

# Aboriginal Education Key to Bolstering Productivity, Labour Force

Ottawa, May 20, 2009 - Canada needs to boost Aboriginal education levels to address a shrinking labor force and lackluster productivity growth, urges the **Centre for the Study of Living Standards**, pointing to a potential saving to the government of \$115 billion.

The Ottawa-based research institute's new study details the fiscal benefits of improving Aboriginal social and economic well-being, with education playing a key role, as it results in higher incomes and tax revenues and a significant drop in government costs.

"Canada's Aboriginal population is in crisis," declares the report, noting social conditions remain an embarrassing challenge to policy makers who should view the report's findings as additional incentive to prioritize Aboriginal education as they clearly demonstrate the effect of closing social and economic gaps between Aboriginal and non-Aboriginal people.

Although Aboriginals make up only 4 per cent of the overall population, they are much younger, with almost 40 per cent under the age of 20. Some 44 per cent haven't completed high school, almost double the rate for other Canadians. University completion rates are equally bleak, with 8.6 per cent holding a degree compared with 24 per cent among non-Aboriginals.

This results in higher unemployment, lower incomes and higher government costs for health, social programs and housing – estimated at \$6.2 billion in 2006 and rising to \$8.4 billion by 2026. Conversely, if Aboriginals reach the same education and social well-being levels of non-Aboriginals, combined fiscal savings and increased tax revenues would climb to an estimated \$115 billion over the 2006-2026 period. Even more startling is the estimated \$401 billion cumulative effect on GDP of increased Aboriginal education and employment for 2001-2026.

Modest improvements in employment and education levels are evident and the report stresses the importance of building on those incremental gains. "In absolute terms, some improvements have been made," acknowledges the Centre's executive director, Dr. Andrew Sharpe. "But the problems are so great and numerous, we can do a lot better."

The report singles out government decision makers as key determinants in whether Aboriginal contribution to labour markets remains stagnant – resulting in an increasing drag on Canadian output, productivity and labour force growth – or whether "Canada can capitalize on the Aboriginal population's vast potential."

The importance of their employment and productivity is underscored by the fact their numbers will grow more than twice as fast as the non-Aboriginal population, with their participation particularly important in Manitoba and Saskatchewan, where Aboriginals are concentrated. These two provinces "could be left with a large wave of new entrants to the labour market that don't possess the necessary skills or education to thrive in the new economy," the report warns.

Achieving higher education levels among Aboriginals is realistic, according to the report's authors. "We found that increasing the number of Aboriginal Canadians who complete high school is a low-hanging fruit with far-reaching and considerable economic and social benefits for Canadians." Not only would it contribute to the personal well-being of Aboriginals, it would address Canada's two most pressing economic challenges: a looming labour shortage caused by an ageing population and low birthrate; and a lackluster growth in productivity which has eroded Canadian industry's ability to compete.

"There is no downside to investing in disadvantaged children," states Dr. Sharpe.

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The report, posted online at [www.csls.ca/](http://www.csls.ca/), was written by Andrew Sharpe, Jean-François Arsenault, Simon Lapointe and Fraser Cowan.

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