



Government of Canada  
Gouvernement du Canada

CANADA – ABORIGINAL PEOPLES ROUNDTABLE  
**GOVERNMENT OF CANADA**  
**ECONOMIC OPPORTUNITIES**

**BACKGROUND PAPER**

(This paper is not intended as a position paper, but rather as an overview of the current environment)



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WESTIN HOTEL

OTTAWA, ONTARIO



Canada



# GOVERNMENT OF CANADA

## ECONOMIC OPPORTUNITIES



### ECONOMIC INDICATORS

The following are some key economic indicators, outlined by Aboriginal group and gender (where possible). All statistics are derived from the 2001 Statistics Canada Census, unless otherwise indicated.

#### Labour Force

- There is a gap between Aboriginal labour force participation (61.4%) and Canadian labour force participation rate (66.5%) (Note: there are also variations based on nature of employment - seasonal, part-time etc.)

| <b>Canadian: 66.5%</b> | <b>North American Indian: 57.3%</b> | <b>Métis: 69.1%</b> | <b>Inuit: 62.5%</b> |
|------------------------|-------------------------------------|---------------------|---------------------|
| Male: 72.7             | Male: 62.7                          | Male: 74.5          | Male: 65.5          |
| Female: 60.5           | Female: 52.6                        | Female: 63.6        | Female: 59.7        |

- As of 2001, almost two thirds of the Aboriginal population was of working age, resulting in a 32% growth in the Aboriginal labour force compared to only 7% for the Canadian labour force (since 1996).
- The number of working aged (15-64 years) Aboriginal peoples is on the rise
  - 25% increase between 1996 and 2001 (compared to almost 5% for the Canadian population).
  - Statistics Canada estimates that the Aboriginal workforce will grow from 2.9% of the total Canadian workforce in 2001 to 3.6% by 2016 - a 24% increase.
  - Between 1996 and 2001, Aboriginal employment grew four times faster than the Canadian employment rate, helping to reduce the Aboriginal unemployment rate to 19% from 24% in 1996.

# GOVERNMENT OF CANADA ECONOMIC OPPORTUNITIES



## Unemployment

- Aboriginal unemployment rate remains two-and-a-half-times greater than the Canadian rate.
  - The following indicate some differences in unemployment rates according to heritage group:
    - **North American Indian: 22.2%**
      - Male: 25.0%
      - Female: 19.2%
    - **Inuit: 22.2%**
      - Male: 24.7%
      - Female: 19.5%
    - **Métis: 14.0%**
      - Male: 15.4%
      - Female: 12.4%

## Income

- A significant gap remains in earning levels between Aboriginal people and the Canadian population. On average, employed Aboriginal people earn significantly less (\$21,485/yr) than the Canadian average income (\$32,021/yr).
- Self-employed Aboriginal workers also earned less, in 2001, than Canadian self-employed workers (\$20,603/yr vs. \$29,885/yr).
- The overall incidence of low income is much higher for Aboriginal people (25.5%) than the Canadian average incidence of low income (12.9%):
  - **North American Indian: 44.2%**
    - Male: 41.9%
    - Female: 46.2%
  - **Métis: 30.5%**
    - Male: 27.8%
    - Female: 33.1%
  - **Inuit: 22.1%**
    - Male: 20.7%
    - Female: 23.3%

# GOVERNMENT OF CANADA ECONOMIC OPPORTUNITIES



## Entrepreneurship

- Aboriginal entrepreneurship is on the rise in Canada.
  - In 2001, there were more than 27,000 self-employed Aboriginal people.
  - Between 1996 and 2001, the increase in Aboriginal self-employment (31%) was more than nine times that of overall Canadian population.
- Almost two thirds of self-employed Aboriginal people live in Western Canada.
- Aboriginal self-employment distribution between Western and Eastern Canada reflects that of the overall Aboriginal population.
- The majority of self-employed Aboriginal workers reside off-reserve (85.6%) with more than half of these (52.1%) living in urban areas.
- As a proportion of the working-age population, Aboriginal self-employment, at 4.2%, is less than the 7.8% Canadian average for self-employment:
  - **North American Indian: 3.2%**
    - Male: 4.3%
    - Female: 2.2%
  - **Métis: 6.1%**
    - Male: 7.9%
    - Female: 4.4%
  - **Inuit: 3.0%**
    - Male: 4.2%
    - Female: 1.7%

# GOVERNMENT OF CANADA ECONOMIC OPPORTUNITIES



## Social Assistance

- Reliance on government transfers as a percentage of income is higher for Aboriginal people than for the Canadian population in general:
  - Aboriginal people rely on government transfers for 16.7% of their income, on average, compared to the 11.6% Canadian average reliance on government transfers.
  - A heritage group breakdown on this data shows:
    - **North American Indians: 27.8% of income derived from government transfers**
      - Male: 21.6%
      - Female: 34.9%
    - **Métis: 19.2%**
      - Male: 14.1%
      - Female: 26.1%
    - **Inuit: 21.9%**
      - Male: 18.0%
      - Female: 26.4%
  - This reliance is higher on-reserve (31.3%) than off-reserve (14.4%)
  - This reliance is more evenly split between urban (13.7% income derived from transfers) and rural (16.5%) populations.
- Indian and Northern Affairs Canada reports that the number of beneficiaries of social assistance residing on First Nations reserves has decreased between 1998 and 2002 (from 152,658 to 146,194). These figures exclude First Nations operating under a self-government agreement.

# GOVERNMENT OF CANADA ECONOMIC OPPORTUNITIES



## Connectivity

- The *Aboriginal Canada Portal Connectivity Survey (2002/03)*, which collected data from almost 740 Aboriginal communities, reports that 91% of Aboriginal communities surveyed now have access to the internet.
- There are variations on this access, according to heritage group, i.e.:
  - North American Indians: 93%
  - Métis: 74%
  - Inuit: 89%
- Internet access in the home is slightly lower, however 85% of Aboriginal people surveyed reported that they have access.
- The variation on home access according to heritage group, is:
  - North American Indians: 86%
  - Métis: 74%
  - Inuit: 89%

## International Trade Activity

- On this activity, there is also variation according to heritage group<sup>1</sup> :
  - North American Indians: 14%
  - Métis: 12%
  - Inuit: 9%
- 6% of Aboriginal firms claimed to be primarily export oriented (2001 Census).
- 29% of high knowledge Aboriginal firms were involved in exporting (2001 Census).
- Exporters are represented in all sectors, including transportation, retail goods, services and primary goods.

<sup>1</sup> Statistics Canada, Aboriginal Entrepreneurs Survey, 2002



## **PRE-CONDITIONS/ENABLERS OF SUSTAINABLE ECONOMIC OPPORTUNITIES**

- Many major theories of economic opportunities identify common elements that must be present for economic opportunities to occur. Consideration of various literature sources suggests that the following eight key enablers, or pre-conditions, are needed for sustainable economic opportunities:
  - **Human capital:** education, skills development;
  - **Economic infrastructure:** sound physical infrastructure, including transportation, communications, energy supply; internet access, etc.;
  - **Access to land and resources:** natural resources that are well-managed - for current and future use and development;
  - **Research and development:** development, dissemination and market application of knowledge and technology;
  - **Enterprise formation and development:** encouraged by a system of regulation, capital and technical assistance;
  - **Quality of life:** attracting and retaining employees to an area;
  - **Streamlined regulatory/legislative regime:** facilitating timely decision-making, accountability and investments; and;
  - **Governance:** stable and accountable governments, including institutions and policies, and a skilled, politically neutral bureaucracy.
- Barriers to economic growth are conditions that impede any of these enablers. These may include:
  - **Human capital:** challenges such as high rates of population growth, employment and human resource problems;
  - **Natural resource:** scarcity or lack of access;

# GOVERNMENT OF CANADA ECONOMIC OPPORTUNITIES



- **Technological problems:** including difficulty in raising capital, lack of innovation, or not effectively adapting technology to local conditions;
  - **Lack of social and economic infrastructure** (for example, roads, hospitals, schools, and internet access);
  - **Cultural and political barriers.**
- Depending on unique circumstances, barriers may be experienced to varying degrees, and may focus on particular issues such as governance. Canadian federal practitioners of economic development have also found that levels of investment (community, region, individual) also impact success.
  - The eight enablers of sustainable economic opportunities outlined above can apply to an economic opportunity discussion:
    - Key reports, including both academic and government-initiated work, such as the *Royal Commission for Aboriginal Peoples*, underscore the need for investment in human capital development, an increased land and resource base, business development, economic infrastructure (including building physical and institutional capacity), research and development into Aboriginal economic opportunities, and more. Some literature also points to the need for a **balanced** approach between social and economic opportunities goals.
    - The Organization for Economic Cooperation and Development, in its *Territorial Review of Canada*, points out that “Aboriginal peoples must have the tools to escape from the poverty that cripples them as individuals and as nations. Redistributing lands and resources will greatly improve their chances for jobs and a reasonable income. After that, the tools most urgently needed are capital for investment in business and industry and enhanced technical, management and professional skills to realize new opportunities.”



## **SOME POTENTIAL BARRIERS TO ABORIGINAL ECONOMIC OPPORTUNITIES**

- The suggestions below build on considerations raised with Aboriginal groups, as well as a brief survey of published research. It does not represent policies or position of the Government of Canada. **It is provided for illustrative and discussion purposes, and is not intended to be a complete or precise list of barriers.**

### **Precondition for Development**

### **Challenges to Development**

Human capital

- Size of population (growth rates)
- Social problems (health, justice, family etc.)
- Young age of population
- Linkages between skills development activities and economic opportunities
- Dependency on government transfers/income support programs
- Economic problems (poverty, lack of education, lack of employment opportunities, lack of job skills and training)

Economic infrastructure

- Technological/communication/transportation links (especially Internet access)
- Inadequate energy management and supply
- Access to resource opportunities
- High cost of living in many northern/remote communities (e.g., cost of investment/construction)
- Lack of investment/capital

Access to land and resources

- Access to land and resource base (development and ownership)
- Self-government and land claims negotiations
- Location/Remoteness
- Applicability of Aboriginal/treaty rights
- Conservation/sustainable development
- Environmental/Climate changes

Research and development

- Availability of Aboriginal information
- Lack of specialised Aboriginal academic institutions
- Need for more First Nation, Métis and Inuit-specific research
- Need for more focus on Aboriginal economic opportunities issues by academia
- Community planning/capacity

# GOVERNMENT OF CANADA ECONOMIC OPPORTUNITIES



## Precondition for Development

Enterprise formation and development  
(individual and collective)

## Challenges to Development

- Governance/institutional capacity
- Employment opportunities
- Degree of business experience and training
- Obtaining financing
- Access to financial services
- Regulatory and taxation frameworks
- Business mentoring and business networks
- Childcare to assist women entrepreneurs
- Limited equity/no credit history
- Perception that Aboriginal people are higher risk  
(to fund or partner with)

Quality of life

- Health
- Housing
- Role models
- Involvement with Justice system
- Family stability
- Maintenance of traditional lifestyles
- Key groups risk being disenfranchised from decision-making process  
(youth, off-reserve/urban populations, women)

Streamlined regulatory/legislative regime

- Application of Aboriginal and treaty rights
- Indian Act impediments, including ownership of land on-reserve/collateral
- Complex regulatory and taxation frameworks
- Intellectual and matrimonial property rights (gaps)

Governance

- Need for stable governments
- Appropriate accountability structure
- Need to build governance capacity

## FEDERAL POLICY AND PROGRAM RESPONSE

Over the last 20 years, the Government of Canada invested in various economic opportunities programming for Aboriginal peoples. The **Native Economic Development Program (NEDP)** was established in 1984. The launch of the **Canadian Aboriginal Economic Development (CAED) Strategy**, in 1989, implemented a comprehensive set of economic opportunities program components amongst key federal departments. The following year the **National Aboriginal Economic Development Board** was established to provide advice to the federal government (via the Minister of Industry) on economic opportunities issues affecting Aboriginal peoples. In 1996, the **Royal Commission on**

# GOVERNMENT OF CANADA

## ECONOMIC OPPORTUNITIES



**Aboriginal Peoples** released its final report which contained extensive recommendations for improving economic opportunities. Two years later, in 1998, **Gathering Strength - Canada's Aboriginal Action Plan** contained approaches to "Support Strong Communities, People and Economies." Flowing from Gathering Strength, in June 1998, the **Partnering Strategy for Aboriginal Economic Development** was approved. The four main themes of the Partnering Strategy - fostering partnerships; increasing self-reliance; expanding business opportunities; and fostering a supportive economic environment - were addressed through an action plan consisting of 28 initiatives across federal departments and agencies. Also in 1998, the **Aboriginal Human Resources Development Strategy** was approved by Cabinet to help Aboriginal peoples prepare for and participate in Canada's labour market. A brief overview of the federal government's current programming suite contains the following:

- At least 48 programs and services provide support to Aboriginal economic opportunities, delivered by 11 federal departments and agencies
- 27 of those programs are targeted directly to Aboriginal people, delivered by 7 departments; the rest are mainstream programs with some Aboriginal subscription
- Initiatives to encourage Aboriginal peoples to access federal programs and services such as the Aboriginal Business Service Network
- These fall within a number of broad and inter-related thematic areas (with examples for illustration - not meant to be comprehensive):
  - Labour force development programming (e.g., Human Resources and Skills Development Canada's Aboriginal Skills and Employment Partnership)
  - Resource access/opportunities (e.g., Natural Resources Canada's First Nations Forestry Program)
  - Community Development (e.g., Indian and Northern Affairs Canada's Community Economic Development Program)
  - Business Development/Climate/Infrastructure (e.g., Industry Canada's Aboriginal Business Canada program, Broadband, Atlantic Canada Opportunities Agency's Aboriginal Business Development Fund)

# GOVERNMENT OF CANADA ECONOMIC OPPORTUNITIES



- The Government of Canada supports over 600 Aboriginal institutions involved in economic opportunities. This includes 79 Aboriginal Human Resources Development Agreement Holders, 437 Community Economic Development Organizations, 57 Aboriginal Financial Institutions, as well as five national Aboriginal organizations and a number of regional and national organizations.
- Various target groups for programming include: communities, institutions, individuals, youth, women, individual heritage/status groups, urban populations, entrepreneurs and business development organizations.
- Most programs are available across the country (78%), although some are region-specific (i.e. those delivered by regional development agencies)
  - Two-thirds are available to all Aboriginal peoples.
  - The majority of programs (81%) involve partnerships with one or more groups – Aboriginal, other federal departments, provincial or territorial governments, the private sector, NGO or academic institutions and municipalities.

The foregoing has been compiled by the Aboriginal Economic Opportunities Policy Working Group to assist participants in the December 2004 Economic Opportunities Sectoral Session, and other stakeholders, to advance discussion on these issues.

For further information, please contact:

Brad Cline, Industry Canada

Telephone: (613) 954-4059

E-mail: [cline.brad@ic.gc.ca](mailto:cline.brad@ic.gc.ca)