

ACR Aboriginal Programs Project Program Template

Program Area:	3.0	Business Development
Sub Program:	3.1	Providing Business Opportunities
Template:	3.1.9	Supply Chain Management (Pre-qualification support, Sole-sourcing, and Aboriginal Content Requirements for Contractors and Bidders)
Sponsor(s):	<i>TransAlta Corporation</i>	

1. Objective

To support local contracting opportunities through pre-qualification support, sole-sourcing and Aboriginal content requirements for contractors.

2. Description

The Supply Chain Process Program assists Aboriginal communities in proximity to TransAlta's operations to develop viable businesses and have economic benefits associated with company operations. The program builds better working relationships with Aboriginal communities. The program includes:

Support for pre-qualification and sole-sourcing. TransAlta has a Supply Chain Management Process for support of local business opportunities through implementation of a prequalification process that applies to work awarded and performed by its contractors. The process provides an opportunity for local Aboriginal contractors to pre-qualify and bid on specific work contracts or, when appropriate, the contract may be sole-sourced. This process involves:

- Best efforts of TransAlta to identify capability gaps early
- Giving preference to local goods/services providers, assuming "all else equal"
- Assistance with project management training to develop management expertise
- Information on work opportunities and the capabilities required to perform that work
- Understanding of the contract selection and award process
- Assistance with performance bonds and insurance
- Offering timely and honest debriefing of unsuccessful local good/services providers

Aboriginal content requirement for contractors. TransAlta requires that any contractor acknowledges that TransAlta is committed to building and maintaining open and positive long-term, mutually beneficial and sustainable relationships with Aboriginal communities. The company views Aboriginal communities and Aboriginal people as key customers, suppliers, stakeholders and associates. Accordingly, contractors are expected to recruit, train, and employ

qualified local Aboriginal persons and utilize Aboriginal businesses.

Reporting of Aboriginal content for contractors. The contractor is expected to provide estimates regarding the value of the content of direct-hire local Aboriginal persons, as well as the percentage of the proposed contract price. The contractor is also requested to estimate the number of local Aboriginal persons to be employed by the contractor and its subcontractors in performance of the work.

Aboriginal content requirements for bidders. TransAlta requires that any bidder acknowledges that TransAlta is committed to building and maintaining open and positive long-term, mutually beneficial and sustainable relationships with Aboriginal communities. TransAlta's objective is to maximize Aboriginal content, while giving consideration for labour, material, equipment and services. Bidders are expected to give full consideration to this requirement, and submit with bids a summary of the Aboriginal content anticipated. Where special efforts have been made to meet this policy, the bidder shall detail these plans and efforts. Local Aboriginal content is an integral part of measuring TransAlta's success in realizing such commitment. All other things being equal, TransAlta will consider bidders that agree to recruit, train and employ qualified local Aboriginal persons and utilize Aboriginal businesses for projects.

3. Implementation

Some of the key elements for implementation and management of this program are:

- Application of the Supply Management Process does not automatically mean the award of work to local goods or services providers. The procurement of any goods or services will be managed in a manner that ensures the quality, site safety, cost targets and work schedules are maintained.
- Success of the Supply Management Process depends upon the ongoing and open dialogue between the company staff and local contractors.
- If local Aboriginal contractors show an interest in submitting a bid but lack some of the criteria, TransAlta will encourage the Aboriginal community to joint venture with a corporation with expertise in project management in order to assist the Aboriginal business in. TransAlta attends joint venture organization meetings. The joint venture bid is then tendered through the pre-qualification process.
- When sole sourcing is appropriate, specific criteria must still be met. Assistance to meet specific criteria can be provided by a third-party joint venture corporation.
- Success of the process requires regular monitoring.
- Those involved are expected to share feedback of the successes and deficiencies of the process with TransAlta on an ongoing basis.

4. Timeframe for Results

The program is reviewed on an annual basis.

5. Measurable Criteria

- Creation of a sustainable and skilled Aboriginal employment base

- Increase in local contractors providing variable goods and services, and winning contracts in the competitive bidding process
- Creation of sustainable income, economic and other benefits for the Aboriginal community
- Capacity and management skills developed

6. Budget

TransAlta recognizes that costs of doing business with Aboriginal businesses may be higher in some respects in the short term. Initially higher costs during the sole-sourcing phase may be incurred until the contracts can be awarded on a competitive basis. However, the company expects Aboriginal businesses to provide goods and services at fair market value in the long term.

7. Partners and Sponsors

TransAlta and the Aboriginal communities in proximity to operations such as the Paul First Nation.

8. Experience with the Program

The program was established in 1996. The evidence of success is demonstrated in the increase in contracts (dollar value) going to Aboriginal businesses each year. This fluctuates depending on business needs.

9. General Applicability

While this particular example is related to electric power generation, this program is a model that can be used by both resource industries and suppliers where there are opportunities to bid on and participate in contracts to supply goods and services.

10. Additional Information or Support

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