



**Affaires autochtones et
Développement du Nord Canada**

**Aboriginal Affairs and
Northern Development Canada**



The Procurement Strategy for Aboriginal Business (PSAB)

By:

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Overview

The Procurement Strategy for Aboriginal Business (PSAB)

- The PSAB was launched in 1996 to address the under-representation of Aboriginal businesses in federal procurement processes.
 - A key element of the Federal Framework for Aboriginal Economic Development
 - Places responsibility on Federal departments and agencies who are responsible to conduct contracting activities with Aboriginal businesses on behalf of the Government of Canada
 - Federal government contracts approximately \$20B goods and services annually

- AANDC coordinates the implementation of PSAB on behalf of the federal government
 - In close collaboration with PWGSC and TBS



Overview...

- Committed to working with Canada's rapidly growing Aboriginal business sector:
 - There are over 37,000 Aboriginal-owned businesses across Canada covering a variety of economic sectors, that are well established in construction (18%), primary sectors (13%), and service-based industries (28%)
 - The 2006 census revealed an increase of 38% since 2001 of Aboriginal Business owners – this exceeds that of self employed Canadians overall.
 - Aboriginal businesses have created approximately 82,000 full time jobs and 18,000 part time jobs,
 - A doorway to federal procurement opportunities.



Four Key Approaches to PSAB

- The PSAB employs **four key approaches** to increase Aboriginal business participation in federal procurement: *mandatory set-asides; voluntary set-asides, joint venturing; and subcontracting criteria.*
- Aboriginal businesses must meet **eligibility criteria** (related to ownership and control, and proportion of Aboriginal workforce).
- Federal departments and agencies that purchase more than \$1 million in goods, services and construction establish **annual targets** related to the PSAB.
- AANDC works closely with departments to **set reasonable and achievable objectives**, and advises on Aboriginal business capacity.



How PSAB Works

1. Mandatory Set Asides

Set Asides are mandatory if:

- An area, community or group in which Aboriginal people make up at least 80% of the population;
- The Aboriginal population will be the recipient of the good, service or construction; and
- The value of the contract is over \$5,000

2. Voluntary Set Asides

Employed if:

- Aboriginal capacity exists;
- The client department voluntarily decides to apply the PSAB set aside where operational requirements, best value prudence and probity and sound contracting management can be assured.



How PSAB Works...

3. Joint-Venture Agreements and Partnerships

- Allows Aboriginal and non-Aboriginal partnerships to bid on opportunities that have been set aside.
- Aboriginal businesses need to demonstrate 33% value of the work.

4. Use of Aboriginal Criteria

In awarding of prime contracts, departments are encouraged to:

- Request Aboriginal sub contracting plans either as a mandatory requirement or a rated evaluation criteria
- *Can be applied only if International Trade Agreements do not apply.*



How PSAB Works...

PSAB Eligibility Criteria

An Aboriginal business may be:

- A sole proprietorship, limited company, cooperative, partnership, or not-for-profit organization in which,
 - Aboriginal persons have majority ownership and control meaning at least 51%, and
 - In the case of a business enterprise with six or more fulltime employees, at least 33% of the full-time employees are Aboriginal persons,
- OR-
- A Joint-venture agreement in which an Aboriginal business or Aboriginal businesses as defined above have at least 51% ownership and control.



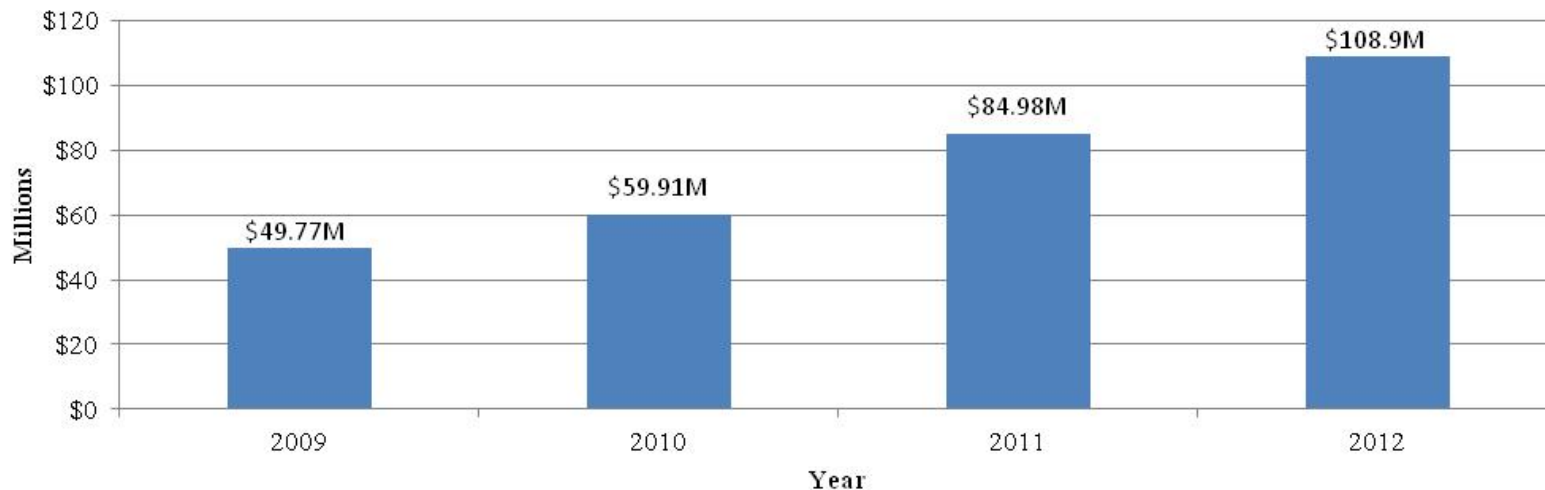
How PSAB Works...

As part of the **Joint-Venture agreement**:

- The “Content” requirement needs to be applied and is defined as at least 33% of the value of the work must be performed by an Aboriginal business.
 - “**Value of the work**” is the total value of the contract less any materials directly purchased by the contractor for the contract.
- However when calculating the 33% of the total monetary value of work, the managerial and administrative costs incurred by the Aboriginal Firm is included. Some examples
 - Contract management
 - Recruiting (resources needed for actual contract)
 - Resources pay (resources working on the actual contract)
 - Administrative work (related to the actual contract)
- The contractor must notify/bind subcontractors in writing to respect this requirement.



PSAB Success...



Aboriginal Procurement Figures (Set-Asides)	
2012	\$108.9 Million
2011	\$84.98 Million
2010	\$59.91 Million
2009	\$49.77 Million
1997	\$21.70 Million

Value of PSAB set-aside contracts 2009-2012:
Doubled and increased by over 100%

More than \$5.2 billion in Aboriginal procurement since inception

In 2012, 83% of Federal departments reporting having met or exceeded their set targets

1,817 Aboriginal businesses registered in the Aboriginal Business Directory (ABD) as of Nov. 18, 2015



Be Part of PSAB Success

Register in the Aboriginal Business Directory:

- Aboriginal businesses can increase their visibility by registering in PSAB's [Aboriginal Business Directory](#) (ABD).
- The ABD is housed within Industry Canada's Canadian Companies Capabilities database and is a search engine available to industry and the federal procurement community for identifying Aboriginal business suppliers.
- It is also used by provincial and municipal governments AND the private sector to find qualified Aboriginal businesses in various sectors.
- Registration is FREE.
- All businesses in the ABD are subject to audits to ensure compliance under the PSAB.



Be Part of PSAB Success

- When registering as an Aboriginal business, INAC recommends that owners / managers collect documentation:
 - From ALL employees: proof of Canadian residency, such as drivers' licenses;
 - From all Aboriginal employees of proof of heritage, such as:
 - Copy of a Status Card;
 - Copy of letter from INAC indicating acceptance for registration under the Indian Act;
 - Letter from Band Council; indicating membership in the Band;
 - Official Band list provided by INAC;
 - Copy of membership card from the Métis National Council or its affiliates or the Congress of Aboriginal Peoples;
 - A letter from the Métis National Council or its affiliates or the Congress of Aboriginal Peoples indicating that membership, or recognition of Aboriginal ancestry;
 - Inclusion on the enrolment list of a designated land claims organization
 - Letter from Executive Director or Board of a recognized Aboriginal community organization recognizing Aboriginal ancestry;
 - This could save considerable time and trouble for any type of audit – especially for post-award audits which require documentation through-out the whole contract. If an employee leaves, this can be difficult / impossible to gather after the fact.



Be Part of PSAB Success...

- **The decision to set-aside a contract ultimately rests with the requisitioning authority.**
- **The requisitioning authority will:**
 - Ensure procurements for Aboriginal populations are mandatorily set-aside. The threshold is \$5K.
 - On a voluntary basis apply PSAB where capacity exists.
 - Encouraging the use of Aboriginal criteria should take place if there is a known capacity. Otherwise it may not be cost effective to set-aside the procurement.
 - Ensure formal certification is submitted with bid documentation.



Be Part of PSAB Success...

- Participate in Supplier Development Activities
- Check departmental source lists
- Regularly monitor BuyandSell.gc.ca/tenders
- Register in Industry Canada's Aboriginal Business Directory to start bidding on PSAB set-aside contracts and promote your business capacity
- Contact a departmental PSAB coordinator or the PSAB team for more information



Contact

- The PSAB team is pleased to answer your questions.
- Contact us through the PSAB Help Line at 1-800-400-7677 or by email to saea-psab@aadnc-aandc.gc.ca.
- The [PSAB website](#) can provide you with more information.



ANNEX





Registration

REGION	CURRENT ACTIVITY AS OF OCTOBER 2015
Alberta	181
British Columbia	345
Manitoba	203
New Brunswick	28
Newfoundland and Labrador	62
Northwest Territories	94
Nova Scotia	42
Nunavut	77
Ontario	497
Prince Edward Island	2
Quebec	205
Saskatchewan	81
Yukon	25
TOTAL	1842



Outreach and Training

REGION	TOTAL SINCE 2012
Northwest Territories	2
Nunavut	1
Yukon	0
British Columbia	5
Alberta	0
Saskatchewan	0
Manitoba	1
Ontario	67
Quebec	4
New Brunswick	2
Newfoundland and Labrador	3
Nova Scotia	1
Prince Edward Island	0
TOTAL	86

Participated in 46 outreach events and conducted 86 PSAB awareness sessions on a national basis