

NATIONAL
ASSOCIATION OF
**FRIENDSHIP
CENTRES**

Urban Aboriginal Economic Development

A Friendship Centre Perspective

March 2, 2009

Ottawa, ON

Table of Contents

1. Introduction	1
2. Demographics	1
3. Urban Aboriginal Dynamics	4
4. ISSUES	6
Racism	7
Child Care	7
Access to Capital	8
Business Development	8
Income Supports	9
Education	9
Training	10
Taxation	10
Governance	11
Institutional Development	11
5. ROLE OF THE NAFC	12
6. RECOMMENDATIONS	12
7. SOURCES	13



1. Introduction

Economic development is a critical issue for urban Aboriginal people. Whether it is individual business development, organizational or community development, or individual employment and training, there is critical work which needs to take place.

Often moving to urban areas is the most significant economic development decision Aboriginal people will make. Leaving traditional communities for urban areas in search of employment or business opportunities is a difficult decision to make. To make matters worse, there is little formal support for their activities in urban areas.

Urban areas offers access to education and training opportunities and access to a market not found elsewhere. Given the proper supports there are incredible opportunities to have a great impact. What is required are coordinated efforts from government, service providers and institutions.

The Royal Commission on Aboriginal Peoples (RCAP) noted that 300,000 new jobs would be required to have Aboriginal people reach Canadian levels of employment¹. This background paper explores some of the issues which would be required to be addressed if we are to attempt to reach that goal.

2. Demographics

The scale of the challenge is borne out by the demographics. The majority of Aboriginal people reside in urban areas.² While urban Aboriginal people fair slightly better than other Aboriginal people in some areas, they still lag far behind the rest of Canada.

Basic Statistics

- Fifty-four percent - a majority - of Aboriginal (First Nation, Métis and Inuit) peoples live in urban areas, up from 49 percent in 2001.
- Aboriginal peoples continue to be the youngest population in Canada, with a median age of 27, which is a full 13 years younger than the non-Aboriginal median age. Almost one half 48 percent of all Aboriginal peoples are under the age of 24, compared to 31 percent of the non-Aboriginal population.³

1 RCAP, Page 793

2 Statistics Canada, Census 2006, Catalogue no. 97-558-XWE

3 Ibid.

Selected Labour Force Statistics

2006 Census

Region	Participation Rate	Employment Rate	Unemployment Rate
Canada – Total	66.8	62.4	6.6
Canada – Urban	67.0	62.8	6.3
Aboriginal – Total	63.0	53.7	14.8
Aboriginal – Urban	67.5	62.8	6.3

2001 Census

Region	Participation Rate	Employment Rate	Unemployment Rate
Canada – Total	66.4	61.5	7.4
Canada – Urban	66.6	61.9	7.0
Aboriginal – Total	61.4	49.7	19.1
Aboriginal – Urban	65.4	55.1	15.8

National Association of Friendship Centres (NAFC) Research

The NAFC in partnership with Indian and Northern Affairs Canada (INAC) has conducted research into 224 urban communities and their outlying areas to better understand the challenges faced by urban Aboriginal people. The 2001 and 2006 Census is being mined to examine every non-reserve community in Canada with more than 400 Aboriginal people. The 2001 data has come in and the 2006 data is currently under development. While the research has yet to be published, some of the initial data tables are instructive to this issue.

The use of the community well-being (CWB) index, while not perfect, does offer a baseline for understanding. In total six indicators are used:

- Proportion 15+ with grade 9 or higher
- Proportion 20+ with high school or higher
- Labour Force participation age 20 and older
- Per capita total annual income
- Proportion of the population with no more than one person per room
- Proportion of the population living in residences with in need of major repairs⁴

4 White, Page 30

The total review of the well-being of urban Aboriginal peoples, and their comparisons to the non-Aboriginal population, is grim.

Component Score	CWB All Components			
	Aboriginal		Non-Aboriginal	
	N	%	N	%
Very Low	43	16.9	0	0.0
Low	93	36.6	5	2.1
Average	95	37.4	22	9.3
High	23	9.1	194	82.2
Very High	0	0.0	15	6.4
Total	254	100.0	236	100.0
Ave Score	0.7484	--	0.8612	--

A couple of obvious omissions exist for a more fulsome understanding of an urban Aboriginal community's well-being; culture and health. For the purpose of this paper we are able to provide tables examining the labour force and income indicators for urban Aboriginal communities and their comparisons with the non-Aboriginal population in the same communities.

Component Score	Labour Force Component			
	Aboriginal		Non-Aboriginal	
	N	%	N	%
Very Low	34	13.4	7	3.0
Low	84	33.1	16	6.8
Average	102	40.2	97	41.1
High	33	13.0	91	38.6
Very High	1	0.4	25	10.6
Total	254	100.0	236	100.0
Ave Score	0.7869	--	0.8587	--

Component Score	Income Component			
	Aboriginal		Non-Aboriginal	
	N	%	N	%
Very Low	44	17.3	0	0.0
Low	127	50.0	2	0.8
Average	78	30.7	44	18.6
High	5	2.0	173	73.3
Very High	0	0.0	17	7.2
Total	254	100.0	236	100.0
Ave Score	0.6314	--	0.8256	--

3. Urban Aboriginal Dynamics

Although Canada has witnessed a surge of Aboriginal Economic development in First Nation communities, it has only been recently that *urban* Aboriginal economic development has come to the forefront of economic development. Inadvertently, urban Aboriginal economic development is often viewed through the lens of poverty and disadvantage. There is no doubt that eradicating poverty is an important goal, however, it is also clear that community development is critical to economic prosperity.

There has been much written about the requirements for successful Aboriginal economic development programs and initiatives. Regrettably little has been written about urban Aboriginal economic development specifically. We can infer from general research what activities would be required.

The Royal Commission on Aboriginal Peoples did an effective job of detailing the challenges facing Aboriginal economic development. In particular, the note research conducted which outlined circumstances and assets which need to be in place in order for economic development to be successful. The additional check list is our assessment of the presence for urban Aboriginal peoples.

4 Circumstances⁵

Area	Urban Check List
Political Sovereignty	No
Market Opportunity	Yes
Access to Capital	Unclear
Distance from Market	Yes

Internal Assets⁶

Area	Urban Check List
Natural Resources	No
Human Capital	Yes
Institutions of Governance	Unclear
Culture	Yes

In addition, it is commonly assumed that simply because Aboriginal people choose to reside in urban areas, they automatically have an economic development advantage. However, research shows that urban Aboriginal peoples remain disadvantaged in economic terms. Research conducted by the NAFC using 2006 Census data shows the gap between urban Aboriginal peoples and the rest of society.

5 RCAP, Page 824

6 RCAP, Page 824

Collective vs. Individual

In discussing the appropriate role of economic development there is always a tension between programs and services focussed on the community as a whole, or on the individual. The standard description of economic development initiatives focuses on the following:

- Welfare for labour force
- Training to upgrade skills
- Loans and grants
- Relocation assistance

While each of these is important, RCAP points out that they ignore many important aspects of the community⁷. The importance of the collective, of family, community and nation is not reflected. Yet while we will examine notions of how to support community in our efforts, the nexus of our supports should be on the individual.

Urban Aboriginal Success

A paper published in 2006 from the Centre for Aboriginal Economic Policy Research examined the success factors of urban Aboriginal business peoples in Australia. Among the many findings they found some interesting challenges faced by successful Aboriginal entrepreneurs⁸.

Average Start Up Capital	13,000
Use of Credit Card for initial working capital	40%
Borrowed Capital from Family	34%
Reported Racial Discrimination	100%
Women who reported gender discrimination	100%

The overall finding for the project that was despite a lack of significant capital and the ongoing presence of racism, these business people succeeded. The overall motivator for success is hatred of poverty⁹. With appropriate supports, success can occur here in Canada as well.

7 RCAP, Page 816

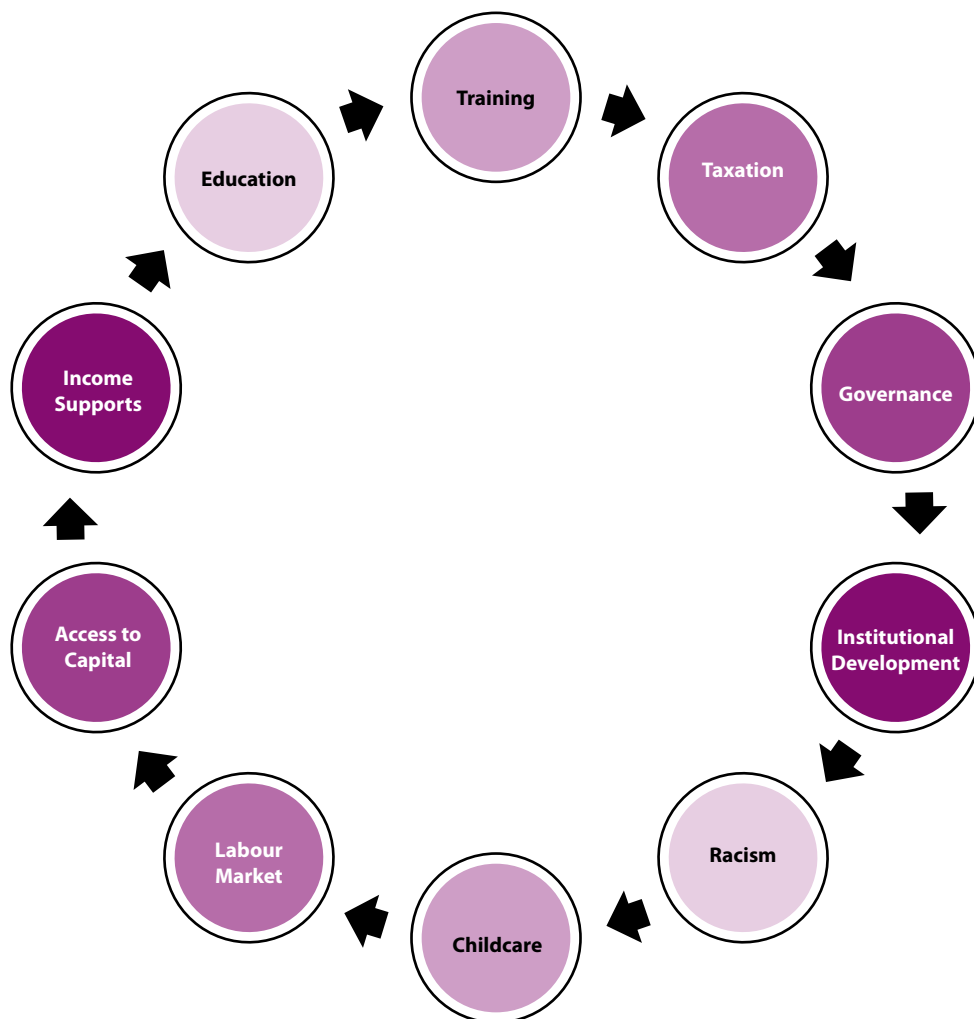
8 Foley, Page 12

9 Foley, Page 21

4. Issues

There are a number of significant issues facing urban Aboriginal peoples. These issues may seem insurmountable. However, taken individually we can find a path for effective supports. At the end of each issue description we pose some research questions which would help define our approach to each matter.

“How can government policy be informed if basic building blocks of empirical data are not available?”¹⁰



Racism

It is impossible to discuss the success of economic development in urban areas without mentioning the racism faced by Canada's urban Aboriginal population. Racism impacts Aboriginal people's ability to access training programs, be hired for a job or to secure loans to start businesses. It is a pervasive problem which needs to be addressed. Canada's Action Plan Against Racism must more effectively reach out to the urban Aboriginal community.

Key Research Questions:

- How effective is Canada's current anti-racism program for Aboriginal people?
- Are there any effective workplace anti-racism programs currently being provided?
- What are the impacts of racism on Aboriginal people in urban areas today?

Child Care

The absence of culturally appropriate child care is a major barrier for urban Aboriginal women and men to finish school, secure employment or start a small business. Existing Aboriginal Head Start Programs are not designed to provide effective child care for working families. In addition, the Aboriginal Human Resources Development Strategy (AHRDS) does not allow for the funding of child care spaces in urban areas, unlike the treatment of First Nation AHRDS. This is a critical issue which must be resolved if Aboriginal women and men are to succeed in economic development.

Key Research Questions:

- How many Aboriginal child care spaces exist in Canada?
- How affordable are child care spaces for single parents?
- What innovative workplace strategies are currently in place to help address child care needs for Aboriginal employees?
- Unlike First Nation AHRDAs, is the distinction of urban Aboriginal peoples in urban AHRDAs not being an allowable expense, a violation of Section 15 of the Charter?

Access to Capital

Access to capital is a fundamental issue which impacts all economic development programs. In fact, improving access to capital and investment was a key priority identified during the Canada-Aboriginal Peoples Roundtable on Economic Opportunities¹¹.

Most often, this is understood from a First Nation perspective where the ability to use a home as collateral against a loan has artificially stunted business development. Specific urban Aboriginal issues exist as well. The Aboriginal Capital Corporations and federal government initiatives have not funded urban Aboriginal projects to the level required¹². RCAP noted that socio-economic conditions and the lack of support from lending institutions as key capital barriers¹³. Targeted action should be in urban areas to ensure that capital is available where it is required.

Key Research Questions:

- How many urban Aboriginal projects as the Aboriginal Capital Corporations supported?
- What supports exist for urban Aboriginal institutions to access capital for projects?

Business Development

The core of any economic development strategy must be business development. In many aspects the ability to successfully start a business is the culmination of a number of other steps including education, income supports, capital and training. Yet it is critical that a focus on business development is explicit and clear. There are a number of ways which this must occur. Organizations need access to business development opportunities to ensure that they can diversify revenues and become less reliant on government transfers. Individuals need access to opportunities to start small and medium sized businesses. Youth require targeted opportunities to start businesses for summer employment and beyond. Finally, micro-financing programs are required to ensure that those living in the toughest socio-economic opportunities have an opportunity to lift themselves out of poverty.

Key Research Questions:

- What sort of access do urban Aboriginal peoples have to government business development programs?
- How effective would micro-lending programs be in urban Aboriginal communities?
- What youth specific strategies need to be in place for urban Aboriginal peoples?

11 Canada-Aboriginal Peoples Roundtable Report

12 RCAP, Page 919

13 RCAP, Page 907

Income Supports

The initial period after establishing a new business can be unstable. Markets can be difficult to break into and margins are very tight. It is essential that income supports are available to ensure that individuals do not risk bankruptcy as they start their new business. Further, it is critical that training programs and ongoing supports are in place to ensure the sustainability of their business.

Key Research Questions:

- What innovative programs currently exist to provide income supports?
- Do urban Aboriginal people have equitable access to income support programs?

Education

Education is the single greatest factor in supporting economic development for urban Aboriginal people. It is also one of the least supported by the federal government as a result of jurisdictional disputes. RCAP recognized the importance of education in its section on economic development. RCAP states that young people entering the workforce need a strong education background to support their efforts. It also states common needs are education and skills to make a reasonable living, no matter where one chooses to live¹⁴. The recent Standing Senate Committee on Aboriginal Peoples report on economic development focused extensively on the need for a variety of education initiatives. They include the need for basic literacy skills¹⁵, the need for ongoing literacy and numeracy strategies¹⁶ and the need for increased post secondary before success can be assured¹⁷.

What is clear is that a specific urban Aboriginal education strategy is required to support the economic development aspirations of both communities and individuals.

Key Research Questions:

- What best practices exist to aid urban Aboriginal people to finish high school?
- What promising practices exist for Aboriginal learners in the area of literacy and numeracy?
- What innovative solutions exist for Aboriginal people to finish post-secondary learning?

14 RCAP, Page 827

15 Standing Senate Committee on Aboriginal Peoples, Page 56

16 Standing Senate Committee on Aboriginal Peoples, Page 8

17 Standing Senate Committee on Aboriginal Peoples, Page 55

Training

Much like education, access to effective training is a critical component in urban Aboriginal economic development programming. The Standing Senate Committee on Aboriginal Peoples noted the need for fiscal incentives for apprenticeship programs as pressing¹⁸. RCAP noted that the training needs of urban Aboriginal migrants are critical to economic development success¹⁹. Yet so little is currently being done in urban areas on this area.

The Aboriginal Human Resources Development Strategy (AHRDS) does not comprehensively address urban Aboriginal training needs. This program addresses urban needs on a membership basis through First Nation, Métis or Inuit specific AHRDS. This is unacceptable as the nexus for program and policy decisions are not being done in an urban context. As a result urban Aboriginal people have access at best to an ineffective program. Most often no access at all is afforded to urban Aboriginal peoples. Moving forward any meaningful Aboriginal economic development program must provide for the training needs of urban Aboriginal peoples.

Key Research Questions:

- Does the current AHRDA process violate Section 15 of the Charter?
- What best practices currently exist for urban Aboriginal employment and training?
- What structural changes would be required to ensure that AHRDS allows for the full policy and program design be focused on urban Aboriginal peoples?

Taxation

Taxation policies are often a forgotten component of urban Aboriginal economic development strategies. From an individual perspective the assertion of off-reserve taxation rights remains an important aspect of potential economic development opportunities. Businesses developed in urban areas should also be eligible for tax free considerations. In addition the further development of institutions to support tax redirection to urban Aboriginal social and business programs in the event to taxation requirements would be a significant development.

Key Research Questions:

- What is the current economic impact of off-reserve taxation exemptions?
- What business opportunities could exist to take advantage of taxation opportunities?
- What regulatory barriers exist for tax revenues to be directed to urban Aboriginal social, business and governance institutions?

18 Standing Senate Committee on Aboriginal Peoples, Page 8

19 RCAP, Page 832

Governance

Most studies point to effective governance as a key basis on which to build economic development. The Canada-Aboriginal Peoples Roundtable report cited improved governance and capacity as a key priority moving forward. The Standing Senate Committee on Aboriginal Peoples stated that stable leadership and vision is a factor for economic success²⁰. This is precisely where the Aboriginal community needs to come together and better define our urban Aboriginal governance strategies. First Nations, Métis and Inuit organizations often claim responsibilities for their “citizens” in urban areas, yet have no effective ways of consulting or providing basic governance services. Some urban areas have developed political councils, yet this development has been too slow and sporadic. The broader governance challenges for urban Aboriginal peoples certainly need to be addressed.

Key Research Questions:

- Who represents urban Aboriginal peoples?
- What best practices exist in urban Aboriginal governance?
- What models should be developed to ensure that an effective governance regime exists for community economic development?

Institutional Development

Institutional development is a key area for economic success. RCAP stated that once sound political and economic institutions and overall development strategies are in place, then economic development is approachable²¹. The Standing Senate Committee on Aboriginal Peoples wrote that there are over 200 First Nation communities that have competitive advantage, in location and access to resources and labour, but they are missing the basic market institutions that are common elsewhere in Canada²². The same can be said for urban Aboriginal peoples.

Urban areas have weak institutional development to provide economic development programming. As opportunities and funding come available it is not clear what effective institutions are supporting ongoing urban Aboriginal economic development.

Key Research Questions:

- What institutions are currently in place to support urban Aboriginal economic development?
- What is the proper role of Friendship Centres in urban Aboriginal economic development?
- What structural supports need to be in place for effective urban Aboriginal economic development to occur?

20 Standing Senate Committee on Aboriginal Peoples, Page ix

21 RCAP, Page 823

22 Standing Senate Committee on Aboriginal Peoples, Page 49

5. Issues Role of the NAFC

The NAFC primary function is to improve the quality of life of Aboriginal people in urban areas. The main way in which we accomplish this is by supporting local Friendship Centres in their day-to-day operations. In addition, we also offer policy and programming supports as required. The NAFC believes that our role in economic development is to facilitate access of local communities to a range of programs and supports which will enable them to better serve their clients and diversify their revenue streams. There are a number of delivery models which could be explored both internal and external to the Friendship Centre Movement which could accomplish this goal.

There is no other Aboriginal organization that has a pre-existing network of service providers with complimentary programs to effectively provide economic development opportunities.

6. Recommendations

1. That a research project is conducted to explore best practices in education, business development, training, access to capital and institutional development as a starting point.
2. That a core principle of any new Federal Economic Development Framework be that urban Aboriginal people have equitable access.
3. That the renewed Aboriginal Human Resource Strategy support the Economic Development Framework, and that urban Aboriginal people are properly served within it.

7. Sources

- Canada-Aboriginal Peoples Roundtable. *Economic Opportunities Sectoral Follow-Up Session Facilitators' Report*. Ottawa, Ontario. December 13-14, 2004.
- Foley, D. *Indigenous Australian Entrepreneurs: Not all in the Outback*. Discussion Paper No. 279. Centre for Aboriginal Economic Policy Research. Australia. 2006.
- Royal Commission on Aboriginal Peoples. Volume 2: Restructuring the Relationship (Part Two). Canadian Communication Group Publishing. Ottawa, Ontario. 1996.
- Standing Senate Committee on Aboriginal Peoples. *Sharing Canada's Prosperity – A Hand Up, Not a Handout: Final Report. Special Study on the involvement of Aboriginal communities and businesses in economic development opportunities in Canada*. Ottawa, Ontario. March 2007.
- Taylor, Jonathan and Miriam Jorgensen. *What determines Indian Economic Success? Evidence from Tribal and Individual Indian Enterprises*. The Harvard Project on American Indian Economic Development. Wiener Center for Social Policy. John F. Kennedy School of Government. Harvard University. Date Unknown.
- White, Jerry P., Dan Beavon, and Nicholas Spence (Editors). Aboriginal Well-Being: Canada's Continuing Challenge. Thompson Educational Publishing, INC. Toronto, Ontario. 2007.



**NATIONAL
ASSOCIATION OF
FRIENDSHIP
CENTRES**

275 MacLaren Street
Ottawa, Ontario
K2P 0L9

T. : 613-563-4844
F. : 613-594-3428

nafcgen@nafc.ca
www.nafc.ca