

## Klahoose: Building First Nations Wealth

With Chief Ken Brown's leadership, the Klahoose First Nation created the Qathen Xwegus Management Corporation, which has built economic wealth for the community in just three years.

"Everything starts with a strong economy—housing, infrastructure, education and community pride," says Brown. "It's difficult to meaningfully participate or even reconnect with past cultural practices, if you are living in poverty, if you don't have an economic base, revenue streams, and jobs in the community.

"Economic development is the gateway to self-determination for First Nation communities. How do you get there? By being honest and working hard.



*A new 15,000 sq. ft. office, health and multipurpose building on the Klahoose reserve nears completion*



*Klahoose is the only band in BC with a geoduck clam tenure*

Developing working relationships with government and industry is the only way to move beyond the dependency culture of Indian and Northern Affairs Canada, an approach that simply hasn't worked."

Here are a few of the QXMC's business successes:

- QXMC negotiated the purchase of a Tree Farm License on traditional Klahoose territory with the provincial government and Hayes Group. The Province put in matching funds for the purchase. The QXMC company, Klahoose Forestry, worked with government to convert the tenure to a Community Forest License (CFL), providing the lowest stumpage rate available, which makes the license more economically viable and gives Klahoose Forestry a tremendous competitive advantage. A lot of tenure holders in BC are struggling to turn a profit with soft markets, while Klahoose Forestry can operate year-round, weather permitting.

*... Continued on page 4*

### Page 4

Nominate a Community Team to Win!

### Page 5

Annual General Meeting and Conference

### Page 6

Q & A with our Conference Keynote Speaker

### Page 7

Financial Literacy 101

### Page 9

Results of our recent Member Survey



## President's Message

Many First Nation communities in BC have created an economic development corporation or want to set one up. That's why we decided, to a large extent, to focus our upcoming AFOA BC conference, *Moving Forward in First Nations Financial Management*, on economic development to provide information that will **help First Nation communities build wealth.**

Economic development is the cornerstone of self-sufficiency for many communities and **delivers a range of benefits:** it provides employment for people in the community, reduces poverty and reliance on social assistance, creates financial wealth, builds community pride, and garners respect from surrounding communities.

**First Nations also face some challenges to launching economic development projects.** Legislation protecting species at risk can limit development opportunities. Getting government funding can be challenging. And under provincial legislation, registering a land lease can take up to two years, while the business sector moves at a much faster pace. Your best bet is to have strong leadership, good management, and a strategic plan in place.

As Chief Financial Officer for the Osoyoos Indian Band Development Corporation, I know firsthand that **strong financial management** is crucial to successful economic development. First Nations need to establish sound financial and administrative systems, backed with financial standards, policies and practices. Transactions should be transparent; economic development corporations are accountable to community members, funders and partners.

**Community engagement is crucial too.** You need community support to get land designated, to establish land leases, to be successful in economic development ventures. And you need to be accountable to the community by achieving results.

For example, our development corporation has already established **several successful businesses** in the Osoyoos area that contribute to the wealth of our community, including the NK'MIP Resort and Spa, NK'MIP Vineyards, NK'MIP Construction, and NK'MIP Daycare. And we have some new projects underway. Some of our new initiatives include an insurance business, an industrial enterprise park and a golf resort.

**I look forward to seeing our members December 2-3, 2010,** at our conference, which will build awareness of the critical importance of sound financial management as we develop our economies. We will also be holding our annual general meeting at this conference in Vancouver. My term as president is coming to an end, and it has been an honour to help lead the AFOA BC chapter these past two years. I hope to continue serving the AFOA in the coming years.

- Brian Titus

## General Manager's Message

Without economic development ventures, First Nation communities do not move ahead very quickly to achieve self-sufficiency. Economic development is a key building block of nationhood; successful businesses deliver tangible benefits to First Nation communities.

AFOA BC supports the goal of First Nations to become self-sufficient. Our upcoming conference, Moving Forward in Financial Management, will explain why sound financial management is crucial to running a thriving First Nations business and protecting wealth for future generations.

We're pleased that **Peter Ranson**, a Partner at KPMG, Kelowna, and a leading authority on First Nations finance, will be at the conference to lead a workshop on principles for successful economic development for First Nations.



### Corporate Structure

One of the biggest challenges with economic development is separating band administration from business operations. First Nations could benefit from a separate corporate entity, solely devoted to business operations, to focus on building wealth in the community. AFOA BC can help First Nations build strong working relationships between their councils, economic development corporations and community, through our training conferences and workshops.

Financial literacy is defined as a having the knowledge, skills and confidence to make responsible financial decisions

– National Task Force on Financial Literacy

### Financial Literacy

As First Nations establish and expand economic development, financial literacy should be embedded in the work. At the conference, **Nene Kraneveldt**, Active Measures Coordinator, INAC BC Region, will outline work underway in BC to provide financial literacy training in First Nation communities.

AFOA BC will continue to provide professional development and create policies to help First Nations manage economic development corporations. The new AFOA BC network of Band Administrators can also benefit from this conference, and we'll continue to work on professional development support for BAs as well.

I anticipate this conference will give First Nations a boost toward achieving economic development goals. I look forward to seeing you there.

- Mike Mearns



**Building First Nations Wealth - Continued from page 1...**

- QXMC struck a deal with Plutonic Power Corporation that includes training, royalties, and employment opportunities for people in the community on Plutonic power projects.
- Klahoose is also the only band in BC with a geoduck clam tenure, a lucrative business opportunity that yields \$15/pound in sales to China.

In fact, the Qathen Xwegus Management Corporation has been so successful, it's now giving back to the community.



The CFL loan will be paid off shortly. QXMC will begin to contribute the monthly loan payment of \$38,000, along with timber royalties, to the Klahoose First Nation for community development, more than \$450,000 a year. These funds will help pay for a new \$7 million multipurpose building, with band offices, a fitness centre and an industrial kitchen, that will be complete in the next few weeks.



*Chief Ken Brown*

## Nominate a Community Team to Win a Best Practice Award

AFOA BC Best Practice Awards recognize community teams for working together to achieve excellence. Winners receive a:

- \$1,500 certificate to use towards AFOA products, conferences or community workshops
- Recognition plaque

Three awards will be presented based on community size. To nominate a community team, complete the application:

- Select the community size (small: less than 250, medium: 250-500, large: over 500).
- Write a short submission (2-3 pages), outlining one aspect of your nominee's financial management, strategic planning, or governance that exemplifies the concept of best practices. Please provide as much detail and examples as possible.

We've extended the deadline for the 2010 Best Practices Award, so you have until November 26, 2010 to send your submission to [mmearns@afobc.org](mailto:mmearns@afobc.org). Call our office at 604-925-6370 if you have any questions.

## Moving Forward in First Nations Financial Management:

# AFOA BC Annual General Meeting and Conference

Our conference and AGM will be held on December 2-3, at the Renaissance Vancouver Harbourside Hotel, in Vancouver. Brian Titus, President of AFOA BC, will lead the AGM on the first day, when new officers will be elected.

Then the conference presentations and workshops get going in the afternoon. Here are the highlights (in addition to Peter and Nene's workshops):

- **State of Financial Affairs for First Nations in BC** – Two well recognized experts in First Nations finance and law, Peter Ranson and Bill Maclagan, Blakes, Cassel and Graydon, will give this presentation on developments in First Nations taxation issues
- **Financial Planning in a First Nation** – AFOA BC Vice President Clay Harmon's workshop will cover key elements of successful financial and performance planning, management and measurement
- **Establishing a Financial Administrative Bylaw in your Community** – Jeanie Lanine, Cedar Law, will review why a financial bylaw is important to guide financial planning, spending and decision making, how to enact one, what should be in the bylaw, how to enforce it, and how much it will cost
- **Technology and Financial Management** – Frank Lavalley, former CEO of the First Nations Technology Council, will discuss the importance of new technology to First Nations administrative and financial management
- **New Certified Public Administrator Program** – Ernie Daniels, CEO of AFOA Canada, will provide an update on this program and other initiatives developed by AFOA Canada
- **First Nations Financial Management Board** – Harold Calla and Walter Schneider of the FNFMB will introduce workshop participants to the board's financial performance standards, which will be used to determine if a First Nation qualifies for a Financial Performance Certificate from FNFMB

Visit our website, [www.foabc.org](http://www.foabc.org), to download the conference agenda and register to attend. Or contact Darlene Glaim at AFOA BC to register, at [edcoordinator@foabc.org](mailto:edcoordinator@foabc.org). We'll have lots of opportunities to network, win prizes, and visit exhibits at the conference. We look forward to seeing you there!

Conference Sponsors:



## Q&A with Keynote Speaker

We interviewed **Peter Ranson**, a Partner at KPMG, Kelowna, and one of the keynote speakers at the upcoming AFOA conference, about the importance of economic development to First Nation communities.

### **Q: Why is sound financial management important to successful economic development?**

A: Financial management for First Nations is no different than for any other business or level of government. Launching an idea is just the first step. Maintaining the business and working within overall community objectives that underlie the reasons for entering the business require ongoing effort. Sound financial management is critical **to ensure businesses are viable and meet their obligations to the community.** Good financial managers will seek opportunities to invest and gain efficiencies, which can be turned into a competitive advantage.

People often say it's important to separate politics and business, which is true; decisions differ for each. Nevertheless, one of the fundamental reasons First Nations enter into economic development is to create employment and infrastructure, which provide a source of funds to carry out governance activities and services for the community. So political and business leaders need to work with each other.

### **Q: What's involved in sound financial management?**

A: Oversight is crucial to achieve **transparency and accountability**, to ensure value and return on investment, to make sure employees are doing their jobs right, and to make the right decisions. Businesses need a **strong, active board of directors**, who understand their role, put business interests first, and provide effective guidance. **Investing in education** is also important, because the regulatory environment and accounting and tax practices change, and successful businesses must be on top of current developments.

### **Q: What are the benefits and challenges of economic development for First Nations?**



A: Economic development can provide First Nations with an avenue to fiscal independence. Businesses **provide money, create jobs, and generate spinoff opportunities**, along with support services and training that build the overall economic infrastructure for First Nations in their traditional territories.

Resources are still the economic engine in this province. Non-aboriginal businesses and individuals may need education to understand that **doing business with First Nations in BC requires consultation.**

... Continued on Page 8



## **Financial Literacy 101**

**By Nene Kraneveldt, MA,**  
INAC BC Region, Active Measures Coordinator

Financial literacy (FL) is a skill set required to survive and thrive in today's world: the ability to understand finances and make informed decisions. FL plays a critical role in helping our people escape the poverty cycle, and is just as important as other essential skills such as reading, writing and numeracy. When our people are financially literate, they are active, informed participants in community economic activities, making choices that help, not hinder, themselves and their families.

### **How does having poor financial literacy skills impact our people?**

Aboriginal people face poverty—and all the socioeconomic challenges that come with living in poverty—to a much higher degree than our non-Aboriginal neighbors. But poverty is not just about money; as noted by Vancity, “It’s also about not having access to the skills, resources, information and choices to become economically self-sufficient, and to stay that way.” Lack of assets, lack of suitable housing, and high rates of children living in poverty are just some of the side effects of poor financial literacy skills. In addition, we’ve all heard stories about people receiving settlements of \$50,000 or more, only to be broke again in a few weeks.

### **Who needs financial literacy?**

Anyone can benefit from gaining financial literacy skills. Whether you work full-time and have a good income, are a social development recipient, a residential school survivor receiving a settlement, or young person still in school, you can benefit from building financial skills and learning how to manage your money.

### **What are we doing about financial literacy?**

On a positive note, there is a general sense of awareness of how poor financial literacy skills are impacting our people and willingness among Aboriginal leaders and community helpers to take action and support effective change.

This past summer, a new Financial Literacy Committee began meeting, and has invited community stakeholders to engage in dialogue on how we can collaborate to bring effective financial literacy programs, tools and resources to Aboriginal youth transitioning to independence.

*... Continued on page 8*

### **Financial Literacy 101 - Continued from Page 7**

This team was brought together by the Public Guardian Trustee of BC and includes representatives from the Ministry of Child and Family Development, VanCity, INAC, the Urban Native Youth Association, First Nations Technology Council, and AFOA BC.

All of the committee members have a mutual interest in creating a program that reflects our common goal to improve financial literacy. The committee's deliverables over the next year include:

- Developing a financial literacy program for Aboriginal youth
- Implementing the program with training and/or train the trainer approaches
- Creating an evaluation tool to measure the program's success

### **Where can I get more information?**

Check out these websites:

- <https://www.vancity.com/MyCommunity/OurChangeProductsAndServices/FinancialLiteracyAndBasicBanking/>
- [www.sedi.org](http://www.sedi.org)
- <http://www.bcassetbuilding.ca/>

### **Q&A with Keynote Speaker - Continued from Page 6**

Education also helps people to understand cultural differences. For example, First Nations partnering with corporations need to understand that, ultimately, the corporate objective is to increase value and provide a return to shareholders. First Nations may have different objectives in some instances; not just profits, but also creating jobs and training for community members and building intellectual and technical capital. The challenge is getting people to recognize what's in it for the other guy, and **building relationships** so you know you can work together.

#### **Q: You'll be talking about elements of success at the conference. What are these elements?**

A: To achieve successful economic development, First Nations should establish sound, standard business practices; conduct feasibility studies; investigate the market; **consider the benefits and impacts to the community**; understand how long the process will take (for example, you have to market a new hotel well before opening for business to attract customers); determine the corporate structure for tax purposes; **develop a business plan** and obtain financing. Ensure a proper stakeholder agreement is in place, if you plan to work with partners, to define the rules of engagement in case of future disagreements.



## Member Survey Results

AFOA BC had to postpone the September 2010 AGM and conference to December, due to low attendance. As a result, we surveyed our members to find out why people were unable to attend in September, and here’s what we discovered:

### What prevented people from attending in September?

- Most respondents are in financial management positions, are very busy, and had a variety of reasons for not attending
- Training needs vary and, in general, are related to immediate work deadlines
- Sometimes the topics being discussed are not related to current needs
- In general, members are able to attend twice a year
- Cost is also a factor

### Some recommendations from members to improve our training conferences:

- Increased funding to attend
- Beginners, intermediate and advanced workshops
- Offer regional training opportunities
- Bring in some new speakers
- Offer a course for new councilors on relevant topics (e.g., conflict of interest, getting involved in AFOA BC, combining property tax revenue, federal transfers and own source revenue agreements)

We want to be relevant and responsive to our members’ professional development needs and work patterns. Based on your feedback, we’re recommending a new approach for future conferences and community based workshops:

<i>Conference</i>	<i>Focus</i>	<i>To be held</i>
Spring	Community Based Workshops	Late March in Vancouver
Summer	Band Management Conference	Late June in a First Nations Resort
Fall	AGM and FN Human Resource Management Conference	End of September in Vancouver
Winter	FN Financial Management Conference	Early December in Vancouver

We’ll strive to focus on themes and topics that are relevant to all audiences. We’ll continue with scholarships for small communities to attend conferences. (Remember, our small band scholarship program is another way communities can obtain funding to attend.)

AFOA BC is your organization, so we encourage you to attend these conferences and provide us with feedback on how we’re meeting your professional development needs.

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## Our Vision

Social, economic and cultural prosperity for all Aboriginal people and communities in BC.

## Our Mission

To support effective leadership in the areas of Aboriginal wealth creation, fiscal management, administration and governance.

## Our Services

- Professional development
- Community workshops and training
- Training conferences
- Tools and resources
- Communications and phone support

## Join Us!

AFOA membership is open to individuals working in the areas of Aboriginal finance and administration, as well as corporations that work with Aboriginal communities and people.

To learn more about membership or to join AFOA BC, visit us at [www.afabc.org](http://www.afabc.org).