



March 20, 2020

The Right Honourable Justin Trudeau, P.C., M.P.  
Prime Minister of Canada  
Prime Minister's Office  
80 Wellington Street  
Ottawa, Ontario K1A 0A3

RE: Acute Impact of COVID-19 on Indigenous Economy

Dear Prime Minister:

We all understand that COVID-19 is a threat to the Canadian economy. As the Honourable Perrin Beatty expressed in a recent letter to the Honourable Chrystia Freeland, "...many Canadian businesses are currently experiencing the impact and should COVID-19 continue to spread throughout Canada, the damage to our economy will be considerable. In particular our most vulnerable businesses – SMEs – risk being the hardest hit if they are not prepared."

We completely agree with this statement. While we stand alongside our colleagues at the Canadian Chamber of Commerce, the Business Council of Canada, in addition to many other national organizations and Corporate Canada's call to action, we must also bring attention to the existing barriers and acute impact on Indigenous businesses in Canada.

Indigenous businesses, like many others in Canada, continue to identify access to capital as a common obstacle. However, they also face a number of other unique challenges:

- Remoteness
- lack of adequate infrastructure/reliable internet access,
- lack of credit history,
- lack of financial management skills,
- limited retained earnings of businesses,
- limited personal net worth, and
- Impediments to business development imposed by the *Indian Act*.

Canadian Council for Aboriginal Business (CCAB) research finds that over 60% of Aboriginal businesses are SMEs, and data from the National Aboriginal Capital Corporation Association (NACCA) indicates that 85% have less than 5 employees. Of those businesses that received support from an Aboriginal Financial Institution (AFI), the majority are located in rural or remote communities, with 45% being located on-reserve.

The Canadian Federation of Independent Businesses (CFID) has indicated that 25% of SMEs will not survive a closure period of 30 days or longer without some level of stimulus support.

Indigenous SMEs are at even greater risk of impact from the COVID-19 pandemic. In a survey of AFIs the week of March 16, it was confirmed that many Indigenous businesses are in sectors hardest hit due to emergency measures, namely: tourism, accommodation, food services, and retail trade. This is backed by CCAB's research which demonstrates that the percentage of Indigenous SMEs in these areas represent 15.28% or 8,200 Indigenous-owned businesses. Other industries where Indigenous businesses play a vital role are also being impacted, including fisheries operations, agriculture, oil and gas extraction, construction and transportation services. Measures announced by the Federal government to date will not address the needs of Indigenous businesses.

Due to the barriers to accessing financing identified above, Indigenous businesses also face significant challenges to accessing the stimulus measures put in place by the federal government for SMEs thus far. In 2015, only **19%** of Indigenous businesses accessed financing from traditional financial institutions.<sup>1</sup> As a result, privately-owned Indigenous businesses report that their main source of financing is retained earnings and personal savings.

For Indigenous businesses, this crisis is worse than a financial crisis, where most businesses faced only a slowdown. In this case, we are looking at a complete stoppage of operations as few Indigenous businesses are able to work remotely.

We look forward to the announcement of specific government funding to Indigenous communities, however the ability to provide support to communities through business is of utmost importance to ensure that the Indigenous economy can continue to grow, employ Indigenous people and contribute to the Canadian economy. This means not only investing directly in Indigenous communities, but also in Indigenous businesses through research, education, unique programming and delivery of equitable financial support.

While we applaud the measures for support through BDC, we ask that you consider measures to provide bridge financing and liquidity to Indigenous businesses through our established Indigenous institutions such as NACCA and/or the network of AFIs.

As national Indigenous economic organizations, we want to work with the Federal Government to ensure that the Indigenous economy remains active and our entrepreneurs are able to maintain pace through this unprecedented and challenging time. We welcome the opportunity to discuss with you how we can ensure that programs and policies are supported by strong research to meet the unique needs of Indigenous businesses in Canada, and that we as Indigenous organizations can ensure that supportive programs are delivered directly to those vulnerable businesses.

Sincerely,

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<sup>1</sup> CCAB. (2016).

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