



Media Release

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Report urges federal government to expand procurement spending with Aboriginal businesses to five percent

The Government of Canada has a “landmark” opportunity to drive significant Aboriginal business growth and prosperity for Indigenous peoples

Calgary, AB – May 9, 2019 – Canadian Council for Aboriginal Business (CCAB) today released a data-driven report calling on the federal government to increase the dollar value of its procurement spending with Aboriginal businesses to 5% of total procurement spending by 2024.

According to the Treasury Board of Canada, federal government procurement spending totaled

\$14.6 billion in 2017. Federal procurement spending through the Procurement Strategy for Aboriginal Business (PSAB) has accounted for an average of less than 1% (0.32%) of total annual federal procurement spending since 1996.

Called *Industry and Inclusion: An Analysis of Indigenous Potential in Federal Supply Chains*, the report found there is surplus Aboriginal business capacity to meet the needs of government and that a 5% target, which reflects the Indigenous population in Canada, is “realistic and achievable.”

The 5% goal can also be achieved without increasing procurement costs, decreasing quality or lengthening contract timelines. In fact, the study concluded Aboriginal companies have the capacity to supply over 24% of the goods and services purchased by the federal government, according to 2016-17 data.

“The findings of the Industry and Inclusion Report have enormous implications for economic reconciliation and lifting Indigenous peoples out of poverty,” says JP Gladu, CCAB’s president and CEO. “The federal government now has a landmark opportunity to turn the page and create sustainable economic opportunities for Indigenous peoples – simply by mandating a 5% share of existing procurement dollars for Aboriginal businesses by 2024.”

CCAB’s study, supported by Crown-Indigenous Relations and Northern Affairs Canada, was designed to measure the capacity of Aboriginal suppliers to meet procurement needs and to help the federal government find pathways to increasing Indigenous participation.

The study provides an in-depth comparative analysis of federal procurement demand by industry category and department with the Aboriginal business sector’s capacity to provide goods and services.

Recommendations

- Set a government-wide Indigenous procurement target of 5% within five years, through a 1 percentage point increase annually. Each federal department and agency should lay out a strategy to achieve this target and report annually on progress

- Require that all departments incorporate considerations of Indigenous peoples (business and community) analogous to the requirements for gender-based analysis for submissions to Treasury Board
- Develop additional programs to support existing Aboriginal suppliers in department purchase categories where there is currently insufficient Aboriginal business capacity to supply
- Conduct additional research to identify key barriers to Indigenous business participation in federal supply chains, both from the perspective of Aboriginal business and government procurement officers

“Aboriginal-owned businesses offer federal government procurement decision makers exceptional value,” says Gladu. “By expanding Indigenous participation in federal supply chains, the Government of Canada will be making a tremendous socio-economic impact on Aboriginal businesses and communities. As an example, the oil and gas sector in Alberta alone spent over \$3.3 billion procuring goods and services from Aboriginal businesses in 2015/16, which has resulted in dramatic social and financial outcomes for those businesses and communities.”

The total dollar value created by the Aboriginal economy is over \$30 billion and growing since 2016. There are now over 50,000 Aboriginal-owned businesses in Canada. Indigenous entrepreneurs operate in every province and territory across a range of sectors – including natural resources, construction, manufacturing, retail and services.

About CCAB

CCAB is committed to the full participation of Indigenous peoples in Canada's economy. A national, non-partisan association, CCAB offers knowledge, resources and programs to both Aboriginal and non-Aboriginal owned companies that foster economic opportunities for Indigenous peoples and businesses across Canada.

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