

BREAK-OUT OPTION B: Economic Measures

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When I started at Nunavut Tunngavik Inc. (NTI) the first thing I worked on was Article 24, the contracting contracting section of the Nunavut Land Claims Agreement (NLCA). In the course of that work I became familiar with the Inuit Firm Registry and the Government of Nunavut's NNI Policy.

Objectives of the Nunavut Land Claims Agreement

The Preamble to the Nunavut Land Claims Agreement contains four objectives, of which two are related to economic development:

- To provide Inuit with means of participating in economic opportunities
- To encourage self reliance and cultural and social well-being

Article 24

Article 24 deals specifically with government contracting, and it has its own objectives:

- Increased participation in business opportunities
- Improved capacity for Inuit firms to compete for government contracts
- Inuit employment at a representative level in the Nunavut workforce

Article 24 requires:

- An Inuit Firm Registry
- The federal and territorial governments to develop and maintain procurement policies
- To consult with Nunavut Tunngavik on the above policies
- To monitor performance

The Inuit Firm Registry

- A registry maintained by NTI in accordance with the land claim agreement.
- First applications were received in 1994, followed by a flood of applications in the first few years. The list has increased from 140 in 1996 to over 300 now
- Includes several types of Inuit firms:
 - Sole proprietorships (Inuk)
 - Partnerships (must be 100% Inuit)
 - Cooperatives (must be Inuit controlled)
 - Corporations (51% Inuit voting shares and control). **Problem:** determining control of corporations is difficult, must trace it back find out who really owns them

The Nunavummi Nangminiqaqtunik Ikajuuti (NNI) Policy

- Was established in 2000, negotiated between the Government of Nunavut and NTI. Previously the NWT had the Business Incentives Policy. When Nunavut was formed in 1999, the NNI was developed. It has

been revised a number of times over the years. Applies to Nunavut Government contracts anywhere in Canada.

Objectives of the NNI Policy include:

- Good value and fair competition
- Strengthening the Nunavut economy
- Inuit participation
- Education and training

In accordance with the NNI policy, in Article 24 the criteria for a bid adjustment are any of the following:

- Listed on the Inuit Firm Registry
- Listed on the Nunavut Business (NNI) Registry
- A local Business (Inuit or Nunavut)

Local business preferences are for contracts carried out in a particular community. For example, if a school was being built, Inuit and Nunavut businesses in that community would qualify as local businesses for an additional bid benefit. Must have a local resident manager, and management and administration must occur in that community. If you meet all three criteria you can receive a bid benefit of 21% (7% for each). In the Call for Tenders it would be clearly stated that the bids are subject to NNI Policy. The onus is on the bidder to prove they meet the criteria, but the tendering agency must of course verify this information.

Bid Adjustments for Proposals:

- Cost component adjusted up to 21%
- Inuit employment 10%
- Inuit Ownership 5%

Contracting Appeals Board

- Set up in 2004 under NNI policy. Is comprised of two members each from NTI, the GN and the Chambers of Commerce in Nunavut.
- Bidders can make an appeal to the Board if they don't win contracts. This board deals only with matters related to the NNI Policy. Other contracting disputes must be dealt with in other ways, such as in the courts.
- The Board can recommend compensation, termination of contract, change in contracting procedures, etc.
- As the volume of contracting has increased, the amount going to Inuit firms has increased. However, for Nunavut business not registered as Inuit firms, the relative share of contracting has decreased markedly in the past decade

Federal Policy and Practices

There is an obligation on the Government of Canada to develop and maintain Nunavut-specific procurement policies. Some could apply in Nunavut but are not often used:

- Procurement Strategy for Aboriginal Business (PSAB)
- Aboriginal benefits package re contaminated sites

These programs confer certain advantages, but they are not based on NTI consultation or negotiation under Article 24.

Firms Registered With The PSAB, listed by Jurisdiction:

- Nunavut: 73
- NWT: 87
- Yukon: 28
- Ontario: approximately 400

The amount of money involved is about \$80-90 million per year. This could have been used much more in Nunavut, to date has been used very little.

Dew-Line Clean up

These are military defense sites from the Cold War, had be cleaned up the Department of National Defense. Sites are scattered across the North. NTI negotiated three agreements with Department of National Defense:

- Environmental Provisions: 1998
- Economic Agreement: 2001
- Monitoring Agreement: 2005

The Steering Committee was composed of representatives from DND and NTI. There were two working groups: the Environmental Working Group and the Contracting Working Group. These made recommendations to the Steering Committee re environmental standards and minimums re Inuit contracts and Inuit employment. Non-Inuit contractors must subcontract 60-70% of work to Inuit firms. The clean-up is virtually complete now. Approximately 70% of the dollar value of these contracts has gone to Inuit firms, amounting to \$163 million in value. About 1,600 Inuit worked on the sites, and 400 Inuit received training.

At the Cape Dyer site it was determined that minimums were not met, and the contract was terminated.

Monitoring

In 2006 NTI and other Aboriginal groups discussed monitoring of federal contracts with Treasury Board Secretariat (TBS). There were no figures kept so it was difficult to tell how many contract were being awarded to Inuit firms, etc.

In 2008 there was an amendment to the TSB Contracting Policy to improve data collection for all areas.