

SIMSA – Aboriginal Inclusion Guidelines

(April 4th, 2017)

Introduction:

SIMSA developed the following Aboriginal Inclusion guidelines, for its member companies to plan and enact their efforts towards including Aboriginal people in Saskatchewan economic opportunities. It is important to remember that this is a guideline and it will vary for each and every company depending on many factors. Also, for the purpose of this document, by “Aboriginal” we mean both First Nations and Métis people.

Several resource producing companies have developed their approach to the topic and shared this with SIMSA. The information below is a result of their generous input, blended with independent research, and input from SIMSA’s Board – these are listed under “Findings” herein.

Background:

Billions of dollars are invested in Saskatchewan by the resource sector each year. This money is derived from the sale of the resources and or the raising of funds from global sources, then investing it in the Province. A question arises, “How is this money best used to improve the Province in the long-term?”

The focus, we believe, should be on sharing the success equitably and sustainably. Ideally, the answer should include consideration of the use of local suppliers, as local suppliers are one of the ways this money can “stick” to the Province, with additional consideration for taxes/royalties and employment in general.

More specifically, the answer should include the development of the people most at risk in Saskatchewan, namely our Aboriginal people, primarily First Nations and Métis. Aside from the demographic reality in Saskatchewan of a large, youthful and exponentially growing Aboriginal population, and its implication on our future talent, there are other reasons we must focus on Aboriginal inclusion. For one, there is a legal Constitutional imperative that recognizes and affirms Aboriginal rights in Canada.

Findings:

1. Aboriginal ownership greater than 50% of a company, in other words, a company being under Aboriginal control, is more valuable than marginal ownership since Aboriginal inclusion must see meaningful participation and sustained results. Marginal Aboriginal ownership of a company does not guarantee that the money is being “best used to improve the Province in the long-term.”

While ownership participation is considered in a positive light, it is the details of this ownership and the philosophy and policies of a company that are critical. The question to be asked is, “To what extent does ownership drive engagement in Aboriginal employment, provide development, and promote investment in Aboriginal communities?” The goal is to engage the Aboriginal ownership on the team, actively involved and contributing in the game rather than sitting on the bench.

2. The critical items are (in order of importance):
 - a. Employment of Aboriginal people;
 - b. Mentoring, education, training, and development of Aboriginal people;
 - c. Community investment into areas positively impacting programs and services for Aboriginal people; and
 - d. Subcontracting to companies adhering to these herein describe guidelines.
3. Resource sector companies realise that not all companies can achieve excellence in all areas all the time, and that business planning and industry cycles impact us all. Nonetheless, something can always be done, and what that may be for any one company may vary in priority and opportunity from one time to another. In consideration of what a company can do, credit should be given to the following:
 - a. Employment of Aboriginal people:
 - i. 17% of a company’s employees may be the ultimate target, given that’s the percentage of Aboriginal population in Saskatchewan. However, it is forecasted this percentage may increase to as high as 30% within a decade, so this “target” will and certainly should grow. It must be understood; however, this is a reflection of labour force potential, and it is important to consider the talent pool within it, relative to education and skills attained. Currently this target percentage may not be practical as there are many occupations requiring education and skills that are not yet well represented within the Aboriginal population.

- ii. Where a company has not or cannot readily achieve a 17% target, is important they develop a detailed plan with a credible target, and outline how this will be achieved, whether through training, recruitment and/or replacement of workers through attrition, over a period of time.
 - b. Mentoring, education, training, and development of Aboriginal people:
 - i. While 17% can be a lofty target for small to medium sized business with a small employee base and in consideration of the available talent pool, it is imperative that all companies do something to help build Aboriginal talent, both inside and outside of their company. This can and should be demonstrated by policy and execution.
 - c. Community investment into areas positively impacting programs and services for Aboriginal people:
 - i. Community investment can provide great value to the development of Aboriginal people especially the youth. It must be understood; however, that smaller companies may have tighter profit margins that would limit community investment. Further, all companies may be exposed to market conditions that impact their ability to invest on an annual or sustainable basis.
 - d. Subcontracting:
 - i. Further demonstration of Aboriginal engagement is through developing subcontractors or supply chain that adheres to the herein described guidelines.
- 4. The degree of implementation of the above components (employment, development, investment, and subcontracting) are to be used as a measure of the validity and or value of a company's Aboriginal Inclusion program in the event "Aboriginal ownership" is less than 50%.
- 5. Ranking or setting a value on a supply company's Aboriginal Participation is difficult, and:
 - a. Must be considered as a broad item, not specifics, since there are several ways to answer, "How is this money best used to improve the Province in the long-term?" It is sort of like critiquing a work of art by the use of one color versus the entire composition; the latter is the key item. In other words, it is important that any valuation/ranking occurs within a context and time frame; transparency and accountability require us to consider the eye of the beholder at any given time.

- b. The act of monitoring and measuring the achievement of these guidelines is currently beyond the capabilities of the Association.
- 6. Resource sector companies are increasingly leading the way in building mutually beneficial relationships between themselves, suppliers, and Aboriginal people, creating a vision for transparency and accountability for the benefits of inclusion. The resource companies are in a unique position to influence development. They hold the money and can decide where to invest in efforts to improve the Province. If the resource company sees a community's Aboriginal employment base within an "owned" or "co-owned" or non-Aboriginally owned company diminishing, they can ask why. The resource sector company's goal is to develop people, not just create a cash flow.
- 7. Achieving and even working towards a higher participation rate based on the above can result in something known as "social credits". This concept has also been called; trust, friendly neighbors, a relationship, honor, etc. These social credits are critical in creating a successful industry with all players pulling in the same direction.

Conclusion:

SIMSA's guidelines consider the following four items in relation to percentage of Aboriginal ownership as key; Aboriginal employment, development, investment, and subcontracting. These four items are to be used as a test of the ultimate value of any Aboriginal participation. Further, when Aboriginal ownership is less than 50%, the four 'key items' are to be treated as a test of relevance in the company's Aboriginal Inclusion program.

It is important that companies develop and follow an Aboriginal inclusion strategy, and be prepared to revise the strategy to meet the business needs, which includes the four key items, while trying to align with Aboriginal trends. The evaluation of a company's Aboriginal inclusion will not be done by SIMSA. This document is to be used as a guideline for companies as they develop, monitor, and evaluate their own program; it is to be used as a model for their "self-reporting."

Therefore, in context with, and in reference to, the above discussion; SIMSA recommends that companies self-report on their aboriginal engagement in relationship to ownership and:

- a. Employment of Aboriginal people
- b. Mentoring, education, training, and development of Aboriginal people
- c. Community investment into areas positively impacting programs and services for Aboriginal people
- d. Subcontracting to companies adhering to these herein described guidelines.

About The Saskatchewan Industrial and Mining Suppliers Association (SIMSA):



Saskatchewan Industrial & Mining
Suppliers Association Inc

SIMSA is the Saskatchewan Industrial and Mining Suppliers Association, representing Saskatchewan based companies who provide goods and services to mining, oil and gas and industrial projects. SIMSA's membership of approximately 100 companies, represents well-over \$3-billion in annual revenues with the province. SIMSA's mandate is to represent the interests and concerns of Saskatchewan industrial equipment and service suppliers, through promotion of its members and the creation of partnerships with industry and other associations.

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