

## Policy Resolution

Version 7, 2018-05-30

*This resolution was approved by the Aboriginal Chamber of Commerce membership, at the Annual General Meeting held on June 19, 2018.*

# Manitoba's Indigenous Procurement Initiative (IPI)

The Aboriginal Chamber of Commerce<sup>1</sup> (ACC) focus is on the Indigenous business community throughout all of Manitoba. The ACC has over 200 members. Its objects include:

- To serve the Indigenous business community and express positions and opinions on business issues and other public issues relevant to Indigenous business, on behalf of its membership.
- To provide a forum for the Indigenous business community to develop policy positions and programs which contribute to the social, economic and physical quality of life in Indigenous and all communities in Manitoba and Canada.
- To promote a society and economy primarily based on competitive enterprise and on concern for the individual in our society.

The vast majority of ACC's members are Indigenous owned businesses. These businesses stand to gain significantly from improved economic development for Indigenous communities, along with all Manitobans and Canadians.

In the most tangible of terms, as noted in the Nov 25, 2016 article by the National Aboriginal Economic Development Board,<sup>2</sup> there is the \$2.8 billion gain available when First Nations achieve the same economic status of living as other Canadians. With Manitoba's population of about 1.3 million persons, and its share of the national First Nations population, it is about \$2,150 per Manitoban every year, forever! This is by far MB's largest economic development opportunity.

This economic gain is very similar to that estimated by the "Effect of Increasing Aboriginal Education", 2009, by the Centre for the Study of Living Standards<sup>3</sup>, which estimated an impact that would have amounted to about \$2,000 per person in Manitoba. The credibility of the estimated impact is greatly strengthened by both studies showing similar dollars per Manitoban, when done by different research organizations using different methodologies.

Given the size of this economic opportunity, effective and efficient government actions that will contribute to achieving this gain are warranted. They need to be viewed as investments in an expanded future economy, not an expense.

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<sup>1</sup> Legal name is Aboriginal Chamber of Commerce – Grand Rapids

<sup>2</sup> [http://naedb-cndea.com/reports/naedb\\_report\\_reconciliation\\_27\\_7\\_billion.pdf](http://naedb-cndea.com/reports/naedb_report_reconciliation_27_7_billion.pdf)

<sup>3</sup> <http://www.csls.ca/reports/csls2009-3.pdf>

## **INDIGENOUS PROCUREMENT INITIATIVE (IPI)**

The Manitoba Government, through its Procurement Services Branch, has developed the Indigenous Procurement Initiative (IPI) to “increase the participation of Indigenous business providing goods and services to Manitoba Government departments.”

However, for many years the IPI has not been effectively used to achieve its stated purposes.

## **WHY IS THE IPI NEEDED - GOVERNMENT PRACTISES AND LAWS**

The Truth and Reconciliation Commission has made many Canadians more aware of the tremendous damage created by Federal Government residential schools’ policies and practices.

However, most Canadians are less aware of the discriminatory practices that restricted First Nations business and economic activity. As an example, the Indian Act prohibited First Nations individuals from using labour saving devices in business, specifically banning farm implements like horse drawn cultivators. Indian Agents were appointed by the Canadian government to control many aspects of each reserve, including preventing people from leaving to sell market garden products in nearby towns. Prosperous bands were forced into poor economic conditions.<sup>4</sup>

This discriminatory economic orientation has continued in more recent government practices.

Thus, to create a more equal opportunity, there is a need to offset the disadvantages created by government laws and practices with actions such as an IPI. This is not just ethically and morally correct. It is also a smart investment that will provide economic returns for Indigenous and non-Indigenous Manitobans and Canadians for the long-term future.

## **IPI’s STATED PURPOSE**

The August 10, 2017 version of the IPI Overview<sup>5</sup> states:

### ***Background***

*The Manitoba Government, through its Procurement Services Branch, has developed the Indigenous Procurement Initiative (IPI) in order to increase the participation of Indigenous business providing goods and services to Manitoba Government departments.*

### ***The IPI will:***

- *support Manitoba’s commitment to community economic development for a provincial economy that is more inclusive, equitable, and sustainable*
- *use procurement practices to assist in the development of Indigenous business*
- *maximize opportunities for Indigenous business to access government tenders, while maintaining competitive pricing for government*

### ***Potential benefits:***

- *help stimulate Indigenous business development*
- *increase procurement from Indigenous businesses through sub-contracting and/or joint ventures with the general business community when bidding on tenders*

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<sup>4</sup> Mr. James Wilson, Commissioner, Treaty Relations Commission of Manitoba, in presentation to the Manitoba Chamber of Commerce board; and First Nations Farming, <https://treaty6education.lskysd.ca/firstnationsfarming>

<sup>5</sup><https://www.gov.mb.ca/finance/psb/pubs/api/indigneous%20procurement%20initiative.docx>

- *build relationships between Indigenous business, government Administrators and the general business community*
- *improve understanding of the tender process by Indigenous business*
- *increase knowledge of the Indigenous business community by government Administrators*

### **IPI - NOT BEING USED EFFECTIVELY**

The above words are excellent. However, the Indigenous Procurement Manual<sup>6</sup> dated August 10, 2017 contains a number exemptions and exclusions that significantly defeat the IPI's stated purpose.

It exempts significant governmental entities and types of procurement as follows:

#### **Entities Exempt:**

- Agencies, Boards, Commissions, Committees, or similar entities that report to the executive branch of the Manitoba Government
- Crown Corporations
- "MASH" Sector Purchasing Authorities such as:
  - Municipalities and Municipal Organizations
  - Advanced Education (Universities and Colleges)
  - Schools
  - Manitoba Health Authorities

Some of these entities have Indigenous Procurement policies, but a great many do not, which makes the IPI much less effective.

#### **Types of Procurement Exempted:**

The IPI Policy and internal Operating Guidelines also do **not apply** to the following commodities:

- Construction related procurement (e.g.: facility repair)
- Construction of capital projects (e.g.: buildings)
- Capital works programs (e.g.: winter roads or Northern Involvement) where alternate Indigenous Procurement Options may be used.

Together these exemptions make the IPI much less effective at achieving its stated purpose.

### **EFFICIENCY OF GOVERNMENT**

While the public sector needs to be obtaining goods and services at competitive and cost-effective prices, purchasing very little under the IPI prevents the investment in building Indigenous business capacity that will make Manitoba wealthier in the future, for all Manitobans.

Many governments to use 'procurement strategies' to achieve policy objectives because of their economic efficiency. They are a policy tool that is grafted onto existing administrative structures, instead of creating entirely new resources.

For example, when the Canadian Government first implemented its Aboriginal procurement strategy in 1996, it was during a time of severe budget cutting. The strategy helped to alleviate Aboriginal inequities

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<sup>6</sup><http://www.gov.mb.ca/finance/psb/pubs/api/indigenous%20procurement%20policy.docx>

in contract awards and to create wealth in communities; while being an inexpensive solution, as it did not provide any extra funding for Aboriginal groups<sup>7</sup>.

## **SUPPORT FOR INDIGENOUS PROCUREMENT INITIATIVES**

The principle of investing in new undertakings to generate Indigenous business capacity has been well recognized by other governments and by Chambers of Commerce.

The Canadian Federal Government's Procurement Strategy for Aboriginal Business (PSAB) had by 2014 awarded over \$3.3 billion<sup>8</sup> worth of contracts to qualified Aboriginal businesses. Its success has been attributed to several features including:

- Monitoring the compliance with and attainment of the performance objectives by Government departments and agencies in terms of: the total value, number of contracts awarded and other relevant characteristics, and reporting annually to the responsible Minister
- All government departments and agencies are required to comply, and
- All Government Departments and Agencies must set multi-year performance objectives for contracting with Aboriginal business

A Model Aboriginal Procurement Policy Resolution<sup>9</sup> was approved at the spring 2011 Manitoba Chambers of Commerce Annual General Meeting.

At the Aboriginal Chamber of Commerce Annual Gala Dinner on November 16, 2011, the Aboriginal Chamber of Commerce, the Manitoba Chambers of Commerce, and the Winnipeg Chamber of Commerce co-signed an historic Model Aboriginal Procurement Policy Memorandum of Understanding<sup>10</sup> (MOU).

## **RESOLUTION**

The Manitoba Government, jointly with the Indigenous business community, including the Aboriginal Chamber of Commerce, review best practices from other jurisdictions and develop a more effective Indigenous Procurement Initiative for Manitoba that will increase economic benefits for all Manitobans in the long run.

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<sup>7</sup>An Evaluation of Canada's Procurement Policies for Aboriginal Business, by Erinn Mah, Manitoba Policy Perspectives | Volume 1, Issue 1: August 2014, page 69

<sup>8</sup> An Evaluation of Canada's Procurement Policies for Aboriginal Business, by Erinn Mah, Manitoba Policy Perspectives | Volume 1, Issue 1: August 2014, page 68

<sup>9</sup> See <https://chambermaster.blob.core.windows.net/userfiles/UserFiles/chambers/9454/CMS/MOU/ACC-Aboriginal-Procurement-Policy-and-Approved-Resolution-for-MCC-AGM-May-2011.pdf>

<sup>10</sup> See <https://www.aboriginalchamber.ca/memorandum-of-understanding>