



News Release



For Immediate Release

Government of Nunavut and Nunavut Tunngavik Incorporated announce new Nunavummi Nangminiaqtunik Ikajuuti policy

IQALUIT, Nunavut (May 13, 2016) – Nunavut has a new Nunavummi Nangminiaqtunik Ikajuuti (NNI) policy. The new policy provides better support for Inuit and Nunavut businesses, enhanced compliance with the Nunavut Land Claims Agreement (*Nunavut Agreement*) and encourages sound procurement management.

Government of Nunavut's (GN) Minister of Economic Development and Transportation, the Honourable Monica Eil-Kanayuk and Nunavut Tunngavik Incorporated (NTI) President Cathy Towntongie announced the new policy today in Iqaluit.

"The changes to the NNI policy make it easier for Nunavut's local and Inuit-owned businesses to succeed and benefit," said Minister Eil-Kanayuk. "NNI advances our government's *Sivumut Abluqta* mandate by simplifying the rules to inspire and support local economic development."

"NTI believes the newly revised NNI policy is a positive step toward creating a more equitable contracting environment in Nunavut, as envisioned through Article 24 of the *Nunavut Agreement*. During the consultation process of the NNI policy revisions, NTI strongly advocated on behalf of Inuit firms, and the concerns we presented were respected and addressed within this new policy. I look forward to the changes that will grow our territorial economy," said NTI President Cathy Towntongie.

The important changes to the new NNI policy include:

- new structure to the NNI policy to clarify which parts of the policy stem directly from Article 24 of the *Nunavut Agreement*
- new bid adjustment formula that provides an increased advantage to Inuit-owned firms
- changes to the bid adjustment caps
- adjusting the cap on Inuit labour bonuses
- new penalty formula
- new ownership requirements for Nunavut businesses
- increased scoring allowance for Inuit labour

- consultation process with NTI for dealing with policy exceptions
- new NNI Tribunal replacing the NNI Contracting Appeals Board

Four years of consultation and development helped to shape the improved NNI policy. The policy will come into effect on April 1, 2017. For more information, visit: nni.gov.nu.ca.

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Attached: Backgrounder

Backgrounder – New NNI policy

New structure to the NNI policy format

The new policy is divided into three parts:

- Part one: Provisions of General Implementation
- Part two: Implementation of Article 24
- Part three: Implementation of Nunavut Business Assistance

This makes the policy easier to follow and support entrepreneurs in applying the policy.

New bid adjustment formula

Increases contracting opportunities from 21 to 25 per cent for Inuit firms that have greater Inuit ownership

This is broken down to:

- Five per cent for Nunavut business.
- Five per cent for local firms.
- Five per cent for Inuit firms on the NTI Inuit Firm Registry.
- Additional five per cent for Inuit firms with 76 per cent + Inuit ownership.
- Additional five per cent for Inuit firms with 100 per cent Inuit ownership.

This supports increased contracting opportunities for Inuit firms with greater Inuit ownership and Inuit firms sub-contracted by larger non-Inuit firms.

Changes to the bid adjustment caps

- For mixed goods and services to a maximum of \$125,000.
- For goods only, bid adjustment will apply to the first \$125,000 only.
- For all other procurement, the maximum allowable bid adjustment cannot exceed 25 per cent of the total bid value.

This supports consistent application of the policy with clear and transparent criteria and limits costs generated by implementation of Article 24.

Adjusting the cap on Inuit labour bonuses

The new policy introduces a cap on Inuit labour bonuses of \$150,000 to construction contracts where mandatory minimum requirements are exceeded. There's a bonus calculation of:

- One per cent of Inuit payroll for each one per cent contractor exceeds the minimum requirement.
- Bonus cap of maximum of \$150,000.

This reduces the opportunity for system abuse, assists departments in accurately forecasting project budgets and limits cost of implementing Article 24.

New penalty formula

The new policy introduces a revised penalty formula for projects where required Inuit labour levels are not achieved:

- Monetary penalties are replaced with restrictions on the right of contractors to receive future bid adjustments.
- Applies to all types of contracts, not just construction.
- Penalties can be used for other contractual obligation failures.

By preventing contractors from receiving future bid adjustments the new policy provides a positive incentive for contractors to achieve required Inuit labour levels.

New ownership requirements for Nunavut business

The new policy requires Nunavut businesses to be 100 per cent owned by Nunavut residents. This prevents business owners living in another part of Canada claiming the Nunavut business bid adjustment. The new policy is clear and transparent. The benefit from Nunavut business bid adjustments will go only to Nunavut residents.

Increased scoring allowance for Inuit labour

The new policy increases the scoring allowance for Inuit labour for requests for proposals from 10 to 20 per cent. This encourages increased Inuit labour participation without incurring unnecessary cost increases.

Clearer consultation process with NTI

- This will be used for Article 24 of the NLCA when NNI policy is inappropriate.
- The consultation process will also be used for changes to the NNI policy, development and maintenance of preferential procurement policies, procedures and approaches.

This change clarifies a formal mechanism for dealing with policy exceptions and addresses the need for consultation with NTI which is a requirement of the NLCA.

Appeals process

- Appeals board replaced by an independent NNI Tribunal.
- Five part-time members appointed by GN for three-year terms. NTI nominates two appointees.
- Challenge process is still in effect.
- The NNI Tribunal is not an appellate body and cannot adjudicate – such actions are reserved for the courts.
- The GN, subject to sound procurement reasons, may decline to accept any recommendations of the tribunal.

The NNI policy is the GN's preferential procurement policy. The GN and NTI developed it together.

Its objectives are: good value and fair competition in the procurement process; strengthening the territory's economy; increasing Inuit participation; and education and training in Nunavut.

Every five years the NNI policy review committee performs a comprehensive review of the NNI Policy.

The new policy is taking into consideration two reports: the law firm Borden Ladner Gervais' *2012 External Report to the NNI Policy Review Committee* and the NNI review committee's *2012 NNI Comprehensive Review*. Both were tabled in the Legislative Assembly in September 2013. They are available on the NNI Secretariat website: www.nni.gov.nu.ca.