

# Government Contracting

Workshop Presentation  
Ottawa  
February 2014



# NLCA Objectives

- ▶ “to provide Inuit with . . . means of participating in economic opportunities”
- ▶ “to encourage self-reliance and the cultural and social well-being of Inuit.”

# ARTICLE 24 – Objectives

- ▶ INCREASED INUIT PARTICIPATION IN BUSINESS OPPORTUNITIES
- ▶ IMPROVED CAPACITY FOR INUIT FIRMS TO COMPETE FOR GOVERNMENT CONTRACTS
- ▶ INUIT EMPLOYMENT AT A REPRESENTATIVE LEVEL IN THE NUNAVUT WORK-FORCE

# ARTICLE 24 – Requirements

- ▶ **INUIT FIRM REGISTRY**
- ▶ **FEDERAL & TERRITORIAL PROCUREMENT POLICIES**
- ▶ **CONSULTATION WITH NTI ON PROCUREMENT POLICIES**
- ▶ **PERFORMANCE MONITORING**

# ARTICLE 24: Inuit Firms

- ▶ **REGISTRY ADMINISTERED BY NTI**
- ▶ **FIRST APPLICATIONS 1994**
- ▶ **140 INUIT FIRMS BY NOVEMBER 1996**
- ▶ **303 REGISTERED INUIT FIRMS, 2013**

# ARTICLE 24 – Inuit Firms

Registered by NTI

- ▶ **Sole proprietorship:** Inuk
- ▶ **Partnership:** Inuit-only
- ▶ **Co-op:** controlled by Inuit
- ▶ **Corporation:** 51% Inuit voting shares and Inuit control

# ARTICLE 24 - GOVERNMENT OF NUNAVUT

[illegible]

# Nunavummi

# Nangminiqaqtunik Ikajuuti

# (NNI Policy)

# ARTICLE 24: NNI History

- ▶ **Established in 2000**
- ▶ **Negotiated between GN and NTI**
- ▶ **Replaced GNWT Business Incentives Policy**
- ▶ **Revised 2002, 2004, 2005, 2006**
- ▶ **Applies to GN Contracts anywhere in Canada**

# ARTICLE 24 – NNI Policy Objectives

- ▶ **GOOD VALUE & FAIR COMPETITION**
- ▶ **STRENGTHENING NUNAVUT ECONOMY**
- ▶ **INUIT PARTICIPATION IN NUNAVUT ECONOMY (REFLECTING INUIT POPULATION)**
- ▶ **EDUCATION AND TRAINING (SKILLED WORKFORCE REFLECTING INUIT POPULATION)**

# ARTICLE 24 – NNI Policy

## BID PREFERENCES FOR

- ▶ **INUIT FIRM** (Inuit Firm Registry)
- ▶ **NUNAVUT BUSINESS** (NNI Business Registry)
- ▶ **LOCAL BUSINESS** (Inuit or Nunavut)

# ARTICLE 24 –Nunavut Business

## DEFINED IN NNI POLICY

- **UNINCORPORATED** – NUNAVUT RESIDENT PROPRIETOR
- **PARTNERSHIP** – MAJORITY INTERESTS & BENEFITS HELD BY NUNAVUT RESIDENTS
- **CO-OP** – 51% OF VOTING SHARES HELD BY NUNAVUT RESIDENTS
- **CORPORATION** – 51% OF VOTING SHARES OWNED BY NUNAVUT RESIDENTS

# ARTICLE 24 – NNI Local Business

## DEFINED IN NNI POLICY

- ▶ A **NUNAVUT BUSINESS** OR **INUIT FIRM**
- ▶ LOCATED IN THE COMMUNITY WHERE THE WORK IS DONE (**BUSINESS SPACE** YEAR-ROUND)
- ▶ REQUIRES A **LOCAL RESIDENT MANAGER**
- ▶ **MANAGEMENT & ADMINISTRATION** OF LOCAL ACTIVITY DONE IN THE COMMUNITY

# ARTICLE 24 – NNI Bid Adjustments

## TENDERS

| <b>CLASS OF BUSINESS</b> | <b>BID ADJUSTMENT<br/>2004 - 14</b> |
|--------------------------|-------------------------------------|
| <b>INUIT FIRM</b>        | <b>7%</b>                           |
| <b>NUNAVUT BUSINESS</b>  | <b>7%</b>                           |
| <b>LOCAL BUSINESS</b>    | <b>7%</b>                           |
| <b><i>MAXIMUM</i></b>    | <b><i>21%</i></b>                   |

# ARTICLE 24 – NNI Bid Adjustments

## RFPs

### BID ADJUSTMENTS FOR PROPOSALS

- ▶ PRICE BID ADJUSTMENTS (up to 21%) APPLIED TO COST COMPONENT
- ▶ INUIT EMPLOYMENT 10%
- ▶ INUIT OWNERSHIP 5%

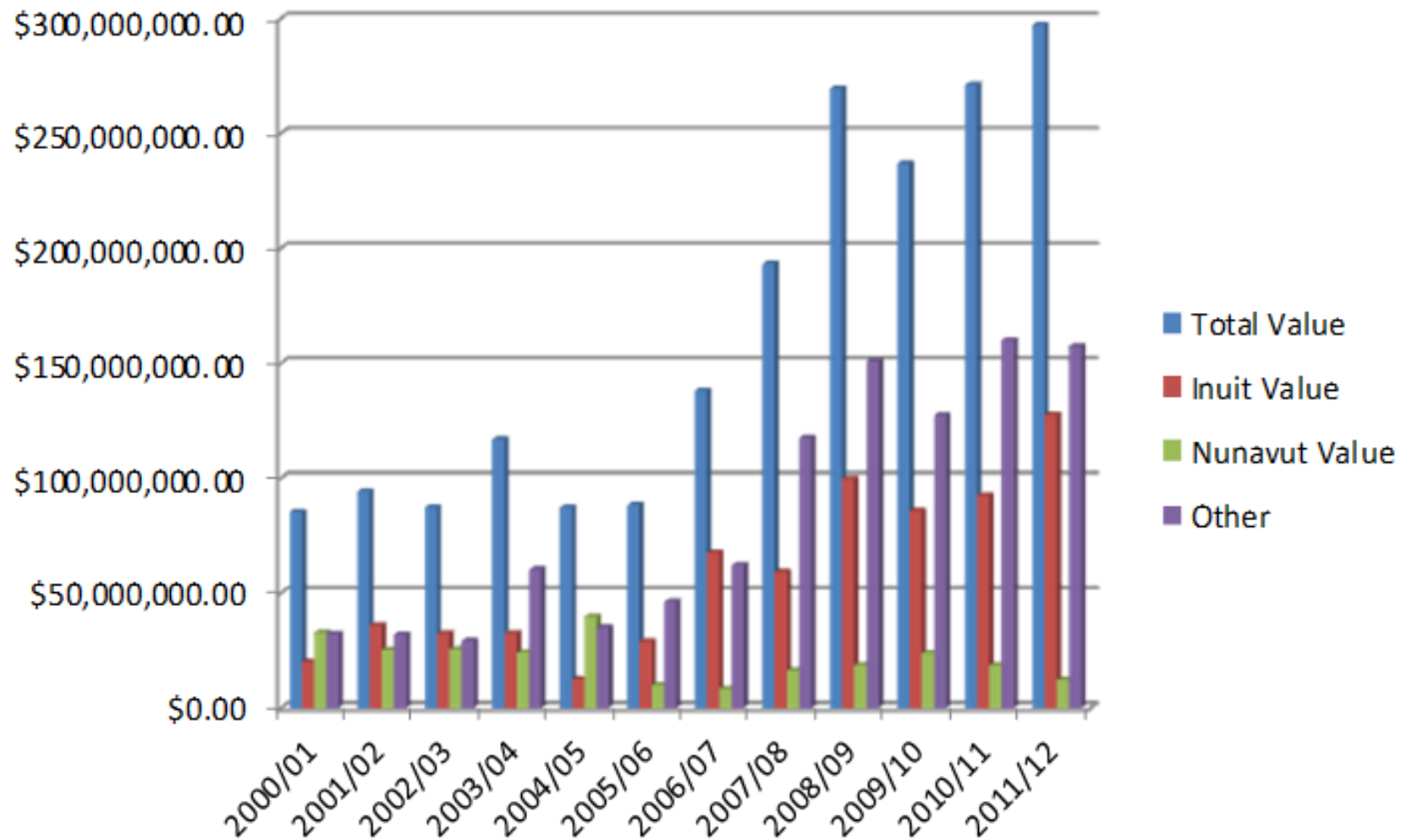
# ARTICLE 24 – NNI Policy

## CONTRACTING APPEALS BOARD

- ▶ ESTABLISHED 2004
- ▶ 1 / 3 OF BOARD MEMBERS NOMINATED BY NTI, 1 / 3 BY GN, 1 / 3 BY CHAMBERS OF COMMERCE
- ▶ UNSUCCESSFUL BIDDERS MAY APPEAL CONTRACT AWARD
- ▶ APPEAL BASED ON NNI POLICY ONLY
- ▶ BOARD MAY RECOMMEND COMPENSATION, TERMINATION OF CONTRACT, CHANGE IN CONTRACTING PROCEDURES, ETC.

# ARTICLE 24 -- NNI CONTRACT DATA

## TOTAL VALUE 2000-2012



# Article 24

## **FEDERAL POLICY & CONTRACTING PRACTICE**

# Article 24 – Federal Policy

- ▶ **Government of Canada to develop and maintain Nunavut-specific Procurement Policies under Article 24 (24.3.1 & 24.3.2)**
- ▶ **To date, no overarching Nunavut-specific Federal Procurement Policy has been implemented.**

# Article 24 – Federal Policy

- ▶ Federal Policies that may apply in Nunavut – although not frequently used
  - Procurement Strategy for Aboriginal Business
  - Aboriginal Benefits Package
- ▶ PSAB and ABP do not contain bid adjustments like NNI, or mandatory minimums as with the DEW–Line Agreement (PSAB is a set–aside)
- ▶ Not based on NTI consultation or negotiation

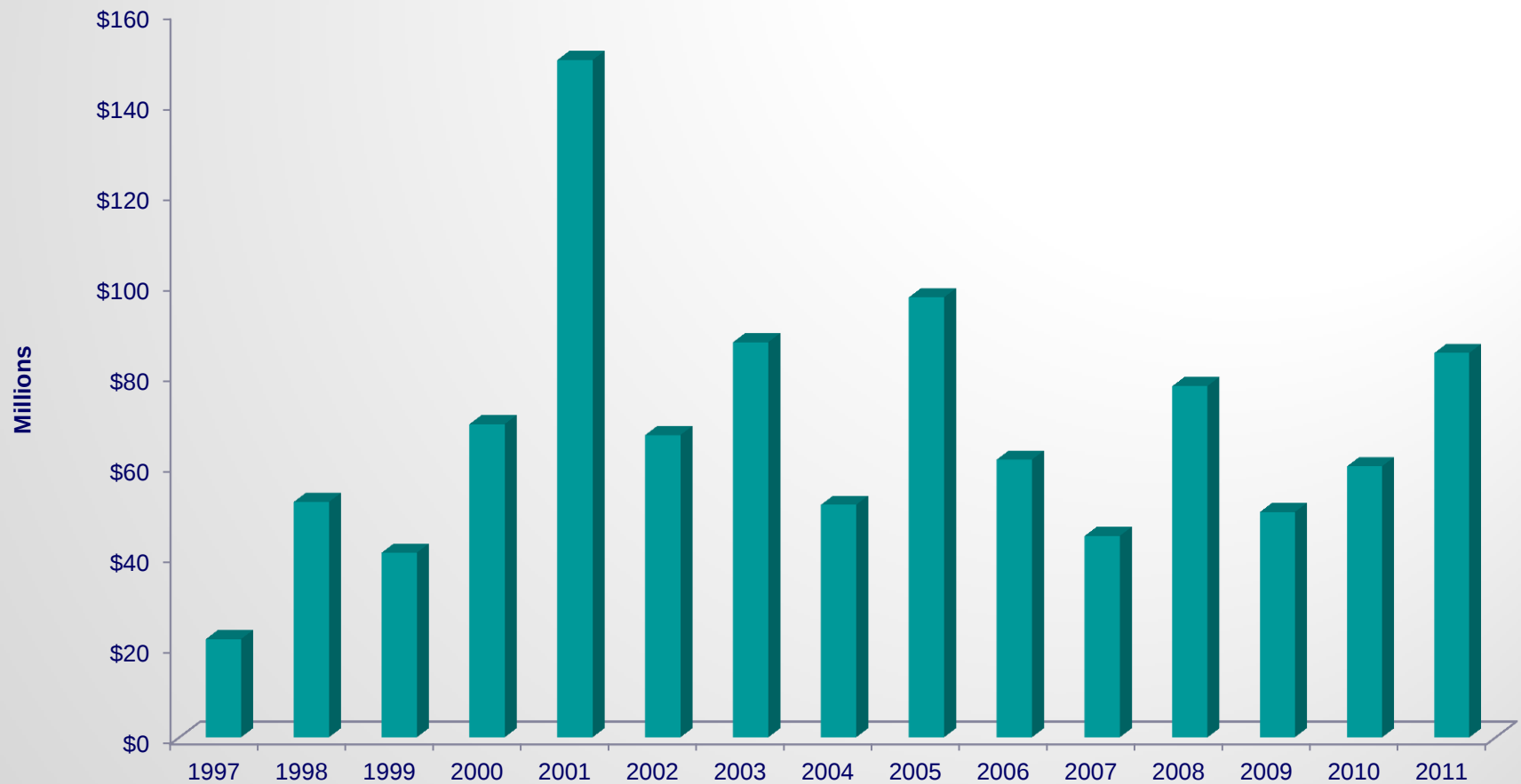
# PSAB – Aboriginal Businesses

**1603 Aboriginal businesses  
registered in national Aboriginal  
Business Directory (2014)**

- ▶ **Nunavut - 73**
- ▶ **Northwest Territories - 87**
- ▶ **Yukon – 28**

# PSAB National Contract Awards

CONTRACTS AWARDED TO ABORIGINAL FIRMS 1997-2011



# DEW-LINE CLEAN-UP



# ARTICLE 24 - DEW-line



# **ARTICLE 24 – DEW–Line Clean–up**

## **Three NTI–DND Agreements**

- ▶ **Environmental Provisions (1998)**
- ▶ **Economic Agreement (2001)**
- ▶ **Monitoring Agreement (2005).**

# ARTICLE 24 – DEW–Line (DND)

**Steering Committee (DND/NTI) makes decisions:**

- ▶ **Advisory Working Groups:**
  - **Environmental Working Group**
  - **Contracting Working Group**
- ▶ **Mandatory Minimums**
  - **MICC: 60–75%**
  - **MIEC: 65–85%**

# ARTICLE 24 – DEW-Line (DND)

## Economic Benefits

- **71.5% of the total value of all clean-up contracts in Nunavut went to Inuit Firms**
- **\$163.5 million in revenue to Inuit Firms**

# **ARTICLE 24 – DEW-LINE (DND)**

## **Employment Benefits**

- **1,614 Inuit worked on the clean-ups  
70.5% of all person-days at the sites  
went to Inuit employees [not including  
Cape Dyer]**
- **Over 400 Inuit received training for  
employment (NTI DEW-Line Clean-up  
Training Program)**

## **ARTICLE 24 –Monitoring**

- ▶ **2006 NTI and other Aboriginal groups discussed monitoring of Federal Contracts with Treasury Board Secretariat (TBS)**
- ▶ **2008 Amendment to TB Contracting Policy (CPN 2008–4) to improve data collection and distribution of information on federal contracting in *a//* Comprehensive Land Claims Agreement areas.**

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