

## **Indigenous Economic Development - Why it Matters**

Indigenous Economic Development (“IED”) is a process and system that aims to promote the overall well-being and independence of Indigenous communities through the amelioration of various socioeconomic and quality of life factors (National Indigenous Economic Development Board (NIEDB) 12). Currently, positive outcomes and gap reductions within the Indigenous economy have been apparent but minimal (NIEDB 12). Average and median incomes increased by about 10 percent over a decade while education completion rates have risen at the same time. Some other major trends with IED include gendered economic outcomes, the influence of reserve living on unemployment rates, and success in labour market participation for Metis groups but barriers among Inuit peoples (NIEDB 22-24). In regard to these trends, the NIEDB is concerned that much of the economic potential of Indigenous peoples remains unrealized (NIEDB 22). Across the many Indigenous groups in Canada, the major socioeconomic challenges that contribute to these slowed outcomes are (1) the dispersion of reserve and urban people and (2) gendered differences in educational attainment and labour market participation (NIEDB 22-24). Governments at all levels are working to address such issues through resource sharing and funding; specifically, through public grants and scholarships that promote educational attainment and skills training (NIEDB 12). This article will outline examples of these efforts, discuss the socio-political conversations surrounding some of the government’s more controversial projects, and delve into several case studies that demonstrate how IED is being facilitated at different levels.

### **NIEDB – Progress and a Bright Future Ahead**

According to the NIEDB 2019 report, with one of the core indicators being employment, the data reflected in the 2016 NIEDB report revealed a narrowing of the employment rate gap between Indigenous and non-Indigenous people as whole, regardless of gender – albeit a more steady and incremental progress than one would have liked, with the original goal of parity by 2022. It is also mentioned in the 2019 report that the Labour Force Participation rate in Canada fell among Indigenous and non-Indigenous populations at a similar rate, signaling a decrease in the number of people who are employed and/or unemployed but searching for work.

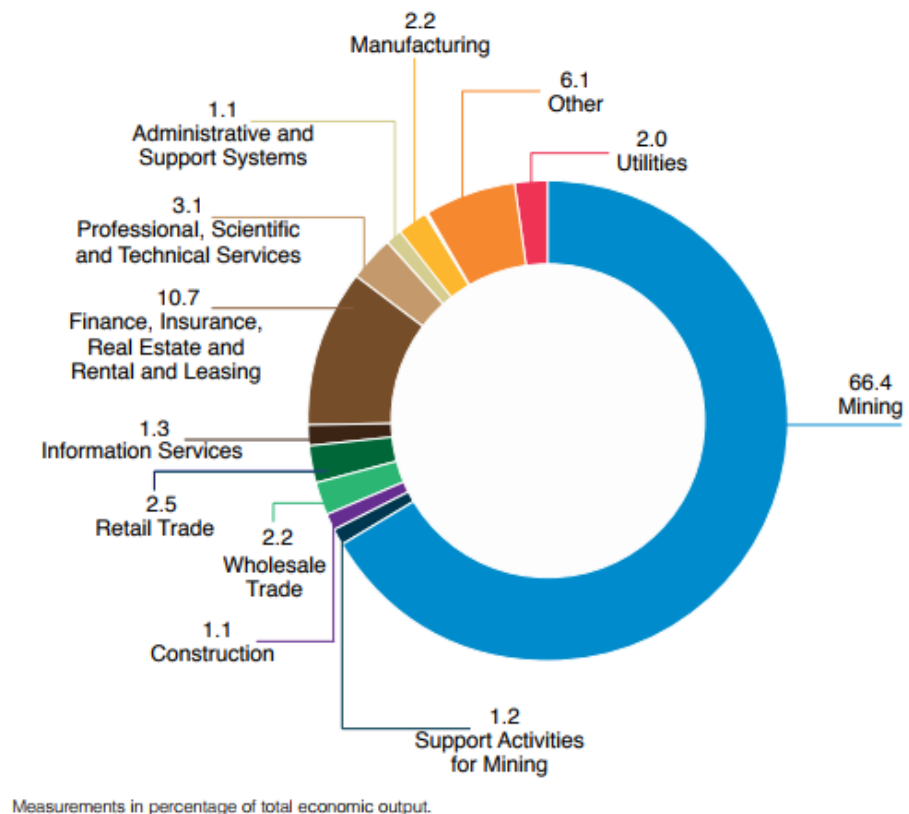
However, gender-based analysis also revealed that decreases in participation rates were paralleled by a closing of the gender gap within both Indigenous and non-Indigenous populations. Although the overall Indigenous labour force participation rates are lower than those of the non-Indigenous population, the gap between Indigenous and non-Indigenous women’s participation rates was smaller than that between Indigenous and non-Indigenous men (NIEDB 22-23). With the second core indicator being income, it is noted that the gap between the median incomes of Indigenous and non-Indigenous women is smaller than that between Indigenous and non-Indigenous men (NIEDB 32). This indicates that there is greater income parity among women than men.

### **The Ring of Fire – Ontario’s Untapped and Not So Hidden Gem**

A recently developing and still largely untapped phenomenon that has been unraveling is the development of the Ring of Fire in Northern Ontario. It is a mine very rich in chromite, which is a key element in the production of stainless steel (Hjartarson et al. 5). There are

significant deposits of copper, zinc, nickel, platinum, vanadium, and gold in the region as well (Hjartarson et al. 5). It is an unprecedented opportunity for the Province, and the entire country by extension, to not only become a leader in the global mining sector, but more importantly, benefit to the tune of billions of dollars in terms of GDP and overall economic growth and prosperity. The mining industry is a big player in Ontario's economy and accounts for a large slice of the pie-chart of the Province's GDP (see pie chart below) (Hjartarson et al. 8).

## Sectors that Stand to Benefit Most from the Development of the Ring of Fire



Source: Ontario Chamber of Commerce

It is paramount importance cannot be underscored enough. In the first 10 years, it will generate up to an estimated \$9.4 billion (for Canada as a whole) and \$6.2 billion for Ontario (Hjartarson et al. 8) (see table 1).

**Table 1: Economic Impact of Ring of Fire Development on Ontario: Conservative Scenario (10 Year Period)**

Conservative Scenario	Leakage (%)	Total GDP Impact (in \$ billions)		Average Annual FTEs (in thousands)
Total Impact	20	8.2		4.9
	25	7.7	Pre-Construction Phase 0.1	4.6
			Construction Phase 1.7	
			Operations Phase 6	
	50	5.1		3.0
Direct Impact	20	5.5		3.2
	25	5.1		3.0
	50	3.4		2.0
Indirect and Induced Impact	20	2.8		1.6
	25	2.6		1.5
	50	1.7		1.0

Source: Ontario Chamber of Commerce

After the 30-year mark, it is expected to generate \$25 billion in economic activity across various economic sectors, sustain thousands of full-time jobs annually, and generate nearly \$2 billion in government revenue divided across all levels of governance (Hjartarson et al. 8) (see table 2).

**Table 2: Economic Impact of Ring of Fire Development on Ontario: Conservative Scenario (32 Year Period)**

Conservative Scenario	Leakage (%)	Total GDP Impact (in \$ billions)
Total Impact	20	23
	25	21.6
	50	14.4
Direct Impact	20	15.3
	25	14.3
	50	9.5
Indirect and Induced Impact	20	7.7
	25	7.2
	50	4.8

Source: Ontario Chamber of Commerce

Moreover, \$6.7 billion in tax revenue will also be made because of the Ring of Fire (Hjartarson et al. 8). Measurable impacts include contribution to the Province's GDP as a result of capital expenditure, as well as contribution stemming from employees from within spending on consumer goods and services, thus further driving economic activity. Based on estimates,

the quantity available in the mine is sufficient to sustain activity for nearly a century (Hjartarson et al. 5).

There are some ethical considerations to keep in mind, which include ensuring measurable benefits for the First Nations/Indigenous communities that will be impacted by it in any, and for those living near/within the proximity of the Ring of Fire (Hjartarson et al. 26-27). Others involve considering the aging population in the province, thus trying to incentivise/recruit skilled/qualified workers for the jobs despite the labour shortage (Hjartarson et al. 26-27). A problem tied to this is the secondary school system in the country, which is not producing enough graduates to go on and acquire the skills/trades needed for this sector (Hjartarson, et al. 26 -27). Job conditions such as weather, high cost of living and decrepit isolation drive a large wedge into the side of the project's fruition (Hjartarson et al. 26 -27).

Moreover, there is a significant infrastructure gap in the region all-the-while skilled labour is in short supply (Hjartarson et al. 26 -27). There is a pressing need for partnerships with Aboriginal communities that needs to be finalized and implemented. Government of Canada and First Nations groups have joined forces to create an alliance to improve education for First Nations students – especially those on reserve; namely, the ROFTA (Ring of Fire Training Alliance). With this task force in play, the path to alleviating the obstacles for the project will be much smoother. As a result, quality of life (QoL) factors such as employment and income will be aided in the sense that as the project bears fruit, the more there is a need for skilled workers will arise, and that is where the ROFTA comes in to help facilitate that for the Indigenous community.

### **Ontario's Business Procurement Incentives**

Ontario has many economic initiatives in its stockpile to help attract a market of businesses to Indigenous municipalities. Among the many, there are the Resource Revenue Sharing and Ontario Aboriginal Procurement Program (NIEDB 66). In the case of the former, the province has signed revenue sharing agreements in the mining and forestry sectors respectively, with 35 First Nations groups (NIEDB 66). In the case of the latter, the procurement program entices ministries to purchase from Indigenous-owned businesses when such economic activity would benefit said communities. Since doing so starting in 2015, it has directly created over 215 procurements across many ministries, with the total valued at over \$75 million (NIEDB 66).

### **Newfoundland Tourism Stratagem**

The tourism and marketing strategy in Newfoundland by its Ministry of Tourism, Culture, Arts, and Recreation is one whereby it employs research from data sources including a Visitor Exit Survey, Statistics Canada, and passenger statistics reported by airline and automobile sources (Tourism Marketing Strategy). This varied and stratified breadth of data, when analyzed, postulates a strategic marketing profile for the province, subsequently generating a target audience clearly distinguished by at traveler-type mind set (Tourism Marketing Strategy). The Province also digs through additional data to garner a deep-seated understanding of the motivations of travelers and the driving factors that persuade visitation. The Province would then converge its resources towards the best opportunities that yield the

highest return on investment (Tourism Marketing Strategy). Such a strategy can be employed by Indigenous businesses/communities across the country should it be feasible.

### **An Electrifying and Windy Situation in Quebec**

L'Anse-a-Valleau Wind farm in Gaspé, Quebec is an interesting case in energy distribution with respect to IED. This wind power facility produces an average of 298,000 MWh annually (GE Corporate Canada). Electricity produced by the wind farm is sold to Hydro-Québec, subject to a long-term Power Purchase Agreement that is of 20 years in duration (GE Corporate Canada). The turbines were constructed by two Quebec firms: Marmen of Matane, Quebec and LM Wind Power of Gaspé, and is owned by Innergex Renewable Energy (GE Corporate Canada). The amount of energy generated by the wind farm can power approximately 20,000 homes in the province of Quebec (GE Corporate Canada). If some of the skills training and education provided to/within the Indigenous communities can be geared towards energy sector jobs, it can help not only expand the sector itself, but distribute power to even more homes, including to those of the Indigenous peoples themselves. One possible way to alleviate the obstacle of education in this case, is for the secondary school system to encourage, persuade, and offer more flexible pathways to Indigenous peoples living within reasonable proximity of the area into the sphere of education necessary for the occupations involved at this facility.

### **Geothermal in BC and Clean Energy**

The Clarke Lake Geothermal Project in British Columbia is a joint economic development project with Fort Nelson First Nation to repurpose the gas field in the area as one of Canada's first commercially viable geothermal electricity production facilities (First Nations Major Projects Coalition (FNMPC)). The plant will produce clean and renewable electricity (FNMPC). This will displace gas fired generation, on which the area is currently 100 percent dependent (FNMPC). Not only will this provide sustainable revenue for the area, but it will also generate employment and bring economic vitality to Fort Nelson (FNMPC). It will directly offset the burning of fossil fuels and convey a historic depiction of geothermal energy production in Canada. It will also help make a case for reduction of reliance upon fossil fuels and paving the way for future geothermal developments in Canada (FNMPC). This project illustrates British Columbia's environmentally sustainable initiatives through its CleanBC plan (FNMPC). This project will help accomplish a wide variety of key socioeconomic and environmental objectives, including things such as: Incubating a wide variety of skills and provide a stable source of employment, throughout the project lifecycle which include start-up, exploration, feasibility drilling, construction and operations (FNMPC). Creating 10,000 workdays during the well field development phase; approximately 40% of which will be for positions requiring little or no direct experience (FNMPC). This last objective will help alleviate obstacles that some Indigenous youth and young adults may face as barriers to entry into very rewarding and fulfilling careers.

### **Conclusions**

As this article has outlined, there has been only minimal improvements within IED. These sub-optimal trends are believed by the NEIDB to be the result of gendered income and education gaps. First, employment rates are slightly higher among men, with women receiving

lower median incomes and more government assistance (NIEDB 22-23). Outcomes in education completion rates are also gendered (NIEDB 22-23). While Indigenous men experience higher rates of college/trades completion, Indigenous women outperform them in university completion (NIEDB 22-23). These gaps in IED outcomes are being addressed at all levels of government. In Ontario, for example, the Ring of Fire represented an unparalleled opportunity for the province to diversify the economy and secure its position as a global leader in mining and mining technology (Hjartarson et al. 2014). Despite its potential for economic growth, however, the Ring of Fire, and many projects like it, face many material (i.e., weak infrastructure, supply shortages) as well as socio-political (i.e., public opinion) challenges. The case studies section of this article discussed how economic incentives and other policy strategies are used to address these challenges and facilitate the growth and expansion of IED. The combined impact of these proposed solutions and current government efforts to improve IED can result in more than just targeted economic growth. Overall, strong IED can help improve quality of life factors in Indigenous communities, dispel negative stereotypes about Indigenous peoples, and unearth the untapped potential of groups hailing across the country.