



FIVE TIMES LARGER

WHY FIRST NATION COMMUNITIES MUST ENGAGE THE PRIVATE SECTOR

Most of us understand the importance of economic development for improving our communities. However, if you go to almost any meeting concerning First Nations economic development, you will notice the issue of how to get more resources from government dominates the discussion. There is nothing wrong with seeking our fair share from government. However, the simple truth is **government resources and programs are only a small share of the economic game. Government alone will never solve the problems of our poverty.** In fact, even if we get our fair share of the government's economic development resources, even if we secure resource revenue sharing deals, First Nations will remain poor.

WHY IS THIS?

First, investment creates community wealth. As is illustrated, economic infrastructure is a pre-requisite to private investment. Investment creates a property tax base so that public services and infrastructure can be improved. Better services and infrastructure start the virtuous circle again.

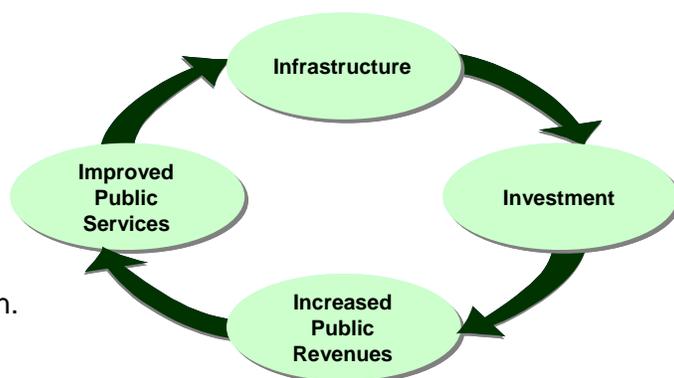
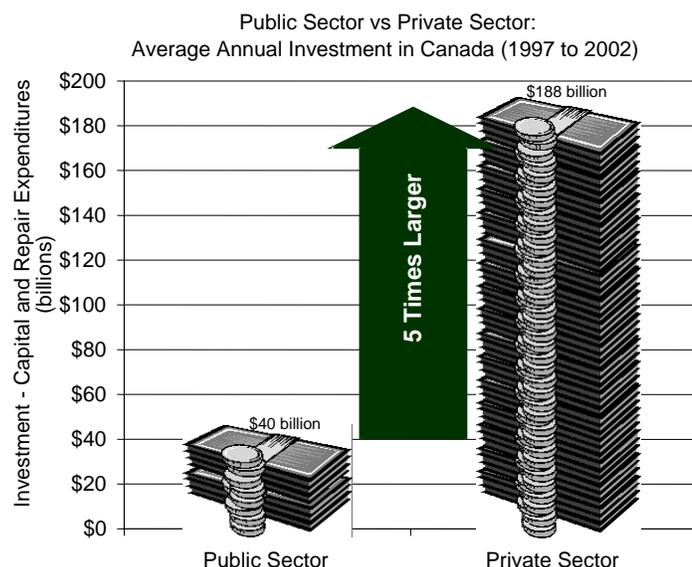


FIGURE 1: THE VIRTUOUS CIRCLE

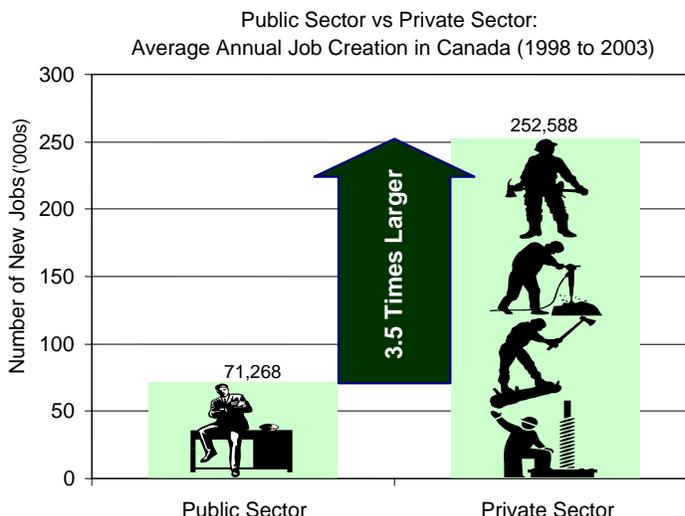


Second, private investment is five times the size of public investment.

FIGURE 2: PRIVATE SECTOR INVESTMENT IS ALMOST FIVE TIMES LARGER THAN PUBLIC SECTOR INVESTMENT

FIGURE 3: PRIVATE SECTOR JOB CREATION IS THREE AND A HALF TIMES LARGER THAN PUBLIC SECTOR JOB CREATION

Third, the private sector creates three and a half times as many jobs as the public sector. Moreover, virtually every public sector job is ultimately financed by private sector taxes.



WHAT DOES THIS MEAN TO US?

1. We can only succeed with our community development plans if we succeed with economic development. Private investment is 80 per cent of economic development.
2. Our political agenda will advance much more quickly if we have stronger economies. Political power grows out of economic strength.
3. We spend 80 percent of our time on what amounts to only twenty percent of the game – namely chasing public sector investment.
4. It is more important than ever for us to expand the private sector. Within ten years, approximately 80,000 First Nations will enter the labour market. In Canada over 75% of jobs are from the private sector.

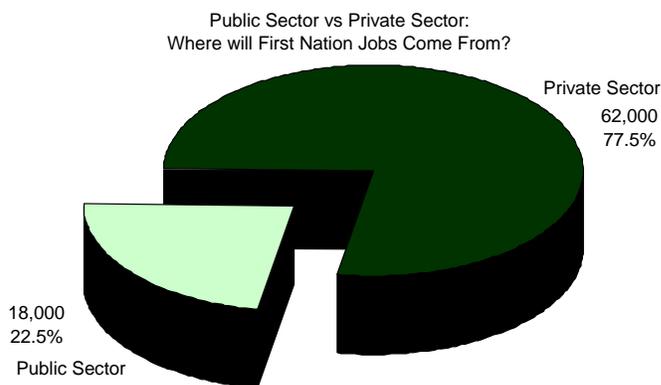


FIGURE 4: THE PRIVATE SECTOR MUST BE EXPANDED TO AFFORD JOB OPPORTUNITIES TO FIRST NATION LABOUR MARKET ENTRANTS

WHAT WE MUST DO?

We are enormously disadvantaged in the competition for private investment. In fact, it is roughly ten times harder for us to secure private investment, versus other jurisdictions. Federal funding for projects helps some of our economies a little but it does not eliminate the real disadvantages. We must develop a strategy that does.