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**MACKENZIE DELTA REGIONAL COUNCIL**

**SUMMARY  
ECONOMIC STRATEGY  
&  
DEVELOPMENT PLAN**

**OCTOBER, 1986**

## INTRODUCTION

For the past two years the Dene/Metis residents of Inuvik, Aklavik, Fort McPherson and Arctic Red River, through the Mackenzie Delta Regional Council, have been engaged in a major planning process. This process has involved extensive community consultation and considerable primary and secondary research. The goal of this planning process was to develop a strategy and mechanisms which would enable the Dene/Metis of the Region to respond to resource development taking place in the area, strengthen and enhance their traditional, cultural and social life at the community level and prepare for the eventual settlement of land claims.

While the primary focus of the exercise has been economic, all aspects of Dene/Metis life relevant to the development of an appropriate economic strategy has been researched, discussed and reviewed. This work has included research and in-depth community discussion on political structures; land use and principles and priorities of selection; community social and cultural priorities and aspirations; regional economic structures; human resource capacity and capability; education and training requirements; the identification of opportunities in the oil and gas industry; a comprehensive review and development plan for the renewable resource sector; financial institutions; opportunity identification on a community basis; and community health and recreational requirements.

The planning process is on-going but a development strategy has emerged which addresses the specific requirements of the area's Dene and Metis. The detailed work which has facilitated preparation of a plan of action along with

relevant statistical and demographic data is documented in several publications resulting from the planning process and available through the Mackenzie Delta Regional Council.

### **DEVELOPMENT STRATEGY**

The main purpose of the strategy is to provide a well-integrated and co-ordinated planning process for socio-economic development which can, at the same time, allow for both flexibility and individual dynamism. Its central focus is the individual Dene or Metis. It is aimed at enhancing their opportunities to achieve a successful and a satisfying life, taking advantage of contemporary technologies while retaining their ties, through participation in the life of their communities, with their traditional social and cultural values.

The strategy is tied in with the eventual settlement of Dene/Metis land claims. It must, accordingly, anticipate and prepare for a substantial capital infusion in the future and, possibly, interim advances against the claim.

This strategy, as such is mainly an overview. It reflects the preferences and priorities established in previous community consultations and integrates them into a single overall approach targetted toward the development of the individual entrepreneur and community and regionally initiated business development.

#### **Small Business Development**

Small business development is a vital element in improving the socio-economic well-being of the Dene/Metis people of the MacKenzie Delta Region.

It is based in the communities, and on the skills and dynamism of the people living there, and makes the maximum use of the local human resources. It can therefore create more benefits, both direct and indirect, than can wage employment which is usually based outside of the communities, in major centres such as Inuvik, or in the remote oil camps.

While the number of Dene/Metis entrepreneurs has been increasing, very few individuals in the communities possess the entrepreneurial skills and experience necessary for successful business development. The development of these skills will take considerable time and can only be promoted through appropriate training initiatives and the creation of a community environment conducive to such development. Management training and support and an acceleration of community controlled (development corporations) activities to create a base for practical experience and opportunity for individual business people are seen as the key elements.

### **Community and Regional Development**

A second important element of the strategy is a parallel type of development at both the community and regional levels. In addition to the spin-off benefits provided for individual businesses, there have been and will continue to be projects and business opportunities of a size or scope which are beyond the capacity of individual entrepreneurs. There are also structures for certain enterprises, for example co-operatives, or service-oriented under-takings, such as housing developments, which would be possible to operate only as a group or quasi-public enterprises, at either the community or regional level. Most of these would be picked up on by the

community development corporations which have been set up in each of the four Delta communities specifically for these purposes by the Dene Bands and Metis Locals. These developments create benefits in the form of employment opportunities which help to enrich the life of the community within the community rather than forcing people to leave to gain employment.

Regional level corporations are, of course, one step removed from the communities. The principal role is to provide support to the people in the communities, either directly to the individual entrepreneur, or to the community level corporations. This support would be in the form of research, planning and development, various forms of financing mechanisms, managerial advice and assistance, and training and education. A second role is to take part in business or other economic development enterprises which clearly span the four communities and beyond. Wherever possible however, opportunities will be directed to the individual entrepreneurs or communities.

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The development of individual, community and regional businesses are seen as being related. Private business development and the development of individuals with skills and experience is long-term in nature and can best be promoted by successful community-owned initiatives which contribute to a stronger economic base for the community and an enhanced business environment. The success of community development corporations will be dependent on the availability of adequate management support and financial services. The Regional Corporation is viewed as the most appropriate vehicle

for Dene/Metis economic development in the region is the creation of a strong, service oriented Regional Corporation.

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## **Sectoral Development**

### **Renewable Resources:**

Because they are so thoroughly integrated with traditional life and its social and cultural values, the communities have identified renewable resources as the primary sector with which any development plan or strategy must be concerned. People in the communities rely very heavily on hunting and fishing for their food supplies. They are also a large proportion of them who make a significant part of their cash income from the fur industry, either by trapping, or by processing and crafting furs. A major part of any socio-economic development strategy must therefore be directed toward this sector and, accordingly, the planning process has focussed, to a considerable degree, on the preparation of a specific plan for Renewable Resources Development.

The Renewable Resource Development Plan encompasses all sectors of the renewable resources economy, establishes principles for renewable resource planning and development, identifies specific opportunities and provides a timed, implementation strategy.

### **Tourism and Services:**

The tourism and services sectors are also to be given a high priority in the process. Tourism, which is partially covered in the renewable Resource

Development Plan because of its close tie to traditional renewable resource activities, has not yet begun to reach its potential in terms of either numbers of people or length of stay in the Delta-Beaufort region. In addition, the present short season, running from mid-June to mid-August, can be extended with some effort by an additional month at either end to thus run from mid-May to mid-September. This would allow at least four full months of what is projected to become a high volume (and high spending) industry, during which a wide range of business and other activities can take advantage of direct opportunities to make money.

Businesses directly related to tourism, such as sales of handicrafts and souvenirs, operation of serviced camp sites and recreational vehicle parks, provision of guided hunting and fishing trips can thrive if properly managed and promoted. More service related activities such as the provision of hotel accommodations, food and entertainment will also benefit.

There are a number of areas of tourism development which the Dene/Metis communities of the Region are well positioned to exploit. The attractions that may be offered by the communities include the surrounding Arctic landscape and wildlife, local history and culture, traditional entertainment, native crafts and community based accommodation and food services. This potential for community participation in, and exploitation of, tourism is reviewed in the Renewable Resource Development Plan which establishes principles and guidelines for tourism development, discusses attractions/activities on a community by community basis, and reviews mechanisms for implementing a co-ordinated, community based tourism initiative.



Non-Renewable Resources:

Non-renewable resource development has occupied the spotlight in the Region for some years. Unfortunately this has been at the expense of more stable community based economic development which has not enjoyed the level of support it required. With the present sharp down-turn in oil and gas related activities the importance of a community economic base has become apparent.

The Dene/Metis of the Delta were never involved in a major way in oil and gas activities. Although some employment was created for community members business involvement was virtually non-existent largely due to a lack of preparedness and financial capacity.

The down-turn in oil and gas activities has provided a breathing space for the Dene and Metis of the Delta. Work undertaken as part of an Opportunity Identification has provided information on the type of opportunities that will present themselves when activity resumes in the area and the strategy must prepare the Dene and Metis for more direct participation in this sector through on-going industry contact and training. The pause will also allow the building of stronger local economies as a means of mitigating impacts of future ups and downs in the oil and gas industry.

The settlement of Land Claims will place the Dene and Metis of the Delta in a strong position to capitalize on any future up-swing in the oil and gas sector. Pipelines will be built across the traditional lands of the Delta Dene/Metis and new exploration will be stimulated to take place on those same lands. Thus, while there exists little in the way of immediate opportunity in this

sector, the non-renewable resource sector represents an important consideration in the Region's development strategy.

The planning process of the past two years has recognized the importance of safe guarding the land and traditional livelihood based upon it and fundamental principles for non-renewable resource development on Dene/Metis lands have been prepared. Guidelines have been established for Dene/Metis involvement in management; environmental protection; compensation for damages; employment, training and business opportunities; participation; and monitoring and reviewing procedures.

#### **Human Resource Development**

Perhaps the major constraint to economic development in the Region is the absence of an adequate base of community entrepreneurs to take advantage of economic opportunities. This was recognized early in the planning process and work was initiated to develop a training program that would lead/contribute to creation of small business entrepreneurs. A program and curriculum has been developed which addresses the human resource requirements of community based businesses. This program is composed of five components: small business management; academic skills development; community economic development; personal development; and on-site training. The program's delivery is based on a decentralized system and specifically tailored to the requirements of existing and potential Dene/Metis entrepreneurs in the Region. Implementation of the training program has not yet been determined and various alternatives are presently being investigated including possible delivery in co-operation with Arctic College.

The benefits of this initiative will be felt gradually and the program is viewed as long term in nature. More immediate steps are required to implant entrepreneurial skills at the community level now so that existing opportunities may be exploited and a business/economic base established to ensure "hands on experience" which would complement the more formal training program. This will be achieved through exploitation of identified opportunities, principally by the Community Development Corporations.

### **Institutional Development**

The planning process has also included a review of various economic, social and cultural institutions with a view to determining the most appropriate institutions relative to the future settlement of land claims and the promotion of economic development in the communities.

The role of the Regional Development Corporation is perceived to include involvement directly in ventures beyond the scope of the community corporations and that of facilitating and providing service support to community corporations undertaking economic or business initiatives.

Next to the inadequate supply of entrepreneurial resources the lack of equity capital has been one of the principal factors limiting economic development at the community level. The Regional Development Corporation has been charged with responsibility for developing an appropriate fund which will address the financing requirements of Dene/Metis businesses and work is presently underway to define the appropriate structure, scope, and operating criteria.

Given the mandate and expectations of the Regional Development Corporation, the Region's economic strategy envisages a major role for the Development Corporation in facilitating the economic development of the Dene and Metis at the community level.

### **OPPORTUNITY IDENTIFICATION**

The planning process has involved the identification of potential opportunities in each community. Some of these opportunities have been investigated in considerable detail and may be implemented almost immediately. Others require feasibility assessments. However, a brief thumb nail sketch of some of the opportunities which have been identified will serve to document the potential that exists for community based economic development.

#### **Arctic Red River:**

The community has achieved little in the way of economic development. The only business is a retail store and post office operation. This performance masks the potential opportunities which exist for community based economic development. Some of these opportunities are reviewed in summary form as follows:

##### **Tourist Camp:**

Description - The establishment of a tourist camp at Ferry crossing.

Small scale operation. Possibly tent frames. Sale of crafts/dried fish, beverages etc.

Operation - Suitable for family operation or families (rotation)

Employment - 2 - 6 seasonal jobs. Youth employment

Capital Requirements - Minimal, \$5,000

Training - Life skills/tourism awareness

Status - No feasibility required. Can be implemented next season.

**Other** - Point of contact with Dempster traffic/outlet for local craft production/encourage visitors to community to participate in other activities.

**Constraints** - Entrepreneurial development required.

#### **Transient/Tourist Accommodation:**

**Description** - Build facility for transients and visitors incorporating laundry.

**Operation** - Band corporation or individual(s)

**Employment** - 2 person years

**Capital Requirements** - Approximately \$100,000

**Training** - Hospitality awareness/small business management

**Status** - Much of the feasibility work has been completed. Viability depends on balancing capital expenditures to anticipated revenue.

**Constraints** - Equity and entrepreneurial resources.

#### **Outfitting:**

**Description** - Establishing one or more outfitting businesses to conduct boat tours to points of interest along rivers.

**Operation** - Individuals, possibly hunters and trappers, co-ordination through band office, store.

**Employment** - One or more seasonal

**Capital Requirements** - \$8,000 per operation

**Training** - Hospitality awareness/small business management

**Status** - Can commence next season

**Constraints** - Entrepreneurial resources/organization of central marketing effort.

#### **Ferry Operations:**

**Description** - Joint venture, possibly with another community and/or major company (ATCL) to operate and maintain ferry.

**Operation** - Band corporation

**Employment** - 2 - 3 seasonal

**Capital Requirements** - Possible to negotiate arrangement with no capital requirements.

**Training** - Hospitality awareness/pilots license.

Status - Plan for negotiation of O & M contract when existing contract terminates. Initiate discussions with ATCL and other communities.

Other - Change in GNWT policies could provide potential for community to own ferry in joint venture arrangements.

Constraints - Possibly equity capital, planning and entrepreneurial skills.

#### Farming:

Description - Re-establish farming operation for sale of produce to Inuvik and other communities.

Operation - Band operated or individuals. Marketing co-operative possible.

Employment - Seasonal 5 - 10 persons

Capital Requirements - \$10,000 - \$20,000

Status - Requires feasibility analysis and could be in operation next spring.

Training - Agricultural skills

Constraints - Planning and organizational expertise.

#### Taxi/Bus Operation:

Description - Establish taxi operation and incorporate with mail delivery/transportation requirements of store etc.

Operation - Suitable for individual but could be operated by band development corporation.

Employment - One person

Capital Requirements - \$25,000

Status - Requires evaluation of market and feasibility assessment. Could be operational immediately.

Training - Small business management/vehicle O & M.

Constraints - Identification of motivated entrepreneur.

#### Municipal Services:

Description - Take over of municipal services, water delivery, sewage pick-up/pump out, garbage, street maintenance

Operation - Band development corporation or individual(s)

Employment - 2 persons

Capital Requirements - Dependent on arrangement negotiated with GNWT. Could be zero.

Status - Little preparatory work required. Could be in place almost immediately.

Training - Equipment Operation/Management.

Store Expansion/Modernization:

Description - Expand store or build new facility to carry expanded inventory line and incorporate coffee shop operation/crafts outlet etc.

Operation - Band development corporation

Employment - 1 - 2 additional persons

Status - Feasibility and planning work necessary. This could be undertaken immediately with target for construction late winter prior to break-up.

Training - Store operation/management

Constraints - Entrepreneurial and planning skills, equity capital.

In addition to the foregoing partial list of specific opportunities for community based economic development, residents of Arctic Red have identified a number of infrastructure requirements. If the appropriate authorities were to address these requirements there would be an immediate increase in employment creation (through construction etc.) and an improvement in the social/economic fabric of the community. Some of the projects that have been identified include:

- new road from the town to the new water site
- access roads from present private property area to expand for new building lots
- up-grading the existing road from the RC Mission to the school
- up-graded driveways, sidewalks
- small boat harbour improvement
- maintain a section of Arctic Red River plowed for emergency aircraft
- housing for elderly
- properly staffed/equipped nursing station
- up-grading of cemetery
- improved police protection with RCMP station and officer in community
- fire alarm system
- office to co-ordinate employment services





Status - Feasibility assessment required. Production could commence within two years in training mode.

Constraints - Planning/organizational and entrepreneurial skills

#### Outfitting:

Description - Establishing one or more outfitting businesses to conduct boat tours to points of interest or big game hunting.

Operation - Individuals, possibly hunters and trappers, central coordination/marketing

Employment - One or more seasonal

Training - Hospitality awareness/small business management

Capital Requirements - \$8,000 per operation

Status - Can commence next season

Constraints - Identification of entrepreneurs, organization of central marketing effort.

#### Office Complex:

Description - Build and operate an office complex in the community

Operation - Community corporations in the community possibly through joint venture arrangement

Employment - 2 to 3 full time

Training - Small business management

Capital Requirements - \$300 - \$500,000

Status - Feasibility work required/negotiation of possible joint venture arrangements

Constraints - Equity capital

#### Cafe:

Description - Purchase existing cafe operation and expand to include sale of hard goods

Operation - Community development corporation

Employment - 2 full time

Training - Cooking/Small business management

Capital Requirements - \$200,000

Status - Acquisition/Operational plan and negotiatio of purchase

Cosntraints - Equity Capital

**Contracting:**

Description - Establish construction company to take advantage of housing and other capital projects/building maintenance etc.  
Operation - Development Corporation  
Employment - One full time, 6 to 10 seasonal  
Training - Trades/Small business management  
Capital Requirements - Depending on structure and organization could vary between \$50,000 and \$250,000  
Status - Feasibility assessment required. Joint venture with established reg. firm possible  
Constraints - Equity capital, entrepreneurial skills

**Bakery:**

Description - Establish community bakery  
Operation - Development Corporation or individual. Possible to incorporate as part of cafe operation  
Employment - One full time  
Capital Requirements - \$25,000 to \$150,000 depending on arrangement/organization  
Status - Feasibility assessment required  
Training - Baking/small business management  
Constraints - Equity capital/business skills

**Fuel Supplies:**

Description - Develop nearby coal deposits to supply source of fuel for community  
Operation - Community development corporation  
Employment - 5 full time  
Training - Heavy equipment operation  
Capital Requirements - \$500,000  
Status - Feasibility assessment required  
Constraints - Equity capital/environmental considerations etc.

In addition to the opportunities which have been identified by the Dene/Metis of Aklavik and those opportunities which can be expected to surface as a result of the efforts of the community's Economic Planner, a

number of 'infrastructure' requirements have been identified. Any effort to accommodate these requirements will contribute to job creation in the community. Some of the projects which have been identified include:

- an emergency medical transportation system
- new road from Aklavik to mountains
- winter road to Ft. McPherson
- up-grading of airport and existing roads/bridges
- improved and increased number of housing units and utility services
- improved health care facilities and services
- improved recreational facilities
- technical training institute

### **Ft. McPherson**

The community's economy has been based on trapping and hunting, oil exploration (wages), highway services and canvas products. Local businesses include grocery and general merchandise stores, service station, taxi and hauling operations, municipal service contracting, canvas products production, general contracting and a co-operative fur buying and selling operation. The Dene/Metis have identified a number of opportunities which would contribute to an expanded community economic base. These include:

#### **Motel/Restaurant/Service Station Complex:**

Description - The establishment of a facility on or close to the Dempster Highway somewhat similar to, but lesser scale, to the Eagle Plains complex.

Operation - Community owned through Metis and Band corporations, or Band Corporation or another corporate arrangement.

Possibly certain operations (ie. service station/restaurant) run by individuals

Employment - 6 full time, 3 seasonal

Capital Requirements - \$500,000 to \$1,000,000 depending on configuration

Training - Hospitality awareness/business management, possibly vehicle mechanics

Status - A request for consultant proposals to undertake the necessary feasibility and planning work has been made. Construction could commence late next year with commencement at year end or early 1988.

Other - The center would provide a point of contact with Dempster traffic and would support other community based/related tourist operations and activities. ie. craft production, outfitting etc.

Constraints - Equity financing, entrepreneurial experience to establish business.

#### Construction Company:

Description - Establishment of a construction company to bid on capital projects in the community and, eventually, to compliment highway maintenance operations

Operations - Managed by community corporation(s) or individual(s)

Employment - 2 full time, 6 seasonal

Capital Requirements - Depending on structure and organization could vary between \$50,000 and \$250,000

Status - Feasibility assessment required. Could be operational by next years construction season. Joint venture with established regional firm possible.

Training - Small business management, trade skills and, possibly, heavy equipment operation.

Constraints - Entrepreneurial skills to establish company

#### Ferry Operations:

Description - Negotiate the O & M contract for the Peel River Ferry and, possibly the Arctic Red ferry in joint venture with the community of Arctic Red and an experienced transportation company (ATCL?). Possible ownership dependant on change in GNWT policy re. ferry operations

Operation - Community development corporation(s)

Employment - 2 - 3 seasonal

Capital Requirements - Possible to negotiate arrangement with no capital requirements

Training - Hospitality awareness/pilots license

Status - Plan for negotiation of O & M contract when existing contract terminates.

#### Office Complex:

Description - Building an office complex to house various government operations, community programs, retail space etc.

Operations - Owned and operated by either or both community development corporations

Employment - 2 - 3 full time (equivalent)

Capital Requirement - \$300,000 to \$500,000 depending on configuration

Status - Consultants have been retained to undertake necessary feasibility assessment. Could be constructed next summer

Training - Building/Small business management

Constraints - Equity funding

#### Interpetive Tours:

Description - Implement day long boat tours to various points of interest along Peel River

Operation - Suited to individuals with expediting undertaken by central group

Employment - One or more seasonal

Capital Requirements - \$16,000 per operation

Status - Could be operational next season. Requires planning, funding proposals and preparation of marketing strategy. Pre- feasibility completed

Training - Hospitality awareness, safety

Constraints - Identification of motivated individuals with entrepreneurial skills

#### Traditional Fish Camp:

Description - Establish camp on Peel River with basic facilities for tourists to visit as part of a boat tour which could be run in conjunction with camp

Operation - Lends itself to a family type operation

Employment - 3 seasonal

Training - Hospitality awareness, small business management

**Capital Requirements - \$44,000**

**Status - Pre-feasibility completed. Could be operational next season**

**Constraints - Equity funding, identification of potential entrepreneurs.**

**Bus Tour Lunches:**

**Description - Establish facilities to cater lunches to tourist bus traffic, possibly at Peel River crossing in order to capitalize on bus tour traffic**

**Operation - Family run but also could be undertaken by more than one family (rotation)**

**Employment - 3 seasonal**

**Capital Requirements - Minimal - \$7,000**

**Training - Hospitality awareness**

**Status - Pre-feasibility completed. Could be operational next summer**

**Constraints - Identification of motivated individuals with some entrepreneurial skills**

**Community Tours:**

**Description - Develop an effective tour package which could be offered by local taxi operators. Tours could commence at airport and be co-ordinated with charter operators out of Inuvik (possibly Antler Aviation). This initiative would not create additional employment but enhance the earning potential of local operators.**

In addition to the foregoing opportunities the Dene/Metis of Ft. McPherson have identified a number of public works or "infrastructure" projects which would not only result in employment creation but also enhance the socio-economic fabric of the community. These include:

- up-grading of Peel River Crossing and improvements to airport
- Ft. McPherson - Aklavik winter road
- emergency medical transportation system
- housing for elderly and day care center
- utilidor improvements
- improved family housing
- combined health care facility (to include mental health)

- training of full time fire protection personnel
- increased classroom space
- improved recreational facilities especially for youth
- technical training institute

### **Inuvik**

As the Dene/Metis community is situated in the town, most community related services are provided by the town. The existing Dene/Metis business includes a welding and heavy equipment repair facility, an entrepreneurial operation with diversified interests in construction/camp operation and meat supplies, and the Inuvik Band's development corporation.

#### **Collins Apartments:**

Description - Acquire and renovate 23 unit apartment building  
 Operation - Band Corporation  
 Employment - 2 full time  
 Capital Requirements - \$700,000  
 Status - Acquisition to be completed shortly

#### **Operation of R.V. Park:**

Description - Enter into agreement with town to operate RV park  
 Operation - Band Corporation  
 Employment - 6 seasonal  
 Training - Hospitality awareness  
 Status - To be operational next summer  
 Capital Requirements - \$10,000 per annum

#### **Non-profit Housing:**

Description - Under CMHC program provide housing to a cross section of native individuals and families  
 Operation - Managed by Band Corporation  
 Employment - Various jobs in construction and property management depending on scope  
 Training - Trade skills/property management  
 Status - Spring 1987

**Wholesale Outlet:**

Description - Establish a wholesale outlet for crafts and materials to supply HTA and producers, possibly acquiring an existing operation and restructuring  
Operation - Band Corporation possibly in joint venture with Regional Corporation  
Employment - 6 full time  
Training - Small business management  
Capital Requirements - \$500,000  
Status - Some feasibility/operational plan work required - Could be operational 1987/88  
Constraints - Equity Capital

**Campbell Hills Park:**

Description - Operation of campsite near town creating a parks service corps.  
Operation - Band Corporation  
Employment - 6 - 10 people  
Training - Park management, campsite maintenance, hospitality awareness, tour guiding, wildlife and environmental managements etc.  
Capital Requirements - \$500 - \$700,000  
Status - Planning work required, target date 1988

In addition to the foregoing opportunities, the Dene/Metis of Inuvik have identified a number of Public Works or 'infrastructure' projects. While some of these projects impact on the town and are not specifically Dene/Metis oriented they, nevertheless, reflect requirements as perceived by the towns native people. These include:

- new road from Inuvik to Sitidgi Lake
- improvements to airport road and channel improvements
- improvements to community streets
- technical training institute to promote economic development through jobs
- improved housing, especially for elderly



- natural gas distribution system
- mental health care facilities
- improvements to educational system to include more classroom space, more grade levels, special equipment and adult education
- more native teachers and a youth up-grading/educational incentive program
- recreational centers for the youth and elderly

### **Regional**

In addition to the opportunities which have been identified on a community by community basis, several opportunities exist which are either conducted regionally and are owned by the communities or support, by way of regional initiative, community based economic development.

#### **Antler Aviation:**

Description - Expansion of the company's business to include Class 'B' aircraft and, possibly, scheduled operations  
 Capital Required - \$200 - \$500,000 depending on extent/scope of expansion  
 Employment - Additional two to five full time  
 Training - Small business management/aircraft mechanics  
 Status - Preliminary assessment of expansion options completed.  
 Expansion could be implemented within six months  
 Constraints - Equity funding

#### **Delta Tour Boat:**

Description - Acquire and refurbish a large tour boat to profit tour/transportation services to Delta communities  
 Capital Requirements - \$400 - \$500,000  
 Employment - 4 - 5 seasonal - significant spin-off benefits and additional employment creation at community level  
 Training - Seamanship, hospitality awareness, trades  
 Status - A suitable vessel has been identified. Further feasibility and planning work required. Possible start-up 1988 season  
 Constraints - Equity funding

As mentioned previously, the renewable resource sector is accorded a high priority and a specific plan has been prepared. The initiatives in this plan are relevant to all communities in the region and as such the Regional Corporation will have a major involvement in many of these initiatives. These initiatives include plans to research, co-ordinate and support resources and activities such as fur manufacturing, supplies warehousing for trappers, community and regional crafts production, tourism, fishing, forestry and fur ranching. In addition, the plan addresses training and support programs which will enhance the capacity and ability of the Dene/Metis to strengthen the traditional economy.

#### **DIRECT PROJECT COSTS**

Direct development costs include the cost of implementing those community based and regional initiatives which have been described briefly and budgetary expenses associated with the Renewable Resources Plan.

The Renewable Resource Development Plan is phased in over a four year period with the following budget (the Aklavik Fur Factory has been reviewed in the specific community opportunity identification and the renewable resource budget, as per the plan presented, reduced accordingly).

Year I	\$ 589,000
Year II	295,000
Year III	160,000
Year IV	<u>389,000</u>
	\$ 1,433,000

All the community based opportunities which have been identified are viewed as immediate in that work can commence on researching (where

required) and implementing within twelve to twenty four months.

Community based opportunities require funding totalling \$4,307,000 to \$6,252,000. There will be some requirement for funding of feasibility work but this is not expected to be significant as most initiatives require little in the way of consultant input. Community initiatives would create direct employment of 67 to 73 full time jobs and seasonal employment of 37 to 52 jobs. Income multipliers would effectively increase this level of employment.

It would be unreasonable to assume that all the identified opportunities will be implemented within the twenty four month time frame. Nevertheless, the list of community based opportunities serves to document the potential for business development over the short term and the extent of capital required.

The expansion of the Regional Corporations aviation interests, Antler Aviation, and implementation of a tour boat operation would cost between \$600,000 and \$1,000,000 and create six to ten full time positions.

No effort has been made to identify specific community based projects in the third and subsequent years as the thrust of the economic plan is to move immediately to capitalize on existing, identified opportunities and thereby establish a practical base for entrepreneurial development over the longer term with this supported by the region's formal entrepreneurial skill development program. The resultant human resource development coupled with planning, organizational and support initiatives outlined in the Renewable Resource Plan can be expected to contribute/lead to the

identification and development of additional business opportunities at the community level over the longer term.

In addition to the foregoing, costs associated with the introduction and delivery of the Region's Dene/Metis Management Training Program are estimated at \$3.0 million over the first two years. This represents an indicated but preliminary estimate as specific details of this particular program's delivery have not yet been determined.

### **DEVELOPMENT CONSTRAINTS**

Throughout the planning process of the past two years it has been apparent that Dene/Metis community based economic development has been hindered principally by the limited availability of entrepreneurial skills at the community level and inadequate or non-existent equity resources.

Human resource development takes time and requires both practical experience and formal education. The immediate exploitation of existing community based opportunities will provide an environment conducive to entrepreneurial development. Unfortunately, the effective development of these initiatives presumes an input of entrepreneurial talent beyond that which presently exists at the community level. If human resource development is to be accelerated the entrepreneurial environment must be created immediately. This suggests that, as an interim measure, business talent will have to be accessed from outside the communities. In short, the communities will have to be provided with management assistance in establishing business opportunities which have been identified.

This requirement cannot be met entirely by existing band managers, planners and other community staff persons who are charged with responsibilities of a wide ranging nature and, for the most part, lack of the experience and particular skills of the business entrepreneur. Similarly, it is unreasonable to expect government officials charged with responsibility for economic development to perform an entrepreneurial role at the community level.

Any review of community or individual Dene/Metis financial resources will reveal a very limited capacity in terms of equity resources. This lack of equity is not fully compensated for by funding programs specifically geared to native groups (such as SARDA) as these programs maintain an equity requirement. Further, the nature of many community based businesses is such that heavy debt loads cannot be assumed if viability is to be achieved. This increases the need for equity funding relative to other businesses which enjoy established markets, higher returns and experienced management.

In addition to inadequate entrepreneurial skills and equity resourcing, a number of other factors constraint community based economic development, however, these two are of prime importance and an attempt has been made to address these limitations.

### **ROLE OF REGIONAL CORPORATION**

Ownership of the MacKenzie Delta Regional Development Corporation rests in the four community corporations owned in turn by the Dene and Metis of each of the four Delta communities. Its mandate is to act as an investment development and management company, and to take part in business

ventures independently, in co-operation with one of its community corporation-owners, or with an individual entrepreneur. The corporation's principle investment is its 50% ownership in Antler Aviation.

The planning processes has defined a secondary role for this Corporation. The role perceived is one of facilitating community economic development initiatives through the provision of technical and financial services. The Corporation is viewed as the most appropriate vehicle for addressing existing constraints to community based economic development.

At the present time the Corporation has an active Board and Executive but does not have any meaningful human resource capacity or operational budget. The role of facilitating community based economic development will require that the Corporation be, in effect, geared-up to accommodate community requirements. Specifically, the Corporation's functions in facilitating the implementation of the Dene/Metis economic plan will include:

- the provision of technical and entrepreneurial support to community business initiatives. This will be achieved by retaining the services of two highly motivated individuals with well developed entrepreneurial skills and different areas of specialization. These individuals could be posted to selected communities but be available to assist each of the four communities.
- to co-ordinate the Renewable Resources Development Plan. This will be achieved through the establishment of the position of Renewable Resources Director.
- to investigate the potential for creation of an equity/loan fund for Dene/Metis business, its structure, management operating procedures and funding criteria. This process is presently underway.
- to maintain an on-going planning and liaison capacity with respect to the non-renewable resource sector and, in particular, the oil and gas

industry. This function is perceived as being the responsibility of the Corporation's General Manager.

The expanded mandate of the Regional corporation will require that it access the necessary infrastructure and, in particular, the required human resource capacity. It is expected that the budget for such an undertaking would approximate \$250,000 in the first year. This level of expenditure would be maintained for two to three years and then reduce. This budget does not include expenses associated with the proposed operation of a Dene/Metis fund.

### BUDGET

The total budget for the Dene/Metis development plan is presented below. This budget only reflects specific community based, project related costs in the first two years. Implementation of these opportunities is a fundamental requirement/strategy of the plan (creation of an entrepreneurial environment) and subsequent project expenses are not considered a costed part of the plan.

	<u>Year I</u>	<u>Year II</u>	<u>Year III</u>	<u>Year IV</u>
Implementation of Community Opportunities*	2,640,000	2,640,000	?	?
Renewable Resource Plan	589,000	295,000	160,000	389,000
Regional Corporation (O & M)	250,000	250,000	250,000	200,000
Regional Corporation (Bus. Investment)	800,000	?	?	?

Management Training Program**	<u>1,500,000</u>	<u>1,500,000</u>	<u>410,000</u>	<u>589,000</u>
	5,779,000	4,685,000		

\* Median expected requirement for identified opportunities, spread over first two years

\*\* Estimated to cost \$3.0 million in first two years but subject to final negotiation of program delivery.

### FUNDING SOURCES

It is difficult to determine the exact mix of funding sources. However, the budget does indicate a requirement of nearly \$6 million for project funding over the first two years inclusive of those projects specifically related to the Renewable Resource Development Plan but exclusive of the proposed Management Training Program. Some projects will be able to carry relatively heavy debt loads while others will require almost 100% equity funding. With contribution and program funding available through Special ARDA, EDA, I & IA and GNWT programs, a reasonable estimate of actual Dene/Metis equity input requirements would be 10 to 15% of total project funding or about \$600,000 to \$900,000.

This level of equity is considerably above that which is available to the communities and suggests that additional sources of equity capital will have to be found. The Region's current investigation of a Dene/Metis financial institution may, if successful, go a long way toward accommodating the equity requirements of Dene/Metis businesses. Possible NEDF assistance in the capitalization of the institution together with leverage of funds through other programs (ie. Venture Capital Fund) is expected to provide the facilitating equity base for implementation of identified opportunities.



The Regional Corporation has been identified as the vehicle which will facilitate the development of specific projects through the provision of necessary service support. The human resource requirements have been detailed and represent a key component of the Dene/Metis economic plan. This represents a rather small portion of the overall budget. Unfortunately, obtaining the necessary funding will be difficult given existing government policies with respect to anything that may be viewed as CORE funding. Nevertheless, every effort will be made to seek the necessary financial support through direct contribution or re-direction of existing government O & M resources employed in economic development. It is believed that the arguments for support of the necessary Regional Corporation infrastructure will be persuasive.

## **REFERENCE DOCUMENTS**

The following is a partial list of publications and research papers generated during the planning process of the past two years. These documents provide background material in support of the Economic Plan of which this paper is a summary.

- Renewable Resources Development Plan
- Opportunity Identification, Oil and Gas Industry
- Creating Community Entrepreneurs: Management Training & Development in the Mackenzie Delta
- Mackenzie Delta Regional Dene/Metis Economic Development Fund, Discussion Paper
- Regional and Community Planning Workshop, Wickersham Report
- Mackenzie Delta Institutions, Spaulding Paper
- Mackenzie Delta Resource Development Impact Reports