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Chair

Mr. Tom Lukiwski

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• (1100)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Colleagues, we'll commence now, if we may. I'd like to welcome all our witnesses with us today.

As a bit of housekeeping, colleagues, we'll get as many questions in as we can. We'll have two 10-minute interventions, I believe, and go to regular rounds of questioning. We have a second group of witnesses coming in at noon, so I'll try to suspend about five minutes or so early, so we'll be able to transition from this panel to our next panel without losing too much time.

With that, I would like to welcome Arianne Reza and Sheilagh Murphy, who will be making presentations.

Madam Murphy, I understand you'll be number one.

Ms. Sheilagh Murphy (Assistant Deputy Minister, Lands and Economic Development, Department of Indian Affairs and Northern Development): Absolutely.

The Chair: If you could commence by introducing the witnesses with you, then we'll go to a round of questions as normal.

Take it away.

Ms. Sheilagh Murphy: Thank you very much, and good morning.

Thank you, Mr. Chair and committee members, for the opportunity to provide an overview of the procurement strategy for aboriginal business, which is managed by Indigenous and Northern Affairs Canada.

I have provided a short deck that contains some key facts about the procurement strategy for aboriginal business and its planned modernization. I will leave it with the committee as something you can look at in more detail.

I am accompanied today by Mohan Denetto, who is the director general of economic and business opportunities in the department.

Before I begin, I would like to recognize that we are meeting on the unceded traditional territory of the Algonquin nation.

Indigenous economic development is crucial to increasing the socio-economic outcomes and self-determination of indigenous peoples. The procurement strategy for aboriginal business is part of a suite of federal programming, which includes a number of

initiatives to support indigenous peoples to more fully participate in the Canadian economy.

[Translation]

We view procurement as a key tool to advance indigenous economic development. The federal government spends more than \$20 billion annually on procurement. Working with the federal government represents a tremendous opportunity for indigenous businesses to expand products and services and enter into new markets through active economic participation.

[English]

The procurement strategy for aboriginal business was launched in 1996 to increase the number of indigenous businesses competing for and winning federal contracts. It includes a number of measures designed to assist indigenous businesses to gain access to the federal market, including mandatory set-asides and voluntary set-asides, joint ventures, and subcontracting criteria.

The department provides advice and guidance to federal departments on the application of the procurement strategy for aboriginal business through a 100-plus member national coordinators network. We register qualified indigenous businesses in an online directory, and we verify the eligibility of firms via compliance pre-award and post-award audits. We leverage grants and contributions to allow indigenous organizations to build and explore business strategies with other jurisdictions and the private sector.

The value of set-asides reached \$227 million in 2014, representing a 300% increase over five years since 2009. This has largely been achieved through departmental target setting and ongoing meetings with key departments, including Public Services and Procurement Canada; and Innovation, Science and Economic Development Canada.

Since 1996, indigenous businesses have won over \$1 billion in the “procurement strategy for aboriginal business” set-asides. From 2012 to 2014, the number of indigenous businesses winning set-asides increased by 100%. Over that same period, the number of indigenous businesses winning contracts not set aside under the procurement strategy for aboriginal business also more than doubled, from 153 businesses to 347.

While the value of set-asides and the number of businesses winning them have increased, set-asides still represent a small percentage of the government's total procurement. While we have access to some data on the number of indigenous businesses winning contracts not set aside under the strategy, this data is not currently as comprehensive as it could be. Through the procurement modernization agenda and open data strategy, the quality and scope of data available on the procurement strategy for aboriginal business will improve.

We have also had some success with our proactive work in increasing the number of procurement opportunities available to indigenous businesses, including working with other departments to apply indigenous participation components to large-scale contracts in the areas of defence procurement and health systems.

For these large-scale contracts, there was insufficient indigenous business capacity to set these contracts aside. However, the Government of Canada introduced requirements for prime contractors to provide indigenous subcontracting or employment opportunities. This approach provides a direct economic benefit to indigenous peoples and communities. It also allows indigenous businesses to create partnerships with industry leaders, gain experience, access more complex opportunities, and enter into supply chains.

• (1105)

[Translation]

The department has also worked in collaboration with federal partners, other jurisdictions, indigenous organizations and the private sector to expand the application of the model used in the Procurement Strategy for Aboriginal Business, or PSAB.

For example, through the national shipbuilding procurement strategy, Indigenous and Northern Affairs Canada and its partners worked with Irving and Seaspan to promote indigenous business, which resulted in a number of indigenous businesses successfully entering the shipbuilding supply chain and creating employment and training opportunities.

[English]

We also prepare businesses to compete through grants and contributions funding. For example, the department assisted the Saskatoon Tribal Council to develop a procurement business model, which resulted in significant procurement and labour force opportunities for indigenous people.

It should also be noted that some comprehensive land claim agreements call for the generation of socio-economic benefits. Procurement strategy for aboriginal business officials work closely with comprehensive land claim agreements officials and other departments to ensure that comprehensive land claim agreements' obligations are respected and that indigenous participation is maximized. For example, the department is currently working with Public Services and Procurement Canada, Treasury Board Secretariat, and Nunavut Tunngavik Incorporated to examine how to better meet the set-aside and socio-economic benefit requirements set out in the Nunavut Land Claims Agreement.

Throughout these processes, Indigenous and Northern Affairs Canada also takes steps to ensure Canada's commitments in international trade agreements are respected.

[Translation]

In 2014, the department conducted an internal evaluation of the procurement strategy for aboriginal business. The evaluation found that the strategy was aligned with government priorities, and that it was relevant, efficient and economical, with good performance. However, it also highlighted a number of issues that need to be addressed.

[English]

The evaluation noted that the procurement strategy for aboriginal business generally benefits larger and more established firms, and may need to review outreach activities to better target small and medium-sized enterprises. More rigorous data collection and analysis is needed to better monitor the impacts of the procurement strategy for aboriginal business on indigenous business growth and communities.

[Translation]

The evaluation also suggested that approaches be adjusted to address the evolving needs of indigenous businesses. The department will continue to address the findings of this evaluation as part of the government's current procurement modernization agenda.

[English]

Last week, presentations to this committee outlined a number of initiatives that are expected to have a positive impact on indigenous procurement, including the simplification of the federal procurement process and increased emphasis on social procurement. These initiatives will clearly benefit indigenous small and medium-sized enterprises, which include over 43,000 self-employed indigenous people in Canada. The key to success will be to work with partners that have close ties and regular contact with indigenous businesses and business owners.

In addition to the government's broader efforts, indigenous services is undertaking its own review of the procurement strategy for aboriginal business to leverage and enhance procurement policies, guidelines, and mechanisms to maximize the participation and benefit of indigenous people, businesses, and communities from federal programs, expenditures, and investments.

Over the next six months, we will undertake a review of the procurement strategy for aboriginal business, and engage with our federal colleagues and external stakeholders through an online process and two round tables. We will develop an options paper in spring 2018 for policy consideration.

Before I make my closing remarks, I would like to take a moment to share how we see indigenous procurement improving.

Going forward, we would like to increase the number and value of procurement opportunities available for indigenous businesses. To complement this, we want to grow the number of indigenous small and medium-sized enterprises bidding on, and winning, federal contracts that are not set aside. Some of the potential actions to achieve this vision are presented in slide 10 of what I've provided. We will also work to better monitor and measure impacts of indigenous procurement.

• (1110)

[Translation]

We look forward to working collaboratively with other federal departments to better match indigenous business capacity to their procurement requirements. The impacts of all these actions will be monitored and measured through improved performance measurement so that we understand the longer-term impacts of federal indigenous procurement initiatives.

[English]

Thank you for the opportunity to present to your committee. We look forward to the final report of this study and incorporating your recommendations into our modernization program.

I look forward to any questions and comments you may have.

The Chair: Thank you very much.

Our next presenter will be Madam Reza.

Welcome back to our committee.

Ms. Arianne Reza (Assistant Deputy Minister, Procurement, Department of Public Works and Government Services): Thank you for having me back.

Thank you, Mr. Chair and committee members. Accompanying me today is Carolyne Blain, director general of strategic policy for PSPC's acquisitions program. We will outline the work we do with client departments and indigenous suppliers with respect to federal procurement opportunities.

By way of a quick recap from last week's presentation to the committee, PSPC is the government's common service provider for the acquisition of goods and services for about 100 client departments. We deliver against a complex backdrop of legislative and regulatory requirements, Treasury Board policies, and trade agreement obligations.

Specific and legally binding procurement obligations arise out of the comprehensive land claim agreements, also known as modern treaties. Of the 25 modern treaties that Canada has signed with indigenous groups and territorial or provincial governments, 20 contain specific federal government contracting obligations. These obligations are not in effect across the whole country, but are applicable in large areas within the Yukon, British Columbia, the Northwest Territories, Nunavut, northern Quebec, and northern Labrador.

For each and every procurement, PSPC must first determine whether any such obligations apply, and if so, how they will affect the procurement strategy. The determination is applied by answering a series of questions—i.e., does the proposed procurement involve goods, services, real property, or construction in a geographic area

subject to one or more treaties? Although the obligations are not identical in the various agreements, they are all aimed at enhancing economic opportunities of the indigenous groups benefiting from the agreement in their settlement areas. In 2016-17, a total of 365 federal contracts were awarded to indigenous firms in modern treaty areas, with a contracting value of approximately \$31 million.

Ms. Murphy provided a detailed overview and a handout on the procurement strategy for aboriginal business, PSAB, so I do not propose to go through the material in detail. I would just like to highlight the following points and share some examples of procurements awarded through PSAB.

PSAB is intended to encourage aboriginal suppliers and the federal government to do business with each other. A contract that is set aside under PSAB means that only aboriginal businesses registered with INAC are acceptable bidders. The decision to use PSAB, where applicable, rests with the client departments. PSPC's role is to help its client departments identify and define indigenous opportunities in their business requirements or scope of work. Under PSAB, as in all our procurements, open competition is the default, both in regulation and in practice. Bids are prepared and submitted by aboriginal businesses, and are evaluated in keeping with the principles of federal government contracting, which are fairness, openness, integrity, and best value.

As a reference point, between 2009 and 2015, PSPC issued approximately \$500 million in total contract value for 1,265 PSAB contracts. The highest-value contracts under PSAB are typically found in the following commodity groupings: health services, construction, accommodations, office supplies, IT equipment and software, and informatics professional services.

[Translation]

In circumstances where the prime contractor is not an aboriginal business, the PSAB allows for socio-economic benefit clauses, such as indigenous participation components to be incorporated into its procurements. For example, client departments may designate that a proportion of subcontracts on projects be reserved for aboriginal business, or that additional evaluation points be given to the bid to incentivize the hiring of aboriginal suppliers and subcontractors. However, the inclusion of aboriginal suppliers or subcontractors must be clearly identified in the solicitation as an evaluation criterion.

We are encouraging aboriginal firms to create joint ventures with other aboriginal or non-aboriginal firms in bidding for federal government contracts. If a firm is starting a joint venture, at least 51% of the joint venture must be owned and controlled by an aboriginal business or businesses. A firm must demonstrate a level of aboriginal content amounting to 33% of the value of the work performed by the aboriginal business.

I thought it would be helpful to quickly highlight some of the PSAB procurements underway.

In March 2016, as part of the Centre Block Rehabilitation Project, two professional services contracts were awarded to indigenous firms; one was awarded to the Mobile Resource Group Inc., for the provision of real property management support services valued at \$750,000. A second contract was awarded to the Naut'sa mawt Resources Group for the provision of leadership development services, valued at \$345,000 to date.

• (1115)

Public Services and Procurement Canada, or PSPC, has several air carrier agreements with indigenous owned airlines, including First Air, Canadian North, Wasaya Airways and Yukon Air North. In 2016-2017, federal spending for these air carriers totalled approximately \$10 million.

The contract for the Canada Student Loans Program contains a voluntary set-aside in which the prime contractor selected under a competitive process entered into a relationship with Tribal Wi-Chi-Way-Win Capital Corporation to manage the customer contact centres for the administration of the program.

I spoke earlier of how we seek to encourage joint venture partnerships between indigenous and non-indigenous firms. One example of this was the recent Esquimalt graving dock remediation in BC, valued at approximately \$28 million. The indigenous firm Malahat Nation and the non-indigenous firm Quantum Murray combined to do business. The Malahat nation derived economic benefits through this relationship and members of the Malahat nation were involved in the performance of the work. This enabled the indigenous firm to acquire training and experience in the field of marine sediment remediation. Indigenous Services worked closely with the PSPC regional office to provide a PSAB set-aside for the project.

Canada's national shipbuilding strategy provides economic benefits to communities across Canada, including for indigenous peoples. For example, the Canadian shipyards have trained approximately 1,500 indigenous people as ironworkers and sheet metal fabricators, which are highly skilled and marketable trades.

[English]

PSPC's office of small and medium enterprises, OSME, is instrumental in outreach efforts to build capacity in indigenous enterprises, and to provide information and tools on how to access federal procurement opportunities with the objective of bringing more indigenous enterprises into the supply chain.

Ongoing OSME activities include seminars, one-on-one meetings with indigenous suppliers to explain how government works, how to identify opportunities in the procurement process, and how to

compete. We host indigenous-specific events during the course of the year to match businesses interested in partnering. OSME's MOU within INAC allows for the coordination of indigenous outreach at a national level, and for indigenous-specific events to take place.

Last year, OSME participated in over 120 indigenous events held locally in many Canadian communities, and reaching more than 2,300 individuals or SMEs. Over and above local and regional events, OSME networked at the annual Assembly of First Nations conference, partnered with the Canadian Aboriginal and Minority Supplier Council, and collaborated with the Canadian Council for Aboriginal Business to deliver a national webinar on doing business with the government, including how to obtain security clearances.

OSME's outreach helps identify, analyze, and reduce the barriers that can make doing business with the government unnecessarily difficult for indigenous suppliers. We share this feedback broadly for the awareness of relevant stakeholders.

Taken together and over time, these measures are intended to increase the capacity of indigenous firms to compete and participate in government contracts, and increase indigenous economic development.

Thank you.

• (1120)

The Chair: Thank you very much.

Colleagues, we have about 40 minutes left, slightly less than that actually if we want to suspend to hear our next witnesses. We'll go through one complete round of questions, but I'll give eight minutes each rather than seven, and hopefully, we'll get our next panel of witnesses up on time, and get the rest of you into the question period following that.

Mr. Whalen, you have eight minutes, please.

Mr. Nick Whalen (St. John's East, Lib.): Thank you very much, Mr. Chair, and thank you all for coming.

It's obviously of importance to us to carry out a review in parallel with your department's evaluation of the procurement strategy for aboriginal business. I'm not sure if everyone has received a copy of the slides that Ms. Murphy had mentioned, but on slide 11 she talks about the trajectory, the timeline, of the work plan. There's been a literature review done to this point, I'm assuming, and some statistical analysis.

What type of statistics are you measuring?

Ms. Sheilagh Murphy: We have certainly all of the reports we've had through the procurement strategy, our annual reports, and we are going to be looking at what OSME has, as well.

Certainly we have our databases and the ISED databases that we can look at, but I think a good portion of what we need to be looking at is actually talking to indigenous businesses.

Mr. Nick Whalen: Is that statistical, though?

Ms. Sheilagh Murphy: Yes.

Mr. Nick Whalen: I'm asking about the statistical. Is that talking to statistical or getting comprehensive data from them?

Ms. Sheilagh Murphy: We do have data in our database. We have data from the research the Canadian Council for Aboriginal Business has done as well.

Mr. Nick Whalen: Okay.

Ms. Sheilagh Murphy: We have the ISED database. We can look at procurement and what has happened through the statistics that we collect. We do that data analysis on an ongoing basis, and through that we've noticed that we have challenges in terms of larger companies participating in the procurement strategy more than small and medium-sized enterprises, and so why is that?

We've identified gaps in that work, so that's what we now need to go out and figure out with communities and with our partners as to how we can close those gaps.

Mr. Nick Whalen: Okay.

Are you through stage one now, the information-gathering stage, or are you still in progress with that?

Ms. Sheilagh Murphy: We're still looking at that. I think we'll continue to look at that, and then we will launch into the engagement phase as well.

The statistical review is giving us some line of sight of the types of questions we want to put in the survey, so based on the performance through the data, asking indigenous entrepreneurs and businesses certain questions that we've observed through the analysis of the data.

Mr. Nick Whalen: That's great, so I look forward to you maybe depositing with the committee the statistical analysis when it's complete so that we have it for our records as well as the bibliography that comes out of your literature review. It might help inform us.

Ms. Sheilagh Murphy: Yes.

Mr. Nick Whalen: One of the things that always struck me as a strange threshold—and perhaps your statistical analysis will help us with this—is that in order for a business to be considered aboriginal there needs to be 51% control, but only one-third of the employees need to be indigenous.

In terms of measuring the impact of the economic benefit to indigenous communities, it goes beyond just whether or not the business is indigenous-controlled, obviously. It's what percentage of the salaries is paid to workers from those communities, and what percentage of the profits is returned to the communities.

Do you do additional statistical analysis beyond the threshold to determine whether or not a business is actually leveraging, and how much they're leveraging, the value of these federal contracts for their indigenous communities, because I would like to see something

more detailed than whether or not it's aboriginal. I'd like to know how much of the salaries are being paid to aboriginal workers.

Mr. Mohan Denetto (Director General, Economic and Business Opportunities, Lands and Economic Development, Department of Indian Affairs and Northern Development): Perhaps I can illustrate a bit how we're approaching this. Definitely the criteria you mentioned are for entry into the program to get into the database, but of course there are other factors, like the economic benefits from the work.

Currently we don't specifically track that data, but it's definitely something we need to look at in terms of improving our dataset and improving the data we do gather to assess the impacts of the program.

At the same time we talked a little bit about what happens outside of PSAB. Through our work we're not only ensuring the businesses are eligible for PSAB, but also through other mechanisms, through the regular procurement process, we do look at the percentage of subcontracts to aboriginal businesses.

• (1125)

Mr. Nick Whalen: When you do that, is it aboriginal businesses or how much of the economic value is being returned to these communities, because, again, the threshold is only one-third. If you have a \$17-million contract but only one-third of the salaries are being paid to indigenous communities—or worse, only one-third of the employees are but it's all the low-level employees—then there are very few actual dollars being returned to those communities.

I'm very interested in that more impactful information, so maybe I'll just go back to my first question, which was this. What information are you planning to collect to make sure that PSAB is working? What types of statistics are you proposing to collect to add to your dataset to make it more useful?

Mr. Mohan Denetto: With regard to direct impacts, we do have some data, for example, on local hiring targets, so we can collect that. We're looking at the dataset right now and we'll have to establish, in discussion with our partners, exactly what data we'll be able to collect in order to conduct the analysis.

Mr. Nick Whalen: In terms of other aspects of the criteria, I'm assuming when you say “aboriginal” it means somebody who has some type of status, or is it a more broad term to also include people who don't have status but have some cultural ties to the community?

Ms. Sheilagh Murphy: It's self-identification, so we're not in there measuring and saying who's Métis and who's not Métis. People self-identify. We look at that, and we accept that as self-identification. We're not asking for status cards and those other things.

I mean, we will do an audit and look at the information that says that this is indigenous, but we don't question when someone says they are Métis. It's a bit of a challenge because it is self-identification, but we trust—

Mr. Nick Whalen: If you're doing an audit, what are you auditing? How many times have you audited? Have you ever disallowed a business because they failed to meet the audit?

Mr. Mohan Denetto: We do post-audits of PSAB, and we do verifications. In the past, we have disqualified four businesses. It's not a common thing, but we do verifications. We check based on generally established criteria on entry into the PSAB database.

Mr. Nick Whalen: In the House, a lot of the debate around certain bills this year has been on some of the sexist categories within the Indian Act, in terms of determining status.

I'm wondering if you guys have done, or if the department has done, a gender-based analysis of how PSAB affects businesses that are women-owned indigenous businesses versus male-owned indigenous businesses.

The Chair: Give a very brief answer, if you could, please.

Ms. Sheilagh Murphy: I don't think we've done an analysis within the PSAB data of businesses, and Mohan can correct me if I'm wrong.

We do gender-based analysis on aboriginal businesses at large, and how they compare with the broader workforce and business workforce. We know that the number of women entrepreneurs is growing. It's not where we'd like it to be. We do have a line of sight when we do our programming and our policy work that we want it to be gender balanced.

The Chair: Thank you very much.

Mr. McCauley, you have eight minutes, please.

Mr. Kelly McCauley (Edmonton West, CPC): Good morning.

I want to follow up a bit on what Mr. Whalen was talking about, but on a different bent.

We talked about 51% ownership and 33% workforce participation.

Have we reviewed those numbers? Have we talked to the businesses to see if those numbers are too high or too low? I'm wondering whether we are excluding some very good indigenous businesses or other businesses that may have 28% or 29% workforce participation, and therefore excluding those people from bidding on PSAB projects.

Ms. Sheilagh Murphy: If those numbers were established when PSAB was established, I think, as part of the modernization review, we need to be asking ourselves and asking businesses the question in and around—

Mr. Kelly McCauley: Have you ever heard feedback that it's too high or too low?

Ms. Sheilagh Murphy: I haven't. I don't know whether it's come through in any other.... I don't know whether OSME has heard either.

I think some small corporations struggle to get to that percentage, so we encourage joint venturing. That then allows smaller indigenous businesses to partner up.

• (1130)

Mr. Kelly McCauley: It's good that you're doing that, but I know that one issue both indigenous and non-indigenous have in dealing with the government is the bureaucracy, the paperwork. Now it sounds like we're adding another layer to them. Someone could be a very good employer with a high percentage of indigenous workers but not meeting the threshold. Now they're going to have to go out and scramble to find a joint venture. I'm glad that you are looking at this as part of your modernization.

I'm wondering—and this is a difficult question for you—about Indigenous and Northern Affairs overlooking this directive. Should it be with PSPC? Are you comfortable with it? Are we getting the best results by having it in Indigenous and Northern Affairs as opposed to PSPC?

Ms. Sheilagh Murphy: I see that as a partnership.

Certainly INAC takes on a certain portion of the PSAB and has expertise in order to work with aboriginal businesses and federal departments, but it's done in partnership with PSPC. When we go out and offer sessions to federal departments, it's done jointly. We're collecting the information, but we see it as a shared partnership. It helps spread out the socialization of the PSAB strategy.

Mr. Kelly McCauley: With the split in INAC between services, how is that going to affect how you're able to follow up on or deliver these services to indigenous businesses? Is it going to help, hinder, or is it a wait and see?

Ms. Sheilagh Murphy: We're not expecting that it's going to change the direction we're taking. The whole division of the department is to get to better outcomes. PSAB will stay as a strategy, and it's supported.

Mr. Kelly McCauley: You don't see it being affected.

Ms. Sheilagh Murphy: No.

Mr. Kelly McCauley: You mentioned that the set-aside business has gone up 100%, which is great, and the non-set-aside has gone up 100% since 2009. What has changed? How did we achieve that? Is that acceptable growth? Did we have higher expectations?

Ms. Sheilagh Murphy: I'm not sure whether I would say it's a value of acceptable growth. What I would say is that there's been an awful lot of work to go out and speak to businesses and let them know about the strategy.

Mr. Kelly McCauley: Is there something specific that we've done that's helped us to get to 100% growth that we should focus on? Is it just better recognition out in the communities?

Ms. Arianne Reza: I would say that you have to look at it with a couple of different lenses. We're working very closely with the client departments to review their procurement strategies and to look actively for opportunities where we can bring in the socio-economic objectives of indigenous procurement. We're doing outreach activities as well, business matching in Canadian communities, and one-on-one supplier discussions.

Mr. Kelly McCauley: The 100% growth, I think, is over a seven-year period. Did it start out at 2%, and then it climbed, or have we plateaued with growth with this—

Ms. Sheilagh Murphy: I don't think we've plateaued with growth. Our—

Mr. Kelly McCauley: How has it been? Is it increasing every year? Are we seeing better growth over the last couple of years as we're engaging more, or was all the growth a few years ago?

Ms. Sheilagh Murphy: We're seeing more businesses registering into the registry so that they can avail themselves of the procurement possibilities. There's more socialization, and I think companies are seeing that there's potential through federal procurement.

Mr. Kelly McCauley: You mentioned, Ms. Murphy, about social benefit requirements making it easier for indigenous companies to obtain contracts. That's one of the things we've heard from various witnesses, the difficulty, the bureaucratic burden that makes it very difficult for any company to bid for contracts.

How is it going to make it easier, as you mentioned, for indigenous businesses if we're adding another layer of bureaucracy and red tape?

Ms. Sheilagh Murphy: I'm not sure I understand—

Mr. Kelly McCauley: You made a comment that the social benefit requirements will make it easier for indigenous businesses to obtain contracts. It was in your preamble.

Ms. Sheilagh Murphy: Yes, I know. It's in there, and I'm trying to think of the context in which that was said.

Mr. Kelly McCauley: I understand what you're getting at, but again, it goes back to what we've heard from all witnesses, and from the procurement ombudsman, that it's very difficult. The red tape is very burdensome. I'm just wondering. With another layer of red tape, how will it make it easier for indigenous businesses?

• (1135)

Mr. Mohan Denetto: One way of looking at it is that PSAB is one tool in the tool kit for promoting and supporting indigenous-owned businesses. Certainly there is some administration in getting into that, but we're also working in a number of areas outside of PSAB to generally support indigenous-owned businesses to get into the marketplace and make them bid ready. That's the whole objective of our support.

Mr. Kelly McCauley: You mentioned shipbuilding, which is great. I've been out to Irving, and I was out to Seaspan just a short while ago in Esquimalt to see the work there. It's great that they're engaging.

Is there anything that we are doing as part of PSAB to encourage first nation participation in the trades and apprenticeships? If you go to Irving and Seaspan, there's a demand for high-skilled trade work. It's great that we have requirements and engagement, but are we doing that first step to get indigenous people into the trades and into the apprenticeships so that they can better qualify or better bid for these businesses?

Ms. Sheilagh Murphy: Certainly in the shipbuilding work, we did work with the companies. There is a working group, and it includes indigenous groups as well, to figure out and get ahead of where those longer-term job opportunities are going to be. We've had ESDC engaged as well so that we can line up skills training and development to feed into those opportunities.

Mr. Kelly McCauley: Excellent. Thank you.

The Chair: Thank you very much.

Mr. Weir, you have eight minutes.

Mr. Erin Weir (Regina—Lewvan, NDP): Thanks very much.

I want to ask about something that Mr. McCauley already raised, which is the division of INAC into two new government departments. I appreciate the answer that it may not affect first nations procurement, but I am curious to know in which of those new departments PSAB would reside.

Ms. Sheilagh Murphy: That decision hasn't been made yet. The mandate letter made it clear that Minister Philpott would have indigenous services and that Minister Bennett would have more of the nation-to-nation, longer-term arrangement.

At this point in time, it looks like it might be in the indigenous services side, but until all of the decisions are made, until OICs are done, and legislation is done, it hasn't been grounded in a final decision. For now we're running as INAC, as indigenous services, and as CIRNA collectively. We're working through this and not allowing our programs to get caught up in the conversations that are happening in and around what those two departments will look like down the road.

Mr. Erin Weir: That's quite an interesting point from a government operations perspective. Certainly, it's a question of whether we are viewing first nations procurement as part of meeting a treaty obligation or we are viewing it as part of the suite of economic development services the Government of Canada might offer.

Do you have any views on which department would be most appropriate for PSAB?

Ms. Sheilagh Murphy: I think in the end, it's about the strategy of providing services to businesses and having federal departments coordinate around the opportunity. It could go in either department in some ways, depending on how you look at it. In the end, it's a strategy. It's a program. It works with partner departments, and either minister could take responsibility for that, so we'll have to wait to see how they make the division.

Given that it's more administrative in nature, it might fall more easily on the services side than on the broader relationship, nationhood side.

Mr. Erin Weir: Okay. What I'm hearing is that it probably makes more sense to put it in indigenous services, but that final decision has not yet been made.

Ms. Sheilagh Murphy: That's correct.

Mr. Erin Weir: Okay. Thanks very much. I really appreciate that.

In terms of first nations businesses bidding on and sometimes receiving federal contracts outside of the set-aside, we've heard that the number of those contracts has doubled. I'm wondering if the dollar value has also doubled.

Ms. Arianne Reza: I'm happy to give you some PSPC statistics. It's interesting when we talk about those indigenous suppliers within PSAB versus non-PSAB, because we collect statistics but we don't go back, and they've self-identified as being indigenous.

I'll give you an example here. In 2014-15, at PSPC, under PSAB, we had contracts worth about \$178 million. Outside of it, we had contracts worth about \$25 million to \$26 million.

• (1140)

Mr. Erin Weir: That's \$26 million outside of PSAB but going to aboriginal businesses.

Ms. Arianne Reza: Exactly. They're just competing in the general streams of procurements.

Mr. Erin Weir: How does that \$26 million compare with the previous year, or 10 years ago? Can you give us some frame of reference as to whether it's increasing?

Ms. Arianne Reza: In the previous year, in the same kinds of streams, under PSAB, it was about \$50 million, and for indigenous suppliers who self-identified, it was \$11 million.

Mr. Erin Weir: Okay. Would you consider that to be a trend or something unusual in one of those years?

Ms. Arianne Reza: I'm looking at the statistics from all the fiscal years, and we are seeing a steady increase. It goes back to the fact that they've self-identified, but we're not going back outside of PSAB to review the status. We're hoping to work on that as part of the statistical work that will be coming forward.

Ms. Sheilagh Murphy: Can I add one answer?

Another challenge we have with the data we have in the system is that businesses may not always register themselves with the same name, so the move to business numbers is going to help us to track the activity of indigenous businesses better. They may change their name or go into a joint venture, so our current database may not be capturing everyone, just from a nomenclature point of view. Hopefully, the use of business numbers is going to allow us to regularize the statistics a bit better.

Mr. Erin Weir: Okay, excellent.

There was something in your testimony, Ms. Reza, that I maybe didn't completely understand, which was the distinction between procurement for first nations businesses as part of modern treaties versus the overall PSAB program. Could you perhaps just speak to how they do or don't fit together?

Ms. Arianne Reza: That is an excellent question, because I wanted to show the different points on the continuum where procurement comes into it.

First and foremost, for any procurement, regardless of PSAB, the first place we stop, after trade obligations, is to look at the modern treaties to see what the modern treaty obligation is. As a first order, all procurement is reviewed against it. If the procurement is taking place in a geographic zone where a modern treaty applies, we have to look at that specific agreement. They may have first right of refusal. They may get all the business. They may just want to be part of the solicitation process. That's the first order. Then, other considerations like PSAB, or a general procurement strategy will apply.

Mr. Erin Weir: Mr. Whalen was asking about how we define "first nations", and the answer was that it is basically self-declaration. I appreciate that may apply to PSAB. Presumably, to receive the procurement benefits under the modern treaties, the bidder would have to have status as a member of that first nation.

Ms. Carolynne Blain (Director General, Strategic Policy, Department of Public Works and Government Services): Indeed, we would actually work with the claimant groups to be able to identify who the suppliers are within the modern treaty obligations, so we ensure that we have the right list of suppliers to do business with in that particular context.

Mr. Erin Weir: Just going back to my question about the division of INAC, it strikes me that the procurement obligations under the modern treaties might connect to crown-indigenous relations, whereas the broad PSAB program might fit better with indigenous services.

Ms. Sheilagh Murphy: The modern treaties are certainly negotiated through what might be considered the CIRNA side. Once they are in place, all departments are actually obligated to follow those treaties and implement them. It really isn't necessarily CIRNA overseeing. They will do the broader analysis and review of implementation requirements across those land claim agreements that go beyond just procurement, but in the end, individual departments—including our PSAB side—will have to take on that obligation and make sure we're incorporating it, not only into the approaches of PSAB but into other programs as well.

There certainly is an implementation oversight that happens through maybe the CIRNA side, but we catch these agreements through the procurement strategy and implement them through the strategy.

• (1145)

The Chair: Thank you very much.

Madam Shanahan, you have eight minutes, please.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you very much, Chair, and thanks to all the witnesses for being here this morning.

I'm sorry that I missed the earlier meeting. I just want to go back over the goal of the PSAB, just for the record. Could you let me know the last time the strategy was actually reviewed to see if it was meeting those goals?

Ms. Sheilagh Murphy: The goal of the procurement strategy for aboriginal business is to help indigenous businesses gain experience, bid, and partner with Canada, and to increase the number of contracts that go to indigenous businesses so that they get a larger share of the federal contract offerings. That's the overall goal.

The strategy was put in place in 1996 to help indigenous businesses and federal departments work together to realize a larger footprint of federal contracts within the indigenous community, and the opportunities they present. That remains the objective. We did an evaluation of PSAB in 2014. That evaluation is up on our website if you would like to look at it. It had a number of recommendations, which we have implemented and which we continue to work on. There was an internal evaluation in 2014, and an action plan was developed and is being responded to.

Mrs. Brenda Shanahan: Okay.

There are two things I want to follow up on. The goal of helping aboriginal businesses gain experience is part of that. This idea that the federal government could be a first customer... Is that a tool that is available—a first customer to a new business? I'm thinking of a new business just starting up.

Ms. Sheilagh Murphy: It can be. Individual departments are letting these contracts. They need to be out there looking for the opportunity. What we try to do through both PSPC and INAC, both in our PSAB work and in our work more generally, is to try to identify businesses that could benefit from federal contracting, help them get registered, and match them to departments. Departments do that themselves as well.

I don't know if we would say it's a first principle. The goal is to get out there, identify businesses that would like to do business, look for

opportunities that are emerging through a contracting offer, and ask if there are businesses out there that we could match and work with. We did that in shipbuilding, as an example, where businesses wouldn't naturally come to this. We proactively worked with Irving and with indigenous businesses and organizations to see what we could do to maximize benefits from that offering. That's how we operate across the program.

Mrs. Brenda Shanahan: I know you mentioned that it's on the website, and I think that's the motto for so many things. A lot of things are "on the website", but could you recap for us what is the most important finding you had in doing that 2014 evaluation? I'm thinking along the lines of actually making that operational, because there is a big gap between what we want to do here from Ottawa and what is actually happening on the ground.

Ms. Sheilagh Murphy: I could quickly recap for you, if you'd like. One of the findings was that the approach we used generally favours larger and more established firms over new and smaller businesses and entrepreneurs, so we need to have the PSAB tailored to the needs of all businesses. We can do that through regional training and more direct work with those businesses.

We've developed a video. We've done more outreach activities. We've done a Canadian Council for Aboriginal Business survey to see what the training needs and gaps are for businesses that inhibit them from participating. As well, we've done pilots to raise awareness of the strategy. That's one action we undertook.

Another one was around our data collection. We don't always have the data that allows for complete analysis on whether we're truly creating and expanding viable businesses, so again we need to look at the way in which we're capturing data on those businesses, to see if we can use other means to get at data. That is going to be part of our modernization: where might we improve data collection and where might we be able to have other sources of information that help us improve PSAB? Those are the things that we are working on and building into our forward plans.

• (1150)

Mrs. Brenda Shanahan: Very good.

My colleague asked about GBA+ analysis. I just want to remind everyone that gender-based analysis is between men and women, of course, but the "+" there means all of those youth and marginalized groups within a community, culturally and so on, and I think there is still a lot of room for analysis there.

I would like to throw out a question for the PSPC folks. Could you talk about how PSAB works operationally in a procurement process? What decisions and what criteria are we using in a set-aside procurement? Would you be involved in that, or is that back to...?

Ms. Carolyne Blain: Certainly from a procurement perspective, one of the key things is really the early planning. What we do as a common service provider for other government departments is to ensure that we actively engage with those client departments to define early on what those requirements are for the acquisition or the procurement of their goods or services.

One of the aspects that we often find in the context of procurement, in particular with small business enterprises, is potential barriers in how we define our requirements. We want to ensure that we work up front, early on, through the planning and the engagement to define those requirements and ensure the application of either the CLCA, comprehensive land claims agreements, or if that's not applicable in that context, the PSAB.

Then, in regard to how PSAB applies, through competitive approaches nationally, it restricts or sets aside essentially the procurement for the aboriginal groups and the suppliers that are registered through the INAC registry. Once we have that process launched, then we work with the supplier community, of course, through the outreach, to ensure visibility and an understanding of what the procurement is about, early notification, and different types of notification potentially, depending on what the goods or services are that are being procured, so—

Mrs. Brenda Shanahan: Thank you for that, Madam Blain. I'm running out of time.

The Chair: You have 30 seconds.

Mrs. Brenda Shanahan: I have other questions. Could I submit them in writing, especially around recourse that business owners might have with a decision that goes against them? Thank you.

The Chair: Thank you.

To our witnesses, just to follow up on Madam Shanahan's comments, should there be other questions that committee members have, I assume you would encourage all committee members to get them to you. Reciprocally, if you have any additional information that you think would be of benefit to this committee in our ongoing study, we would encourage you to please make those submissions directly to our clerk.

Thanks to all of you for being here. You have been very informative and extremely helpful.

Colleagues, we will suspend for a few moments while we get our next panel to the table.

• (1150) _____ (Pause) _____

• (1200)

The Chair: Colleagues, I think we'll resume now.

Thank you to all of our witnesses for being here. We'll get going quickly.

I will introduce our first intervenor, Mr. Marc LeClair, the bilateral coordinator for the Métis National Council.

Mr. LeClair, you have 10 minutes please.

Mr. Marc LeClair (Bilateral Coordinator, Métis National Council): Thank you, and sorry we're late.

I recommend that you recommend to the Speaker that we get an RFP to get some signage in here so people know where they're going. Every floor, you get up there and there's nothing.

Anyway, thank you for inviting us to appear.

We'll talk a little about PSAB, and what it is and what it isn't. Our biggest concern with the procurement strategy, apart from the lack of informatics and the difficulty in bidding through the existing system, is that we don't think the procurement strategy goes far enough. We've been arguing for Public Works to include new tendering instruments with large procurements.

In the past what we've done.... For example, for non-insured health benefits claims, which primarily benefit first nations, there's an outsourcing of all the back end of the claims processing. In that contract, because it affected first nations, we put in a minimum indigenous requirement of 20% of the contract. All of these claims processors are big U.S. companies. I think we have one Canadian company that does it out of Halifax, so without that minimum indigenous requirement, there would be no benefit to indigenous people.

If we look just across the street here at all the major capital projects we're doing, even on Parliament Hill, there's no minimum indigenous requirement. Contractors are urged to try to set some targets or whatever. We have construction going on the Hill for the next decade. We could create a hundred indigenous masons and support a lot of indigenous companies, but we don't put in a minimum requirement.

My ex-wife manages the West Block building. There are no natives working there because the companies don't have to. We don't put that requirement in there.

Now in the private sector, we're getting the Enbridges; everybody in the oil patch is giving minimum indigenous requirements in the contracts. We don't put that requirement in there.

We have the Supreme Court building coming up. It's a \$2-billion build. That's around the corner. We look at 100 Wellington. We thank the Prime Minister for giving us that building. We said we wanted the building, but we also want the construction on that portion of the building. Renovating that building and building the back part right out to Sparks Street is going to be about \$100-million build—something like that.

Three weeks ago, Public Works came out with a tender for precinct two—to do all that work at precinct two—for project managers. The project managers are limited. They got this thing so jacked up.... It was first out for a three-week tender, so only the incumbents could win. They expanded that. Then, you have to have your local resources in Ottawa, within a 50-kilometre patch of Ottawa. For Métis, forget it. We're out.

We have done these minimum indigenous requirements in shipbuilding. You might have heard of the success of Membertou First Nation. They were successful because they got minimum indigenous requirements in the shipbuilding and some of the military contracts.

This government has put out a huge build on infrastructure. We should require that these companies have a minimum indigenous requirement. That goes beyond just setting aside PSAB. Although, we would say, with 100 Wellington, that build should be set aside just for indigenous contractors. Yes, they'll probably have to enter into JVs, but at least they'll get a piece of the action.

Right now, we have all of this work that's going out there. There's no indigenous requirement. You're not really helping indigenous business. You have to remember about indigenous business that while it's growing, it's not diversified. It's not large enough to participate in these contracts. When we've done all these bundling contracts like we're doing, indigenous people have no chance to get in them.

We run a \$65-million construction company. We did Manitoba Hydro. We did a \$21-million directly negotiated contract. We created the company. It did another \$40 million. It won the bids. Now it has 15 joint ventures with Enbridge for Line 3. That's because we started with a procurement system. We made sure that this time there was going to be something for the indigenous people. We started that, and we built it.

• (1205)

That's really what we need to do. There are lots of things we don't like about PSAB. When it first got going, there were a lot of 51% shell companies that were indigenous in name only. In the United States, they have section 8(a), where the government has a legislative mandate to set aside contracts for minorities, Native Americans, and women.

• (1210)

They have a whole business office in the Department of Commerce. They have a good supplier development system there, where they actually work with minority companies to build their quota, just as I talked about with our experience. We don't have that here. We have a few bureaucrats who you just heard from here. I raised, for example, 100 Wellington with the deputy and with the chief of staff for the minister.

I said, "Why is there no requirement for any indigenous involvement in project management for that precinct?" They said they'd get it fixed. It's four weeks later. Yes, okay.

On PSAB, everything is like.... It's a duck; everything falls off the side of that thing. It's not that it doesn't have potential, but the way it's operated now, it's not focused on the larger stuff. It has no capacity development system. Having a couple of bureaucrats go to some conferences and tell them how easy it is to get procurements.... I'm in that business as a consultant. I've won a dozen; I've bid on fifty. I know how hard it is.

It helps when it's the PSAB system, and we should expand the scope of it, but it's not going to get us to where the really big contracts are: shipbuilding, federal infrastructure, and the like. It

extends to services: call centres, tax collectors, employment insurance people, that sort of thing. We need to open up some of that system. We are direct-delivering employment programs. The government of Canada did it for the last 20 years. We've done it better, with better results and at a lower cost. When we look at procurement for all our call centres and service providers, we would be happy to negotiate an effective and rewarding contract for both of us on any of that stuff.

The Métis are primarily western Canadian. We represent the Métis Nation, and we are very proud of that. In two years, we'll celebrate our 200th year since negotiating Manitoba into the Confederation. We are really looking forward to that. We participated in the Canada 150 celebrations. We are very proud Canadians, and we are very entrepreneurial. We are looking for work and for contracts.

The Chair: Thank you very much.

We now go to Madam Bertha Rabesca Zoe.

Ms. Bertha Rabesca Zoe (Legal Counsel, Tlicho Government): He is first.

The Chair: You have 10 minutes, Mr. Salter.

Mr. Colin Salter (Legal Counsel, Tlicho Government): Thank you.

I would like to bring you a perspective of the modern treaty holders. I think a lot of what was said was quite helpful and we agree with. The Tlicho agreement is a modern treaty, protected under section 35, and it includes both self-government and land claims. It's the whole package together.

I had the privilege of sitting at the negotiating table for 10 years to help build that agreement. I had the opportunity to build into the Tlicho treaty what the "economic measures" are that form chapter 26 of that agreement. The way that chapter works is that it really sets out some large objectives. Then it talks about tools, about how you will get there. Fundamentally, I think, for the purposes of PSAB, one of those objectives was that Canada's programs, and also those of the Government of Northwest Territories, should be built to foster Tlicho self-sufficiency. It then goes into specific measures about how that self-sufficiency will be achieved, including following the preferential contracting policies intended to maximize local, indigenous, and other kinds of contracting opportunities.

When I sat at that table, PSAB was brought to us in that negotiation as, look, this is the kind of economic tool that Canada will use to ensure that you have this opportunity to participate in these large economic opportunities. But my experience has been, over the last....

The Tlicho are now, is it, 11 years post effective date?

Ms. Bertha Rabesca Zoe: Twelve.

Mr. Colin Salter: It's 12. Thank you, Bertha.

From my experience, we've rarely been able to tap into PSAB. I think there's a bit of a disconnect going on. PSAB as a design, as a program, is a very good idea, but because of the way in which it's operationalized, it doesn't result in enough of the significant business opportunities available in the Tlicho area to actually fall within the ambit of PSAB. In fact, very few opportunities ever get to touch PSAB. There are certain rules inside the PSAB policy itself around when "mandatory" applies. I would encourage this committee to really look at those rules. The policy is mandatory, but then there are numerous interpretations and opportunities for it not to apply. Is the indigenous party the primarily affected group? Will they feel the direct benefit?

In the Tlicho region, the biggest opportunities are reclamation opportunities. The Tlicho Government has created the Tlicho Investment Corporation, a business of over \$100 million. It's been servicing the diamond mining industry primarily. Reclamation is a huge part of what we do. It would be wonderful if those reclamation opportunities could fall within the ambit of PSAB. Unfortunately, the issue we run into with regard to the application of PSAB in those kinds of opportunities is that with reclamation, it's hard to prove that the primarily affected people are the indigenous people. A reclamation opportunity, of course, is for the benefit of all Canadians as well. Some of these messes are quite unbelievable; Giant Mine is coming up.

I think if PSAB is going to be an effective tool to live up to the treaty commitments, then really it needs to find a way where we're not relying on a departmental interpretation to exclude its application. It's worth noting that in the Tlicho treaty, there's a treaty right that for all federal procurement, you will in fact follow our policies. Those are the policies that would explain to us.... The on-the-ground implementation of this is that the policies are followed, but then the interpretations take the contracts out of the preferred approach, out of PSAB.

• (1215)

Ultimately we had a grand bargain about how we would attain self-sufficiency and bake that into the treaty, but in the application of the policy itself, which, of course, is of far lower importance than is the constitutional promise of chapter 26, it's not playing out as we would like.

We have a couple of ideas on how to fix it, and we would be happy to share those with the committee.

The Chair: Thank you very much.

Ms. Bertha Rabesca Zoe: Good afternoon.

Colin gave a good outline of the Tlicho. The Tlicho are located north of Great Slave Lake just 100 kilometres north of Yellowknife. We have a huge track of land. We own 39,000 square kilometres, which is about half the size of Nova Scotia. Our traditional territory is called Mowhi Gogha De Niitlee—and I was hoping to circulate a map for the committee members. They are going to do that once they translate that into French. The traditional territory of the Tlicho is huge. It takes into account the borders of the partnering first nations that have land claims.

When you look at the map, you will see that there is what I call patchwork where the Inuvialuit, Gwich'in, and Sahtu have land claims, and they have surface and subsurface rights in certain blocks of land, but the Tlicho is a single block of land that they own outright.

We're very interested in the PSAB, because, as Colin said, we have 100 million dollars' worth of a company that has done a lot of work. What has PSAB done for the Tlicho in the last 12 years of the land claims? Nothing. We have not been able to use PSAB for any of our procurement work, especially in the remediation work. There are lots of abandoned mine sites in our traditional territory. Giant Mine is the major one right now. It needs over \$300 million to \$400 million worth of mine cleanup.

We can honestly say that PSAB has not been applied in our claim area, in our settlement area, in our Mowhi area through our agreement. I know this because I've been heavily involved in the implementation of the land claims prior to effective date, which is over 12 years, and I've worked with our companies to try to secure contracts using PSAB, but we have not been able to.

At one point I was told that PSAB doesn't apply to land claim areas. I said, "No, I don't think so. You need to read our agreement and what PSAB says."

I think the committee needs to understand that even though it exists out there, some of us haven't been able to use PSAB because its application has been very discretionary in our region, as far as we're concerned.

I don't know if my time is up, but as Colin said, we do have some suggestions for fixing that. One is to not have discretionary application. As well, there are too many rules as it is right now. The interpretation of PSAB is also something this committee needs to consider.

Basically, I think overall it's a sound policy, but it hasn't been applied. As I said, it was very discretionary, in our region anyway.

Mahsi.

• (1220)

The Chair: Thank you very much.

Now we'll have our final intervention from Mr. Skudra, for 10 minutes, please.

Mr. Max Skudra (Director, Research and Government Relations, Canadian Council for Aboriginal Business): Thank you for having us. My name is Max Skudra. I'm from the Canadian Council for Aboriginal Business. I'm the director of government relations and research. I'd like to recognize that we're on the traditional territories of the Algonquin people. It's great to be here. It's colder than where I'm from in Toronto, but I guess it's Canada, so why complain. Sorry, I should say, don't hold it against me that I'm from Toronto, please. I'm shooting myself in the foot with that one.

CCAB has been around for over 30 years. We're an aboriginal business council representing over 500 members, 70% of whom are indigenous companies. We have a number of programs and policies, which I don't have time in the 10 minutes to talk about, so I'm going to get right into what we think about procurements and some of the work we've done.

We've been doing research on this issue for over five years now. As was mentioned in the previous presentation, we put out our "Promise and Prosperity" report. I did this, so I'm very proud of it actually, if we're being honest. We have it in French, as well as English, if anyone on the committee would like it. We interviewed over 1,100 aboriginal businesses. We've done this twice in five-year segments, so we have very good longitudinal data on aboriginal businesses and what they're doing. The inside joke is that I harass more aboriginal companies and business people than anyone else in the country with phone calls and interviews.

To build on a point she made earlier, the real high level is that aboriginal business is booming in Canada. In the last five years, we've seen a 15% increase in the number of profitable companies coast to coast to coast. Those companies have also increased in their actual profitability, so both more profitable firms and more-profitable firms. We think that this is a dynamic and a momentum that is just building. You're seeing increased innovation, increased optimism, and increased trade in almost every sector and in every province and territory.

This kind of renaissance that you're seeing right now is creating an indigenous economy in Canada worth over \$30 billion, with \$12 billion in the businesses alone. That's both privately owned firms, as well as community-owned corporations. These companies are doing everything from graphic design to major energy plays in Alberta. Some research we've done with TD Bank estimates that there are roughly 43,000 indigenous companies in Canada and I think that we are going to revise that upward, based on the most recent census data.

These are all really positive overall trends and I think you've seen some really progressive work on the government-side around PSAB trying to support that growth. I should just say that PSAB is something that generally we support. We think it's a great idea. There has been some great work done to support indigenous businesses. You'll see single years where there's \$60 million or \$80 million or \$100 million being done between the Government of Canada and indigenous businesses. Stand alone, that's great. I think it's when you look at it in context that it becomes a little less stellar.

If you look at some of our partners in the oil sands, for example, Imperial Oil is doing \$220 million-plus with indigenous suppliers, Syncrude is doing \$300 million-plus a year, and Suncor is doing over \$400 million a year with aboriginal companies. Among them, they're doing almost \$1 billion of work a year and that's three companies in one region of Canada. Contrast that to what's being done nationally by PSAB, keeping in mind that the federal government is the largest single purchaser of goods and services in the country, and I think there's obviously room for improvement.

I think that this really plays into renewing the fiscal relationship discussion, as procuring goods and services from aboriginal

companies gets directly to small business owners and SME business owners from coast to coast to coast.

I would agree with the comments made earlier that, among the biggest hurdles are some of the definitional issues, where companies won't have access to PSAB. I recognize that obviously, Canada's federal procurement has to stay within international trade agreements, but I would say that the application of the set-asides is probably a little more conservative than it could be and I think it could be used a bit more widely. That alone, I think, would see a significant increase.

• (1225)

The other points that I think CCAB has seen—and we work with all sorts of firms, aboriginal and non—is that while PSAB directly targets aboriginal companies, what I think is really critical is that we start to have larger contracts, for example, the shipbuilding with Seaspan, that have explicit language that ensures that throughout the supply chain, there's a focus on engaging aboriginal companies.

I can tell you what Suncor has done with Sivio to its supply chain. That's the best practice in corporate Canada today. It's to ensure that tier-one suppliers, the first purchasers, are looking not only at who they're buying from but who those people are purchasing from, and making sure that there's a real and sincere effort, and a trackable and measurable effort, that's accountable, that ensures throughout the supply chain there are aboriginal businesses present.

As we've heard earlier, and I agree 100%, the majority of aboriginal companies are relatively quite small. To think that the federal government, on a major contract, is going to be able to directly hire, for a \$30-billion shipping contract, an indigenous business is unrealistic. We've been in a number of conversations with senior leadership in the defence sector, and many of them will say they'd be happy to but these contracts are so competitive that unless there's explicit language saying they need to or they'll be incentivized to, they won't because doing so would put them at a competitive disadvantage on a very lucrative contract.

The one thing CCAB would like to recommend is a focus on supply chain and ensuring that large purchases and large contracts that go to non-indigenous businesses have language that ensures that aboriginal businesses are included throughout the supply chain. That's the first thing.

The second thing is absolutely opening up the procurement to small businesses directly, specifically at around the \$100,000 mark. That's where the majority of small aboriginal companies are looking for contracts. At that data point, roughly—and, plug, we're doing more research so we'll have more information for you on this shortly—that would really open things up.

The third is facilitating joint ventures and ensuring that aboriginal companies are incentivized to work with corporate Canada and that those structures see some support from government.

Now that I've eaten up all the time....

The Chair: You have two minutes.

Mr. Josh Riley (Manager, Innovation and Entrepreneurship, Canadian Council for Aboriginal Business): Two minutes, thank you very much, Chair.

My name is Josh Riley. As you might have picked up from my accent, I'm from Australia. I'm an Australian aboriginal. It's definitely a lot warmer there than it is in Ottawa. It's much colder here, as Max said. As a Wiradjuri person, I'd just like to acknowledge that we're on Algonquin territory, and also acknowledge all the indigenous people here today, and thank you for inviting us to share our perspectives as well.

Following on from what Max said, we've also been doing some work with INAC and our members to increase our procurement in the private sector. I think there are learnings that we've taken from our research and our approach that might be of benefit to add to this conversation here as well.

At the start of the year, as Max said, where it's all coming from, there are some great things happening in aboriginal procurement in the private sector as there are also in the public sector, but there's opportunity to do a lot more. We did some research at the start of the year to look at what are some of the challenges and needs between aboriginal businesses and our corporate members and non-members as well to make more aboriginal procurement happen. Twenty-five per cent of the respondents said they would like to see stronger procurement commitments from aboriginal corporations, and 22%, interestingly, said they're looking for direct connections to procurement officers in industry and government.

We've recently, as of last week, received some funding from INAC to be able to develop a strategy that is looking at getting corporates to collectively make more and stronger procurement outcomes for aboriginal businesses, creating a marketplace where corporations can find aboriginal businesses to integrate into their supply chains. But it's then also for those \$100,000 and less procurement opportunities that aren't often publicly available in portals, making those available and visible to aboriginal businesses as well, and sharing best practices also.

We developed this approach from looking at some successful models from around the world, particularly ones I've had the privilege of being involved with in Australia, such as Supply Nation. Off the back of the success of the Supply Nation model in Australia, I just wanted to share a little bit about the Australian government's procurement policy, which has resulted in \$594 million in aboriginal procurement over the last two years.

I think that's my time there, so I'll be happy to answer any more questions, and thank you very much.

• (1230)

The Chair: Thank you very much. I appreciate the fact that we're under some time constraints here, but we'll go directly to questions with a seven-minute round starting with Monsieur Drouin.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Great. Thank you, and thanks to all the witnesses for being here. I really appreciate it.

I'll go from left to right, but I want to hear your comments on the successes of PSAB, some of the failures that you've seen, and how we could improve PSAB. I'm curious to find out about the Australian model, so if you want to finish your statement on the Australian model, that could be useful to this committee.

Mr. Josh Riley: Absolutely. Thank you very much for throwing me a bit more time on that one there as well.

The Australian government procurement, indigenous procurement policy, started July 2015. It has three main parts.

A targeted number of contracts need to be awarded to indigenous businesses. By the Australian government financial year from 2019-20, the target is to hit 3% of all domestic Commonwealth procurement going to aboriginal businesses.

There's also a mandatory set-aside where departments must first look to indigenous businesses for all remote area contracts and all other domestic contracts between the value of \$80,000 and \$200,000.

There's a minimum indigenous participation requirement for contracts that are valued above \$7.5 million, which means that there's either a contract-based requirement where the contract needs to achieve at least 4% of indigenous employment or supplier use, or it's an organizational-based requirement, where the organization delivering the contract has to achieve 3% indigenous employment or supplier use.

That's an overview of that strategy.

Mr. Francis Drouin: Thanks.

Mr. LeClair, I'm curious to find out, you mentioned there was a 50-kilometre radius for....

Mr. Marc LeClair: For the project management for precinct number two, yes, the employees have to come from this area. The contract is wired—

Mr. Francis Drouin: Does the contractor have to come from this area?

Mr. Marc LeClair: The contractor has to have some of his lead resources, project management resources, within the national capital region, so it basically takes any company that's not situated in the capital out of the race.

Mr. Francis Drouin: From your experience—you've done other federal procurements—let's say in Manitoba, for instance, with federal procurement for a construction project, would the same 50-kilometre radius apply in Manitoba?

Mr. Marc LeClair: No. Those clauses, I've never seen them. I bid with a lot of bid groups, and they've never seen them either.

Mr. Francis Drouin: Okay. That's obviously one of the barriers that—

Mr. Marc LeClair: The biggest recommendation I have is for the government to start applying the minimum indigenous content requirement, or supply chain, as he refers to it, to these larger contracts. We've done it in the past, and we've had push-back on it sometimes for the non-insured health claims: "We can't do that, because there's no native business that can do it." Let's have an RFI so we have a request for information, and everybody comes, and all these claims companies from the U.S. and Canada say they'll do it. What's the number, 15%, 20%? It's the same thing in all the construction stuff. It can be done. That's what is being done in oil and gas. It's being done with the big crowns.

In fact, these guys have a program called the progressive aboriginal relations program. It's a self-directed program. These companies go there, and they get measured: how many natives you have working; how many contracts you have with them; what is the structure of the employees as to where they fit in the organization; and what's their community involvement? If you put PSAB and the Government of Canada through that program, they'd be hard-pressed to even get bronze status, and you can go all the way up to platinum.

What this committee is doing is the same thing. How are you measuring it? We said the same thing. We encouraged Indigenous and Northern Affairs 10 years ago to take the same sort of thing with PSAB and apply it to the federally regulated companies, the Fortune 500, in Canada. All of them are required, under the Employment Equity Act, to ensure that they're paying attention to natives. Some of them do it well and some don't, but it's the same thing that these guys are advocating.

Another group I'd urge you to meet with is the Canadian Aboriginal and Minority Supplier Council. All it does is advocate for procurement for minorities and for indigenous people. It has lots of experience coming out of the United States, and we help support them.

We need to get corporate Canada, as these guys are saying, to pay attention to their contracting practices, just like the Government of Canada, but you guys can do something about the Government of Canada now, and all I'm recommending is this. Why don't you apply that minimum indigenous content? Why can't we have natives working on the Hill across the street? And everyone goes, "Yeah, yeah, yeah."

I went to the ministerial advisory board, the National Aboriginal Economic Development Board. I go to them, and they say, "Yes, we should do that", then everybody leaves the room, and then you get contracts, RFPs come out, like on precinct two, and it's like the word "indigenous" doesn't work. "Just give them that building right in the middle, but don't talk to them."

Mr. Francis Drouin: I heard you guys speak about some of the recommendations for PSAB. I heard one, but are there more that you wanted to share with this committee?

• (1235)

Mr. Colin Salter: I think one of the things that PSAB is missing and that is caught in the Australian experience is to set some measurable goal about what impact it's going to have. It's a good program, but each question comes in independently, and ultimately you end up with no success or little success.

I think if you said that you were going to have a mandatory requirement that you would reach 3% of federal procurement, you would really be able to measure PSAB and the people who are responsible. It's a difficult job to try to allocate when contracts fit and when they don't and what kinds of things they could do. You'd really have a way to get them there, because they'd be shooting for the goal.

You could set, as the government of this country, what that goal is. I think that creativity would really drive—

The Chair: You have 30 seconds.

Mr. Colin Salter: I've had the experience of working on some of the largest indigenous-owned hydroelectric and transmission projects and we do the same thing there in those private arrangements.

Mr. Francis Drouin: Mr. Chair, I know I'm going to run out of time, but if we can provide some questioning around military procurement and the ITBs, I'd like to hear from the witnesses.

The Chair: Perhaps we can get to that with our future questioners or interventions, because we are out of time.

What I will tell all witnesses, however—and I can say this now because we're only a few minutes into this round of questioning—is that I know there will be many other questions from the committee members. I would assume that all of you would encourage questions to come forward, and I would also suggest that after the interventions are over and this committee starts its deliberations, for any additional information and recommendations that you have, please, submit them to the clerk of this committee so that can help form part of our final report.

Mr. McCauley.

Mr. Kelly McCauley: That was wonderful information. Thanks very much. I wish we could have you here for another couple of hours.

Mr. LeClair, thank you very much for your comments about the oil sands and the oil companies. In Alberta, we're very proud that they are the largest employer of indigenous people across Canada, so it's wonderful to hear that affirmation of all the great work they're doing.

I have a question for you. You talked about the procurement in the area. There's that 50-kilometre exclusion, which I find quite odd, but what is the issue? Is it a matter of how we don't have the supplier stream written into the contracts? Do we have the capacity within indigenous businesses to bid on this?

Mr. Marc LeClair: No, we don't, and this is why. For the bid on it, there have to be joint ventures with others who have the capacity. There's no incentive for those joint ventures to occur unless you put in there a minimum indigenous requirement, or if you don't want to put a number in there, then you can talk about the quality and scope of indigenous involvement in any subcontract that might be given from a mainline contractor.

• (1240)

Mr. Kelly McCauley: Should we be focusing on indigenous ownership or the amount of indigenous people employed? We heard earlier that it's 51% ownership or 33% of the workforce. I would think that we should focus more on the workforce rather than the ownership, but I'd like to hear from you where we should focus that will give the best help and value to the community.

Mr. Marc LeClair: Okay. I'll give the clerk the templates that they've lost over there.

Non-insured health benefits: this is claims processing, the back end of stuff. You submit a claim to the pharmacist and the pharmacist has to send it to somebody so he's going to get paid, right? It's all the back-shop, so where's the employment in that?

What we did is measure indigenous content value on that. We created the templates on jobs, on subcontracts on direct work—that could be the call centre—or the indirect work, which is what the company spends on real estate, rentals—

Mr. Kelly McCauley: Did you develop that template by yourself with your organization or with input from others?

Mr. Marc LeClair: I was paid to do it for Indigenous Affairs, and then I applied it to the 2010 Olympic committee with good success. I did—

Mr. Kelly McCauley: Would Mr. Skudra say, yes, this template works great or—

Mr. Marc LeClair: I'm sorry...?

Mr. Kelly McCauley: Would Mr. Skudra say that this template works great and we should try to move forward with it?

Mr. Max Skudra: I haven't seen it, but from everything else you've said so far, I think it's—

Mr. Marc LeClair: Yes, so it's—

Mr. Kelly McCauley: I'm just asking. I want to make sure that there's broad buy-in, that someone's not going to look at it and say, "No, it's not going to work."

Mr. Marc LeClair: No, we've been applying it. That's how Membertou got its big successes and got all those contracts, because there was a requirement. Shipbuilding in Victoria.... It has been applied. The templates are there. They lost them.

Mr. Kelly McCauley: You'll share that with us, I assume.

Mr. Marc LeClair: I'll give you the templates.

Mr. Kelly McCauley: Perfect. Thank you very much.

Mr. Shipley is going to take over.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): I was going to follow up a bit on the question that my colleague asked in terms of having those resources. You said that apparently in many of the cases you don't have them in order to get the large contracts, and that's where joint ventures....

How do you work to promote within your industry, within your region, wherever that contract...? Let's use Ottawa. You've used that in terms of the project that's under way but also the ones that are on the way. How do you promote that you're interested in a joint venture so that as a small company, or even as employees for a company, you can get jobs in these projects?

Mr. Marc LeClair: What we found works best is to include a requirement for indigenous involvement, and guess what. Those companies find you.

We did a joint venture in Manitoba on towers, on the big bi-pole transmission line. We put in the minimum requirement, and every one of the companies that were selected as the big contractors came to us and asked us what we could do.

It works. That's the way it works in the oil and gas industry, and it works in all successful procurements.

Mr. Bev Shipley: You're saying that there really needs to be—

Mr. Marc LeClair: Yes, you need to incentivize the companies.

Mr. Bev Shipley: Okay.

Max.

Mr. Max Skudra: I would agree with that. It's true for one-off projects, and sometimes it is just a one-off project, but often these JVs or partnerships will be larger than just a one-project deal. Again, in Alberta, because there are some great opportunities there, Carillion purchased an indigenous-owned company called Bouchier. Bouchier owns 51% and Carillion owns 49%.

I was speaking to one of the senior team members at Carillion, which is a major multinational company based out of England. They were saying that it's the single most successful partnership that they've had in North America in over 50 years of working here.

Although it is really important to get the one-off projects—and that's a way to buy in—these partnerships will often last longer. Once you've built that relationship, built that company, bid successfully, and carried out a contract, there's a reasonable likelihood that the partnership will last to other opportunities.

Mr. Bev Shipley: I have a number of first nations in my riding. There's no doubt in my mind...and it goes with business. You'll see some businesses in the retail market that spend a ton of money on their advertising and kind of do okay. The best ones, the most successful ones, are the ones whose success comes from word of mouth, from the people who continue to recommend them. I think that's what Marc was saying and what you were saying. Once you get that initial...then actually, they will automatically come back because of the quality.

There was a question that came up a little earlier, and it's one that I think is a concern in my riding. Having the resources as a small business to fill in, even on these joint projects, in terms of having the skilled trades and the professionals outside of the skilled trades who can be part of these projects means education.

How do we get our young people to take the initiative to look at education, have that available, and then get companies that will...? They're looking for skilled trades. I'm wondering where you're helping in that area. I think this is, from all of you, one of the most critical parts. We need to get—

• (1245)

The Chair: Mr. Shipley, as I'm fond of saying here, seven-minute interventions are for both the questions and the answers.

We'll have to move on to Mr. Weir, please, but he may want to pick up on your trend.

Mr. Erin Weir: If there are any responses to Mr. Shipley's last question, I'd be happy to have them.

Mr. Max Skudra: At CCAB, we are primarily business to business focused. Our main focus is not skills training, although I agree with you that one of the largest needs identified by aboriginal businesses is human resources. There's no question about it.

We have a skills training program. We have tools and financing for aboriginal businesses. It sort of supports entrepreneurs.

Mr. Josh Riley: It's a program that comes from some of our research. The aboriginal business survey that Max has referred to has identified some of the key needs aboriginal businesses and entrepreneurs face in starting and growing their businesses.

In response to that, we have launched an online platform. It's a series of webinars and networking events to connect aboriginal businesses and entrepreneurs with financing opportunities, with the expertise they need to start and grow their businesses, and with the networks they need to develop relationships for those partnerships to occur.

Mr. Marc LeClair: The Métis manage about \$55 million in employment and training assistance programs. We use those programs in those joint ventures. The 15 joint ventures we entered into in the last three months all have a training component. We incentivize those companies to work with us by using our training resources to get the people ready for the contracts that eventually come.

The renewal of the aboriginal skills and employment training program, which is before cabinet now, is very important. It needs to be retooled. We're looking forward to having that renewed so that we can use the employment and training money to create the business opportunities and employment opportunities for young, indigenous people.

Mr. Erin Weir: Go ahead.

Ms. Bertha Rabesca Zoe: In the Northwest Territories, we have the oil and gas activities in the north, and we have the mining activities, the diamond mines, in the south. For us, using ASETS, the mining companies, Aurora College, and the Mine Training Society have been doing a lot of training programs for underground miners, and training for working at the mines. I think that's been very successful, so we have a lot of skilled workforce in those areas.

I want to say a few words on what my friend was saying about minimum indigenous content. My experience was in working with Indian Affairs and Public Works on what we call the ABPs in the RFPs. The ABP is the aboriginal business plan that goes into these RFPs, which is usually about 25% of the proposal. I think that's what you were talking about. This is the closest we were able to get involved in how to plan so that aboriginal businesses are able to get into the contracts.

This is where we were having problems. Even though you have a minimum indigenous content or aboriginal business plan in these RFPs, they weren't working. For example, if contractors are successful and they are not indigenous contractors, and the ABPs require them to hire so much percentage of indigenous peoples, basically there's no way to make sure they're meeting those obligations. They could phone one of our offices and talk to the career development office and say they need this type of skilled worker. However, all they're required to do is reach out. There is no requirement to ask, "Okay, have you hired the skilled workers according to this?"

I think there needs to be a stricter guideline. If indigenous people or indigenous businesses aren't able to successfully bid, or if they're not satisfied that... You've seen these contract bids. When it comes to the RFPs and the aboriginal content, it needs to be more enforceable.

I was involved in the drafting of those numbers to try to make it more favourable, but after involvement with a couple of those, I was told I couldn't be involved anymore. I don't know what happened to them after that. The bottom line is that Tlicho have not been able to use PSAB in our region, and even the RFPs, the 25% aboriginal content, isn't working at all for us.

●(1250)

Mr. Erin Weir: To maybe pick up on the point about PSAB, with the division of INAC into two new departments, I'm wondering if any of you have views on whether PSAB should be located in the new department of crown-indigenous relations or the new department of indigenous services.

Mr. Colin Salter: Certainly from the Tlicho perspective, it belongs in crown-indigenous relations. We're not just dealing with a federal policy, as I explained in the beginning, we're dealing with the implementation of chapter 26 of the Tlicho agreement and fulfilling that constitutional objective in there.

I think if Canada is not looking at that and the way that policy rolls out through its treaty commitments, then the policy is somehow above the treaty promise. I really think it belongs in that department, from our perspective.

Mr. Marc LeClair: To be perfectly frank, I don't know that it really belongs in that department at all.

With Public Works and Government Services, the Treasury Board could make it accountable, but they need to be involved. All it does when you send it to Indigenous Affairs is that then they have to run over to Public Works to try to convince the contract guy who is writing up the contract to put some requirements in. It needs a more multi-committee type of approach. We've had it on specific procurements. We've done it before.

In this pitch I'm making, this is not just "give them the contracts". We have to structure the system so they can get access to contracts and a fair playing field. We don't have that now. I mean, the stuff the government is purchasing is too big.

Mr. Max Skudra: I would—

The Chair: Thank you very much. Hopefully, we'll get to it in our last intervention, from Mr. Peterson, but we are out of time on this intervention.

Mr. Peterson, you have seven minutes, please.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Mr. Chair.

Thank you, everyone, for being with us today. We much appreciate it. I am finding it very informative, as I'm sure all of my colleagues are.

Mr. Skudra, you were about to follow up on that. Please, go ahead.

Mr. Max Skudra: I'll keep it very brief.

I would agree. Our focus would be more on a multi-ministerial approach, to ensure that there are different voices at the table. I think that a sort of "all roads lead to INAC" mentality has settled in. We've seen that people are trying to break that up. There is Public Works, and there is Infrastructure. There are more folks involved, but I don't think all conversations should end at INAC.

We would strongly support what the Tlicho were saying, about the need for measurable teeth in procurement policy. Whichever way we go, that is something we really need to see more of.

Mr. Kyle Peterson: That's great. Thank you for that.

Mr. LeClair, you mentioned a program run by Mr. Skudra called PAR, I believe.

Mr. Marc LeClair: Yes.

Mr. Kyle Peterson: Can either of you explain what that is?

●(1255)

Mr. Max Skudra: CCAB runs the only indigenous-focused corporate social responsibility program in the country. It's a third party-verified system, whereby the company effectively self-audits, and then we send a verifier to come up with another score. The two scores are put together, and a judge and a committee, on which we have an ex officio non-voting member but we don't have a direct say, come up with the final score, which then places the company on a spectrum of bronze, silver, gold, and upcoming platinum.

It is the CSR program in Canada. It has some of the largest companies, from IBM to Suncor. You name the industry, you name the province, we have major representation. It focuses on ensuring that corporate Canada, throughout its supply chain and throughout any major companies' operations—we have all four major banks—is focused on engaging aboriginal business.

Mr. Josh Riley: Where the program adds a lot of value, and where this kind of process adds a lot of value, is that it's an independent third party verification of performance in aboriginal relations, including procurement. It's verified by an aboriginal verifier, and the level of performance is determined by an aboriginal jury. There was a comment made earlier about some indigenous shell companies winning procurement contracts. Having that independent verification is a great way of risk management.

Another approach we take that does that well is our certification of aboriginal businesses. We pre-certify for our member aboriginal businesses as being 51% or more aboriginal-owned and controlled, and that is a great way for aboriginal communities and for those businesses to be sure that those procurement opportunities are going to certified aboriginal businesses. It's a great way of risk managing for that organization. It's also a great way for those aboriginal businesses to market themselves for procurement opportunities among corporate members.

Mr. Max Skudra: Sorry, just one last thing.... Some of our major corporate members have put points on their procurement scorecard based on a company's rating on our PAR system. The rationale for that is not just to say, "You have 51% ownership" or "You have a certain percentage of aboriginal employees", but "What are they doing? Are they front-line staff? Are they in management positions? Are they in senior leadership roles?" It's a way of doing a much deeper dive on a company.

Mr. Marc LeClair: In the context of your committee's discussion, it's a benchmarking system, the same as we have for employment equity in the labour section that looks after benchmarking.

I just want to caution you on that, because we have really bad results in some of the federally regulated employment areas. You get these glowing reports of some of the best practices, until you read the data. If you didn't know about the data and just read all of the best practices, or you went to their awards galas and people were incentivized....

Benchmarking and incentivization are something we could think about for federal departments, to incentivize them to do better on PSAB and on procurement spend generally. PSAB is just one component of the procurement spend. There is indigenous minimum, indigenous content, and supplier development, which we really haven't talked about. How do we get these indigenous companies to grow and compete so we don't have to structure the procurement system so that they can get something?

Mr. Kyle Peterson: On the PAR, I think it shows that the private sector puts a value on it, absolutely, because they want to get the gold medal, for obvious reasons. It makes good business sense as well.

I'm just wondering—and this is just something to think about—whether there is a role that Public Services and Procurement can play, and maybe when we are tendering out contracts, we can give extra points to suppliers who have certain rankings under the PAR.

Mr. Max Skudra: That is a practice that we're seeing in the corporate sector today.

Mr. Kyle Peterson: Okay. Good. That's good to know.

I know we're running out of time, and I do have a question for our other witnesses here, too.

Mr. LeClair, Aboriginal business is growing but you say it's not diversified enough. Can you elaborate on that? Is there a role we can play with the procurement to help the diversification process?

Mr. Marc LeClair: The diversification is going to occur through joint ventures with other companies, so the companies can grow. We didn't know how to put in footings for those towers. The only way we could learn was to joint venture with a company that did it. It's the same thing when we erected the towers. It's the only way to do it. It's the same thing with stringing and Enbridge and all these things. We have to incentivize business to work with indigenous people and it doesn't have to cost any more money.

Mr. Kyle Peterson: No.

Mr. Marc LeClair: The companies will do it within the competitive bidding process. We've seen this. We're about to see Line 3 come forward. There's going to be five mainline contractors that are going to be bidding on Line 3. We know all of them and we know what the subcontracting services are that are going to be required. Enbridge has told us the company that incentivizes and brings the most indigenous involvement is going to get a good score and they're going to take that into consideration for the bid.

In all of those companies that we talked to that are providing those services, they're more than happy to sit down and do business. What we need to do with our federal system is to incentivize larger companies to get indigenous people involved.

• (1300)

Mr. Max Skudra: Building on that point, we were talking about Suncor and Enbridge, none of those companies are sacrificing price, quality, or safety.

The Chair: Thank you.

Mr. Kyle Peterson: Do I have 30 seconds?

The Chair: Unfortunately, you don't.

Again, number one, I want to thank all of our witnesses for being here.

In conclusion, once again, I would strongly encourage all of you, should you have tangible suggestions for improvement, to please submit all of those suggestions, recommendations, even observations, to our clerk because they will form a very valuable part of the committee's final report. I strongly encourage you to please do that. If you have any questions, please contact our clerk who will be able to assist all of you.

Once again, to all of our witnesses, thank you so very much. It's been extremely informative and very helpful.

The meeting is adjourned.

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