



**AGGREGATION
AMONG FIRST NATIONS:
A HANDBOOK FOR SELF-GOVERNMENT
NEGOTIATORS**

Institute On Governance
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Building a Community Constitution: A Handbook for Anishinabek First Nations, January 2001

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AGGREGATION AMONG FIRST NATIONS:

A HANDBOOK FOR SELF-GOVERNMENT NEGOTIATORS

Introduction

Throughout history, there is evidence of Aboriginal peoples collaborating to provide better services, protection and representation to their citizens. For example, the Anishinabek Nation can trace its roots to the Confederacy of the Three Fires, which existed long before Europeans arrived in North America. More recent examples include political advocacy organizations - some of which have existed for more than half a century - tribal councils and a wide variety of service agencies.

As First Nations begin to reclaim jurisdiction and create new governments, the question of how to structure this collaboration, also called “aggregation”, has taken on fresh importance. New forms of aggregation are appearing in self-government agreements, and recently, the Royal Commission on Aboriginal Peoples (RCAP) argued for Aboriginal governments to be built around the “Nation”, of which there are 60 to 80 in Canada, rather than individual communities.

The purpose of this handbook is to help First Nations and government officials involved in self-government negotiations deal more creatively with the issue of aggregation. Based on an extensive literature search, case studies and interviews with Aboriginal leaders, this handbook does not take a position on aggregation, or whether a specific type of aggregation is superior to another. Rather, the handbook attempts to explain the aggregation process and the different types of aggregation in a straightforward manner by exploring the following questions:

1. What is aggregation?
2. Why pursue aggregation?
3. How can aggregation options be best generated?
4. How can aggregation be made to work effectively?

The emphasis throughout this handbook is on Aboriginal experience, but non-Aboriginal examples and models will be referenced, where appropriate.

What is Aggregation?

While there are many different ways of approaching aggregation, it is useful to distinguish five models¹:

- One-tier aggregation
- Two-tier aggregation
- Special purpose bodies with legislative powers
- Special purpose bodies without legislative powers
- Power-sharing through treaties

Aggregation is a formal agreement among governments to share or delegate services and power through the creation of new public bodies, or by shifting responsibilities from one level of government to another.

One-Tier Aggregation

One-tier aggregation occurs when two or more separate governments are merged into one.

This can be done vertically (e.g. combining a regional and local governments into one body) or horizontally (e.g. combining two or more local governments into a regional one). In either case, all the governance functions handled by the separate governments are now shared within a single, new government.

This type of aggregation requires a legislative change, and often involves a shift in responsibilities between the new government and related levels of government (e.g. provincial, federal).

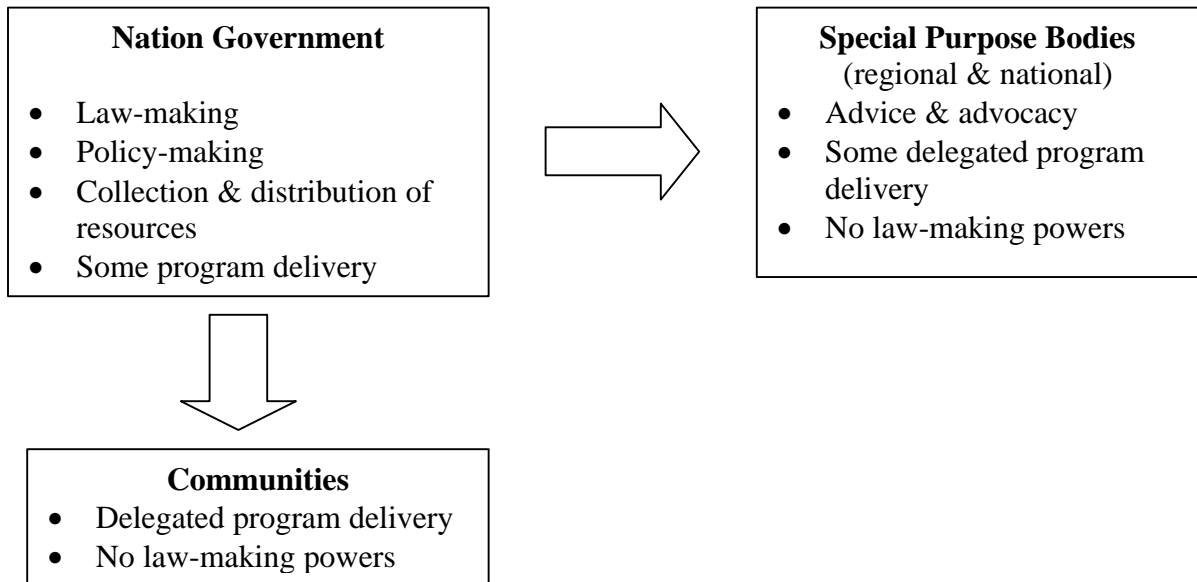
Example: the “Nation” model put forth by the Royal Commission on Aboriginal Peoples

- This model recognizes the Aboriginal Nation (for example, Cree communities across the Prairies) as the fundamental building block for reclaiming jurisdiction
- Communities would have responsibilities primarily for delivering local services such as the running of schools within the laws, policies and resource levels established by the Nation.
- Regional, provincial and national bodies would be established with mandates determined by the collaborating Nations.

¹ More detail on each of these models can be found in "Governance Models to Achieve Higher Levels of Aggregation: Phase One - Literature Review", Institute On Governance, www.iog.ca

The Commission argued that establishing Aboriginal governance around Nations would increase the local community's capacity to provide more and better services to its citizens, and create economies of scale for better performance in the world market. Advocates of one-tier aggregation in a non-Aboriginal context also maintain it allows for more straightforward accountability to citizens, and achieves cost savings through the pooling of resources.

Figure 1
RCAP's Single Tier Government



However, in many cases implementation costs have been underestimated while cost benefits overestimated, leading to much less savings than originally thought. Also, some believe that the one-tier aggregation model can lead to a decrease in citizen influence. Finally, at least one Aboriginal academic argues that the idea of a central authority inherent in the Commission's proposal violates a fundamental principle of many Aboriginal societies.

Two-Tier Aggregation

Two-tier aggregation occurs when specific governance functions from two or more local governments are given to a new regional government body.

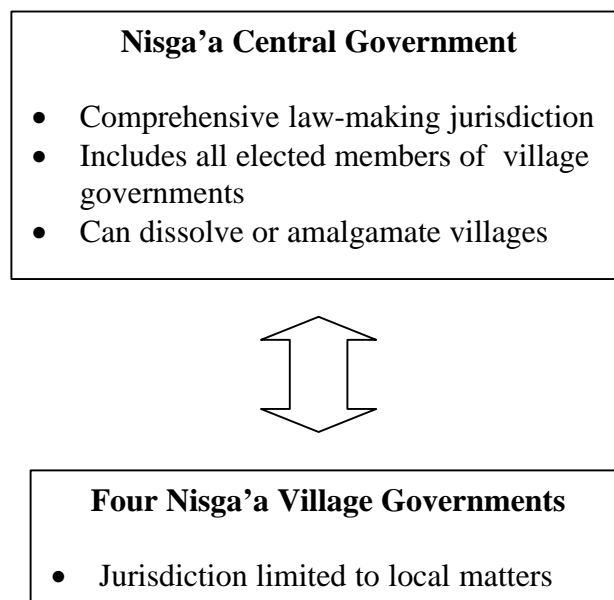
In this model, the original governments still exist, but a new one that looks after shared issues and responsibilities is also created. Usually, the responsibilities or services transferred to the new government demand a regional perspective or are complex and expensive, such as transportation planning, economic development or health services.

Example: Nisga'a Two-Tier Government

- The Nisga'a Final Agreement established two levels of government: the Nisga'a Central Government and the four Nisga'a Village Governments.
- The Nisga'a Central Government consists of at least three officers elected at large, the chief and other councilors of the Nisga'a Village Governments, and one representative from each of the Nisga'a Urban Locals (greater Vancouver, Terrace and Prince Rupert/Port Edward).
- All issues and services that relate to the Nisga'a Nation as a whole are handled by the Central Government, such as: forest, fisheries and wildlife management; environmental assessment and protection; administration of justice; citizenship and marriages; culture and language; health and social services; education; intergovernmental relations; and direct taxation of Nisga'a citizens.
- The Nisga'a Village Governments handle only local matters, such as traffic regulations, transportation within the village and some public works functions.

Determining the relationship of the two-tiers is an important element of this model. The Scandinavian counties (Sweden, Denmark and Norway) have two-tier local governments that are independent of one another, albeit within a legal framework established by the national government. In the case of the Nisga'a, the Central Government is in a hierarchical relationship with the village governments – for example, it can amalgamate, create or dissolve villages.

Figure 2
Nisga'a Two-tier Approach



Overall, according to its advocates, two-tier aggregation provides a framework for local governments to work together to make joint decisions and increase their capacity to deal with regional issues while leaving local issues to the local authorities. In some instances in Canada two-tier government has endured for over a century, one strong indicator of its utility.

However, detractors note that this model creates inefficiencies, is too complicated for citizens to understand, has blurred lines of accountability and involves too many politicians. Also, competition among the local governments can sometimes inhibit the cooperation required for the regional government to carry out its duties.

Special Purpose Bodies with Legislative Powers

Special purpose bodies with legislative powers are created when two or more governments agree to establish an organization to exercise power over a specific jurisdiction.

While this model may seem similar to two-tier aggregation, there are distinct differences. In the Aboriginal context, any powers given to a special purpose body (such as the ability to remove children from their homes or arrest people) are established by another level of government (usually provincial). Further, they focus only on one area or jurisdiction (e.g. education, child and family services). Finally, their leaders are usually appointed and not elected directly by the general public.

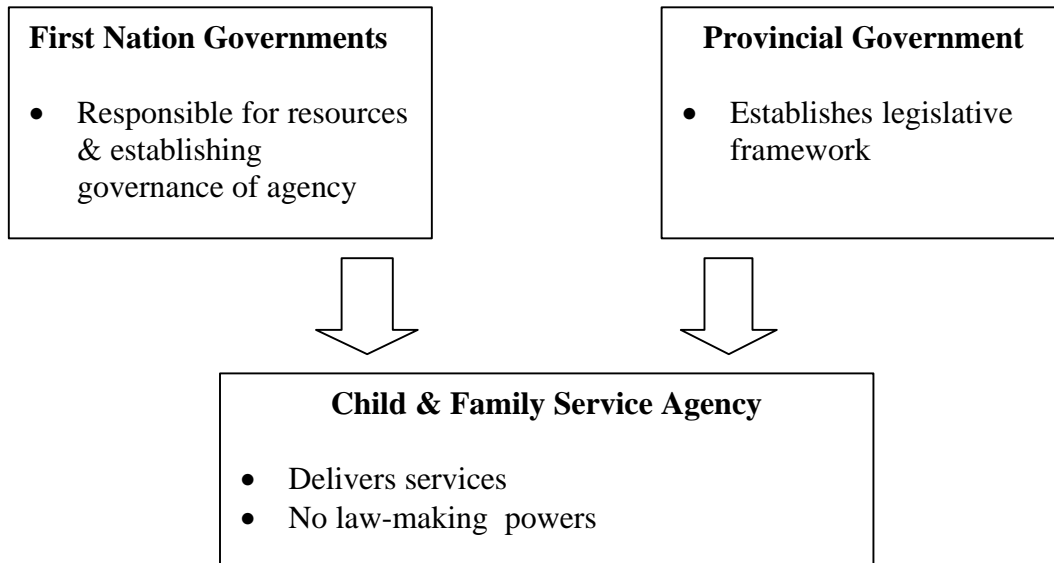
Example: First Nation Child and Family Service (FNCFS) agencies

- FNCFS agencies focus on one area of public concern, and govern services to several communities at once.
- In most cases, the participating communities have decided to pool their resources into one organization in order to reduce costs to individual First Nations.
- Other benefits include a greater number of professional services available and less potential for internal or community conflicts affecting child care.
- Their legislative base is provincial law.
- Other examples include the Cree School Board and a variety of Aboriginal police forces.

In general, special purpose bodies with legislative powers are stable and easier to create and change than a full-fledged government. They also generate economies of scale that allow the organization to provide more or better services to the communities.

However, the leaders of these bodies are not elected directly to their positions and therefore accountability may be blurred. In addition by centralizing services, some cultural sensitivity may be lost, and dissatisfaction about the quality of service might arise because these entities may reduce choice in the communities they serve.

Figure 3
Special Purpose Body with Legislated Powers



Special Purpose Bodies without Legislative Powers

Special purpose bodies without legislative powers generally provide specialized services, usually to governments or other public bodies, around one specific area of expertise.

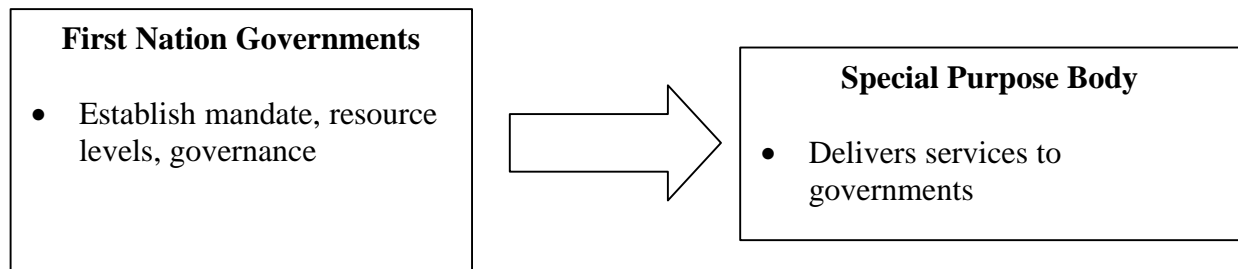
Example: Mi'kmaw Kina'matnewey²

- Mi'kmaw First Nations in Nova Scotia have jurisdiction over education.
- They have created an education organization called Mi'kmaw Kina'matnewey to provide each community with specialized services, such as school assessments and curriculum development.
- This organization does not deal directly with students and teachers, but assists individual First Nations in the management and administration of their education programs.
- The services they provide do not require a legislative base.
- Another example is the Lands Advisory Board established under the First Nations Land Management Framework Agreement. These bodies tend to incorporate under federal or provincial legislation for establishing non-profit organizations.

² For more information, see "Mi'kmaw Kina'matnewey: A Case Study in Aggregation", Institute On Governance, www.iog.ca

This type of special purpose body includes many of the same potential benefits as those with legislative powers. They can create greater economies of scale thereby realizing efficiencies and can increase the number of professional services available to those managing programs in a specific area of interest.

Figure 4
Special Purpose Bodies without Legislative Powers



Because they do not have legislative powers, these types of special purpose bodies are easier to create but may be less stable than special purpose bodies with legislative powers. Depending upon the funding arrangement, they also can act as monopolies to the bodies they serve and therefore have the potential for creating dissatisfaction over the quality of their services.

Power-Sharing through Treaties

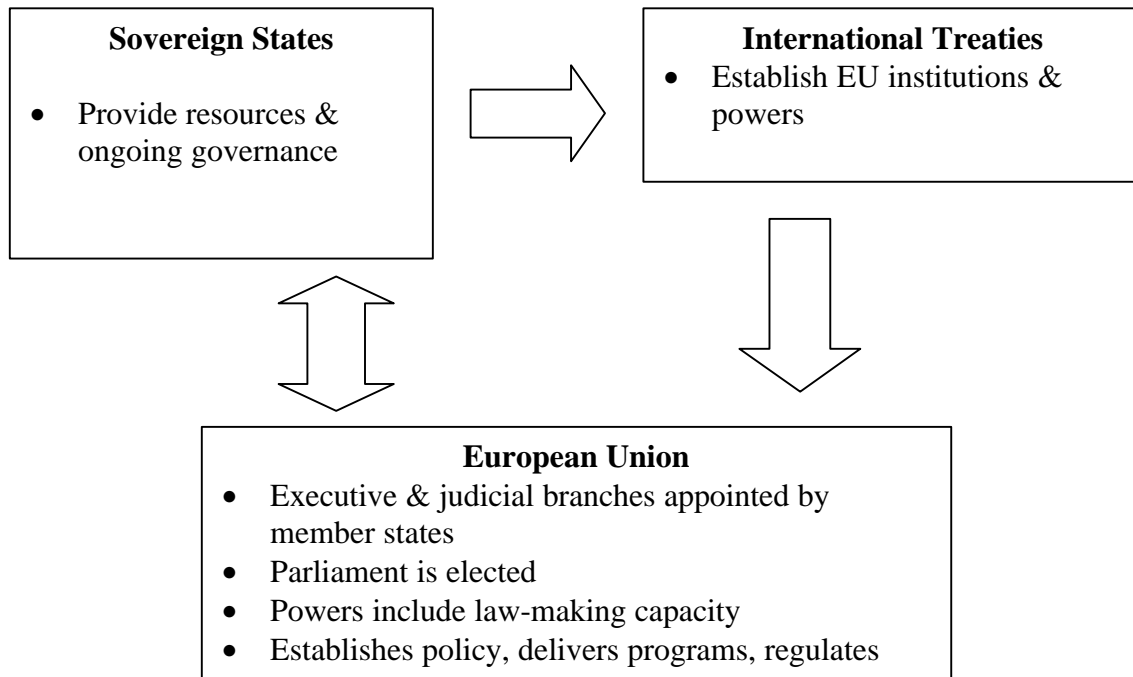
Power-sharing treaties occur when two or more sovereign states agree (through an international treaty) to establish an organization to exercise power over delegated areas of responsibility.

Example: the European Union

- The European Union (EU) creates laws on specified issues that are binding throughout its 15 member states. This law-making capacity makes it unique among international arrangements
- Each participating country retains its sovereignty, but the EU exercises power over areas set out in the treaties (e.g. trade, environmental protection, currency) that benefit from a pan-European approach
- The Union has developed decision rules that combine the need for consensus on key issues with a weighted voting system based on member nation population for less crucial issues
- Underlying the EU is the principle of subsidiarity - that is, action by the EU must produce clear benefits by reason of its scale compared with action at the level of the member states

Many Europeans believe that, by working together in power-sharing treaties, member states enjoy greater economic success and more political “clout” on the world stage. The growing list of European countries seeking membership attests to the EU's success. That said, detractors point to among other things a growing loss of distinct identity and sovereignty among member states and a 'democratic deficit' from too much power resting with appointed officials.

Figure 5
Power Sharing Through Treaties



First Nation Experience with Aggregation

Most Aboriginal experience with aggregation has been with the creation of special purpose bodies (with and without legislative powers). In addition, most aggregation has involved only Aboriginal organizations. Nonetheless, there are several examples in Canada of aggregation between First Nation and non-Aboriginal governments.

In British Columbia, “regional districts” act as regional governments for municipal and unincorporated areas, and provide a framework for inter-municipal and sub-regional service delivery³. In areas with municipal governments, representatives are appointed by the municipal council to sit on the regional district’s Board of Directors. Those living in unincorporated areas (without a local government) elect their representatives directly to

³ For more information, see "British Columbia's Regional Districts: A Case Study In Aggregation", Institute On Governance, www.iog.ca

the Board. In several cases, First Nations within a regional district's area participate on the Board of Directors. The Sechelt First Nation, for example, sits on their regional district as a full voting member. This arrangement resulted from their self-government agreement signed in the mid 1980s.

Another example of Aboriginal experience with non-Aboriginal aggregation comes from the Northwestern Ontario School Board's Cooperative Services Program (CSP). This program provides education services to a variety of small communities across Northwestern Ontario. Included in these services was the First Nations Educational Transitions Project, which assisted six First Nation member communities as they moved towards reserve status and built their own education infrastructures.

Summary

Aggregation is a formal agreement between governments to share services and power. This can be done through the creation of new government bodies, or by shifting responsibilities from one level of government to another.

It is useful to identify five models of aggregation:

- **One-tier aggregation** — Two or more governments merge into one
- **Two-tier aggregation** — Two or more (local) governments with similar issues or services assign these responsibilities to a new level of (regional) government
- **Special purpose bodies with legislative powers** — Two or more governments agree to establish an organization to exercise power over specific issues within their own jurisdictions
- **Special purpose bodies without legislative powers** — Two or more governments agree to establish an organization to provide specialized services to their governments
- **Power-sharing treaties** — Two or more sovereign nations agree to establish an organization to exercise power over delegated areas within their own jurisdictions

First Nation experience with aggregation has included both Aboriginal and non-Aboriginal governments. However, most of this experience has centred on special purpose bodies.

Why Pursue Aggregation?

Most governments decide to pursue aggregation because of perceived benefits, such as having more 'clout' with other governments, achieving higher quality of services or increasing their capacity to develop sound policy. But, as discussed in the previous chapter, there are many different types of aggregation and each has its own set of costs and benefits. In pursuing aggregation the goal is to maximize benefits while keeping costs to a minimum acceptable level. In short there is no optimum approach to aggregation to suit every circumstance.

Determining Costs and Benefits

To analyze potential costs and benefits, it is useful to break down government into its primary functions. There are a variety of ways to do this. The breakdown in the box below is useful for the purposes of this handbook. (Aboriginal governments will not necessarily perform all of these functions.)

Primary Functions of Government

- **Determining the principal economic, cultural and social policies and strategies** - e.g. the emphasis and direction given to economic development, language retention and healing
- **Delivering services to community members** - e.g. education, health, social assistance
- **Delivering services to other governments** - e.g. collecting taxes on behalf of another government
- **Regulating the behaviour of citizens, corporations and other governments** - e.g. setting and enforcing the rules governing the production and distribution of potable water
- **Administering justice** - e.g. running a court system or another type of dispute resolution system
- **Collecting own source revenues or borrowing** - e.g. taxes, rents from property, royalties from natural resources, loans for capital improvements
- **Managing relations with other levels of government, civil society and the private sector** - e.g. developing fiscal agreements with other governments

Some benefits may apply to all of these functions. Small communities, for example, may lack the managerial capacity to perform many if not all of these functions effectively and will benefit from a variety of forms of aggregation.

Other benefits attach to particular functions. The area with which First Nations have had the most experience with aggregation is in their dealing with other levels of government and the private sector. Here the benefits have been undeniable: significantly more influence, higher public profile, increased public awareness and a greater sense of unity

and pride. That said, political advocacy organizations, whether regional or national, have experienced their share of problems and there is a continual debate about how they can be made more effective. In particular, a perennial question is how such organizations stay in touch with the 'grassroots'. For example, several prominent Aboriginal leaders now argue that the membership as a whole rather than political leaders should select the heads of these organizations.

First Nations have also had considerable experience with establishing aggregated bodies to deliver services either to their citizens in the case of a child and family service agency or to their own governments as in the case of many tribal councils providing advisory services. Here the potential benefits tend to be higher quality services at lower cost. Potential disadvantages include decreased accountability, less cultural sensitivity in service delivery, increased competition for funding and dissatisfaction over the quality of the services provided.

Where First Nations have had much less experience with aggregation - in part because there is little or no provision under the *Indian Act* - is in three other functions of government noted above: a) regulating behaviour b) administering justice and c) financing government operations through own source revenue or borrowing. For each of these areas there may be compelling arguments for aggregation that are quite different from those canvassed for other functions.

The Regulatory Function

The recent tragedy at Walkerton, a small town in southwestern Ontario, illustrates what can happen if a critical regulatory function goes badly wrong. In May 2000, a deadly form of E.coli entered the town's drinking water. The contamination was confirmed on May 15 but it was six more days before residents were alerted. Six people died and 2300 others became ill. It is hard to imagine any other locally delivered government service having such a catastrophic impact on a community.

The Walkerton tragedy illustrates the central importance of a well functioning regulatory system to achieve critical health and safety objectives. Testimony at the Walkerton inquiry and media reports reveal a long list of problems with the regulatory system: the lack of a legislative base for water standards in Ontario; poorly defined roles and responsibilities; lack of accreditation for testing laboratories; no ongoing accreditation of water plants; water operators who were not certified; equipment breakdowns that were not reported; political leaders who may not have understood their responsibilities; and poor communication with the public.

In addition to the provision of potable water, the treatment of sewage and solid waste, construction and safety-related issues, zoning, fire protection, the management of natural resources, some aspects of health and social services are other examples of where regulation plays a critical role.

Regulatory systems in Canada, where government itself is an ‘operator’, generally involve two levels of government: 1) the provincial and sometimes the federal government as the regulator; and 2) the municipal government or some other public body as the operator. In short, long experience, buttressed by the Walkerton tragedy, suggests that governments, like other organizations, have difficulties regulating themselves. If self-government negotiators accept this premise, they appear to have two options in situations where ‘operations’ will be in the public sector: apply provincial and federal regulatory systems to the First Nation government; or develop a two-tier First Nation government with regulatory and operating roles clearly defined.

Thus, for the regulatory function a driving rationale for aggregation may be sound governance.

The Financial Function

Financing government through the collection of own source revenue or through borrowing offers other potential benefits from aggregation. For example, if one revenue source is through the taxing of property values, then it is the usual practice in Canada that the agency assessing the property values has some independence from the government benefiting from the tax. Again the principal argument for aggregation is sound governance rather than increased capacity. That said, the complexity of this assessment function also points to an aggregated solution.

On the borrowing side, experience in British Columbia and other provinces suggests that aggregation can result in significant savings for some local governments borrowing funds to finance public works projects. The Municipal Finance Authority of British Columbia (MFA) is the central borrowing agency for municipalities, regional districts, and a number of other authorities and special service districts within the province of British Columbia. It was created through provincial legislation in 1970 in light of the difficulties experienced by municipalities, especially in rural areas, in obtaining capital financing.

In creating the MFA, the province placed a requirement on all municipalities borrowing through the MFA to contribute to a debt reserve fund whenever they borrow. This contribution is returned to them once each loan is repaid. If the reserve fund is drawn down by one or more defaults, the MFA has the power to replenish it through a province-wide tax. However, to date, this fund has never been drawn upon.

The success of this special purpose body can be seen in the improvement of its debt rating from AA to AAA, which is a better rating than that of the province. Furthermore, through its expansion into optional services such as capital financing, short-term investment opportunities, interim financing, and pooled leasing for members, the MFA has been able to produce dividends in excess of its levies, thereby eliminating its burden upon the tax roll.

This model of obtaining financing is also applicable to First Nations. Indeed, in 1995, the First Nations Finance Authority (FNFA) was established in British Columbia and began

to operate through a contract with the MFA where the MFA and a charter of investment policies, objectives and guidelines govern the investment activities of the FNFA's funds. Under this regime, participating First Nations, either through their tribal councils or on their own behalf, present their requests for capital financing to the FNFA.

In summary, aggregation in the financial area can be justified in economic terms – lower borrowing costs and higher returns on investments – and by the criterion of sound fiscal management.

The Justice Function

Finally, in terms of the administration of justice, depending on the dispute resolution system chosen, it may be difficult to find disinterested parties to operate such a system in small communities where close family relations are the primary fabric of the society.

Summary

Governments perform many different functions. When discussing aggregation it is important to look at the costs and benefits associated with aggregating specific functions.

The most common benefits to aggregation are increased 'clout' with other governments and the private sector and improved capacity to manage complex issues and services. Other benefits are specific to particular functions. A good example is regulation. For reasons of sound governance, usually a two-tier system of government is required in those instances where one government is operating a service with major health and safety implications like the provision of potable water.

The administration of justice and financing government operations might also point to aggregation for reasons of sound governance.

Of potential problems to avoid or to manage with acceptable limits, the following are often quoted in academic literature, interviews and case studies:

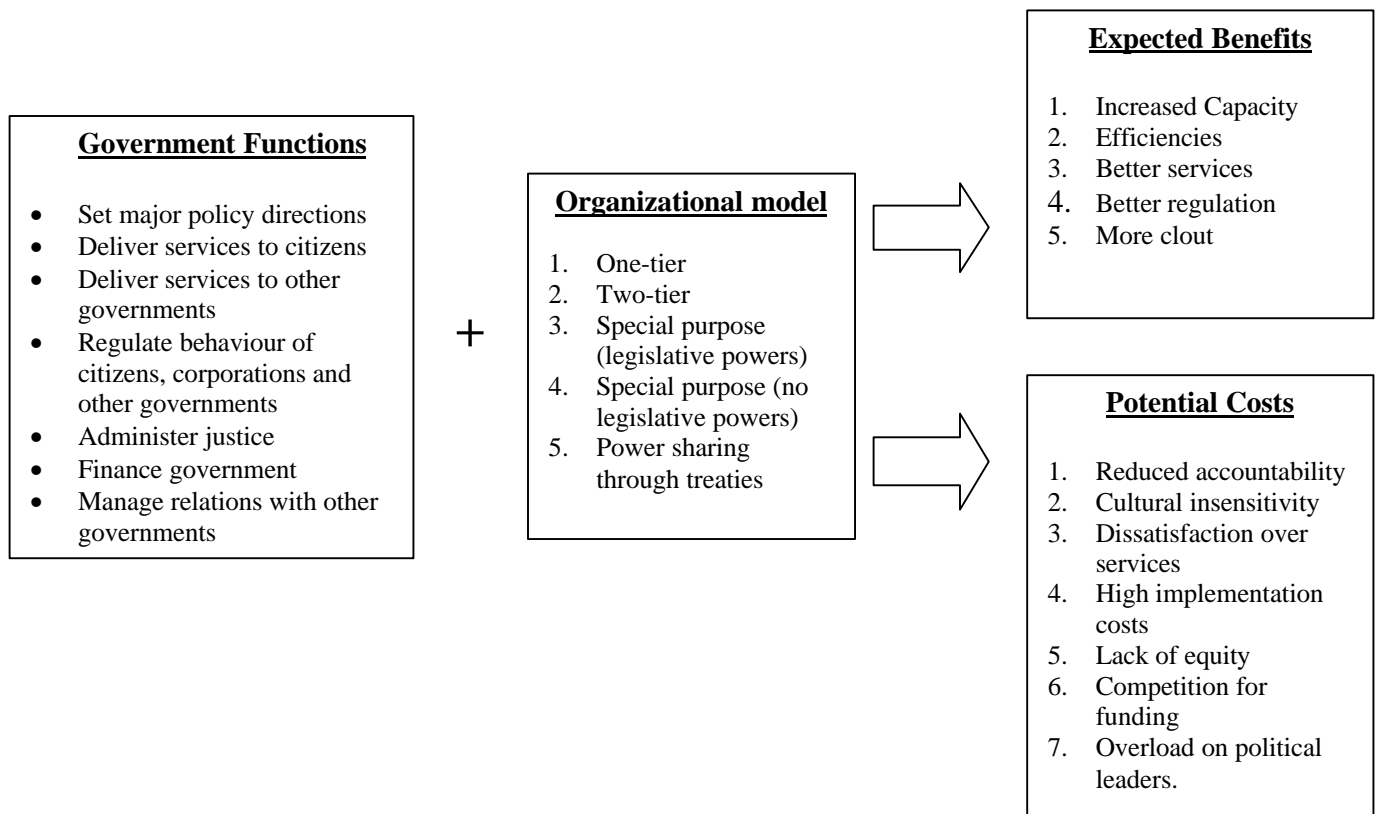
- Larger government entities can be remote from the citizens they serve, making accountability more difficult
- The costs of implementing aggregation can often be large and underestimated, and savings often overstated
- In a two-tier system of government, citizens can become confused over what level has responsibility for what service
- Dissatisfaction can arise because of services either of poor quality or lacking in cultural sensitivity
- The aggregated body can sometimes compete for funds with its member First Nations
- The partner First Nations that establish the aggregated body might not be served in an equitable manner — some may benefit more than others
- Aggregated systems can put significant time pressures on the Chiefs of each First Nation and others who participate at both the community and aggregated levels

How Can Aggregation Options be Best Generated?

Mapping the Options

One useful way to think about aggregation in a self-government context is to map governance functions with organization models to achieve certain benefits and minimize costs as in the diagram below.

Figure 6
Generating Options



This process might help negotiators explore the effects and benefits of each organizational model on specific governance functions. It can be undertaken as follows:

Step 1: List all the government functions to be carried out through the self-government agreement.

Step 2: Consider how each function will be affected by each aggregation model. What are the expected benefits for each? What are the potential costs? Is aggregation appropriate in this area?

Step 3: Compare the results for each function. Where are the maximum benefits? Will all functions benefit from the same type of aggregation? Should some functions not be aggregated at all?

Step 4: Decide on the most appropriate course of action for the community, and work this aggregation model (or models) into the self-government agreement.

Step 5: Build into the agreement or implementation plan ways to maximize benefits and keep costs to an acceptable level.

Ideas on how to accomplish step 5 are the subject of the final section of this handbook.

How Can Aggregation be Made to Work?

Some of the lessons of successful aggregation, garnered from the case studies, interviews and the Institute's own experiences in working in both Aboriginal and non-Aboriginal settings appear to be the following:

Adopt an evolutionary strategy. Celebrate and build on success. Most successful aggregations involve 'starting small' and growing with success. The European Union is a prime example of an evolutionary strategy, starting with a modest objective and growing over 50 years into an organization without precedent in international treaty-making. Many Aboriginal organizations can point to similar strategies. Some formal aggregation systems - such as the British Columbia system of Regional Districts - have a legislative base that provides for evolution and growth at a pace to be decided on by its members.

Make the benefits to aggregation clear, equitable and demonstrable. The various agreements surrounding aggregation should be clear on the reasons for the proposed form of collaboration chosen. Furthermore, in its operations, the aggregated element should go to great lengths to demonstrate the benefits being achieved. A corollary is that the benefits have to be shared equitably among the members. This should be reflected in a host of decisions and policies from the location of the headquarters to hiring practices to meeting locations.

Place high priority on being accountable to member organizations. Giving up local autonomy is not easy. It is not surprising that aggregated bodies always have an uphill battle to 'prove themselves'. Further there are sometimes doubts about the efficacy of expenditures or whether they could be better made at the community level. All of these factors mean that accountability and its close cousin transparency should receive ongoing attention. Some aggregated organizations do this by, among other things, having a yearly 'celebration' in the way of an annual gathering of its members over several days. Social activities are prominent but these are combined with rigorous attempts to be accountable for resources expended and decisions made.

Communicate, communicate, communicate. Successful aggregation involves ongoing and frequent communications with members relying on a variety of methods: newspapers, web sites, rotating meetings in member communities, regular reporting to Chief and Council, providing easy access to key documents such as annual budgets and audits, consulting before adopting major policy stances, and so on. Good communication is two-way communication. Any successful communication strategy will involve getting feedback from citizens, not just providing them with information.

Involve the leaders and citizens of member organizations in decision-making - The MK organization in Nova Scotia has gone to great pains to do this. While each community's Chief is a member of the MK Board of Directors, the organization has established a number of working groups to allow community "experts" the opportunity to come together and work out recurring problems and issues. Recently, MK has initiated a strategic planning process with the emphasis on each member community producing their

own plan first. Then, it held a week long symposium involving some 75 people from all of the communities to determine the MK's strategic direction and goals based on the work at the community level.

Avoid poor or mediocre leadership. No organization can have exemplary leadership all of the time but it can take steps to avoid mediocre or poor leadership. This is especially important for an aggregated organization that faces a continuing uphill battle to prove itself among member organizations. Part of avoiding mediocrity is giving careful attention to the leader selection process and to policies for hiring and retaining competent staff.

Adopt good governance procedures. Many of the above points can be achieved, at least partially, by adopting sound governance practices including a clear mission statement; conflict of interest guidelines and other governance policies; a clear relationship between the governing body and its Executive Director; effective financial and human resource policies; good risk management; transparent decision-making; and redress mechanisms, among others.

Balance choice with stability. A recurring challenge among aggregated bodies is to maintain a high quality of service to its members. This is sometimes difficult for two reasons. First, the services provided are usually 'free' and it is often difficult to manage the demand for such services. Second, members often have little or no choice in the services being provided. On the other hand, having an unfettered right to 'opt out' may lead to instability. Some aggregated arrangements have dealt creatively with these problems. One example is the BC Regional Districts, which do have an opt-out option among members for some but not for all services and only after a mediation process. A second example is the Northwestern Ontario School Board's Cooperative Services Program.

Findings from Successful Aggregation

- **Adopt an evolutionary strategy. Celebrate and build on success**
- **Make the benefits to aggregation clear, equitable and demonstrable**
- **Place high priority on being accountable to member organizations**
- **Communicate, communicate, communicate**
- **Involve the leaders and citizens of member organizations in decision-making**
- **Avoid poor or mediocre leadership**
- **Adopt good governance practices**
- **Balance choice with stability**

Conclusions

The following are the principal conclusions of this handbook.

1. There is a long history, predating European contact, of collaboration among Aboriginal peoples. More recently, over the past half century, aggregation in the form of political advocacy organizations has paid rich dividends in terms of increased clout, unity and pride. There has also been considerable experience with establishing special purpose bodies like tribal councils and police forces to provide services, either to First Nation citizens or to First Nation governments.
2. Despite this long history, achieving appropriate aggregation in self-government agreements will be a difficult challenge because of the fear among First Nations of losing local autonomy and for other costs associated with aggregation models. For this reason, an evolutionary strategy might be in order. Therefore, self-government negotiators should try to fashion agreements that leave room for growth and change in aggregation structures and processes rather than try to 'nail things down' in a final agreement.
3. Among aggregation structures it is useful to identify five: single tier governments; two-tier governments; special purpose bodies with legislative powers; special purpose bodies without legislative powers; and power-sharing through treaties as in the case of the European Union. Of these, First Nations have had extensive experience with the two models involving special purpose bodies.
4. In thinking about aggregation, self-government negotiators would do well to consider the various functions to be assumed by the Aboriginal government. Three such functions - regulation, financing government through taxation and borrowing and the administration of justice - are ones in which few First Nations have had extensive experience because of limitations of the *Indian Act*. These functions, especially the regulatory one, may present compelling cases for aggregation, cases that rest less on achieving capacity or economies of scale and more on effecting sound governance.
5. There are no perfect solutions or an optimum size of government. Aggregation involves benefits and almost certainly costs. The challenge in designing aggregation models for self-government purposes is to maximize the benefits while keeping costs within acceptable bounds. The purpose of this handbook is to help negotiators do just that.