

SPECIAL REPORT

TD Economics



October 7, 2013

EMPLOYMENT AND EDUCATION AMONG ABORIGINAL PEOPLES

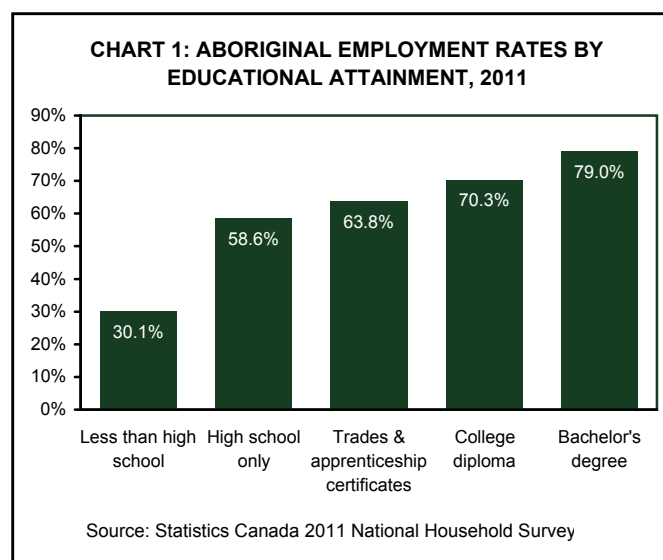
A New Perspective from the 2011 National Household Survey

Highlights

- New data from the 2011 National Household Survey indicate that the labour market and income gaps between Aboriginal and Non-Aboriginal peoples continue to persist.
- Higher education is a critical tool in addressing these worrying outcomes, but post-secondary education is still not a reality for many within Aboriginal communities.
- There are two important trends related to the Aboriginal labour market. First, job growth in recent years has been strongest in the resource extraction and construction industries. In our view, this may not be the optimal outcome given that employment in these industries can be volatile, despite above-average wages.
- Second, there is a high concentration of Aboriginal peoples with post-secondary education in sectors related to the public sector. While in itself not a negative outcome given the positive spillover effects from more health care workers and educators, the overrepresentation in these industries could point to barriers faced in finding employment in the broader labour market. There is also an issue of Aboriginal peoples not reaching the upper echelons of these industries – for example, being an in-home caregiver as opposed to a physician.

The troubling economic outcomes faced by many of Canada's Aboriginal peoples are well documented. The most recent release of the 2011 National Household Survey (NHS) revealed that the gaps in labour market outcomes between Aboriginal and non-Aboriginal communities continue to persist. Worse still, the progress made since 1996 in closing those gaps has stagnated from the 2006 Census (Table 1). The data indicate that the gaps across Aboriginal peoples and non-Aboriginal peoples for employment and unemployment rates are little changed from 2006-11. The income data from the NHS also suggest that the earnings gap between the two groups remains persistent.

Improving educational outcomes within Aboriginal communities is a critical tool in addressing these disparities. Indeed, the data show that higher levels of Aboriginal educational attainment do translate into higher income levels and better labour market outcomes (Charts 1 and 2). However, there are two major issues related to PSE attainment among Aboriginal peoples. First, the proportion of this demographic that has PSE is still dishearteningly low; progress on closing the gap has indeed been slow. Second, those with PSE are heavily overrepresented in industries



related to the public sector relative to the non-Aboriginal community. In this observation, we highlight a few trends gleaned from the 2011 NHS and suggest a way forward for policymakers and Aboriginal peoples.

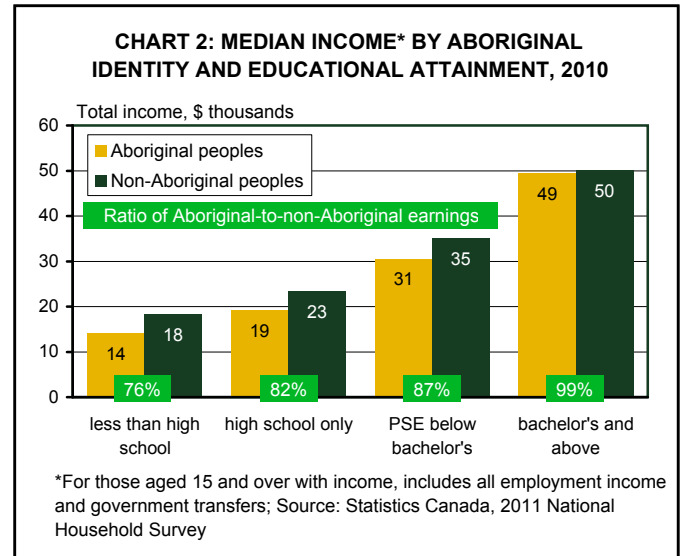
Limitations of the National Household Survey (NHS)

The statistics presented in this report are for Aboriginal peoples of Canada. However, Aboriginal peoples – First Nations, Métis and Inuit – are a very diverse group and cannot be appropriately discussed in aggregate. For instance, only 5% of Inuit hold a university degree, versus the 7.4% average for all Aboriginal peoples. There are also important distinctions within any of the groups, such as the urban/rural split and language. While this report does not delve into the different trends among the groups, important differences likely exist for education and labour market outcomes. Further investigation into community trends is nevertheless warranted. The underlying data source used in this report, the NHS, also has a set of limitations. According to Statistics Canada, there were 36 reserves out of 863 inhabited reserves which were incompletely enumerated. While the impact of these omissions will be small for aggregate statistics, it is most noticeable for First Nations people and for persons registered under the *Indian Act*.

Post-secondary education still not a reality for the majority

The unfortunate reality is that post-secondary educational attainment rates are still very low among Aboriginal peoples. Just 38.1% of that population had some PSE in 2011, relative to 54.9% for non-Aboriginal Canadians. Conversely, this implies that nearly two-thirds of Aboriginal peoples only have a high school degree or even less than that.

The share with some form of PSE represents a sizeable improvement over 2001. However, the increase in non-Aboriginal post-secondary education attainment far surpasses the rate at which Aboriginal peoples are getting their degrees. As a consequence, the gap between the two groups has widened slightly over the last decade (Table 2).



Lower-skilled industries dominating job growth for Aboriginal Peoples

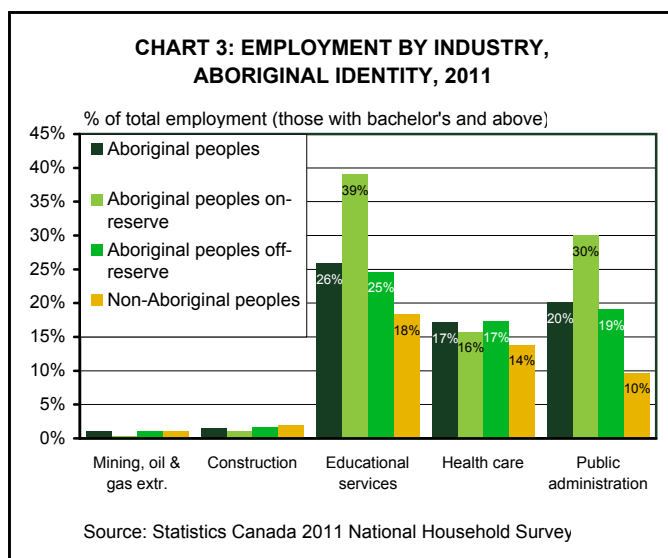
Employment is concentrated in sectors where there are many jobs that do not require post-secondary education, particularly resource extraction and construction. These two sectors contributed nearly 40% of total job growth since the economic recovery began in mid-2009, despite only accounting for 15% of total Aboriginal employment. Aboriginal peoples are over-represented in these two sectors which comprise a combined 8% of total non-Aboriginal employment.

While income levels can be quite high in these industries, one could argue that this degree of concentration is not necessarily the most sustainable outcome. These industries can be quite cyclical in nature, following resource and housing boom-bust cycles. Thus, any gains made in closing the gap relative to non-Aboriginals could be lost quickly if housing or commodity prices pullback significantly. Furthermore, during economic downturns, Aboriginal peoples might have increased difficulty finding jobs in other sectors given their lower education and skill levels. The stagnation in Aboriginal labour market outcomes between the 2006 and 2011 Censuses is then perhaps unsurprising given the presence of

TABLE 1: LABOUR MARKET OUTCOMES BY ABORIGINAL IDENTITY

	Aboriginal Peoples			Non-Aboriginal Peoples			Aboriginal Peoples Gap		
	2001	2006	2011	2001	2006	2011	2001	2006	2011
Labour force participation rate	61.4%	63.1%	61.3%	66.5%	66.9%	66.2%	-5.1%	-3.8%	-4.9%
Employment rate	49.7%	53.8%	52.1%	61.8%	62.7%	61.2%	-12.1%	-8.9%	-9.1%
Unemployment rate	19.1%	14.8%	15.0%	7.1%	6.3%	7.5%	12.0%	8.5%	7.5%

Source: Statistics Canada Censuses of Population, National Household Survey



a volatile commodity cycle within those years.

High representation of Aboriginals in public sector, even higher for PSE graduates

Encouragingly, this overrepresentation in resource extraction and construction disappears among higher-educated Aboriginal peoples. For university graduates, their share of employment in resource extraction and construction is actually lower than for their non-Aboriginal counterparts. However, a different theme emerges when looking only at university graduates. Specifically, there is a heavy overrepresentation in industries related to the public sector; namely, education, health care, and public administration. While this is true at all levels of educational attainment, it is most stark at the university level. Nearly two-thirds of all university-educated Aboriginal peoples are employed in these three sectors, compared to 42% for non-Aboriginals. For those living on-reserve, this figure rises to an astounding 85% (Chart 3).

Not surprisingly, there is an equal overrepresentation of Aboriginal peoples pursuing degrees related to education, health care and public administration. According to the NHS,

41% of Aboriginal graduates held a degree in these fields: 23% of university-educated Aboriginal peoples pursued a degree in education, 11% in health-related fields, with another 7% studying public administration and social services. Again, among those Aboriginal peoples on-reserve, the overrepresentation is even more dramatic as 60% of graduates hold degrees in these three fields. A popular misconception is that Aboriginal peoples are overrepresented in legal studies. While technically true, the gap is quite small. Just 3.5% of university-educated Aboriginal peoples pursued legal studies, compared to 2.5% for non-Aboriginal Canadians. In contrast, Aboriginal peoples are heavily underrepresented in several areas, including commerce, math & computer science, engineering, and the sciences (Table 3).

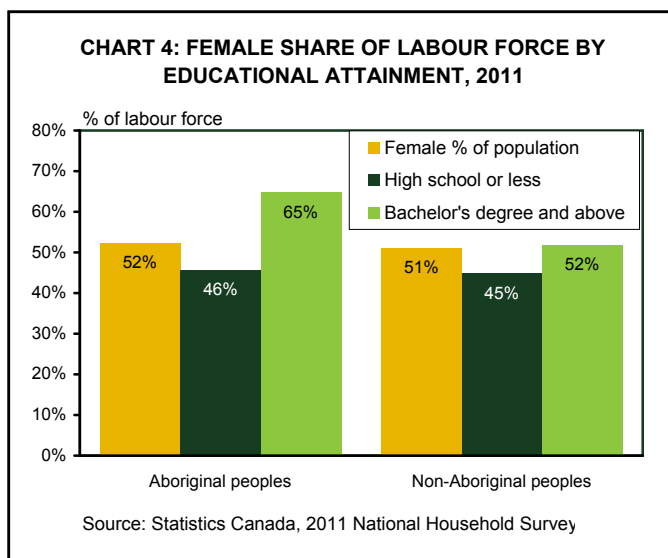
There could be many driving factors behind the labour market and education trends. A high concentration in the public sector could be an issue of job availability. Given the geographical distribution of Aboriginal communities around Canada, a lack of industrial diversification towards sectors like manufacturing, or high-skilled professional and technical services could be a significant problem. A greater overrepresentation in, for example, public administration may be due to historical reasons related to legislation or close ties between government and Aboriginal communities. It is then possible that the public sector represents one of the best employers within these regions. This would certainly be the case for many reserves which have little proximity to urban centres. Educational institutions that serve these Aboriginal populations, in turn, could simply be responding to labour demand conditions by aligning or promoting program selection with the needs of available industry.

There is a gender dimension to the outcomes as well. Nearly twice as many Aboriginal women have a university education than men. This translates into women accounting for 65% of the university-educated Aboriginal labour force, compared to 52% for Non-Aboriginal peoples (Chart 4). For the Canadian population as a whole, approximately 57%

TABLE 2: EDUCATIONAL ATTAINMENT RATES BY ABORIGINAL IDENTITY

	Aboriginal Peoples			Non-Aboriginal Peoples			Aboriginal Peoples Gap		
	2001	2006	2011	2001	2006	2011	2001	2006	2011
Less than high school	48.0%	43.7%	38.0%	30.8%	23.1%	19.4%	17.2%	20.6%	18.5%
High school only	22.4%	21.8%	23.9%	25.0%	25.7%	25.6%	-2.6%	-3.9%	-1.7%
Apprenticeship & trades	12.1%	11.4%	11.8%	10.8%	10.8%	10.8%	1.3%	0.6%	1.0%
PSE less than bachelor's	13.0%	17.3%	18.9%	17.6%	21.9%	22.8%	-4.6%	-4.5%	-3.9%
Bachelor's and above	4.4%	5.8%	7.4%	15.7%	18.5%	21.4%	-11.3%	-12.7%	-13.9%
Total PSE	29.5%	34.5%	38.1%	44.2%	51.2%	54.9%	-14.6%	-16.7%	-16.8%

Source: Statistics Canada Censuses of Population, National Household Survey



of total university enrolments were female. This share is likely even higher for Aboriginal enrolment. Furthermore, education and health care tend to have higher female representation than other fields of study. A case in point, of the 1.5 million people in Canada with a university degree in the two fields, 70% are female. Unsurprisingly, the gender bias persists in the broader labour market, as well. Canadian women are heavily over-represented in sectors related to the public sector, while men are concentrated in those high-growth industries related to resource extraction and construction. Among Aboriginal peoples, this gender divide is even more glaring – 82.3% of Aboriginal employees in health care, education, and public administration are female relative to 70.4% for non-Aboriginal employees (Chart 5).

Last, it is also worth noting that the headline figures could be masking some underlying generational shifts. Given a strong level of cooperation between the federal and

provincial governments and Aboriginal leaders in promoting higher education over the last decade, younger Aboriginal peoples could be shifting towards a more diverse range of educational fields. These generational differences are hard to spot, as the NHS data we analyzed did not provide results by age cohorts. There is thus scope for further study.

Should concentration in just a few sectors be concerning?

A high concentration of employment and education tied to public sector realms, in itself, is not necessarily a poor outcome. Employment in the public sector is likely more stable than in resource extraction or construction and average wages in the broader public sector are all above the economy-wide average. Moreover, given the low level of educational attainment and difficulties Aboriginal peoples face in accessing health care (especially in remote regions), it is likely a positive outcome that there are more educated professionals in these industries that also understand the unique needs of Aboriginal peoples.

There is also a positive slant for a greater concentration of Aboriginal peoples in education. Individuals in these communities have low high school completion rates. There is a need for positive role models within Aboriginal schools, whether band-operated or provincially-run. It is also difficult to get trained teachers to go on reserves and to rural schools for reasons including below-average pay and geographical remoteness. To the degree Aboriginal students obtain teaching degrees and subsequently work with Aboriginal youth could be a key ingredient for a positive, reinforcing cycle. However, there are four major issues:

- The higher concentration of men in primary industries and construction suggests that they are perhaps more

TABLE 3: OVER AND UNDERREPRESENTATION OF ABORIGINAL UNIVERSITY DEGREE HOLDERS*			
	% of degree holders by field of study		
	Aboriginal peoples on reserves	Aboriginal peoples off reserves	Non-Aboriginal peoples
Overrepresentation			
Education	40.3%	21.5%	13.0%
Health care and social services	5.7%	11.5%	12.0%
Public administration and social services	13.8%	6.5%	1.9%
Area, ethnic, cultural, gender, and group studies	3.1%	1.3%	0.2%
Legal studies	2.7%	3.5%	2.7%
Underrepresentation			
Business, management, and marketing	8.9%	11.4%	18.2%
Mathematics, computer and information sciences	0.8%	2.2%	4.8%
Engineering	1.4%	4.1%	10.6%
Physical and life sciences	1.5%	5.7%	7.4%

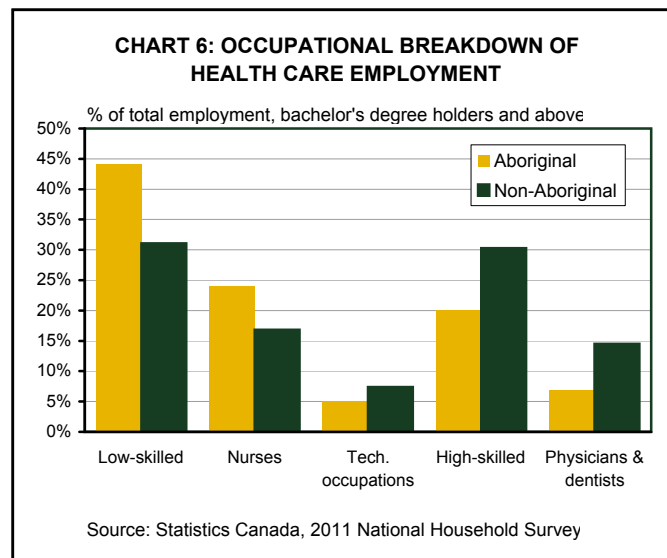
*Bachelor's degree and above; Source: Statistics Canada Censuses of Population, National Household Survey

susceptible to the changing fortunes of the resource and housing sectors. Moreover, lower male representation in universities and higher-skilled industries may point to a lack of positive male role models for future generations of Aboriginal men.

- Data from the NHS suggest that Aboriginal peoples are not reaching the upper echelons of their occupations. This suggests that many continue to push against a “glass ceiling”. For example, this demographic group is over-represented among elementary and secondary school teachers, but is comparatively under-represented among managers in education. They are also seen in higher proportions among lower-paid health care sub-industries such as social work or providing in-home care rather than being physicians or in other high-skilled health occupations (Chart 6).
- The high concentration of employment in the public sector likely points to other barriers faced by Aboriginal peoples in trying to integrate into the broader labour market. Is there a lack of job opportunities due to geographical barriers? Are Aboriginal youth not pursuing the right degrees? Or does it perhaps speak to discriminatory hiring practices? It is difficult to disentangle these possibilities in the existing aggregate data.

Final thoughts

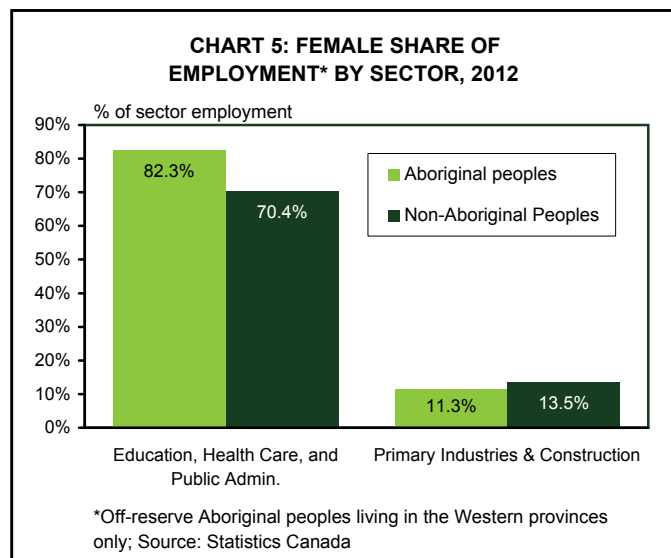
Upon reviewing the issues related to education and labour force outcomes of Aboriginal peoples, a two-pronged approach is needed. In stage 1, there is a crying need to boost high school completion rates. These students form the pipeline for post-secondary institutions. In stage 2, post-



secondary education administrators need to address any residual issues including learning challenges and disabilities.

It is not a one-way street between Aboriginal post-secondary students and those in primary and secondary education. Instead, the relationship is a positive feedback loop. Economic success at PSE can provide inspiration to community members, particularly Aboriginal youth. Inspiration can morph into spill-over benefits if the graduate returns to the community, shares the knowledge learned, and generates economic value through higher income or business ventures. Colleges and universities have a very important role in facilitating these relationships throughout the entire cycle. In other words, PSE leaders do not enter the equation the moment the high school graduate walks through the door.

Ultimately, dependence on the public sector as being the primary employer of Aboriginal peoples is likely not ideal. For example, at a time when governments are cutting their purse strings, such as at present, Aboriginal peoples become more vulnerable. While an imperfect measure, the industry shares of employment for the broader Canadian population can provide insight into where labour market demand truly lies. In this regard, Aboriginal employment outcomes, even at higher education levels still leave much to be desired. From a policy perspective, it is clear that post-secondary education is still a critical tool in broadly addressing the poor economic outcomes of Aboriginal peoples. However, the data suggest that more focus needs to be placed on promoting a broader range of disciplines rather than the tight concentration in public-sector oriented fields that we see today.





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