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“A briefing note on Procurement Strategy for Aboriginal Business (PSAB) Modernization”

Submitted by: Tribal Wi-Chi-Way-Win Capital Corporation (TWCC)

Submitted to:

Patrick Williams, Clerk

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Procurement Strategy for Aboriginal Business (PSAB) Policy Review 2018

Background

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. 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. 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 Aboriginal Capital Corporations 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 approximately 2,300 jobs.

Recommendations to Enhance Economic Development and Productivity of Aboriginal Communities

TWCC recommends a pilot expansion of the PSAB program wherein the policy framework is amended to include federal government procurement opportunities:

1. Not limited to the goods or services which serve or goods delivered solely to Aboriginal populations as outlined in Treasury Board contracting policy
2. Setting mandatory PSAB volumes as either a percentage of overall federal procurement totals or overall monetary values of federal procurement activity
3. A report to Parliament by all federal departments on the volume of all mandatory set-aside transactions
4. A prequalification/verification system for Aboriginally owned companies to ensure integrity of the RFP process and to ensure economic benefits for the target economic groupings
5. A simplified application process for prequalified aboriginally owned companies
6. Aboriginal benefits should be included as an evaluated and scored component of all Government of Canada RFP's

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 INAC:

1. 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;
2. 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;
3. Develop better accountability mechanisms for the accurate capture of whether or not bidders qualify as Aboriginal; and
4. 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.

TWCC supports these four recommendations.

TWCC recommends to the federal government expanding, 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 general economy and many are mature players in Canada's economy.

In addition, 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. It is also important to ensure contracts awarded by the federal government result in measurable economic benefits to actual aboriginal communities and thus a threshold test for what constitutes aboriginal ownership is important.

TWCC also recommends all Federal departments report to Parliament on volume of set-aside transactions so appropriate public policy responses can be instituted.

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."