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Chair

Mr. Tom Lukiwski

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• (1105)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): I call the meeting to order. We're a couple of minutes late, but close enough.

Before we begin with the presentations and the introduction of our witnesses, I have a housekeeping note. At 1 p.m., as most of you are aware, we will have a delegation from the Vietnamese parliament. Several parliamentarians will be here. We'll go in camera for an informal discussion. They will mainly have questions for all of you about the jobs you perform and how Parliament works here in Canada. Unfortunately, I will not be able to participate. I have a Liaison Committee meeting at the same time. Madam Ratansi has graciously agreed to take the chair, even though it's an informal meeting, to help direct the questions. I would encourage all of you who have no prior engagements to please stick around and meet our Vietnamese colleagues.

With that, I would like to welcome all of our witnesses here today.

By video conference from Saskatoon, we have Mr. Sean Willy of Des Nedhe Development.

Gitpo Storms Corporation is represented by Mr. Bernd Christmas. Welcome, sir.

From FoxWise Technologies Incorporated, we have Mr. Sam Damm. Thank you, Mr. Damm, for being here.

From K-Sports Marine Incorporated, we have Mr. John Derouard. Thank you, sir.

Susan Targett is here from Seven Generations Energy Ltd.

Welcome to all of you. As you probably know, you'll all be given approximately 10 minutes for opening statements. Following your statements, we will then go into a round of questions from all of our colleagues. We'll go as long as we can until we adjourn at 1 p.m.

With no further ado, I would like to ask Mr. Willy for his opening statement via video conference.

Mr. Willy, the floor is yours.

Mr. Sean Willy (President and Chief Executive Officer, Des Nedhe Development): Good morning from Saskatoon. It's my pleasure to be here with you this morning over video to provide you with my words around how Canada needs to adjust and improve the current federal procurement tools for indigenous peoples.

First, let me introduce myself. My name is Sean Willy. I am president and CEO of Des Nedhe Development, English River First Nation's economic development corporation. I'm also co-chair of the Canadian Council for Aboriginal Business, but today I'm speaking from the perspective as a leader of one of Canada's tier one indigenous economic development corporations.

Just as a bit of context, I was born and raised throughout Canada's north. I was born in Inuvik and lived in Fort McPherson, Rankin Inlet, Nunavut, Yellowknife, and Saskatoon. I'm a proud member of the North Slave Métis Alliance, with strong connections to my Métis and Denesuline roots. I grew up in a family with a Dene mother and a mining executive father. I'm proud to say that I started in the gold mines of the Northwest Territories as a local indigenous hire. So began a long and healthy career in the mining industry. I was last at Cameco Corporation, where I was the director of corporate responsibility. At Cameco I led all indigenous community engagement activities in Canada, the United States, and Australia for all their worldwide projects. This led to innovative approaches to indigenous engagement strategies and plans, and included negotiating six community-based agreements in Canada and Australia. One of the most successful community agreements was signed with the Denesuline community of English River, for whom I now work. I lead their economic development arm.

English River First Nation has had a long history of working with the mining industry in northern Saskatchewan. As in any relationship, it has its ongoing partnerships, but what English River saw was opportunity. The community leaders saw that the world wanted and needed the world-class uranium deposits found on their traditional lands. They knew they could support this development and better their communities through the creation of a business geared toward the uranium mining companies. Over the past 25 years, this has evolved into Des Nedhe Developments, one of the most progressive tier one indigenous-owned and -driven entities in the country.

Des Nedhe is comprised of four distinct business drivers. One is a retail and property division that works across Saskatchewan, including a 150-acre urban reserve bordering Saskatoon that contains gas stations, convenience stores, and commercial buildings. The heart of Des Nedhe is an industrial division, which includes one of Saskatchewan's largest construction and mining companies, Tron. We work with Cameco, the potash industry, and SaskPower. In addition to this, Des Nedhe has built a local consortium composed of local first nations and Métis communities in northern Saskatchewan to secure all developmental mining for Cameco's mining operations.

To mitigate against the risk of putting all Des Nedhe's revenue into the resource industry, Des Nedhe has pursued a strategy to invest in some of Saskatchewan's blue-chip companies. In 2014 Des Nedhe purchased a majority interest in Creative Fire, whose 20-year experience in corporate services essentially raises the bar in Canada for indigenous service firms. In addition to Creative Fire, in 2015 Des Nedhe, in partnership with Peter Ballantyne Cree Nation, purchased 60% of JNE Welding, a large, well-respected fabrication and welding firm in Saskatoon. The last business segment of Des Nedhe is the recently created Sage Power, a 100% renewable power company that when partnered with our other Des Nedhe companies becomes one of Canada's only vertically integrated, indigenous-owned renewable power plays.

Des Nedhe is a leading example that we are proud to represent. It highlights what can be achieved through progressive and leading-edge procurement initiatives driven from targets placed upon resource companies by the federal and provincial governments. The goal was to create sustainable local development from these mining operations. This model has since been emulated across the country.

One of the questions posed within this standing committee should be how to spur further indigenous economic opportunities through the federal procurement system. The bottom line is that PSAB, the procurement strategy for aboriginal business, is broken. Des Nedhe was asked, because of our past experience in the resource industry, to create a white paper on how to modernize the indigenous procurement system. To begin this process, we filed an access to information request to obtain some additional information. What we found was staggering. Over the last 10 years, the percentage amount of total federal procurement allocated to indigenous business was 0.46%. Let me repeat that: 0.46%. Less than half a percent of all federal procurement goes to indigenous business.

Let's compare that with the near 40% of total services spend that goes to the Northwest Territories indigenous groups from the Diavik diamond mine operation or the 70% of the operations services spend that Cameco targets to its local indigenous communities.

How are these large multinational firms, which have to deliver shareholder value and ensure their projects get built and operated, able to engage in indigenous business at these levels, and how can we use some of these lessons to better the federal procurement system? Our suggestion is that we start with four key fixes: number one, impose departmental incentives and compliance; number two, create mechanisms and processes to ensure success; number three, prevent and halt corporate fronts; and number four, remove barriers and provide a mechanism for the defence industry to work with indigenous business.

Due to time constraints this morning, I cannot dive into each of these four suggestions as much as I'd like, but let's just touch base on each of them.

Data from the previous decade indicates that 71% of federal departments have not procured any product or service through an indigenous supplier. This is a clear indication that the policy only reaches far enough to encourage departments into setting targets but does not create any incentive or mandate compliance. Without consequences for not setting or missing PSAB targets and with no mandated formula to arrive at spending targets, procurement agents within federal departments face an uphill climb to reach these targets. Federal departments have an obligation to procure goods and services at the lowest possible cost while maintaining quality, delivery, and service and acting in a responsible manner. The omission of a mandate within the PSAB and the lack of any hard commitments to targets create an adverse effect for procurement departments, as they are not compelled to spend any additional time or resources to ensure they are meeting their targets. These barriers indicate that to be effective, PSAB needs to mandate a minimum departmental spend on indigenous suppliers, with consequences for not reaching targets.

There is evidence to show that this works, not only in the private sector with resource companies but also in the public sector. In 2015 the Australian government introduced the indigenous procurement policy to leverage annual multi-billion procurement spending to drive demand for indigenous goods and services and stimulate indigenous economic development. This policy included targets for purchase from indigenous business, mandatory set-aside contract obligations, and a minimum indigenous spending requirement based on a set percentage of all spending.

In the first year, the new policy surpassed all targets, as spending on indigenous business increased nearly 46 times—from \$6.2 million to \$284 million—and proved to be such a success that a new target of 3% of contracts to indigenous businesses was set.

Similarly SaskPower, a Saskatchewan crown corporation, introduced an aboriginal procurement policy with mandated targets. The introduction of a mandate to reach targets has been successful, not only exceeding targets but also annually increasing them. In 2015 the target of 1.5% launched the new policy and saw an execution of 2.9%. The rise in targets, backed by compliance mechanisms, saw 2016 targets of 5.9% exceeded with an actual indigenous procurement spend of 7.9%.

It is recommended that PSAB adopt mechanisms of incentive and compliance through a mandatory requirement of set-asides that is increased annually to reach a target reflective of the growing indigenous population in Canada. We feel this target should be set at 10% of all government procurement.

Next is mechanism and process. Many indigenous businesses can and do compete with all businesses. In fact, statistics within PSAB indicate that 60% of total business awarded to indigenous entities is from open, not restricted, competition under the incidental category. Although a positive indication, this should not be taken to mean that indigenous companies are successfully developing the capacity and the capability to compete in an open market, and not that set-asides are not required. On the contrary, the PSAB must continue to help indigenous business grow and provide opportunities for the majority of indigenous groups in Canada.

The next fix is with regard to preventing and halting corporate fronts. Many indigenous businesses are thriving across sectors of the economy. Some of this growth can be attributed to initiatives aimed at maximizing inclusion of indigenous business and individuals. In many cases, indigenous economic development issues in both government and private sectors greatly benefit from strategic alliances between indigenous and non-indigenous companies. Partnerships, joint ventures, and strategic alliances have resulted in many successful ventures. Subcontracting opportunities have been a good way for smaller and less experienced indigenous enterprises to enter supply chains.

To ensure that benefits of PSAB flow to indigenous businesses, Consulting and Audit Canada conducts compliance audits of indigenous-owned firms to verify that proponents meet PSAB eligibility requirements for entering into a contract and meet requirements throughout the life of the contract. When the audit for compliance is completed, the audit results are communicated to the contracting authority where and to the audited businesses. If the audited business is compliant with the PSAB, it will continue to be eligible to bid on set-aside requirements.

• (1110)

On paper, the indigenous partnership or alliance may appear to meet the ownership, control, and employment criteria. However, in many cases non-indigenous businesses are partnering with an indigenous business to create a company for a specific government contract, which then dissolves upon completion of that contract. This is evidenced by the large number of indigenous entities not existing after the completion of a project, once they have served their purpose. Many of these arrangements are able to pass audits, as they are compliant to the audits, but have very little benefit to the indigenous entity. The creation of these corporate fronts takes advantage of set-aside opportunities, yet does not build any substantial capacity, training, or sustainable business for the indigenous proponent.

Last, with regard to industrial technical benefits, the industrial and technological benefits program is designed to ensure that Canadian businesses are benefiting from government defence and security procurement. Through this policy, companies winning contracts are required to spend the same value of contracts in Canada. Within this policy, there are incentives and multipliers created to target spending

in key areas, resulting in billions of dollars procured to Canadian companies.

However, the same issues that federal departments face with PSAB are created for prime military contractors. A lack of mandate, incentives, and compliance mechanisms to work with indigenous firms has prevented a large segment of the indigenous population from participating in and taking advantage of these opportunities.

Between 2007 and 2016, the Department of National Defence was the highest-spending department, with procurement spending of over \$66 billion. Governments around the world recognize the importance of a strong defence sector, not only for national security but to fuel economic growth. Through defence spending, the Canadian government's investments in defence-related goods and services have generated economic benefits through policies that have encouraged prime contractors to invest in and grow the private sector. Multipliers have been used to target investments in research institutions, small and medium-sized enterprises, technological development, and firms with the potential for exports. This has resulted in billions of dollars of procurement and investment in the private sector.

However, the policy has not incentivized or targeted spending to indigenous suppliers. This is clearly evident, as the Department of National Defence has spent only \$37 million of the \$66 billion, 0.06%, over the last decade on indigenous suppliers. If Canada's commitment to rebuilding the relationship with indigenous people and advancing economic development is genuine, the establishment of incentives for the highest-spending department must not be overlooked.

The industrial and technological benefits policy has been used as a successful tool for targeting spending and investment. To ensure that the procurement policies provide a clear and consistent incentive to prime contractors to enhance the participation of indigenous suppliers in their supply chain, an indigenous multiplier within the policy will support long-term sustainability and growth of indigenous suppliers within Canada's defence sector and fuel economic growth across the country.

Today one of the biggest and most successful economic development initiatives in Canada is excluding the indigenous population of the country. This investment and retooling of Canada's federal procurement system has a tremendous upside for Canada and indigenous peoples if done correctly. It is key that we get this right, as it will add value to Canadians from coast to coast to coast.

Thank you.

• (1115)

The Chair: Thank you, Mr. Willy.

To all of our witnesses, I would ask, if you could, to try to keep your remarks within 10 minutes. We were considerably over time for that one, but I was showing some latitude.

I mention this only because we want to have time for questions. Our committee members are the ones who want to find out more about what you have to say. We ask that you try to keep your comments as concise as possible.

With that, I'd like to now welcome Mr. Christmas for your opening statement, sir.

Mr. Bernd Christmas (Chief Executive Officer and General Counsel, Gitpo Storms Corporation, As an Individual): Thank you very much.

I want to say *wela'lin* to Mr. Willy. If he had a mike to drop, I think that was it. That was awesome. He said it perfectly.

I assure you Mr. Willy and I have not communicated whatsoever, but I'm basically echoing what he said. It's 100% right on.

I'd like to add some things. I have one other recommendation that might help the situation.

Before we get to that, Gitpo Storms is a company that involves former national chiefs Ovide Mercredi, Matthew Coon Come, Shawn Atleo, and Chief Roger Augustine. We formed this company to go after opportunities in the global marketplace and to seek a better way of engaging and reconciling indigenous economies with the global economies. We're bringing to bear a lot of our social, legal, and political expertise.

I also happen to be the former CEO of a very successful first nation called Membertou. The story, which you may have heard, is that we started at \$4 million, and currently we have revenues of about \$120 million a year. That was based on utilizing a business model and a strong governance model and attempting to get procurement opportunities, but basically doing it on our own from Cape Breton Island, *Unama'ki*, a very impoverished area.

To pick up on a few items from Mr. Willy's presentation—it's worked out nicely—military procurement is interesting. We partnered with Boeing and Lockheed Martin way back when procurement for the Sea King helicopters was to take place. Boeing came to us, as did Lockheed Martin, because we were the only first nation that ever achieved ISO 9001 designation on our management systems. They said to us specifically they came because we had this designation and they were told directly or implicitly that they had to get first nations involvement. That was a shocker at that time, a turning of the new years.

We moved on and did some things, and eventually another company, Sikorsky, won and that opportunity left, but the resulting partnership between those two entities had a pretty impactful benefit for the community generally, on other things that had nothing to do with helicopters and probably nothing to do with this committee's work.

The other one that was touched upon that's important to talk about currently is that opportunities are vast across the country. My colleagues and I travel in North America and South America and deal with lots of indigenous groups. The private sector does a fairly good job in creating procurement opportunities, but wherever we go, quite frankly, government does not, to be blunt. Right now you have a \$25-billion shipyard contract that the Irvings have. If we talk to them, they will say to us quite bluntly that they don't have to deal

with us because government doesn't tell them to. That's \$25 billion in the Atlantic region and in the B.C. region, but you're not going to do anything with indigenous peoples? Yes, that's right. Wow. Okay.

I hope you take that into consideration. I brought this up already with Industry Canada and Indian Affairs and all kinds of other departments, because it's obviously quite frustrating. I know Mr. Willy touched upon it. He's not getting as impassioned as I am about this, but it's a system that cries for change.

The one thing I wanted to end with is the fact that the current system doesn't work. I personally think it's a joke that you sign up under the Industry Canada website. Gitpo Storms, this is what you provide. Membertou First Nation, this is what you provide. Any band or any development corporation, this is what you provide. Then we wait—we don't wait, but we supposedly wait—for all these amazing opportunities to come.

● (1120)

I can tell you, both from working with a company and as a private individual, as a lawyer with my own law firm, that in about 23 years of engaging in that system, I have not received one single phone call, email, or letter that says, "We would like you to bid on this project."

There's clearly something wrong there that has to be changed.

In summary, Mr. Chair, there's a really good system in the United States called the National Minority Supplier Development Council procurement plan. It basically says that any entity that gets government funding must create a preferred Native American minority supplier opportunity. I think that would go a long way for Canada in terms of reconciling with our communities, whether Métis, Inuit, on reserve, or off reserve.

You're going to spend the money, and we have the capacity. There are companies here that have the capacity. There are 60,000 to 70,000 companies, including those from first nations and other communities, that can do this type of work within these opportunities, but we're just not getting the breaks. Unfortunately, the Government of Canada is going to have to say, "We want this to happen, and if you don't do it, you do not get funding." It's as simple as that.

Thank you very much.

● (1125)

The Chair: Thank you very much.

Now I'll go to Mr. Damm from FoxWise Technologies.

Mr. Sam Damm (President, FoxWise Technologies Inc.): Good morning.

First I'd like to acknowledge that we're on the traditional unceded territory of the Algonquin Anishinaabeg people. Also, thank you, Mr. Chair and honourable members, for giving me the opportunity to testify today.

I'll begin my remarks by introducing myself and my company, FoxWise Technologies. I'll then briefly discuss my experience with PSAB and the set-aside program, and some changes that I would suggest be made to improve the policy.

FoxWise is also an SME, so I will provide some adjustments that I think could be made to enhance our access to procurement opportunities.

First nations are the fastest-growing population in Canada, and over 50% of our population is under 25 years old. We are the workforce of tomorrow.

My name is Sam Damm. I'm an Ojibway from the Chippewas of Nawash Unceded First Nation, in southern Ontario. I'm the founder of FoxWise Technologies, which is a 100% first-nation-owned IT company that I started in 2000. I'm proud to say that in February we will be celebrating our 18th year in business.

From day one, FoxWise has actively sought to recruit, train, and hire an indigenous workforce, and over the years we have employed over 40 first nations people. We currently do business with all levels of government, and we compete through the set-aside program as well as through the open markets.

A couple of examples of project wins for FoxWise include our Shared Services Canada set-aside HP desktop procurement, which equalled about \$1.5 million in revenue. Another contract worth mentioning is our ongoing project with the Child Development Institute, which has been about \$1.2 million over the last two years.

I feel that set-asides are important because they can be great door-openers. They can provide quicker procurement process timelines. They give indigenous companies the opportunity to bid on larger procurements that we may not normally have exposure to. This encourages indigenous and non-indigenous companies to partner.

Capacity-building is also an obvious result of winning set-asides. The wins provide the opportunity for us to recruit, train, mentor, and hire first nations staff. The skills they acquire through FoxWise are transferable and create opportunity for them to work either within FoxWise, within corporate Canada, or within the first nation community, which is good for the Canadian economy.

Overall, set-asides are great for first nations, and we encourage the Government of Canada to consider increasing the number of set-asides. The City of Toronto recently launched their social procurement program, and they set a threshold under which set-asides must be considered first. The threshold is \$50,000. They must get three bids, and one of them has to be from a certified diverse supplier. The program is working very well.

Some set-aside challenges include lack of education within the government departments. I think there should be more active outreach and education on the set-aside program. There are some misconceptions out there. Some groups think that the set-aside program is not a competitive process. I also think trade shows would give the indigenous companies the opportunity to engage with potential clients face to face.

A big one for me is reporting. I understand the federal government believes that there is more set-aside success now than ever before, but I wonder if the reporting is accurate. Is the reporting based on

set-aside standing offers and supply arrangements that have been awarded, or is it based on the amount of revenue generated through those contracts? I think that's a very important point.

Another aspect is corporate reference requirements. While trying to meet mandatory RFP requirements, there should always be an alignment of references based on the scope of the procurement.

In conclusion, it's very timely for the Government of Canada to modernize its procurement practices, and given that INAC is currently deliberating the modernization of PSAB, I feel this is an excellent opportunity to make some simple adjustments to the set-aside policy that could radically improve the participation of indigenous businesses.

As I said earlier, it's my belief that the set-aside program can be specifically improved by, one, greater outreach to indigenous businesses by government; two, more accurate reporting on business completed; and three, by setting a threshold under which set-asides must be considered first. Also, SMEs can be given greater access to procurement opportunities through reforms to corporate reference requirements.

I just want to thank you again, Mr. Chair and honourable members, for your time today. I'd be pleased to answer any questions.

Thank you.

• (1130)

The Chair: Thank you very much.

I will now go to Mr. Derouard from K-Sports Marine Incorporated.

Mr. John Derouard (President and Member of Red Sky Metis Independent Nation, K-Sports Marine Inc.): Mr. Chair and committee, thank you for the invitation to come and shed some light on our experience with the PSAB program.

Today I am accompanied by Donelda DeLaRonde, the executive director of Red Sky Métis Independent Nation.

I will be brief in order to save some time for questioning.

As an owner of K-Sports Marine for 27 years, which is 100% aboriginal owned, I have been working with the PSAB program for eight years with very limited success. Over the years we have experienced a lack of willingness to use the program as the PSAB policy states. This has been an issue from the onset; it's not new. All the purchasing departments think they have a choice in dispersing the procurement. That's not the way the PSAB policy is written. They have to use it—it's mandatory—if they are procuring to communities that are 80% populated or more.

I have attended many aboriginal government meetings where they tell the audience that this specific program is there for them to use. Let me tell you, with eight years' experience, it's not. What they are telling aboriginal business and what happens in terms of executing a program are two different things. It simply doesn't work.

One of the biggest issues is that the program is clearly defined, but the personnel who are implementing the program have their own interpretations of how to deliver it. PSAB should not be subject to interpretation for their own control.

I believe the program was set out with the intention of helping aboriginal businesses to establish themselves and to develop their own economic and social benefits. The only problem is that the system does not allow the program to do what it was intended to do.

I want to provide you with some specific examples. They're not in the notes I provided to the committee, but I have also provided these updated notes to the interpreters to make their jobs easier.

Number one, I was awarded many standing offers that were never used. The excuses given to me were that we're not competitive. In order to verify whether this was true, with the next standing offer, I purposely bid lower than the original manufactured cost to the government. I won the standing offer but was not awarded any contracts, and I wasn't provided any reasons.

Number two, the RCMP procured snowmobiles through PWGSC. I confirmed that the delivery of the snowmobiles was going to an aboriginal community. I asked them why they never used PSAB. They informed me of their interpretation that snowmobiles are never to be used by aboriginal people, and that therefore they did not have to follow PSAB. Again, this to me illustrates that there is no defined policy, and interpretation is used to control the procurement policy.

Number three concerns Fisheries and Oceans. PWGSC put out a contract for the purchase of a boat and a motor. After researching the contract details, I determined that the final destination was an aboriginal community. I called PWGSC and asked why this contract was not designated to PSAB procurement. The answer given was this: because the outboard motor was delivered to the manufacturer of the boat, their interpretation was that it was not going to be an aboriginal community, although in fact the final destination of the boat and motor was to the aboriginal community.

All I can say is that I need to become a lawyer to argue interpretation.

At this time I have more experiences I could share. I very much would like you to ask questions, as I can provide much more specific information to you that would be helpful in understanding the problems aboriginal businesses across Canada are facing.

Thank you for your time.

The Chair: Thank you very much.

Go ahead, Ms. Targett.

Ms. Susan Targett (Executive Vice-President, Corporate, Seven Generations Energy Ltd.): Good morning.

Thank you very much for inviting us to participate today. I'm going to come at it from a different perspective.

Seven Generations is an oil and gas and energy company. We produce natural gas with associated condensate. Our name comes from the law of the Iroquois, which compelled their leaders to consider the decisions they were making not only for the current generation but for seven future generations. With that in mind, that is how we established our company in 2008.

At that time we were a private company. We are now a publicly traded company as of 2014. We have grown tremendously, very organically, from having production around the 4,000-barrel oil equivalent in 2012 to about 200,000 barrels of oil equivalent, so it's a tremendous growth story.

We couldn't do that without our stakeholders. We have a code of conduct that lists the seven stakeholders we serve, and we see ourselves as not just an oil and gas company looking to make profits for its shareholders but as a company that is here to serve the needs of society and all its stakeholders. That includes the communities where we live and work, our environment, our shareholders, our capital providers, our supply and service providers, as well as our employees, and of course government and regulators.

We are among the top 10 producers. Right now we currently rank about eighth in our production, and we're about a \$9 billion company.

We have about 800 square miles of leased crown mineral rights from Alberta. We are located in northern Alberta about 100 kilometres south of Grande Prairie.

That level of activity and growth doesn't come without investment. On an annual basis we can create jobs for about 2,500 people, with an average of nine drilling rigs running during the year. A lot of that is local, particularly working with all the communities within the region, including Grande Prairie and Grande Cache, as well as first nations communities.

From that procurement perspective we are striving to make a difference, providing economic benefit and providing benefit also from the social perspective. We are very active within the communities. It's about partnerships and building relationships. We want everyone who is working within our region working with us to see our project as part of their project. It's not just a single company. It's a whole community. For us, if it takes a village to raise a child, it certainly takes a region to develop an oil and gas project.

When it comes to our first nations and how we engage with them, it's about having that building capacity and having training. This is where I think the government can help us. We do our own training through operator training. We provide some education, but that's only a part of the solution. We need to have everybody pulling on all fronts to assist with that.

In developing indigenous businesses, we have worked very hard on that personal level to go above and beyond. As an example, we had a logging company. They were losing out on the bids time after time, so we said they needed some assistance in how to bid and asked what we could do to help. We had one of our guys work with the company that was consistently losing these bids. We had them do some work on an hourly rate, and then they were able to get to the point where it wasn't just through working with us; they were getting contracts from major pipeline companies that were much larger.

For us, that is the way to engage to help those businesses elevate to the level where they need to be, but government can step in with some financing because capital is needed to build their businesses.

• (1135)

To carry on, what did we spend? Well, we've only been in existence since 2008. I'll just use the last three years, because that's where all our growth has occurred.

On average, it's about \$32 million a year. That's with about 15 indigenous businesses with the five nations that we work with. There are many more beyond those five nations that are not captured here, but this at least gives you a sense of where we're at. If we're looking at spending \$2 billion per year, it may seem like a small amount, but it's growing from where we started, so we believe that's a huge success.

We've seen some of the businesses go from being small, with trucks hauling maybe three to four loads, and now we're over 55 on a daily basis. Again, it's huge growth, taking a company that was less than a million dollars in value to somewhere around \$4 million. It's a huge success story.

Another issue is the challenge of getting off of the reserve and getting to the jobs where they need to go. They're isolated. We worked with the City of Grande Prairie, their local Rotary, and business people to develop a transportation initiative with one of the local communities. That has been in operation since the end of 2015, and it currently continues to run. There's still some work in progress on that, but again it's trying to approach things from a personal way and making an impact. It may be small, but we know it affects all the community members.

We've been working with first nation communities for over nine years on education, training, mentorship, and all of those things that we're trying to provide to make a difference.

We'll just leave you with a few quotes here. Some are taken from the Assembly of First Nations. Then I think the last slide has a couple of really good quotes in terms of what the oil and gas resource provides. There are several local communities where our resources exist that will benefit from that resource development. They're tied to the land almost more than any other group of people, so from the environmental perspective, they can assist in helping to elevate resource development. We see it as a partnership, and we have to develop those relationships. That's so important.

I think government can play a role by helping to provide maybe lower interest rate loans to help develop those businesses. We can help provide them with opportunity, but we also need some assistance to get to that level.

Thank you.

• (1140)

The Chair: Thank you very much.

We'll start with our seven-minute rounds of questioning. First is Mr. Whalen.

Mr. Nick Whalen (St. John's East, Lib.): Thank you very much, Mr. Chair.

Thank you all for coming. It's very helpful to us to hear from stakeholders and users of the PSAB system in order to determine how to change it.

My first question is for you, Mr. Willy. You said there's a white paper that you're working on. Has that white paper been completed?

Mr. Sean Willy: Yes, we completed it a while ago. We've kept it to ourselves and are sharing it with key information holders as we're going forward.

We want to act as a bridge. We want to help. We don't want to inflame the situation.

Mr. Nick Whalen: Mr. Willy, would it be possible for you to provide that to our committee so we could have it as part of our deliberations?

Mr. Sean Willy: Yes, I'm sure I can do that.

Mr. Nick Whalen: Wonderful. Thank you very much.

Mr. Christmas, you said you agreed with everything that was said. One of the points I'm trying to wrap my head around is what the right level needs to be. It sounds like the actual amount of procurement that is happening is ridiculously low. It's 0.46%, which is what we were told by Mr. Willy, but the percentage of Canada's population who are indigenous is around 4.3%, I believe.

Mr. Bernd Christmas: Yes.

Mr. Nick Whalen: Then Mr. Willy had suggested, and you agreed, a 10% threshold.

Can you elaborate a little on why 10% is the right threshold, rather than 4.3%? It seems that the Australians and the Americans go to the percentage of the population model.

Mr. Bernd Christmas: I think, based on the history of Canada, with the fact that these are treaty and title lands that are ours and the relationships that have been developed, as well as some of the bad stuff that's happened and the good stuff that's happened, that 10% is a reasonable number. There's no hard-core mathematical formula behind it, but the point is that 10% will significantly help very many indigenous communities and businesses.

You have to remember that it's not about one individual getting rich here. This is for multitudes of people, and if the Government of Canada gets involved in this in a meaningful way, it will reduce the taxpayer burden. We hear this all the time. My fellow indigenous people hear all the time, "You guys are costing us money, costing us this and that. You're always taking, taking, taking." God, let us pay our own way then, and we can. It can be done.

Again, there's no formula, sir. I think 10% is very reasonable. If I had my druthers, I'd say 50%, but, hey, that's being a bit selfish, so let's say 10%.

•(1145)

Mr. Nick Whalen: I think 2.3 times is pretty good.

Mr. Damm, you made a statement toward the end of your remarks, and I didn't quite understand it. One of your recommendations was around the alignment of references within the scope of procurement. Can you elaborate a little bit on what you mean, what references you're referring to, and how they are not currently aligned?

Mr. Sam Damm: Certainly. When we're responding to RFPs or RFXs, there are mandatory requirements. We sometimes see major misalignments between what the mandatory requirements are and the scope of the work that needs to be done.

If you're bidding on a piece of work that's worth \$100,000, let's say, why do you have to have the capability to...? You have to have been in business for 15 years, and you have to have done \$50 million worth of work with the federal government. That's what I'm talking about. There seem to be common misalignments that cut out SMEs and first nations businesses.

Mr. Nick Whalen: This is a problem we've heard about that I think not only stretches through the procurement strategy for aboriginal business but affects all SME procurement, really.

Mr. Sam Damm: Absolutely, yes.

Mr. Nick Whalen: Perfect. I think it's something we should address.

Mr. Derouard, am I pronouncing your name correctly?

Mr. John Derouard: Yes.

Mr. Nick Whalen: Mr. Willy, I know I mispronounced yours earlier. I'm sorry about that.

You had some additional written comments that weren't already provided to the committee. We received maybe the first half. Is it possible for you to provide those in writing, as well, in case we have some follow-up questions?

Mr. John Derouard: Sure.

Mr. Nick Whalen: Thank you very much.

Ms. Targett, you said something great, which was that through over \$30 million of procurement projects within your organization, you have helped 15 businesses grow, which is fabulous. If more organizations like yours were doing as well, I think it would be great for aboriginal business.

Do you know what the success rate of those businesses you've helped mentor has been within PSAB? Do you know if they have actually had additional contracts through the federal government, now that you've helped them build capacity?

Ms. Susan Targett: Of course I can't speak on their behalf, but my understanding is that there has not been a lot of significant procurement for them when it comes to those programs.

For us, and for that region, it really is about oil and gas development. I think that probably the one community that has really benefited is one that was involved in the expansion of a highway, the twinning of a highway through the reserve. They would have absolutely benefited from that because they were directly involved. I think there's also a smaller project that is close to another reserve,

and it's currently under construction. That would be the extent of my knowledge.

Mr. Nick Whalen: Through your organization, they've ramped up very quickly.

Ms. Susan Targett: Yes.

Mr. Nick Whalen: If the federal government is going to be setting targets to ramp up from the very measly 0.46% to a more ethical target, how fast can we expect to be able to do something like that? What type of a ramp-up period should we expect would be needed?

Ms. Susan Targett: From a corporate perspective and from striving to differentiate ourselves by working with all of our communities, I'd say there has to be a degree of flexibility in that, because it's going to be dependent on activity levels. You're going to have commodity prices in there. If you have a hard and fast number that doesn't take into account other economic considerations, it may be a challenge for corporations to live up to it.

The Chair: Thank you very much.

Mr. Nick Whalen: Thank you.

The Chair: Go ahead, Mr. McCauley.

Mr. Kelly McCauley (Edmonton West, CPC): Thank you, everyone, for being here today. I wish I could take everyone's seven minutes.

Ms. Targett, I'll start with you.

Thanks for the work you're doing. I'm from Edmonton. I used to work in Fort McMurray and I worked in Grande Prairie for a short while, so it's wonderful to hear about all the great work you're doing.

We heard this from other witnesses, and we heard it today. I'm struck by the amazing work done by Suncor, Enbridge, our oil and gas and oil sands businesses in providing competitive work for first nations. Why do you think we do it so well in the oil and gas industry?

Mr. Weir and I chatted about perhaps bringing those as witnesses as well. What are we doing differently? We're doing such a great job in our oil and gas industry but not in other industries and not where we have government rules.

Anyone else can chip in on that, as well.

•(1150)

Ms. Susan Targett: I think there are a couple of reasons.

One goes back to that connection of the region with the communities. We already are working with those communities from a consultation perspective. That would be another reason that we've already developed those relationships.

As we're developing those relationships, it's just a natural fit. As well, through treaties, there is a requirement to ensure that accommodation is being included in those discussions.

Where we see the great work from the nations and where they're really making that contribution is where they have separated consultation from their economic development. That seems to work extremely well.

I think that it's natural, just because the people are there. They're the biggest resource we have.

Mr. Kelly McCauley: Someone else mentioned the issue with Irving. We see Irving, which is a private company, shutting you out, but then we see these very large oil and gas industries that are not required to do it, but are doing it.

Mr. Bernd Christmas: Yes.

Mr. Kelly McCauley: How do we have this imbalance?

Mr. Bernd Christmas: I'd like to jump in on that one.

Mr. Kelly McCauley: I'm sorry; I have to ask you to be a bit short because I think Mr. Willy wants to step up, but I have some other questions as well.

Mr. Bernd Christmas: Okay.

Mr. Kelly McCauley: Please go ahead, though.

Mr. Bernd Christmas: Let's not kid ourselves: the foundation to start this stuff, meaning the great work with these oil and gas companies, has been a legal challenge in the beginning. Our community took on the National Energy Board and caused Sable Gas and the Maritimes pipeline company to change how it did business. That's the reality, and that's how it happened.

We do business with Enbridge right now. That is a fantastic company. I agree 1000%. Suncor is an amazing company. They're giving great opportunities to first nations.

Mr. Kelly McCauley: They seem to approach it as a win-win.

Mr. Bernd Christmas: I would suggest that you bring them in to talk about their procurement strategies. They're very good. When they first started out, they were pretty much along the lines of "Why do we need to do this?" Then we started pushing the dial back, so now they've bought in and they realize there are lots of indigenous companies out there that can do the work they need.

On the Irving side, I think the situation is that they're not being told that it has to be—

Mr. Kelly McCauley: Do you think that with the other companies like Irving, we are at the point where we were maybe 20 or 30 years ago with oil and gas—

Mr. Bernd Christmas: Exactly.

Mr. Kelly McCauley: —where we just didn't have that sense of...?

Mr. Bernd Christmas: To be really high-level, yes.

Mr. Kelly McCauley: We're starting almost from scratch with some of these.

Mr. Willy, did you have something? It looked like you were nodding.

Mr. Sean Willy: Yes. I built the procurement for Rio Tinto and for Cameco. The mining industry and the oil industry have been doing this for years. They go through a phase. They go through "We have to do this because it's legally mandated and we have targets to hit". Then they realize that this is good corporate responsibility and they start selling it off when they realize that it adds value to their business. They realize they're getting top-quality local construction companies and service companies that are working on their traditional lands, so their retention is much higher, but then they're

able to sell this story when they want access to other opportunities around the world. Both Rio Tinto and Cameco, and the oil companies, use these progressive indigenous policies to open up land access around the world. Now it's become value added.

It all starts with giving them a mandate and forcing them to do it.

Mr. Kelly McCauley: Thanks very much.

At one of our earlier committee meetings where we started out with people from the government procurement side, the bureaucrats, they were patting themselves on the back, saying "It's all great." Then the next set of witnesses said the opposite, and you're saying the opposite as well.

Do we have a disconnect? We obviously have to do better. Is there a disconnect where the government thinks...? I don't mean the Liberal government or the Conservative government, but does the bureaucracy think they're doing a good job when we really aren't doing a proper job with PSAB or larger contracts?

It's disconcerting to hear that people are using their interpretation of PSAB not to.... There are always mistakes, but you sound as though it's almost willful misinterpretation.

• (1155)

The Chair: Do you want to direct that to a particular witness?

Mr. Kelly McCauley: Go ahead, Mr. Derouard.

Mr. John Derouard: I mentioned in my notes about going to the government meetings. They have procurement meetings to tell aboriginal businesses it's there for them to use. They have a question period at the end, so I stand up and ask questions. I come to a specific set-aside example, and they all look at each other. Then they walk off and discuss it, and then they come back to the mike.

They know about it. It's not that they don't know. They know they have to use it, but they make every excuse not to.

Mr. Kelly McCauley: Okay. It sounds as though we have work to do.

We talked about outreach to aboriginal businesses. Tomorrow I'm going back to Edmonton. We're doing an outreach seminar for small businesses and how to procure government contracts. What's the best way to do outreach to the aboriginal businesses, to say this is available and we want to do a seminar, or here's the website? It's not enough to say here's the website, so sign up. What's the best way?

The Chair: You only have about 30 seconds. Make it a short answer, please.

Mr. Kelly McCauley: Sorry. If someone thinks they can answer that best....

Mr. Bernd Christmas: Really quickly, I'll note that Imperial, at the Strathcona refinery, is going to start doing a lot of work on the indigenous file. After the Kearsley project, they decided it was a good model, so now they're going to use that refinery to get a lot of work going for the surrounding indigenous community.

They're bringing their policies from there, but what they're using is their aboriginal liaison people, who are creating the relationships. You have to create the relationships at the community level, and actually have people go in. They can't be here in Ottawa looking at a cubicle or looking at a PowerPoint presentation. They have to get out there. That's my recommendation.

Mr. Kelly McCauley: Thank you very much.

Mr. Bernd Christmas: Thank you.

The Chair: Mr. Weir, you have seven minutes, please.

Mr. Erin Weir (Regina—Lewvan, NDP): Mr. Willy, you mentioned your work in the uranium sector, and I'm wondering if you could speak a little about the downturn in the uranium industry and the consequences for your business, as well as for communities in Saskatchewan.

Mr. Sean Willy: The uranium market has been dampened since the Fukushima earthquake. Back then it was 88% of our company's resources, but because of the proactiveness of our elders and our community leaders, we started diversifying. We still probably rely 45% on the uranium industry, and they've been very proactive in talking to us about how we keep things going forward. It's not as big a worry as it once were.

I do worry about the layoffs from the community perspective, but we're going to support the uranium industry. If it weren't for them, Mr. Weir, we wouldn't be alive, so we support them through this downturn. We know it's a tough call with their shutting down two operations, but our goal now is to look at new opportunities.

Mr. Erin Weir: You mentioned the layoffs. Would you have any observations about the employment insurance system and whether it's providing adequate benefits to people who are laid off?

Mr. Sean Willy: Cameco has really stepped up on this one. All the employees over the 10-month period are getting 75% of their pay. We have 30 community members coming home who were really worried, but now we know they're getting 75% of their pay with the employment insurance plus the Cameco top-up. That makes our chief and council very happy.

Mr. Erin Weir: There's no worry about people qualifying for the employment insurance part of that?

Mr. Sean Willy: Not from what I've heard from our community.

Mr. Erin Weir: That's good to hear.

A distinction that we heard from federal government officials that we've also heard a lot about today was between PSAB procurement and procurement directed to first nations based on modern treaties. I'm wondering if any of our witnesses today would like to speak to that second type of aboriginal procurement and whether you've had experience with it.

Mr. Sean Willy: I was with the Tlicho first nation this week, and we had this discussion. We were in Ottawa together. The Tlicho first nation has a self-government land claim, and we've been working with them on a number of projects, including the white paper, and they told us they have seen nothing. They recently started to negotiate an all-weather road, but that's the only procurement they see. Outside their operational mandate, they'll get operational payments based on their land claim, but they've advised us they don't get direct procurement opportunities.

Mr. Erin Weir: That's fair enough.

Mr. Bernd Christmas: I come from a peace and friendship treaty from the 1700s on the east coast. A positive procurement was the cleanup of the Sydney tar ponds from the steel plant; back in those days it was dramatic. It wasn't directly for aboriginals or even our surrounding communities, but nudge, nudge, wink, wink was going on, and it really moved along. The fellow who heads up that procurement now is in charge of the Darlington refurbishment that's going on in Ontario, a federal procurement guy named Ken... I can't remember his last name, but I'm sure someone could find him and ask him questions about that. It was great.

I want to go back to a question you asked about the layoffs.

● (1200)

Mr. Erin Weir: Sure.

Mr. Bernd Christmas: There's another benefit that could occur if positive procurements happen. Again, our community dealt with two big issues. One was a gypsum mine that was being built down the road from us. The company came in and said that it was a unionized thing and that we had to be part of that union or the union was going to shut this thing down. We said we were an aboriginal group and these were our lands. We said, "In fact, if you don't let us into the union"—we wanted to get into the union—"this mine is not working, and 80 guys are out of business."

What happened is they said okay. We cut a deal. We said, "Let's get our guys to pay the union dues that they're supposed to pay", even though they didn't want to pay, and then the mine was successful.

The next thing was, again, a positive thing may not sound positive to you, but it's just driving the point home. We had to create a policy on procurement. We built a multi-million-dollar convention centre to tie into our hotel operations. The company from Cape Breton, a heavily unionized company, came in and said they were a union, they were going to bid on this, and they were going to use their workers. We had all these guys who didn't have their carpentry papers, as an example, or their plumbing papers. We said we wanted them to work on that convention centre. It's a multi-million-dollar business opportunity. The company, Joneljim Construction, eventually agreed to our demands—it's our money, too, that we're paying them—to bring in the workers.

It opened up a whole variety of things, a great relationship with the Province of Nova Scotia on bringing people who normally would go into collecting social welfare into a training program to help those guys get their papers. I wanted to highlight that as a positive way that this will also benefit our communities, if a procurement program takes those types of factors into consideration.

Thank you very much. Sorry for taking a lot of mike time.

Mr. Erin Weir: No, it's really good information.

The Chair: You have about 30 seconds left.

Mr. Erin Weir: Are there other witnesses who have thoughts on these questions?

Ms. Susan Targett: I'd like to add that one of the communities we work with is working to develop a modern treaty. They don't currently have one, but they also happen to be the most successful out of all of the groups. They have 80% employment, while one of them has 67% unemployment. I guess the learning in that go-forward approach of working with government, and what that looks like for them—because they are such a highly successful community—are some of the examples that I think need to be looked at and evaluated for opportunities to learn.

The Chair: Thank you very much.

Madam Shanahan, you have seven minutes, please.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you very much, Chair.

Thank you to all the witnesses who are here today. It's fascinating to understand more about what's going on in this area.

Has anybody had success with the PSAB? We've heard some success stories, but they seem to have happened almost by accident instead of deliberately. I was especially disturbed, Mr. Derouard, by your story. I think it was you who had registered with the government website, and had crickets—no, sorry; was that Mr. Damm who had crickets for 23 years?

I'd like to understand a little bit more about this. Mr. Damm, has there been any success with this program at all?

• (1205)

Mr. Sam Damm: Yes, I think there has been success from a FoxWise perspective. As I said, it's a door-opener. People are interested in talking to you about your business and they want to meet with first nation companies, but we've seen it all from putting in a response.

The responses to these massive RFPs are very expensive to produce. I don't know if the government has a handle on how much these things cost, but it takes tens of hours of work to put these in.

You put it in. You win. You get a supply arrangement or a standing offer, and it's set aside. Everyone is high-fiving. Two years later, you've done no work through that program.

Mrs. Brenda Shanahan: I'd like to understand a bit more about that. What happens there? Why? What is your contact? What's your interaction?

Mr. Sam Damm: There's typically a set-aside stream or indigenous stream, and a non-indigenous stream. The non-indigenous stream tends to get all the work. My company is based in Ottawa, and we have been based here for almost 18 years. The success that we've had is not all based on set-aside, that's for sure. We'd starve if that were the case. We're a real business like any other business. We've seen it all: all the excuses, all the reasons that they can't do it, why it's not competitive. Sometimes we're scrutinized more as first nation companies because there's an expectation that we're not mature enough to deliver the work.

It wasn't all federal government and it's not all set-aside, but FoxWise has delivered maybe \$100 million's worth of work to the federal government since we started. No one's calling us saying, "You're on this Industry Canada list. You're a first nations company. We want to give you work." It's because we're knocking on the doors every day, Sales 101.

Mrs. Brenda Shanahan: I wonder, because it seems to have come through in the testimony that there's a lack of awareness, a lack of knowledge, or a lack of competency in the evaluation criteria. Something seems to be wrong on the evaluation side.

We've heard one recommendation from Mr. Willy that it become mandatory, but what about on the evaluation side? Does some kind of a champion program make sense?

I'm wondering what your interactions have been with the mainstream development agencies, the local development agencies, the Business Development Bank of Canada, and other agencies, if you've had any experiences that way.

Mr. Sam Damm: Well, from my perspective, it's just regular business. I don't know. I approached the Business Development Bank of Canada that you're talking about as any other business and I got a loan from them at one point as I was developing my business.

We've had lots of great relationships with companies like IBM, HP, etc., but I think part of it is just due to the fact that I treat this like a regular business. The set-aside is an afterthought.

It was very strong. I would say the set-aside program was much stronger 10 years ago. There was a lot happening, including trade shows in department lobbies, lots of outreach, and the PSAB. Every department had a PSAB performance coordinator who was very active in introducing the first nation companies to the departments, etc., but that has all gone away.

Mrs. Brenda Shanahan: That's interesting.

Mr. Bernd Christmas: I think it's a safety valve. I think that's what maybe people are looking for too, because again, you don't want this to be willy-nilly.

Dealing with Enbridge, as an example, we have an engineering company and construction company that's been registered with Enbridge, so we have a standing offer now with them. They invited us to register and become part of their system. Before we got the standing offer, they came to our offices. They wanted to see all the usual stuff that they want to see. They wanted to see our fabrication yards, and so on and so forth, and we showed that to them. We showed them all the big safety manuals that you need, and they were happy. They checked off their boxes—they had all these lists—and then they went back. We got the standing offer, and I swear we got our first contract within a week. That's how fast it was.

That's why maybe a recommendation would be that there has to be someone within PSAB, in whatever the bureaucracy is, who goes and validates these companies and says, "Okay, this is a technology company. This is a construction company. This is a furniture company. This is an aerospace company." He or she goes and makes sure it's all there, all the stuff that's required, and then there's no grey area that Mr. Willy alluded to earlier. There's more comfort.

• (1210)

Mrs. Brenda Shanahan: There's more comfort because there's more verification on the ground.

Mr. Bernd Christmas: Exactly. It's a verification system.

Mr. John Derouard: Specifically to PSAB, INAC has told me that if it's going to an aboriginal community that's 80% populated or more, they first put it out as a set-aside. If no capacity exists, then they go to open bidding.

I have one specific commodity that I had a small success with. Now that they know that commodity exists, you'd think that the next time they procured that commodity to an aboriginal community, they'd know that. They don't. It came back out as an open bid. They find out that it is going to an aboriginal community, and you prove it to them, but then they interpret it in a way that they don't have to use it.

The Chair: Thanks very much.

I'm afraid we're going to have to move on.

Just for clarification purposes and for my own benefit, is it Mr. "Willy" or Mr. "Wiley"? What is the correct pronunciation?

Mr. Sean Willy: It's Mr. Willy.

The Chair: Thank you. Normally I'm the one who butchers last names. I was the only one this time who got it right, so thank you, Mr. Willy.

Mr. Shipley, you have five minutes, please.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you very much, witnesses, for coming.

In the learning here, it was important that we had the government bureaucracy here first. The more significant part is that we've had the business people here. I thank you. Others as well will be coming to help us understand.

Mr. Derouard, in terms of the interpretation, I have to tell you that at times we're having difficulty not just in this department but in other ones where there are regulations. The regulations don't change, but what seems to happen is around the interpretation of those regulations. Again, it doesn't matter what government it is; we're just talking about governments.

In that case, has there been a change? Is this the way it's always been? If so, what sort of steps—others can jump in, please—have you taken to try to change this for your benefit and to help us as elected people who have your organizations within our communities?

Mr. Sam Damm: I'm not really trying to change anything. I kind of shuck and jive with the changes that are put forth to me and my company. I think the only way we've been providing changes is by delivering second-to-none service, quality, and pricing. I haven't

done a lot of lobbying to get anything changed. It's just "Here it is. This is the playing field." I have to work through it. That's been my approach.

Mr. John Derouard: I've lobbied. I've talked to what I would assume was a manager in procurement policy. She basically came back to me and said that if we want it to change as it exists, aboriginal businesses have to band together and lobby for it.

To me, it's totally wrong. It's pretty clear how it's set out.

Mr. Bev Shipley: Has that been a consistent message over time? That's shocking, actually.

Mr. Sam Damm: Yes. How about we run our businesses? It's hard enough. Let's run the businesses. I don't know if we're supposed to pull together organizations to fight or push for indigenous procurement.

Mr. Bev Shipley: Would anyone else like to comment?

Ms. Susan Targett: I just want to say that in the private sector, of course we don't have any real direct involvement with PSAB, but where we do have large projects... I mentioned the logging example earlier, and helping to grow that business. One of the things we did was that after we set out the RFP for the entire project, we broke it up into sections. That was so we could encourage indigenous businesses that may not have the capacity to do the full-sized project to still participate. We did end up breaking it out that way so we could engage and directly benefit those businesses.

• (1215)

Mr. Bev Shipley: That comes out under the joint approach. You're building the partnerships.

Ms. Susan Targett: Right. Exactly.

Mr. Bev Shipley: Mr. Willy, would you comment?

Mr. Sean Willy: From the resource perspective, they want indigenous business playing in a bigger space, right? They don't want to bear all the risk of indigenous companies making 88% of their revenue off the resource industry, because when the market does go down, just like in the uranium market, the community gets impacted.

You're trying to create pockets of economic development, and if it wasn't for the resource industry, where would indigenous business really be? The banking institutions do hardly anything for indigenous business and the telecommunications sector does hardly anything for indigenous business, so they say that if the government can increase that bubble of spending on indigenous business, it takes risk off the resource sector.

Mr. Bernd Christmas: Can I just say something about that?

Mr. Bev Shipley: Quickly, sure.

Mr. Bernd Christmas: I'm just going to follow up on what Mr. Willy said. I've been around the block here for quite a while. Obviously my colleagues have been around quite a bit. We've had some pretty interesting interactions with deputy ministers, ministers, chiefs of staff, and there has to be a will. If there's a will, there's a way to move it. Echoing this gentleman's comments, it's frustrating when someone tells you that you have to band together.

I want to highlight another good example that could have occurred. I used to be on the board of directors at CBC. By being on the inside, I was able to get them at least to do a procurement policy that dealt with aboriginal people. It was a modest one. Whatever their budget was, they were able to open it up to \$1.3 million to \$3 million at the time, but that was huge.

Still, you had to be on the inside. I had to talk to the CFO at the time and explain how this works.

The Chair: I'm afraid I'm going to have to cut it off there.

We'll now go to Madam Ratansi for five minutes.

Go ahead, please.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you, Chair.

Thank you all for being here. You've really given us a lot of information.

Some of you have provided us with written submissions. I'm wondering if we could get them from others. There were some wonderful presentations, and we do not want to misinterpret your words, so those of you who haven't given us your presentations can do it.

As I am listening to most of the interventions, it seems that PSAB, the mandate of which was to increase federal procurement from indigenous-owned businesses, is not really functioning that well.

Mr. Willy, we got these four points from you. I'd like to see whether, in your opinion, the PSAB should be moved out of INAC and back into PSPC, and whether the governance structure would improve if we instituted those four points.

Then I'll have a question for you, Mr. Christmas.

Mr. Sean Willy: In my opinion, putting it in INAC puts a focus on indigenous business. You are carving off all the small opportunities in the bucket when PSPC is handling all the procurement. I would rather see it as part of the mainstream and see a target driven down for accountability, with compensation tied to that target. If you look at all the mining companies, you see that they succeed because there are targets within all of these companies. If you had it within the mainstream of procurement and you created.... We've tried to go through the system with Procurement Canada running the process while each department is championing its own procurement items. You would have to somehow create an interdepartmental group, a working group within government, to make sure these targets were met, see what could be achieved, and then follow up to put those reports out as to how success is measured and how we could improve this.

• (1220)

Ms. Yasmin Ratansi: Your four points you gave were to impose department incentives, to create competition mechanisms and

processes for success, to prevent and halt corporate fronts, and to remove barriers to entry. If those four themes were instituted and procurement was moved out of INAC to PSPC, what other venues or what other governance structure would enable the indigenous communities to bid successfully and win bids? I think there is always a comfort zone in going to suppliers we know rather than going to somebody else.

Mr. Sean Willy: We think that with our recommendations, we'll get there. You have to set targets and you have to make people accountable to those targets. When you put targets in, there are going to be a number of non-indigenous firms that want to partner with aboriginal companies. I think the audit system is already there, within PSAB, so you could follow up. Add a little more scrutiny to the audit. As my friend Bernd Christmas points out, go out and see these companies. I really think the biggest misunderstanding is that Ottawa does not understand the breadth and depth of indigenous business in this country. We have organizations like the CCAB, or you can go and talk to the Mining Association of Canada or the Canadian Association of Petroleum Producers, and they will tell you that the breadth and depth of indigenous business right now is at its highest point ever.

As for the barriers to entry, there is a little one with defence spending. Just put a multiplier in there. The defence industry puts multipliers on cybersecurity, renewable power, SMEs, and regional appropriations for their value propositions. If the most important relationship the current government has is with indigenous peoples, then there should be some sort of multiplier in the department that spends the most money.

Ms. Yasmin Ratansi: Mr. Christmas, you talked about the American system, where they have set aside.... There is the Native American minority—

Mr. Bernd Christmas: Supplier....

Ms. Yasmin Ratansi: —supplier opportunities. How would that intersect...? If we were to change the environment from INAC to PSPC, would that be beneficial?

Mr. Bernd Christmas: It would be beneficial, and it just reinforces what Mr. Willy is saying. It creates accountability. It tells companies that they have to do business with indigenous communities. It opens up opportunities that were never there before.

I know you guys have only so much time, but a really good example happened on Wall Street. You heard about all of the companies that got bailouts on banks, and the government then told them to show it how they were going to do business with Native Americans. They all said, "what? There is no Native American brokerage house." The Morongo band of Indians in Palm Beach took advantage of that and opened their first Wall Street brokerage firm. Fannie Mae, Citicorp, all those big banks were forced to give them deals. Boom, they were then able to buy—and this is all documented—the Wesson gun company, a multi-billion-dollar company, and it led to other opportunities. That's an example of how this works.

The Chair: Thank you very much.

You may want to follow up, Mr. McCauley. It's your call, but it's your turn for five minutes.

Mr. Kelly McCauley: Mr. Willy, you said it was, I think, 0.46% or something along those lines. You said you got that through access to information. Would you be able to share that with the committee rather than forcing us to wait a year?

Mr. Sean Willy: I can talk to my team and see what I can share and what I can't. We want to use this, so I'll get back to you on that.

Mr. Kelly McCauley: If you've done an ATIP request, it's public information. It just saves us having to—

Mr. Sean Willy: That was 0.4. I'll share the ATIP I got with you.

Mr. Kelly McCauley: That's wonderful.

Mr. Sean Willy: It took about a week for it all.

Mr. Kelly McCauley: That's great.

Where do you see the opportunity—and this is for several of you—for more DND military procurement? Some things obviously you're not going to have the capacity for, but there are other areas that maybe aboriginal business does have capacity for.

Mr. Sean Willy: I think you heard from Mr. Christmas that if you provide the opportunity, we'll fill it. We have a company that's \$40 million large that is certified by the Canadian Nuclear Safety Commission to do all of the uranium mining for Cameco.

Mr. Kelly McCauley: I'm thinking more of DND procurement—

Mr. Sean Willy: You build this capacity, so we have the capacity that we would fill.... We are one of the largest steel manufacturing companies in the province, and we could easily provide steel and welding to shipbuilding or to land-based vehicles within the military.

• (1225)

Mr. Kelly McCauley: My colleague from the NDP is going to ask you about your steel.

Mr. Christmas—

Mr. Bernd Christmas: Yes, the combat systems are coming out now for the ships. Lockheed Martin said they are going to do this along with a gazillion companies that are trying to get in and trying to figure out how to do that. Even if you said to those companies that they must partner with an indigenous business, holy smoke, there would be so much—

Mr. Kelly McCauley: Do we have the capacity? I know Mr. Willy says we'll fill the capacity, but for some of the high-tech stuff.... Steel you have, but some other things you don't have.

Mr. Bernd Christmas: As an example, we were going to do the integrated computer systems contract for the helicopter. We never had that before, but because we were about to get it, we created a whole technological system to take advantage of it. It can be done.

Mr. John Derouard: Just to leave it at the defence department, they do defence training, cold climates, and so forth, including snowmobile rental. I do have a standing offer with them. It's outside PSAB, and I have a 60:40 split. I have had small amounts being used. They know I'm an indigenous business, and they do have contracts, or they do operations in which they can use us. They know we're there, but we still don't get used.

Mr. Kelly McCauley: Mr. Willy—and the others can answer as well—you talked about corporate fronts. I asked this of our other witnesses. What provides better benefits for our communities? Is it an indigenous owner with non-indigenous staff, or is it a non-indigenous owner with fully indigenous staff? With the requirements we have under PSAB, are we serving the communities properly and delivering the best benefits?

I realize we have only about a minute, so you could answer quickly, if you're able to. What's going to work best?

Mr. Sean Willy: It's up to each individual community. Our community wants own-source revenues so we can create our own path. We'll go out and purchase. We own a technical company that has five indigenous employees out of the 20, but we're quite happy with that, because we know we can't supply the labour at this point.

Mr. Kelly McCauley: Right.

Does anyone else want to answer?

Ms. Susan Targett: With us, as for growing those companies, one thing we see is really about sustainable businesses. Some of the communities we work with are most successful because the businesses are often owned by the band itself, by the community. They employ a number of people. One employs 80 people. It's getting to the next level of job training for not just the entry jobs, but more towards the higher-tech types of positions. It's about growth.

The Chair: Very quickly, Mr. Damm, I think you want to add something.

Mr. Sam Damm: Yes. I just want to state that there are not just community-based businesses out there. I'm not a community-based business, and if I—

Mr. Kelly McCauley: I just want to make sure our requirements are not hampering what's going to deliver the best value and the most wealth to the communities.

Mr. Sam Damm: Well, as I said, we've employed 40 first nations people from across Canada to work within our company, so I think that provides value.

Mr. Kelly McCauley: Okay.

The Chair: You may want to put on your interpretation devices *si vous ne parlez pas français*.

[Translation]

Mr. Ayoub, you have five minutes.

Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.): Thank you, Mr. Chair.

[English]

Since I have only five minutes, it's easier for me to ask you questions in French.

[Translation]

My thanks to the witnesses for shedding light on some of the challenges you mentioned. Your testimony made me wonder about something. Could you confirm or deny my understanding and impression?

In some cases, would it not be easier to omit mentioning that your businesses are indigenous businesses, rather than promoting the benefits of doing business with indigenous companies and using that selection criterion? Would it sometimes be easier to present yourself as if your business were comparable to the rest of the market? Supply and demand would then place you in a competitive position without there being any other selection criteria.

Have you thought about it before or is it just not part of your market acquisition plan?

• (1230)

[English]

The Chair: Do you want to direct your question?

[Translation]

Mr. Ramez Ayoub: Mr. Damm or Mr. Christmas, I had the impression that you both mentioned it.

I feel that, in some cases, you met the criteria, but you were not receiving calls. I'm a little confused by that.

Could you tell me the percentage of your revenue from the business you do with the federal government using the specificity criteria that are supposed to benefit you or convince companies to do business with you, as opposed to other criteria of the free market in Canada and the United States, a market that does not deal with the federal government?

[English]

Mr. Sam Damm: We still need to work hard to stimulate growth amongst first nations communities and through first nations business. I think it's paramount. It's very, very important.

My point is that today it seems to be broken. The PSAB program and the set-asides aren't working properly. As a business owner, as an entrepreneur, I have to fight for my business and I have to do whatever it takes to build my business. Whether it's set-aside, non-set-aside, or whatever, we do whatever it takes. As I said, there—

Mr. Ramez Ayoub: If I may, what is the percentage of business that you're doing with the federal government and not with the government?

Mr. Sam Damm: We're probably about 65% federal government.

Mr. Ramez Ayoub: It's 65%, so it's a big chunk of your business.

Mr. Sam Damm: It's a huge chunk, and it's interesting, because everyone knows that FoxWise is an indigenous company. We're expected to bid on set-asides. Then we spend all the time bidding on

these set-asides, and there's a supply arrangement standing offer, but we don't get any work.

You really have to pick and choose and know your client and know whether they are going to use this or not. There's a huge expectation—and I'm probably not the only one—that if a set-aside comes out in IT, FoxWise is going to respond.

Mr. Ramez Ayoub: Mr. Christmas, would you comment?

Mr. Bernd Christmas: First, I think the indigenous economy is still in its infancy. We have to have some way to let us get into the marketplace.

Second, from a business perspective, Gitpo Storms has been at this now for a couple of years; we're a pretty young company. Comments have been made to me. At one of our first meetings, Chief Coon Come, Chief Atleo, and Chief Mercredi said to me, well, there must be aboriginal business opportunities in the government. You know, they're used to government. We said there are, but we're not going to get anything, because in my experience, as I was telling you, it's been 20-some years, and I'm not getting a call.

We registered, and nothing happened in those few years, which I expected. Then we basically said that it's not going to happen.

Mr. Ramez Ayoub: Did you tell anyone that nothing happened?

Mr. Bernd Christmas: Yes, you know, I—

Mr. Ramez Ayoub: Did you have any answer back?

Mr. Bernd Christmas: In other circumstances.... I've had some meetings with the deputy minister of Industry Canada, John Knubley, whom I know from the east coast, in ACOA. I think he heads up ACOA now. Others have also told him this. He says they're trying to change it.

You have to give the benefit of the doubt. There was a silo thing happening before, and now apparently departments are talking. Indian Affairs, Industry Canada, and others are starting to talk and figure out how to move the yardsticks ahead. I don't want to speak for him at all, but what I gather is that he's basically saying this is a big supertanker that has to turn course. It doesn't turn just like that. It takes a long time to change it.

• (1235)

The Chair: Thank you very much.

Mr. Weir, you have a three-minute round, and then we'll go back to our seven-minute presentations.

Mr. Erin Weir: Thanks very much.

As I think everyone knows, the federal government is splitting INAC into two different departments: Crown-Indigenous Relations on the one hand, and Indigenous Services on the other.

Which of those departments would you like to see administering the PSAB, or would you go the route alluded to by Madam Ratansi, putting it entirely within Public Services and Procurement?

Perhaps Seven Generations Energy could start.

Ms. Susan Targett: That's a very good question. I don't know that I have the best answer for it.

From the procurement perspective, I think any time it's removed.... In terms of duty to consult in honour of the crown, it's a good thing.

Whether it should be in the mainstream is a different question. I don't know if that necessarily is something that will make a difference for us. I would have defer to the nations we work with, because they are the ones who would be most involved.

As long as there are the regulatory support and requirements so that there's flexibility—as I mentioned—built into whichever path it goes down, then I think that's going to be key for us, from a corporate standpoint. We do things not always because there's a regulatory requirement, but, as I said, because we are in the business of serving the needs of our stakeholders, and it's the right thing to do.

Working with communities is absolutely one hundred per cent the right thing to do. Building relationships is done at the most senior level. Being executive vice-president, I, along with our CEO, go out and meet regularly with the communities. We are actively involved. If government can also adopt a role of being more involved within the communities, they will have a better understanding of the uniqueness of those communities and what they need to be successful.

Mr. Erin Weir: Thank you.

The Chair: Mr. Drouin, go ahead for seven minutes, please.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair, and thank you to all the witnesses for being here.

Mr. Willy, thank you for being with us through video conference. You mentioned a couple of recommendations. Could you elaborate on the second point with regard to mechanisms and a process for success, and where we could improve in terms of procurement?

Mr. Sean Willy: We look at the fact that PSAB has been focused primarily on the urban centres, so if you're in an urban centre close to the federal government, you can create those relationships with procurement managers. What we want to do is broaden that out so it's across Canada, so that somebody in the north end of Manitoba has the same opportunity as somebody in downtown Winnipeg. That's just around driving that accountability.

Once you set a target, you can't just set a target. You have to go out and find the best practices, so I would suggest—and you've suggested already—bringing in some of the private employers, the mining companies, to see what they've done. You're going to have to match some of the processes they have. That could be adding more points to the system than are currently allocated. It could be direct-source opportunities if you're working on a specific area's traditional ground.

The mining companies and the resource companies have many different processes that I think would work well for this group.

Mr. Francis Drouin: Ms. Ratansi touched on this a little bit, and others, please feel free to jump in. There seems to be a bit of a disconnect between INAC or PSAB and PSPC, or Public Works, as we see it. Would it be a positive for PSPC to take in PSAB within

Procurement Canada so there is no disconnect between the two organizations? Do you see that as a favourable thing?

• (1240)

Mr. Sean Willy: Yes, I think it needs to be top down, and you've heard from Seven Generations Energy that their president is involved in creating relationships. This doesn't need to be packaged on the side and hidden within one department. It needs to be top down and driven. That's where you see success, so I think being within Procurement Canada would be seen as being top down and a step up from being hidden within INAC.

Mr. Francis Drouin: Targets are one thing, but how we measure targets is also important. The statistic you've shown us today, 0.46% of federal procurement, is completely unacceptable, but what we've heard from the department was a little different in terms of statistics. Yes, let's have targets, but let's make sure we—

Mr. Sean Willy: Yes.

Mr. Francis Drouin: —measure those targets properly.

Speaking on that, Mr. Damm, you've said yes, you do get standing offers or supply arrangements, but after that you don't get the opportunity to bid or you don't get selected. Is that right?

Mr. Sam Damm: Yes. I think one of the major issues is that it's not a mandatory program; it's a voluntary program. PSAB and set-asides are voluntary. There's no such thing as a mandatory set-aside. You've proven that. I've talked to lots of departments on lots of opportunities. There are no mandatory set-asides. They don't exist, so this is a voluntary program.

I think the difference in the United States is that it's mandatory. I think that's the major issue, whether it's at INAC or PSPC. It needs to have legs. It needs to be a mandatory program, not a voluntary program. I think we'll see change if that happens.

Mr. Francis Drouin: That's great. Thanks.

Mr. Chair, I think it would be beneficial for the committee to get the statistics from PSPC on how many aboriginal businesses are on standing offers or get to participate in supply arrangements or similar procurement vehicles. How many aboriginal businesses get selected from those standing offers versus the non-aboriginal businesses? Maybe we could work with the analyst and send a letter to the department so we could get those statistics.

The Chair: It shall be done.

Mr. Francis Drouin: It shall be done.

Then we can compare those with what Mr. Willy found in his ATIP requests.

Mr. John Derouard: When you get that information, could we possibly have it too?

Mr. Francis Drouin: I'm sure it would be made public in the report that will be published.

The Chair: Once we get that information, as per the norm, we will put it on our website, so it will be publicly available.

Mr. Francis Drouin: We're asking for this information, but I'm not sure if the department has the capacity to produce those statistics. Obviously that could be, perhaps, one of our recommendations: to keep track. Targets are important, but we need to measure properly so we can ensure success.

I want to go back to you, Mr. Damm. You've mentioned some of the discrepancies between mandatory requirements versus scope of work, and we're doing this study as well, but non-aboriginal SMEs have also expressed concerns with regard to their being able to participate in procurement opportunities.

You've mentioned that one of them was that you have to be in business for 15 years. Is there a reason given to you when this requirement is put into the bid?

Mr. Sam Damm: No.

Sometimes we ask that they relax some of the requirements a little bit, and that's typically a yes or no. You have a certain amount of time to ask questions with regard to the RFP.

You know, they're just so skewed. They just don't make sense. Sometimes they've been changed and other times they haven't. I'm sorry that I'm kind of wishy-washy on it, but sometimes they change them and sometimes they don't.

Lots of times the mandatory requirements are fair, but it seems that on the larger procurements they get skewed. It's like somebody else has already been working with the government, and they want to bring them back in, because there's a huge cost to bringing a new company in to do that work. I hate to say that. It's all supposed to be fair and transparent, but they up the requirements, and it's hard for the other companies to get in.

We're an 18-year-old IT company. We can do all kinds of things. We have the financial capability to deliver business in the tens of millions of dollars.

•(1245)

The Chair: Thank you very much.

Mr. Shipley, go ahead for seven minutes, please.

Mr. Bev Shipley: I want to follow up with Mr. Willy.

We've had a bit of a discussion around the 0.46%, and my colleague has asked for information on that.

You also mentioned a company in which you had 40 employees, and five of them were aboriginal, because you couldn't meet those demands. If that were to go to 10%, as Mr. Christmas indicated, or even 4%, which would be ten times more, would that create an issue in terms of being able to provide the people to actually fill the positions within those companies? That's not full, but I mean to be able to fill the positions within those companies. If there needs to be an increase, how do you graduate that so you can make sure you have the bodies and the expertise to make those commitments?

Mr. Sean Willy: Well, our recommendation was getting to 10% by 2023. If you look at the Australian government or the Saskatchewan government, they're going up slowly but surely.

In indigenous communities, the lag of labour will always last until there's an opportunity. Traditionally you saw coming from the

communities a lot of RCMP, a lot of teachers, and a lot of people wanting to get into politics. Then we started pushing the rights issue and we got lawyers. Now we're into business. We're getting more business leaders.

If you open up further opportunities for indigenous people, the education system will catch up. We have a lot of social workers who are indigenous. Why? Because there are a lot of social issue jobs.

That's why we bought a creative and technical company. We're out there now filling it up. Our company is owned by its community. With all the revenue that we create, a third of it goes back into our company, and a third goes back to the community for dividends. The community likes that, because they can now start going on a path to self-determination that accentuates the government funding. They know they'll catch up on the employment, but as long as they can create own-source revenue, it's better for them and it's better for the country.

Mr. Bev Shipley: Thank you, and I thank you for what you're doing.

Madam Targett, you made some really interesting comments.

You work with companies to help them know how to bid the best way and how to be successful. That's all part of the education, the training, and the maturity of a company as it goes forward. Is it mostly in PSAB or in private businesses where you have seen the success?

Ms. Susan Targett: It's in private businesses.

Mr. Bev Shipley: Why?

Ms. Susan Targett: Why?

Well—

Mr. Bev Shipley: I'm not being smart in saying that. I'm just saying, if you can do it in private, what's the difficulty then in the public...?

I think we know the answer, but I want you to maybe talk about it, because the regulatory regimes are sometimes different.

Ms. Susan Targett: Well, that's how we work. That's how we operate.

We see that there's an opportunity to work with indigenous businesses to help them grow. Why it's not done under PSAB, I guess would be a question for those who are more directly involved in that. For us, we saw that there was an opportunity to help advance a local community, help improve their socio-economic benefit. It's not about just them working with us and us throwing them a project; it's about them learning how to be competitive.

One of the best days I had was when we talked with that company and they said they were so busy. They had a big project and they couldn't do the little project that we had. That's a huge success story, because they are being competitive beyond what our needs are. That's going to help other businesses and encourage them to develop and enter into the marketplace as well.

Mr. Bev Shipley: Back in the early part of November, the Tlicho government came in and talked to our committee regarding some of the indigenous communities and the businesses that have not been able to do PSAB because of its application. She mentioned that they are very discretionary, and recommended that they be less discretionary and in fact be put out in a non-discretionary manner.

We also had a representation from Indigenous and Northern Affairs Canada. They said that the value of set-asides reached \$227 million in 2014, representing a 300% increase over five years since 2009.

Mr. Willy, you may have a comment on that, because what that says and what the private people are saying are two different things. Can I have some comments on that? They seem a little contradictory.

• (1250)

Mr. Sean Willy: I don't disagree with their numbers in the millions, but we're spending upwards of \$20 billion through federal procurement. They are throwing around millions. I have seen the numbers and I will share them with the committee. From my numbers over the last 10 years, there have been years when we have actually gone over 1%, but there have been other years when we've been down below 0.2%.

My number over the last 10 years has been 0.46%. They are talking about millions, but they are spending upwards of \$20 billion per year.

Mr. Bev Shipley: Okay.

Mr. Damm, would you comment?

Mr. Sam Damm: I think it's the reporting. How are they reporting? Is it that you get a standing offer worth \$5 million, and that is a set-aside, and they report that as a set-aside spend, or is it the actual business that's being derived out of that standing offer?

Mr. Bev Shipley: With that, I want to turn it over to my colleague, who has a follow-up question.

The Chair: You have about 30 seconds.

Mr. Kelly McCauley: Okay. I was just going to say I love the comment here about resource development, a path out of poverty. We've seen great examples of indigenous businesses like Eagle Spirit Energy and the Fort McLeod band.

If you have a couple of seconds, would you comment about pipelines through B.C.?

The Chair: Be very short, because we have one more intervention, and then we have to adjourn at one o'clock.

Mr. Kelly McCauley: I just mean on the need to develop resources.

Ms. Susan Targett: Absolutely. You can look at someone like Ellis Ross, who's a Liberal in British Columbia and chief of the Haisla, and the economic benefit they are not going to receive as a result of their projects not moving forward when it comes to LNG.

Yes, we have to find a path forward. It really is about nation-building. It affects all Canadians, and it does give these communities that don't have that opportunity to participate.... We're all Canadians.

The Chair: Thank you very much.

Our final intervention will come from Mr. Weir, for seven minutes.

Go ahead, please.

Mr. Erin Weir: Thank you.

This is the government operations committee, so I do want to return to this question of how PSAB is administered within the federal government. We had one answer on the notion of whether it should be part of Crown-Indigenous Relations, Indigenous Services, or perhaps Public Services and Procurement generally. Are there further thoughts on that matter?

Maybe we'll just continue down the table to Mr. Derouard.

Mr. John Derouard: In my view, it's hard to tell where the dam is in the water. I just know it's not flowing. That question is a little difficult.

I think if it's within Procurement Canada and it does come from the top down, then all purchasing departments do know that they have to use it. We asked where the disconnect was, and I think right now that's where the disconnect is. There is the procurement program policy, but nobody in purchasing cares to use it. There's the disconnect. Having it all in one department and coming from the top down so that they know what it is and they know they have to use it would, to my mind, be the right thing.

Mr. Erin Weir: Okay.

Mr. Christmas, or Mr. Damm, or Mr. Pine, would you comment?

Mr. Bernd Christmas: Again I'll go back to the example I used about the helicopter procurement. Public Works was the body at that time, I think. There seemed to be more power, more prestige, coming from that body. The fear of going to Indian Affairs is that....

Again, I'm not trying to besmirch them. It's just that it's going to be seen as an "Indians versus the rest of us" thing, whereas if it's within the guys that usually do the procurement—i.e., Public Works—then it's everyone.

It's a subtle differentiation, but it's an important one, again, that we've dealt with on a whole bunch of other things. Saying this is a native thing does it an injustice; it's a business thing. It's a Canadian thing that has to be looked at.

I'm leaning towards the body that normally handles it.

• (1255)

Mr. Sam Damm: To me it doesn't matter. It should be a mandatory program. I think INAC could step it up and do a great job. I think PSPC could do a great job. I'd just like to see it have more oomph.

Mr. Erin Weir: Go ahead, Mr. Willy.

Mr. Sean Willy: I agree. It has to be in Procurement Canada, I believe. You should remove any other hurdles in front of us and not put us aside. Put every part in the main group, and we will have the focus we need.

Mr. Erin Weir: In terms of defining which enterprises are eligible under the program, would you have confidence in Public Services and Procurement being able to do that, or do you see a role for the former INAC departments in determining who has access to PSAB in the first place? Somewhere along the line, someone has to define what is an aboriginal business that would qualify for PSAB.

Mr. Sam Damm: I think there are good examples of how people have qualified what is an indigenous business and what's not, so it's just a question of best of breed, I think.

I think INAC does a pretty good job of registering first nation and indigenous businesses. There used to be a lot of shell companies out there. I don't think today there are as many as there were, because they can't pass the audits.

Mr. Erin Weir: Okay.

Mr. John Derouard: My view is that staying at the policy of 33% aboriginal people working in the business is what it's all about. The shell companies have been a problem in the past. If there's a way of dissecting and getting those out of there to make a true aboriginal business, that's my view.

Mr. Erin Weir: Are there any thoughts on that from Seven Generations or from Mr. Willy?

Ms. Susan Targett: No, I have no further comments.

Mr. Sam Damm: I think it's a slippery slope, because when you're bidding on these large contracts, you need the best people for the job. We always look at indigenous first. We always have to hire the best person for the job, so to say that a certain percentage of the

people who are going to work on this project must be first nations people to me has been a stumbling block. You can put bums in seats and whatever, but I want to grow my business and I want success. That's always been a tough one for me. I've never had any problem meeting the 33% threshold, so I think that's fair. However, it's hard for me to find 33% first nations people to deliver this technology project. It would be like telling me to find 33% German people to work on this project. It's a tough go. I can do the 33%, and that's never been an issue.

Mr. John Derouard: I understand what you're saying, but we do have to train and develop aboriginal people. By having them aboard or maybe filling the seat, at least they'll be training, in my view, to better themselves.

The Chair: Thank you very much.

To all of our witnesses, on behalf of all of my colleagues, thank you so much. This has been incredibly informative and helpful. Your testimony, your observations, and your recommendations I know will form a substantive part of our final report. However, should you have any additional information you think would benefit our committee, we strongly encourage you to submit those recommendations or suggestions through our clerk. Those will help us as we start developing our final report, which will come sometime in the new year.

Once again, thank you. You've been great. I've enjoyed it.

The meeting is adjourned.

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