

# Indigenous Procurement

presentation to business



Indigenous Services  
Canada

Services aux  
Autochtones Canada

Canada

# Outline

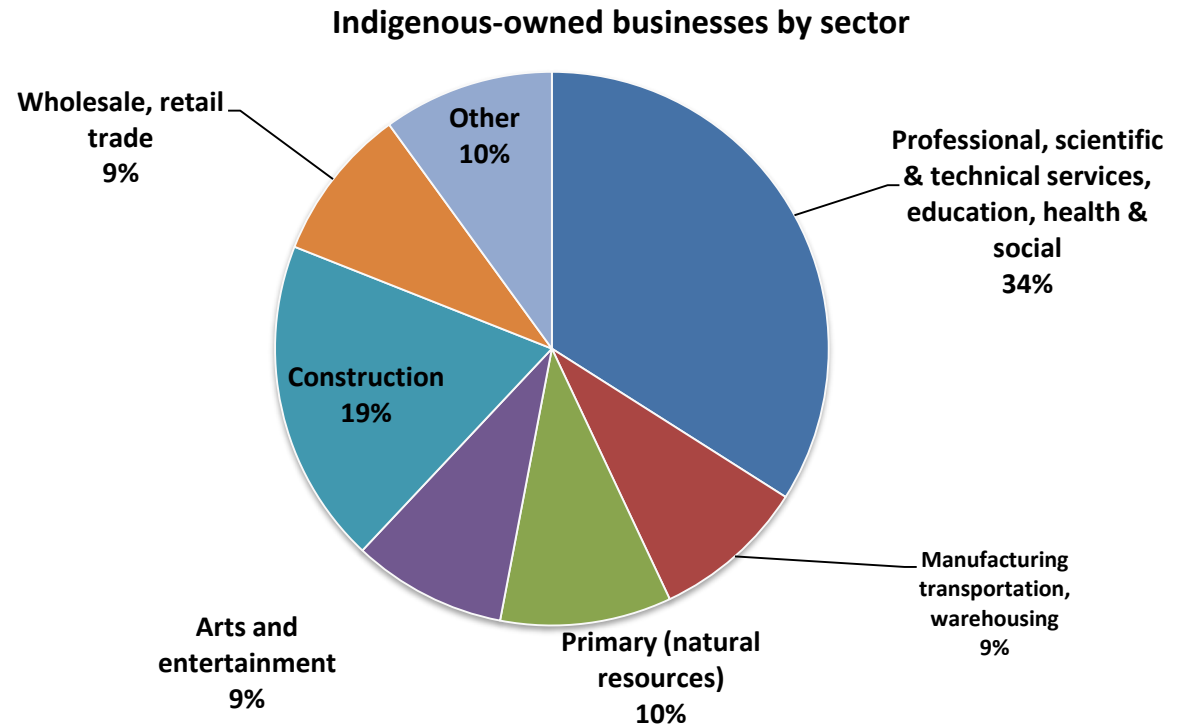
- Indigenous Business Landscape in Canada
- What is PSAB?
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“Aboriginal people want to make a decent living, to be free of dependence on others, free of the social stigma and sense of personal failure that go with dependence, and free of the debilitating effects of poverty. Economic self-reliance will let them thrive as individuals and as nations and make their new governments a success.”

- Royal Commission On Aboriginal Peoples

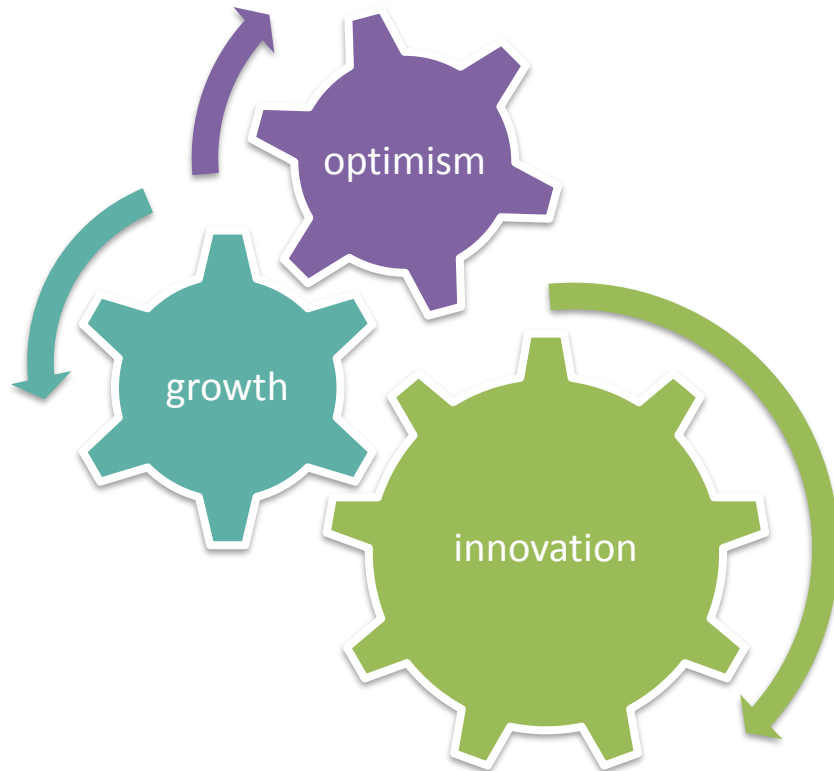
# Indigenous Business Landscape in Canada

over  
**43,000**  
Indigenous-owned  
businesses in  
Canada



In general, Indigenous businesses tend to be quite small, with three-quarters unincorporated; and more than six in ten have no employees.

# Indigenous Business Landscape in Canada



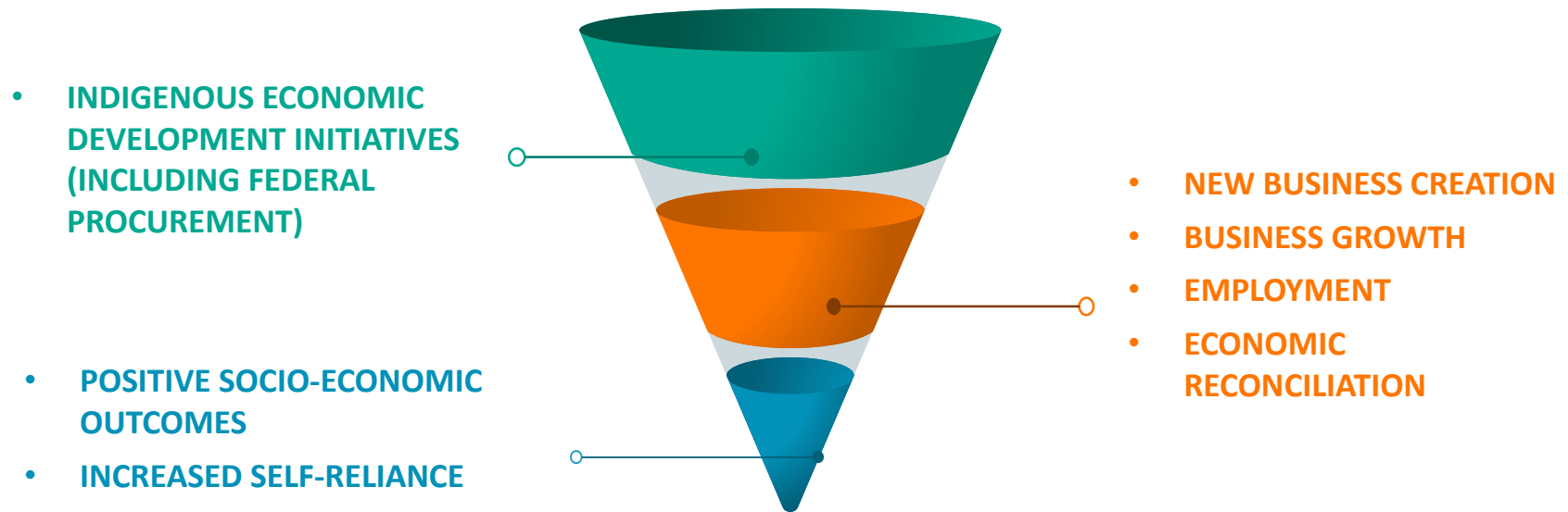
**Three-quarters** of Indigenous businesses reported earning a profit, while **72%** expressed optimism that their business would generate revenue growth.

Almost **two-thirds** of the Indigenous entrepreneurs reported introducing new services, processes, or products within the **previous three years**.

“First Nations, Inuit and Métis business owners provide a job-creation engine that sustains a unique heritage essential to our social fabric.”

- JP Gladu and Katherine Power, *Globe & Mail* article published June 20, 2017

# Procurement is a Powerful Catalyst for Business Development



- **Tap into new markets and supply chains** with over 200 federal departments and agencies operating throughout Canada
- **Fair competition** – only Indigenous businesses competing amongst each other
- **Increase business capacity** by competing and winning federal contracts
- **Distinction** of doing business with the Government of Canada
- Gain **greater insight** into government contracting
- PSAB's Indigenous Business Directory is **open to the public** (private companies can use the Directory to search for Indigenous business capacity)

# What is PSAB?

**The Procurement Strategy for Aboriginal Business (PSAB)** was launched in 1996 to address the under-representation of Indigenous businesses in federal procurement processes.

- Enhances the creation, growth, and long-term viability of Indigenous businesses by assisting them in competing for and winning federal procurement opportunities.
- Creates opportunities for Indigenous firms by leveraging existing government procurement needs, while adhering to the Government's core values and procurement requirements.
- Fulfills 2 key roles – outreach and information dissemination to Indigenous businesses on opportunities; and advocacy, training, goal-setting and information sharing within the Government of Canada.

Supporting strong Indigenous businesses is seen by **76%** of Canadians as a pathway to healing relationships with First Nations, Inuit and Métis people.

- 2017 national survey commissioned by Sodexo Canada

**8 in 10** Canadians believe that Indigenous participation in the economy strengthens Canada's social fabric.

- 2017 national survey commissioned by Sodexo Canada

# Federal Indigenous Procurement Mechanisms

## MANDATORY SET-ASIDE

A mandatory set-aside is used for procurements that are destined for an area, community or group in which Indigenous people make up at least 80% of the population and where the Indigenous population will be the recipient of the good, service or construction.

## VOLUNTARY SET-ASIDE

Also known as “selective set-asides”, voluntary set-asides may be employed if Indigenous capacity exists and operational requirements, best value, prudence, probity and sound contracting management can be assured.

## JOINT VENTURE

A joint venture is a mechanism that allows Indigenous and non-Indigenous businesses to bid on procurements that have been set-aside under PSAB. Provided that the Indigenous firm has 51% ownership and control of the joint venture and at least 33% of the value of the work is performed by the Indigenous business.

## INCIDENTALS

An Incidental PSAB set-aside exists where a procurement has not been set-aside (i.e. open tenders - Indigenous businesses competing against non-Indigenous businesses), and where a self-declared Indigenous business, as defined by PSAB eligibility criteria, wins the contract.

## INDIGENOUS PARTICIPATION COMPONENT

An IPC is a portion of the value of a contract that is set-aside for Indigenous participation, which can be direct or indirect (or both). Direct IPCs refer to Indigenous sub-contracting, employment and training. Indirect IPCs refer to scholarships and bursaries. An IPC may also be referred to as an Aboriginal Participation Component (APC).

## CONDITIONAL SET-ASIDE

When it is impossible to determine Indigenous business capacity, a conditional set-aside can be used. This means that a procurement is open to Indigenous and non-Indigenous businesses. However, if two or more Indigenous businesses submit a bid, then the procurement is set-aside under PSAB.

## MODERN TREATIES (CLCAS)

Modern treaties (CLCAs) are constitutionally protected agreements. Of the current 25 modern treaties in effect, 21 have economic measures/procurement obligations. PSAB applies only after modern treaty obligations have been met.



# More on Indigenous Participation Components

- IPCs are different than the other PSAB approaches given that they encompass more than only using Indigenous-owned businesses, they also include:
  - **Indigenous hiring and training**
  - **Grants, bursaries and scholarships for Indigenous people and communities**
- The portion of the value of the contract that is set-aside for Indigenous participation can be a percentage or dollar value
- The prime contractor can achieve **their IPC through any combination of direct or indirect IPCs**, depending on the terms and conditions of the contract
- Sub-contractors **must** be registered in the Indigenous Business Directory
- Prime contractors may be required to submit an IPC Plan to ISC two months after contract award, depending on the terms and conditions of the contract
- ISC may be the IPC Authority and **helps ensure the prime contractor is adhering to and achieving their IPC commitment** throughout the duration of the contract
- ISC is available to provide a **separate presentation on IPCs**

“At a relatively small cost to government and taxpayers, PSAB helps to strengthen Aboriginal business bidding capacity, competitiveness and Aboriginal employment.”

Canadian Council for Aboriginal Business' 2011 Aboriginal Business Survey

# ISC's Role

## ISC helps other federal government departments fulfill their Indigenous procurement requests by:

- Acting as the Indigenous Participation Component (IPC) Authority on request
- Providing evidence of Indigenous business capacity to fulfill a particular requirement
- Providing advice and guidance on successfully implementing Indigenous procurement policy
- Educating procurement specialists on the benefits of utilizing PSAB
- Maintaining a network of over 100 procurement specialists who act as PSAB coordinators within their respective departments

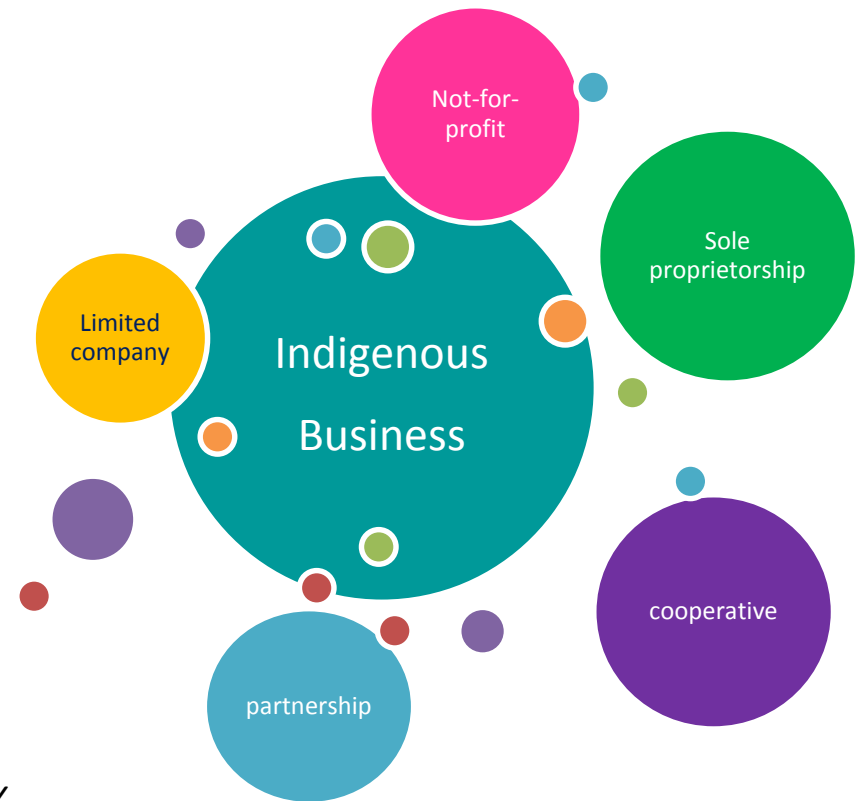


## ISC helps eligible Indigenous businesses enhance their business capacity by:


- Educating on Indigenous procurement policy
- Providing tools and mechanisms to increase visibility
- Encouraging partnerships and joint-ventures to increase capacity and skills development
- Intervening on procurements to advocate for Indigenous participation and thereby enable businesses to:
  - Demonstrate their capabilities
  - Enter into new supply chains

# Indigenous Businesses as defined by PSAB

- A sole proprietorship, limited company, cooperative, partnership or not-for-profit organization in which,
  - Indigenous persons have majority ownership and control meaning at least 51%, and
  - In the case of a business enterprise with 6 or more full-time employees, at least 33% of the full-time employees are Indigenous.
- A Joint-venture agreement in which an Indigenous business or Indigenous businesses as defined above must have at least 51% ownership and control. All joint ventures also require that Indigenous content is at least 33% of the total value of the work to be performed.



# More on Eligibility Requirements

A map of Canada is shown in the background, with various provinces and territories labeled. The text is overlaid on the map, primarily in the central and eastern regions. The text is in a bold, black, sans-serif font.

**PSAB is a national policy – meaning that Indigenous businesses have the opportunity to compete for local, as well as other federal government tenders throughout Canada. Language can be included in the Requests for Proposals to encourage using local suppliers and/or employees.**

**Comprehensive Land Claim Agreements (CLCA) / Modern Treaties take precedence over the PSAB policy, however, the definition of a CLCA business is respected in the claim area.**

# Accountability & Integrity

There are 3 types of audits conducted by PSAB: pre-award audit, post-award audit and random audit.

## Pre-award Audit

A pre-award audit is mandatory for PSAB set-aside requirements valued at, or greater than, \$2 million. In addition, pre-award audits may be conducted for requirements below the value of \$2 million when a need is identified, either by the requisitioning department, the contracting authority or ISC. Lastly a pre-award audit may also be conducted on a random basis.

## Post-award Audit

The purpose of the post-award audit is to ensure that the contractor meets the PSAB criteria during the contract duration. This audit is conducted to verify if the Indigenous business meets the ownership, control, and employment criteria as well as the Indigenous content criterion. The audit can be random or requested by a contracting authority. Moreover, it ensures the integrity of the Indigenous Business Directory.

## Random Audit

An audit for compliance can be performed on a random basis. It is not related to any pre- or post-awarded requirement. The purpose of the audit for compliance is to ensure the integrity of the Indigenous Business Directory by guaranteeing that businesses registered under the PSAB are compliant with the requirements set out in the CPN 1996-6. The audit for compliance follows the exact same procedure as the pre-award audit procedure.

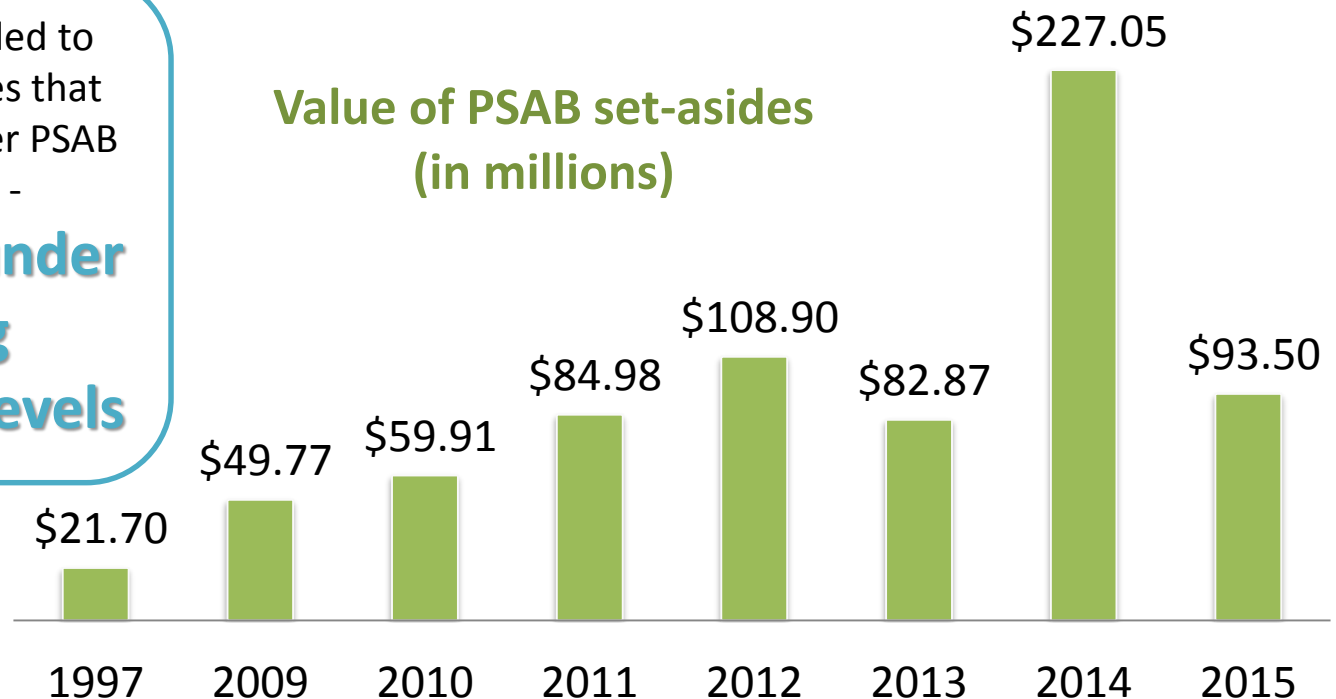
**77%** of Canadians recognize the importance of thriving Indigenous enterprises to the creation of sustainable economic opportunities for Indigenous people

- 2017 national survey commissioned by Sodexo Canada

# Trends

Annual federal government spending on procurement hovers around **\$16-20 billion**. Of that, approx. **0.6%** is set-aside to Indigenous businesses – plenty of room for growth!

Procurements awarded to Indigenous businesses that are not set aside under PSAB are not included -  
**substantially under estimating procurement levels**



# Trends

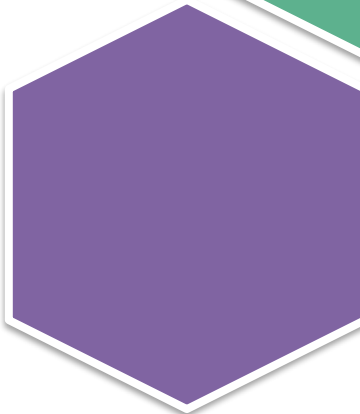


30%

From 2012 to 2015  
there was an average  
30% annual increase  
in set-asides

Every \$1 spent on  
delivering PSAB  
generates over \$250  
in set-asides for  
Indigenous business

\$1 =  
\$250



Every  
2 Days

On average a new  
business registers in  
the IBD every two  
days.

Over **\$1  
BILLION**  
spent by the  
federal  
government  
on set-asides  
since inception

Our office  
worked closely  
with the  
**province of  
Ontario** to  
assist in  
developing a  
PSAB-like  
policy at the  
provincial level

# Procurement Modernization

- As part of the Government of Canada's Procurement Modernization Initiative, **ISC launched a review of Indigenous federal procurement**, including:
  - Document and data review of past performance
  - Key informant interviews
  - Two roundtables with Indigenous partners/stakeholders
  - One roundtable with procurement officers
  - Three design-thinking workshops
  - Supply/demand study to examine the potential of achieving a 5% target
- PSPC has launched **pilot projects** called "Indigenous Benefit Plans"
  - These are structured similar to PSAB's Indigenous Participation Components
- Results from these undertakings will help us to identify potential enhancements to PSAB that could **further generate economic prosperity to Indigenous people and communities**

# Registering in the Indigenous Business Directory (IBD)

The IBD is a publicly accessible search engine used by the federal procurement community to identify qualified Indigenous suppliers in various sectors

## INCREASED VISIBILITY

Registering in the IBD is FREE and takes 30 mins. Once registration is complete, ISC reviews and confirms registration within 48 hours!

## EASY & FAST

All businesses registered under PSAB in the IBD are subject to random audits and mandatory pre-award audits (for contracts over \$2M) to ensure compliance under the PSAB.

## RELIABLE

# Registering in the Indigenous Business Directory (IBD)

When registering, ISC recommends that owners collect documentation:

- From all employees: proof of Canadian residency (i.e. driver's license)
- From all Indigenous employees: proof of heritage

For example:

- Copy of a Status Card
- Copy of letter from ISC indicating acceptance for registration under the Indian Act;
- Letter from Band Council indicating membership in the Band;
- Official Band list provided by ISC
- Inclusion on the enrolment list of a designated land claims organization
- Letter from Executive Director or Board of a recognized Aboriginal community organization recognizing Aboriginal ancestry

This could save considerable time and trouble for any type of audit – especially for post-award audits which require documentation through out the whole contract.

# Searching for Opportunities

Once you understand how the PSAB policy works and you register in the Indigenous Business Directory, you can **use [Buyandsell.gc.ca](https://buyandsell.gc.ca) to search and bid on opportunities that have been set-aside under PSAB (meaning only Indigenous-owned businesses can compete).**

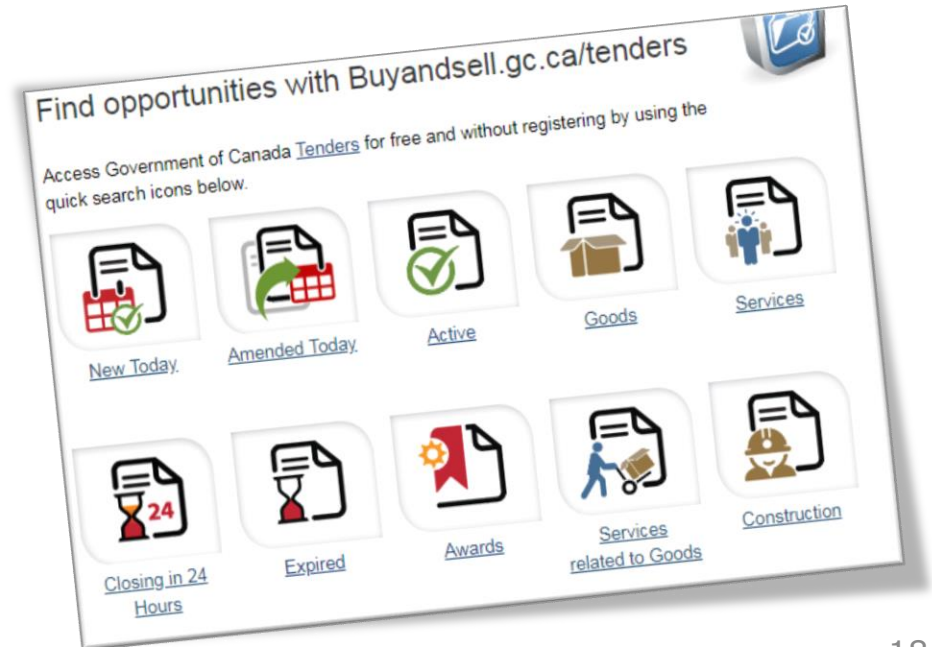
Buyandsell.gc.ca is the authoritative source for government procurement information. **This website is where federal government departments and agencies post their requirements online.**

If you need help navigating the site, contact the Office of Small and Medium Enterprises in Public Services and Procurement Canada at:

**1-800-811-1148**

or

**[bpmeclient.osmeclient@tpsgc-pwgsc.gc.ca](mailto:bpmeclient.osmeclient@tpsgc-pwgsc.gc.ca)**



# Additional Resources

## NEED HELP WITH USING BUYANDSELL.GC.CA?

The **Office of Small and Medium Enterprises** in Public Services and Procurement Canada advocates on behalf of SMEs and encourages their participation in federal government procurement.

- More info: 1-800-811-1148 or [bpmeclient.osmeclient@tpsgc-pwgsc.gc.ca](mailto:bpmeclient.osmeclient@tpsgc-pwgsc.gc.ca)

## SEARCH FOR PERMITS AND LICENCES

**BizPal** is a joint initiative involving governments at the federal, provincial, territorial and municipal levels who collaborated together to provide business owners with the permits and licences that may be required to start and grow your business.

- More info: <https://www.bizpal.ca>

## ONLINE HUB FOR FEDERAL PROGRAMS AND SERVICES

Innovation, Science and Economic Development Canada's **Innovation Canada Digital Platform** acts as a hub to get a tailored list of everything that the federal government can do for your business.

- More info: <https://www.ic.gc.ca/app/scr/innovation?lang=eng>

# Additional Resources

## NEED HELP WITH YOUR TAXES?

The **Canada Revenue Agency** has a new program offering free in-person support and guidance at key moments in your business life cycle to help you meet your tax obligations.

- More info: [Canada.ca/cra-liaison-officer](https://Canada.ca/cra-liaison-officer)

## THINKING OF EXPORTING?

The **Trade Commissioner Service at Global Affairs Canada** embraced a progressive trade agenda to better support Indigenous-owned businesses that want to export their products and services to international markets.

- More info: [trade commissioner.gc.ca](https://trade commissioner.gc.ca)

## CONFUSED ON SECURITY REQUIREMENTS?

Public Services and Procurement Canada's **Contract Security Program** offers free webinars to private sector organizations who are bidding or working on government contracts with security requirements. Each webinar is presented live by subject matter experts.

- More info: 1-866-368-4646 or [ssi-iss@tpsgc-pwgsc.gc.ca](mailto:ssi-iss@tpsgc-pwgsc.gc.ca)

# NEED MORE INFO ON INDIGENOUS PROCUREMENT?

**PSAB Help Line 1-800-400-7677**

**Email [aadnc.saea-psab.aandc@canada.ca](mailto:aadnc.saea-psab.aandc@canada.ca)**

The [PSAB website](#) can provide you with more  
information

Have an upcoming tradeshow or conference?  
We can help educate attendees on PSAB and the IBD.  
Contact us for more info!