



GOVERNMENT OF
NUNAVUT
ANNUAL CONTRACT
DATA REPORT

FISCAL YEAR 2003/2004

Prepared by the Department of Community and Government Services
Contracts Section, Finance Division

GOVERNMENT OF NUNAVUT
ANNUAL CONTRACT DATA REPORT
FISCAL YEAR 2003/2004

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INTRODUCTION

The Government of Nunavut's Annual Contract Data Report was prepared by the Department of Community and Government Services (CGS). The organization of this report is based on the Government of Nunavut (GN) Contract Procedures Manual, Section 16, and information available from GN databases.

The Report presents statistical information about GN contracts reported by other Departments, and CGS Regional Offices and Divisions, to CGS Contracts Section. Crown Corporation contracting activities are not reported to CGS and are, therefore, not included in this report. Contract information in this report is for contracts awarded during fiscal year 2003/2004, and some information updates are provided for contracts awarded in fiscal year 2002/2003. CGS can not guarantee the accuracy of contract information reported by Departments, however, we do make best efforts to verify the information and ensure Departments are fully aware of the reporting requirements set out in the NNI Policy and the GN Contract Procedures Manual.

DEFINITION OF TERMS

"Contracting Method": means the way a contract is entered into. There are, primarily, three ways of entering into contracts in the GN; Request for Tenders, Request for Proposals and Sole Sourcing. Another way of entering into a contract is by negotiation, however, only Cabinet may use or approve this method.

"Goods": In this report, "Goods" means contracts for the purchase of goods, that are primarily entered into by the CGS Purchasing Section on behalf of Government of Nunavut Departments. These contracts are referred to as 'Purchase Orders' or 'POs'.

"Inuit": In this report, contracts to "Inuit" means contracts with Inuit firms that were registered with Nunavut Tunngavik Inc. (NTI) as an Inuit Firm.

"LCA" or "Local Contract Authority": means authority to contract, using an LCA form, for goods and services that do not exceed \$5,000 in value. Use of this form is restricted to contracting with parties located in Nunavut.

"Local": In this report, "Local" contracts are those awarded to registered Inuit or Nunavut businesses that are based in the same community where the work or goods are required.

"Nunavut": In this report, contracts to "Nunavut" means contracts with Nunavut firms that were registered with the GN as a Nunavut Business. For this report, if a Nunavut firm is also registered with NTI as an Inuit Firm, then the contract is counted as a contract to Inuit, rather than a contract to Nunavut.

"Other": In this report, contracts to "Other" means contracts with persons, organizations, or firms that were not registered with NTI or the GN.

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DEFINITION OF TERMS CONTINUED

"Sole Source": In this report, "Sole Source" means a contract that was entered into without a competitive request for tenders or proposals. The criteria are noted on Page 18 of this report.

REPORT SUMMARY

This is a summary of the Report, highlighting the participation of Inuit and Nunavut registered firms, and Inuit labour in Government contracts.

- **All Contracts:** 10,312 contracts were awarded in 2003/2004 fiscal year; 40.4% were to Inuit, and 21.2% to Nunavut. The total dollar value of all contracts was \$116,851,702.25: 28% of dollars to Inuit, and 20.5% to Nunavut.
- **Small Contracts:** 1,098 Small Contracts were awarded; 23% were to Inuit, and 23% to Nunavut. The total dollar value of Small Contracts was \$5,003,181.80: 26% of dollars to Inuit, and 22 % to Nunavut.
- **Local Contract Authority (LCA):** 8,516 LCAs were issued; 43% were to Inuit, and 21% to Nunavut. The total dollar value of LCAs was \$3,716,375.14: 36% of dollars to Inuit, and 34% to Nunavut.
- **Large Contracts - Including Goods:** 698 Large Contracts were awarded; 31% were to Inuit firms, and 24% to Nunavut. The total dollar value of Large Contracts was \$108,132,145.31: 28% of dollars to Inuit, and 20% to Nunavut.
- **Large Contracts - Excluding Goods:** 227 contracts were awarded; 27% were to Inuit, 18% to Nunavut. The total dollar value of these contracts was \$95,180,186.76: 26% of value to Inuit and 20% of value to Nunavut.
 - ◆ **Contract Type Analysis:** For the 227 Large Contracts - Excluding Goods 88% of contracts were for Consulting Services, Major Construction, Minor Construction and Maintenance Services, and Services Contracts. 90% of the value was for Major Construction, Minor Construction and Maintenance Services and Service Contracts.
 - The Contract Types that Inuit and Nunavut firms won most often were: Major Construction (42% Inuit, 33% Nunavut), and Construction and Maintenance Services (57% Inuit, 38% Nunavut).
 - The Contract Types where most dollars went to Inuit and Nunavut firms were for Major Construction: 29% of dollars went to Inuit, and 21% to Nunavut; and for Minor Construction and Maintenance Services: 59% of dollars went to Inuit and 37% to Nunavut.
 - ◆ **Contract Method Analysis:** Out of the 227 Large Contracts - Excluding Goods – 135 contracts resulted from competitive bid/proposal submissions (59%) and 92 contracts resulted from sole source awards (41%). Of the \$95,180,186.76 total value, \$85,547,339.22 resulted from competitive bid/proposal submissions (90%) and \$9,632,847.54 resulted from sole source awards (10%).

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REPORT SUMMARY CONTINUED

- **Sole Source Method Analysis:** Most of the contracts and most of the dollar value for them went to companies that were not Inuit or Nunavut. These contracts were mainly for Consulting Services and Service Contracts.
- ◆ **Awards to Local Businesses:** Out of the 227 Large Contracts - Excluding Goods - 69 contracts were awarded to Local businesses: 43 of the 69 contracts went to Inuit firms (62%), and 26 of the 69 contracts went to Nunavut firms (38%). The dollar value for Local contracts was \$12,108,845.86; of this dollar value, \$10,074,281.40 went to Local Inuit firms (83%), and \$2,108,845.86 went to Local Nunavut(17%).
- **Submissions Received:** Considering the main contract types for Small and Large Contracts (excluding Goods and LCAs and Sole Source Awards), in general where Inuit firms are bidding, they are winning a significant percentage of the contracts.
 - For Minor Construction and Maintenance Services, Inuit firms submitted 33% of the bids, and won 57% of the contracts. For Major Construction, Inuit firms submitted 46% of the bids, and won 42% of the contracts.
 - On average, there were 6 bids received for Minor Construction and Maintenance Services, and 3 for Major Construction and Service Contracts.
- **Inuit Labour:** Based on 2003/2004 bid information, it is anticipated that approximately \$54,544.23 in bonuses would be paid out. Based on 2003/2004 contracts completed to date, \$68,244.06 has been paid for actual Inuit labour achievements and \$10,237.18 has been assessed in penalties. When multi-year projects are completed, the Inuit Labour information will be reported, and an update will be provided in next year's data report.
 - For Minor Construction and Maintenance Services Contracts across Nunavut, an average of 32% minimum Inuit labour was required; on average, bidders committed to 51% in their bid documents, and actually achieved 57%.
 - For Major Construction across Nunavut, an average of 23% Inuit labour was required; on average, bidders committed to 22%, and, based on contracts completed to date, contractors have achieved 28%.
- **Contracts awarded due to NNI Adjustments:** For Small and Large contracts (excluding Goods, LCAs and Sole Source Awards), 9% of contracts, and 17% of the value, were awarded due to NNI Adjustments.
 - 23 contracts (out of 269) were awarded due to NNI Adjustments: 57% of awards due to NNI adjustments were to Inuit firms, and 26% to Nunavut.
 - The value of contracts awarded due to NNI adjustments was \$14,996,793.74 (out of \$87,162,080.08 for competitive contracts): 46% of awards due to NNI adjustments were to Inuit, and 52% to Nunavut.

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REPORT SUMMARY CONTINUED

- Inuit and Nunavut firms won most contracts because of competitive pricing rather than because of NNI adjustments.
 - **Comparison to Previous Fiscal Year:** For contracts awarded by the former Public Works and Services department in fiscal year 2002/2003 compared to fiscal year 2003/2004, the number of contracts awarded decreased. The number and value of contracts awarded to Inuit and Nunavut firms decreased, and awards to Other (non-registered) firms increased.
 - There were 744 fewer contracts awarded but there was a \$28,347,566.14 increase in value.
 - The percentage of contracts to Inuit firms in fiscal year 2003/2004 was 2% less than the previous year, and the value of contracts awarded to Inuit firms was 16% less.
 - It is worthwhile to note that very large value Major Construction contracts awarded to Inuit firms which are parties to Joint Ventures are reported as awards to “Other”.
-

REPORT OVERVIEW

This report focuses on the distribution of contracts awarded to companies, individuals or organizations in three status categories:

- 1) Inuit – listed on the NTI Inuit Firms Registry,
- 2) Nunavut – listed on the GN Nunavut Firms Registry and
- 3) Other – not registered as an Inuit or a Nunavut firm.

For this report, contracts awarded to firms that were listed on both the NTI Inuit Firms Listing and the GN Registry of Approved Nunavut Businesses have been included in the Inuit category, but not in the Nunavut category. The report also analyzes firms submitting bids or proposals for contracts, and Inuit labour for construction and maintenance contracts. Charts and graphs are used to illustrate the statistics presented.

SECTION 1, All Contracts, includes all types and values of contracts reported. The number and value of contracts for Inuit and Nunavut firms for all contracts is provided. A breakdown of the number of contracts and value of contracts for Goods Contracts, Local Contract Authorities (LCA), and for all other Contract Types is provided.

SECTION 2, Small Contracts, includes Goods Contracts under \$5,000 and all other Contract Types under \$25,000, and does not include Local Contract Authority (LCA) contracts. A breakdown of the number and value of Small Contracts to Inuit and Nunavut firms is provided.

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REPORT OVERVIEW CONTINUED

SECTION 3, *Local Contract Authority (LCA)*, includes only LCA purchases. LCAs are contracts for local goods and services that do exceed \$5,000 in value. A breakdown of the number and value of LCAs to Nunavut and Inuit firms is provided.

SECTION 4, *Large Contracts - Including Goods*, includes Goods contracts with a value of \$5,000 and greater, and all other Contract Types with a value of \$25,000 and greater. A breakdown of the number and value of Large Contracts - Including Goods to Inuit and Nunavut firms is provided.

SECTION 5, *Analysis of Large Contracts - Excluding Goods*, includes all Contract Types with a value of \$5,000 and greater, and does not include Goods contracts. These Contracts are analyzed by Status and are further analyzed in sub-sections 5.1 by Contract Types and 5.2 by Contracting Methods. Sub-section 5.3 is an analysis of awards to Local Inuit and Nunavut businesses.

5.1 *Contract Types*: This sub-section provides an analysis of Large Contracts - Excluding Goods by eight Contract Type categories used by the GN: *Air Charters, Architectural/Engineering, Consulting Services, Major Construction, Minor Construction and Maintenance Services, Leases, Service Contracts, and Other (Non-Standard)*. The number and value of contracts for each contract type is provided and illustrated by pie charts, and the number and value for each Contract Type to Inuit and Nunavut is provided and illustrated by graphs.

5.2 *Contract Methods and Sole Source Contracts*: This sub-section provides an analysis of Large Contracts - Excluding Goods - by Contracting Method. A breakdown is given by: *Public* or *Invited* requests for submissions (tenders or proposals), and for contracts that were *Sole Source* awards. For sole-source awards, the number of contracts and value to Inuit and Nunavut firms are provided. Sub-section 5.2.1 is a further analysis of Sole Source awards, by Contract Type.

5.3 *Awards to Local Businesses*: This sub-section provides an analysis of Large Contracts - Excluding Goods - awarded to *Local* Inuit or Nunavut businesses. A breakdown of the number and value of contracts to Local businesses is provided for Inuit and Nunavut firms.

SECTION 6, *Analysis of Submissions Received*, provides information about the number and status of firms bidding for Small and Large Contracts - Excluding Goods, LCAs, and Sole Source awards. The number of bids and the number of bids from Inuit firms for competitive contracting provided for the main Contract Type categories: Architectural/Engineering, Minor Construction and Maintenance Services, Major Construction, Consulting Services, and Service Contracts, and is illustrated in a graph.

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REPORT OVERVIEW CONTINUED

SECTION 7, Inuit Labour, provides Inuit labour information for Small and Large value Minor Construction and Maintenance Services, and Major Construction contracts.

7.1 Inuit Labour for Minor Construction and Maintenance Services: This sub-section is an analysis of Inuit labour minimum requirements, Inuit labour shown on bids, and Inuit labour actually achieved for Minor Construction (contracts less than \$100,000), and Maintenance Services contracts.

7.2 Inuit Labour for Major Construction: This sub-section is an analysis of Inuit labour minimum requirements, Inuit labour shown on bids, and Inuit labour actually achieved for Major Construction (contracts \$100,000 and over).

7.3 Inuit Labour Bonuses: This sub-section provides dollar amounts of potential bonuses, based on bid information, and the amount of bonuses paid to date. The distribution of bonuses paid is shown for the 3 Regions.

SECTION 8, Contracts Awarded due to NNI Adjustments: This section provides information about contracts where the NNI adjustments resulted in the company being awarded the contract, when the company would not have won the contract without the adjustment. The number and dollar value of contracts won due to NNI adjustments are provided for Inuit and Nunavut businesses.

SECTION 9, Comparison to Previous Year: This section compares the number and dollar value of the former Public Works and Services department's contracts from fiscal year 2003/2004 to Public Works and Service contracts from previous fiscal years, starting from the fiscal year when the NNI Policy came into effect, 2000/2001.

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SECTION 1 - ALL CONTRACTS

Section 1, All Contracts includes all contracts awarded: Goods Contracts, LCA's, and all other Contract Types.

All Contracts - by Status Category

Note: Inuit firm and Nunavut firm Status

For this Section, and all subsequent sections of this report, 3 Status categories are used:

Inuit - listed on the NTI Inuit firms Registry,

Nunavut - listed on the GN Nunavut Business Registry, and

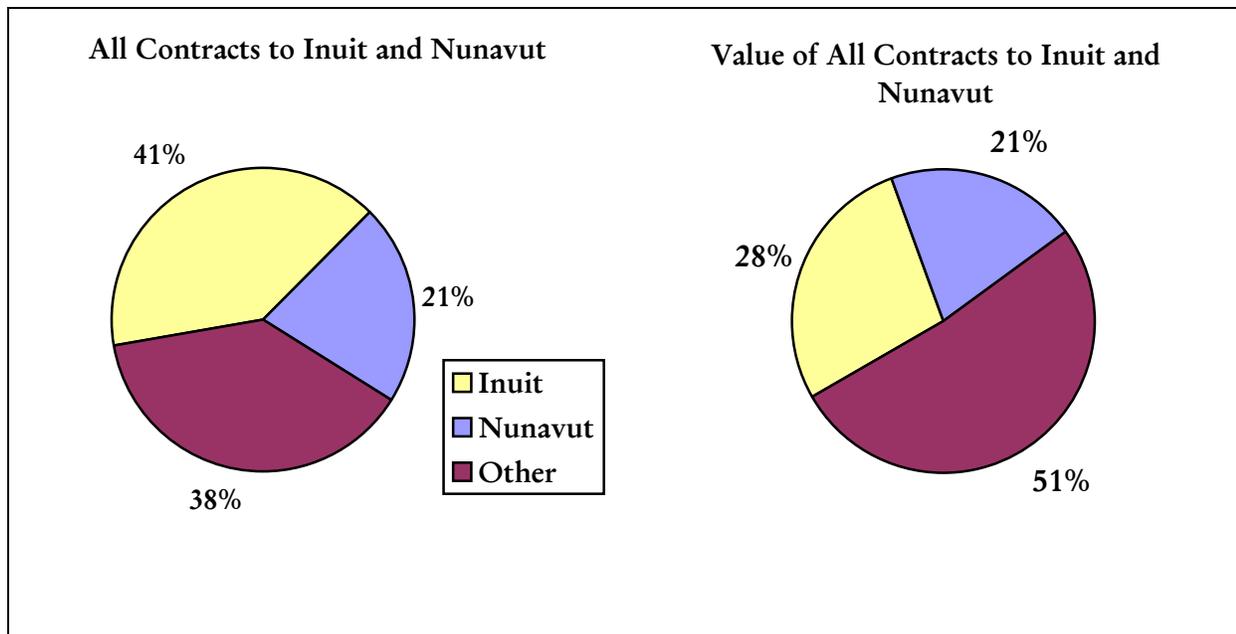
Other - not registered.

- For this report, those companies that were both Inuit and Nunavut registered, are included in the 'Inuit' category, but not in the 'Nunavut' category.

- 'Other' includes Hamlets, Housing Associations, and Inuit Organizations, and Nunavut Arctic College, as well as individuals and/or businesses that are not registered as Inuit or Nunavut firms; 'Other' also includes businesses located in the NWT and southern Canada.

The pie charts below illustrate the number of contracts reported, and the total value of contracts to Inuit, Nunavut and Other.

- There were a total of 10,312 contracts awarded: 4,163 to Inuit (41%), 2,193 to Nunavut (21%) and 3,956 to Other (38%).
- The total value for all contracts was: \$116,851,702.25: \$32,580,495.19 to Inuit (28%), \$23,969,190.94 to Nunavut (21%) and \$60,302,016.11 to Other (51%).



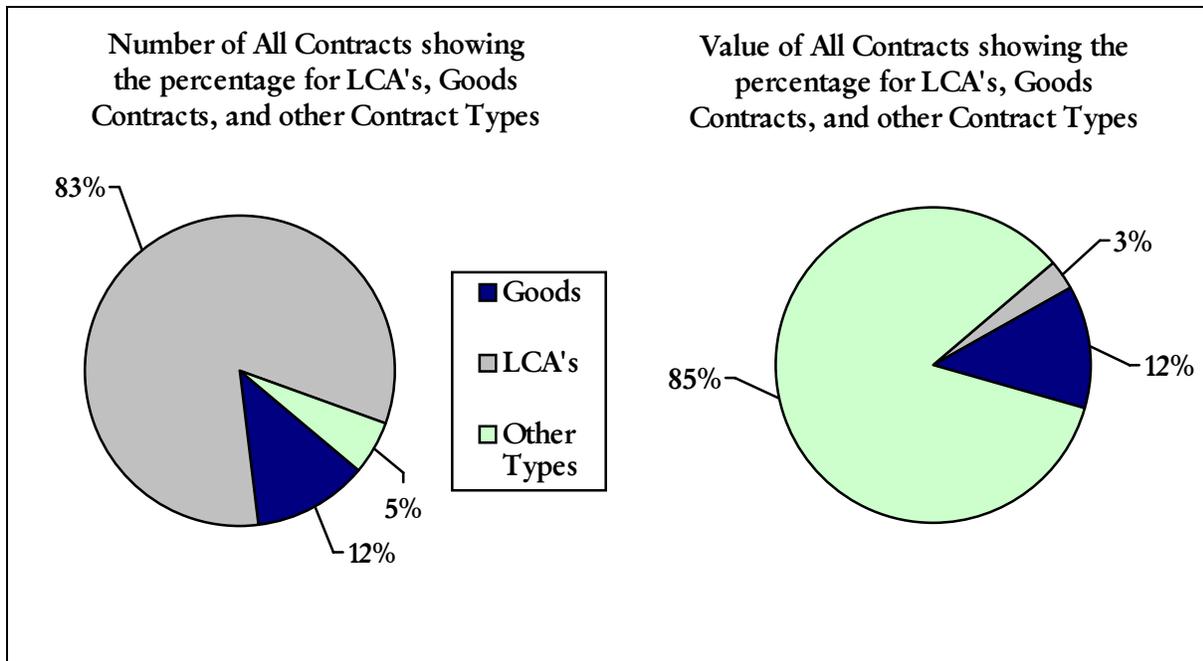
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SECTION 1 - ALL CONTRACTS CONTINUED

All Contracts - Breakdown for Goods, LCA's, and all other Contract Types

The pie charts below illustrate the number and value of contracts for Goods Contracts, LCAs, and all other Contract Types.

- A total of 10,312 contracts were awarded: 1,225 were Goods Contracts (12%), 8,516 were LCAs (83%), and 571 were for all other Contract Types (5%).
- The total value for contracts awarded was \$116,851,702.25: \$14,466,684.80 for Goods Contracts (12%), \$3,716,375.14 for LCAs (3%), and \$98,668,642.31 for all other Contract Types (85%).
- Section 3 of this report provides more information for LCAs, and Section 5 focuses on Large Value Contracts excluding Goods Contracts and LCAs.



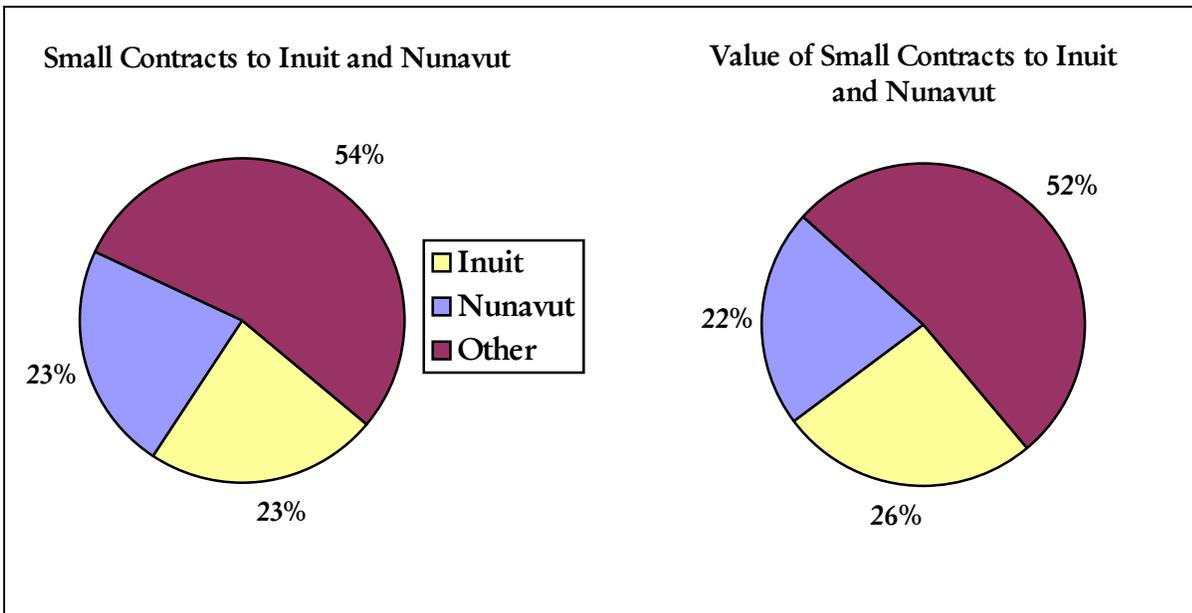
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SECTION 2 - SMALL CONTRACTS

Section 2, Small Contracts includes all Goods Contracts under \$5,000, excluding LCAs, and all other Contracts Types under \$25,000.

The pie charts below illustrate the number of Small Contracts reported, and the total value of Small Contracts to Inuit, Nunavut and Other.

- There were 1,098 Small Contracts reported: 253 to Inuit (23%), 250 to Nunavut (23%), and 595 to Other (54%).
- The Small Contracts totaled \$5,003,181.80 in value: \$1,289,810.94 to Inuit (26%): \$1,100,288.59 to Nunavut (22%), and \$2,613,082.27 to Other (52%).



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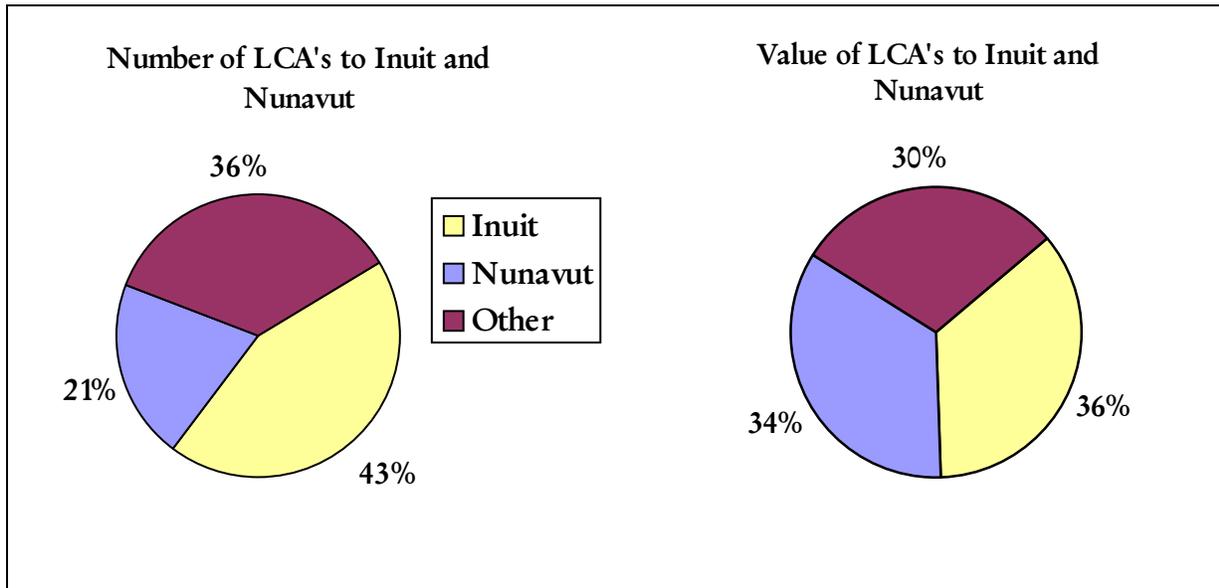
SECTION 3 - LOCAL CONTRACT AUTHORITY (LCA)

Section 3, Local Contract Authority (LCA) contracts are used by the GN to purchase local goods and services not exceeding \$5,000 in value. Because of the small value of these contracts, the GN Regulations do not require a formal competitive bidding procedure for these contracts, although informal requests for pricing are required for contracts over \$1,000.

The pie charts below illustrate the total number, and the total value of LCA purchases to Inuit, Nunavut and Other.

- There were 8,516 LCAs: 3,694 to Inuit (43%), 1,774 to Nunavut (21%), and 3,048 to Other (36%).
- The total value of LCAs was \$3,716,375.14; \$1,325,105.09 awarded to Inuit (36%); \$1,281,430.75 to Nunavut (34%); and \$1,109,839.30 to Other (30%).

Note: Almost all LCA purchases for the 'Other' status category were for Inuit or Nunavut companies, individuals, or organizations that were not registered with either NTI or the GN.



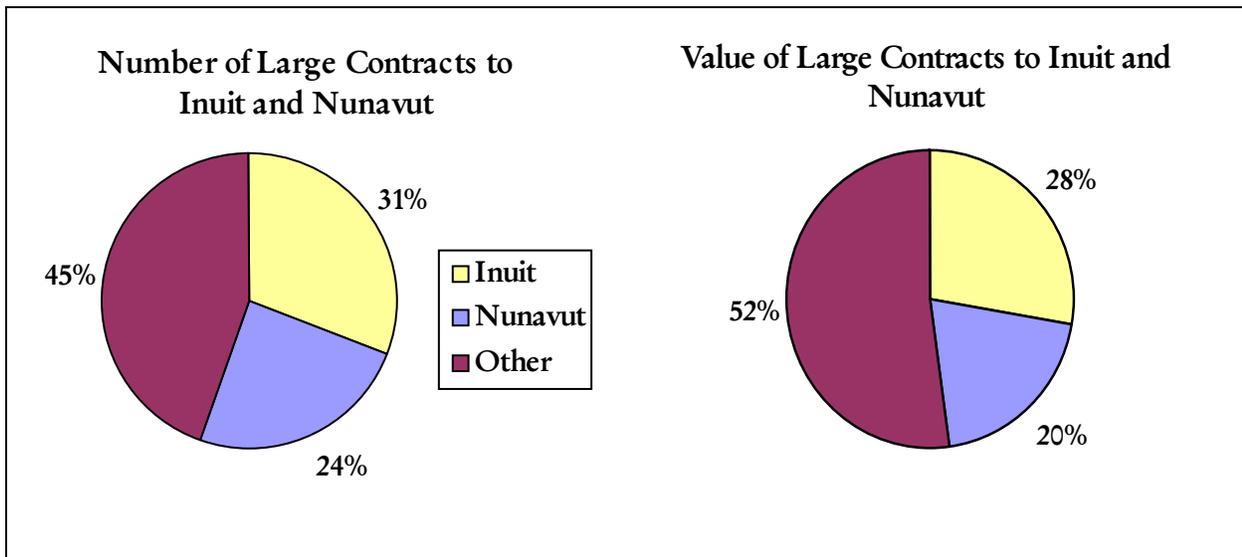
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SECTION 4 - LARGE CONTRACTS - INCLUDING GOODS

Section 4, Large Contracts includes of all Goods Contracts of \$5,000 and greater, and all other Contracts of \$25,000 and greater.

- There were 689 Large Contracts: 216 to Inuit (31%), 169 to Nunavut (24%), and 313 to Other (45%).
- The Large Contracts amounted to \$108,132,145.31: \$29,965,579.16 to Inuit (28%), \$21,592,162.11 to Nunavut (20%), and \$56,574,404.04 to Other (52%).

Note: Because of the very high value of some large Major Construction contracts, one contract award can make a significant difference in the percentage of dollars to Inuit firms compared to Nunavut firms. Also, contracts to Inuit Firms that are a party to a Joint Venture are reported as contracts to Other.



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SECTION 5 - ANALYSIS OF LARGE CONTRACTS - EXCLUDING GOODS

Section 5 analyzes Large Contracts (\$25,000 and greater) and does not include Goods Contracts, or LCAs. There were 227 Large Contracts excluding goods, and the total value for these contracts was \$95,180,186.76.

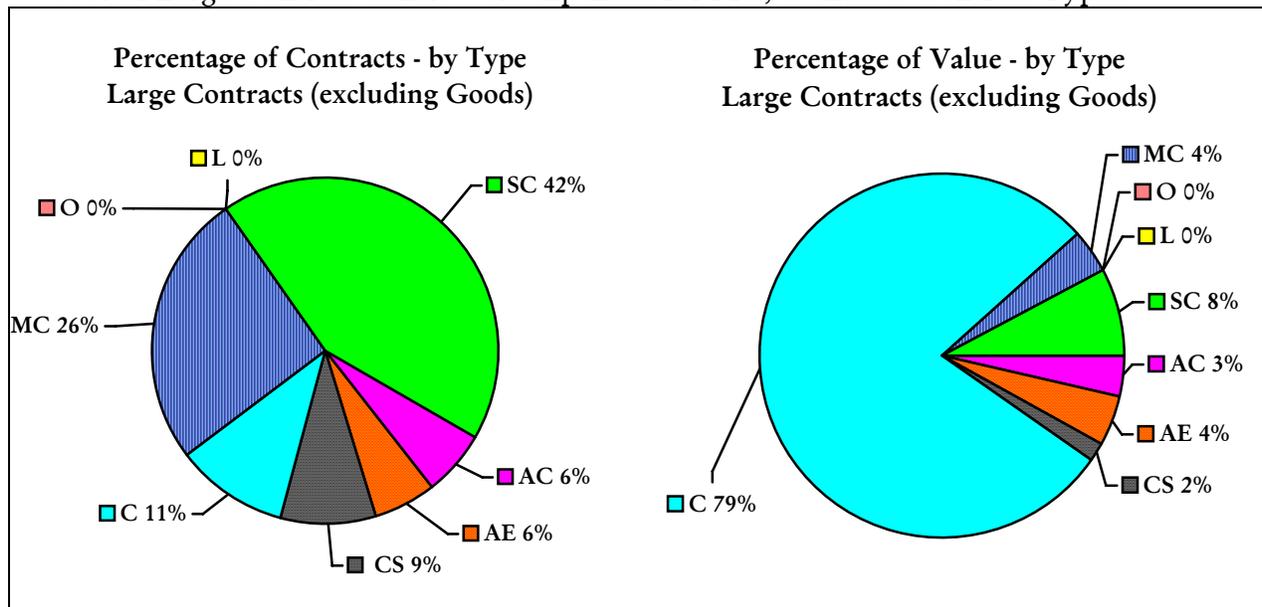
- 27% of contracts and 26% of dollars to Inuit, and 18% of contracts and 20% of value to Nunavut

5.1 - CONTRACT TYPES (Large Contracts - Excluding Goods)

This sub-section analyzes contracts by Contract Type. There are 8 Contract Types. These were the number and dollar values for Large Contracts (\$25,000 and over), excluding Goods, for each type. There were no Leases for Real Property or Other (non-standard) contracts reported in fiscal year 2003/2004. The following information is illustrated on pie charts below.

<u>Contract Type</u>	<u>Number of Contracts</u>	<u>Value of Contracts</u>
AC Air Charter:	14	\$3,312,195.86
A/E Architectural/Engineering:	13	\$4,266,361.60
CS Consulting Services:	20	\$1,804,988.64
C Major Construction (\$100,000 +):	24	\$74,584,837.00
MC Minor Construction or Maintenance:	58	\$3,759,788.25
O Other types:	0	\$0
L Leases for Real Property:	0	\$0
SC Service Contracts:	98	\$7,452,015.41
Total	227	\$95,180,186.00

- 88% of Large Contracts were for: CS, C, MC and SC Contract Types.
- 90% of Large Contract dollars were expended for MC, C and SC Contract Types.



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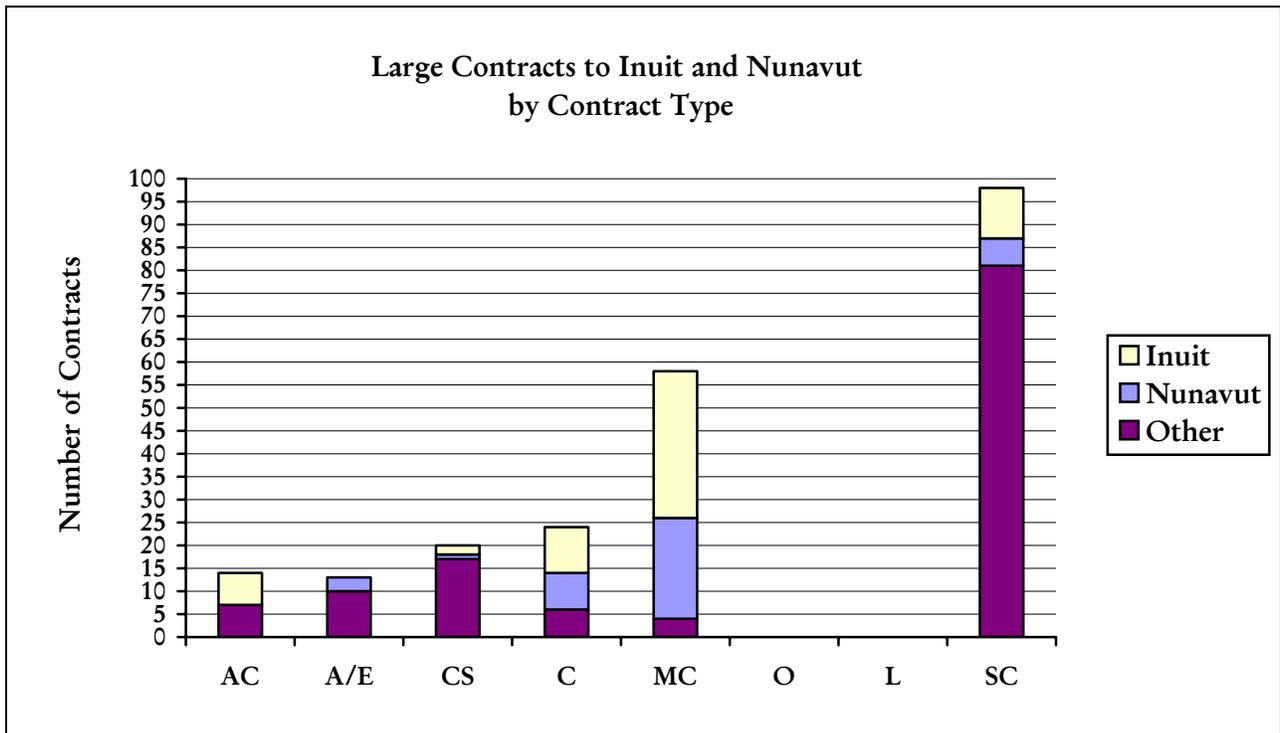
5.1 - CONTRACT TYPES (Large Contracts - Excluding Goods) Continued

Analysis by Number of Contracts

The graph and percentages below indicate the number of Large Contracts (\$25,000 and over), excluding goods, in the 8 Contract Type categories awarded to Inuit and Nunavut. The following are percentages of the Contract Type, awarded to Inuit and Nunavut, within the categories:

- AC Air Charter: 50% of contracts were to Inuit firms which were also Nunavut firms.
- A/E Architectural/Engineering: no contracts to Inuit, 23% were to Nunavut.
- CS Consulting Services: 10% of contracts were to Inuit, 15% were to Nunavut.
- C Major Construction (\$100,000 +): 42% of the contracts were to Inuit, 33% to Nunavut.
- MC Minor Construction or Maintenance: 55% of contracts were to Inuit, 38% to Nunavut.
- O Other types: no Other (non-standard) contracts were reported for 03/04 fiscal year.
- L Leases for Real Property: There were no Lease contracts reported for 03/04 fiscal year.
- SC Service Contracts: 11% to Inuit, 6% to Nunavut.

Note: This report covers GN Departments only, and does not include Housing Corporation.



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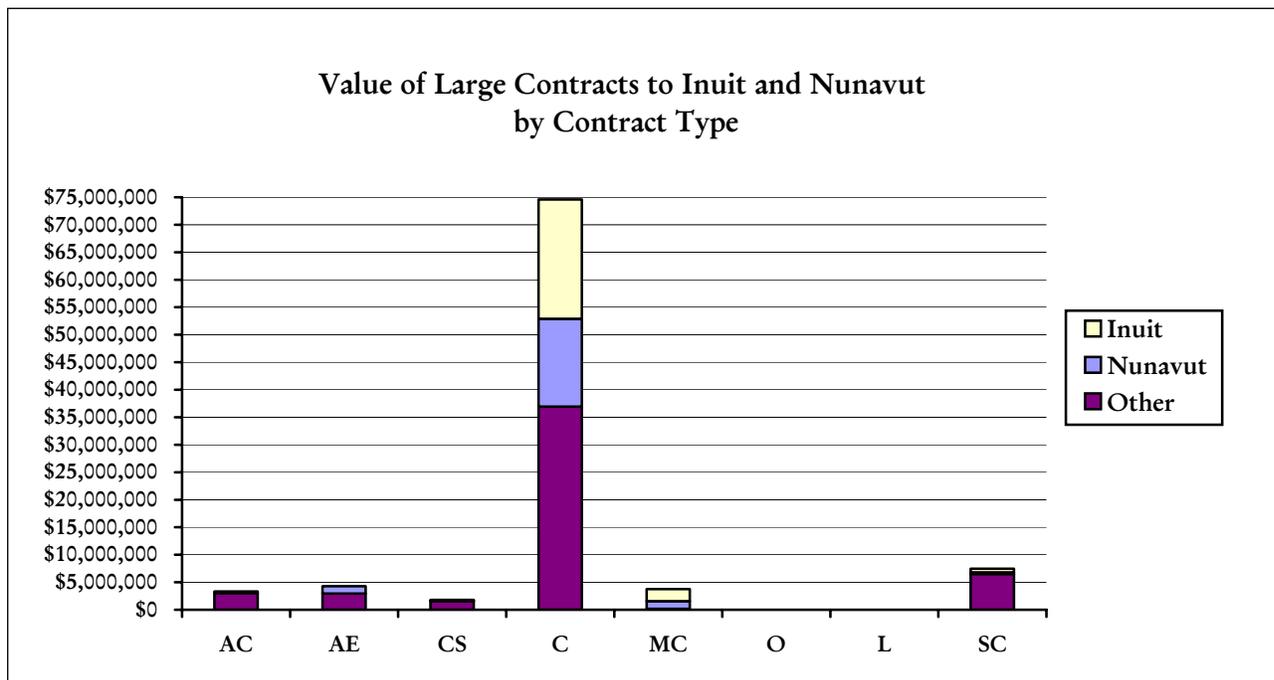
5.1 - CONTRACT TYPES (Large Contracts - Excluding Goods) Continued

Analysis by Value of Contracts

The graph and percentages below indicate the dollar value of Large Contracts (\$25,000 and over), excluding goods, in the 8 Contract Type categories to Inuit and Nunavut. The following are percentages of the dollar value of contracts to Inuit and Nunavut within the categories:

- AC Air Charters: 8% of total value to Inuit firms which were also Nunavut firms.
- A/E Architectural/Engineering: none to Inuit firms, 31% to Nunavut firms.
- CS Consulting Services: 9% of the value to Inuit firms, and 3% to Nunavut.
- C Major Construction (\$100,000 +): 29% of the value to Inuit, and 21% to Nunavut.
- MC Minor Construction or Maintenance: 59% of the value to Inuit, and 37% to Nunavut.
- O Other types: no Other (non-standard) contracts were reported for 03/04 fiscal year.
- L Leases for Real Property: No Lease contracts were reported for 03/04 fiscal year.
- SC Service Contracts: 9% of the value to Inuit, 4% to Nunavut.

Note: This report covers GN Departments only, and does not include Nunavut Housing Corporation.



It is worthwhile to note that the GN awarded large value Major Works Construction Contracts (C) to Joint Ventures where an Inuit Firm was a party to the Joint Venture. Joint Ventures are not considered to be a company and are not eligible for Inuit or Nunavut status under the NNI Policy, and are, therefore, reported as 'Other'. Also, contracts awarded to companies who no longer qualify for Nunavut status, under s.20, of the NNI Policy are also reported as Other. This may account for the increase in awards to Other (non-registered) firms.

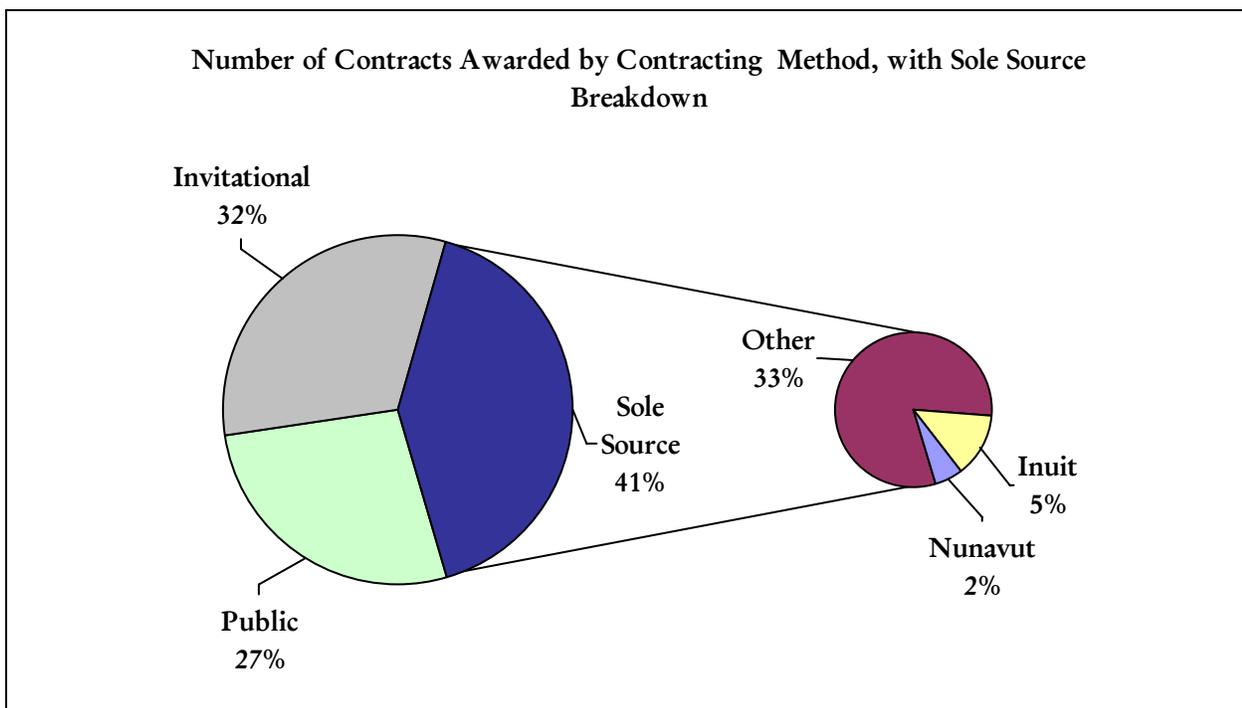
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5.2 - CONTRACTING METHODS (Large Contracts - Excluding Goods)

This sub-section provides an analysis of Large Contracts (\$25,000 and greater), excluding Goods, by the Contracting Method. Contracts are entered into as a result of a competitive Request for Tenders, Requests for Proposals, or are Sole Source Awards. Requests for Tenders or Proposals can be publicly advertised, or bids/proposals can be invited.

Analysis by Number of Contracts Awarded

- Of a total of 227 Large Contracts (excluding Goods), 135 Contracts were the result of Public or Invitational requests for tenders or proposals (59%), and 92 were Sole Source Contract awards (41%). This is illustrated on the larger pie chart below.
- Out of the 92 Sole Source awards (41% of Large Contracts), 12 were contracts to Inuit (5% of Large Contracts), and 5 were to Nunavut firms (2% of Large Contracts). This is illustrated on the smaller pie chart below.

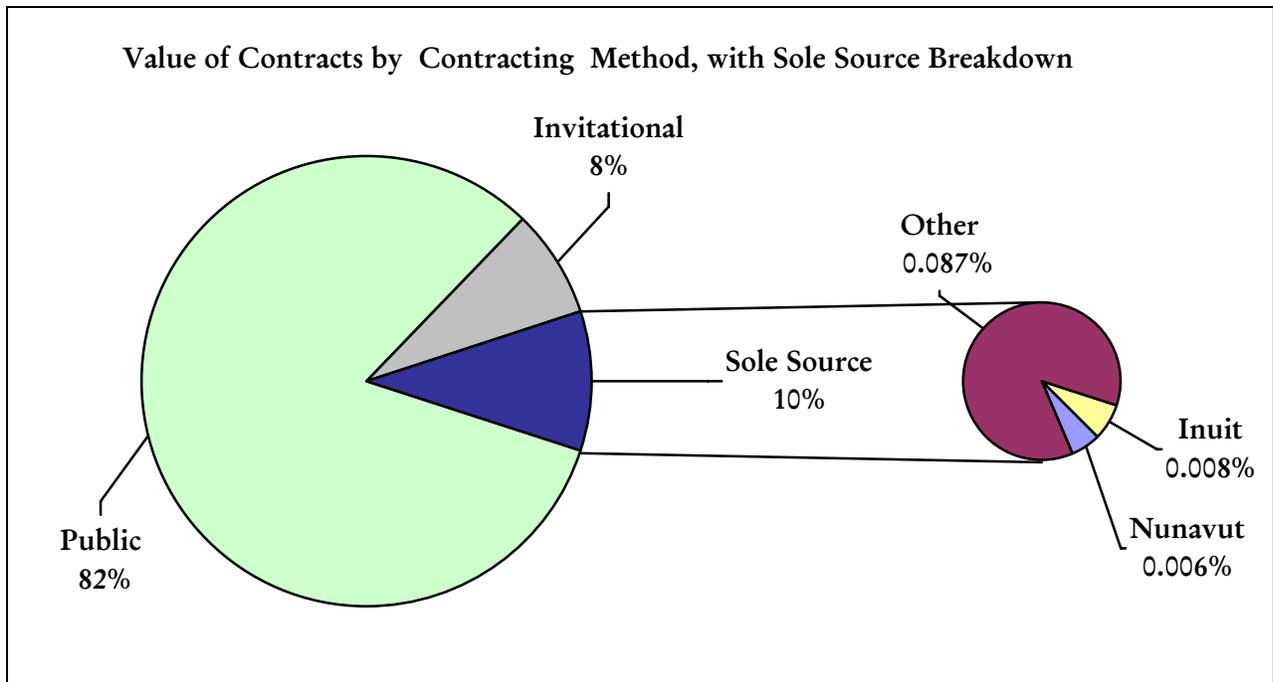


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5.2 - CONTRACTING METHOD (Large Contracts - Excluding Goods) Continued

Analysis by Value of Contracts Awarded

- Of a total contract value of \$95,180,186.76 for Large Contracts (excluding Goods) \$85,547,339.22 resulted from Public or Invitational requests for tenders or proposals (90%) and \$9,632,847.54 resulted from Sole Source awards (10%). This is illustrated on the larger pie chart below.
- Out of the \$9,632,847.54 value for Sole Source awards, \$717,913.09 went to Inuit (less than 1% of Large Contracts), and \$604,764.50 went to Nunavut firms (less than 1% of all Large Contracts), and \$8,310,169.95 went to Other (roughly 9% of Large Contracts). This is illustrated on the smaller pie chart below.



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5.2.1 Further Analysis of Sole Source Contracts - by Contract Type (Large Contracts - excluding Goods)

Of a total contract value of \$95,180,186.76 for Large Contracts (excluding Goods), \$9,632,847.54 resulted from Sole Source awards (10%). This is illustrated on the larger pie chart on the previous page.

- Out of the total \$9,632,847.54 value that was Sole Source awards (92 out of 227 contracts), \$8,310,169.95 (75 contracts) went to Other businesses (those not registered as Inuit or Nunavut firms).
- 60% of the dollar value to Other (non-registered) for Large Sole Source Contracts were for two Contract Types: Consulting Services, and Service Contracts. These are the dollar values and the percent of the value of Sole Source Contracts to Other businesses for these two Contract Types:
 - Consulting Services: \$1,468,149.60 (15% of value, 16 contracts); and
 - Service Contracts: \$4,327,854.08 (45% of value, 63 contracts).
- All other types of contracts: (reference page 13) make up the remaining value of Sole Sources to Other: \$3,836,843.86 (40% of value, 13 contracts).

Criteria for a Sole Source contract: Government of Nunavut Contract Regulations under the Financial Administration Act, allow Sole-Sourcing of contracts if one of the following conditions is applicable:

"where a contract authority believes, on reasonable grounds, that

- (a) the goods, services or construction are urgently required and delay would be injurious to the public interest;*
- (b) only one party is available and capable of performing the contract; or*
- (c) the contract is an architectural or engineering services contract that will not exceed \$25,000 or any other type of contract that will not exceed \$1,000 in value."*

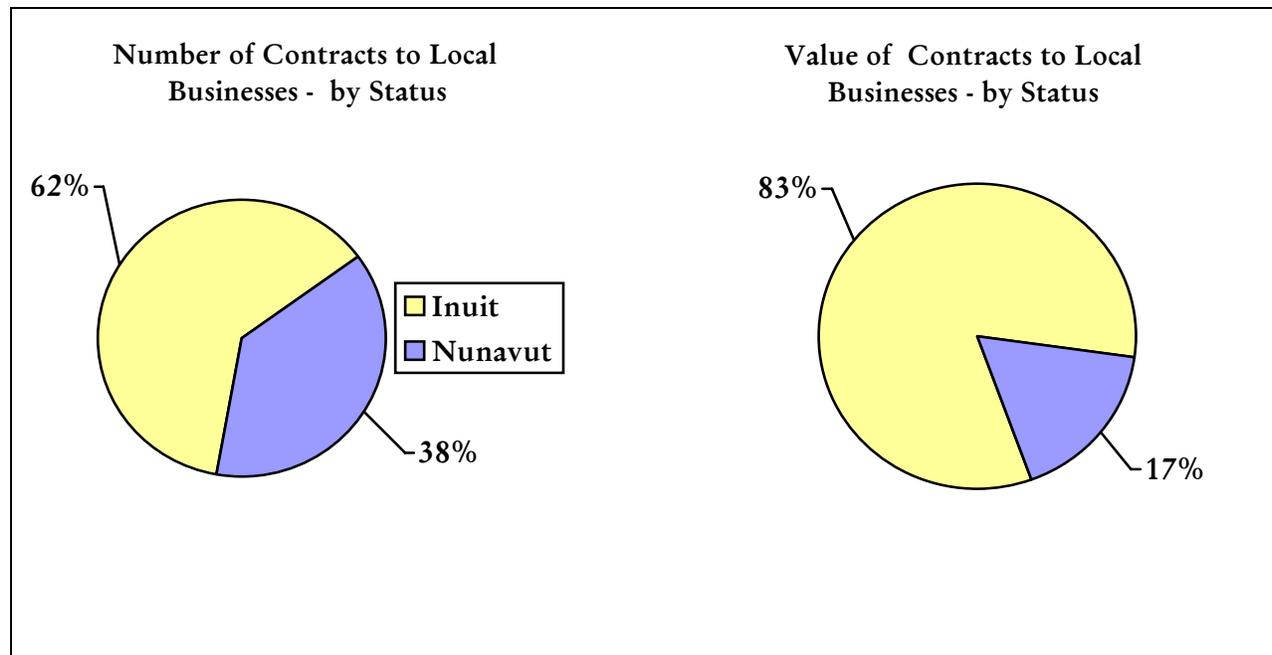
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5.3 AWARDS TO LOCAL BUSINESSES (Large Contracts - Excluding Goods)

This section analyzes contracts that were awarded to Local Inuit or Nunavut firms. Local Contracts are contracts that were awarded to an Inuit or Nunavut firm that is based in the same community where the work is required. To qualify for the Local bid adjustment under the NNI Policy, businesses must be on either the NTI Inuit Firms Listing or the GN Nunavut Business Registry, and be located in the same community where the work is required.

- Of 227 Large Contracts, there were 69 contracts to Local Businesses (30%). Of the 69, 43 were to Local Inuit firms (62%), and 26 were to Local Nunavut firms (38%).
- Of \$95,180,186.76 for Large Contracts (excluding goods), \$12,183,127.26 was awarded to Local businesses (13%). Of the \$12,183,127.26, \$10,074,281.40 went to Local Inuit Firms (83%) and \$2,108,845.86 went to Local Nunavut Firms (17%).

Note: Hamlets, Housing Authorities and Inuit organizations are not Local under the NNI Policy because they are not businesses registered with NTI as Inuit firms, or with the GN as Nunavut Businesses.



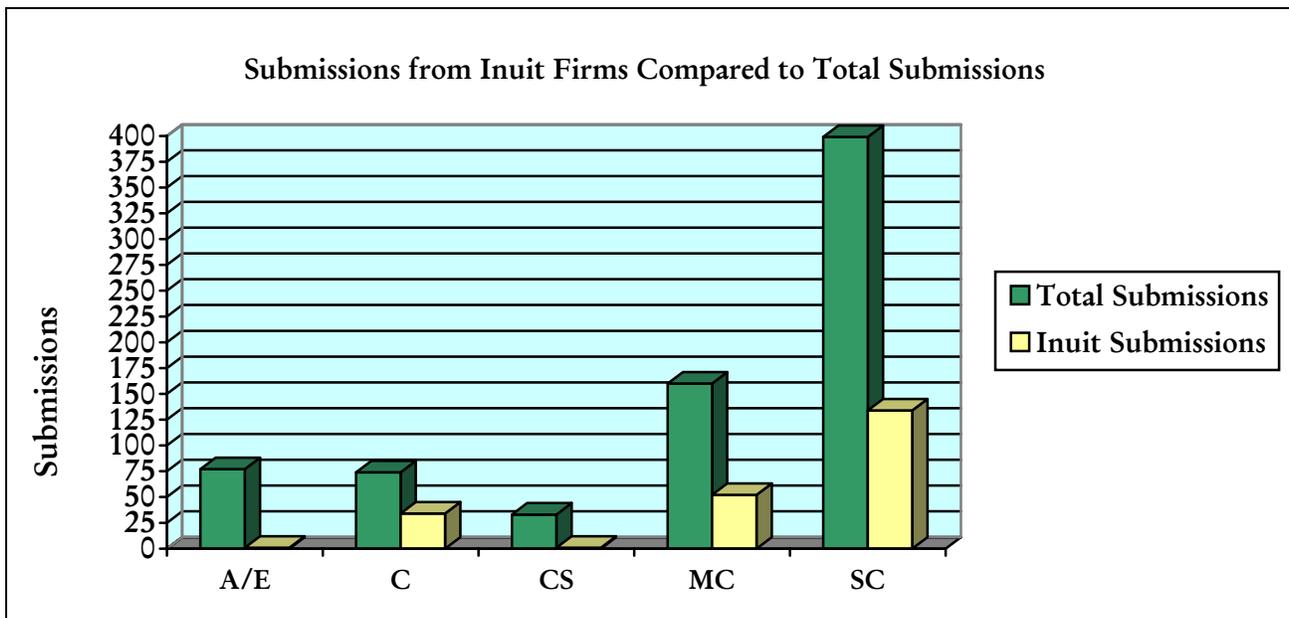
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SECTION 6 - ANALYSIS OF SUBMISSIONS RECEIVED

This section is an analysis of the number of submissions (bids or proposals) received for Small and Large Contracts - excluding Goods and LCAs. Sole Source contracts are excluded from this analysis. The information and chart below is a snapshot of a few Contract Types to give an indication of the number of submissions from Inuit firms, compared to the total number of submissions received in response to Requests for Tenders or Proposals.

- **A/E - Architectural/Engineering services:** For 19 contracts, there were 77 submissions; none were received from Inuit firms.
- **C - Major Construction (contracts of \$100,000 value or greater):** For 24 contracts, there were 74 bids; 34 were from Inuit Firms (46%). Inuit firms won 42% of these contracts.
- **CS - Consulting Services:** For 12 contracts, there were 33 proposal submissions; 1 was from an Inuit firm (3% of total submissions). The Inuit firm won the contract it submitted for.
- **MC - Minor Construction (less than \$100,000) and Maintenance Services:** For 79 contracts, there were a total of 160 bids received; 52 were from Inuit Firms (33% of the bids). Inuit firms won 57% of these contracts.
- **SC - Service Contracts:** For 123 contracts, there were 399 bids received: 134 from Inuit firms (34% of the bids). Inuit firms won 10% of these contracts.

Note: On average, for competitive requests for submissions, 4 were received for each A/E contract, 3 for each C contract, 3 for each MC contract, 6 for each CS contract, and 3 for each SC. For a competitive bidding process, 3 bids are generally considered the minimum to ensure good value and fair competition.



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SECTION 7 - INUIT LABOUR

7.1 - MINOR CONSTRUCTION AND MAINTENANCE SERVICES
CONTRACTS

The information in this sub-section is based on all Minor Construction (less than \$100,000) and Maintenance Services contracts where information has been reported to CGS Contracts Section. (This report does not include Housing Corporation.)

This table gives the average percentages across Nunavut and by Region for the 2003/2004 fiscal year.

REGION	AVERAGE % REQUIRED	AVERAGE % BID	AVERAGE % ACHIEVED
ACROSS NUNAVUT	32%	51%	57%
BAFFIN	27%	41%	44%
KITIKMEOT	12%	25%	23%
KIVALLIQ	43%	68%	83%

Note: The percentages for average Inuit Labour Achieved are based on the portion of contracts where this information was available, which is a smaller number of contracts than were used to calculate the average Inuit Labour Required, and the average Inuit Labour Bid.

The Average % of Inuit Labour Achieved for contracts awarded in the 2003/2004 fiscal year will be updated when more complete information is available, and included in the 2004/2005 Annual GN Contract Data Report.

Update: For Minor Construction and Maintenance Services contracts awarded in the 2002/2003 fiscal year the average percentage for Inuit Labour Achieved:

- across Nunavut: 46%;
- for the Baffin Region: 44%;
- for the Kitikmeot Region: 39; and
- for the Kivalliq Region: 53%

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7.2 - ANALYSIS OF INUIT LABOUR FOR MAJOR CONSTRUCTION CONTRACTS

The information in this sub-section is based on all Major Construction (\$100,000 and over) contracts. (This report does not include Housing Corporation.)

This table gives the average percentages across Nunavut and by Region for the 2003/2004 fiscal year.

REGION	AVERAGE % REQUIRED	AVERAGE % BID	AVERAGE % ACHIEVED
ACROSS NUNAVUT	23%	22%	28%
BAFFIN	23%	24%	34%
KITIKMEOT	21%	18%	23%
KIVALLIQ	27%	25%	22%

Notes: The percentages for Inuit Labour Bid for the Kitikmeot and Kivalliq Regions appear below the requirements because some low bids, where the bidder did not meet the minimum requirement, were accepted. This is permissible in Major Works Construction Tenders, however, Bidders must commit to the minimum requirement in writing before their tender is accepted. If these bidders fail to meet the minimum requirement, they will be assessed a penalty, and for future tenders where there is a similar Inuit Labour Requirement, their bids may be rejected if they fail to meet the minimum Inuit Labour requirement. Information reported on Inuit Labour Achieved to date indicates that contractors in the Kitikmeot Region are meeting the requirements. It is also worthy to note that the Kivalliq Inuit Labour Achieved information is not definitive as there are contracts yet to be completed.

The percentages for Inuit Labour Achieved are based on the portion of contracts where this information was available, which is a smaller number of contracts than were used to calculate the average Inuit Labour Required and the average Inuit Labour Bid. Because many Major Works construction contracts are multi-year and are not yet complete, the Total and Inuit Labour amounts achieved are not yet known. This is true for each Region.

The Average % of Inuit Labour Achieved for contracts awarded in the 2003/2004 fiscal year will be updated when contracts are completed, and included in the 2004/2005 Annual GN Contract Data Report.

Update: For Major Construction contracts awarded in the 2002/2003 fiscal year the average percentage for Inuit Labour Achieved:

- across Nunavut: 36%;
- for the Baffin Region 34%;
- for the Kitikmeot Region: 34%; and
- for the Kivalliq Region: 50%.

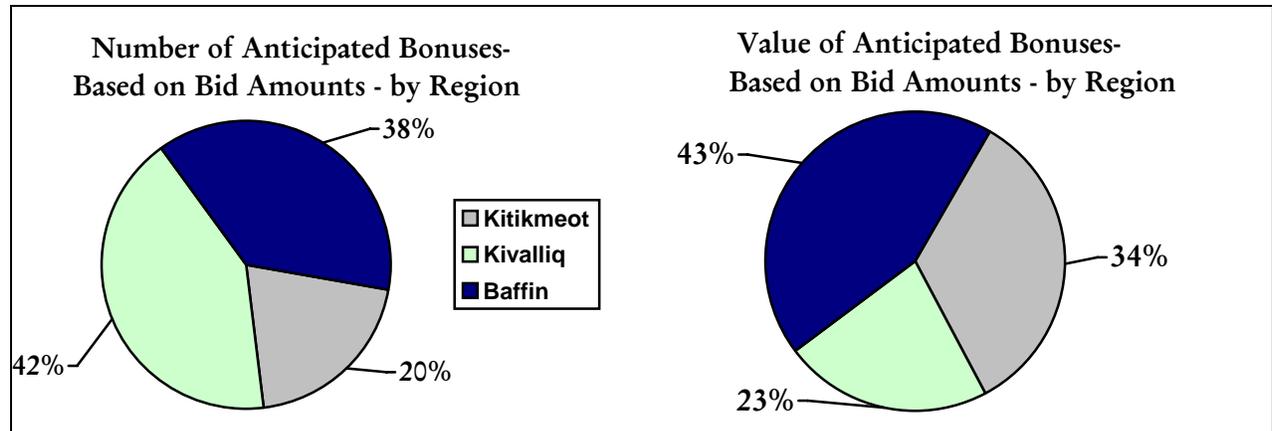
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7.3 - ANALYSIS OF INUIT LABOUR BONUSES AND PENALTIES

This information is based on both Minor Construction and Maintenance Services and Major Works Construction Contracts. Inuit labour bonuses are paid when the percentage of dollars for Inuit Labour achieved exceeds the minimum percentage of Inuit labour required. Penalties are assessed if the percentage of Inuit labour achieved is less than the minimum percentage of Inuit Labour required. Bonuses paid and penalties assessed are based on actual Inuit labour achieved, calculated at the completion of the project.

Note: Bonuses or Penalties are calculated as follows:
 1. The Inuit Labour % Required is subtracted from the Inuit Labour % Achieved to find the % by which the Contractor exceeded, or did not meet, the minimum % Required (% difference);
 2. The % difference is multiplied by the Total Labour dollars expended;
 3. Multiply the result by 1/3.
Example: Inuit labour % Achieved is 35%, Inuit labour % Required is 25%, Total Labour is \$100,000:
 1. The % difference is 10% (35-25);
 2. Total Labour dollars of \$100,000 x 10% = \$10,000.00;
 3. 10,000.00 x 1/3 = \$3,330.00 Bonus (or penalty if Inuit Labour % Achieved is 15%).

- Based on bid information for contracts awarded in fiscal year 2003/2004, the total anticipated bonus payments would be \$54,544.23 in the Baffin Region, and the total anticipated penalty assessments would be \$70,453.98 between the Kitikmeot and Kivalliq Regions. The pie chart below illustrates the distribution of anticipated bonus and penalty payments among the 3 Regions.



- To date, \$68,244.06 has been paid in bonuses and \$10,237.18 has been assessed in penalties.

Note: As of April 1, 2004, Bonuses will be calculated as 1% of the total labour for each 1% of the amount by which employment exceeds the requirement; and Penalties will be calculated as 2% of the total labour for each 1% of the amount by which employment does not meet the requirement. This change was recommended as a result of the First Comprehensive Review of the NNI Policy and was approved by Cabinet in November 2003. Cabinet also approved the recommendation to place a cap on the bid adjustments for Inuit Labour and that came into effect on April 1, 2004.

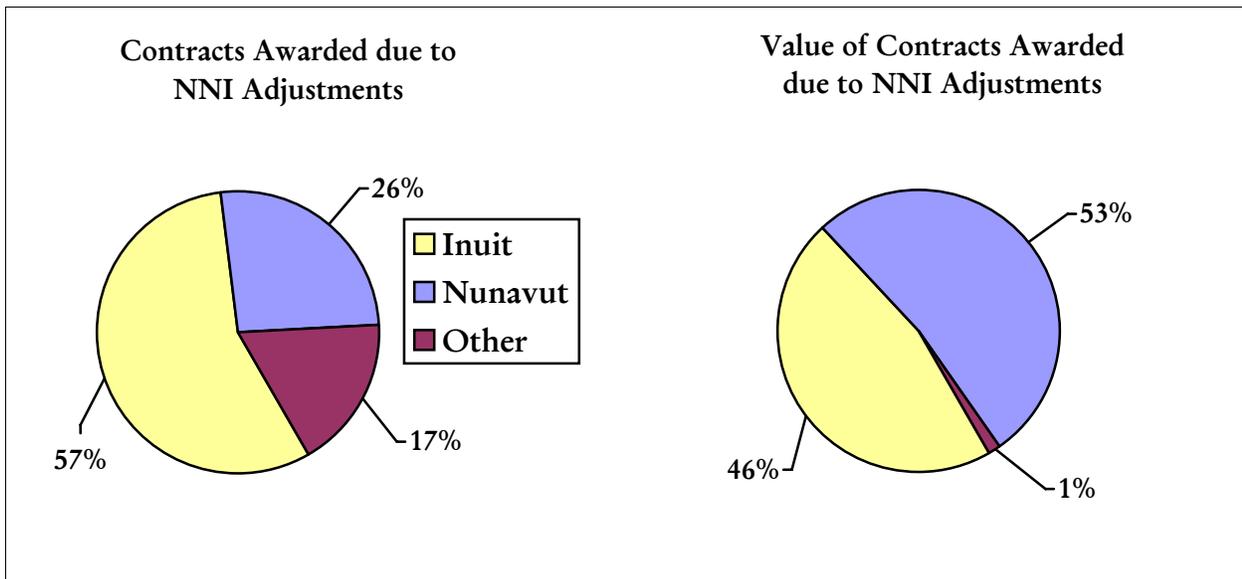
Update: As an update to information for contracts awarded in fiscal year 2002/2003, \$37,491.31 was paid in bonuses and \$3,158.64 was assessed in penalties.

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SECTION 8 - CONTRACTS AWARDED DUE TO NNI ADJUSTMENTS

This information is based on all Small and Large Contracts, excluding Goods and LCAs; Sole Source awards are excluded from this analysis. NNI Adjustments are applied to determine the low bidder or the best-value proposal that will be awarded a contract. A contract awarded "due to NNI Adjustments" is a contract that would have been awarded to another company, but the application of NNI adjustments changed which contract had the lowest price tender, or the best-value proposal.

- Out of 269 competitively awarded contracts, 23 were awarded due to NNI adjustments (9%). Of the 23, 13 were to Inuit firms (57%), 6 to Nunavut firms (26%) and 4 to Other (17%).
- Out of \$87,162,080,08 dollars for competitively awarded contracts, \$14,996,793.74 was for contracts awarded due to NNI adjustments (17%). Of the \$14,996,793.74 value, \$6,947,343.74 went to Inuit firms (46%) and \$7,824,700.00 went to Nunavut firms (52%).
- Most competitively awarded contracts (61% of contracts, and 40% of the value) went to Inuit and Nunavut firms because of competitive pricing or good value proposals, rather than because of NNI adjustments.



Note: Non-registered (Other) firms can receive a partial NNI adjustment based on Inuit and Nunavut Content (using Inuit and Nunavut Labour and/or Inuit and Nunavut Subcontractors). For example, a non-registered firm bidding with a Inuit Firm as a Joint Venture will receive a bid adjustment for the dollar value of the work attributed to the Inuit Firm and any other Inuit or Nunavut sub-contractors, suppliers and labour.

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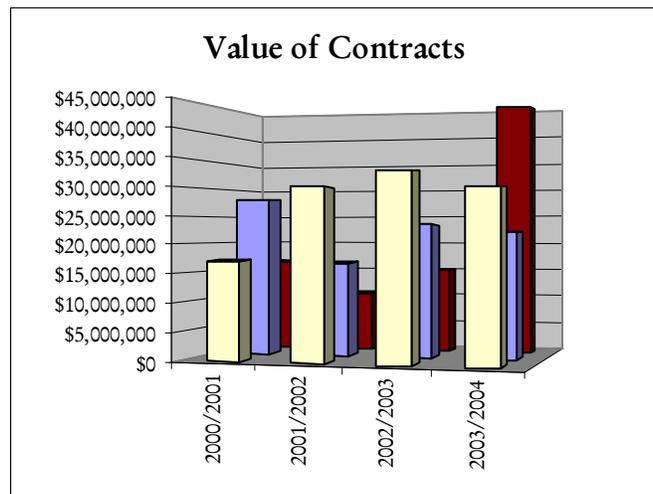
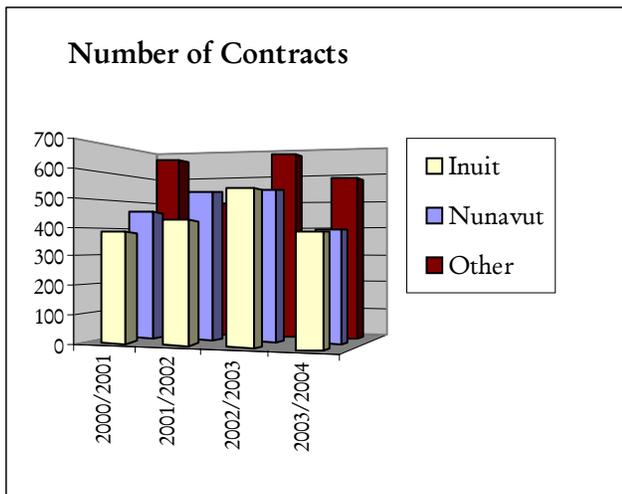
SECTION 9 - COMPARISON TO PREVIOUS YEAR

This Section compares contracts awarded by Public Works and Services (PW&S) in fiscal year 2003/2004 to contracts awarded in previous fiscal years. The comparison is for the following types of contracts that were:

- Goods Contracts by PW&S Purchasing Section for all Departments (PO),
- Minor Construction and Maintenance Services Contracts (MC),
- Major Construction (C),
- Architectural and Engineering Services (A/E),
- Service Contracts awarded by PW&S (SC).

The information in this table is presented in the graphs below and the previous fiscal years are also illustrated in the graph that follows.

Based on Number of Contracts						
Status	2002/2003	% of Total	2003/2004	% of Total	Change in Number and % of Total	
<u>Number</u>						
Inuit 525	30	381	28	-144	-2%	
Nunavut 532	31	389	29	-143	-2%	
Other 671	39	578	43	+93	+4%	
Total 1728	100	1,348	100	-194		
Based on Value of Contracts						
Status	2002/2003	% of Total	2003/2004	% of Total	Change in Value and % of Total Value	
Inuit	\$32,384,817.50	46	\$29,665,511.40	30	\$2,719,306.10 -16%	
Nunavut	\$23,375,963.77	33	\$22,271,026.79	22	1,104,936.98 -11%	
Other	\$15,074,040.28	21	\$47,567,555.09	48	\$32,493,514.81 +27%	
Total	\$70,834,821.55	100	\$99,182,387.69	100	+\$28,347,566.14	



- The number and value of contracts to Inuit decreased in fiscal year 2003/2004; the percentage of contracts to Inuit decreased by 2% and the value decreased by 16% in comparison to the overall value of contracts awarded to Inuit firms in 2002/2003.

Note: Because of the very large value of some Major Construction contracts, one or two contract awards can have a significant impact on the value of contracts to Inuit and Nunavut. It is worthy to note that contracts with Joint Ventures, in which Inuit firms are a party, are reported as contracts to Other (non-registered) firms.