

**Transforming the Indigenous Procurement Process in Canada:  
A Literature Review, Qualitative Analysis, and Recommendations**

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## INTRODUCTION

### **Transforming the Indigenous Procurement Process in Canada: A Literature Review, Qualitative Analysis, and Recommendations**

From June to July 2021, several engagement sessions took place virtually to gather feedback from multiple stakeholders on creating a strategy to transform an Indigenous inclusive federal procurement process and defining and implementing an Indigenous 5% public sector procurement target. Consultation groups included Indigenous regional and national organizations, Canadian business and industry (Indigenous and non-Indigenous), and the federal government. It is our hope that the recommendations and insights gathered from these engagement sessions will help to transform the Indigenous procurement process in Canada by providing much needed context and guidance on how to proceed.

It is evident from the interviews and engagement sessions that transformation will need to occur at all levels—for Indigenous and non-Indigenous stakeholders alike. With the implementation of a 5% public sector procurement target, there will be an increased need for Indigenous businesses to be procurement-ready to fulfill the increased demand. This will require a strong Indigenous business ecosystem (at regional and national levels), to help support Indigenous businesses to build capacity and grow. The public sector will need to prepare through the modernization of a national procurement policy (note: this has already begun with the recent PSIB announcement in August 2021) and with organizational and administrative changes—to create an environment conducive to supporting Indigenous businesses and communities through Indigenous procurement.

In this time of truth and reconciliation in Canada, it is crucial to set up our Indigenous businesses and communities for success because increased Indigenous procurement will result in job creation and growth, entrepreneurship, innovation, and thriving Indigenous communities; as the famous adage states: “A rising tide lifts all boats.”<sup>1</sup> Setting the stage for success will also

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<sup>1</sup> “A rising tide lifts all boats” was a phrase originally coined by Sean Lemass and was made popular by John F. Kennedy.

include (co)designing an Indigenous-led intermediary model, while taking into consideration the needs and interests of Indigenous businesses. For example, an Indigenous business owner will need an intermediary model that is simple to navigate and directed by Indigenous economic development professionals with subject matter expertise (experienced, certified, qualified, etc.) in all facets of business development, including procurement.

When designing an intermediary model based on the needs of the end user or client (Indigenous businesses), it is evident that one stand-alone organization (which could have regional offices across Canada), would provide the highest levels of service and support for Indigenous businesses. However, based on the findings of the engagement sessions, it is also evident that there are already national and regional Indigenous organizations engaged in support for Indigenous procurement. One of the biggest challenges moving forward will be how to rectify the needs of Indigenous entrepreneurs while honouring and respecting the existing work being done by multiple Indigenous organizations, which also have organizational interests in being involved in the future of Indigenous procurement in Canada. It is the belief of the authors (who also represent the ideal ‘client’ of the future Indigenous-led intermediary) that political agendas aside, the main priority of any future planning should above all, be focused on the immediate and long-term needs of Indigenous entrepreneurs and business owners.

This report includes a literature review, which provides an examination of Indigenous procurement policies in New Zealand, Australia, and the United States. This provides context and best practices from global Indigenous procurement models. This section also includes some suggestions for how these international models could be adapted for the Canadian context. Also included in the literature review is a brief synopsis on the Procurement Strategy for Aboriginal Business (PSAB). (Note: as of August 2021, the federal government has renamed the program the ‘Procurement Strategy for Indigenous Business’ or ‘PSIB’).

Following the literature review is a summary of the Indigenous procurement research that took place in the summer of 2021. This section will provide a description of research conducted, and key findings and recommendations (from participants) from the engagement sessions. This section provides multiple perspectives on Indigenous procurement by Indigenous and non-

Indigenous organizations and businesses and the Canadian public sector.

Based on the findings from the engagement sessions, some high-level recommendations (see ‘Recommendations’ section) have been provided for the federal government and national Indigenous organizations. These recommendations are provided for consideration but are not exhaustive or prescriptive. It is our hope that the recommendations will be helpful for guiding future discussions and planning.

## LITERATURE REVIEW

### **Potential Procurement Practices Aimed at Achieving a Minimum 5% Target for Canada: Indigenous Procurement Policies in New Zealand, Australia, and the United States**

#### **Preamble**

This literature review focuses on the current and emerging trends of global Indigenous procurement strategies. The aim of this document is to explore Indigenous (social) procurement and supply chain public policies and trends, and to provide insights on the processes employed by government entities to meet strategic mandates and targets. Given the set parameters and constraints of this review, this document should be regarded as a preliminary document and not an exhaustive review. This literature review will examine three (3) distinct federal Indigenous procurement initiatives or strategies (in development or currently operational), including: 1) The *Te Kupenga Hao Pāuaua*, Indigenous Procurement Policy, 2021, New Zealand, (Māori), 2) Australia’s National Indigenous Procurement Strategy, 2020, (Aboriginal and Torres Strait Islanders), and 3) United States Small Business Administration 8a Set-aside and Sole Source Federal programing, 2020, (Native American and Alaska Native).

Academic and publicly available literature and relevant information on Indigenous procurement policy, planning and implementation strategies were sourced from the Queen’s University library. Historical, methodological, systematic, and theoretical literature reviews from Australia, New Zealand, Canada and the United States were sourced through internet searches

using focused keyword and phrase searches. Much of the information that informed this literature review is based on publicly available sources.

## **Literature Observations**

Based on an assessment of current procurement literature (academic and non-academic sources), it was found that Indigenous authored literature is rare/scarce. This lack of Indigenous authored procurement literature is alarming, as Indigenous procurement has become a priority of public policy, and it means that Indigenous perspectives are missing in the literature. Further, the lack of Indigenous authored literature could contribute to a knowledge-gap relating to Indigenous supplier programming and Indigenous-led approaches to public procurement policies and strategies. To date, Indigenous peer-reviewed literature focused on Indigenous procurement modeling or set-asides have not been found.

National Indigenous focused procurement policy documents and reports authored by government and/or intermediaries are abundant and help contextualize historical and/or current strategies; however, the policy documents/reports use western approaches, and they can be considered aspirational and ambiguous documents.

Academic literature on Indigenous specific procurement readiness training and programming models are limited to non-existent. A predominant theme found throughout the literature is the story of Australia's Supply Nation (established in 2009), which has become a recognized global benchmark for Indigenous supplier diversity models and leadership. Described as an Indigenous independent intermediary, Supply Nation acts in the capacity of a procurement advisory board and connector between Indigenous business, government, industry and not-for-profit sectors. An examination of the Supply Nation model indicates that this organization has grown from a publicly funded agency (in 2009), into a membership driven national organization<sup>2</sup>.

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<sup>2</sup> Supply Nation does acknowledge in its website that it still is reliant on public funding. It has created a sustainable business model through its supplier membership program.

Upon further review of the literature, there is limited information on Supply Nation’s programming outside of its core mandate, which is to facilitate connections between its membership and public and industry procurement departments. Further, in Supply Nation’s publications, the organization identifies itself as a leader in its suite of services, which include “verification, registration, [and] certification audit process” (Supply Nation website, 2020). Further review of the Supply Nation model shows that it has become the go-to for the Australian Government and it has also become the inspiration for New Zealand’s national Indigenous Procurement Policy (*Te Kupenga Hao Pāuaua* 2021, cabinet paper). The New Zealand model offers insights into policy development and implementation practices, whereas this information falls short with the Supply Nation literature. Before examining the *Te Kupenga Hao Pāuaua* 2021, a few research observations will be explored pertaining to the Supply Nation Model.

Research pertaining to Supply Nation’s procurement education, skills and/or training support programming models were not found in academic literature; thus, further research will be needed to explore procurement education, skills, and training program models currently in use by other Indigenous-led business organizations.

The Supply Nation Research Report No. 1, identified underlying issues impacting Indigenous procurement. Four main themes emerged from this report, which identifies the underlying challenges preventing Indigenous business from securing more procurement opportunities:

1. Several sectors of corporate Australia are lagging behind in procuring from Indigenous businesses.
2. The majority of procurement flows to Indigenous businesses that are focused only in a few sectors.
3. A range of Indigenous business sectors are receiving a relatively low share of procurement flows.
4. Indigenous business presence is very limited in several sectors.

The above themes are of particular interest to Canada, as information found in

Procurement Strategy for Aboriginal Business (PSAB) reviews and evaluations



demonstrate that these challenges are not necessarily country specific (i.e., in the Australian example), but more so, reflects a generalized theme of underrepresentation of Indigenous business in public and private procurement strategies in commonwealth countries with Indigenous populations.

The National Indigenous Australians Agency's (NIAA) Indigenous Procurement Policy (IPP, 2020) document identifies Supply Nation's Registered and Certified Suppliers Program as being pivotal in creating benchmark procurement certification programming and services to meet Australia's national Indigenous procurement strategy targets. In comparison to New Zealand's latest Indigenous procurement model (which will be explored further in this literature review), and to a lesser extent the United States procurement programs, the Supply Nation model does hold merit to become a potential model for Canada, as it has had some success in helping to achieve Australia's Indigenous procurement strategy targets.

### **Challenges with Western Approaches to Indigenous Procurement**

Western approaches and definitions imposed by federal governments to describe 'Indigenous' procurement can be problematic from an Indigenous perspective, as the use of western business models and western-based language can present cultural barriers. For example, Indigenous communities might have their own unique economic models and terminology, which incorporates their unique culture, history, language, and connection to land (e.g., "The Anishinabek Nation Economy—Our Economic Blueprint," Union of Ontario Indians, 2008). Thus, western approaches to Indigenous procurement and western-based definitions may not be inclusive of Indigenous worldviews and cultural perspectives. Interestingly, there is limited to no research, which explores the cultural impacts of using western-based procurement language for Indigenous businesses or communities in all three countries examined (Canada, Australia, and New Zealand).

Although Indigenous definitions of procurement are scarce, there is a wealth of information on defining the western construct of procurement. In simple terms, procurement is defined as an action or a process of acquisition between a buyer and seller. Western procurement concepts and definitions are *not* inclusive of culture; and therefore, are not inclusive of

Indigenous SMEs and their values and perspectives on inherent and traditional Indigenous forms of value, wealth, and prosperity. Although ‘Indigenous procurement’ (formally ‘Aboriginal procurement’) is a term that has become common in Canadian policy and politics, this term has not originated from Indigenous peoples, nor has it been clearly defined by Indigenous peoples or communities.

The inclusion of Indigenous values in Indigenous procurement policy is instrumental for building equity and equality in any national procurement policy and strategy. However, much of the literature reviewed offers only a prescriptive approach by governments to describe challenges, outcomes, and the need for Indigenous business to conform to western models; and less on government approaches to align with Indigenous ways of doing business. There are numerous decolonization resources and methods found in decolonization literature, which could be employed to further ground Indigenous knowledge and values-based concepts into a western procurement model.

### **A Discussion on Social Procurement**

An emerging language in public and private procurement is known as ‘Social Procurement’ or ‘Social Purpose Procurement,’ which is described as, “when organisations [sic] use their buying power to generate social and public value beyond the value of goods, services or works being procured.” (New Zealand Minister for Economic and Regional Development Report, 1, 2021). Since the 1990’s Social procurement has become a known and adopted social development practice being administered “by governments, policymakers, and third-sector leaders” (Barraket, Keast, Furneaux, 2016, pg. 4). In Canada, this has generated policies and proposed or active strategies in the areas of Indigenous social entrepreneurship, social innovation, social finance, and social procurement. From a Canadian context, Indigenous peoples seem to be adapting to this new social movement, as Indigenous values tend to reflect the loose western definition of ‘social purpose,’ which is the basic knowledge that “every purchase has an economic, environmental and social impact, whether intended or not” (Buy Social Canada, 2018, pg. 7).

Barberstock (2017) demonstrates in her graduate thesis, titled “A New Way Forward:

Reconciliation through Indigenous Social Innovation,” that inherent traditional Indigenous knowledge and community values systems are a part of Indigenous traditional community building practices. This community-building model can potentially align with western social constructs, such as procurement strategies, as it sets in motion an active community approach, to find ways to invest in equitable partnerships and invest in social and environmental impacts.

As governments change their behavior to recognize Indigenous ways of knowing and being, through concepts like ‘social purpose,’ so to must they recognize the unique qualities and characteristics of minority owned businesses which are “one of the fastest growing sectors of the economy” (Filippelli, 2015, 1).

In Canada, the creation of an Indigenous social purpose procurement policy appears to be a topic of discussion as policy makers discuss pathways to create a robust “social procurement policy involve[ing] the utilization of procurement strategies which support [Indigenous] social policy objectives” (Exploring Social Procurement, 7, 2014).

According to New Zealand government publications, the New Zealand federal government has implemented social procurement policies within certain local and national agencies. An organization called the Auckland Council has been a pioneer in social based approaches in New Zealand and is a major influencer in defining social entrepreneurship and enterprise and to an extent, social procurement. This council may offer further insights on best practice social models and would be a primary source to further inform future research.

Most compelling of the research findings relating to both implementation and set aside targets, is the amount of literature relating to Indigenous procurement analysis and critical review of policies, targets, and outcomes, conducted internally by government. Literature to date demonstrates the need for a more objective and inclusive conversation with Indigenous procurement-ready and/or active companies, and a higher level of scrutinization using an Indigenous-led procurement research lens. In contrast, Indigenous authored procurement reports are scarce, and thus Indigenous perspectives on procurement are minimal. In order to fill the gap on Indigenous procurement research, much of the literature sourced reflects Indigenous

economic development, rather than procurement strategy or focus. This is evidenced in the research written by non-Indigenous authors who do not possess the essential Indigenous procurement relations or subject matter expertise to provide essential information on procurement and supply chain assessments, thus providing surface level observations and inconsistencies.

Other research challenges include inconsistencies in data and statistics on Indigenous businesses in Canada. For example, differences in data and statistics were on occasion observed between government statistics (i.e., Census records from Statistics Canada) in comparison with reports on Indigenous business authored by non-government organizations. These differences can contribute to confusion regarding the accuracy of data and representation.

The use of homogenous or pan-Indigenous approaches to data collection, is also a predominant theme with Indigenous-based research, which presents significant challenges and barriers to collecting accurate and timely data. Pan-Indigenous approaches are generally used in research to promote inclusivity between all Indigenous cultures (e.g., First Nations, Inuit, Métis); however, Indigenous cultures are *not* homogenous—each Indigenous culture has a unique history, language, traditional teachings, and connections to land. Thus, a paradox exists in research—recognizing the importance of cultural inclusivity, while still recognizing unique Indigenous cultural identities and worldviews.

These various inconsistencies in the research, have historically plagued, and continue to impact, accounting for the accurate (or near-to accurate) Indigenous business identity in all three countries. New research and data collection practices using Indigenous and non-Indigenous research collaboration models possess significant advantages and a best practice model could be developed in collaboration with an Indigenous information and research business or organization, such as the First Nations Information Governance Centre (FNIGC).

The following sections will provide a brief overview of federal supplier diversity and supply chain models currently in operation, or under development, in New Zealand, Australia and the United States. An overview of Canada and its Indigenous procurement strategy will be

the second installment of this literature review. The sections below aim to inform the reader of the most recent government actions in New Zealand, as well as Indigenous participation in developing and implementing a national Indigenous procurement strategy. This will be followed by an overview of the Australian government Indigenous Procurement Policy (2020) and a Supply Nation overview, and lastly, an examination of the United States' SBA 8(a) program. For more information, please review the bibliography for source details.

### **Te Kupenga Hao Pāuaua, Cabinet Paper – New Zealand, 2021**

In November 2020, Ministers for Māori Development and Economic and Regional Development, in coordination with the project team *Te Puni Kōkiri*<sup>3</sup>, co-developed the *Supporting the Māori Economy and Achieving Economic and Social Outcomes through Te Kupenga Hao Pāuaua* (2021) cabinet paper. The new Indigenous procurement cabinet paper outlines a 5% procurement target of the total federal annual procurement contracts—to be awarded to Māori businesses. The *Te Kupenga Hao Pāuaua* Indigenous social procurement policy and prototype target is a new addition to New Zealand's broader procurement outcomes policy framework, established in 2018. The government's broader outcomes approach is to increase government procurement with the aim of supporting “wider social, economic, cultural and environmental outcomes that go beyond the immediate purchase of goods and services” (New Zealand Government Procurement, 2020).

The information contained within the *Te Kupenga Hao Pāuaua* cabinet paper offers an intriguing Māori procurement blueprint, which presents key insights on the development of a national Māori (Indigenous) supplier, social procurement model. The Māori procurement target set by government “is considered aspirational on the proportion of the Māori population” (*Te Kupenga Hao Pāuaua*, 2021, pg. 2). The document provides a snapshot of the steps government and Indigenous peoples are taking to achieve a minimum 5% Indigenous procurement strategy<sup>4</sup>.

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<sup>3</sup> *Te Puni Kōkiri* was established under the Māori Development Act, 1991. It is a small ministry, with an aim to increase social and economic development levels of Māori in New Zealand. It is also responsible for monitoring and liaising with New Zealand government departments and agencies that provide programming and services to Māori.

<sup>4</sup> The procurement target for Māori businesses starts with an initial target of 5% minimum of the total number of contracts across government ministries and agencies.

This national social procurement-based model may be a potential prototype for Canada. The New Zealand government prototype is a progressive and ambitious national strategy with deliverables and timeframes, which reflect the unique geography of New Zealand. With this in mind, an overview of the document will provide context on the process of development and the government's plan for full implementation<sup>5</sup>.

The national Māori procurement target of achieving a minimum 5% of total government procurement is on par with the percentage of Māori owned and operated businesses (a Māori business must be 50% Indigenous owned). Māori publications identifies Māori business contributing to the GDP at 5.9% with projections to increase overtime (Māori Economic Summit, 2011). Data on Māori procurement ready businesses was not found<sup>6</sup>.

In comparison to national Indigenous procurement strategies in Australia and Canada, the New Zealand model is not a unique model in its design or approach, nor does it create a distinct government-wide mandatory compliance. A further examination of this enhanced federal policy finds that it is a supplementary component to the already existing New Zealand government procurement work programme and acts as an enhancement to Procurement Rule 17: “where agencies must incorporate opportunities for New Zealand business<sup>7</sup>” (New Zealand Government, 2021). The new Indigenous procurement policy outlines additional Indigenous inclusive criteria to meet New Zealand's Indigenous procurement mandate and objectives<sup>8</sup> with the goal of increasing minority supplier targets using metrics, which will be “based on value of awarded contracts to Māori business” (*Te Kupenga Hao Pāuaua*, 2021, 2).

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<sup>5</sup> In May 2020, the New Zealand government approved \$7.3 million funding to June 2021 for the *Supporting Māori Economy through Social Procurement* pilot initiative [CAB-20-MIN-0219.18].

<sup>6</sup> According to the *Te Kupenga Hao Pāuaua* report, there are 1,300 Māori based businesses based on NZ statistics, with an additional 8,800 businesses having Māori majority shareholders, and 14,700 identified as Māori sole traders. The report also shows 10,200 New Zealand businesses classified as large employers of Māori.

<sup>7</sup> Information on Rule 17 indicates government must adhere to this policy, however, does not show government's obligations to monitor and hold accountable instances of departmental or agency non-compliance or inactivity. Information on Rule 17 found here: <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/planning-your-procurement/increase-access-for-new-zealand-businesses/>

<sup>8</sup> This policy reflects the interests of government and is within the scope of its *Achieving Broader Outcomes Through Government Procurement* work programme and Rule 17, 'Increase access for New Zealand Businesses' [CAB-MIN-0213.02].

The *Te Kupenga Hao Pāuaua* cabinet paper emphasizes the importance and contributions of an independent Māori intermediary (inspired by Australia’s Procurement Policy and Supply Nation model), designed to connect Māori businesses to public procurement opportunities and represent Māori suppliers at the national level. Prior to the introduction of this model, the research indicates New Zealand did not have an Indigenous intermediary in place. This national intermediary, or *go-between* model, is a key theme and a possible best practice for consideration in Canada.

Also of interest is the establishment of the *Te Kupenga Hao Pāuaua* project team through *Te Puni Kōkiri* and the New Zealand Ministry of Business, Innovation and Employment. This joint-initiative is an innovative approach and is a potential collaborative model for Canada to consider in co-developing a joint Indigenous-federal national Indigenous procurement strategy.

The project team has achieved, or is currently working on:

- Developing a prototype to pre-qualify Māori businesses, which identifies business qualifications and experience.
- Created a procurement-ready tools and assessment framework for SMEs that are entering the public tender space.
- Supporting and coordinating online business and supplier networking events and social procurement contracting and collaboration platforms.
- Contracted *Amotai* to pilot intermediary services until June 2022.

*Te Puni Kōkiri* and its government counterpart<sup>9</sup> have contracted the independent intermediary role to Māori owned *Amotai*. Based in Auckland, this Māori organization was established in 2018, and supports Māori entrepreneurship, procurement and supply chain. A deliverable of this project team is the development of Māori data collection, reporting and monitoring frameworks, and they are currently prototyping and testing the effectiveness of these frameworks. This co-design, prototyping and testing exercise will create a robust Māori inclusive procurement framework that aligns with the government’s 5% Indigenous procurement policy.

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<sup>9</sup> *Te Puni Kōkiri* and *Amotai* are developing government guide(s), reference materials and procurement instructions for government ministries and agencies to follow. This also includes government procurement reporting requirements and associated documents.

The independent intermediary (*Amotai*), will conduct the following functions:

1. Verification of supplier diversity, ensuring that suppliers meet the current definition of a Māori business.
2. Builds capability by connecting with technical expertise.
3. Supports suppliers engaging in the tender process.
4. Advocates for suppliers and creates awareness of social procurement practices with buyers; and
5. Monitors and measures the impact of social procurement.

This Māori intermediary model is not an extension of an existing government or non-government (Indigenous) organization. It functions entirely as an independent representative of Māori businesses and advocate of Indigenous procurement. The *Amotai* and *Te Puni Kōkiri* partnership is tasked with co-developing Māori business procurement-readiness resources, including procurement instructional guides, reporting templates and assessment tools to be used by the government agencies mentioned above.

The New Zealand government has shifted its procurement priorities to focus on ‘public value’ outcomes, moving away from its long-standing ‘value for money’ benchmark. Public value is described as “certain values such as public environmental values, social values and sustainable development values” (Nurmandi, Jovita, 2017, pg. 1). It is recommended that further exploration, including the definition of value for money, should be explored in a Canadian context, which is outside the scope of this review.

New Zealand’s Rule 17 approach (briefly described below) is to gain full involvement among government ministries and agencies to promote and source New Zealand businesses in government procurement. There is no mention of incentivizing the whole of government to fully invest in meeting the minimum 5% target.

A description of New Zealand’s Rule 17 guides public agencies to perform the following tasks:

1. For designated contracts, agencies must consider how they can create opportunities for New Zealand businesses.



2. Agencies must have regard to guidance published by MBIE on how to effectively involve New Zealand businesses in contract opportunities including Māori, Pasifika, and regional businesses, as well as social enterprises.
3. Agencies must conduct sufficient monitoring on designated contracts to ensure that commitments made in contracts are delivered and reported on.

Reviewing Indigenous procurement strategies in Australia and Canada, the language used by New Zealand in both its national and Indigenous procurement strategies is comparable. It describes the political aspirations and priorities of public procurement targets and outcomes, yet like its global counterparts, it abstains itself to dutifully enforcing its Indigenous procurement policy government-wide, in effect making the Indigenous policy a non-obligatory administrative task for departments and agencies.

According to the *Te Kupenga Hao Pāuaua* cabinet paper, the New Zealand government recognizes “long-term sustainable behavioural changes across government” are required to achieve the Indigenous 5% procurement target goal. This is a powerful statement as it implies an underlying systemic issue within government and the presence of colonial biases and cultural ignorance being prevalent among public sector officials. This paper does not discuss the internal racism that occurs in the public sector, but the above quote does hint to a history of prejudice and discrimination being a wide-spread problem in government.

Of notable interest is the literature relating to history and treaty, in particular the 1840, *Te Tiriti o Waitangi* Māori and Crown Treaty, which is mentioned in New Zealand government and Māori publications. *Te Tiriti o Waitangi* is recognized as a foundational nation-building document and a reference point in the design of the Indigenous procurement policy. Literature on this treaty demonstrates the Crown and Indigenous relationship, which respects Māori rights and title to lands and resources. It is a governance model unique to New Zealand, which sets out mutual expectations towards developing a shared economy and promotes respectful relations between the European settlers and Māori.

Supplier diversity and social procurement has become an increasingly predominant topic

of interest among New Zealand politicians and economists. Based on the frequency of its use and adoption in New Zealand business and procurement information, this global social-based, purpose, or impact global movement, has become an accepted social practice (whether by choice or by conformity) among New Zealand's minority and Māori business sectors. Literature relating to government supplier diversity describes it as "becoming increasingly prominent as firms have recognized the economic benefits of broadening their supplier base to include minorities" (Adobor, McMullen, 2006, pg. 291).

Research shows that a national Indigenous procurement strategy will require a unified approach with clear strategic objectives. A co-developed Indigenous and government procurement policy approach similar to the New Zealand initiative does show promising results if both parties are fully accountable for its design, implementation and monitoring using consistent and coordinated measures and metrics. A strong focus on Indigenous-led ethical management and the support functions of an independent intermediary are critical in developing a national Indigenous procurement standard or guideline and government investment and accountability.

The New Zealand Indigenous procurement policy and implementation pilot program proposes regular performance reviews will be conducted by government and the independent intermediary. The first of which will take place in 2022. These evaluations will be based on foundational data and activities beginning in December 2021. Based on the evaluation process and findings, the framework will be used as a best practice model for other minority groups to support supplier diversity, which reflects the New Zealand population.

The cabinet report notes that the pilot will have significant challenges in its first year of operations, namely in the form of creating quantifiable data of Māori procurement-ready businesses. Further, in trying to establish and maintain public sector procurement pipelines, which connect public procurement to Māori businesses. Lastly, the methods employed to support or scale Māori businesses overtime to create more procurement ready businesses.

As noted earlier in this report, the need for an independent intermediary is identified as

being critical to ensure ethical practices, operational performance and accurate data are established and maintained with strict adherence to the Indigenous procurement policy. The role of government as the ‘buyer’ also implies an ethical responsibility to feed into the pipeline of opportunities, which requires a unified ministry and agency approach to adopt the policy as a recognized standard and to commit significant effort to increased Māori procurement activity to make this program successful.

The approach instituted by the New Zealand government in this pilot project to mandate government agencies is ambitious and comes with historical internal challenges. It is recognized that this Indigenous procurement policy roll out will be an arduous process beginning with education and awareness to shift the behavioural attitude of government ministries and agencies that have a track record of non-compliance to participate in Indigenous public procurement policy. The approach taken by government to develop a progressive Indigenous procurement strategy based on concise metrics and value-based is a standard practice employed by other countries.

In conclusion, the New Zealand government policy briefs and information explored in this literature review offers an adequate depiction of the steps taken to date. Further information regarding government investment in internal capacity development to meet their Indigenous procurement target was difficult to find. There was no literature found that demonstrates the creation of internal Indigenous procurement monitors or Indigenous procurement officers within government, aside from the role the intermediary plays; any mention of internal government strategies was next to nil. Further, there was no mention in the literature discussing government steps to address acts of non-conformance to this procurement policy by ministries and agencies, and no information on repercussions being placed upon government if performance measures are not met. The focus appears to be placed on guidance, monitoring and reporting for public service workers. Government literature points to a public service policy awareness campaign method, rather than a compulsory requirement by government to conform to its own policies.

Lastly, the use of an independent intermediary offers a replicable model that can be employed by Canada—with enhancements to ensure public trust, transparency and

accountability. In the case of *Amotai*, which its website describes as “learning from Australia’s Supply Nation,” the organization functions as a platform and connector offering similar (if not the same service offerings) as the Australian model. The New Zealand Indigenous procurement strategy offers a wealth of knowledge that could be replicated in Canada. It would be recommended to further deepen the research to examine how New Zealand will achieve the quantifiable metrics needed to meet performance measures. In addition, an analysis of the internal structures and capacity of the independent intermediary model would be beneficial in developing a similar or improved-upon platform for Canada.

### **Australian Government Indigenous Procurement Policy December 2020**

The 36-page Government of Australia Indigenous Procurement Policy (IPP) document is a foundational document for Indigenous and non-Indigenous Australians. The history of the national Indigenous (Aboriginal and Torres Strait Islanders) procurement policy stems from the National Indigenous Procurement Strategy (2015). This latest version sets out new policies that the Australian government deems critical to improving Indigenous entrepreneurship, business and economic development outcomes by “significantly increasing the rate of purchasing from Indigenous enterprises” (Indigenous Procurement Policy, 2020, pg. 8).

Indigenous procurement in Australia has had a long history of challenges, including underutilization and risk—especially for rural Indigenous businesses. An article by Curtin University (2011), highlights nine areas of interest, which have stymied Indigenous procurement development in remote Australia, which include:

1. Understanding, managing, and transferring risk (risk mitigation).
2. Leveraging lessons about e-procurement and e-literacy (enhancing suppliers’ capabilities).
3. Understanding how buyers source products and/or services from supply markets through intelligence techniques (sourcing products and services).
4. Understanding ‘purchase cards’ and how to use them.
5. Developing capacity and qualifications as a supplier, to supply a particular market.
6. Using procurement as a lever for change and development.
7. Managing contracts.

8. Understanding total ‘cost of ownership’ models.
9. Achieving sustainability, a successful ‘triple bottom line,’ and meaningful outcomes.

According to the latest IPP report, the Australian government is addressing these 9 challenges by improving supplier evaluation criteria, empowering Indigenous suppliers through intermediary services, and improving its government procurement guidelines. The IPP intends to solve many of these challenges by increasing Indigenous procurement outcomes in three (3) ways:

1. Annual targets for the volume and value of contracts to be awarded to Indigenous enterprise by the Commonwealth and each Portfolio.
2. A Mandatory Set Aside (MSA)<sup>10</sup> to provide Indigenous enterprises the opportunity to demonstrate value for money before a general approach to market. The MSA applies to all procurements to be delivered in remote Australia and for all other procurements wholly delivered in Australia with an estimated value from \$80,000.00 to \$200,000.00 (GST inclusive).
3. Indigenous participation targets to be mandated in high value contracts wholly delivered in Australia at 7.5 million or more in specified industry categories, known as the ‘mandatory minimum requirement’ (MMR). This includes a mandate that tender evaluations for procurement subject to the MMR must consider a tenderer’s past performance against MMR targets contained in relevant Commonwealth contracts.

In Australia, there are two purchasing targets identified, which according to the IPP are:

1. Volume target, which is the equivalent of three per cent of the number of eligible procurements awarded to Indigenous enterprises each financial year.
2. Value target, which is described as the equivalent of three per cent of the value of eligible procurements awarded to Indigenous enterprises each financial year. A series of progressively increasing value targets apply, up to a maximum value of

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<sup>10</sup> According to the IPP, the Mandatory Set-Aside (MSA) arrangements provide Indigenous SMEs with the opportunity to demonstrate value for money before the procuring official makes a general approach to the market. It applies to all remote (rural) procurements, wholly delivered in Australia where the estimated value of the procurement is between \$80k and \$200k (GST inclusive).

three per cent.

As indicated above, Australia's Indigenous procurement program is based on an incremental target percentage accrued over a period of time ranging from 2019, beginning with a one percent target, to 2027-28, which is the three percent target. In addition, the IPP will "count the range of procurement and purchases awarded to Indigenous business against their targets," including:

- a. Direct contracts and purchases.
- b. Subcontracts relating to goods and services.
- c. Multi-year contracts.

Further, the Australian government has selected and endorsed a national intermediary (Supply Nation) and/or regional Indigenous business support agencies. More on Supply Nation is found in the body of this report.

The IPP falls under the umbrella of responsibilities for the Department of Finance, which is responsible for the Commonwealth Procurement Rules (CPRs) and is under the authority of the Public Governance Performance and Accountability Act, 2013. The Indigenous Procurement Policy is not a separate policy; it is identified as a Procurement-Connected Policy (PCP) and acts more so as a framework designed to support ministries and agencies in efforts to comply with the IPP. Identifying and securing an Indigenous supplier remains with a government procuring official, making determination and arrangements based on procurement rules. Searches for suitable suppliers is done using the Supply Nation business directory. If no Indigenous company is found to meet the procurement opportunity, it is documented, and the opportunity will fall in line with regular mainstream public procurement practices.

Mandatory minimum requirements (MMR) for certain contracts requires a certain percentage of "Indigenous employment or supplier use (or a combination of both) over the term of the contract" (IPP, 2020). Further, the IPP defines this percentage as a target of four per cent at the employment or supplier use (at the contract level) or a three per cent at the organizational level. This practice may be worth exploring further in a Canadian procurement mandatory

minimum requirement.

It must be noted that the policy administration of both New Zealand and Australia reflect similar performance and compliance metrics, including government implementation plans and similar government attitudes that place emphasis on “Commonwealth entities being responsible for ensuring their own compliance” (IPP 2020).

Definitions are also a critical factor to consider when looking at Australian Aboriginal and Torres Strait Islander procurement policy and implementation, namely, how government and Indigenous peoples define an Indigenous business and related terminology. According to Australian government information, Indigenous enterprises must be at least 50% Indigenous owned and recognized by either Supply Nation (Australia’s prominent Indigenous independent national intermediary) or found in the public registry maintained by the Office of the Registrar for Indigenous Corporations (ORIC)<sup>11</sup>. Proof of Indigeneity is required to validate business owner’s Indigenous status. Examples of proof of Indigenous affiliation are described in the IPP and must be authenticated and approved by the Australian government.

The Australian government requires business owners to provide evidence of Indigeneity, which includes such documents as:

- A statutory declaration, declaring that the enterprise is 50% or more Indigenous owned; or
- Certificates or letters of Indigeneity of the Indigenous owners provided by a recognized Indigenous organization such as a land council.
- Checking whether the enterprise is listed with an Indigenous Chamber of Commerce or another businesses directory/list and confirming that the business meets the eligibility requirements of the IPP.

A more detailed overview of the terms and conditions of eligibility can be found on the

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<sup>11</sup> The Australian government announced changes to the IPP. Effective January 1, 2019, incorporated joint ventures must register with Supply Nation to be eligible to bid on Commonwealth (federal) contract opportunities.

Supply Nation website. From an Indigenous lens, this form of proof of pedigree continues to be the paternalistic practice of choice by government(s), and to a certain extent, Indigenous organizations, to determine Indigenous cultural or tribal relationship. This practice of Indigenous identification by countries such as Australia, New Zealand, Canada, and the United States violates the Indigenous rights found in the United Nations Declaration on the Rights of Indigenous Peoples (United Nations, 2007). Recommendations to create new Indigenous business identification processes (as per Indigenous approval of such language and descriptions), are outside the scope of this report.

Also of interest are the factors involved in defining criteria for joint ventures between Indigenous and non-Indigenous entities. Supply Nation and its government partner(s) model sets the level of ownership and control of a joint venture as being at least 50% Indigenous owned and controlled,<sup>12</sup> with a plan in place to increase the Indigenous workforce on both sides of the joint venture. This leads to a conversation on the effectiveness and enforcement of this policy. Based on current practices found in Australian literature, the control factors in place by Supply Nation (i.e., Terms and Conditions) to ensure Indigenous business compliance are primarily administrative in nature and offers little to no punitive recourse for abuse of policy by any and all parties. Abuse and unethical practices by non-Indigenous businesses tapping into Indigenous procurement opportunities via joint ventures or ‘shell companies’ is an ongoing concern and mitigation processes are found throughout the procurement literature.

Of notable interest, the term ‘black cladding’ was noted in the FAQs section of the Supply Nation website, which describes it as “a business that has been set up to manipulate the 50% definition and leverage supplier diversity policies in order to benefit the non-Indigenous party” (Supply Nation website, 2020). There were no references found on allegations of abuse of power of an intermediary and no literature was found to indicate such an instance or event exists. However, this does not mean Indigenous organizations are immune to unethical practices.

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<sup>12</sup> According to the State of Indigenous Business: Driving Growth Across the Indigenous Business Sector publication. In April 2020, Supply Nation had around 2,335 suppliers on its national directory and estimates Supply Nation has supported \$3.9 billion in revenue from procurement.



An objective review of Supply Nation operations from an Indigenous research perspective was not found in academic literature. Furthermore, limited to no information was found on program or delivery challenges or deficiencies of the organization. Most public reports (albeit being supplied by the Australian government and Supply Nation) indicates a track record of successful outcomes. A critical and unbiased review of the organization would be valuable in this instance as the literature and the ethics associated to it do not offer a clear and concise picture of the organization or unbiased client experiences.

An annual external audit of programming and internal review (conducted by an external evaluator or ombudsperson) of the intermediary would go far in establishing an unbiased depiction of overall program and service delivery effectiveness. Further, the creation of an intermediary ethics advisory council outside of a business focused advisory group, would ensure compliance of procurement policy and act as an integrity commission when necessary. In addition, a program quality assurance or policy compliance officer at Supply Nation was not found in the current listing of management, staff, and board. This would be a recommended best practice for enhancing the intermediary model.

The term relationship manager (ambassador) positions found in Supply Nation represent the Australian geography (New South Wales, Queensland, South Australia, Australian Capital Territory, Northern Territory, Victoria). The intermediary acting as a state liaison and connector has potential to be an adopted practice and applied to a provincial and territorial model in Canada. Further, this model could also be employed with federal departments with procurement officers/managers having direct access to an Indigenous regional or national liaison. The research on the New Zealand Indigenous procurement intermediary role points to a similar territorial/provincial model being employed.

The terms ‘minority supplier diversity’ and ‘social procurement,’<sup>13</sup> like New Zealand, are used in national procurement dialogue in Australia. This western terminology and practice are

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<sup>13</sup> Social procurement may be viewed as synergistic to Indigenous traditional community economic values, systems, and ways of knowing and being. The Buy Social Canada website defines social purpose as “every purchase having a social, economic and environmental impact . . . that helps shape inclusive, vibrant and healthy communities” (Buy Social Canada website, 2021).

becoming a recognized business practice by Indigenous peoples, as indicated in the integration of the western ‘social purpose’ or ‘community impact’ references found in Australian Indigenous business resources and literature. Exploration on Indigenous social purpose procurement and its introduction into the Canadian market are outside the scope of this literature review. Research on Indigenous social procurement would be timely to further understand its potential as a form of decolonization and Indigenization of western business and procurement practices. In addition, a report on ethical supply chain and procurement practices would also provide much needed context to regulating (social) procurement and Canadian and Indigenous procurement governance.

Literature on procurement law and regulating industry practices emphasize the early establishment of ethical standards and models and/or ethics advisory committees to be used to facilitate:

- Mitigating risk and ethical behavior among public and private sectors and,
- Co-creating social value, assessment and measurement tools and frameworks that reflect current International Standards and future industry trends.

Research on the role of a procurement ethics advisory role points to it being housed within a dedicated (Indigenous) Procurement Directorate model, or as a separate body within a national independent intermediary. The directorate would act as a performance evaluator and/or could serve as an Indigenous procurement ombudsperson/government liaison appointment. This role would provide duties, which would range from annual unbiased reviews of the Indigenous procurement strategy to being tasked with investigating and resolving internal issues that may arise within the Intermediary. As a government liaison, the directorate would act as a primary resource for public procurement officers to provide concise guidance on “how to”, “when” and “why” (Barraket, Keast, Furneaux, 2016, 39), when incorporating Indigenous social procurement practices into federal procurement opportunities. This role is not found within the Australia Supply Nation or New Zealand models. The advantages of employing such an office or person would be a practical solution to create an Indigenous procurement ecosystem that is based on “economic efficiencies, value for money, equal treatment, transparency and a competitive edge” (Trepte, 2004).

The independent Indigenous intermediary model for Canada could play a parallel role and function like Supply Nation and *Amotai*<sup>14</sup>. A possible program and service-based model could include, but is not limited to:

- a. Procurement-readiness education, skills and training using a graduated system.
- b. Indigenous Supply Chain and Procurement Management System.
- c. Indigenous Supplier Selection and Procurement Solicitation.
- d. Indigenous Procurement Legal Advisory.
- e. Office of Risk Management, Negotiation & Sustainability.
- f. Indigenous Supplier Contracting, Regulatory Compliance and Performance.
- g. Project Management and Logistics.

Other important themes emerged in the literature that are worth mentioning. These include Truth and Reconciliation and Indigenous politics and data collection research methods. These areas of interest will be briefly described below.

Government information from Australia, New Zealand, and Canada share a commonality in policy development, which is the overarching theme of a growing public support to create Truth and Reconciliation Action Plans and/or self-determination pathways aimed at empowering Indigenous peoples, businesses, and communities. From a national Indigenous procurement strategy standpoint, Australia is taking the lead on this through the government endorsed Supply Nation model and tools such as the Reconciliation Action Plan (RAP), which is described as “a strategic document that supports and drives an organization’s contributions to reconciliation both internally and in the communities in which it operates” (Reconciliation Australia, 2020). Canada has a similar reconciliation organization known as Reconciliation Canada<sup>15</sup>. According to its website, Reconciliation Canada offers Reconciliation and Economic Reconciliation Action Plan programs and services, which works with government and corporates to “help build relations between them” (State of Indigenous Business, Supply Nation Research Report, No. 1, 2020, 38).

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<sup>14</sup> The formation of an international Indigenous procurement association comprised of Australia, New Zealand and Canada representation could prove beneficial for establishing Indigenous international procurement standards and overseas business relations.

<sup>15</sup> The Reconciliation Action website, <https://reconciliationcanada.ca> is a resource of interest in the design, development, and implementation of the national Indigenous procurement strategy.

A potential best practice model is the adoption of an Economic Reconciliation Action Plan to further strengthen the social mission and impact of a national Indigenous procurement strategy.

Indigenous politics and influences cannot be overlooked, and the motivations of Indigenous organizations must also be considered or observed in all facets of the national procurement narrative, which includes policy development, investment, and implementation. Australian Indigenous NGOs and by comparison Canadian based NIOs, political organizations, and advocacy groups, are indeed necessary in advocating for policy change; however, the literature also points to issues of self-interest, nepotism, and interference, which can arise. Research on a national implementation strategy, which incorporates conflict-of-interest mitigation or administrative steps to prevent early-stage conflicts of interest was not found. Adopting a proven collaborative or equitable partnership model between NIOs, special interest groups and government, with a unified and clear mission and vision can further the process in a timely way.

Data collection is paramount to the overall success of a national Indigenous procurement strategy. A unified or centralized Indigenous business and procurement database can effectively perform data collection—provided that sufficient investment in research and development and technology are secured to develop a national Indigenous business/procurement data bank. Research to identify a dedicated Indigenous procurement data collection agency and/or institute in Australia, New Zealand, Canada, and the United States, which conducts Indigenous business and/or procurement research or research standards could not be found. A best practice approach to address this data and research deficiency could be to create an Indigenous research department, which produces quantitative and quantifiable data sets that are regular, accurate and timely. This service would also provide the knowledge, training, consultancy, and tool kits that would further improve the intermediary functions, programs, and service delivery.

Further, by connecting the intermediary to feeder networks using a spoke and wheel model of partnering Indigenous organizations, communities, etc., across the country, regular nationally developed surveys, programming, and networking would improve knowledge, language, trends, and metrics outcomes at the local, regional, and national level. This

Indigenous-led support system could further improve data accuracy if implemented and monitored by qualified Indigenous researchers that perform the role of data collection and analysis. This approach will help resolve existing issues of data inaccuracy and removes the assumptive language currently in use by Indigenous and non-Indigenous governments and agencies as they describe Indigenous business and procurement metrics to measure performance.

The Australian and New Zealand governments have invested in Indigenous business and procurement capability using a blended approach by enhancing public procurement policy guidelines and in investing in national independent intermediary models. This is one step Australia is taking; the second step is the tendering process and minimum requirements for Indigenous business, which have been updated to reflect current national Indigenous procurement priorities. The tendering process will require a deeper examination of the literature to review historical policies and outcomes and a comparison study, which is outside the scope of this literature report.

In January 2019, enhanced requirements for Indigenous joint ventures to register with Supply Nation was endorsed by the Australian government, thus, giving Supply Nation a leadership role and a controlling interest representing all Australian Indigenous suppliers who are “eligible to bid for Commonwealth contracts under the Indigenous Procurement Policy” (Supply Nation, 2020). In essence, Supply Nation has become the gatekeeper, and by virtue of this role, holds a monopoly on Indigenous procurement in Australia. This model also shines a light on the importance of supporting through fair, equitable and inclusive joint-partnership agreements (when necessary) with NIOs and local and regional Indigenous business support organizations.

An internet search on Australian Aboriginal and Torres Strait Islander business support organizations or ‘hubs’ in Australia found several throughout the country; for example, The Wirra Hub, located in Perth, Western Australia, and the New South Wales Indigenous Chamber of Commerce (NSWICC), located in Sydney, New South Wales, Australia. These two Indigenous business hub examples demonstrate a level of business capabilities that can support Indigenous procurement and feed the Supply Nation model (by training Indigenous businesses to become procurement ready), and thus, meeting eligibility requirements to be included in the

Supply Nation directory. For this report, examining the NSWICC, one of these two hubs, will offer some initial insights to potential models for Canada.

The NSWICC is an urban-based Indigenous business hub and is an entry point for new and existing Aboriginal and Torres Strait Islander Sydney-based business wishing to scale their companies. This is achieved through innovative “accelerator programming and support services” (NSWICC, 2020). Furthermore, the NSWICC functions as an Indigenous Chamber of Commerce and represents diverse Indigenous SMEs in New South Wales. This regional business model presents a treasure trove opportunity for new and existing businesses to gain the right business skills and growth strategies locally. In addition, these regional intermediaries also generate a pipeline of Indigenous procurement capable and competitive companies. This model provides an opportunity to further explore Indigenous-led business hub models, which could be replicated at either a regional or national level in Canada. What would make the Canadian version most effective is a connector model (described earlier), which would establish Indigenous regional offices and resources to a national Indigenous business and procurement central hub.<sup>16</sup>

### **The United States - Indigenous Procurement Agenda**

An analysis of available literature on American Indian and Alaska Native procurement presents additional insights to Indigenous supplier policies and U.S. government contracting. In consideration of the complexities of U.S. government contracting, a brief overview of relevant subject matter will be examined. The 8(a) Business Development program is designed to “level the playing field for small businesses owned by socially and economically disadvantaged peoples or entities” (8(a) Business Development program, U.S. Small Business Administration (SBA), 2020). Like Australia, New Zealand and Canada, the United States also has a 5% target for all federal contracting dollars earmarked for Indigenous and minority owned businesses.

According to the SBA, Indian and minority owned businesses are encouraged by the U.S.

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<sup>16</sup> It must be noted, that for the purpose of this research, the author of this report must acknowledge a conflict-of-interest relating to the NSWICC, as Okwaho Equal Source Australia, was a co-creator and advisor in the development of the Redfern Sydney Australia Indigenous business hub model.

Small Business Administration to apply and participate in the program, which can help businesses:

- Compete for set-aside and sole source contracts in the program.
- Get a Business Opportunity Specialist to help navigate federal contracting.
- Form joint ventures with established businesses through the SBA’s Mentor-Protégé Program.
- Receive management and technical assistance, including business training, counselling, marketing assistance, and high-level executive development.

The Biden Administration has identified improvements to the 8(a) policy<sup>17</sup> to better reflect a more streamlined and inclusive federal contracting approach for American Indian and Alaska Native businesses. These updates include “tripling the federal goal for contracting with all small (disadvantaged) businesses from 5% to a minimum of 15% of all federal procurement dollars by 2025” (U.S. Government, 2020). In addition, the U.S. government aims to increase and enhance tribal nations (Indigenous) participation in federal procurement using:

- a. Formula-based awards and frequent monitoring of contract awards.
- b. Encourage greater participation and widespread outreach and counselling to small business owners, especially tribal business owners.
- c. Requires prime contractors to develop and fully execute plans to increase subcontracting opportunities.
- d. A full public disclosure of program participant demographics to ensure participation is equitable.

The *Indian Preference in Employment, Training and Subcontracting Opportunities* (48 Stat. 596), established in 1934, “authorizes federal contracts or grants to Indian organizations of or for the benefit of Indians” (Part 326 – Other Socioeconomic Programs – 80 FR 72151, 2016). This program complies with the Self-Determination and Education Assistance Act, 7(b), which gives preference to awarding contracts to Indian-owned businesses. A subpart of this

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<sup>17</sup> The U.S. government defines who qualifies for the 8(a) program in Title 13 Part 124 of the Code of Federal Regulations. This section also includes definitions on what constitutes socially and economically disadvantaged businesses.

policy is the *Buy Indian Act*, U.S.C 47, which applies “only to acquisitions made on behalf of Indian Health Services (IHS)” (Subpart 326.600 U.S. Government, 2021). The Indian Preference in Employment, Training and Subcontracting Opportunities and Buy Indian Act legislation are two policy areas that require further exploration to analyze historical and contemporary relevance and impact; and how these two areas of interest could potentially influence Indigenous procurement policy in Canada. A preliminary review of literature associated to Indigenous participation in the SBA 8(s) program, demonstrates, similar challenges and federal policy responses found in Australian and New Zealand Indigenous procurement policies.

New regulations to guide the Buy Indian Act were proposed in 2020 by the U.S. Department of Health and Human Services. These regulations would provide authority to the IHS<sup>18</sup>, similar to the Bureau of Indian Affairs,<sup>19</sup> (BIA) to increase procurement set-aside opportunities for American Indian and Alaska Native owned and controlled businesses. Both the Indian Health Services and Bureau of Indian Affairs are the only federal agencies where “the Buy Indian Act is applicable” (National Law Review, 2020). These two federal agencies offer a compelling business case, which could illuminate details on legislative and policy approaches, which are designed to directly impact Indigenous and tribal businesses. Furthermore, the definitions, provisions and human resources employed by the U.S. federal government (Health and Human Services and Indian Health Services) to increase or maintain the flow of Indigenous contracting opportunities are also a possible best practice to consider for the whole of government and not specific to certain ministries or agencies. Further examination of American Indian and Alaska Native procurement literature shows an increase in tribal nation owned businesses that are successfully winning large procurement contracts in defense, agribusiness, health, natural resources, manufacturing, green and blue energy, etc. A case study on federal contracting processes and contracts awarded to U.S. Indigenous business is outside the scope of this review; however, is encouraged and warranted to understand the complexities associated to

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<sup>18</sup> Information from the Indian Health Services website describes the IHS as an agency within the Department of Health and Human Services, which is responsible for providing federal health services to Indians and Alaska Natives. The IHS has a long history with Indigenous peoples and is a government-to-government treaty relationships going back to 1787 (<https://www.ihs.gov/aboutihs>).

<sup>19</sup> The Bureau of Indian Affairs website describes the BIA as providing services directly, or through contracts, grants or compacts, to 574 Federally recognized tribes, serving 1.9 million American Indian and Alaska Natives (<https://www.bia.gov>).



Indigenous-to-federal and Indigenous-to-state governments Indigenous procurement and acquisition protocols.

Like Australia and New Zealand, and to an extent Canada, the United States also uses social procurement models to describe and leverage Indigenous supplier-buyer relationships. In addition, the use of minority supplier diversity is an overarching theme found in U.S. government literature and is a foundational characteristic to describe Indigenous businesses. A keyword search on U.S. minority and supplier diversity brought up a wealth of information and a potential point of interest: The National Minority Supplier Development Council<sup>20</sup> (NMSDC), headquartered in New York City offers an interesting North American business certification and connector program, which may hold valuable information and inspiration for Indigenous peoples to consider in the development of an Indigenous-led intermediary model for Canada. The NMSDC has a network composed of a national office, 23 affiliate regional councils nationwide, and 1,450 corporate members. This national model is comparable to the Supply Nation and *Amotai* models. What makes it unique is that it is a North American spoke and wheel model, which can be Indigenized and integrated into existing Indigenous (business and community) networks across Canada. A similar business model was found in Canada associated to the NMSDC, known as the Canadian Aboriginal Minority Supplier Council (CAMSC). This organization was founded in 2004 in Toronto. It does not identify as being an Indigenous-led service provider, but instead providing services to Indigenous peoples.

In conclusion, the information provided in this report provides an overview of the actions taken to date by federal governments to move their countries' Indigenous procurement policy forward. It is recommended that further research be conducted to flesh out more policy details. Furthermore, researching the concept of Indigenous social purpose procurement as new national model for Canada should also be prioritized.

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<sup>20</sup> According to the NMSDC website, it has more than 12,000 certified minority-owned businesses and matches these businesses to its vast corporate member network who wish to purchase their products, services, and solutions.

## **Procurement Strategy for Aboriginal Business (PSAB), 1996 – A Synopsis**

The analysis of the Procurement Strategy for Aboriginal Business (PSAB, 1996) annual performance reports (reports sourced: 2001, 2003, 2015-2018) reveals a policy historically under prescribed by the whole of government. This synopsis will focus primarily on four areas of interest. From a research perspective, these reports offer a window into the internal administrative dynamics at play within the federal government. However, there is much to be desired in understanding the contexts and realities that are negatively impacting PSAB implementation and outcomes at the department and agency level. Based on the feedback provided by participants in the national Indigenous procurement roundtables, design thinking gatherings, and reports conducted between 2018 to 2021, key discussions and themes emerged, which sheds light about the PSAB policy from a federal perspective. Below are four PSAB elements of interest, which offers valuable insight.

1. Mandatory set asides
2. Voluntary set asides
3. Joint ventures and partnerships
4. Indigenous participation components

### **Mandatory Set Asides**

- Based on an Indigenous population and geographic formula in which 80% of the population within a given area (community or group) will be the primary recipient of the procurement opportunity worth more than \$5,000.00 (Government of Canada, PSAB, 2014).

### **Voluntary Set Asides**

- Federal departments and agencies may voluntarily set aside procurement opportunities for Indigenous-owned businesses based on set criteria and where Indigenous capacity exists.

## **Join Ventures and Partnerships**

- The PSAB encourages Indigenous joint ventures and partnerships with non-Indigenous businesses to bid on federal set aside opportunities. The logic behind this process is to help create Indigenous business capacity, shared prosperity, business knowledge acquisition and competency transfers.

## **Indigenous Participation Components**

- Upon award of a contract, federal departments and agencies are encouraged to request Indigenous sub-contracting plans, Indigenous skills, employment and training plans or other documentation as a mandatory requirement or to meet rated evaluation criteria.

These four (4), PSAB elements highlight the efforts of the PSAB program to even the playing field for Indigenous businesses in federal procurement, however, annual reports point to some major underlying issues that have impacted the overall effectiveness of the program since its inception. A full analysis of the PSAB policy from an Indigenous perspective is outside the scope of this report. It is recommended that an Indigenous-led procurement policy review be conducted to further explore the PSAB and develop improved administrative protocols, which will improve federal commitments and Indigenous policy awareness and alignment of the PSAB moving forward.

PSAB annual performance reporting demonstrates Indigenous procurement success rates via federal contracts awarded but leaves much to be desired in understanding the processes, relationships, and experiences involved from an Indigenous lens. Qualitative data, which includes the ‘stories behind the numbers’ are missing for the most part. These Indigenous stories are critical indicators of the success and failure rates associated to Indigenous participation and economic outcomes generated by the PSAB policy. Based on the feedback from federal representatives, the primary reason for this lack of information is attributed to several factors, including (but not limited to) the hesitation to perform verification of Indigenous businesses and the monitoring of the PSAB Indigenous business directory. This hesitancy stems from a legitimate viewpoint that non-Indigenous peoples (i.e., public service workers) should not be

conducting Indigenous business verification services as it is viewed as ethically and culturally inappropriate.

The Indigenous business verification process currently used in the PSAB Indigenous business directory approval process leaves much to be desired in areas of authentication, registration, and certification protocols; in addition, the frequency of administrative reviews by an administrator to maintain Indigenous business directory compliance appear to be ineffective. A potential solution to address these deficiencies is to develop a ‘tiger team’ comprised of certified and/or industry qualified experts and/or procurement officers tasked with developing administrative tools and aligning a future Indigenous intermediary as a secondary support and/or primary administrative body for the PSAB business directory. The Indigenous business directory has great potential to become a service provision of the Indigenous intermediary model, however, further discussions on succession planning will be needed to devolve the business directory from federal jurisdiction to the Indigenous intermediary using a phased approach.

Mandatory set asides are an element that will require further review and updated federal and Indigenous administrative policy alignment. Most notably, the current formulas and prescribed approaches to validate PSAB elemental criteria, appears to be based on population density rather than on procurement ready or active Indigenous businesses. Granted, the Indigenous population is the fastest growing demographic in Canada (1.67 million, Statistics Canada, 2021); this population growth should not be misconstrued as reflecting the largely unknown demographics of the national Indigenous business community. According to multiple public sources, the Indigenous business population ranges from 43,000 First Nations, Inuit and Métis businesses in Canada (CCAB, *Promise and Prosperity Report*, 2016) to as low as 19,000 (Statistics Canada, *A Profile of Businesses in Indigenous Communities in Canada*, 2017). The issue is not in the projected or inflated numbers found in the literature; the real issue is the lack of data sets with pertinent criteria that clearly establish the identity and number of Indigenous businesses (i.e., using tools such as an Indigenous business and industry index and classifications standard) across Canada.

There is a substantive amount of theoretical and applied literature associated to Indigenous

(community) economic development, but there is arguably limited information or data specific to understanding the intricacies of what constitutes Indigenous small, medium, and large-scale business identification and related criterion. Hence, the 5% mandatory set asides established by the federal government are aspirational, as it is a safe assumption to say that Indigenous businesses across Canada that are procurement ready or active represent a potentially tiny fraction of the total national Indigenous business community. If this is indeed the case, it represents an immediate response to begin building capacity and capabilities, which is an unprecedented opportunity for an Indigenous intermediary or institution to develop Indigenous business capacity at the local and regional levels. An Indigenous business and training institute model using a hub (i.e., national centre) and spoke (i.e., regional/branch) approach could effectively address Indigenous business capacity and capability aimed at increasing economic development via procurement outcomes for Indigenous businesses and communities over time.

Federal departments and agencies that regularly perform voluntary set asides have demonstrated a commitment and investment in the PSAB process. However, those federal departments and agencies that are actively participating in the PSAB reflect the minority of the majority. Based on critical feedback from public servants, the PSAB policy is not being administered by the whole of government due to two frequently identified factors, which include: 1) lack of Indigenous awareness and PSAB policy orientation and administrative application protocols, and 2) human resource deficiencies and departmental and agency procurement officer capacity and insufficient skills related issues. The voluntary set aside program holds great promise if fully realized and presents an opportunity for the Indigenous intermediary model to perform business searches and provide listings to federal departments and agencies. Furthermore, the Indigenous intermediary could also act as the lead Indigenous awareness and PSAB procurement officer advisory and training centre for public servants to receive Indigenous cultural and economic awareness education. Further partnership prospects between the Government of Canada and the proposed national Indigenous intermediary model could develop new pathways to increasing Indigenous business capacity and the volume of voluntary set asides to meet Indigenous business where they are at.

It appears the intent of the joint ventures and partnerships element of the PSAB was

originally developed with Indigenous community and business capacity building in mind. For a select few Indigenous businesses that have tapped into this element, the benefits have proven fruitful over the years. However, based on the feedback of Indigenous suppliers, the joint ventures, and partnerships aspect of the PSAB have been a controversial issue with many claims pointing to flagrant disregard or abuse by both Indigenous and non-Indigenous businesses creating shell companies (also referred to as contrived companies) to access Indigenous procurement opportunities. Regardless of motivation, the shell companies, as described by Indigenous NIOs and business organizations, are impacting the integrity of the PSAB JV and partnership program, and if gone unchecked could further cause irreputable damage to the PSAB and Indigenous business community.

A preliminary review of the PSAB criteria and elements associated to joint ventures or partnership should be considered and administrative protocols put into place to prevent future infractions from occurring. From the federal government perspective, the feedback presented is in alignment with Indigenous views on the subject. Regular performance reviews, reporting and or other mechanisms to ensure compliance can be developed in coordination with the Intermediary.

The PSAB policy describes the pre-approval or entry process in place for awarding contracts to Indigenous businesses via an administrative protocol initiated by federal departments and agencies. This process entails the collection (by the respective department or agency) of any/all pertinent information from the Indigenous sub-contractor in the form of sub-contracting plans, employment and skills documentation, rated evaluation criteria, etc. This administrative task and quasi-verification risk assessment process provides the necessary business intelligence and associated collateral to ensure PSAB eligibility, value, and compliance are satisfactorily met by an Indigenous business. It was identified by government representatives (during engagement sessions) that it is a necessary step and an administrative task that can have mixed results. Most notably, the amount of time and effort associated to collecting information before awarding a contract is viewed by many as a labour intensive, confusing, and to a certain extent a frustrating experience. There was limited to no literature found to provide additional insights, comparisons or contexts associated to the PSAB Indigenous participation component. Of notable interest was

the discussions relating to the stigma or apprehension associated to Indigenous business procuring with the federal government, namely, that it was felt by government officials that the current process required an overhaul and required Indigenous support to increase Indigenous business participation in the PSAB and the federal procurement space. Currently, the PSAB Indigenous business directory has 2,270 Indigenous businesses registered; a study to determine the rate of actively procuring businesses within this directory was not found. Further, no literature was found that explores the government contractor or Indigenous experience associated to the PSAB Indigenous participation component.

In Conclusion, this brief synopsis of the PSAB provides insights to the administrative aspect of this policy. The information presented is based on publicly accessible literature and data from Indigenous procurement modernization engagement sessions conducted between 2018 – 2021. It should be noted that during the development of this synopsis, an official federal government media release (dated 6 August 2021) was announced, which formerly introduces the new Procurement Strategy for Indigenous Business (PSIB) policy. This new and enhanced version of the PSAB policy will require further examination to determine its overall short, medium, and long-term effectiveness from an Indigenous business lens.

It was observed that there was an underrepresentation of Indigenous businesses (and no representation from Indigenous communities) in the national roundtable, design-thinking and interviewing engagement sessions from 2018-2021. It will be important moving forward to include the voices of Indigenous business owners (and communities) as Indigenous procurement policy and programming evolve over time—to ensure the new PSIB elements will create greater wealth and prosperity and positive change for Indigenous businesses and communities across Canada. In its current state, the PSAB, now PSIB, will require time for Indigenous business leadership to analyze the PSIB and determine pathways for Indigenous business capacity and policy alignment to meet current and future federal procurement demand.

## **INDIGENOUS PROCUREMENT RESEARCH**

### **Key Themes from Engagement Sessions**

#### **Research Description**

In July 2021, key stakeholders were engaged to discuss their views on Indigenous procurement. Stakeholders were individuals identified as having Indigenous procurement expertise by National Indigenous Organizations: NACCA, AFN, CCAB, NIEDB, and ITK. The engagement sessions consisted of one-on-one interviews or virtual round table (group) sessions, and included representation from national and regional Indigenous Organizations, Indigenous (and non-Indigenous) business and industry, and the public sector. Invitation emails were sent to potential participants in early-to-mid July, and everyone received two emails (the initial invitation and a reminder email). If the dates/times proposed did not work for potential participants, or if they were not comfortable sharing their thoughts in a group setting, a link to an online survey was provided.

The interviews and virtual round table discussions were Indigenous-led and were facilitated by Okwaho Equal Source (“Okwaho”), an Indigenous consultancy. Okwaho consulted with NACCA and CCAB prior to contacting potential participants and a co-creative process was used to devise the research questions. The one-on-one and virtual roundtable sessions provided an opportunity for participants to share their thoughts and ideas on how to increase and improve procurement opportunities for Indigenous businesses. The sessions focused on two main topics: 1) Strategy to transform an Indigenous inclusive federal procurement process, and 2) Defining and implementing an Indigenous 5% public sector procurement target. Because of the COVID-19 pandemic, all sessions were held virtually using Zoom.

#### **Research Participation**

A total of 65 people received invitations to participate in a one-on-one session, virtual round table, and/or to fill out an online survey. Of the 65 people invited, 21 individuals (30.7%) participated: 7 participated in one-on-one sessions, 13 participated in the group engagement sessions, and 1 completed an online survey. Reasons for non-participation included out-of-office



(vacation/office closed), medical leave, and unknown (non-reply or no-show). For the one-on-one sessions, 4 were representatives from National Indigenous Organizations, and 3 were representatives from the federal government (PSPC and ISC).

The group sessions were held on pre-determined dates. The list below provides a summary of virtual engagement sessions completed and number of participants from each stakeholder group.

- Indigenous Business and Industry - 5 invited, 1 participated, 1 survey received. (Monday, July 26, 2021, 9:30am-12:00pm).
  - \*Note: One individual from the Indigenous Regional and National Organizations engagement group (July 27, 2021) was also a business owner and provided responses to the Indigenous business and industry questions.
- Indigenous Regional and National Organizations - 19 invited, 5 participated, 0 surveys received. (Tuesday, July 27, 2021, 9:30am-12:00pm).
- Federal Government - 10 invited, 3 participated, 0 surveys received. (Wednesday, July 28, 2021, 1:00pm-3:30pm).
- Canadian Business and Industry (Non-Indigenous) - 8 invited, 3 participated, 0 surveys received. (Thursday, July 29, 2021, 9:30am-noon).
- Inuit Regional and National Organizations - 11 invited, 3 participated, 0 surveys received. (Friday, July 30, 2021, 1:00pm-3:30pm).

### **Key Themes – Perspectives on Indigenous Procurement**

This section identifies the key themes that emerged from one-on-one sessions, virtual roundtable discussions, and/or surveys received. Each sub-section is organized by stakeholder group and includes research questions and key findings and themes. The stakeholder groups include: 1) Indigenous National and Regional Organizations, 3) Federal Government, 3) Indigenous Business and Industry, 4) Canadian Business and Industry (Non-Indigenous), and 5) Inuit Regional and National Organizations.

## 1. Indigenous National and Regional Organizations

**Question 1:** The Procurement Strategy for Aboriginal Business (PSAB, 1996) can be best identified as a government administrative document with a lackluster record of performance and outcomes. Based on this knowledge and in your professional opinion, do you believe that future Indigenous Procurement in Canada should be enshrined in legislation or regulation to enforce Indigenous procurement targets across government and federally regulated industries (e.g., telecommunications, transportation, banking, etc.) If so, why? Do you have examples of where governments or others have legislated procurement targets?

### Question 1 – Key Findings and Themes

**Legislation and/or regulation** –The 5% minimum procurement target needs to be legislated and/or regulated. The perception is that a mechanism needs to be put in place to enforce the 5%. This would include accountability and reporting to ensure the 5% spend has been achieved.

**Incentives and Penalties** – Whether the 5% has been achieved connected to job/department performance—with incentives/rewards for achieving the target or penalties for not achieving the target (i.e., penalties at individual and/or department level).

**Examples from other governments shared** – United States - rating/tier systems to ensure enough procurement going to minority businesses. Australia and New Zealand were also listed as examples of countries with policies/regulations/legislation for Indigenous procurement.

**Question 2:** Do you believe Indigenous regional and national organizations have a role to play in co-creating (with the Government of Canada) the necessary Indigenous procurement standards, principles and procedures that must be adhered to ensure Government of Canada compliance? From an NIO perspective, what immediate and long-term investments will you require to ensure adequate representation by your organization in the Indigenous procurement space?

## Question 2 – Key Findings and Themes

**Role of Indigenous regional and national organizations** – Yes, Indigenous regional and national organizations have a role to play in co-creating (and co-managing) with the Government of Canada (GoC). An Indigenous-led approach is important—Indigenous peoples and organizations know best when it comes to creating policy that will directly benefit Indigenous peoples, businesses, and communities. For example, Indigenous regional and national organizations can provide best practices and can help to inform policy recommendations on Indigenous procurement. Indigenous regional and national organizations could also receive funding from the GoC for policy-based research to ensure the GoC is creating policies and practices that will benefit Indigenous peoples, businesses, and communities.

**Long term investments** – Long term investments are required for Indigenous regional and national organizations to participate, including long term core funding and investment. For example, some NIO's and Indigenous business organizations are already providing services to support Indigenous procurement with limited support; this can be enhanced with increased funding and resources for existing programs and services related to procurement.

**National Indigenous Organizations (NIOs)** – In addition to a co-creative relationship between the Indigenous regional/national organizations and the GoC, it was identified that a co-creative relationship must also exist amongst the NIOs and that they will need to work together. (NOTE: This will be further explored in the findings/key themes for Question 3).

**Question 3:** The Australian and New Zealand governments have incorporated an Indigenous-led intermediary model (for example, Supply Nation—business verification, procurement services, database, etc.) to further advance Indigenous participation in the procurement supply chain. Do you believe this intermediary model would be a benefit to Indigenous businesses? If so, how do you see this intermediary model operating in Canada?

### **Question 3 – Key Findings and Themes**

#### **Will an Indigenous-led Intermediary Model be a benefit to Indigenous businesses?**

- Yes – it will be a benefit to Indigenous businesses:
  - Push the envelope, advocacy, and accountability (i.e., ensure the GoC fulfills its mandate).
  - Definition of an Indigenous business (Indigenous led) and certification of Indigenous businesses.
  - Management of Indigenous business directory —one central directory seen as highly beneficial by several participants, with a mandatory Indigenous certification process. This also ensures GoC are familiar with Indigenous businesses (i.e., so Indigenous businesses not forgotten for contracting and procurement).
  - Indigenous led will provide more stability. For example, GoC employees often move to different departments/roles, whereas leaders/staff in Indigenous organizations are there longer. (Important as Indigenous organizations also play a role in educating the government).

#### **How do you see this intermediary model operating in Canada?**

- Role(s) of NIOs in intermediary model:
  - NIOs come together to achieve a singular goal.
  - NIOs could make up the board of directors for a new Indigenous-led supply institute (NOTE: board of directors could also include some GoC representatives and corporate Canada as they will bring helpful perspectives).
  - One participant suggested that NIOs could ‘buy shares’ in the new intermediary model (to “have skin in the game.”).
- Role(s) of intermediary model (i.e., Supply Nation Canada):
  - Supply institute to be a full-service approach.
  - Management of a central database for Indigenous businesses, with a certification process in place. (Database could also include list of Indigenous professionals, who might be contracted but might not own a business).

- Network of Indigenous procurement officers across Canada that can work individually with businesses to support them through the procurement process (help to educate and build capacity).
- Education and mentorship, capacity development, and strong supportive business ecosystem are keys to success for Indigenous businesses moving up the supply chain and diversifying.
- Access to capital, financing, and equity—all important for success of Indigenous businesses.

#### **Other key themes:**

- **Further support for existing Indigenous procurement services** - Some NIOs are already providing services for Indigenous procurement and want to continue with this work through increased funding and resources for existing programs and services.
- **GoC Accountability** – GoC should maintain control over their own procurement process and should be accountable for the 5% minimum target through a transparent reporting process.

#### **Challenges and concerns:**

- **Politics** - It was acknowledged that political agendas could get in the way of a unified working relationship (between NIOs) as Indigenous organizations are “all jockeying for their place in the procurement landscape.”
- **Issue of multiple brands** – Uncertainty on how NIOs will work together on new supply institute as there are multiple brands coming together to create a national/international entity.
- **Potential communications challenges** – For example, if Indigenous-led intermediary plays role of liaison between Indigenous business and GoC, it could add additional levels of communication, and this could cause delays and/or confusion.
- **Indigenous buy-in** – There are Indigenous businesses that are procurement-ready, but they are choosing not to do business with the federal government. Some of the common reasons for not doing business with the government includes not wanting to put in a lot of

effort (i.e., to pursue a bid) with zero results (not winning the contract) or previous bad experiences with the federal government.

**Question 4:** Is there anything else you would like to share?

#### **Question 4 – Key Findings and Themes**

**Definition of Indigenous business** - Definition of Indigenous business should be determined by Indigenous organizations, not government of Canada.

#### **Barriers/challenges for Indigenous businesses to participate in PSAB**

- Issue with GoC 33% minimum Indigenous employees identified as problematic for Indigenous businesses (i.e., creates barriers to bidding on PSAB contracts for Indigenous businesses with less than 33% Indigenous employees).
- Some Indigenous businesses will not participate in PSAB program because:
  - It is seen as being a complicated process and not worth the time and energy (i.e., a lot of time and might not be successful).
  - Lack of capacity.
  - Too many large contracts (smaller businesses not eligible; need smaller contracts).
  - Perception that not enough First Nations companies on the list (for contracting).
- Possible solutions to barriers:
  - Need short term wins to get buy-in from Indigenous business community – For example, smaller contracts provide earlier access – perception that their time and energy will pay off.
  - Find way to have more small contracts available. This can also apply to larger PSAB contracts – i.e., make it mandatory that some of the work in a JV needs to be done by an Indigenous contractor (smaller contracts available within a larger contract).

### **Issue with shell/contrived companies**

- Contrived business - is “a business that has been designed to take advantage of the programs that are available. They try to structure it in a way that would allow them to access PSAB or AFI financing.”
- Shell companies – Often larger established non-Indigenous corporations that partner/joint venture (JV) with smaller Indigenous companies so they can bid on large PSAB contracts. A good JV ensures that the Indigenous business benefits and contributes to the project; however, there are other circumstances where the Indigenous company does not contribute to the project; they are used so that non-Indigenous companies can win PSAB contracts. This was identified as a major issue.

### **False Indigenous claims by businesses to access PSAB/AFI funding**

- There is a known issue of business owners providing false Indigenous claims to access programs such as PSAB or AFI financing. False status cards have been discovered (e.g., “First Nations of North America” status card).
- There are also false claims of Indigeneity through so-called membership to unrecognized Indigenous organizations (i.e., unrecognized Indigenous/Métis associations). For this reason, the importance of an authentication/certification process was highlighted by several participants in this group.

### **PSAB business database**

- Who should manage the PSAB business database?
- Recommendation to have one PSAB business database to replace what the government has (Indigenous led).
- Currently no process in place to ensure that businesses on PSAB database are Indigenous. It was identified that there are currently false companies (non-Indigenous) on the current PSAB business directory because there is no certification process in place.

### **Regional/provincial perspectives**

- Regions and provinces might also want their own procurement mandates. 5% procurement target appropriate at national level as it reflects national Indigenous population. However, if

looking at regions/provinces with higher Indigenous population per capita, might want to consider increasing minimum spend. For example, if a region/province had 25% Indigenous population, they might want 25% minimum procurement targets.

- Some Indigenous communities have modern treaties, which might also include set aside deals.
- Relationship building must happen at the regional level.

### **Challenges of NIOs working together for national supply institute (i.e., Supply Nation Canada)**

- The overall view was that it is important that the NIOs work together to create a national supply institute. However, several challenges and concerns were identified regarding this, including:
  - Uncertainty on how this new national supply institute model would work if NIOs involved. (i.e., what does an equitable partnership look like?).
  - Concerns of overlap in procurement-based services (i.e., if model involves several NIOs offering the services).
  - Concerns of communications issues and confusion for Indigenous business owners (i.e., if model involves several NIOs offering the services).
  - Issue of politics –Significant investment by the GoC for Indigenous procurement and NIOs are vying for a place at the table.

### **Gaps Identified:**

- No statistics available on # of procurement ready Indigenous businesses in Canada.
- Uncertainty on how many Indigenous professionals have procurement expertise (subject matter experts) to fill potential new positions for national supply institute (i.e., Indigenous procurement officers, etc.).



## 2. Federal Government

**Question 1:** Do you believe an Indigenous procurement policy update or enhancement(s) to the PSAB is enough to enact the necessary behavioural change within the Government of Canada and the federally regulated industries (e.g., telecommunications, transportation, banking, etc.)? Do you believe it needs to go further to ensure government system-wide compliance? I.e., making Indigenous procurement policy targets into law/regulation? If yes/no, why?

### Question 1 – Key Findings and Themes

**Policy enhancements to PSAB** - is an important step, but it will not be enough to change behaviour; it will take more than just changes to PSAB for Indigenous procurement to take off. Some government representatives suggested that PSAB should be replaced with a *new* Indigenous procurement strategy.

**To change behaviours in government regarding Indigenous procurement, what is needed is:**

- Make the 5% target mandatory and mandate the 5% through procurement policy, across all government departments.
- More resources, training, guidance, tools for those who are doing the procurement and for those who are providing the information to procurement officers (i.e., program managers) on what they will buy.
- Mandatory cultural competency and awareness training.
- A comprehensive approach is needed, including good communications, which should be ongoing, well supported, and reinforced.
- Systems change— “Has the system around you made it easier for you to make a decision and get a desired outcome? It’s not policy, it’s administration and operational, or tools... We need to look at the full ecosystem to see if it is facilitating the outcome and we need to see if there are incentives and mechanisms to support the change.”

**There should be a good balance of structures/incentives and consequences if targets are met/not met. Below are a few examples:**

- Structures and incentives—Increase sole source contract values to make it easier to contract with Indigenous business (without having to create RFP); make the process of procuring with Indigenous businesses easier and more streamlined. Could provide more opportunities to negotiate contracts (larger than \$25,000+) with Indigenous companies (sole source) or to limit bids to 3 (i.e., make it easier for Indigenous procurement officers and for Indigenous businesses).
- Consequences—If departments don't fulfill their targets for Indigenous procurement, impact their budgets. For example, if they don't implement the 5%, they will lose 5% of their budget.

**The best mechanism for compliance is public reporting:**

- Internal compliance is useful, but the external scrutiny of public reporting helps to motivate people to take the mandate seriously and to make the needed changes. For example, if targets not met, multiple stakeholders would raise questions on why target(s) were not met.
- There should be straight forward public reporting mechanisms and they should be easily found (i.e., not buried on government websites). This reporting should have metrics that are easy to understand—e.g., total values of contracts, how many went to Indigenous businesses. Reporting should also include summaries of how things are going over 2-3 fiscal years, to ensure things are going in the right direction.

**Most government representatives suggested that law/regulation is not the most effective way to enact change. Below is a summary of perspectives from the engagement sessions:**

- Law/regulations are prescriptive, and wording must be precise; there is little to no flexibility. To increase Indigenous procurement and improve the process, flexibility will be needed.
- Using law/regulations could have unintended consequences, which might slow down the process or have negative consequences—the pace and speed on which work gets done would have much scrutiny (i.e., because no one wants to break the law); it would slow

down procurements and processing and would require more scrutiny of each procurement—this could have a negative impact on what they are trying to achieve.

- “Policy takes years; legislation takes decades.”
- “The problem with legislation is once enacted, it is hard to change if it doesn’t work. Policy is more nimble; it can be adapted to realities and learnings of experiences.”
- In 2018, an aspirational letter was sent to GoC departments to encourage them to increase Indigenous procurement to 5%. Data will be released soon regarding the results of this (note: the data has not yet been released as of the date of this report). Once this data is available, it would be helpful to review it to see if this aspirational letter resulted in increased Indigenous procurement.

**On the supplier side (Indigenous businesses), systems will need to be put in place to ensure that the increase demand for Indigenous procurement can be fulfilled (if 5% target is met):**

- An up-to-date Indigenous business database, which has an Indigenous verification and certification process to ensure all Indigenous businesses are verified Indigenous. Procurement officers could access this database to find Indigenous businesses.
- Enough procurement-ready Indigenous businesses available to fulfill the increased demand. **For example, the new national supply institute could assist with:**
  - Capacity development and procurement-ready training for Indigenous businesses.
  - Startup funds, capital for Indigenous businesses.
  - Business match-making—for example, if one Indigenous company cannot fulfill a procurement contract on their own, they can be matched with another Indigenous company so they can bid together.

**Question 2:** Fast-track to 2025 and the minimum 5% Indigenous procurement target has been achieved. What do you envision being the key to your department or agency achieving this goal? What external/internal investments do you foresee being necessary to create a robust federal Indigenous procurement plan and procurement leadership environment?

## Question 2 – Key Findings and Themes

### Supply and demand

- **Risk management**—If the government does everything to achieve a 5%, will the supply be available in industry to meet that? If no, what is needed to support the greater supply of industry to meet the 5% expectation and outcome.
  - “It’s a risk if the supply isn’t there. If government departments do the 5% but the supply isn’t there, it is seen as unsuccessful due to lack of supply, then there is a disincentive to do this, even if it is mandatory.”
- **Important to invest in supply side**
  - It’s important for GoC to think about the demand side and the supply side (internal and external). If investment only on demand side (i.e., 5% target), might not have enough businesses on supply side to bid. Need to invest in supply side.
  - Provide support to Indigenous organizations:
    - To bring Indigenous business(es) to departments. (“If you set something aside, it doesn’t mean an Indigenous business will bid on it”).
    - Help to build capacity for Indigenous businesses— “Ensure groups and associations that can provide assistance to Indigenous businesses have the capacity to do that.”
  - Could have more smaller contracts available so more Indigenous businesses can bid; simplify the contracting process.
  - Could have concierge service where they work with Indigenous businesses to provide support, so Indigenous businesses can bid (i.e., they might need help with the bid). If Indigenous businesses are unsuccessful, they can let them know what went wrong (federal procurement is complicated).

### Procurement plans

- Making procurement plans can be helpful for government departments and for Indigenous businesses. For example, a procurement plan can identify what a department will buy that year. This will provide time (on GoC side) to do research on which Indigenous companies

exist to fulfill the need (this could be sourced from an Indigenous business database or market research).

- With procurement plans, government could provide notice in advance on what they will buy over the next year so Indigenous businesses can prepare (note: it was identified that 30 days' notice for a RFP is often not enough time for a business to prepare a bid, advanced notice would be beneficial).
  - “For Indigenous peoples, it would be good to know what’s coming down the pipeline so they can prepare for those procurement opportunities.”
- A challenge was identified for procurement plans—it can be difficult for departments to have a procurement plan for the year (or several years). It was unclear on whether this is because departments do not have time, or if it is not an area of focus, or whether there are other underlying reasons (unknown).

#### **Quality data monitoring, measurement, and qualitative context important:**

- Public reporting is critical.
- Require good data monitoring and systems to support target; need to measure progress—if target has been met or exceeded. Departments need clear guidance and instructions on what they need to report on and how the 5% will be measured (e.g., 5% of what? All procurement?).
  - Need internal tracking mechanism (so they know what is going to Indigenous businesses), and a reporting mechanism. An electronic procurement solution will help to gather better data, including tracking Indigenous procurement. Need these mechanisms in place to report with a high level of confidence.
- Qualitative context important in measurement and monitoring—for example, are only a select few winning these contracts, or are there many vendors winning and contributing to target success? Adjustments might need to be made. Context is important; it goes beyond reaching a target, it’s about helping Indigenous businesses grow and succeed.
- After targets are reached, it is important to maintain and nurture success. It does not mean setting another marker, it’s about making adjustments so the broader environment reaches success (it could be at community or individual level).

**Procurement leadership environment (GoC):**

- Internally, leaders need to be focused on Indigenous procurement; the best way to do that is through public reporting (so everyone from ministers to assistants will be focused on it).
- Leadership needs to be shown from the top—showing interest or pushing the department(s) to achieve a 5% minimum.
- Indigenous procurement needs champion(s) in the federal government. For example, there could be a ‘tiger team’ made up of people from key departments. DG’s or EDM’s make good champions as they are vocal, visible, and senior enough that people will listen and know what is happening. This person could ensure that departments are working together, and they could also include other champions that can help to fulfill the target goals.

**Cultural change needs to occur in departments:**

- Training across departments on the 5% to increase awareness.
- “Over the last few years, attention paid to Indigenous procurement has increased, and that needs to continue. Indigenous procurement needs to remain a top topic of focus in procurement.”
- Departments need cultural awareness training and anti-bias training. Learn about Indigenous peoples across Canada, including challenges, and colonialism. Cultural change is important in terms of procurement research.

**Relationship building and reconciliation:**

- “This is part of a bigger picture of reconciliation; it’s part of a bigger reconciliation agenda—changed relationships with Indigenous peoples—this needs to be a top priority. If this is what they’re doing, do it, we need actions as well as words.”
- Continuous engagements with internal/external partners are important. Important to have good relationships and communications with both internal and external partners to understand success factors (to understand both sides).
- More meaningful relationship building is important. For example, GoC does not want to create proposals or ideas that will not work for Indigenous organizations, and GoC also does not want Indigenous organizations to bring something forward that will not work for GoC.

Nuance and understanding needs to happen on both sides through strong relationships and open communication.

- One participant suggested that it would be good to have more opportunities to sit in a room with key people (GoC and Indigenous organizations) and have a conversation, where it is not as formal and based on senior roles. For example, more casual meetups or retreats with a smaller group of people (easier to connect on a deeper level when it is not a large group). Stronger relationships and trust building will benefit GoC and Indigenous organizations.

**Question 3:** The Australian and New Zealand governments have incorporated an Indigenous-led intermediary model (for example, Supply Nation—business verification, procurement services, database, etc.) to further advance Indigenous participation in the procurement supply chain. Do you believe this intermediary model would be a benefit to the Government of Canada and government and private sectors? If so, how do you see the government aligning with an Indigenous-led model?

### **Question 3 – Key Findings and Themes**

#### **An Indigenous-led intermediary model will be beneficial:**

- Help Indigenous businesses build capacity, bid for contracts, win, and deliver contracts, and liaison with public sector and government.
- Increasing Indigenous business capacity is the ultimate goal—as well as narrowing the socioeconomic gap and increasing the wealth of Indigenous communities.
- Definition of an Indigenous business and verification/certification process to ensure businesses registered are Indigenous.
- Manage Indigenous business database and/or lists of suppliers—GoC will be able to access so when company claim of Indigeneity, they can confirm if yes/no it is a legitimate claim.
  - Indigenous business database will require significant funding—Canada is a large country.
- Training for federal government for Indigenous procurement officers.

### **Government would align with an Indigenous-led intermediary model:**

- GoC would provide funding to support a national supply institute—should be long-term funding. Long term funding will ensure planning and stability (until sustainable over time, if applicable).
- Indigenous-led intermediary should be arm’s length from government. It should have relationship, but certain aspects should only be Indigenous driven (e.g., defining what an Indigenous business is and determining which businesses are Indigenous— “[GoC] Procurement officers shouldn’t determine if a company is Indigenous. They are focused on procurement processes.”
- Government would continue to control own procurement processes—important for transparency, fairness, accountability, and confidentiality.

### **Potential challenges identified:**

- There are many different Indigenous organizations—not sure how this will play out. First Nations, Inuit, Métis all different groups, they might want their own versions of a Supply Nation Canada. Not sure how the governance would work for this intermediary because of all the different stakeholder groups.
- A lot of people reference Australia and New Zealand, but these are different contexts. Canada is unique because it has many different Indigenous cultural groups, as well as treaties, land claims, and legal obligations to consider. It is complex. The Supply Nation model would need to be remodelled to fit a Canadian context: “A lot of conversations and considerations would need to be factored in before such a model can be adapted for the Canadian context.”

**Funding models**—Need to understand how the new model will work to determine funding models. For example, with multiple cultural groups (First Nations, Inuit, Métis) and NIOs, there could be different organizations supporting Indigenous procurement, and potentially more than one Indigenous business database.



### **Governance questions and challenges (government perspectives):**

- There should be a certain packet of services, service delivery and funding to support an Indigenous-led Supply Nation for Indigenous businesses.
- Who will determine who runs it? (i.e., NIOs?). Who sets objectives? Is there a board where people are in tandem to run organizations? Etc.
- “It would be interesting to understand if all Indigenous organizations across Canada would unify around such a model or if they would be dealing with, for example, the Inuit and Métis wanting a separate Supply Nation, versus [one] Indigenous Supply Nation. How would that come together? Would they be dealing with one? Or multiple? How would that work with land claims and other Indigenous groups? Is there broad support, and if there isn’t, do we still think it is a good thing to do?” How do we consider multiple “perspectives of Indigenous groups across Canada and deal with a mixed environment?”

### **Risks for Indigenous supply institute in managing Indigenous business database:**

- There is liability when running an Indigenous business database. If there are fraudulent companies on the database or if some are not Indigenous (but listed as Indigenous), could be financially liable or sued.
  - Might need high levels of verification—Indian Status Card, recognition by Indigenous community or membership in a band or council. (Note: need to watch out for false Indigenous identity cards and false Indigenous organizations/associations).
- High costs for running an Indigenous business database (will need significant funding).

**Question 4:** Is there anything else you would like to share?

### **Question 4 – Key Findings and Themes**

- If a procurement will take place in a region where the population is 51%+ Indigenous, there should be a mandatory set aside.
- If a procurement will take place in an Indigenous community, regional procurement must be considered (i.e., “Chiefs won’t want companies from somewhere else working in their communities”).

### **Topics that were deemed important and reiterated:**

- Public reporting— “What gets reported is what gets attention.”
- Importance of cultural competency training—there are public servants with little/no knowledge of Indigenous peoples. They should learn about Indigenous peoples in Canada (First Nations, Inuit, Métis), and stereotypes and myths should be tackled so they are not being perpetuated.

### **How will 5% Indigenous procurement be calculated?**

- This is a question that has been asked often in government.
- What happens if they need to purchase a particular product (e.g., software licenses) and they need to go through a large non-Indigenous company, is that still part of the 5%? And, if they can't procure with an Indigenous company, can they ensure that the large company does something to help Indigenous communities? (Could that be a consideration?).

### **Other considerations and concerns:**

- Need to consider modern treaties. Very few have procurement clauses.
- Perspectives of First Nations, Inuit, and Métis important (i.e., all diverse perspectives and some of these groups are having separate dialogues, good to be aware of their perspectives).
- Some concerns about how GoC (i.e., procurement officers) will be able to handle it if there ends up being multiple/separate Indigenous procurement policies for different Indigenous groups (e.g., urban Indigenous, self-governed and Indian Act communities, Inuit, and Métis). How would they cope with that? It was mentioned by one participant that it would be ideal to have one model with each partner in each role and managing their own identification and directories, and procurement equal across the country.
- Could be opportunity to have agreements with other countries for 5% Indigenous spend—for example, Canadian federal government could have agreement that they have to purchase 5% Australian Aboriginal (when purchasing from Australia) and vice versa when Australian government is purchasing from Canada (mandatory to purchase 5% Indigenous).
- In government, there is an increased focus on equity. Social procurement, BIPOC, women owned, accessible owned, etc. So far, there has only been framework for specific preference for Indigenous businesses. What will happen if other equity deserving groups are added to

the equation and how will that change the dynamic for procurement professionals? For example, if there was an opportunity to procure to Indigenous, black owned, or women how would they decide? (Note: The United States was mentioned here as they have several set-aside programs for different equity groups. It could be looked at as model to see how they have handled the multiple groups).

### 3. Indigenous Business and Industry

**Question 1:** As a company currently procuring with the federal government, have you used the PSAB as a gateway to federal procurement opportunities? Do you have a preference for the PSAB or the conventional federal tendering processes? If so, why?

#### Question 1 – Key Findings and Themes

**Both good and bad experiences with PSAB program, but several concerns about program were identified and overshadowed good experiences.**

- “I’ve experienced good and bad over the years with the PSAB program.”
- “I used to be very positive about PSAB, but I’ve changed my tune. The main reason is joint ventures.”
- In some cases, federal employees have been unaware of the PSAB program, and this has created challenges for Indigenous business owners that would like to access PSAB to sell their products/services:
  - “I have tried for years to convince government buyers to utilize the PSAB program, and in my experience absolutely none of them were aware of it.”
  - A common experience shared by Indigenous business owner (in business for 16 years)— “After I go to a procurement officer to introduce my company, I ask the officer, do you know about the benefits of PSAB? The officer asks, ‘What is PSAB?’ Then I end up having to educate them about PSAB, because no one from the federal government is teaching them, even though they are federal employees. By the time you get it and there are set asides, those people leave, they are at a new department,

and I must start the process over again. The government is not teaching across all departments about PSAB.”

- There is not enough time for some Indigenous business owners to bid:
  - “I have to come up with bid bonds. Sometimes with a bid, I can’t do a bid bond within their [government] timeframe so I lose the whole bid.”

**Sole source contracts program was identified as working well—Indigenous companies can do sole source contracts for \$40k and pro services contracts for \$100k (set aside or no set aside).**

- “If you look at sole source and pro services – that’s a fantastic model.”
- It was identified that assisting Indigenous companies to first work on sole source contracts with the federal government could be a good gateway to expanding their businesses so they can eventually work towards Tier 1 and Tier 2 procurement opportunities. Sole source contracts could also provide Indigenous companies with opportunities to build up their project references (needed for Tier 1 and Tier 2 procurement).

**A major concern identified was shell companies and joint ventures between large corporations and small Indigenous businesses. This will be outlined in greater detail below (note: see ‘Issue with the PSAB Program and Joint Ventures’).**

- “In 6 months’ time, they [federal government] might say they’ve given millions to Indigenous firms. How many will be joint ventures? They will be 98% shell companies. These are fronts for non-Indigenous ventures.”
- “PSAB will show they awarded 40 million to Indigenous companies—not they didn’t, they awarded JV’s—it’s shell companies.”
- “5% is a good idea, but it will create a market, there is interest and non-Indigenous companies will want part of that pie—how do they get that? They partner.” (Joint ventures/shell-companies).

### **Issue with the PSAB Program and Joint Ventures**

As part of this research, one Indigenous business owner provided a document he had created, which outlines joint venture qualifications, the issues regarding joint ventures and

PSAB, and some potential solutions. The document was very informative. The information shared below has been sourced from this document. For anonymity, the business owner that provided this information will not be named in this report.

\*Note: This section provides the context, issues, and potential solutions as shared by one Indigenous business owner; this information and the following solutions and conclusions are not representative of the researchers' views, but of the Indigenous business owner.

***Context: Government of Canada Procurement – Joint Venture Qualifications***

To qualify for a Task Based Information Processing Supply Arrangement: (TBIPS SA)

- a) To qualify for SA Tier 1: (Eligible for \$3.8M contracts). The Bidder must have invoiced a total cumulative value billed of a minimum of \$1.5M.
- b) To qualify for SA Tier 2: (Eligible for greater than \$3.8M contracts). The Bidder must have invoiced a total cumulative value billed of a minimum of \$12M

If a Bidder is a joint Venture, invoices demonstrating cumulative value billed by any joint venture member will be counted.

***For any RFP:*** A joint venture bidder may rely on the experience of **one of its members** to meet any given technical criterion of the bid solicitation.

***Issue identified:*** Only one member of the Joint Venture is required to provide all bidding criteria; thus, all a non-Indigenous firm requires is an Indigenous partner company that qualifies under PSAB—this Indigenous company does not need to have any additional qualifications. “In fact, the non-Indigenous company doesn’t want an Indigenous partner to have any business value so they can control the contract.”

***Issue context:*** Government of Canada procurement allows bidding by Joint Ventures (JV). With the announcement that there will be 5% of Canada’s procurement for Indigenous firms, there has been a proliferation in the formation of Joint Ventures between Indigenous and non-indigenous (NI) companies. There is no issue with a JV of 2 Indigenous companies. These JVs are formed

by a “shell” Indigenous company and a large non-Indigenous company.

***The characteristics of the shell Indigenous company are,***

1. Formed for the sole purpose of the JV.
2. Have less than 6 employees to avoid the 33% Indigenous staff requirement.
3. Do not bid on any opportunities by themselves.
4. They do not provide any content or effort to the actual bid response.
5. They do not provide any Indigenous economic development.
6. The only value they bring to the bid and ensuing contract is they are registered with PSAB and can bid on set asides.

***The characteristics of the NI company are,***

1. They are a 49% participant in the JV.
2. They are large companies, anywhere from \$100M to over \$200M in revenue.
3. They compensate the shell company with a minimal fee. It is essentially a fee to get access to Set Asides.
4. They prepare the entire bid response.
5. The critical part is **they provide all the project references** that are typically required in a bid response. See JV definition for an RFP below.
6. Once the contract is awarded, it is managed and delivered by the NI company.

***PSPC RFP Joint Venture Definition*** - A joint venture Bidder may rely on the experience of **one of its members** to meet any given technical criterion of this bid solicitation.

***Current Situation*** - On the TBIPS Tier 2 (contracts greater than \$3.8 M) registry, there are 14 PSAB companies listed. Thirteen of them are PSAB JVs. There is only one sole Indigenous company. In the past 5 months over \$40M (that is public information, there is probably much

more) in contracts have been awarded to PSAB JVs. The winning NI companies each have over \$100M in revenue.

***The PSPC data will show that \$40 M was awarded to Indigenous firms, where \$40M was awarded to NI companies with no Indigenous economic development or development of Indigenous firms.***

- There continues to be more shell JVs being registered as the large NI companies recognize the market opportunity.
- PSPC supports this model of Indigenous/ large NI companies in JV, as they see it as reducing their contract risk.
- If this issue is not addressed and changes enacted, the entire PSAB program loses relevancy. More important is that Indigenous economic development gets transferred to non-Indigenous companies.

Below are potential solutions to this issue (\*Note: These solutions have been provided by the Indigenous business owner):

### ***Potential Solutions***

1. In RFP's, one project reference must be from the Indigenous firm themselves and not in a JV.
2. Remove the 33% Aboriginal employment requirement. Currently this is an incentive for shell companies to not grow beyond 6 employees and penalizes PSAB companies with great than 6 employees. (Another option would be for the RFP to provide points for each Indigenous employee that the PSAB company employs at the time of a bid).
3. A PSAB company should be winning contracts other than in a PSPC JV. These may be smaller contracts, but this shows the desire to build a business and not keep being a shell.
4. Review the PSAB registry as there are companies owned by the same person/family.
5. Limit the size of contracts that a new JV can bid on. The NI companies are only interested in doing a JV for TBIPS Tier 1 and Tier 2. For example, a sole source, then a

Pro Services, then THS, then a TBIPS Tier 1. The PSAB company must have held several contracts below \$500,000 before being allowed to bid on a Tier 1 in a JV.

6. The Indigenous company must retain 51% of gross margin on a contract. (it's easy to transfer funds around but it may discourage formation of JVs.)
7. Non-JV bids should receive a preference.
8. Limit the number of Indigenous/Non-Indigenous JV contract awards. For example, only allow a JV to win 2 contracts in the government fiscal year.

### ***Conclusion***

- Since 1996 when the PSAB program was implemented, it has led to increased economic development and employment with Indigenous companies and people.
- Any time a market grows, it will attract the attention of new entrants. Unfortunately, the 5% program has led to the demise of the desired PSAB program outcomes.
- As the Government of Canada moves to more diverse inclusive procurement, this JV issue will expand and will not result in growing diverse companies.

**Question 2:** Do you have any recommendations or potential models that you view as being critical to 'evening out the playing field' by improving federal Indigenous procurement opportunities and outcomes at the local, regional or national level?

### **Question 2 – Key Findings and Themes**

Note: Much of the feedback and suggestions related to question 2 were answered earlier with question 1.

- One participant suggested the IRB/ITB offset obligations should have a mandatory Indigenous procurement component and it should be enforced.

**Education, capacity development, and early experiences with sole sourcing was recommended for newer Indigenous businesses so they can get used to the government procurement process:**



- “Responding to a RFP is a lot of knowledge and understanding, and it’s not easy.”
- “If you are a new Indigenous firm – go to sole source at the regional level. Let’s issue a sole source to get Indigenous businesses up and running. It will help them to grow.”
- “At the regional level, promote the \$40k sole source contracts. Then help Indigenous businesses to work up to the \$100k pro services; it’s a bit more complex, but not bad. Then they can work up to 2 million... Or maybe not, and that’s okay.”
- It is important that procurement gets out to the regional level—there are many Indigenous firms in the regional level outside of Ottawa.

**Challenges with Indigenous supply arrangements were identified:**

- “It’s hard to get call-ups for federal government to use the supply arrangement. When talking to procurement people, they say they must open it to bid, but why? It should be a sole source [for supply arrangement contract], anything up to \$25k...A lot of departments disagree with that and will force it to a competitive bid. The federal procurement for Indigenous needs a lot of help and work.”
- It was identified that ongoing communication with the federal government is important as information shared by Indigenous companies is important for improving Indigenous procurement at the federal level. One participant said, “I wish there were federal people on this call.”

**Question 3:** The Australian and New Zealand governments have incorporated an Indigenous-led intermediary model (for example, Supply Nation—business verification, procurement services, database, etc.) to further advance Indigenous participation in the procurement supply chain. Do you believe this intermediary model would be a benefit to Indigenous businesses? If so, how do you see this intermediary model operating in Canada and by whom?

**Question 3 – Key Findings and Themes**

Note: Some of the Indigenous businesses were not familiar with the Supply Nation model. It was explained during the session for context and then feedback was provided by participants.

**The Indigenous-led intermediary model might be more effective at the regional level:**

- “At the regional level, push regional opportunities out (because federal is dominated), you can push this out, to each region that has a source. Identify Indigenous firms in the area... Identify in a geographical region and identify the local Indigenous businesses in those regions and the skill sets and try to match with the opportunities that are coming out.”
- “Typically, regions—they don’t spend a ton of money so they could issue a lot of sole source and pro services. A region will hardly ever offer a \$2 million dollar project, other than construction or other.”
- The Indigenous-led intermediary could work with Indigenous companies to “move up the food chain properly” in procurement through assisting Indigenous companies to get \$40k sole source contracts, then \$100k pro services.

**It was also recommended that small Indigenous companies should not be encouraged to JV with large non-Indigenous companies, they should move through a graduated system (sole source contracts, to pro services, to \$2 million, etc.).**

- “New [Indigenous] companies shouldn’t be able to get \$20 million dollar contracts.”
- “Construction companies will go JV, and the non-Indigenous firm will do all the work and an Indigenous firm will get paid a few points to sit back and do nothing. We have to get away from this because it is not building Indigenous firms and it is not doing [Indigenous] economic development.”
- “If we don’t continue with that model, it creates a false system. Once you get out of the Ottawa JV model, you’re out of luck. For example, in regions people won’t contract with lack of experience.”

**Question 4:** Is there anything else you would like to share?

#### **Question 4 – Key Findings and Themes**

- As Indigenous businesses grow, they should be able to compete with Indigenous and non-Indigenous firms. They can start with smaller Indigenous set-asides, but their goal should also be to compete in the mainstream market.
- It is important to ensure the 5% is not going mostly large non-Indigenous companies—a lot of work must be done to rectify the current issue of JV's and shell companies. (“If there is no Indigenous economic development, you have achieved nothing”).

**Frustration was shared by a few participants regarding how slowly they felt the federal government was moving on the 5% procurement target (as the engagement sessions have been occurring since 2018).**

- One participant communicated frustration because his/her perception was that the directive was issued to federal departments in 2018/2019 for a 5% spend and that “it was not achieved and there were no consequences for not following the directive.”
- Another participant remembered the minister announcing the 5% Indigenous procurement target a few years ago. He said he could appreciate the COVID-19 “pandemic has put us in a holding pattern, but there is no more time to talk about this anymore... We keep meeting here and saying what will happen, a report will go out, and who reads it. If they don't act on this, we're just spinning in circles.”
- “Ever since there has been a directive for Indigenous procurement (i.e., PSAB program in 1996), it has just been lip service and not genuine or meaningful.”

#### **4. Canadian Industry (Non-Indigenous)**

**Question 1:** Based on your professional experiences and industry observations in Indigenous procurement, how would you describe the challenges and successes of your company/industry in meeting current Indigenous procurement targets?

## Question 1 – Key Findings and Themes

### Successes shared:

- Starting a department for Indigenous procurement.
- Indigenous procurement policy—it is important to have targets, “if you don’t have targets in policy, you won’t be successful.”
  - Note: During the research interview, one company shared they had targets and had been quite successful because of it. The other company shared that they had an Indigenous procurement policy, but did not yet have targets, but it was something their company was interested in and would be working on in the future.
- The key to success is Indigenous procurement policy, a balanced score card, and the right people involved.
- One company shared they had 61 million spend for Indigenous, which created 342 million into Indigenous economic development in the past 5 years.
- Use of a point system for Indigenous procurement. For example, 5 extra points for Indigenous, 2 points for 51% Indigenous ownership, 2 points for Indigenous labour, additional points for northern project, etc. Also put mandatory 25% Indigenous labour complement for projects in regions with high Indigenous population. If company cannot fulfill 25% mandatory Indigenous labour component, they are disqualified.
- Supplier sessions—Indigenous “community leaders say they are happy because companies are calling them for opportunities instead of the other way around.”
  - Context: a local RFP was created, and local employment coordinators were there for companies to contact—this was listed as a resource.
- Some success in working with Indigenous communities to create new companies to fulfill a need (e.g., scrap metal recycling).
  - “We will work with you, we want you to deliver this work for us, what is your capacity? What is your financing? What are your profits? You need profits, but not 100% profit. 10-15% is fine. [They/we] work on those opportunities, and we are able to put closed opportunities for Indigenous companies to work on. Most of the contracts are won by the First Nations communities, but we are also supporting

Indigenous entrepreneurs too; you need to be fair. There are also Métis communities that we work with as well.”

- “We do try to set up some companies up for success, not every day, but as long as the capacity matches; we need to make sure they are able to put that together.”
- Early engagement was identified as a key to success:
  - “A lot of successes come from getting involved and engaged with communities early on and making sure we are talking to economic development and business officers, talking to Chiefs to see concerns before getting into engagements.”
  - In the engagement sessions, they worked with First Nations/Métis (in this example) to work together on how to manage project and track results. (“They [First Nations/Métis] said these are the things that are important for them to track and manage with [the project]”).

#### **Challenges shared:**

- “Indigenous procurement is a big challenge. Some companies are proactive, others are not... There are growing pains, but we have to keep at it; nothing comes easy.”
- Non-Indigenous companies push back on the points system for Indigenous—they wonder why there are extra points for Indigenous? Perspective of industry in creating the Indigenous points system: “It’s not about being nice, it’s good business.” (Especially when contracts are taking place in Indigenous communities or in regions with high Indigenous populations).
- “Indigenous [communities] are very serious with employment, businesses and JV’s. When you see set asides, you see people try to JV with communities; they do contracts then leave. We want to see long term relationships.” (Company commented that they will check to ensure the Indigenous labour is happening with JV’s).
- Not understanding who the local Indigenous businesses are was listed as a challenge:
  - “It’s really about the leg work to find out who the businesses are. Even if they did a project 3 years ago, it might be different.” (I.e., New businesses, older businesses gone, businesses might not be registered, etc.).
  - “That engagement work can be a challenge... We are not aware of all the businesses that could partake in that engagement. It’s great when we have time to plan. Sometimes we don’t have that time to plan.”

- “We need to know what businesses are available or capable or willing to work with us.”

**Question 2:** What are the three best performance indicators which your company/industry has developed to improve Indigenous supplier and procurement opportunities? Has your corporate procurement strategy met its full potential? If not, what are the areas that you believe require further investment to achieve a robust Indigenous procurement strategy?

## Question 2 – Key Findings and Themes

### Performance indicators shared:

- Public reporting – annual report available that shows Indigenous engagement.
- Setting targets and achieving them (e.g., 8.5% Indigenous spend)—setting targets can also help to spark meaningful conversations with Indigenous communities (e.g., engaging communities in advance to ensure targets will be achieved).
- Performance indicators look at how well industry is doing with improving Indigenous procurement opportunities. One company shared that every year they apply for PAR certification with the CCAB and that it is helpful because they must submit their results each year for certification for CCAB based on how much procurement they have had with Indigenous communities. (I.e., “Did we achieve what we set to achieve to get that certification?”).
- Feedback from Indigenous communities is another form of performance indicator. Outreach with Indigenous communities ensures they have received feedback from Chiefs and communities on how industry is doing so they can better gauge their performance.
  - Note: It was also noted that long-term growth is an important point for working with Indigenous communities. For example, it is important to make sure that companies created for large projects are sustainable (i.e., that these companies do not go out of business due to lack of work after the large project is finished in the community). Indigenous communities have also indicated that they would like advanced notice prior to procurements coming so they are fully supported from the beginning to the

end of the process (or if JV's need to be set up in advance to fulfill the procurement opportunity).

- Have they reached their full potential? (Indigenous procurement).
  - Both companies interviewed said they had experienced some success, but there is always room to grow.
- Other points shared:
  - It is helpful to share best practices with other industry players. Indigenous procurement is still a relatively new concept; everyone is learning and there is always room for improvement. There is a lot that can be learned from the best practices in other companies/industries.
  - Need to look at areas where Indigenous spend is low and help to remove barriers to increase Indigenous procurement. For example, certain projects require a certain type of certification or expertise.
    - Best practice shared by both companies: Investment in training and education (whether delivered by industry or through a partnership with a local learning institute or collect), can help to remove barriers and to increase local business and employment opportunities for large projects.

**Question 3:** From a corporate procurement standpoint, it is well documented that trying to find Indigenous businesses to procure goods and services can be difficult. Have you been successful in establishing a programme or practice that identifies Indigenous procurement-ready businesses? Does your company/industry have Indigenous supply chain/procurement professionals? Do you believe an increase in hiring certified Indigenous supply chain managers and/or procurement officers would improve Indigenous procurement targets/outcomes for your corporation/industry?

### **Question 3 – Key Findings and Themes**

- Each vendor must register with a registration form. Ownership is checked to ensure 51% Indigenous ownership (for Indigenous procurement). Preference is for companies that are or will be sustainable in the long term.

- “We don’t like it when people just create companies for one opportunity, because First Nations will always be there; we want to make sure the partnerships and JVs are real, and that the ownership is real [51%].”
- “We have an Indigenous registration form; almost 100 companies are registered with us.”
- One company created a Google map for Indigenous companies in the province as it helps procurement managers to see who the local Indigenous businesses are so that they can find and contract people.
- Training provided (internal—two examples (one from each company)):
  - Corporate wide Indigenous relations training for employees—economic development, TRC, reconciliation, etc.
  - Indigenous relations training and support from Indigenous relations team.
- Public reporting is important for corporate buy-in and it creates accountability. Having good leadership is important from the top—when managers and directors are driving targets, it helps.
- One of the companies had a different process for finding Indigenous businesses:
  - Current program and practices involve early outreach on a procurement, well before the scope of work has been finalized, to find out who is available in First Nations communities to support.
  - Outside of the supply chain, they have an Indigenous relations group (Indigenous relations team), and they support supply chain activities and outreach to Chiefs and Indigenous communities in which the project will operate. First, they look at which treaty lands they will be doing the project on (that is how they determine who to engage first), then they move out to the larger circle of Indigenous groups who will have a part in the project. It was also mentioned that this Indigenous relations team assisted with identifying businesses, identifying opportunities, and assessing capacity. In situations, they would assist Indigenous businesses in becoming procurement ready.
- It was identified that a challenge can be to find Indigenous businesses to work with. Not all businesses are registered with the CCAB, and Indigenous communities don’t



necessarily have a business directory either. Sometimes Indigenous communities must put together their own list of Indigenous businesses for a project.

- It was identified that having Indigenous supply chain professionals is helpful. One of the companies interviewed mentioned that they were looking to increase the number of Indigenous supply chain professionals to help them meet their targets.
- There is a steep learning curve when working with Indigenous communities and Indigenous procurement:
  - “We are learning every day. Indigenous relations is an ocean...There is so much to learn. Every Indigenous community is different... Some communities don’t have an economic development officer. Some Indigenous communities are very mature.”
  - “We are continually learning and adapting and learning to do what is in the best interest for these Indigenous communities. Each one is very different, some are more developed than others, but there is a lot of good work that has been happening and is continuing to happen.”
- There are best practices and success stories that could be shared by industry with Indigenous procurement. They do not always think to share these stories, but they agree it could be helpful to share as the success stories prove that it is possible to have good practices with Indigenous procurement (i.e., instead of only hearing about negative stories).

**Question 4:** Is there anything else you would like to share?

#### **Question 4 – Key Findings and Themes**

##### **Relationship building is important (between Indigenous and non-Indigenous):**

- “It will take time to get where we need to be, on both sides—Indigenous and industry. There is a lot of growing pains. Time, patience...and like the new Governor General said, it’s about getting to know each other.”
- “If you want to build a good relationship, it takes patience, getting to know each other, get ready for some growing pains—on both sides. You need to work with [each other] and [have] a mutually beneficial relationship.”

- “Unity is strength; we need to work on a new economy. We don’t want flashy promises from politicians; we need actions. At [company] we have actions. We can provide some economic development. Is it perfect? No, but it will get better in this country. 10 years ago, we wouldn’t have this conversation, even 5 years back. These conversations are a sign of reconciliation. We have a long way to go, but let’s work together.”

**Lessons shared by one participant:**

- A touching story about how he had an impactful experience going to an Indigenous-hosted event. When he went to eat lunch, he was told to wait for an Indigenous Elder to do the prayer. He thought that was phenomenal. After that experience, he now ensures there are Elders available at events for prayers.
- Shared a few additional stories about learning about Indigenous culture and spirituality and that the benefit to this understanding is being more respectful and supportive, because when Indigenous people have access to their culture and spirituality, they are more content and, in his experience, it can result in greater project success (i.e., clear minds = excellent workers).
- Also shared the importance of understanding cultural protocols and practices in different regions. For example, in the north, it is important to provide time to Indigenous workers for hunting, trapping, and fishing.
- We are all treaty peoples; it is important to acknowledge that and understand your treaty area and what that means.

**Indigenous procurement was identified as being important:**

- “Indigenous procurement is extremely important, we need to support Indigenous businesses and we have to continually grow and improve on that and make sure they are a crucial part of the supply chain, because they are a big part of our community.”
- “At the end of the day, businesses need to come up with good Indigenous policies...It’s about growing long-term, mutually beneficial relationships with Indigenous partners and communities in which we operate.”
- One participant proudly mentioned that 4 major projects had happened in complete partnership with Indigenous communities and that she was proud of the work they were

doing. These projects were worth 100 million+ and employed hundreds of Indigenous peoples.

### **Supporting Indigenous communities and organizations:**

- Industry can support Indigenous communities and organizations through other ways—they can donate to Indigenous charities and not-for-profits, student awards, and other awards, etc.

## **5. Inuit Regional and National Organizations**

**Question 1:** The Procurement Strategy for Aboriginal Business (PSAB, 1996) can be best identified as a government administrative document with a lackluster record of performance and outcomes. Based on this knowledge and in your professional opinion, do you believe that future Indigenous Procurement in Canada should be enshrined in legislation or regulation to enforce Indigenous, more specifically, Inuit procurement targets across government and federally regulated industries (e.g., telecommunications, transportation, banking, etc.) If so, why? Do you have examples of where governments or others have legislated procurement targets?

### **Question 1 – Key Findings and Themes**

**Note:** Before answering the first question, Inuit-specific context was provided by one of the participants (see points below):

- “It is tough to group Inuit with ‘Indigenous’ in the same strategy because you’re dealing with a lot of different obstacles you might not have down south.”
- Inuit Crown Partnership Committee (ICPC) on Procurement—they have identified 6 key tasks they want people to investigate.
- Some specific issues for Inuit include—infrastructure (largest issue), not knowing (or not having enough) skilled labour force, and not having a good sense of available funding they can access.

- There is no central listing of Inuit founded companies to access—they are trying to develop a database so that this information can be accessed.
- Inuit Final Agreement (IFA) 1984—received financial contribution. It was formed to manage funds and to meet the mandates in the final agreement.
- Important to grow the community, become self-sufficient, and access to education to even the playing field.
- Inuit Land Corporation manages land rights and approves sales of certain land or developing certain land,
- Investment Corporation does wealth management, they take money and use it to invest and grow some of the other programs.
- Mandates not only include giving jobs to Inuit companies, but also making sure to keep Inuit culture(s) alive. Inuit languages and are most at risk and need to be sustained.

**Question 1 responses:**

- Procurement targets were laid out in the Inuit Final Agreement. This is important to understand for Inuit procurement.
- The payout for the IFA does not resolve overarching issues. For example, “if 2 companies bid on a project and one was Inuit and one wasn’t, they would still look at accepting that bid based on the lower cost bid, if it were lower, they’d support local.”
- One participant agreed that Indigenous procurement should be legislated and regulated to make sure the local businesses and economies are invested in community.
  - “Any project that funnels into the community, the more these projects are rooted in the community, the better for more beneficiaries. It funnels down through everybody.”
  - For example, a highway project had “changed the whole social economy with so much work...There were heavy targets set there for beneficiary employment and local employment.”
- There are challenges with sourcing the skilled labour that is needed. It was suggested that if they have to bring in a company that is not Inuit, it would be beneficial if they offered employment/contracting opportunities for local Inuit so they could learn those skills.

- "...Maybe they don't need a trade ticket, but to have those opportunities...Exposing them (Inuit) to different types of work to get that experience; maybe they would be interested in getting a ticket later."
- If not going to an Inuit company, make sure there is local (Inuit) employment.
- Mentorship can also be helpful.
- Some of the jobs available through projects require a bachelor's degree. There should also be an open mindedness to allow people to apply based on relevant life skills and job skills.

**Question 2:** Do you believe national and/or regional Inuit organizations have a role to play in co-creating (with the Government of Canada) the necessary Indigenous procurement standards, principles and procedures that must be adhered to ensure Government of Canada compliance? From an organization perspective, what immediate and long-term investments will you require to ensure adequate representation by your organization in the Indigenous procurement space?

### **Question 2 – Key Findings and Themes**

- Inuit should have a role to play in co-creating with the government—any standards that consider their beneficiaries.
- Investments should include training (priority).
- There should be more Inuit representation in Ottawa. The government relations officers in the north are very busy. "Having someone on the ground in Ottawa could help."
- "ITK represents Inuit in general, but every group has their own agenda and economic plan—to put it in one bundle, it doesn't touch all plans."
  - It is important to talk to each individual group to ensure all perspectives are considered.
  - All Inuit communities are different, for example, Quebec Inuit versus northern Inuit.
  - Each group is in a different phase of self-government; some are advanced, others are comfortable with negotiations and talking with the federal government; others are just starting the conversation.

- The federal government should work with Inuit organizations prior to putting anything in place.
- A regional approach was recommended when working with Inuit populations:
  - “There is a danger in grouping Inuit as one whole strategy—you need to realize you’re going to be dealing with different challenges in each of the regions.”
  - For example, “if you think of the bands around Calgary, some of them are very profitable and lucrative, and others don’t even have potable water. It’s frustrating, you can’t compare them all the same way.”

**Question 3:** The Australian and New Zealand governments have incorporated an Indigenous-led intermediary model (for example, Supply Nation—business verification, procurement services, database, etc.) to further advance Indigenous participation in the procurement supply chain. Do you believe a national intermediary model (Supply Nation Canada) would be a benefit to Inuit businesses? If so, how do you see this intermediary model operating in Canada?

### **Question 3 – Key Findings and Themes**

**Note: More context on Inuit businesses and Inuit databases was shared prior to the discussion/feedback on an intermediary model:**

#### **Feedback was shared on having an Inuit business database(s):**

- They try to do this internally—having a record of Inuit organizations so they can get preferred status or to make it easier to put through invoices to do business.
- “The question is, how do you know if you’re missing someone? How do you engage them and get the word out and get in the preferred database of vendors?”
- It was suggested by both participants that perhaps an organization such as ITK should manage a global Inuit business database.
- “The GNWT has a BIP list—you have to be a local to register your company. That’s where you get priority.”
- One of participants shared that they have an internal Inuit business listing and it “shows what each Inuit business speciality is—that’s the go-to.”

- There should be regional lists/directories of Inuit businesses “so that it doesn’t matter if you are in your jurisdiction, you’re on the list and you’re given preference.”
- There was uncertainty around legislature, standards of percentages, and what federal level and federal modelling would look like.

**There was uncertainty on HR in the north:**

- Are the people who have the skills and certifications and procurement officers Inuit?
- Are extra skill levels required for working with federal contracts in the north? (Yes).

**Contexts in the north are very different:**

- For example, in the north, they need to plan one year ahead because what they purchase will need to come up on a barge. For example, “if you are building a building and need the materials, you have to plan one year in advance. Everyone up north knows that, but people in the south don’t know. If you have someone on site tracking, then that could be helpful; they could keep a consolidated list of what needs to happen and the logistics on getting that up there.”
- Training was identified as being important.

**Note: Participants were unfamiliar with the Supply Nation model (Indigenous-led intermediary model). Information was shared. Below is participant feedback after learning about the Supply Nation model.**

- Inuit-led is important: “Our logistics, our economy is so much different than southern Canada, so when you put something together that is common or all Indigenous, it won’t reflect our struggles that we have up here.”
- Regional approach critical when working with Inuit companies and procurement.
  - “Most local [Inuit] businesses will stay local.”
  - “It’s easier to hire in your region.”
- Working with Inuit businesses to provide training, support, and capacity development was identified as essential:

- “You see a lot of start-ups learning the ropes. You see GNWT or IRC pushing projects. New companies will learn the ropes—where to bid, how to bid, where to look for contracts. As they gain momentum they learn and will get more contracts.”
- Training for start-ups is important—on how to bid, where to look forward contracts, etc.
  - “They [start-ups] are out there, we aren’t sure if people have the knowledge. Or, they will bid on a job and it will be triple the price.” (I.e., knowledge gaps).

**Question 4:** Is there anything else you would like to share?

#### **Question 4 – Key Findings and Themes**

- The IFA final agreement—should have awareness of the mandate (especially section 16).
- There is an IFA 101 (online course), which teaches the history of the Inuit people, including some of their traditions and language. The final module explains the entire IFA agreement. This course is informative and helpful for those that would like to understand the agreement.
- The IRC is also important:
  - “It’s a good document to review [the IRC] because it’s what we base our decisions on, and this is what guides us.”
  - The IRC, “it’s our bible.”
- There were questions posed regarding accountability:
  - “If there is a strategy, how are they proposing accountability? How do we make sure we are promoting these [Inuit] businesses as much as possible? How do we make sure they are getting the contracts instead of just getting glossed over? [Through] auditing or penalizing? How do we make sure?”



## RECOMMENDATIONS

Taking into consideration the multiple viewpoints shared by stakeholder groups in the Indigenous procurement engagement sessions, below is a summary of recommendations. This list of recommendations is not prescriptive or exhaustive but will provide helpful observations and insights for future policy and planning.

### **Indigenous National and Regional Organizations – Recommendations**

- The establishment of a joint Procurement Strategy for Indigenous Business ‘tiger team’ approach comprised of qualified and experienced Indigenous business/procurement advisors and federal procurement officers to further explore and/or provide procurement and supply chain recommendations and report on the current Indigenous procurement policy. The tiger team can play a pivotal role in further building equitable relationship and the necessary lines of communication between all parties, in effect becoming a bridge connecting the Indigenous intermediary with the Government of Canada.
- As of 6 August 2021, the federal government “has implemented a mandatory requirement “to ensure a minimum of 5 percent of the total value of contracts are held by Indigenous businesses . . . with full implementation by 2024” (PSPC Announcement, 2021). The document clearly outlines new changes to the original PSAB 1996 policy that addresses historic barriers by developing new government-wide standards and reporting aimed at creating more Indigenous procurement opportunities. The inclusion of mandatory set asides, setting a phased-in approach to procurement targets, developing frameworks and mandatory training are improvements to the original PSAB policy. Future government reporting should be examined and approved by an Indigenous procurement authority to ensure accuracy and to provide feedback when necessary. The new changes taking place noted in the August 6 announcement should be further assessed to determine overall effectiveness using a bottom-up approach. This will require additional research to determine its overall effectiveness from an Indigenous business lens.

- The Australia, New Zealand, and the United States governments' Indigenous procurement policies and strategies reflect the unique Indigenous identity and positionality within these countries. When developing Indigenous strategic objectives and levels of strategy to align with the PSIB, Indigenous peoples must create corporate strategic practices that meet or surpass the PSIB and support the needs of Indigenous business at all levels and in all geographies. The Indigenous Procurement Strategies employed by Australia, New Zealand, and the United States should be viewed as influential, but not replicable as they are foreign in nature. An Indigenous-led national Procurement Policy alignment protocol (to the PSIB), developed, and managed by Indigenous peoples, must reflect Indigenous worldviews and geographies unique to the Canadian experience.
- Immediate and long-term investments could include (but are not limited to) the development of a national hub, online platform(s), regional business centres/representatives, national Indigenous corporations and Indigenous procurement activities database, national Indigenous business registry, entrepreneurship and small-mid sized business service centre, a procurement and export readiness training academy, business research, development, and policy department, etc.
- A multi-lateral approach and agreement among NIOs should be considered in the future establishment of a national centre 'intermediary' model. Representation by NIOs would be arms-length in the hub's early stages of development. A proposed governance system, subcommittee and strategic advisory council should be considered within 6 months to one year of operation. Governance of the hub should comprise Indigenous peoples with expertise/professional experience in Indigenous business development such as: Indigenous economists, business and procurement lawyers, business development officers and strategists, business financial officers, government officials (secondment), and industrial relations advisors, etc. The composition of subcommittees could include (but is not limited to): Policy, Research and Development, Indigenous Community Relations and Outreach, Corporate Canada Relations, Government of Canada Relations, International Indigenous Business, etc. Strategic advisory councils may include NIOs,

Indigenous provincial and territorial organizations, local Indigenous business agencies, etc., with each component holding a role associated to local, regional, national, and international procurement and export.

- The current landscape of Indigenous procurement across Canada remains in most part underdeveloped and unrepresentative. Using an abundance mindset, those NIOs and Indigenous business organizations that have established programming should be considered “early adopters and developers” of Indigenous procurement programs and services delivery systems and should continue to be funded to further their research and development in their respective areas of specialization. In terms of representing the whole of Indigenous business across Canada, there is no known organization or entity that represents Indigenous business, which offers an unprecedented opportunity for the intermediary model to offer local, regional, and national level support and advocacy services using a fresh, inclusive, and robust relationship and shared prosperity model.
- The capability of the intermediary has not fully been explored; however, it could play an instrumental role in developing a dedicated business database, training centre, and it could house a real-time federal bids and tenders search feature. This online platform would act as the primary vehicle for supporting Indigenous businesses in every step of the tendering process (i.e., once the business is ready to submit, the bid is submitted to the buyer). This online platform could also act as a training platform for aspiring businesses using a graduated system approach: Level I Sole Source Contracting, Level II Pro-Services, Level III advanced, etc.
- Indigenous business definitions are complex; they reflect the culture and geography of Indigenous peoples (which in Canada, is diverse). As such, definitions should always remain with the cultural group or community. At the intermediary level, this observation must be considered when developing relationships with Indigenous communities. The standard 51% Indigenous owned and operated tends to be widely accepted; however, it is at the discretion of the Indigenous community on what they determine is an Indigenous business. In situations where definitions vary, it would be crucial for the intermediary to

incorporate these Indigenous approaches to business and find ways to incorporate this knowledge in its services at the regional levels.

- There is an inherent stigma associated to Indigenous relations and the Government of Canada, most notably in historic injustices. However, with the development of proposed entry level processes and graduated systems for Indigenous businesses to access, the apprehension to pursue government procurement may subside over time. In addition, the intermediary also plays an important role as the first point of contact, advisor, educator, and watchdog for Indigenous businesses. This approach is intended to instill trust and participation by building the confidence and capacity of Indigenous businesses overtime.
- The intermediary could conduct an examination of the PSIB Indigenous Business Directory to determine the number of shell or contrived companies currently operating. Those businesses that have been determined as abusing the directory would be given a probationary period to correct the infractions or be removed from the directory. This practice would offer the intermediary an opportunity to develop an assessment tool and validation process that could be employed in its business verification program.
- The legalities associated to managing a national Indigenous business database are to a certain extent unknown and must be further explored. This subject would be best left to a legal team who could provide legal advice on the operations of a national business database. In addition, the technical knowledge to maintain the system will also require an assessment from an IT professional to determine to what extent the administration and technical requirements will be required to run a hassle-free system.
- The modern treaty process can be seen as a catalyst for advancing Indigenous procurement within the boundaries of a treaty land and water base. The modern treaty process should be an area of focus for an Indigenous intermediary to learn, adapt and build new policies that reflect the unique status of modern treaty holders, and by extension the Indigenous territories and communities that surround the treaty's economic zone.

- It is evident that there is a space for NIOs to contribute to the development and advancement of a national Indigenous intermediary model. However, the roles played should not be in an organizational leadership capacity, but more so playing a supportive role for Indigenous business and industry experts tasked with developing the intermediary programs and services. The concern of overlapping NIO programs and services is justified, however, should not define the development of a national Indigenous intermediary model. It could be advantageous for the NIOs to retain their programs and services under their brand in addition to developing a multi-lateral knowledge sharing agreement aimed at providing advisory services to the intermediary during the early stages of its development. As the process moves forward, so does the opportunity to further explore opportunities for NIOs and business organizations to participate in a supportive role.
- The creation of criteria which defines an Indigenous procurement ready/active business must be developed to establish accurate data sets and statistics. Based on the feedback from participants, there are limited to no Indigenous supply chain management professionals or procurement officers. This presents an opportunity for the institute to develop a training program for Indigenous peoples to enter the profession. Creating a partnership with local academic institutions across the country to develop an Indigenous supply chain program and partnership with government and industry to provide on-the-job-training will assist in building a highly trained and specialized Indigenous workforce that can be deployed across the country in multiple roles.

### **Federal Government – Recommendations**

- Indigenous relations training must go further than the one-day departmental awareness training sessions. Specifically, education and knowledge building reflecting the concepts of Indigenous governance, self-determination and self-sufficiency through economic development should be part of the core curriculum delivered to public servants annually.

- Access to regional Indigenous relations advisors with specializations in Indigenous economic and business development practices would offer government advisors and policy officials specialized information and resources to aid in the development of Indigenous administrative and communication policy, research, and development initiatives. Furthermore, joint relationships between Indigenous and non-Indigenous entities could be further explored to establish diplomatic and economic ties to empower and embolden systemic change in both Indigenous realities and contexts and that of its Canadian counterparts.

## CONCLUSION

This report has provided a literature review of global Indigenous procurement models, a PSAB synopsis, and a qualitative analysis of Indigenous procurement conducted in 2021, with a focus on defining and implementing an Indigenous 5% public sector procurement target and a strategy to transform an Indigenous inclusive federal procurement process. The insights and knowledge provided by Indigenous regional and national organizations, Canadian business and industry (Indigenous and non-Indigenous), and the federal government, has been crucial for providing context, understanding and guidance for steps moving forward in the modernization of Indigenous procurement in Canada.

In several of the engagement sessions held from 2018 – 2021, several participants commented that these types of engagements should be ongoing and that *all* stakeholders (Indigenous organizations, businesses, federal government, and industry) should have the opportunity to meet regularly (“in the same room”) to discuss Indigenous procurement. Thus, engagement should not conclude upon creating changes to Indigenous procurement policy and programming; this should just be the beginning.

We hope that this report will provide a helpful resource for Indigenous procurement policy and programming moving forward and that the Indigenous business ecosystem will continue to grow, strengthen, and unify. It is also our hope that the voice of Indigenous business

owners will (or continue to) be a prominent guiding force in the creation of a future Indigenous-led intermediary, as at the end of day, the success of Indigenous businesses through increased procurement, will result in job creation and growth, entrepreneurship, innovation, and thriving Indigenous communities. The Indigenous business ecosystem is the “tide that will lift all boats.”

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## **Additional Resources - Websites**

The Auckland Council - <https://www.aucklandcouncil.govt.nz>.

Reconciliation Action Plans (Reconciliation Australia) -  
<https://www.reconciliation.org.au/reconciliation-action-plans/>.

Speech to Maori Economic Summit - <https://www.beehive.govt.nz/speech/speech-m%C4%81ori-economic-summit>.

What is Social Procurement? (Buy Social Canada) -  
<https://www.buysocialcanada.com/learn/what-is-social-procurement/>.

Wirra Hub (WA Indigenous Business and Employment Hub, Australia) -  
<https://wirrahub.org.au/contact/>.