

# PARTNERSHIPS IN PROCUREMENT:

Supporting Indigenous Business Growth through  
Improving Federal Secondary Procurement from  
Corporate Canada



Canadian Council for  
**ABORIGINAL  
BUSINESS**





The policy recommendations outlined in this report are the result of interviews with international and domestic Indigenous leaders and a dedicated working group of Indigenous and non-Indigenous corporate champions. We are grateful to our partners for the considerable time that they dedicated to the delivery of this report. The working group includes representatives from the following organizations:



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The Canadian Council for Aboriginal Business (CCAB) is a national, non-partisan association with a mission to promote, strengthen, and enhance a prosperous Indigenous economy. CCAB is committed to the full participation of Indigenous peoples in Canada's economy through the fostering of business relationships, opportunities and awareness. The Council offers knowledge, resources, and programs to its members to foster economic opportunities for Indigenous peoples and businesses across Canada. For more information visit [ccab.com](http://ccab.com).

CCAB Research continuously strives to support Indigenous communities and companies in Canada. Their influential work is used in developing policies and programs for federal and provincial governments and Canadian corporations. Identifying how Indigenous businesses can take part in supply chains, making meaningful connections through networking events, and developing customized business lists of relevant Indigenous companies are just a few ways CCAB research has supported the Indigenous economy in Canada. Just as the Council supports Indigenous peoples and businesses, CCAB also assists non-Indigenous organizations in fostering meaningful relationships with Indigenous peoples, businesses, and communities.

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The federal procurement regime needs to be improved to increase benefits for Indigenous businesses and support federal procurement commitments. Despite the vastness of the federal procurement marketplace and the policies that seek to promote fairness in competition, Indigenous businesses remain underrepresented in federal supply chains.<sup>1</sup> At approximately \$22 billion annually, the Government of Canada is the largest purchaser of goods and services in the country.<sup>2</sup> As such, even a small change in Government of Canada's procurement practices could have enormous material benefits for Indigenous businesses and communities and support economic reconciliation.

Research demonstrates that Indigenous businesses could secure more primary and secondary contracts from the Federal Government. The Canadian Council for Aboriginal Business (CCAB) has demonstrated through our [\*Industry and Inclusion: An Analysis of Indigenous Potential in Federal Supply Chains\*](#) report that Indigenous businesses have capacity to supply roughly 24% of the goods and services purchased by the Federal Government annually.<sup>3</sup> Prior to the COVID-19 pandemic, sufficient Indigenous business capacity existed to enable a representative share of federal contracts to be supplied by Indigenous businesses across almost all sectors.<sup>4</sup> According to the 2016 Census data, there were over 60,000 self-employed Indigenous people in Canada, which represented a 44% increase since 2010.<sup>5</sup> The CCAB's longitudinal study, [\*Promise and Prosperity \(2016\): The Aboriginal Business Survey\*](#), shows that net profit and revenues of Indigenous businesses grew between 2010 and 2015, a promising indicator for Indigenous business growth and development. However, obstacles to business growth remain, such as finding employees with the necessary skills/qualifications, overall economic conditions, and access to equity or capital.<sup>6</sup> These barriers have likely been exacerbated due to the pandemic. Therefore, changes in the federal procurement regime that supports Indigenous businesses and Indigenous capacity have a new urgency as a means to stimulate economic recovery.

Over 20 years have passed since the Procurement Strategy for Aboriginal Business (PSAB) was introduced to increase Indigenous procurement from the federal government through providing

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1 Canadian Council for Aboriginal Business, "Industry and Inclusion: An Analysis of Indigenous Potential in Federal Supply Chains" (Toronto, 2019), <https://www.ccab.com/research/publications/research-procurement/industry-and-inclusion/>.

2 Public Works and Government Services Canada, "The Procurement Process," Government of Canada, October 16, 2020, <https://buyandsell.gc.ca/for-businesses/selling-to-the-government-of-canada/the-procurement-process>.

3 Canadian Council for Aboriginal Business, "Industry and Inclusion: An Analysis of Indigenous Potential in Federal Supply Chains" (Toronto, 2019).

4 Ibid.

5 Statistics Canada, "2015 Census of Canada Custom Tabs, Class of Worker (Self Employed Including Unpaid Family Workers by Aboriginal Identity for the Population in Private Households of Canada, Provinces and Territories)" (Ottawa: Government of Canada, 2015).

6 Canadian Council for Aboriginal Business, "Promise and Prosperity: The 2016 Aboriginal Business Survey" (Toronto, 2016), <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>.

direct contracting opportunities for Indigenous businesses.<sup>7</sup> However, PSAB has not resulted in federal procurement from Indigenous businesses commensurate with their share of the Canadian population. In fact, PSAB has accounted for less than one percent of total annual federal spending, on average, since 1996.<sup>8</sup> Furthermore, the Government of Canada has not established subcontracting targets for Indigenous businesses and such opportunities remain elusive for Indigenous businesses.<sup>9</sup> In contrast, some Canadian corporations have been making significant progress in their efforts to increase Indigenous participation within their supply chains.<sup>10</sup>

Recently, the Government of Canada has recognized this underrepresentation and acknowledges the immense potential benefits of increased procurement from Indigenous businesses. In the Minister of Public Services and Procurement Canada's (PSPC) Mandate Letter (2019), the Prime Minister directed Minister Anand 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% of Federal contracts awarded to businesses managed and led by Indigenous peoples."<sup>11</sup> This commitment to supply chain diversity was reiterated in the Prime Minister's Supplementary Mandate Letter to Minister Anand where the Prime Minister instructed the Minister to "work with the President of the Treasury Board to develop government-wide initiatives to increase the diversity of bidders on government contracts, including small businesses and business led by Indigenous peoples..."<sup>12</sup> Additionally, in the Speech from the Throne (2020), the Government stated its commitment to investing in economic empowerment by "increasing diversity on procurement."<sup>13</sup> This provides the justification for coordinated action by federal organizations<sup>14</sup> to increase their respective procurements from Indigenous businesses.

The Government of Canada asked CCAB to provide recommendations, in collaboration with Indigenous, corporate and government leaders, to one facet of this complex challenge: **how can corporate Canada, through its large-scale federal procurement contracts, increase its subcontracting ("secondary procurement") from Indigenous business to support efforts to meet the Government of Canada's minimum 5% procurement target?**

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7 The Procurement Strategy for Aboriginal Business defines an Indigenous business as a firm that is a) at least 51 per cent owned and controlled by Aboriginal people, and b) if the firm has six or more full-time staff, at least one third of the employees must be Aboriginal.

8 This figure was calculated using the average PSAB spend per annum over 17 years (\$1.1 billion since 1996 until 2015), as a percentage of total federal spend reported in 2015 (\$20 billion).

9 Working Group members and interview respondents clearly acknowledged that PSAB does not include a policy on subcontracting.

10 In 2015, the Government of Canada reported that the PSAB set aside amounted to \$93.5M in contracts for Indigenous businesses. In the same year, Suncor Energy spent \$599M with Indigenous businesses. While the Government of Canada has not reported the PSAB spend since 2015, Suncor Energy has continued to publish its increasing Indigenous procurement spend, which rose to \$836M in 2019.

11 Office of the Prime Minister, "Minister of Public Services and Procurement Mandate Letter" (2019), <https://pm.gc.ca/eng/minister-public-services-and-procurement-mandate-letter>.

12 Office of the Prime Minister, "Minister of Public Services and Procurement Supplementary Mandate Letter" (2021), <https://pm.gc.ca/en/mandate-letters/2021/01/15/minister-public-services-and-procurement-supplementary-mandate-letter>

13 Library and Archives Canada, "A Stronger and More Resilient Canada," Government of Canada, 2020, <https://www.canada.ca/en/privy-council/campaigns/speech-throne/2020/stronger-resilient-canada.html>.

14 Federal Departments, Agencies, Regulators, Crown Corporations and Boards.

Therefore, the following report provides policy recommendations to improve secondary contracting from Indigenous businesses. This work serves as a model of a positive, solutions-based collaborative exercise for future policy work to support enhanced Indigenous procurement. Elements required for the Government of Canada to achieve its 5% target include those outlined in Figure 1. The recommendations provided below are a collective product of in-depth conversations and interviews with corporate procurement leaders and Indigenous businesses across Canada, Australia, and the United States of America (U.S.A.).

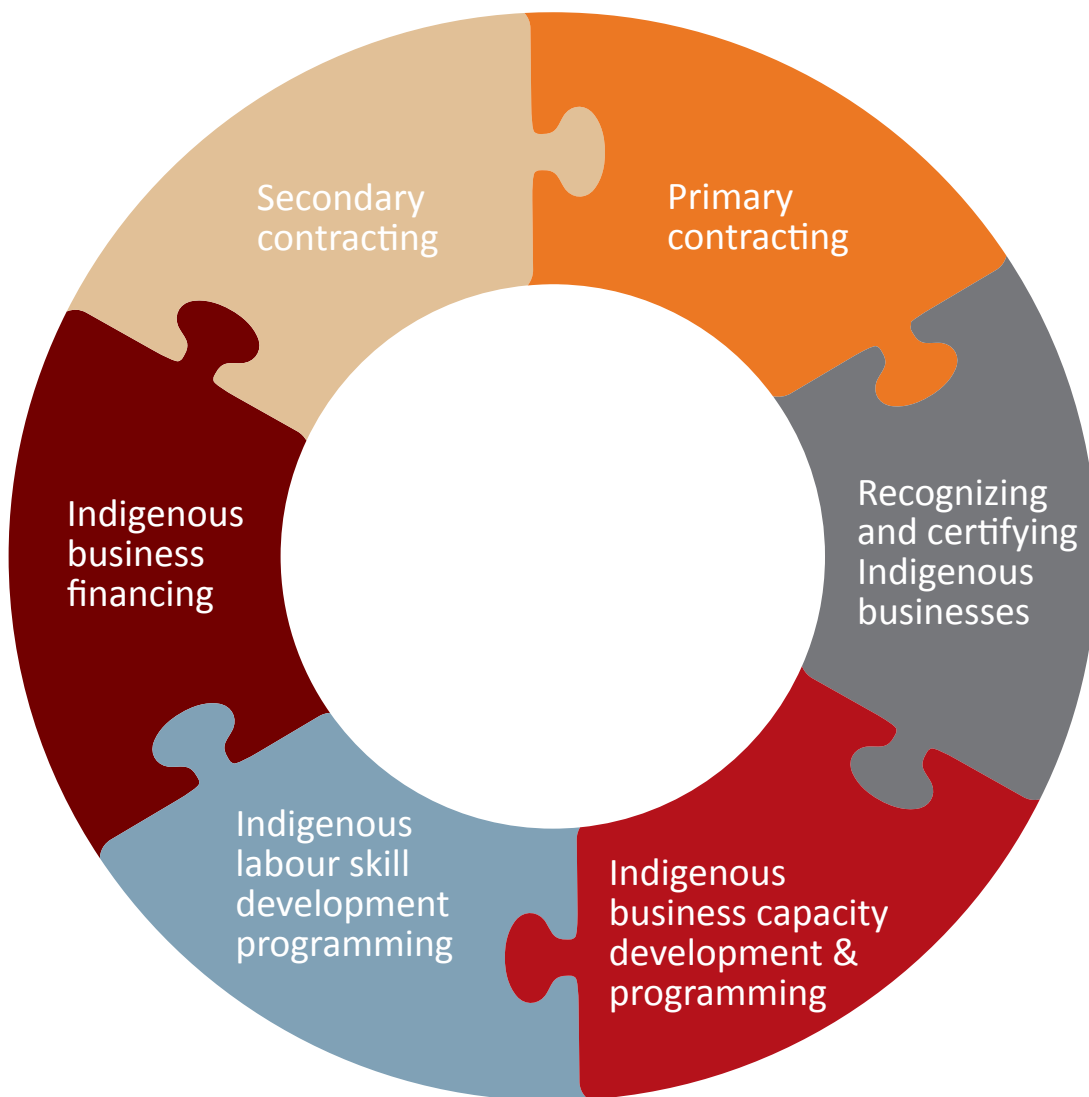
CCAB recognizes that increasing federal procurement from Indigenous businesses is a complex challenge that will require a multifaceted and phased-in solution. To effectively implement and reach a minimum of 5% government-wide Indigenous procurement target Indigenous procurement target, the Government of Canada should consider a holistic Indigenous procurement policy that addresses the following interconnected components:

- |   |   |
|---|---|
| 1 | Policy on secondary contracting   |
| 2 | Policy on primary contracting   |
| 3 | Policy on recognizing and certifying Indigenous businesses  |
| 4 | Indigenous business capacity development programming<br>(business skills: how to scale, manage procurement, manage a larger enterprise) |
| 5 | Indigenous labour skills development programming  |
| 6 | Indigenous business financing (finance machinery, equipment, space, training, etc.)   |

## TO BE CLEAR:

The recommendations within this report are necessary, but not sufficient, for the Government of Canada to fulfill its commitments outlined in the Minister of Public Services and Procurement Canada's Mandate Letter and, more broadly, through the Speech from the Throne (2020). Research into policy, programming, and capacity building concerning the other facets of Indigenous procurement (outlined in Figure 1) will be critical to developing a Federal Policy Framework to support a holistic Indigenous Procurement Policy.

*Figure 1 - Components of a holistic Indigenous Procurement Policy*





Working group members and interview respondents emphasized the importance of leveraging increased secondary contracting as a means to assist Indigenous businesses in competing for, and ultimately winning, primary contracting opportunities.





## 2. Summary of Policy Recommendations



### 1 Create adequate commercial viability<sup>15</sup> in Indigenous subcontracting at the federal level

- Establish a mandatory minimum requirement (MMR) for Indigenous subcontracting of 5% of contract value for all federal contracts in excess of \$5,000,000.00.
- Require bidders to submit an Indigenous content plan that demonstrates how they will achieve their requirements under the MMRs.
- Elevate the significance of Indigenous content plans in MMR bid evaluation.
- Share each primary contractor's MMR history across federal departments within the Government of Canada.
- Broaden local Indigenous content requirements.

### 2 Communicate and coordinate procurement opportunities

- Clearly define terms in the balanced scorecard.<sup>16</sup>
- Provide at least 60 business days public notice for upcoming procurement opportunities.
- Communicate the implementation plan for enhanced federal procurement to Indigenous businesses, communities, and organizations.
- Strengthen the PSPC Regional Offices' role as support systems for Indigenous and non-Indigenous businesses to navigate the federal procurement process.
- Mandate the creation of FIPC in every region that include all Federal organizations.

<sup>15</sup> Refer to Glossary for a definition.

<sup>16</sup> Refer to Glossary for a definition.

### 3 Ensure compliance and accountability

- Track, measure, and publicly report progress.
- Award two (2) bonus points in the bid evaluation for primary contractors who exceed past MMRs.
- Deduct five (5) points in the bid evaluation for primary contractors who fail to meet past MMRs.
- Operationalize Vendor Performance Management (VPM)<sup>17</sup> to assess fulfilment of MMRs.
- Establish a policy regime to combat phantom joint ventures (JVs).<sup>18</sup>

### 4 Build capacity within Indigenous businesses to respond to subcontracting opportunities

- Support the development of procurement expertise within Indigenous communities and organizations.
- To build Indigenous business capacity and expertise, the Federal Government should work proactively with national Indigenous organizations to communicate procurement opportunities and build the procurement readiness of Indigenous businesses.
- Support Indigenous organizations and other institutions that provide professional development to Indigenous businesses.
- Continue to support Indigenous Skills and Employment Training (ISET) Program and Indigenous service delivery organizations, and other educational institutions and organizations that build capacity and offer skills training to the Indigenous labour force.

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<sup>17</sup> Refer to Glossary for a definition.

<sup>18</sup> Refer to Glossary for a definition.

### 3. Methodology



To inform policy recommendations and support the Government of Canada's efforts to achieve its 5% target, the CCAB utilized several complementary methodologies:

**1**

An environmental scan of Indigenous procurement policies within Canada, Australia, New Zealand, and the U.S.A. was completed between September and October 2020.

**2**

A working group composed of corporate Canada and Indigenous businesses that have extensive experience in procurement with the Government of Canada and Indigenous businesses was assembled three times between September and November 2020, to discuss recommendations and implementation strategies for Canada's Indigenous procurement target.

**3**

In-depth individual interviews (IDIs) were conducted with 12 procurement experts across Canada, the U.S.A, and Australia between September 22 and October 20, 2020.

The findings from the environmental scan, working group, and in-depth individual interviews inform these policy recommendations.

## 4. Recommendations

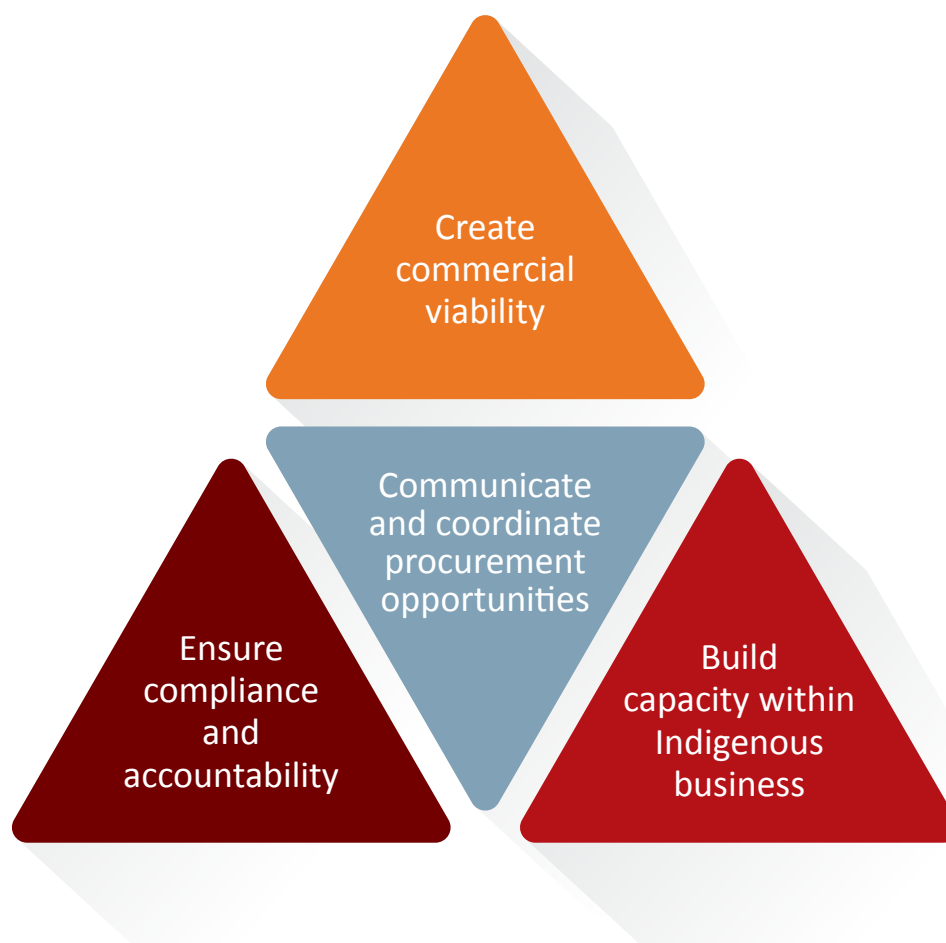


The purpose of these policy recommendations is to provide the Government of Canada with guidance on how to successfully increase Indigenous subcontracting opportunities at the federal level in support of their 5% Indigenous procurement target.

To achieve their 5% Indigenous procurement target, the Government of Canada should include mandatory Indigenous set-asides<sup>19</sup> and mandatory Indigenous subcontracting requirements within a larger holistic Canadian Indigenous Procurement Policy.

The following recommendations are mutually reinforcing and collectively provide a framework for supporting a more effective approach to secondary federal procurement from Indigenous businesses (see Figure 2).

*Figure 2 - Summary of policy recommendations for Indigenous secondary procurement*



<sup>19</sup> Refer to Glossary for a definition.



## 4.1. Create Adequate Commercial Viability in Indigenous Subcontracting at the Federal Level

### RATIONALE

Working group members and interview respondents recognized the necessity of creating more subcontracting opportunities for Indigenous businesses in federal supply chains. When considering the Commonwealth (Federal) Government of Australia's substantial increase in Indigenous subcontracting, one interview respondent referred to the use of mandatory minimum requirements as one of the most effective pieces of Australia's Indigenous Procurement Policy. As a starting point, this respondent described mandatory minimum requirements as a successful way to bring stakeholders together, establish legitimacy, and form a solid baseline from which to increase overall Indigenous procurement, with both primary and secondary contractors.

Working group members and interview respondents emphasized that the Government of Canada should ensure significant commercial viability when implementing policy change. Specifically, it is incumbent upon the Government of Canada to set the standard and ensure an adequate market opportunity for its primary and secondary contractors. Several Working Group members and interview respondents emphasized the importance of setting an Indigenous MMR target that is large enough to stimulate growth and investment for Indigenous businesses in Canada.

### DESIRED OUTCOMES

A sufficiently large enough market opportunity that will incentivize Indigenous businesses to assume prominent subcontracting roles in the delivery of high-value federal contracts.

Conversely, adequate commercial viability will elicit changes in the procurement priorities of corporate Canada, pertaining to federal contracts, that better facilitates the inclusion of Indigenous businesses downstream in their supply chains.

## IMPLEMENTATION

### 4.1.1 Establish a mandatory minimum requirement (MMR) for Indigenous subcontracting of 5% of contract value for all federal contracts in excess of \$5,000,000.00.<sup>20</sup>

- This would create adequate commercial viability by mandating that *all federal contracts valued over \$5M have 5% Indigenous subcontracting requirements and that this target must be met over the life of the contract.*<sup>21</sup>
- To effectively pilot, evaluate, and improve on the implementation of federal MMRs, the Government of Canada should strongly consider a phased approach. A five-year phase-in period is a reasonable amount of time for the Government of Canada to establish federal MMRs and could be structured as follows<sup>22</sup>:

Year	MMR Target
Year 1	1%
Year 2	2%
Year 3	3%
Year 4	4%
Year 5	5%

20 A 5% MMR on all contracts in excess of \$5 million is an achievable goal for the Government of Canada based on the results of a similar Indigenous subcontracting strategy that has been implemented by the Commonwealth Government of Australia. Since July 1, 2016, 180 distinct contracts awarded to 97 individual firms have been subject to Australia's Federal MMRs, totalling \$12.4 billion AUD.

21 Based on published data from PSPC, a hypothetical scenario in which a 5% MMR for all contracts over \$5 million was applied to past Federal procurements in 2019-2020 would have applied to nearly 375 individual federal contracts. The total value of those 375 contracts was \$16.5 billion. Of that, \$824 million would have been spent with Indigenous subcontractors.

22 The five-year phase-in period is recommended based on the exchange of best practices from procurement professionals in Australia as well as Executive Leadership at Supply Nation. A five-year phase-in period allows the Government of Canada time to incrementally assess, correct, and improve their federal Indigenous subcontracting strategy under the MMRs. It will be important to involve leading Indigenous business organizations and corporate Canada to ensure that this measure is effectively implemented.

#### 4.1.2 Require bidders to submit an Indigenous content plan that demonstrates how they will achieve their requirements under the MMRs.

- Akin to PSPC's Indigenous Benefits Plans (IBPs), an Indigenous content plan for federal MMRs, prepared as part of a tender submission for a federal MMR contract, should demonstrate the measurable actions the bidder has taken and will take to achieve the MMR over the life of the contract.
- The Indigenous content plan should be an exhaustive account of the bidder's experience with Indigenous businesses and communities.
- If the bidder has limited or no experience bidding on federal contracts, the bidder should use the Indigenous content plan to indicate how the bidder plans to achieve the MMR target.
- The following key indicators and intents should be included in a bidder's Indigenous content plan:

1	Whether the bidder has been subject to an MMR in the past
2	The bidder's performance against past MMRs
3	The strategy the bidder plans to use to meet the MMR

If the bidder has not been awarded a contract that was subject to the Federal MMRs, the bidder must also provide:

4	The bidder's current and past rate of Indigenous procurement (as a measurement of current and past Indigenous primary and secondary contracting)
5	The bidder's current and past rate of Indigenous employment

### 4.1.3 Elevate the significance of Indigenous content plans in MMR bid evaluation.

- The Government of Canada should consider weighing each bidder's Indigenous content plan as *25% of the overall value of the bid evaluation*.<sup>23</sup>
- Upon assessment of a bidder's overall Indigenous content plan, strong deference should be given to a bidder's performance against past MMRs.
- The Procurement Officer(s) should assess the quality of a bidder's Indigenous content plan against those of other bidders and based on a set of measurable, objective, and well-defined standards, such as:
  - 25 percentage points to bidders that provide an exceptional Indigenous content plan
  - 15 percentage points to bidders that provide a good Indigenous content plan
  - 10 percentage points to bidders that provide an adequate Indigenous content plan
  - 5 percentage points to bidders that provide an unsatisfactory Indigenous content plan
  - 0 percentage points to bidders that provide no Indigenous content plan
- The method of evaluation and justification of assessment of a bidder's Indigenous content plan should be documented by the Procurement Officer(s) responsible for assessing the bids and shared with the bidder upon conclusion of the tender.<sup>24</sup>

### 4.1.4 Share each primary contractor's MMR history across federal departments and agencies within the Government of Canada.

It is incumbent upon the Government of Canada to disseminate the MMR history of all primary contractors across the Federal Enterprise to ensure fairness and consistency in the evaluation of bids that are subject to Federal MMRs.<sup>25</sup>

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23 Working group members made it clear that Indigenous content plans must be weighed heavily enough in the bid evaluation that primary contractors with a positive and constructive Indigenous content plan will be clearly preferred when their bids are being evaluated beside primary contractors with poor, or no, Indigenous content plans.

24 A well-documented and transparent bid assessment is recommended based on the exchange of best practices from the Commonwealth Government of Australia.

25 The Commonwealth Government of Australia uses a centralized database that delivers up-to-date information about a potential supplier's Indigenous procurement history. This database is managed by the National Indigenous Australians Agency, updated by each Federal Department, and administered across the whole of the Government of Australia.



### 4.1.5 Broaden local Indigenous content requirements.

- The Government of Canada should strongly consider broadening the definition of local Indigenous content. Rather than requiring primary contractors to subcontract from Indigenous businesses within close proximity to the procurement, primary contractors should be permitted to subcontract from Indigenous business *on a local, regional, or national basis*.<sup>26</sup>
- The Government of Canada should consider a tiered approach to Indigenous content that places local Indigenous content as the priority, followed by regional Indigenous content, then national Indigenous content.

## 4.2. Communicate and Coordinate Procurement Opportunities

### RATIONALE

One barrier that Indigenous and non-Indigenous businesses and communities have experienced in the federal procurement process is a lack of communication from the federal government on upcoming procurements and Indigenous content requirements in bids. Due to other social and economic barriers, Indigenous businesses and communities typically need more time to prepare for upcoming large primary and secondary contracting opportunities. Early communication of large, local federal procurement opportunities would provide Indigenous businesses, communities, and organizations time to prepare and allow for the establishment of meaningful Indigenous and non-Indigenous business relationships.

### DESIRED OUTCOMES

Sufficient time to permit Indigenous businesses and communities to become business-ready and effectively respond to procurement opportunities.

Sufficient time to permit non-Indigenous primary contractors to meaningfully include Indigenous subcontracting plans in their bids.

<sup>26</sup> The feasibility of achieving a Government-wide 5% MMR target relies on the ability of primary contractors to find qualified Indigenous subcontractors. The majority of working group members stressed the need to redefine local Indigenous content in a way that allows primary contractors to choose from a larger population of potential Indigenous subcontractors. This would include Indigenous businesses from the community-of-interest's membership or businesses from communities of the same traditional territory or treaty lands.

## IMPLEMENTATION

### 4.2.1 Clearly define terms in the balanced scorecard.

- Clearly define the term Indigenous content plan and mandatory minimum requirement (MMR), as well as any other relevant terms concerning Indigenous subcontracting in each RFP.
- Clearly explain the significance of a well-considered Indigenous content plan and what bidders need to include in it to earn complete points.<sup>27</sup>

### 4.2.2 Use plain language to communicate instructions and requirements in RFPs.

- This can reduce the amount of time and resources spent preparing a proposal which was cited by many working group members and interview respondents as a major barrier to pursuing federal contracts.

### 4.2.3 Provide at least 60 business days public notice for upcoming procurement opportunities subject to the federal MMRs.

- Proactively communicate these opportunities to the local Indigenous communities and regional Indigenous service providers (i.e., Tribal Councils).

### 4.2.4 Communicate the implementation plan for enhanced federal procurement to Indigenous businesses, communities, and organizations.

- The Government of Canada should communicate with Indigenous businesses, communities, and organizations about opportunities that are expected once the Government of Canada implements its plan to meet its 5% Indigenous procurement target.

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<sup>27</sup> The evaluation of the Indigenous content plan should be done by a qualified Indigenous organization with objective and comparable pillars. This recommendation is pending the outcomes of work underway by national Indigenous organizations.

- The Government of Canada should disseminate information to privately owned Indigenous businesses through national and regional Indigenous-led organizations with strong Indigenous business networks and membership bases.
- To support Indigenous subcontractors, primary contractors should prepare critical information in their RFP writing process that Indigenous subcontractors would be required to submit a bid, including the qualifications required of employees and list of required equipment.

#### **4.2.5 Strengthen the PSPC Regional Offices' role as support systems for Indigenous and non-Indigenous businesses to navigate the federal procurement process.**

- Ensure that PSPC Regional Offices communicate federal primary and secondary procurement opportunities to local Indigenous businesses, communities, and organizations, and provide ongoing and effective support through the federal procurement process.
- The Procurement Officers (POs) in PSPC Regional Offices should be accessible as the point of contact for Indigenous and non-Indigenous businesses and organizations that have questions about mandatory set-asides and MMRs.
- POs should strengthen their relationships with Indigenous and non-Indigenous businesses and communities. A good understanding of the Indigenous businesses landscape in their respective regions will provide the POs with the ability to identify Indigenous gilding<sup>28</sup> practices when they review bid proposals.
- POs can make connections between local Indigenous suppliers and primary contractors for federal procurement contracts.
- POs should encourage local Indigenous businesses to become certified through an Indigenous organization such as the CCAB, National Aboriginal Capital Corporations Association (NACCA), Nunavut Tunngavik Inc. (NTI), amongst others, before connecting them to primary contractors.
- All POs need to be educated in Indigenous Peoples' history and culture, as well as the barriers Indigenous businesses experience.<sup>29</sup> Indigenous History and Cultural Awareness Training training for POs is recommended to effectively build relationships and networks with the local Indigenous business community.

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<sup>28</sup> Refer to Glossary for a definition.

<sup>29</sup> It is encouraged that primary contractors also undertake a similar education.

## 4.2.6 Mandate Federal Indigenous Procurement Councils (FIPC) across all federal organizations.

- The FIPCs, modeled after existing federal councils in every federal region, would be comprised of officials of respective Regional Offices, to support Indigenous procurement.
- Each federal organization should nominate a procurement official to sit on this council, report on progress, and share best practices.
- The FIPCs should work closely with national Indigenous organizations with procurement expertise.

### Successful example of regional procurement office programming

#### U.S. PROCUREMENT TECHNICAL ASSISTANCE PROGRAM (PTAP)

Authorized by the U.S. Congress in 1985 and administered by the Department of Defense's Defense Logistics Agency (DLA), the PTAP was introduced to expand the number of businesses capable of participating in government contracts. The PTAP facilitates the establishment of Procurement Technical Assistance Centres (PTACs). With over 300 local offices across the United States, PTACs form a nationwide network of dedicated procurement specialists whose mandate is to work alongside local businesses to help them compete for government procurement opportunities.

U.S. PTACs represent an intriguing model that the Government of Canada could replicate in an effort to support Indigenous businesses with the federal procurement process. CCAB Research respondents reflected positively on the impact that PTAC offices have had on increasing U.S. federal procurement with Tribal 8(a) businesses (Indigenous businesses).

It was communicated that PTAC offices aided small, disadvantaged businesses in their navigation of the federal procurement process, which typically led to positive outcomes for both the Tribal 8(a) business as well as the Government of the United States. The PTACs model is an approach that could be implemented in Canada to provide localized support to certified Indigenous businesses as they navigate the Government of Canada's procurement process.



## Successful examples of bridge building between Indigenous and non-Indigenous businesses

### SASKPOWER'S INDIGENOUS ENGAGEMENT

Working group sessions revealed the extent to which some members of corporate Canada prioritize Indigenous engagement in their procurement processes. Specifically, SaskPower facilitates networking and procurement sessions with potential Indigenous vendors throughout the year. In doing so, SaskPower brings together current and potential Indigenous and non-Indigenous suppliers in an effort to proactively engage with Indigenous businesses. SaskPower supports Indigenous procurement through evaluated content in RFPs and RFQs. They provide a total of 5% points in every RFP for Indigenous engagement. This is broken down by 2.5% for including businesses with 51% or more Indigenous ownership, and 2.5% for Indigenous employment content. As part of their RFPs, SaskPower requires potential suppliers to have 25% Indigenous representation in their bids. The networking and procurement sessions have proven to have a positive effect on the quality of relationships between SaskPower's Indigenous and non-Indigenous suppliers.

### SUPPLY NATION

Supply Nation has long been regarded as a leading model toward increasing both private and public procurement with Indigenous businesses. Supply Nation maintains Australia's largest database of verified Indigenous businesses. As the notion of supplier diversity continues to grow in Australia, the role of Supply Nation as a bridge between Indigenous businesses, Corporate Australia, and the Government of Australia has become increasingly important. Moreover, Supply Nation has served as a key partner to the Government of Australia through its Indigenous Business Direct, which was mandated by the Australian Government as part of its Indigenous Procurement Policy. Supply Nation's Indigenous Business Direct, similar to CCAB's Aboriginal Procurement Marketplace, serves as the first point of reference for federal procurement officers looking to fulfill their procurement targets under Australia's Indigenous Procurement Policy.<sup>30</sup>

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30 Supply Nation, "Supply Nation Overview Fact Sheet" (Sydney, 2020), [https://supplynation.org.au/about\\_us](https://supplynation.org.au/about_us).

## **CCAB'S ABORIGINAL PROCUREMENT MARKETPLACE & CERTIFIED ABORIGINAL BUSINESS PROGRAM**

CCAB launched the Aboriginal Procurement Marketplace in 2018, a dynamic buying and selling network to encourage Indigenous procurement in Canada. The Aboriginal Procurement Marketplace is an online, two-way directory consisting of Certified Aboriginal Businesses (CAB) and procurement opportunities posted by non-Indigenous businesses in Canada. The CAB designation provides organizations and communities with the assurance that Indigenous procurement opportunities are going to businesses that have been independently pre-certified as at least 51% Indigenous owned and controlled. The number of CAB businesses have doubled in size over the past year and this is the largest, fastest growing directory of certified Aboriginal businesses in Canada. Research shows that 82% of corporate respondents regard CCAB's CAB designation as useful for enhancing Indigenous procurement outcomes.<sup>31</sup>

## **CCAB'S PROGRESSIVE ABORIGINAL RELATIONS™ (PAR) PROGRAM**

Progressive Aboriginal Relations™ (PAR) is an online management and reporting program that supports progressive improvement in Indigenous relations and is a certification program that confirms corporate performance in Indigenous relations at the bronze, silver, or gold level. PAR companies are evaluated based on the four key drivers of the program: 1) leadership actions 2) employment 3) business development 4) community relationships. Certified companies promote their certification with a PAR logo that signals to communities that they are good business partners, great places to work, and are committed to prosperity in Aboriginal communities. PAR is the premier certification program of its type in the world, assisting companies achieve greater results. PAR evaluates current programs and helps guide the development of new and effective programs. In short, PAR is both an opportunity to reflect on the values as a company and demonstrate a commitment to working across cultures.

## **4.3. Ensure Compliance and Accountability**

### **RATIONALE**

A central concern related to increased Indigenous subcontracting at the federal level often involves compliance and accountability. Working Group members and interview respondents frequently referenced the need for effective compliance measures and the adoption of a

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<sup>31</sup> Data collected from an internal CCAB membership survey conducted in 2018.

transparent public accountability framework that can evolve as needs change. In doing so, all primary contractors to the Government of Canada should be evaluated based on the same objective criteria concerning Indigenous subcontracting as part of their MMR. The creation of a transparent public reporting mechanism would support the Government of Canada in monitoring its progress towards achieving their 5% target.

## DESIRED OUTCOME

Create an environment whereby suppliers are incentivized to champion the Indigenous subcontracting standards set by the Government of Canada.

## IMPLEMENTATION

### 4.3.1 Track, measure, and publicly report progress.

- On an ongoing and regular basis, track, measure, and report Indigenous procurement through the Federal Open Government Portal ([www.open.canada.ca](http://www.open.canada.ca)) to create transparency, accountability, and promote progress in achieving the procurement target.
- Metrics used to assess a company's Indigenous engagement should remain clear and objective.
- These data points should include the following, amongst other social and economic metrics:
  - Dollars spent on Indigenous businesses, differentiating between primary and secondary contracting,
  - Number of contracts awarded, differentiating between primary and secondary contracting,
  - Number of Indigenous employees hired and trained
  - While protecting privacy, average salaries of Indigenous employees
- Measuring and publicly reporting on the impact and outcome of the federal Indigenous procurement policy will hold companies and federal organizations accountable and encourage compliance.<sup>32</sup>

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<sup>32</sup> Strong tracking and reporting mechanisms are necessary for monitoring the Government of Canada's progress and adjusting its targets. Interview respondents referred to the Government of Australia's strong tracking and reporting measures as a key component toward achieving the Commonwealth Government's Indigenous procurement targets.

### 4.3.2 Award two (2) bonus percentage points in the bid evaluation for primary contractors who exceed past MMRs.

- A 5% MMR target for federal contracts in excess of \$5M is precisely that, a *mandatory minimum requirement*. The Government of Canada should reward good behaviour and primary contractors should be incentivized to subcontract with Indigenous business beyond what is required of them.
- The Government of Canada should consider a mechanism that assigns priority and that awards **2 bonus percentage points** in the RFP process for primary contractors who exceed their past requirements under the federal MMRs.

### 4.3.3 Deduct five (5) percentage points in the bid evaluation for primary contractors who fail to meet past MMRs.

- Non-compliance and/or non-delivery of Indigenous MMRs also requires meaningful consequences to disincentivize detrimental business practices.<sup>33</sup>
- If a primary contractor fails to meet their requirement under the MMRs, absent reasonable justification, all federal bids that they submit for a period not exceeding 12 months should be **deducted 5 percentage points** to reflect their non-fulfillment of contract terms.

### 4.3.4 Operationalize Vendor Performance Management (VPM) to assess fulfilment of MMRs.<sup>34</sup>

- VPM is a key contract management best practice that tracks and assesses the performance of suppliers.<sup>35</sup>
- In addition to ensuring the delivery of project milestones on time, on budget, and within the predefined scope, VPM can support ongoing assessment of a supplier's Indigenous subcontracting commitments.

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33 Working group members and interview respondents emphasized the need to strongly disincentivize primary contractors from making commitments under the federal MMRs that they are unwilling or unable to achieve.

34 In 2019, PSPC conducted a consultation series related to the development of a federal Vendor Performance Management Policy. As this policy effort unfolds, the Government of Canada should consider including measures within a transparent federal Vendor Performance Management Policy that would aid the Government in assessing the performance and the publishing of primary contractors against their MMRs. This could be an avenue for CCAB to leverage its network and expertise to support the Government of Canada with additional tailored public policy guidance.

35 Alberta Infrastructure, "Vendor Performance Management Program," 2019, <http://open.alberta.ca/licence>



- Employed successfully in the delivery of contracts with Alberta Infrastructure, a VPM approach to Indigenous subcontracting at the federal level must include:
  - Mandatory routine evaluations of all Indigenous content plan criteria at predefined milestone dates throughout the life of the contract as well as at the end of the contract to assess a supplier's progress against their Indigenous content plan and the MMRs.
  - Ongoing communication between suppliers and the Government of Canada to identify and resolve issues as they occur, to build broad acceptance of VPM.

#### 4.3.5 Establish a policy regime to combat phantom joint ventures (JVs).<sup>36</sup>

- A key concern raised by nearly every working group member and interview respondent was related to the potential for Indigenous gilding\* in the federal procurement marketplace.<sup>37</sup>
- An underlying and often repeated concern was that this condition incentivized the establishment of “phantom” or “predatory” JVs.
- To address this concern, the Government of Canada should consider a suite of mutually reinforcing policy options aimed at deterring this behaviour. This could include:
  - Encouraging primary contractors to the Government of Canada to engage membership-based national Indigenous organizations such as CCAB, NACCA, NTI, etc. to establish partnerships with Certified Aboriginal Businesses.
  - Engaging local economic development officers, band offices, tribal councils, and other regional Indigenous authorities to build relationships and form partnerships with local Indigenous businesses.
  - In the RFP stage, mandating that all Indigenous businesses must provide at least one (1) credible project reference from any past public or private procurement experience, when submitting a bid as part of a JV.
  - Implementing a VPM program from which to assess all federal contracts and ensure that Indigenous subcontracting requirements are legitimately adhered to.

\* **Indigenous gilding** refers to the practice of a non-Indigenous business entity or individual taking unfair advantage of an Indigenous business entity or individual for the purpose of gaining access to otherwise inaccessible Indigenous procurement policies or contracts. Unfair advantage involves practices and arrangements that result in the disadvantage or detriment to an Indigenous business, or that do not represent a genuine demonstrated level of equitable partnership and benefit.

<sup>36</sup> Refer to Glossary for a definition.

<sup>37</sup> Refer to Glossary for a definition.

## Successful example of mutually beneficial joint ventures

### AECON

As a national provider of infrastructure solutions, Aecon embraces the opportunity to engage with First Nations, Inuit, and Métis communities across Canada. Many of Aecon's projects include an Indigenous Engagement Plan that outlines the procedures and processes to maximize productive opportunities for subcontracting qualified Indigenous businesses and employing qualified Indigenous Peoples. Aecon credits the success of these Engagement Plans in supporting Indigenous prosperity and well-being because these efforts are supported at the highest levels of Aecon's Executive Leadership.

Aecon has developed an extensive network of partnerships with Indigenous communities across Canada based on sustainability and win-win objectives. Aecon maintains three Indigenous joint venture partnerships across Canada:

1. Aecon Six Nations (A6N): A6N operating in Southwestern Ontario and 51% owned by Six Nations of the Grand River First Nation. A6N peaked at 74 Indigenous employees in 2019 with wealth generation of \$28M back to community in five years of operation.
2. Enoch Aecon JV (EAJV): EAJV operating in the Edmonton and surrounding areas and 51% owned by the Enoch First Nation. Established in 2019, EAJV has successfully completed 4 large pipe fitting/welding projects with wealth generation of \$45K back to community in less than 12 months.
3. Chipewyan Prairie Aecon JV (CPAJV): CPAJV operating in the Wood Buffalo region of Alberta and 51% owned by Chipewyan Prairie First Nation. Established in 2019 and actively bidding on a variety of maintenance and shutdown projects in Alberta.

## Successful example of tracking Indigenous prosperity and social impact from projects

### NISTO LINK

Nisto Link is a scalable web-based platform for Indigenous prosperity and social impact data that provides an objective framework for supply chain and hiring decisions in Canada. These frameworks provide structured targets that businesses can collectively hold themselves accountable to — and ensure decisions made at the corporate level — result in better outcomes for Indigenous business, Indigenous Peoples, and Indigenous communities.

Nisto Link integrates accounting and payroll data and provides resolution to Indigenous prosperity that can be visualized and understood. A central missing element to improving Indigenous prosperity has always been credible objective data. Nisto Link is this element and provides the path in connecting policy with decisions with results.

## **Successful example of Vendor Performance Management**

### **INFRASTRUCTURE ALBERTA**

Infrastructure Alberta has successfully launched a new Vendor Performance Management (VPM) program in the delivery of all infrastructure contracts in the Province of Alberta. Infrastructure Alberta's VPM program aims to ensure that all suppliers do their best work for the Government of Alberta. Infrastructure Alberta's VPM program will:

1. Facilitate ongoing, regular communication with vendors, ensuring clarity of expectations and quality performance
2. Encourage vendors to improve their performance, minimizing the need for corrective measures
3. Enable better decision making on bidder selection through vendor past performance information
4. Hold vendors accountable for their performance
5. Enable Alberta Infrastructure to provide objective vendor references<sup>38</sup>

The principles that underlie Infrastructure Alberta's VPM program can inform the Government of Canada's adoption of a VPM program related to Indigenous subcontracting. The Government of Canada should consider integrating the best practices from Infrastructure Alberta's VPM program.

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38 Alberta Infrastructure, "Vendor Performance Management Program."

## 4.4. Build Capacity Within Indigenous Businesses To Respond To Subcontracting Opportunities

### RATIONALE

Although Indigenous businesses have grown tremendously in recent years,<sup>39</sup> there is more work to be done to support their growth and dismantle barriers. Systemic barriers continue to prevent many Indigenous Peoples and businesses from reaching their full potential. These barriers include, but are not limited to:

- chronic under-funding of quality on-reserve and remote education;
- poor access to reliable internet in rural and remote areas; and
- the inability to use reserve land as collateral, which complicates the ability and interest of lenders to provide financing.

Working group members agree that the goals of Indigenous procurement include job creation and capacity building for Indigenous Peoples. The Government of Canada has the responsibility to invest in Indigenous business capacity development to prepare Indigenous businesses for federal subcontracting opportunities. By proactively working to build capacity within Indigenous businesses, communities, and organizations, this can address some of the systemic barriers they experience. This would improve the ability of Indigenous businesses to respond quickly and effectively to partnerships or subcontracting opportunities with primary contractors.

Capacity development creates the opportunity for win-win-win scenarios that will generate sustainable, long-term, positive socio-economic impacts for the regional, Indigenous, and Canadian economy. CCAB research shows that Indigenous businesses, especially women-owned businesses, are more likely to hire Indigenous Peoples, train them, and invest back into their communities.<sup>40</sup> In addition, hiring local Indigenous talent and including qualified Indigenous businesses in their bids will provide non-Indigenous bidders a competitive advantage in their proposals to the federal government. Therefore, taken as a whole, successful federal Indigenous subcontracting would result in a multiplier effect for the Canadian economy — encouraging investment in Indigenous communities and creating jobs for Indigenous Peoples, as well as strengthening relationships between Indigenous and non-Indigenous businesses and building capacity amongst all parties.

The following recommendations arose from discussions with working group members and interviewees; however, CCAB suggests further research should be conducted to better understand and analyze the skills gap that currently exists for Indigenous business owners and labour force, as it relates to federal procurement.

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39 Canadian Council for Aboriginal Business, “Promise and Prosperity: The 2016 Aboriginal Business Survey,” (2016).

40 Canadian Council for Aboriginal Business, “Indigenous Women in Business: 2010-2020” (Forthcoming).

## DESIRED OUTCOME

Strong Indigenous business capacity and expertise to independently navigate federal procurement and subcontracting opportunities.

## IMPLEMENTATION

### 4.4.1 Support the development of procurement expertise within Indigenous communities and organizations.

- The federal government should ensure that Indigenous communities and organizations have trained staff that can manage and support businesses in their community through the procurement process. For example, staff could be responsible for monitoring the community's assets such as size of community labour force, number of businesses, equipment, and supplies, to identify gaps that need to be addressed. This will also allow communities to become more "business-ready" and reply to RFPs and RFQs in a timely manner.<sup>41</sup>

### 4.4.2 To build Indigenous capacity and expertise, the federal government should work proactively with national Indigenous organizations to communicate procurement opportunities and build the procurement-readiness of Indigenous businesses.

- Federal organizations including Indigenous Services Canada, Crown-Indigenous Relations and Northern Affairs Canada, Regional Development Agencies, Employment and Social Development Canada, and PSPC should proactively engage with national Indigenous organizations and Indigenous businesses, in a coordinated fashion, to support capacity development of Indigenous subcontractors.

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41 This does not preclude the development of an Indigenous Supply Institute.

#### 4.4.3 Support Indigenous organizations and other institutions that provide professional development to Indigenous businesses.

- Different regional and national Indigenous not-for-profits, business councils, AFIs, and other organizations are offering professional development opportunities such as virtual and in-person networking, webinars, skills training, mentorship, and more. The continued support of these initiatives by the Government of Canada is imperative to increase the “procurement-readiness” of Indigenous businesses.

#### 4.4.4 Continue to support Indigenous Skills and Employment Training (ISET) Program and Indigenous service delivery organizations, and other educational institutions and organizations that build capacity and offer skills training to the Indigenous labour force.

- The ISET Program provides funding to Indigenous service delivery organizations that design and deliver job training services to First Nations, Inuit, Métis, and urban/non-affiliated Indigenous Peoples in their communities.<sup>42</sup> The training is delivered by Indigenous-led organizations who offer a variety of employment services based on the needs and priorities of Indigenous Peoples.
- Federal organizations could collaborate with colleges, universities, and national Indigenous organizations to increase access to education and skills among Indigenous labourers and business owners, though preference should be given to Indigenous-owned-and-operated training entities.



<sup>42</sup> Government of Canada, “Description of the Indigenous Skills and Employment Training (ISET) Program,” Government of Canada, May 15, 2019, <https://www.canada.ca/en/employment-social-development/programs/indigenous-skills-employment-tr>

## Successful examples of Indigenous skills training and capacity development

### **WAUBETEK BUSINESS DEVELOPMENT CORPORATION (CAPACITY BUILDING FOR INDIGENOUS BUSINESSES ENTERING SUPPLY CHAINS)**

The Waubetek Business Development Corporation is part of a national network of 58 Aboriginal Financial Institutions across Canada who provide developmental services and financing for Indigenous businesses.

Waubetek helps Indigenous entrepreneurs and communities to develop their business and build capacity by guiding them through the business development process. They encourage them to build on their own existing skillsets, natural gifts, and/or talents so that they can start a business in an area that they have some familiarity and credentials.

Waubetek can subsidize costs for business plans, business valuations, inspections, marketing, and capital. Many AFIs also promote Indigenous businesses to become integrated into supply chains through trade shows, business directories, industry events, and workshops, along with funding to improve their websites and the online sales capacity. Waubetek has also established strategic plans in such areas as tourism, mining, and fisheries to assist Indigenous businesses in these sectors.

### **NORTHLANDS COLLEGE (INDIGENOUS LABOUR SKILLS TRAINING)**

The Powerline Technician Fundamentals program at Northlands College in La Ronge, Saskatchewan is a great example of a northern skills training program that keeps Indigenous Peoples employed in their communities. This 12-week program, formed in 2012, is where individuals learn the skills and education they need to become powerline technicians — an essential job for SaskPower projects and operations.<sup>43</sup> Year after year, the program achieves a nearly 100% job placement rate following graduation, where they are streamlined to work for SaskPower or powerline companies.<sup>44 45</sup> The program is led by the two owners of a local training company, Ptarmigan Consulting Inc., who are retired SaskPower linemen and transfer their years of knowledge to the next generation of powerline technicians. This training program is an excellent example of collaboration between a Crown corporation and college that can be replicated in institutions and industries across Canada. This will ensure that the Indigenous labour force is ready to respond to an increase in federal procurement Indigenous subcontracting opportunities.

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43 Prince Albert Now, “Northlands College Program Boasts 100% Job Placement Rate,” Prince Albert Now, March 6, 2019, <https://panow.com/2019/03/06/northlands-college-program-boasts-100-job-placement-rate/>

44 Prince Albert Now.

45 Travis Radke, “Northlands College Graduates Another Class of Line Tech Students,” MBC Radio, October 26, 2017, <https://www.mbcradio.com/2017/10/northlands-college-graduates-another-class-of-line-tech-students>.



## 5. Next Steps



CCAB recommends that the Government of Canada consider supporting further research and public policy work by Indigenous organizations to develop a holistic federal Indigenous procurement policy that supports its 5% Indigenous procurement target. Akin to the work that has been done within this report, the Government of Canada should consider undertaking a similar scope of work for each distinct component of a federal Indigenous procurement policy. This may include research and public policy work in the following areas:

- 1 Policy on primary contracting, including opportunities to update and enhance PSAB
- 2 Policy on recognizing and certifying Indigenous businesses
- 3 Indigenous business capacity development programming (including business skills: how to scale, manage procurement, manage a larger enterprise)
- 4 Indigenous labour skills development programming
- 5 Indigenous business financing (finance machinery, equipment, space, training, etc.)
- 6 How to support joint ventures with Indigenous partners while suppressing the corrosive practice of Indigenous gilding
- 7 Explore how Impact and Benefit Agreements (IBAs) can contribute to federal Indigenous procurement policy
- 8 The feasibility of an Indigenous Supply Institute led by national Indigenous organizations

As this body of public policy work continues to evolve, the Government of Canada should also consider working with Indigenous business leaders to support the development of a national Indigenous procurement marketplace and/or council. This is the model used to great effect in Australia, where Supply Nation, an Indigenous-led non-profit, plays a key role in some aspects of the Federal procurement process such as certifying Indigenous businesses, offering support services, and facilitating connections with primary contractors. By working alongside the Government of the Commonwealth of Australia, Supply Nation has been critical to the success of Australia's Indigenous procurement policy. Having a similar Indigenous-led and controlled organization in Canada would not only build Indigenous capacity but also support the successful implementation of a holistic Indigenous procurement policy.

### **FUTURE PUBLIC POLICY TOPICS – PSAB**

As a policy mechanism to achieve the Government of Canada's 5% Indigenous procurement target, Working Group members and interview respondents generally agreed that the Procurement Strategy for Aboriginal Business (PSAB) was an important first step toward that end. However, there was also considerable input pertaining to the ways in which PSAB could be improved to further support Indigenous businesses as well as the Government of Canada's 5% Indigenous procurement target.

While the recommendations within this report are aimed at increasing secondary contracting opportunities for Indigenous businesses at the federal level, working group members and interview respondents suggest that the Government of Canada should consider conducting more research and re-engaging the working group in an effort provide further guidance on enhancing PSAB. According to working group members and interview respondents, strengthening PSAB may include:

1. removing the provision related to 33% Indigenous staff for firms with more than 6 employees;
2. removing the provision requiring 33% of the value of work to be executed by an Indigenous business as part of a joint venture; and
3. creating conditions for Indigenous businesses to earn project references that can then be leveraged in primary contracting opportunities.

## 6. Glossary



**Award** is the notification to a bidder or tenderer of acceptance of a bid or tender, which brings a contract into existence.

**Balanced scorecard** is a performance measurement framework that adds strategic non-financial performance measures to traditional financial metrics and provides a more “balanced” view of organizational performance.

**Bid** is an offer to provide services or supply goods as a result of a solicitation.

**Bidder** is a person or entity (or, in the case of a joint venture, the persons or entities) submitting a bid to perform a contract for goods, services, or both. It does not include the parent, subsidiaries, or other affiliates of the bidder or its subcontractors.

**Commercial viability** refers to the ability of a business to compete effectively and make a profit. For the purposes of this report, it implies a need for the federal government to create an adequate market opportunity that would motivate businesses to respond to it.

### **Contract**

1. An agreement between two or more persons that creates an obligation to do or not to do a particular thing. Its essentials are competent parties, subject matter, a legal consideration, mutuality of agreement, and mutuality of obligation.
2. Under the Government Contracts Regulations, a contract means a construction contract, a goods contract and a service contract entered into on behalf of Canada by a contracting authority.

**Federal organizations** include all departments, agencies, and organizations under the federal government.

**High-value contracts** mean contracts delivered in Canada valued at \$5 million (HST inclusive) or more and subject to mandatory minimum requirements (MMRs).

**Indigenous business** is defined by CCAB as a business that is 51% or more owned by a First Nations, Inuit, or Métis persons or community.

**Indigenous content plan** is an exhaustive account of a bidder’s past performance under MMRs, strategies to achieve future MMRs, as well as other general information that demonstrates the bidder’s commitment to Indigenous primary and secondary procurement and employment.

**Indigenous gilding** refers to the practice of a non-Indigenous business entity or individual taking unfair advantage of an Indigenous business entity or individual for the purpose of gaining access to otherwise inaccessible Indigenous procurement policies or contracts. Unfair advantage involves practices and arrangements that result in the disadvantage or detriment to an Indigenous business, or that do not represent a genuine demonstrated level of equitable partnership and benefit.

**Joint venture** is an association of two or more parties who combine their money, property, knowledge, expertise, or other resources in a single joint business enterprise, sometimes referred as a consortium, to bid together on a requirement.

**Mandatory minimum requirements (MMRs)** for Indigenous subcontracting, as defined in section 4.1.

**NACCA** is the National Aboriginal Capital Corporations Association.

**Phantom/predatory joint venture (JV)** is an organization that either a) falsifies Indigenous heritage to access Indigenous procurement opportunities extralegally, or b) creates a corporate JV structure predicated upon a passive income flow to a non-participatory Indigenous business, community, or person.

**Procurement** is the process of obtaining goods and services that includes the determination of requirements and acquisition from a supply system or by purchase from the trade. The procurement process has four phases: pre-contractual phase, contracting phase, contract administration phase, and the post-contractual phase.

**Procurement Strategy for Aboriginal Business (PSAB)** consists of measures intended to increase the number of Aboriginal firms competing for and winning federal contracts.

**Public Services and Procurement Canada (PSPC)** serve federal departments and agencies as their central purchasing agent, real property manager, treasurer, accountant, pay and pension administrator, integrity adviser, and linguistic authority.

**Request for proposal (RFP)** is a form of bid solicitation used where the selection of a supplier cannot be made solely based on the lowest price. An RFP is used to procure the most cost-effective solution based upon evaluation criteria identified in the RFP.

**Set-asides** are arrangements that provide Indigenous businesses with the opportunity to demonstrate value for money before the Procurement Officer makes a general approach to the market.

**Subcontractor/Secondary contractor** is one who takes a specific portion of a contract from the primary contractor or another subcontractor.

**Tender** is a proposal, bid, or offer that is submitted in response to an Invitation to Tender, Request for Proposal, or Request for Quotation from a contracting authority.

**Vendor performance management (VPM)** is a contract management best practice that tracks and assesses the performance of suppliers.

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