

# COMMUNITY ECONOMIC DEVELOPMENT WITH NEECHI FOODS

## *Impact on Aboriginal Fishers in Northern Manitoba, Canada*

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*Neechi Foods Co-op located in the north end of Winnipeg, Canada is an ideal example of an Aboriginal community economic development initiative. This grocery store has been operating for over 21 years and is an associate member of the Federated Co-operatives Ltd. Neechi Foods is committed to providing quality products and services to ensure a high degree of customer satisfaction and retention, building a strong cooperative, and promoting community economic development and opportunities for Aboriginal peoples.*

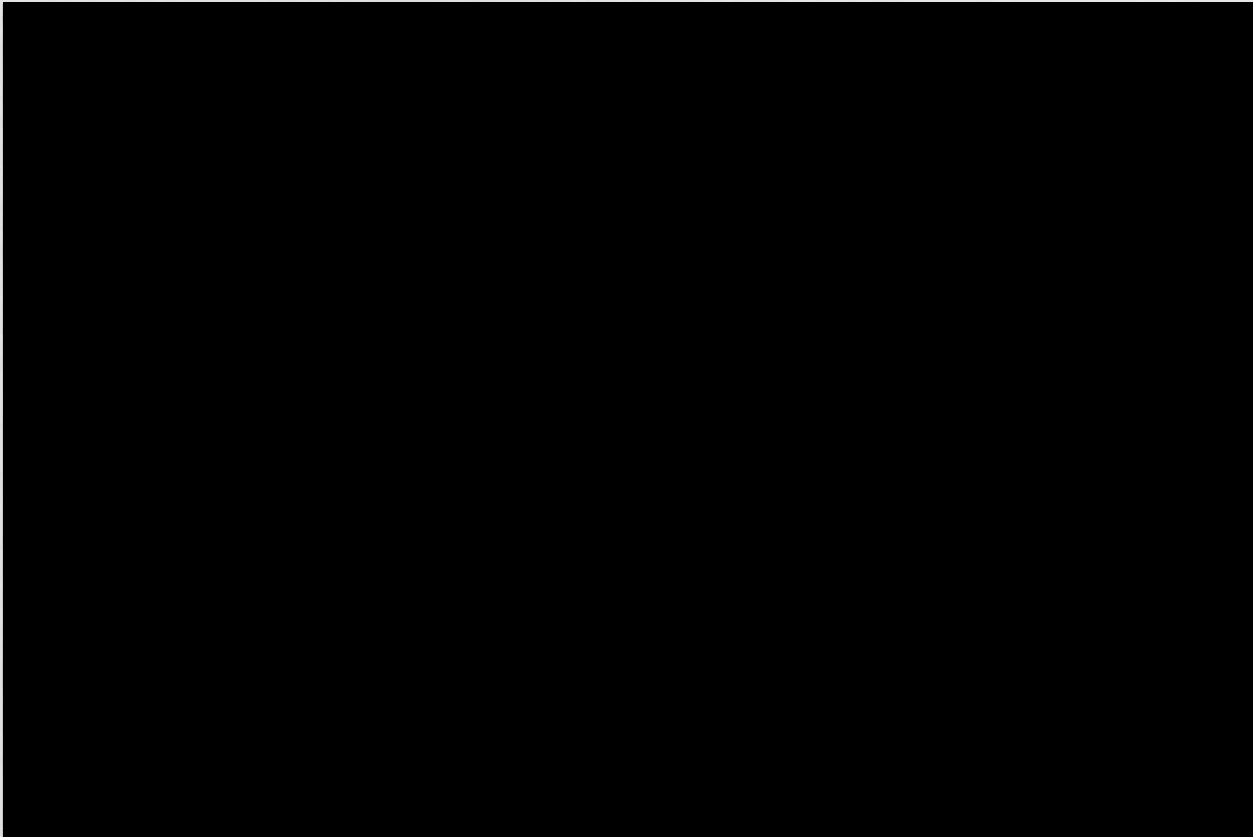
*Neechi Foods Co-op sells freshly prepared bannock, wild rice, wild blueberries, freshwater fish, and other Indigenous specialty foods, 'home-made' deli products, conventional grocery items and Aboriginal crafts, books and music. The co-op has been commercially self-reliant and profitable despite severe economic crises in its surrounding neighbourhood. In 2009-2010 financial year, annual sales of Neechi Foods Co-op reached over \$600,000. Neechi Foods Co-op is expanding its business and building the Neechi Commons Co-operative business complex which will start operation in 2012.*

### **Neechi Foods Co-op's Objectives**

- 1. To foster entrepreneurial leadership, dignified employment, and healthy food consumption within Aboriginal communities and inner-city neighbourhoods.*
- 2. To promote regionally harvested and processed foods.*
- 3. To cultivate strong cooperative relationships and community spirit.*

### **Principles of Neechi Foods Co-op**

- Prioritizing the health and well-being of the neighbourhoods' children. For example, a worker-subsidized "kids only" fruit basket is provided where children can purchase fresh fruit for only 25 cents.*
- Being accessible to low income families and all people. For example, food vouchers are accepted as payment for goods.*
- Supporting an informal economy by exchanging crafts made by local women for in-store credits.*



Below is an interview with Russ Rothney, Neechi Foods Treasurer & Neechi Commons Project Manager explores this successful co-op and its contribution to Aboriginal community economic development.

**Interviewer:** Please tell us about your background and professional career? And what made you interested in Aboriginal community economic development?

**Russ:** My academic background is Economics with a strong interest in History. I wrote a masters thesis on the impact of commercial trade on Aboriginal communities going back to the early commercial fur trade period right up to the 20th century. As a result, I developed a strong interest in what happened to these economies. When I wrote that thesis back in 1975, nobody was even using the word "economy" to talk about Aboriginal societies. I looked at it from a point of view of two different economic systems. So that was the starting point.

In 1975, I took a job as the planning secretariat of Cabinet with Manitoba specifically to work on northern economic development strategy and I was assigned a commercial fishery as part of my job. That is how I became associated with the northern fishers's association.

**Interviewer:** How did your work lead you to Neechi?

**Russ:** I had been involved with child and family support with the Métis Federation and was also working on a northern economic development project. Out of this, we were asked to create a special training program for economic development officers and I was one of the principal people who worked and created the training program. It was a very intense program of four weeks in-class training and four weeks of practicum. And the practicum assignments were real. There were two curriculum streams (1) accounting and business and (2) economic development and economic planning. I was leading the second stream. These two streams came

together with the final outcome being feasibility studies and business plans related to projects prioritized by community participants.

In Winnipeg, there were four economic development officers in training and each was sponsored by a community group. I remember there were 97 to 99 project ideas. The top ones were a housing co-op, a food co-op, a day care and an arts and crafts business. The arts and crafts business was ruled out as not being feasible at the time. The other three all became realities. So today we have the housing co-op that is Payuk Inter-Tribal housing co-op, the day care is located in Payuk and Neechi Foods. So that's where Neechi came from. It was the brain child of the Economic Development training program.

**Interviewer:** What are the social goals of Neechi Foods as a co-op?

**Russ:** From the beginning we have always had the mandate of promoting community economic development and promoting healthier lifestyles. Obviously, community economic development includes hiring people from the area, reinvesting profits back into similar activities; and Aboriginal pride is always been stated as one of the goals to develop people's confidence. The worker co-op model specifically is a way of getting people to develop a sense of business ownership and higher productivity. So even when the recession got bad in the early and mid-1990s Neechi could survive and do business. During that recession period, the workers at Neechi decided themselves to cut their wages to stay in business. The decision was not imposed from any outside sources. I was the treasurer at the time and I reported to the Co-op that the only thing that could save the co-op would be a 20% cut in wages. Everybody agreed. In the 1990s we simply broke even. This means we did not generate the profit needed to keep the building and equipment in good repair. We were only able to pay bills. Ever since the turn of the century we have been profitable despite the critical social and economic condition of the neighbourhood.

**Interviewer:** How many employees does Neechi have now?

**Russ:** About 12; the core is 8 employees and some part time backup.

**Interviewer:** After the expansion of Neechi foods, how many employees will Neechi Commons employ?

**Russ:** There will be a core staff of 60 plus there will be several part time professional managerial positions. There will also be about 15 staff working in compatible organizations that will rent offices. The total is around 80 jobs. We are retaining a few employees at the old store to maintain a smaller grocery. We will keep the bannock for the neighbourhood seniors.

**Interviewer:** We know that Neechi provides a market for products (blue berries, wild rice and fish etc) from northern Manitoba Aboriginal communities and fosters CED in these communities. What other products from Aboriginal communities could be marketed in Neechi?

**Russ:** Well, we sell wild berry jams and syrup from Lake Winnipeg. We are interested in products with value added processing. We often get asked about wild meats. Now the issue there is we would have to get it federally inspected. We sell a lot of bison from bison ranches. Food preparation at Neechi itself is another expression of our development strategy of encouraging retail links to regionally harvested and processed foods. We are getting to a scale where we can do it on a much more sustained basis.

We get our main wild rice from nearby Wabagoon. It doesn't use preservatives unlike wild rice with preservatives to make it shiny black for the restaurant trade. We also get wild rice from another Aboriginal worker co-op from north-western Ontario that is very conscience about all these issues. They send out traditional pickers in canoes to deliberately have seeds going back in. They do a sustainable harvest and they keep the chemicals out of it. We get hundreds and hundreds of pounds from them every year.

**Interviewer:** From your extensive work experience in northern communities how many dollars were drained out of the north?

**Russ:** In my thesis I did calculations up to the 1920s and it was staggering how much economic surplus and profits were drained out of the north during the main commercial fur trade, part of which fuelled the creation of the Bank

of Montreal and the Canadian Pacific Railway. They were all tied into the profit of the fur trade. So then the dollars mount if we start adding forestry, mining and hydro, all of which have featured raw resource extraction in the north that supports value-added processing elsewhere.

In the commercial fishery the price the fishers got was doubled by the Freshwater Fish Marketing Corporation (FFMC) and then they would wholesale and the price was doubled again by the retailers. It depends on what type of fish it is. Whitefish have three classifications (export, continental and cutter). A lot of cutter whites, are processed into fish balls in Transcona and exported in France. There is a huge volume of fish going into Chicago and New York also.

Fishers sell most of the fish without processing or just headless. However if fish processing is done in the community (for example filleting) it creates value addition and generates employment as well. So when I say value added that means processing and manufacturing, not just raw materials. It's a huge distinction. The jobs and the higher wages and profits are almost always at the manufacturing and processing stage. So if fishers ship out fish before that manufacturing stage then the high profit leaks out.

When it comes to commercial fishing, there are other issues that need to be taken under consideration for small communities. There is a lot of pressure against commercial fishing from lodges and others with a vested interest in sports fishing. It is very hard for a small community to benefit in a real way from sport fishing. The victims often include young girls. The consumptive, affluent lifestyle displayed by rich sports fishermen from the US or southern Canada is not the sort of model the community needs. A fairly diversified economy can accommodate tourism, control it but it is tough for small communities to handle tourism and get real benefit out of it.

**Interviewer:** Do federal regulation and policies limit the number of northern fish processing plants?

**Russ:** No. Firstly, the whole idea driving the Freshwater Fish Marketing Corporation (FFMC) was to get better returns for fishers as the middle men were taking a big profit but the

merchants were also involved in processing so when they were cut out the merchants then the processing fell off too. Secondly, Fresh water Marketing Corporation (FFMC) allowed the establishment of large plants with a vested interest in maximising the raw fish coming to Winnipeg as opposed to processed fish which have big added value if processed to the north. So fishers are charged for the freight. However, if the fish is processed the weight of the fish is reduced to 60%–80% of the original weight which is a lot cheaper to ship to Winnipeg.

**Interviewer:** Was there a processing plant in almost every community then that employed a lot of local people?

**Russ:** There were several big ones. The biggest I think and the last to shut down was on Savage Island in Island Lake in 1976. This was six years after the establishment of the FFMC.

**Interviewer:** What are the early politics?

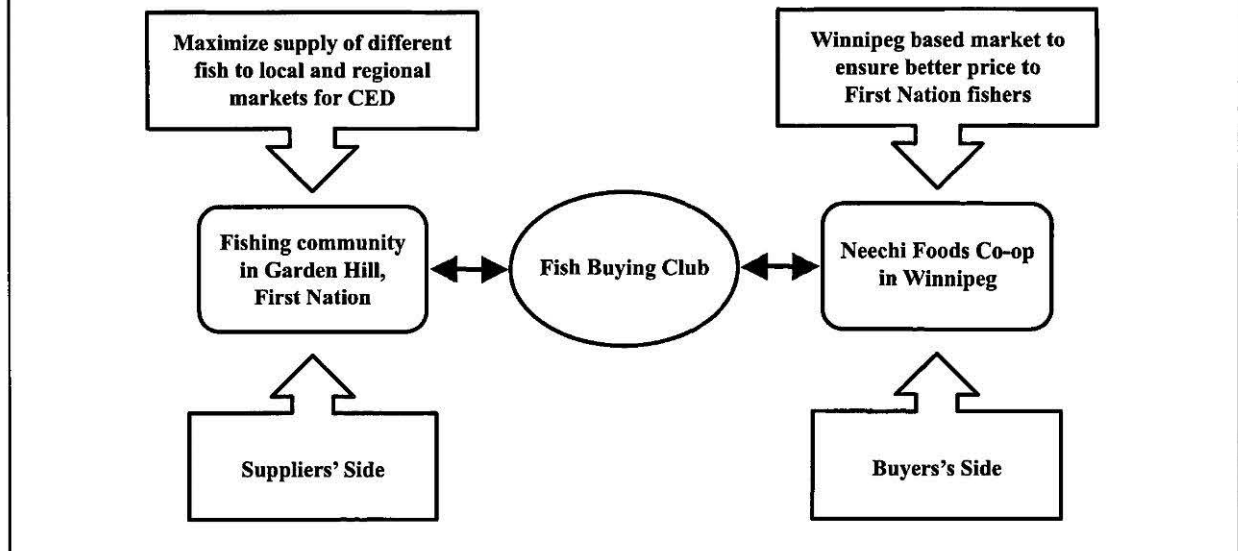
**Russ:** From 1975 to 1977 I worked with a provincial subcommittee on the "northern plan". Our plan showed how regional linkages can be made in the north to develop value added economic opportunities instead of just raw resources going out of the north. So the concept was very strategic. Lots of people in the north loved it. But it went up against the mining industry and other corporate powers. It was all about trying to undo the damage that has been done not just with fishing but in general; exports of unfinished natural resources and imports of finished products, along with missionaries, doctors, police and social workers.

**Interviewer:** As a part of our food security research in northern communities in Manitoba, we had opportunities to meet fishers in Garden Hill First Nation in northern Manitoba. *There are 100,000 kilograms of fish quota which are undeveloped, and the fishers are keen to sell their fish in Winnipeg. We are hoping that we could initiate a "fish buying club" to create a market for them through Neechi Foods.*

**Interviewer:** What kind of fish and suppliers are you looking for?

**FIGURE 1**  
**The Conceptual Diagram of the Proposed Fish Buying Club**

The proposed "fish buying club" will create market opportunities for Garden Hill fishers.



**Russ:** We are interested in a variety of fresh and frozen, whole, dressed and processed fish. We will have a fish market supported by a walk-in cooler and freezer.

**Interviewer:** Was it difficult to get a commercial vendors licence for Neechi?

**Russ:** No. It was not that difficult. We are able to buy directly from licensed fishers. We have often turned away people who are not licensed and we don't take fish out of season. We fill out forms and report monthly what we buy. It used to be the Fishery section of Natural Resources that made the call as to whether we could be allowed to buy direct from fishers or not and now the FPMC makes that decision. FPMC does not hesitate to give it to us.

**Interviewer:** So you think if we have a web based on-line system for a direct 'fish buying club' and provided you with all the commercial license numbers that would work fine?

**Russ:** I don't see any problem. It does not matter as long as we are getting it from licensed

fishers or co-ops. We do that with other products too. For example, the student's union at University of Manitoba arranges Christmas hampers. Some of the things they buy gets delivered to Neechi and we assemble it or other times the supplier delivers direct to bulk customers.

**Interviewer:** So how is the fish market here in Winnipeg?

**Russ:** I think it is strong. At Neechi one of our goals is to support groups of Aboriginal fishers in the North. Although we don't have a huge market campaign for fish, we still sell a lot of fish.

**Interviewer:** Now that Neechi is trying to expand. Do you see prospects for this fish market?

**Russ:** Yes. We will sell in a way that looks authentic and fresh. It is different than how you sell it in a supermarket. It is going to be like a village atmosphere inside the Neechi Commons and so there will always be specialty food boutiques.



**Interviewer:** When you started selling fish in Neechi did you do a market survey to find out the demand?

**Russ:** No, because there are lots of people who eat fish. We started on a small scale which is in sharp contrast to big chain stores. In big stores the products have to get out in a mass scale and look the same. We don't spend hundreds of thousands of dollars on advertising. So we can take weather dependent seasonal products. It gives us a very good competitive advantage. That's why we own the store market in terms of wild blue berries in Winnipeg. We use local products as much as possible, avoiding transcontinental transportation. When food travels long distances, it adds expense, has more preservatives and is less fresh. So selling local products has been one of our strengths. We sell a lot of fresh bannock that we bake ourselves. Safeway did try to get into selling bannock about 10 years ago but that did not last. We are seen as authentic for this.

**Interviewer:** Do you think northern fishers have any barriers to making their living?

**Russ:** The hydro disruptions in term of the natural resource base are huge. Back in 1970s the mercury scare shut down the Lake Winnipeg fishery as well for 2-3 years. Arguments are still going on whether it was natural mercury or coming out of Lake Winnipeg River system. Certainly hydro developments, massive flooding

and again tension with sports fishing are big barriers.

**Interviewer:** So until 1970s fishers had a sustainable livelihood from fishery?

**Russ:** It functioned but the only problem was these fishers got squeezed by the merchants who would go in and buy at very low prices. They always had the opening but the same thing has happened with wild rice and other things. The merchants were doing it and they were even tied in with land transportation or the planes and pilots. So the fishers strongly supported the idea of the marketing board but the benefit was far greater to the southern fishers. If you truck your fish to Winnipeg then you are not paying the high freight cost northern fishers must pay.

**Interviewer:** So creating more direct markets is only going to help Aboriginal fishers?

**Russ:** It could help others too. I should mention that at Neechi Commons there will be dozens of staff and most of them will be Aboriginal.

We are going to set up an interactive website. We have got a marketing group working on this. It is going to be fully interactive and you can easily link "fish buying club" at our site if you want.

**Interviewer:** Thank you so much for your time today.

Neechi Foods Co-op is an excellent example of an Aboriginal CED initiative in Manitoba, Canada. Now that Neechi is expanding to Neechi Commons Co-op this will create more economic opportunities for Aboriginal peoples in remote northern communities. From the interview it is understood that there is a huge demand of fish in Winnipeg. Therefore, the initiation of a "fish buying club" with association to Neechi Commons Co-op would create markets for northern fishers and help them earn a sustainable living.

To learn more about Neechi Foods Co-op please visit <http://neechi.ca/>