

ABORIGINAL PEOPLE IN CANADA

Growing Mutual Economic Interests Offer Significant Promise for Improving the Well-Being of the Aboriginal Population

Executive Summary

The plight of Aboriginal people in Canada has been well-documented. Many struggle to acquire even the most basic necessities and suffer from poorer health outcomes and lower education levels. But despite the significant barriers that remain in the way of significant social progress within the Aboriginal population, we believe that the winds of change may have started to blow in the right direction. At the core of this optimism is the growing alignment of economic interests between Aboriginal people and the nation's non-Aboriginal business community. But, as well, the economic overlap has carried over to the broader public awareness in Canada:

- Underpinned by recent court decisions, Aboriginal communities are increasingly seeking out opportunities in the market economy;
- There is a rising recognition among Canadian companies that employing Aboriginal people and partnering with Aboriginal Communities is a smart business strategy. In particular, many employers are worried about longer-term structural labour shortages and actively looking at solutions. One avenue is making more effort to connect with under-represented populations and groups such as Aboriginals;
- The federal and provincial governments are increasingly linking addressing Aboriginal education and social issues with Canada's future prosperity challenges. This fact has been underscored by the research of economists, who have calculated the closing the education gap could yield huge improvements in economic activity and fiscal positions.

We believe that the nature of these reinforcing mutual economic interests across Aboriginal people, the business community and the government sector offers significant potential for transformative change.

Some positive shifts by governments

The latest Census data (2006) indicate that Aboriginal people have been making up some lost ground in terms of labour market performances. Yet this good news loses some of its shine when other elements of the data are considered. For one, there was evidence that the convergence in outcomes is not being recorded uniformly, and notably, within many First Nations on-reserve communities. And, second, the gap in educational attainment, both on- and off reserve, remains substantial.

Consensus has formed around the notion that closing the gap in high-school graduation rates between Aboriginal people and other Canadians will be critical to addressing the economic and social challenges of the Aboriginal population. This is because the largest income differentials are found to be suffered by those individuals that fail to receive Grade 12. In this regard, the resource boom that ended in mid-2008 had a downside since it likely convinced many young Aboriginal people to forgo a formal education in order to seek good income. But the resource sector is cyclical and when it declines, as has been the case lately, there is little on which to fall-back on without the broader, higher education.

In the study, we discuss some recent promising shifts in education, including the series of tripartite agreements signed between First Nations, the provincial and federal governments in both British Columbia and New Brunswick, the Sunchild e-learning program in Alberta and some other promising initiatives that are aimed at making education "relevant" for Aboriginal people. A number of post-secondary institutions, such as the University of Winnipeg, have developed creative programs and services that have been widely applauded.

These developments represent a step in the right direction, but significant challenges remain. For one, concerns

about funding – notably federal allocations for band schools that appear to fall well short of the government assistance for provincial schools – continue to impede progress. There are also some key areas that have not received substantial focus, namely adult education, or may not be gaining the desired traction, such as private sector take-up of co-op programs for Aboriginal students. We highlight one particular program developed by Toronto's Pathways to Education that could provide valuable lessons to addressing the education challenge of Aboriginal people.

The calls for increased federal funding remain loud, but fears that Aboriginal challenges might fall off the radar screen completely have been eased to some extent by announcements in the 2009 federal budget. The budget included a \$1.4 billion down-payment targeted at Aboriginal skills training and infrastructure. The federal government is currently working on a new Policy Framework for Aboriginal Economic Development, which almost certainly target needed changes to the *Indian Act*. The constraints imposed by the *Act* are widely considered among the largest barriers to economic growth on-reserve.

Court decisions positive for Aboriginal communities

In many regards, the economic and social challenges facing Aboriginal people are a Catch 22. Education is deemed necessary to open up economic opportunities. Yet without opportunities, the motivation to earn and receive education is dampened. Undeniably, the economic fortunes of many Aboriginal communities received a major shot in the arm from the 2004 Supreme Court decisions, which established that governments have a legal obligation to consult with Aboriginal people about possible resource development projects where required and to accommodate potential adverse impacts. The impact of those landmark cases reverberated through the resource sector and turned the heat up on federal and provincial governments to settle outstanding land claims and develop modern treaties with Aboriginal communities.

Renewed spirit of entrepreneurship

These court cases have coincided with another key development – an increased desire among the Aboriginal population to participate in the market economy. It has been estimated that as many as 27,000 businesses are currently operating on- and off-reserve. While many of these businesses are closely linked with the resource sector, other important industries – from airlines, to business services,

to manufacturing supply – are being increasingly represented by Aboriginal entrepreneurs. Business owners are seeing opportunities to fill the gaps that have been opened up by past market failures. For example, a shortage of available credit has been a particular issue, particularly on-reserve. As a result, some 50 Aboriginal Capital Corporations and financial institutions have stepped up to take up some of the slack.

Similarly, the emergence of Aboriginal business enterprises has been widespread through the country, even if the buzz has been most significant in the resource based regions of north and western Canada. In particular, many Inuit and First Nations communities north of 60 degrees have seen their economic fortunes improve due to booming diamond, energy and mineral sectors. The excitement about the potential for investment opportunities in the north has been further fuelled by the talk about the Arctic becoming Canada's next frontier.

Aboriginal enterprises are increasingly thinking big when it comes to business opportunities. In November 2008, a delegation of Aboriginal business leaders went on a 12 day trade mission to China. The event, which was well received by the hosting country, culminated in a memorandum of undertaking (MOU) signing at a press conference in Beijing on November 13, 2008.

An important catalyst for the emergence of Aboriginal enterprises is their growing belief that they can move into the mainstream economy without sacrificing their core values. Chief among these values is the protection of land and the environment. For example, in recent years, Aboriginal entrepreneurs are beginning to make a real mark in establishing environmentally-focused ventures in areas such as renewable and alternative energy development, which offer substantial opportunities for growth over the longer run. Within the energy sector, emerging technologies – such as run-of-the-river used for hydro development – are helping to reduce environmental impacts and, thus, foster Aboriginal involvement.

Smart business for the private sector

With the support of renewed government investment in areas such as education and skills training, Aboriginal business ventures are starting to take off. But the most exciting opportunities of all are occurring when Aboriginal partnerships with the non-Aboriginal business community are developed. There is the potential for large mutual benefits under these budding arrangements. Aboriginal businesses

can benefit from the deep pockets, experience and talent of the broader private sector. Non-aboriginal companies are increasingly recognizing intrinsic value in strengthening ties with Aboriginal peoples as partners, potential employees and/or customers.

Not surprisingly, the drawing power of partnerships is particularly evident in the resource sector in light of the legal requirement to consult and accommodate. But firms recording success have been choosing to go beyond the legal minimum by developing solid relations with First Nations through partnership, employment opportunities and community involvement. Rather than beginning formal relationships with Aboriginal communities late in a project's regulatory cycle, many companies are pro-actively entering into impact benefit agreements.

Aboriginal people are increasingly seeking more than just investment in training and infrastructure in their communities from these partnerships, but direct equity stakes in the projects. Case in point is First Nations Bank of Canada (FNBC), which was set up as a collaborative venture between T.D. Bank Financial Group, the Saskatchewan Indian Equity Foundation and the Federation of Saskatchewan Indian Nations. In 1996, FNBC became Canada's first Aboriginal-owned chartered bank and by 2007, had five branches in western and northern Canada. Two years ago, FNBC carried out a successful private-placement share offering that resulted in Aboriginal ownership increasing to 80.2% on a fully-diluted basis.

Over the past year, there have been some headline-grabbing announcements that highlight the growing relationship between the private sector and Aboriginal communities. The joint venture unveiled between Sprott Resource Corp and First Nations in Saskatchewan and Alberta (One Earth Farms) and the launch of Aboriginal-themed investment funds by Vancouver-based RCI Capital Group and former Prime Minister Paul Martin are just some of the more recent developments.

The growing requirement that companies operate in a socially responsible way has been a key driver of the increased engagement between Aboriginal and non-Aboriginal businesses. The Canadian Aboriginal and Minority Supplier Council (CAMSC) is a non-profit organization comprising of an impressive list of large corporate members that – among other objectives – aims to boost eco-

nom ic development efforts and employment among Canada's disadvantaged Aboriginal and Minority populations.

Undoubtedly, developing strong partnerships with Aboriginal companies has proved challenging, due to the significant cultural differences and the considerable diversity across the various Aboriginal groups. For example, in the Corporate Knights Aboriginal Relations ranking of resource industries, it was found that while many companies have policies in place to ensure constructive relations, others maintained "a dated frontier mentality". Only 3 of the 28 companies examined have an aboriginal representative on the board of directors.

Another challenge is inadequate labour market information. Even taking into account the key barriers of lower education outcomes and remote location of Aboriginal communities, opportunities for matching growing Aboriginal labour supply with business demand are being missed. The Census data, which are the only source of on-reserve employment information, are incomplete which is problematic. It will be a tall order to adequately address Aboriginal issues unless the dimension of the problem is known and until progress can be effectively measured. All parties, notably AFN and Statistics Canada, are urged to collaborate on this issue in the best of faith.

The bottom line

The nature of this reinforcing mutual economic interest across Aboriginal people, the business community and the government sector offers significant potential for transformative change. This momentum must coincide with increased efforts by government to clear away the various impediments to economic and social progress that exist, notably the low rate of high-school completion recorded by Aboriginal people, especially on-reserve. Some of the recent developments within government circles are encouraging, but these efforts must continue to build well into the future.

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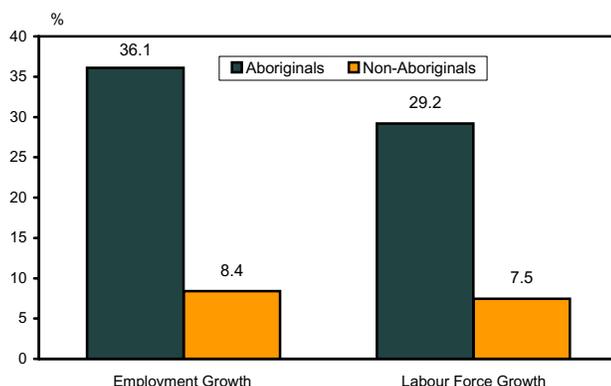
We are hopeful that the winds of change may have started to shift in the right direction for the Aboriginal people of Canada. Instrumental in this recent swing has been the growing alignment of economic interests between the Aboriginal population and the country's business sector. Underpinned by the momentum of recent court decisions and the heightened recognition that better income prospects will help themselves and their communities, Aboriginal people have been showing an increased interest and readiness to become involved in the market economy. This development has not only been reflected in the higher participation of Aboriginal Canadians in the resource sector, but a growing display of entrepreneurship across all walks of the economy.

At the same time, the non-Aboriginal business community is increasingly seeing the economic benefits of dealing

HIGHLIGHTS

- In recent years, the economic interests of Aboriginal people and the non-Aboriginal community have become increasingly in sync ...
- ... auguring well for a meaningful improvement in economic and social outcomes of the Aboriginal population.
- Rising labour market participation and growing display of entrepreneurship among Aboriginal people evidence of growing interest and readiness to become involved in the economy.
- The business sector is increasingly seeing that successful relationships with Aboriginal people help expedite resource projects, tackle labour shortages and help to build client bases.
- There is rising awareness in Canada that more self-reliant Aboriginal communities will reap big dividends to all residents in terms of higher government revenues, lower social services costs and increased productivity in Canada.
- Weaker education attainment among Aboriginal people remains a major impediment to economic success, although governments are onto some promising shifts on this front

JOB MARKET PERFORMANCE OF THE ABORIGINAL IDENTITY POPULATION, 2001-2006

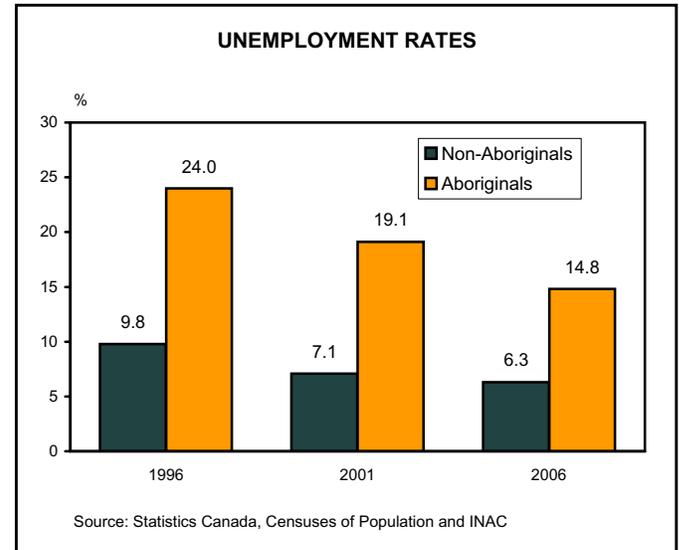


Source: Statistics Canada, Censuses of Population

more directly with the Aboriginal communities. There has always been a moral and social case for helping these communities to overcome their challenges. It has been about human decency and respect for the role that Aboriginal people have played in Canadian history and continue to

play in the nation's culture. However, in recent years, the economic dimension has become a particularly powerful force in driving companies to seek partnerships with the young, growing and increasingly entrepreneurial Aboriginal population. Successful relationships with Aboriginal people can translate into expedited resource-development projects, a rising labour supply to counter worries about longer-term skills shortages and the potential to further build client bases. At the highest level, there has been a growing awareness among Canadians that more self-reliant Aboriginal communities will reap dividends for all residents in terms of higher government revenues, lower social service costs and increased productivity.

The nature of these reinforcing mutual interests may offer the greatest potential of all for positive change. Undeniably, this momentum must coincide with increased efforts by government to clear away the various impediments to economic and social progress that exist, chief among them the low rate of high-school completion recorded by Aboriginal people, especially on-reserve. But even there, the federal and governments are onto some promising shifts



that – if sustained – could pay off in the future. We chronicle some of these developments on pages 7-13.

Official stats provide some grounds for optimism

Our point of departure is a brief assessment of how

Canada's Aboriginal Peoples – 2006 Census Facts¹					
	First Nations	Inuit	Métis	All Aborig.	Canada
Total Population					
% Change (01-06)	14.6	12.0	33.3	20.1	5.4
% Change (96-01)	15.1	12.1	43.2	22.2	3.9
Age Distribution of Group (%)					
0-14	32.2	35.1	25.3	29.7	17.9
15-64	63.2	61.3	69.6	65.4	69.1
65+	4.6	3.7	5.1	4.8	13.0
Median Age	25	22	30	27	40
Labour Market					
% Change in Employment (01-06)	28.6	19.3	49.1	36.1	9.0
Participation Rate	58.9	61.3	70.1	63.1	66.8
Employment Rate	48.3	48.9	63.1	53.8	62.4
Unemployment Rate	18.0	20.3	10.0	14.8	6.6
Median Earnings (2005) ²	34,209	44,440	39,784	36,944	41,401
% Change (00-05)	1.6	12.9	7.6	6.3	0.1
Education					
% Less than High School	48.4	60.7	34.6	43.7	23.8
% High School	19.9	13.5	25.6	21.8	25.5
% At least some Post Secondary	31.7	25.8	39.8	34.5	50.7
of which: % College	13.2	12.0	16.9	14.5	17.3
% University	5.2	2.7	7.0	5.8	18.1
% Other ³	13.3	11.1	15.9	14.2	15.3

¹ All figures for 2006 unless otherwise indicated.

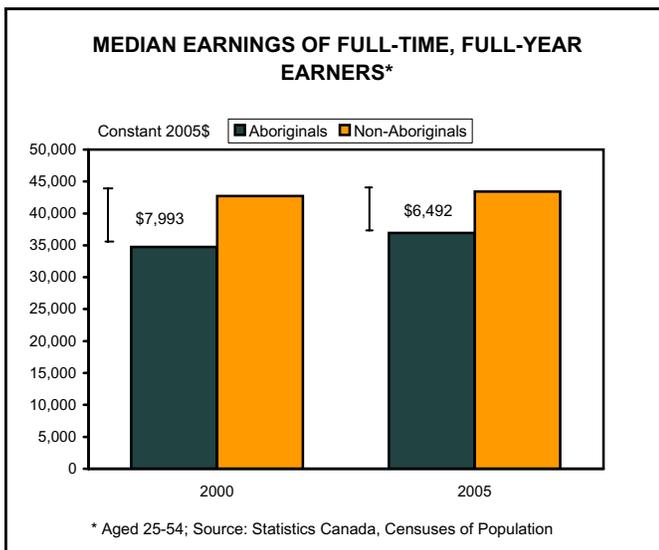
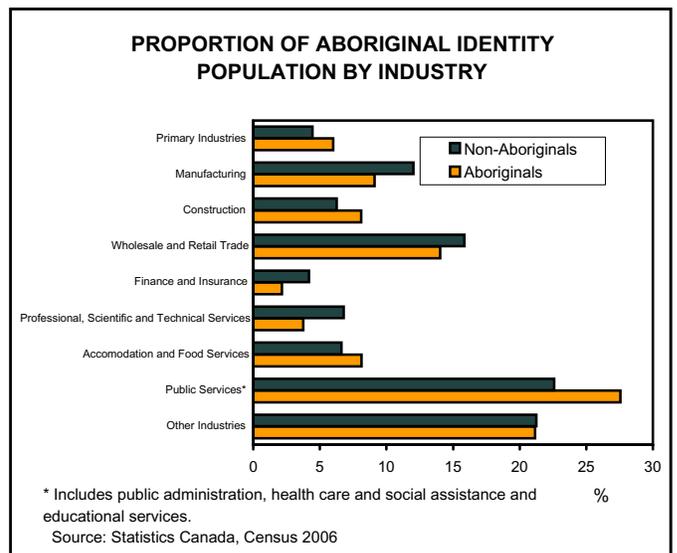
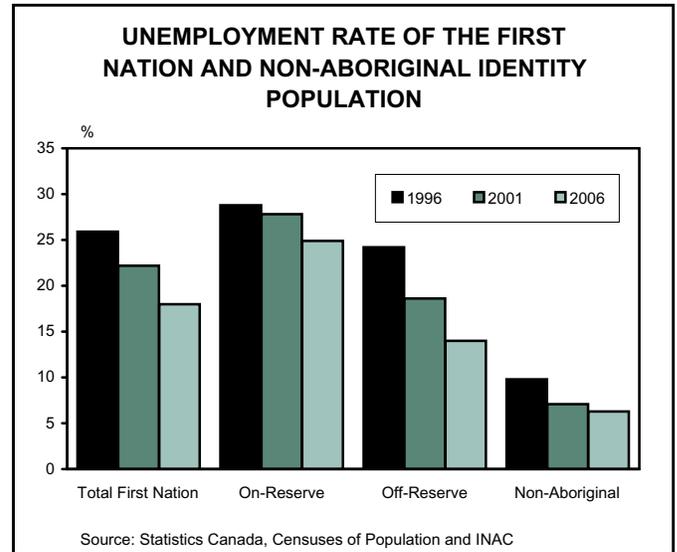
² Median earnings of those who worked full-year, full-time, aged 25 to 54. Earnings are expressed in constant 2005 dollars.

³ Includes apprenticeship or trades certificate or diploma or university certificate or diploma below bachelor level.

Source: Statistics Canada, Censuses of Population

Aboriginal people have recently fared in terms of labour market, income and education performances. Here, we turn to the 2006 Census results, which provide the most comprehensive snap shot.¹ Key highlights are summarized below and in accompanying tables and charts.

- *Aboriginal population is very young and growing fast* – led by growth in the number of people that identify themselves as Métis, the combined rate of population growth of Aboriginal people was four times that of non-Aboriginals. In fact, in 2006, more than half of the total Aboriginal population was under the age of 30 years and about one-third were under the age of 14 years. The population share of Aboriginal people reached a nation-high 15% in both Manitoba and Saskatchewan. In the territories, however, Aboriginal people make up an even larger 25-85%
- *Gap in labour-market outcomes between Aboriginal people and other Canadians continues to narrow* – spurred by a robust gain in the number of Aboriginal people employed, average unemployment rate within the Aboriginal population continued to tumble between 2001 and 2006. Still, with jobless rates also falling nationally, the respective gap with non-Aboriginal Canadians fell only modestly, from 9 percentage points in 2001 to 8.5 percentage points in 2006. With much of the improvement reflecting gains among older Aboriginal Canadians, those under 25 years continued to record an extremely high jobless rate. In the case of First Nations people, the unemployment rate for that age category still hovered at almost 30%.



- *Differential in median earnings also narrowing* – mirroring the employment results, Aboriginal people on aggregate experienced faster income gains than the broader Canadian population between 2001 and 2006. For those individuals with university degrees, the income (and employment) gap has been virtually eliminated.
- *Resources the primary but not the only job generator* – the resource boom that ran until mid-2008 was a major driver of the recent strengthening in employment and wage gains. Nonetheless, the robust performance extended into areas outside of resource extraction, including construction, public services and transportation services. In some of the higher-skilled industries, such as professional services, job growth among Aboriginal

people continued to lag behind the broader population.

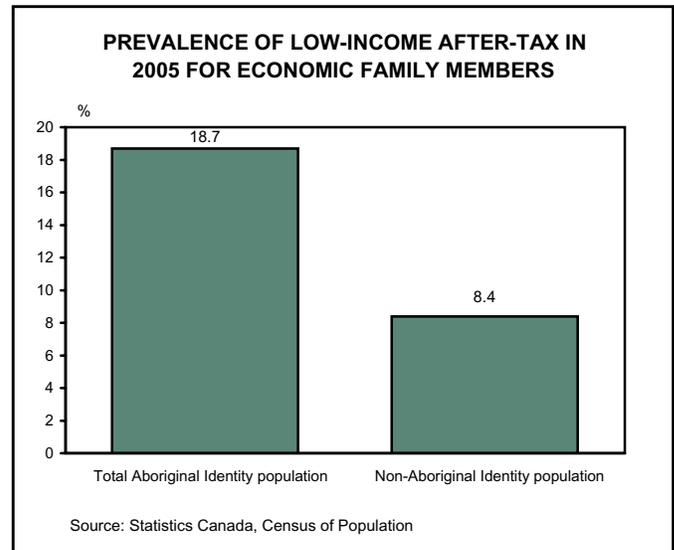
These results, by and large, represent an intensification of longer-term trends witnessed since the 1960s or 1970s. Unfortunately, the good news loses some of its shine when other elements of the data are taken into account:

- *Still-wide gap in high school completion* – although the share of Aboriginal Canadians that have completed at least high school grew between 2001 and 2006, the growth was not enough to keep pace with that of the non-Aboriginal population. As such the gap widened to a striking 21 percentage points and put a halt to the trend decline witnessed since the 1960s. As well, a breakdown of educational attainment by age group shows a slowing improvement for younger age cohorts than older ones, which is a troubling trend given that these individuals will form the labour force of the future.

- *On-reserve communities falling further behind* – since Métis and Inuit peoples do not reside on reserves, an appropriate assessment of relative performance of the on- and off-reserve Aboriginal population focuses on data within the First Nations identity group (see table on the right). With the gains in incomes and education concentrated among those living in urban areas, the gap between First Nations people on- and off-reserve continued to widen. In fact, the share of individuals completing high school on-reserve actually fell in 2001-06, marking a halt to the upward trend in place since the 1960s. In contrast, the proportion of First Nations people who reside and attend school off-reserve recorded a modest increase over the same period. High-school completion rates and incomes for off-reserve First Nations individuals nevertheless remained well below their Métis counterparts, who managed to record further convergence in terms of education and labour market performances with the Canadian average during the 5-year period.

- *Social data remain particularly sobering* – Census 2006 continued to reveal little progress in improving poverty and housing conditions on-reserve. But even off-reserve, there was only marginal progress in bringing down the lofty low-income rate.

There is no shortage of caveats surrounding the Census data. For one, it is not clear how much of the growth in population and employment merely reflects an increase



First Nations On-Reserve vs Off-Reserve ¹		
	On-Reserve	Off-Reserve
Population		
% Share	43.1	56.9
% Change (01-06)	10.4	18.1
Labour Market		
% Change in Employment (01-06)	22.7	33.8
Employment Rate	39.1	54.9
Participation Rate	52.1	63.8
Unemployment Rate	25.0	14.0
Median Earnings (2005) ²	29,014	37,447
% Change (00-05)	-0.4	2.3
Education		
% Less than High School	59.8	40.1
% High School	14.8	23.7
% At least some Post Secondary	25.4	36.2

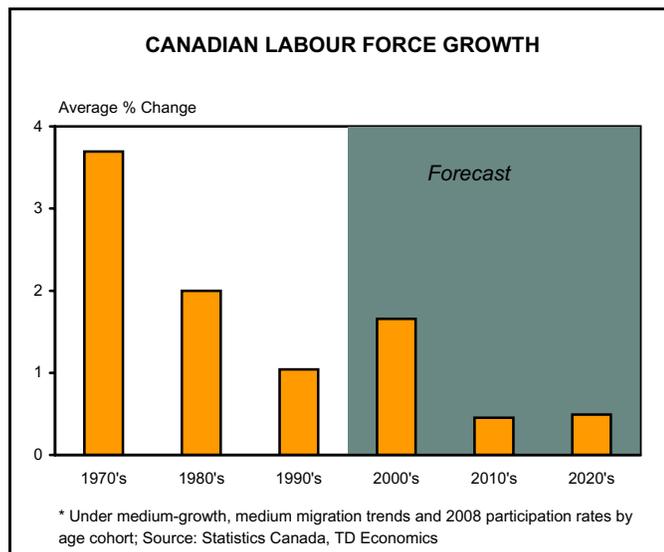
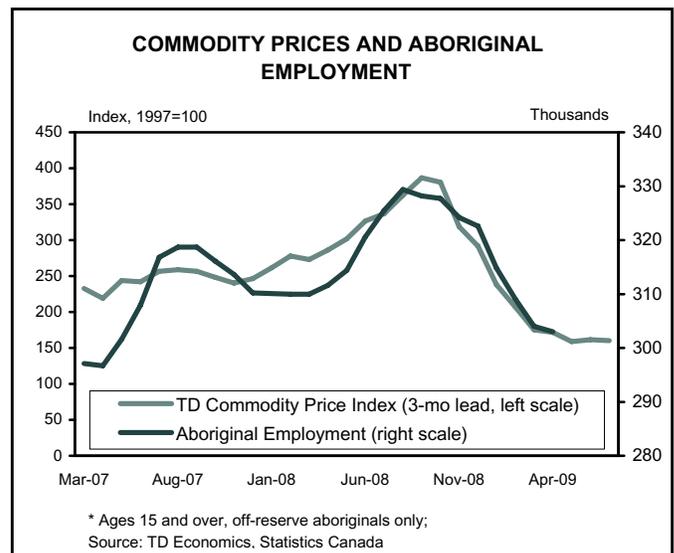
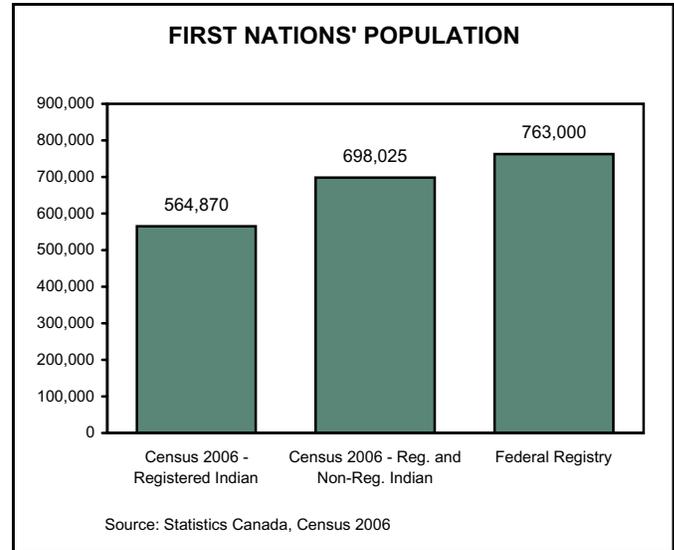
¹ All figures for 2006 unless otherwise indicated.
² Median earnings of those who worked full-year, full-time, aged 25 to 54.
 Earnings are expressed in constant 2005 dollars.
 Source: Statistics Canada, Censuses of Population

in the number of people identifying themselves as Aboriginal, especially in the case of Métis. Second, high school completion rates from the Census data are made difficult to interpret by the fact that some two in five young people living on-reserve attend off-reserve public schools. What's more, Census figures on income are on a pre-tax basis. However, income that is generated on-reserve is not subject to income (nor consumption) tax, so the gap would be narrower if comparison was made on an after-tax basis. Another factor that leads to some overstatement of the economic gap is the fact that the economic contribution of

traditional on-reserve activities (i.e., fishing, hunting and trapping) is poorly captured in the official statistics.

Above all, the Assembly of First Nations (AFN) has reasonably argued that the population data under-report the number of status Indians living on reserve dramatically – by about 200,000 people.² Their case rests on comparing the Census population count to the number of on-reserve status Indians listed on the federal registry (763,000 in 2006). As such, the AFN has pointed out that Statistics Canada’s claim – that more than half of Aboriginal people live in urban areas – does not present a true picture. Using this higher number of “status” on-reserve Indians under the *Act* and taking that as a ratio of total status Indians yields an on-reserve share of almost 60%.³

The sizeable under-coverage in the Census figures reflect the fact that 22 reserves, including some of the nation’s largest bands, refused to take part in the Census. While this missing number is down sharply from the 1996 and 2001 Census, it is still problematic. Furthermore, an estimated one-quarter of the residents on an additional 166 First Nations reserves were not counted.⁴ These information gaps speak to the need for better data. The May 2009 report on Labour Market Information builds the strong case that the issues faced by Aboriginal communities cannot be adequately addressed unless the dimension of the problem is known and until progress can be effectively measured.⁵ Clearly, it is in the best interests the on-reserve population to have as accurate a count as possible. All parties, notably AFN and Statistics Canada, are urged to collaborate on this issue in the best of faith.



Wheels of change in motion

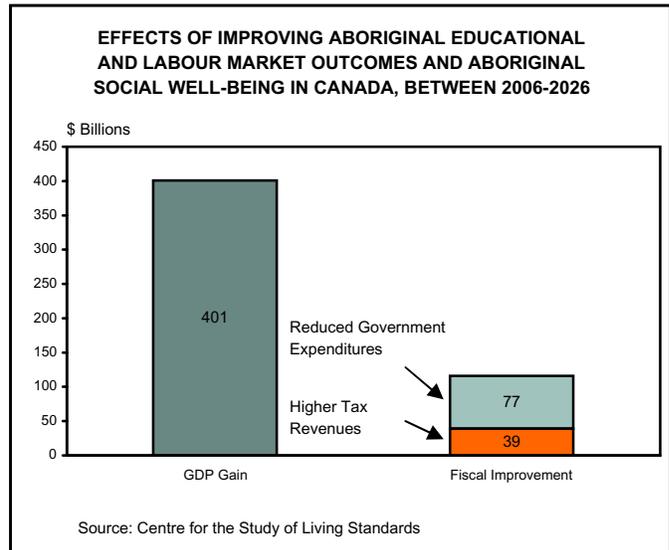
Notwithstanding some of the data challenges, the Census figures appear to show that some further headway has been achieved with respect to overall labour market outcomes and the education performances of urban Aboriginal individuals. Still, our enthusiasm is tempered by the still-low high school graduation rate – particularly for First Nations people on and off-reserve – which will continue to hold back these communities for some time. Although this trend is likely connected to the recent resource and construction booms that offered many individuals well-paying jobs without high school certification, it leaves these individuals vulnerable once the booms sour – as they have since mid-2008 – since there is little to fall back onto. At

The benefits of eliminating the education gap

In May 2009, the Centre of the Study of Living Standards (CSLS) issued a report that estimated the potential long-term benefit to the Canadian economy and to government coffers of eliminating the gap in education attainment and labour market performances between Aboriginal people and other Canadians.⁹ Their results are striking. Under a best case scenario, where the gaps are fully eliminated, real economy activity was estimated to be \$401 billion higher between 2001 and 2026 (cumulative). About \$180 billion of that increase was attributed to erasing the differential in education attainment alone, while the rest reflects the impact of erasing the Aboriginal employment rate gap and income gap at each level of education attainment.

The study also looks at the benefits derived from reduced pressure on fiscal coffers. The estimated cost of the Aboriginal population's above-average use of government services as a result of "subpar levels of social well-being" was \$6.2 billion in fiscal year 2006. Under the status-quo, that cost was projected to rise to \$8.4 billion (2006 dollars) in 2026. Not only would that cost be erased should the Aboriginal population's levels of educational attainment and labour market outcomes reach non-Aboriginal levels, but federal and provincial governments would benefit from a total revenue gain of \$5.8 billion (2006 dollars) in the year 2026. Adding these benefits together would yield a positive fiscal swing of \$14.2 billion in 2026, or a cumulative benefit of \$115 billion over the 25-year period.

While the CSLS didn't provide a breakdown of regional impacts in this report, the group did assess the importance that Aboriginal people would have on provincial job markets in an earlier work (2007).¹⁰ Not surprisingly, the effects are most pronounced in the western provinces and



the north. For example, in Saskatchewan, Aboriginal people are expected to account for all labour force growth as the non-Aboriginal component recedes. As well, First Nations people, particularly those living on reserve, are deemed to be the largest potential contributors to labour force participation and growth in the CSLS analysis.

Keep in mind that the CSLS analysis is highly-stylized. There are many factors beyond just education to consider, such as the remoteness of where many Aboriginal people live, which would tend to drive a wedge in terms of relative income performance regardless of education level. And it is heroic to contemplate the closing of such a huge education gap. Nonetheless, it is useful in highlighting the substantial fiscal and economic benefits that would be accrued to Canada from moving strongly to narrow the differential as forcefully as feasible.

the same time, the ongoing problems with poverty and other social challenges leave much to be desired.

The economic recession that has prevailed since mid-2008 is likely to more negatively affect Aboriginal people, especially those tied to the resource and construction booms, compared to the overall Canadian population. Aboriginal individuals, in general, tend to be younger with less experience and education, which put them more at risk during a period of layoffs. And, indeed, data in the Labour Force Survey (which reports monthly on the off-reserve Aboriginal population) show that Aboriginal employment has pulled

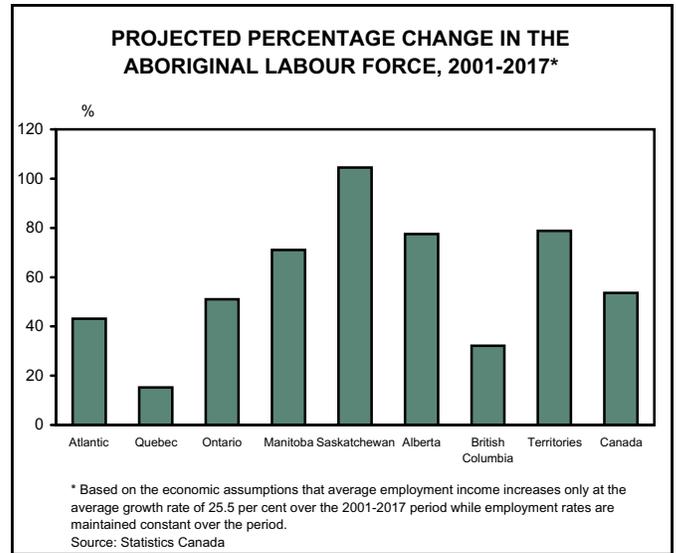
back significantly over the past year. Although we believe that both resource and overall economic conditions should improve next year, we are unlikely to go back to the outright boom observed earlier this decade, at least over the foreseeable future.

Nonetheless, we take heart in some significant developments that have been quietly taking shape over the past 4-5 years, which we believe could mark the start of a more meaningful positive transformation with respect to Aboriginal peoples' labour market and education outcomes down the road. At the core of this optimism is the emerging

alignment of economic interests between Aboriginal communities and the non-Aboriginal business sector.

- Spurred in part by growing public awareness, the federal and provincial governments are increasingly linking addressing Aboriginal education and social issues with Canada's future prosperity challenges. This shift has been assisted by the research of private-sector economists (see box on page 6);
- Aboriginal communities are increasingly seeking out opportunities in the market economy;
- There is a rising recognition among Canadian companies that employing Aboriginal people and partnering with Aboriginal Communities is a smart business strategy. In particular, many employers are worried about longer-term structural labour shortages and actively looking at solutions. One avenue is making more effort to connect with under-represented populations and groups such as Aboriginals.

These emerging trends, along with the impact of some recent court decisions, have strongly increased the chances of real longer-term economic and social progress for Aboriginal communities. We now turn to the recent key developments in each of these areas.



Governments on to some promising shifts

The last few years have witnessed some progress by governments and Aboriginal communities in strengthening the education and skill levels of Aboriginal Canadians. Research has shown repeatedly which areas of focus can achieve the best returns. **First**, turning attention to kindergarten to Grade 12 (K-12) is critical, since the largest income gaps are found to be suffered by those individuals

2005 Kelowna Accord puts spotlight on collaboration

After 18 months of roundtable consultations beginning in 2003, a multi-lateral deal was reached between the previous Liberal government, Provincial and Territorial First Ministers and National Aboriginal Leaders in November 2005 to take immediate action in four areas: health, education, housing and relationships. As well, enhancing economic opportunities was set as a key priority. Key highlights of the agreement included the following:

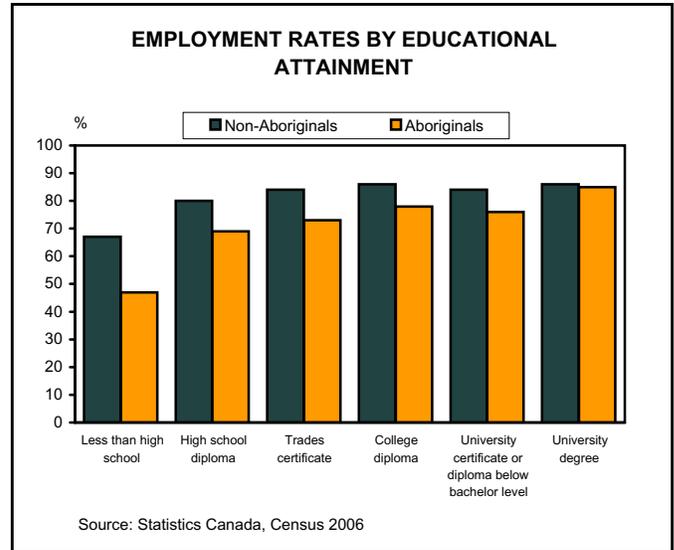
- A 10-year commitment to closing the gap in the quality of life between Aboriginal peoples and other Canadians, including the differential in high school education attainment.
- Broad indicators and an annual Forum of Ministers will be used to monitor the progress on a regular basis.
- The deal outlined \$5 billion in spending over 10 years, but did not clarify the distribution across the various stakeholders.

The agreement was seen as a major step forward by Aboriginal leaders and governments. The Liberal government subsequently fell in 2006 before legislation could be passed in Parliament. The newly-elected Harper government indicated that while it supported the targets set out in the agreement, it did not support the funding approach. In 2007, a private members bill (Bill C 292, *An Act to Implement the Kelowna Accord*) was passed by all the opposition parties. However, private members bills cannot contain an expenditure of public funds. The Harper government has argued that it has already surpassed the Kelowna funding levels through commitments unveiled in recent budgets.

Critics argued that the framework lacked specifics and merely represented throwing money at the problem rather than affecting real change. What is undeniable, however, is that it brought the issue back to the front pages of the newspaper and represented a strong display of collaboration across governments and Aboriginal leaders.

not completing high school. Studies have also shown that post-secondary participation rates among Aboriginal people that finish high school are as high, or even higher, than the Canadian average.⁶ **Second**, priority has been placed on improving the dismal outcomes on-reserve, and in particular, looking at new models of delivery. According to some researchers, the approach that has been followed since residential schools were finally closed in the 1980s – whereby education is delivered by individual local bands, rather than through school boards, and funded federally – has not generated the desired results.^{7,8} The high migration of Aboriginals between on- and off-reserve, with the latter falling under provincial jurisdiction, has also spoken to the need for greater collaboration between the two levels of government and First Nations communities. And, **third**, a main determinant of the success of students in K-12 is the inclusion of parents in the education of their child and their attitude towards education. Although investments earmarked towards adult education would be helpful in achieving this end, significantly altering education attainment levels of Aboriginal parents will face many obstacles. In the meantime, there must be recognition that Aboriginal students do not have the advantages many non-Aboriginal students have. Whether parents have PSE is an important determinant of young peoples’ education path. This works through both income and non-income influences.

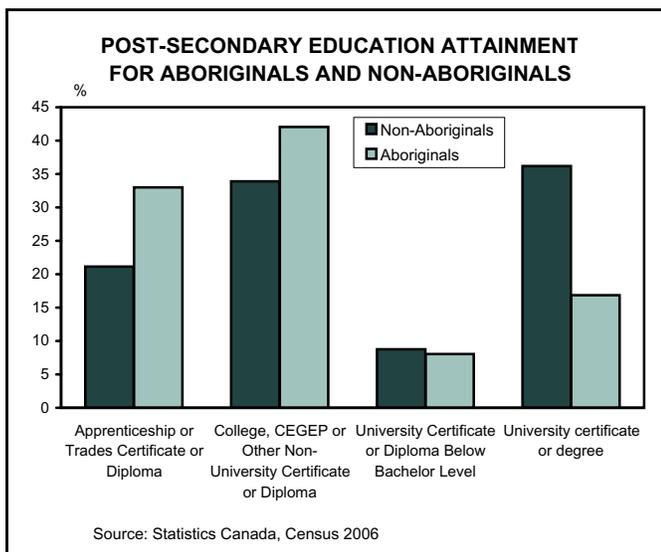
In recent years, the federal and provincial governments have increased their focus on these key areas, primarily the first and second ones. One model that appears to offer potential is being developed in British Columbia. In 2006, the Province of B.C., the federal government and



First Nations Education Steering Committee entered into a series of tripartite agreements that recognized the jurisdiction of First Nations in the province over K-12 education. The agreement recognized the right of participating communities to make laws with respect to education, teacher certification, school certification and the establishment of education standards. It would also allow for the creation of Aboriginal education authorities, provided that a minimum of 12 bands participate.¹¹ The authority would be funded by diverting federal money from participating local band councils.

Closing the gap in education forms one pillar of the *B.C. Transformative Change Accord (TCA)* of 2005, which also sets out to work with the federal government and First Nations partners in health, economic opportunities and housing. The 10-year TCA was established in the wake of the 2005 Kelowna First Ministers’ meeting (see box on page 8). Similarly, B.C. entered into the 2006 Métis Nation Relationship Accord which is also committed to closing the social and economic gaps for Métis people in B.C. In 2008, following B.C.’s lead, New Brunswick First Nations, the Province of New Brunswick and the federal government signed a Memorandum of Understanding to work together to improve the education outcomes of First Nations students in band-operated and public schools in the province.

Despite the potential merits of the B.C. and New Brunswick agreements, the pace of progress has been disappointingly slow.^{12,13} In addition to usual multi-jurisdictional challenges, buy-in has been impeded by negotiations over financing and insufficient federal funding. Notably, it has

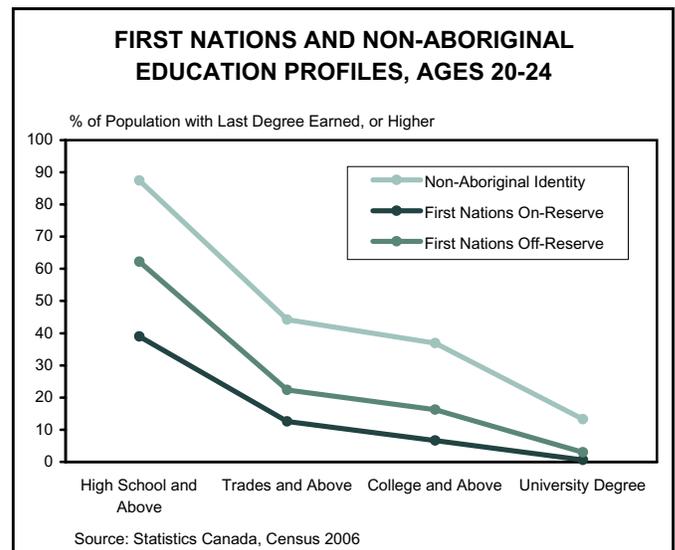
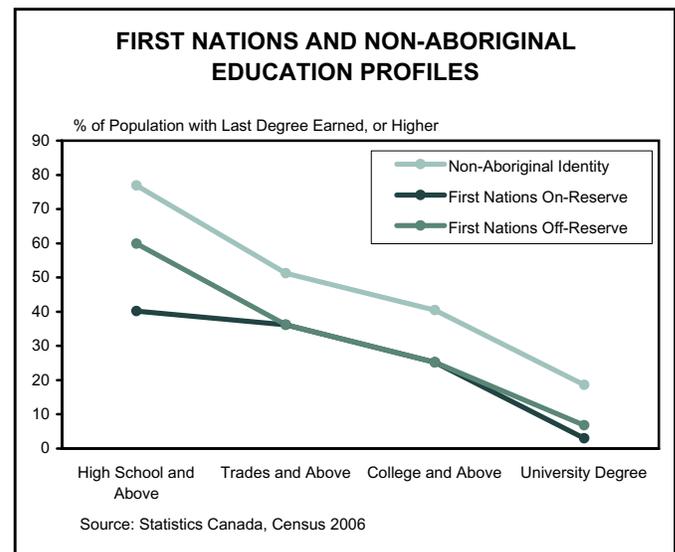
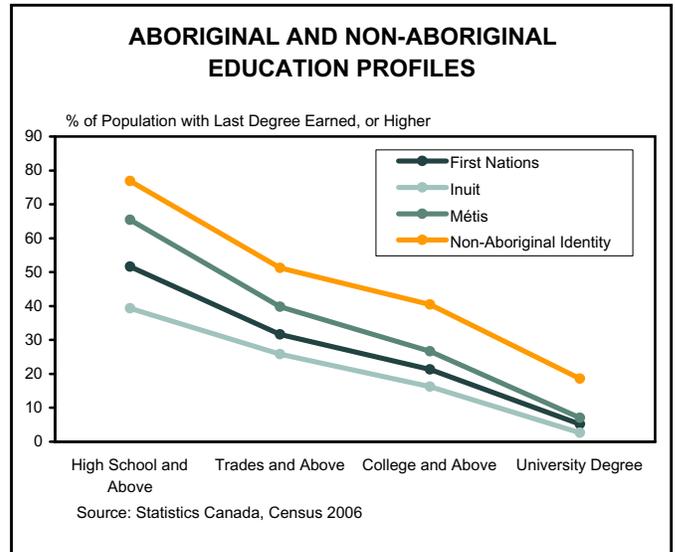


been commonly argued that federal funding for on-reserve education has fallen short by \$1,000-2000 per student compared to that provided under the provincial system. The AFN has documented that this shortfall is as much as \$5,000 per student, and on some reserves, is even higher. In any event, the confusion over funding levels must be resolved and appropriate action taken.

Elsewhere, other models are emerging that help to address the high cost of servicing education in remote communities. The award-winning Sunchild E-learning model, which was developed in Alberta in the late 1990s, has enjoyed particularly rapid growth in recent years.¹⁴ This on-line program mimics a classroom environment. Students, which are expected to be logged onto the computer during class-time, can speak to the teacher at any time through text messaging or microphone. Those that miss class time are able to get caught up through archived classes. One of the best aspects is that teachers can operate from anywhere in Canada, which helps to tackle the problem of teacher shortages on reserve.

A common thread of many of the successful on-reserve programs is that they make education “relevant” for the band’s youth. And by this concept we mean an appropriate curriculum, culturally informed teachers, a school that is equipped with the resources to deal with social challenges, et cetera. In the 2001 Aboriginal Peoples Survey, about one-quarter of males and one in six females decided to leave school because of boredom.¹⁵ One in five males dropped out because of employment opportunities and one in four females cited pregnancy. While many of the high-school drop-outs return to schooling later in life, for others, the time that lapses outside of the education system becomes a growing barrier. Recognizing that many Aboriginal youth won’t require formal post-secondary education (PSE) in order to meet their aspirations for employment in the construction or resource sector, schools are beginning to experiment with vocational training into their curriculum.

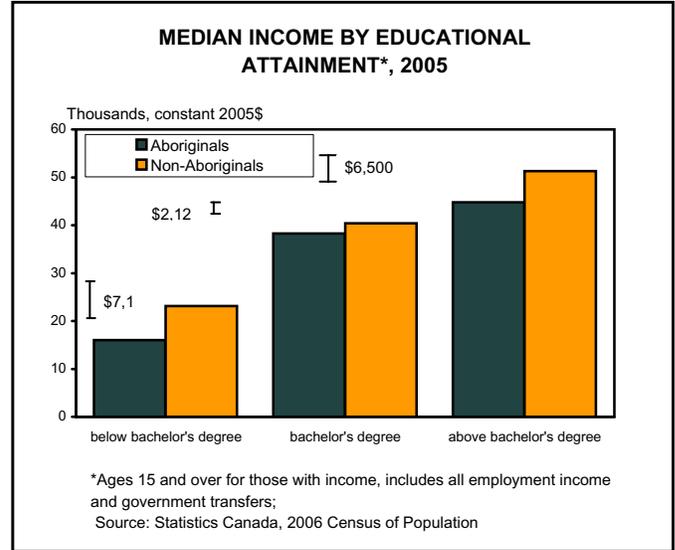
In view of the fact that high-school completion rates of Aboriginal people in the provincial school system also lag behind, there has been growing pressure on governments to think outside the box with respect to off-reserve education delivery. High mobility, racism and lack of parental involvement are often put forward as factors that hold back Aboriginal student performances off-reserve. Moreover, many go to community schools in poor, inner-city



neighborhoods where performance tends to be lower. Professor John Richards of Simon Fraser University has floated a number of alternatives that could greatly enhance off-reserve Aboriginal education outcomes.¹⁶

- Allow Aboriginal students to attend good schools in other areas by eliminating school catchment boundaries and potentially by subsidizing mobility.
- Designate one or more schools in the region to concentrate on Aboriginal culture studies – so-called magnet schools. Edmonton and Winnipeg are two examples where this approach is being used.
- Provide additional resource to schools with above-average Aboriginal representation.
- Create separate schools that would enable Aboriginal people within a community to create autonomous school authorities and control public funds for a subset of schools.

In Manitoba, a five-year experimental project “In Making Education Work” is underway aimed at increasing Aboriginal education achievement and life outcomes both on- and off-reserve.¹⁷ The program – which is a cooperative venture between the government of Manitoba, several First Nations communities and the Canada Millennium Scholarship Fund – will involve 330 students at six sites located in Northern Manitoba. The goal is to assist students through better information, academic support, mentoring, job shadowing, internships and an Aboriginal curriculum. Further, the program includes workshops and training programs with the parents to help them better un-

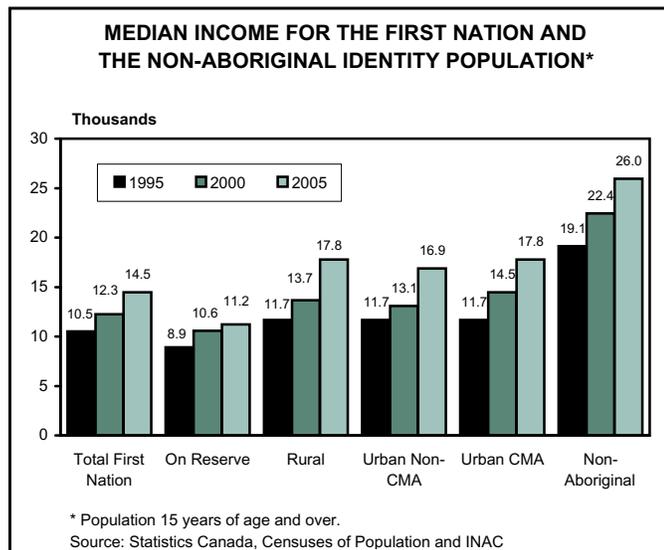


derstand their child’s educational needs.

There are programs that have been aimed at non-Aboriginal communities that could provide valuable lessons for increasing high-school graduation rates among Aboriginal people. Case in point is Pathways to Education that was developed in 2001 to boost education levels in one of Toronto’s most disadvantaged communities. The success of this initiative in cutting high-school drop out rates, increasing college enrollment and reducing violence and the teen birth rate has raised eyebrows and has since been expanded to other areas of the City.

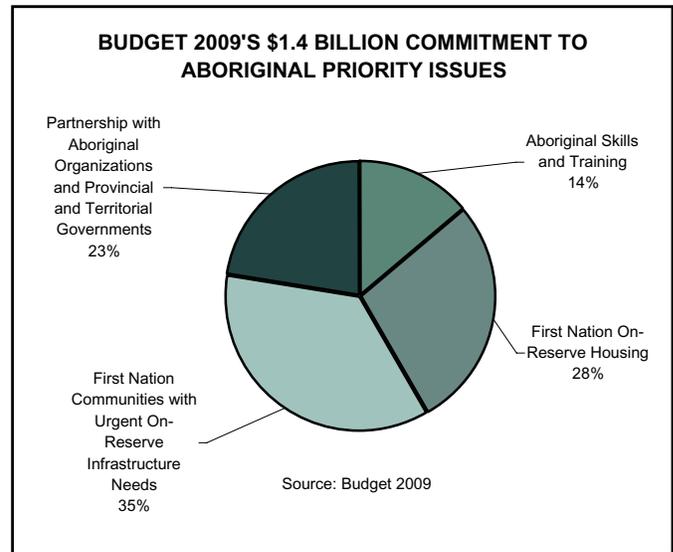
Pathway’s success is rooted in its holistic approach to ensuring the success of children, whether measured purely on education or more broadly. The complementary supports provided under the program extend well beyond student counseling and tutoring to more basic areas such as providing bus passes to attend high school and policing services to ensure safety. Clearly, Pathway’s has the advantage of its location – in a large city where voluntary labour and services are plentiful – whereas duplicating such a model on a remote reserve would be much more challenging. But this type of holistic approach is still required – in conjunction with efforts to more forcefully target the education outcomes of parents through adult education programs – in order to create an overall environment more conducive to learning.

Ultimately, the objective is to open the door for as many Aboriginal students as possible to pursue a post-secondary education (PSE) degree or certificate in order to train them for many of the jobs of the future. Happily, Canada’s PSE



sector already has a number of excellent institutions that either cater to Aboriginal students and/or have ambitious Aboriginal education initiatives, such as the University of Winnipeg, First Nations University, University of Victoria, Saskatchewan Indian Institute of Technology, the University of Manitoba and the University of Saskatchewan (U of S). At U of S, for instance, some of the programs offered there include applied sciences taught from an Aboriginal perspective, language courses in Cree and Saulteaux, indigenous health studies and an international academic exchange program that reaches out to indigenous communities around the world. Growth in Aboriginal enrollment in these programs has been robust, as highlighted in the chart below provided by the University of Victoria. Lastly, there are roughly 60 Aboriginal colleges that have been established by Aboriginal people over the past 30 years, mainly First Nations. They are small Aboriginally-controlled PSE institutions that do not receive core or capital funding from government and survive by entering partnerships with colleges and universities to deliver courses in Aboriginal communities, often with special support services.

Some PSE institutions have been taking a particularly active approach to educate youth on the many advantages of attending a PSE institution. For example, each year, the University of Victoria hosts a one-week summer camp for about 30 Aboriginal Grade 8-11 students residing on Vancouver Island and B.C.'s Lower Mainland. Participants stay in residence and get a taste of academic, athletic, creative, cultural and social activities both on campus and in and around Greater Victoria. The beauty of this program is that it leverages the allure of university life to incent

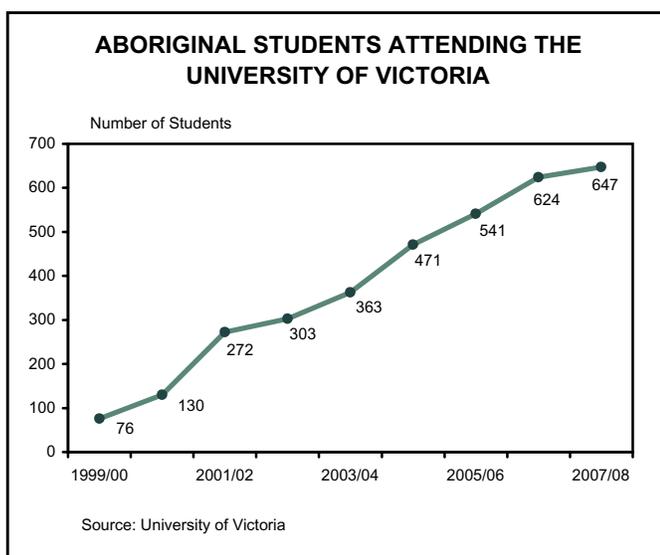


young people to complete high school.

Where there are potential challenges in moving from education to employment – whether through vocational, college or university streams – intern and co-op programs can be very useful. These programs give both parties an opportunity to discover whether the arrangement is suitable and can often lead to permanent jobs. However, success is highly dependant on a strong take-up among private-sector companies. Last year, the vast majority of Aboriginal students enrolled in the co-op program at First Nations University of Saskatchewan had to find placement positions with the Saskatchewan government and its agencies as few private sector companies stepped forward. Even though there have been many positive signs that the private sector is starting to wake up to the importance of establishing stronger relationships with Aboriginal people – as we discuss later – the momentum is in its early stages. Becoming more involved in co-op arrangements is one area in which we challenge the private sector. Another area is providing support to PSE institutions for Aboriginal programs.

2009 federal budget delivers a down-payment

With the Harper government announcing that it would not support the funding commitments of the \$5 billion Kelowna Accord, there had been concern that Aboriginal issues might fall off the federal radar screen. Certainly, calls for more funding – both education and overall base funding – have remained loud. And, indeed, Indian and Northern Affairs has been operating with a 2% growth cap ceiling for basic services since the mid-1990s or an

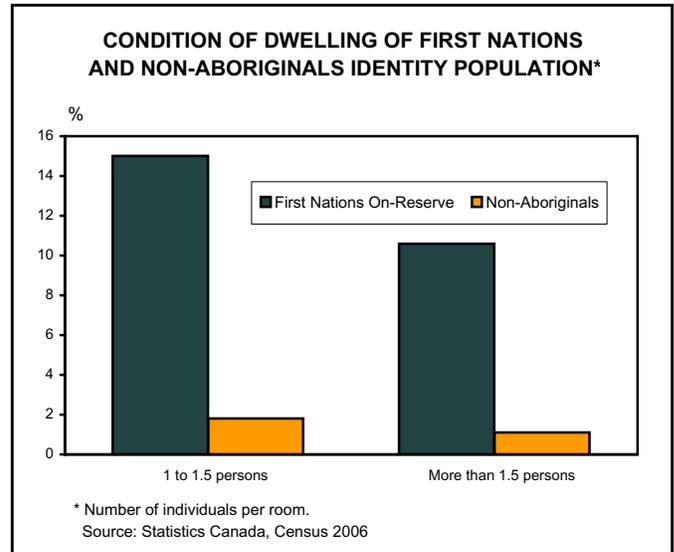


outright reduction after accounting for inflation and rising population on reserve. Still, the 2009 federal budget has assisted in easing some of those fears, with the unveiling of a \$1.4 billion spending package earmarked at Aboriginal communities for skills training, infrastructure, and other initiatives over three years. According to the federal government, its cumulative funding commitment (about \$6 billion) over the past three years has now surpassed that of the Kelowna Accord.

The government announced \$100 million over three years in the Aboriginal Skills and Employment Partnership program to help Aboriginals participate in the workforce and obtain the training they need to secure good jobs. In its recent budget, the federal government created the Aboriginal Skills and Training Strategic Investment Fund (ASTSIF), which included \$75 million over two years in start-up funding.

The ASTSIF is expected to lay the groundwork for the successor program to the Aboriginal Human Resources Development Strategy, which is slated to expire in 2010. The strategy, which encompassed about 80 agreements signed with Aboriginal communities across the country, appears to have generated positive results. For example, a recent study by the Centre for the Study of Living Standards (CSLS) carried out a cost benefit analysis of the Metis Human Resources Development Strategy, which is a component of the AHRDS.¹⁸ It found that the benefits had outweighed the costs in terms of lower spending and tax revenues through increased employment.

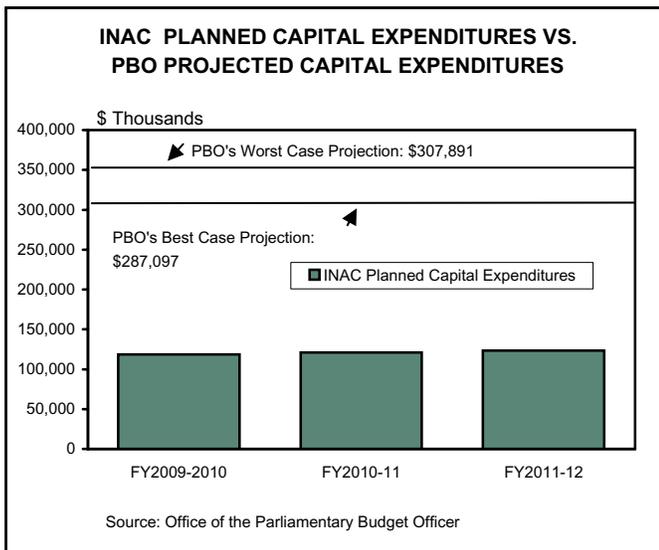
The education and broader social challenges found on



reserve partly relate to the dismal state of infrastructure. According to the Assembly of First Nations (AFN), there are currently 42 First Nations Communities without a school and more than 80 with their schools in disrepair. The dismal state of school infrastructure on-reserve was featured in a recent report by Canada’s Parliamentary Budget Officer, who pegged the annual school capital funding shortfall at \$170-\$190 million per year and highlighted the need for an improved planning framework.¹⁹ Elsewhere, housing on-reserve is crumbling. Water has been a problem that has generated much attention in the aftermath of the crisis at Kasheshewan. Boil water advisories have been frequent on many reserves across the country.

This year’s budget made a down payment on the infrastructure deficit, including \$400 million for native housing on reserves and \$515 million support for urgent infrastructure projects on reserves, including school construction, drinking water and policing. In addition, \$325 million was allocated for partnerships with aboriginal organizations and provincial/territorial governments to deliver First Nations and Inuit health programs and Child and Family Services.

In addition to the recent funding announcements, the federal government is currently working on a new Policy Framework for Aboriginal Economic Development. Recently, a discussion guide was released that highlighted the need to alter the existing federal approach on economic development that has been in place since the early 1990s. Many of themes in the paper mirror the work of the Federal Senate Standing Committee on Aboriginal People, which in 2007 released a landmark report calling for, among other things, changes to the *Indian Act*.²⁰ The limitations



that communities face under the *Act* are widely considered to be among the greatest barriers to economic development. Presently, the Senate Committee is holding public hearings across the country as part of a review of the *Act*. A report is expected within a year. In the meantime, there have been rumblings that the Harper government is considering changes to governance structures on reserve, including moves to ensure band council elections are carried out via secret ballot and to band spending in order to improve transparency and accountability.²¹ Many of these structures were put in place as far back as the 1970s and require renewal.

Court decisions benefit Aboriginal Communities

In many regards, the economic and social challenges facing Aboriginal people over the years have been a Catch 22. Education is deemed necessary to open up economic opportunities. Yet without ample opportunities, the motivation to earn and receive education is dampened. We've already discussed some positive developments on the education side. In this section, we take a closer look at some of the favourable happenings over the past half decade that have raised the potential for Aboriginal communities to benefit from resource development.

The Supreme Court of Canada decisions in 2004 (*Haida and Taku River*) were a major step forward for Aboriginal communities. The Court established that governments have a legal obligation to consult with Aboriginal peoples about possible resource developments where required and to accommodate potential adverse impacts. The impact of those landmark cases reverberated throughout the resource sector and turned the heat up on the federal and provincial governments to settle outstanding land claims and to develop modern treaties with Aboriginal communities.

Legal Developments in Canada

Constitution Act, 1982: s. 35 recognizes/affirms existing Aboriginal and treaty rights

Sparrow, 1990: The test of an Aboriginal right; regulation can infringe the right but must be justified

Delgamuukw, 1997: The nature of the test for Aboriginal title, including the degree of respect to be accorded to oral history and tradition

Haida and Taku River, 2004: The duty for the Crown to consult and, where appropriate, accommodate Aboriginal people in circumstances where Aboriginal interests have been asserted, but not proven

Source: Canadian Council for Aboriginal Business

In 2007, the federal government with the support of the AFN moved to accelerate the resolution of the large backlog of specific land claims amounting to less than \$150 million. More specifically, it adopted a Specific Claims Tribunal, which consists of superior court judges. The mandate of the Tribunal is to decide on those claims that were rejected for negotiation. Apart from securing jurisdiction over a defined land and resource base, land claim agreements generally contain a variety of economic development provisions, such as resource revenue sharing arrangements and impact benefit agreements (IBAs).

Land claims already have had – and will continue to have – a significant positive impact on the wealth of Aboriginal communities. It has been estimated that since 1973, 21 comprehensive land claims have been settled, providing a total settlement of some \$2 billion.²² Three of these were constitutionally-protected self-government agreements. Currently, there are 60 comprehensive land claim negotiations ongoing, primarily in British Columbia, where few treaties had been signed. These claims could yield as much as \$4-\$6 billion for First Nations communities.²³ Moreover, it has been estimated that the numerous specific land claims already settled have been valued at about \$3.5 billion, and those that remain outstanding could fetch in the order of \$5-\$7 billion.²⁴

Provincial and territorial governments have showed increasing support for the desire of First Nations communities to benefit from resource development, in light of the court decisions, strong resource activity and booming fiscal coffers earlier this decade. Actions included improving access to land for resource development, providing benefits indirectly through the provision of various programs and, in some cases, directly negotiating revenue-sharing arrangements.

Developments in British Columbia have been making particular waves nationally. For one, the provincial government announced that it would almost double the volume of timber cutting rights for Aboriginal communities. But even more notable was its decision earlier this year to forge ahead with efforts to recognize Aboriginal rights and title in provincial legislation (the Recognition and Reconciliation Act). This legislation has not been without controversy, however. And in view of private-sector concerns that the move would give more than 200 First Nations a quasi-veto over new mining permits, logging tenures, water licenses, and tourism developments, the government

Barriers to credit spurring some solutions

While still a challenge, shortages of available credit – especially on-reserve – have been partially addressed through growth in community-based Aboriginal Capital Corporations and government finance programs. The fact that banks can't take land as security on reserve due to restrictions under the *Indian Act* remains a significant barrier to commercial bank lending on-reserve, not to mention inefficient federal land registry systems and the long regulatory delays that reserve communities face in receiving approval from the federal government for leasing reserve lands for commercial development purposes. However, some recent legislative changes and innovative private-sector solutions have been lowering that hurdle.

In the late 1990s, the federal government passed the *First Nations Land Management Act*. This *Act* recognized the autonomy of participating First Nations to govern and manage their own lands in a manner consistent with economic development objectives. In addition, it removed the bureaucratic delays that came with having to obtain ministerial approval for leases. Long-term commercial leases (i.e., 99 years) could be established so that these communities were able to own their own homes privately even if the lands maintained "reserve status". As of the end of 2008, there were 21 participating First

Nations that were developing their land codes and preparing for community approval processes under the *Act*. An additional 45 have requested they be considered to this group. An expansion of this program, together with a strengthened and modernized land registry system, would be desirable.

There have been some innovative approaches undertaken by the private sector to extend credit when physical property can't be taken as loan collateral. Some commercial lenders now provide loans to on-reserve individuals that are guaranteed by the respective First Nations community. Hence, if the individual defaults on the mortgage, the First Nation has the authority to seize the property and would make payment to the financial institution. While an off-reserve program, B.C.'s Vancity provides another good example of how to get around the security challenges with a creative peer-lending program. Under this program, "a small group of borrowers – usually three to six – come together to provide an equal measure of peer support and peer pressure to morally guarantee each other's loans in lieu of collateral." Vancity then arranges individual loans starting at \$1,000 and escalating to \$5,000. Since inception, the program has assisted more than 1,000 entrepreneurs.

opted to delay the legislation until after the May election. The government's position has always been that such a law would reduce investment uncertainty in the province, given the number of court cases in recent years and a limited number of treaties. Hopefully, a way can be found to balance the interests of both Aboriginal peoples and the province's important resource sector.

Renewed spirit of entrepreneurship

Increased capacity to benefit from resource development and other business opportunities will only matter if there is an *interest* to take part and *confidence* that their participation will contribute positively to both their lives and their communities. Although traditional activities such as hunting and trapping remain important to them, Aboriginal people have been showing a growing desire to participate in the market economy in recent years.

The 2007 Senate Standing Committee Report on Aboriginal People highlighted this growing trend on-reserve, referring to increasing evidence of "break-out communi-

ties".²⁵ The study discusses what sets these successful communities apart from others. Certainly, a rich endowment of resources on band land would provide anybody with a leg up. But resource wealth was not deemed to be a necessary condition. What was viewed as being essential were leadership and vision, strength of governance, identifying where the band's strengths are, a qualified labour force among other factors.

The 2007 SME Financing Data Initiative revealed that 2.4% of small businesses in Canada were majority-owned by Aboriginal Canadians. In absolute terms, this translates

Profile of an Aboriginal Entrepreneur
2.4% (or about 27,000) of SMEs in Canada majority-owned by Aboriginal people
Tends to be younger (35-44 yrs) than a non-Aboriginal entrepreneur (45-54 yrs)
Most Aboriginal businesses small
Most located in urban areas
At least 70% have been operating for more than 5 yrs
Source: 2007 SME Financing Data Initiative

into about 27,000 businesses operating both on- and off-reserve – a figure which does not include incorporated and community-owned entities given a lack of available data.²⁶ According to the Canadian Council for Aboriginal Business (CCAB), the median age of an Aboriginal entrepreneur tends to be younger (35-44 years) than non-Aboriginal entrepreneurs (45-54 years). Most Aboriginal businesses are small, located in urban areas and are profitable. Lastly, nearly 70% have been operating for more than 5 years.²⁷

The range of businesses that Aboriginal entrepreneurs are running is not isolated to one or two industries, but essentially covers the gamut – from airlines to mining supply to business services. Business owners are seeing opportunities to fill the gaps that were opened up by past market failures. For example, a shortage of available credit on reserve has been a particular issue, partly due to the fact that real and personal property on a reserve cannot be used as collateral for a loan under the *Indian Act* (see box on the prior page). As a result, Aboriginal-owned financial institutions such as Alberta’s Peace Hills Trust emerged. Today, there are more than 50 Aboriginal Capital Corporations and Aboriginal financial institutions operating across Canada.

Similarly, the emergence of Aboriginal business enterprises has been relatively widespread through the country, even if the buzz has been most significant in the resource-based regions of north and western Canada. In particular, many Inuit and First Nations communities north of the 60 (degrees latitude) have seen their economies gain traction in recent years, spurred by the success achieved in settling

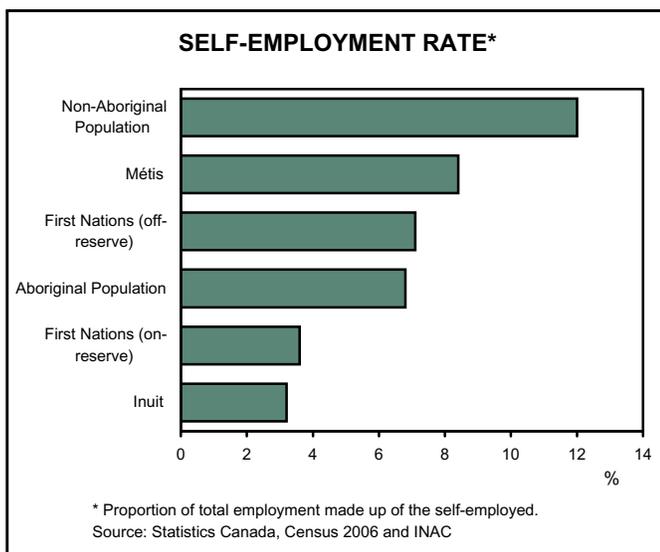
Overall Company Ranking by Jantzi Research*
1. Suncor Energy Inc.
2. Cameco Corporation
3. Petro-Canada
4. Tembec Inc.
5. EnCana Corporation
6. Teck Cominco Limited
7. Imperial Oil Limited
8. Husky Energy Inc.
9. Talisman Energy Inc.
10. TransCanada Corporation
* Examines each company's environmental, social, and governance performance against that of its peers. Jantzi ranks the quality of a company's Aboriginal relations as a subsection of Community and Society, one of its six indicator groups.
Source: Corporate Knights

land claims and completing self-government agreements with the Crown and the boom in diamond, crude oil, natural gas and mineral sectors in recent years. The excitement about the potential for investment opportunities in the north has been further fueled by the talk about the Arctic as Canada’s next frontier.

Aboriginal enterprises are increasingly thinking big when it comes to business opportunities. In November 2008, a delegation of Aboriginal business leaders went on a 12 day trade mission to China. The event, which was well received by the hosting country, culminated in a memorandum of undertaking (MOU) signing at a press conference in Beijing on November 13, 2008.²⁸

Aboriginal entrepreneurs are coming up with ways around some significant barriers to competitiveness. One in particular is the remoteness of northern locations. In response, there are a growing number of urban reserves in Canada that provide the benefits of good location, such as better access to capital markets and lower transportation costs. One example is the Muskeg Lake Cree Nation’s Cattail Centre and Asimakaniseekan Askiy, which is located on the east side of Saskatoon.²⁹ This urban reserve – the first in Canada to be built on land previously set aside for city development – has helped to rejuvenate a part of the Saskatoon. Today, it is home to dozens of Aboriginal and non-Aboriginal businesses.

An important catalyst for the emergence of Aboriginal enterprises is their growing belief that they can move into the mainstream economy without sacrificing their core values. Chief among these values is the protection of land and the environment. For example, in recent years, Abo-



iginal entrepreneurs are beginning to make a real mark in establishing environmentally-focused ventures in areas such as renewable and alternative energy development, which offer substantial opportunities for growth over the longer run. Within the energy sector, emerging technologies – such as run-of-the-river used for hydro development – are helping to reduce environmental impacts and, thus, foster Aboriginal involvement. First Nations Energy Alliance is one notable example of this recent push into renewable energy development.

Smart business for the private sector

With the support of renewed government investment in areas such as education and skills training, Aboriginal business ventures are starting to take off. But the most exciting opportunities of all are occurring when Aboriginal partnerships with the non-Aboriginal business community are developed. There is the potential for large mutual benefits under these budding arrangements. Aboriginal businesses can benefit from the deep pockets, experience and talent of the broader private sector. Non-aboriginal companies are increasingly recognizing intrinsic value in strengthening ties with Aboriginal peoples as partners, potential employees and/or customers. There is a growing pressure on companies by investors to become more socially responsible.

Not surprisingly, the drawing power of partnerships is particularly evident in the resource sector. As noted earlier, a main catalyst for bringing resource companies and Aboriginal communities together is the legal requirement to consult and accommodate. But successful firms are choosing to go beyond the legal minimum by developing positive relations with First Nations through business partnership, employment opportunities and community involvement.³⁰ Rather than wait late in the regulatory cycle to begin formal relationships with Aboriginal communities, companies are pro-actively entering into impact benefit agreements.

Aboriginal people are increasingly seeking more than just investment in training and infrastructure in their communities from these partnerships, but direct equity stakes in the projects. Case in point is the proposed Mackenzie Valley Pipeline project, where Aboriginal groups control a one-third stake. Aboriginal communities are attempting to secure a 30% equity stake in the proposed \$4 billion Enbridge pipeline project.³¹ These agreements would be

worth hundreds of millions, or perhaps billions, in profits and business opportunities for these communities.

Over the past year, there have been some headline-grabbing announcements that highlight the growing relationship between the private sector and Aboriginal communities:

- A joint venture was unveiled between Sprott Resource Corp and First Nations in Saskatchewan and Alberta to develop a “large scale, fully-integrated corporate farming entity” in order to take advantage in the brightening longer-term prospects for crops.³² The plan of the new company, called “One Earth Farms”, is indeed ambitious. The initial goal is to lease as much as 50,000 acres of prime farmland from the Aboriginal communities. In addition to the income stream, the participating First Nations will benefit from investments by the company in job training, with a goal to create a qualified pool of labour for the company down the road.
- A Vancouver-based asset manager, RCI Capital Group, announced the launch of two Aboriginal-themed investment funds. The funds, which have set their sights on raising as much as \$1 billion each, will focus on mining projects with an special emphasis on Aboriginal participation.
- Led by former Prime Minister Paul Martin, a \$50 million investment fund was recently established that will target companies with ties to native communities. The fund is backed by some of Canada’s largest companies.

But while big-ticket projects in the commodity sectors continue to make the news, successful ventures – both with and without ownership stakes – are developing across the board. One example is First Nations Bank of Canada (FNBC), which was set up as a collaborative venture between T.D. Bank Financial Group, the Saskatchewan Indian Equity Foundation and the Federation of Saskatchewan Indian Nations. In 1996, FNBC became Canada’s first Aboriginal-owned chartered bank and by 2007, had five branches in western and northern Canada. Two years ago, FNBC carried out a successful private-placement share offering that resulted in Aboriginal ownership increasing to 80.2% on a fully-diluted basis.

The growing requirement that companies operate in a socially responsible way has been a key driver of the increased engagement between Aboriginal and non-Aborigi-

nal businesses. The Canadian Aboriginal and Minority Supplier Council (CAMSC) is a non-profit organization comprising of an impressive list of large corporate members that – among other objectives – aims to boost economic development efforts and employment among Canada’s disadvantaged Aboriginal and Minority populations. Some of the group’s initiatives include a certification process for Aboriginal business enterprises, advanced management education program and providing referrals to corporate buyers. Major benefits for Aboriginal suppliers flow from the fact that certification in Canada means reciprocal treatment with the equivalent association in the United States.

Undoubtedly, developing strong partnerships with Aboriginal companies has proved challenging, due to the significant cultural differences and the considerable diversity across the various Aboriginal groups. The Canadian Council for Aboriginal Business recently issued a report that analyzed the dealings between 38 companies and Aboriginal communities.³³ The study provided a generally positive picture, with most companies building positive relationships. Another study – Corporate Knights Aboriginal Relations ranking of resource industries – was less upbeat.³⁴ While many companies have policies in place to ensure constructive relations, others maintained “a dated frontier mentality”. Only 3 of the 28 companies examined have an aboriginal representative on the board of directors. Suncor was ranked first with several joint ventures and buy-local policies and was the only oil and gas company with an Aboriginal member on its board of directors. Cameco, Petro Canada, Tembec and Encana rounded out the top 5 rankings. Keep in mind that Syncrude was inadvertently left off the list.

Under the *Employment Equity Act*, federally-regulated businesses are required to conduct workforce analyses in order to determine the internal representation of Aboriginal people (along with women, persons with disabilities and members of visible minorities) and to compare that to the representation in the external workforce. In 2006, Aboriginal workers accounted for 1.8% of jobs in this sector. Yet based on the 2001 Census the federal government estimates that there is an available supply of Aboriginal workers sufficient to account for 2.6% of the employment base of federally-regulated businesses on average. While the federal government has not updated its figures based on the 2006 Census we believe that this available pool of Aboriginal workers probably edged up further between 2001 and 2006, to at least 2.6%. The resulting supply-demand

gap of 1 percentage point is the equivalent of about 6,000 jobs. We hope that businesses realize that it is in their best economic interests to close this gap rather than viewing it as a regulatory matter.

Finally, we come back to the point we made earlier about inadequate labour market information. Even taking into account the key barriers of lower education outcomes and remote location of Aboriginal communities, it is safe to say that opportunities for matching growing Aboriginal labour supply with business demand are being missed. The Census data, which are the only source of on-reserve employment information, are incomplete. It is difficult to design approaches to issues that are not properly understood. And progress is rarely made in the absence of sound metrics that can be measured. This data challenge hasn’t precluded some governments from working to fill the void as best as possible. For example, Saskatchewan’s Aboriginal Employment Development (AED) Program and the Provincial Aboriginal Representative Workforce Council (PARWC) have proven useful in linking the Aboriginal community to employer demand. There is a multitude of career and employment services set up across the country aimed at helping Aboriginal people in urban areas receive training and secure employment. Yet, as the Calgary Chamber of Commerce pointed out in a recent report, “these organizations do not fully coordinate in linking and referring clients to services”.³⁵ A notable exception to this rule is the Aboriginal Lynx service run out of the University of Calgary. The Chamber urges a single access point for

Aboriginal Peoples in the Federally Regulated Private Sector by Selected Occupational Groups*				
Employment Equity Occupational Groups (EEOGs)	Representation**			Availability***
	2001	2005	2006	2001
	%	%	%	%
Senior Managers	0.5	0.7	0.7	2.5
Middle and Other Managers	0.8	1.0	1.0	1.5
Professionals	2.4	2.9	2.7	1.7
Remaining EEOGs	1.8	2.1	2.1	3.0
Total	1.6	1.8	1.8	2.6

* Employers report according to 14 Employment Equity Occupational Groups (EEOGs). This shows selected EEOGs with significant differences between representation and availability for Aboriginal peoples.

** Data are based on adjusted employer database.

*** Source: Statistics Canada, Census 2001.

Source: Human Resources and Skills Development Canada

Aboriginal employment services among other initiatives to help Aboriginal people transition into the workforce.

The bottom line – the benefits of reinforcing mutual economic interests

The nature of this reinforcing mutual economic interest across Aboriginal people, the business community and the government sector offers significant potential for transformative change. This momentum must coincide with increased efforts by government to clear away the various impediments to economic and social progress that exist, notably the low rate of high-school completion recorded

by Aboriginal people, especially on-reserve. Some of the recent developments within government circles are encouraging, but these efforts must continue to build well into the future.

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Endnotes

1. Aboriginal identity under the Census refers to those persons who reported identifying with at least one Aboriginal group, this is, North American Indian, Métis or Inuit, and/or those who reported being a Treaty Indian or Registered India, as defined by the Indian Act of Canada, and/or those who reported they were members of an Indian band or First Nation.
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