

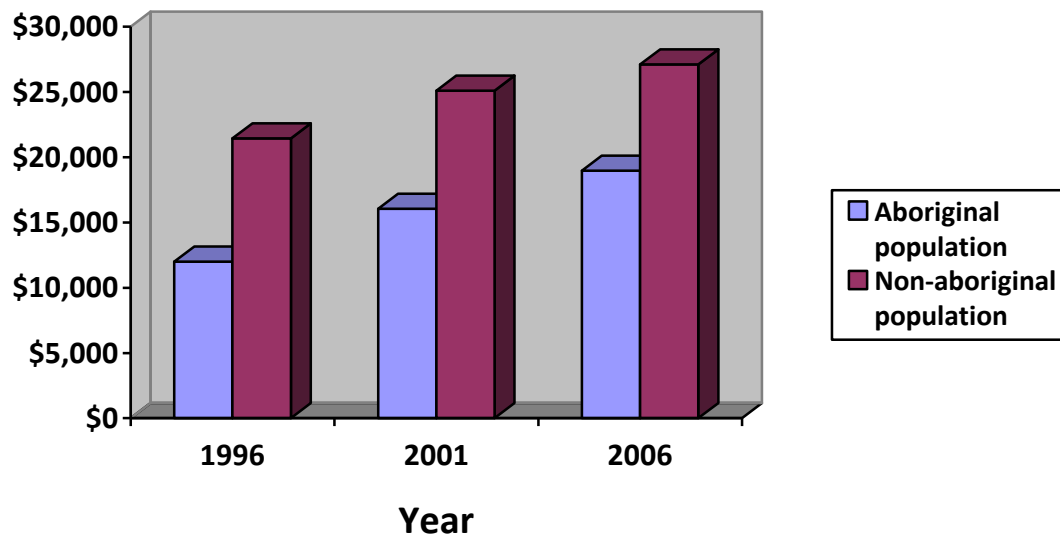
Closing the income gap requires local decision-making

Closing the income gap between First Nations and the rest of Canada requires supporting local decision-making and the development of institutional capacity, says a recent study by the Canadian Centre for Policy Alternatives.

The study compared income statistics between First Nations and the rest of Canada.

The income gap between aboriginal people and non-aboriginal people in 2006 was \$8,135; \$9,045 in 2001; and \$9,428 in 1996.

Income gap between aboriginal people and the rest of Canada

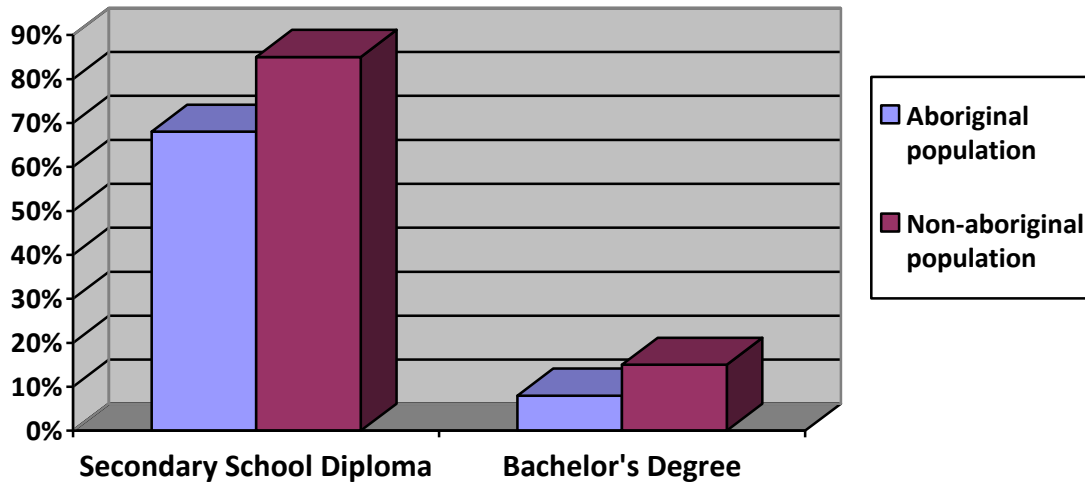


The study looked at the factors of location, education and gender in relation to this gap.

The income gap in urban settings is \$7,083 and \$4,492 in rural settings. On reserves, non-aboriginal people earn 34% more on urban reserves and 88% more on rural reserves.

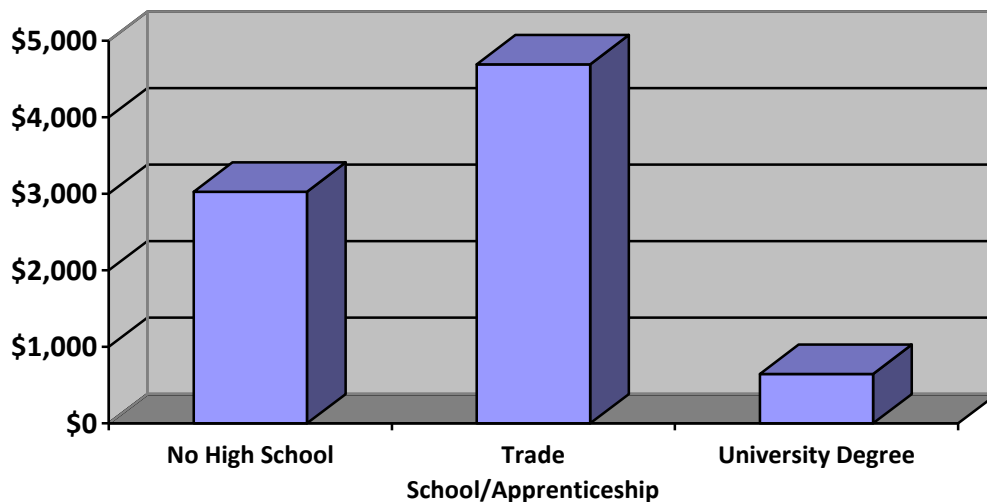
There continues to be a significant gap in education attainment between aboriginal people and non-aboriginal people. A whopping 32% of the aboriginal population does not have a secondary school diploma, compared to 15% for the rest of Canada. Only 8% of aboriginal people have a bachelor's degree, compared to 22% for the rest of Canada.

Education attainment gaps between aboriginal people and the rest of Canada 2006



Aboriginal people with university degrees have overcome much of the income gap, with a difference of just \$648. The difference is more significantly seen in those without a high school diploma or those who went through trade school or apprenticeship, at \$3,027 and \$4,692 respectively.

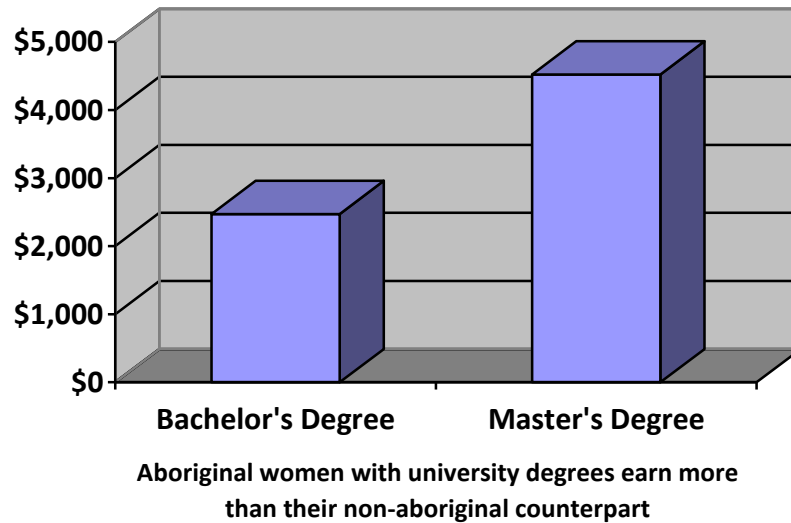
Income gaps between aboriginal people and the rest of Canada based on education level



The numbers look more promising for aboriginal women. Aboriginal women with a bachelor's degree actually earned \$2,471 more than non-aboriginal women. Those with a master's degree

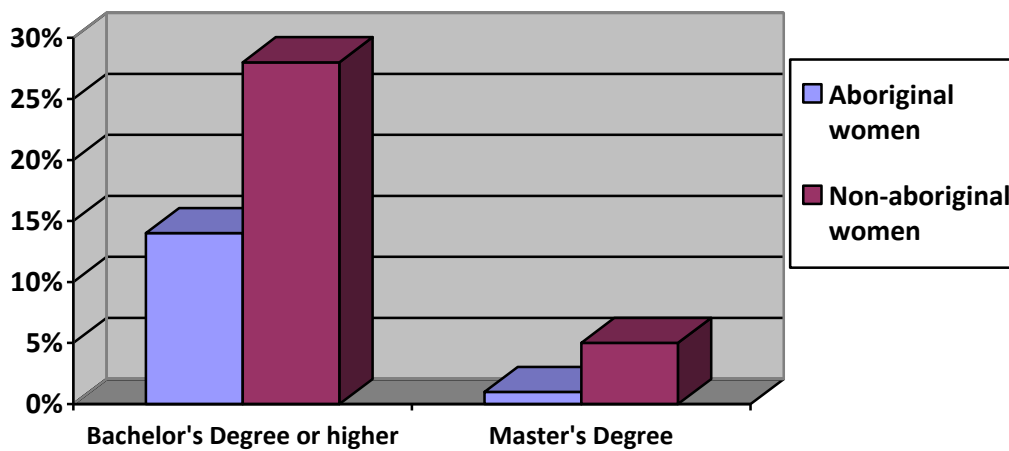
earned \$4,521 more. This is the only instance where aboriginal people make more than their non-aboriginal counterpart, but it is unsure if this is a one-time statistical deviation.

Income gaps between aboriginal women and non-aboriginal women with university degrees



Aboriginal women are also doing comparatively better than aboriginal men. They are finishing secondary school and obtaining university degrees at a higher rate. They are also earning median incomes closer to that of aboriginal men – a trend that isn't seen in the rest of the Canadian population. But only 1% of aboriginal women hold a graduate's degree, compared to 5% for non-aboriginal women.

University degree attainment gaps between aboriginal women and non-aboriginal women



Another promising trend is that younger aboriginal people with at least a bachelor's degree are also earning incomes that match or exceed their non-aboriginal counterparts.

The gap is closing but at a slow rate. At the current rate, it would take 63 years to close the gap.

Instead of focusing on the factors of education, location, and gender (albeit they do play a significant role), the researchers believe closing the gap requires supporting "local institutional capacity and decision-making authority" – a theory that is supported by a number of studies on indigenous success, such as the Harvard Project on the American Indian. Decisions made locally would better support the needs of a community and make local leaders accountable to the people.

"The cost of doing nothing" is estimated to be \$7.5 billion annually, which includes \$5.8 billion in lost productivity. (Report on the Royal Commission on Aboriginal Peoples 1996)

The study entitled *The income gap between aboriginal peoples and the rest of Canada* was published by the Canadian Centre for Policy Alternatives in April 2010 as a part of their *Growing Gap* research project which tracks trends relating to income inequality in Canada. Statistics were gathered from the years 1996, 2001 and 2006.

To read other *Growing Gap* publications: <http://www.policyalternatives.ca/projects/growing-gap>