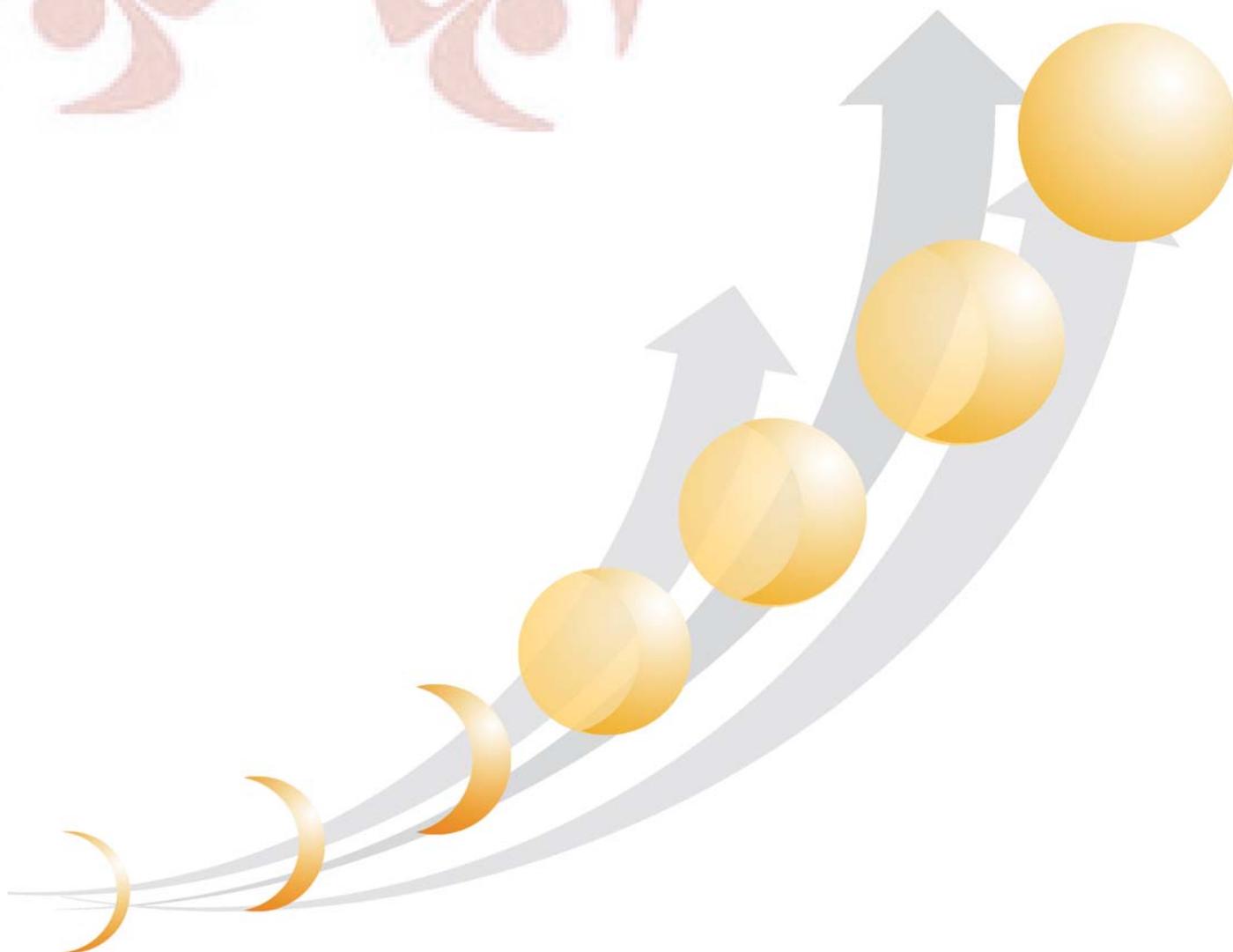




8th Annual **Champions' Meeting**

Discussion Paper

**Aboriginal Labour Market Strategies:
Increasing Return and Productivity**



Executive Summary

The scope and scale of unemployment among Canada's Aboriginal Peoples is staggering and matched only by the skilled labour shortage within Canadian businesses.

From a policy perspective, Canadian business and Aboriginal leaders, along with government, training and labour organizations, need to tackle three key questions:

1. What needs to happen so that Aboriginal organizations and businesses can work together in more efficient ways to build an inclusive and productive workforce?
2. How can more efficient labour market strategies affect a positive change locally, provincially and nationally?
3. How can investments in human capital be better aligned, and coordinated to achieve better outcomes?

At the 8th Annual Champions' Meeting, Canada's leaders in Aboriginal diversity will contribute their ideas to an important policy debate about the principles underlying more effective Aboriginal labour market strategies.

Factors affecting Aboriginal labour market strategies

- Companies experience a high level of uncertainty sourcing Aboriginal candidates who have a sustained interest in completing company-based training programs.
- Aboriginal training and employment centres are scattered across Canada.
- Entry points and protocols required to do business with these centres are complex.

Employers often find this environment confusing, fragmented and uncertain, which can inhibit employer investment in Aboriginal labour market strategies.

Innovation and leadership is critical

Innovation is critical for Canada to improve its productivity advantage. Small, medium and large businesses must play a leading role in designing labour market strategies that meets their needs.

8th Annual Champions' Meeting

Aboriginal Labour Market Strategies: Increasing Return and Productivity

● **Unlocking Canada's Economic Potential**

Canada is currently enjoying a period of unprecedented wealth and prosperity. A strong international economy is hungry for what Canada has in abundance. While our economy may be the fastest growing in the G8, there are troubling signs ahead that threaten to put the brakes on this rapid growth.

In very fast growing economies, a primary constraint on growth and productivity is often the availability of a trained workforce. Over the past few years we have seen such constraints appearing with increasing frequency in diverse sectors of the economy. By 2020, there is estimated to be a shortfall of one million workers in the country, mostly in high skilled and knowledge-oriented occupations. The current labour shortfall has skewed the operations of businesses, impeded their level of productivity, and distorted labour markets. It is anticipated that by 2020, the impact, if left unchecked, will be debilitating¹.

The 8th Annual Champions' Meeting provides an opportunity for Canadian leaders (public/private sector, Aboriginal, education, labour organizations) to engage in an important policy debate about the ways Aboriginal people can contribute to the nation's economic growth and productivity.

To achieve this goal, it is important that more business leaders in Canada develop a better appreciation of the business case for hiring Aboriginal people. They must encourage and adopt new policies and strategies. Business investment is needed for the short and long term development of an Aboriginal workforce. Aboriginal organizations and communities also need to consider new ways to work with employers to prepare their people for the future workforce. The Champions play an important role in the debate and provide new insight and ability to amplify the issues toward new policy and partnership solutions.

¹The OECD projects that Canada's annual labour force growth will fall to less than 0.5 per cent between 2000 and 2020 and thereafter net annual growth will be negative.

Looking for Solutions: Learning from Ireland

To plot a responsive strategy, Canada could look beyond its borders to find what other countries have done in similar circumstances.

For example, during the 1980s, Ireland was facing a similar period of rapid economic growth. In the space of a single generation, Ireland moved from being the poorest country in Europe to one of the richest in the world. In 1987, Ireland's Gross Domestic Product (GDP) per capita was less than two thirds of the European Union (EU) average².

Critical to the success of the Celtic Tiger was Ireland's ability to ensure that its labour market was ready to meet the rapid pace of economic development. With nearly 40 per cent of Ireland's population under the age of 25, it was essential that this younger generation was provided with the education, training and attitudes necessary to supply the needs of the economy.

An evolving immigration policy combined with its National Workplace Strategy meant that by 2003, Irish GDP per capita had climbed to 125 per cent of the EU average, effectively tripling the size of the Irish economy. Exports of goods and services expanded eight-fold, personal consumer spending rose by 140 per cent, unemployment plummeted and the numbers of employed workers increased by more than 70 per cent. Productivity levels were among the highest in the world.

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What can we learn from Ireland's example? Will Canada's labour market strategies keep pace with the needs of our changing economy? Will these labour market opportunities be accessible by all Canadians including its Aboriginal Peoples? In 15 or 20 years from now will we be able to say that Aboriginal people were a vital solution to employers' workforce needs? If so, how will we make this happen?

Lessons From Alberta

Canada's biggest and fastest growing economy, Alberta, has been blazing new trails in economic strength, but cracks are appearing in this powerhouse. Labour shortages across the province's economy are threatening to undermine the continued economic health and quality of life in the province. The impact has the possibility to distort the national labour market.

A study conducted by the Canadian Labour and Business Centre in 2006³ found that small businesses, in particular, are being hurt by the labour shortage and lack of skilled labour. In many cases, these businesses aren't able to take advantage of the opportunities that are being presented. Over the past three years, 80 per cent of those surveyed indicated that they had experienced trouble hiring enough people. Sectors hardest hit were construction and trucking, but the entire economy is being affected. In an effort to deal with the shortage, businesses have had to hire less-qualified people, pay more overtime, and increase salaries and benefits. Recent reports in the media⁴ have described businesses such as restaurants, having to close down during peak hours due to insufficient staff. In several cases, workers from as far away as Southeast Asia are being brought in to satisfy local labour needs.

Employers large and small, are being forced to take steps to secure labour. This is leading to sharply higher business costs, inefficiencies and skewed operations as businesses try to adapt to life without enough staff.

²Just 15 years ago, Canada's per capita gross domestic product was two and a half times Ireland's. Today, Ireland's GDP is 15 per cent to 20 per cent greater than ours.

³CFIB Research – Alberta's Growing Shortage of Qualified labour, January 2006.

⁴National Post November 11, 2006 page A1, A8 – Alberta booming, but starving for service labour.

Aboriginal People: One Key to Canada's Productivity

Canada's Aboriginal population, the youngest and fastest growing population, represents a huge potential workforce. By 2020, over 400,000 young Aboriginal people will enter the workforce adding to the 652,000 who are already of working age.

While governments, Aboriginal organizations, educational institutions and labour organizations all have an important role to play in developing this labour market, the private sector must play a central role in developing a new, equitable, and innovative labour market strategy to meet the challenges ahead. The private sector has critical expertise and experience in adapting to changing business conditions – it must extend these to address the labour market challenges facing our economy. A partnership jointly led by employers and Aboriginal people must be established in order to develop innovative solutions to the current and medium term labour market shortages, while dramatically increasing Aboriginal employment.

... the private sector must play a central role in developing a new, equitable, and innovative labour market strategy to meet the challenges ahead.

Issues and Constraints

Past efforts at increasing Aboriginal labour force participation have had mixed success reflecting the many challenges facing employers and our Aboriginal people. Some of these challenges are summarized below.

Demand

- Companies are unaware of the potential Aboriginal workforce or they do not have easy access to resources that can steer them in the right direction.
- Companies face uncertainty finding Aboriginal employees that have interest in completing training and orientation programs.
- Aboriginal career and employment centres with the mandate to train and obtain employment opportunities for Aboriginal people are spread across the country. Some centres have processes that may be too complex and frustrating for some businesses to manage.
- Stereotypes and misunderstandings can hinder the degree of interest companies have in hiring Aboriginal people.
- Linkages between the labour force demand and supply need to be strengthened and extended.
- An increasing number of employers are looking overseas for solutions to their short-term labour needs, rather than investing in the development of Canadian labour sources such as Aboriginal people.

Supply

- Employment centres and other related development organizations need to accelerate efforts to address the swelling numbers of Aboriginal people who will approach the working age in the next decade.⁵
- Low levels of formal education do not adequately prepare many Aboriginal people for employment, and can impede their success in training and education efforts.
- Endemic poverty inflicts a host of social, health and development issues on Aboriginal people.
- Using the United Nations' Human Development Index, Canada's Aboriginal Peoples' quality of life would place a dismal 43rd among the nations of the world.
- Geographic isolation of some Aboriginal groups away from key areas of economic activity is a major constraint.
- Aboriginal career and employment centres may face capacity and resource issues that impede their ability to deliver programs and services, or develop partnerships and linkages with the sources of demand.
- Community-based Aboriginal employment centres face challenges working with each other and with regional and national development organizations to develop coordinated employer engagement strategies.

⁵The Aboriginal Human Resource Development Strategy (AHRDS) is the Government of Canada's five-year \$1.6 billion initiative with the mission to create Aboriginal training and employment opportunities. The council works with Aboriginal Human Resource Development Agreement holders as well as other Aboriginal employment centres to create innovative recruitment, retention and advancement solutions with employers. In this paper the term "employment centres" refers to this national network of offices which provide career counseling and employment services to Aboriginal job candidates.

The structural and societal issues underlying Aboriginal unemployment in Canada are many and varied. Many of the unemployment issues must be addressed within the context of a broader socio-economic framework. For example, some of the socio-economic issues include literacy rate, health, education, justice, housing, racism and community development.

There is a strong correlation between the dismal state of socio-economic circumstances which characterize many Aboriginal communities, and the state of workforce readiness of their residents. Indeed, the experience of Canada's employment centres is that there are really two broad client groups: the highly barriered clients with many social and developmental issues, and those who show employment potential in varying capacities.

At the ground level, these centres play a counselling role with the first group while trying to design career and placement strategies for the second. Resources are spread too thin and some Aboriginal organizations may not have the competencies, financial resources and the wherewithal to develop partnerships with businesses willing or able to engage people from their communities.

Aboriginal people do not always have access to employment role models. Remote communities and reserves typically do not have the business infrastructure necessary to support a range of employment role models or career options. Aboriginal people may move to larger centres in order to secure employment. However, this can pose a variety of different issues without family and community supports.

There are many transition to work and workplace employment issues that inhibit investment in Aboriginal labour market strategies. Employers are experiencing a high level of uncertainty sourcing the right Aboriginal candidates with the sustained interest to complete companies' training programs. The Aboriginal organizations that have the mandate for training and employment are scattered across the country and their entry points and organizational protocols are complex. Employers are seeking strategies that are less confusing, less uncertain and greater economies of scale and transaction.

Many employers are unsure of the protocols necessary to develop partnerships with Aboriginal communities. Similarly, there may be rules or restrictions in the workplace that create misunderstandings between Aboriginal employees and their supervisors. The workplaces may be structured in ways that are not attractive to Aboriginal people. Or, workplaces may not be conducive to encouraging the full engagement of its Aboriginal employees.

The vast majority of companies in Canada do not have Aboriginal recruitment strategies. The Mining Industry Human Resources Council (MiHR) reported that only 20 per cent of the mining industry has an Aboriginal human resource strategy⁶. Considering that the mining industry is one of the biggest employers of Aboriginal people, it suggests that employers as a group need more information and expertise in this critical area of Aboriginal recruitment and retention. As well, many companies in Canada seem to lack an appreciation of the business case for hiring Aboriginal people. Many others have not embraced diversity or inclusion strategies as a matter of practice and policy. In general, employers seem to have little understanding of what constitutes an effective Aboriginal inclusion strategy, and there are few mechanisms to share and grow this information.

In some sectors there is a vast under-representation or under-participation of Aboriginal people in certain industries. The IT, biotechnology, aquaculture and environmental sectors are some examples. In some cases the barriers that are impeding entry to these sectors are not well documented or understood. The lack of human resources research and information means that strategies are either non-existent or not well coordinated by either industry or Aboriginal groups. How many industries have a national or even a regional Aboriginal HR strategy?⁷ How many Aboriginal employment centres have a coordinated supply side strategy to meet the needs of the various industry sectors where there is a growing demand for skilled workers?

⁶Prospecting the Future; Meeting Human Resource Challenges in the Canadian Metal and Minerals Industry (2006)

⁷The lack of dedicated strategy is consistent with the relatively low level of rigour that many employers treat human resource planning. Less than one quarter of surveyed employers use metrics and analysis to link human resource investment to business outcomes, and less than one fifth have a human resource information system that is fully linked to business and organizational performance data. (Conference Board of Canada, 2006)

● Building a Foundation in the Skilled Trades

A coordinated Aboriginal approach to the skilled trades labour market is especially needed. This labour market sector is critical to Canada's productivity and it is in an area where Aboriginal people have achieved some success already.

So much more could be done however, and with the right push and pull strategies, Aboriginal people could attain a stronger position in the skilled trades labour market. Just as the Mohawks and Mi'kmaq have created a significant force in the ironworkers occupation, so too could Aboriginal people, as a whole, play an important role in the development of Canada's skilled trades over the next 15 to 25 years.

So many employers have a vested interest to ensure that there is a sufficient supply of skilled workers. The business case for developing a coordinated Aboriginal trades labour force is clear. If ever there was a compelling opportunity for a partnership which could benefit Aboriginal people and employers, now is the time.

Findings from the Workplace Partners Panel's 2006 Viewpoints Leadership Survey (September 2006) affirm that "the most commonly cited shortage in the private sector is in the trades occupations. About one in four managers (23 per cent) reported a current occupational shortage in trades; an additional 10 per cent anticipated a trades shortage in two years. One third of private sector labour leaders cited trades occupations as being in shortage, and an additional 29 per cent anticipated them". The Construction Sector Council and the Aboriginal Human Resource Development Council of Canada recently reported that in the next ten years, there will be 80,000 retiring workers in the construction sector alone.⁸ An estimated 7664 Aboriginal workers could meet this skill need. A labour market forecast by the Mining Industry Human Resources Council (MiHR) has projected a shortfall of a similar magnitude; some 82,000 workers will be needed in the next ten years. Aboriginal people could provide the solution to these trades labour market shortages.

● Leadership and Successes

Despite the challenges, Canada's Aboriginal employment centres across the country are experiencing a host of successes working with employers and developing supply side solutions that are providing new opportunities to Aboriginal people. The Membertou First Nation's trades program in Cape Breton has achieved considerable success coaching and supporting young Aboriginal apprentices. The Osoyoos First Nation in BC has developed numerous joint ventures, including one with Vincor International Winery, and this community achieved near zero unemployment. The list of achievements at the community level is impressive.

● Success Stories

- In 2005 Syncrude employed 402 Aboriginal people or about nine per cent of its total workforce with a target of raising this to 13 per cent. Impressively, Aboriginal employees have an average 11.2 years in service. A key ingredient to its success was its attitude toward developing a diverse workplace and recognizing its responsibilities to work with the communities in the region.
- Devon Canada and the EnCana Corporation teamed up with the Northern Alberta Institute of Technology, the Métis Nation of Alberta, and Keyano College to launch a trades pre-apprenticeship training program. Trades in Motion uses a truck-mounted mobile workshop to provide basic pre-apprenticeship skills in the welding, millwright, pipefitting, steam fitting and electric - trades most in demand in the region. The program comes with a commitment by the corporate sponsors to provide work placements and apprenticeships.

⁸Canada has 27 sector councils with a shared goal to improve the quality of the Canadian labour force and help employers meet changing competitive demands. Councils address a wide range of issues related to technological change, quality standards, planning and human resource development.

- The Aboriginal Employment Initiative is a program launched by the Business Council of Manitoba in partnership with several companies, aimed at giving Aboriginal students early exposure to the job-searching experience by writing resumes and applying for half-day periods at various companies collaborating in the project. Students gained self-awareness and were awed by the business technology. It really brought home to them that math and science are important subjects to learn in school if they want a career in this area.
- IGNITE (IGNiting Interest in Technology and Engineering) launched as part of IBM Canada's national Aboriginal strategy, hosts three to five day camps that provide opportunities for Aboriginal children between the ages of 8 to 14 to gain exposure to careers in technology. The challenging hands-on science and engineering activities are designed to provide Aboriginal youth with an opportunity to build confidence in their technical abilities.
- The Building Aboriginal Human Resources (BEAHR) project is a joint partnership of the Environmental Careers Organization (ECO) Canada and the Aboriginal Human Resource Development Council of Canada. This national initiative has targeted 6000 jobs for Aboriginal people in the environment sector. The introduction of a new short-term environmental monitoring certificate course is one way Aboriginal people can acquire the skills needed to enter this growing sector of the economy.

It is worth noting that these examples are illustrative of the seven promising practices to address labour market disparities as identified in the Canada West Foundation 2003 report "Achieving Potential: Towards Improved Labour Market Outcomes for Aboriginal People"⁹

● Improving Canada's Productivity: Working with Aboriginal People

Canada's economic prosperity can be attributed to a number of factors such as exceptional workforce talent, skills and education, and the drive of Canadian business. The pending labour shortage in our country may well be the biggest challenge facing our long-term economic prosperity and productivity. Together we need to review our current labour market development approaches, including immigration and Aboriginal policies. These initiatives will ensure that there are coherent community, regional and national strategies that align with Canada's labour market needs. Let's ensure that our largest pool of untapped labour is not left idling during the period of our country's greatest need.

The federal government's recent economic and fiscal update has recognized the need for action on these issues. In particular, key elements of the economic plan, Advantage Canada, indicate the importance of addressing labour market needs to ensure the nation's economic prosperity. In particular, the plan calls for the creation of a "knowledge advantage by creating the best-educated, most-skilled and most flexible workforce in the world"¹⁰. The plan also calls for increased investment on post-secondary education and training, and for the elimination of barriers to the labour force particularly for Aboriginal people, older workers, and people with disabilities. While short on details, the update provides some direction and leadership on how labour market issues will be addressed by the federal government in the near term.

Let's ensure that our largest pool of untapped labour is not left idling during the period of our country's greatest growth.

⁹The seven promising practices include: (i) Perform comprehensive evaluation of goals focusing on both individual and holistic outcomes, (ii) Facilitate the dissemination of information, (iii) Reinforce the value of education, (iv) Consider social conditions, (v) Display patience, tolerance and understanding, (vi) Build confidence, promote inclusion, (vii) Recognize, reward and celebrate successes.

¹⁰The Economic and Fiscal Update: Canada's New Government. Presentation by the Honourable James M. Flaherty, P.C. M.P. November 23, 2006, page 10.

While governments, Aboriginal organizations, educational institutions and labour organizations all have an important role to play in developing this labour market, the private sector must play a central role in developing a new, equitable, and innovative labour market strategy to meet the challenges ahead. The private sector has critical expertise and experience in adapting to changing business conditions – it must extend these to address the labour market challenges facing our economy. This multi-dimensional partnership must explore innovative solutions to the problem and address the many elements affecting the development of our labour market. This is a productivity imperative.

While governments, Aboriginal organizations, educational institutions and labour organizations all have an important role to play in developing this labour market, the private sector must play a central role in developing a new, equitable, and innovative labour market strategy to meet the challenges ahead.

Innovation is critical if Canada is to improve its productivity advantage. Small, medium and large businesses must play a leading role in designing labour market strategies that meet their needs. From a policy perspective, Canadian business and Aboriginal leaders, along with government, education and labour organizations need to tackle these questions:

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