

March 22, 2019

Re: 2019 Federal Budget

Dear Members, colleagues and friends,

On March 19, 2019 Finance Minister Bill Morneau tabled his fourth budget, *Investing in the Middle Class*.

In his address, Minister Morneau acknowledged several key considerations for the Government of Canada's plan to build an economy that works for everyone, and emphasized the need to invest in relationships, specifically prioritizing "the most important relationship our country will ever have – the one with Indigenous Peoples". To that end, the budget includes 24 measures specifically aimed to assist First Nations, Inuit or Métis Peoples in education, economic development, self-determination, infrastructure, health and well-being.

Canadian Council for Aboriginal Business (CCAB), is pleased to see a significant increase in both the level of acknowledgment and finances attributed to the growing Indigenous economy in Canada. We attribute this in part to the consistent efforts of CCAB, our Indigenous partners, and our vastly growing number of Aboriginal and non-Aboriginal business members and all those that demonstrate and celebrate the potential and success of Aboriginal business in Canada.

Aboriginal Business Growth and Economic Development Budget Highlights

- \$78.9 million over five years, starting in 2019-20, with \$15.8 million per year ongoing to support Indigenous entrepreneurs and economic development. This funding will flow through the Community Opportunity Readiness Program and will provide targeted financing to launch Indigenous-led start-ups and expand existing Aboriginal businesses.
- Up to \$100 million to establish an Indigenous Growth Fund. The fund will allow all Aboriginal Financial Institutions, including Métis Capital Corporations and others, to further invest in Indigenous-led businesses. Funding will flow through the Social Finance Fund and the Business Development Bank of Canada and will be managed by the National Aboriginal Capital Corporations Association (NACCA).
- \$50 million over five years, starting in 2019-20, to increase funding of Métis Capital Corporations to support the start-up and growth of Métis small and medium sized businesses. This funding will build on the investments made in Budget 2016.
- \$17 million over three years, starting in 2020-21, to expand the Aboriginal Entrepreneurship Program. Funding will help expand the services provided by the AEP to support the growing Indigenous economy in Canada.
- Up to \$12.6 million over three years for the Indigenous Forestry Initiative, to support forest-based economic development for Indigenous communities across Canada.
- \$12.8 million in 2019–20 to Natural Resources Canada to maintain its capacity to conduct meaningful consultations with Indigenous communities on major energy projects and to support Indigenous economic participation in the natural resource sectors.
- \$3 million over 5 years for Indigenous Entrepreneurs as part of a total \$38 million to Futurpreneur

While CCAB is encouraged by the significantly increased measures outlined to assist Aboriginal business and economic development in this budget, there are some areas of concern attached to those measures.

Within Budget 2019, the measures outlined to address Aboriginal business growth and economic development are hyper-focused on start-up funding. This is an important step in advancing the Indigenous economy, however CCAB's position is that equal attention and resources need to be provided to assist the tens of thousands of established and growing Aboriginal businesses across the country. Without dedicated funding mechanisms for Aboriginal business at all stages of the lifecycle, and dedicated commitments from the Government of Canada on procurement from those businesses, Budget 2019 risks neglecting the existing privately- and community-owned Aboriginal businesses.

While, we are pleased to see that a portion of the funds will be managed through organizations such as NACCA and Métis Capital Corporations, we are initially disappointed that it appears that outside of those funds, the management has not changed. Aboriginal businesses and communities are still required to apply individually to access these dollars through various government programs as well as non-Indigenous organizations. We know through our research this process presents a barrier for Aboriginal businesses. There are many Aboriginal or Indigenous-led organizations with the capacity, knowledge and experience to deliver targeted assistance and funding to the Aboriginal businesses and communities they work with each day.

Next Steps

The 2019 budget includes several proposed legislative changes. CCAB strongly supports the proposal to "introduce amendments ... that would streamline the process for Additions to Reserve [land]." We encourage the government to include legislation to reduce additional regulatory burdens on reserve as well as to reduce the 30% Indigenous staff requirement currently required by the Procurement Strategy for Aboriginal Business (PSAB).

CCAB encourages a strong shift in the control of federal funding away from government departments and non-Indigenous organizations. We are committed to continue working with the Government of Canada to identify methods to ensure that Indigenous institutions can deliver programs and services directly to Indigenous peoples, communities and businesses. Through this approach, money allocated in Budget 2019 can effectively and appropriately flow to both Indigenous entrepreneurs and established Aboriginal businesses.

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JP Gladu
President & CEO