



The business case for treaties

Resolving the land question is critical to British Columbia's future economic prosperity. This statement has never been more valid.

Driving the economy

Until there are agreements in place with First Nations across the province investment will be curtailed.

The cost of treaty making is often a focus of attention, but it is the absence of treaties that is impacting BC's economy every day. Instead of watching these economic opportunities pass by, more and more BC businesses are forging relationships with First Nations and positioning themselves as leaders in BC's changing economic climate.

Treaties will bring certainty to land ownership and jurisdiction, a major cash injection and new investment. In order to identify and quantify the compelling economic reasons for treaty making, the Treaty Commission is undertaking two initiatives over the next several months to examine the economic case for treaties' – a one-day conference and a financial analysis of the benefits by a group of independent economists. There is a scarcity of good financial data comparing the net costs and benefits of treaties, which is not surprising given treaty making in BC is a relatively new development.

In 1990, Price Waterhouse calculated the cost to BC of not settling treaties to be \$1 billion in lost investment and 1,500 jobs a year in the mining and forestry sectors alone.

Milton Wong, chairman of HSBC Asset Management Ltd. says, "Investors will not spend millions of dollars when there is uncertainty in this province. As treaties move ahead, there will be a positive sign to investors that their assets will be protected ... I already see a change in the psychology of the marketplace.

"Once a treaty is signed, First Nations can come into the business community on an even footing."

While the investment banker stresses the impact that treaty negotiations have on BC's investment climate – and the importance of signing treaties to create greater certainty for investors – Wong feels that BC business should really be paying attention to developing working relationships with First Nations right now.

"Every day we see more and more First Nations taking their place in BC's economy."

Forestry firm Lignum Ltd. has long recognized the benefits of developing business relationships with First Nations. Ecolink, a 50 – 50 partnership with Esketemc First Nation, was established in 1990 and now has annual revenues of \$2 million.



“Economic development cannot operate on its own – it has to be done in partnership with treaty negotiations. You need to understand the big picture to make joint ventures.”

Lana Eagle, Quatsino First Nation economic development manager

“The partnerships are very productive,” said Lignum President Jake Kerr. “We bring management skills and experience in dealing in the corporate world and they bring knowledge of the community and skills in working in the forests.”

RBC Financial Group Executive Vice President Charles Coffey, in a speech in 2002, said, “We’re aware that many business people don’t always grasp the business benefits of relations with aboriginal peoples and communities. For us, the business benefits are clear. We see a major and expanding market opportunity. The rapid increases in the aboriginal population represent new customers. Land claims represent increased economic and financial clout.

“The business reasons for building good relations with aboriginal peoples go beyond market opportunity. Aboriginal peoples are becoming a vital source of new entrants to and new skills for, the workforce. Many companies are benefiting from having long-term and reliable employees on board. And economic relationships – employment, contracting or joint ventures – are contributing to community support for resource development.”

Coffey is one of a growing number of Canadian investment bankers who see the financial opportunities in aboriginal communities.

“The Nisga’a are an important part of the local economy in Terrace,” says Don Bombardier in the Nisga’a annual report. The dealer and manager of Inland Kenworth says, “Without them our downtown would be in serious trouble.”

The Nisga’a treaty will pump as much as \$188 million², into the economy assuming the money is invested and spent here. The Nisga’a and their neighbours in Terrace and throughout the region are already feeling the benefits.

Eight hundred Nisga’a citizens with individual sale fishing permits shared nearly \$400,000 in revenues and paid more than \$160,000 to the Nisga’a Lisims Government. Five per cent of the catch is now value-added products, including premium quality, specially labeled Nisga’a wild sockeye salmon, which is processed through a joint venture with Jim Pattison’s Canfisco Group. Nisga’a Fisheries employed 100 people.³

Forestry activities employ 30 people and contributed more than \$445,000 to the Nisga’a Nation for timber harvested on Nisga’a lands as part of the transition that will see the First Nation take full control of its forest resources in 2005. New tourism ventures have been started, including Lisims Backcountry Adventures. Tourism visits to Nisga’a territory are up. The mushroom harvest was double the volume of the previous year and licensing fees are sufficient to pay for managing the resource.

² Grant Thornton Management Consultants 1999, Financial and Economic Analysis of Treaty Settlements in British Columbia.

³ All Nisga’a figures are from their 2002 annual report.

The mushroom harvest adds an estimated \$1.3 million to the local economy. Road construction is employing 40 people.

Treaty settlement funds proposed in the draft Snuneymuxw agreement in principle (\$74.7 million) could generate significant economic opportunities and jobs for Snuneymuxw members.

The economic development potential has been described as “phenomenal.” Post-treaty Snuneymuxw lands would comprise 5,090 hectares compared to the City of Nanaimo with 8,819 hectares. Future land purchases, using treaty funds, investment and tax revenues could lead to further expansion, as well as development on Snuneymuxw lands.

Snuneymuxw could become an economic powerhouse in the region. Taxes, leases and other revenues from development could generate as much as \$1 billion within the first 50 years after the treaty comes into effect, according to an economic study commissioned by the First Nation.

The overall net benefit of treaties in British Columbia is estimated to be somewhere between \$3.8 billion and \$4.7 billion.⁴ The estimated economic benefit of investment in BC as a result of the cash injection ranges from \$7 billion to \$11.6 billion. However, the authors of this study caution these numbers are based on assumptions and apply to economic conditions that have now changed.

What we do know is aboriginal ventures are growing two and a half times faster than the national increase in self-employment. Aboriginal self-employment is growing more than two times faster than aboriginal employment. The ventures touch on virtually every facet of the Canadian economy, including software design, manufacturing, tourism, the arts, engineering and management consulting. These businesses are based in large urban centres as well as rural and remote locations. Forty-six per cent of aboriginal businesses hire additional, full-time workers including non-aboriginal people.

There has been a 133 per cent growth in the number of aboriginal-owned and -operated tourism enterprises in BC during the past decade. Today, these First Nation companies make up about three per cent of all BC tourism activity. There are nearly 1,200 aboriginal people employed in the tourism industry on a full or part-time basis.⁵

In 2001, aboriginal tourism businesses in Canada generated a total of \$4.9 billion in economic activity, according to Aboriginal Tourism Team Canada.

“The companies that are going to get the business are the ones that understand First Nations people,” say Calvin Helin, president of the Native Investment and Trade Association.

An innovative partnership between Electra Gold Ltd. and Quatsino First Nation is perhaps a sign of the times. Electra Gold will pay Quatsino \$1 for every metric tonne of production from its Apple

⁴ Grant Thornton Management Consultants 1999, Financial and Economic Analysis of Treaty Settlements in British Columbia.

⁵ Firstbusiness.ca operated by the Canada BC Business Services Society in cooperation with the Aboriginal Business Services Network.



“The Throne Speech finally acknowledged the significant role that First Nations will play in the economic revival in British Columbia in the next decade.”

John Winter, president BC Chamber of Commerce, in BC Business May 2003

Bay mining lease within the First Nation’s traditional territory, and provide employment training for Quatsino members. Annual production is expected to exceed 200,000 tonnes.

“We knew that a co-operative relationship with Quatsino First Nation was essential for the success of the project,” said Doug Stelling, chairman and CEO.

Lana Eagle, Quatsino First Nation economic development manager, feels that a successful joint venture must work hand-in-hand with treaty negotiations.

“Economic development cannot operate on its own – it has to be done in partnership with treaty negotiations. You need to understand the big picture to make joint ventures effective.”

Helin says the business community needs to wake up in BC. “Many companies don’t seem to realize what a power position First Nations are in with regard to resource development.”

He says it is surprising that companies will invest in cultural sensitivity training and strategies when doing business abroad, but learn nothing about doing business with First Nations. “Developing relationships with First Nations people just makes good business sense. First Nations are major stakeholders in BC.”

Helin looks to the Maori people of New Zealand as a good example of the kind of economic development initiatives that can be accomplished using a treaty as a jumping off point. He has been involved in developing a mix of residential, commercial, recreational and cultural facilities on Maori land with an estimated value of \$2 billion.

His main concern with the BC treaty process is that First Nations may focus exclusively on treaties and not develop the kind of capacity and business relationships that are necessary for successful economic development post-treaty.

“First Nations in BC will be the stewards of huge assets post-treaty. If First Nations focus on business development today, they will be in an excellent position when treaties are concluded.”

John Winter, BC Chamber of Commerce president, says, “From a business perspective the lack of treaties is slowing growth due to the uncertainty. But business people and aboriginal people are not sitting around waiting for treaties. There is a realization that there are economic opportunities and the time to take advantage of those opportunities is now. Economic activity is already happening though mostly in the rural parts of the province.

“There is a hope that treaties can happen although it is not realistic for us to think there will be treaties in the short term. We are seeing signs of progress. The recent agreements in principle augur well for the future.”



Sliammon Construction workers at seawalk development

The First Nation focus on economic development is getting a helping hand from other governments. Many First Nations inside and outside the BC treaty process are benefiting from provincial and federal economic development initiatives – most notably BC’s Economic Measures Fund and Canada’s BC Economic Partnership Initiative.

In the February Throne Speech the BC Government pledged “to provide a new level of economic opportunity for First Nation communities and people.” On top of the \$40 million Economic Measures Fund is \$95 million for revenue sharing with First Nations – \$15 million this year, \$30 million next year and \$50 million the following year. More than 100 projects worth a total of \$25 million have been announced to date.

Among the ventures announced in 2003 is a cruise ship port at Campbell River. The port, expected to contribute more than \$2 million annually to the regional economy, is being developed by the

Campbell River Indian Band. The provincial government is contributing \$100,000 and the federal government \$200,000 to expand and upgrade an existing dock on the band’s reserve. There is money, too, to attract more cruise ships into Prince Rupert and improve tourism opportunities for the Tsimshian with \$170,000 from the provincial government and \$150,000 from federal government. Huu-ay-aht First Nation plans to revitalize commercial production of pinto abalone near Bamfield with funding of \$530,000 from BC.

Ditidaht First Nation and Pacheedaht Band are pursuing forestry opportunities on Vancouver Island’s central west coast with \$280,000 from BC, and Esketemc First Nation in the Interior is pursuing forestry opportunities with funding of \$340,000.

New relationships among First Nations and neighbouring municipalities also promise to bring economic opportunities and community improvements. One notable example is a sea walk project that is laying the foundation for future cooperation between the municipality of Powell River and the Sliammon First Nation. The \$2.3 million sea walk project, initiated by the municipality, will now reflect Sliammon culture with monuments and totems along its route.

Sliammon Chief Harry Maynard said it is a good vehicle for economic development and has initiated a very positive working relationship between Sliammon and Powell River. It has led to a community accord being signed between the neighbours to work together on other initiatives.



“We’ve learned it’s possible for corporate Canada to create wealth with aboriginal peoples and for aboriginal peoples.”

Charlie Coffey, Executive Vice President, Government and Community Affairs, RBC Financial Group, from a speech in March 2002

Seven First Nations of the North Coast and the provincial government have agreed to a timetable for discussions on land use planning in their region.

Art Sterritt, Turning Point Initiative Society executive director said, “This is an important milestone in the sense that it is yet another step towards our participation in the coastal economy and one that will result in certainty for us as well as government.

“We understand the importance of showing concrete progress to our community members. So we’ve agreed to a number of specific economic development projects and associated funding for implementation.”

The society brings First Nations together in a united front on conservation and sustainable economic development. The primary focus is on forestry, fisheries and tourism. Shellfish aquaculture, in particular, holds a great deal of promise as the First Nation communities already have some of the necessary infrastructure including vessels and processing plants.

“Our goal is to make a positive difference in people’s lives by creating a better coastal economy and we’re steadily moving in that direction,” said Sterritt.

All of these economic initiatives contribute to building the new relationship being sought through treaties and all help to lay the foundation for good governance and sustainable communities. Treaties will bring certainty to land ownership, a huge cash injection, new investment and a cooperative approach to government-to-government relationships.

Land and cash transfers to First Nations, everyone agrees, will be important economic drivers in the future. And it is clear from all of the economic activity taking place that First Nations are beginning to take their rightful place in the mainstream economy. First Nations are seizing economic opportunities, many new businesses are taking root and new opportunities are being explored.

www.bctreaty.net

For details on the six-stage treaty process
and recommended resources, see our website.



BC TREATY COMMISSION

203-1155 West Pender Street Vancouver BC V6E 2P4

Tel 1 800 665 8330 604 482 9200 Fax 604 482 9222 Email info@bctreaty.net

Merging past and present, the Treaty Commission symbol represents the three Principals in modern-day treaty making – the governments of Canada and British Columbia and First Nations. Pointing in an upward and forward direction, the symbol implies a “coming together” pivotal to successful negotiations and treaty making.