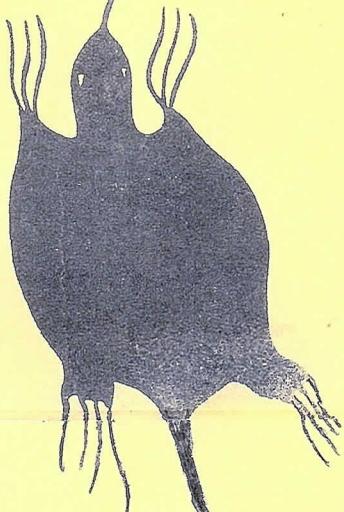
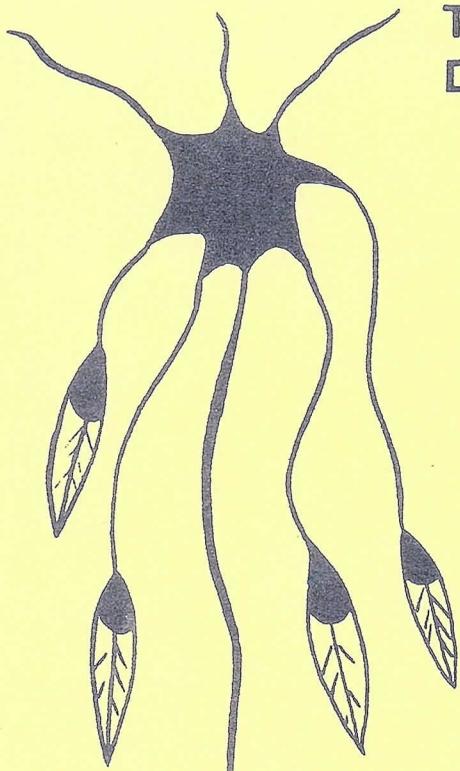


THE NATIONAL INDIAN SOCIO-ECONOMIC
DEVELOPMENT COMMITTEE

*To have
what is
one's own*



**THE NATIONAL INDIAN SOCIO-ECONOMIC
DEVELOPMENT COMMITTEE**

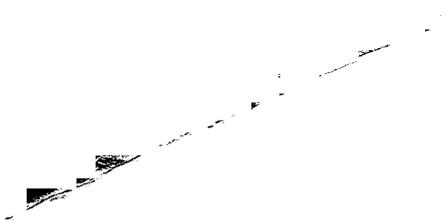
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*To have
what is
one's own*

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REPORT FROM THE PRESIDENT



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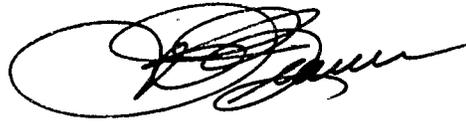
ACKNOWLEDGEMENTS

I would like to gratefully acknowledge the advice and encouragement I received from the Board of Directors of the National Indian Socio-Economic Development Committee.

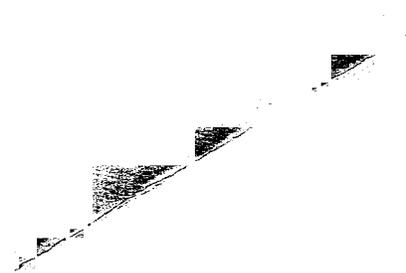
I particularly wish to thank our Consultant, Anastasia Shkilnyk, for her collaboration in the writing of this report.

I also thank Bill Lewis and Ruth Isaac for their important contribution to the work of NISEDC.

To all of them, I am deeply indebted.

A handwritten signature in black ink, appearing to read "J. W. Beaver". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

J. W. Beaver



NATIONAL INDIAN SOCIO-ECONOMIC
DEVELOPMENT COMMITTEE

LE COMITÉ NATIONAL DU DÉVELOPPEMENT
SOCIO-ÉCONOMIQUE DES INDIENS

207 QUEEN STREET, 4TH FLOOR, OTTAWA, ONTARIO K1P 5C9 TEL: (613) 995-9585

October 16, 1979

The Honourable Jake Epp
Minister of Indian Affairs and
Northern Development
House of Commons
Ottawa, Ontario

Mr. Noel Starblanket
President, National Indian
Brotherhood
102 Bank Street
Ottawa, Ontario

Dear Mr. Epp and Mr. Starblanket:

I am pleased to transmit herewith the report of the National Indian Socio-Economic Development Committee (NISEDC) entitled "To have what is one's own." The title reminds us that this was the meaning Socrates gave to the concept of justice. It's symbolic of what this report is about: the right of any people to retain their cultural identity and shape the future according to their own values and aspirations. With this report, I conclude my assignment as your Special Adviser. I "exit with voice". I offer simply my observations and judgments on the principle of justice as it has been, is, and ought to be practiced by the Canadian government in relating to its Indian people.

NISEDC was created in the autumn of 1978, for a period of three years, under the joint sponsorship of the Department of Indian Affairs (DIAND) and the National Indian Brotherhood (NIB). Its mandate was to review the recommendations of the NIB/DIAND Strategy report, assess existing governmental programs and structures, carry out special studies, and develop advice on policy with respect to Indian socio-economic development. For reasons explained in the report, NISEDC was unable to complete its mandate as originally contemplated. The report is therefore neither a product of research nor an outcome of deliberations by the full Board of Directors of NISEDC. Although its essential points of principle follow directives approved by the Board, I take full responsibility for the report's contents.

The Prologue and Epilogue contain the seeds of the ideas, arguments, and recommendations that germinate in the main body

of the report. The thrust of our analysis of the problem is suggested by the following schematic description:

The present expenditures made by the Department of Indian Affairs for Indian people can no longer be justified. These expenditures do not result in an acceptable level or rate of improvement in the social and economic conditions on Indian reserves. Instead, we see all the indicators of individual and social breakdown in Indian communities, together with the growing demoralization that comes with dependency on government services. These expenditures are tied to the outmoded role, structure, and function of the Department prescribed during the days of colonization to "manage the affairs of Indians" in an all pervasive way. This role has not been changed by the Government of Canada in over a hundred years.

Today, the authority, responsibility, and resources for administering every aspect of the lives of Indian people still rest primarily with the Department of Indian Affairs. This situation is incompatible with both the aspirations of native people and the tenets of self-determination and human rights. It also violates the stated developmental objectives of the Department and goes against the grain of the policies and priorities of the present federal government.

Another reason for the failure of past efforts to produce improvement on Indian reserves stems from the role of Indian political organizations. Their exercise of constant and indiscriminate opposition to the Department has stifled, and in some cases, has impeded absolutely any form of genuine collaboration between Indian people and Government in policy making. DIAND and the NIB still represent the apparently irreconcilable interests of "Indian versus Government" control over policy development. This perception of your roles has given rise to years of approaching problems from separate points of view, a growing sense of frustration and distrust, and an antagonistic mutual dependency. The result has been disastrous for Indian people because neither of your institutions has demonstrated the commitment or the capacity to work together to create supportive conditions for development by Indian communities.

The fate of the joint NIB/DIAND Strategy report (1976) illustrates the dilemma posed by the adversary "Indian versus Government" relationship. The NIB and DIAND staff worked jointly to produce a thoughtful and coherent statement of principles that should inspire the policy making process. Indeed,

the validity of the earlier ideas of self-determination and community-based development has been confirmed by my own observations. These concepts have been a guiding framework for my own recommendations. It has been most discouraging for me to observe, however, that the NIB and DIAND have not been able to find a way to implement their common goals. Instead, there is continued conflict over "who" makes policy, "who" exercises control, and "who" allocates resources.

This Gordian knot must be untied once and for all. I recommend that the Indian bands be given the authority, responsibility, and resources to develop their own policy for the improvement of social and economic conditions in their communities.

I recommend that the Government of Canada, the Department of Indian Affairs, and the Indian bands, together with their organizations, accept in principle, and work together to implement:

- a) Indian self-government, which will give bands the option to exercise full powers to manage their own affairs; and,
- b) Community-based planning and development, which will set the conditions enabling Indian communities to move in the direction of self-reliance and to root out the devastating effects of dependency.

These two major policy recommendations are intimately linked because community-based development, in the long term, must be solidly rooted in, and supported by, the enabling legislation that is developed for self-government. Bands will need to exercise substantive governing powers in order to restructure programs and services in accordance with their definition of what constitutes "development".

Acceptance of these recommendations will require significant changes in the roles and functions of band governments, Indian organizations, and DIAND:

- Band governments must be presented with the option of becoming true governing bodies endowed with all powers, responsibility, and resources necessary to manage and control their affairs;

- The Indian national, provincial and territorial organizations must review the costs and benefits to bands of continuing their present adversary relationship to Government in the light of the absolute necessity for Indians to find the best way to assist in implementing self-government and community-based planning;
- The Department of Indian Affairs must change from an administrative and control agency to a supportive and resource providing agency for development.

I recognize the diversity of Indian organizations across the country with respect to their performance and accountability. Several regional associations are structured to be responsive and responsible to bands; these are models to be emulated. Nevertheless, much remains to be done to increase the capabilities and effectiveness of all Indian organizations.

As far as the Department is concerned, I would suggest strongly that no amount of tinkering with the present system of the Indian Program, and no amount of re-organization within the present system, will set in motion the required changes. Past DIAND re-organizations involving primarily a re-distribution of functions, a change of personnel, shifts of power relationships, or a combination of the above, have not resulted in substantial improvements on reserves. If Departmental programs do not produce improvements because they only deal with the symptoms of problems, then simple re-organization of programs and structures will also only affect symptoms, and therefore will have similar unacceptable results. Another factor is that people in existing structures are habituated to attitudes and standard operating procedures characteristic of the present "administrative and control" system. The work required to implement the new policies of self-government and community-based planning is qualitatively so different that it is highly unlikely that it can be performed alongside current administrative responsibilities.

I am therefore recommending a new organization within the Department whose sole mission would be to implement the two major policy changes. Such a new structure is necessary, in my view, to give authoritative voice and tangible evidence of the Governmental commitment to a new developmental mandate for the Department.

What I am proposing is the creation of an organization whose developmental mandate would be similar to that of the

Canadian International Development Agency (CIDA) and the International Development Research Centre (IDRC). The focus would be on the development of Indian communities in this country, rather than on the countries of the Third World. It is unfortunate that the developmental knowledge and experience of these institutions has never been tapped for possible application to the development of Indian reserves.

The change in the role and structure of the Department will obviously not happen overnight. I suggest that the Department, through the change mechanism of the new organization, implement Indian self-government and community-based planning on a demonstration basis over a 3 - 5 year period. This would allow for systematic testing of key developmental principles. It would also permit Indian communities, Indian organizations, and DIAND to discover what powers, resources, structures, accountability mechanisms, and evaluation procedures are required to achieve the communities' developmental goals. Simple solutions are not readily available. In fact, we know very little about helping communities to help themselves.

As knowledge and experience is acquired from the demonstration projects, it should be possible for the Department to decide on the extension of the developmental mandate to the entire Departmental operation over the decade of the 1980's. The target should be a measurable diminution of the size and functions of the present Indian Program and a corresponding increase in developmental activities by Indian bands.

As far as the absolute level and the rate of increase of Departmental expenditures is concerned, I believe that the only way of slowing down the escalating costs of present programming for Indian people is to convert from a mode of funding social costs to one of investment in the economic productivity and social well being of Indian communities. As investments, public expenditures will have to be justified in terms of developmental impact and the ability to remove the root causes of intolerable reserve conditions. I cannot accept that there should be any inherent conflict between this investment principle and the requirements for social justice.

Mr. Minister and Mr. Starblanket, you must both recognize that your mutual commitment to the implementation of Indian self-government and community-based development is imperative if Indian communities are ever to reverse the current trends and the experience of the past.

Many of our ideas are not original. Former Ministers and former Presidents of the NIB have espoused them in speeches; Assistant Deputy Ministers of the Indian Program have written them into formal statements of objectives; and the staff of both NIB and DIAND have repeated them in policy papers over the last decade. The obvious question is why all these statements of policy have had no discernable impact on the fundamental nature of the Indian Program. Instead, they have been consistently ignored, deemed administratively infeasible, politically unacceptable, too costly, or just impossible to accomplish. You should be prepared for such comments from persons with a personal stake in the outcome. Even worse, Mr. Minister, you may be told by your officials that my recommendations can be achieved within the present system without fundamental change. You may be told that the present system is functioning as well as can be expected; and all that is necessary is more money to expand present programs.

If you accept these arguments, you will ensure that nothing will change.

If you accept my recommendations, your commitment will make it necessary for you, Mr. Minister, to secure the support of your Cabinet colleagues, to ensure the cooperation of other federal government departments who will be involved, and to facilitate the participation in Indian development of provincial governments within the tripartite negotiations.

Whatever steps you jointly decide to follow from this point on, it is clear that both constitutional and Indian Act discussions are the key on-going processes for the attainment of Indian self-government and community-based development. It is logical and desirable that this report should be discussed and reviewed in the context of these processes.

It is my deeply-held belief, however, that in the final analysis, the Indian bands must shape the outcome of all the discussions on the recommendations of this report. I strongly advise that a process for obtaining band reactions be established within a month after this report is received by all bands. The mechanics of such a process are yours to work out.

The development of Indian communities will be a complex and evolutionary process, spanning several decades. There is much that the Government of Canada, the Department of Indian Affairs, and the Indian organizations can do to re-shape their policies

and structures in order to establish a favourable environment for development. But only the Indian people themselves have the ability to create their future through their own imagination, determination, and effort.

Our report in its entirety does nothing more than set a direction that strengthens and supports their plea for social justice - To have what is one's own.

Yours truly,

A handwritten signature in black ink, appearing to read 'J.W. Beaver', with a large, stylized initial 'J'.

J.W. Beaver
President



PROLOGUE

A Fictional Conversation between the
Special Adviser and the Minister of
Indian Affairs and Northern Develop-
ment



PROLOGUE

Minister: Mr. Beaver, are the expenditures currently incurred by the Indian Program measurably improving the conditions in Indian communities?

Beaver: That depends to some extent on whom you talk to. For example, government officials might well point to statistics showing increasing numbers of Indian communities with water and sewage systems, improved housing, higher school enrolments, higher income levels, and the increased administration of programs by bands as signs of significant improvement.

On the other hand, there is considerable evidence that most Indian communities continue to live in a state of underdevelopment in relation to their physical, natural, or human resources. Moreover, there is no evidence of an overall improvement in the condition of Indian people, as they might understand what is meant by improvement.

Minister: What evidence do you have to support such an apparent contradiction?

Beaver: Well, your own statistics, while indicating greater quantities of physical assets and available services, also paint a picture of Indian communities increasingly incapable of providing for their own needs.

For example, large numbers of Indians continue to rely on social assistance; large numbers of neglected Indian children continue to require care outside the community; Indians continue to suffer unacceptably high rates of injury and illness; the police, courts, and jails continue to process very high numbers of Indian people. Alcoholism and drugs remain a major problem in many Indian communities contributing directly to all of these difficulties. The fact that 30% of all on-reserve Indians migrate to the cities in search of a better life reflects the seriousness of reserve conditions.

Minister: Certainly, we still have a long way to go, and we must be prepared to find more money that will enable us to do more.

Beaver: That may well be part of the answer, Mr. Minister, but how will the Department justify asking for more money when current expenditure levels are difficult to account for in terms of measurable improvement?

Minister: Well, I am not convinced that current expenditure levels are not justifiable. Clearly, we are required to account to Parliament for the manner in which Indian program funds are used. You must also be aware that our expenditure estimates are submitted to a rigorous analysis prior to their presentation to Parliament. We have been able to justify our funding requirements in this fashion in the past, and we should be able to continue to do so in the future.

Beaver: But in doing so, Mr. Minister, you will continue to ensure that the focus of your Department's activities and expenditures will remain on dealing with symptoms rather than causes. The fact is that Indian program funds are currently used almost entirely to deal with the consequences of underdevelopment -- the symptoms of physical, social, cultural, and economic breakdown. Your Department has not been able to start a developmental process to deal with the root causes of these problems.

Minister: But I understand that the major reason for our lack of progress in this area has been the lack of available funds which has forced us to put all our efforts into remedial programs. Yet, I accept that a major challenge facing this Department is the necessity to expand programs in the developmental area.

Beaver: Mr. Minister, I don't think your Department's idea of development reflects the reality facing most Indian communities today. Your past attempts at development have been based on a Departmental and non-Indian idea of what is required for the "development of Indians". If this practice continues, there is little guarantee that even larger amounts of money will have any greater impact on socio-economic conditions than they have had in the past.

Minister: Can you give me any examples of this point?

Beaver: Yes. For example, your economic development program was designed to give Indian businessmen access to funds and managerial expertise which they otherwise could not obtain. Unfortunately, the program was not designed to allow communities to explore alternative economic activities outside the conventional definition of a business.

Further, the Departmental social development programs are almost exclusively remedial. The "experts" delivering these programs deal with individual personal problems after they occur. Because of their training, they only see the symptoms of problems, and then they try to fit these into conventional and available solutions. They do not recognize the conditions that cause the problems in the first place.

Minister: You seem to be saying that the Department is preoccupied in everything it does with a predominantly remedial approach.

Beaver: Yes, that's right, although the preoccupation is understandable. In fact, it might even be inevitable considering the way in which your department is structured and therefore operates.

As a matter of fact, Mr. Minister, in spite of your best intentions, you may well have inherited a system which is incapable of doing anything other than continuing to react in a remedial fashion.

Minister: Why are we so locked into this approach?

Beaver: Because symptoms of problems cannot be ignored for political reasons. Because the growth of services is seen to be a progressive thing for government to do. Because more consumption of goods and services is generally regarded to be indicative of a developed society. And, because you rely on experts who deal with professionally-defined problems and solutions.

Minister: Your criticism implies that you see changes required in the way the Department operates?

Beaver: Yes -- and very radical changes. Just tinkering with

the present system will be as ineffective as spending greater amounts of money to do the wrong things more efficiently.

Minister: But you have already said that we can't ignore the symptoms of problems, and yet we must be more developmental. Can we not find a way of doing both in the Indian Program?

Beaver: There's no way the existing system can do both. The principles, assumptions, methods, and scope of the two approaches are incompatible; they just don't mix.

Minister: Well, are you saying that these two approaches are simply two different ways of looking at the same problems?

Beaver: Yes. What is required is a re-definition of the old problems in a new way that recognizes the difference between cause and effect. This cannot be done by the Department. It can only be done by the people living the problems. Therefore, the people should be assisted in this process. The role of the Department should be to give them the resources to define and meet their own needs.

Minister: Are you suggesting that we have been preventing communities from doing just that?

Beaver: Of course. Under the present system, if Indian people want services from Government, they have to define their needs in relation to the programs available to meet them. This, in effect, predetermines what Indian needs are, and effectively prevents the people from helping themselves.

This, Mr. Minister, is the essence of paternalism.

It is also the cause of much of the alienation that Indian people experience from Government, and their dislike of many of the so-called "helping" services of the Department. Moreover, you can imagine the frustration when bands are granted the authority to administer for their own people the very programs and services which are not only failing to meet their

needs, but are also preventing them from realizing this very fact.

Minister: Can you give me some examples of how some of these problems might be redefined?

Beaver: Well, for example, rather than starting out with a question such as: What are the social services needs of Indian communities? Perhaps the questions that the community should ask itself are: How might arrangements for care be provided for those who need them? How might families be strengthened to provide healthy environments for growing children?

In the area of education, for example, rather than trying to find out why the current education system is not working, by the usual indicators such as drop-out rates, the community might ask itself: What do our people need to know in order to understand and improve our situation? The answer might lead to a better statement of formal and informal educational requirements.

In the economic development area, rather than focusing on the number of jobs required to employ the unemployed, the questions for the community to answer might be: How might members of the community be organized to produce the food, shelter, and clothing required by the community? What skills and tools are available to the community? What are the local resources to meet locally-defined needs for goods and services by means of technologies appropriate to the community?

When problems are redefined in these ways, then the outcome deals with the symptoms and the causes at the same time, and does both much more effectively. And this approach could probably be implemented at no greater cost than what is now being spent on present programs.

Minister: I am not sure whether all of this sounds overly complex or too deceptively simple.

Beaver: Well, if you want to talk about complexity, how do you think Indian communities feel about the bewildering array of programs, policies, regulations, guide-

lines, task forces, re-organizations, fragmented jurisdictions, special initiatives, and knee-jerk reactions that characterize the Indian Program? Do you have any idea, Mr. Minister, of the enormous drain on the human and financial resources of Indians that is required simply to deal with government? These resources would otherwise be available to deal with the problems of the community.

Minister: Are communities really prepared, and capable enough, to rethink their situation in the ways you suggest? Especially in view of the depressed conditions in which they find themselves?

Beaver: They'll need help for sure -- and this is where your Department's stated objective of assisting and supporting Indian people to do things their way can be put to work.

Minister: Yes, I understand that to be a major policy of the Department, but I guess you're telling me that it has not been implemented.

Beaver: Unfortunately, that's true. The Department does not seem to know how, or seems reluctant, to make the necessary changes to carry out this policy.

Minister: You mentioned before that you feel the Department is incapable, under its present structure, of making the necessary changes. Is it a matter of the people working in the Department and their attitudes or prejudices?

Beaver: No, I don't think so. Attitudes are important but the major problem is the system itself which eventually destroys the effectiveness of the best people that you attract to it.

Minister: Well, what is wrong with the system?

Beaver: A number of things. Most importantly, the system does not know how to help people help themselves.

Secondly, it is not structured in a way that either enables it to take risks, or allows Indians to learn from their experience.

Thirdly, it is preoccupied with accounting for public expenditures to the Treasury Board in terms that have very little to do with the real results obtained from those expenditures.

Fourthly, it is stuck with a management structure that was designed to support entirely different objectives.

And, finally, it does not have any memory bank which enables it to learn from experience, or to predict the impacts of its decisions and policies.

Minister: Do you have any thoughts on how we might set about changing this?

Beaver: Yes, Mr. Minister. It's clear to me that the Department must become a developmental agency. Indian Affairs has to change from controlling the lives of Indian people to assisting and advising Indian governments and providing them with resources for development.

In essence, the Department must learn how to help Indian people help themselves.

The magnitude of the change that will be required in the Department's structure and operations will pose a great challenge if the Government of Canada accepts, in principle, my recommendation that authority, responsibility, and resources must be invested with Indian band governments. Indian-prescribed solutions to on-reserve problems are the only way to achieve any significant measures of improvement in the condition of Indian people.

I've put my thoughts on paper in the report which follows. I hope the bands will also read the report and find it of value.



PART I: BACKGROUND

The National Indian Socio-Economic Development Committee:
Origins, Purpose, and History

1. Origins of NISEDC
2. NISEDC Approach to Socio-Economic Development
3. History of NISEDC
4. Purpose of Present Report



BACKGROUND

1. The Origins of the National Indian Socio-Economic Development Committee (NISEDC)

The publication of the 1969 White Paper on Indian Affairs and the 1970 report of the Senate Committee on Poverty ushered in a new stage in the debate on the Government's policies towards Indians and, specifically, on the proper role of the Department of Indian Affairs and Northern Development (DIAND). In the formal response called The Red Paper, the increasingly articulate Indian leadership widely rejected the assumptions and policies of the White Paper as a continuation of the historical policy of assimilation, a policy which in their view, had been shown to be bankrupt.

After several years of heated debate, an attempt was made to develop a new approach which would be acceptable to both the Indians and the Government. The Socio-Economic Development Strategy Work Force, a joint working group sponsored by both DIAND and the National Indian Brotherhood (NIB), was established. In May 1976, this group presented to the Joint NIB/DIAND Steering Committee a document entitled The Strategy for the Socio-Economic Development of the Indian People. The Strategy was thoroughly discussed and subsequently published by the NIB.*

* Another document called A Strategy for the Socio-Economic Development of Indian People - National Report, was also published by the NIB in October of 1977. This report was a compilation of studies and responses from member associations of the NIB. For purposes of clarity, we refer in the present report to The Strategy paper of 1976.

It was in response to the stream of ideas and concepts in The Strategy, many of which were accepted as valid and constructive by individuals within the Department, that the Minister of Indian Affairs and the President of the National Indian Brotherhood approached Mr. J.W. Beaver to enquire whether, on leaving the business world, he would be interested in acting as Special Adviser to undertake a broad, in-depth review of Indian socio-economic development, with a view to recommending specific policy changes and program innovations in this field. This resulted in Mr. Beaver's appointment in April 1978 as a Special Adviser to the Minister and the President of the National Indian Brotherhood, and the subsequent creation in late 1978 of the National Indian Socio-Economic Development Committee (NISED). The Committee was established as an independent body with a mandate to review the recommendations of The Strategy, assess existing governmental programs, carry out special studies, and develop both advice on departmental policy in socio-economic development and approaches to the implementation of new strategies.

2. The Approach of NISEDC to Socio-Economic Development

A preliminary review was initiated, involving extensive consultations with Indian Bands, their territorial organizations, and governmental officials, and the study of large numbers of documents including The Strategy. As a result of this review, NISEDC proposed an approach to socio-economic development consistent with the expressed objective of DIAND and with the philosophy of development contained in the NIB/DIAND Strategy. These primary sources of consideration for NISEDC's own work are captured in the following excerpts from (a) DIAND's Program Forecast and (b) The Strategy, respectively:

- (a) The explicit objective of the Department of Indian Affairs and Northern Development is:

"In keeping with the principles of self-development, access of opportunity, responsibility and joint participation within Canadian society, to assist and support Indians and Inuit in achieving their cultural, social and economic needs and aspirations, and to ensure that Canada's constitutional and statutory obligations and responsibility to the Indian and Inuit people are fulfilled."

- (b) The objective of the NIB/DIAND Strategy for socio-economic development is stated as self-determination for Indian people to enable them to determine the conditions of their lives. The strategy for achieving these goals consists of four interrelated elements:

"A sustained effort by Indian people to renew and strengthen their culture and unique identity through the vehicle of self-government.

A deliberate shift in emphasis for most programs from concern with the individual to concern for the community.

A deliberate effort through programming to establish for communities a socio-economic development base that brings opportunities to people rather than using the people to serve outside interests.

A sustained joint effort by the Indian people and Government, for not less than ten years and by mutual agreement for twenty years, to achieve the objectives that will be identified by communities within the broad goals."

From the above excerpts, and from the many voices of Indian leaders across Canada, it follows that any developmental strategy which is not solidly grounded in the aspirations and efforts of the Indian community is bound to fail. The desirable and effective alternative to the existing "top-down" and non-developmental programming aimed by DIAND at Indian people, is the "bottom-up" strategy based on the community which plans and implements its own political, social, and economic future. To this end, NISED C formulated an approach which would:

- (a) require Indians to articulate and systematize their social and economic plans; and
- (b) require DIAND, other federal and provincial government agencies, and organizations in the private sector to respond positively to all such Indian initiatives, in order to:

- (c) bring about those progressive community, government, legislative and economic changes which will enable Indians to mobilize their human and material resources and re-establish their social and economic self-reliance.

In its Work Plan, issued on March 20, 1979, NISEDDC proposed to conduct an in-depth examination of all of the changes and additions to policies, programs and institutional structures which would be necessary in order to take this new direction. The methodology included both applied research, to increase the base of policy-relevant knowledge, and demonstration projects, to test principles and implementation processes for their effectiveness in significantly improving conditions on Indian reserves.

3. History of NISEDC

3.1 Chronology and Output

- April 1, 1978 - Date of appointment of Mr. Jack Beaver as Special Adviser
- Sept. 13, 1978 - Order-in-Council approved
- Sept. 20, 1978 - Contribution Agreement approved
- Sept. 27, 1978 - Incorporation of NISEDC completed
- Oct. 10, 1978 - Date of first cheque received by NISEDC for first quarter funding
- Dec. 5, 1978 - First meeting of the NISEDC Board of Directors
- Mar. 12-13, '79 - Resolution by the NIB Executive Council demanding the liquidation of NISEDC
- Mar. 20, 1979 - Final draft of NISEDC Work Plan completed
- May 3, 1979 - Letter from Noel Starblanket, President of NIB to Mr. Beaver, requesting the resignation of Mr. Beaver and the dissolution of NISEDC as a corporate body.

The above is self-explanatory, notably in the time lapse of nearly 6½ months between the appointment of the Special Adviser and the issuance by DIAND of the funds to begin NISEDC's work. It is worth mentioning that in the second half of 1978 Mr. Beaver had over 140 meetings with persons and organizations involved in socio-economic development, 73 of which were with Indian people and their organizations. This extensive consultation across Canada persuaded Mr. Beaver that there was indeed a consensus on the strategy of community-based development on the part of both Indian groups and many individuals with DIAND. These discussions demonstrated the legitimacy of the approach adopted by NISEDC and written into the Work Plan.

Although the entire staff of NISEDC consisted of not more than three persons at any one point in time, NISEDC submits this report for the consideration of Indian Bands, the NIB, and DIAND. The following more detailed and supporting studies, prepared or commissioned by NISEDC, are also available:

- (a) The NISEDC Work Plan - a comprehensive statement of research objectives in the area of socio-economic development;
- (b) An Analysis of the Flow-of-Funds to Indian People - a study which documents in computerized detail, how much money is distributed by specific categories of federal expenditure for the fiscal year 1978-1979;
- (c) Indian Band Government - a paper which reviews Indian and government political institutions, their evolution, relationship and performance, and makes recommendations for change.

3.2 Relationship of NISEDC with the NIB

In the above-mentioned May 3, 1979 letter from the NIB to Mr. Beaver, Mr. Starblanket said that the opinion of the members of the Executive Council of NIB was unanimous in demanding Mr. Beaver's resignation and the dissolution of NISEDC. The reasons given were that Mr. Beaver incorporated NISEDC without consulting the NIB and that he had rejected the NIB's proposals for amendments to the by-laws of NISEDC. These proposals would have given the NIB veto rights over NISEDC's activities.

The relationship of NISEDC to the NIB was not so fragile at the outset. Mr. Beaver met with the NIB to discuss incorporation, the composition of an Advisory Board, and NIB/NISEDC communication on June 6, July 11, July 13, July 19, September 20, and September 25th -- a total of six meetings on the question of NISEDC's corporate structure alone, before the actual date of incorporation. The first rumblings of NIB discontent were heard on October 23rd, during the meeting of the NIB socio-economic development sub-committee. The real issue was that the NIB apparently wanted political control of the day-to-day operations and output of NISEDC, while the Special Adviser would have been required to retain full responsibility. This principle is not only unacceptable in normal management practice, but the original terms of reference agreed to by both the NIB and DIAND for the Special Adviser specifically stated that he and NISEDC were to be an independent body. This implies freedom from both political and bureaucratic interference. In actual practice, members of the NIB/NISEDC liaison committee worked constructively with the

staff of NISEDC until March, when NIB cooperation became conditional on the acceptance of by-law changes. Since the resolution of March 12-13, passed at the Executive Council meeting, preceded in time any decisions by NISEDC to by-law revisions, it is obvious that this could not have been the reason for the NIB's demand for the termination of NISEDC.

The NIB resolution signalled formal withdrawal of Indian support (as represented by the NIB) for Mr. Beaver and NISEDC. The resolution asked "the Provincial/Territorial organizations of the NIB to boycott the Beaver Board". It requested all Bands in the country "to submit resolutions stating they will not deal with the Beaver Board". This directive was distinctly different from the strong voices of support and encouragement communicated to Mr. Beaver throughout the history of NISEDC, but which were particularly forthcoming subsequent to the resolution, as knowledge of the NIB action became known. Indeed many individual Band Chiefs and no less than four Provincial/Territorial organizations called Mr. Beaver to state that they did not approve "unanimously" the action of the NIB, and to ask Mr. Beaver to continue to work for them as an Adviser in socio-economic development.

The NIB resolution also stated that upon the dissolution of NISEDC, "the funds for the Beaver Advisory Board be transferred to the National Indian Brotherhood Socio-Economic Development Sub-Committee".

It is noteworthy that the entire history of the NIB/NISEDC relationship seems to repeat exactly the actions taken by the NIB that resulted in the dissolution of the NIB/DIAND Socio-Economic Steering Committee, which was engaged in the overall direction of The Strategy work force.

4. Purpose of this Report

In spite of the fact that the work of NISEDC was ruptured so early, it is appropriate that the President of the NIB and the new Minister of Indian Affairs be informed of the opinions, judgments, and conclusions NISEDC has reached during its brief existence. It will be recognized that this report is not the product of a full range of research and field experimentation, of the kind that was originally anticipated by NISEDC. Once the intent of the NIB to withdraw from NISEDC became known, however, it seemed important to the special Adviser to "exit with voice". We wanted to leave behind a record of our strong conviction that a fundamental change in "the way things are", in the relationship of Indian people to government, is imperative. If nothing is done about the situation on Indian Reserves, then it can only be assumed that the Government of Canada is consciously prepared to experience and accept the transfer to the mainstream society of the accumulated frustration, anger, and violence that Indian people on reserves have for years turned inwards against themselves.

This report advocates the acceptance, by the Government of Canada, the Department of Indian Affairs, and the Indian people as represented by their organizations, of:

- (a) Indian Band governments with full powers to manage their affairs; and,
- (b) the principle of community-based planning and development as the primary thrust of government policy.

This report suggests some ways to carry these principles into practice.



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PART II: STATEMENT OF THE PROBLEM

1. The Situation on Indian Reserves
2. Government Policy - the Determining Factor
3. Indian Organizations - an Important Influence
4. The Policy Making Process in the Indian Program
5. Encouraging Signs



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STATEMENT OF THE PROBLEM

1. The Situation on Indian Reserves

Not so long ago, on many reserves across Canada, Indian people had a native capacity for healing, caring, learning, moving across large territories in search of food, for creating their shelter, and burying their dead. Each of these capacities met a basic need of survival. The means for the satisfaction of these needs were abundant, as long as they depended primarily on what people could do for themselves, with only marginal reliance on commodities and services produced outside the community. These activities in the service of man were not considered by the people as a matter of "employment" or "economic development". Moreover, Indian people originally had a political system which ensured a just distribution of natural resources, and which gave priority to the protection and maximum use of the one resource available to all: personal energy under personal control. Survival, justice, and self-defined work -- these values were fundamental to Indian communities and, indeed, also applied to many non-Indian settlements adjacent to the reserves.

Symptoms of the current and accelerating crisis in these same Indian communities are widely recognized. While statistics point to ever increasing expenditures by Government and greater quantities of physical assets and available services, statistics also confirm the fact that Indian people have lost control over their lives. They have lost their traditional capacities for

healing, caring, learning, and providing food and shelter. Instead, increasingly large numbers of Indian people are heavily dependent on welfare; large numbers of children are neglected and relegated to the care of Children's Aid Societies; and large numbers of adults are dependent on alcohol. The attendant indices of illness, violence, and anti-social behavior for Indian communities soar far above the rates prevalent in Canadian society as a whole. There is a crisis of social breakdown on many Indian reserves in this country far more severe than that described by the word "underdevelopment". The tragedy is that there is no evidence of improvement in this intolerable condition in spite of increasing Government expenditures.

Many attempts have been made to explain this desolate situation. Theories of acculturation and the assimilation of indigenous people by an insensitive and paternalistic government compete with the notion that the real intent of Government, and its policy of colonization, was to protect the native people from the unscrupulous and exploitative advance of commercial interests. Whatever the preferred doctrine, it can be concluded that the contemporary crisis on Indian reserves is also rooted in industrial society itself. The impact of this society's limitation on human freedom is magnified a hundred-fold for Indian people because they are closer, in time, to an age when man could still provide for his own basic needs and exercise mastery over the tools under his control.

The importance placed on tools under personal control becomes clearer if one thinks of tools in relation to culture on

the one hand, and individual autonomy and self-worth on the other. The term "tool" is used broadly to express a physical extension of the ingenuity and creativity of man. It includes his means of production and his political, social and economic institutions. Tools are, therefore, intrinsic to social relationships and, of course, to culture. An individual relates himself actively to his community or society through the use of tools that he masters. To the degree that he masters his tools, he invests the world with his meaning. If, instead, he is controlled by his tools or their products, the shape of the tools or products determines his self-image. An individual totally at the mercy of tools controlled by others is denied the opportunity to enrich his environment with the fruits of his vision of self-defined labour. In the denial of this kind of autonomy, there follows a rapid loss of self-esteem. The situation is especially critical when the loss of individual self-worth occurs simultaneously with the rapid disintegration of the supporting culture.

Indian people recognized long ago the destructive impact of Euro-Canadian industrial society on their way of life, their culture and their relationship to the land. They also have witnessed the degradation of their people to the status of passive consumers. Alienated from their tools and disinherited from their land, they have also been isolated on reserves from the flow of ideas, information and technology. Ill-equipped in terms of marketable skills, and discriminated against by racial prejudice, it is not surprising that they often cannot participate in the mainstream of society.

Inasmuch as any prescription for a remedy for the situation on Indian reserves today must be grounded on an accurate diagnosis of the problem it is important to signal at the outset the direction of our analysis. The argument that has been introduced so far is that Indian people have suffered a loss of culture, of the capacity to provide for basic needs, and of individual self-worth as a consequence of the loss of control over tools, and, therefore, of the power to endow the world with personal meaning. In the broadest perspective, this loss of control can be viewed as a product of the normal advance of industrial society.

In the case of Indian reserves, the historical facts are that neither the rate of adaptation to this new society, nor the nature of the accomodation within it, were determined in any way by Indian people themselves. Rather, the weight of responsibility for the "developmental problem", and for the attendant indices of individual demoralization and social stress rests with the Government of Canada; specifically it rests with the policies of the Department of Indian Affairs and of other federal government departments that administer and control the lives of Indian people.

2. Government Policy - The Determining Factor

The root cause of the situation on Indian reserves can be traced to the fact that the role and function of the Department of Indian Affairs, prescribed by the Government of Canada during the days of colonization and the Indian Act, to "manage the affairs of Indians" in an all pervasive way, hasn't been changed in over a hundred years. Today, the authority, responsibility, and resources for administering every aspect of the lives of Indian people still rest primarily with the Department. In effect, the Department of Indian Affairs constitutes a "radical monopoly".

The term "radical monopoly" describes a kind of structural dominance by one institution that greatly exceeds the usual concept of a monopoly. It does not mean simply the exclusive market control over the means of producing or selling a commodity or service. What the term "radical monopoly" describes is the provision of a commodity or service without a meaningful alternative to the satisfaction of the need for such a commodity or service.

In the case of Indian people, the Government of Canada, and particularly Indian Affairs, possesses a radical monopoly because it has taken on the exclusive control over the definition and the purported satisfaction of almost all the basic human needs (healing, teaching, provision of food and shelter, burying the dead) to the point that it prevents or inhibits the natural competence of people to provide for themselves. This control, which manifests itself in the attitude of government officials that Indian

people are somehow not competent enough to decide for themselves, is exactly what many people have rightfully called "paternalism". The effect of the policies of the Government of Canada has been to impose the consumption of standard products (nurses, teachers, welfare officers, frame houses, and undertakers) that only the Government can provide. This in turn has created a deep-rooted dependency on the very commodities and services that Indian Affairs, Health and Welfare, and others deem to be "in the public good". This kind of radical monopoly is, de facto if not de jure, the role and responsibility given to federal departments dealing with Indian people by the Cabinet of the Government of Canada.

The second major dimension of past and current government policies and practices which accounts for the situation on Indian reserves rests on the interpretation in the Indian Act of Section 91(24) of the BNA Act, and of the legislative provisions that deal with the reserve system.

Reserves were originally intended by the Government as a mechanism for removing Indians to places supposedly free from the less desirable elements of the mainstream culture. Reserves were to be a way of allowing Indian people to assimilate gradually into the broader society through conversion to Christianity and the provision of education. In many cases, however, the reserves forced Indian people into isolation from the mainstream of society. In addition, many reserves were formed from relatively unproductive land in terms of natural resources, land that nobody else wanted. Over time, the increasing regulations on the use of

Crown lands around the reserve by Provincial governments, and the increasing encroachments on these traditional resource bases by non-Indian users, resulted in the systematic undermining of what Indian people hold to be the most important base of all for the survival of their economy and cultural identity: Land.

The situation has been made critical by the jurisdictional separation of responsibilities between provincial and federal governments for land surrounding the reserves on the one hand, and for "Indians and lands reserved for Indians" on the other. Given this constitutional interpretation, Indian Affairs, historically, and in current practice, has insisted on forcing technical solutions for socio-economic development into the very narrow legal and political parameters of the Indian Act and the reserve system. The provinces have also, historically, maintained that they have no constitutional responsibility for Indians and therefore would not extend to Indians any rights or involvement in the management of those Crown lands under provincial control. These two positions, if continued, guarantee the continued lack of development resources for Indian people.

Further, the Department has not demonstrated the foresight to recognize the enormous potential presented by Indian people who have made the break from the isolation of the reserves and who have shown the courage to migrate into the cities. These people, given the right training and support, can be an absolutely essential source of leadership in the future. In fact, many contemporary Indian leaders have followed this path. The built-in barriers to the mobility of Indian people off the

reserve that result from DIAND policy for off-reserve Indians, and the significant barriers to the flow of capital, ensure that resources for socio-economic development remain immobile. The cardinal properties of the market economy, however, rest not only on the availability of development resources but also on the mobility of all the factors of production.

The third dimension of government policy which accounts for the situation on Indian reserves can be described with reference to the philosophy of development as reflected in current Indian Affairs programming.

Historically, Indian Affairs has moved from its original purpose of colonization and assimilation of native people to a contemporary concern for "development". This development orientation has been characterized by much greater intervention on the part of Government in all aspects of reserve life. Programming for the development of Indian people, however, seems to have been based on a crude and materialistic notion that maximizing the consumption of goods and services produced by the Department for the greatest number of people is a "good thing" in itself and constitutes progress. Programming for development has separated the elements of social structure, culture, economics, and band government and treated them as disconnected "things" rather than the threads of a fabric of a single reality. The understanding of Indian culture as a whole has never been reflected in Indian Affairs policies. Therefore, development has never been interpreted as essentially a political issue. The lack of a holistic perspective on development attributed underdevelopment simply to

deficiencies in capital, natural/human resources, or physical infrastructure. However, some reserves rich in natural resources or capital remain underdeveloped, so it is not merely the presence of resources that creates development, but rather the uses to which these resources are put. It follows that development is also a challenge of education, organization, and discipline -- all non-material aspects of culture. Without these non-material factors, other resources remain untapped potential.

While some officials in Indian Affairs will agree with the critique that the Government philosophy of development for Indian people has been too narrowly focused on material factors, others will immediately make reference to the massive amounts of money that have been spent on providing to Indian people special education, special manpower courses, special courses in band management, and so on. They will say, of course, that all these dollars have gone into providing Indian people with the special requirements for development in the industrial society that rest on education, organization, and discipline. And yet, they are missing the point.

The alleviation of underdevelopment does not depend only on the removal of these "deficiencies" in the population. Rather, development has to evolve from the skills, organization, and discipline that are indigenous in the society. If these special requirements for development in the industrial society are not inherent in the recipient Indian community, or characteristic of the particular culture, intervention by Indian Affairs in the form of "packaged" manpower and training courses and other

"ready-made" goods and services will not promote development. Indeed, such intervention, by creating "have" and "have not" classes both within and among Indian communities, may only further exacerbate the problems of a dual economy and the tensions resulting from social stratification. Here lies the reason why development cannot simply be an "act of creation" by officials of Indian Affairs, why it cannot be ordered, bought, comprehensively planned, why it requires a process of evolution. The foremost task of development policy as implemented by Government must be to accelerate this evolution.

In essence, Indian reserves still remain in a state of social disorder and poverty because the development philosophy of the Department of Indian Affairs has been inappropriately conceived. The development of Indian communities cannot be "programmed" in a linear fashion or at a rate of change independent of the ability of people to participate in it. It must evolve from both the availability of factors of production, and their mobility. Most importantly, development must be grounded in the non-material aspects of Indian culture that are indigenous to the whole society. Development must involve not merely a tiny minority in the community but the entire population.

Therefore, there is theoretical and practical validity to the strong emphasis given by Indian people that only a "holistic approach" to development determined at the level of the community will materially affect the socio-economic conditions on the reserves. To implement this new approach to development, the authority, responsibility and resources for development must rest

with and be controlled by the political level of Band government.

Another aspect of this discussion of the development philosophy of the Department relates to the fact that, historically, there has been insufficient consideration given to the relationship between the rate of social change possible for an indigenous people and the rate of economic change that affects them. What has usually happened to Indian people is that the rate of economic change has been allowed to be the dominant factor; Indian communities were left to adjust as best as they could. In many cases, in its haste to "modernize" the native people, the Department has added to the enormous problem of adaptation by uprooting Indian settlements and relocating them at will. The consequences of too rapid a rate of change, combined with a disastrous relocation and environmental damage, are evident, for example, in the case of Grassy Narrows.

Only recently, in the face of very large projects (such as the Northern pipeline) has the relationship between economic growth and social change been recognized, and recommendations made for a delay to allow native people a longer period of social adjustment. Due to an absence of a developmental capability in the Department, little or no advantage has been taken of the opportunity this delay affords to search for methods to adjust the rate of change of development or to assist the people to make a more rapid adaptation. In this connection, sometimes the very isolation of the reserves or settlements affects the people's ability to make the required adjustments. These situations require special attention.

3. Indian Organizations - An Important Influence

It should be a matter of great concern to all Indian bands that their political organizations have not been more effective in accomplishing those policy and program changes that would result in significant improvements at the community level. The present adversary role of the political organizations in monitoring and opposing the Department of Indian Affairs may sometimes be a necessary activity, but it has impeded, and in many cases has prevented absolutely, the search for innovative and pragmatic solutions to the many real problems on reserves.

For example, several vehicles set up for joint Indian/Government participation have been ended abruptly: the Joint NIB/Cabinet Committee; the Joint NIB/DIAND Steering Committee that directed the work of The Strategy work force; and most recently, NISEDC itself. The political act, on the part of the NIB, to withdraw from these Committees is symptomatic of the malaise and paralysis that overtakes any form of cooperation and joint endeavour. And yet, surely the problem is not the existence of forums for Indian involvement, but the willingness of all parties to take proper measures to make such forums work more effectively.

There are at least two factors contributing to this impasse. First, DIAND and the NIB each have a different understanding with respect to their role and function in the process of policy development. The NIB, with its proposal for a Policy Development Secretariat, insists that it is the proper body for the development of national Indian policy. The NIB also maintains that the

lack of progress in Indian/Government discussions and the subsequent dissolution of the consultative processes and mechanisms, is due to the fact that the Government is not prepared to relinquish any of its authority in policy making. At best, however, policy making is a shared responsibility. It is also a shared responsibility when such consultative bodies which give Indian people direct access to Cabinet Ministers are allowed to fail.

Second, the role of constant political opposition to the Government has been given to the NIB by its constituent associations. The NIB, therefore, legitimately defines itself as a political entity. Its very nature, its structure, and the philosophy of its operations prevents the NIB from dealing with important program issues in a substantive way. This political role-playing practically guarantees the collapse of all joint efforts. The adversary stance does not mix well with the need for mutual consideration, by Indian people and Government, of what needs to be done and how it is to be done for the greatest benefit to Indian communities.

The time for the resolution of the contradiction in the mandate and operations of the NIB posed by the "need to oppose" on the one hand, and the simultaneous demand for exclusive control over policy development on the other, is long overdue. Without a genuine commitment on the part of Indian political organizations to work constructively with government officials, there is little hope that the cherished aspirations of Indian people to regain control over their own lives will be realized. The Department cannot and will not fight the battle in Cabinet for Indian self-government alone.

4. The Policy Making Process in the Indian Program

Indian Affairs, in its policy making, contributes to the current situation on Indian reserves because it embodies a failure to understand the nature of the problem with which it is dealing, and it displays an inability to recognize the requirements for a different approach.

An effective policy making process for Indian Affairs would require that organizational structures, strategies, and programs should evolve only as a consequence of a very careful and detailed analysis of the constitutional, cultural, economic and other dimensions of the whole situation in which Indian people, Government, and the Department find themselves.

Out of this first step in the analytical sequence, the resolution of objectives and roles of all participants would follow naturally. Subsequently, it would be possible to develop alternative strategies, together with an assessment of their relative costs and probable impacts. Only after these steps have been completed should individual programs and activities be designed. In this process, strategic planning proceeds from the general to the specific, and it becomes possible to view detailed recommendations in relation to the whole. Because the policy making process is the foundation upon which all Indian Affairs activities rest, each analytical step should involve staff work of the highest order.

The many excellent staff papers prepared within Indian Affairs over the years are testimony to the fact that there has been a consistent effort to develop effective and imaginative programs. However, staff work has generally tended to concentrate on the program development level -- the end of the policy making process -- rather than on the beginning and analytical level. The lack of any consistent overall application of the principles of strategic planning within the Indian Program presents several difficulties:

- (a) Difficulty in viewing the full range of policy options. Unless a sufficient breadth of view can be developed, the full range of potential policy options cannot be identified.
- (b) Difficulty in program development. Without an adequate understanding and perspective, programs deal with symptoms rather than the less obvious causes. Co-ordination is difficult to achieve and incremental planning becomes virtually the only alternative. What is required, of course, are solutions to problems, not piecemeal attention to their consequences.
- (c) Difficulty in responding to internally and externally generated ideas. Unless there is a sound basis of understanding it becomes

difficult to judge the value of new ideas, and an organization finds it difficult to learn from its own experience. For example, the Department took more than two years to establish the machinery to respond to the joint NIB/DIAND Strategy report.

- (d) An ad hoc approach to policy development. Due to a fundamental incapacity to review the objectives, roles, strategies, programs, and organization of Indian Affairs, policy making has been relegated, by default, to the sporadic and often uncoordinated efforts of special task forces, consultants' reports, special advisers, re-organizations within DIAND, and other ad hoc measures.
- (e) Policy intervention by the central agencies. Failure to achieve stated program objectives, or to have programs in which no yardsticks of effectiveness exist at all, invites policy intervention and increased control by the central agencies.

One good example of the absence of a strategic planning capability in the Indian Program is provided by the history of the NIB/DIAND Strategy report. Indian Affairs officials worked closely with the NIB to produce a thoughtful, and in many ways, a clear and coherent statement of the principles which should

inspire the Department's policy development process. The NIB/DIAND Strategy paper contained many of the ideas and principles of community-based development and planning. Indeed, similar ideas have been promoted in many documents written by the Department's staff, or its consultants, which have been supported by public statements made by Ministers and Assistant Deputy Ministers of DIAND over the years. It is especially significant that these ideas and statements of policy direction have had little or no discernible impact on the policy or the operations of the Indian Program.

It should be recognized at this time, that the capacity represented by the Policy, Research and Evaluation Branch (PRE) could be turned to the essential elements of a strategic planning process. The question arises as to whether or not the strategic planning capability as a whole can be grafted to the existing Branch. In our view, this grafting would not be successful for several reasons. First, in the event that PRE becomes the strategic planning group, it is likely that the compartmentalization that now exists in the Indian Program would militate against any effective implementation of the group's output. Second, this group would probably be given a restricted frame of reference in which to work. If such a group had neither the mandate nor the authority to decide the scope of its own work, and if it remained a functional organization without line responsibilities, it would indeed be in a very weak position to ensure co-operation or to have its output utilized by program staff.

If any real improvements in the conditions on Indian reserves are to be accomplished, the Department must have a strategic planning capability that can generate the kind of supporting information and analysis that will lend confidence to the major political and policy decisions that need to be made.

5. Encouraging Signs

As difficult as all the barriers to development are to overcome, there are a number of encouraging signs of change within the Department of Indian Affairs. Generally, Department officials are receptive to new ideas and approaches and some of them acknowledge that adding more symptom-oriented programs will not resolve the fundamental problems on reserves. While the financial resources committed to developmental activity have been limited in relation to the overall budget, at least there is now a statistical baseline upon which future progress in a developmental direction can be measured.

A recent analysis (NISEDC Flow-of-Funds study) suggests that 63% of departmental programs could be classified as remedial in nature (examples would be alcohol programs, child care, and social assistance), 12% of programs could be termed preventative, and only 12% could be classified as developmental. Overhead accounts for the remaining 13% of the programs' budget. It is a hopeful sign that some departmental officials are determined to devote an ever increasing percentage of funds to developmentally-oriented programs. Indeed, the solution to the problems of social pathology on Indian reserves will demand a reversal of the above proportions. Only developmental programs that effect real changes in this respect are investments for the future.

There are other encouraging steps in the right direction. For example:

1) Substantial progress is being made on a definition and recognition of powers to bands under the current revisions of the Indian Act. We understand that the revisions will deal in a substantial way with the question of band powers and will not be limited to administrative matters.

2) While bands continue to have little discretionary power in modifying departmental programs, the transfer of administrative control to bands does provide band staff with some administrative experience in program management. The attendant dangers are: first, the number of people absorbed in band management tends to become a limiting factor on the ability of bands to re-allocate resources and re-structure priorities creatively. This imposes a stringent requirement to provide a long preparation period of education and training to improve this situation. Second, the transfer of administrative responsibilities can become an end in itself. It would be an error to assume that this transfer constitutes any meaningful measure of true band government. The net effect may be a large and costly Indian bureaucracy modelled after the one from which administrative responsibilities were transferred in the first place.

3) Under the new system of consolidated contribution agreements, certain funds will be given to bands and greater discretion will be permitted in the allocation of such funds. The new agreements, however, presuppose that bands already have in place the necessary planning capability which would ensure the effective exercise of their prerogative under these agreements. The fact is that bands cannot be held accountable for results in

the absence of a plan specifying what is to be achieved. Unfortunately, we all recognize that the planning expertise and capability in most bands is underdeveloped. Further, the flexibility permitted under these agreements exists only within the confines of the Departmental program structure. Both these reasons reduce the value of these new agreements as vehicles to advance Indian band government.

4) The tripartite processes now in effect in several provinces are a very good beginning to the important discussions among Indian people and federal and provincial governments on a broad range of questions, including the issue of responsibility for Indian people. In these tripartite meetings, not enough importance has been placed on expanding the resource base of those communities which will remain "have not" under any combination of community-based development or Indian self-government. The vehicle of tripartite forums should be used to engage the provinces in substantive discussions on expanded uses of resources on provincially-controlled Crown lands for the socio-economic development of the "have not" bands.

5) The sectoral programs, inasmuch as they have become decentralized Indian institutions controlling all funding and offering a variety of managerial and technical advice, are also a step in the right direction. Because natural resources and primary production are a key to economic development, these sectoral programs are in a good position to make a major contribution.

6) There is an on-going process that indicates a very positive change in the attitude of Indian Affairs to community-defined solutions to serious social and economic problems on the reserves. This is the mediation process involving the federal and provincial governments and the Grassy Narrows and Whitedog bands in N.W. Ontario set up to deal with mercury pollution and other adverse effects of past government policies.

The intensive preparatory work, community involvement, research, analysis, communication with both levels of government, and resource development strategy implemented at Grassy Narrows over the last two years is the closest example of the approach that is recommended in this report for community-based planning and development. The initial response of the Department to the holistic planning effort completed in that community has been very positive. However, it is still an ad hoc response to a special situation, and to this extent it constitutes an exception rather than the norm of DIAND operations. Further, DIAND still holds final decision-making power, although the mediation settlement may reverse this and put both resources and decision authority in the hands of the band. The Grassy Narrows experience is an important test of the development principles and strategy which NISEDC supports and which should be gradually extended to Indian communities in the rest of Canada.

These are some of the encouraging signs within the Department. Although they point to a recognition of the need for change, they do not yet indicate a collective demand for a consistent and directed process of change within the Department.

There are some very able staff members who are genuinely committed to the search for new directions. They have made constructive contributions to the work of NISED and they understand that the failure to deal with a change in the role and function of the Department of Indian Affairs will ensure that the situation of demoralization and social disorder on reserves will not only continue but may get worse. The ultimate result of a "do-nothing" policy will be violence directed outward, and a consequent loss of faith in the institutions of Government on the part of all Canadians for the abject failure of Government to resolve the intransigent problems faced by Indian people.



PART III: INDIAN BAND GOVERNMENT

1. Evolution of Indian/Government Relationships
2. A Possible New Approach: Indian Self-Government
3. Funding for Indian Self-Government
4. Constitutional Considerations
5. Expenditures as Investment



INDIAN BAND GOVERNMENT

In previous sections of this report, the importance of individual bands having true authority, responsibility and resources was stressed as a precondition for genuine progress towards the improvement of socio-economic conditions. This is important because the socio-economic segment is a key element in any band government operation. Even more vital is the provision of all the powers that bands need for self-government.

The NIB/DIAND Strategy report stated:

"First, there is a need for each Indian community to develop its socio-cultural and economic bases for meeting the aspirations of the people through local self-government. Second, there is a need to provide a supportive environment in which this can happen. To create such a supportive environment will require a two-pronged approach, one to strengthen Indian institutions, and the other to change federal, provincial and territorial governments from an administrative and control stance to a supportive and resource-providing stance. The method for doing the latter is seen to be the systems approach.

In short, there could be four major implementation areas -- the community, the strengthening of Indian institutions, a new role for government and the development of a national system for socio-economic development."

This section of the report expands on these substantive points.

1. Evolution of Indian/Government Relationships

One document that should play a major role in the evolution of true Indian self-government is the Indian Act. In its present form, however, it is not a document that permits any realistic level of true local Indian band government. It is still a document that reflects the prevailing attitude at the time it was created, in that the Government was perceived as the only agency that should or could develop policies; apply, administer, and deliver programs; and, in general, regulate and control almost every aspect of Indian political, economic, social and cultural life.

DIAND is unlike other governmental departments in that it has a captive clientele. Over the years, the methods of obtaining resources, the development of policies and programs, and the delivery and control of such resources, have necessitated the creation of a large and costly bureaucracy that absorbs large amounts of the resources intended for Indians. The programs themselves, for the most part, are remedial and deal mainly with treating symptoms. They have proven largely ineffective in coming to grips with solutions to the real problems and, as such, are not investments for the future.

An even more serious result of the present relationship is that Indians have become increasingly dependent on Government. They have had their confidence and sense of competence undermined because the largely absentee management has denied them the opportunity of exercising full powers in prescribing for them-

selves. Even today, despite the marginal and nominal relaxation of some powers, the Government still retains for itself almost complete control of authority, responsibility and resources.

The ultimate result of this has been that the structures, planning and other processes of Indian communities all have been forced into the mold of the governmental system of programming, and bands have had essentially no real power to generate policies and programs for themselves. On the contrary, they have been obliged to participate in, and administer, programs that they can clearly see are not working.

Indian people and their leaders recognize this but are powerless to change things in a fundamental way because, in negotiations, with no real weight on their side except justice and nominal political clout, Indian groups have very little bargaining leverage. Essentially, they have been brought to the point where the only way of showing their despair and protest is by destroying themselves in public.

Long years have gone by in non-productive discussions of the Indian Act and other remedies to redress the lack of true exercisable power possessed by the bands. Indian groups have been involved in long and dialectical discussions on revisions to the Indian Act, and other proposals dealing with forms of government and administrative regulations.

Indians have expressed their belief, that without a clear commitment by all parties to the principle that bands must be

given control, there can be no negotiations that will result in success, even if they are conducted in good faith. The essential ingredients of any Indian band government are responsibility, authority and resources; these can never be negotiated or attained by Indians in a policy and commitment vacuum.

In NISEDC's own recommendations, extensive consideration has been given to the many contributions made to the thinking in this field by the Joint NIB/DIAND Cabinet working group on Indian Act revisions, by the many conferences and seminars on this subject organized by the Indian people, and by numerous staff papers prepared by the Policy Research and Evaluation Branch of DIAND. In general, DIAND staff have done excellent work on Band constitutions, powers, rights, and funding mechanisms. What is absolutely required at this point is the political will and consent to enable the necessary legislation for band government to be drafted. There is no need to create a new bureaucracy to stand between the Indians and the legislation that will charter, control, or regulate recognized Band powers. All that is necessary is a mechanism to facilitate implementation, and to develop or administer the new relationship.

The new legislation should recognize and outline all the powers that any band might require either at the time that the band opts for the new system or at any time in the future. The rate at which these powers are exercised should be governed by the wishes and the capabilities of the band. Every basic control (financial, regulatory, program, personnel and so forth) could be incorporated in the overall community development plan and/or the

associated financing agreement. This complete umbrella of powers should be available for use, without further statutory or other changes, as bands take up new powers. This will enable bands to arrive at their optimum level of effective government much faster than if powers are "parcelled out" when someone decides a band is ready. The suggested method essentially provides that the rate of change is within the control of the band. It also makes possible a less complex band constitution.

The Indian Act deals only partially with true Indian local government. It is primarily a document outlining how Government will administer the affairs of Indians. Because of the diversity of Indian communities across Canada, it is very likely that no consensus will ever be reached on many of the administrative revisions proposed in the new Indian Act. In any case, Indian local governments should do this for themselves. The present act is negative, coldly administrative, and blocks many worthwhile initiatives by Indian governments either in an outright fashion, or by reasons of delay in interpretation. This type of administrative act cannot form the basis for the entirely new approach being recommended; to the extent that the present Indian Act attempts to do this or to become the administrative vehicle for Indians, it is outmoded.

2. A Possible New Approach: Indian Self-Government

What is required is a new arrangement under which the Government and DIAND give up their stranglehold on powers to administer and control almost every aspect of Indian life, and set about to provide enabling legislation that will develop and regulate only the relationship that should exist between Indian groups and the Government. Bands should be able to exercise all the substantive powers they need to create an atmosphere in which new and effective social and economic development strategies can flourish and grow. There should be a clear recognition by all parties of these substantive powers, either by an insertion of a new Part II to the Indian Act, or by the creation of essentially new legislation that would provide for recognition of such powers.

Some bands may decide to remain completely within the present system. Some may only partially adopt full local self-government. Each band should be free to adopt whatever option it wishes. It will take a long time to eradicate the dependency resulting from the present paternalistic system. It will also take a long time to produce the confidence, education, and experience necessary for the development of the people and organizations required for the proper management and functioning of full Indian self-government.

It should now be clear why mere partial revision of the administrative provisions of the Indian Act, by itself, without clear recognition of the substantive powers that Indian bands

need, would be a very inadequate mechanism to effect the necessary changes.

NISED C recommends that to implement Indian self-government a special task group should be created to research and investigate constitutional questions, as well as all aspects of the necessary enabling legislation. This group would clarify the concepts of self-government, reflect in more detail on the implications of these concepts, search for ways to build consensus and agreement within the Department and with Indian people, and generally identify either existing or new processes that could deal with the substantive issues involved. This group should also be able to assist bands in the drafting of those powers they require to set up their own constitutions and in coordinating existing activities. Some bands may wish to have a different political organization from the one that now exists. Groups of bands or Indian groups may wish a regional type of government. Flexibility should be the distinguishing characteristic.

3. Funding for Indian Self-Government

3.1 Three Proposals

The matter of funding for bands who opt for the suggested form of full Indian self-government is very complex and important. We provide our own preliminary thoughts on this matter and trust that they will be followed up aggressively by the task group. We would like to suggest three options for core funding that might be considered.

The first option that should be explored is the one proposed by the Union of Nova Scotia Indians.

For bands who opt for Indian self-government, the Union proposes that such bands receive the capital funds held in trust for them. In addition, such bands would receive the per capita amount, equivalent to all federal funding provided to the province in which the band is located. In other words, they would receive not more per capita than any other provincial resident. This formula should help revise the impression of many Canadian citizens that Indians receive essentially more than the Canadian per capita norm.

The point has been made that Indians already receive benefits from federal funds provided to the province; to include these in a core funding formula would be a duplication, and therefore unwarranted. The "trickle down" benefits to Indians from federal funds disbursed for general application is dispro-

portionately low relative to other Canadian citizens. Providing such funds directly is probably the best method to alleviate this condition.

The true benefit to the provincial economy as a whole that results from the high outflow of Indian money into the regional economy has never been adequately researched, either in terms of the absolute percentage of the total Indian funds, or in terms of the multiplier effect on the regional economy. Those studies that have been done indicate that in excess of 95% of all funds disbursed to Indians quickly find their way into the regional and provincial economy. Bands should routinely check economic flows and linkages in the context of their community plans. Statistical information on the level of both absolute spending and the regional multiplier effect, when added for the province as a whole, may be an important consideration in provincial/Indian negotiations for additional natural resources or more extensive land use rights.

Because of the above factors, and the further assessment that a catch-up period is required for Indian people, a strong argument can be developed for the position that Indian band core funding should actually be in excess of the per capita amount received by any province from all federal sources.

The second option for funding that merits consideration relates the actual powers that bands will choose to exercise to the total funding requirements for band self-government.

It is likely, for example, that bands will want their band constitutions to recognize those powers which will provide for control and responsibility in four broad categories:

- (a) general and administrative government functions;
- (b) national programs - health, education, social services;
- (c) unique Indian programs;
- (d) public works.

The second funding option would provide the band with an amount equivalent to the amount presently received by the band for national programs, unique Indian programs, public works, and general and administrative costs related to these programs.

In general, a statutory method of funding should be the preferred method for funding band powers in all four areas above. This probably presents no difficulty for the purely Indian government function listed in (a). However, the present method of funding for categories (b), (c), and (d) is more difficult and contentious. Many Indians maintain that these are not matters for negotiation; rather, the government has a legal obligation to provide all such funding. We would suggest that the initial funding for all four categories be calculated by a statutory formula. This would provide at least the minimum floor for funding that any Indian band might expect. No Indian band should be expected to adopt this system if the bulk of its funding could only be obtained by negotiation and agreements, even if these were on a multi-year basis. We also suggest that an escalation

clause, providing for rates of inflation, should be incorporated in the initial funding formula. Incremental amounts beyond this formula for developmental purposes would be a matter for negotiation and agreement.

A third proposal that should be explored would provide band funding on a formula that is the sum of the following components:

- (a) the existing band budget for all present programs;
- (b) a calculated amount for total administration and overhead costs incurred externally to the band;
- (c) a calculated per capita equivalent of other federal programs for Indians (e.g. DREE, Manpower and so on. Exceptions might be U.I.C. and other personal payments which Indian people receive from other departments strictly as individuals);
- (d) a discretionary incremental amount for developmental purposes in the order of 10% of (a) + (b) + (c), to be obtained by negotiation and agreement.

3.2 Budgetary Implications

NISED C has reviewed, in a very preliminary and general way, some implications of the funding proposals.

In the first place, as a matter of policy, the total transfer of all programs to Indian bands should be planned in such a way that there is no increase in the total expenditure on these programs at the time of transfer. Even under a generous interpretation of what constitutes administration and overhead, the NISED C Flow-of-Funds study indicates that more than 105 million dollars are expended each year to the administrative and overhead account. While this is in the normal range that one might expect of a governmental department, other indicators make it reasonable to assume that a significant reduction in this component is possible when control and responsibility are transferred to bands. It is true, of course, that in any transfer of responsibilities, duplicate organizations result. A true saving can only be achieved if the growth of new Indian organizations is accompanied by a corresponding reduction in government bureaucracy. Such saving can then be utilized in more developmental ways at no overall incremental cost in the transfer.

In the second place, it is surely possible for bands to re-allocate a significant proportion of existing funding in more developmental ways. For example: (a) social assistance funding can be re-programmed into developmental funding; (b) spending priorities can be re-arranged by modifying or eliminating exist-

ing non-developmental programs wherever possible; and, (c) programs and structures can be amalgamated/aggregated by groups of bands.

There are many creative ways to transfer present spending from remedial to preventative and developmental programming. The point is that greatly increased emphasis must be placed on obtaining developmental funding by a thorough examination of all spending priorities and a reallocation of funds.

Even with persistent efforts by bands to save on the administration and overhead account, and/or to re-allocate their spending priorities, it is still likely that bands will require additional funding for developmental activities. It will not be possible in the short and medium-term to eliminate completely the ever increasing and incremental costs of remedial programs. The maximum amount that will be necessary for development purposes, however, is controllable by the rate of expansion of the new self-government policy to bands and the time period over which community plans are implemented. Both of these can be accommodated to the Departmental or Government resources that are available.

Moreover, if these developmental principles are sound, bands will generate their own revenues. To the extent that these revenues contribute to the self-sufficiency of the Indian community, this should be a factor in the Departmental allocations made to bands.

3.3 Program Implications

Once a band has agreed to accept its funding on the basis of self-government, it would no longer "receive" programs from the Department unless it specifically decided to "purchase" them. The band would cease to be a passive recipient of government services. Instead, it would have the power to choose for itself from among the available ideas, skills, and services that it feels would best improve conditions on its reserve. It would have the freedom to design services to be provided by its own band members. In the interim, the band could choose from a variety of sources offering assistance in the areas of education, social services, public works, housing, planning, technical and financial expertise, and so on. It could purchase the services it requires either from the Department of Indian Affairs or from other federal government departments, from the provinces or from private companies, from its own Indian organizations or from non-profit foundations and professional associations.

Alternatively, the band could delegate this power, and the control of the necessary funds that goes with it, to DIAND or to other institutions, and ask that it be exercised for the band. The band would have the right to recall this power on its own initiative when it is ready to exercise it.

These new methods of funding for Indian band governments, and new freedoms in spending band funds, imply significant changes in the relationship of bands to Indian political organizations. It should be clear that eventually, as more bands opt

for self-government, the funding for these political organizations at national and territorial/provincial levels will originate with their constituents -- the Indian communities -- rather than with Government as is now the case.

3.4 The Issue of Accountability

There has been an increased emphasis on the need for accountability within the federal government system. This theme permeates the report of The Royal Commission on Financial Management and Accountability (the Lambert Report) and is the foundation for many of its recommendations. To a certain extent, the new government's recent initiatives with regard to the re-structuring of both the Cabinet Committee system and the expenditures process reflect a strong commitment to increase accountability within the federal government.

Strengthened accountability is closely linked to the proposals recommended in this report for Indian self-government. Concurrent with increased powers, responsibilities and the certainty of funding for band governments, is the necessity to improve accountability. Just as the Minister for DIAND will be increasingly accountable to Parliament for his appropriations and results achieved, so too will be Indian band governments. While the reference point for accountability (be it the overall level of funding or the achievement of specific program results) will vary at each level in the accountability chain -- from Parliament, through Cabinet, through the bureaucracy, and through band

governments and individual Indians -- the importance of accountability will be constantly reaffirmed, especially in periods of fiscal restraint.

Very complex and voluminous regulations and procedures have evolved out of interpretations as to how responsibility to Parliament for expenditures in the Indian Program must be exercised. These regulations apply primarily to the method of obtaining funds and the control and use to which such funds are put. We feel that a concern with, and judgment of, the actual improvements in socio-economic conditions achieved in Indian communities would be a much better yardstick of how the responsibility to Parliament has been fulfilled. This approach differs fundamentally from the existing preoccupation with financial controls.

The point has been made that Indian governments have been ineffective because they have been denied the necessary authority, responsibility, and resources. Indian governments will continue to remain powerless under any new proposal, if the regulations and controls on obtaining and disbursing funds become another way of denying them real power. Similarly, band governments must be given the right to develop their own program standards lest these also become a new way of denying them real power.

Therefore, NISED C strongly recommends that a complete review of this matter be carried out to develop:

- (a) a streamlined and simplified method of obtaining bond funding;
- (b) a corporate type of financial control system, structured to provide both financial accounting data and management accounting information, which is acceptable to all parties to the financing agreement; and,
- (c) effectiveness yardsticks, wherever possible, to be incorporated into a revised system for Parliamentary appropriations for Indian programs.

3.5 Implementation

Extensive study and participation by Government, bands, and Indian organizations are preparatory to obtaining Cabinet approval for the principle of Indian self-government. Once approval is forthcoming, staff work can begin on the drafting of enabling legislation. The passage of legislation begins the important phase of implementation.

The distinctive characteristic of the first phase of implementation should be caution, preparation and gradualism. To implement properly the powers that the bands need will require thorough consideration of:

- (a) the governing and administrative structures that should apply to such reserves;
- (b) the necessary legislative, financial, and other regulatory controls that they will apply to themselves; and
- (c) the preparation, education, and training that Indian people will need in order to provide their own effective government.

To test principles and to resolve other complex issues that have caused delays in the approaches tried to date, NISEDC suggests that the proposal for Indian self-government be implemented in a limited way in a specific geographic region.

The Union of Nova Scotia Indians is one Indian group in Canada to have submitted a specific proposal for self-government. The Union's proposal specifies several required band powers. A review of these powers indicates that they are, in fact, only those powers necessary to enable bands to control, and be responsible for, their economies and political institutions. The Nova Scotia proposal advocates the right to exercise those powers that have, up to now, been exercised by DIAND. It is certainly consistent with Canada's federal system of government. If the proposal for Indian self-government is acceptable to Government, we suggest that Nova Scotia might be chosen as the demonstration area once the task group has completed all of the necessary planning work.

Under our self-government proposals, bands would have the following options:

- (a) No band would be obligated to accept self-government;
- (b) Every band could opt for any position - from the status quo of the present Indian Act (as amended), to the full option of band powers, or any step in between;
- (c) No band would be asked to accept any proposal to take on additional responsibilities without the necessary authority and funding; and,

- (d) Any band could delegate its powers partly or totally to DIAND or to other institutions, but would retain sole recall rights when it wished to exercise the powers itself.

In the process of transferring powers to bands who opt for self-government, there must be a very careful delineation of which rights and powers are being discharged to bands by the federal government, and which rights and powers will remain with the Minister as residual responsibilities. The political commitment to Indian self-government must not, in any way, be interpreted as relieving the Government and DIAND of legal, constitutional, statutory, treaty, and customary responsibilities to all bands. Those responsibilities should only be changed by mutual consent and the changes incorporated into the formal agreements made between the Minister and the bands that opt for self-government.

4. Constitutional Considerations

The constitutional aspects of Indian self-government raise serious questions as to the protection afforded Indians by clause S91(24) of the Constitution. This clause, for example, can support a restrictive piece of legislation such as the Indian Act and yet, apparently, can also provide for full band powers under the proposed legislative revisions to the Indian Act. If this clause lends itself to such widely divergent interpretation, clearly it affords inadequate protection to Indian people.

NISEDC is aware of the long series of discussions between Indians and Government on the very complex subject of the protection afforded by the Constitution. Many important points of principle have been raised that are difficult for either side to concede. Although there has been considerable progress recently with regard to the full participation of Indian people in constitutional discussions, there are still some unresolved questions in the debate over the relationship between constitutional issues and Indian self-government. These questions are illustrated by the following:

- (a) How does power and authority flow to Indian bands? Many Indian groups claim they have never lost sovereignty. They have simply been unable to exercise their powers through the lack of resources -- land, people, and capital. Governments, on the contrary, insist that people have only those rights that are granted by Parliament.

- (b) Regardless of how band powers are derived, what measures are required to protect these powers from future external and capricious action?
- (c) Is it better to exercise powers, regardless of how they are derived, than not to exercise powers at all?
- (d) Is it better to exercise powers unprotected by the Constitution, initially, than not to exercise them at all, unless they are constitutionally enshrined?

This problem of constitutional protection must be resolved. As constitutional revision will be a lengthy process, the exercise of powers by bands under the new enabling legislation for self-government would be a more practical first step and a preferable alternative to waiting for the resolution of constitutional issues. Indeed, the enabling legislation that would recognize band powers would likely be necessary for constitutional discussions in any case.

An important point is that any retention of full Ministerial discretion to disallow band constitutions, to have an unfettered and unreviewable right to approve or reject band proposals, or unilaterally to change them, would be intolerable. Therefore, these and other matters could be included in constitutional discussions between Indian people and Government/DIAND.

5. Expenditures as Investment

It flows as a natural consequence of the entire analysis of Indian Band government that Government funding of Indian programs must be converted from a mode of funding necessary social costs, to one of investment in the economic health and social well-being of Indian communities, and the country as a whole. As investments, public expenditures will have to be justified in terms of creating wealth in their own right by:

- (a) reducing the escalating costs of remedial service programs;
- (b) creating a self-generating capacity to finance individual and community activities; and,
- (c) converting an unproductive sector of the Canadian economy into a productive one.

The concept of government expenditures as investments is the financial correlate of the concept of development based on community socio-economic planning.



PART IV: REQUIREMENTS FOR CHANGE

1. Introduction
2. Roles and Objectives
3. Elements of Strategy
4. Elements of Organization
5. Process Considerations



REQUIREMENTS FOR CHANGE

1. Introduction

It is useful, as an introduction to this section of the report, to summarize our perception of the problem facing Indian people and the Government of Canada.

The activities of the Department of Indian Affairs are not producing overall improvement in the socio-economic conditions of Indian people. The Department is not achieving its own stated objectives. NISEDC is convinced that substantial improvement on reserves will never be attained as long as Government officials continue to believe that Indian people and Indian communities require only those services which conventional wisdom dictates to be necessary for the resolution of social and economic problems.

The key to changing this unsatisfactory situation is for Government to recognize that Indians have the capacity and the desire to provide for their own needs. Government must make the necessary commitment to provide Indians with the authority, responsibility, and resources, so that they are free to develop and provide the services that they themselves decide they need. Further, Indian organizations have to decide whether their adopted role of constant political opposition is compatible with the potential positive contribution they could make towards working out solutions at the grass-roots level. Indian bands will

also have to accept much greater responsibility and be accountable for results achieved.

As far as the Department is concerned, all of its present activities fall into the category of designing and delivering Departmentally-defined programs to Indians and, in many cases, include the transfer to bands of the administration of programs. This mode of operation and role of the Department is characterized as administration and control -- administration of services, and control of the quality and content of these services. It follows that the management structure, legislative base, operating style, planning mechanisms, and resource systems of the Department are geared to support, and to reinforce, this mode of administration and control.

In order to achieve the kind of change required to alter the sad history of Indian people in this country, the Department's role and mode of operation must be changed to one of developmental assistance and support for Indian people designing and providing their own programs and services. The cooperation of other federal government departments will be essential in this process. Curiously, Indian Affairs has already adopted this developmental orientation in the statement of its goals and objectives. However, the Department, because of its current structural and operational framework, has been unable to carry these objectives into practice.

A number of current initiatives within the Department are compatible with its required new role. In the absence of funda-

mental change, however, these initiatives will ultimately be compromised by the overall structural imperative of the present system to administer and control. To the extent that these initiatives are designed to overcome the contradiction between the Department's structure and its stated objectives, they should be encouraged. They should not be subject to a struggle for survival in an inhospitable environment. Indeed, an environment conducive to creativity is one characterized by tolerance and consideration of ideas contrary to the prevailing mode.

2. Roles and Objectives

In order to achieve the objective of significant improvement in the social and economic conditions of Indian people, NISEDCC recommends to the Minister of Indian Affairs, and to the President of the NIB, a major change in the roles of: (a) Indian communities; (b) the Department of Indian Affairs; and (c) Indian organizations. These changes of roles are as follows:

- (a) A transformation in the role of band governments from political bodies acting for DIAND to political organizations designed by and for Indian people, and endowed with all powers and responsibilities necessary to give Indian communities control over their affairs.
- (b) A transformation in the role of the Department of Indian Affairs from an administrative and control agency, "to manage the affairs of Indians", to a supportive and resource-providing agency for development.
- (c) A change in the role of the Indian national, provincial, and territorial associations, to respond to the transformation of the Department and the powers to be vested in band governments.

This change in roles observes the following key principles:

- (a) the primacy of the Indian community in all developmental efforts;
- (b) the absolute requirement for political authority and responsibility at the level of the community (band government) to determine the nature and the timetable of development; and,
- (c) the transfer of control over the resources of land and capital, as well as over human resource development, from non-Indian to Indian institutions.

These principles are compatible with statements made by senior civil servants within DIAND and the federal bureaucracy and with speeches made by Ministers speaking on behalf of the Government of Canada. Furthermore, the policy of the Progressive Conservative Party for native peoples has been stated as follows:

"The needs, aspirations and development requirements of native communities are far too varied to be handled effectively by a large, centralized bureaucracy in Ottawa. The focus of attention, resources and policy control must be shifted in order to allow federal policies in the field of Indian Affairs to respond more effectively to band initiatives.

Policies and programs affecting native peoples should, to the fullest extent possible,

be devised, managed, and delivered by native people.

It is of primary concern that public funds should benefit native communities as directly as possible.

We recognize that a variety of structures and systems are needed to ensure that social and economic programs meet the disparate needs of native communities across the land.

We recognize the importance of land and community as fundamental principles in the development of native policy".

We presume that the policy of the Progressive Conservative Party has not changed now that the Party has become the Government. This policy conforms to our conclusions and recommendations regarding Indian self-government and community-based planning.

3. Elements of Strategy

In order to realize the objective of improvement in reserve conditions, NISEDDC proposes a strategy consisting of four main and inter-related elements:

Element 1: The introduction of Indian self-government;

Element 2: The introduction of community-based planning and development;

Element 3: The provision and use of resources for socio-economic development: land, labour and capital;

Element 4: The establishment of a change mechanism within the Department to act as a nerve centre to facilitate all the above activities.

Strategy Element 1: Indian Self-Government

The proposal for Indian self-government has been discussed at length in Part III of this report. Under this proposal, bands will have the authority to design, administer, and implement programs for social and economic development. In order to carry out their new responsibilities, bands will need adequate resources. Several funding options have been suggested for more detailed consideration. The new funding arrangements and new freedoms in spending imply significant changes in the relationship of bands to government agencies and their own organizations,

in that bands would be free to select and purchase out of their own budgets the services that they feel would best meet their needs.

Our discussion of band government has focused on the powers and resources needed to govern at the level of the community. Since bands are materially affected by events and policies beyond the reserve, attention has to be directed to the exercise of band powers under self-government with regard to national and provincial issues.

It's fair to say that, in general, Indian bands across Canada have not developed either a strong awareness of, or a significant involvement in, the events and policies beyond the reserve that affect them. They have, in fact, abdicated this responsibility to their political organizations, which have been funded directly by Government. For whatever reasons, bands have not exercised to any great extent their authority to question the structure, the mode of operation, or the effectiveness of their Indian organizations in representing their interests in Ottawa or in the provincial capitals.

This situation has to change. Indian self-government is meaningless unless the bands decide the nature and form of the representation they require, and fund their political organizations accordingly.

We have already emphasized elsewhere in the report that without authority, responsibility, and resources bands are overly

dependent on Government. If, under self-government, bands take on authority, responsibility, and resources and delegate all of these to Indian political organizations on national/provincial issues with no provisions for accountability, they will be trading one kind of dependency for another. In the future, bands must clearly decide on the nature and limits of the powers they delegate to their political organizations and, most importantly, they must agree on how they wish accountability to be exercised and communicated. These matters cannot be pushed under the rug any longer.

It should be obvious that, under self-government, the roles and functions of Indian political organizations have to change just as fundamentally as the changes that will be required for the Department of Indian Affairs. There should no longer be any doubt as to who now "makes policy for the socio-economic development of Indian bands". The answer is clear: the bands develop their own policy. The role of DIAND, the NIB, and provincial/territorial organizations is to facilitate and assist in this process. Indian bands may themselves decide that several important governing or planning functions may best be performed by district councils, regional councils, or Indian organizations different from those that currently exist. Alternatively, they may delegate certain policy making powers to existing political organizations under specified terms and provisions of accountability.

Under their present structure and mandate, organizations such as the NIB wish to control both the substantive process of policy making and play the political adversary role at the same

time. The political posturing that has occurred has compounded the difficulties of policy development. The self-evident result for Indian people has been the failure of both the NIB and DIAND to bring about substantial improvements in the human condition in Indian communities all across the country.

An entirely different Indian organization, separate from the political lobbying organization, may have to be created for all policy and program development functions. This new organization should have at least the following characteristics:

- a thorough knowledge of the workings of Government and an understanding of governmental priorities, against which Indian priorities can be evaluated;
- an ability to develop professional and good working relationships with Government;
- an analytical capability to submit well-researched substantive proposals to Government and to evaluate such proposals done by others;
- a capability for continuous review of objectives to ensure that the organization remains on a course that is acceptable to its constituents.

A fundamental review of the relationship of bands to the NIB and to their provincial and territorial organizations is absolutely necessary and overdue. There are very serious barriers of attitude, structure, and factionalism in the Indian world. These must be faced by Indian people with unflinching frankness if any improvement is to be achieved for Indian people.

Strategy Element 2: Community-Based Planning and Development

The title "community-based planning and development" answers two questions: Who does the planning? The community. What kind of Planning? Developmental. The idea of planning for development suggests a way of organizing resources and activities, so that harmony and balance are achieved among all of life's major sectors -- economic, political, social, and educational. Rather than segmenting resources and activities along conventional program divisions, developmental planning that is generated by the community ought to be holistic, and contain within it the community's vision of its own future.

The planning process creates the opportunity for people to take responsibility for the direction of the evolution of the community. It begins where the people and the problems are. It permits people to experiment, and to find out what works and what doesn't work in achieving desired goals. It encourages them to develop motivation, technical skills, and experience in developmental activity. It often sets the conditions in which individual self-respect and social identity can develop. Because the lives of individuals and communities are directly affected by decisions made on socio-economic development, the people must decide the priorities, the rate at which they can adapt to change, and the improvements they wish to attain, as judged by their own standards.

The acceptance of the responsibility for developmental planning by bands will be a major force for change in Indian

communities. Whether or not bands opt for full local self-government (and some bands may not wish to do so immediately), every band should have the option to undertake community planning. Every band should be encouraged to develop and implement a comprehensive community plan. Those bands who do not yet feel ready for self-government, and who choose only the community planning option, will continue under the present administrative system of the Department. They will gain some autonomy and flexibility in funding, developing and delivering socio-economic programs. They will not, however, have the same powers and political authority as those bands who opt for self-government. For example, they will not have the powers to institute taxation, develop financial institutions, or control reserve land and band capital. Some modifications to social programs of national application (health, education, and welfare) could be partially incorporated into the community plan, but full political control to re-structure these programs in a fundamental way would be reserved for bands opting for self-government.

The financial agreements between bands and the federal government for community planning and implementation could follow methods similar to those suggested for the financing of Indian self-government. The obvious difference would be that the amounts available for community planning would be smaller and consistent with the lesser extent of the powers that would be exercised under the community planning option.

An important policy issue that arises is the definition of what will constitute an acceptable community plan. The Depart-

ment must relinquish its veto right over what constitutes "an acceptable plan" on its terms and according to its standards. This does not imply that the implementation of community plans will be independent of the available resources, as negotiated in financial agreements. What we suggest is that communities develop plans, with the financial support of the Department, and with technical and advisory services upon request. In the plan itself, certain agreed upon minimum standards for the provision of basic human needs would be negotiated with the Department. Beyond this minimally prescribed framework, the band would define what constitutes productive services, projects, and activities. Some bands may wish to continue with present Departmental programs, but they should be provided with information and encouraged to consider their own alternatives.

In the implementation of community-based planning, unfortunate experiences will inevitably occur, but bands should be permitted to learn from their experience. The "mistakes" made by bands only have local consequences, whereas mistakes made in the overall Indian Program have had national consequences, have been very costly, and have often resulted in the withdrawal of programs with no provision for satisfactory alternatives.

If community-based planning is implemented, eventually the Department will be transformed from a large radical monopoly, delivering "packaged" programs designed to cope with symptoms of social distress, into a much smaller agency providing "tools for development".

We recommend that a 3-5 year period be allowed for demonstration, experimentation, and testing of this community planning process and the Department's response to it. After this 3-5 year period, the option should become available to all Indian communities across Canada.

Strategy Element 3: Resources for Socio-Economic Development

It is a self-evident proposition in developmental theory that no amount of rational analysis or comprehensive planning will produce development without the availability and proper use of land, people, and capital, and the mobility of these factors of production. Therefore, in the recommendations we are making for socio-economic development, we regard it as essential that Government lend high priority in its strategic planning to the following factors:

(1) Land

Much greater emphasis should be given within the tripartite process to increasing the access to productive resources on Crown Lands for the "have not" bands. For those bands who are well-endowed with natural resources, attention needs to be directed to more productive and imaginative ways to develop these resources.

Increasing regulations on the use of Crown lands, combined with encroachments by non-Indians on lands traditionally used by

Indians, have severely undermined the use and productivity of these lands. The federal government, through its established mechanisms, should take a more aggressive stance on the development, by the provinces, of economic and resource policies that affect Indian communities or that could be of benefit to them.

Indian Affairs should have a policy to assist bands in land acquisition, development, land use planning, and the design of legal safeguards against adverse social and environmental impacts. Those bands that take on new governmental powers, and wish to institute bilateral discussions with the provinces on these subjects, should be encouraged to do so and be provided with legal and technical advice.

(2) People

The resources and time required for communities to prepare themselves for the acceptance of new responsibilities and duties have never been recognized or understood. Many programs have foundered because of this deficiency. The Indian Program should be aware of the need to provide support and assistance to communities to enable them to include the required preparation as an essential ingredient in their community plans. Bands should also consider it as a factor in determining the rate at which they can assume governing responsibilities.

In terms of the potential skills and experience required by the labour force of any Indian community, it must also be recognized that any technical and managerial expertise which can be

gained off the reserve can be an important asset in the process of community planning and implementation. Consequently, there should be no barriers imposed by the Department to the off-reserve acquisition of such skills by band members.

The very low percentage of Indian people in the federal public service, and the even lower participation rates of Indian people in provincial/municipal governments and in the private sector, is unacceptable. These rates will not be increased by present governmental policy or by voluntary actions. Inasmuch as Canada has endorsed the principle of affirmative action in international forums, the time is overdue for similar action to be taken on behalf of the Indian people in Canada.

We therefore recommend, particularly in those areas of exclusive federal jurisdiction (including the Territories), that federal affirmative action statutes be enacted. We also recommend that a serious examination be undertaken of those areas where jurisdiction is shared with provincial governments. Such an examination should lead to legislation aimed at producing the following results:

- proportionate numbers of Indian people in private sector employment, where qualified Indians are available; where there are no qualified Indians, concrete plans should be made to train the requisite numbers.
- target levels of 5% of total employment in the public service, to be met within a 5-year period on a national

basis, and a much higher percentage within the Department of Indian Affairs (for example, 65% of the staff of the U.S. Bureau of Indian Affairs are Indian people).

- federal projects, and other large construction projects, funded or guaranteed by federal funds, should have a stated percentage of contracts for Indian contractors (where qualified contractors exist), and a stated percentage of employees (where qualified employees exist or could be trained).

(3) Capital

The difficulty of providing Indians with access to capital has been a barrier to economic development for a long time. The Indian Business Loan Fund, combined with loan guarantees and grants and contributions, have been the mechanisms used by Indian Affairs to improve this situation. The factors inhibiting Indian access to development capital and surety bonding from conventional lending institutions are well-known and can be summarized by:

- (a) legal prohibitions against the taking of collateral on reserves;
- (b) the lack of a satisfactory "track record" on the part of Indian businessmen;
- (c) the high-risk profile accorded to Indian ventures;

- (d) the inability of Indian businessmen to provide an acceptable proportion of their own equity;
- (e) a general reluctance to lend capital to Indians, on or off the reserve, regardless of circumstances.

It is clear that only some of these factors can be overcome by creating Indian financial institutions, or by using institutions such as the Federal Business Development Bank, that operate under less stringent restrictions for the granting of business loans than conventional lending sources. The problem of collateral for loans, however, is one that must be dealt with by Bands in the context of the new powers they will exercise under the band government option. For example, bands could exercise their right to pledge land and other assets as collateral for loans. Many Indians will be concerned about the risks of seizure involved in pledging their assets. Even an Indian lending institution is not a magic cure for this dilemma because it cannot be immune from business laws and practices such as the seizure of assets upon default. Bands who see a necessity for their own high-risk developmental fund should be prepared to allocate funding to it and, under the new system of self-government, must accept both the risk and the responsibility for results.

Under the new system of band self-government and community planning, bands will have increasing control of, and responsibility for, all program funds, their own capital funds held in

trust, and capital from royalties on resources (oil, gas, minerals, etc.). It is very important, in the various financing agreements accompanying the transfer of powers, that both the use of and the controls over the funds should be such as to afford maximum protection to the Indian people. Such provisions should be clearly spelled out and agreed to by all parties to the financial agreement.

Bands could elect to leave their capital trust funds with the Government. A preferred option may be to choose a reputable and well-established financial institution to manage and protect band deposits. The choice of institution need not be restricted to chartered banks. Some criteria useful in the choice of a financial institution are:

- security of the deposit, as compared to the present trust fund arrangement with the Government;
- rate of return on investment;
- special financial treatment afforded a large depositor;
- leverage for obtaining additional development capital created by the deposit;
- reputation of the institution in investment portfolio management;
- ability and willingness to advise on economic development and to participate in the training of band staff in financial management.

The use of capital flowing into band treasuries from royalties on non-renewable resources, such as oil and gas, is increasingly used to make monthly payments to individual band members. While these payments may meet a desperate need, every band in this position should realize that these royalties are the resources for the future. If a sufficient proportion of this money is not used in a developmental way to provide a viable alternative to the monthly payments, the day will come when both the resources and the royalties are depleted. Bands should develop long-range financial plans so that there is a clear understanding of future capital requirements for developmental purposes. In addition, the capital-rich bands should carefully consider using only the interest on their capital for individual payments, and using the capital itself for investment and as collateral for developmental loans. A percentage of the capital should be used for development projects only where absolutely necessary.

Strategy Element 4: Change Mechanism Within the Department

The change in the role of the Department will require the creation of a new capability. Such a capability will have to be embodied in a new organization in order to give authoritative voice to, and visible evidence of, the political commitment by the Government of Canada, and the Minister of Indian Affairs, to the introduction of Indian self-government and community-based planning and development.

In order for the new organization to be effective in implementing the above initiatives, certain essential conditions must be met:

- (a) It must have the full support of the Minister and the Deputy-Minister of Indian Affairs;
- (b) It must report directly to the Minister and the Deputy-Minister;
- (c) The organization must have direct and uncluttered lines of communication to both the Minister and his Deputy;
- (d) It must have the necessary commitment of staff and financial resources as part of a general plan and not as ad hoc measures;
- (e) It should be free of other administrative and program responsibilities;
- (f) The political and administrative commitment must be firmly signalled to all levels of the Department of Indian Affairs, to other federal government departments involved in Indian matters, to Indian organizations, and to Bands;
- (g) It must have an independent capacity to monitor progress and ensure adherence to formative principles and objectives.

4. Elements of Organization

4.1 Organizational Considerations

With the conditions of effectiveness specified above as a guide, NISEDC has considered three alternative organizations that might be used to implement the proposed changes.

Alternative 1: Existing Structure of the Indian Program

The most important question is whether any existing group within the Indian Program could or should be expected not only to spearhead the transformation of the Department, but also to assist and coordinate all the other changes at the level of the band and Indian organizations. The staff in existing structures are habituated to a mode of thought, and to standard operating procedures, particular to the present administrative and control mode. The staff work that would be required to implement the new approach is qualitatively so different that, in our opinion, it could not be performed in tandem with current administrative responsibilities. Therefore, it is unreasonable to expect that the existing DIAND organization can play two such radically different roles simultaneously.

Alternative 2: An Independent Organization Responsible to
the Minister

In view of the difficulties foreseen with implementation through the existing structure, the alternative of implementing the new approach through an independent organization, such as NISED, which would report directly to the Minister, has some advantages.

Such an independent organization could respond quickly to any request or circumstances, since it would not be hindered by many of the operating constraints imposed upon civil servants. It would be much easier, for example, to staff the organization with people committed to the idea of Indian self-government and community-based planning. Moreover, an independent group, which has a certain time limit on its mandate, would not be encumbered with the vested interests and delays encountered within a bureaucracy.

This alternative also poses certain disadvantages. An independent organization could not simply be an advisory group; it would need authority to implement the new approach. This authority could, in itself, be a source of friction with the existing program staff. People in the Department would be reluctant to see the demonstration projects, as implemented by the independent group, as a model for their own work. They might resent "competition" from an outside developmental agency. Thus, an independent organization might have difficulty in establishing the necessary support services from the field and regional offices of the Indian Program.

Moreover, even very successful demonstration projects may not win acceptance as models to be followed. For the first few years, while their results may be positive in laying developmental foundations, they may be intangible insofar as immediate evidence of improvement is concerned. Further, while an independent group could effectively assist community planning and the implementation of special projects, eventual integration with the mainstream work of the Department would be awkward. The value and the continuity of lessons learned from experience could not be transferred easily to the program staff.

Alternative 3: A New Organization Within the Department

In consideration of all the above reasons, we recommend that a new organization be created within the Department of Indian Affairs with the sole responsibility of implementing the new initiatives of band government and community-based planning.

The creation of the new organization should not necessarily require a large increment of human and financial resources for its staff requirements. There are many experienced and capable individuals in the Department who could form the core staff. There will, of course, be a need for appropriate talent for this new organization that may not now exist in the Department. It may be possible to locate and second such people from elsewhere within Government.

In addition to the new organization, there is still great value in having an independent adviser reporting to the Minister

on the progress of the new organization. This individual (or individuals) would assist and monitor the implementation of the new policy. The arrangement would allow for objectivity of advice and freedom from the pressures inherent in both the bureaucracy and in the Indian organizations. The link to the Minister would be very useful in view of the significant changes to be made within the Department in the 3-5 year period of transition.

4.2 Functions and Structure of the New Organization

In order to implement the proposals for Indian self-government and community-based planning, the new organization within the Department must have, at a minimum, a capability for effective performance in the following four major areas:

- Function 1: The creation of consultative arrangements and communication channels with Indian bands and organizations;
- Function 2: Strategic planning (to include introduction of Indian self-government);
- Function 3: Development and testing of community planning principles through demonstration projects;
- Function 4: Provision of advisory services, upon request, directly to Indian bands on every aspect of self-government and/or developmental planning.

Function 1: Consultative and Communication Arrangements

A high priority for the new Departmental organization will be to work out consultative arrangements whereby representatives of Indian communities can have continuous access to the new organization in a forum which is conducive to the full and free exchange of information, and which is effective in resolving the issues of substance that will inevitably arise.

In view of the significant changes that will be required in the relationships between Indian political organizations and bands, and between bands and the federal government, it is absolutely essential that the roles and functions of all participants are clearly delineated, that sources of disagreement are brought to the surface, and that procedures for resolving conflicts and disagreements are established.

The recommendations of our report are based on the principle of the freedom of choice: each band could choose either to stay on the present system or to begin to travel on the difficult road to self-determination. Since each band has the right to accept or reject any offending provision in the overall set of recommendations, there should be no cause for an overall veto, either by DIAND or by the Indian political organizations, on the proposals submitted. In any case, matters of substance and of procedures could be worked out through the consultative processes of the new organization. ||

Function 2: Strategic Planning

In our understanding, strategic planning is the key activity which stringently examines and re-examines the primary purpose of any organization and which continuously seeks more effective ways of achieving this purpose. Unless the day-to-day operations of the organization are directed and supported by strategic planning, the organization will not be capable of effective performance.

This understanding of strategic planning does not exist in the Indian Program, and recent Departmental papers on the subject of planning confirm this observation. The only planning that is now performed is of the type that reinforces the existing modus operandi of the Indian Program.

If the new organization is to lay the foundations for fundamental change, then solid strategic planning must be one of its most important functions. In the long term, this strategic planning process will be a permanent feature of the new Departmental system. In the short-term, the strategic planning effort should be devoted to the requirements and problem areas associated with Indian self-government, community-based planning, and the availability of development resources. The staff work that will be required can be organized in a variety of ways--task forces, specialized working groups, and so on. For clarity of presentation, we will discuss some examples of planning activity in the start-up period with reference to a distinct task group for each of the above areas.

The first and most important task group must undertake the detailed planning for the introduction of the self-government option to bands on a demonstration basis. This group would develop in much greater precision those ideas and principles discussed in Part III of this report. Subsequently, this group would be involved in actual implementation. Because of its central function, the participation in the task group of Indian people who have personal knowledge of, and experience in, band government is essential. The group will require people with in-depth knowledge of how Government works. At a minimum, the task group should be preoccupied with:

- the design of new rules governing the relationship between Government (Parliament, DIAND, and the central agencies) and those bands who choose the new system of self-government;
- the design of new funding formulas and accountability mechanisms; and,
- the development of procedures, information, and specialized advice to enable a smooth transition for bands from the old to the new system.

It may take three years or more to work out effective solutions to Departmental problems associated with the proposed changes to Indian self-government.

The second task group in strategic planning will work on resources for community socio-economic development. Several issues of resource availability and mobility have already been discussed and these suggest a general direction for the group's work. The point is that if Indian Affairs is ever to change from delivering "packaged products" to providing bands with "tools for development", serious and concentrated attention must be given to the availability of land, people, and capital for developmental purposes.

A third task group in strategic planning should develop a strong capability for applied research to support band governments, DIAND headquarters and field staff, with essential information for planning and implementing the new initiatives. One of the weaknesses in the present Indian Program is that research activities do not appear to be focused in support of policy development. The new organization must ensure that this does not happen, and that all research activity originates from questions related to self-government and community-based planning. Some examples of the kind of applied research that should be encouraged are:

- an information system for planning and management which would provide the Department with data on the achievement of improvement in socio-economic conditions. Bands will also need the same kind of information to evaluate their own performance with respect to their plans. This is obviously different feedback information from that needed primarily for budgetary control, which is the backbone of

the present management information system in the Indian Program;

- an overview of research methods and the provision of some examples ("models") of community profiles that bands could use in developing their own data on current demographic, social, physical, and economic conditions on their reserves;

- a search for, and review of, appropriate technologies and innovative approaches to the provision of services that would be especially suitable for those specific reserves or regions where community-based planning is being implemented on a demonstration basis.

Other subjects for applied research will emerge in the process of implementing the self-government and community-planning proposals. The point is simply that research must always be clearly focused on, and intimately related to, the purpose of the new organization.

Function 3: Development and Testing of Community Planning Principles through Demonstration Projects

In support of developmental objectives there must be a core group of people, within the new organization, responsible for establishing the machinery necessary to implement community-based planning and development. This projects group would have general responsibility for the following functions:

- (a) to formulate criteria and minimum guidelines to ensure the acceptability of community plans;
- (b) to institute the necessary financial and administrative mechanisms to support community-based planning, including preparation of initial planning budgets and, at a later stage, multi-year budgets for the implementation of community plans;
- (c) to prepare, and disseminate to bands, information about the new approach; and,
- (d) to select and initiate the operation of demonstration projects.

Because this group will become operational through field implementation of demonstration projects, it will exercise line responsibility, and will have a parallel relationship to the

existing operations of the Indian Program at regional and district levels.

Demonstration projects are important because they define the general approach and techniques that will be used by the Department in supporting community-based planning. Their purpose is to give both bands and the Department the opportunity to learn from practical experience. They allow certain precedents to develop, on the basis of which other Indian communities can more confidently develop and implement their own plans.

A number of demonstration projects should be started by the new organization over the next three to five years. These projects should vary in scope and nature but the sample should be representative, in broad terms, of bands in certain stages of development, and with different levels of resources. The sample could include both individual communities and regional clusters of communities. Band participation in demonstration projects should be actively encouraged. Once a band expresses an interest in participating in the community planning approach, an initial screening and assistance process would begin. Some examples of possible criteria that might be flexibly applied in the selection of communities are:

- the relative degree of need due to particularly adverse social and economic conditions;
- the development potential of the reserve;

- the capability of the Chief and Band Council;
- the desire of the community to participate in the development of a plan;
- the level of motivation and capability of individual members of the community.

As communities are selected for demonstration situations, the projects group would work closely with them to define the planning process, draft planning budgets, and search for short-term and long-term funding. To avoid delays, it will be necessary for the Department to provide the total resources for the planning process and for implementing the community plan. Neither the band nor the new organization will have the ability to coordinate effectively funds from other government agencies. For example, other efforts at community-based planning through such programs as Manpower's Community Employment Strategy have not been very successful. The method of providing planning funds as seed money, and then tapping into the programs of other government departments for implementation funding, is not workable in practice.

Once a band agrees to accept funding on the basis of a community development plan, it would sign a multi-year financial agreement, with provisions for annual review, with the Department. The agreement would spell out in detail the funding formula, the terms and conditions of payment, the methods of financial control, and the standards by which improvements in

conditions are to be judged. All these matters would be subject to mutual agreement by the band and Government.

With the financial agreement in place, the band would no longer "automatically" receive programs from the Department, unless it specifically decided to "purchase" Departmental programs and services. The band could request, at any time, Departmental support in negotiations with other federal departments and provincial governments on land and resource issues or related claims. At the end of each year, the performance of the band would be reviewed in accordance with the objectives of the plan. The demonstration projects group should be prepared to assist the band, if requested, in modifying the plan for subsequent years or, in cases of violation of the agreement, terminate the project.

Function 4: Development Advisory Service

Across Canada, large sums of money are expended for consultants on "Indian problems" whose work, for many reasons, is often of limited value. There is much duplication of effort because coordination within Indian Affairs and among bands to exchange such information is virtually non-existent. In many cases, Indian bands pay for the learning experience of the consultants without ensuring that the expertise gained at their expense will have some continuity of application and/or transfer to other situations.

It is essential, therefore, that in the implementation of our recommendations, the Department create an advisory service for bands that would overcome many of the foregoing deficiencies. The recommended new organization should actively search for, and recruit, creative people who have a demonstrated capability in national or international development work at the grass roots level. These persons should be brought together in a kind of "Development Advisory Service" which would be quasi-autonomous from Government, and which would operate in a manner similar to the internal "Management Consulting Services" of the federal bureaucracy.

Since it would be optional for bands to utilize the financial, managerial, technical, and planning services that this group would be able to provide, the future of the "Development Advisory Service" would depend upon the quality and the cost of its services, compared with other sources. As the new system takes hold and the demands for advisory services increase, it is likely that the most effective and economic way of meeting these demands would be for groups of bands to set up their own advisory services in each region. We feel that the "Development Advisory Service" that is set up in Ottawa should recruit, wherever possible, Indian people who are qualified in developmental work. This would increase the opportunities for professional development for Indian people (which are now limited to Indian political organizations or individual economic enterprises), and would also develop a core group of highly skilled Indian professionals to staff the regional advisory services.

5. Process Considerations

This report is focused on the issues of Indian government and socio-economic development. It is not surprising, therefore, that our recommendations are almost exclusively substantive in nature, in respect of the policy and structural changes required to address the identified problems. However, we wish to conclude with several observations on the evaluation process that could be followed if the substantive recommendations were to receive consideration with a view to eventual implementation.

The major difficulty in breaking new ground in policy development for Indian people has been, and still is, the demonstrated inability of Government and the NIB to work together to realize their common and agreed upon objectives.

Recent Government commitments on the participation of Indian people in constitutional discussions, and on the proposed revisions to the Indian Act, are encouraging. These may be the signs of a changing climate in constructive Indian/Government relationships. Both constitutional and Indian Act discussions are key processes for the attainment of Indian self-government and community-based development. It is logical and desirable that this report should be discussed and viewed in the context of these processes.

We have tried to indicate throughout the report that the "Gordian knot" of Indian underdevelopment is not just "a problem" caused by the Department of Indian Affairs. The stark reality

of present conditions on Indian reserves encompasses many departments and the central agencies of the federal government. Indeed, the Minister of Indian Affairs, on his own, does not have the authority to implement many of our recommendations. Provincial governments and Indian organizations are also part of the problem. Therefore, they should also be part of the solution. We strongly recommend that the contents of this report be shared widely and discussed freely so that the pitfalls of too narrow a process for the consideration of our recommendations can be avoided.

In the final analysis, it is the Indian bands that will shape the outcome of all the discussions on the recommendations of this report. They will decide whether or not we have stated the problem in a way that mirrors their own experience. They will decide whether or not we have interpreted their aspirations in a way that reflects their own conception of a better future. In order to let the bands speak for themselves, we have sent all of them a copy of this report. In view of the dissolution of NISEDC, we emphatically recommend that a process for obtaining band reactions and clarifying their questions be established within a month after the report is released. The mechanics of an acceptable process are for Government and the NIB to determine.

The development of Indian communities will be a complex evolutionary process, spanning several decades. There is much that the Government of Canada, the Department, and the Indian organizations can do to re-shape policies and to create supportive conditions for development. However, it is only the

Indian people who can create a future by their own imagination, determination, and effort. Our recommendations for the authority, responsibility, and resources to get on with this task do nothing more than strengthen their plea for justice -- to have what is one's own.

EPILOGUE

A Fictional Conversation between
an Indian Chief and the Minister
of Indian Affairs and Northern
Development



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EPILOGUE

Chief: I've read Mr. Beaver's report and I have some questions for you, Mr. Minister. Are his recommendations going to lead to some kind of a new program in the Department?

Minister: Not exactly. Mr. Beaver has recommended a change in the role of Indian Affairs over the next five years to support and assist self-government and community based development.

Chief: Will this be different from the current local government program?

Minister: It goes far beyond the current local government program in two ways: First, it is based on an entirely different concept of the powers and authorities of band governments than are presently contained in the Indian Act. Second, it does not assume that the sole requirement of self-determination is the transfer of administrative control of Departmental programs to bands. The self-government idea is based on the assumption that bands will wish to exercise their powers in ways that will be unique to their own aspirations.

Chief: Well, what does self-government have to do with community-based development?

Minister: Everything. The exercise of a full range of powers within a revised legislative framework will finally give bands the opportunity to design and operate their own programs for social and economic development.

Chief: What effect would these new ideas have on the Departmental programs we are currently administering?

Minister: Bands will have the option of retaining those programs if they wish, but they will also be free to use the same financial resources in programs of their own design.

Chief: How do you expect bands to start designing their own programs after years of relying on Indian Affairs?

Minister: Well, the Department has recognized the need to assist communities to become less dependent on the government for all kinds of services. We have expressed this in our Program Forecast objectives. However, we seem to have great difficulty changing the bureaucracy from the old way of controlling almost every aspect of Indian life.

Mr. Beaver is recommending to us an entirely new organization, and a new method within the Department of Indian Affairs, to put into practice our own objectives.

For example, we should now have the capacity to provide advisory services of all kinds to help bands with community planning and development. Alternatively, bands may wish to purchase the advice they need from other sources.

Chief: Where do you see all this leading to in the future?

Minister: I would hope that this process would lead to a radical change of the Department -- in its size, its structure, its mission. I foresee a scaling down of the Department as we now know it, and new relationships and arrangements arising between Indian people, governments, and Canadian society. I anticipate the emergence of Indian social and economic institutions which will replace much of the existing machinery of the Department.

Chief: It sounds good, but I wonder whether this is not just another attempt to introduce the ideas behind the 1969 White Paper. Is this not just a way for you to get out of your special obligations and relationship to Indians?

Minister: On the contrary, it's the best way that I can think of for me to carry out those obligations. It seems to me that the proposed approach, far from advocating the end of special status, proposes to use the special relationship between Indians and the Federal Government to achieve self-sufficiency in Indian communities.

Chief: What about the funding of this new form of band government? Are we still going to have to negotiate budgets each year, and answer to Indian Affairs for each and every penny that we spend?

Minister: The funding questions will undoubtedly be the most difficult to work out. They will be complex and will involve the consideration of quite new financial arrangements which haven't yet been fully developed.

I would expect that the funding of band governments would take place on a multi-year basis, in some form of block grant which is tied to the size of the band, the availability of local resources, the range of powers that they choose to exercise, and the nature and scope of the development plans that they put forward.

The accountability of band governments with respect to these funds will be twofold. On the one hand, they will be accountable to band members through mechanisms established by bands in their constitutions. On the other, they will be accountable to the Federal Government for the achievement of the objectives contained in their development plans.

This concept of accountability for results achieved is quite different from present practice based on the control over the way funds are spent, rather than over what these funds produce.

Chief: Does that mean that we will have a free hand in spending the funds that come from government?

Minister: Yes, although there will obviously have to be some form of agreement between a band and the Department that certain standards of improvement will be achieved, or that certain principles will be observed in the operation of band programs.

Chief: But doesn't this mean that Indian Affairs will simply have a different control mechanism over us, that we will be allowed to spend money only if we agree with your idea of a "good" program?

Minister: We will have to make sure that the system we set in place prevents that. What I think is more likely to happen is that the Department will expect bands to

propose their own standards and to tell us what results they want to achieve. The Department will now have to see things from an Indian point of view. This is not going to be easy, because the lack of understanding of Indian culture and Indian communities has been an historic source of frustration for both Indian people and the Department.

Chief: Mr. Minister, I would like to believe that Mr. Beaver's recommendations can bring about positive changes, but I have heard of many other proposals that were supposed to do the same thing.

Minister: One way that this is different is that we recognize that we don't have all the answers, and so what we're doing is setting up a process to find them out, to test our principles and to carry them into practice.

My understanding is that the recommended organization within the Department would do at least three things: First, it would do strategic planning -- it would identify all the options available to provide resources to bands, and it would ensure that the objectives of the Department would be continuously reviewed so that the new organization stayed on its proper course.

Second, the new organization would set up demonstration projects with communities to try out approaches to community planning and socio-economic development, and test different ways of getting the resources out to bands.

Third, the new organization would provide advisory services to bands, upon their request, on any issue of self-government or development planning. This will assist in the process of transition from the existing to the new system.

Chief: How useful are these demonstration projects going to be to bands?

Minister: Well, these projects should show the communities that they can in fact define their own solutions to their own problems and that the Department would help them in this task. As the projects develop, communities would learn from them and give evidence of their ability to plan for their own future.

Demonstration projects would also provide an opportunity for the participation of other federal government departments and/or provincial governments in areas where they have a keen interest and can make a contribution.

Chief: Well, supposing the Department accepts Mr. Beaver's recommendations, do you think the rest of the Government will agree to them as well?

Minister: Everything depends on the political will of the Cabinet. Mr. Beaver's recommendations are very much in line with the Conservative Party's policy on native peoples. In this time of financial restraint, the Government will surely want to see that each dollar of public funds produces the greatest possible benefit to Indian people.

Chief: How long will it take before all the bands can get some benefit out of this?

Minister: A three-year period should be sufficient to test out the basic principles through demonstration projects. That means the Department would be ready to extend the new approach to some bands immediately, and to all bands within three to five years. We expect that bands will opt into the new system at their own pace. No band will be forced to change from the present arrangement if it does not choose to do so.

Chief: How can you be sure that this new effort won't be undermined by the bureaucracy?

Minister: Some people in the Department may not be able to adapt to the changes that are necessary. Perhaps this is another reason why Mr. Beaver feels we need a new organization that is conducive to change and that rewards creativity. I would hope that the strong commitment of the Minister and Deputy Minister to the required changes will be insurance against any undermining of the spirit and the intent of the new effort.

Chief: Mr. Minister, do you intend to support Mr. Beaver's recommendations before Cabinet....?



