



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

---

# Standing Committee on Government Operations and Estimates

EVIDENCE

**NUMBER 140**

Tuesday, September 24, 2024

---

Chair: Mr. Kelly McCauley





# Standing Committee on Government Operations and Estimates

Tuesday, September 24, 2024

• (1105)

[English]

**The Chair (Mr. Kelly McCauley (Edmonton West, CPC)):** I call this meeting to order.

Welcome to meeting number 140 of the House of Commons Standing Committee on Government Operations and Estimates.

As always, colleagues, I remind everyone to keep your head-  
phone away from your mic so that we can protect the hearing of our  
very valued interpreters.

We have two witnesses today.

Thanks for joining us.

We'll open the floor to Chief Bernard for five minutes for an  
opening statement and then go to Mr. Ducharme.

Chief Bernard, the floor is yours. Go ahead, please.

**Ms. Joanna Bernard (Regional Chief, Assembly of First Na-  
tions):** Thank you very much.

Greetings. I am Joanna Bernard, the Assembly of First Nations'  
regional chief for New Brunswick.

The Assembly of First Nations is a national organization repre-  
senting first nations and their elected chiefs across Canada. The  
AFN's mandate is received from first nations rights holders through  
resolutions. It is important to have a clear understanding of who the  
rights holders are for work related to policies, frameworks and  
strategies.

I welcome the opportunity to speak to you on the topic of indige-  
nous procurement.

I must note that first nations require direct consultation on this  
matter. Procurement policies at all levels of government need to be  
inclusive to reflect diversity and equality. A distinctions-based ap-  
proach is required to transform the indigenous procurement land-  
scape. The federal government needs to fulfill its duty to consult  
and accommodate first nations on procurement issues in order to ef-  
fectively review and advance policies. This will help eliminate  
wasteful and corrupt procurement procedures.

Equitable procurement policies have an important role in sup-  
porting the economic development of first nations and meaningful  
reconciliation. Procurement policies at all levels of government  
must be inclusive and distinctions-based, moving away from a "one  
size fits all" approach.

The federal government's 5% target is reflected in the United Na-  
tions Declaration on the Rights of Indigenous Peoples Act action  
plan, which we uphold. However, 5% is a minimum target. The  
population of Canada is estimated to be 5% first nations people. If  
the government is to close the gap with first nations and lift com-  
munities out of poverty, procurement contracts need to reflect an  
increase beyond the minimum target. The 5% minimum only main-  
tains the current economic status quo. When first nations businesses  
have the capacity and support to participate in bidding and win con-  
tracts, economic prosperity can be reinvested into communities and  
help them thrive.

In October 2019, the AFN prepared an evergreen report on up-  
dates and revisions needed to better support access by first nations  
businesses to procurement in Canada, focusing on the federal pro-  
curement portfolio.

In 2016, the Government of Canada awarded over 340,000 con-  
tracts for goods, services and construction valued at over \$18 bil-  
lion. However, targeted indigenous procurements, under the pro-  
curement strategy for aboriginal business—as it was known then—  
totalled only \$93.5 million in 2015, representing less than 1% of all  
federal procurements. Today the federal government spends ap-  
proximately \$22 billion every year on procuring goods and services  
from businesses across Canada. Still, less than 1% of that goes to-  
wards indigenous businesses.

To protect first nations' best interests, procurement policies must  
also eliminate the risk of fraudulent players looking for financial  
gains. In 2022 and 2023, the federal government released a report  
on its progress towards the 5% minimum target. The AFN had con-  
cerns with the lack of transparency on business definitions and eli-  
gibility criteria for the types of businesses that would qualify as in-  
digenous. Transparency must be prioritized to maintain trust and  
uphold legitimate indigenous businesses.

Fair, transparent and open access to procurement opportunities  
with the Government of Canada, provincial governments and the  
private sector is a key priority for first nations and critical to eco-  
nomic growth, self-determination and community well-being.

• (1110)

The AFN has been working with partner organizations to establish the First Nations Procurement Organization, known as the FN-PO. It aims to help first nations peoples and businesses overcome systemic barriers in accessing federal procurement opportunities.

Since the first meeting in December 2023, the FNPO has formed a steering committee of six indigenous organizations, including the AFN.

The AFN has also been supporting the development of indigenous business definitions, led by the National Aboriginal Capital Corporations Association. It was launched in March 2024, and provides a set of criteria that determine what constitutes an indigenous business or organization for the purpose of procurement.

An indigenous business is identified as a business in which an indigenous person has sole responsibilities for making decisions, receives all profits, claims all losses, assumes all risks, pays personal income tax for the indigenous sole proprietor and is 100% owned by indigenous people.

Co-operatives, partnerships, non-profit and not-for-profit corporations, charitable organizations and joint venture definitions will include that at least 51% of the business structure is owned or controlled by indigenous people. There is currently no consistent way of verifying the legitimacy of indigenous businesses, which creates a risk of false claims, tokenism and exploitation by bad actors.

The indigenous business definitions aim to provide clarity and structure to the procurement processes and to prevent the erosion of trust and respect between indigenous and non-indigenous partners.

The AFN calls for increased transparency, accountability and support in the government's procurement processes, particularly those impacting first nations businesses. The AFN will continue to advocate necessary changes in procurement policies and practices while also advocating programs and initiatives designed to enhance the capacity of first nation businesses.

Increasing first nation opportunities to compete for—

**The Chair:** Chief Bernard, we're past our time.

Can I ask you to summarize and wrap up, please?

**Ms. Joanna Bernard:** I have two short paragraphs here.

**The Chair:** Perfect. Go ahead.

**Ms. Joanna Bernard:** —and win federal contracts should not be impeded by the government's lack of proper first nations citizenship programs or anti-imposter protections.

The process for recognizing first nations identity, whether of individuals, businesses, or organizations claiming or seeking to assert first nations identity, must be led by first nations to ensure legitimacy.

I want to thank everybody for giving me this time. This is not the first time. I've been working on this since, I think, 1999, when the first procurement came out. We've had issues, according to the standing committee, going back to 2006, when my brother John Bernard, from Donna Cona, spoke on this. I'm not sure if everybody at the table has this information from that standing committee,

which would help the committee move forward and make the best decision possible.

I have another thing before I finish. I do want to insist, again, that you stop going behind closed doors, preparing documents and policy, throwing it at us and telling us that's the way it should be. You're wasting our time, your time, and money.

It's important that we start this first nations procurement opportunity for our people to be able to work together with you so that we can save time and money and get this going. It's been ongoing for way too long.

Thank you. *Woliwon..*

• (1115)

**The Chair:** Thanks, Chief Bernard.

I'm now going to go to Mr. Ducharme, please.

**Mr. Philip Ducharme (Vice President, Entrepreneurship and Procurement, Canadian Council for Indigenous Business):** Thank you. Good morning.

As mentioned, my name is Philip Ducharme, and I'm a member of the Manitoba Métis Federation. I am thankful to be here on the unceded, unsurrendered territory of the Anishinabe Algonquin nation.

As vice-president of entrepreneurship and procurement at the Canadian Council for Indigenous Business, or CCIB, I want to thank you, Mr. Chair, and all distinguished members of the committee for the opportunity to provide comment on indigenous procurement.

Earlier this year, CCIB celebrated our 40th anniversary of building bridges between indigenous and non-indigenous businesses and the rest of Canada in support of mutual growth, opportunity and economic reconciliation. We do this through a number of programs and initiatives, including the research that we conduct, which was recently cited by the OECD to our president and CEO Tabatha Bull as some of the best on the indigenous economy.

One of our key priorities over the last eight years has been on indigenous procurement. In January 2018, CCIB officially launched Supply Change, our trademarked indigenous procurement program, made up of key pillars including certified indigenous businesses, the indigenous procurement marketplace and indigenous procurement champions.

The indigenous procurement marketplace is an online platform that allows our certified indigenous businesses and corporate buyers the opportunity to engage and develop relationships while sharing relevant opportunities. There are currently over 1,300 certified indigenous businesses and 155 indigenous procurement champions and advocates within the indigenous procurement marketplace.

CCIB-certified indigenous businesses are members of CCIB that we certify through an internal audit process to confirm at least 51% indigenous ownership and control. We require proof of indigeneity. Self-identification is not accepted. In addition to the proof of indigeneity, we require business documents proving that the share ownership and controls meet the threshold of 51% indigenous ownership and control.

Upon yearly renewal, all certified indigenous businesses are required to attest that that ownership and control has not changed. However, if the validity of one of our certified indigenous businesses is questioned at any time, we confirm the data we have on record to the extent of confirming membership within the community. If we find that a business no longer meets the definition, their certification is revoked.

CCIB has long advocated targets and reporting on indigenous procurement, and we were pleased to join former procurement minister Anand on August 6, 2021, when she reaffirmed a mandate of 5% of indigenous procurement and required reporting on a set timeline. Additionally, other levels of government and numerous corporations have publicly disclosed indigenous procurement targets, including the Yukon Territory, with a 15% target, and the City of Regina, with a 20% target. These indigenous procurement policies are instrumental and necessary to rectify historical injustices and empower communities that have long been marginalized and intentionally excluded from the economy to the benefit of corporations and every individual in Canada. The policies are not merely about meeting quotas but are required to foster economic opportunities for indigenous people and communities.

In any policy, there is a potential for individuals to take advantage. Recently, attention has focused too much on those individuals and the negative outcomes they have created. By consistently portraying indigenous procurement in a negative light or by disproportionately highlighting instances of alleged misuse or failure, a narrative is being created that questions the competence and legitimacy of indigenous businesses. This narrative is affecting public perception and, I fear, influencing policy decisions. We cannot allow a few bad actors to cause us to move backwards on crucial support mechanisms designed to uplift indigenous communities.

For clarity, indigenous business success through procurement and that supports indigenous prosperity and self-determination largely outweighs the negative reports. Indigenous procurement in line with the 5% target would inject \$1.2 billion directly into the indigenous economy. We can take Pro Metal, a steel manufacturer owned by Pasqua First Nation Group of Companies, as an example. Pro Metal works to supply components for armoured vehicles, including LAVs, to the Canadian Army. PFN Group's procurement success is enabling the construction of 46 new homes, expansion of the high school and the opening of a 12-suite long-term care facility. This is just one example of the impact successful indigenous procurement can lead to.

In closing, we are not blind to instances of identity fraud, and we acknowledge that there are businesses that have taken advantage of policies and that this has resulted in benefits not reaching those for whom they were intended. However, as in any policy, there will be people who will manipulate the system to make it work to their advantage. The wrongdoings of a few should not call into question the need or value of indigenous procurement. The solution is not to punish those for whom the policy is built, but to strengthen the policy.

● (1120)

I would like to thank the committee for the opportunity to contribute to this important topic and I look forward to answering any questions you may have.

Thank you.

**The Chair:** Thank you very much, Mr. Ducharme.

We'll start with Mr. Genuis, please, for six minutes.

**Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC):** Thank you, Chair.

I want to thank both of our witnesses for their testimony.

I want to share with you that people in my constituency are seized with the importance of advancing truth and reconciliation and, as part of that, with promoting and supporting economic development in indigenous communities. We want to make the system better. We want to do more to promote economic development. It is in that spirit that we pushed for this study to take place.

I also want to highlight that this committee has been studying procurement abuses in general. We've seen serious problems with procurement under this government. Our goal is to strengthen procurement, to provide more benefit for indigenous peoples, for all Canadians and for taxpayers as well.

Minister Hajdu told the INAN committee in March that the federal government's indigenous contracting program has one objective: to verify indigenous identity. She said, "The indigenous business directory is to provide assurances to other departments, including Public Services and Procurement Canada, that the people on that list are indigenous. That is the sole purpose of the list."

Meanwhile, while she was telling this to a committee, according to revelations in Global News, her officials were telling applicants that all they had to do to verify indigenous identity was to upload a picture of a bunny.

We've all heard the expression "you had one job." That one job, according to the minister, was to verify indigenous identity, and then all you had to do to verify indigenous identity was to upload a picture of a bunny.

This committee ordered documents on subcontracting, because when you get an indigenous set-aside and when you subcontract work, a certain percentage of those subcontracts are supposed to be to indigenous companies—not all, of course, but a certain percentage—yet across departments, we found that there was no tracking whatsoever of subcontracts.

The minister said that the purpose of this program is to verify indigenous identity, and then it spectacularly failed to put systems in place to verify indigenous identity. I note that as part of it, it seems that the qualification of an indigenous business by the government doesn't line up with the way indigenous business organizations and communities are qualifying and defining indigenous organizations.

I would like to hear from the witnesses what your reactions are to these revelations about an absence of verification of indigenous businesses and what can be done to ensure that procurement that is supposed to be for indigenous businesses is actually for real indigenous businesses.

Maybe we'll go to the chief online first and then to Mr. Ducharme here.

**Ms. Joanna Bernard:** Thank you very much for the question.

It's been an issue since the beginning of the program, as you know—

**The Chair:** I'm sorry, but I'm going to ask you to hold on for two seconds. We're barely hearing sound. We're going to turn it up on our end. Can you give us a couple of seconds?

I'm sorry. Bear with us for one moment.

Do you mind starting again, Chief Bernard? We think we can hear you better now.

• (1125)

**Ms. Joanna Bernard:** Thank you very much.

Yes, it's very important. It's been an issue from the very beginning in regard to this strategy of using token Indians. I'm sorry to say that you could pick up somebody on the side of the street, and if they're indigenous, they become that token Indian and there are no qualifications needed for that indigenous person, so there's some work to be done in that aspect of ensuring that the aboriginal is capable of having the ownership of this so-called business, if it is a shell company, and to make sure that they're there working day to day and not just being given a couple of dollars on the side just for their name. This is huge.

In reference to our status, we have a status card. I think every first nation person does have a status card. When it comes to the Métis, I'm not sure if there are regulations put in place, as is done in the first nations, so that our status is recognized in Canada. I want to ensure that for all the memberships of all the organizations, there is something in place to ensure verification that they are either Métis or Inuit or first nations and that someone is not just walking

in a door and saying, "I'm Métis because my great-grandfather was, and he has a descendant."

This is important to us, especially when we're looking at 5% in procurement and we want to ensure that the first nation organization has an adequate percentage of that 5% and ensure that we're not just giving 5% to a person in another organization whose membership has not been verified by INAC or who doesn't fall within the terms of that membership. That's very important, and it's been an issue from the very beginning.

I'll give you a perfect example. I owned The Brick furniture store back at the time when Bernard Valcourt was the minister of Aboriginal Affairs and Northern Development. I told him that I wanted to sell my mattresses to the shipbuilding down here in Halifax. I asked him about that because at that time, it was 10% procurement. He said yes and he said it was the law, but there was nobody pushing it, so that's been a problem from the very beginning. This was in place, but there was nobody governing it or managing it to ensure that we did receive our 10%.

**Mr. Garnett Genuis:** Just to quickly probe that in the time I have left, though, can I ask why the federal government's qualification isn't lining up with the qualifications that are coming from indigenous communities? Why is there a dissonance between what they're calling an indigenous business and what you're calling an indigenous business?

**Ms. Joanna Bernard:** It's because there's no verification. At the end of the day, they seem to think that if you walk in the door, you cannot be asked for proof of being indigenous, and that's where the problem lies when anybody can walk in the door and say they're Inuit or Métis or first nations without any verification, and as you know, first nation communities and band members have received their status from Ottawa.

As for membership in the other indigenous organizations, I'm not sure how that's being done, but that's questionable to me as a first nations person. I just want to ensure that we are doing this in a correct way and stop going behind closed doors and coming out with documents and saying that this is what we have as a policy and tweak it. You wasted time and money.

As I mentioned earlier, we need to be at the forefront of this discussion because we know where the needs are within these policies. Please take that into consideration before moving forward and again going behind closed doors and saying that we heard from them, and this is what we've come up with. That's got to stop. They've done it for years and years and years, and it's got to stop. It's wasting government money as well as your time and my time.

**The Chair:** Thanks very much.

Mr. Ducharme, maybe we can get to you in the next intervention.

Mr. Battiste, please go ahead.

**Mr. Jaime Battiste (Sydney—Victoria, Lib.):** Thank you for that.

Regional Chief Bernard, it's good to see you.

**Ms. Joanna Bernard:** You too.

**Mr. Jaime Battiste:** Regional Chief, I understand from your testimony that there is not one way in which all three—first nations, Métis and Inuit—determine indigeneity. Would you say that's accurate?

• (1130)

**Ms. Joanna Bernard:** Yes.

**Mr. Jaime Battiste:** Can you tell us a little bit about how first nations status works? I know that I and you have had conversations about the second generation cut-off, but can you explain it to the committee in just a minute?

**Ms. Joanna Bernard:** Yes. I will try to do that in a minute.

Basically, the first nations status is cut off after the second generation. The problem with the Métis membership is that they could be 10 generations down. They just have to say that their grandfather or great-grandfather or great-grandmother was indigenous and they become members. There is a very distinct problem there when it comes to why we as first nations are being cut off after the second generation and not the membership of the Métis and Inuit.

As I said, I'm not sure of the details, but it's very concerning to first nations communities [*Technical difficulty—Editor*]

**Mr. Jaime Battiste:** We lost you there for a little bit.

As a status Indian, I might have a child with someone who's outside the Indian Act. That child would therefore become what they call a “6(2) Indian”, but if that child were to have a child with someone not part of the Indian Act, then they would lose status. That's how second-generation cut-off works.

Is that correct, in your mind frame?

**Ms. Joanna Bernard:** Yes, it is, when you're speaking of status. In a lot of communities like mine, we are allowing our descendants to become members. They may not have status, but they are band members of our communities, because we have control of our membership list.

Status is a different story. If a first nation person who is non-status can prove, maybe through a letter from the chief and council, that, yes, they are members of our community, then they should be [*Technical difficulty—Editor*]

**Mr. Jaime Battiste:** Then the complexity involved in this, Joanna, is much more than just having a template for who is and who isn't indigenous.

I will go to the Métis with this question. Is there one way to determine who is Métis between all of the different Métis organizations in Canada?

**Mr. Philip Ducharme:** Well, you look at me as representing the entire Métis. I am Métis myself, but I don't represent Métis people or organizations—

**Mr. Jaime Battiste:** To your understanding, is there one uniform way in which we determine Métis across Canada?

**Mr. Philip Ducharme:** At the Manitoba Métis Federation, you need to have a family member, a descendant, attached to Métis scrip. All eight of my great-grandparents have Métis scrip applications. They have their X. They weren't able to read. You have to go

through the Saint-Boniface Historical Society and provide all your genealogy documents to prove who your descendants are to qualify for Métis.

**Mr. Jaime Battiste:** But there's no cut-off, correct? There's no second generation. They won't tell you that you have to marry within that.

**Mr. Philip Ducharme:** No.

**Mr. Jaime Battiste:** Okay.

Would you say that the Manitoba Métis Federation has the same criteria as B.C. or Ontario?

**Mr. Philip Ducharme:** I have not applied to either one of those provinces, so I don't know their criteria. My understanding is that in the case of the Ontario Métis, they were supposed to be part of a historical Métis community.

**Mr. Jaime Battiste:** In terms of being able to answer this question, do you think first nations, Métis and Inuit should all have a distinct way of determining who they are and should tell the government how to do this, instead of basically the government trying to find one box to lump everyone into “indigenous” and saying to check this box to show the determination, when you have various ways, across not just this country but across the world, of determining indigeneity?

**Mr. Philip Ducharme:** That should be the case, I think, for first nations people who are losing their status after two generations.

As Chief Bernard said, the community band members don't have the status, but I think that should be allowed. Just because you have married outside of indigenous, that still makes you indigenous. I think indigenous people are the ones who are the best to determine who's an indigenous person.

**Mr. Jaime Battiste:** I guess the question is that instead of just saying “indigenous” in a blanket way, should we make it distinctions-based, with the first nations determining who's first nation, the Métis determining who's Métis and the Inuit determining who's Inuit, instead of trying to lump them all into one box?

**Mr. Philip Ducharme:** If you're going to distinguish between the three indigenous groups, yes.

**Mr. Jaime Battiste:** Do you think that would be helpful?

**Mr. Philip Ducharme:** It would be helpful, but it could also cause challenges, I think. It seems as though we're being separated. We've always been separated as indigenous peoples. I have cousins who are first nation members and I consider them brothers or sisters, but I'm Métis. I feel that we're always being separated.

It feels like people are nervous that if we came together, we would be stronger as a collective. We seem to be—

**Mr. Jaime Battiste:** I think that's one way of defining it, but if there are different criteria for different folks, don't you feel that it should be within those communities to determine it themselves instead of trying to make one program work for everyone?

As you said, there's no cut-off date for anyone involved in Métis in Manitoba who's related to scrip, but you have just heard from Regional Chief Bernard that after two generations, the Indian Act ensures that there's a cut-off date.

How can you be fair to both and say that this is what we'll put on the table for everyone when we know that one can pass their genes down for only two generations and one can do it in perpetuity?

• (1135)

**Mr. Philip Ducharme:** I think I did agree with what Chief Bernard was saying in that they do recognize those people as band members. I'm saying that just because the government deprives them of status with the two-generation cut-off.... They are still indigenous, in my view.

I think it was the community that has decided they're a member and they're part of the community. With the Métis, you have to be recognized by a community as being a member of that community as well.

**Mr. Jaime Battiste:** I have a short question, Joanna.

Do you think it should be distinctions-based, so that first nations would determine the first nations, the Métis determine the Métis, and the Inuit determine the Inuit, instead of having a boxed approach to indigeneity?

**Ms. Joanna Bernard:** I do believe there's a problem there, as we only have a 5% procurement strategy.

If you look at the membership of almost a million first nations people across Canada and then the other national organizations, what are their populations? Their population list or their membership list is, to me, not really valid when we can't add a second generation and more, while they can.

The validity of the membership from Métis is questionable, in my opinion. There should be something across the board to verify it. It shouldn't be just saying that their great-great-grandfather or grandmother is indigenous, so that makes them Métis and then they become a member.

My concern with the 5% is that when you're looking at the AFN with its huge population compared to the other two smaller organizations, where is that going to be fair for the procurement strategy in making sure that indigenous first nations peoples are getting a chunk of that 5%?

I worry that the procurement will allow a Métis or first nation to take it all, or the majority of it. That's where we need to ensure that we're not being cut off when the 5% is reached, so that first nations communities or businesses.... Actually, it's not communities; it's businesses. It has nothing to do with the community. We can talk about that at another time, because there should be benefits to the community.

As I said, it's just not working, Jaime.

**The Chair:** Thank you very much.

We'll go to Mrs. Vignola, please.

[Translation]

**Mrs. Julie Vignola (Beauport—Limoilou, BQ):** Thank you very much, Mr. Chair.

Mr. Ducharme and Ms. Bernard, thank you very much for being here today.

This is a very important topic. As you said, 5% of contracts is a tiny fraction of all government contracts. Unfortunately, it seems that companies are being used as window dressings. In other words, a non-indigenous company partners with an indigenous company and, at the end of the day, the work is done by people who are not indigenous. Of course, the person who runs the indigenous business will receive compensation, but in the end, the community isn't well served. This has the effect of diverting the real effect that this policy could have. In my humble opinion, the goal of this policy is to ensure better community autonomy and growth.

My first question is on that topic, but then I will talk about ways to prepare for autonomy. I will ask Mr. Ducharme to answer first, but Ms. Bernard will be able to answer afterwards.

How can we ensure that an indigenous business isn't used as a front so that a non-indigenous business can access a contract that was reserved for an indigenous business?

[English]

**Mr. Philip Ducharme:** I think that can be achieved through audits of the actual contracts.

When you look at the contracts, if it's a joint venture and you go through all the subcontracts and you see where the payments are going, look at how much of the money is actually staying with the indigenous community. That should be the amount that's reported.

Some of these big contracts could be up to \$100 million, and they're JVs, joint ventures. That full \$100 million is getting credit as indigenous spend, but in reality there's no way it's \$100 million.

In a best-case scenario, if the indigenous partner has the 51%, they would be potentially getting \$51 million of the value of that contract. That should be reported for these companies that are getting an advantage from this when they say that a \$100-million contract will go to the 5%, when in reality only maybe 5% of that \$100 million is going to the indigenous business. Only that 5% of the \$100 million should be reported as indigenous spend, and that would bring the numbers down to be more realistic. It would show the true benefit of what is spent that's going to the indigenous communities, businesses or people.

I think there have to be post-award contract audits.

• (1140)

[Translation]

**Mrs. Julie Vignola:** Ms. Bernard, the floor is yours.



[English]

**Ms. Joanna Bernard:** It definitely seems that there is a lot of work to do to ensure that this is done correctly and to ensure that over time immemorial, the government keeps giving us all this money under the indigenous file. However, if you look at whatever they are giving us, you see that a percentage of that money doesn't go to the communities; it's going to the organizations to administer the work to be done in indigenous affairs.

The numbers should reflect the money that is going to the communities and not the amount of money the government is putting up to pay non-natives to do a lot of this work and make it look like you've given all this money to indigenous people.

Whether it's procurement or anything else, there is a need to ensure.... As I mentioned, only 1% of the procurement was given out in 2015. If you look in your records, it's going to look like you've given way more than that. The numbers have been totalled at \$93.5 million in 2015, but you're saying there were billions of dollars given, so there is a concern there. There is a lot of work to be done, not only on this issue but on other issues within procurement.

[Translation]

**Mrs. Julie Vignola:** Thank you very much.

Mr. Ducharme, I'm going to turn to you, and I'm going to use your own story to paint a picture, and mine as well, because I'm not from an urban community. When you're in a remote community, with classes that are sometimes fewer than a dozen people, and you have to go and study outside, it can be complicated. Access to education isn't easy when you live in a remote community.

Can this difficulty in accessing education be an obstacle to a community's self-sufficiency and economic growth? Should we facilitate access to and support for education, which would promote the creation or idea of business creation among first nations, Métis and Inuit?

[English]

**Mr. Philip Ducharme:** I think that putting in tools that are going to help people who come from out of their communities to better equip themselves to be able to be successful is required.

When we look at indigenous procurement, we see that a lot of our urban-based businesses' stats show that we're hiring indigenous people. We're bringing them into a place where they're comfortable. We are providing different working conditions for them. In Saskatchewan, when an indigenous person comes in, some companies let them take time off in the fall to go goose hunting or take time off during the hunting season.

I think that by increasing opportunities for our indigenous businesses, we in turn are hiring our own people. I think this is similar to what you're talking about, which is creating a safe environment, an environment where they can grow.

Again, our indigenous businesses are proud. They bring someone in and they train them, and they get their certificate or their Red Seal. They may leave to another opportunity, but it has given success to a cousin, to a family member. I consider us all family members, as indigenous peoples.

[Translation]

**Mrs. Julie Vignola:** Thank you very much.

I'll save my other questions for later.

[English]

**The Chair:** Thank you, Ms. Vignola.

Mr. Bachrach, please go ahead, sir.

**Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP):** Thank you very much, Mr. Chair.

Thank you to Chief Bernard and Mr. Ducharme for joining the committee today on this important topic.

I wish I could be with committee members in person today. I'm actually in Terrace, British Columbia, in the northwest of the province, and I'm here to honour the memory of Chief Don Roberts of Kitsumkalum. Chief Roberts was not only a hereditary chief of Kitsumkalum; he was also the elected band chief for almost 20 years. I mention this because, among his many strengths, Chief Roberts was a strong proponent for indigenous business and for economic development in his community. Today, as his family prepares for his memorial this afternoon, my thoughts are with all those who are missing Chief Roberts.

This is a really important topic and an interesting one. I think it's also, as was mentioned, a bit fraught because of, as Mr. Ducharme said, the focus on the instances of fraud and, I guess you could say, identity theft risks overshadowing the successes of indigenous businesses. I start by just noting and agreeing with that important point.

I'm curious about the target-setting by the government and whether setting a 5% procurement target and directing the public service to achieve that target risks overlooking some of these instances of problematic procurement. That is, does it create an incentive to overlook these in the interest of meeting the target?

We heard from Mr. Ducharme that if you were to subtract the value that is being subcontracted out to non-indigenous businesses, the actual value being delivered to legitimate indigenous businesses would be significantly less, and therefore the government would miss its target and probably pay some political price.

My question is for Chief Bernard and Mr. Ducharme. Does the target itself create a problem when it comes to ensuring transparency and integrity in the indigenous procurement process?

• (1145)

**Ms. Joanna Bernard:** “Does the target cause a problem?” That’s basically in reference to getting to that 5%. I think one of the speakers mentioned something about, “Yes, prove your status by downloading a picture of a bunny just to show status.” This is ridiculous, and this came out of the government department telling this person to do so. That alone tells me there is a problem. They’re trying to reach their target, and this is what they’re doing. It’s just not the way to go, for sure, and it is causing an issue among the indigenous communities or businesses.

I keep on saying “communities”. I want to identify here that this procurement may help the communities because the indigenous businesses are in that community, but if we’re also looking to advance our communities with economic development, we have to look at giving aboriginal benefit to the communities. When a first nation business gets a contract, maybe they agree to give a percentage of their revenues for scholarships within their community to help the students, as mentioned by one of the speakers. It’s not easy to take a student out of the community that’s way up north and send them to school out of their region. That costs money, and we just don’t get enough from the government for that.

I’m looking for a potential avenue to support first nations through an aboriginal benefit strategy for the communities as well as for the indigenous business entrepreneur.

**Mr. Philip Ducharme:** I believe the 5% was required. It was after the 5% was mandated that a lot of the work was done.

Again, the 5% is just the floor. We need to have at least that 5%. Again, unless we have targets and we measure and report, there’s never going to be success. PSAB, PSIB, whatever—it has had a few different names—has gone on this long, and there was never a set target: There was no movement.

I know there are issues. I think that with the way it’s set up right now, the government is close to meeting that 5%, but we still have to look at the actual audit of the contracts to see that value. The 5% is very important, because if we don’t have something to strive or reach for, it’s never going to happen. That being said, it can also cause some issues, because it almost feels like the other 95% of the people with government contracts want a portion of our 5%, which really makes it difficult for us.

I think the 5% is very important. It’s a start.

• (1150)

**Mr. Taylor Bachrach:** If I could clarify, you’re saying that the target is important because it motivates the government to increase indigenous procurement, but the target shouldn’t come at the cost of the integrity of the procurement itself. Is that a fair characterization?

**Mr. Philip Ducharme:** Yes.

**Mr. Taylor Bachrach:** Okay.

Your organization, Mr. Ducharme, maintains a directory of indigenous businesses, and there’s a process for certifying businesses and for ensuring the integrity of the directory. Indigenous Services Canada also has a directory of indigenous businesses. Is there an

opportunity there to reconcile these two directories and to have one directory that is informed by the work of organizations like yours?

**Mr. Philip Ducharme:** I think there is. I am quite confident in the directory we do have. It was interesting when one of the first speakers said that the Minister of Indigenous Services said that their sole purpose was to confirm “indigeneity”. My understanding was that the indigenous business directory was made up of different components, not just to show indigeneity but also to show the ownership and control with those documents. We don’t do the certification for the government, so I can’t speak to what all their processes are, but I know that in what we do, we try to the best of our ability to ensure that these businesses that we do certify do meet the criteria, and we do require the documentation. It is received from the status cards for first nations and for the Métis people. It’s the MNC governing bodies, as well as the Manitoba Métis Federation and the IBD, the indigenous business directory.

I think we could do it quite well. I think we’ve proven ourselves with our corporate members. As I said, we deal a lot with corporate Canada, and we have a lot of opportunities for indigenous businesses.

Government procurement is not the be-all and end-all for indigenous businesses; it’s a piece of the pie, and I think we have a good program.

**Mr. Taylor Bachrach:** Mr. Chair, do I have a couple of seconds for one more question?

**The Chair:** No. We’re about a minute and a half past your time.

**Mr. Taylor Bachrach:** Okay. Thank you very much.

**The Chair:** Before we continue the next round with Mr. Genuis, colleagues, as is our habit, or my habit, we’ve let the first round go past everyone’s time, which is fine, because it’s an important study, but please, for the next rounds, leave ample time for answers and responses from our witnesses.

Mr. Genuis, go ahead, please, sir.

**Mr. Garnett Genuis:** Mr. Ducharme, just very directly, building off the round of questioning we just had, you have a list of indigenous businesses. You work hard on it. You engage to make sure that the list is accurate, and it’s reflective of very clear criteria. The federal government does not use your list; they have their own list, and we’ve seen various revelations about how flawed their processes are.

I don’t understand why the federal government wouldn’t just engage with indigenous leaders and indigenous business organizations to ask if they can use the list you’re developing to identify indigenous businesses for its own procurement policies. Is there any impediment that I’m missing to simply taking on this collaborative approach that would use the work that’s already being done?

**Mr. Philip Ducharme:** I think it would be very simple process to have us recognized. I do know when Defence Construction Canada talks to corporate Canada for subcontract opportunities, they do talk about the CCIB indigenous business list. Unfortunately, right now it's not recognized. They still have to be within the indigenous business directory. However, we have been advocating because we are very confident that the businesses that we do have are indigenous businesses. Corporate Canada leans on our list for their indigenous procurement.

**Mr. Garnett Genuis:** Right. The private sector is using your list. I'm hearing you say that there's no impediment. I would just add that this is so typical of the way the federal government often operates: trying to replicate work that's already being done and doing it less well.

I want to follow up directly on Mr. Battiste's questions.

When it comes to indigenous identity, we all understand that there are going to be some complex or marginal cases, but there are also some very clear-cut cases. As part of one of these investigations, a reporter was able to get so-called "certification" through an online attestation.

I believe that indigenous identity is something real; it's not how you feel. It's not something that someone like me can just decide they want and then claim it. It's something that is real and objective.

In that context, I note that a couple of members of Parliament, both indigenous themselves, have used the words "pretendian" or "pretendianism" to describe this phenomenon of people outright pretending to be indigenous in order to benefit. I want to ask you a multipart question about that.

The first is on language. Do you think this terminology is appropriate? Is this terminology that we should be using or not?

Second, my understanding is that concerns about this falsification of identity are broader than just procurement and that we see other instances in which this pretending to be indigenous is causing problems. What can we do about it?

Then, third, would you agree with what I said at the beginning, which was that indigenous identity is something objective? It's not a subjective question of how you feel; it's an objective, verifiable reality.

For this, maybe we'll start with Chief Bernard, and then, hopefully, there'll be some time for Mr. Ducharme.

• (1155)

**Ms. Joanna Bernard:** It's an issue, definitely, in regard to the verification of the status or the validity of the indigenous aspect of any individual. It's just not right that it's different for each of the three different organizations. There needs to be some consistency in those three when we're verifying who is indigenous and who is not. There needs to be some consistency.

As first nations status goes, it's cut off at the second generation, whereas the other issues and the validity of indigeneity is a free-for-all. As mentioned before, you just pop up a bunny picture and you're indigenous—I don't understand how that ever happened—if

that person happens to be on one of the lists of the national organizations. I do question the validity of those memberships.

If a first nations person has falsely received their status, it will be revoked. When those individuals who have falsely claimed status have been brought to the forefront, the federal government has taken it back from them. It would be the same for all three organizations.

**Mr. Garnett Genuis:** Can I ask Mr. Ducharme the same thing? I cut him off last time.

**The Chair:** Make it really quick, because I'm going to end up cutting you off.

**Mr. Philip Ducharme:** Unfortunately, when you said "terminology", I kind of lost what you were asking.

**Mr. Garnett Genuis:** It was about the word "pretendian" that some members of Parliament—

**Mr. Philip Ducharme:** Pretendianism is something that is very... I'm in my 50s. I've been around a long time. I've faced a lot of discrimination. When I first started hearing about people pretending or trying to be indigenous, I took them at face value. Why would someone want to be indigenous with all the issues that we had in the Prairies with people being indigenous? If I could have hidden it, I would have hidden it, but I couldn't hide it. I was physically visible as an indigenous person.

Pretendianism is something that's a very personal thing. It's shocking that it's happening, and it's sad, but sometimes people take advantage of it, like anything that people try to take advantage of. You're always going to find unscrupulous people who take advantage of being indigenous.

**The Chair:** Thank you very much.

Mr. Baines, go ahead.

**Mr. Parm Bains (Steveston—Richmond East, Lib.):** Thank you, Mr. Chair.

Mr. Ducharme, I come from Richmond, British Columbia. It's a traditional territory of the Coast Salish Musqueam people.

Boeing has a 100-year history there. They recently made an investment of about \$61 million, out of which \$13 million went to Cota Aviation. It's a manufacturing firm. They make machinery and parts. They're a supplier for Boeing now.

What role does the private sector have when it comes to indigenous procurement?

**Mr. Philip Ducharme:** The private sector has led on indigenous procurement in Canada. I'm more familiar with what's going on out west. I'm from Saskatchewan. If you look at the resource sector, you see that they have led the way. Look at the Wood Buffalo region and all that has been done there.

Corporate Canada is also a little bit more flexible. When they look at their procurement opportunities, if the top guy says, "You know what? We're going to use this person", it's going to happen. It's a little bit different. I think corporate Canada is realizing that by utilizing indigenous businesses, it is growing the indigenous economy. Ultimately, it's always a business case. When you grow the indigenous economy, hopefully they, in turn, are going to be buying your products or services. Corporate Canada is really making a good effort.

Cota Aviation, which you mentioned, was one of the first indigenous businesses to get a tier-one contract with the navy on submarine retrofitting. It is showing success. I think corporate Canada has done a great job.

**Mr. Parm Bains:** I know the directory was discussed earlier. You said CCIB has its own and the government has its own. Are there commonalities between these lists? How different are they, and are you aware of the differences between these lists?

• (1200)

**Mr. Philip Ducharme:** I don't know the process that the government uses.

When you go online and look at the government process to be registered as an indigenous business, it does say you have to include the proof of indigeneity and the documentation to show it. That would be very similar.

We followed some of the guidelines to look at that. We also looked at the U.S., where supplier diversity is a component of that. The documentation to prove the 51% has been happening since 1968.

On the government list, I'm not in the back end of the government, so I don't do their certification. I'm quite confident in what we do for certification. It was something that our corporate members also wanted to ensure. We did a survey in 2016, and 72% wanted to ensure that if they were working with an indigenous business, it was a bona fide indigenous business and not someone claiming indigeneity just to take advantage of programming.

**Mr. Parm Bains:** Have you, in any way, had an opportunity to even cross-reference or have that consultation process with the government side on lists? Is there a consultation process that you're working on consistently with the government?

**Mr. Philip Ducharme:** We do work a lot with the federal government. A lot of the stuff I can't speak to, but I know the one they're talking about is with regard to the bunny. I think there is some context that hasn't been brought forward on that one.

It was a tribal council that owned the business. That was my understanding. In some programs, you have to upload a document. Maybe the documentation showed that this company was owned by the Pasqua First Nation tribal council, but the programming required a picture of a status card or a picture of a Métis citizenship card to be uploaded. It's possible that a person said, "You know what? Just upload a picture of a bunny. Something has to go in there to be able to make that system go."

For so many things, people jump to conclusions and make it worse than what it is. We don't know the full extent of what that

certification process was. I wouldn't want to throw someone under the bus and say that they're not doing it right, because they are trying their best. Even having these discussions is showing that it is something that's valid and that we want to make sure it's going to be successful.

**Mr. Parm Bains:** I'm going to ask a little bit about the indigenous business supply chain. Is it generally possible to find and use indigenous businesses throughout the supply chain? How hard is that process?

When we talked about a target of 5%, that's just a minimum, right? That's just something to get to. I saw that in 2022-23 the number indicating the percentage of contracts going to indigenous businesses had gone up to 6.26%. It was exceeding 5%. It's not that we're just trying to get to 5%; it's about getting more. Sometimes there might not be that many businesses, but are we able to find businesses all through the supply chain?

**Mr. Philip Ducharme:** They say there are up to—

**The Chair:** I'm afraid there's no time left for a response.

We'll go to Mrs. Vignola, please, for two and a half minutes.

[*Translation*]

**Mrs. Julie Vignola:** Thank you very much, Mr. Chair.

I'm listening to you and I keep taking notes, because I have so many questions for you. I'll be quick.

I will address Ms. Bernard, but Mr. Ducharme can also add his comments.

Between the communities and the federal government, who is in the best position to determine whether an indigenous person, Métis or Inuit is an indigenous person, Métis or Inuit?

[*English*]

**Ms. Joanna Bernard:** At this time, the federal government is telling us as first nations whether we're status or not. It's not doing that on the other side, whether it's Métis or Inuit. They're doing it on their own. They don't have the government doing the second generation cut-off like the government does for us as first nations, so there's a concern I have there.

If the government wishes to—

[*Translation*]

**Mrs. Julie Vignola:** I have to stop you there. I'm very sorry about that.

I understand that it is currently the federal government that does that.

Is it up to the government or the nations and communities to do this?

[English]

**Ms. Joanna Bernard:** I truly believe it should be the first nation, but there's a process to that. Some first nations have their own registry and membership. I think they do with what is called a section 10 band. That allows them to have their own membership.

You have to work towards that for first nations to get to that point, but it doesn't matter, even if you have your own membership. For first nations, the government does not recognize us after the second generation, and that's where lies the problem. If the government were to step away from that and allow us to allow our descendants to be on there, we wouldn't have an issue with being Inuit or Métis. I personally have an issue when the government is controlling first nations, but not the membership of the other two organizations.

• (1205)

[Translation]

**Mrs. Julie Vignola:** Thank you.

I have about 30 seconds left, so I'm going to take this opportunity to make a comment.

I don't understand why the Indian Act is still in effect in its current form, and that it's still the federal government that determines that a Métis, Inuit or indigenous person is a Métis, Inuit or indigenous person.

It isn't up to the federal government to determine that. You're not children or minors forever. Quite simply, it's high time that your communities were given back their autonomy and opportunity for growth.

[English]

**The Chair:** Thank you, Ms. Vignola.

We're back to you, Mr. Bachrach, sir.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

Chief Bernard, you said something I found very interesting in one of the previous rounds of questions. It was about the benefit to the community. This is something that as a party we wholeheartedly support writ large, not just for indigenous procurement but for procurement in general. When governments spend millions or billions of dollars on infrastructure projects, for example, there should be benefits that go to communities. There should be apprentices, there should be women employed, there should be some legacy, and there should be local employment.

This is something I think that's very germane, and yet I've seen representatives of this federal government get up in the House and say that indigenous procurement is solely about the individuals receiving the contracts; it isn't about community.

Is this a gap? Is this something that your organization has brought up with the government as a shortcoming? I noticed quite a stark contrast between the comments of the government and the comments that you made before the committee just a moment ago.

**Ms. Joanna Bernard:** First nations are government. They're not in the business of doing business and they are not entrepreneurs;

they are government. They do need as much help and in-house resources as they can get.

We're not the only department that is not funded sufficiently. Education across the board is not funded sufficiently, like anything else. The only way for us to get ahead of that is to have some in-house resources and revenues.

One way to do that is by looking at the local economy, setting up a scholarship to help our students get to school or helping build a park or a health centre. This is where benefits could go to the community.

There is a difference between indigenous entrepreneurs, who are not government and.... You don't want the government to be involved in this. I mean, if for some reason I'm an entrepreneur and I don't like the chief and the chief doesn't like me, I get nothing. This is why they never worked for fisheries and never worked for forestry. They gave the allocations to the community, and then the chief and council, who had no background in fisheries or forestry, made these decisions. This comes back full circle here. That's where we are today, and we need to look at ways that we can benefit the communities through aboriginal benefits, which would be a percentage to help with scholarships or anything within the region where that work is being done.

**The Chair:** Thanks very much.

Next is Mrs. Block, please.

**Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC):** Thank you, Chair, and thank you to both Chief Bernard and Mr. Ducharme for joining us today.

My first question can go to either one of you.

In August 2021, the government made it mandatory to have each department award at least 5% of their total contract value to indigenous-owned businesses. It's my understanding that before 2021, there was a target, but it wasn't mandatory. Can either of you comment on the level of indigenous participation in federal contracting prior to this target being made mandatory?

**Mr. Philip Ducharme:** I think if you look at the numbers, you will see that they are quite a bit lower. They weren't there. I think it was showing maybe around 1% of it. I think it was first announced in 2019, when it was part of the mandate letter to look at setting a target of 5%. That was when we first started talking about the 5% indigenous procurement target.

It is still difficult for lots of businesses with the federal government and federal procurement. I think it needs to be simplified. I think we may need to look at some of the levels of requirements for their contracts. A \$100,000 or \$150,000 contract requires the same amount of work as a \$10 million or \$20 million one. Small indigenous businesses, and all smaller businesses in Canada, don't have the resources to do that. I think there are still some struggles.

Also, on some of these other big ones, when we look at the reporting from 2023, on paper it was 6.27% of the value that went to indigenous businesses. In reality, we did not get that.

• (1210)

**Mrs. Kelly Block:** Thank you very much. That's a great segue into my next question.

As you noted, it was reported that the value of government contracts awarded under the program has risen sharply, to \$862 million in the 2022 fiscal year, which is up from \$170 million in the five years prior to that. According to the 2022-2023 ISC report on the mandatory minimum 5% target, it was reported that 6.27% of all contracts were awarded to indigenous businesses. On the face of it, it would appear that the government has already exceeded the targets that they set for 2024-25. However, as we all know, the devil is often in the detail, which is why our committee undertook this study.

From bombshell reports over the summer, we know that this government has done little to no vetting of businesses to ensure they qualify as indigenous businesses, and my colleague has done a great job in digging into that. When we were passing this motion to study this program, we were told by government members that we didn't understand the purpose of this program and that it was running just fine and accomplishing the purpose for which it was created.

Are you concerned at all that the current government sees no issues with the abuse that has been uncovered, particularly the so-called Rent-a-Feather schemes or the lack of concern about verifying the indigenous identity of businesses before giving them access to the program?

I'll turn to Chief Ducharme.... I'm sorry; it's Chief Bernard.

**Ms. Joanna Bernard:** I want to note that those numbers have not been verified. The research that you did shows that it went to an indigenous company, but if you look deeper, you will find that this is not true when you go into each individual contract and who was part of it. Was it a shell company? Even though your reporting shows that it's indigenous, it may not have been. In reality, that so-called 6% is probably more like 1%.

I just don't understand. When the first aboriginal procurement strategy came out, it was 10%. There was no governing of it and nothing was done to enforce it, as was mentioned. In 2019, according to what I just heard, they started trying to enforce it, but as we know, the devil is in the details, and they weren't looking into the details to verify how much that indigenous company or person or entrepreneur actually received, because the majority of them—I hate to say this—are shell companies. It's important to go deeper to see that percentage.

To me, it would probably be more down in the 1% range. I'm not understanding how the government is now wanting to give 5% but couldn't even manage the 10%, so what's going to be different now?

**Mrs. Kelly Block:** Thank you.

**The Chair:** Thanks.

It's back to you, Mr. Battiste.

**Mr. Jaime Battiste:** Mr. Ducharme, I was really interested in the discussion you had about the uploading of the picture. I know many communities and many first nations across Canada also have corpo-

rate divisions within their communities. I know that Eskasoni, the community that I'm from, has an eagle that represents them corporately. I've seen others in the west use buffalo. In British Columbia, they use the orcas.

Is it possible that this narrative that the media and the Conservatives have spun about a bunny being used for verification was actually the government just asking for a picture representative of their community?

**Mr. Philip Ducharme:** I don't know if it was representative of their community. I have been to places, even some online platforms, where they just upload a blank document or something because the system requires something to be put in. Again, I'm just speculating. The business that was reported was a community-owned business. A community isn't going to have a status card on its own, so maybe that could have been why it was determined to just upload a picture to bypass the system so that they could actually go through the certification process.

Again, I'm speculating. I did not do the certification.

• (1215)

**Mr. Jaime Battiste:** Regional Chief Bernard, do you believe that it's important to have a percentage of the procurement going to indigenous communities, first nations communities, Inuit and Métis communities? Do you see this as something that's valued in terms of the efforts made to decrease the gap of indigenous-owned businesses in Canada?

**Ms. Joanna Bernard:** I definitely think it's essential to help the communities and to help with poverty within communities. If there's a community entrepreneur making money, his money is being spent within his community, so it does benefit the community a bit.

In regard to the tribal councils, they are owned by the first nations. The first nation has a band number, so those so-called rabbit pictures don't make sense. You just show that you are from a community and what that community band number is. It's registered in Canada. Each community is registered with a number. That would be the way to do it, and not just as a tribal council, because they don't have an individual band number. There are ways that this can be done efficiently and properly to ensure these....

The phrase "tribal council" is one anybody could use. I'm assuming a tribal council consists of multiple—maybe at least three—first nations. They can use their band numbers for that community instead of a status number.

**Mr. Jaime Battiste:** Regional Chief, I share with you your concerns about the Indian Act and the cut-off. I know we've had conversations about this, and I've had conversations with the national chief.

We passed Bill C-15 on UNDRIP, which has article 33. It says:

Indigenous peoples have the right to determine their own identity or membership in accordance with their customs and traditions. This does not impair the right of indigenous individuals to obtain citizenship of the States in which they live.

Bill C-15 has now received royal assent, and the United Nations Declaration on the Rights of Indigenous Peoples is the law. We believe that this is the law in Canada.

Has the AFN tabled any kind of resolution to assist the government in determining a better system to determine status, moving forward?

**Ms. Joanna Bernard:** As you know, Jaime, there are a lot of resolutions being passed in reference to this.

All I have to say is this: Stop doing the work behind closed doors. Bring us to the table and work with us. We will help you have a better understanding of how to get these policies and even legislation changed. However, we need to be there with you. We need to work with you from the very beginning of the issue, not after all the years go by and after time and money have been wasted. Then you say, "Well, how can we fix it?"

Bring us in from the beginning. I think that should help in reference to getting this right, finally.

**Mr. Jaime Battiste:** Thank you, Regional Chief.

Isn't that the process the minister is currently undertaking with the AFN? I know she's working with the youth council and the AFN in a consultation process that opened up in December to explore ways around the second-generation cut-off.

**Ms. Joanna Bernard:** Well—

**The Chair:** I'm sorry. I'm going to interrupt—

**Mr. Jaime Battiste:** Yes or no would be fine.

**The Chair:** No, we're not out of time. You have about 25 seconds to respond.

**Ms. Joanna Bernard:** I want to say there should be a cut-off for other organizations. If you're going to do a first nations cut-off, you must do it with other organizations. If you don't, stop the cut-off after the second generation. Let us decide who the people living in our communities are.

As you know, if you're living in the community and you are not status, you don't get funding for it. However, we put them in as members of our communities because we take care of our families.

There's no way in heck we would tell the Prime Minister that his grandchild is not his blood, so come on. We have to fix this. That's another subject.

I mean, you know as well as I do—

**Mr. Jaime Battiste:** Thank you, Joanna.

I'm out of time here, but if the AFN has any reports or resolutions they could table to help this committee determine what they feel is the best way to determine first nations identity, that would be very helpful. I think that such a document would be very well received by this committee.

**The Chair:** Thank you very much.

Mrs. Kusie, please go ahead.

• (1220)

**Mrs. Stephanie Kusie (Calgary Midnapore, CPC):** Thank you, Chair.

Thank you very much, Mr. Ducharme and Chief Bernard, for being here with us today.

I want to go back to some previous testimony, Mr. Ducharme, from 2018—prior to the August 6, 2021, announcement—to measure what you said—or what you suggested, I should say—versus what the government produced.

In 2018, when OGGO previously studied this issue, your organization sent in a brief stating that the federal government should award points to bidders based on their relationships with indigenous businesses and communities to ensure that there is indigenous engagement throughout their supply chain.

Is this a recommendation that was accepted and acted upon by this government, in your opinion?

**Mr. Philip Ducharme:** I'm sorry. I don't quite understand. Was that from corporations that would have to ensure they had indigenous inclusion within their opportunities?

**Mrs. Stephanie Kusie:** Yes. It's that in going through a procurement process, more points should be awarded to those bidders that have relationships with indigenous businesses and communities, not solely on the basis of being recognized as indigenous through the self-proclamation or officially, as in the processes we have heard throughout the testimony in this committee, but through the relationships.

Do you still believe that's important and do you believe this recommendation was incorporated into the process?

**Mr. Philip Ducharme:** It has been implemented into some of the process, and I think that's within the indigenous participation plans. In a lot of government, there is no standard procedure right now, or a threshold for that, but with some of the bigger contracts, there is an indigenous participation plan that's included within it. Within that participation plan, they talk about community investment and they talk about employment and subcontracting opportunities, and they are awarded points for that.

The evaluation of that has to happen with all of them. I know that the federal government... Again, there should be a threshold. It shouldn't be just at the discretion of the contracting authority as to whether or not to include an indigenous participation plan. I think that's very valuable, because that does give the smaller ones.... It's also, as Chief Bernard was talking about with the community investment within these participation plans, that they will go into the community. They might help with building a school or building a park. It is happening more. They are seeing it more.

That's why some of our corporate members are also hoping that the federal government would recognize our certified indigenous businesses, because they are working with those businesses, and that could be included within their indigenous participation plan results.

**Mrs. Stephanie Kusie:** Thank you for that.

However, in the 2018 study, government officials also testified that they encouraged indigenous businesses to enter joint ventures with non-indigenous businesses to bid on contracts. In your opinion, should this practice be encouraged, or should the focus be entirely on improving socio-economic outcomes for first nations? I shouldn't say "entirely"; it should be entirely based on that, but should that be done through not encouraging indigenous businesses to enter joint ventures with non-indigenous businesses?

**Mr. Philip Ducharme:** Well, I think joint ventures do have a place, and they are required, because if the smaller indigenous business.... A lot of it could also even be with the insurance requirements, with the bid bonding, in that the indigenous businesses don't have the capacity to do that. The non-indigenous businesses, the joint ventures, are there to help the indigenous businesses grow.

There should be a shelf life for a joint venture. I mean, there have been times where a joint venture has been going on for 20 years. If it's a true joint venture, that non-indigenous partner should have helped that indigenous partner to become their own prime contractor themselves.

Joint ventures are important, but they have to be looked at, and it has to be ensured that the benefit is going out, that there is growth for the indigenous business. It can't be something that's always going to be able to bid on these contracts and be getting contracts for 20 years because of a JV but with no growth for the indigenous partner.

**Mrs. Stephanie Kusie:** In our evaluation of the ArriveCAN scandal, we found that there were significant faults in the subcontracting processes. In your opinion, should there be an overview of the subcontracting process to ensure indigenous involvement throughout the supply chain?

**Mr. Philip Ducharme:** There is, and that's why I've been saying earlier that there should be a pre-award audit or a post-contract audit done to ensure that what has been claimed to be benefiting indigenous businesses is happening for those ArriveCAN contracts.

Again, I'm not privy to them. I don't know what it is. I just see the media, and media, or what is reported, needs to be taken with a grain of salt. If they actually looked at that and if there was a value within that ArriveCAN process that went towards the PSIB or the amount of indigenous procurement.... I don't understand. I don't know if any of that value went to the procurement strategy for indigenous businesses as part of an indigenous spend.

• (1225)

**Mrs. Stephanie Kusie:** Thank you, Chair.

**The Chair:** Thank you.

Next is Mr. Kusmierczyk, please.

**Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.):** Thank you, Mr. Chair.

Thank you, Mr. Ducharme, for being here today.

Before I became a member of Parliament, I worked for a regional innovation centre, WEtech Alliance, and we helped to establish a program. We worked with first nation indigenous partners to establish a program called Supporting Aboriginal Youth Entrepreneurs in Windsor and Essex—SAYEWE.

It was a fantastic program, and it's through that program that I got a chance to also learn about the incredible work of the Canadian Council for Indigenous Business, the CCIB, a wonderful organization that does great work. I also learned that indigenous businesses are the fastest-growing segment of entrepreneurs in Canada.

There was one particular young entrepreneur who started a company called Culture Shock and was selling jewellery and apparel. I can tell you of the immense pride we all felt when that entrepreneur opened up a brick-and-mortar storefront in Windsor several years ago. It's a great success. It was wonderful to be part of that.

How important is it? In your opening statement, you mentioned a company that was very successful through this federal procurement process. How important is it, in your opinion, to share the success stories of indigenous businesses working through the federal procurement program? How important is it to get those good stories out?

**Mr. Philip Ducharme:** Thank you, and thank you for the compliments for CCIB. I would also like to recognize our president and CEO, Tabatha Bull, who is actually sitting right behind me. She should have been up here. I think a lot of our success has been a result of the great leadership that she's brought forward to CCIB.

As indigenous people, quite often we don't want to brag about ourselves. It's hard for us to promote and brag. I think we at CCIB need to be doing that. We need to showcase, because you can see the success and the growth and what indigenous businesses have done. It's a little bit frustrating sometimes when people say, "Oh, I worked with an indigenous business, and I did that." Well, why do you think we can't do that? Unfortunately, that is sort of the perception.

So much media attention, whenever indigenous people are involved, is negative, just like with indigenous procurement. A lot of these occasions when people have taken advantage of it are showcased. That gets the bites. That's what people look at. I think we should always be celebrating. We do that through our award systems at CCIB.

I've had some of great friends. Chief Bernard was talking about John Bernard. I was working with John in the 1990s. He's been one of our indigenous leaders. He's actually won a lifetime achievement award through CCIB for entrepreneurship.



It's so uplifting for our young people to see someone that looks like them succeeding, having a nice car, having a nice house and sharing and giving them opportunities. At any time, we should focus a lot more on success as opposed to failure, and I think indigenous procurement is a means of success.

Look at the Bouchier Group. It's a privately held company. They gave a million dollars away to charities this year. They employ 40% indigenous people from 80 communities around the country.

We can take care of ourselves, you know. If, all of a sudden, you decide to drop this, well, bad on you, but we are still going to succeed. As indigenous people, we've been knocked down and opportunities have been taken away from us so often, but we are resilient and we're going to keep going.

I think we do need to showcase our success. There are incredible businesses. I am so proud. I think I'm one of the luckiest people. I travel across the country working with indigenous businesses. We have round tables talking about this, and innovation. If you look at the defence sector, there are so many new, upcoming, innovative...that provide so many great things.

We are hosting an indigenous procurement event in Edmonton on October 16. We have four certified indigenous businesses that are going to be showcasing the innovation they bring. Some of the stuff they bring is actually going to help corporate Canada. They can sell some carbon capture points. I don't know what all that is, but the innovation that indigenous businesses are bringing is incredible. We're going to showcase that.

We're also going to showcase our aboriginal procurement champions, who are doing a lot to help indigenous businesses. We're also going to be talking about government procurement.

We welcome anyone to join. It's going to be a great event. We just need to promote and showcase that we are successful and that there's a lot to be proud of.

**Mr. Irek Kusmierczyk:** I would love to have a conversation with you about how we ourselves here and the media can spotlight those tremendous, uplifting, positive stories about tremendous indigenous businesses and success stories. I would love to work with you on that.

Also, I understand the work of this committee in wanting to strengthen the program. I just want to quote the minister here, Minister Hajdu, who stated, "We're working with indigenous partners to think through a better way, perhaps even at some point turning over maintenance of the list to indigenous partners." I wanted to get it on the record that we are working with first nations, Métis, Inuit—our indigenous partners—to make sure that we are improving this program so that it serves our entire Canadian community and indigenous partners.

Thank you.

• (1230)

**The Chair:** Thank you, Mr. Kusmierczyk.

Mr. Ducharme, thank you for choosing the great city of Edmonton to showcase its successes.

Ms. Vignola, please go ahead.

[*Translation*]

**Mrs. Julie Vignola:** Thank you, Mr. Chair.

I agree with you, Mr. Ducharme, it's also important to highlight the good things, the successes and what's going well. When we point out what's not going so well, it's precisely to achieve greater success. That's my point of view. I'm a positive grumbler, meaning that I'm trying to find what's wrong to make things better. So it's constructive.

Correct me if I'm wrong, but among the difficulties your members are experiencing, I believe one is caused by the Indian Act. I find it hard to say the name of the act, because I don't like it. If someone wants to obtain a loan while living on a reserve, they will have all the trouble in the world receiving funding, because they can't offer any guarantees.

Am I wrong in saying that this is a major burden and obstacle for indigenous entrepreneurship?

[*English*]

**Mr. Philip Ducharme:** It is a very significant one.

Again, I think that where sometimes joint ventures have had to come into play, it's because the indigenous business or the indigenous community was not able to get the bid bonding or was not able to get the insurance. They would have to get that through their joint venture partner.

Again, it is a real struggle for indigenous businesses. I have a great friend who has a business, but she's actually had to store her equipment off reserve to be able to get financing to purchase that equipment.

It is something the Indian Act... For full disclosure, I am not completely familiar with the Indian Act. I really work on procurement. A lot of these things are different with it. That act has been a challenge for our indigenous businesses.

When we talk about the challenges, we do want to hear the challenges. We have been fortunate: We have lobbied the federal government a lot for certain changes, and changes have been made.

Indigenous businesses have always been held to a higher standard than any other group. When you look at social procurement or supplier diversity, you see that we have had more regulations and rules placed on us to identify as an indigenous business than other groups have had.

We want to look at those challenges, like removing the 33% employment requirement. Chief Bernard's brother, John Bernard, was one of the biggest advocates of that, because within the growth of his business, he was not able to maintain a 33% workforce in the technology field, which is very specialized. I think removing that barrier helps our indigenous businesses.

It is good to find out about the barriers and the challenges, but successes need to be highlighted as well.

[Translation]

**Mrs. Julie Vignola:** Thank you very much.

[English]

**The Chair:** Mr. Bachrach, go ahead, please.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

Mr. Ducharme, in a previous response speaking about your organization's directory of indigenous businesses, you compared the federal government's approach to its directory, which is solely about proving indigeneity, to your organization's more comprehensive approach, which includes not only indigenous identity but also other factors.

Is this a fair characterization?

**Mr. Philip Ducharme:** To be included on the indigenous business directory, the directory does ask that you supply more than just proof of indigeneity. You have to supply the documentation to prove that the ownership and control meet the 51% criteria to be classified as an indigenous business.

Maybe you just attest to that without actually providing the documentation; I don't know. I don't do the certification for the federal government, but we do require that documentation—

**Mr. Taylor Bachrach:** My question was just about the distinction or the difference between your organization's directory and Indigenous Services Canada's list.

It sounded like your organization was utilizing a more comprehensive approach to certifying indigenous business than that of the federal government. Perhaps I'm wrong. That was my impression, just based on previous remarks.

• (1235)

**Mr. Philip Ducharme:** If you actually went into the indigenous business directory and looked at the requirement for being included, I think you'd see that the documentation is required.

It's not just saying that you're indigenous; you still have to prove that there's an actual business and that you're the owner of that business, so there is documentation.

We require also that 51% ownership and control is held by the indigenous individual or individuals.

**Mr. Taylor Bachrach:** To both of our witnesses, we have the ability to make recommendations to the federal government to improve this indigenous procurement process and program. If you could make one recommendation to the government that would improve the current approach, what would it be?

We'll start with Mr. Ducharme and then we'll go to Chief Bernard.

**The Chair:** Answer briefly, because we're almost out of time.

**Mr. Philip Ducharme:** I think the one recommendation is to work with indigenous peoples and the businesses, give them the opportunities and see what the challenges are for indigenous businesses to be able to do it.

As well, you have to simplify the process for the federal government's contracting requirements.

**Ms. Joanna Bernard:** Since the first meeting in December 2023, the FNPO, which is the First Nations Procurement Organization, has formed a steering committee of six indigenous organizations, including the AFN.

I'm looking to secure some funding to ensure the work that is being done there alongside the Canadian government to be part of this.... It's so they can get full-blown information right from the organizations on how to make this a better process.

Can I say one thing?

Being aboriginal is not a skill, yet for aboriginal procurement with joint ventures, it's almost like that. If you're aboriginal, then all of a sudden that's a qualification you bring to a joint venture.

We don't agree with this. Obviously, you have to start somewhere. That should be small. We believe that the aboriginal side of the joint venture should progress, and it doesn't seem to be doing that. We do joint ventures, but there's no initiative for the first nation portion of that joint venture to grow. There's some work to be done there, as well as everything else that was discussed today.

I'm really looking to see if we can secure the funding to move forward and work with the Canadian government on this strategy.

Thank you.

**Mr. Jaime Battiste:** Can you give us that acronym again? What does FNPO mean? I know you talked about the five organizations who are working—

**Ms. Joanna Bernard:** Yes, there are six indigenous organizations, including AFN. FNPO is the First Nations Procurement Organization.

Our very first meeting was in December 2023. We have all come together looking for ways to strengthen the strategy so we can all be satisfied with moving forward, and if there's a need for changes, we can look at that and work together.

I just can't stand the fact that the government does this. They go behind closed doors. They think they know the best way to serve us when we're not even at the table. That has to stop. I said this to the Prime Minister himself when I was national chief. It's not only on this issue; it's on everything across the board.

**The Chair:** Thank you very much.

We'll go to Mrs. Block, please.

**Mrs. Kelly Block:** Thank you, Chair.

Thank you again for your testimony.

As my colleague mentioned, this is part of a much bigger study on a broken procurement system under this Liberal government. One of the issues we have found in procurement across government is the use of middlemen: companies that subcontract all of the work and do none of it themselves, but take a 15% to 30% cut of any project.

My question is for both of you. Do you support the Auditor General launching an audit into fraud in indigenous procurement?

**Ms. Joanna Bernard:** I do.

**Mr. Philip Ducharme:** Yes. Again, if there's just cause for them to investigate, I think it's very relevant. That would probably dissuade others if there are repercussions from it.

**Mrs. Kelly Block:** Thank you very much.

I will now turn the rest of my time over to Mrs. Kusie.

• (1240)

**Mrs. Stephanie Kusie:** Thank you very much.

In my previous line of questioning, I was talking about the subcontracting, but I'm also interested in the business structure, which is most beneficial.

In your opinion, Mr. Ducharme, should the government seek indigenous involvement throughout the business structure and not just the ownership to ensure that it is truly indigenous people who receive the benefits of the set-aside?

**Mr. Philip Ducharme:** Are you talking about employees within the organization? When you say "structure", I'm not sure what you're referring to.

**Mrs. Stephanie Kusie:** That's correct.

There has been a focus on the ownership, as opposed to the employees. In my opinion, this would be a benefit of doing an overview of the subcontracting process and the structure within the process.

To get your opinion as well, do you think the government should seek indigenous involvement throughout the business structure and not just the ownership itself?

**Mr. Philip Ducharme:** Again, we're going to be held to different standards than other people.

As indigenous people, we are going to hire our own people, and our stats do show that this is what's happening. Indigenous businesses hire indigenous people, but a woman-owned business or a minority-owned business does not have that requirement.

That was a requirement that was always done. I feel that as indigenous people, we're always held to a higher standard than other groups within Canada, and I find it almost offensive and racist that in some ways, we have to prove more. We have to be different from any other group in that more is expected of us and more burden is placed on us to be able to succeed and grow our businesses.

**Ms. Joanna Bernard:** May I respond to that question?

**Mrs. Stephanie Kusie:** Yes, please go ahead.

**Ms. Joanna Bernard:** It was mentioned that indigenous entrepreneurs and businesses have to hire so many indigenous people. That could lead to the demise of any organization or business. John Bernard from Donna Cona had an issue with this back in 2006 when he spoke to the standing committee.

The problem with that is that if there are no qualified indigenous people to do that work, then we are cut off. No indigenous company or non-native company would hire people just for the sake of them being indigenous or not. It could lead to the demise of that company.

I don't think that insisting that a percentage of indigenous people be hired should really be implemented in here. We always try our best, as indigenous companies, to hire indigenous people, but if we can't, then we are cut off from the bidding process, and that's just not correct.

There's definitely more work to be done there. I do agree with the other witness that it shouldn't be an issue, but the ownership at 51%-plus should definitely be, along with proving that they are the owner and that they are getting those benefits. It's important.

**Mrs. Stephanie Kusie:** Thank you very much, Mr. Chair.

**The Chair:** Mr. Sousa, go ahead, please.

**Mr. Charles Sousa (Mississauga—Lakeshore, Lib.):** Thank you.

Chief Bernard, thank you for your testimony, and thank you, Mr. Ducharme.

Chief Bernard, you mentioned earlier that if the Métis nation or members of the Métis community were to receive up to 5% of the contracts, then there would be no room left for the AFN. Is that correct, or is this not a...? That's a floor; it's not a ceiling. Is that right? There's an opportunity to continue on with contracts with those that are identified. Is that not correct?

**Ms. Joanna Bernard:** Absolutely, that is true. However, if you look around the table, you can probably look at everybody around that table right now and say that they have aboriginal ancestry. They may even have a Métis card.

**The Chair:** I'm sorry. I'm going to interrupt.

Can you move your mic back down? We can't hear you at all right now.

**Ms. Joanna Bernard:** Can you hear me now?

**The Chair:** That's perfect. Why don't you start again, please?

**Ms. Joanna Bernard:** If you don't mind, could there be a repeat of that question? I'm sorry.

**Mr. Charles Sousa:** Yes, certainly.

You mentioned earlier that should the Métis community receive up to 5% of the contracts, then there would be nothing left for other identified indigenous communities. Is that correct, or is that not a floor as opposed to a ceiling?

**Ms. Joanna Bernard:** As you know, it is the floor. The minimum is 5%. Hopefully, we can get above that. That's not the concern I have. The concern is for the three national organizations—Inuit, Métis, and first nations—where the population is different. In taking 5% and dividing it among the three nations that could access some of these contracts—

• (1245)

**Mr. Charles Sousa:** Let me correct that. You again are suggesting that if those other two communities got 5%, there would be nothing left. That's incorrect, is it not? There's more that can be had if there are more opportunities.

**Ms. Joanna Bernard:** There's more that can be had, absolutely. More can be had because, as you mentioned, 5% is not the ceiling; it is the floor. We're hoping to go above that eventually. Hopefully, on a yearly basis, we can get up to that 10% if potentially possible.

My concern is that if the government sees that it's at that 5% and if you have one or two businesses that make up that whole 5%, then there's no obligation on the government's part to look at all the other smaller first nations entrepreneurs who may be looking for procurement.

**Mr. Charles Sousa:** Thank you.

Mr. Ducharme, do you share that concern?

**Mr. Philip Ducharme:** Again, I think it's the reporting. What I am concerned about is if there is a half-billion-dollar contract that's a joint venture. That's taking up a lot of spend. The 5%, again, is the floor, and I think it can go over that. It's not 5% that is divided among the three groups; it's indigenous. Again, we can exceed that 5% among all three groups.

**Mr. Charles Sousa:** The ministry is undergoing a review of this very issue and the issue of identifying who's indigenous and who is not, and it is determining, through consultations with other groups, how to proceed in an effective manner.

Has your organization been contacted by the government on this issue, Mr. Ducharme?

**Mr. Philip Ducharme:** We work a lot with the government on indigenous procurement. I think, even with the AFN, there have been a few different committees that we've sat on where we've talked about indigenous procurement.

**Mr. Charles Sousa:** Chief Bernard, has your organization been contacted by government in trying to determine the best way forward on this issue?

**Ms. Joanna Bernard:** No, this issue, in reference to membership of the organization, has been an issue from the beginning, and it's something that I haven't seen government take seriously.

As you know, everybody who is a descendant, up to 10 generations, can be Métis. It's just not fair that our organizations under first nations are all under the federal government, and they tell us we're cut off after the second generation. It's more work than ever, and it's not something new. It definitely needs to be looked at to make sure—

**Mr. Charles Sousa:** Chief Bernard, I'm talking about the status of the indigenous business directory. Have there been consultations with the organization to determine how best to proceed?

**Ms. Joanna Bernard:** Not that I'm aware of.

**Mr. Charles Sousa:** For the review that's under way now with other stakeholder groups, you have not been...not you specifically, but your organization has not been in—

**Ms. Joanna Bernard:** I'm assuming they have. If you're telling me that the government is already undertaking this, then they must have reached out to AFN.

**Mr. Charles Sousa:** Mr. Ducharme, we have differences of opinion, obviously, here between various organizations to determine who's indigenous and who's not. You've already identified that you have a directory that you've established alongside your business directory for those who are indigenous. How well received are they in the community, in terms of the private sector, in determining those contracts?

**Mr. Philip Ducharme:** Well, I think any of our indigenous businesses are recognized by the private sector, and they are well received within procurement opportunities.

**Mr. Charles Sousa:** Do you have consultations with AFN, and the Inuit community as well, in these determinations?

**Mr. Philip Ducharme:** There are a lot of different consultation groups, and the AFN does sit on committees that we sit on when we talk about federal procurement and advancing the 5%. There is the Indigenous Procurement Working Group, which is made up of the ITK, the MNC, the AFN and other national indigenous economic organizations as well.

**Mr. Charles Sousa:** When we talk about bigger contracts and the partnerships with those that may not be indigenous, especially with the subcontracting, is there not a requirement to have about 33% overall, in terms of indigenous makeup?

**Mr. Philip Ducharme:** I think the 33%—

**The Chair:** Give a brief answer, because that's your time.

**Mr. Philip Ducharme:** Thank you.

**The Chair:** Can you answer it quickly?

**Mr. Philip Ducharme:** Probably not.

**The Chair:** Thanks, Mr. Sousa.

Mr. Genuis, go ahead, please.

**Mr. Garnett Genuis:** Thank you, Chair.

As this is our final round, I just want to underline our view that indigenous peoples in Canada have struggled heroically against incredible odds, and so many indigenous entrepreneurs are doing incredible work, supporting themselves and their families and uplifting their communities.

I can say from an Alberta perspective that we see, in particular in the oil and gas sector, how many indigenous peoples, businesses, entrepreneurs and communities are part of and are benefiting from the development of our energy resources, but it stretches across all sectors, of course.

Meanwhile, the federal government, over the last nine years, broke the procurement system. We are here celebrating indigenous successes and also holding the federal government accountable for failures of engagement, consultation, responsiveness and verification that we talked about and heard about from the witnesses.

I have one question for each of you.

Mr. Ducharme, one thing I see in the procurement system in general is a favouritism for insiders, for incumbent players. The procurement ombudsman wrote about this, for instance, in the context of ArriveCAN, where you have a whole bunch of criteria put in place that say that you must have a certain number of existing contracts or existing work with the federal government. An obvious effect of those rules, it seems to me, is that they exclude new businesses and people from historically disadvantaged backgrounds who are starting businesses and who perhaps don't have the same kind of institutional history. You have, on the one hand, policies that are supposed to promote indigenous procurement, but you have other policies which in effect make it more difficult, especially for newer indigenous businesses, as well as—probably—other minority-owned businesses, to access those opportunities. Would one way of improving this system also be to simply remove a lot of these insider preferences that exist in the system so that new entrants have an easier time bidding on federal government opportunities?

• (1250)

**Mr. Philip Ducharme:** Of course. I think making it easier for indigenous businesses that have that previous work experience has been one of the biggest struggles. If the government wants to include indigenous businesses that don't have it, and it requires them to have previous experience with the government, well, they're not going to get those opportunities. That is one area where we've been lobbying and advocating as well, even with joint ventures.

Right now the non-indigenous partner can provide all three references. We would like to see the indigenous partner maybe having a smaller reference requirement to make it easier. Again, there are lots of people who want to keep using their same incumbent, but we have to look at that to make sure that every opportunity is reviewed to see whether there is indigenous capacity, and invite indigenous businesses to that—

**Mr. Garnett Genuis:** To probe that a bit, actually, it sounds like what you're saying is that the combination of these indigenous procurement policies with the preference for insiders is pushing indigenous businesses towards joint ventures, perhaps in cases in which the indigenous companies might be able to do the work themselves if there were a lower requirement on references. Is that true? I don't mean to put words in your mouth. I'm just trying to take it...

**Mr. Philip Ducharme:** I guess, in a way it, could be, but also lowering the requirements because, again, the bid bonding.... Some of these requirements for bid bonding and insurance make it impossible for indigenous businesses, and for them to be able to do it, they need to have partners.

**Mr. Garnett Genuis:** Right, but the key thing should be whether or not the company can do the work. Isn't that right?

**Mr. Philip Ducharme:** Yes.

**Mr. Garnett Genuis:** Chief Bernard, my expectation is that the end objective of this policy is to improve economic opportunity for indigenous communities and for indigenous peoples in general across the country to benefit. The way to get to that objective, of course, is to support indigenous entrepreneurs, but with the ultimate goal of a general uplift for indigenous peoples and to move towards substantive economic equality of opportunity.

Minister Hajdu, and David Yeo in his comments as well, have essentially said that it's just about the individual and about verification. It's about verification of the individual and the individual benefiting. As we talked about, they haven't even done a very good job of providing that verification. If this policy were working right, would we expect a general uplift of indigenous communities, and how can we track it to ensure that this policy leads to that general uplift?

**Ms. Joanna Bernard:** Right now, yes, I feel there should be an uplifting here of the communities through the community members who are the entrepreneurs. If you're Métis, you may not be associated with a first nation, so there is no potential there, depending on where you live, because lots of the Métis are not associated with a first nation, so they're not associated with those communities. They just happen to be descendants, so there lies the issue.

However, definitely if the entrepreneur is from a first nation, there should be some uplifting of the community, and eventually of the entrepreneur as well.

The validation of that database of how many indigenous communities there are in Canada is easy for the AFN, because we are associated with first nations, and our membership list, which they approved, is in Ottawa, whereas if you're looking for the status of Métis people.... They just walked into the office and said that they were Métis and showed something to show that they were 10th generation, and they became Métis. They are now considered aboriginal businesses. That's where I have the problem—

• (1255)

**The Chair:** I have to cut you off there, because we're out of time, Chief Bernard.

We're going to go to Mr. Battiste, and then we'll finish with Mrs. Vignola and Mr. Bachrach.

Go ahead, please, sir.

**Mr. Jaime Battiste:** Thank you.

Regional Chief, I think that you have done a great job of showing the complexity and the general inequalities that are out there when we look at trying to determine who is indigenous. This committee is tasked with trying to figure out how we improve indigenous procurement, but at the end of the day it falls back to who is applying.

The Conservatives believe that this is a simple process that should have a simple solution. However, across Canada, whether it's academia, whether it's business, whether it's the music industry, there are those who have benefited unfairly because of the question of who is indigenous and who is determining who is indigenous.

You mentioned that you have a committee, FNPO, that is looking at this. Do you have best practices or a working document that you'd be able to share with this committee on what your views are on how to determine indigeneity in a fair way?

Further to that, if you don't, do you know of anyone across this country who has done this in a way that would be helpful to government in figuring out this question of how we, as a primarily non-indigenous entity, determine for indigenous people who and who isn't part of them?

**Ms. Joanna Bernard:** I believe the First Nations Procurement Organization, the FNPO that I mentioned, has just started. There may be something that was discussed within the last six months since the initial meeting. If there is, I definitely can get it to you. I don't see that as a problem. Definitely the support of this organization, with the other six indigenous organizations, is important, so I just really want to put that out to the standing committee here.

It's essential to get the work done, and to get it done fast enough and be less costly means to involve us. Definitely, moving forward, we should be able to get something from the FNPO, as long as we have the funding to continue. I'm not sure where that lies, but definitely this is a request from the AFN to establish some funds to be able to move forward and let us do the work with you.

Thank you.

**Mr. Jaime Battiste:** Regional Chief, just in terms of following up on that, I'm glad to hear that there's an organization working collaboratively with different levels of organizations to address this topic.

Can you tell us more about the FNPO? If you are someone sitting in a reserve in my community of Eskasoni and you ask who this organization is and why we gave them the mandate to determine, for the rest of us, who is indigenous, how do you have confidence that this organization has the mandate to do such things?

**Ms. Joanna Bernard:** At this point in time, I was not part of that very first meeting in December 2023. It's just starting, and I don't have a list of the players around the table at this point. However, moving forward, definitely this organization should be the one working with the government to ensure that we are looking at indigenous entrepreneurs and ensuring that it is indigenous entrepreneurs who are participating.

**Mr. Jaime Battiste:** I take it from the chair that this organization doing this ongoing work would be given the opportunity to submit a document that might help improve the study.

**The Chair:** You're more than welcome to submit anything.

**Mr. Jaime Battiste:** Okay.

Does either of you have any final comments on how we can improve this process?

Joanna, I heard a good bit from you, but I want to give Mr. Ducharme a chance to weigh in and give his final thoughts.

**Mr. Philip Ducharme:** At CCIB, we are ready. We have our feet on the ground, doing all of this work already.

We're talking about indigenous businesses. In this, there are almost two different sidelines here: You're determining who's indigenous, and then you're determining what an indigenous business is.

On indigeneity, my understanding is that even within the FNPO, each one of the first nations would still have to determine who their membership is. I don't know if the FNPO, as a whole, would be respected across the country. We have 630-some first nations, which have their own rules and regulations for who they have in their membership. Even some of the stuff that Chief Bernard mentioned today about who they keep on as members, even if the government.... Again, I think a lot of that with the government is a result of funding and the costs associated with it.

• (1300)

**The Chair:** Thank you very much.

Mrs. Vignola is next.

[*Translation*]

**Mrs. Julie Vignola:** Thank you very much, Mr. Chair.

Mr. Ducharme, you were talking earlier about the fact that indigenous businesses are required to have indigenous employees, but the same isn't true for businesses owned by women or visible minorities. I agree with you. There's a form of racism or discrimination. It's about creating more barriers for indigenous businesses. It's like adding an extra challenge to them.

I'm going to back up a little bit. You said that, if no one has the necessary training in the community, it's normal for them to go outside the community.

Is there something that's hindering access to training in some communities? If so, how could that be remedied?

[*English*]

**Mr. Philip Ducharme:** This deals a bit with employment, which is outside of my everyday realm of work, but there's not enough funding out there for indigenous people to get to these different programs. If you look at the educational groups to see how much funding is out there for indigenous business, you'll see that this could be an area where they're struggling.

Again, our indigenous businesses, and even non-indigenous businesses, are always looking for indigenous people within certain sectors. Within the engineering field, there's a very limited number. I believe there are only 17 certified indigenous architects in Canada. That was a couple of years ago, so there are areas.

As I mentioned earlier, some indigenous businesses are training these people, getting them their certificates and hoping they stay on, but they're still celebrating if they move on to other areas.

I think working together with the asset holders to bring about the opportunities and actually do stuff where there are opportunities, and not just going to school for the sake of going to school.... If there are actually trades in different areas where there is a real lack of indigenous employees, it would be beneficial.

[Translation]

**Mrs. Julie Vignola:** Thank you very much.

[English]

**Mr. Philip Ducharme:** Thanks. I don't think I answered the question, but maybe I did. Never mind.

**The Chair:** We'll go to Mr. Bachrach, and then I need about 30 seconds for some housekeeping.

Mr. Bachrach, go ahead, sir.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

Thanks again to both of our witnesses for their part in this important conversation.

Indigenous Services Canada has a procedure in place for pre-award compliance audits. I'm curious to know, Mr. Ducharme, whether any of the businesses that are members of your organization have been subject to such pre-award compliance audits. If so, what has their experience of that audit process been?

**Mr. Philip Ducharme:** In the past, we had a couple of businesses that were audited. They said it was a very thorough process that they went through.

There used to be a trigger, I think, on the value of contracts they said there would be audits for, but I don't know if that has ever been completely followed through.

**Mr. Taylor Bachrach:** I believe the trigger that causes those audits to be required is a value of \$2 million. There's some discretion to perform audits in other cases as well.

I guess the question is whether you feel that the audit process is sufficiently robust to ensure the integrity of the overall process, or whether there are improvements needed when it comes to audits.

**Mr. Philip Ducharme:** I think that the audit process should almost be done at the beginning to ensure that they meet the criteria to allow them to actually be included in the directory.

**Mr. Taylor Bachrach:** Then it should be more comprehensive and applied in more cases prior to even being considered, as opposed to right before a contract award?

**Mr. Philip Ducharme:** Yes.

**Mr. Taylor Bachrach:** Okay. Thank you.

Chief Bernard, do you share that view?

• (1305)

**Ms. Joanna Bernard:** Yes, I do.

I do want to note, as I know he's closing in two seconds, that we have resolution 73/2023 that was passed at the AFN last year at the general assembly, which I would like to submit, if I'm allowed to. Also, I have the document on the standing committee from 2006. This was in reference to the procurement strategy.

Have the people around the table who are making these decisions received this document? If not, am I able to submit it?

**Mr. Taylor Bachrach:** Chief Bernard, I'm sure the committee would appreciate your tabling both of those documents for our review as part of this study.

With that, Mr. Chair, I'll hand the floor back to you.

**The Chair:** Thank you, Mr. Bachrach.

I'll get to you in a second, Mr. Genuis.

Mr. Ducharme and Chief Bernard, thank you very much for joining us. You've both been wonderful witnesses. We've gone through the study partially in 2018, and I'm still learning more on the issue, and you've brought some very important things forward for us to work on. I hope we'll see you back at OGGO one day in the future when we're celebrating fixing this system.

I need about 30 seconds for housekeeping.

You're welcome to sit in on this OGGO business, or you can excuse yourselves. Thank you again for joining us.

Colleagues, really quickly, on September 30, we're not here. On October 1, we're kicking off the environment audit. My intent is to invite the deputy minister and the CFO to start off, and then ask you to provide witnesses by tomorrow for the other two meetings. Can you do that by 3 p.m. tomorrow?

The Canada Post study has gone out. Could you have recommendations to us within one week, within seven days, please? Translated would be preferred.

On Canada Post, Mrs. Vignola had a motion regarding official languages. TBS has requested to join along. They were not part of the witness list, so I'm just seeking unanimous consent to have TBS join official languages and Canada Post at that meeting. Are we fine with that? Wonderful.

On the environment thing, and then Mr. Genuis....

Go ahead, Mr. Jowhari.

**Mr. Majid Jowhari (Richmond Hill, Lib.):** Can you refresh my memory around the environment?

**The Chair:** This is on the grants and contribution audit.

**Mr. Majid Jowhari:** Okay.

**The Chair:** That came out, I think, last week or the week before.

**Mr. Majid Jowhari:** Okay, that's why. I wasn't here.

**The Chair:** We passed a motion for three meetings.

**Mr. Majid Jowhari:** Yes.

**The Chair:** I figured we'd just start off with the DM and the CFO and fill the other two—

**Mr. Majid Jowhari:** You want witnesses for that by the end of the day tomorrow.

**The Chair:** We figured tomorrow, because it's limited. It's just within environment.

**Mr. Majid Jowhari:** Yes. Just because I have to catch up on it, can it be Thursday noon?

**The Chair:** Sure. Is Thursday noon for witnesses fine with everyone?

**Mr. Majid Jowhari:** Thank you.

**The Chair:** Wonderful. Thank you, sir.

Go ahead, Mr. Genuis, please, and then Mrs. Kusie.

**Mr. Garnett Genuis:** Thank you, sir.

Just on the indigenous procurement study—and something Mr. Battiste said made me think of it—we can receive documents from witnesses or civil society groups who don't have the opportunity to come as witnesses. With studies I've been part of in the past, there's been an open portal for submitting written briefs. I think it would be worthwhile for this study in particular to invite written briefs. There are over 600 indigenous nations in Canada. They won't all be able to testify, of course. I wanted them all to be able to testify, but given the limited number of meetings proposed...

I assume it would be agreeable to have that portal available and to invite written briefs and incorporate them as part of our deliberations.

**The Chair:** I assume, as always, that we receive solicited and unsolicited briefs through the clerk or through the OGGO email address, and then they're just forwarded after translation, if they're relevant.

Is that fine with everyone?

Mrs. Kusie is next, and then we'll adjourn.

**Mrs. Stephanie Kusie:** Thank you, Mr. Chair.

I was just looking for the status on the invitation to Minister Joly regarding the Global Affairs Canada property portfolio.

**The Chair:** Yes. We invited two witnesses. Ms. Nicholson is one, and I think she's agreed to come in two weeks' time, on October 3.

Minister Joly was not available for our regular OGGO sitting times. We've advised the clerk to go back and ask for alternative dates around the OGGO times. If necessary, we'll add in an OGGO meeting. We have not heard back. We communicated this again yesterday and we have not heard anything back, but I'm hoping we can find a date.

However, we haven't heard back from Global Affairs.

• (1310)

**Mrs. Stephanie Kusie:** Thank you.

**The Chair:** Be brief, Mr. Genuis.

**Mr. Garnett Genuis:** This is just to reiterate that the committee voted to ask Minister Joly to come. We can, I suspect, be available at any time. I know she's been in Ottawa. She's been in the House. She's here. She's in town.

We have important questions to ask. It would be a big surprise to me if a minister who's been invited by a committee, who's in Ottawa and who's available.... When we're extending the maximum flexibility, I sure hope she appears before Thanksgiving, as we've proposed.

**The Chair:** I assure you that your humble chair and your humble clerk are on it, and that we've extended all available considerations to Global Affairs.

With that, colleagues, thank you very much for today. There were wonderful questions.

We are adjourned.









Published under the authority of the Speaker of  
the House of Commons

---

### SPEAKER'S PERMISSION

---

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

---

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

---

### PERMISSION DU PRÉSIDENT

---

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

---

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :  
<https://www.noscommunes.ca>