

# **The Aboriginal Workforce: What Lies Ahead**

## **CLBC Commentary**

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## **The Aboriginal Workforce: What Lies Ahead**

*By François Lamontagne, Senior Researcher*

The February 2004 Speech from the Throne signals a renewed commitment by the federal government to Aboriginal development. The creation of the Independent Centre for First Nations Government, of the Aboriginal Affairs Cabinet Committee – chaired by Prime Minister Paul Martin, and an expansion of the Urban Aboriginal Strategy are evidence of the federal government commitment to strengthen its relationship with Aboriginal peoples.

This renewed commitment by the federal government to Aboriginal development is timely. From an Aboriginal perspective, better health care and housing, increased employment and economic opportunities, and strengthened organizational capacity at local, regional and national levels are required if equity and poverty reduction are to be achieved.

Responding to the Speech from the Throne, National Chief Fontaine of the Assembly of First Nations stated that *'[Aboriginal communities and the federal government] must work to create opportunities for our youth now and in the future'* and that *'education and skills development are key components of this work.'* In fostering such opportunities, we need to ask – to paraphrase a well-known politician – not only what Canada can do for its Aboriginal citizens, but what Aboriginal workers can do for Canada. From the standpoint of the country's future economic prospects, increased reliance upon the Aboriginal workforce can provide part of the solution to meeting its skills and labour needs.

In this context, the improvement of labour market outcomes should be considered a central tenet of an effective Aboriginal development strategy. To quote a recent article, *'employment is the cornerstone of participation in modern Canadian society. [It] is not only a source of income: It is also the basis for self-respect and autonomy.'*<sup>1</sup> As part of its efforts to promote Aboriginal development, the federal government – and, for that matter, all other partners such as provincial and territorial governments, Aboriginal delivery organizations, the private sector, education, etc. – need to broaden their understanding of recent labour market trends and facts of relevance to the Aboriginal workforce. It is through increased awareness, greater self-reliance, and better policy co-ordination that real improvements in the conditions of Aboriginal peoples can be achieved.

### **A growing and mobile population**

Much has been written about the demographic boom currently fuelling the Aboriginal population growth, and recent census data seem to confirm this fact. In 2001, 976,305 persons identified themselves as Aboriginal, which is 22.2% higher than in 1996. The non-Aboriginal population grew by 3.4% over the same period. It is generally assumed that a high birth rate explains the large and rapid growth in the Aboriginal population, but

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<sup>1</sup> Michael Mendelson, *Aboriginal People in Canada's Labour Market : Work and Unemployment, Today and Tomorrow*. Ottawa, Caledon Institute of Social Policy, March 2004, p. 1.

the fact is that major contributors to this growth are people who, over this period of time, started identifying themselves as Aboriginal.<sup>2</sup>

The concept of *ethnic mobility* has been used to describe the phenomenon by which people change their ethnic affiliation. The mobility might come from children who do not have the same affiliation as their parents – the so-called intergenerational mobility – or from those who change their affiliation over time. For this latter category of *ethnic drifters*, heightened awareness and pride in Aboriginal heritage may explain the shift in identity.<sup>3</sup> It is estimated that between 80,000 to 90,000 of the increase of 177,295 – close to half of the increase – in the Aboriginal population between 1996 and 2001 is due to the ethnic drifters.<sup>4</sup>

There is also a slow but steady growth among Aboriginal people residing in urban areas. In 2001, 49% of Aboriginal people lived in urban areas, compared to 47% in 1996. In some cities, however, the growth in the Aboriginal population has been remarkable. Over the 1996-2001 period, the Aboriginal population grew by 60% in Sudbury, 44% in Calgary, and 33% in Hamilton. In 2001, Winnipeg, with 55,755 Aboriginal persons, followed by Edmonton with 40,935, contained the largest contingent of Aboriginal people of any Canadian city. Such growth in the Aboriginal population can be welcome news for those urban labour markets faced with non-Aboriginal fertility rates that are already below replacement levels.

#### **Education attainment levels on the rise**

While education remains a problematic issue for Aboriginal people – because of lower school attainment and higher drop-out levels than their non-Aboriginal counterparts – the situation is improving. Between 1996 and 2001, the proportion of Aboriginal people aged 25 to 64 who did not have a high school diploma went from 45% to 39%. During the same period, the proportion of Aboriginal people with post-secondary qualifications (trades, college and university certification combined) increased from 33% to 38%.

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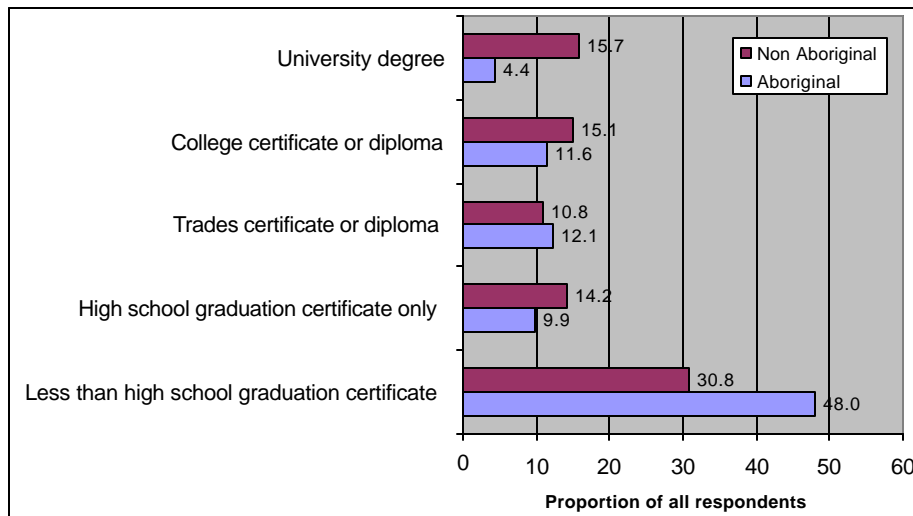
<sup>2</sup> Two types of census data are used to describe Aboriginal peoples. One relates to people who report an Aboriginal ancestry, and the other refers to people who identify themselves as Aboriginal, or who report themselves as Registered or Treaty Indians, or members of a First Nation. Most of the analysis presented in this commentary refers to people who identify as Aboriginals.

<sup>3</sup> See Eric Guimond, *Fuzzy Definitions and Population Explosion: Changing Identities of Aboriginal Groups in Canada*, in Policy Research Initiative, Not Strangers in These Parts – Urban Aboriginal Peoples, Ottawa, 2003.

<sup>4</sup> Michael Mendelson, *ibid.*, p. 4.

### School attainment level of Aboriginal peoples

People reporting Aboriginal identity and non-Aboriginal population aged 15 and over, 2001



Source: Statistics Canada, *Census 2001*, calculations by the author.

Comparing the educational attainment levels of Aboriginal people with that of the non-Aboriginal population suggests that there is still a long way to go for the former. In 2001, 15.7% of the non-Aboriginal population aged 15 and over had a university degree, compared to 4.4% for the Aboriginal population. However, it is significant that the proportion of Aboriginal people with a trade certificate was higher in 2001 than in the non-Aboriginal working age population: 12.1% in the Aboriginal population compared to 10.8% in the non-Aboriginal population.

Furthermore, almost 19% of Aboriginal men aged 25 to 64 reported being certified in *building and construction technologies and trades* (the highest proportion for all reported fields of study). Given the existing or looming skills shortages in the construction trades and the propensity for Aboriginal people to work in those trades, efforts to increase their participation and certification in building and construction trades would undoubtedly assist in reducing skills shortages.

### Gains in education... but losses in employment

The employment record of Aboriginal people continues to lag behind that of non-Aboriginal people, and recent trends suggest that the situation is not improving. During the 1991-2001 period, the unemployment rate of Aboriginal people relative to that of the non-Aboriginal labour force increased (see table below). On a provincial basis, however, it is worth noting that this relative unemployment rate has actually decreased (although it remains high) in Manitoba and Saskatchewan. These trends indicate that there are marked variations in Aboriginal labour market performance from one region of the country to another (or for that matter between the various Aboriginal identity groups – that is, between North American Indian, Metis and Inuit).<sup>5</sup>

<sup>5</sup> Michael Mendelson, *ibid.*, p.27.

### Aboriginal and total unemployment rate

In percentage  
1991, 1996 and 2001

	Aboriginal unemployment rate	Total unemployment rate	Relative unemployment rate
1991	24.5	10.2	240
1996	24.0	10.1	238
2001	19.1	7.4	258

Source: Statistics Canada, *various censuses*, reported in Mendelson (2004).

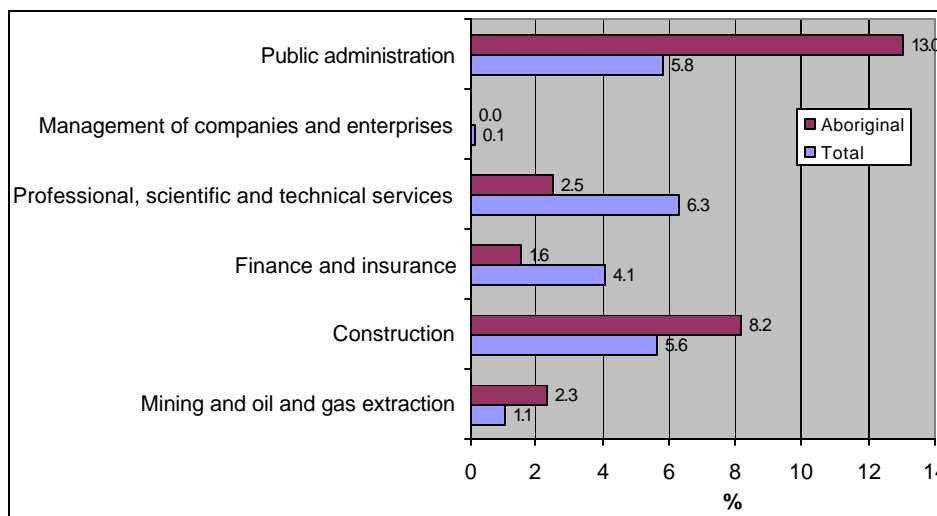
In light of this lasting unemployment record and considering the gains made in Aboriginal education, the question remains as to whether education is a good predictor of improved labour market – and income – prospects. It begs the question as to whether continued investments in education and training remain the best approach to increase employment opportunities for Aboriginal peoples and to achieve greater equity among all Canadians.

### Where do Aboriginal peoples work? Or would like to?

In the chart below, we compare the proportion of the Aboriginal workforce (unemployed or not) in selected sectors to the proportion of the total workforce present in the same sectors (only those sectors for which the Aboriginal workforce is the most over or under-represented are illustrated in the chart). It shows that Aboriginal people are notably absent from management services, finance and insurance, and professional, scientific and technical services. This is not surprising since a large number of the jobs found in these sectors require university or college degrees, a requirement at odds with the Aboriginal population's lower school attainment levels.

### Aboriginal peoples in the labour force

Proportion of people reporting Aboriginal identity aged 15 and over in the labour force  
Sectors in which they are the most underrepresented and overrepresented,\* 2001



\* compared to people in the total labour force

Source: Statistics Canada, *Census 2001*, calculations by the author.

At the other end of the spectrum, Aboriginal people are over-represented in public administration – which includes local government such as Band administration –, mining and oil and gas extraction, and construction. For employers within these sectors who may be faced with future labour shortages because of an ageing workforce, this significant Aboriginal presence may represent an opportunity to meet current and future labour and skills requirements. In construction, for instance, it is estimated that in 2003 124,000 Canadian workers were aged 55 years and older. In the natural resources sector, which includes forestry and logging in addition to mining and oil and gas extraction, this number was estimated at 27,000.<sup>6</sup> Considering a median retirement age of 64 years old for construction and 60 years for the natural resource sector, the implications are that a very large contingent of these workers will be retiring over the next five to ten years. Here again, part of the solution to this labour issue may reside within the Aboriginal workforce.

### **What lies ahead: policy challenges**

#### *Business and labour views on the Aboriginal workforce*

The facts and figures presented earlier provide some evidence that Aboriginal people are slowly consolidating their presence in some of Canada's regional labour markets, and that they can be part of the solution to meeting the country's current and future skill needs. At the same time, much remains to be done in order to allow Aboriginal peoples to take their place in society and develop themselves and their communities. As one observer noted, *'the main labour market challenge [of Aboriginal workers] is not lack of will to work, [it] is finding jobs.'*<sup>7</sup>

This observation has been echoed by the Canadian Labour and Business Centre's (CLBC) recent survey of business and labour leaders. In its 2002 Viewpoints survey, the CLBC asked business and labour leaders whether hiring more Aboriginal people can help them meet their skill needs. For Canada as a whole, business and labour leaders seem united in their views that hiring Aboriginal workers is generally not considered an important solution to solving their skill needs. Only 13% of business leaders and 21% of labour leaders mentioned that it is *very important*.

This finding suggests that, at a national scale, a disconnect exists between the potential skills contribution to be made by an increasingly educated and mobile Aboriginal workforce, and the perception of some business and labour leaders on this contribution. Such disconnect may also explain why the Aboriginal unemployment rate remains high despite measurable gains in education.

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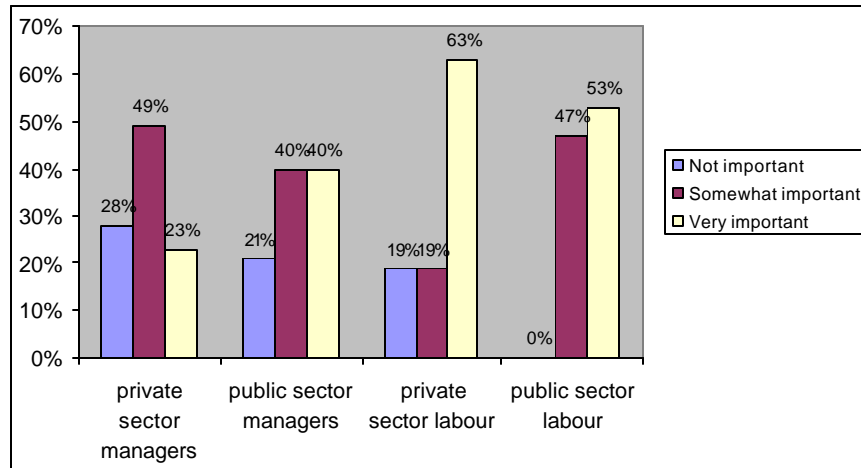
<sup>6</sup> CLBC, *Workforce Profile of the Natural Resource Sector*, Ottawa, March 2004.

<sup>7</sup> Mendelson, *Ibid.*, p. 23.

## Business and labour leader perspectives on hiring Aboriginal workers

Manitoba and Saskatchewan

Looking at all your skill needs, how important will hiring Aboriginals be in addressing these skill needs?



Source: Canadian Labour and Business Centre, *Viewpoints Survey*, 2002.

At the regional level, however, the view differs and, in Manitoba and Saskatchewan, the majority of managers and labour leaders from both the private and public sectors said that hiring Aboriginal peoples was either 'somewhat' or 'very important' in meeting their skill needs (see chart above). One can imagine that the relatively large Aboriginal presence in these provinces<sup>8</sup> has heightened the awareness of employers and labour leaders about the importance of Aboriginal workers for their current and future skills needs.

### *Literacy and education*

School attainment level is widely used as a predictor for labour market outcomes and income distribution. Human capital theories assume that the lower the attainment levels the higher the unemployment to be expected, and vice versa. Such theories may be useful for guiding the development of appropriate labour market policies, but recent research suggests that **literacy levels** might be a better predictor of labour market outcomes.<sup>9</sup> However, little is known about literacy levels of the Aboriginal labour force, although there are indications that 'a larger proportion of Aboriginal people have lower literacy skills than the average Canadian.'<sup>10</sup>

While increasing school attainment levels for Aboriginal people has been a major thrust of public policy, a better understanding is needed of how literacy levels among Aboriginal people are distributed among regions, age groups, gender and ethnic groups, and what this distribution means in terms of labour market outcomes and income. Such

<sup>8</sup> In 2001, 13.6% of the Manitoba population was Aboriginal, versus 13.5% for Saskatchewan. For Canada as a whole, Aboriginal representation amounted to 3.3%.

<sup>9</sup> S. Coulombe, F. Tremblay and S. Marchand, *Literacy Scores, Human Capital and Growth Across Fourteen OECD Countries*, Statistics Canada, June 2004.

<sup>10</sup> Government of Canada, *Raising Adult Literacy Skills: The Need for a Pan-Canadian Response*, Parliamentary report on literacy in Canada, Ottawa, 2003, p. 31.

knowledge would allow policy makers and Aboriginal delivery organizations to better target their interventions.

### *A federal role*

Given all of the above, recent federal government announcements in support of Aboriginal development are laudable and timely. To be effective, however, federal policy will need to recognize the important diversity in Aboriginal populations, the gap in knowledge concerning their rapidly changing socio-demographic fabric, and the specific barriers to their labour market integration. In particular, there is a need to better understand the characteristics of the *ethnic drifters* and how they will impact the nature and composition of the Aboriginal population.

It also must be recognized that Aboriginal leaders and community members must remain the central actors in Aboriginal policy making. The road to long-term Aboriginal development will require concerted actions from Aboriginal, municipal, provincial and territorial, and federal governments. Each of these levels of government and their partners have a responsibility for ensuring that Aboriginal people s have an equitable access to employment and other economic opportunities.



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