

ACR Aboriginal Programs Project Project Template

Program Area:	3.0	Business Development
Sub Program:	3.2	Strengthening Business Capabilities
Template:	3.2.10	Support for Business Ventures in Specific Project Areas
Sponsor(s):	<i>EnCana Corporation</i>	

1. Objective

To expand local services and opportunities, provide new avenues of meaningful and profitable participation for local Aboriginal people in a specific project area, and participate in an equity-building approach to Aboriginal business ventures.

2. Description

EnCana Corporation developed a multi-faceted relationship with Cold Lake First Nation (CLFN) that resulted in ten new First Nations-owned business ventures in the community since 1999. During the peak season, 80 to 100 full-time jobs are provided through these ventures. Total annual revenues for the companies paid out by EnCana are approximately \$8 million.

EnCana guaranteed contracts and facilitated equipment purchases that helped launch a variety of band-owned businesses, including companies that supply camps and catering services, road maintenance, construction, fuel supply, emergency medical, service rig, drilling rig, non-hazardous waste disposal, courier, security and environmental services.

Perhaps the most significant evidence of CLFN's serious involvement in business ventures came when the band, with help from EnCana and the federal government, signed a four-year deal in 2001 to operate its own drilling rig. EnCana promised 1,000 days of rig utilization over the four-year period of the contract. The rig contract led to the creation of a Cold Lake rig training course. Of the 54 applicants accepted into the training program, 51 successfully completed the training.

EnCana has set aside or sole sourced contracts for the services provided by CLFN to ensure participation by the community. Most of the contracts with CLFN are negotiated as to price and other factors to ensure best value. Of services actually bid, CLFN has been successful in obtaining several of these contracts.

EnCana's provision of seed money in 2001 enabled CLFN to establish a First Nations-owned business - Primco Dene Limited. This enterprise was able to repay EnCana's \$100,000 loan in the first year of its operation and has created several profitable business ventures since then. Profits from these business ventures are re-invested back into the CLFN to fund other employment-generating opportunities and develop partnerships and secure contracts with other energy companies.

3. Implementation

Some of the key elements for implementation and management of this program are:

- Encourage band-owned companies to stay at arm's length from the political entity and be run by a board of directors that prioritizes community interests
- Encourage Aboriginal leaders to take advantage of government funding programs
- Have company representatives engage the chief and council on business proposals from the earliest stages
- Engage federal and provincial governments to help take proposals forward
- Long-term contracts are much more attractive to banks
- Beneficial if band members are receptive to partnering with industry
- CLFN member-owned businesses and contractors are entered into EnCana's Aboriginal contractor database (template 3.1.4)
- EnCana hired a salaried employee to develop training and employment initiatives in the community

4. Timeframe for Results

The program showed results within the first year.

5. Measurable Criteria

- Creation of successful Aboriginal businesses with good growth potential
- Creation of a sustainable and skilled Aboriginal employment base
- Creation of sustainable income, economic and other benefits for the Aboriginal community
- Value-added local suppliers providing quality of service at competitive prices

6. Budget

EnCana requires a sufficient budget to ensure obligations under a long-term contract, including take or pay. Federal and provincial funding programs are available. CLFN also provided equity contributions.

7. Partners and Sponsors

EnCana and Cold Lake First Nation

8. Experience with the Program

This program, started in 1999, is seen as successful to date. These initiatives have been a major factor in the reduction of social assistance in the community. Long-term employment opportunities have been created through these ventures. Business acumen and community pride has improved.

9. General Applicability

While this particular example is related to oil and gas, this program is a model that can be used by both resource industries and suppliers where there is potential for independent business ventures.

10. Additional Information or Support

Andy Popko, VP Community and Aboriginal Affairs, EnCana Corporation, PO Box 2850 1800, 855-2 Street SW Calgary, AB, T2P 2S5

Telephone: (403) 645-8259

Email: Andrew.popko@encana.com

Date Entered or Updated: June 1, 2005