9. **Canada**

### 9.1. SMEs in the national economy

#### Table 9.1. Firm distribution in Canada, 2015

(By firm size, percentage of all employer firms)

<table>
<thead>
<tr>
<th>Firm size (employees)</th>
<th>Number of firms</th>
<th>% of employer firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4</td>
<td>706 176</td>
<td>56.3</td>
</tr>
<tr>
<td>5-9</td>
<td>234 233</td>
<td>18.7</td>
</tr>
<tr>
<td>10-19</td>
<td>150 982</td>
<td>12</td>
</tr>
<tr>
<td>20-49</td>
<td>104 995</td>
<td>8.4</td>
</tr>
<tr>
<td>50-99</td>
<td>33 868</td>
<td>2.7</td>
</tr>
<tr>
<td>100-199</td>
<td>14 492</td>
<td>1.2</td>
</tr>
<tr>
<td>200-499</td>
<td>7 214</td>
<td>0.6</td>
</tr>
<tr>
<td>500 +</td>
<td>2 977</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 254 937</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Note:* Public and private firms are included and non-employer firms are excluded.  
*Source:* (OECD, 2017[1]).

#### 9.1.1. National policy framework to support SMEs in public procurement

Canada does not maintain any preferential policies or programmes for SMEs with regard to trade-covered procurement, including the Agreement on Government Procurement. Where trade agreements provide appropriate exceptions, Canada supports SMEs through a palette of existing policies and activities. These mainly aim at facilitating SME access to government procurement opportunities and reducing barriers they face in attempting to become suppliers to the government. In developing procurement policies to support them, SMEs and their associations were consulted through ministerial roundtables with industry associations and regular surveys.

Some of the government-wide initiatives in this regard include the following:

- The Treasury Board Contracting Policy states that contracting shall be conducted in a manner that supports national objectives.
- The Treasury Board Procurement Review Policy allows transactions over CAD 2 million to be used for socio-economic purposes.
- The Build in Canada Innovation Program provides procurement opportunities for SMEs with innovations ready for testing or commercialisation, by making the Government of Canada their first client.
- Procurement Strategy for Aboriginal Business is designed to increase aboriginal participation in supplying government procurement requirements through a programme of mandatory and selective set-asides and supplier development activities. The vast majority of Aboriginal businesses are small businesses.
Many of the Comprehensive Land Claims Agreements include provisions for contracting in land claim areas, e.g. permitting bids for a specified portion of a larger contract package to allow small and more specialised Aboriginal firms to bid.

The Industrial and Technological Benefit Policy states that bidders can offer SME commitments as part of their value proposition when bidding on eligible defence projects.

There also exist department-specific initiatives, including the following:

- Public Service and Procurement Canada (PSPC), the federal government’s primary central purchasing body, houses the Office of Small and Medium-Sized Enterprises (OSME). The Office was created in 2006 to identify and reduce access barriers and to educate and engage SMEs in doing business with government. With the objective of advocating on behalf of SMEs with a view to encouraging their participation in federal government procurement, it:
  - implemented an outreach plan to SMEs with measurable targets
  - offers SMEs seminars in how to do business with government, in both official languages
  - established and operates a single point of information for doing business with the government through the [www.buyandsell.gc.ca](http://www.buyandsell.gc.ca) website
  - established and operates a procurement InfoLine for SMEs
  - established outreach partnerships with business associations and supporting organisations
  - established the national and regional Supplier Advisory Committees
  - established the Build in Canada Innovation Program

The Policy on Considering Benefits for Canadians in Government Procurement has the purpose of providing guidance on how to consider the Canadian Government’s objective of maximising benefits for Canadians in its procurement activities with integrity, in a fair, open and transparent manner and in compliance with the country’s international obligations, legislation, regulations and policies. This policy applies to all procurements undertaken by the Acquisition Program of Public Works and Government Services Canada on behalf of departments and agencies.

### 9.1.2. Implementation mechanisms

There are one national and six regional Supplier Advisory Committees in which different industry associations associate, including several SMEs and the federal Department of Public Services and Procurement Canada. Through these committees, as well as ministerial roundtables with industry associations and regular surveys of SMEs, Canada consults and engages with SMEs in developing its SME support policies and programmes.

PSPC Acquisitions Program has in place the Guideline on Ensuring the Participation of Small and Medium Enterprises in Government Procurement for the public procurement activities of PSPC. It also provides guidance to departments on low-dollar value procurement, responsibility for which has been delegated to each department and agency since 2008.

Canada moreover actively communicates SME support measures to the stakeholders and provides SMEs with detailed information through different channels. In addition to making
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the information available on the website www.buyandsell.gc.ca, the OSME presents at events and provides seminars and webinars across the country for SMEs, on topics such as:

- doing business with the government of Canada
- obtaining security clearance
- how specific procurement instruments (e.g. professional services) work.

A catalogue of offerings and registration are available online. Additionally, a PSPC Infoline is available through telephone, the web and email.

The OSME and Indigenous and Northern Affairs Canada (INAC), the lead federal department for the promotion of Aboriginal businesses in Canada, have a Memorandum of Understanding (MOU) in place to co-ordinate delivery of educational materials and presentations regarding their respective programmes, to both Aboriginal and non-Aboriginal businesses as well as federal departments and agencies. The MOU establishes how OSME and INAC will work together to develop policy and programmes that advance the involvement of Aboriginal businesses in the federal procurement process and in the private sector.

9.1.3. Monitoring performance

The SME status of suppliers is identified through e-validation with the database of the tax authority when a company registers for a Procurement Business Number (PBN) to be registered in the Supplier Registration Index database at PSPC. Companies must state the number of their employees to register for a PBN. Companies with less than 500 employees are then tagged as SMEs in the system.

While there is no government-wide assessment of the effectiveness of using public procurement to support SMEs, some evaluation does exist – such as regular survey of SME suppliers and key performance indicators (KPIs) on participation of SMEs in PSPC public procurement processes. Additionally, Canada has a target of 40% for contracts awarded to SMEs by PSPC, calculated by the value of contracts awarded by the PSPC Acquisitions Branch to SMEs in Canada.
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Figure 9.1. SME share of PSCP-awarded contracts

Note: Based on AIS (Acquisition Information Service) for PSCP managed procurements and using standard document exclusions to avoid duplication of data. The above data only include contracts awarded to Canadian companies (i.e. located in Canada) as the business sizes for foreign companies are not available. The business volumes also include amendments.

Source: Country response to the 2017 OECD survey on strategic use of public procurement to support SMEs.

Reference
