

Urban Aboriginal Economic Development National Network



Background Brief: Peace Hills Trust Company

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About the Urban Aboriginal Economic Development Network: The Urban Aboriginal Economic Development National Network is an open and inclusive multi-stakeholder network of researchers and practitioners working in urban Aboriginal and Métis communities. This includes organizations, universities, federal/provincial/municipal and Aboriginal governments, private industry, community groups, and NGO's. The network's focus is on mobilizing economic development knowledge and strengthening organizational capacity.

This paper can be found on the network website: <http://abdc.bc.ca/uaed>

Peace Hills Trust Company

Peace Hills Trust Company (Peace Hills) has a mission “of operating a full service trust company on a national basis with an emphasis on First Nations communities” (Peace Hills 2007, 22).

Peace Hills presents itself as “Canada’s first and largest First Nation Financial Institute” (Peace Hills. Welcome). It was established and federally incorporated under the *Trust Companies Act of Canada* in 1980 and is registered in the jurisdictions of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Yukon Territory, and Northwest Territories.

As a financial institution, Peace Hills is approved as a lender by the Canada Mortgage and Housing Corporation (CMHC), the *Small Business Loans Act*, and the First Nations Market Housing Fund (FNMHF).

Peace Hills also officially administers government-issued Aboriginal Pension Plan Funding and the services of the National Aboriginal Capital Corporation Association (NACCA). NACCA is a network of Aboriginal Financial Institutions, which support Aboriginal businesses with a strong focus on economic development through lending services.

Furthermore, Peace Hills is a member of numerous financial associations and entities. The Canada Deposit Insurance Company (CDIC), a federal Crown Corporation since 1967, insures deposits entrusted to Peace Hills. The North American Native Bankers Association is an association of Native financial institutions. The Trust Companies Association of Canada, Canadian Payments Association, Risk Management Association, Interac, and CIRRUS also count Peace Hills as a member.

Samson Cree Nation of Hobbema, AB owns and operates Peace Hills. Their financial services are offered to on- and off-reserve First Nations people, corporations, institutions, associations as well as non-native people. With a Head Office in Hobbema, a Corporate Office in Edmonton, eight Regional Offices in various parts of the country, and the availability of electronic services, Peace Hills does business Canada-wide. A total of 120 employees serve over 20,000 clients.

Corporate Governance

Peace Hills business operations are managed and supervised by a twelve member Board of Directors. Directors are appointed by the shareholder, Samson Cree Nation, and feature band members and independent members with financial, legal, political, and business expertise. The current Chair is Warren W. Hannay, the Vice Chair Rose Saddleback. Providing guidance and supervision, the Board delegates the management of the company to Peace Hills Officers, Gerald Kinsella, the President and CEO, and David Boisvert, Vice-President of Credit and Operations, with a focus on achieving strategic goals and protecting the value of the company. Members of the Board serve on one or more of five committees. The Executive Committee with five members has been given all powers of the Board where legally possible and is in charge of succession, hiring, and compensation decisions. The Audit Committee features three Board

members who are not affiliated with the shareholder. It is the responsibility of the Audit Committee to review and control internal procedures and certain transactions. The Investment Committee, whose four members are neither Officers nor employees of Peace Hills, monitors investment practices. The three member Conduct Review Committee has no affiliation or employment with the company and annually reviews transactions and develops review procedures. Finally, the Loans Committee currently features five members who determine credit limits, award exceptions, review problematic loans, decide on the portfolio composition, and generally oversee lending practices.

Peace Hills Services

Peace Hills services are categorized in *business*, *personal*, and *First Nations* services. Business services are tailored to small to medium sized businesses and include deposit services, such as chequing and cash management accounts offering a line of credit as well as various deposit and payment services. All transaction costs are covered by an annual operating fee, which is a percentage of the credit limit. Lending services to business clients are available to First Nation and non-Native clients and include financing for projects which have been reviewed for feasibility. Terms are flexible, and variable and fixed rates are competitive for both loans and commercial mortgages for certain types of property. Electronic banking services allow Customer Automated Funds Transfer (CAFT) and Electronic Data Exchange (EDI), which enables First Nations to take advantage of government payment systems.

Personal services include common features of personal banking, including loans and mortgages. First Nations services are “focused on serving the needs of First Nations Administration, Businesses and Entrepreneurs” (Peace Hills. First Nations). Business services for First Nation clients are the same as the general business services described above. In addition to those, Peace Hills offers its First Nation customers on-reserve housing programs, which are CMHC insured. The programs refer to two sections of the *National Housing Act*. Section 95 “provides loans to First Nations to develop Band-owned housing” with CMHC-subsidized interest rates; section ten provides “loans to First Nations or their members to develop and own houses” (Peace Hills. First Nations. Housing).

As mentioned earlier, another aspect of Peace Hills’ First Nations housing services is the facilitation of the FNHMF. The FNHMF intends to realize the value of individually-owned on-reserve property. The federal program was initiated in April 2007 with a fund of \$300 million towards adjusting the real estate value disparities experienced by First Nation individuals on-reserve. Residents of First Nations communities are to be provided with housing choices and opportunities equal to those off-reserve and for non-Native Canadians. FNHMF addresses the problems created through common ownership and real estate equity limitations based on the *Indian Act*. Moreover, FNHMF aims at capacity building through training and education for communities and individuals to improve First Nations’ ability to participate fully in market housing projects. Participating lenders are BMO Bank of Montreal Aboriginal Banking, Peace Hills, Vancity Savings Credit Union, Envision Financial, Desjardins Group, and the Anishinabek Nation Credit Union.

A further service tailored to First Nations needs is a program in direct response to Residential School Claims. Peace Hills offers Residential School Claim financial counseling and a specialized savings account to ensure that recipients of compensation maximize the benefits for themselves and their families.

Other initiatives include a number of scholarships and bursaries in partnership with educational institutions: A \$1,000 Peace Hills Trust Scholarship goes to the First Nations University of Canada; the Northern Alberta Institute of Technology receives a \$1,000 Peace Hills Trust Bursary; the University of Alberta awards the \$2,000 Gerry Webber Peace Hills Trust Bursary; and at the University of New Brunswick Peace Hills grants a \$1,000 Peace Hills Trust Scholarship Award. Since 1982, Peace Hills also holds an annual Native Art Contest to support and promote Native art Canada-wide and to create a sense of pride in Native culture.

On their website, Peace Hills list sites of interest for First Nations communities, individuals, and businesses as resources for networking, government funding, and links to groups, organizations, and departments offering services of interest to First Nations people and communities.

Peace Hills Trust and Urban Aboriginal Economic Development (UAED)

Successful, profitable banking services with a focus on First Nations, intricate knowledge of the legal situation of First Nations and their members, and services tailored especially to them are valuable tools in Aboriginal economic development. Peace Hills offers knowledgeable services and directly addresses First Nations needs. Even though, they do not specify urban or rural scenarios, and put emphasis on the on-reserve housing situation, the company provides important funds and services to support Aboriginal economic development. Peace Hills aims at delivering mainstream financial services and making them accessible to First Nations people and businesses. In a UAED context, this is a valuable example to learn from and a tool to access funding for sustainable economic activities. The fact that Peace Hills is active in the entire country ensures its usefulness to many communities in any location.

Peace Hills' delivery of government funding shows how a corporation can facilitate access to monies and contribute to the strategic distribution of available funds. In their *2007 Annual Report*, they provide success stories of their clients. This kind of sharing allows for learning experiences in other communities. The examples show successful communities and businesses. Through job creation and improved services and infrastructure, urban community members also benefit from community business activities. In addition, success stories of individuals lend encouragement to individual members of urban Aboriginal communities and point out a way for them to become successful entrepreneurs.

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<http://www.peacehills.com/>

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