

# Path Forward on Federal Indigenous Procurement:

## Nunavut directive, 5% mandate commitment, PSAB

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Government  
of Canada

Gouvernement  
du Canada

Canada

# Purpose and outline

To provide an overview of current federal Indigenous procurement landscape, the 5% mandate commitment, and how federal procurement policies including the Nunavut directive and Procurement Strategy for Aboriginal Business (PSAB) can help achieve this target.

Who we are,  
Indigenous business  
landscape, and existing  
federal procurement  
measures.



## Background

## Changing Environment



5% commitment,  
procurement  
modernization and  
Article 24 of the Nunavut  
Settlement Area.

Plan of action for the  
short, medium and long  
term



## Next Steps





# The Indigenous business environment is evolving

## Business Capacity

**19,000**

businesses located in Indigenous communities

Generating just over **\$10 billion** in total revenue

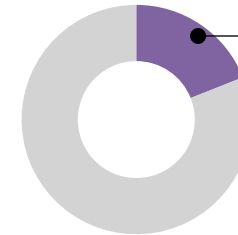


Canadian Council for Aboriginal Business has estimated there are over

**50,000**

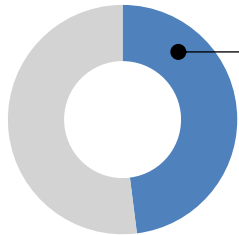
Indigenous-owned businesses in Canada.

In general, Indigenous businesses tend to be quite small, with  $\frac{3}{4}$  unincorporated, and more than  $\frac{6}{10}$  have no employees.



**19%**  
percentage of Indigenous entrepreneurs are in a construction-related field

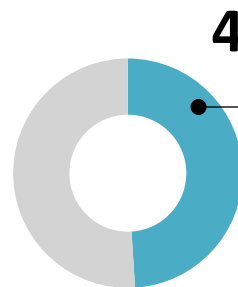
## Education



**48%**  
percentage of Indigenous peoples who had completed some type of post-secondary education certificate, diploma or degree

## Population

Between 2006 and 2016 the Indigenous population has increased



**43%**

**49%**  
are aged between 25-64 with a median age of **29**

**\$27.7B  
Annually**

Potential increase in GDP resulting from increased economic opportunities for Indigenous peoples ( a boost of 1.5% to the Canadian economy).

**\$32B**

Total combined income of Indigenous households, businesses and government sectors



# »»»»»»»» Leveraging existing federal Indigenous procurement policy

- Procurement is a powerful catalyst to stimulate Indigenous economic growth.
- The federal Indigenous procurement strategy, **Procurement Strategy for Aboriginal Business (PSAB)** has been instrumental in encouraging Indigenous businesses to procure with the federal government.
- PSAB leverages existing government procurement needs to create opportunities to generate wealth in Indigenous communities and close socio-economic gaps by increasing Indigenous participation within procurement processes.

The Indigenous-led business sector has emerged as a key lever to generate wealth in Indigenous communities and help close socio-economic gaps via own source revenues and Indigenous labour force participation.





# Existing Indigenous procurement measures

## PROCUREMENT OBLIGATIONS UNDER MODERN TREATIES

Modern treaties (CLCAs) are constitutionally protected agreements. Of the current 24 modern treaties in effect, 22 have economic measures/procurement obligations – including the new federal directive on ***Government Contracts, Including Real Property Leases, in the Nunavut Settlement Area (Nunavut Directive)***.

## SET ASIDES

PSAB restricts, or conditionally restricts, certain contracts, or a portion of a contract, exclusively for competition among qualified Indigenous businesses, where capacity exists (i.e. limited bidding)

## INDIGENOUS PARTICIPATION/BENEFIT PLANS

Indigenous participation/benefit plans are a portion of the value of a contract that is set aside for Indigenous participation, which may include: subcontracting, employment, training, skills development (with flexibility for grants, scholarships or bursaries under PSAB). To count towards PSAB departmental objectives, the Indigenous subcontractors must meet PSAB eligibility criteria.

## OPEN CONTRACTS WON BY INDIGENOUS FIRMS

Indigenous businesses winning contracts open to all suppliers. To count towards PSAB departmental objectives, the Indigenous firms must meet PSAB eligibility criteria.





## Directive on *Government Contracts, Including Real Property Leases, in the Nunavut Settlement Area (Nunavut Directive)* – Overview

- The Directive applies to departments and agencies listed in Schedules I, I.1 and II of the *Financial Administration Act*, with the exception of the Canada Revenue Agency and applies to all government contracts, including real property leases, as defined in Article 24.1.1 of the *Nunavut Land Claims Agreement*.
- The Directive represents a major shift in Canada's contracting policy for procurements in the NSA and will apply to any government contract where the deliverables of a contract, or a portion are to be delivered or performed within the NSA.
- In the event of a conflict between the Directive and a requirement of any other TB or departmental policy, the Nunavut directive will apply.

### Objectives & Expected Results

- Provide the Inuit of Nunavut with the means to participate in economic opportunities.
- Increased participation by Inuit firms in business opportunities in the Nunavut economy.
- Improved capacity of Inuit firms to compete for government contracts.
- Increased contribution to employment of Inuit at a representative level in the Nunavut work force.





# Key Directive Measures to Meet Article 24 Obligations

## Improve capacity of Inuit firms to compete for Government Contracts

Limit bids to Inuit firms on the Inuit Firm Registry (IFR) where capacity exists.

At least one Inuit firm on the IFR for tenders between \$5k - \$25k and leases under \$100k

At least two Inuit firms on the IFR for tenders over \$25K and leases over \$100K.

## Increase participation of Inuit in business opportunities

Structure bid criteria in solicitations:

- Contracts >\$100K and real property leases >\$1M
- Expanding bid criteria to include Inuit ownership
- Weighting bid criteria at 30% of the total available points in limited-bid solicitations and 35% in open-bid solicitations

## Provide evidence based reporting of outcomes

Establish government-wide reporting requirements.

Document and actively plan and manage government contracts.

## Demonstrate results

Establish formal Review Committee co-chaired by TBS and NTI.

Annually review contracting data to demonstrate obligations are being met, determine effectiveness of measures and best practices.

## What Departments Should be Aware Of

### Change in Procurement Approaches

### Active Forward Planning

### Reporting and Documenting

### Real Property

- Inclusion of socio-economic bid criteria related to benefits for Inuit (Inuit employment, Inuit training, Inuit ownership and location in the NSA), in solicitations; consulting the IFR; and ways to enable Inuit firms to bid.
- Submission of annual procurement plans in the NSA: greater emphasis on procurement planning and early engagement.
- More market research needed to determine capacity and detailed costs.
- Actively plan, document, manage and report on government contracts, including real property leases in the NSA.
- Directive measures also apply to real property leasing in the NSA.



# »»»»»»»»»» Annual Procurement Plans and Multi-Year Performance Objectives

**December 2020**, ISC's Deputy Minister sent the request to counterparts at core federal departments and agencies; ISC and PSPC's Ministers reiterated in January 2021 the importance of Indigenous procurement planning in a separate letter to counterparts at core federal departments and agencies.

## Annual procurement plans to Indigenous Services Canada for:

- ***The Directive on Government Contracts, Including Real Property Leases, in the Nunavut Settlement Area; and***
- Multi-year performance objectives for contracting with Indigenous businesses as required by the PSAB.

## Mandatory Indigenous Procurement Reporting:

- **PSAB** – Quarterly reporting for amounts above \$10k;
- **Nunavut Directive** – Quarterly and annual reporting above \$10k and for real property leases valued at over \$100k;
- **CLCA reporting (Including Nunavut)** - Reporting of contracts in a modern treaty area through CLCA.net.







# The federal procurement environment is changing – Indigenous Procurement Modernization

The Government of Canada launched a process to modernize procurement practices. As part of this agenda, ISC, TBS and PSPC are working together to review the federal approach to Indigenous procurement.

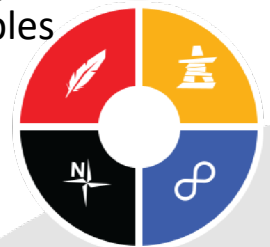
## WHO?

Since 2018 - Indigenous Services Canada is engaging with:

- Indigenous businesses
- Indigenous economic development organizations and their members
- National and regional Indigenous organizations (Indigenous Reference Group)
- Modern treaty land claims agreement holders
- Federal, provincial and municipal government departments
- Corporate Canada

## WHY?

- Increase the number of federal procurement opportunities for Indigenous business
- Increase the number of Indigenous small to medium sized enterprises to bid on federal contracts
- To support the growth of Indigenous business and capacity
- Create employment and training opportunities for Indigenous peoples via benefit planning
- Increase self-reliance
- Increase employment and training opportunities for Indigenous peoples





# The federal Indigenous procurement environment is changing – What We Heard

## What we heard from extensive engagements

### ACCOUNTABLE, TRANSPARENT AND FAIR

- Mandatory targets
- Public reporting on targets and outcomes
- Consistent application of policy
- Clear roles and responsibilities

### EMPOWERED

- Flexible, Indigenous-led definitions
- Indigenous-managed business directory
- Business promotion and support services delivered by Indigenous organizations

### SUPPORTIVE

- Build and promote Indigenous capacity
- Access to training and skills development
- Navigation, guidance and tools (inside and outside GC)

### TRANSFORMATIVE

- Local and distinction-based approaches
- Remove barriers
- Simplified processes and procedures
- Culture change





# The Indigenous procurement outlook – 5% Commitment

In December 2019 the Prime Minister issued Ministerial mandate letters which committed the Minister of Public Services and Procurement Canada to:

**“Work with the Minister of Indigenous Services and the President of the Treasury Board to create more opportunities for Indigenous businesses to succeed and grow by creating a new target to have at least 5 per cent of federal contracts awarded to businesses managed and led by Indigenous Peoples.”**

ISC, PSPC and TBS are working together on assessing options for the implementation of the 5% commitment and engaging with Indigenous partners and key stakeholders.





# What's on the Horizon

## Data, Tracking and Reporting

- Exploring ways to improve data collection, tracking and reporting of Indigenous procurement.
- The data fields required to accurately track all aspects of Indigenous procurement have been included in PSPC's Electronic Procurement Solution (EPS).

## Assessing centralized directory of Indigenous businesses

- Working with Indigenous partners to address methods on definition and how to certify Indigenous businesses; access to a larger number of Indigenous suppliers, beyond and including PSAB's Indigenous Business Directory;
- The National Aboriginal Capital Corporations Association (NACCA) has recently awarded a contract for the development of a business case on applying Australia's Supply Nation model in Canada. Supply Nation brings together the biggest national database of Aboriginal businesses with the procurement teams of Australia's leading organizations.





# What's on the Horizon continued

## Training and tools to support the procurement community

- PSPC is working with ISC to develop Indigenous participation planning tools to support contracting authorities;
- Tools will incorporate cultural awareness into existing Indigenous procurement training, establish guidelines on how to engage with Indigenous communities; and,
- Training material is needed to raise awareness among the procurement community on Indigenous culture and different considerations regarding Indigenous procurement.

## Support for the Indigenous business community

- PSPC's OSME and ISC are leveraging existing relationships with Indigenous partners to increase education efforts to Indigenous businesses and will also develop new training material to focus on realities and different aspects of Indigenous procurement.



# Contact Us

## PSPC

- **For advice and guidance** on CLCA procurement measures and how to increase Indigenous participation through IPPs, please contact: [TPSGC.PAApprovalAutochtone-APIIndigenousProc.PWGSC@tpsgc-pwgsc.gc.ca](mailto:TPSGC.PAApprovalAutochtone-APIIndigenousProc.PWGSC@tpsgc-pwgsc.gc.ca)
- **For advice and guidance** on how to implement the Directive on Government Contracts, Including Real Property Leases, please contact: [TPSGC.PAContratsNunavut-APNunavutContracts.PWGSC@tpsgc-pwgsc.gc.ca](mailto:TPSGC.PAContratsNunavut-APNunavutContracts.PWGSC@tpsgc-pwgsc.gc.ca)

## TBS

- **For policy advice and interpretation, and reporting requirements** of the Nunavut Directive, please contact: [Nunavut@tbs-sct.gc.ca](mailto:Nunavut@tbs-sct.gc.ca).

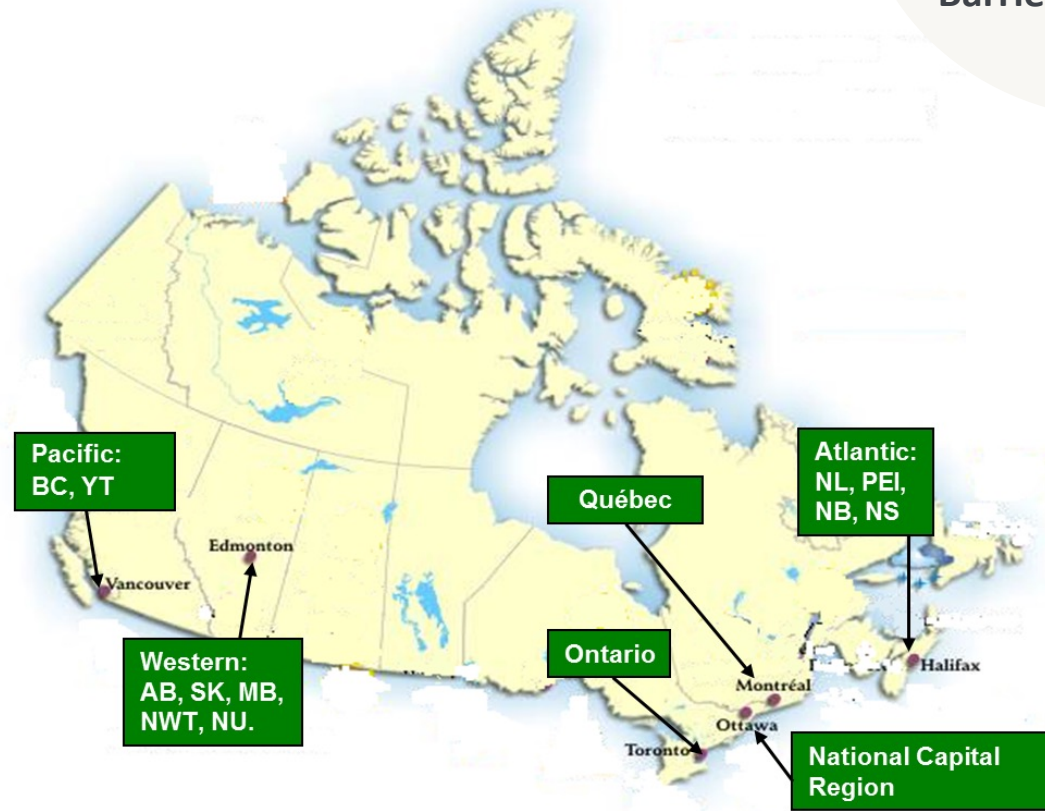
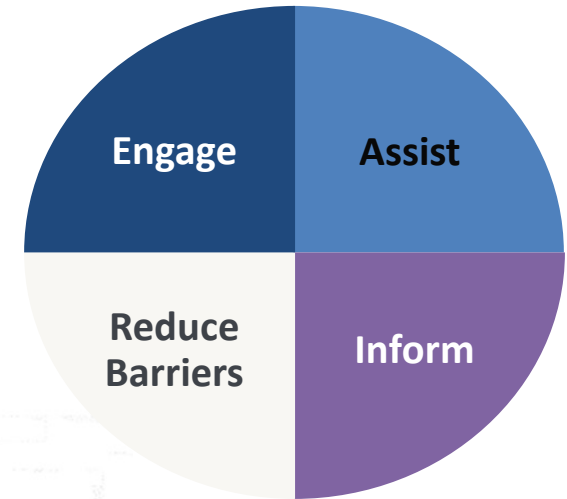
## ISC

- Determine existing Indigenous business capacity
- Provide advice and guidance on incorporating Indigenous procurement within solicitations
- Provide advice and guidance on departmental planning and reporting
- Participate in external engagement events
- Educate your staff on Indigenous procurement
- Contacts:
- PSAB - [IndigenousProcurement@canada.ca](mailto:IndigenousProcurement@canada.ca)
- Nunavut Directive - [aadnc.nunavutprocurement.aandc@canada.ca](mailto:aadnc.nunavutprocurement.aandc@canada.ca)



# Annex A Roles and Responsibilities: Office of Small and Medium Enterprises

- Supports small and medium enterprises (SME) through the federal procurement process
- Engages, assists and informs SMEs on how to sell goods and services to the Government of Canada
- Works to reduce barriers to ensure fairness in the process



# Annex B Roles and Responsibilities: Indigenous Services Canada

## **Policy Development and Maintenance**

Engaging with partners and stakeholders to reimagine federal Indigenous procurement in order to maximize Indigenous participation, includes; Procurement Strategy for Aboriginal Business (PSAB), Nunavut Procurement Directive and development of a Sector Strategy to support Indigenous entrepreneurs.

## **Indigenous Procurement**

Increasing opportunities for Indigenous businesses within federal procurement; includes PSAB, economic measures in Comprehensive Land Claims & Nunavut Procurement Directive

## **Access to Indigenous Business Opportunities**

Supports National Indigenous Institutional development through training and development, feasibility studies, strategy development, related marketing activities and business advisory services and training.

## **Innovation**

Supporting the scale up and growth of Canada's Indigenous innovators and entrepreneurs by having the federal government act as a first customer

## **Data and Reporting**

PSAB, CLCA.net and Nunavut Procurement Directive





# Annex C Example of PSAB Multi-Year Objectives Template

Agreement Item	Multi-year Objectives				
	2020	2021	2022	2023	2024
<b>1. Set-Asides:</b> <i>Estimated dollar value, percentage and number of contracts of set-aside (under PSAB) procurement for Indigenous business (including acquisition cards, call-ups, sole source, etc.).</i>					
<b>2. Regular Contracts:</b> <i>Estimated dollar value, percentage or number of contracts of non-set-aside procurement awarded to Indigenous businesses.</i>					
<b>3. Indigenous Benefit Plan/Participation Component:</b> <i>Estimated dollar value and number of benefit plans (e.g., employment, Indigenous hiring/training, grants, bursaries, subcontracting).</i>					
<b>4. Other Indigenous Procurement Activities:</b> <i>Any additional information about what your department or agency is doing (grants and contributions, industry days, etc.).</i>					
<b>Total</b>					



# Annex D Example of Article 24 Planned Contracts Template

4 <sup>th</sup> Quarter of Current Fiscal Year (Jan 1 – Mar 30, 2021)	Project Title / Name of Procurement	Good, Service, Construction and/or Lease Description; GSIN # if applicable (50 words max.)	Contracting Authority; name, email, telephone number	Estimated dollar value of contract or property lease, incl. all applicable taxes	Targeted posting date of solicitation	Estimated date(s) of solicitation bids	Potential Solicitation Methodology
	<i>Describe the title of the contract or the name of the property lease in a few words.</i>	<i>Summarize what is required or being sought?</i>	<i>Name of Department</i>	\$\$			
Next Fiscal Year (Apr 1, 2021– Mar 30, 2022)	Project Title / Name of Procurement	Good, Service, Construction and/or Lease Description; GSIN # if applicable (50 words max.)	Contracting Authority; name, email, telephone number	Estimated dollar value of contract or property lease, incl. all applicable taxes	Targeted posting date of solicitation	Estimated date(s) of solicitation bids	Potential Solicitation Methodology

