so that both individual and communal interests could be taken into account.

A recent study by Robert Anderson of economic development among Aboriginal peoples in Canada concluded that

Overall, individual First Nations and Inuit and Metis communities exhibit a predominately collective approach to economic development that is closely tied to each group's traditional lands, its identity as a nation and its desire to be self-governing. This collective development approach is intended to serve three purposes: the attainment of economic self-sufficiency, the improvement of socio-economic circumstance, and the preservation and strengthening of traditional culture, values and languages. It is this strong collective aspect with its "national" focus and its emphasis placed on culture, values and languages that distinguishes the approach to economic development of Aboriginal people and communities from the approach of other Canadian communities of a similar size and in similar locations.⁶

⁶ Robert Brent Anderson, *Economic Development among the Aboriginal Peoples in Canada: The Hope for the Future* (North York: Captus Press, 1999), pp. 13–14.

Anderson also notes that there is general agreement among Aboriginal people that building economic self-sufficiency requires participation in the global economy through business development, often in partnership with others.⁷ To further their objective of finding corporate partners for Aboriginal business development, the Assembly of First Nations (AFN) organized the National Chief's Think Tank on First Nations Economic Development in Banff, October 2000. At this event, Aboriginal business leaders met with leaders of corporate Canada to develop strategies oriented towards encouraging private and collective entrepreneurship in partnership with corporate investors. In support of this, the AFN is setting up an economic development commission, with an objective to improve the quality of economic development information in First Nation communities by increasing the type of information, feedback, research, and tools available.⁸

Aboriginal leaders have also emphasized the importance of broad approaches to development, including concerns for governance, culture, spirituality, education, training, community healing, social development, and resource cultivation. Many Arctic regions are now in the "post-land-claim era" and are wrestling with the challenge of creating sustainable economic development. Nunavut represents a remarkable experiment in developing economic self-sufficiency in a way that incorporates "Inuit cultural values into the many new businesses which will form the backbone of the emerging economy." The vision is perhaps captured best in the objectives of the Canadian Inuit Business Development Council, established in 1994:

- to organize the members into a co-operative network to promote economic development and self-sufficiency in Inuit regions and communities;
- to develop economic co-operation, trade, and business, not just in Canada but in the circumpolar world; and
- to promote Inuit employment and training opportunities in co-operative economic ventures and activities undertaken by Inuit communities, organizations, or other groups.⁹

Innovative economic and social development strategies, such as the approach of the Cree community of Ouje-Bougoumou, located in Abitibi, provide another model of development rooted in community needs. Expelled from their land and marginalized from political and economic life, the residents of Ouje-Bougoumou have developed their community with an eye to self-determination. In twenty years, they have rebuilt the village using the local workforce and established a series of public and community services (health service, youth centre,

⁷ *The Promise of the Future: Achieving Economic Self-Sufficiency Through Access to Capital* (Ottawa: National Aboriginal Financing Task Force, 1996).

⁸ http://www.afn.ca/afnenglish/eco_development_secretariat.htm

⁹ "Building a Sustainable Future," Inuits of Canada web page, Inuit Tapirisat web site, (<http://www.tapirisat.ca>), January, 2001.

seniors' residence, daycare, school, and cultural centre). The development model, while not specifically a co-operative, is exclusively community-based, similar to the kibbutz model of Israel.

Report of the Royal Commission on Aboriginal Peoples

One of the most recent revealing general enquiries into Aboriginal economic development is the *Report of the Royal Commission on Aboriginal Peoples (RCAP)*. The report identified that there will be a need for more than three hundred thousand new jobs for Aboriginal peoples by the year 2016, a truly intimidating challenge given the limited opportunities currently apparent in many Aboriginal communities.

Self-government without a significant base would be an exercise in illusion and futility.
How to achieve a more self-reliant economic base is thus one of the most important questions to be resolved.

RCAP, vol. 2, p. 775

RCAP also identified four premises with regard to the current state of economic development within Aboriginal communities—the reasons and the pressing needs for fundamentally new ways of thinking to move beyond the status quo. They were as follows.

The Importance of History

The principal factor that brought Aboriginal communities to the point of impoverishment over the centuries was the intervention—deliberate or unintended, well intentioned or self-interested—of non-Aboriginal society.... But the factors that define how Aboriginal economies operate must change, as must the share of economic power exercised by Aboriginal people. In the economic realm, as in governance, it is necessary to make room so the Aboriginal people can develop their own solutions.

The Importance of the Collectivity

Policy makers and the general public have tended to assume that the economic problems of Aboriginal communities can be resolved by strategies directed to individuals thought to be in need of assistance. Typically, the problem is defined as Aboriginal individuals not having access to opportunities for employment or business development in the larger Canadian society.

This approach ignores the importance of the collectivity in Aboriginal society (the extended family, the community, the nation) and of rights, institutions, and relationships that are collective in nature. It also overlooks the fact that economic development is the product of the interaction of many factors—health, education, self-worth, functioning communities, stable environments, and so on.

The Importance of Seeing Economic Development as a Process

The economic development of any community or nation is a process—a complicated and difficult one—that can be supported or frustrated. It cannot be delivered pre-fabricated from Ottawa or from provincial or territorial capitals. The principal participants, those on whom success directly depends, are the individuals and collectivities of Aboriginal nations. The role of Aboriginal or non-Aboriginal governments should be to support the process, help create the conditions under which economic development can thrive, and remove the obstacles that stand in the way.

The Importance of Recognizing the Diversity of Aboriginal Economies

One of the implications of this diversity is that it is no longer helpful, if it ever was, for economic development policy to be issued from Ottawa or a provincial/territorial capital and applied uniformly to a range of conditions. This is one of the compelling reasons for locating authority and resources to support economic development in the hands of appropriate Aboriginal institutions at the level of the nation and community.

These kinds of reflections led the royal commission to comment as follows:

Under current conditions and approaches to economic development, we could see little prospect for a better future. From this experience, we came to the conclusion that achieving a more self-reliant economic base for Aboriginal communities and nations will require significant, even radical departures, from business as usual. We also became convinced that existing conditions and approaches entail enormous human and financial costs, a fact that also adds urgency to the search for better solutions.¹⁰

The direction indicated by *RCAP* has been endorsed by the Council for the Advancement of Native Development Officers (CANDO), a group that could play a crucial role in promoting and further developing the co-operative model among First Nations people.

The authors of this report similarly endorse these premises and believe they form an important background for considering the possibilities of co-operative enterprise among Aboriginal peoples. While recognizing that there has been much good intent by government officials and Aboriginal peoples in the past, they believe these premises offer the direction in which better solutions can be found in the future.

The authors also accept the position put forward by the royal commission, and confirmed by

¹⁰ “Economic Development,” chapter five, *Report of the Royal Commission on Aboriginal Peoples*, 1997, p. 1.

experience throughout North America, that long-term, permanent success will be dependent upon five critical factors:

- restoration of power and control over lands and resources;
- development of a positive and encouraging social/political/cultural climate for Aboriginal economic development;
- development of enabling instruments for use in surmounting the problems facing Aboriginal economic development;
- development of a skilled and positive forward-looking labour force; and
- acceptance and willingness to engage in economic activity by the mainstream in collaboration with Aboriginal people.

Understanding the Context

Aboriginal leaders have expressed a preference for economic development conceived of as a process that takes into account the history, collective aspirations, economic diversity, and underlying realities of each Aboriginal community.

Making the Link between Aboriginal Economic Development and Co-operatives

The various statements made by Aboriginal leaders about how they would like to see their economies develop invites some reflection on how well the co-operative approach conforms with their stated ideals.

The co-operative movement extends ownership and control to the people who are involved in it as members; it is a movement with a long history and a demonstrated capacity to meet all kinds of needs.

Registered, formally organized co-operatives were first established in Europe during the nineteenth century by people concerned about protecting their interests and improving their economic and social well-being. Based on the fundamental principles of one member, one vote, the practice of rewarding people in proportion to their participation, and the use of education as a means of empowering people, the multifaceted “organized” movement had spread throughout most of the European continent by the beginning of the twentieth century. In the wake of European migrations, co-operative organizations were established in most of the rest of the world as well. Today, the co-operatives affiliated with the International Co-operative Alliance are involved in hundreds of different kinds of businesses; all told, today they have more than eight hundred million members in over one hundred countries.

This institutionalized version of co-operative behaviour, however, must be placed in the context of informal forms of co-operation. In fact, the progress made by co-operative movements around the world corresponds well with the degree to which societies and communities traditionally embraced spontaneous co-operative activities, be it the seal hunt, the harvesting of grains, the collective marketing of produce, the joint purchasing of food and supplies, mutual aid in times of adversity, the sale of art, the sharing of workplace skills, the collective provision of shelter, and community access to health services. Well-rooted co-operative organizations are not just the impositions of an institutional form; they often are the outward manifestations of a deep understanding of the benefits of collaborative behaviour—the kind of understanding that emanates most persuasively from the communal cultures of people, including Aboriginal peoples in many parts of the world. For that reason alone, the future for co-operative development among Aboriginal people is promising, given their common devotion and capacity for collective behaviour.

There are several dimensions of the co-operative tradition that are particularly amenable to the ways in which Aboriginal peoples have envisioned how they could develop their communities.¹¹

Definition of a Co-operative

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

"The ICA Statement on the Co-operative Identity," in Co-operative Principles for the 21st Century (Geneva: ICA, 1996), p. 3.

First, co-operatives are—or should be—driven by the needs of their membership. They stress the importance of meeting member needs and of responding to local pressures. They are inclusive and they are respectful of the rights of individuals and the values of communities.

¹¹ See Appendix E for the Co-operative Identity Page of the International Co-operative Alliance for the generally accepted basis for the discussion that follows. A more complete examination of this background can be found in Ian MacPherson, *Co-operative Principles for the 21st Century* (Geneva, 1996).

Thus, when managed properly, they can become strong manifestations of community needs and community pride. They can be the kinds of responsive, entrepreneurial institutions many Aboriginal people say they want and demonstrably need.

Second, co-operatives are based on democratic principles of one person, one vote, the accountability of elected leaders, and the need for members to be informed about their co-operatives. They can be, as they have been in the Arctic, easily directed by Aboriginal traditions of community participation through which issues of concern are “thrown into the well from which everyone will drink”—the process whereby groups reach a consensus through a process of thinking and talking together. Such traditions can normally be transferred easily into the group decision making that is characteristic of sound co-operative development.

An example of successful integration of participatory decision making into an Aboriginal-owned co-operative is Neechi Foods, a worker co-operative in Winnipeg’s inner city. It has been able to thrive and continue to provide employment when other grocery outlets have discontinued services. While operating in a highly competitive and difficult industry, the enterprise has high social goals of providing harmony, environmental consciousness, and social justice, and it incorporates decision-making practices that hear the voices of its workers. *Third*, if managed effectively, co-operatives deepen relationships with members over time by encouraging them systematically to expand their investments in equity and by involving them in a range of activities in the co-operative. They can also, as the experience of the Arctic co-operatives dramatically demonstrates, expand in many creative ways the range of economic and social services they provide their members. In many Arctic communities, for example, co-operatives not only operate stores and sell Inuit art: they operate hotels, tourist businesses, machinery repair, and post offices—in fact, any kind of business that is needed in the community and can be operated effectively.

Fourth, the basis in member and community needs, the democratic structures, and the deepening of member participation mean that co-operatives could become one powerful response to the challenge posed by the Wabung statement of the Manitoba Indian Brotherhood in the late 1960s:

A century of government administration and government and church control and the effects of living in an atmosphere of state dependency, where virtually all decisions relating to your life and your future are made by others will require developing new methods of response and community involvement.¹²

¹² Frank Cassidy and Robert Bish, *Indian Government: Its Meaning in Practice* (Lantzville, BC: Oolichan Books and The Institute for Research on Public Policy, 1995), p. 94.

Fifth, co-operatives stress the importance of autonomy from politics and private enterprise, and that autonomy is often a key to their success. For example, one of the reasons that the Arctic co-operatives became so successful was that they distanced themselves from politics and worked out effective relationships with governments.

The Suitability of the Co-op Model

The co-op model conforms with the priorities for economic development identified by the *Royal Commission on Aboriginal Peoples*.

- it makes room "so that Aboriginal people can develop their own solutions";
- it respects "the collectivity in Aboriginal society";
- it recognizes that "the economic development of any community is a process—a complicated and difficult one"; and
- it locates "authority and resources to support economic development in the hands of appropriate Aboriginal institutions at the level of the nation and community."

"Economic
Development," *RCAP*, chapter five, p. 3.

Co-operatives were introduced to the Northwest Territories in 1950s partly because of the assistance of government officials. For the first few years, however, many of the co-operatives were on the brink of closure, in part because of the involvement of elected council members in business decisions. The turnaround point came when the co-ops stressed member education more, emphasizing the value of efficient business management practices aimed at creating dividends and the assuring the continuation of services. As members became better informed, they—and their co-operatives—assumed greater responsibility for their own affairs. In 1972, twenty-six stores joined to form the Arctic Co-operative Ltd. (ACL) which, by 1999, had sales of nearly \$69 million, returned nearly \$2 million to its (then forty-three) member co-operatives, had retained earnings of \$890,000 and reserves of \$2.265 million. It had become one of the most important economic forces in the Canadian North—arguably the most important of those owned by northerners.

Arctic Co-operatives and the co-operatives that owned it also had to distance themselves from government in Yellowknife and Ottawa, which was an important dimension of the move of ACL's head office to Winnipeg in 1985. While ultimately a business decision and not without

controversy, the move to Winnipeg was important because it led to greater independence from government officials. There is a delicate line to be found for co-operatives, especially as they move beyond the formative stage, when government assistance must be reduced, and that time had arrived for the Arctic co-operatives. Since then, the progress has been steady and the stability of the organization—and the co-operatives that own it—has been increasingly evident.

Sixth, the co-operative tradition emphasizes the importance of co-operation among co-operatives. Once more, the experience of Arctic Co-operatives Limited amply demonstrates the importance of this principle. It emerged in large part because of the work of leaders of the Co-operative Union of Canada (the forerunner of the Canadian Co-operative Association). The Co-operative College of Canada provided important training for the Arctic co-operatives' elected leaders and managers during the formative period. Federated Co-operatives has shown flexibility and steadfastness in providing support for the northern co-operatives over the years, and The Co-operators insurance company has been a supportive investor and good business partner. Several credit union leaders from the South have made efforts to develop northern credit unions, and someday that will happen—probably when the northern co-operatives are more able fully to support them.

The most remarkable demonstration of how co-operation among co-operatives has worked, however, is the Arctic Co-operative Development Fund, a financial services organization owned by the northern co-operatives. The fund began operation in 1986 with a little over \$10 million in assets; by 1999 its asset base had increased to over \$28 million, including more than \$18 million in investments by local co-operatives, most of it built up through dividends returned to the co-operatives each year from the fund's revenues. In addition, it has recently returned over \$1.5 million in dividends to its member co-operatives. It has operated on a tight budget, and distributed loans at low cost because of the already existing infrastructure within Arctic Co-operatives.

The Benefits of Membership

Members of co-operatives can...

- own the co-operative;
- share in its surplus or profits in proportion to their use of it;
- influence the policies that govern the co-operative;
- invest in their co-operative;
- benefit from what the co-operative does for their community;
- learn from the training and education programmes the co-op provides; and
- be proud of their own organization.

In addition, the member co-operatives have learned that the fund is a kind of insurance mechanism through which they help each other in times of need, meaning that only one loan has not been paid—by a co-operative that had closed its doors—and most loans are repaid before they are due. Co-operatives maintain good standing with the fund partly because it is good business to do so, but also because they are working with their peers in a common enterprise. The fund is a striking example of how co-operatives working together can create collective capital and share resources in the common good.

Seventh, co-operatives have a deep attachment to their communities. They cannot be bought and sold without member agreement, which should obviate concerns among Aboriginal people about losing control over any successful enterprise they manage. It is a form of enterprise that cannot be sold regardless of the interests of key stakeholders. That means co-operatives, when operated properly, will contribute permanently to a community’s economic and social health.

Dimensions of Co-operatives That Matter

- they are driven by member needs;
- they are based on democratic principles;
- they build member commitment over time;
- they encourage self-responsibility;
- they are autonomous from politics, governments, and capitalist enterprise;
- they build through co-operation among co-operatives;
- they are concerned about communities; and
- they promote gradual, secure development.

Around the world, too, particularly among Aboriginal peoples, co-operatives have shown a particular concern for cultural issues. They sponsor special events for elders, perpetuate language study, celebrate traditional dance, and encourage communal pride among the young. They also typically support community activities, such as sports teams, and they commonly provide assistance for young people pursuing their educational goals. Co-operatives, however, are not charities, and they undertake such activities prudently through conscious decisions made after their economic viability is assured.

Eighth, co-operatives develop gradually, recognizing the complexities of personal and community development, relying upon the cumulative impact of education and training programmes, and accumulating capital resources slowly. They are not “quick fixes,” but when successful, they are certain providers of economic security, personal empowerment, and community stability.

All told, then, the co-operative approach fits in well with mainstream Aboriginal ideas about development, which is predominantly collective, centred on the individual Aboriginal community. It responds well to the priorities of the *Royal Commission on Aboriginal Peoples*. It meets the criteria for economic development presented by other reports—for example, the 1989 *Scone Report* in which Northwest Territory councils stipulated that economic self-sufficiency should be based on economic growth that retained and reinvested resources in the community and that built sustainable enterprises.

Understanding the Context
The co-operative approach
conforms well with
the aims and preferred
methods for community
development articulated by
Aboriginal peoples.

The Extent and Nature of the Aboriginal Co-operative Movement Today¹³

There are an estimated 133 co-operatives in Canada today in which a substantial proportion of the membership is Aboriginal. Most of these co-operatives are located in smaller, more remote communities, although there has been increasing evidence of growing interest in large communities located closer to the larger cities and even some interest among Aboriginal people located in the cities.

We have considerable information about 77 (or 57 percent) of these co-operatives because they have submitted data to the Co-operatives Secretariat. We also believe that nearly all the largest co-operatives have submitted data to the secretariat, meaning that the information we have represents far more than 57 percent of the membership and business activities of Aboriginal co-operatives in Canada today.

More than half the co-operatives are in the Northwest Territories, Nunavut, and Nunavik. They had their beginnings during the late 1950s and expanded rapidly during the 1960s and 1970s, in large part because of the efforts of public servants in Northern Affairs and other “southerners” aware of, and committed to, co-operative development. The co-operative approach has proved to be very popular in the Arctic and increasingly in the North generally; by the mid-1990s there were hardly any communities in the Far North that did not have a co-

¹³ The authors are indebted to Bachir Belhadji, socio-economic analyst with the Co-operatives Secretariat, Agriculture Canada, for the information upon which this section is largely based. His work is included in its entirety as Appendix A of this report.

operative.

According to Arctic Co-operatives Limited, over 95 percent of the memberships of the northern co-operatives are Aboriginal, the remaining 5 percent being made up of southerners residing in the North. Inuit are by far the largest single group within the membership, particularly in Nunavut and Nunavik. In the western Arctic, substantial numbers of Inuvialuit and Dene are also members, and in recent years the Dene have been joining existing co-operatives in increasing numbers and starting new co-operatives. Subsequently, in this report, co-operatives in this region will be referred to as “the Arctic co-operatives.”

The Arctic co-operatives have developed two distinct federations of co-operatives: one, Arctic Co-operatives, serving co-operatives in Nunavut and NWT, and the other, la Fédération des coopératives du Nouveau Québec, serving the co-operatives of Nunavik. These federations have been instrumental in stabilizing the northern co-operatives, in developing system-wide accounting, marketing, and employment standards, and in presenting a united voice to governments. In addition, ACL is a member/owner of Federated Co-operatives, a Saskatoon-based co-operative wholesale owned by co-operatives in western Canada (and through ACL, northern Canada).

In Québec, a second membership network exists associated with the Mouvement Desjardins. In addition to six caisses populaires owned and operated exclusively by Aboriginal people, there are approximately twenty caisses populaires providing Aboriginal people with services specific to their communities.

The only other major concentration of Aboriginal co-operatives is to be found in northern Saskatchewan—the co-operatives that survive from an extensive programme undertaken by the Saskatchewan government during the 1940s and the 1950s. The remaining co-operatives are scattered across southern Canada, their origins being highly individualistic and their purposes quite diverse.

The Aboriginal co-operative movement is larger than most people might expect. The seventy-seven reporting co-operatives have more than twenty-four thousand members. This number is somewhat misleading in that the number of northerners using the stores is higher than that number would indicate. First, the store also serves nonmembers—a person does not have to be a member to shop in them. Second, most members are really families, and since most Aboriginal families in the North are larger than the Canadian average (and often include extended families), the numbers of Aboriginal people actually affiliated with co-operatives is substantially higher than twenty-four thousand.

In total, the data indicates that Aboriginal people are more likely to be members of co-operatives than other people in Canadian society, although this rather surprising fact is largely

accounted for by the high penetration of co-operatives in the northern economy. In fact, northern Aboriginal people are four times more likely than southern Aboriginal people to be members of a co-operative.

The Aboriginal co-operatives reporting to the secretariat annually sell nearly \$250 million in services and products, and the amount has been increasing steadily in each of the last ten years. They have nearly \$190 million in assets and member equity stands at almost \$90 million; the co-operatives are managing their liquidity levels in an appropriate way and are generally maintaining their buildings in a satisfactory manner. Net savings have fluctuated somewhat around \$7 million each year, depending largely upon the extent to which the co-operatives have been improving their physical plant.

Conclusion One

The 133 Aboriginal co-operatives in Canada, particularly those in the Arctic, make substantial economic contributions to the communities they serve through local businesses and through the wholesales they own, which return surpluses or profits back to them.

It is easy to pass over the importance of the \$7 million in annual net savings. This money is generated entirely by business in the community, making co-operatives one of the most effective forms of economic development in the communities where they exist. Virtually all of the savings are distributed within the community; most of it is spent in the community, stimulating further business and economic activities. The “multiplier” effect is of some significance, although no studies have been done to measure that impact.

The co-operatives employ more than fourteen hundred people, the average co-operative employing about eighteen individuals. The vast majority of the employees are Aboriginal, the most common exception being managers, most of whom are non-Aboriginal, although this pattern is slowly changing. On average, co-operatives tend to employ slightly more people than comparable firms owned and operated by non-Aboriginal people. They also appear to be more likely to keep employees in times of adversity.

The co-operatives pay their employees at about the same rate as other similar local businesses; in fact, they pay at a somewhat higher rate. The pay level, though, is lower than the national average and may be a matter of long-term concern. It may also help explain why some co-operatives have difficulty retaining Aboriginal employees once they have become trained.

An important dimension of the role played by co-operatives is that they provide considerable education and training for the people associated with them. In any given year, about a thousand people, virtually all of them Aboriginal, are involved as elected officials in the co-operatives. In that role they learn how to analyze business statements, work with managers, and report effectively to their communities. They take training programmes, travel to seminars, and learn about the activities of the federations. They learn about formal democratic procedures; in fact, more than half the members of the Nunavut Legislature have had significant leadership training and experience within their local co-operative.

Similarly, co-operatives serve as an incubator for employment opportunities within Aboriginal communities. Employees move among the co-operatives associated with the Arctic federations. Many have moved on to jobs in the public service and with private companies after having been trained in the co-operatives. Others have opened private businesses, sometimes competing with the co-operatives, after they have learned necessary business skills.

Conclusion Two

Co-operatives are major employers of Aboriginal people. They have made and are making significant contributions through the training and education they provide their elected leadership and employees.

A distinguishing feature of the Aboriginal co-operatives is that they are involved in a wide range of businesses, the most common being in the retail trades. The co-op is the only store in some Arctic communities; in others, it is an important competitor of other stores, most of which are owned by two northern chain-store systems. Given the accountability inherent in the co-operative structure, the stores, when managed effectively, are important guarantors of the sale of goods at the most reasonable price.

Most Arctic co-operatives, however, are engaged in a variety of activities, including the marketing of crafts, the repair of snowmobiles, the operation of hotels, and the organization of tourist activities. Many are involved in fishing and fisheries, a few in the provision of electricity and the operation of television cable systems. Three are housing co-operatives. One operates a bus co-op that takes the children of its members to their schools.

Conclusion Three

Aboriginal co-operatives,

particularly in the Arctic,
have shown remarkable
entrepreneurship
by engaging in a wide range of
economic activities.

The Policy Environment Today

It may appear that programme devolution and greater self-government has led to First Nations and Aboriginal organizations taking the lead decision-making role in economic and community development, leaving federal, provincial, and territorial governments with less influence and authority over Aboriginal policy choices. Aboriginal policy choices, however, are always influenced by broader government policy frameworks and priorities such as regional economic development initiatives.¹⁴

There are several general barriers that are unique to Aboriginal economies and hamper development. These apply equally to co-operative development.

The complicated and cumbersome regulatory environment under the *Indian Act* restricts the economic and entrepreneurial environment, particularly on-reserve. Regulations are unclear and complicated; rules on ownership, autonomy, and the complex mix of individual band by-laws and standards discourage investment and entrepreneurial initiative. Land ownership structure also acts as a barrier for First Nations to access private capital. Because they live on Crown land and do not own private property as collateral, they are inhibited from accessing financing from financial institutions or banks. This often means resorting to government sources, which maintains dependency and can hamper initiative.

The instability and insecurity of outstanding land claims and self-government negotiations consume community resources and priorities, leaving few human or financial resources to dedicate to economic and social development. Many communities are dealing with pressing health and social needs, or laying the foundation for governance structures, before embarking on economic development.

Ongoing jurisdictional debates hamper the ability of different levels of government and Aboriginal polities to work together effectively. Uncertainty over rights and unsettled claims acts as a barrier to commercial development, particularly in the resource sector, such as forestry and the fishery.

¹⁴ The authors gratefully acknowledge the work of Rebecca McPhail, senior research analyst with Indian and Northern Affairs Canada, whose research provided information for this section. Her work is reproduced in its entirety as Appendix B of this report.

Aboriginal groups have limited access to capital and start-up funding. Some have greater access to resources than others, since most federal programmes apply to status Indian and Inuit people but not to Metis. For historical reasons, First Nations tend to rely more on federal programmes under Indian and Northern Affairs Canada and Industry Canada. Generally speaking, Aboriginal entrepreneurs are not using provincial economic-development and business-development programming for which they are eligible as provincial citizens. Provinces do not have outreach programmes, partly for jurisdictional reasons and partly due to lack of resources. As a result, there appears to be uneven support for Aboriginal co-operative development across the country. While some provinces seem to have made this type of development a priority, others appear to have not.

Placing the responsibility for co-operative development within government quite clearly shapes the mandate and function of those responsible. In most provinces and territories, the co-operative function is housed in an administrative or central service ministry, such as finance, corporate services, or justice, and these serve primarily an administrative role. In these cases, the co-operative unit is responsible for applying regulatory requirements and documenting applications. These provinces and territories do, of course, share information on co-operative development, but with a lack of resources and limited functional mandate for development activities, they operate on a passive, on-request basis.

In the few provinces and territories where the co-operative unit is housed in a programming ministry, such as economic development, the community development and volunteer sector, or industry and trades, policy and programme approaches are more proactive and dynamic. In Québec, Nova Scotia, Manitoba, Saskatchewan, and British Columbia, the co-operative branch is directly tied to and actively part of economic and business development activities. The role and mandate of these branches is active information and programming support for co-operative development. In these provinces, the co-op model is included among other options for business and entrepreneurship.

The co-operative function in territorial governments shares many of the same issues and challenges of their provincial counterparts, yet the North has a unique and long history of helping to serve the most remote and disparate populations in the country. At this time, the Yukon does not have any formal legislation, policy, or organizational support for co-operatives, but the model is recognized as an option. The new territory of Nunavut is currently borrowing NWT legislation and policy framework, but plans to review and customize the approach within the year.

The Contribution of Co-operatives

From the perspective of many working within government, co-operatives are viewed as the middle option between band-run business and private enterprise. Co-operatives are considered to have served remote and isolated communities well, sharing scarce resources, creating employment, sharing cash dividends, and helping each other. All territorial respondents recognized the potential that co-operatives offer as a longer term and sustainable economic alternative to major chains and megastores.

It was observed that co-operatives can offer an innovative alternative for groups that would not normally have access to capital or business support. By pooling resources, unlikely groups have come together to share costs and expenses, and examples were cited where Aboriginal co-operatives have come up with innovative alternatives to overcome financing barriers.

The inclusive governance structure of co-operatives responds to Aboriginal demands for greater involvement in decision making regarding their affairs. Culturally, co-operatives are seen to be naturally compatible with the Aboriginal values of collaborative and supportive community planning. In terms of legitimacy and accountability structures, the co-op model has built-in transparency and reporting requirements to members. In addition, there are many spin-off benefits that are directly tied to developing human and social capital. Beyond the balance sheet and pooling of profits, co-ops offer much-needed social and community services.

Challenges to Greater Aboriginal Co-operative Development

Overall, there may be a general lack of awareness and understanding of the co-operative model. What is a co-operative, how do they work, how do they differ from other businesses, what kind of commitment is involved?

Aboriginal development Corporations play a central role in controlling decisions over Aboriginal community development. These corporations have been supported as a primary mechanism to dispense and manage federal transfers and settlements of land claims and self-government negotiations. As nonprofit development agencies, they are very active in supporting new Aboriginal business and economic ventures, such as quarries and fisheries in Labrador or tourism in the Yukon. They decide what types of investments and business models to pursue, and tend to prefer a collective approach over individual initiative. The co-operative model, however, is not being promoted. The development corporations play a crucial role in the potential development of co-operative enterprises, but their views regarding the appropriateness of the co-operative model are currently not well known.

By and large, the co-op model is not coming up as an option for Aboriginal economic development or on-reserve initiatives. Typically, co-operative units do not deal directly

with Aboriginal communities, and Aboriginal policy units are not familiar with the co-operative model.

Conclusion Four

A complicated political and policy environment is acting as a general barrier to economic and community development in all provinces and territories, although in different ways depending on provincial and territorial context. These barriers may help explain the mixed success rate and low take-up of the co-op model over the past few years.

Conclusion Five

Aboriginal communities require educational and development material on co-operatives, customized to their reality and culture, and providing examples of Aboriginal co-operatives.

Most provincial and territorial representatives contacted suggested that the co-operative federations need to do more work in outreach and advocacy, while others pointed to the need for new resources for Aboriginal staff, and specialists in Aboriginal economies to make links and promote the model to communities.

Conclusion Six

Aboriginal development corporations play a central role in controlling decisions over Aboriginal community development, and consequently play a crucial role in the success of co-operative enterprise. Formal links should be encouraged between co-operative federations and Aboriginal development corporations,

particularly in the North, and the views and priorities of these corporations with regard to co-operative enterprise should be identified in the next phase of research on Aboriginal co-operatives.

Emerging Themes: Aboriginal Co-operatives and Communities

There has been a belief, prevalent among all people, Aboriginal and non-Aboriginal alike, that economic activity and Aboriginal people were not compatible. There was a belief that we could not do business, that we could not start or run businesses, that the pursuit of profit was somehow not consistent with traditional Aboriginal values. We have never believed that these things are true.

We have seen an explosion of Aboriginal economic activity over the past few years. There are now more than 10,000 businesses owned by Aboriginal people. This is up from an estimated few hundred in the late 1960s. Despite this phenomenal growth, much more needs to be done over the next decade if there is to be any change in the economic circumstances of Aboriginal people.¹⁵

As the preceding chapter has suggested, several development strategies have been attempted in Aboriginal communities over the years. In some communities they have been linked to publicly owned businesses, while others have embraced entrepreneurship through small privately owned businesses. Some have involved working closely with natural resource companies; others have chosen to pursue more traditional forms of harvesting activities. Yet others, more than has generally been realized, have used co-operatives as an effective way to develop their communities economically and socially.

The following chapter identifies lessons learned from eleven cases studies of aboriginal co-operatives.

Case Study Characteristics

Origins

¹⁵ “CANDO Statement on the Economic Development Recommendations of RCAP,” *Journal of Aboriginal Economic Development* 1, no. 1 (Spring 1999), p. 132.

Consistent with the formation of co-operatives in all parts of the world, the Aboriginal co-operatives included as case studies in this report grew out of needs not currently satisfied or provided in an unsatisfactory manner by existing organizations.

The need for a decent standard of housing and a sense of community, for example, led to the formation of the Native Inter-Tribal and First Nations Housing co-operatives in London, Ontario. The desire for more affordable and traditional food sources, along with a strengthened community, resulted in the creation of Neechi Foods Co-operative Limited in an inner city neighbourhood in Winnipeg.

The primary objective for establishing Caisse Populaire Kahnawake was to keep large influxes of seasonal wages in the community, and to enable Kahnawake First Nation to access credit and loans using their own lending criteria and rules.

The Anishinabek Nation Credit Union was established as a solution for Anishinabek Nation communities that had for many years experienced difficulty borrowing funds for economic development and other projects. Anishinabek Nation communities had not been well served by government programmes or conventional financial institutions.

In Nova Scotia and British Columbia, a scarcity of employment opportunities led to the formation of the Apaqtukewaq Fisheries Co-operative and Wilp Sa Maa'y Harvesting Co-operative respectively. In the more remote regions, where service delivery is provided by few if any businesses, the Akochikan, Ikaluktutiak, and Amachewespimawin co-operatives were formed by community members to increase competition and assert control over local economies.

Co-operatives in the Far North were started generally within Inuit, Inuvialuit, and Dene communities to provide competition for existing food merchants and to ensure that pricing of consumer goods fairly reflected costs. They also were established to provide for the controlled marketing of Aboriginal art. Subsequently, the co-operatives have expanded to meet numerous vital needs of Arctic communities, including snowmobile sales and repair, hotel accommodations, and post offices.

Conclusion Seven

Aboriginal people have started and
developed co-operatives to meet
clearly identified needs, not because
someone
told them it was a good idea; this

basis in pressing needs
will be crucial in determining future
success.

Sectors

The sectors represented in the eleven case studies are reflective of where we find the greatest number of Aboriginal co-operatives today—predominantly in the retail sector, with increasing strength in housing and the fishery. As demonstrated in the case studies, potential also exists in the financial services and natural resources sectors. Social co-operatives (health care, child care, medical care) are not represented in the studies (because none has yet been started); the authors believe they are of potential value, however, and will discuss them in the concluding chapter.

Location

The chosen co-operatives are located in all regions of Canada—Arctic Co-operatives Limited in Winnipeg but owned by the northern co-operatives it serves; Ikaluktutiak and Puvirnituk co-operatives in the Arctic; Akochikan Co-operative and Amachewespimawin Co-operative in remote communities in northern Manitoba and Saskatchewan respectively; the two housing co-operatives are located in a medium sized Ontario city; and one of the retail co-operatives is located in an inner-city neighbourhood in a large city in Manitoba. Caisse Populaire Kahnawake is located on the Kahnawake First Nation on the outskirts of Montreal, and the Anishinabek Nation Credit Union serves forty-three member First Nations situated in mid- and southern Ontario, from Thunder Bay to Pembroke, and Peterborough to London. Apaqtukewaq Fisheries Co-operative is located in the Atlantic region, and Wilp Sa Maa'y in central, northern British Columbia.

It has been suggested that the location of an Aboriginal organization in either an enclave or ¹⁶interwoven economy has implications for the nature of the programmes and policies that can be effectively implemented. Enclave economies have clearly defined and bounded geographic locations with a central Aboriginal government authority. One defining characteristic of these economies is the federal legislative and regulatory framework, defined mostly by the *Indian Act*, which makes the rules regarding land and resource use as well as access to credit more difficult without government (federal, provincial, Aboriginal) involvement. Those co-operatives identified as being located in enclave economies include Akochikan, the Apaqtukewaq

¹⁶ For more detailed explanation of the meaning of these terms refer to Appendix D, “Co-operatives and Communities: Some Theoretical Considerations.”

Fisheries, Amachewespiwawin, the Anishinabek Nation Credit Union, and Caisse Populaire Kahnawake.

Interwoven economies may have a defined geographic location but do not have a central Aboriginal government. These economies are usually urban, but may be rural or remote, or Inuit economies in the North, where reserves do not exist and public governments do. The balance of the eleven case study co-operatives are identified as operating within an interwoven economy.

Emerging Themes

Impact on Community

Previous studies¹⁷ examining the impact of co-operatives on communities have identified particular benefits associated with the formation of co-operatives in the following three areas: building/ strengthening physical infrastructure, building/strengthening personal infrastructure, and building/ strengthening social infrastructure (social capital). An analysis of the eleven case studies found similar benefits.

Building/Strengthening Physical Infrastructure Co-operatives contribute to the development of the physical infrastructure—roads, telecommunications, services—of a community through the construction of facilities and provision of services inadequately or not currently provided by government or the private sector. While it is more often in remote and rural communities that co-operatives play a major role in adding to and improving the physical infrastructure available to community residents, examples can also be found in large urban settings where market forces are not currently serving the needs of marginalized communities.

Within the remote North, co-operatives such as Ikaluktutiak offer retail services to provide food and housing essentials to the community, as well as other services—cable hook-up, for example. Through operating hotels and a craft-marketing co-operative, they provide employment as well, while facilitating the development of the tourism industry. In response to the lack of infrastructure in Nunavik, Puvirnituq Co-operative offers a group of services to the community, including cable, banking, consumer loans, and insurance, in addition to a hotel and courthouse as well as a general store.

Apaqtukewaq Fisheries Co-operative manages the Chapel Island Band oyster-processing facility in Arichat, Nova Scotia, and is exploring the feasibility of opening an oyster-

¹⁷ Lou Hammond Ketilson et al., *The Social and Economic Importance of the Co-operative Sector in Saskatchewan* (Saskatoon: Centre for the Study of Co-operatives, 1998).

processing facility on reserve, further strengthening the reserve community's ability to provide employment.

Anishinabek Nation Credit Union will be facilitating the accumulation of savings and creating a source of credit for its members, as well as providing a full range of financial services otherwise not available through conventional financial institutions.

The Kahnawake First Nation had not been well served by the traditional banks, which often had little or no awareness of Aboriginal laws and culture, and had been reluctant to do business in the community. The criteria for granting loans—stable and permanent employment—was not consistent with the seasonal workforce living on the reserve in winter, and working construction sites during the summer. The lending rules established by Caisse Populaire Kahnawake recognized the cultural realities of the First Nation, thereby providing a mechanism to support personal and business loans, assisting with economic development in the community.

Native Inter-Tribal Housing Co-operative and First Nations Housing Co-operative in London, Ontario, vigorously addressed the need for the Aboriginal community to have input into and improved control over the quality of housing available to it within the city. Native Inter-Tribal Housing Co-operative has grown from twenty homes in 1983 to sixty-two in 2000. First Nations Housing Co-operative has added forty-two homes to the co-operative since its incorporation in 1987. Demand continues to far exceed the number of houses available in the co-operatives.

Conclusion Eight

Co-operatives contribute to the physical
 infrastructure of communities
 by contributing to better transportation and
 communication systems in remote communities;
 by creating employment in resource industries;
 and by providing essential services, such as
 co-operative housing.

Building/Strengthening Personal Infrastructure The development of individual leadership (personal infrastructure) within a community has been demonstrated to be one of three aspects critical for the development and maintenance of vibrant and entrepreneurial communities. Education, training, and leadership development are central to principles of every co-operative, and examples within the Aboriginal co-operatives support the critical role leadership development plays in the success of the organizations.

In addition to receiving training on the role and responsibility of a board member, members of the Native Inter-Tribal Housing and First Nations Housing co-operatives have gained life skills from their involvement with the co-op's various committees.

Researchers also identified enhanced self-esteem as a result of small and large accomplishments through involvement with the co-operative. This very positive aspect was echoed in comments by the members of Neechi Food Co-op. It has the specific goal of ensuring that workplace stress does not disrupt co-operative relationships and adversely affect the healing process upon which members have embarked.

The Caisse Populaire Kahnawake has invested considerable effort in training its employees, with the assistance of the Fédération des caisses populaires Desjardins de Montreal et de l'Ouest-du-Québec. Most of the employees had never worked in a financial institution before, so the caisse offered them complete on-the-job training.

Young people seem to be attracted to the jobs provided by Puvirnituq Co-operative, and regard the training programmes offered by the Fédération des coopératives du Nouveau-Québec via the local co-operative, as a source of personal development.

Participation in management training programmes available through Arctic Co-operatives Limited, as well as the opportunity to take part in leadership training and the democratic processes involved in running a co-operative, have contributed to the fundamental skills required to move on to positions of leadership in the newly formed Nunavut government. A large percentage of members participating in a human resource development initiative offered by Arctic Co-operatives Limited in the early 1980s went on to become hamlet managers, housing association managers, and Members of Parliament. Ten members of the Nunavut Legislature have had significant experience and training within the co-operatives.

Building/Strengthening Social Infrastructure A third necessary component that enables communities to exhibit entrepreneurial characteristics—social infrastructure (also referred to as social capital)—is the key ingredient that ties together the physical and human, allowing the community to develop. Unlike other forms of capital, social capital is not a single entity but a variety with elements in common. It is brought about through networks, social norms, and social trust. Community members develop social capital only through co-operation and mutual aid.

Co-operatives enhance the opportunities for the development of social capital within Aboriginal communities. For example, by working through Arctic Co-operatives Limited, remote communities have accessed not only a broad network of suppliers for products and services,

but they have also absorbed new ideas, training programmes, and managerial expertise that was not easily available in the North. Membership in Arctic Co-operatives means membership in the Canadian Co-operative Association, and representation within the International Co-operative Alliance—and thereby access to ideas from across the world. On a local level, Arctic Co-operatives, in addition to the employment they have provided, have markedly increased the capacity of people to understand effective business practice, to assess economic activities, to reach consensus on complex issues, and to contribute to community economic and social development.

Inuit co-operatives in Québec not only met the Inuit's needs for consumer goods, but also, above all, they created a sense of belonging. From as early as 1971, the co-operative movement even supported the idea of an autonomous regional government in Nunavik. Caisse Populaire Kahnawake was the first banking institution to introduce a system of guarantees adapted specifically to the Aboriginal community. Under this model, known as a "trust agreement," trustees are used as third parties when loans are guaranteed. Because the trustees are members of the Aboriginal community, they may receive land as security and sell it to reimburse the caisse, in the event the borrower is unable to repay. The trustees are all volunteers and are politically independent—not appointed by a federal or provincial agency, or the band council. At the time of the writing of this case, however, the legitimacy of this trustee system is being challenged in the courts. The judgement of the court will have a decisive effect on the Caisse Populaire Kahnawake's lending activities, and all other caisses wishing to use the same model.

The Caisse Populaire Kahnawake has contributed to the development of social infrastructure by providing a mechanism to contain and recirculate financial resources within the community. With the support of the Desjardins federation, management training and technical support are made available, enhancing the ability of the community to access additional resources to further economic and social development.

The founders of the Anishinabek Nation Credit Union believe that having their own financial institution is essential to achieving the goals of more self-reliance, more independence, and more self-government. In support of that goal, the slogan for the credit union is "Put your money where your Nation is." In their words, "We have to use our own money to invest and start it up. We need to deposit our own savings in the credit union so it can continue operating. We need to borrow money from our own credit union so it can make a profit." In typically co-operative fashion, forty-three Anishinabek First Nation communities pooled their community and individual resources to build an institution that each of them on their own was incapable of establishing.

Co-operatives enhance social capital by the ways in which they contribute to their communities. Members of the Native Inter-Tribal Housing Co-operative developed an Urban Native Parents' Association, which was instrumental in having the Native language taught in the neighbourhood school. The co-op also provides space for community activities and administrative assistance to other community groups. Akochikan Co-operative has held many successful socials within the community, thereby strengthening social ties among its members. Neechi offers a "Meals to Schools" programme and provides social support to its members.

In every co-operative studied, there are examples of how they provided a means for advancing Aboriginal traditions, whether it was offering a chance for employment in traditional pursuits, or emphasizing traditional foods, language, or cultural practices. All have strengthened social relationships, thereby contributing to the development of social capital.

Conclusion Nine

Co-operatives have contributed significantly to the social capital of Aboriginal communities by enhancing educational programmes, supporting business management skills, providing understanding of other societies, and fostering community action.

The Role of External Agents

Initial Founding

Many believe that co-operatives spring spontaneously from grass-roots initiatives. While it is true that co-operatives can prosper only if they are embraced by significant segments of a community, they usually develop because of the efforts of a few people, sometimes only one person. The importance of effective leadership is demonstrated in all the case studies prepared for this report.

In the case of the Ikaluktutiak Co-operative, it was Andrew Goussaert, an Oblate missionary who had travelled much of the North and had come to believe that co-operatives could provide essential goods at fair prices and assist in the marketing of art in the South. He was soon successful in attracting the support of Inuit leaders, an absolutely vital condition for success, and they played crucial roles in making the co-operative successful. A similar origin is to be found for Puvirnituk Co-operative, one of the first co-operatives organized in northern Québec.

It started as an association of sculptors, organized with the support of André Steinman, a Catholic Oblate missionary, and Peter Murdoch, a marketer for the Hudson's Bay Company.

Wilp Sa Maa'y Co-operative grew out of a research initiative, and was led by a group from outside the community who had identified the community employment potential resident in the nonforest timber products they were studying.

Native Inter-Tribal Housing Co-operative was established by a group of individuals familiar with the co-operative housing concept. They worked closely with a housing resource group in London. First Nations Housing Co-operative grew out of collaboration with the N'Amerind Native Friendship Centre.

Caisse Populaire Kahnawake was the last founded of six existing *caisse populaires* owned and managed by Aboriginal people in Québec. The founders were familiar with the *caisse* model, which they felt was consistent with their own cultural values. "As a co-operative movement, the philosophy and spirit of Desjardins is no less than our own, the people of Kahnawake, of the Mohawk Nation and of the Iroquois Confederacy." (*Caisse populaire Kahnawake*, 1997, p. 2)

Anishinabek Nation Credit Union grew from the vision of Chief Joseph Hare of the M'Chigeeng First Nation, who in the late 1970s identified the need to establish a financial institution controlled by the First Nation. Chief Hare promoted his idea initially to adjacent First Nation communities, and ultimately at the grand councils held by the Anishinabek Nation, where the idea for a credit union was proposed and supported. In the final stages of development, the Union of Ontario Indians, an administrative corporation of the Anishinabek Nation, acted as a secretariat in the development of the credit union and provided the network information to member communities.

The worker co-operative, Neechi Foods, grew out of a community economic development initiative, with strong leadership provided by both Aboriginal and non-Aboriginal CED workers supportive of co-operative models for development. Apaqtukewaq Fisheries Co-operative was incorporated at the urging of the chief, who had a long-standing appreciation for the co-operative model generally and the Antigonish Movement, the community development programme from St. Francis Xavier University known throughout the world for its encouragement of co-operative enterprise.

In some of the case examples, however, it is clear that the vision of the early champion(s) was not always embraced enthusiastically or by large segments of the community's population. In some instances it was difficult to encourage prominent leaders of the community to run for the board or to accept positions on the various committees. Respect for the founders did not al-

ways translate easily into respect and support for the co-operative. This pattern is typical of most new co-operatives, not just those started in Aboriginal communities, but it is important to keep in mind in understanding the difficulties Aboriginal peoples will likely face in creating co-operatives in the future.

Conclusion Ten

Aboriginal co-operatives have emerged
in part
because of the dedicated and informed
leadership
from either outside or within the
communities they serve. The leaders
emerging from co-operatives have
played important and diverse roles in
their communities.

Funding

The funding to start up the co-operatives examined in the case studies came from a variety of sources, depending upon the sector and the location of the co-operative.

Akochikan Co-operative was started with financing provided by the band and managerial support provided by the federation, Arctic Co-operatives Limited. Since the financing was provided by the band, all members of the band automatically became members of the co-operative. This factor has contributed to challenges associated with increasing member participation, and will be discussed later in this chapter. Financing for a new building will also come from the band and from the federal government. The balance will be borrowed from Peace Hills Trust. The co-ordination of the financing has been managed by the Arctic Co-operatives Development Fund.

The first Inuit co-operatives were established in Nouveau-Québec in the late 1950s. Although the federal government had some involvement, most researchers recognize the pioneering role of André Steinman, an Oblate priest, and Peter Murdoch, who, before being appointed director general of FCNQ, worked for a branch of the Hudson's Bay Company, the main competitor to co-operatives in the North. In the face of the Inuit peoples' debt problems linked, among other things, to the drop of fur prices in the 1950s, Peter Murdoch established a pooled loan fund. This initiative served as the basis for the Nouveau-Québec co-operative system.

Neechi Foods, started in an inner-city neighbourhood of Winnipeg, was financed through private loans, donations from individuals and community organizations, a mortgage loan from Assiniboine Credit Union, and capital grants from the Winnipeg Core Area Initiative and the federal Native Economic Development Programme. Having so many players involved in providing the financing, each with its own kinds of information needs, delayed the start-up of the store, and the process strained the already stretched resources of the organizers to the limit.

Government had a vital role to play in supporting the development of the Anishinabek Nation Credit Union (ANCU). Initially, some programme criteria and implementation strategies acted as a barrier, but ultimately, the various departments involved at the federal and provincial levels facilitated the process. Aboriginal Business Canada provided funding for the feasibility study and the business plan, as well as some other expenses. FEDNOR and ABC initiated a draft agreement concerning the establishment of an Aboriginal Small Business Financing Programme in northern Ontario and committed \$4.2 million for business loans. The Ontario Ministry of Finance issued the charter. Prior to doing so, considerable scrutiny was conducted by their staff, which in retrospect will serve as a guide to ANCU's board of directors in the operation of the credit union.

The two housing co-operatives started with support from the Canadian Mortgage and Housing Corporation (CMHC) Housing Co-op Programme, which provided a mortgage guarantee, along with a subsidy for ongoing mortgage payments. They also accessed the Urban Native Housing Programme. The CMHC Co-op Housing Programme has since come to an end, severely limiting the ability of the two housing co-operatives to acquire more units. This programme discouraged a connection between First Nations communities and the urban housing co-operatives by requiring a three-month previous residency within the City of London prior to being eligible for co-op membership.

Wilp Sa Maa'y did not require large capital outlays; it was started by capital raised through ten-dollar shares purchased by members, and a very modest start-up grant from the Gitxan-Wet'suwet'en Economic Development Corporation. It is managed by volunteer administrators and does not have permanent employees.

The experience reflected in the case studies suggests several issues about the funding of co-operatives. Funding for co-operatives within enclave communities may be easier to access if the co-operative fits within the mandate of relevant government programmes, or if it is supported by the band. Along with the funding, however, may come high levels of involvement or influence that may conflict with the autonomous nature of the co-operative as well as its democratic procedures.

Funding from government is problematic in sectors where changes in government policies can lead to the demise of essential funding programmes, resulting in stagnation such as that which occurred in the co-operative housing sector. In addition, programme restrictions required to achieve a goal of government may unintentionally work against goals essential to community cohesiveness, as illustrated in the Native Inter-Tribal and First Nations Housing co-operatives case study.

Co-operatives established off reserve often find it very difficult to secure funding as they move from one funding programme or source to another, searching for one whose mandate fits with their co-operative initiative.

The support of development funds and corporations, both Aboriginal and co-operative, is essential, not only in terms of making initial grants, large and small, but also in terms of providing co-ordination and financial expertise to those who do not possess this knowledge or ability. The success of the Arctic Co-operative Development Fund is remarkable. The attitude of the various Aboriginal development funds and the Aboriginal Economic Development Programme is a matter of some concern to the authors.

Conclusion Eleven

Aboriginal co-operatives have secured
funding from a variety of sources,
but there is a need for greater
collaboration
with government funding sources,
Aboriginal economic organizations,
and the co-operative sector.

Managerial Expertise and Resources (Operational and Policy)

Managing a co-operative is not an easy task. Leadership is provided by both elected officials serving on the board of directors, as well as by paid managerial staff. Often the goals of the two groups can be in conflict. In remote communities, where trained managers are difficult to find, co-operatives have to decide whether to bring in managers from outside the community or to train managers from within. The retail members of Arctic Co-operatives Limited were adamant in their desire for management being provided by members of their own communities. They felt that this would be the only way to ensure that the unique needs of remote communities would be understood and addressed. On the other hand, in order to prevent friends and family members from influencing credit and other business decisions of the co-operative, the

elected officials of Amachewespimawin Co-operative in Stanley Mission did not want management to be drawn from the local community.

Management of Caisse Populaire Kahnawake has to deal with two conflicting factors: their commitment to the community's welfare and economic development and the necessity to maintain the caisses own financial viability. The manager indicated that it is sometimes difficult to meet the expectations of members, who feel that because the financial institution is located on the reserve and managed by people from their own community, it should automatically loan money as needed.

A founding member of Apaqtukewaq Fisheries Co-operative identified the need for a clear separation between the financial management of the co-operative and management of the band if the co-operative is located on the reserve.

Other co-operatives and credit unions can play major roles in assisting the development of sound management practices, as well as mentoring the co-operative or credit union through its developmental stages. For example, Credit Union Central of Ontario, through one of their divisions, CCG Management Consultants, authored the business plan for the Anishinabek Nations Credit Union. The Kahnawake Credit Union hosted a delegation from ANCU and provided valuable advice and information for their visitors. Member credit unions of Credit Union Central of Ontario were aware of ANCU and response from them was always encouraging. The annual report and audit of a credit union located in the area was a valuable reference.

Training

Good management, while essential to the viability of the co-operative, may be difficult to find in communities where many of the older generation have limited formal education. In remote communities such as Cambridge Bay, for example, where the average level of education attained is grade six, achieving the co-operative's goal of having management provided by local people is a major challenge. Training programmes offered by co-operative federations such as Arctic Co-operatives Limited to members of Akochikan and Ikaluktutiak co-operatives, Federated Co-operatives Limited to Amachewespimawin Co-op, and FCNQ to Puvirnituk Co-op have been helpful in overcoming these challenges, but there is a clear need for more training opportunities. Provincial and national federations within the co-operative housing sector similarly have provided customized training and managerial support to the Native Inter-Tribal Housing and First Nations Housing co-operatives. The requirement of the *Caisses Populaires and Credit Union Act* for completion of a prescribed training programme

prior to qualifying as a director further ensures that sector-specific training is offered to potential credit union and caisse populaire directors.

Co-operative development is rarely undertaken in isolation—in almost all cases it requires some assistance from people outside of the community, such as government or co-operative development specialists from the same or other sectors. As with any new start-up, the required assistance may include funding and managerial expertise. The formation of co-operative organizations presents other unique challenges, however, which often require sector-specific, long-term support.

Governance

The case studies reveal that members generally (and sometimes elected officials) have a mixed level of understanding of the philosophy and values underlying co-operatives. For instance, Apaqtukewaq Fisheries Co-operative gave examples of band leadership interfering in the decisions of the co-operative. In the Arctic and northern Québec, in contrast, one of the guiding principles of the co-operative movement is management by the Inuit themselves, in both elected officials and paid staff. Extensive member involvement in the democratic process, however, is not present, despite this commitment by the co-operative leadership.

The structure and processes associated with governing co-operatives are unique; they require commitment and effort on the part of the board of directors to ensure that the values underlying co-operative principles are reflected in the policies and activities of the organization. Carrying out the roles and responsibilities of member and elected official is difficult; it requires not only education and training, but determination as well.

The case studies also raise the question of the difficulties Aboriginal co-operatives might encounter as they seek their appropriate roles when there are other First Nation and Aboriginal organizations in the community.

Conclusion Twelve
There is need for more research on
how co-operatives
“fit into” Aboriginal communities—
their social structure, other
economic organizations, and political
systems.

Community Support and Participation

One of the most difficult challenges for any co-operative is to encourage and maintain active participation by the membership. The people interviewed for the case studies cited a lack of member understanding of how co-operatives function and the kinds of benefits they can provide. Generally, however, members of the co-operatives examined in the case studies patronize their co-operatives well, but they demonstrated limited enthusiasm for participating in the democratic process.

Among the older co-operatives, engaging the interest of the younger generation was an issue. While the older members knew first-hand the conditions that existed prior to the establishment of the co-operatives and the benefits the co-op had brought to them, the current generation was often indifferent and uninformed.

Among the more recently established co-operatives, the challenge was expanding the membership to provide necessary funds for development. They were finding it difficult to communicate with the larger community.

Within the communities where co-op membership came as a result of band membership, stimulating participation seemed more problematic.

Conclusion Thirteen
Like all co-operatives, Aboriginal
co-operatives have
a significant challenge in ensuring
strong interest
and involvement by their members.

The Potential for Growth

The research for this report consisted of: eleven case studies of co-operatives among Aboriginal peoples; an analysis of the best practices for co-operative development emerging from a long history of co-operative development in Canada and overseas; an analysis of existing Aboriginal co-operatives undertaken by the Co-operative Secretariat; and a review of attitudes towards co-operatives by public servants across Canada. This chapter draws upon this research, more complete versions of which are available in this volume in the appendices.

This report has documented a substantial record of accomplishment by Aboriginal co-operatives. It has demonstrated, particularly through the case studies, considerable potential for the further development of co-operative enterprise among Aboriginal peoples. The key question that emanates from these findings is: What needs to be done so that Aboriginal people can consider systematically and in an informed manner the potential for the development of co-operative organizations within their communities?

The authors believe that Aboriginal organizations, governments, and the co-operative sector need to support two streams of initiatives in order to respond to this question. First, they need to ensure that Aboriginal peoples have the opportunity to learn about co-operatives, as much as possible from other Aboriginal peoples. Second, they need to develop ways and means to foster co-operative development within communities through the process known generally as community economic development.

Recommendation One

A special committee (the Aboriginal Co-operative Coordinating Committee) consisting of representatives from the Assembly of First Nations, the Inuit Tapirisat, Indian and Northern Affairs Canada, the Co-operatives Secretariat, the co-op sector, CANDO, and co-operative studies specialists should be appointed to (a) develop a strategy and recommend an implementation process to foster the development of co-operatives within communities; and (b) oversee a series of initiatives aimed at increasing understanding of the co-operative model among Aboriginal peoples.

The authors further believe it is essential to have some continuing leadership in order that these two sets of initiatives can be undertaken effectively. They therefore recommend the formation of an ongoing committee—the Aboriginal Co-operative Co-ordinating Committee—consisting of representatives appointed by the organizations that supported this report: the Assembly of First Nations; the Inuit Tapirisat; Indian and Northern Affairs Canada; the Co-operatives Secretariat; the Canadian Co-operative Association; the Conseil Canadien de la Coopération, and specialists in co-operative studies. Representatives from other organizations might be added at a later date.

The authors suggest that the committee prepare an outline of proposed activities and projects, including timelines and budgets, to be submitted to the supporting organizations for approval and assistance.

Expanding Understanding of Aboriginal Co-operatives

The case studies undertaken as a part of this study suggest a wide range of possibilities for the future development of Aboriginal co-operatives. The following examples are particularly compelling.

The Arctic experience with arts and handicrafts invites study from southern peoples, especially in developing quality-control mechanisms and sound marketing practices. Significant interest in this possibility has already become evident as information about this report became known.

The experience of the Wilp Sa Maa'y Harvesting Co-operative suggests the possibilities of developing resource industries on a local basis and the future desirability of considering how such businesses might be co-ordinated on local, regional, provincial, and national levels.

Aboriginal peoples are facing serious housing problems both on and off reserves. The experience of the Native Inter-Tribal Housing and First Nations Housing co-operatives suggests the possibilities in an urban context. Consideration should also be given to how continuing housing co-operatives or “sweat-equity” co-operatives (where families co-operate to build housing) might be used to meet the needs of people living on reserves.

The co-operative approach to the development of financial services offers considerable promise given the success achieved by the Kahnawake caisse populaire and the creative beginnings of Anishinabek Credit Union.

The generally successful experience with consumer co-operatives suggests their possible wider application, particularly in remote communities. In the North, Arctic Co-operatives

and la Fédération des coopérative du Nouveau Québec have always been supportive of the development of sound new co-operatives.

Despite such successes, the authors have found that very few Aboriginal people have adequate knowledge about co-operatives. To some extent, this lack of understanding is not surprising; nor is it unusual in Canada. Educational institutions—elementary, secondary and post-secondary—do not include sufficient or reliable information about co-operatives in their curricula. While most governments have information on co-operatives available, typically on request, few people understand the nature, extent, and possibilities of co-operatives, and demand is limited. The sector has information but has not engaged in significant promotional activities for several years. Another important factor is that the most successful co-operatives are in the Canadian Arctic, and those experiences are not widely understood in southern Canada among either Aboriginal or non-Aboriginal people.

Further research is required into the perceptions of band councils regarding co-operative enterprise. Band councils play a key role in the start-up of individual and collective enterprises, both engaging in business and developing the economy on reserves. Since they are also responsible for financing entrepreneurs, they can block projects deemed “unsuitable.”

Further research is also needed to understand completely the ways in which co-operatives function in their communities. The scope of the Co-operatives Secretariat’s annual survey, for example, is limited to the main financial variables of nonfinancial co-operatives. The survey does not allow for a comprehensive study to be carried out.

Recommendation Two

There is a need for a “special survey” collecting information on all possible variables affecting the co-operatives (including financial co-operatives) and the community.

It is important, therefore, that the northern experience be more carefully studied and more widely explained. While considerable information on these co-operatives exists, it is not readily available, nor is it in the most accessible form. The authors recommend consideration of the following possibilities:

- the Aboriginal Television Network should be encouraged to develop a series of programmes on the northern co-operatives;
- the developing Nunavut educational system should be encouraged to devote adequate time to the co-operative movement, especially since it is such an important part of the

northern economy;

- materials for speeches, presentations, seminars, and workshops should be prepared so that interested communities in the South as well as the North can learn about the successes in Arctic Canada; and
- northern co-operative leaders should be encouraged to address key meetings of Aboriginal peoples such as the Assembly of First Nations, regional meetings of chiefs, and gatherings of band/Nation economic officers.

Recommendation Three

The northern co-operative experience within Inuit, Inuvialuit, and Dene communities needs to be more completely examined, information on it compiled in accessible forms and communicated to Aboriginal peoples as much as possible by Inuit, Inuvialuit, and Dene leaders.

More generally, there is a need for more generic information on co-operatives prepared specifically for Aboriginal peoples. Existing materials explaining co-operatives, advising how they can be formed, and indicating the range of possible purposes they might serve should be collected from co-operatives, governments, and the general sector. Inclusive and complete information packages, specifically designed for Aboriginal peoples, should be developed.

Furthermore, the committee should encourage existing training, education, and economic development organizations to expand their interest in, and support for, co-operative models for economic and social development. It should encourage the Council for the Advancement of Native Development Officers (CANDO) to examine the possibilities for co-operative development, and educational institutions such as the Gabriel Dumont Institute and the Saskatchewan Indian Federated Colleges to explore the possibilities of co-operative studies. It should investigate how the northern federations could expand their training/educational programmes within and perhaps outside the northern region.

There is some urgency in facilitating a greater understanding of the Aboriginal co-operative experience and in developing a more complete information base. The pace of change in Aboriginal communities is accelerating and many of the First Nations are starting to make key decisions about their economic and social future. Co-operatives can be only a partial answer to the many challenges they face but, as of this time, there is almost no consideration of how the co-operative model might be helpful.

Conclusion Fourteen

The following kinds of co-operatives

would appear to offer the most promise for development in the near future: arts and crafts co-operatives; co-operative stores, particularly in remote communities; co-operative financial services; co-operative housing, both on and off reserves; co-operative development of the resource economy; and the delivery of social services.

To facilitate increased understanding in as expeditious a way as possible, the authors recommend the following approach: a special symposium/workshop should be organized for the Spring 2001 to explore existing Aboriginal co-operatives; the Aboriginal Human Resource Development Corporation should be asked to fund the conference; and CANDO should be asked to organize it. As much as possible, the conference should feature Aboriginal co-operative leaders from the co-operatives and co-operative movements described in this report. In addition, organizers should invite chiefs from First Nation communities and key people from Aboriginal Business Canada and the Canadian Council for Aboriginal Business. Some possible topics for sessions are as follows:

- co-operative financial services;
- training and education within co-operatives;
- the possibilities of co-operative housing;
- co-operative alternatives within the resource-base economy;
- co-operatives in remote communities;
- governance of co-operative organizations; and
- the provision of social services through co-operatives.

The symposium/workshop should recommend, in particular, how best to ensure that the co-operative model is a viable option for those Aboriginal communities interested in using it for their economic and social benefit.

Recommendation Four

A special symposium/workshop should be organized to expand understanding of existing Aboriginal co-operatives and to explore the most likely areas of interest for future development.

Encouraging Co-operative Development

The case studies suggest the value of thinking about co-operative development as a variant of community economic development (CED). In its broadest sense, CED is best thought of as a process by which people obtain the power to affect the social and economic conditions in their communities, following priorities they set themselves. It means much more than the economic growth of small population centres.

A key element in effective community economic development is the nurturing of community infrastructure that includes, for example, supportive networks of people, the development of leadership capabilities, and an expanding knowledge base possessed by the people in the community.¹⁸ This development *of* the community is vital given the wide variation that exists among communities requiring development. The case studies demonstrate that co-operatives can contribute to the development of such infrastructures.

The second key element is recognizing that each community is different, has its own problems, and must find its own solutions. The problems facing urban communities are different from those facing rural communities, for example, while the challenges besetting fishing communities are different from those facing farming communities. As a consequence, no one approach will work in all instances. The solutions must be tailored to the needs of the individual communities. The case studies demonstrate that co-operatives can be helpful in addressing specific, variable issues confronting specific communities.

The third key element is that the people of a given community must take ownership of both the problems and the solutions; otherwise, attempts at community economic development invariably fall short. Local control, therefore, is essential for community economic development. It provides people with knowledge of the specialized problems facing their community, and it ensures that they are motivated to take action.

Recommendation Five

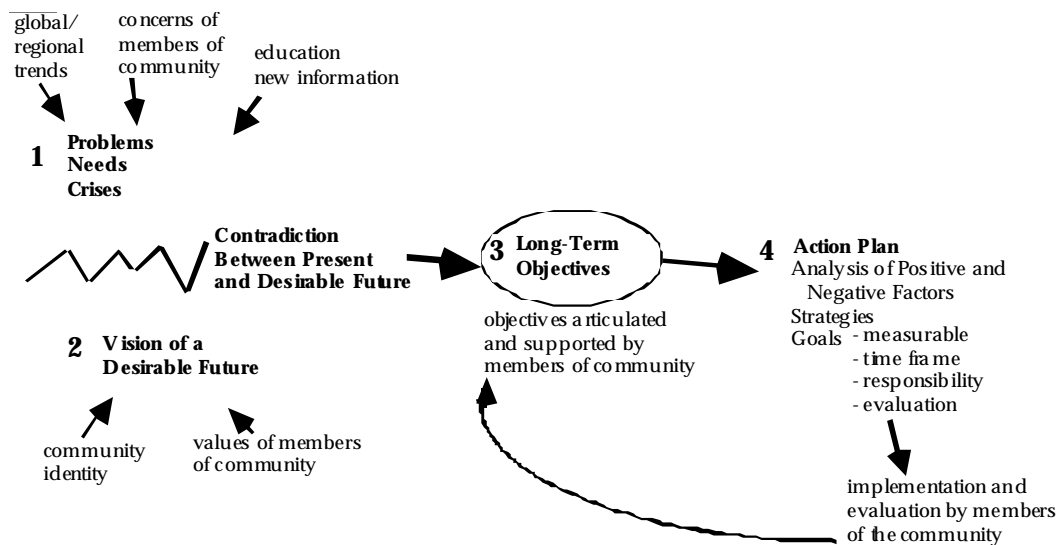
Aboriginal people must be empowered to expand their understanding and development of co-operatives in their community, be they on or off reserves.

Communities involved in community economic development need the fullest possible mobilization of local resources and the support, ideas, and action of as many of their citizens as possible. This can best be achieved by an open, community-based planning process. The process itself usually proceeds through five stages: (1) problem identification; (2) vision; (3) objective setting; (4) action; and (5) implementation. In the past, this process has often been very informal. In today's environment, it may have to become more formalized and profes-

¹⁸ The distinction between development *of* and development *in* the community (discussed later in this section) is explained in more detail in Appendix D.

sional, involving budgets, consultants, and government departments. The workings of this community-based planning process are demonstrated in Figure 1 (next page).

Figure 1: Community-Based Planning Model¹⁹



The Co-operative Model of Community Economic Development

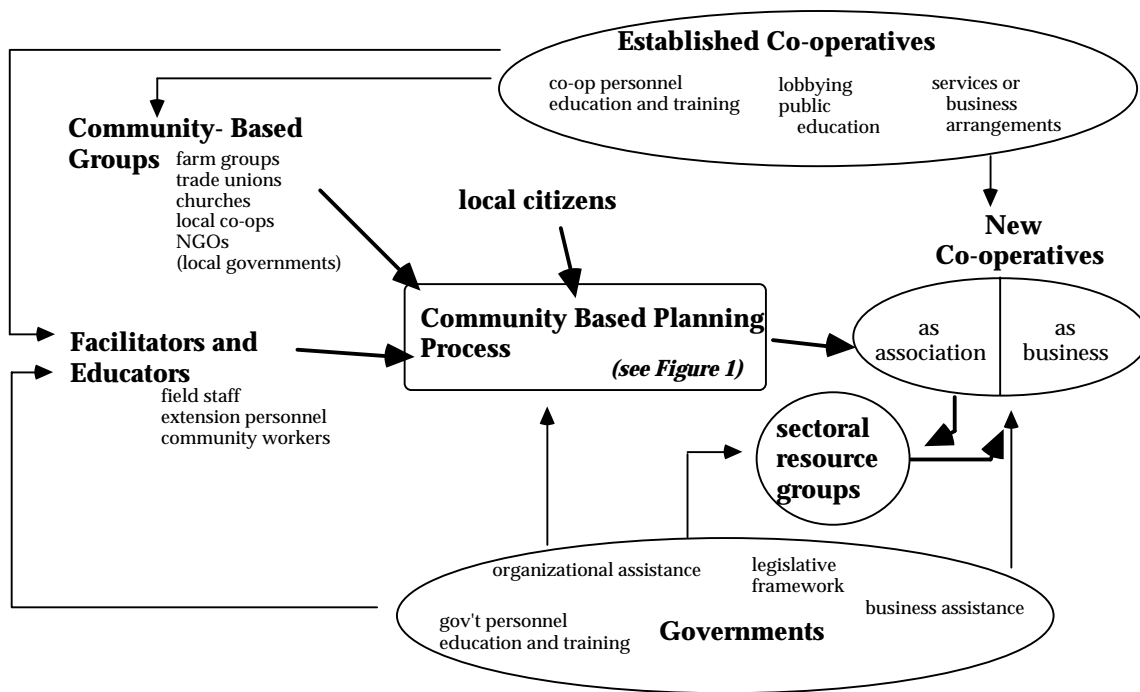
Co-operatives can be a valuable option within the community economic development process, and Figure 2 (below) outlines how the co-operative dimension can be included. Established co-operatives have a role to play in this process, usually in assisting with personnel training, public education, government lobbying, and provision of some support services. Government

¹⁹ This planning model was first introduced in the *Report to the Federal/Provincial Task Force on the Role of Co-operatives and Government in Community Development*, entitled *Climate for Co-operative Community Development*, by Lou Hammond Ketilson, Murray Fulton, Brett Fairbairn, and June Bold (Saskatoon: Centre for the Study of Co-operatives, 1992).

contributes through the provision of organizational and business assistance, through appropriate legislation, and through educating and training its own personnel about co-operatives. This government assistance is provided not only to co-operatives directly, but to other community and resource groups—groups who may choose the co-operative model for their community development efforts.

In addition to emphasizing the distinction between development *of* the community and development *in* the community, a co-operative model of community development stresses that development *in* the community can take on a variety of forms. New economic activities may be started by individuals within the community, by groups within the community, or by outside agencies (e.g., government). Each of these activities can be expected to have different consequences for the health of the community.

Figure 2: The Role of Government and Established Co-operatives in Developing New Co-operatives



The effective implementation of the co-operative approach to community economic development is not easy; nor is it quick. It depends upon the presence of informed individuals who can stimulate interest, provide information, and facilitate the development of co-operatives—should communities decide they wish to consider using the co-operative model to meet their economic and social needs. The authors recommend, therefore, that the proposed Aboriginal

Co-operative Co-ordinating Committee, following the symposium recommended above and after further consultations, develop a plan for the selection and employment of co-operative information officers.

The authors believe it is essential that a small group of individuals sufficiently trained and acceptable to Aboriginal peoples be made available to promote a more thorough understanding of the co-operative model and its potential applications. These officers would play roles similar to those played by organizers involved in the creation of credit unions and most co-operative stores in the South, by northern affairs specialists in the early years of the Arctic co-operatives, and by similar individuals involved in co-operative development in other parts of the world. They would circulate information, lead information and resource training sessions, assist in developing business plans, help identify funding sources, and provide early training for directors and employees. As much as possible, they would work with existing co-operative organizations in the area or those involved with the same kinds of business activities. They would be expected, however, to develop their programmes so that groups would become self-sufficient, using training and financial resources otherwise available as their organizations matured.

It is not clear at this point where such individuals might best be located: e.g., within some national organization or department, or within existing co-operative organizations; in the various regions of Canada or in communities that have manifested significant interest. It is equally unclear what the best lines of authority governing their appointment might be—with what kinds of accountability and to whom. The authors recommend, therefore, that following the symposium suggested above and after further consultations, the committee recommend to the sponsoring organizations the most effective way in which such a cadre of officers might be appointed and sustained.

Although co-operatives within the two northern federations have access to some training programmes, there is an ongoing and expanding need for more.

Recommendation Six

The Aboriginal Co-operative Co-ordinating Committee should prepare a plan—drawing upon the resources, financial and in kind, of government departments, Aboriginal organizations, and the co-operative sector—to create a cadre of trained co-operative organizers in different parts of Canada able to

assist Aboriginal communities interested in studying and applying the co-operative model to meet their economic and social needs.

Encouragement of Greater Government and Government/Sector Co-ordination

In its relationship with governments, the co-operative sector typically has difficulty because its interests usually transcend the boundaries of traditional government departments. Because they are active in such diverse fields as housing, primary industries, health services delivery, worker co-operatives, the financial industries, and consumer services, they can relate to almost all government departments. From the government perspective, too, it is difficult for specialists in any one ministry to gain a full appreciation of the totality and the possibilities of the existing co-operative sector, let alone the possibilities of the full application of the co-operative model. On a federal level, this problem has been reduced by the activities of the Co-operative Secretariat, but there are still challenges to be met. On a provincial level, the challenges are even greater, particularly in those provinces where no person or group is charged with the responsibility of fostering integrated approaches to liaison with, or development of, the sector.

The authors recommend that the committee consider how policy directives, information, and experiences concerning co-operative developments among Aboriginal peoples can be regularly and systematically exchanged; how it could ensure that the meetings of ministers and officials responsible for co-operatives consider Aboriginal co-operatives regularly; and how collaboration with the sector could be enhanced.

Recommendation Seven

The Aboriginal Co-operative Co-ordinating Committee should consider how greater co-ordination of all levels of government and government/sector initiatives for Aboriginal co-operative development might be achieved on a continuing basis. It should co-ordinate its approach with the development programmes of the Canadian Co-operative Association and the Conseil Canadien de la Coopération.

In fact, the development of the co-operative alternative among Aboriginal people appears to be an area where some special efforts at intra-governmental, inter-governmental, and government/sector co-ordination are required. While the Indian and Northern Affairs Canada is clearly the

lead ministry, other federal ministries, particularly in economic development and the health fields, are also important, especially when one considers nonreserve and nonstatus Aboriginal peoples. On a provincial level, as the report on provincial initiatives demonstrates, the potentially relevant policies and programmes are spread across several departments.

Looking at the possibilities for future development, particularly in training, education, and promotion of co-operatives, the experiences of the Arctic co-operatives and their federations should be utilized whenever possible. There is no need to reinvent what has already been well developed. There should be some advantages of scale; there is much that Arctic and southern Aboriginal peoples can learn from each other.

Recommendation Eight

The Arctic federations of co-operatives should be consulted in the future development of training/education/promotion programmes. They have differing experiences and traditions, and many years of experience that should be used for the benefit of all Aboriginal co-operatives.

The Need for Further Research

Further Research

This report has demonstrated the need for additional research. We believe this research should be undertaken by people with academic training coming from an Aboriginal background. The main focus of this research, recognizing the variety of Aboriginal experience across the country, should address the fundamental issue of how well co-operative structures and approaches fit within existing specific Aboriginal communities.

Recommendation Nine

There is a need to ascertain more completely the views and priorities of Aboriginal economic development organizations regarding the expansion of the co-operative movement in Aboriginal communities.

A Concluding Statement

This report has demonstrated the extent and stability of the Aboriginal co-operatives in

Canada. It has proposed ways in which that experience can become better known. It has suggested how Aboriginal peoples, the government, and the co-operative sector might develop a means for Aboriginal communities to consider in an informed way—and with the advice they will require—how to develop co-operatives to meet their economic and social needs.

The authors believe deeply that the development of co-operatives is ultimately a question for Aboriginal peoples to decide. It is not a solution to be forced upon them. It is not the only option Aboriginal people have, but it is an option that some Aboriginal people have used effectively and others could employ for their economic and social benefit.