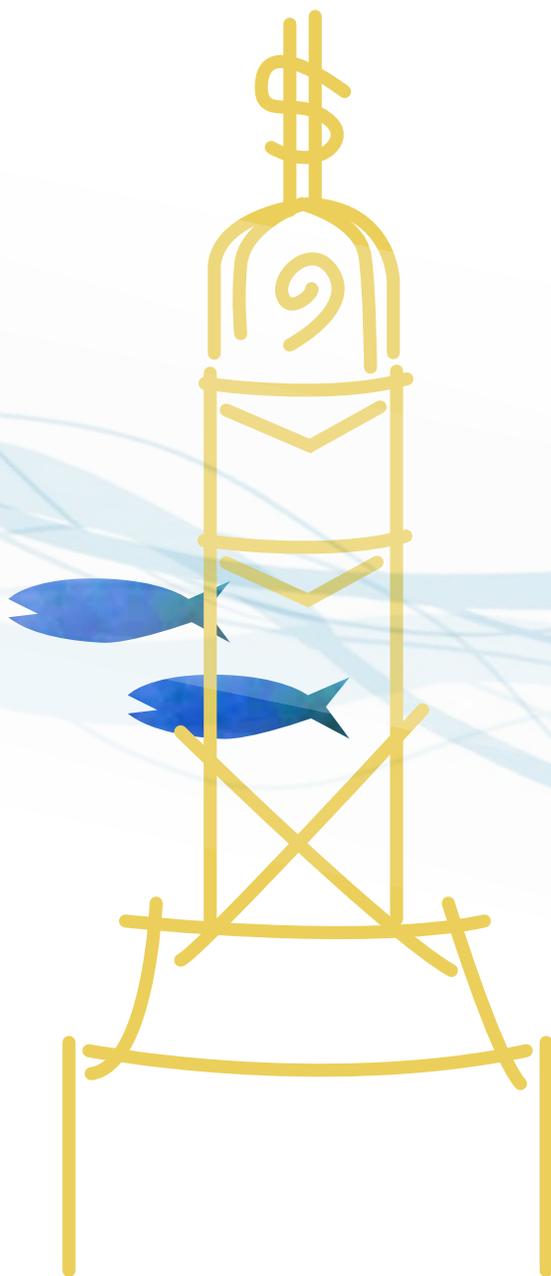




NATIONAL INDIGENOUS
FISHERIES INSTITUTE



DFO-CCG
Indigenous **Procurement**
Policy dialogue

FINAL REPORT – MARCH 2021

During Indigenous Program Review, we recommended that Fisheries and Oceans Canada and the Canadian Coast Guard shift to a shared capacity model to end the duplication of services best delivered by Indigenous people in their communities; especially, in-the-field research, data collection, and other scientific activities. We noted that this recommendation could be achieved, in part, by adopting a department- and agency-wide Indigenous procurement policy.

These recommendations (and all others made during IPR) were accepted by the Minister of Fisheries, Oceans and the Canadian Coast Guard and an action plan to implement them is in place. The DFO-CCG Reconciliation Strategy also lists for action the development of a strategy to increase Indigenous procurement, and the identification of solutions to barriers preventing contracting with Indigenous communities.

Why is procurement important?

The Government of Canada is one of the largest public buyers of goods and services across the country, purchasing approximately \$22 billion worth every year for its departments and agencies. DFO-CCG's annual average procurement spending is close to \$900 million.

When people, businesses and groups have the capacity to deliver certain goods and services, it's logical for them to want to increase the money they earn or the revenues they generate by tapping into federal government and other procurement opportunities. For Indigenous groups, businesses and communities, it's also a way to generate other sources of revenue to fund training, staffing and other priority activities—and to evolve beyond government programs.

Simply put, procurement represents a significant socio-economic development opportunity for Indigenous peoples and communities.

DFO-CCG Procurement Policy Dialogue

In December 2020, the Institute convened a virtual 'workshop' on Indigenous procurement opportunities in the DFO-CCG portfolio in collaboration with departmental and agency officials. The workshop

was held over four sessions to examine specific procurement topics and to include different Indigenous and non-Indigenous experts and government officials. We also heard from Indigenous groups and businesses that have experience successfully bidding, winning and delivering on DFO-CCG contracts.

As a result of this project, we determined:

- the 'current state' of DFO-CCG procurement from Indigenous vendors
- current and future Indigenous procurement opportunities at DFO-CCG
- Indigenous capacity, expertise and gaps with regards to the procurement process and successful delivery of contracts
- some administrative and policy constraints and opportunities

Through the course of this project and the virtual sessions, we also identified a number of pilot procurement opportunities and a potential 'Path to Procurement' tool to help Indigenous groups, businesses and communities prepare to begin bidding on government contract opportunities.

From Dialogue to Action

This project was intended to start a dialogue about how our Indigenous Program Review recommendation (adopting a department- and agency-wide Indigenous procurement policy) could be realized and many DFO-CCG officials actively participated. This includes by engaging in our 'current state' findings and the opportunities that we proposed throughout the virtual sessions—and by bringing forth their own ideas.

We are encouraged by this collaborative activity and hope that it will kick-start new and increased procurement opportunities for Indigenous vendors from coast to coast to coast. To that end, we have summarized our recommendations of the desired elements in a DFO-CCG Indigenous Procurement Policy in this report, along with a list of ways that we think will help the department and agency increase its procurement from Indigenous vendors in the near and long-term future

Thank You

for your continued interest and participation in our activities.

Institute Board of Directors

John G. Paul | The Honourable Ethel Blondin-Andrew | Jeff Maurice
Okalik Eegeesiak | Angie Gillis | Lina Condo | Bob Chamberlin | Deborah Price

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Summary of Recommendations

Desired elements in DFO–CCG’s Indigenous procurement policy

We recommend that DFO–CCG’s Indigenous procurement policy should:

1. Be aligned to its capacity-building programs and other initiatives administered by the department and agency which include an Indigenous capacity-building component.
 - a. Enable science and technical project delivery results in AAROM and AFS contribution agreements, along with Indigenous marine servicing project results and any other contribution agreement delivery, to be used as experience in mandatory requirements.
2. Be aligned to the modernized *Fisheries Act*, which establishes a stronger role for Indigenous peoples in project reviews, monitoring and policy development (e.g., professional and management consulting services, environmental services, etc.).
3. Include weighting for:
 - a. Indigenous Knowledge; especially, with the requirement in the *Fisheries Act* to take Indigenous Knowledge into consideration when making resource management decisions.
 - b. Indigenous concepts of value for the community, including socio-economic benefits.
 - c. Prime contractors and other vendors that are using Indigenous policies to build capacity through training and employment to Indigenous people (in any tender notice).
4. Set a 30-day timeframe for advance notices of Indigenous procurement set asides and share notices with the DFO Indigenous Programs Directorate.
5. Include an Indigenous Participation Component in high-value and complex contracts typically issued to prime contractors, and set a percentage (e.g., 1-3% of contract value) to help support related Indigenous training and skills development.
6. Require joint ventures to submit specific information about the number of Indigenous employees working on the contract and/or the benefits that are being rolled out in Indigenous communities (e.g., training and skills development, scholarships, etc.).
7. Annually track and publicly report on key statistics, including number and value of contracts in the six key areas identified by the Institute for this project.
 - a. Make this a summer internship or procurement opportunity for an Indigenous student and include success story development as part of the job in order to demonstrate to potential Indigenous vendors that DFO–CCG procurement is worthwhile.
8. Commit to continue increasing the minimum mandatory target beyond 5% in 2024-25.

‘Nothing about us, without us.’ Indigenous peoples must lead the shaping of federal efforts to improve Indigenous procurement.

– Canadian Council for Aboriginal Business, December 2, 2020

Ways to increase procurement from Indigenous vendors

We recommend that DFO–CCG:

1. Advance the recommended pilot projects put forward during the Dialogue.
2. Help Indigenous vendors get their ‘foot in the door’ by ensuring set asides in areas that match the capacity that DFO–CCG programs and initiatives, such as the Oceans Protection Plan, have been helping to build.
3. Regularly hold virtual trade shows or Industry Days, especially in Regions, to learn about Indigenous capacity and to share procurement information with communities, groups and businesses about planned goods and services needs.
 - a. Publish procurement plans, such as Outlook2020, so potential vendors can develop their businesses to meet upcoming DFO–CCG and other federal procurement needs.
4. Train employees responsible for writing statements of work to unbundle contracts and to challenge them to find ways to set aside or include more Indigenous vendors.
5. Hold a procurement session with larger prime contractors (e.g., vessel repair) to invite their ideas and to inform them about the Indigenous Participation Component of PSAB.
6. Help Indigenous businesses, groups and communities understand the procurement process, the path to procurement (e.g., how to get on the Indigenous Business Registry and other procurement lists), and where to find the opportunities through workshop sessions and/or training opportunities.
 - a. This could be led by DFO’s Indigenous Programs in collaboration with Indigenous partners, including the Institute, regional AAROMs, and business development teams, as well as with the Office of Small and Medium Enterprises.
 - b. Task the Institute to be responsible for daily postings of DFO–CCG relevant procurement opportunities from buyandsell.gc.ca as a core responsibility (with regular social media posts and directed emails to CFEs, AAROMs and communities) and ensure aarom.ca, the CFE Hub, and other aggregate websites are linked to it.
 - c. Task the Institute to post and maintain updated links to all relevant Indigenous business registries as a core responsibility.
 - d. Ensure the draft ‘path to procurement’ tool has covered all requirements and test the tool with select AAROMs or other Indigenous vendors prior to its release.
 - e. Ensure the Government Employee Directory and other contact information for officials are kept up-to-date if they are going to be promoted by federal departments as the way for Indigenous vendors to market their services.

Advance recommended pilot projects to increase Indigenous procurement

We recommend that DFO–CCG:

1. Focus on the pilot projects recommended for science and technical services, professional and management services, and repair and maintenance services in the immediate term.
2. Once COVID-19 travel restrictions are lifted, advance the pilot projects recommended for charter and travel services, and training and meeting room rentals.
3. Commit to actioning new pilots every two-three years, considering some of the potential pilot projects suggested for the future.

Current State

DFO–CCG Procurement with Indigenous Vendors (FY 2019-20)

The Institute examined more than 21,000 contracts that DFO–CCG issued during fiscal year 2019-20¹ to determine the ‘current state’ of its procurement with Indigenous vendors.² This includes contracts valued over \$10 thousand (K) and contracts valued under \$10K.

We looked at these contracts to understand:

- the type of goods and services DFO–CCG sought from external vendors
- the type of contracts issued to Indigenous vendors
- the number and value of contracts issued to Indigenous vendors, including by settlement area, province, territory or region
- the percentage of contracts issued to Indigenous vendors overall and by contract type
- the type of contract being issued (e.g., standing offer call-up, set-aside, regular contract)

Based on this assessment, we found **six primary DFO–CCG procurement areas** that ‘matched’ current Indigenous vendor capacity (or services offerings):

- 1. Science and Technical Services**, such as data collection, sampling, laboratory services, and other scientific services related to fisheries, fish hatcheries, hydrography, oceanography, environmental services and contaminated sites (among other services).
- 2. Professional and Management Consulting Services**, such as harbour authority, tidal gauge attendant and fishery guardian services, application review committee services, information technology consulting, interpretation and translation, note-taking and data entry, communications and graphic design, along with art and artisan goods (among other services).
- 3. Repair- and Maintenance-related Services** of DFO–CCG assets, such as marine installations (e.g., small craft harbours, docks, wharves, breakwaters, etc.), ships and other engineering works (e.g., vessels and navigational aids, buoy servicing by private persons, etc.), and buildings and other real property assets.
- 4. Charter- and Travel-related Services**, such as for officials, scientists and/or fishery officers or Canadian Coast Guard officers to charter a vessel or aircraft (including helicopters) to complete their duties or to hire a guide.
- 5. Training and Room Rentals for Meetings**, including room rental fees for conferences and other meetings, rentals of buildings and/or spaces for DFO/CCG purposes, honoraria for Elders and other training fees.
- 6. Office Supply Goods and Services**, such as office furniture, moving services, computer equipment and software, procurement assistance, and imaging and photography.

The department and agency have other procurement needs but these either did not present obvious ‘matches’ to the known capacities of Indigenous vendors or they did not present a major area in which we saw immediate opportunities for DFO–CCG to increase its procurement from Indigenous vendors.

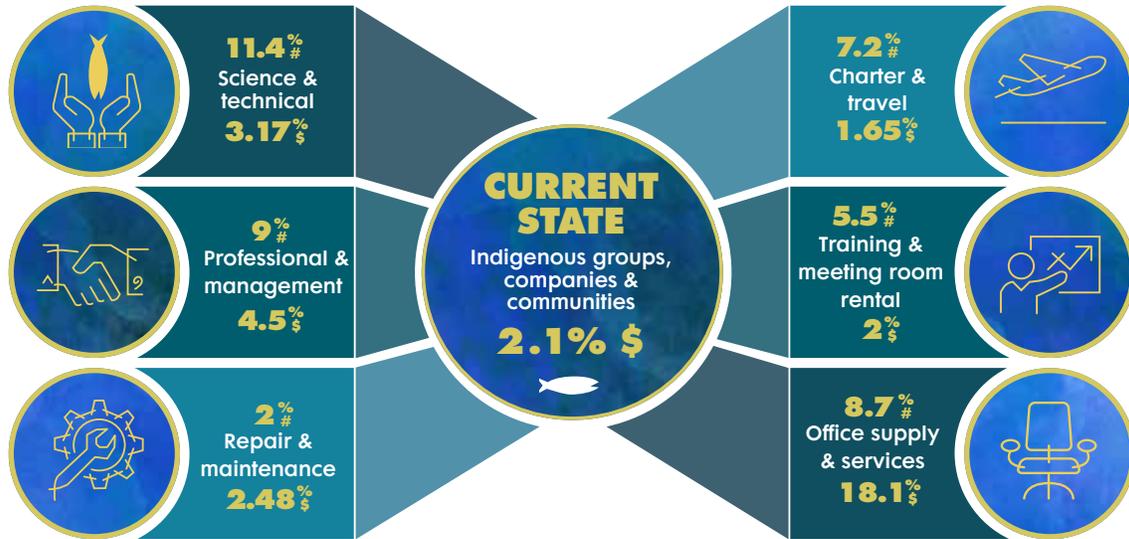
Our analysis determined that DFO–CCG issued about **3% of the total number** of their contracts to Indigenous vendors and about **2.1% of the total value** of contracts in 2019-20. This amounted to about **\$17.25 million in goods and services** delivered by Indigenous vendors.

¹ The information examined is publicly accessible through proactive disclosure.

² For the purposes of this report, an Indigenous vendor may include businesses and entrepreneurs, technical groups and organizations (such as Aboriginal Aquatic Resource and Oceans Management departments or Hunter and Trapper organizations), along with communities and individuals.

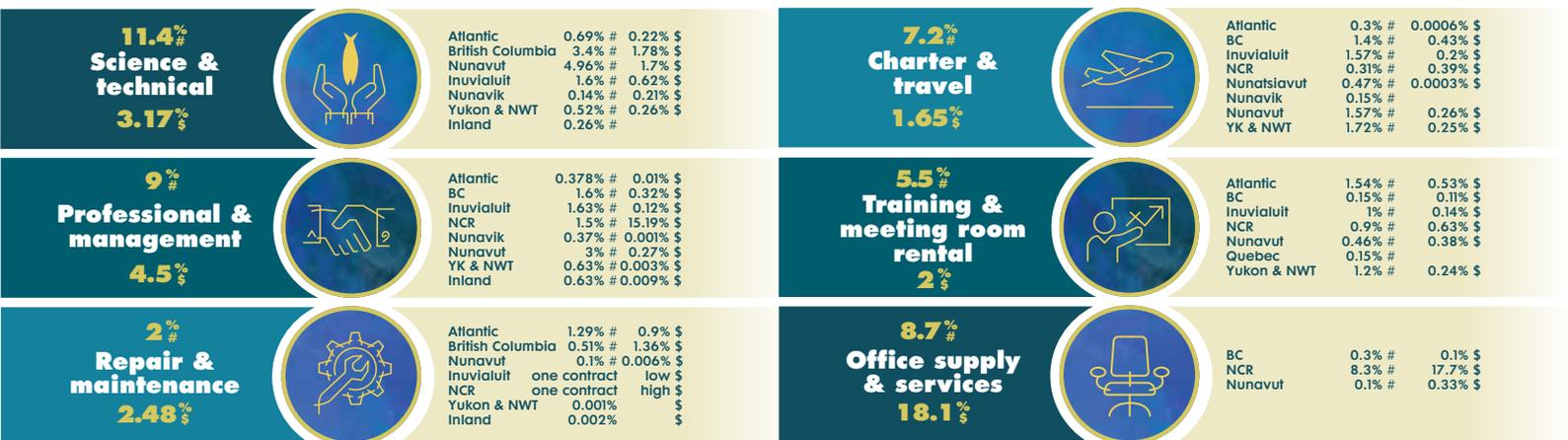
Procurement priorities are not static year over year, and the number and value of contracts change, so the ‘current state’ as described here only reflects 2019-20 procurement activity (and the review conducted by the Institute). During the course of this project, DFO–CCG noted that the average value of contracts with Indigenous vendors was about 1.2% of overall procurement spending.³

The number and value of contracts issued to Indigenous vendors in each of the six ‘matching’ procurement areas described above are captured in the infographic below.



These statistics are informative in a number of ways. For example, 11.4% of the number of science and technical service contracts issued by DFO–CCG were to Indigenous vendors, but the value of these contracts amounted to only 3.17% of the total value of contracts. For office supply and services, the opposite occurred with only 8.7% of the total number of contracts issued to Indigenous vendors at 18.1% of the total value.

Once the overall statistics were determined, we identified the percentage of the number and value of these contracts by settlement area, province, territory or region. The next infographic shows the results of this analysis:



³ During this project, DFO–CCG provided the annual percentages of Indigenous procurement starting in fiscal year 2013-14. These statistics are included in the presentation posted on the Institute’s website.

These statistics also provide useful information, such as:

- Very few Aboriginal Aquatic Resource and Oceans Management groups (AAROMs) had **science and technical contracts** during fiscal year 2019-20 (zero AAROMs from Atlantic Canada or Quebec) even though DFO has been building the scientific and technical capacity of these groups for the past 15 years through its AAROM contribution program—and these groups often deliver important technical services and data to the department as part of this program.
- A few Indigenous companies in Atlantic Canada and British Columbia are quite involved in supplying **repair and maintenance services** to CCG, such as marine installation repairs and buoy servicing.
- Primarily low dollar value contracts were issued for **charter and travel services** even though many aircraft are owned by Inuit vendors and there are many Indigenous vessel-owners across Canada who have the knowledge to guide officials into waterways and remote areas where fishing and other activities related to DFO–CCG’s mandate takes place.
- There were very few contracts issued to Indigenous vendors for **training and meeting room rentals**, even though most communities have centers and meeting rooms that would be available for rent.



Capacity, Expertise and Gaps

The DFO–CCG Indigenous Procurement Policy Dialogue included three national Indigenous organizations that have been studying procurement issues and the capacities of Indigenous vendors for many years: the Canadian Council for Aboriginal Business, the National Indigenous Economic Development Board, and the National Aboriginal Capital Corporations Association.

We also learned about procurement and capacity realities and opportunities from the Business Development Team executives who are supporting Inuit and other Indigenous commercial fishing enterprises participating in DFO’s Northern Integrated Commercial Fisheries Initiative and from two Indigenous vendors with experience bidding on, winning and successfully completing contracts with DFO–CCG. This includes the Executive Director of an AAROM group and the owner of a maritime safety and security business.

Understanding the ‘current state’ of Indigenous capacity and expertise to be part of the DFO–CCG (and wider Government of Canada) procurement opportunities—and the gaps that need to be resolved informed many of the Institute’s recommendations in this report.

National Indigenous Expertise

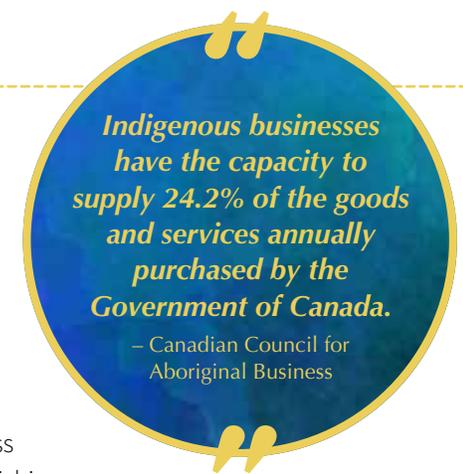
In May 2019, the **Canadian Council for Aboriginal Business** published a seminal report, *Industry and Inclusion: an analysis of Indigenous potential in federal supply chains* to determine the ‘current state’ of federal procurement from Indigenous vendors, assess the capacity of Indigenous vendors to deliver federal procurement, and to recommend a reasonable target for the Government of Canada to achieve in order to increase the percentage of its procurement from Indigenous vendors. The purpose of this research almost mirrors the purpose of the DFO–CCG Indigenous Procurement Policy Dialogue, but on a national and government-wide scale.

The key findings of the 2019 report are that only 0.32% of federal procurement was supplied by Indigenous businesses in 2015 even though these businesses have the capacity to supply nearly one quarter of the annual federal goods and services needs. Based on these findings, the Council recommended that the Government of Canada aim to achieve 5% procurement from Indigenous businesses within five years (1% increase each year). It also recommended that each federal organization lay out a strategy to achieve this target and annually track and report on progress.

To help Canada achieve this recommendation, the Council is now providing specific guidance to the federal government, including advice based on domestic and international best practices. The Council advocates for a holistic procurement policy that considers six interconnected elements: primary contracting, secondary contracting, Indigenous business financing, Indigenous labour skill development programming, Indigenous business capacity development and programming, and recognizing and certifying Indigenous business. These components are reflected in the diagram shown to the side.

While noting that increasing federal Indigenous secondary procurement (subcontracting) is necessary, the Council underscored that it is not sufficient for the Government of Canada to fulfill its procurement commitments. It also recommends:

- creating adequate commercial viability in Indigenous subcontracting at the federal level by setting a mandatory minimum requirement of Indigenous 5% of contract value for all contracts over \$5M
- communicating and coordinating procurement opportunities
- ensuring compliance and accounting by tracking and publicly reporting
- building capacity within Indigenous businesses to respond to subcontracting opportunities



The **National Indigenous Economic Development Board** has a mandate to advise the Government of Canada on Indigenous economic development issues. For more than two decades, this Board has called for a strengthened federal procurement strategy to ensure more fair and equitable Indigenous participation.

In June 2020, the Board sent a letter to the Minister of Public Services and Procurement Canada to stress the importance of modernizing the federal Indigenous procurement process, including by implementing five recommendations:⁴

- mandatory set asides of 5% of contracts, with no conditions, within each federal organization
- comprehensive, user-friendly directory of Indigenous businesses be established and maintained by an Indigenous supplier, based on domestic and international models
- simplify procurement processes for procurement officers and Indigenous vendors and address systemic biases
- weight bids according to Indigenous concepts of value, such as socio-economic benefits, reinvestment potential in Indigenous communities, and cultural and environmental benefits
- better awareness of, and weight for, local Indigenous businesses in procurement bids

The **National Aboriginal Capital Corporations Association** is a membership-driven organization for the network of 59 Aboriginal Financial Institutions across Canada. These institutions offer financing and business support to Indigenous businesses and communities resulting in \$125 million in new loans annually to approximately 1,200 businesses with a 95% loan repayment track record.

Many Indigenous businesses and communities served by Aboriginal Financial Institutions are relevant to the DFO–CCG procurement service categories that we identified as ‘matches’ with Indigenous vendor capacity and expertise. This includes business capacity in: fishing, hunting and trapping, aquaculture, waste management and remediation services, construction, transportation and warehousing, accommodation and food servicing, and educational services.

The National Aboriginal Capital Corporations Association and other national Indigenous organizations are part of an Indigenous Procurement Working Group that is providing advice to the Government of Canada on how to develop and implement a new policy and/or legislative framework to help federal departments and agencies achieve the 5% Indigenous procurement target. To do this, the Working Group is developing discussion papers on eight topics:

- Indigenous business definition(s)
- Indigenous business certification and re-certification
- Indigenous supplier database
- Indigenous business support services and tools
- transforming the procurement process
- introduction and adherence to a minimum 5% indigenous procurement target
- support services for the procurement supply chain
- monitoring and communications

The final discussion papers will form a foundation for the development of appropriate Cabinet and Parliamentary tools to enact a minimum 5% Indigenous procurement target across the Government of Canada. They will also inform how proactive strategies introduced by departments and agencies to achieve the target will be monitored.

⁴ The full details of each recommendation are included in the Board's presentation, which is available at: <https://indigenousfisheries.ca/en/projects/procurement-policy-dialogue/>



Recommendations

Based on the procurement expertise and activities of national Indigenous organizations, and aligned with our analysis of DFO–CCG procurement activity, desired elements of the DFO–CCG Indigenous Procurement Policy would:

- Be aligned to its capacity-building programs and other initiatives administered by the department and agency which include an Indigenous capacity-building component.
- Be aligned to the modernized *Fisheries Act*, which establishes a stronger role for Indigenous peoples in project reviews, monitoring and policy development (e.g., professional and management consulting services, environmental services, etc.).
- Include weighting for:
 - Indigenous Knowledge; especially, with the requirement in the *Fisheries Act* to take Indigenous Knowledge into consideration when making resource management decisions.
 - Indigenous concepts of value for the community, including socio-economic benefits.
- Annually track and publicly report on key statistics, including number and value of contracts in the six key areas identified by the Institute for this project.

Indigenous Expertise specific to DFO–CCG Mandate Areas

The **Business Development Team for the Northern Integrated Commercial Fisheries Initiative** (NICFI BDT) serving Nunavut and the Northwest Territories has years of experience working with Inuit and other Indigenous businesses in the North and the Arctic. One team member also helped develop the Nunavut Procurement Policy and its Inuit Firm Registry.

During the DFO–CCG Procurement Policy Dialogue, we learned that there is a lot of Inuit entrepreneurialism and capacity to deliver goods and services relevant to the procurement needs of the department and agency. However, these businesses need access to sub-contracting opportunities to be more successful. They also need to be more than a ‘token’ partner in joint ventures.

NICFI BDT executives stressed the importance of developing the relationship with Indigenous communities by ensuring every procurement opportunity in the region included Indigenous vendors. They also advised that long-term government contracts should address Inuit goals for its communities, such as through training and skills development. In addition, they recommended:

- advance notices be communicated to business leaders and groups, including organizations such as Nunavut Tunngavik Incorporated
- applying the 30-day notice required in the Nunavut procurement policy to other contracts
- ensuring rates of pay are high enough to attract workers

The team also identified a number of barriers to procurement that needed to be addressed:

- lack of Internet connectivity in many communities and dependence on connections that make downloading almost impossible
- joint ventures that do not offer capacity building or provide economic benefits to the wider community
- incomplete and unclear federal procurement packages and unnecessary rigidity in the procurement process
- processes to address criminal records from an incident that occurred when a person was younger that now prevent participation in procurement opportunities in which they have capacity
- requiring a driver’s licence of persons who live in an area that does not have vehicles

If you look at it from a community level, many parts of the contract could be fulfilled by local businesses.

– NICFI BDT Lead

DFO's Aboriginal Aquatic Resource and Oceans Management program supports core staff and administrative services that provide Indigenous organizations known as AAROMs a foundation on which to build technical capacity in aquatic resource and oceans management. In many cases, AAROMs are the "go-to" organization to complete technical and advisory services for their member communities. Some of these groups also bid, win and deliver on technical and science-related contracts for DFO and other federal, provincial or territorial governments, as well as others seeking science and technical services via contract. The Administrator of one such AAROM group, **A-Tlegay Fisheries Society**, shared their experiences contracting with DFO-CCG during the Procurement Policy Dialogue.



A-Tlegay Fisheries Society serves five First Nations. The group employs four office staff, eight core technicians/guardians, and three biologists. Throughout the year, another 10 technicians may also be hired to work with the team. A-Tlegay credits a number of factors for their success delivering contracts on time, on budget, and with a good end product:

- consistency of the staff team (administration and Board of Directors)
- good government co-operation and assistance
- partnering with groups that have capacity and are willing to provide training and expertise
- adjusting to the types of available contracts, by training staff in new areas and hiring technical staff to further build capacity within the organization
- diversifying to bid on contracts issued by groups

A-Tlegay used the technical projects that they completed through their Aboriginal Fisheries Strategy agreement to demonstrate their experience in procurement bids. They also had DFO officials serve as references for this work. The Aboriginal Fisheries Strategy is another capacity-building program administered by DFO.

A-Tlegay also creatively built their capacity to be able to bid, win and deliver on many contracts by working with partners that had capacity and were willing to train A-Tlegay staff through the work of the contract. They also saw a lot of contracts were being issued related to diving and environmental monitoring, so staff were trained to become skilled in these areas. Today, A-Tlegay staff have the capacity to do the technical and diversified contract work on their own.

In terms of procurement gaps and barriers, A-Tlegay noted that they are not seeing many federal tenders being issued in their traditional territories or that fit within their technical expertise and experience. Proposal writing was also noted as a constraint; especially, with limited time and staff.

Lack of time was also noted as a key constraint by the founder of a First Nation's **maritime safety and security business** who participated in the Dialogue. This business has successfully completed contracts with DFO-CCG to remove an abandoned barge, to survey habitat, and to serve as a guide to DFO officials who chartered one of his vessels to do research. All three of these contracts fall under the types that we highlighted as 'matches' for future opportunities and ways to increase DFO-CCG procurement from Indigenous vendors.

Among the best practises shared by this business owner:

- seek out mentors when developing a business
- have a business plan for the next three to five years and follow a 'crawl, walk, run' philosophy
- use word-of-mouth to build your business and don't be afraid to seek the help of others



Present yourself in the best way possible: know what you have to work with and be prepared to do the work.

– Sma'knis Maritime Safety & Security

During the **2019 National AAROM Meeting**, coordinators across Canada discussed the benefits of contracting as a generator of other sources of revenue to advance community projects, staffing and training. As part of this discussion, AAROM coordinators identified four key themes to ready for procurement: branding, relationships, reputation, and new business. They also considered the skill sets and present capacities of AAROMs, which for many are aligned to science and technical services, and professional and management consulting services, such as:

- monitoring (e.g. fishery guardian, environmental and catch monitoring, etc.)
- technical and biological support
- water studies and other data collection and sampling
- Indigenous knowledge

The three top factors limiting AAROM participation in procurement were time, funding and capacity.



Recommendations

Based on the procurement expertise and activities of regional Indigenous organizations and business leaders, and aligned with our analysis, desired elements of the DFO–CCG Indigenous Procurement Policy would:

- Enable the results of science and technical projects delivered by AAROMs or communities through their AFS agreements, as well as the results of Indigenous marine servicing projects completed by commercial fishing enterprises participating in DFO's regional integrated commercial fisheries initiatives to be used as experience in the mandatory requirements of requests for proposals.
- Include weighting for prime contractors and other vendors that are using Indigenous policies to build capacity through training and employment to Indigenous people (in any tender notice).
- Set a 30-day timeframe for advance notices of Indigenous procurement set asides and share with the DFO Indigenous Programs Directorate.
- Require joint ventures to submit specific information about the number of Indigenous employees working on the contract and/or the benefits that are being rolled out in Indigenous communities (e.g., training and skills development, scholarships, etc.).

Other Issues and Opportunities

In addition to the experiences and best practises shared above, discussion amongst participants in the Procurement Policy Dialogue also covered the following:

- Both Indigenous executives and federal officials shared best practise examples of how government could learn more about the capacities of Indigenous vendors while Indigenous vendors could learn more about government procurement needs; namely, through trade shows, Industry Days, and other 'meet and greet' type sessions. Outlook2020 that was presented via buyandsell.gc.ca⁵ was also cited as a best practise example as it forecasted the National Marine procurement needs of DFO–CCG, Transport Canada, National Defence, Public Services and Procurement Canada and their partner departments.
- Some parts of the procurement process could be better communicated in tenders and presentations. For example, being able to request a debrief from a procurement officer when a bid is unsuccessful and knowing how to track a procurement process to be aware when they are cancelled.

⁵ https://buyandsell.gc.ca/cds/public/2021/01/13/b4ffff9197ea055977e6a6392f274572/procurement_outlook_complete_presentation_deck_buy_and_sell.pdf

- Some Indigenous communities will not compete with other Indigenous communities because it is not culturally appropriate for them. Standing offers may be a way to include these communities in the procurement process, since there is no guarantee of a contract and multiple communities and groups could be on the standing offer list.



Recommendations

Based on these discussions, we recommend that DFO–CCG take the following actions to increase its procurement from Indigenous vendors:

- Regularly hold virtual trade shows or Industry Days, especially in Regions, to learn about Indigenous capacity and to share information with communities, groups and businesses about planned procurement needs.
- Publish procurement plans, such as Outlook2020, so potential vendors can develop their businesses to meet upcoming DFO–CCG and other federal procurement needs.

Federal Indigenous Procurement Policy

The ‘current state’ of DFO–CCG Indigenous Procurement includes understanding the policy that is being followed by the department and agency. Officials from Indigenous Services Canada and Public Services and Procurement Canada, including from their Office of Small and Medium Enterprises, explained this policy in depth during the Procurement Policy Dialogue. They also shared information about their respective roles in the procurement process and how they raise awareness and understanding about the federal procurement opportunities with Indigenous vendors.

Procurement is a powerful catalyst for business development...[and] a key lever to generate wealth in Indigenous communities and to help close socio-economic gaps via own source revenues and Indigenous labour force participation.

– Indigenous Services Canada

Procurement Strategy for Aboriginal Business

The Procurement Strategy for Aboriginal Business (PSAB) has been the Government of Canada’s Indigenous Procurement Policy since it began in 1996.⁶ PSAB leverages existing federal procurement needs to create opportunities to generate wealth in Indigenous communities and to close socio-economic gaps by increasing Indigenous participation in procurement processes. The policy reserves or ‘sets aside’ certain contracts exclusively for competition amongst qualified Indigenous businesses, where capacity exists. Capacity is assessed by federal officials based on previous contract history.

There are three distinct types of PSAB set-aside contracts:

- **Mandatory:** which is used when contracts are destined for an area, community or group in which Indigenous people make up at least 80% of population and where an Indigenous population will be recipient of the good, service or construction
- **Voluntary:** which is used if Indigenous capacity exists and operational requirements, best value, and sound contracting management can be assured
- **Conditional:** which is used when it is impossible to determine Indigenous business capacity (and is open to both Indigenous and non-Indigenous bidders), but if two or more Indigenous businesses submit a bid, the procurement is set aside under PSAB

PSAB set asides may also be set up as standing offers or supply arrangements. A **standing offer** is used to meet the recurring goods and/or services needs of departments and agencies to avoid running the same tender every year. It also has the benefit of letting a potential supplier determine pre-arranged prices for the delivery of goods and services, under set terms and conditions, when and if required. It is not a contract until the government issues a call-up against it. A **supply arrangement** is very similar to a standing offer, but the variables in the resulting call-ups are not suitable under standing offer, so a supply arrangement enables departments to solicit bids from a pool of pre-qualified suppliers each time they have specific requirements. When a pre-qualified supplier is decided, a task requisition is issued against the supply arrangement for that supplier.

Another federal procurement tool called the **Indigenous Participation Component** complements PSAB. This component is a portion of the value of a contract that is set aside for Indigenous participation by a prime contractor in a direct or indirect way (or a combination of both) to help these contractors achieve the target of Indigenous participation that has been established within the terms and conditions of the contract. **Direct** refers to Indigenous sub-contracting, employment and training, while **indirect** refers to scholarships and bursaries. The benefit of adding an Indigenous Participation Component to a prime contract is it can be tailored to a particular procurement. It may also be used to target a local Indigenous population through weighted and rated criteria.

To be eligible for any PSAB procurement opportunity, an Indigenous vendor must be registered in the **Indigenous Business Directory**⁷ to allow Canada to ensure policy integrity and to perform audits (pre-award, post-award and random). An Indigenous vendor in the ‘business registry’ may be a sole proprietorship, limited company, not-for profit organization, co-operative, or a partnership in which Indigenous persons have at least 51% ownership and control. For groups with six or more full-time employees, at least 33% must be Indigenous. Joint ventures with an Indigenous vendor may also register as long as the Indigenous partner is completing 33% of the total value of the contract work.

Prime contractors with an Indigenous Participation Component in their contract must provide a status card or other form of identification that is recognized by the Government of Canada to prove Indigenous status of their workers or trainees. They must also provide payroll information and/or the cost of training to Indigenous Services Canada.

In 2018, Canada launched an initiative to review and modernize PSAB to understand what was working well and what needed to be improved. The objectives of this initiative are to:

- increase the number of federal procurement opportunities for Indigenous business
- increase the number of Indigenous small- to medium-sized enterprises bidding on and winning federal contracts
- grow Indigenous business
- create employment opportunities for Indigenous peoples
- increase self-reliance
- increase employment and training opportunities for Indigenous peoples

To date, input on this initiative has included recommendations, such as having an Indigenous-managed business directory, having Indigenous organizations delivering business promotion and support services, and simplifying procurement processes and procedures. There have also been calls to build and promote Indigenous capacity and to provide access to training and skills development.

Indigenous Services Canada provides presentations, one-on-one sessions and workshops to Indigenous entrepreneurs to help them better understand federal Indigenous procurement and the various ways it is applied, as well as registering in the online Indigenous Business Directory.

⁶ Note that modern treaties take precedence over the Procurement Strategy for Aboriginal Business.
⁷ <https://services.aadnc-aandc.gc.ca/IndigenousBusinessDirectory>

Public Services and Procurement Canada and the Office of Small and Medium Enterprises

Public Services and Procurement Canada (PSPC) offers free webinars to Indigenous vendors bidding or working on government contracts with security requirements. Each webinar is delivered live by a subject matter expert so questions may be asked and answered in real time. During the Dialogue, we learned that while there may be preconceived ideas regarding security clearance, usually, after one or two questions, there are no issues. Indigenous Services Canada and PSPC officials recommended that Indigenous vendors not 'self-assess' themselves out of the bidding process that has a security requirement. They also recommended that Indigenous vendors promote their goods and services to government departments and agencies through the departmental **Indigenous Procurement Coordinator**. During this Dialogue, a DFO–CCG Indigenous Procurement Coordinator was named.

The Office of Small and Medium Enterprises (OSME) at PSPC helps smaller businesses across Canada understand how to enter the federal procurement process. While their work is not specific to Indigenous businesses, OSME does prioritize underrepresented groups in federal procurement.

The work of OSME is four-fold:

- **consult industry** to improve federal procurement
- provide **guidance and advice** to federal procurement professionals
- identify and **reduce barriers** in federal procurement
- **engage, assist and inform** small and medium enterprises on how to sell goods and services to the Government of Canada

Regional officials across Canada hold seminars and one-on-one sessions with companies to share information about federal procurement and to answer questions about the procurement process. This includes information about how to register on the Supplier Registration Information system. There is also a toll-free InfoLine that businesses can call if they have procurement-related questions, including questions about the buyandsell.gc.ca website.

OSME has been working for over 10 years to support Indigenous businesses by increasing awareness internally within the Government of Canada about how they interact with the procurement process. To unbundle contracts, for example, one needs to get to the initiator of the statement of work as procurement officers manage the transactional side of the contracting process, not the actual goods or services needs.

OSME has been actively working directly with the National Indigenous Organizations for the last four years, including the Canadian Council for Aboriginal Business, the National Aboriginal Capital Corporations Association, and the Council for the Advancement of Native Development (and where possible before those partnerships) to learn how to recognize known capacity in communities. They are also delivering virtual seminars to Indigenous groups across Canada.

DFO–CCG Indigenous Procurement Policy

Procurement at DFO–CCG is generally completed in the following ways. Directorates have authority over low dollar value (\$10K) requirements for goods and services, but they must use the DFO–CCG Procurement Hub to issue contracts up to \$25K. The Hub itself can issue contracts up to \$7.5M for certain categories of competitive services and \$200K for non-competitive, but for other contracts, it must use PSPC.

There are some exceptions. For example, officials must go through the Procurement Hub for all professional services contracts (even under \$10K). And, for construction contracts, the Hub is only able to issue contracts up to \$750K in value for competitive and \$100K for non-competitive. There are also 10 or so mandatory commodities that must be issued through the common service provider.

¹ <https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32610>

The present DFO–CCG Indigenous Procurement approach is guided by three elements:

- Procurement Strategy for Aboriginal Business
- Comprehensive Land Claim Agreements
- Directive on government contracts, including real property, in the Nunavut Settlement Area⁸

DFO–CCG has also met a voluntary internal target of \$9 million Indigenous procurement each year since this target was set in 2013. In 2018-19, the Assistant Deputy Minister of PSPC challenged DFO–CCG to increase Indigenous procurement by 1% until 2022. Consistent with the federal commitment to achieve 5% Indigenous procurement over five years, Indigenous Services Canada also recently asked departments to commit to this target. In addition, all federal departments and agencies procuring over \$1 million are required to set multi-year Indigenous procurement objectives.

Procurement at DFO–CCG includes a **Contract Review Committee**, which will now be tracking and reporting quarterly on Indigenous procurement. Based on the analysis for the Dialogue, DFO’s Procurement Services will also be reviewing its vendor listing to ensure alignment, where applicable.

The ‘current state’ statistics and voluntary target show that DFO–CCG is committed to Indigenous procurement. During the Dialogue, many officials offered ideas about how their directorate or region could increase procurement, including building from some of the ideas suggested by the Institute.

The DFO–CCG’s Centre of Expertise – Procurement Services has been proactively tackling the following historical challenges:

- **Lack of internal awareness** about Indigenous procurement and the need for staff training to ensure clients and contracting officers understand PSAB and other aspects of the Indigenous Procurement Policy, as well as Indigenous business capacity. To overcome this challenge, contracting officers received dedicated Indigenous procurement training in January 2021. An Indigenous Procurement Training session has also been developed and will be implemented starting in the fourth quarter of 2020-21.
- **Not involving contracting officers** at the early planning stages of procurement to assess and advise on whether the contracts would be of economic interest to Indigenous groups. To address this challenge, a Departmental Procurement Plan process was recently approved which allows for enhanced monitoring and earlier involvement of contracting officers.
- **Lack of oversight or verification regarding how vendor data** is entered into the financial system. DFO–CCG has started using using standard PSPC bid solicitation and documentation as well as greater standardization of procurement processes to help Indigenous vendors participate in more procurement opportunities.



Recommendations

Based on the procurement expertise and activities of federal officials, and aligned with our analysis of the DFO–CCG procurement activity, desired elements of the DFO–CCG Indigenous Procurement Policy would:

- Include weighting for prime contractors and other vendors that have Indigenous policies in place to build capacity through training and employment to Indigenous people (in any tender notice).
- Include an Indigenous Participation Component in high-value and complex contracts typically issued to prime contractors, and set a percentage (e.g., 1-3% of contract value) to help support related Indigenous training and skills development.
- Require joint ventures to submit specific information about the number of Indigenous employees working on the contract and/or the benefits that are being rolled out in Indigenous communities (e.g., training and skills development, scholarships, etc.).
- Annually track and publicly report on key statistics, including number and value of contracts in the six key areas identified by the Institute for this project.
 - Make this a summer internship or procurement opportunity for an Indigenous student and include success story development as part of the job, to demonstrate to potential Indigenous vendors that DFO–CCG procurement is worthwhile.
- Commit to continue increasing the minimum mandatory target beyond 5% in 2024-25.



Recommendations

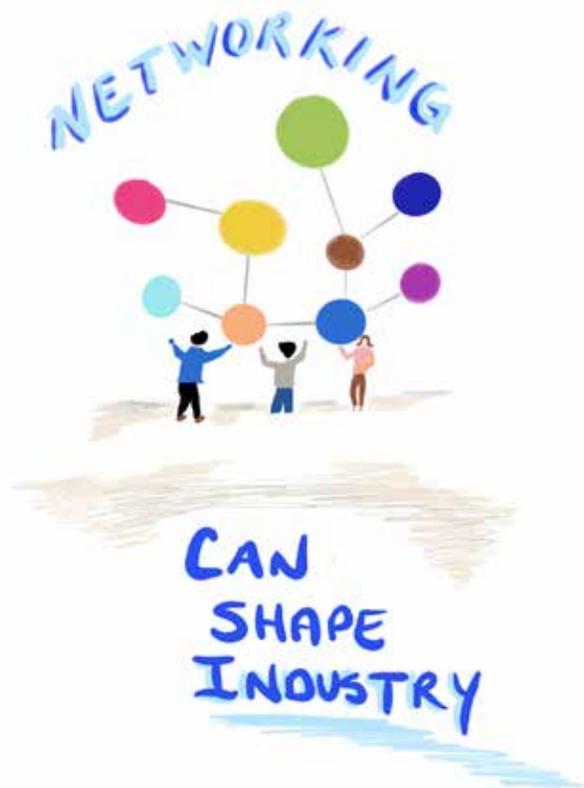
To increase its procurement from Indigenous vendors, we also recommend that DFO–CCG:

- Train employees responsible for writing statements of work to unbundle contracts and to challenge them to find ways to set aside or include more Indigenous vendors.
- Hold a procurement session with larger prime contractors (e.g., vessel repair) to invite their ideas and to inform them about the Indigenous Participation Component of PSAB.
- Help Indigenous businesses, groups and communities understand the procurement process, the path to procurement (e.g., how to get on the Indigenous Business Registry and other procurement lists), and where to find the opportunities through workshop sessions and/or training opportunities.
 - This could be led by DFO’s Indigenous Programs in collaboration with Indigenous partners, including the Institute, regional AAROMs, and business development teams, as well as with the Office of Small and Medium Enterprises.
 - Ensure the draft ‘path to procurement’ tool in this report has covered all requirements and test the tool with select AAROMs or other Indigenous vendors prior to its release.
 - Ensure the Government Employee Directory and other contact information for officials are kept up-to-date if they are going to be promoted by federal departments as the way for Indigenous vendors to market their services.

Other Indigenous Procurement Policies: Best Practises

While a number of other Indigenous procurement policies in Canada have already been examined by Indigenous procurement experts, the Institute looked at a few examples to see if there were ideas that could help DFO–CCG increase its procurement from Indigenous vendors in areas related to their mandated responsibilities. Two such examples were highlighted during the Dialogue sessions and have been integrated into our recommendations in this report:

- BC Hydro’s **Indigenous Contract and Procurement Policy** requires Indigenous inclusion weighting to be included in contracts, where appropriate, and they are putting greater emphasis on directed procurement to fulfill commitments made in agreements with Indigenous communities. This policy is benefitting a number of Indigenous communities, including by supporting employment and local businesses.
- The Province of British Columbia’s **Indigenous Procurement Initiative** has uncovered five key themes for procurement that are consistent with the recommendations of national Indigenous organizations: value Indigenous culture and knowledge, make procurement processes more accessible to Indigenous vendors, create space in the process for Indigenous vendors, be open and transparent (including by offering feedback on unsuccessful proposals), and emphasize local Indigenous knowledge and expertise in procurement.



Increasing Indigenous Procurement Opportunities

Advancing DFO–CCG Procurement Pilots

As part of this project, the Institute aimed to identify opportunities that would help DFO–CCG increase its procurement from Indigenous vendors in ways that would be fair and make good fiscal and geographic sense. The following pilots were introduced during the first virtual session that we held during the Dialogue and refined over the course of the other three sessions

Science and Technical Services

To increase the percentage of service contracts with AAROMs and communities with scientific and technical capacity demonstrated through the Aboriginal Fisheries Strategy program:

1. Create and use Standing Offers for fish and fish habitat (including water) sampling and data collection as voluntary set asides for AAROMs and communities. This could also help DFO support Indigenous students pursuing biology and other science diplomas and degrees.
2. Create and use Standing Offers related to assessing and/or remediating contaminated sites and fish habitat as mandatory set asides for AAROMs and communities; especially, those who have demonstrated capacity and expertise through the Coastal Restoration Fund and Indigenous Services Canada’s Environment Directorate programs (among other relevant programs).
3. Help AAROMs and communities with geographic information system (GIS) expertise get on the ProServices procurement listing stream during a DFO and/or OSME procurement training session.



Professional and Management Services

4. Establish and use a Supply Arrangement for fisheries verification services (e.g., at-sea observer, dockside monitoring, recreational fishery surveys and monitoring) and voluntarily set aside for fishery guardians trained through DFO’s Aboriginal Fishery Guardian program and/or equivalent training that builds in opportunities for undesignated guardians to finish Conservation & Protection training elements to be eligible for future task requisition call-ups.
5. Work with Environment and Climate Change Canada to establish the federal needs for Tide Gauge Attendants that deliver services to help inform content on tides.gc.ca and align annual contracts to Indigenous vendors living in coastal communities.
6. Work with DFO’s Indigenous Programs to establish department and agency needs for diving services, so training opportunities can be aligned to meet future CCG procurement needs.



Repair and Maintenance Services

7. Establish and use Regional Master Standing Offers with voluntary set asides for small craft harbour repairs and maintenance and hold procurement outlook session with Indigenous communities so they can align their construction capacity and expertise to meet these needs.
8. Based on the Outlook2020 National Marine Procurement Needs plan, create and use Standing Offer voluntary set asides for Indigenous vendors to be able to service supply chain elements required for ship repair and annual retrofits; especially, those who have demonstrated capacity and expertise through the Indigenous Marine Servicing Initiative.



Charter and travel

***When Safe Travel Resumes Post-COVID-19**

9. Establish and use a Standing Offer and/or Supply Arrangement as a mandatory set aside for Inuit air carriers so this is accessible to DFO–CCG employees throughout the year.
10. Establish and use a Standing Offer and/or Supply Arrangement as a voluntary set aside for Indigenous guides and charters; especially, aligned to vendors who have received up-to-date vessel operation and safety training through DFO's Indigenous programs.



Training and meeting room rentals

11. Establish and use a Supply Arrangement as a voluntary set aside for Indigenous communities to register their available meeting room space or training facilities for any DFO and CCG meetings and training sessions.



New pilot projects should be considered in the coming years and on a regular basis. Shifting from voluntary to mandatory set asides should also be considered when applicable.

Advancing Other Opportunities

Joint Ventures

DFO–CCG already does business with some vendors in joint ventures with Indigenous businesses or groups, but this may be an area to investigate in the future to continue increasing the percentage of procurement from Indigenous vendors. A few recommendations put forth in this report are also intended to help the department and agency avoid contracting with joint ventures that are not benefitting Indigenous people or businesses, e.g. 'ghosting.'

Business Registries

Indigenous business registries are important for a number of reasons, but especially as the federal Procurement Strategy for Aboriginal Business requires Indigenous vendors to be in their Indigenous Business Registry to gain access to contract, standing offer and supply arrangement set asides. There are a number of other Indigenous business registries, including the Nunavut Inuit Firm Registry, the Inuvialuit Business List, and the Métis Business Registry, along with local registries, such as the Sto:lo registry. Other registries are in development or may be considered based on the recommendations put forward by the National Indigenous Economic Development Board or as a result of the Indigenous supplier database discussion paper being developed by the Indigenous Procurement Working Group.

Communication and Networking

At the start of this project, the DFO–CCG Centre of Expertise – Procurement Services lead recommended that the Institute promote relevant buyandsell.gc.ca procurement opportunities to the communities, groups and businesses that we serve. This was a good recommendation and every business day between September and December 14, 2020, we posted links to these opportunities through our website. We also forwarded specific opportunities for AAROMs (or others) via email or promoted opportunities over social media. Contract opportunities were also organized by region to further facilitate Indigenous vendor bidding.

Training and Skills Development

The Institute has been collaborating with DFO to complete a training and skills development project this past year. There are synergies between this project and the DFO–CCG’s Indigenous Procurement Policy Dialogue in terms of the capacity that Indigenous vendors have to deliver on procurement contracts; namely:

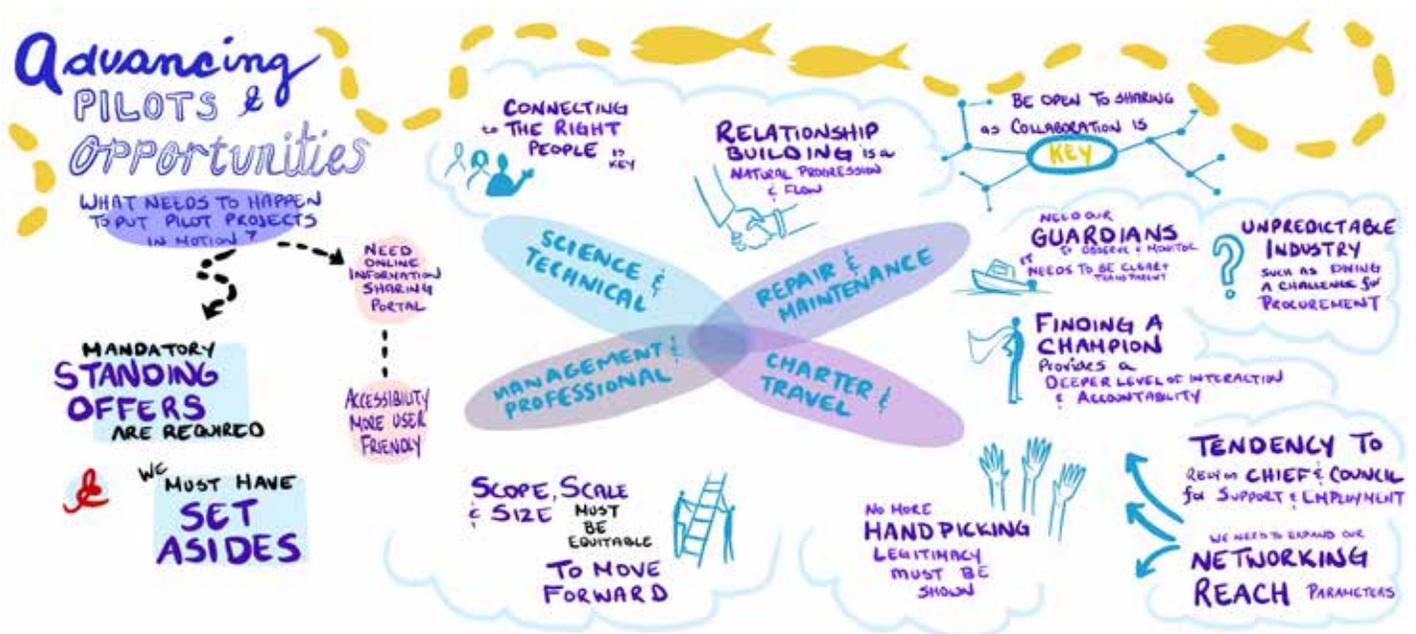
- DFO and CCG are investing in programs and initiatives that are building capacity in Indigenous communities—and these activities have been building this capacity for many years. The same areas: science and technical services, professional and management services, vessel operation, marine servicing, emergency response, etc. align with the procurement needs of the department and agency.

It makes sense that a future DFO–CCG Indigenous Procurement Policy would be aligned to these services. It also makes sense that any Indigenous Participation Component to larger contracts be aligned to help meet the training and skills development needs that programs and initiatives are not able to fund each year, including college and university education aligned to science, innovative technologies, engineering and other STEM areas.

Recommendations

To increase its procurement from Indigenous vendors, we recommend DFO–CCG:

- Help Indigenous vendors get their ‘foot in the door’ by ensuring set asides in areas that match the capacity that DFO–CCG programs and initiatives have been helping to build.
- Task the Institute to be responsible for daily postings of DFO–CCG relevant procurement opportunities from buyandsell.gc.ca as a core responsibility (with regular social media posts and directed emails to CFEs, AAROMs and communities) and ensure aarom.ca, the CFE Hub, and other aggregate websites are linked to it.
- Task the Institute to post and maintain updated links to all relevant Indigenous business registries as a core responsibility.



Path to Procurement: Draft Tool

Helping Indigenous Businesses, Communities and Groups become Vendors

During the last session of the Dialogue, we held a whiteboarding exercise to determine a draft ‘Path to Procurement’ tool for communities and groups that may be considering becoming an Indigenous vendor. OSME is also developing a similar tool, which should be integrated into the final product.

Awareness and Understanding

This should cover exactly how to get on the Indigenous business registry (including how to get a business number from Canada Revenue Agency and how to register as a supplier on the Supplier Registry Information system). It should also share links to other business registries.

Training and Skills Development

Training should help vendors understand how to write a proposal and the full procurement process. It should also be connected to the Training and Skills Development career information compiled by the Institute in collaboration with DFO and our Indigenous clients.

Business Development and Marketing

This part of the tool should be connected to the business–government networking opportunities run by regional DFO and CCG officials (e.g., Industry Days, trade shows, etc.). It should also explain the importance of having a website and building a successful reputation.

Gaining Experience “Getting a foot in the door”

Working with DFO’s Indigenous programs, establish a way for regional officials to provide references so Indigenous vendors can get on standing offers and federal procurement mechanisms, such as ProServices, based on their delivery of projects under contribution agreements.



Recommendation

Ensure the draft ‘path to procurement’ tool has covered all requirements and test the tool with select AAROMs or other Indigenous vendors prior to its release.

