

PSAB

*Procurement
Strategy for
Aboriginal
Business*

**PERFORMANCE REPORT
FOR 2001**



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Canada 

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Executive Summary

Gathering Strength, *the Indian and Northern Affairs Canada (INAC) response to the Royal Commission on Aboriginal Peoples (RCAP)*, builds on the theme of partnerships among Aboriginal business, industry and government at all levels to open up existing and emerging market opportunities. The recent Speech from the Throne also supported the pursuit of economic development activities to increase opportunities for economic self-sufficiency by Aboriginal peoples.

The Procurement Strategy for Aboriginal Business (PSAB) is considered one of the many important tools to achieve this goal, giving the potential to use federal contracting opportunities to provide Aboriginal suppliers with opportunities for partnerships, joint ventures, strategic alliances, business network development and mentoring. The PSAB is government policy that applies to all departments and agencies.

Its overall objective is to increase the number of Aboriginal suppliers bidding for and winning federal contracts, thereby delivering increased economic benefits to Aboriginal businesses and their communities.

This is the fourth edition of the PSAB Performance Report. The PSAB, over the past five years (1996 - 2001), has measurably improved Aboriginal business access to contract opportunities. The focus of this report covers calendar year 2001.

HIGHLIGHTS OF THE YEAR

- a) 16,521 federal contracts worth \$262.6 million were awarded to Aboriginal-owned firms.
- b) \$86.3 million of this, or 32.8 percent, was awarded to Aboriginal businesses under open competition.
- c) Procurement Review Committee (PRC) interventions by INAC are bearing fruit: 9.6 percent of all requirements valued at \$2 million and above have an Aboriginal component included in the tender documents, amounting to \$22 million worth of business.
- d) INAC continues to lead by example; \$20.7 million worth of INAC contracts for goods and services, out of a total of \$172.4 million, was awarded to Aboriginal-owned firms.
- e) The five-year review of PSAB indicates it has been successful and it is a good public policy.

During 2001, the PSAB team, which is part of the Economic Development Programs Directorate, has worked diligently to assist participating departments to achieve their departmental objectives. In doing this, it was realized that many myths and misconceptions about PSAB still exist.

The key to supporting the efforts of Aboriginal businesses in marketing to the federal government rests on the willingness of federal departments to showcase their goods and services. This enables Aboriginal businesses to develop positive contacts with federal departments and to provide federal departments with a better knowledge and understanding of existing and future capacity. More importantly, it demystifies any preconceived ideas.

Aboriginal businesses know that to succeed, they must develop the capacity and capability to compete effectively with non-Aboriginal firms in an open market.

It may never be possible to eliminate these misconceptions completely due to departmental staff changes and new Aboriginal businesses emerging constantly. However, with the support and willingness of departments and Aboriginal business alike, to increase their awareness of PSAB and federal contracting processes, we will continue to strive toward new levels of success.

Results of Departmental Performance Objectives

The PSAB operates within the federal government contracting principles of prudence, probity and best value when expending Canadian tax dollars. A key element of the Strategy is the establishment, by all participating departments and agencies, of annual performance objectives. By establishing measurable goals, in terms of the number and value of potential contracts to be attained with Aboriginal suppliers, departments and agencies are better able to monitor their own performance. All departments and agencies have the responsibility to establish performance goals, which truly reflect their ability, and intent, to support the PSAB.

One measure of the success of the PSAB is demonstrated through government departments and agencies achieving, and in some cases exceeding, their yearly performance objectives. Advocating the inclusion of Aboriginal business within the federal government procurement process has encouraged the growth of Aboriginal supplier capacity and economic growth. All departments and agencies are mandated by Treasury Board Secretariat (TBS) contracting policies to act as advocates and facilitators for the promotion and enhancement of contracting activity with Aboriginal entrepreneurs, within an existing framework of good contract management practices.

Each year, 43 departments and agencies are required to report directly to INAC on their total dollar value of contracts awarded to the Aboriginal business community on a calendar year basis. This includes contracts awarded by the department and agencies on their behalf, contracts awarded by Public Works and Government Services Canada (PWGSC) on their behalf, credit card purchases, standing offers, and contract amendments. This report allows departments and agencies to demonstrate their actual success.

PWGSC, as the central procurement arm of the federal government, has the responsibility for capturing the relevant contracting statistics related to PSAB for all federal departments and agencies.

The TBS produces an annual report on federal contracting activity with Aboriginal firms. This is known as the Government of Canada's "Annual Report on Contracting with Aboriginal Businesses," and it is used as the source of official statistics on contracting. Information presented here is from this report, which does not capture purchases acquired through departmental credit cards, call-ups against standing offers, or contract amendments.

For the purposes of this report, and future PSAB annual reports, we will use the official figures which have been sanctioned and provided by the TBS.

This year federal departments and agencies demonstrated their continued support of the PSAB by submitting a combined forecasted business volume with Aboriginal businesses totalling an estimated \$80.7 million. The Government of Canada's annual report indicates a total value of \$262.6 million worth of contracts being awarded to Aboriginal firms (see Table 1). Figure 2 provides a quick snapshot of the government's progressive achievement with the PSAB since 1997.

Aboriginal businesses know that to succeed, they must develop the capacity and capability to compete effectively with non-Aboriginal firms in

an open market. The 2001 performance objectives results demonstrate that \$86.3 million or 32.8 percent of the business awarded to Aboriginal businesses was as a result of open, not restricted (set-aside), competition under the incidental category.

This is another indicator that Aboriginal businesses can and do compete with all businesses (see Figure 1). You will note that incidental contracts within the construction and goods sectors are on the rise. Incidental construction contracts have risen by 7.1 percent while incidental contracts for goods have risen by 25.6 percent over the previous year.

Table 1:

Table 1 demonstrates the continued commitment of the various departments participating in this initiative, and highlights their respective achievements during 2001.

2001 Business Volume, Government of Canada		
DEPARTMENT	ESTIMATED DEPTL. OBJECTIVE	GoC YEAR END REPORT
	\$	\$
Correctional Service Canada	8,000,000	10,070,000
National Defence	12,000,000	33,303,000
Environment Canada	2,882,000	8,118,000
Health Canada	7,850,000	7,290,000
Indian and Northern Affairs Canada	19,449,788	20,748,000
Industry Canada	3,600,000	2,481,000
Natural Resources Canada	2,200,000	1,133,000
Public Works and Government Services Canada	11,400,000	156,974,000
Royal Canadian Mounted Police	5,500,000	2,674,000
Transport Canada	350,000	2,679,000
Other Departments	7,495,145	17,149,000
TOTALS	\$80,726,933	\$262,619,000

Figure 1:

Incidental Contracts with Aboriginal business valued at \$25,000 and above.

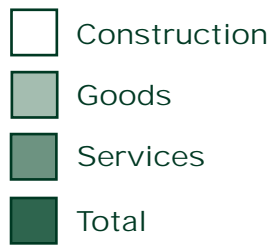
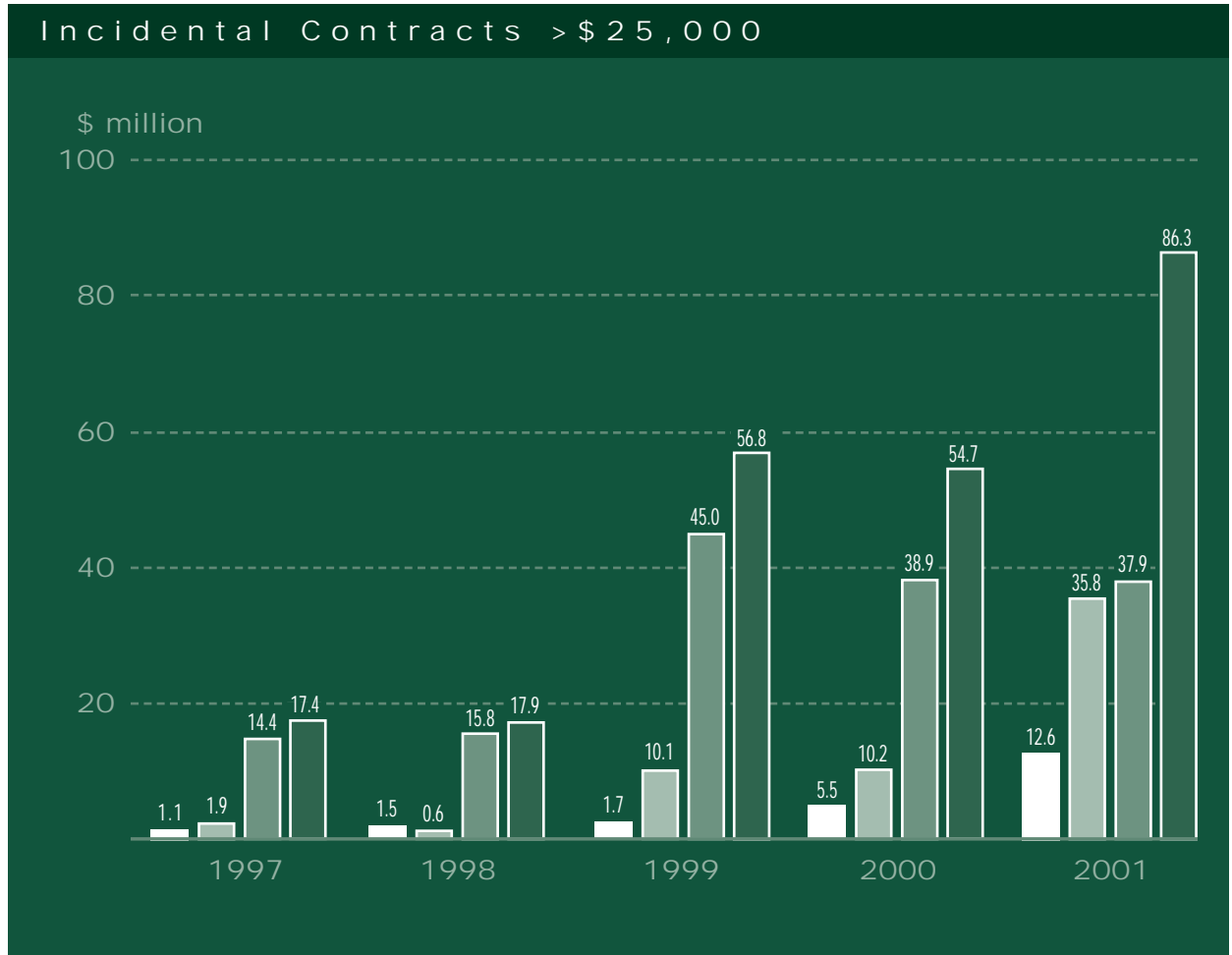


Figure 2:

Figure 2 provides a quick snapshot of the progressive achievement with the PSAB since 1997.



Number of Contracts Awarded

In 2001, the total number of contracts awarded to Aboriginal firms under the PSAB was 16,521 amounting to \$262.6 million in revenue and income for Aboriginal businesses and Aboriginal people (Table 2). This amount reflects a 92.5 percent increase over the 2000 business volume of \$136.4

million. More positive is the fact that over 57.2 percent of all requirements over \$25,000 won by Aboriginal firms were accomplished on the open market.

Incidental and set-aside opportunities valued at less than \$25,000 grew an additional \$14.3 million over the previous year.

Table 2: Total Contracts Awarded to Aboriginal Businesses During 2001*

Contracts for:	INCIDENTAL & SET-ASIDE < \$25,000	INCIDENTAL > \$25,000	SET-ASIDE > \$25,000	TOTAL
Goods				
Number	14,219	93	38	14,350
\$ value	\$16,238,000	\$35,797,000	\$106,068,000	\$158,103,000
Services				
Number	1,702	183	163	2,048
\$ value	\$10,050,000	\$37,970,000	\$32,196,000	\$80,216,000
CONSTRUCTION				
NUMBER	57	35	31	123
\$ VALUE	\$487,000	\$12,619,000	\$11,194,000	\$24,300,000
Total				
Number	15,978	311	232	16,521
\$ value	\$26,775,000	\$86,386,000	\$149,458,000	\$262,619,000

*Note: Does not include credit card purchases or call-ups against standing offers.

Figure 3:

Figure 3 is a comparative chart of the number of contracts, and dollar values, awarded to Aboriginal owned firms between 1997 and 2001.

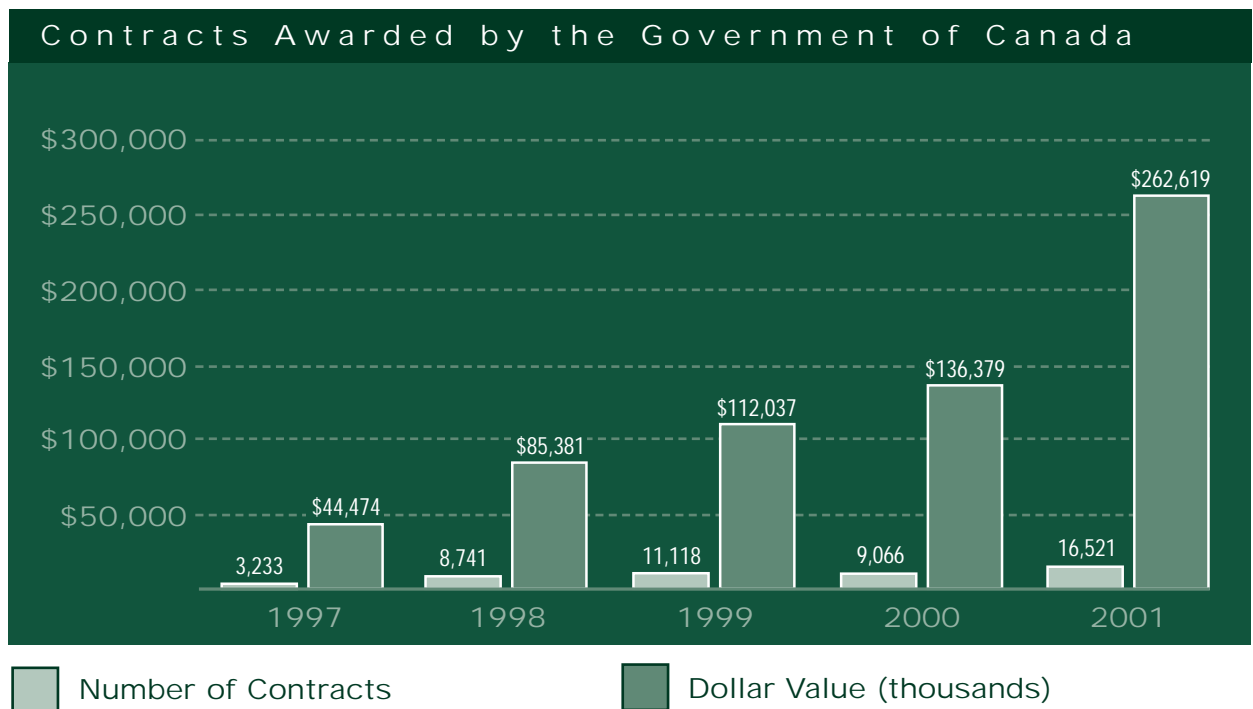


Figure 4:

Set-Aside Contracts Awarded versus Incidental Contracts Awarded greater than \$25,000

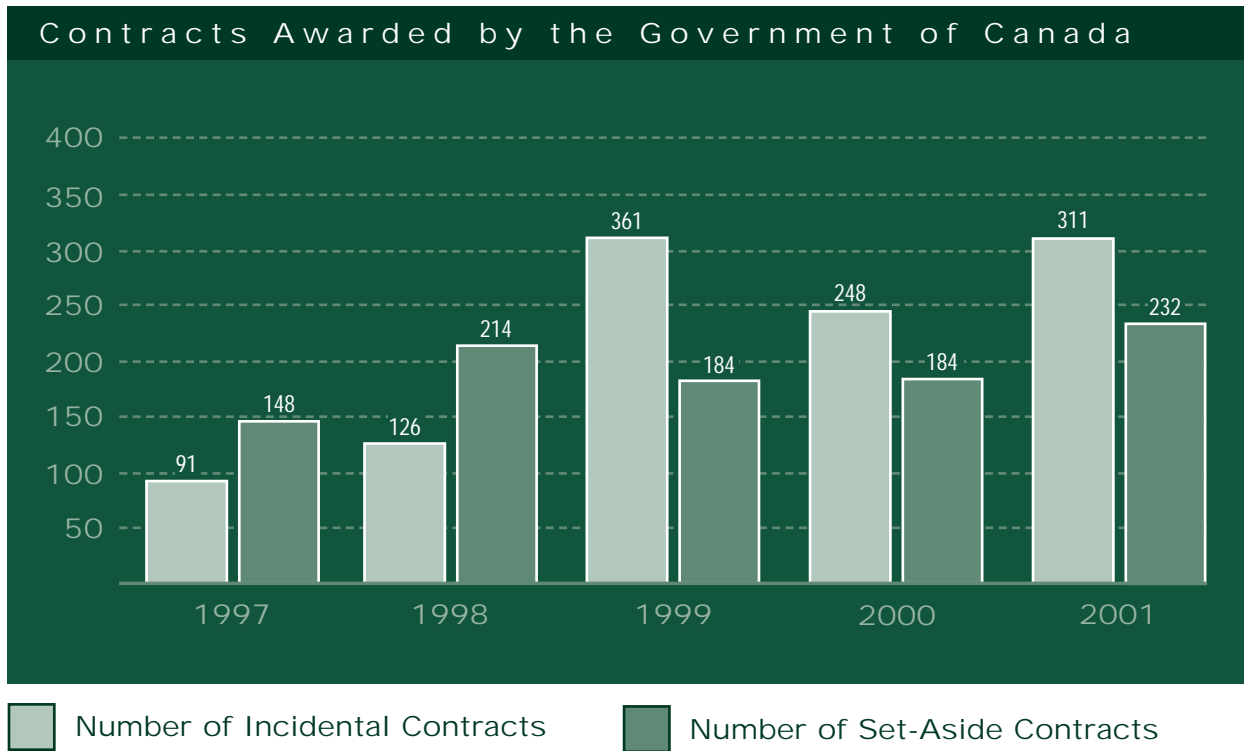
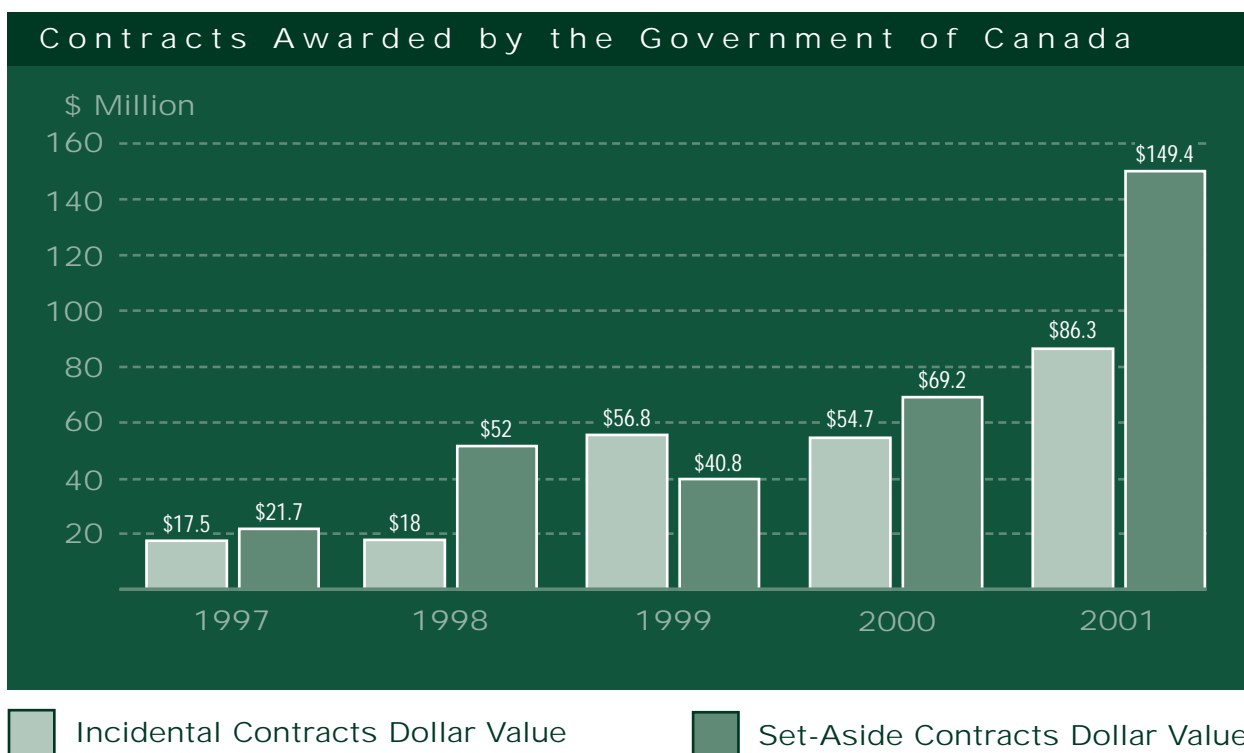


Figure 5:

Set-Aside Contracts Awarded versus Incidental Contracts Awarded greater than \$25,000



Significant Achievements

A. COMMUNICATION TOOLS

The exchange of information between federal procurement officials and Aboriginal firms continues to improve through various communication tools.

INAC is continuing its efforts at dispelling misconceptions about the PSAB by engaging in numerous conferences and presentations to different stakeholder groups across Canada.

- i) For example, the PSAB team was invited to speak at several Aboriginal organizations, events and conferences throughout the year. This included such events as the National Aboriginal Day festivities held at the Canadian Museum of Civilization, the NEXUS Trade Show hosted by the Assembly of First Nations, two Aboriginal Economic Renewal Initiative (AERI) conferences held in Toronto and Ottawa, and the Materiel Management Institute National Workshop held in Ottawa in May 2001.

The team also travelled to Inuvik in November 2001, at the request of the Comprehensive Land Claims Branch, to speak with members of the Inuvialuit Development Corporation. Team members were asked to provide first-hand knowledge of what PSAB is and how it can act as an economic enabler to the Aboriginal business community, regardless of location.

- ii) INAC continues to maintain a PSAB Web site for information updates, such as the bimonthly newsletter, PSAB Evaluation Report, upcoming events and other relevant material. The 1-800-400-7677 help-line will continue to be maintained to provide assistance to all stakeholder groups.

- iii) INAC began publishing a bimonthly PSAB newsletter in December 2000. The newsletter provides departmental PSAB co-ordinators with an opportunity, and a venue to share success stories, best practices and lessons learned in their dealings with implementing the PSAB within their respective departments. It also provides PSAB co-ordinators with information on upcoming workshops and conferences dealing with PSAB-related issues. There is a special feature within the newsletter, which provides readers with some cultural sensitivity training regarding various First Nations in Canada.

Six editions were published during 2001. They dealt with successful Aboriginal firms within the National Capital Region and as far as the coast of British Columbia. These firms were involved in different sectors of the economy, from construction and the provision of office furniture and supplies, to professional IT services. Past newsletters are available from: http://www.ainc-inac.gc.ca/saea-psab/index_e.html.

- iv) INAC officials are continuing to work closely with departmental PSAB co-ordinators to assist with their individual needs.

Two PSAB co-ordinators conferences were held in 2001, which confirmed the willingness of departments to continue working with INAC on making the PSAB more successful and empowering for future Aboriginal firms.

These conferences consisted of network opportunities, numerous workshops that included information on the Aboriginal Canada Portal, the results of the PSAB evaluation, how to report contracting data to PWGSC and brainstorming exercises for future opportunities.

- v) The development and maintenance of the Aboriginal Canada Portal is an ongoing partnership between the Government of Canada and six national Aboriginal organizations: the Assembly of First Nations, the Congress of Aboriginal Peoples, the Council for the Advancement of Native Development Officers, the Inuit Tapirisat of Canada (now known as Inuit Kanatami), the Métis National Council, and the Native Women's Association of Canada.

The Portal is a tool for Aboriginal people and for people who want information about Aboriginal people. This is a Web site that really brings all the information together in one site, whether it is information from the federal or the provincial government, the community, etc. The Portal can be a great tool in terms of partnership, marketing and communication, but people have to be made aware of its existence.

B. COMPLIANCY WITH PSAB REQUIREMENTS

INAC now internally reviews, on a daily basis, procurement notices being posted on the electronic tendering system (MERX) to confirm that the spirit of the Strategy is being followed. INAC continues to advocate for voluntary set-asides when an opportunity presents itself and when Aboriginal business capacity exists. We also review the mandatory set-asides being posted to ensure they are being awarded according to current PSAB eligibility requirements.

INAC's memorandum of understanding (MOU) with Consulting and Audit Canada (CAC) ensures accountability. CAC conducts compliancy audits of Aboriginal-owned firms to ensure that

bidders meet the PSAB eligibility requirements. The results of a CAC audit process are provided to the procurement personnel, allowing them to reduce the level of risk they take in support of their decision of entering, or not entering, into a contract with the firm. A process to follow up on post-audit reports, where appropriate, has been implemented to ensure that the PSAB eligibility requirements are maintained throughout the life of the contract.

In 2001, CAC conducted 30 audits on behalf of INAC. Of these, 27 were pre-award audits, and three were post-award audits. Of the 27 pre-award audits 24 companies were deemed compliant, and three companies were deemed non-compliant based on ownership and/or control criteria. Of the 24 compliant companies 13 had more than six employees. The three post-award audits showed that all three companies continued to meet the PSAB eligibility requirements throughout the life of the contract.

C. INAC LEADERSHIP AND ADVOCACY

As a member of the Procurement Review Committee (PRC), INAC receives a copy of all federal requirements for goods or services valued at \$2 million and over to seek out potential benefits for the Aboriginal business community.

One objective established for interventions is obtaining more government contracts for Aboriginal businesses, but also to inform the federal procurement community about the PSAB.

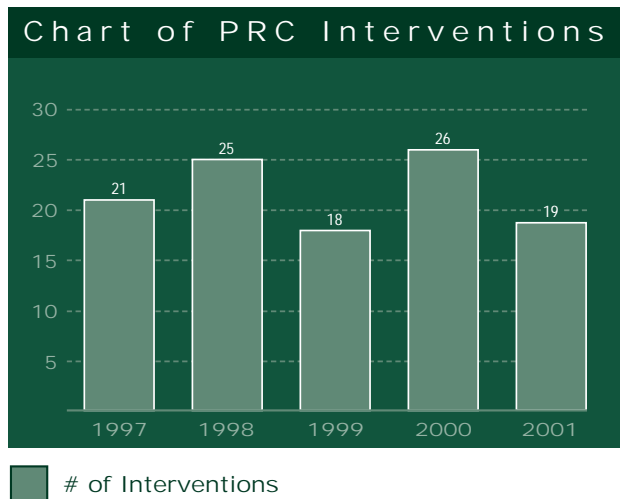
During 2001, 323 requirements were presented to the PRC for assessment. During 2001, advocacy efforts led to interventions in 19 PRC opportunities, which were not originally

identified as set-asides. Interventions resulted in 20 more contracts being awarded to Aboriginal firms.

The interventions have generated additional opportunities amounting to \$22 million worth of business that was directed to Aboriginal firms in 2001. Interventions at the PRC amount to approximately one fifth of the total dollar value of contracts awarded to Aboriginal firms.

Many departments are now contacting INAC at the procurement planning stage to create a partnership to determine the procurement strategy they should adopt. This way, Aboriginal inclusion is dealt with early in the procurement process.

Figure 6:



D. DEVELOPING PARTNERSHIPS

INAC is continuing its efforts to promote partnerships and joint ventures along with providing assistance to Aboriginal firms where possible. In conjunction with PWGSC through Contracts Canada, INAC assists in delivering training to Aboriginal suppliers on how to contract with government.

- i) CORCAN, a special operating agency established by Correctional Service Canada (CSC) to foster inmate employment, has developed a number of private sector partnerships with Aboriginal businesses to employ and train offenders, including Aboriginal offenders. Female offenders at Ochimaw Ochi Institution are being trained to develop Web sites for Aboriginal companies seeking business opportunities with the federal government through the Aboriginal set-aside policy. CORCAN is also partnering with an Aboriginal e-commerce business to train Aboriginal offenders/artists on how to market their art on the World Wide Web. Partnerships like this provide offenders with the skills and training they need to succeed as entrepreneurs once they are released from prison.
- ii) A different interdepartmental initiative was also undertaken during 2001, to develop a training module for contracting officers in partnership with PWGSC. The training module was developed by a former TBS executive and was delivered to a small group of PWGSC contracting officials on a one-time pilot project basis.

E. PSAB EVALUATION

The PSAB underwent an evaluation study in 2001. An interdepartmental working group, in co-operation with INAC and TBS, commissioned research work to be carried out for the evaluation. Two consulting firms, Prairie Research Associates (PRA) Inc. and Auguste Solutions and Associates (ASA), an Aboriginal-owned firm, were hired to conduct the evaluation. PRA produced the work plan to conduct the Evaluation of the PSAB in January 2001. Work began on gathering data for

the evaluation to be completed by the summer of 2001. The evaluation process was managed by the Departmental Audit and Evaluation Branch, of INAC, and overseen by two committees.

An advisory committee representing several federal departments and two Aboriginal organizations oversaw the development of the framework for the PSAB evaluation. This included a literature review of previous evaluations of similar initiatives, the findings of the RCAP, a review of program documentation and data collection systems, interviews with key government and Aboriginal stakeholders and the development of a macro-economic impact assessment model.

One result of the research is that the evaluation framework and the research questions evolved over several years to reflect the current context of the PSAB.

The findings of the evaluation support the conclusion that, overall, the PSAB has been successful in meeting its stated objectives, and a sound rationale for the Strategy continues to exist. The final evaluation report was approved by the senior level Departmental Audit and Evaluation Committee chaired by the Associate Deputy Minister of INAC, Marie Fortier. A full copy of the report is available for review at:
<http://www.ainc-inac.gc.ca/saea-psab/index_e.html>.

This evaluation has found ample evidence of the success of the PSAB in meeting its core objectives. Since its inception, both the number and value of contracts awarded to Aboriginal firms have increased significantly each year. The question of whether these objectives can or should be broadened to include the promotion of business and economic development,

particularly at the level of Aboriginal communities, is most appropriately addressed by a future comprehensive review of the PSAB.

In the interim, this research has identified a number of areas where the strengths of the PSAB may be built upon through enhanced communication and revitalized implementation activities. Measuring and publicizing the quantity of the impacts of the PSAB will be facilitated by the development of a comprehensive and uniform data collection strategy. Enhanced monitoring and enforcement of eligibility criteria will help to ensure the impacts of the PSAB are experienced in the intended areas. Recognition of the fact that the PSAB is only one component of a broader effort to improve the economic situation of Aboriginal people helps to define its particular role in that effort. At the same time, it provides suggestions for areas where it may better complement these various other initiatives. Finally, a renewed commitment to the PSAB by the federal government, including the enforcement of its provisions, will assist in maximizing its positive effects.

Best Practices

During discussions with different departmental PSAB co-ordinators and buyers, many excellent practices were outlined.

I) COMMUNICATION PRACTICES

Strong and effective communication practices, both internally and externally, have been an important component of successful implementation activities.

Furthermore it appears this type of effective communication is often able to overcome problems and difficulties created by the decentralized nature of some of these organizations.

Similarly, the establishment of honest and open lines of communication indicating the organization is open for business to Aboriginal suppliers appears to have been important in the development of effective business relations between departments and agencies, and Aboriginal suppliers.

II) SUPPLIER DEVELOPMENT ACTIVITIES

In most departments and agencies, effective supplier development activities seem to have been one of the keys to their success. Furthermore, supplier development activities are seen by many departments to be a more sustainable forum for Aboriginal business development rather than other PSAB instruments such as mandatory set-asides. Although the 2001 results indicate that government contracting with Aboriginal suppliers has increased, the need to continue supplier development activities is clearly evident.

Effective methods used by departments and agencies in the past to support and further the development of Aboriginal suppliers include the following:

- PSAB co-ordinators physically introduced suppliers for a commodity to buyers in their organization;
- Departmental information sessions were organized for Aboriginal suppliers;
- Commodity focus events were organized to showcase Aboriginal suppliers to buyers;
- Aboriginal trade shows were held for an organization or group of organizations;
- Aboriginal suppliers attended departmental or agency meetings;
- Formal and informal meetings with suppliers allowed them to introduce themselves to the organization;
- Extensive debriefing opportunities were held for Aboriginal suppliers that bid unsuccessfully on a requirement;
- A departmental proactive Aboriginal supplier advocate was used; and
- Lists of departmental buyers were developed for Aboriginal suppliers.

III) PSAB TRAINING MODULE (INTERNAL TO GOVERNMENT)

The year 2001 was very important for the PSAB. Due to the high rate of employee turnover within the procurement sector, some form of training module needed to be developed to better prepare inexperienced contracting officials in dealing with this policy and with Aboriginal suppliers.

INAC's Corporate Services Sector, was challenged by the Materiel Management Institute to develop a pre-workshop training session dealing with the PSAB. A training session entitled: *Federal Procurement with Aboriginal Suppliers: Demystifying the Process and Meeting the Challenges* was developed and delivered on a pilot project basis. This session was offered to participants at the fourth annual Western Regional MMI Conference in Calgary, Alberta and at the third annual Eastern Regional MMI Conference in Fredericton, New Brunswick.

This half-day course for government contracting and purchasing specialists was aimed at sensitizing participants with the cultural, business and socio-economic issues associated with dealing with Aboriginal suppliers. This interactive training module familiarized participants with the framework, policies and guidelines related to procurement activities conducted under the PSAB. It enabled participants to become familiar with and use, by means of case studies, the procurement tools and methodologies available to source procurement to Aboriginal suppliers under the PSAB. Participants received a handbook containing policies, guidelines, definitions, Web site references, sample documents and useful information to facilitate procurement with Aboriginal suppliers at their workplace.

IV) THE PSAB PRIMER (EXTERNAL TO GOVERNMENT)

Many Aboriginal suppliers are capable of providing the wide range of goods and services required by federal departments and agencies. However, in the past, few were actually receiving government contracts. There was a requirement to enhance their capacity by making firms "government-ready."

As a capacity-building initiative, INAC officials decided it would be beneficial if some form of training module could be developed. A training module to assist new and emerging Aboriginal firms in navigating their way through the federal procurement process was developed and delivered on a pilot project basis to three communities in Canada. Over 48 individuals participated in the two-day training session. Its effectiveness was evaluated by the participants who viewed this as an essential prerequisite for doing business with the federal government.

The resultant PSAB Primer workbook is now a part of the overall PSAB toolkit. It is also found on the PSAB Web site under the heading of "Business Tools." The Primer, commonly referred to as a procurement guide, covers a variety of topics, including:

- *a review of the elements of the PSAB;*
- *the federal contracting process;*
- *how to deal with the bid solicitation process;*
- *elements of the bid evaluation process; and*
- *suggested best practices and techniques to gain the edge when accessing Government of Canada business opportunities.*

V) LOW DOLLAR VALUE REQUIREMENTS

For both goods and services requirements, departments could include one or more Aboriginal supplier(s) in the tendering process. By routinely including Aboriginal suppliers in bid solicitations for requirements not posted on MERX, departments and agencies could achieve their performance objectives.

VI) ABORIGINAL BID EVALUATION CRITERIA

The potential of using Aboriginal bid evaluation criteria was included in the PSAB to enable buyers to award contracts while still providing some incentive to build in an Aboriginal benefits plan. These have not been extensively used by departments and agencies other than INAC. Many contracting officers see this as an additional process, which could cause delays in the procurement cycle.

Aboriginal bid evaluation criteria are frequently used in INAC contracting activities when a requirement is valued at less than international trade agreement thresholds, as requirements valued over these thresholds cannot use these criteria, unless they are set aside.

VII) STANDING OFFERS

Over the past few years, Aboriginal business has become fully integrated into this important procurement vehicle and is now represented in many regularly purchased commodities. Some of these suppliers have been awarded standing offers on a set-aside basis, others on an open and competitive basis.

The best practice in awarding standing offers appears to have been the dual track process frequently used by INAC and PWGSC in the establishment of national master standing offers (NMSO) and other supply arrangements. In this process, there is one competition for non-Aboriginal suppliers and another set-aside competition for Aboriginal suppliers. This provides government buyers with the option of using an Aboriginal supplier to help meet performance objectives, and provides the

Aboriginal supplier with a valuable marketing tool to facilitate entry into the government marketplace.

Many Aboriginal suppliers holding standing offers have indicated that few contracts were generated through their standing offers. This is a concern, and the PSAB team is examining this situation to find a solution.

Success Stories

A *Aboriginal suppliers no longer depend on the PSAB for business and obtain work based on their capacity, capabilities and competitive nature. While the PSAB may have opened the door for many Aboriginal business owners and given them an opportunity to enter this new marketplace, it is the Aboriginal suppliers who took on this challenge and delivered high quality goods and professional services at competitive prices. They deliver on their promises, meet deadlines, provide effective follow-up, communicate with staff in a professional manner and are considered to be in the top echelon of suppliers to various federal organizations. Aboriginal suppliers who have become successful in the federal government milieu, become effective role models for other Aboriginal suppliers trying to penetrate this market.*

It is evident from our experience over the past year that contracts continue to be awarded to Aboriginal suppliers for a broad cross section of goods and services. It is also apparent these Aboriginal suppliers are effectively executing the contracts awarded to them as very few performance-related problems were reported to INAC by the contracting authorities.

Following are just a few of the success stories during 2001. These are a direct result of the combined efforts of the PSAB initiative, PSAB co-ordinators and Aboriginal businesses.

DONNA CONA

Located in Ottawa, Ontario, Donna Cona was awarded three contracts under the PSAB. As a result of these specific opportunities, Donna Cona added about 16 new full-time

positions to its staff. Seven of these positions were filled by hiring new Aboriginal employees.

Training was provided as a result of the growth. This was primarily technical training to upgrade the skills of employees to support a contract with Transport Canada. Donna Cona expects to provide more training in upcoming years, including administrative training, to keep staff current with the rapidly changing technology environment. The value of these three contracts is \$15,233,000.

FIRST NATION COMPUTERS

Located in Laval, Quebec, First Nation Computers was issued a contract on behalf of Correctional Service Canada for networking products. The contract duration was one year. This contract allowed the company to create three employment opportunities of which training is a constant component. Most of the training is done "on the job" with Lunch and Learn sessions from industry partners being a regular occurrence. The total value of contracts, including standing offers during 2001, is \$15,199,000.

NELSON CEDEC 7/24 INC.

Located in Kanestake, Quebec, Nelson/CEDEC, was awarded three construction contracts during 2001 totalling \$214,968. During the period of these contracts, three new Aboriginal employees were hired. Training was also provided to these individuals, and they are rehired whenever there is enough work.

James Nelson, President of Nelson CEDEC, mentioned that because of the opportunity the PSAB provided him in 2001, he is now expanding and bidding on other opportunities open to the general public.

FOXWISE TECHNOLOGY INC.

Located in Ottawa, Ontario, FoxWise Technology Inc. was awarded four contracts under the PSAB Set-Aside Program. As a result, 15 employment opportunities for Aboriginal people were created in 2001. The contracts also generated many training opportunities for both new and existing employees. These training opportunities involved FoxWise staff becoming certified on the Cisco Solutions software application and/or with help desk services through their Technical Service Department. There was assembly training for employees in the Production Department, and inside/outside sales marketing skills enhancement in the Government/Corporate Sales Department. The value of the contracts and/or standing offers awarded to them was \$15,067,019.

NAUT'SA MAWT RESOURCES GROUP

Located in Delta, British Columbia, Naut'sa Mawt Resources Group, was awarded two contracts in 2001 under the PSAB. This enabled Naut'sa Mawt Resources Group to hire six part-time Aboriginal employees and created several training opportunities. The value of contracts and/or standing offers was \$1,408,706.

KITNUNA CONSTRUCTION LIMITED

Kitnuna Construction Limited is a member of the Kitnuna Corporation and is fully owned by Inuit people. With more than 50 employees, it was awarded a \$51,189 contract for excavating and earthmoving services to be provided to the Department of National Defence for work on Jenny Lind Island (former DEW Line site) in Nunavut.

ABORIGINAL BUSINESS NETWORK

Located in Waterloo, Ontario, Aboriginal Business Network, was awarded four contracts in the Dokis First Nation French River Dams area. These contracts totalled \$2.5 million. This opportunity allowed them to hire 19 full-time First Nation employees. It also created several training opportunities including training for truck drivers, heavy equipment handlers, and training in security and the Workplace Hazardous Materials Information System (WHMIS). The company president has indicated that the PSAB is a great strategy for Aboriginal businesses, and it has certainly been successful for the Aboriginal Business Network.

THE MOHAWK TRADING COMPANY

Robert R. Murray is Chairman and CEO of the Mohawk Trading Company, which started operations in Kanesatake, Quebec in April 1991 as a fine paper broker. Today, the Mohawk Trading Company is the largest Aboriginal stationary supplier in North America. In 1995, he achieved the first privatization of a specific federal government service in the history of the Canadian federal government by taking over the then Department of Supplies and Services' (DSS) Self-Service Stores operation at Les Terrasses de la Chaudière in Hull, Quebec. Over the years, he has added a contract furniture and a promotional advertising division to his offerings to meet customers' needs.

In 2001, the Mohawk Trading Company was awarded four contracts and multiple standing offer agreements totalling \$9.1 million for the provision of office furniture and equipment. As a result of this activity, Mohawk Trading

Company hired two full-time Aboriginal employees. This also created training opportunities for these new employees and for existing employees.

The company is now in full expansion mode, and Mr. Murray hopes to be able to supply to all of the Canadian government, regardless of their location, in the next few years. Mr. Murray accounts for his successes by his uncompromising dedication to customer satisfaction.

Challenges - What are we doing about it?

Many departments are increasingly focussed on overcoming systemic barriers and obstacles to integrate the PSAB into the mainstream procurement process within their organizations. These organizations have been quite active and innovative in many areas including:

- communication;
- supplier development activities;
- use of set-asides;
- fostering the potential for partnerships;
- integration of Aboriginal suppliers into the procurement mainstream; and
- development of Aboriginal supplier standing offers.

While some of these obstacles are systemic, others are related primarily to the mandate, role and structure of the individual organizations. Some of the more significant of these obstacles and impediments are discussed below.

1. IMPLEMENTATION ACTIVITIES HAVE SLOWED DOWN

Implementation activities have slowed down since the launch of the PSAB. Following a large amount of initial activity, promotion of the strategy has subsided. Performance reports indicate that supplier development activities were not as prominent in 2001, reaching their peak in 1999. Few departments are actively involved with yearly Aboriginal supplier promotion activities. With the creation of new Aboriginal businesses, and the turnover of federal personnel, knowledge of the strategy is not keeping pace with change.

This knowledge has been shared with the PSAB co-ordinators through various meetings, and at the yearly PSAB co-ordinators' conferences.

Renewed support of the initiative is being sought at the ministerial level through the development of various communications tools.

2. KNOWLEDGE OF THE PSAB IS LOW

Knowledge of the PSAB is low among both government personnel and Aboriginal firms. The goals and operation of the program often appear to be misunderstood. While there is considerable variation in opinion on this issue, it is clear awareness and knowledge of the PSAB among federal purchasing personnel is not as widespread as it needs to be for the strategy to be more successful.

Few incentives exist for applying the policy, nor are there any penalties for failing to observe it. It is difficult to convince requisitioning departments that they should be considering doing business with Aboriginal firms. Government buyers could be more proactive in supporting the PSAB by simply offering this option to their clients.

Awareness of the strategy and federal contracting opportunities is lowest (or non-existent) among rural Aboriginal businesses and within First Nation communities. There is also evidence that the PSAB is not well understood by some Aboriginal businesses, the most common misconception being that it is "automatic" and entitles Aboriginal firms to contracts. There is a need for a more proactive approach by program personnel in all PSAB-affected departments to inform Aboriginal business communities about the PSAB.

The INAC PSAB team continues to offer seminar presentations and PSAB awareness sessions to public servants within any department that makes a request for this form of assistance. Recently, training sessions have been developed for the buyer community.

3. ARE THERE ENOUGH QUALIFIED ABORIGINAL FIRMS?

Even where there is awareness of the strategy and a desire to use Aboriginal suppliers more frequently, attempts to do so are being hindered because there is little information available regarding the number of Aboriginal firms in Canada. The former INAC database, the Aboriginal Supplier Inventory (ASI), was integrated with Industry Canada's Strategis Aboriginal Business Directory (ABD) in January 2001. Aboriginal suppliers are encouraged to now register with PWGSC's Contracts Canada Supplier Registration Inventory and Industry Canada's Strategis ABD.

As part of INAC's advocacy efforts, other departments are informed of emerging Aboriginal business capacity and often act as brokers for these firms to introduce them to buyers within various government departments.

4. SMALL AND/OR REMOTE BUSINESSES ARE NOT BENEFITTING

There is little question that the PSAB has had a measurable impact on Aboriginal businesses. Less certain is whether it has had an economic impact on Aboriginal communities.

The PSAB has created both employment and entrepreneurship opportunities for Aboriginal people, although most Aboriginal people engaged in federal contracting activities do not live on reserve, or in remote areas. Current buying trends indicate that most contracting activity with Aboriginal firms is taking place near or within urban centres. The goal is to reverse this trend by increasing awareness of the PSAB and federal contracting opportunities .

through various communication tools, including the development of more interactive business tools accessible to all on the PSAB Web site.

Conclusion

The success of the PSAB is due to the co-operative commitment that has evolved over the past years between the private, public and Aboriginal business sectors. Since 1996, the PSAB has encouraged a more proactive Aboriginal business environment through partnerships and expanding Aboriginal supplier client bases. This has contributed to increased economic benefits for all Canadians by generating revenues and creating income for Aboriginal people.

INAC will continue to concentrate on improving its business relationship with Aboriginal suppliers and to stimulate innovative and sustainable economic development initiatives. The ultimate goal of the PSAB is to ensure that Aboriginal firms, should they choose, can pursue and win opportunities on the grounds of openness, transparency and competitive pricing.

The continued success of the PSAB hinges on the co-operation and commitment of all government departments and agencies, and the Aboriginal/non-Aboriginal business sectors. By working together, they can continue to enhance the development of strong communities, people and economies in this country for the benefit of all Canadians.

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INAC would like to thank all departments and agencies for making the PSAB such a success. A lot of time and effort was involved in meeting departmental objectives. Indeed, many departments have surpassed their objectives; INAC recognizes this and has rewarded these departments for their efforts with certificates of recognition. Congratulations to:

- Agriculture and Agri-Food Canada;
- Canadian Centre for Management Development;
- Canadian Security Intelligence Service;
- Environment Canada;
- Health Canada;
- Human Resources Development Canada;
- Human Rights Commission;
- Industry Canada;
- National Archives;
- National Defence;
- National Energy Board;
- National Library;
- National Research Council;
- Office of the Auditor General;
- Public Service Commission;
- Royal Canadian Mounted Police;
- Solicitor General; and
- Statistics Canada.