

# THE COST OF DOING NOTHING

## *A Call to Action*

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Charles Coffey

On behalf of Royal Bank, I would like to welcome you here today. I know that many of you taken time from your very busy schedules to be here today and I hope my colleague, John McCallum and our friends at CANDO have provided some food for thought. I would particularly like to thank Phil Fontaine, National Chief of the Assembly of First Nations and the Honourable Jane Stewart, Minister of Indian Affairs and Northern Development for joining us. Your participation today marks the beginning of what I hope will be a three-way effort among Aboriginal peoples, governments and Corporate Canada to address economic development and opportunity for the First Peoples of Canada. The Royal Commission on Aboriginal Peoples was released one year ago. The final report represents a significant piece of work — full of research, analysis and recommendations. The report has provoked much discussion among Aboriginal peoples and some coverage in the national media. But the business community, with a few notable exceptions, has said little about it. At Royal Bank, we see Aboriginal issues as a matter of concern for all Canadians and Aboriginal economic development as having a significant impact on the national economy and the corporate sector.

For this reason, last spring we gave some thought to how we might stimulate discussion in the corporate sector about the issues raised in the Royal Commission. With CANDO — one

of Royal Bank's long-standing partners in Aboriginal economic development — we decided there would be value in holding a forum where business people could get a better understanding of Aboriginal economic development issues and their impact on the corporate sector. Today, we have the fruits of that joint effort. I would like express my thanks to CANDO and the members of its Education Committee for the work that has been done for this event. The theme of this session is "The Cost of Doing Nothing." The phrase itself is one which invites questions. What do we mean by it?

We've heard from earlier speakers about the historical and contemporary inequities of Aboriginal people in our society — the painful costs that have been borne by individuals and communities. We have heard Royal Bank's analysis of the fiscal cost of doing nothing. These costs are significant and serious. They concern us deeply — as individual citizens who care about the society we live in and as corporate citizens concerned with broad and sound public policy.

But, our interest in and advocacy about relationships between Aboriginal peoples and Corporate Canada go beyond corporate citizenship and public policy. Good relationships are also smart business. With this in mind, the costs that I want to explore with you today are the opportunity costs of doing nothing — the missed chances,

foregone gains — a future less than it might otherwise be.

Put another way, I want to explore with you the business case for expanding and strengthening corporate Aboriginal relations. When people ask me what my job is at Royal Bank, I often respond with a very short answer. My job is to create shareholder value. It's a duty that I take very seriously and one which guides all my business decisions. I see my own relationships with Aboriginal people — and those of others in the Bank — as contributing value for our shareholders. I'm well aware many business people don't always grasp the business benefits of relations with Aboriginal people and communities. For the Bank, however, the business benefits are clear. We see a significant and expanding market opportunity. The rapid increases in the Aboriginal population represent new customers. Land claims represent increased economic and financial clout of Aboriginal peoples and communities. The Aboriginal business sector — which has grown at a dramatic rate in recent years and is steadily moving the Aboriginal population towards economic self-sufficiency — is generating wealth and creating jobs.

A demand for financial services — and increasingly sophisticated financial services — is only one result of the demographic, political and economic changes within the Aboriginal community. Royal Bank needs to respond to those demands. To do less would be a disservice not only to our customers, but also to our shareholders. The business reasons for building good relations with Aboriginal peoples go beyond market opportunity alone. Aboriginal people are becoming an important source of new entrants and new skills for the workforce. Many companies are benefitting from having long-term, stable and reliable employees on board.

Economic relationships with Aboriginal people, through employment, contracting, purchasing or joint ventures are contributing to community support for resource development.

Relationships with Aboriginal peoples can bring new knowledge and values into the corporate sector — especially in terms of respect for land, traditional knowledge and sustainable development. And a track record of establishing mutually beneficial relationships with Aboriginal communities can even open international opportunities for Canadian companies. It's clear to me that the potential business benefits of relations with Aboriginal people and communities

are aligned with our underlying business objective of creating value for our shareholders.

I believe other businesses would arrive at the same conclusion if they took the time to make a similar assessment. Many businesses also face a practical challenge — that of developing corporate strategies and day-to-day business practices that win the business benefits. Learning, adaptation and change are the order of the day. These notions should not be alien to any business in Canada — the 1990s have shown they are the prerequisites to corporate survival and growth.

At Royal Bank we've learned the importance of taking a long-term perspective — often much longer than the next quarterly report. We've had to learn new protocols in order to develop a better mutual understanding. And we sometimes have to step back and remind ourselves that our business relationships with Aboriginal people and communities — our banking, lending and other financial services — are in fact part of a holistic set of relationships where education, training, employment, partnerships and community relationships work together to form a basis for mutual benefit and sustained results.

Let me illustrate how Royal Bank has focussed its efforts. First, we want to help Aboriginal youth as they prepare to be the future leaders in their communities. Our Native Student Awards Program provides five Aboriginal students with \$4000 for each year of their post-secondary education. We've made a start in this area, and since 1993, a total of 24 students have received these awards, 13 of whom are currently receiving funding. We've a Stay-in-School program which encourages young people to pursue post-secondary education. We have pledged \$250,000 to the Saskatchewan Indian Federated College's Building Fund and provided a \$100,000 grant, over four years, to endow the Education Foundation arm of the National Aboriginal Achievement Foundation, formerly the Canadian Native Arts Foundation. Second, we are committed to assisting Aboriginal communities in their efforts to achieve and sustain economic self-sufficiency. Royal Bank was the first bank to open a full-service branch in a First Nation community. We now have four such branches and one branch in each of the three regions of Nunavut. Royal Bank was a founding sponsor of CESO's Aboriginal Services' national project with several MBA programs. Students work on a specific economic development project in a First Nation community, not only helping to

improve economic development opportunities for the community but at the same time gaining greater awareness and sensitivity to Aboriginal issues.

With more than half of aboriginal Canadians not living on native lands, we are also focussing our efforts on urban centres. Our partnership with the National Association of Friendship Centres has led to the support of more than 120 such centres across Canada.

Royal Bank has established First Nations lending criteria and guidelines to help First Nations and Aboriginal companies with their financing requirements. Royal Trust is the only major financial institution to have established a national First Nation's Advisory Service for Aboriginal communities for investment, trust and land claim settlements. Third, we support training initiatives for Aboriginal communities and entrepreneurs. We provide financial and risk management training to Aboriginal people. Our contributions to CANDO are helping to develop entrepreneurial training seminars and the certification program for Aboriginal Economic Development Officers. In New Brunswick, through an alliance with Ulnooeg Development Corporation, the provincial and federal governments, we have launched the Young Entrepreneur Small Business Loan Program, which is available to First Nation entrepreneurs who are under the age of 29.

Have we achieved our goals? Not yet. Do we have a distance to go? Certainly. Are we on the right path? We believe that we are. What will it take for Corporate Canada to become more committed to building business relationships with Aboriginal peoples? We know that in the past decade the awareness of Aboriginal issues among businesses has grown. We can see it in the number of companies making commitments and instituting Aboriginal relations initiatives. But the fact remains there simply aren't enough businesses doing this. And, there are both costs and opportunity costs of failing to act. We've learned it's possible for Corporate Canada to create wealth with Aboriginal peoples and for Aboriginal peoples. We're seeing results across Canada. Here in Ontario, for example, Ginoogaming First Nation has reduced its unemployment rate from 90 percent to 10 percent in less than five years and has ambitious economic and resource initiatives to create and retain wealth for its community. It's in the national interest to have more results like these. It's in the business interest to do more.

Royal Bank, for its part, will maintain its course and will continue to make the investments we need to in order to make a difference. I would challenge every business in Canada to look at itself and ask—are we removing the barriers—solving the problems—and providing the opportunities that will enable Aboriginal people to become full participants in our society and in our economy. That task should not be overwhelming. There are practical ways to proceed. Best practices are becoming better understood. Many ideas for steps you can take within your own organizations described in the papers prepared for this conference.

To my colleagues in other businesses—the people who are experienced and knowledgeable—those who've begun to see the business benefits of constructive relationships with Aboriginal people—I would urge you to speak out. Talk to your peers. Share your experiences. Convince others they have a role to play and much to gain from building relationships with the First Peoples of Canada.

The federal government has its own role to play. We're encouraged by the Minister's efforts to renew relationships and chart a new course with Aboriginal leaders. There is much to do, justice, land claims, treaties, social conditions, taxation and economic development. We urge you to carefully consider the analysis of the Royal Commission and to take the steps to get the results that are needed.

These are challenging times for Aboriginal peoples and their leaders. Economic development is but one area where you are working to re-establish control as a means of fostering healing and political, social and economic well-being. Within this context, Aboriginal-corporate partnerships hold tremendous potential. I believe that together it is possible to achieve more. We know there are many working partnerships across the country. But perhaps there should be a formal partnership among the leaders in our communities—a partnership that reflects shared goals—a partnership which enables us to work together to achieve tangible, measurable results.

The message I want to leave with you today is this. If Aboriginal peoples so choose—and when they are ready—we must be there to work in partnership with them—towards goals that we can both share—to get the results that we both need.

Thank you.