

# Aboriginal Peoples

In a climate of fiscal constraint, strategic investments in First Nation governments and their peoples continue to make sense.

The costs of continuing the current way of doing business — of managing poverty, maintaining ineffective processes, and drawing out settlement and implementation of claims — are high. But moving forward, while incurring short-term costs, ultimately brings greater financial prosperity. For example, the government of British Columbia states that total benefits in that province alone from modern treaties and settlement of claims, including cash settlements and increased investment, could reach \$50 billion, comprised of \$1 billion to \$2 billion each year for the next 20 to 25 years.

Federal approaches to First Nation funding must move from risk management and maintenance of the status quo, towards a system of fair and predictable fiscal transfers.

The 2010 Alternative Federal Budget selects two interdependent areas for investment and structural reform:

- First Nation education and human capital development, and

- support to First Nation governments.

## Education

The Government of Canada's management of the education system for First Nations children and youth has been and continues to be a national tragedy. The historic legacy of the residential school system drew an apology from the Prime Minister in the House of Commons on June 11, 2008; the aftermath of this legacy need not be recounted here. However, the lingering effects of the residential school system must be acknowledged and addressed even in this post-apology era, as must the continuing negligence of the federal government with regard to First Nations education and skills training. The last residential school closed in 1996, but its failures have yet to be fully expunged from Canada's approach to First Nations education. It must be acknowledged that some of the attitudes that contributed to the residential school system continue to linger.

Canada needs a new approach to managing the education system, one that respects and supports the role of First Nation governments in both its design and operation, along with greater

investment in meeting the needs of First Nations children and youth.<sup>1</sup>

As it stands, First Nations schools are not funded in a way that provides the full spectrum of learning that other students receive. Per capita, First Nations children are funded, on average, \$2,000 less per year than are non-Aboriginal students in Canada under a funding formula developed in 1987.

In its May 2009 Report *The Funding Requirement for First Nations Schools in Canada*, Canada's Parliamentary Budget Officer (PBO) estimated for fiscal year 2009–10 that Indian and Northern Affairs Canada's (INAC) "plans for capital expenditure are underfunded by about \$169 million in the best case, and \$189 million in the worst-case scenario... Thus, the annual INAC Planned Capital Expenditures... *underestimates the likely gross expenditures compared to the PBO best case and worst case projections (by more than 58%)* [emphasis contained in the original text]."<sup>2</sup>

This lack of funding means, for example, that computers are not as commonplace in First Nations' school classrooms as they are in other schools. It means that special education for children with particular needs is not necessarily available, and that vocational training equipment is not widely on hand. It means that salaries for teachers are lower, making it that much more difficult to attract and retain quality instructors. And many of the unique circumstances of First Nations students are not being addressed, such as the fact that many students are learning English or French as a second language, but not their First Nations language. Funding for First Nations language instruction must be prioritized.

The provision of culturally grounded key education supports would build on the spirit and intent of what was expressed by the Prime Minister in the historic apology of June 2008. Residential schools, under the guise of education, removed children from family, land, culture, and language. A modern aim for the education

system, in addition to developing human capital for a market economy, should be to reconnect First Nation learners with their land, languages, and cultures.

Budget 2009 committed \$365 million over two years targeted to First Nation education infrastructure. While this represents a beginning, it does not address the tangible gaps in learner supports that continue in First Nation communities.

The effect on ongoing inadequacy in education funding is, as noted, higher drop-out rates and lower employment. More generally, the consequence is continued and deepening poverty. Canada needs First Nations to prosper. Specifically, Canada needs First Nations participation in labour force replacement.

Canada's labour force is aging. The baby boom generation is fast approaching retirement and there are significant gaps in skilled workers to replace those who will depart. Productivity and prosperity will suffer if this is not addressed. First Nations' potential share of the Canadian labour force is expected to triple over the next 20 years. If investments are not made to increase First Nations' skills and opportunities, the gap between First Nation citizens and Canadians will grow, leading to increases in Canada's rate of unemployment, downward pressure on productivity, upward pressure on social expenditures, and a large-scale migration to provincial social assistance programs, all of which will have a negative impact on Canada's prosperity.

The alternative is that, if adequate investments are made, a large percentage of new entrants into the labour market will be healthy, well-educated First Nation citizens who will be net contributors to the economy. A double benefit would be realized by the decreased costs associated with maintaining First Nations in poverty. The stresses on social service programs will be reduced, the social fabric and cultural diversity of Canadian society will become further enriched, and labour resources within the economy will be allocated

more efficiently, leading to increased productivity and innovation, and, as a consequence, improved prosperity for Canada as a whole.

The economic benefits of improved First Nation education and employment outcomes are indisputable. In 2009, the Centre for the Study of Living Standards (CSLS)<sup>3</sup> estimated that, over the period from 2001 to 2026, if Aboriginal peoples had been able to increase their level of educational attainment to the level of non-Aboriginal Canadians, First Nation individuals would have contributed between \$130 billion and \$312 billion more to the economy.

In a recent study conducted for the Assembly of First Nations, Bert Waslander (2009) noted that, while parity is still not within sight, “if graduation rates [can reach] parity from 2011 on, part of the CSLS gains can be realized. We estimate that GDP in 2026 can increase by \$4.7 billion to \$8.8 billion as a result of improvement in the educational level of First Nation people, using the same assumption about the economy as CSLS.”<sup>4</sup>

Waslander further notes: “Among the 481,000 First Nation people of 15 years and over in the year 2006, 25,000 have a university degree. Among the same number of other Canadians, 90,000 have a degree.” He concludes that program targets and consequent investments must be set to close the attainment gap and truly realize the dividends available.

Consequently, the Alternative Federal Budget commits to increase Canada’s annual ongoing commitment by \$700 million to support education in First Nation communities, including indigenous language instruction and curriculum development. An additional \$150 million per year for the next five years is recommended for education infrastructure, new school construction, and critical maintenance on a priority basis, to be identified in partnership with First Nation communities.

## Support to First Nation governments

Strong, capable and appropriately supported First Nation governments are the foundation upon which all other programs are delivered, but chronic underfunding and the structural undermining of First Nation governments have served to erode their ability to effectively serve their citizens. In fact, First Nation governments deliver more comprehensive and varied levels of programs and services than a municipal, provincial, or federal government in Canada, but do so under extremely circumscribed and disadvantaged conditions.

Most Canadians enjoy the security of what has come to be known as the “social safety net”; the fundamental programs and services that prevent and protect Canadians from suffering the excesses of poverty. These are programs and services Canadians rely upon for their health, education and social assistance needs. The federal government provides funding to the provinces for these core services through non-discretionary transfer programs; notably the Canada Health Transfer (CHT) and the Canada Social Transfer (CST) (which were combined in the Canada Health and Social Transfer (CHST) previous to 2004). Canada also provides tax transfers to support these areas to provinces and territories. The CHT and CST cash levels are set in legislation up to 2013–14 and have guaranteed annual escalators (of 6% and 3% respectively).

Guaranteed escalators (to reflect population growth and inflation), coupled with a legislative funding base, provide provincial and territorial governments with a predictable and secure foundation upon which to make strategic decisions.

First Nations, however, are forced to get by on diminishing or extremely limited growth in transfers. The federal government treats budgets for core services to First Nations as “discretionary” spending, meaning that budget allocations receive no legal protections. Since 1996, Finance Canada has maintained an arbitrary 2% cap on spending increases on core services<sup>5</sup> — about

one-third of the increase that most Canadians will enjoy through the combined CHT and CST in each of the next five years.

Although the responsibilities and functions of First Nation governments and their associated costs have greatly increased over the past decades, funding has remained the same, or decreased due to inflation. As noted, First Nation governments provide a huge range of programs and services to their citizens — programs and services that are shared by multiple orders of governments for other Canadians, including primary and secondary education, roads, housing, and infrastructure. A study of cost drivers conducted by Indian and Northern Affairs in 2006 estimated that there was a minimum of \$61 million shortfall in key governance support (most notably costs of audits and elections) at that time. Remarkably, there have been no increases for governance since the study was done, and none are foreseen.

The Blue Ribbon Panel on Grants and Contributions found fiscal arrangements with First Nations to be complex, fraught with problems, and leading to costly and often unnecessary reporting burdens on the First Nations.<sup>6</sup> This must be addressed for First Nations to adequately serve their citizens.

The AFB will increase Band Support Funding by \$65 million to address identified shortfalls in financial and legal requirements on First Nation governments. Further, the AFB commits the federal government to work jointly with First Nation governments and their delegated political representatives to design a non-discretionary and secure system for fiscal transfers, with guaranteed escalators to ensure adequate, accountable, and sustainable funding to First Nation governments in their provision of quality services to their citizens wherever they reside.

First Nations are in a unique position to promote access to development opportunities, provide a pool of human resources in remote and resource-rich areas, and work with government

and industry on innovative approaches to green energy. Adequately and appropriately supported First Nation governments are critical to making this a reality.

### Urban Aboriginals

Canada's off-reserve Aboriginal population now encompasses a wide range of characteristics and circumstances. Some segments of the urban Aboriginal population are well-situated, with strong progress in key indicators of social and economic well-being. However, this population overall continues to experience socioeconomic conditions that fall well below the overall population average in key areas, including education, employment, income, and health status. Close to half of all urban Aboriginal children live in one-parent families, and the median age of the Aboriginal population is significantly younger than the median age of the non-Aboriginal population.

The long-term sustainability of Friendship Centres — which represent part of the social infrastructure that is uniquely focused on the needs and aspirations of urban Aboriginal peoples — requires enhancements to the funding levels that were established a decade ago. Even though the urban Aboriginal population over the past decade has more than doubled in some cities, funding from Canadian Heritage to support the core activities of Friendship Centres has not been increased. In order to protect the federal government's investment, and to ensure the long-term sustainability of these institutions, the AFB commits to review funding levels in the context of today's realities.

Urban Aboriginal peoples face different challenges, depending on (among other things) the particular communities in which they live. No single solution will be applicable to all urban Aboriginal peoples. The AFB will therefore ensure that funding by community organizations will be allocated in a manner that responds to the local concerns of urban Aboriginal peoples

and builds on and develops the linkages between community development, cultural centres, and employment strategies. To specifically assist Friendship Centres and ensure that they continue their vital and cost-effective work, the AFB will invest an additional \$32 million over three years for programs and infrastructure.

### Aboriginal Women

Aboriginal women and girls in Canada continue to be socially and economically marginalized. Although billions of dollars are spent each year to fund Aboriginal programs and services, Aboriginal women are still afflicted with higher levels of poverty, lower educational attainment, higher unemployment, family violence, poorer physical and mental health, and lack of housing. These and other social and economic ills condemn many of them and their families to an ongoing cycle of distress.

Clearly the funding and programs aimed at helping Aboriginal peoples in general have failed to address women-specific issues or the very different experiences of Aboriginals based on identity, geographic location, or historical experience as they relate to colonization, residential schools, or systemic discrimination. A pan-Aboriginal, gender-neutral approach to programs, policies and funding fails to take these significant differences into account. What is needed is a coordinated approach to funding which recognizes both the problems faced by Aboriginal women and those faced by all Aboriginal peoples in general.

Aboriginal women are not equally represented in Canadian society. To improve their lives, community service groups and advocates are forced to apply through program- or project-specific funding that is neither coordinated nor representative of the disproportionate challenges faced by Aboriginal women. This situation needs to be rectified. It is critical that the unique needs of Aboriginal women are addressed by creating

sustainable economic opportunities that benefit them, their families, and their communities.

What is often ignored, as well, is that Aboriginal women are already making a vital contribution to the economy and community, but that this contribution is both unrecognized and tends to be hampered by the serious economic and social gaps between Aboriginal women and men. Thus there need to be federal initiatives that focus on building a more positive image for Aboriginal women and girls, and fostering their role as significant economic actors in their own right so as to build a foundation for their economic prosperity.

Funding agreements also need to go beyond temporary solutions. A formalized structure of adequate, predictable funding should provide basic social welfare support for those in need. Culturally relevant, gender-specific programs and services for Aboriginal women are required to enable them to truly become equal members of society. True “investment” in the Aboriginal community must begin with women, because this is where the foundation of stable families and community begins. Over time, this investment will be a much more effective way to address the negative outcomes that have plagued First Nations, Métis, and Inuit peoples for generations.

### Federal investment

Considering the disproportionate level of socioeconomic stress faced by Aboriginal women, targeted spending is needed to provide safe, appropriate and affordable housing, child care, health and wellness programs, mental health supports, violence prevention education and awareness programs, access to justice, unbiased policing, alternative or adult education and training, and stable, positive social supports within the community. Such funding can go a long way to address the needs of Aboriginal communities as a whole, as women (and families) are at present being left behind.

The AFB therefore makes the following funding allocations:

- \$5 million a year funding for Sisters In Spirit, a research, education and policy initiative with the Native Women's Association of Canada to identify the root causes and trends associated with the more than 520 missing and murdered Aboriginal women and girls in Canada;
- equal funding targeted for Aboriginal women to access economic development opportunities, including equal access to small business loans and entrepreneurship; and
- \$30 million to create fully funded educational training programs for Aboriginal women in the areas of health services, education, and skilled trades.

Funding agreements also need to go beyond Band-aid solutions. The AFB's formalized structure of adequate, predictable funding will provide basic social welfare support and gender-specific programs and services for Aboriginal women to truly become equal members of society. Over time, this investment will be a much more effective way to address the negative outcomes that have plagued our communities for generations.

Perhaps more important in the decision-making process is the need for a more holistic approach to policy development. Economic recovery and a post-recession economy must come from the sum of all its parts. The AFB will therefore focus on social and community development which specifically requires investment in the status of Aboriginal women. The failure of current programs and services to meet Aboriginal women's and family needs is reflected in the growing gap between Aboriginal and non-Aboriginal outcomes, and for this reason it is time to re-think some of the mechanisms of funding. This needs to take into account that evaluation measures must go beyond the accountability and

transparency of programs, to evaluate the system of funding and how it works — or fails to work.

## Conclusion

The 2010 Alternative Federal Budget will focus on tangible action that will lead to better outcomes for Aboriginal women and girls. The goal of building opportunities, strength and leadership for Aboriginal women will begin to strengthen families, communities, nations, and Canada as a whole.

The impact of such investment will be like throwing a pebble into a pond: the immediate impact is on the individual, increasing opportunities and safety for women and girls, but this focus will also create stronger families, and stronger families will build stronger communities, and stronger communities will lead to better outcomes for Aboriginal people as a whole, strengthening Canada as a nation, and reinforcing the importance of Canada as a world leader.

From the outset, however, it must be recognized at the federal level that Aboriginal women and girls need to have choices that will lead to better life outcomes based on strength and vision for the future. The path towards change and the factors that will lead to success are rooted in the strength of women, and the AFB is committed to implementing federal policies and funding that will foster this strength

Canada needs to take this opportunity to change the way we have been working together, to move forward in real partnership, to nourish First Nation families and communities, and restore young people's hope in the future. A new relationship can give full effect to treaties, titles, and rights and move forward with a sustainable economic vision that includes indigenous leadership in environmental stewardship, and opens the door to First Nation prosperity.

A federal agenda focused on First Nation issues will promote prosperity, while giving First Nations and all Canadians faith in a better fu-

ture. This year's AFB focuses on key areas to move forward, but sustained and continued focus is necessary to turn the page and move forward with First Nations. Moving forward should include providing the tools needed to support the full and equal participation of First Nation governments in the economy, such as access to equity and capital, increased connectivity and technological infrastructure, and support for resource revenue sharing and stewardship of traditional territories.

## Notes

<sup>1</sup> Census figures from 2001 and 2006 show that, of First Nations people between the age of 15–24, only 31% had a high school diploma or certificate, while the figures increased from 58% to 60% over the same period for the non-Aboriginal population.

<sup>2</sup> Office of the Parliamentary Budget Officer (May 2009). The Funding Requirement for First Nations Schools in Canada. Ottawa: Library of Parliament, p. 51.

<sup>3</sup> Centre for the Study of Living Standards (2009). The Effect of Increasing Aboriginal Educational Attainment on the Labour Force, Output and the Fiscal Balance. Paper prepared for the Educational Branch of Indian and Northern Affairs Canada, Draft, January 22, 2009.

<sup>4</sup> Waslander, Bert. (June 2009). Focusing INAC's PSE Program: Targets and Impacts. A paper prepared for the Assembly of First Nations.

<sup>5</sup> It should be noted that while INAC's budget has grown at an overall rate in excess of 2%, this is due largely to meeting lawful obligations stemming from specific and comprehensive claims, treaties, and litigation.

<sup>6</sup> Blue Ribbon Panel on Grants and Contributions, The Report of the Independent Blue Ribbon Panel on Grant and Contribution Programs, (Ottawa: Treasury Board of Canada Secretariat, 2006) p. 8, online: Independent Blue Ribbon Panel, <[http://www.brp-gde.ca/pdf/Report\\_on\\_Grant\\_and\\_Contribution\\_Programs.pdf](http://www.brp-gde.ca/pdf/Report_on_Grant_and_Contribution_Programs.pdf)>