

SUCCESS OF THE UNAMA'KI ECONOMIC BENEFITS OFFICE

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Below is the speech to National CED Conference at the University of Winnipeg, made on June 4, 2009, by Owen Fitzgerald, Executive Director, Unama'ki Economic Benefits Office, Membertou, First Nation, Nova Scotia.

This is a story of success, the story of a unique collaborative approach to economic development by five first nation communities in Nova Scotia. This economic success resulting from a unique economic partnership between the five first Nation communities in Cape Breton (Unama'ki). Cape Breton is building a strong new economy and the five First Nation communities in Cape Breton are proud to be part of this effort. Unama'ki is the Mi'kmaq word for Cape Breton.

Membertou is the First Nation community that is better known and is one of the five Unama'ki communities. The Unama'ki communities do face some significant challenges including unemployment, poverty and drug and alcohol addiction, often resulting in suicides by young people.

Some 10 years ago, Membertou had 95% unemployment and 95% of its revenue came from government. Today Membertou has full employment, a job for every person that wants to work. Through its economic ventures, Membertou

now generates 70% of its own revenue. Membertou now employs about 700 people and 40% of these workers are non-Aboriginal.

This success is because of strong leadership. Leadership that is transparent and accountable. Leadership that understands business and is open to partnerships.

About 10 years ago, the Cape Breton economy was in free fall, with the closure of our steel plant and coal mines. At one time, 5,000 people worked in the steel plant and some 20,000 worked in the coal mines. In reality, the Mi'kmaq people were not part of this industrial age.

Now Cape Breton is building a strong new economy and the five First Nation communities in Cape Breton are now proud to be part of this effort. Today, the President of the Sydney and Area Chamber of Commerce (completed two-year term as president on May 20) works in Membertou as the Executive Director of the Unama'ki Economic Benefits Office.

It was strong aboriginal leadership that recognized the importance of taking a business approach to pursuing economic opportunities. They recognized the importance of partnerships with business and the importance of education. They also recognized the need for a business

office to do follow-up and make sure good intent became reality. This is an important point.

Over the years, there have been several agreements or MOUs between Industry, governments and First Nation Communities. There was good intent, but almost without exception, when you looked back a couple of years later, there was little or no tangible results for First Nation communities.

The Economic Benefits Office was established to ensure the details of these agreements are met. Now we have another agreement, a protocol agreement or MOU was signed on October 28, 2005 by the Unama'ki chiefs and the federal and provincial governments.

The aim was to identify how Unama'ki communities could have meaningful participation in the \$400 million Sydney Tar Ponds Cleanup project. These Tar Ponds are the legacy of 100 years of Steel Making and 300 years of coal mining in Cape Breton. All parties committed to developing a unique, made in Unama'ki, Aboriginal procurement strategy.

In January 2007, representatives of the five Cape Breton First Nation communities met to discuss how they might be successful in having meaningful participation in the Tar Ponds Cleanup. From this meeting the group began a unique economic partnership.

They established a Steering Committee, made up of two to three representatives from each Unama'ki community. Other Aboriginal organizations are also represented on the Steering Committee, including Ulnooweg Development Corporation and METS, a First Nation training organization. This very dynamic committee is extremely active, meeting at least once a month, rotating between the five communities for its meetings. This committee is made up of and driven by the Mi'kmaq people of Unama'ki, not government.

The goal is to maximize the near-term economic benefits for Unama'ki communities, meaning jobs and contracts. The steering committee also aimed to expand the long-term expertise and economic capacity of Unama'ki communities and businesses. The immediate opportunity that drove this initiative was the \$400 Million Sydney Tar Ponds Cleanup Project.

The Unama'ki Economic Benefits Steering Committee developed a proposal to establish an office to support their efforts. The proposal

called for the provincial and federal governments to partner with Cape Breton's five First Nation communities in establishing the Unama'ki Economic Benefits Office. Unama'ki Economic Benefits Office opened in Membertou in July 2007.

This is an amazing story, an amazing story of success and of real community economic development. It is also a story of personal growth, because I grew up just a mile from Membertou and until a few years ago, seldom, if ever visited this reserve and never before has the president of the Chamber of Commerce worked for a First Nation community.

About four years ago I was asked to help set up an Entrepreneur Centre in Membertou and then this opportunity presented itself and I was asked to head this Economic Benefits Office. Now I have learned about a new culture, a new history and I have made many new friends. There are challenges, but my job is extremely rewarding and I am I feel the people truly appreciate the effort I put into the job and into building a stronger economic foundation for the Unama'ki communities.

My passion is in helping my community build a new economy and this First Nation community is part of my community. I operated my own business in downtown Sydney for about 25 years. But when our steel and coal industries shut down some 10 years ago, I knew I had to change if I was going to survive and certainly Cape Breton had to change if it was going to survive. I decided to go back to school and finally completed my business degree and then found myself in a masters program, completing my MBA in Community Economic Development at Cape Breton University.

Two conclusions that came from my studies were that, to build a stronger community and stronger economy, you first need to build a stronger individual. I also found that often people involved in Community Economic Development, focus too much on the social side and not enough on the business side of development. The danger with this, is that often, worthwhile projects are short lived and just are not built upon a strong business foundation. They just aren't sustainable. The holistic approach is important.

I consider myself very fortunate to be involved in my community's economic development, from a macro level, with the Chamber

of Commerce and from more of a micro level, in my work with the local First Nation communities.

I would like to take the credit for the great success our office has had, but the truth is, the communities have taken ownership of this effort and the many representatives on the Steering Committee, are very committed and engaged in this process and have provided strong leadership. This effort is driven by the communities, by this steering committee. The Steering Committee provides our office with its direction. Our office simply acts on this direction.

In May 2009 I attended a speech in Halifax by President Bill Clinton and he pointed out how it is important what we do and the amount of money that will be invested, but the most important and difficult question is, "HOW YOU WILL DO IT!"

Let me provide some of the how, and provide some detail of what our office does and how our office has evolved and why it has been successful to date.

The office acts as a liaison between the aboriginal communities, both aboriginal and non-aboriginal businesses, and the Sydney Tar Ponds Agency. This is a massive project. One statistic the Tar Ponds agency provided us really stood out. They will need 21,000 truck loads of gravel and this is just one of many such needs.

The office also facilitates partnerships and collaboration, thereby creating jobs, experience and expanded capacity. It also undertook an assessment of assets and capabilities within the five communities and an assessment of the needs of the Sydney Tar Ponds Cleanup project. The office also provides guidance and organizes training to ensure Unama'ki businesses are successful with their proposals and bids.

We don't claim to be experts on all this, but our office will bring in experts, engineers, estimators and the such, to conduct these workshops. Efforts center around information sharing within the communities, liaison between Unama'ki companies and the STPA and providing support for companies and workers. Quite simply, the primary objective is getting contracts and jobs for Unama'ki communities.

The Economic Benefits Office continues to work on a database that is in effect an Inventory of community assets, or asset mapping. The Economic Benefits Office is collecting data on

employment, education, and businesses in the Unama'ki communities. Good data is required to make good decisions. Some 1,600 individuals have been entered, as well as most businesses in the Unama'ki communities

After years of planning and negotiation, in October 2007, the Unama'ki Economic Benefits Office helped secure an agreement for the first Nova Scotia Aboriginal set-aside. It was for the cleanup of the Cooling Pond, a contract that involved the Stabilization and Solidification process (S&S) and was valued at \$5 million. The contract was successfully completed in April 2008, and employed 22 aboriginals for six months.

The Economic Benefits Office negotiated an agreement where by, in order to bid on a set-aside, a company had to be at least 51% Aboriginal owned and commit to 75% of employees being Aboriginal. Aboriginal participation on the Cooling Pond project was 85%.

We know that because our agreement with the Tar Ponds Agency, required that they provide monthly employment reports. This monitoring or holding people accountable is important and helps in accounting for success. If it isn't working, you want to know early on so you can correct the problem.

Three Aboriginal Construction Companies won the tender to work on the Cooling Pond.

Here is a quote from the President of the STPA,

The Cooling Pond project is a clear success. Without question this is largely attributable to the aboriginal contractors working on the project...

More than 300 members of the Unama'ki communities have participated in the many information and training workshops this past year. The Economic Benefits Office continues to conduct job fairs and workshops to provide the most current and detailed information on the Tar Ponds Cleanup project. Some workshops also provided expert information on issues such as bid bonds, financing and preparing a business plan.

Our Office has hosted workshops with a representative of Canadian Executive Services Organization (CESO), a retired engineer, speaking on preparing a bid to a major construction tender as well as on the issue of bid bonds.

Other workshops were put on with Public Works Government Services Canada, on how to use MERX, the governments online tendering system. The Unama'ki Economic Benefits Office and the Nova Scotia Department of Transportation and Public Works also hosted job fairs in several Unama'ki communities in 2008.

The office is now promoting the success of the Aboriginal construction companies at the Tar Ponds Cleanup, hoping to encourage large non-aboriginal companies to partner with aboriginal companies or hire aboriginals that now have the skills and experience in working on a major environmental remediation project that uses the unique stabilization and solidification process.

The Economic Benefits Office has since negotiated additional Tar Ponds set-asides. On Sept. 25, 2008, the provincial and federal government signed a new Unama'ki Procurement Strategy in Eskasoni that includes a total of over \$19 million in Aboriginal Set-Asides that will see significant and long-term participation by Aboriginals in the Sydney Tar Ponds Cleanup project.

This agreement builds upon the success of the Cooling Pond project and with a long-term commitment, allows the Unama'ki communities to plan and train for these opportunities. A long-term commitment is key. This took months of negotiation, before all parties recognized the importance of a long-term commitment so the communities could plan and train for success.

Membertou Chief Terry Paul said, "This is a great start to ensuring aboriginal participation in this \$400 million cleanup project and a great opportunity for local Aboriginals to demonstrate their abilities and build experience and capacity. This is positive, not just for the Cape Breton First Nation communities, but for all Cape Breton, he said, "This is just the beginning, as we build upon this success."

"One major outcome of the first Nova Scotia Aboriginal Set-Aside, is that these companies don't just have hope, they now have confidence and a growing determination to succeed."

On March 7, 2009, the most significant contract to date in the \$400 million cleanup of the Sydney Tar Ponds and Cokes Ovens was awarded a First Nations Company in Membertou, NS. MB2 Construction was successful with a bid of \$37.6 million to build a complex water diversion system to allow the

movement of millions of gallons of water daily around the tar ponds in preparation for the solidification and stabilization of both beginning later this year.

The Honourable Peter MacKay, Minister of Defence and Nova Scotia Minister of Justice, Cecil Clarke, were in Membertou to announce the contract. The contract was award to a joint venture involving MB2 Excavation and Construction Ltd. of Membertou and Beaver Marine Ltd. of Port Hawkesbury. The contract is in addition to an earlier agreed upon \$19 million in Aboriginal set asides and it is important to note that this \$37 million contract was not a set-aside and was won by an Aboriginal company in a bidding process that was open to any construction company.

Chief Terrance Paul of Membertou said, "This is HUGE! Building on the earlier successful solidification and stabilization of the Cooling Pond, MB2 Excavation and Construction jointly bid this project outside the set-aside framework and won. This is an important milestone for First Nations companies in respect of the cleanup."

"We are building on the success of the Cooling Pond remediation project, said Robin Googoo, President of MB2 Construction. "We were one of the first companies in eastern Canada to gain hands on experience in stabilization and solidification. That gave us confidence and allowed us to build capacity in preparation for this new contract."

Chief Paul went on to say, "Our people and our companies are gaining valuable experience and building important business relationships. Now we are seeing the fruits of this hard work."

This is positive, not just for the Cape Breton First Nation communities, but for all Cape Breton. And this is just the beginning," said Chief Paul, "We need to be successful in business if we are to be self sufficient and have self determination."

The Economic Benefits Office, recognizing the importance of training, developed a detailed training program. At a press conference in Membertou on July 28, 2008, the Federal Government announced a multi-year, multi-million dollar training program, for the Unama'ki communities. This is part of the National Aboriginal Skills Employment Partnership, or ASEP. The focus of this program is to tie training to indus-

try needs and this ASEP project is the first ever in Nova Scotia, and only the second in the Maritimes.

"To ensure maximum participation by members of the Unama'ki communities and to build upon the recent success of Unama'ki construction companies working on the Tar Ponds Cleanup project, training is required," said Chief Terrance Paul.

Some significant local construction projects and this unique economic partnership between the Five First Nation communities presented this opportunity to respond to a request for proposals from the federal government for the Aboriginal Skills and Employment Partnership.

The Unama'ki Economic Benefits Office, on behalf of the five First Nation communities in Cape Breton, prepared a long-term training proposal in response to this RFP. This program provides several million new training dollars for the Unama'ki communities over the next four years.

Through this collaborative approach, this multi-year initiative expects to create and retain up to 150 full-time jobs for local Aboriginal people in the construction industry and commits to construction industry related training and training upgrading for 500 local aboriginals.

The local First Nation communities are now considered an integral part of the local economy and the local business community, with Membertou taking a leadership role. They are now an active member of the local Chamber of Commerce. The steering committee is now exploring the possibility of establishing a Mi'kmaq Chamber of Commerce and in June 2009, the Executive Director of the Economic Benefits Office and Tracy Menge, a member of the steering committee meet with the chair of the Aboriginal Chamber of Commerce in Winnipeg.

The Tar Pond project is still a critical part of this economic development effort. It is providing valuable experience and helping build capacity and expertise and perhaps most importantly, it allowed our office to broaden its horizons and explore other economic opportunities and partnerships.

We are focusing on our strengths and constantly looking for new opportunities and we are now training people for these new opportunities. One such opportunity is with DEVCO,

the federal crown corporation responsible for remediation of all the old mine sites

Xstrata, perhaps the world's largest mining company, is doing exploration work into possibly opening a new, modern coal mine in Cape Breton. This could be a \$300 million project

New Page Pulp Mill in Port Hawkesbury hosted our Steering Committee for a briefing and tour last June. This is another opportunity. When we go to a company like this, we seek a detailed breakdown of their workforce and the skills they need and what job openings they are projecting in the near future.

In November 2008 our Steering Committee met with senior management for the proposed new Container Terminal for the Port of Sydney. This is a \$200 million project. In April 2009, two staff from our office, including myself, visited the new container terminal in Prince Rupert, BC. The purpose was to better understand the social and economic impact that such a development might have on our community and to better understand the employment opportunities. Again, we prepared a detailed report on our findings from this visit.

Our Steering Committee is interested in more than just labour jobs or construction jobs, they want our office to seek ways to engage more young aboriginals in the field of science and build business management expertise. You need a vision, and our Steering Committee has a vision. We are exploring opportunities to partner with Cape Breton University in R&D, especially in the area energy and environmental sustainability. Energy and environmental sustainability are of huge importance to the whole world, making it a great opportunity, especially because of our local experience with environmental remediation and with our huge energy reserves.

The Immediate Opportunity is the huge coal reserves under the coastline of Cape Breton, some 150 billion tons of coal. This is a bigger energy reserve than the Alberta Tar Sands. In fact, the sixth largest energy reserve in the world. We want to be part of the R&D into innovative ways to extract the energy from this coal, not by conventional mining. We're talking about mining the energy, in a way that turns one of the dirtiest energy sources, into one of the cleanest energy sources.

Perhaps one day there will be an Aboriginal Clean Energy Centre in a Cape Breton First Nation community, one focused on clean coal. Perhaps through research and development, we could build internal expertise in clean energy, especially clean coal technology, thereby becoming leaders and partners and gain a seat at the boardroom tables, where decisions are made and opportunities identified. This is an idea, but perhaps one day it will be a reality.

Our office has had considerable success and impact in less than 24 months of operation. But the reality is, we are in a severe global economic recession. Efforts of the Economic Benefits Office are now more challenging and more critical. Expectations have to be realistic and the focus is now on planning to ensure the Unama'ki communities are in a strong position when we come out of this recession.

In the January 2009 Federal Budget the federal government committed to spending billions of dollars on infrastructure, both to stimulate the economy and provide long-term economic benefit. This presents a new opportunity that we are exploring.

All this requires that our office builds its own capacity. A year ago there was just two of us in the office. As the steering committee identified a need, we sought a way to fund the position and searched for a qualified person to fill the position.

I am the only non-aboriginal in the office. Our office now has a staff of six full time employees, including. Myself as Executive Director, an ASEP Training Coordinator, a Procurement-Community Business Liaison Officer, an Administrative Assistant, a Training Support-Job Coach Officer and a Manager of the Membertou Entrepreneur Centre.

To better serve and to better engage the other Unama'ki communities, earlier this year the Economic Benefits Office opened satellite offices in two of the other communities. Careful management of the office budget helped make this possible. Also, two of the new employees were from these other communities and that made it more practical to establish these satellite offices. This is helping us better engage and better service the other communities.

There are challenges. It's almost impossible for an Aboriginal to secure a bid bond, basically because of section 89 of the Indian Act. It is a challenge for small construction companies to now prepare successful bids on multi-million dollar tenders. It is still a challenge in Negotiating Positive Partnerships. There are still companies and people out there that will intimidate and take advantage of someone just learning. It is a challenge to build a strong business history so the business will be considered when bidding on large contracts and so banks will give them credit.

We also need to encourage and support more people to open their own construction companies to tap into the opportunities. The reality is we just have a handful today, but that is more than we had just a couple of years ago.

It is also a reality that few Mi'kmaq kids study science and engineering, few are involved in R&D and few are in senior management positions in business.

But we have made progress in the last two years, significant progress, and as Chief Terry Paul said, we're just getting started.

The economic benefits office also puts great effort into communication. The office keeps an updated web site to share information and sends out a newsletter to the communities on a bi-monthly basis. The office issues regular press releases to local and Mi'kmaq media on its activities.

In April 2009, we launched a 22 minute video documentary, telling a story of success, the story of Mi'kmaq involvement in the Sydney Tar Ponds Cleanup project. The Video is called, "*Experienced, Capable, Ready,*" our story of success. This video was produced by a local Aboriginal company, WCCTV in Wagmatcook First Nation.

Success of the Unama'ki Economic Benefits Office, is do to its strong business approach to economic development, strong engagement of the communities in its steering committee, strong communication, effective partnering efforts with government and industry and a strong training program that is tied to industry needs. This is just the beginning!