



News Release

Sealift Contracts Awarded

IQALUIT, Nunavut (April 7, 2006) – Community and Government Services Minister Levinia Brown today announced new sealift contracts that will increase services to many Nunavut communities.

Compared to last year, scheduled stops will increase 32 per cent across the territory. “The increases in scheduled stops reflect the fact that economic activity is increasing and that businesses and Nunavummiut are using more products and goods as part of an expanding economy,” said Brown.

The contracts provide protection against mid-year price increases.

In the new contract Kivalliq communities will have a choice of Churchill and/or Montreal as southern ports. The inclusion of Churchill will provide Kivalliq businesses an opportunity to strengthen business and supply contacts with a neighboring jurisdiction.

The new contracts also significantly increase the levels of carriage insurance coverage for sealift users. Coverage increased from the previous levels of \$500 to \$2,500 for ordinary dry goods and from \$500 to \$70,000 for vehicles. The new coverage better reflects the cost of goods.

“These and other changes mean that our shipping contracts include Marine Contract Law best practices that strengthen consumer protection,” said Brown. “The new contracts of carriage spell out the rights of the user and the responsibilities of the carrier, lessening the chances for expensive misunderstandings.”

Additionally, the contracts are in plain language and improved information will be available on service provider and Government websites.

The price of sealift services in Nunavut is directly affected by the world oil price. Over the past several years fuel prices have experienced extreme volatility as a result of political instability, terrorism and surging demand in industrialized nations.

The cost of fuel for ships is one of the main costs of the sealift and this is reflected in an increase of just over eight per cent in sealift rates for 2006 compared to the previous year. The world price of fuel has increased from US\$40 in 2004 to US\$70 today. In turn, the price of bunker oil, used by ships, has increased by more than 100 per cent since the last contracts were signed.

“The competitive process for these contracts helped keep down the freight charges despite the much higher fuel prices,” said Brown.

The request for proposals for the shipping of dry goods encouraged proponents to emphasize Inuit employment and training. Shipping providers responded with commitments to create training and employment opportunities for Inuit candidates within Nunavut. These opportunities include scholarships for post secondary education, College Marine Employment training, management training and employment opportunities.

The government previously announced the existing contracts to deliver fuel were extended for the 2007 re-supply season.

The Government of Nunavut will continue to work to improve sealift services, and to implement efficiencies and competitiveness for the use and benefit for Nunavummiut through initiatives such as increased use of containerization, and the consolidation of freight.

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Attachment: Table of communities and shipping providers.

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