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et du Nord Canada

PROCUREMENT
STRATEGY FOR
ABORIGINAL
BUSINESS

PSAB
PERFORMANCE REPORT
2003





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EXECUTIVE SUMMARY

Gathering Strength, the Indian and Northern Affairs Canada (INAC) response to the Royal Commission on Aboriginal Peoples, builds on the theme of partnerships among Aboriginal businesses, industry and government at all levels to open up existing and emerging market opportunities. This commitment has been clearly reinforced through the Speeches from the Throne of February and September 2004 with the Government seeking to improve the effectiveness of Aboriginal economic development. The Canada-Aboriginal Peoples Roundtable, held in April 2004, with its focus on partnerships, economic opportunities and greater Aboriginal economic self-reliance, supported this direction.

Indian and Northern Affairs Canada, in partnership with other federal departments and agencies, continues to develop and implement policies and programs to create an environment that supports business and market growth, and leads to opportunities for employment and skills development for all First Nation, Inuit and Métis people.

One innovative and effective initiative to encourage Aboriginal suppliers to pursue federal government contracting opportunities is the Procurement Strategy for Aboriginal Business (PSAB). It provides Aboriginal businesses with the potential for partnerships, joint ventures, strategic alliances, sub-contract opportunities and business network development. The PSAB applies to all federal departments and agencies with the exception of Crown corporations.

Through the identification and use of the mandatory and voluntary set-asides, more Aboriginal suppliers bid for and win federal contracts. The continued increase in successful bids on incidental opportunities (i.e., opportunities not restricted to Aboriginal suppliers) by Aboriginal businesses reflects the growth and competitiveness the Aboriginal business sector has gained through the PSAB initiative.

This is the sixth edition of the PSAB Annual Performance Report; covering the 2003 calendar year. It details the progress departments, agencies and Aboriginal suppliers have achieved with the PSAB, the results of INAC's interventions and advocacy initiatives, and the implementation status of the first *Evaluation of the Procurement Strategy for Aboriginal Business*, covering the period between 1996 and 2001.

Since its introduction in 1996, the PSAB has been a driving force behind the growth of the Aboriginal business sector's dealings with the federal government by providing enhanced access for Aboriginal businesses to federal government contract opportunities. This has resulted in a dynamic and competitive Aboriginal business sector that benefits First Nation, Inuit and Métis communities and the Canadian economy.

HIGHLIGHTS OF THE YEAR

- A total of 8,156 federal contracts worth \$487.325 million were awarded to Aboriginally owned firms.
- Over 75 percent (\$367.407 million) of total contracts were awarded to Aboriginal businesses under open competition (not set aside).
- Interventions by INAC through the Procurement Review Committee (PRC) accounted for a little over four percent of all requirements valued at greater than \$2 million that were, after discussion, set aside for Aboriginal business.
- Nearly eight percent of all PRC strategies had pre-identified Aboriginal components already included in the tender documents.
- Activities of the PSAB in 2003 focussed on completing the implementation of the Action Plan developed in response to the observations and recommendations presented in the 2001 report, *Evaluation of the Procurement Strategy for Aboriginal Business*.
- While the number of contracts decreased, there is a marked increase in the average value of each contract demonstrating the Aboriginal suppliers are pursuing and winning more complex contracts.

The INAC PSAB team, part of the Economic Development Branch, continues to be a strong advocate and a facilitator for the Aboriginal business community. It works with

participating departments to achieve their annual performance objectives, and implement their PSAB advocacy activities. As part of its activities in 2003, INAC and the PSAB team were involved with government and government–industry committees to promote the PSAB and advocate on behalf of Aboriginal businesses. The PSAB team communicated with stakeholders by:

- working closely with PSAB co-ordinators across government;
- developing tools required to enhance Aboriginal business understanding of the federal contracting process and expectations;
- maintaining a comprehensive Web site;
- publishing a bimonthly newsletter;
- participating in trade shows;
- giving presentations to industry, associations and government representatives; and
- working with the Aboriginal suppliers community.

Acceptance and understanding of the PSAB concept continue to grow within the federal government. However, the continuous education and dissemination of information concerning the PSAB to government, industry and Aboriginal businesses is essential to ensure the economic benefits, not only for First Nation, Inuit and Métis businesses, but for the Canadian economy.

INTRODUCTION

The Procurement Strategy for Aboriginal Business (PSAB) encourages Aboriginal firms to pursue more contracting opportunities with the Government of Canada. Contracts worth more than \$5,000 for goods and services that primarily benefit Aboriginal people are open only for competition among Aboriginal businesses under the mandatory set-asides. In support of the PSAB principle and its advocacy responsibilities, federal departments and agencies are encouraged to identify voluntary or non-mandatory set-aside requirements for competition among Aboriginal suppliers. The Strategy aims to increase the number of Aboriginal suppliers bidding for, and winning, federal contracts. It also encourages sub-contracting to Aboriginal firms, and the formation of joint ventures with other Aboriginal and non-Aboriginal businesses.

The Strategy supports Aboriginal business and market development by:

- identifying mandatory set-aside contract opportunities with the bidding open only to Aboriginal suppliers (the resulting contracts are for goods or services that primarily serve or benefit First Nation, Inuit or Métis people);
- encouraging voluntary set-aside contract opportunities, in which departments and agencies voluntarily decide to set aside requirements for competition among Aboriginal businesses;
- providing a framework for joint ventures and partnerships between Aboriginal or non-Aboriginal businesses and allowing these partnerships to bid on opportunities that have been set aside;
- using Aboriginal criteria, such as the use of an Aboriginal sub-contractor, to evaluate bids on contracts for goods and services that are not subject to international trade agreements; and
- undertaking activities to develop the capacity of First Nation, Inuit or Métis suppliers to interact with the federal government purchasing community.

The PSAB is accessible by all First Nation, Inuit and Métis businesses. A business can include a sole proprietorship, limited company, co-operative, partnership or not-for-profit organization. As the primary advocate within the federal government, the PSAB team, located within the Economic Development Branch of Indian and Northern Affairs Canada (INAC), promotes the initiative across government and liaises with PSAB co-ordinators in the various federal departments and agencies.

The information gathered for this 2003 annual report shows that, through the identification and use of the mandatory and voluntary set-asides, more Aboriginal suppliers bid for and win higher-value contracts, which shows that federal government buyers now recognize the value and competitiveness of Aboriginal firms. The increase in the value of successful bids by Aboriginal businesses on incidental opportunities (i.e., those not set aside) is most encouraging. It reflects the growth and competitiveness of well-established Aboriginal businesses due, in part, to the experience gained and the support provided through the PSAB initiative.

DEPARTMENTAL PERFORMANCE OBJECTIVES

Establishing annual performance objectives with respect to contracting done with Aboriginal suppliers is an important PSAB requirement. Each department and agency sets objectives for contracting with Aboriginal suppliers and reports annually on those objectives. These performance objectives reflect the organization's ability and intent to support the PSAB.

Under Treasury Board Secretariat (TBS) contracting policies, departments and agencies are empowered to act as advocates and facilitators for First Nation, Inuit and Métis entrepreneurs by promoting and enhancing contract opportunities within the existing framework of good contract management practices. Each year, all major federal departments and agencies provide INAC with an estimated value of potential contracts to be awarded to Aboriginal suppliers. This includes contracts directly awarded by the departments and agencies, contracts awarded by Public Works and Government Services Canada (PWGSC) on their behalf, credit card purchases, standing offer call-ups and contract amendments. Departments and agencies contribute to the success of the PSAB by achieving, and in some cases exceeding, their yearly performance objectives.

As in previous PSAB annual reports, the data presented in this report are based on the TBS *Annual Report on Contracting with Aboriginal Businesses* using data captured by PWGSC. Unlike the data the departments and agencies provide to INAC, the TBS Annual Report does not capture purchases acquired through

departmental credit cards, call-ups against standing offers or contract amendments.

As the central procurement arm of the federal government, PWGSC is also responsible for capturing the relevant contracting statistics related to the PSAB for all federal departments and agencies. Although the 2001 *Evaluation of the Procurement Strategy for Aboriginal Business* report recommended that a uniform reporting template be developed for capturing departmental performances, no decision has been made to date, partly due to difficulties a change in reporting procedures would create for many departments and the Government-Wide Review on Procurement that will look at the issue of reporting.

Individual departmental performance reports are used by the INAC PSAB team to monitor progress in implementing the Strategy. Even though the data provided in departmental performance reports are not used as part of the official figures, we continue to encourage departments and agencies to provide INAC with the desired information. This ensures that those departments and agencies that are intent on fully implementing the Strategy are recognized.

Federal departments and agencies continue to demonstrate their support for the PSAB. In 2003, departmental and agency performance objectives estimated \$117 million in business volume for First Nation, Inuit or Métis businesses. The 2003 TBS Annual Report indicates \$487.3 million worth of contracts being awarded to First Nation, Inuit or Métis

businesses. Table 1 shows the commitment of various departments participating in this initiative, and highlights their respective achievements during 2003.

TABLE 1

***Government of Canada,
2003 Business Volume Directed to Aboriginal Businesses***

Department	Dept. Objective	TBS Report*
Indian and Northern Affairs Canada	\$31,939,000	\$37,904,000
Health Canada	\$9,175,000	\$29,958,000
Department of National Defence	\$20,000,000	\$28,840,000
Public Works and Government Services Canada	\$11,400,000	\$12,256,000
Canadian International Development Agency	\$420,000	\$8,639,000
Correctional Service Canada	\$6,250,000	\$7,374,000
Statistics Canada	\$1,000,000	\$5,418,000
Transport Canada	\$423,500	\$3,041,000
Canadian Heritage	\$1,850,000	\$2,948,000
Other Departments	\$34,542,500	\$350,947,000
TOTAL - All Departments/Agencies	\$117,000,000	\$487,325,000

* Excludes credit card purchases, standing offer call-ups and amendments.

The data show that many departments exceed their performance objectives. This demonstrates two key successes.

- There is a growing capacity among Aboriginal businesses to meet government contracting needs.
- The Strategy is gaining acceptance across government, largely due to promotional activities undertaken by departmental PSAB co-ordinators and INAC.

This success further encourages the growth of First Nation, Inuit and Métis business capacity.

CONTRACTS AWARDED

In 2003, 8,156 contracts were awarded to Aboriginal firms amounting to \$487.325 million in revenue for Aboriginal businesses (Figure 1 and Table 2).

FIGURE 1

Number of Contracts and Dollar Values Awarded to Aboriginal-Owned Firms Between 1997 and 2003

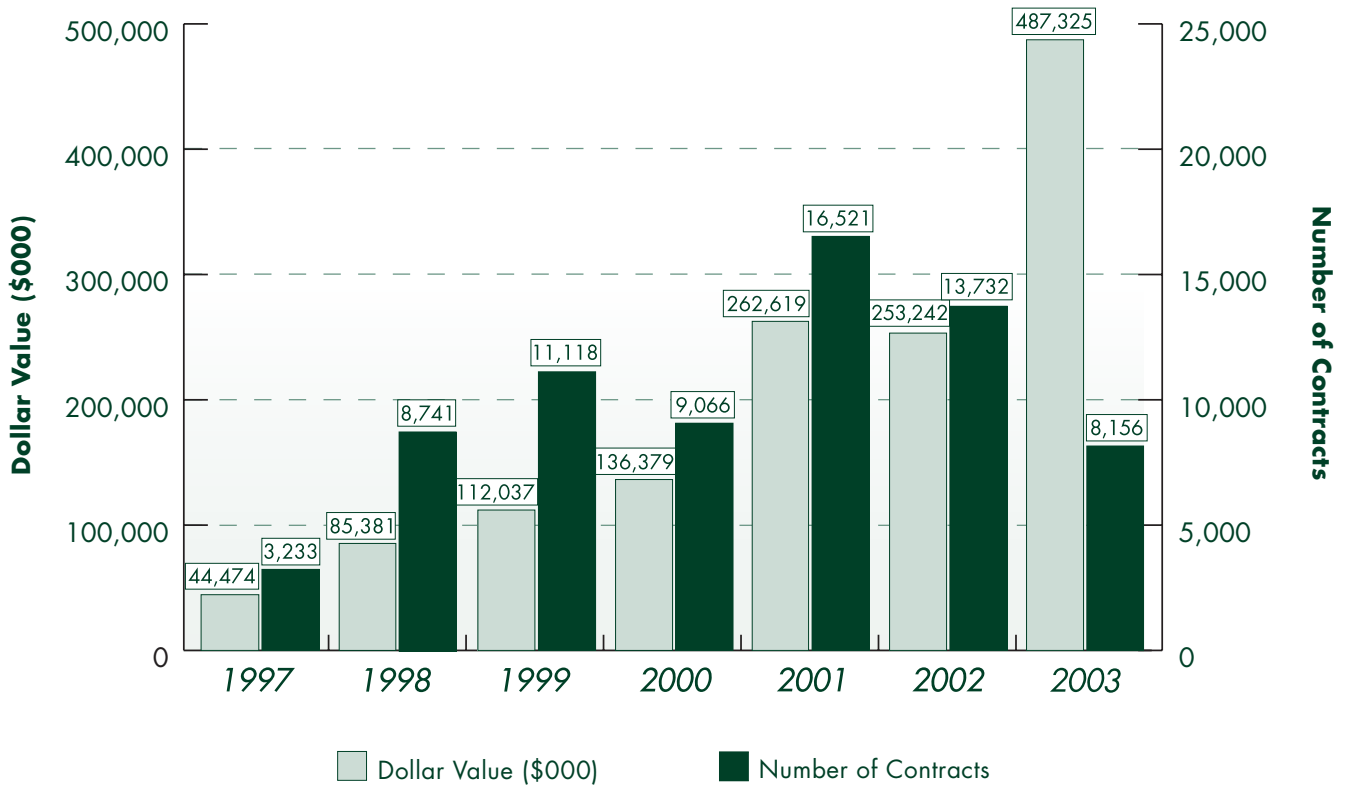


TABLE 2**Total Contracts Awarded to Aboriginal Businesses During 2003***

Type of Contract	Incidental & Set-Asides Less Than \$25,000	Incidental Greater Than \$25,000	Set-Asides Greater Than \$25,000	Total
Goods				
Number of contracts	4,375	156	32	4,563
Value of contract	\$16,010,000	\$210,885,000	\$34,352,000	\$261,247,000
Services				
Number of contracts	2,942	373	138	3,453
Value of contract	\$16,016,000	\$138,314,000	\$46,266,000	\$200,596,000
Construction				
Number of contracts	82	41	17	140
Value of contract	\$586,000	\$18,208,000	\$6,688,000	\$25,482,000
Total # of Contracts	7,399	570	187	8,156
Total Value	\$32,612,000	\$367,407,000	\$87,306,000	\$487,325,000

* Excludes credit card purchases, standing offer call-ups and amendments

COMPARISON OF INCIDENTAL AND SET-ASIDE CONTRACT AWARDS

This year again, the numbers prove that more and more Aboriginal businesses can, and do, compete with all businesses. In 2001, 33 percent of all contracts with Aboriginal firms were issued on an incidental basis. In 2002, almost 60 percent of the total business awarded to Aboriginal businesses was from

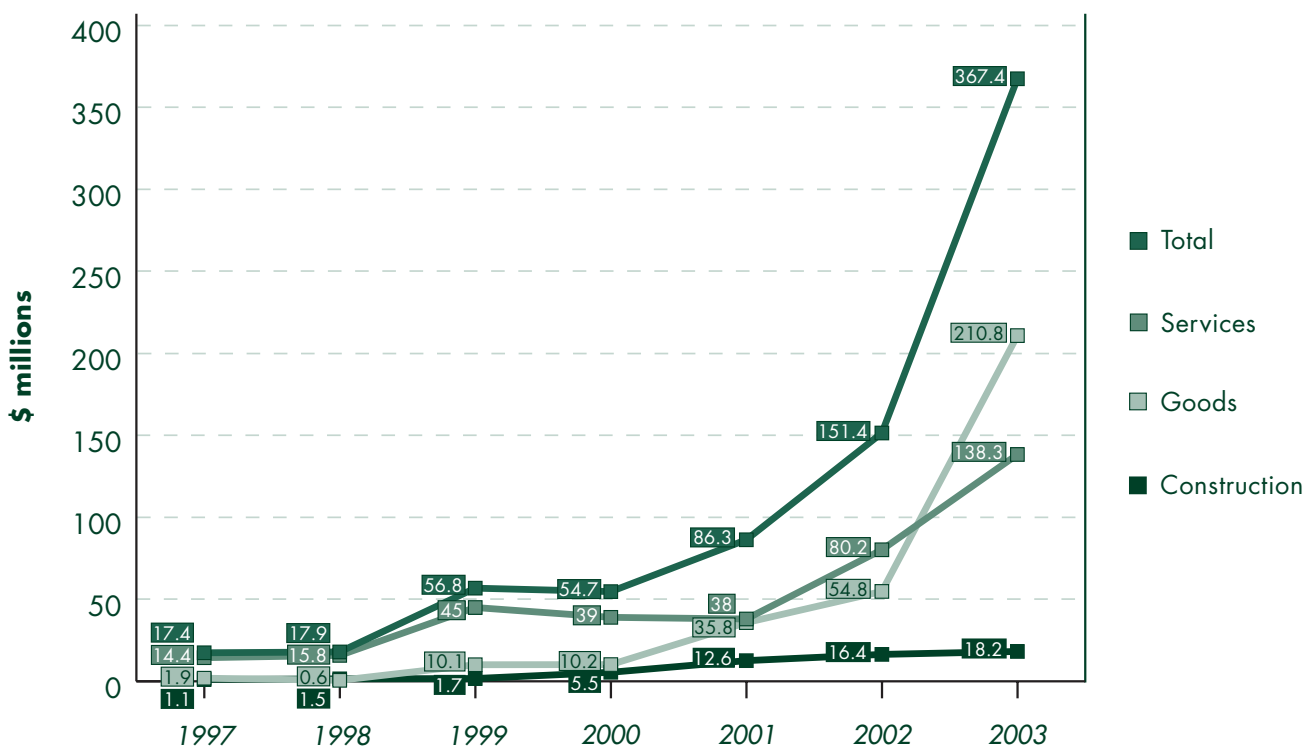
open, not restricted (set aside), competition under the incidental category. In 2003, we continue to see an increase with close to 75 percent of the business volume to Aboriginal firms won from open competition. This shows that PSAB is reaching its goal of reducing the barriers and preparing Aboriginal businesses to be competitive. These numbers also demonstrate that departments may not set aside requirements under PSAB as often as

in the past. We have to keep in mind that the firms now capable of winning contracts from open competition, learned the federal

government contracting process by bidding on set-asides only.

FIGURE 2

Incidental Contracts with Aboriginal Business Valued at Greater Than \$25,000



In the last report, we commented that the increase in awarding service contracts to Aboriginal suppliers was a testament to their keen competitiveness and technical and managerial skills. This year, we are pleased to see that the main increase is in contracts for goods. In 2002, \$54.8 million in contracts for goods were won by Aboriginal firms.

This compares to \$210.8 million this year, showing that more Aboriginal firms, originally helped by PSAB, have developed their capacity and capability and now compete and win on an open market as suppliers of services as well as goods.

FIGURE 3

Number of Set-Aside Contracts Versus Incidental Contracts Awarded Valued at Greater Than \$25,000

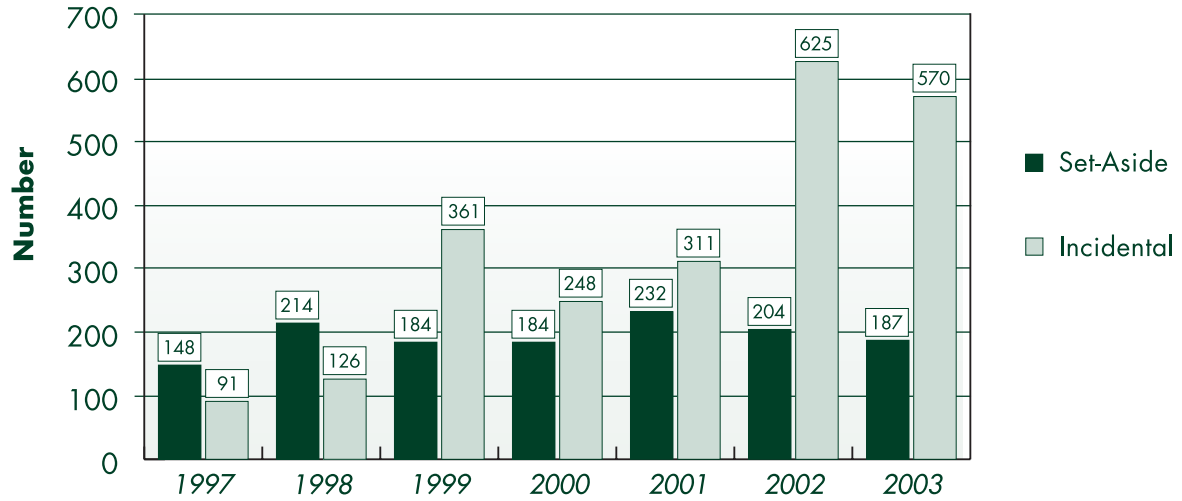
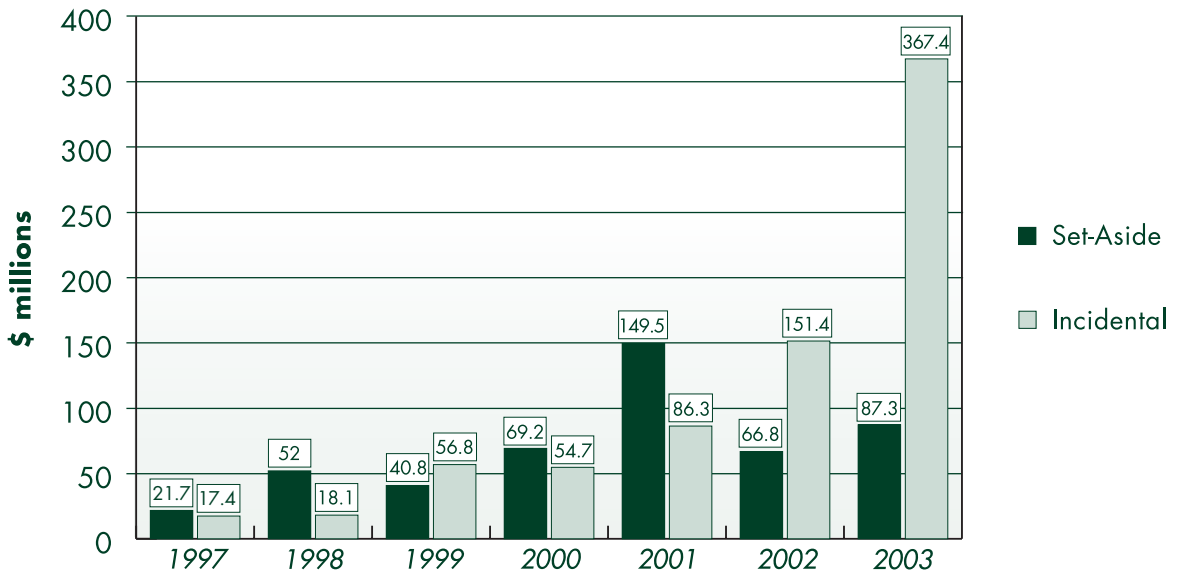


FIGURE 4

Value of Set-Aside Contracts Versus Incidental Contracts Awarded Valued at Greater Than \$25,000



Figures 3 and 4 further show that, again in 2003, the number of incidental contracts awarded continues to form a large proportion of the total contracts greater than \$25,000.

The large decrease in the number of set-aside contracts awarded to Aboriginal firms during 2003 shows that departments created fewer “Aboriginal only” requirements than in previous years. However, the key is that contracts won by Aboriginal businesses on the open (competitive) market significantly increased. This is very encouraging. Competitiveness creates a strong and dynamic supplier base of both Aboriginal and non-Aboriginal firms as it fuels the growth and confidence of an ever-growing Canadian economy. This should not be taken to mean that as an increasing number of Aboriginal companies develop the capacity and capability to compete on an open market, that set-asides are not required. On the contrary, the PSAB must continue to help Aboriginal businesses and provide new and small Aboriginal companies with a stimulus to grow. Set-asides, especially for low dollar value requirements, provide such a stimulus. Given the decrease in set-asides, two approaches are needed.

- Departments and agencies must re-commit to the PSAB, especially for low-value opportunities.
- To ensure the continued growth of the Aboriginal business sector, revitalize the PSAB within the federal government.

The number and value of contracts awarded to Aboriginal businesses under the PSAB depends on the ability to continue to identify mandatory set-asides and to advocate voluntary set-asides (as discussed later in this report). The growth in incidental contracts is indicative of the growth of the Aboriginal supplier base, which has been stimulated, in part, by PSAB set-asides. The fact that the value of incidental contracts is higher year after year proves that Aboriginal businesses can compete and win against the best.

Such successes depend on the ability and willingness of Aboriginal businesses to market their goods and services to federal government departments, but also on the willingness of federal departments to accept that Aboriginal businesses have the capacity and capability to meet federal government requirements effectively and efficiently. The increase in incidental contracts awarded to Aboriginal businesses helps to increase confidence among government buyers and results in more contract opportunities for Aboriginal suppliers. As Aboriginal businesses win more contracts, their capacity and capability improves.

STANDING OFFERS

Whether national or regional master standing offers issued by PWGSC, either through voluntary set-asides or open competition, or standing offers issued directly by departments or agencies, standing offers continue to form a significant portion of the total value of contracts awarded to First Nation, Inuit and Métis businesses.

Standing offers facilitate the procurement process for the various departments and agencies and act as a marketing mechanism for Aboriginal firms to emphasize their capacity and capabilities to departmental procurement representatives and end users. However, standing offers have a deficiency on which both Aboriginal and non-Aboriginal suppliers fully agree: there is no guarantee they will be used.

The PSAB team is pursuing a strategy regarding the issuance and actual usage of standing offers. Procedures can be developed, in conjunction with the departmental co-ordinators, to monitor the usage of standing offers and develop new initiatives to complement the marketing activities of Aboriginal businesses. As well, the PSAB team is investigating activities and initiatives to further promote the commitment and use of standing offers established with First Nation, Inuit and Métis suppliers.

In 2003, the PSAB team took every opportunity offered by activities like trade shows and the PSAB newsletter to advertise the standing offers issued to Aboriginal businesses.

COMMUNICATION WITH STAKEHOLDERS

In continuing efforts to promote the Strategy within government and the Aboriginal community, the PSAB team organizes and participates in events, such as conferences and trade shows, delivers presentations, and shares information and ideas to inform stakeholders about the Strategy and the progress achieved.

- The INAC PSAB team participated in trade shows in 2003, including G-TEC Week in Ottawa and the Fourth Annual National Aboriginal Women in Leadership Training Conference.
- The PSAB Web site contains information and publications, business tools, a calendar of events and other relevant material. As well, all stakeholders can dial 1-800-400-7677 for assistance or information needs.
- Publication of the bimonthly PSAB newsletter provides departmental PSAB co-ordinators with a venue for sharing success stories, best practices, Aboriginal culture and lessons learned in implementing the PSAB within their respective departments. It also provides information on upcoming workshops and conferences dealing with PSAB-related issues. Each issue highlights the success of an Aboriginal business. Current and past editions of the PSAB newsletters are available from: http://www.ainc-inac.gc.ca/saea-psab/pub/nwsl/index_e.html.

We encourage other departments to contribute to this publication.

- In 2003, the INAC PSAB team gave presentations to:
 - government departments, including the Canadian Food Inspection Agency, the Canadian Space Agency, the Department of National Defence, the Privy Council Office, Department of Justice, and the Canada Customs and Revenue Agency;
 - Aboriginal stakeholders, such as at the Aboriginal Women in Business Conference in Niagara Falls; and
 - various committees and interested organizations, such as JEDI in Nova Scotia and the Canadian Aerospace Industry Association.
- Representatives from the INAC PSAB team continue to work closely with departmental PSAB co-ordinators to assist them in achieving their departmental objectives through the exchange of information and ideas, and in promoting the Strategy within government. The PSAB team organized training sessions for the procurement community within different departments, such as the Canada Customs and Revenue Agency.

The INAC PSAB team organized an interdepartmental PSAB co-ordinators' gathering in 2003. All co-ordinators were invited to meet and exchange ideas in a half-day event held in December.

PSAB ADVOCACY INITIATIVES

For 2003, the INAC PSAB team continued to identify and participate in various initiatives to promote the Strategy within the federal government, industry and the Aboriginal community. In doing so, it provided the leadership necessary for the ongoing growth and acceptance of the Strategy.

CANADIAN ABORIGINAL AND MINORITY SUPPLIER COUNCIL

The PSAB team continued to be represented on the Canadian Aboriginal and Minority Supplier Council, which promotes and facilitates procurement opportunities between Fortune 500 corporations (Xerox, Daimler-Chrysler, IBM etc.) and Canadian-owned businesses operated by Aboriginal people and visible minorities. The Council is open to any major corporation operating in Canada that is committed to incorporating Canadian minority suppliers into its supply chain.

SENIOR PROJECT ADVISORY COMMITTEE

Organized for potential government contract opportunities with an estimated value exceeding \$100 million, the Senior Project Advisory Committee (SPAC) includes representatives from departments potentially affected by, or having an interest in the project. Committee representatives seek out industrial and regional benefits meeting their respective departmental mandates.

Indian and Northern Affairs Canada is an active member of SPAC and continues to advocate for various socio-economic benefits for all First Nation, Inuit and Métis businesses through

secondary contract opportunities. During 2003, the PSAB team worked on four major Crown projects with the Department of National Defence and other departments interested in socio-economic benefits.

PROCUREMENT REVIEW COMMITTEE

One main vehicle used by INAC to intervene on behalf of Aboriginal business is the Procurement Review Committee (PRC). Established by Treasury Board, the PRC looks at all proposed procurements in excess of \$2 million for potential regional and industrial benefits. It uses the procurement process to support industrial and regional development and other national objectives. This interdepartmental committee ensures that the procurement process and all the diverse interests affected by it are carried out in an efficient and cost-effective manner that is fully consistent with the government's procurement principles.

As an active member of this committee, INAC seeks potential benefits for the First Nation, Inuit and Métis business community. During 2003, INAC reviewed 312 cases and intervened on 14 proposed procurements. The value of these procurements is hard to evaluate since most of them are standing offers where departments normally identify the number of standing offers that will be issued but not the value. In addition to the INAC interventions, there were 25 cases (of the 312 proposed procurements) that already had an Aboriginal component. This shows departments are more aware of the Strategy and consider Aboriginal procurement without as many interventions from INAC.

COMPLIANCE

Consulting and Audit Canada (CAC) conducts compliancy audits on behalf of INAC of Aboriginal-owned firms to ensure bidders meet the PSAB eligibility requirements for entering into a contract and meet requirements throughout the life of the contract. This year, CAC performed 306 audits.

Indian and Northern Affairs Canada tends to limit requests for audits since all necessary data are available only when call-ups are issued from a standing offer. In these cases, post-award audits take place. Audits, which determine non-compliance, are referred to the appropriate contracting authority.

EVALUATION OF THE PSAB

A 2001 evaluation of the PSAB assessed the effectiveness and efficacy of the Strategy over five years. Overall, the report found that the PSAB had been successful in meeting its stated objectives, and a sound rationale for the Strategy continues to exist.

ACTION PLAN IMPLEMENTATION STATUS

The Action Plan developed and approved in response to the shortcomings of the PSAB as noted in the Evaluation Report, primarily consisted of communication and implementation activities intended to revitalize the Strategy. Most of these activities were slated for completion in 2003.

Action Plan - Summary

The Action Plan developed by the PSAB team and departmental co-ordinators, proposed the following.

- As a follow-up to the Deputy Ministers' Committee presentation, a letter will be sent from the Minister of Indian Affairs and Northern Development to his federal colleagues encouraging their continued support of the PSAB.
- A senior-level interdepartmental steering committee will be established from the signatory departments, plus other proactive departments, to:
 - review proposed actions and make decisions regarding the way ahead;
 - clarify roles, responsibilities and accountability governing the PSAB;

- review options on securing management accountability for the PSAB;
 - review current PSAB reporting and monitoring requirements;
 - review current PSAB policy and determine revisions required to enhance effective implementation;
 - determine the broad issues or themes to be examined as part of the full review; and
 - develop key terms of reference for a high-level review of the PSAB.
- Develop a communications strategy for the exchange of information with all stakeholders.
 - Expand and develop electronic access to information for stakeholders.
 - Improve the contribution of PSAB to Aboriginal business through the development and implementation of improved communication and marketing tools.

RESPONSE TO THE EVALUATION REPORT

Before the release of the evaluation report, INAC developed an action plan outlining communication and implementation activities intended to revitalize the Strategy and address shortcomings noted in the recommendations section of the evaluation report. Although most of these activities had been slated for a March 2003 completion, the scope of some deliverables expanded, thereby lengthening the time required for completion.

To ensure a high level of government-wide consultation, an interdepartmental working group was established under the auspices of a senior-level steering committee. The interdepartmental working group and the senior-level steering committee consist of INAC and PWGSC representatives, and members from other departments with a strong commitment to the PSAB. The following departments have representatives on both groups:

- Indian and Northern Affairs Canada
- Public Works and Government Services Canada
- Treasury Board Secretariat
- Department of National Defence
- Health Canada
- Human Resources Development Canada
- Correctional Service Canada
- Royal Canadian Mounted Police

The steering committee is the review mechanism for any changes proposed by the working group in the continued implementation and operation of the PSAB. The steering committee, chaired by INAC's Assistant Deputy Minister for Socio-Economic Policy and Programs (SEPP), convened on February 24, 2003 to review several completed deliverables and the working group's progress on any outstanding items for resolution.

2003 WORKING GROUP ACTIVITIES

The following communication and implementation activities were noted by the Action Plan, and are intended for the revitalization of the Strategy. Progress on these items has been noted accordingly in italics.

- **A letter will be sent from the Minister of Indian Affairs and Northern Development to federal colleagues encouraging their continued support of the PSAB.**

This letter was produced and signed by the two departments responsible for the inception and implementation of the PSAB: INAC and PWGSC. However, due to changes within the aforementioned departments' ministerial structure, a new version of the letter was produced to reflect current Government of Canada priorities and trends. Due to additional consultation between the two departments, the letter will be released in the 2004 fiscal year.

- **A senior-level interdepartmental steering committee will be established from the signatory departments, plus other proactive departments, to:**
 - review proposed actions and make decisions regarding the way ahead;
 - clarify roles, responsibilities and accountability governing the PSAB;
 - review options on securing management accountability for the PSAB;

- review current PSAB reporting and monitoring requirements;
- review current PSAB policy and determine revisions required to enhance effective implementation;
- determine the broad issues or themes to be examined as part of the full review; and
- develop key terms of reference for a high-level review of the PSAB.

The aforementioned work resulted in the production of a guiding principles document, which clarifies several aspects of the PSAB policy; specifically, Aboriginal content, control, sub-contracting and joint venture guidelines. The approach taken in the document evolved through discussions between INAC, PWGSC, legal counsel from INAC and PWGSC, and auditing managers from Consulting and Audit Canada.

Aboriginal stakeholders were consulted and presented with a preliminary draft before final working group approval. The guiding principles document clearly outlines what elements have to be in place for an Aboriginal company to be considered as having majority ownership and control of a joint venture or partnership:

- *written and signed joint-venture agreement;*
- *a business plan; and*

- *separate records of business/financial records.*

The guiding principles document does not change the existing policy; rather, it clarifies the policy so auditing teams may determine the extent of Aboriginal content, ownership and control in ventures involving non-Aboriginal parties. It should be noted that Aboriginal companies are not being asked for more than what any other business would have to provide to substantiate majority ownership and control. This document is slated for review by the ADM level steering committee in early 2004. After this review, terms of reference for a subsequent high-end review will be established.

- **Develop a communications strategy for the exchange of information with all stakeholders.**

In late 2003, the Minister of Indian Affairs and Northern Development signed off on a government-wide communications strategy to promote the PSAB to senior management, particularly among those with significant procurement responsibility. There are three primary goals.

- *Increase awareness and knowledge of the PSAB program among federal purchasing personnel and responsibility centre managers (RCMs).*
- *Reinforce the Government of Canada's commitment to the PSAB.*

- *Encourage the use of the PSAB among federal purchasing personnel and RCMs by raising awareness of the capacity of Aboriginal businesses to meet federal contracting needs.*

The following activities have been identified.

- *Develop articles and advertisements for use in public sector purchasing journals (e.g., Summit) and departmental and interdepartmental newsletters.*
- *Submit PSAB success stories to editors of departmental newsletters and journals (e.g., CIO's Government Review, RCMP's The Pony Express, Canadian Government Executive).*
- *Successes could be highlighted with a photo opportunity with senior management (i.e., when a contract is awarded).*
- *One year ago, a PSAB primer was developed and sent out to all PSAB co-ordinators. A Web-based training module, (a purchasing tool kit) intended for Aboriginal suppliers has been developed. Information for federal purchasing personnel will reference the primer.*
- *Establish interdepartmental focus groups on a regular basis (e.g., semi-annually) to gather information as to how PSAB information is being disseminated, understood and implemented. These focus groups may be in addition to the annual PSAB*

co-ordinators conference depending on available funding.

- *Education modules on the PSAB should be introduced into training courses, such as those administered by the Canadian Centre for Management Development, (CCMD) and the Material Management Institute as well as EX and ADM level training programs. A communication component should be developed for these training modules (e.g., a PSAB communication toolkit/ information kit).*
- *Success stories should be copied to DMs, ADMs, PSAB co-ordinators, departmental communication officers, federal purchasing personnel and RCMs. A communication package of background information and key messages should be supplied to departmental communication officers to enable them to write effectively about the PSAB.*
- *A presentation on the progress of the revitalization process will be made to deputy ministers by the Working Group (e.g., at a deputies' breakfast or a similar forum).*
- *Distribute the PSAB annual report, which assesses the impact of the PSAB. Provide copies to federal purchasing personnel and RCMs or, alternatively, a letter or e-mail should be sent advising them where they can access the report.*

- *Establish links from all Government of Canada Web sites to the PSAB Web site.*
- *Develop a PSAB kiosk which could be displayed and transferred to various government buildings.*
- *Letters will be sent to deputy ministers of each department with a copy of the evaluation report. This letter should include an executive overview of the PSAB with the encouragement to distribute this overview throughout senior management levels. In addition, the DMs will be asked to verify who on their staff is acting as the departmental PSAB co-ordinator. A list of these names should be kept by INAC's PSAB team for contact purposes.*
- *Departments should reference the PSAB and their performance objectives in their yearly Report on Plans and Priorities and the Departmental Performance Report.*

- **Expand and develop electronic access to information for stakeholders.**
- **Improve the contribution of PSAB to Aboriginal business through the development and implementation of improved communication and marketing tools.**

The Aboriginal Supplier Database was enhanced and moved to Industry Canada's Strategis Web site. Additionally, electronic capacity development tools were developed

and added to the PSAB homepage at: <http://www.ainc-inac.gc.ca/saea-psab/index_e.html>.

These tools include an electronic, on-line version of the PSAB Primer, along with the recently developed, Web-based "Guide to Doing Business With the Federal Government" module for Aboriginal vendors.

The final product of this work will be a comprehensive PSAB policy to be made public and released by the Treasury Board Secretariat for inclusion in the Government of Canada's Contracting Policy. The revitalization process is expected to culminate in late 2004.

The complete Evaluation Report and the Action Plan can be found on the PSAB Web site <www.ainc-inac.gc.ca/pr/pub/ae/ev/00-06_e.html>.

SUCCESS STORIES

Aboriginal suppliers no longer depend solely on the mandatory PSAB set-asides for business as they continue to bid on and win more contracts based on their capacity, capabilities and competitive nature. The set-asides provided the foundation, but their growth and development are due to operating businesses in a professional manner, and delivering quality goods and professional services at competitive prices.

The success of both the large, experienced suppliers and new, smaller suppliers is a result of the combined efforts of the PSAB initiative, the PSAB co-ordinators and Aboriginal businesses. Some examples of these successes follow.

ANISHINABE PRINTING

Established in 1992 by Sydney Cooko and Wayne Odjick of the Kitigan Zibi First Nation, near Maniwaki, Quebec, Anishinabe Printing has grown from doing printing jobs for the Kitigan Zibi Band to various native organizations in the National Capital Region. They have also held a number of contracts with INAC.

The company now has six employees, and an impressive list of clients: Aboriginal organizations including the Assembly of First Nations and federal departments, such as Human Resources Development Canada, the Royal Canadian Mounted Police, Canadian International Development Agency, Correctional Service Canada and Industry Canada. The PSAB provided the opportunity for Anishinabe Printing and, in return, the

company has contributed to economic development and job creation opportunities in its community.

In 1999-2000, Anishinabe Printing received the Entrepreneur of the Year Award from the Native Commercial Credit Corporation. In 2000, it was the recipient of the Personnel Services, Communications (Gala de la PME 2000) Award and, in 2002, it received another award from the Business Association of the Outaouais. Today, Anishinabe Printing stands out as a shining example of what can be done with a little ingenuity, a little risk taking and capitalizing on the opportunities created by the global technology network.

AYSHKUM ENGINEERING INC.

Based at the Peguis First Nation in Manitoba, Ayshkum was born from discussions among recent graduates from the University of Manitoba's Engineering Access Program, who felt they could improve living conditions within First Nation communities. The company's services include complete project management, civil and structural engineering, design, architectural services, feasibility studies, and commercial and residential site development.

The road ahead was not easy; Ayshkum Engineering competed against companies with long track records of working on First Nation lands. The first year was difficult, but in 1998, things started picking up.

When tendering out to contractors, Ayshkum determines from the First Nation how much equipment it has, how many employees are skilled and how many need to be trained to get a job done. Contractors are then advised of the minimum number of people that need to be trained and the minimum amount of equipment to be used from the First Nation. This way, the contract benefits the First Nation community as well. All too often companies come into a community with no guarantees of local content, whereas, Ayshkum, makes a point of taking a community's resources into account.

By many standards, Ayshkum Engineering Inc. is a success. But for this Aboriginal-owned and operated firm, success is always in transition, constantly redefined by the goals company members set for themselves.

ININEW PROJECT MANAGEMENT LTD

In 1990, the Tataskweyak Cree Nation, the Chemawawin Nation and the Mosakahiken Cree Nation in Manitoba joined forces to create Ininew Project Management Ltd to provide professional engineering and architectural design services, and project management expertise for capital projects within First Nation communities.

Established to retain knowledge and capital within their communities, this organization of professional project managers helps to transfer skills to First Nation project co-ordinators to reduce and, ideally, eliminate the economic drain caused by paying for the services of

outside professionals, especially for major on-reserve capital projects.

In the past, a contractor would often complete a project, yet create very little employment for people on the reserve. Ininew has built a team of highly skilled Aboriginal professionals, with over 50 percent of their core complement of experienced project managers being First Nation. Their member contractors use the labour pool already on reserves and rent as much heavy equipment as possible from First Nations.

In addition, they also train as many trades-people as they can. According to Ininew president Jack Braun: "We try to maximize our training and keep those skills in the community, because it just makes sense to do so, to make our First Nation communities self-sustaining."

The organization does between \$2 million and \$3 million in business annually and has client communities throughout Saskatchewan, Ontario and Manitoba. Its reputation for quality work and unsurpassed service has allowed Ininew to build strong, ongoing relationships with clients; much of its business comes from repeat customers. The firm has also been hired by private business, Crown corporations and federal departments to carry out projects ranging from office renovations to environmental site assessments.

KAK

KAK provides simultaneous interpretation from English to French and vice versa. It is especially known for its work at conferences, interpreting Aboriginal languages for an Anglophone or Francophone audience. KAK's services are therefore an essential resource in helping Aboriginal organizations disseminate their ideas and positions. Since its founding by Clément Cloutier three years ago, the company has grown continually, breaking into new markets and extending its reach from Montréal to the eastern tip of Quebec. Mr. Cloutier now employs four full-time interpreters and a number of free-lance interpreters who work as required. He also hires Aboriginal people who are perfectly fluent in one Aboriginal language and in French to interpret at the various conferences held in Innu and Attikamek.

Last year, KAK signed about 15 contracts with the Government of Canada through the Procurement Strategy for Aboriginal Business. With the services provided under contract, KAK has quickly gained the credibility and confidence that make this company one of the most sought after firms for simultaneous interpretation services. Clients include the First Nations of Quebec and Labrador Health and Social Services Commission, the Assembly of First Nations of Quebec and Labrador, the Assemblée Mamu Pakuatatau Mamit, the Games of the World in Montréal in 2004, Health Canada, Fisheries and Oceans Canada, and Indian and Northern Affairs Canada, as well as various Aboriginal organizations.

CONCLUSION

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

There is a continuing need for the Strategy. This is particularly true for new and small First Nation, Inuit or Métis companies. Re-energizing the commitment of all stakeholders and implementing a revitalized PSAB is essential for the Strategy to continue its upward trend.

The PSAB Team would like to thank all departments and agencies and their PSAB co-ordinators for making the Strategy a success. Based on the departmental reports provided to us (not the values reported in the TBS Report), the team recognized and congratulated the following departments for having surpassed their departmental PSAB performance objectives in 2003:

- Agriculture and Agri-Food Canada
- Atlantic Canada Opportunity Agency
- Canada Customs and Revenue Agency (now Canada Revenue Agency)
- Canadian Food Inspection Agency
- Canadian Heritage
- Canadian International Development Agency
- Canadian Security Intelligence Service
- Citizenship and Immigration Canada
- Correctional Service Canada
- Department of Justice Canada
- Department of the Solicitor General (now Public Safety and Emergency Preparedness Canada)
- Environment Canada
- Health Canada
- Human Resources Development Canada (now Human Resources and Skills Development Canada and Social Development Canada)
- Immigration and Refugee Board of Canada
- Indian and Northern Affairs Canada
- Industry Canada
- Library and Archives Canada
- National Defence
- National Energy Board
- National Research Council Canada
- Office of the Auditor General of Canada
- Public Service Commission of Canada
- Public Works and Government Services Canada
- Royal Canadian Mounted Police
- Statistics Canada
- Transport Canada
- Transportation Safety Board of Canada

The following departments received recognition awards for the first time. Congratulations and continued success to:

- Canadian Institutes of Health Research
- Canadian Space Agency
- Natural Sciences and Engineering Research Council of Canada
- Office of Superintendent Financial Institutions

Finally, INAC wishes to extend congratulations to the more than 30,000 First Nation, Inuit and Métis entrepreneurs whose talents, skills and competitive desire to succeed, which with a reinforced PSAB, will ensure the development of a competitive and diverse Aboriginal business sector.