A Discussion Paper related to the History and Potential Renewal of the National Aboriginal Resource Allocation Model (NARAM)

Submitted on behalf of

AFN Technical Working Group on Human Resources Development

By

Assembly of First Nations

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For over two decades, hundreds of stakeholders have contributed to the design of a fair and equitable approach to sharing a key resource - the funds set aside by the Government of Canada to assist First Nations, Metis and Inuit people to obtain and keep employment While the objective has stayed constant, the context has evolved.

In the early years the objective for Aboriginal stakeholders was to establish an Aboriginal-specific focus .within the Canada Employment and Immigration Commission (CEIC). Once the acceptance of an Aboriginal focus was solidified, the transition from a notional resource in the regions to a defined budget to be directed by Aboriginal interests was the order of the day. The next step was the devolution of program authorities to First Nations, Metis and Inuit organizations - an agenda that was a response to the review of the Pathways to Success strategy.

The Aboriginal Human Resource Development Strategy (AHRDS) was the HRDC response to the Royal Commission on Aboriginal Peoples. The agreements under the AHRDS were able to benefit from an increased investment base with key initiatives for capacity building, disabled persons, youth, and urban clients. The resource allocation question has been sidelined as the government has invested in Aboriginal skills and employment through the LMDA, LMA, ASEP, ASTSIF, and SPF.

The social focus of AHRDS has given way to the demand-based orientation of the Aboriginal Skills and Employment Training Strategy (ASETS). The current strategy may, or may not be, supported by a resource model that is not fair and equitable.

The problem of distributing ASETS resources among different regions, and agreement holders, represents a complex task. The Aboriginal Agreement Holders have a vested interest in keeping, and increasing, their resource base. In the face of inadequate resources, of no budget increases, the natural tendency is to advocate for no change. However, in the fifteen years since there was a real change (at a time of resource increases) the Aboriginal landscape in Canada has changed. The key change is that greater numbers of Canadians are identifying as Aboriginal persons.

The following discussion seeks to track the development of the National Aboriginal Resource Allocation Model. The discussion hopefully will inform those who are new to the issue and to renew awareness among those who have been involved in the past. The discussion will provide summary data by region (provinces and territories). It will also address some dimensions of the jurisdictional populations of First Nations, Metis and Inuit.

Everyone accepts the resource allocation decision will reflect an accepted definition of relative need. The measurement of need, in turn, typically requires acceptance on the best measures available. The question is how to be rational, and to be fair. Analyses that call for significant departures from current practice face significant opposition from those who lose and significant favour from those who gain.

If all regions had the same characteristics, except for scale, then the problem would be solved by selecting a single indicator and then to allocate on that basis alone. If an indicator has generally accepted relationships to the scale of resources needed, then that indicator is considered to have a significant weight in the allocation process. If an indicator is a good measure of a significant accelerator in the price of resources, such as higher cost locations, then is relatively easy to rationalize the use of that indicator.

While the allocation methodology has moved beyond a simple per capita exercise, the use of per capita calculations remains a valid way to test that the process is responding to different labour market conditions in the thirteen provinces and territories. Before beginning the discussion it is useful to review the original guidelines for the development of the NARAM:

The guidelines

- 1. The model is for the five year period of the Aboriginal Human Resource Development Strategy.
- 2. The model must be capable of allocating resources for different budgets.
- 3. The allocation is to be based on the 1996 Canada Census with adjustments permitted based on recognized under-coverage as identified by Statistics Canada.
- 4. The redeployment of resources must be within the five year period
- 5. The variables chosen by HRDC and Aboriginal partners should result in a simple, understandable and justifiable allocation model.
- 6. Regions and Aboriginal partners retain flexibility to distribute resources within regions.

These guidelines reflected the manner in which the resource sharing question had evolved in the pre-NARAM years.

Aboriginal Program Budget History

The development of an Aboriginal focus for labour market investments started with an exercise within the Canada Employment and Immigration Commission to measure the value of Aboriginal programming in each region. As a result a baseline value of \$145M was identified. This value was distributed across the various regions as outlined in the first two columns below.

	1989-1990 CJS Expenditures	1990-1991 Outreach Expenditures	Aboriginal % of Bill C-21 funds (8.9%) by Pathways	(+) O & M (2% of \$164,265) by Pathways	(-) National Projects (3% of AB Allocation by population	Regional Distribution Total
Newfoundland/Labrador	4,313,000	105,329	777,034	45,994	-84,000	5,111,363
Nova Scotia	3,322,000	342,904	1,165,550	68,991	-126,000	4,704,454
New Brunswick	4,414,000	26,006	721,532	42,708	-78,000	5,083,538
Prince Edward Island	326,000	84,608	111,005	6,570	-12,000	509,613
Quebec	13,777,000	505,888	6,682,297	407,377	-744,000	20,421,185
Ontario	22,242,000	485,657	13,431,560	795,043	-1,452,000	34,707,689
Manitoba	14,718,000	1,322,959	6,382,776	377,810	-690,000	21,733,735
Saskatchewan	15,402,000	1,036,283	5,494,737	325,244	-594,000	21,339,020
Alberta/NWT	27,123,000	421,359	10,045,934	594,639	-1,086,000	36,504,293
British Columbia/Yukon	33,982,000	546,613	10,489,953	620,922	-1,134,000	43,884,566
CANADA	139,620,000	4,877,603	55,502,397	3,285,300	-6,000,000	193,999,456

Pathways 1991/1992 National Notional Allocation and Regional Distribution

The formal design of an Aboriginal strategy was in the form of the Pathways to Success initiative formally announced as a \$1 billion initiative comprised of \$200 million per year for five years. The full initiative was supported by a notional allocation of Unemployment Insurance funds for active interventions as allowed by Bill C-21. This 8.9% share was divided among the CEIC regions according to the overall share of the Aboriginal population (ethnic base). There were two other elements to the regional allocation - an O&M component (3% of national O&M) and a reserve of 3% of the Aboriginal allocation for national projects. Both of these components were based on Aboriginal population shares.



The net effect of an allocation regime partially based on defining existing expenditures plus allocations based on population levels created a landscape with some regions having a notional allocation skewed significantly by the historical expenditure base.

With the Pathways to Success Strategy, the creation of the National Aboriginal Management Board provided a dedicated process to address issues of allocation. The lack of equity in the model resulted in two allocation adjustments. First an equity adjustment for regions that had planned expenditures less than their share of working age populations shared in a \$6.5M adjustment (QB,ON,MB,AB and NWT). As well, \$2M was deducted from the reserve for national projects and allocated to regions with northern/remote populations (NL,QB,ON,MB,SK,AB,NWT,BC,YK)..The impact of these changes was marginal. It should be noted that by this time the amount of UI funds has reduced from the original \$55M to \$27M and its uses were more based on the ability to apply funds within regions. There was an increase in the CRF base to \$165 M as well.



The Budget and Operations committee of NAMB led the process of a new allocation formula. They acknowledged that the first iteration of the model development followed four "principles" as follows:

- 1. Aboriginal Working Age Population
- 2. Historical Expenditure
- 3. Northern/Remote Factor
- 4. Need

With a decision to develop a new model, there were extensive consultations, development of a matrix of potential variables, and consensus on four key variables as follows:

1.	Education < 9 years	20%
2.	Northern/remote factor	5%

- 3. Working Age Population 55%
- 4. Unemployed x Unemployed Rate 20%

The following rationale was documented for not using some of the variables:

- NEED basically all variables indicate a degree of need
- EDUCTION < 12 YEARS great % of population under this level would dimish relevance
- # of UI CLAIMANTS covered under the variable 4 above
- DENSITY OF ABORIGINAL POPULATION not really a variable but a method of calculation for the Northern/Remote Variable
- PREVIOUS FUNDING LEVELS already built into the model since the starting point is existing allocations
- EMPLOYMENT RATE complicated variable because it is a rate the working age population would provide a more meaningful and fair measure.
- INCOME LEVEL next to impossible to obtain accurate data and hard to factor in cost of living differences.

A related decision for the model was a phase-in of changes at 10% initially. The model was run based on adjusted working age population data to include 27,018 persons not enumerated in the 1991 census.¹ By this time the northern territories had their own allocations.

The application of the unemployment data acted to weigh unemployed persons greater in regions where the unemployment rate was higher. For example, the 35.6% unemployment rate in Newfoundland/Labrador generated an allocation of \$841 per unemployed where Quebec had a rate of 17.4% and an allocation of 412 per unemployed. The remote factor was applied through a density formula that took the aboriginal population divided by the area of the province or territory. As a result, PEI was allocated \$105 per working age person, the Yukon \$44, and Manitoba \$3.

The overall effect of the four-variable model to designate resources to each region based on a per capita working age population base is profiled in the chart below.

¹ The adjustments included Ontario 9,854, Quebec 9,535, Alberta 3,853, New Brunswick 1,890, British Columbia 1,138 and Manitoba 758.



This model was based on a \$200 million program fund base with a national reserve of \$5.1 million. The four variables obviously work to move resources to regions that score relatively high on a factor. With a 10% redistribution rule regions to get increases would get 10% of the increase each year with the opposite applying for regions experiencing decreases. The model produced an allocation profile that was significantly different that current resource distributions. The following chart shows the overall redistribution effect.



Regional Bilateral Agreements 1996 - 1999

In June of 1996 there was a Regional Bilateral Agreement Forum in Ottawa, Ontario. Within the forum there was policy workshop on the allocation model. The briefing for the workshops highlights the existing model as being based on agreed upon variable san d verifiable data which creates 12 regional amounts from the \$145 CRF and \$55 UIDU/EI funds available. The note states:

"Within several regions there is a concern that the current Allocation model is not equitable enough, and that work should begin now to examine how it may be changed to both reflect the New Relationship and to provide a "more acceptable" distribution".

Notes relating to considerations highlighted:

- It took two years for existing model to be developed
- The sensitive RBA "splits" in the regions are still being developed
- Policy work on financial flexibility needs to be incorporated into the development of a new model
- Policy work around an allocation model could also contribute to the development of additional arguments for increased resources.

NARAM Model Development

In May 1998, HRDC invited individuals with experience under Pathways and the Regional Bilateral Agreement process to form a NARAM Working Group. The working group met in the summer of 1998 and created a NARAM model.

The development of the NARAM model involved a brainstorming of possible measures that could be used. This activity produced a potential list of twenty factors as follows:

- 1. Number of people not in the labour force
- 2. Education less grade 9
- 3. Persons with some high school
- 4. Working age population
- 5. Remoteness
- 6. Unemployed
- 7. Employed
- 8. Available resources
- 9. Cultural diversity
- 10. Single parent families
- 11. Youth

- 12. Migration
- 13. Social assistance
- 14. El eligibility
- 15. Socio-economic status of community
- 16. Language other than English
- 17. Number of people without employment income
- 18. Urban
- 19. Rural
- 20. Dropout rates

The ensuing discussion of key variables resulted in the adoption of nine variables which could be scaled for each region using the population census data for 1996. The next step was to engage the working group in an exercise of weighting the variables. The result was the following set of variables and weights.

Variable	Weight
Working age population	20%
Not in the labour force plus unemployed	25%
Persons without Employment Income	15%
Persons with less than Grade 9	5%
Persons with some high school	15%
Lone parents	5%
Persons with an Aboriginal Mother Tongue	5%
Persons living in the Near North	3%
Persons living in the Far North	7%

The three main foundations for the formula are as follows:

- 1. The information base is the census enumeration of persons who identify as an Aboriginal person Indian, Metis or Inuit.
- 2. The formula applies several measurable dimensions of the relevant life circumstances of these groups, by region, with these dimensions having been selected by a cross-sectional group.
- 3. Each dimension has been assigned a weight which is indicative of the presumed relationship of that circumstance to Aboriginal Human Resource Development programming.

The nine factors included in the NARAM model include 7 factors which are proxies for 'need' based on labour force characteristics and two factors which are based on 'cost' conditions. Unlike the previous model which had derived factors, the NARAM model was based on transparent counts from the same source.

The variability of the factors produce a impact on the level of funding to any particular region. The NARAM variables, and the rates of need or costs they reflect, can be ranked as follows from the highest variability to the lowest

Near North Rate	1.35
Remote North Rate	1.33
Aboriginal Language Use Rate	0.65
No High School Rate	0.35
Non Income Earners Rate	0.20
Singles Parent Rate	0.19
Some High School Rate	0.15
Not Employed Rate	0.09

For regions that have a relatively high or low rate in a factor, there will be a premium or a reduction for that factor that will be more significant if the weight allotted to that factor is greater. The impact of the two cost-based factors and the seven needbased factors is portrayed by the following chart.



If there is confidence in the relationship of the factors to relative needs and costs, along with their associated weights, the model can be seen to allocate resources to regions based on an accepted level of sensitivity to the Aboriginal labour market conditions.

Implementation

As in previous model transitions, there were decisions made to mitigate the impact of the re-distribution effect. These decisions can be summarized as follows:

- 1998/99 RBA budgets were the starting point for increase or decreases
- A 20% redeployment factor will be applied
- A small region hardship factor will be based on contributions from Manitoba, Saskatchewan and Alberta to be replenished from any new future funding

It was also noted that wherever possible the variables and methodology used for the national allocation model should be applied at the regional level recognizing the complexity of historic funding relationships and the need for regional flexibility.

2003/2004 NARAM Renewal Discussions

There was significant discussion and review of the NARAM model in 2003. Three workshops were held in Yellowknife, Edmonton and Ottawa in June and July of 2003. A synopsis of these workshops was prepared by representatives of the Wikwemikong First Nation. Some elements of this synopsis can provide context. The discussion regarding the strengths of NARAM in terms of the formula structure included:

- The formula is transparent and operational
- The variables are consistent and measurable
- It ensures appropriate resource distribution among the regions
- It consistently applies higher weights to the more relevant variables
- It provides a foundation for regional allocation models

Not withstanding that there was a defined appreciation for the model, there were also many comments regarding additions, modifications and deletions. Some interesting perspectives included

- There must be a provision for annual population growth
- Base the allocation on population only and allow regions to devise their own variables.
- The UI rate x unemployed should be reconsidered
- Weights should be adjusted to reflect needs
- Add variable that address related issues.
- There are too many variables

This report is good baseline information for any new discussion regarding NARAM as it presents a record of what to expect.

HRDC Discussion Paper

Following the NARAM workshops, HRDC presented a paper examining the NARAM "from a technical perspective". The paper stated that "while there were extensive consultations with the stakeholders on a preferred allocation formula, a decision on the NARAM was taken by the Minster of HRDC as a consensus amongst the stakeholders could not be reached about a particular allocation model. " This observation is only partially true. The structure of the formula had a broad base of support but there was disagreement on the population base (ancestry vs. Identity), the phase-in (smoothing factors) and whether it would be applied as regional allocation methodology.

The paper also made the assertion that most of the variables in NARAM appear to be highly correlated. They gave the example that not in the labour force plus unemployed and number without employment income have a correlation of 0.995. The conclusion that this creates "unnecessary noise in the model and that it "takes away the effectiveness of using differentiated weights since they are applied on similar variables" was misplaced. Firstly the correlation is overstated as it was calculated on raw values (aggregate numbers) as opposed to standardized rates. The actual correlation is significant at .701 but it is certainly not a complete duplication.

To illustrate the value of a multiple variable approach, the following table shows the values if we apply a 60% rate to each of the three variables – not in the labour force +unemployed, working age population 15+, and without employment income. Each variable produces an allocation which if we compare the high and low values, we observe that for the 13 regions, 5 would benefit from the first variable, four from the second, and four from the third. If we consider the maximum risk/benefit a region could face from a single variable of 60% as the percentage that the difference between the highest and lowest results is of the lowest then we have a range of potential risk/benefit of 2% to 46%.

Illu	Illustration of NARAM's Self-balancing Attribute											
	Single	e Variable Value	es									
	Not in the Labour Force plus Unemployed 60%	Working Age Population 60%	Without Employment Income 60%	High to Low Variance	Variance as % of Low	NARAM @ 25%, 20%, 15%						
NFLD	3,001,781	2,525,619	2,634,495	476,163	19%	2,751,239						
N.S.	2,230,782	2,134,727	2,526,160	391,433	18%	2,272,608						
N.B.	2,448,197	2,225,782	2,558,168	332,386	15%	2,401,551						
P.E.I.	169,912	165,554	152,653	17,259	11%	164,145						
QUE	10,814,086	10,281,825	10,666,010	532,261	5%	10,599,647						
ONT	21,776,161	24,403,584	22,309,492	2,627,423	12%	22,785,301						
MAN	18,313,972	17,655,418	18,562,108	906,690	5%	18,156,488						
SASK	16,671,488	14,470,342	17,643,728	3,173,386	22%	16,180,833						
ALT	17,007,658	18,859,363	16,853,379	2,005,984	12%	17,586,324						
NUN	2,552,336	2,452,959	2,060,815	491,521	24%	2,396,330						
NWT	2,113,853	2,273,609	1,787,517	486,092	21%	2,085,521						
B.C.	22,110,504	21,710,572	21,669,334	441,170	2%	21,866,901						
YK	789,269	840,647	576,142	264,505	46%	753,113						
CANADA	120,000,000	120,000,000	120,000,000			120,000,000						

The effect of NARAM from these three variables and their weights is to produce a result that is better (more resources) than one of the other single variables options in 8 cases, and better than two of the other single variables options in 5 cases.

The practice of approaching the model building and testing exercise as an iterative exercise of picking variable and assigning weights to be applied to regional data creates an environment where stakeholders will value a model in terms of its benefits and not its rationale.

Part of the record was a paper on "The Labour Market Options" which provided a set of calculations for 12 options the 2003/04 reference level funding for the regions. The value off this level was \$211 million. These options are outlined in the following table.

	Status Quo NARAM with Identity Data	Status Quo NARAM with Ancestr y Data	Protect small regions (NS, NB, PEI,YK)	7 variable model A	7 variable Model B	Combin ed Educati on Model	Combin ed Remote Model	MIZ Zone Model	Targette d Labour Market Model	Five Variable Model with Both Remote Zones	Five Variable Model with Combin ed Remote Zones	Four Variable Uniform Weight
Not in the Labour Force plus Umemployed	25%	25%	25%	60%		50%	50%	50%	25%			
Working Age Population 15+	20%	20%	20%		60%					50%	25%	25%
Working Age El Recipients									15%			
Working Age SA Recipients Proxy									15%			
Number without Employment Income	15%	15%	15%									
Some High School	15%	15%	15%	15%	15%							
Education less than Grade 9	5%	5%	5%	5%	5%							
Combined Education						30%	25%	25%	20%	20%	25%	25%
Lone Parent	5%	5%	5%	5%	5%	5%	5%	5%	5%			10%
Mother Tongue Aboriginal Language	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	25%	25%
No MIZ zone								3%	3%			
Combined Remote							15%				25%	15%
Remote Far (Zone A)	7%	7%	7%	7%	7%	7%		12%	12%	15%		
Remote Near (Zone B)	3%	3%	3%	3%	3%	3%				10%		
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

2003 NARAM Model Options

There was not a comprehensive explanation of the origins of all the models.

Regardless, the exercise does support a case for minimal tinkering with the model.

Each model was "run" and a table of outcomes was compiled. The outcomes for each region was ranked and the top three and bottom three are highlighted below

		-			-0			·					
											Five	Five	
											Variable	Variable	
		Status Quo	Status Quo	Protect						Targetted	Model with	Model with	Four
	2003/2004	NARAM with	NARAM with	small			Combined	Combined		Labour	Both	Combined	Variable
	Referecne	Identity	Ancestry	regions (NS,	7 variable	7 variable	Education	Remote	MIZ Zone	Market	Remote	Remote	Uniform
	Level	Data	Data	NB, PEI, YK)	model A	Model B	Model	Model	Model	Model	Zones	Zones	Weight
NL													
NS													
NB													
PE													
QB													
ON													
MB													
SK													
AB													
NV													
NT													
BC													
YK													
-													
			Best Optio	ons			worst Op	tions					

2003 NARAM Model Options - Regions Best and Worst

The act of defining options does not necessarily contribute to consensus on a solution. The very obvious differences from model to model will create a tendency to seek solutions that will minimize losers as opposed to other solutions that will result in the best solution for any region.

Summary

The review of four allocation approaches has highlighted the transitions form historical spending, to simple per capita enhancements, to derived variables, and finally a weighted multiple variable approach. The allocation result of each model has been translated into a per capita working age value for each region. As the dollar values for each distribution and the population base are not the same, a ratio of per capita value for a region to the national average value enables us to compare the four models.

These calculations have been done on the regions included in the model for each year. The 1991 model was heavily weighted to regions that had higher historical expenditures (NL.NB,PEI). This pattern was modified to a certain extent as marginal adjustments were made towards "equity" and northern/remote factors in the 1993 model. The 1995 model provided variability with the two derived variables related to unemployment rates and Aboriginal population densities. The 1998 NARAM model produced values that were devoid of historical and derived impacts.

The underlying influences for the NARAM distribution can be attributed to the conditions being reflected in the variables. The 10% weight for northern/remote had significant impact on the values of the northern territories which is an intended outcome. The six regions that have values less than the national average have, on balance, higher employment rates, higher incidence of employment incomes, fewer persons without high school diplomas, lower rates of single parents, and proportionately fewer Aboriginal mother tongue populations.



The frame of reference for the models has been geographic in nature. There is, however, an underlying set of interests related to the respective client bases of each Agreement Holder. The agreements that support First Nations, Metis and Inuit exclusively are concerned with the representation of their client base. Other agreements that are broader in scope, some urban, and some having larger catchment areas, have a sub-regional interest.

Data Trends

Ultimately, the reason for a model is to provide resources at a fair and equitable scale to meet the needs of the strategy. It is therefore important to get a solid reading on the labour market conditions that the model is seeking to address. The first NARAM was built around the 1996 census. The 2003/4 NARAM discussions were based on a 2001 census model. The 2006 census has been accessed to create a NARAM data profile for each region. The first look at the Aboriginal estimates from the 2011 National Household Survey are now available although the labour market data is not released.



The growth of the Aboriginal population is linked to ethnic mobility as more individuals are self-identifying as Aboriginal. The above chart show that growth is not due to natural increase as it is incurred among all age groups. (The changes for 2006 to 2011 in the 5-year adult cohorts are estimates calculated by sharing the published 10-year cohort data).

The growth of the Aboriginal sector is known to all stakeholders in the NARAM process. The following set of tables provides an overview of population levels, by four age groupings, for each of the Total Aboriginal Identity Population, the First Nations, the Metis and the Inuit.

2011					
	Total	0-14	15-24	25-64	65+
Total	1,400,685	392,105	254,515	671,380	82,690
First Nation	851,560	258,795	156,865	389,215	46,690
Metis	451,795	104,415	80,035	237,705	29,635
Inuit	59,445	20,160	11,950	24,905	2,425
2006	1				
2000	I Total	0-14	15-24	25-64	65+
Total	1,172,790	348,890	212,005	555,420	56,460
First Nation	698,025	224,785	124,835	316,425	31,890
Metis	389,780	98,450	71,235	200,120	19,970
Inuit	50,480	17,710	10,555	20,375	1,845
2001	ł				
	Total	0-14	15-24	25-64	65+
Total	976,310	323,960	169,065	443,605	39,675
First Nation					
i instruction	608,850	213,530	103,755	267,410	24,170
Metis	608,850 292,310	213,530 84,695	103,755 52,265	267,410 142,835	24,170 12,520
Metis	608,850 292,310 45,070	213,530 84,695 17,465	103,755 52,265 8,255	267,410 142,835 17,945	24,170 12,520 1,405
Metis Inuit 1996	608,850 292,310 45,070	213,530 84,695 17,465	103,755 52,265 8,255	267,410 142,835 17,945	24,170 12,520 1,405
Metis Inuit 1996	608,850 292,310 45,070 Total	213,530 84,695 17,465 0-14	103,755 52,265 8,255 15-24	267,410 142,835 17,945 25-64	24,170 12,520 1,405 65+
Metis Inuit 1996 Total	608,850 292,310 45,070 Total 799,010	213,530 84,695 17,465 0-14 280,420	103,755 52,265 8,255 15-24 143,795	267,410 142,835 17,945 25-64 346,485	24,170 12,520 1,405 65+ 28,310
Metis Inuit 1996 Total First Nation	608,850 292,310 45,070 Total 799,010 529,035	213,530 84,695 17,465 0-14 280,420 192,530	103,755 52,265 8,255 15-24 143,795 94,750	267,410 142,835 17,945 25-64 346,485 123,340	24,170 12,520 1,405 65+ 28,310 18,415
Metis Inuit 1996 Total First Nation Metis	608,850 292,310 45,070 Total 799,010 529,035 204,115	213,530 84,695 17,465 0-14 280,420 192,530 64,185	103,755 52,265 8,255 15-24 143,795 94,750 37,380	267,410 142,835 17,945 25-64 346,485 123,340 94,780	24,170 12,520 1,405 65+ 28,310 18,415 7,755

Aboriginal Identity Population Trends 1996 to 2011

Data does not include all response types

The rate of growth for the Metis is significantly higher than the First Nation and Inuit. The ratio of the 2011 Metis population to the 1996 Metis population is 2.21. This compares to a similar ration for First Nations of 1.61 and for Inuit of 1.48.



The data is broken down into pre-adult (0-14), youth (15-24), working age (15-64) and senior (65+) groupings. Contrary to common thinking the fastest growing group is not the younger group. Separate charts for the First Nation and Metis populations show the growth patterns



The rate of growth in the First Nations prime labour force outpaces the pre-adult and growth by a substantial margin. The growth of the senior population is intermediate

between these. The Metis with their overall higher rate has a lower growth rate in the prime labour force than First Nations but a much higher rate of growth in the senior population. The Metis growth rates for pre-adult and youth are both higher than First Nations.



In terms of regional growth patterns, the optimal way to show this is to group the regions into 7 small and 6 large regions and display them separately. The large regions have trendlines that show a widening gap in populations in some cases. For example in 1996 Ontario was pegged at 141,525 and British Columbia at 139,655 population. In 2011, Ontario is now at 301,425 compared to 232,290 in British Columbia.



Among the smaller regions, the patterns are also indicative of potential implications for resource requirements. The relatively stable population of PEI, Northwest Territories and Yukon are out-shadowed by the rising levels in Newfoundland/Labrador and Nova Scotia.



Given the above trends, the obvious question relates to the First Nations contribution to growth.

The 2011 National Household Survey and NARAM

The move from the mandatory long-form census to the voluntary National Household Survey will generate significant discussion around the methodology used to establish Aboriginal population estimates. The first set of estimates have been made available as of May 08, 2013. There are three pieces of data that correlate with the NARAM variables. These are Working Age Population 15+, Lone Parents, and Mother Tongue.

Keeping in mind that the growth rate for Metis is outpacing that for First Nations, the key indicator is the share of the Aboriginal population in each region that identifies as First Nation. At the national level we see that the Frist Nation share of the adult population as measured by those 15+ has declined by 6 points from 65% to 59%. This decline is, in declining order, an issue in Nova Scotia, New Brunswick, PEI, Ontario and British Columbia. There is a significant jump in Newfoundland/ Labrador, and a noticeable increase in NWT.

The Lone Parent ratio marginally increased (from 67 to 68%) for First Nations even with the loss in working age population share. Within this stability there were regions to

show appreciable growth (NL, NWT, SK, MB, AB) balanced by appreciable declines (NS,NB,ON,MB).

The reporting of an Aboriginal Mother Tongue remained in the 79% level for First Nations among the Aboriginal identity population. Most regions showed a increased ratio with noticeable changes in NL, AB, MB, and SK.

Based on these three variables, it is true that for every region, the indicators of need are favourable for the First Nations as compared to the standard working age population measure.

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	NFLD	N.S.	N.B.	P.E.I.	QUE	ONT	MAN	SASK	ALT	NUN	NWT	B.C.	YΚ	CANADA
15+ Populat	ion													
1996	29.7%	87.0%	84.3%	83.2%	63.1%	78.0%	59.6%	62.4%	53.7%	0.5%	58.8%	75.8%	86.6%	64.9%
2001	37.6%	73.1%	64.9%	77.2%	63.9%	68.2%	56.7%	61.2%	51.5%	0.4%	57.3%	68.3%	84.5%	60.6%
2006	32.6%	59.0%	66.2%	70.7%	59.3%	62.8%	53.9%	60.9%	49.0%	0.5%	61.0%	65.0%	83.2%	57.4%
2011	54.6%	61.8%	68.6%	68.5%	57.0%	64.8%	54.3%	61.5%	50.2%	0.5%	62.3%	65.3%	85.6%	58.8%
Lone Parent														
1996	31.5%	86.9%	88.2%	90.9%	61.0%	80.7%	61.5%	65.8%	57.3%	1.1%	55.6%	74.9%	84.3%	67.1%
2001	36.1%	83.8%	78.0%	100.0%	67.2%	76.5%	65.8%	69.5%	60.6%	0.0%	58.2%	72.5%	89.7%	67.7%
2006	31.9%	72.3%	85.1%	79.2%	62.1%	71.6%	66.0%	70.8%	59.5%	0.6%	63.5%	71.8%	86.5%	66.1%
2011	59.3%	73.6%	81.7%	95.7%	61.8%	73.1%	67.2%	72.7%	61.6%	0.5%	65.0%	74.6%	85.7%	68.1%
Mother Ton	gue													
1996	59.0%	98.6%	98.7%	100.0%	77.7%	96.8%	91.9%	82.0%	81.8%	0.3%	80.2%	91.0%	96.6%	79.8%
2001	59.8%	99.7%	99.4%	93.9%	76.7%	97.8%	93.6%	85.5%	84.0%	0.1%	78.9%	91.8%	94.4%	80.3%
2006	62.5%	99.7%	99.4%	106.7%	76.1%	97.3%	94.9%	86.0%	87.2%	0.1%	82.5%	93.6%	90.1%	80.8%
2011	74.9%	99.4%	99.8%	93.8%	76.3%	97.8%	97.9%	87.9%	91.4%	0.1%	85.6%	94.6%	98.3%	79.2%

First Nations % of known NARAM variables, by region, 1996 - 2011

With respect to the remaining variables, the counts for the remote populations are not available for 2006 or 2011. Whether the increases in Aboriginal identity have a northern/remote pattern has not been measured. It is reasonable to assume that the growth would be against a higher increase in these populations.

The 2006 census did not publish a less than Grade 9 population count. It is assumed that this variable will need to be included in the count of those persons with less than a high school education. A look at this combined education variable, the number without employment income variable, and the not in the labour + unemployed variable for the 1996, 2001, and 2006 censuses provides some expectation of trends.

There are noticeable shifts in NS, NB, PEI, ON and BC towards a lesser share for First Nations within the counts for these variables. The impact of this trend, if it is confirmed by the 2011 estimates, will depend on the pattern within each region and the respective Agreement Holders.

First Nations % of other NARAM variables, by region, 1996 - 2006														
	NFLD	N.S.	N.B.	P.E.I.	QUE	ONT	MAN	SASK	ALT	NUN	NWT	B.C.	YK	CANADA
Number without Employment Income														
1996	34.7%	89.2%	84.5%	80.6%	66.0%	80.2%	68.1%	69.5%	60.6%	0.0%	65.0%	78.6%	90.1%	70.0%
2001	34.1%	65.4%	54.0%	54.8%	65.0%	71.6%	68.8%	71.4%	62.8%	0.2%	68.5%	71.4%	91.9%	66.7%
2006	39.6%	65.4%	68.4%	73.3%	61.7%	68.0%	68.5%	74.8%	62.0%	0.0%	67.3%	71.8%	81.3%	66.4%
Not in the	e Labour	Force Pl	us											
1996	30.0%	88.1%	84.0%	81.4%	65.3%	79.9%	66.8%	68.5%	59.4%	0.2%	64.3%	78.4%	89.2%	68.6%
2001	37.3%	77.9%	68.7%	77.4%	66.1%	71.9%	67.3%	70.6%	60.8%	0.1%	61.8%	72.8%	88.2%	66.7%
2006	33.8%	64.4%	66.6%	74.7%	60.1%	66.6%	66.9%	71.4%	59.7%	0.2%	66.5%	71.3%	87.4%	64.2%
Education	loss the	n US din	loma											
1996	32.1%	88.0%	82.9%	81.1%	65 7%	80.4%	64.0%	66.0%	55.8%	0.3%	63.8%	78.0%	87.0%	66.7%
2001	39.2%	74.2%	64.6%	76.3%	65.8%	72.5%	62.7%	65.9%	55.9%	0.1%	62.5%	71.7%	87.8%	63.9%
2001	35.4%	63.5%	63.6%	67.1%	62.1%	69.8%	65.3%	68.9%	57.5%	0.2%	65.7%	72.4%	87.0%	63.6%

The above analysis is only in the context of a First Nations share in a particular region. Keep in mind that some regions are outpacing others in growth (Ontario, for example) and the overall impact of a change at the regional level may or may not be transmitted through to the client group for a particular Agreement Holder.

Recommendations

The recommendations below reflect a high degree of support for the structure of the current NARAM formula. As a formula with multiple variables, it rounds off the peaks and valleys resulting from fewer variables. There are other factors which create uncertainty besides the structure of the formula. First, the patterns of the Aboriginal Identity Populations are changing as self-identification rates increase. Secondly, the previous NARAM environment included funding layers for youth and urban resources which now are part of the overall funding envelope. While this consolidated resource base may not be an issue in the national model, it will be an issue within regions, particularly if there are data reliability issues.

1. Population Base

It is recommended that the Aboriginal Identity Population remain the basis of the model. The trend towards higher rates of identification among persons with Aboriginal ancestry will benefit regions with larger populations who have historically not self-identified. The changes in the regional populations will drive resource shifts in themselves.

2. Source of Data

Statistics Canada remains the only source of data that is provided by the same methodology at the same time. Other sources of data may be applicable for internal planning by Agreement Holders at their discretion

3. Variables

All existing NARAM variables should be maintained if they are available. The education variable may have to be combined. There may be some value in narrowing the age range from 15+ to 15-54 to reflect the core working age populations. The 2011 values from the National Household Survey will provide the most current estimates. These estimates may however be of limited value for sub-regional allocations.

4. Weights

The weights were originally pegged by consensus within a national working group. Any change to a specific weight should be based on a rationale that argues why it should be changed and what other values should be modified to accommodate that change.

5. Smoothing

In recognition of an established practice of phasing any resource shifts, the establishment of a multi-year transition (i.e. 20% per year for 5 years) should precede any calculation of resource levels.

6. Small Regions

The case for protection of small regions is the same as would be the case of protection of small Agreement Holders. It is recommended that this protection not be permitted, given that the above recommendation allows for smoothing.

7. Regional Models

Each region should be given the choice to retain its existing resource sharing methodology. While the use of a NARAM approach in each region would ensure consistent resource sharing on a nationally-accepted basis, in some regions the complexity of the agreement-holder structure will make a NARAM approach unworkable. The NARAM process must be designed to meet a national allocation need and not be constrained by addressing regional allocations issues.