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Submission to the Standing Committee on Government Operations and Estimates

Procurement Strategy for Aboriginal Business

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C/O Patrick Williams, Clerk of the Committee

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Increased Focus within the Federal Government on the Procurement Strategy for Aboriginal Business (PSAB) to Enhance Economic Development and Productivity of Canadian Aboriginal Peoples.

Background

Tribal Wi-Chi-Way-Win Capital Corporation (TWCC) is a diversified group of companies, and is a 100% Aboriginal owned entity whose shareholders are five Tribal Councils and five Independent First Nations located in Manitoba.

The roots of TWCC extend back to its establishment in 1993 under Canada's guidelines for the Aboriginal Capital Corporation Program of the Canadian Aboriginal Economic Development Strategy. Technically defined as an Aboriginal Capital Corporation (ACC), TWCC's mandate is to provide access to investment capital and related financial support resources to qualified First Nations entrepreneurs and businesses in Manitoba. The operation first achieved ISO 9001 Certification in 2010 and has successfully re-certified each year.

Since inception, TWCC has embraced a culture founded on strong governance, commitment to delivering value to its stakeholders (shareholders, clients and employees) and making positive contributions to the communities in which we operate. In 2001, TWCC initiated a strategy to diversify and materially grow its "for profit" business operations. Today, TWCC is a parent company with profitable subsidiaries across three lines of business: Contact Center Solutions, TIPI (TWCC Insurance Partners LP), and ASKI Capital (employer based lending service). TWCC is one of the most successful of the 60+ ACCs in operation across Canada. Since 1993, approximately 800 Aboriginal businesses in Manitoba have been created or expanded with TWCC loans. These businesses have in turn, gone on to create over 2,300 jobs.

Aligning With Government Policy Objectives

It is a key policy goal of the Government of Canada to increase Aboriginal participation in Canada's economy. The Federal Framework for Aboriginal Economic Development (2009) set out the Government of Canada's action plan for improving the lives of First Nation's peoples. Aboriginal businesses are underrepresented amongst companies seeking and winning federal government procurement opportunities. Increased focus within the federal government on the Procurement Strategy for Aboriginal Business (PSAB) can enhance economic development and productivity of Canadian Aboriginal peoples. PSABs definitions should be expanded to include other target populations – currently a PSAB is only set aside for an Aboriginal population defined as an area where Aboriginal peoples make up 80% of the population or target group. Aboriginal business could benefit from an expanded PSAB mandate and thereby improve the lives of many Aboriginal populations.

In June 2014, Indigenous and Northern Affairs Canada conducted an [Evaluation of the Procurement Strategy](#) for Aboriginal Businesses and recommended that INAC:

- Develop an enhanced approach to the PSAB that is tailored to the different needs of different types of business, including a stronger focus on direct and regional training to support newer and smaller Aboriginal firms to navigate the increasingly complex and competitive procurement environment;

- Work with Public Works and Government Services Canada to ensure ongoing performance data allows for a complete capture of data on individual businesses winning procurement contracts by value and type both for set-asides and incidental contracts;
- Develop better accountability mechanisms for the accurate capture of whether or not bidders qualify as Aboriginal; and
- As part of the promotion of PSAB, work with contracting authorities to ensure the best likelihood of Aboriginal business success, including promoting the most appropriate application of the 25-day posting option.

According to INAC “the creation of PSABs in 1996 was a “response to the underrepresentation of Aboriginal businesses among firms that were seeking and winning government contracts. “ TWCC supports the evaluation recommendations.

TWCC makes the following three recommendations for the Committee’s consideration:

1. The federal government expand, on a three-year pilot basis, the eligibility criteria for PSAB to assess the likelihood of increased participation of Aboriginal businesses. Specifically, criteria set out in Treasury Board Contracting Policy Notices (CPN 1997-6)ⁱ stipulates the contract must serve an Aboriginal population. An amendment to this criteria would ensure more government contracts would be available to more businesses. Aboriginal businesses are well equipped to handle contracts in the broader business community and many are mature players in Canada’s economy.
2. TWCC recommends removing the current contract size maximum of \$2MM for set-aside purposes. Currently, contracts over \$2MM are subject to the Government of Canada procurement review process. This amendment for Aboriginal businesses would serve to increase propensity of mature aboriginal businesses to continue to participate in large federal procurements and open large opportunities for smaller First Nations entrepreneurs. This would eliminate significant barriers to expansion opportunities.
3. All federal departments and relevant agencies report to Parliament on their respective volumes of set-aside transactions so that evidence-based public policy responses can be instituted.

Thank you for this opportunity to participate in the Committee’s deliberations. TWCC would be pleased to respond to any questions that Members may have.

ⁱ CPN 1997-6

Section 2.6.1: " The PSAB requires all contracting authorities, where the procurement is valued in excess of \$5,000, and is destined primarily for Aboriginal populations as defined in TBS Contracting Policy Notice 1996-2, to restrict the procurement exclusively to qualified Aboriginal suppliers where operational requirements, best value, prudence and probity, and sound contracting management can be assured."