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Straight Talk

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Straight Talk: Ken Coates

For the latest instalment in its *Straight Talk* series of Q and As, the Macdonald-Laurier Institute spoke with Ken Coates, a Senior Fellow with MLI and Canada Research Chair in Regional Innovation at the Johnson-Shoyama Graduate School of Public Policy. We discussed the progress that has been made in skills training and hiring of Aboriginal people in the natural resource economy and the many challenges that still remain.

Kenneth S. Coates is MLI's Senior Fellow in Aboriginal and Northern Canadian Issues. He is the Canada Research Chair in Regional Innovation in the Johnson-Shoyama Graduate School of Public Policy at the University of Saskatchewan. He has served at universities across Canada and at the University of Waikato (New Zealand), an institution known internationally for its work on Indigenous affairs. He has also worked as a consultant for Indigenous groups and governments in Canada, New Zealand, and Australia as well as for the United Nations, companies, and think tanks.

He has previously published on such topics as Arctic sovereignty, Aboriginal rights in the Maritimes, northern treaty and landclaims processes, regional economic development, and government strategies for working with Indigenous peoples in Canada. His book, *A Global History of Indigenous Peoples: Struggle and Survival*, offered a world history perspective on the issues facing Indigenous communities and governments. He was co-author of the Donner Prize winner for the best book on public policy in Canada, *Arctic Front: Defending Canada in the Far North*, and was short-listed for the same award for his earlier work, *The Marshall Decision and Aboriginal Rights in the Maritimes.*

Ken contributes regularly, through newspaper pieces and radio and television interviews, to contemporary discussions on northern, Indigenous, and technology-related issues.

MLI: Are resource development corporations and governments beginning to properly understand the benefits of training and hiring Aboriginal people?

Coates: One of the most amazing transformations in a lot of years has been the degree to which Aboriginal employment in resources has become a prominent influence in Aboriginal life. It wasn't so very long ago when mines would operate near a community and Aboriginal folks would get almost no jobs and few opportunities out of them – some short term casual construction work, perhaps – and no integration into the workforce.

Aboriginal communities have begun to see resource employment as one of the only opportunities for long-term stable work in remote regions in the country. Governments have understood this, sometimes because they've been forced to acknowledge Aboriginal rights by the courts. Corporations have responded to the legal employment requirements and done so very well. Most importantly, corporations have begun to understand that this is actually good business, and that having a trained and available local workforce actually improves their efficiency and improves their productivity. It has the added benefit of giving a major contribution back to the regional society.

The final element is that there are three partners in this process and the Aboriginal people have realized that at a community level, at a regional level, at an international level that this is one of the major ways that Aboriginal folks integrate themselves into the wage economy. So, there's actually enthusiasm on all three levels: the federal government is keen to give people alternatives to welfare and what have you, corporations see it as part of a new way of doing business, and Aboriginal people are supportive as well.

MLI: Can you give a few examples of regions or particular projects where engaging Aboriginal workers has been done well, and perhaps a few where it hasn't?

Coates: Across the country we now have lots of examples of these processes and recognition that Aboriginal employment in resources is as critical for Aboriginal people as it is for anybody else. And, I think the other part that we need to recognize is there are some good examples of this in action. Cameco in northern Saskatchewan has been successful. About half of their northern workforce is Aboriginal and there has been a stable workforce population throughout the region. Voisey's Bay in Labrador started off with a good integration of Aboriginal people into the workforce in ways in which the communities were comfortable and in ways which they supported. There is New Gold, a company operating in Ontario and British Columbia that has a high level of Aboriginal participation and good training programs and community engagement. Across the country, there is no shortage of good examples of Aboriginal engagement with corporations.

We also have plenty of of examples of where it didn't work. Most of those fortunately are out of the 1960, 1970s and early 1980s before the companies got on board. There was this idea that Aboriginal folks didn't want to work and weren't capable of being trained as good resource employees. At this point, there's much less of that. The problem, of course, is really more tied to the uncertainties of the resource sector. So, if you look at the Ring of Fire (northern Ontario), the Aboriginal communities were quite upset because the training and employment programs hadn't started even though the work was beginning. So, they weren't able to capitalize on opportunities that emerged. Taking the longer term view means, among other things, getting government to get training programs done sooner and making sure they have trained employees when the companies are ready.

MLI: Companies have outreach and recruitment and training programs. There are a variety of university or college-based programs; there are government training programs; there are Aboriginal-run programs. How are all these programs working together and can some improvement be made there?

Coates: Well, you can always make improvements and in this case it's particularly true. The problem, of course, is that there's actually a finite number of jobs in the resource sector. There's hundreds of vacancies, but many of the vacancies are for specifically trained people. They might be engineers, they might be electrical technicians, they might be pipe-fitters and millwrights. In a lot of Aboriginal communities you are looking at situations where the education is not right; the training process will take several years. Right now there's not as much integration between the training elements and the actual on-site work opportunities. So, I think we do need to do a lot more work in that area.

We also need to realize that being in the Aboriginal resource employment is really important for Indigenous communities yet it is not the only answer to the long-term employment challenges. The number of jobs directly employing people in resource companies is growing but is still relatively small.

MLI: What are some of the other opportunities in the resource sector for Aboriginal communities beyond direct employment in resource projects?

Coates: This, I think, is the most misunderstood part of the resource economy. Everybody thinks the whole goal here is to get Aboriginal people working at the mine sites whether they are driving pick-up trucks or bulldozers or working underground with a drill in their hands. In fact, it's actually a relatively small part of the overall Aboriginal engagement. There's a large number of procurement contracts where the mining corporations are looking to Aboriginal communities and saying "We want you to provide services. We want you to plow our roads, we want you to provide food and uniforms for our workers who are working in the mines."

That service and supply sector is perhaps the fastest growing part of the Aboriginal economy in the whole country and has actually proven to be very successful. Hundreds of companies have been established in joint ventures initially and then they will be taken over by the Indigenous community when they have the skill and experience to do so. So, when you look at the whole question of "are Aboriginal people participating in the resource economy?" you are far more likely to see it with a trucking contractor who is delivering the mine product to the market, or with somebody who is providing basic services maybe in environmental remediation or road maintenance projects.

I think that's the really exciting piece. And the reason it's exciting is that the companies that get established to provide services for the mining companies realize very quickly that they have the human resources and the equipment needed to take on other clients. And so, they get launched as a sort of an adjunct of the mining enterprise and very quickly they are working for other companies, working for government, working for private citizens, and using the same personnel and the same equipment to do other jobs. This generates enormous opportunity throughout the Aboriginal communities across Canada.

MLI: What are some of the other opportunities in the resource economy for Aboriginal peoples, such as resource revenue sharing, or equity in projects, etc.?

Coates: Well, we're also realizing that indigenous communities have found remarkable ways to participate in the resource economy, although I suppose they're only remarkable in the sense that 40 years ago almost none of these were on the table.

"Resource revenue sharing", where government transfers a portion of its revenue from resource development to Aboriginal communities, is either in place or under active discussion across most of the country, and that would give Indigenous communities their own resource revenues that they can use to invest in other enterprises and for social and economic development. Aboriginal communities are increasingly interested in owning the resource part, or being part owners. All of the major pipeline

projects for example have actually offered indigenous communities 10 to 30 percent ownership of the pipelines. This again provides long-term income which then can be used for a whole bunch of other activities and address other needs within their community.

So, we have Aboriginal equity, we have the whole business of subordinate service and supply businesses in development regions, we have resource revenue sharing. We also have impact and benefit agreements where the companies sit down and say to the individual Indigenous communities, "We're going to do something that's going to have an impact on your community. It might disrupt your community; it might interfere with hunting or fishing or other things. In recognition of the fact that we're on your traditional territory, we're going to give you some compensation for whatever dislocations occur". The compensation can come in the form of direct jobs, indirect work, contracting activities, and other benefits including resource revenue.

So, the old model of resource development where a mine came in often times quite close to an indigenous community, and went and operated for 10, 15, 20 years and then departed and left just a scar on the land and very little benefit for the Indigenous people, has been changed profoundly. The new situation is quite dramatically different.

MLI: Returning to skills and employment for a moment, the impact and benefit agreements typically would include a target or quota for Aboriginal employment would they not? And if so, how are companies doing in meeting those targets?

Coates: Almost all the impact and benefit agreements do in fact have quotas for employment or promises of employment. The actual achievement of those numbers is uneven. Some companies, Vale's Voisey's Bay project is again a good example, have actually done quite well. They've met the targets, they have extensive collaboration with communities, they have great training programs and retention programs and what have you.

Several things emerge within that overall perspective. One is that many Aboriginal people will work in the mines for one, two, three, four, five or 10 years, and then leave the mines and go find other work somewhere else in the economy. And, for the company that looks like a loss. You used to have 40 employees and now you have 30 employees. But if those people in fact have relocated to other parts of the economy what it actually does is create additional spaces for the younger employees within the company. The actual number of Aboriginal employees may dip for a while. Cameco's numbers dipped for a short while and it seemed as if they were not meeting their quota but they actually continued to do pretty well. And the people who are leaving the company aren't mad at the companies. They just got paid more money or found a better job somewhere else. In these situations, it's actually a good, logical business choice.

The other major challenge we have in the mining sector is created by the low level of Aboriginal education overall and the fact that so few are achieving high school or technical credentials. So, you have a very small number of Aboriginal people in management positions in the mining companies and those managers tend to sort of work in Aboriginal relations or outreach positions inside a home office rather than in the field and running things as site foremen or engineers. So, I think there's a lot of growth possibility there and in fact only about two percent of Aboriginal workers in the resource sector are in management. That's an area where we need to see improvement.

MLI: Some of these comments speak to the larger issue of improving education for Aboriginal people. What are some of the keys to that?

Coates: It's very much a question of improving Aboriginal education and training. A lot of this is actually post-high school or, in fact, in a perfect world it would actually be something integrated in high school. So, rather than waiting until kids graduate to train them, when they are in grade eight or grade nine, they start getting some practical experience. I think hands-on experience in the resource sector would be a phenomenal way of encouraging young Aboriginal people to stay in school and to actually graduate. They will see the career opportunities at the other end.

It is a long-term thing to fix the education system. It's not just about Aboriginal interest and commitment, but it involves a whole bunch of other things like the high turnover of teachers in Aboriginal communities, the uneven quality of schools, and major questions about the quality of education overall. So, we're not going to fix that one very quickly, even though it's quite clear that most of the companies are keen to see this happen.

MLI: In your recent MLI paper, *Unearthing Human Resources*, you write about the great variety of government programs to train workers for resource sector work, and given the investment, one might think the number of programs or level of funding for programs is sufficient. But it's not working as well as everyone might have liked. What are some of the characteristics of the programs that are not working well?

Coates: Well, the problem is there are too many programs offered by too many people and doing too many different things. There are some excellent ones, programs that have high return. The ones that have the best impact have close collaboration with the resource companies. They are actually developed and operated in conjunction with the firms operating in the field.

Another problem is that just because you're trained as a miner doesn't mean a mine is going to open up close to your community, and so geographic luck factors into this as well. We can say we're going to train people for the northern Ontario mining economy, and we did that 10 years ago thinking it would be wise. Now many of the mines are mostly shut down. And the newer mines aren't going ahead quite yet, and so therefore the sector needs fewer people than we thought. So, the whole business of how you plan those activities is really problematic.

The third challenge is a really big one, and that is that the number of young people entering the workforce is growing larger all the time. The Aboriginal youth population is extremely high, more than half the Aboriginal people in the country are under the age of 18, and so as the years go on more and more people are coming into the workforce. You can train 100 people, but if you only have 10 jobs, you only have 10 employees.

MLI: Is it possible that some of these programs are keeping people in a bit of a holding pattern between work and unemployment?

Coates: The government has created all these programs with the idea that if we train enough people to be carpenters they'll be able to get jobs as carpenters. But a lot of the indigenous workers want to stay close to their community and unless a resource project comes up where it actually suits them, there's not much to do. They are unemployed, they want to find work and want to be trained. Then they get trained and there's no jobs, which of course is very frustrating. So, we have to be far more careful about some of the proliferating training programs because it makes us look like we're doing something but it can in fact be counterproductive.

The other thing we need to do is take a regional approach and a national approach to workforce development the same way we have lots of Newfoundlanders who work in the oil sands and we have

lots of people in the Maritimes who work in Saskatchewan on various resource projects. So it should be with Aboriginal folks. They could move from one part of northern Canada to another maybe on a short-term basis – two weeks in, two weeks out – and this allows us to deal with all resource labour questions. Aboriginal labour is a national or regional sort of challenge and opportunity, rather than an issue for one community or one company.

MLI: What do Aboriginal governments and Aboriginally-run training programs need to do? We've talked a lot about what government and industry need to do. Where are things working well with Aboriginal governments and Aboriginal programs, and what can be improved there?

Coates: The greatest successes have actually come when Aboriginal communities get heavily involved in the service and supply area. The mining work itself is fairly specific and there's been some added employment as we've discussed, but I think the greatest opportunity is when Aboriginal communities get heavily involved with service and supply, which requires a broader range of people and can require less specialized labour. So, these are janitors and cooks and they're construction workers and truckers. They aren't tied to specific mines or mining technologies.

The other thing is when they get involved on the service and supply side they can actually go over and get many contracts outside of the resource sector and that's stabilizing their operation and therefore stabilizing the workforce. We get places -- in northern Saskatchewan as an example, Yukon for another – where you actually have a good multi-generational workforce lined up to participate in such opportunities.

MLI: Your paper refers specifically to programs such as Northern Career Quest, the Fort McKay Business Incubator, and a few others that have had great results. What has allowed these programs to be successful?

Coates: The most successful programs – Northern Career Quest has been an enormous success – are those that actually are tied directly into companies with real job opportunities. So, rather than working generically and say "become a millwright and we'll maybe find you a job", they basically go to the companies and say "you need a millwright right here in Meadow Lake, so what can we do to get you ready for that?" And, the community will find one or two people who want to do this particular work with more or less a guarantee that they'll hire them in the field at the end of the day. Those ones, I think, have been quite successful. With the Fort McKay one, the reason that career centre initiative has been so successful is, I think, because it challenges Indigenous people to raise their expectations. There are a lot of Aboriginal entrepreneurs in the resource sector now and so rather than saying "I want to get a job in a big company", why don't you own a small company and grow it into a big one; why don't you become your own boss and work in a professional contracting kind of way.

And so, there are a lot of those kinds of initiatives where Indigenous peoples are being challenged and expect more from themselves and more from the economy and more from society at large. Where things don't do well is when they start a program in hopes that maybe somebody will open a mine and maybe they'll hire the people.

MLI: The profile in your paper of Mike Deranger at Derantech was very interesting. He says his focus is on people who are ready to work and willing to work. One criticism he has is that some programs will take anybody, even those who aren't good prospects and suffer a high failure rate as a result. Is that fair to say?

Coates: A lot of the programs are designed as an alternative to welfare and so they're going into places and saying, "well we don't want you not working". So they have a fairly open entry process to bring

in people who aren't highly motivated. The one that Mike Deranger runs, and others, are looking specifically for individuals who want a job and are trying to show the capacity to hold on to a job and be responsible. So, of course, they are going to be more successful because they are taking students who have a predisposition towards the right business behaviour and employee behaviour. They work really nicely because they provide a clear indication to everybody that Aboriginal people can work, will work, and should work.

MLI: If you were to give advice to a corporation considering development in a northern region in terms of how to do it the right way and make good on your commitments for skills training and hiring, what advice would you give?

Coates: The advice I would give to a corporation is to start as early as you can. At the early stages of exploration and development, start your training programs with the anticipation of future development. Be completely honest with communities about how many jobs you have and how many you don't have. If you think you need 20 millwrights, don't train 200 of them. I think that part is absolutely critical. But also anticipate in a positive way that there'll be turnover. As Aboriginal people gain the experience they'll go and work for other companies and you'll end up with a much different pattern of employment than you might find in other sectors. So, just because you build up your workforce, don't think the job is over. You should actually be encouraging some of those people to move on to other firms or other sectors. You should be developing and training new people to replace them, and so this is not a one-shot deal. It should be seen as a long-term strategy and a constant renewal and constant upgrading of the workforce.

Another thing I would say is look early and look hard for Indigenous people who can come in and be part of your management team. Do not just focus only on the industrial side of your operation, as important as that is, but make sure you look for anything from nurses to accountants who are of Aboriginal background; if you want long term stability that's really critical.

MLI: There was an interesting example in the paper of BC Hydro and their focus on having people moving up in the organization. They had an apprenticeship program where they started people driving trucks and then if they didn't become apprentices on crews within a couple of years they were asked to move on because they had lots of truck drivers, but they wanted people to acquire greater skills within the company as part of their work. Is that kind of example seen elsewhere?

Coates: I think we have lots of examples of that kind of approach, which I really like. I like the idea that the company sees the employees as individuals with real growth potential and that they don't just sort of jump up and say "okay you've got a job as an entry level labourer, so as long as you're happy with that we'll keep you and if you're not happy then leave".

So, I think we have lots of places, lots of companies, particularly Aboriginal-owned companies, who are saying "our job is to figure out where your potential will take you. If it takes you away from the firm, that's fine. Go work for somebody else, then come back with even more skill level five years from now". I think the long-term development of individuals is critical to the long-term development of companies.

MLI: Standing back and looking at the big picture again, how are we doing in terms of integrating Aboriginal people into the resource sector workforce and is there a reason for optimism that we can do better?

Coates: Resource development is at the front line of reconciliation with Aboriginal peoples in Canada and we should be extremely pleased with how companies are responding and changing. We should expect more from Aboriginal communities because they expect more from themselves. So, I think the job is not done, but we are actually making good progress. The most important part is actually the emergence of Aboriginal companies that are essentially taking the lead in developing themselves and their communities. They've got their own futures in mind and they're doing incredibly well at preparing their own people for ownership positions, management positions and all the other jobs in between.

So, I think we have a great launch into this process. It's not perfect at all, but the companies are trying and succeeding to a substantial extent. So are the First Nations, so is the Métis community, so are the Inuit communities.

There is a mindset around that says Indigenous peoples are opposed to development and Indigenous peoples don't want to see resource activity on their own territories. Not true, actually. Aboriginal people want to see things being done carefully, but I think we can see lots of examples of Indigenous communities that are really determined to be part of the economic future and the resource sector in Canada. We should be encouraging that process and supporting theses Indigenous individuals, companies and communities on that path.

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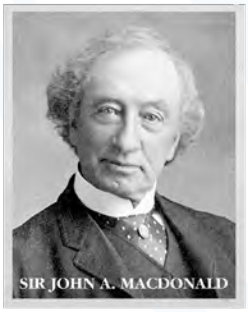
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