GOVERNMENT OF NUNAVUT

Contract Activity Report

Prepared by

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Nunalingni Kavamatkunnilu Pivikhaqautikkut

Department of Community and Government Services

Ministère des Services communautaires et gouvernementaux

Fiscal Year 2017/18

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Purpose

The purpose of this document is to support the integrity and transparency in Government of Nunavut (GN) Contracting and Procurement Practices through annual reporting and to measure the GN's progress towards achieving the objectives of Article 24 of the *Nunavut Agreement*.

Objective

The Government of Nunavut is committed to accountability, achieving greater transparency, and upholding the highest ethical standards in contracting activities. We are committed to ensuring fair and ethical practices in carrying out our responsibilities. Standards are maintained through effective regulations, appropriate policies and procedures, ongoing training and development of GN employees, and adherence to industry best practices. The Government of Nunavut is interested in developing a business environment in which local businesses grow, prosper and increase employment opportunities within Nunavut and expand the economy in general. Accountability to Nunavummiut is accomplished through:

Obtaining the best value for Nunavummiut overall;

Creating a fair, open, and transparent procurement environment for vendors;

Maintaining current and accurate information; and

Ensuring effective approaches to meet the GN's requirements.

Introduction

This report presents statistical information about contracts entered into by GN departments as reported to CGS Procurement, Logistics and Contract Support (with the exception of Real Property Lease Contracts which are reported separately). The organization of this report is based on Chapter Ten of the GN Contract Procedures Manual. Information in this report is for GN contracting activity during the 2017/18 fiscal year with Inuit Labour achievement updates for construction contracts awarded the previous fiscal year.

Crown Corporations and Agencies, Boards, and the Legislative Assembly's contracting activities are not reported to CGS and are, therefore, not included in this report.

CGS cannot guarantee the completeness or accuracy of information reported by departments, however, we make best efforts to verify the information and ensure departments are fully aware of the reporting requirements set out in the NNI Regulations and the GN Contracting Procedures Manual.

Report Overview

Many factors can influence the comparability of data. Unusually high or low values of reported data can result from a blend of several external factors that may not necessarily be obvious to a reader including such significant items as annual variations in operating budgets or capital budgets, policy revisions and one-time initiatives. Users of this report should seek informed explanations respecting contributing factors before making judgments and should not base judgments solely on the pie charts and tables contained in this report. Readers should also consider the many other reports and published program information made available by the GN.

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 Business Registry (but excludes firms on the NTI Inuit Firm Registry),
3. Other – not registered as an Inuit or a Nunavut firm.

The report also analyses the participation of Inuit firms competing for GN contracts, and the employment of Inuit in GN construction and maintenance contracts. Pie charts and tables are used to illustrate the statistics presented.

Due to values being rounded to the nearest thousandth, some pie charts and percentages presented in tables may not necessarily add up to exactly 100%.

Firm Status

For this report, companies that were registered with both NTI and the GN are included in the **‘Inuit’** category and 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 other Provinces and Territories in Canada, as well as firms not located in Canada.

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, and for all other Contract Types is provided.

Contract Types are as follows: Air Charters, Architectural/Engineering Services, Consulting Services, Major and Minor Construction and Maintenance Services, Purchase Orders and Services Contracts. The number and value of contracts for each type are provided and illustrated in pie charts and summarized in tables. To facilitate analysis, contracts are analysed within dollar thresholds as follows:

Contracts >$5,000 to <=$25,000

Contracts >$25,000 to <=$100,000

Contracts >$100,000

Contracting Methods include contracts awarded by Public, Invitational and Sole Source contracting methods. Contracts are also analysed within the same dollar thresholds as described in Contract Types. The number and value of contracts for each method are illustrated in pie charts and summarized in tables. Sole Source contracts are examined further by breaking out the Contract Types awarded to the status category of Other (not registered).

Contracts Awarded to Local Businesses provides the number and value of contracts awarded to Inuit Firms and Nunavut Businesses that are Local to the community where the goods, construction, and/or services are required. The number and value of contracts to Local are illustrated in pie charts and summarized in tables.

Submissions Received provides information about the number and status of firms bidding for Contracts – Excluding Goods and Sole Source awards. The number of bids and the number of bids from Inuit firms for competitive contracting are provided for the main Contract Type categories and is also illustrated in pie charts and tables.

Inuit Labour provides Inuit labour information for Minor Construction and Maintenance Services and Major Construction contracts.

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 otherwise 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.

Comparison to Prior Year This section looks at the number and dollar value of contracts to Inuit, Nunavut and Other, awarded by all departments under the Revised NNI Policy which came into effect on April 1, 2004. This policy was replaced with the NNI Regulations on April 01, 2017.

Revised NNI Policy (Regulations)

The NNI Implementation Act and its Regulations came into force as of April 01, 2017. The new NNI Regulations increased the total possible bid adjustments from 21% to 25%. This included an increase from 7% to 15% for 100% owned Inuit Firms. The statistics contained in this report include the new NNI Regulations for the 2017/18 fiscal year.

General Observations

This Contract Activity Report (CAR) and the sister report; Procurement Activity Report (PAR) are composed of data from the same database. Contract information is reported from all departments of the Government of Nunavut. It is quite possible that as the contract information is entered into the database, that some human error will occur. The Department of Community and Government Services (CGS) makes best efforts to verify the accuracy and completeness of the dataset. We use various sources of external information (Freebalance, Requisition Log and Contract Management Listing) to verify the data. It is virtually impossible to assure 100% accuracy. However, even though it is a less than perfect system, we can rely on many repetitive, multi year trends in the data analysis. This next section of the report will make a brief synopsis of the statistical results for the fiscal year 2017/18 and will also outline some of the multi year trends.

- Statistically we now have thirteen (13) years of data that is comparable in that we have gathered the same data.
- The total value of contracts awarded by the GN increased by 43% from 2016/17 to 2017/18. The ratio of contracts awarded to Nunavut Firms decreased to 1% of the total value and contracts awarded to Inuit Firms increased by 14%. Contracts to Other Firms decreased by 12%.
- The number of contracts awarded is up by 4.6% from 2016/17 to 2017/18. This represents a significant increase, over the three years covered in this report.
- The number of contracts awarded to Inuit Firms decreased by 2%, and the number of contracts to Nunavut Businesses increased by 14% while the total number of contracts awarded to Other increased by 7%.
- Overall in 2017/18 we see that the combined volume of contracts to Inuit and Nunavut Firms has decreased by 1%, proportionate share.
- The actual value of contracts to Inuit Firms increased by 105%, the value to Nunavut Firms decreased by 48% and the value to Other Firms increased by 17%.
- It should be noted that many companies have both Inuit Firm status and Nunavut Business status. For the purposes of this report, companies with this shared status are classified as Inuit.
- As the volume of contracts has increased by 4.6%, it is interesting to note that, the volume of contracts awarded to Other Firms has increased by 7% in comparison. The volume to combined Inuit and Nunavut decreased by 1%.

Multi Year Trends

- Over the last twelve years, since 2006/07, the volume of contracts has increased by 143%. The volume awarded to “Other” has increased by 125%, the volume to Inuit has increased by 72% and Nunavut has increased by 3%.
- Over the last twelve years, since 2006/07, generally the value and volume of contracts to “Other” Firms and “Inuit” has been increasing. The value to “Nunavut” Firms has been in decline. We know that many Firms are registered both as Inuit and Nunavut Firms. This trend shows that an increasing number of Firms are registering as both Inuit owned and Nunavut based and that fewer firms are registered as Nunavut based. For the purpose of the application of the NNI Regulations, registering for both allows higher bid adjustments.
- The majority of the value and volume of contracts in the categories of Architectural and Engineering, Consulting Services and Service Contracts are awarded to Other (non Inuit or Nunavut) Firms. Inuit and Nunavut Firms are more successful at winning contracts for Major and Minor Construction and Air Charters. This represents an eleven year trend.
- Combined Inuit and Nunavut Firms win more contracts with a value of less than $25,000. As the value of contracts increases, the proportionate number of contracts Inuit and Nunavut Firms win declines. This trend has been consistent over the past eight years.
- The average distribution of the volume of contracts awarded according to value categories has been largely consistent over the past 5 years.

<=$25,000	50%
>$25,000 to <=$100,00	30%
>$100,000	20%

- The 2017/18 statistics continue to show that Inuit and Nunavut Firms are generally more successful at winning contracts in the under $25,000 value threshold. As the value of the contracts increase, Inuit and Nunavut Firms tend to win a lower percentage of the contracts. This is largely due to the fact that the Procurement Policies of the GN specify that goods and services purchases with a value less than $25,000 are sourced locally, within Nunavut, where there are 3 or more vendors able to bid and provide the good or service.
- Inuit and Nunavut Firms are more successful at winning Air Charter and Minor Construction contracts in the >$25,000 and <$100,000 category. This is a eleven year trend.
- Inuit and Nunavut Firms are more successful at winning Major and Minor Construction contracts as opposed to contracts for Consulting or Architectural/Engineering Services in the over $100,000 category. This is a eleven year trend.
- More Sole Source contracts of higher value are awarded to Other (non Inuit and non Nunavut) Firms. This is also an eleven year trend.
- In 2017/18, 28% of the bids received were from Inuit owned firms. These numbers have remained relatively consistent on average. As the overall volume of contracts has increased by 143%, the relative share of Inuit bids remains between 25-30%.
- Inuit and Nunavut Firms (especially Inuit Firms) win a greater percentage share of contracts when goods are included in the contracting statistics. Inuit and Nunavut Firms are able to compete better for goods contracts rather than service contracts. This is a ten year trend.
- The number of Inuit Firms responding to Tender calls for Major Works Construction remains high for the three years of this report. This indicates a consistent level of participation by Inuit Firms in this area. Bids from Inuit Firms for Minor Works Construction, Maintenance Services and Air Charters also remains high.
- Over the last twelve years, it can be generally stated that Inuit Firms win 30% volume of contracts, Nunavut Firms 5% and Other Firms 65%

NNI Regulations Observations:

- In 2017/18, the number of contracts that have been awarded due to the NNI Bid Adjustments remains low at 2.8%.
- A manual review of contracts including goods and contracts awarded due to the bid adjustments of the NNI Policy indicate the following:

Fiscal Year	Number of Contracts	% of Total	Value of Contracts	Additional Cost to the GN
2017/18	71	2.8%	$ 2,938,957	$ 250,931
2016/17	78	3.2%	$37,483,480	$2,979,282
2015/16	64	3.2%	$ 5,779,608	$ 338,914
2014/15	55	2.8%	$ 6,832,142	$ 183,438
2013/14	41	2.1%	$ 2,302,040	$ 76,958
2012/13	41	2.3%	$ 2,180,163	$ 89,505
2011/12	68	3.6%	$22,919,133	$ 616,615
2010/11	57	3.1%	$11,028,315	$ 166,108
2009/10	59	3.3%	$23,976,383	$2,055,354

Cost of Applying the NNI Policy (Regulations)

The table above indicates that in the fiscal year 2017/18, there were 71 contracts that were affected by the NNI Regulations. This means that 71 contracts would have been awarded to different contractors if not for the NNI Regulations. The additional cost of the policy to the GN in 2017/18 was $250,931. The additional cost represents the additional cost to the GN given that contracts are not awarded to the lowest bid but to the lowest bid after bid adjustments and other NNI Regulations outcomes are applied. In 2009/10 and in 2016/17 there were large construction contracts that fell into this category. When construction contracts are awarded due to the NNI Regulations, the additional cost to the GN is higher by comparison.

For the nine years of this analysis, on average, only 3% of the contract awards are the direct result of the NNI Regulations.

Note that the additional costs to the GN of the NNI Regulations does not take into account the costs of required Inuit Labour, Training, Contract Administration and/or NNI Regulations implementation costs.

For the nine years of the above analysis, the contracts won due to the application of NNI, are overwhelmingly (83-96%) Purchase Orders – Goods. However, Purchase Orders are excluded from the data analysed in Section 7 – NNI Adjustments.

Exceptions

- Note: The statistical numbers in this report do not include four (4) large categories of contracts. These are:

	2017/2018	2016/2017	2015/2016
Medical Travel	$45 Million (est.)	$44 Million (est.)	$39 Million (est.)
Fuel (PPD)	$137 Million (est.)	$155 Million (est.)	$180 Million (est.)
Police and Laboratory Services	$41 Million (est.)	$43 Million (est.)	$37 Million (est.)
Physician Services	$19 Million (est.)	$23 Million (est.)	$27 Million (est.)

Contracts for Medical Travel and Fuel do include Inuit content, (Inuit salaries and use of Inuit Firms).

Note: In 2017/18, we awarded a contract for the Supply and Delivery of Bulk Petroleum fuel through a competative procurement process. This contract is worth approximately $750 million over 5 years. This contract was awarded to an Inuit owned and Nunavut Firm, AV Nunavut Fuels. For the purpose of this report we have chosen not to include this contract total in the statistics. If it were to be included, the percentage value of Sole Source contracts would be 3%. Removing this large contract value allows for continued tracking of contracting trends over the last 13 years.

Sole Source Contract Observations

- Sole Source Contracting practices are monitored closely. The GN believes we get the best value for our money through the competitive bidding process. Section 3 of this report discusses the acceptable conditions for Sole Sourcing.
- The GN continues to review the contributing factors to contracts that have been Sole Sourced. We will continue to work towards reducing the occurrence of this contracting method.
- In 2017/18 the overall volume of Sole Source contracts has decreased by 8%, however in this report (Contract Activity Report) we only consider Sole Source contracts over $25,000. In 2017/18 we see that Sole Source contracts over $25,000 have increased by 24%.
- A large majority of Sole Source contracts are Service Contracts. These Sole Source Service Contracts are overwhelmingly awarded to Other (non-Inuit and non-Nunavut) companies. Typically these are specialized services not available in Nunavut.
- On average, over the three years of this report, 4.3% of the volume for Sole Source contracts are awarded to Inuit Firms, 1% to Nunavut Firms and 94% to Other Firms.
- A twelve year trend indicates that the majority of Sole Source contracts awarded to “Other” firms are for Consulting Services and Service Contracts.

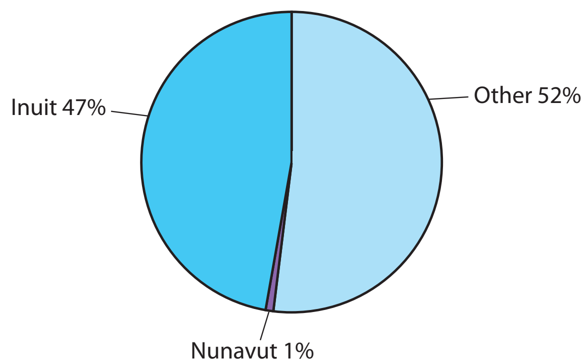
Summary

1. All Contracts

The chart below *"Government of Nunavut Distribution of All Contracts Awarded by Status Category – Based on Value"* totals all contracts by value and status category.

"All Contracts" includes all contracts in excess of $5,000. The introduction of a $5,000 threshold for reporting purposes is consistent with recommendations provided by Members of the Legislative Assembly. This section examines the value and volume of all contracts awarded to Inuit, Nunavut and Other.

Government of Nunavut
Distribution of All Contracts Awarded by Status Category
Based on Value
2017/18



The pie chart above and table below illustrate the value of contracts awarded to Inuit, Nunavut and Other firms.

In 2017/18 the total value for all contracts was, $539,356,000 (rounded to the nearest thousand dollars). $251,901,000 was awarded to Inuit (47%), $6,053,000 to Nunavut (1%) and $281,402,000 to Other (52%). For the purposes of this report, companies with both Inuit and Nunavut status are included in Inuit.

Distribution of All Contracts Awarded by Status Category – Based on Value (Thousands)

Year	Awarded		Inuit		Nunavut		Other	
2017/18	$539,356	100%	$251,901	47%	$6,053	1%	$281,402	52%
2016/17	$376,225	100%	$123,096	33%	$11,704	3%	$241,425	64%
2015/16	$399,164	100%	$196,375	49%	$11,241	3%	$191,548	48%

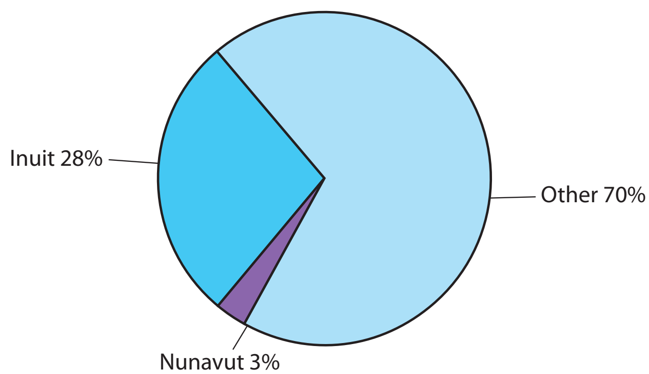
The Other status category in the table above captures all other entities that for a variety of reasons do not fall within the status categories of Inuit and Nunavut; as is the case for many of these contracts awarded to Nunavut-based individuals and entities.

If we exclude contracts awarded to sole proprietorships/individuals, residential care and treatment facilities and health care providers, hamlets, municipal corporations, and related entities such as QEC, we find that a significant number of the contracts awarded to entities that fall within the Other category represent business sectors in the Nunavut economy which are at a competitive disadvantage, or are otherwise underdeveloped. In some cases we find that the Nunavut economy has insufficient volume to develop and maintain a successful business sector or industry. Challenges to successful entry and growth in some business sectors include the limited local market demand in Nunavut for a relatively small and widely distributed population, transportation costs in this vast geography, sufficient critical mass in skilled labour, trades and professionals and infrastructure, delivery and/or sale volumes relative to initialisation, and set up costs coupled with high operating costs of business operations. Such an operating environment and market conditions can, in certain business sectors, create significant challenges for Nunavut's entrepreneurs.

The Other category may also be viewed as possessing some underdeveloped market opportunity within Nunavut for Nunavut's entrepreneurs particularly in professional services and health care. Some of the general categories of goods and services consumed by government that fall within the Other category include: Informatics and Systems, Software, Education Books, Training Aids, Engineering and Architectural Service Firms and Specialized Training and Consulting. Because the local market place cannot satisfy the needs, often these types of contracts are Sole Sourced. A listing of contracts awarded by Government of Nunavut is reported annually in the report entitled the **Procurement Activity Report.**

The chart below *"Government of Nunavut Distribution of All Contracts Awarded by Status Category – Based on Volume"* totals all contracts by volume and status category.

Government of Nunavut
Distribution of All Contracts Awarded by Status Category
Based on Volume
2017/18



Distribution of All Contracts Awarded by Status Category – Based on Volume

Year	Awarded		Inuit		Nunavut		Other	
2017/18	2,563	100%	706	28%	65	3%	1,792	70%
2016/17	2,450	100	724	30	57	2	1,669	68
2015/16	1,978	100	623	31	108	5	1,247	63

The pie chart and table above illustrate the volume (number) of contracts awarded to Inuit, Nunavut and Other firms.

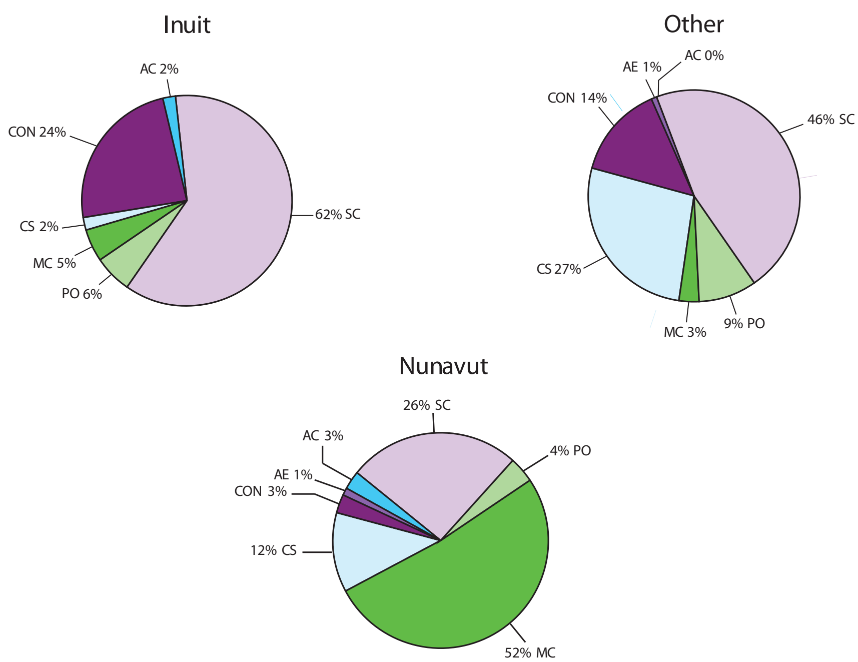
The total volume for all contracts was 2563. Inuit were awarded 706 or 28%, 65 were awarded to Nunavut (3%) and 1792 went to Other (70%). These values reflect a 4.6% increase in the number of contracts issued. The volume of contracts awarded to "Other" increased by 7%.

A four year trend shows Inuit and Nunavut firms win an average 33% of the volume of contracts, and Others win 67% of the volume.

From 2009/10 to 2014/15, we see an overall slow but steady increase in the overall percentage of the number of contracts to "Other" and a slow decrease to "Inuit" and "Nunavut". However in 2015/16, that trend had reversed. In 2016/17 and 2017/18, the trend of increased percentage to "Other" continues.

The chart below *"Government of Nunavut Distribution of Contracts Awarded by Type – Based on Value"* summarizes the distribution of contract types awarded to Inuit, Nunavut, and Other by value.

Government of Nunavut
Distribution of Contracts Awarded by Type
Based on Value
2017/18



Distribution of Contracts Awarded by Type – Based on Value

2017/18
(Thousands)

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	$ 6,466	1%	$ 6,099	94%	$ 173	3%	$ 194	3%
Architectural/Engineering (AE)	3,082	1	-	-	63	2	3,019	98
Construction (CON)	101,062	19	60,255	60	155	-	40,652	40
Consulting Services (CS)	80,647	15	4,741	6	720	1	75,186	93
Minor Construction or Maintenance Services (MC)	22,905	4	11,875	52	3,146	14	7,884	34
Purchase Orders (PO)	38,676	7	13,976	36	218	1	24,482	63
Service Contracts (SC)	286,520	53	154,957	54	1,579	1	129,984	45
Total	$539,358	100%	$251,903	47%	$ 6,054	1%	$281,401	52%

2016/17
(Thousands)

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	$ 5,693	2%	$ 5,003	88%	$ 109	2%	$ 581	10%
Architectural/Engineering (AE)	14,115	4	301	2	214	2	13,600	96
Construction (CON)	104,086	28	73,492	71	5,651	5	24,943	24
Consulting Services (CS)	44,968	12	2,425	5	145	-	42,398	94
Minor Construction or Maintenance Services (MC)	19,508	5	11,223	58	4,789	25	3,496	18
Purchase Orders (PO)	41,627	11	13,817	33	33	-	27,777	67
Service Contracts (SC)	146,227	39	16,834	12	762	1	128,631	88
Total	$ 376,224	100%	$123,095	33%	$ 11,703	3%	$241,426	64%

2015/16
(Thousands)

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	$ 6,168	2%	$ 4,686	76%	$ 310	5%	$ 1,172	19%
Architectural/Engineering (AE)	6,254	2	-	-	208	3	6,046	97
Construction (CON)	51,524	13	49,893	97	1,377	3	254	-
Consulting Services (CS)	49,209	12	6,506	13	1,479	3	41,224	84
Minor Construction or Maintenance Services (MC)	8,242	2	4,233	51	2,281	28	1,728	21
Purchase Orders (PO)	29,532	7	16,218	55	184	1	13,130	44
Service Contracts (SC)	248,234	62	114,838	46	5,402	2	127,994	52
Total	$ 399,163	100%	$ 196,374	49%	$ 11,241	3%	$191,548	48%

This sub-section analyses the distribution of the seven (7) main Contract Types in use at the GN, by value to Inuit, Nunavut and Other. The tables indicate the values of each contract type. The pie charts in the previous section illustrate the distribution of contract dollars to Inuit, Nunavut and Other for each contract type. For example, in 2017/18 out of $251,903,000 to Inuit Firms, 54% was for Service Contracts and 60% was for Major Works Construction.

Inuit and Nunavut companies, in general, are awarded the majority of the volume of Air Charter contracts (94%); this represents 94% of the Air Charter contract value in 2017/18.

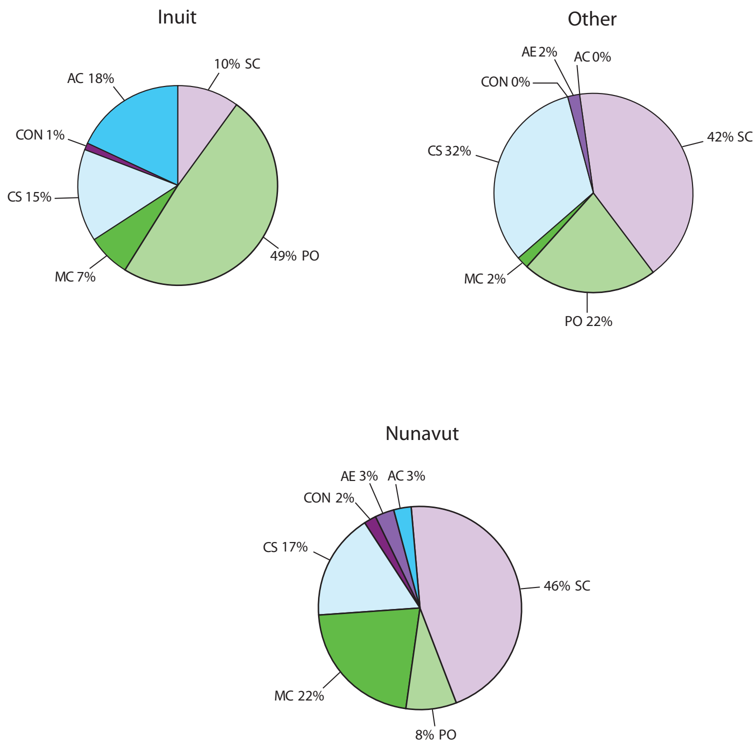
Inuit and Nunavut firms generally win a greater volume of Minor and Major Construction contracts. This represents a nine year trend.

The tables above indicate that the total value of contracts increased by 43% in 2017/18 but, the value of contracts to Other increased by 16%, and the value to Inuit by 105%.

Over the last five reporting years, we see that the combined Inuit and Nunavut firms have on average won a majority of the value of Major Construction and a majority of the volume.

The chart below *"Government of Nunavut Distribution of Contracts Awarded by Type – Based on Volume"* summarizes the distribution of contracts awarded by volume.

Government of Nunavut
Distribution of Contracts Awarded by Type
Based on Volume
2017/18



Distribution of Contracts Awarded by Type – Based on Volume

2017/18

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	135	5%	128	95%	2	1%	5	4%
Architectural/Engineering (AE)	29	1	-	-	2	7	27	93
Construction (CON)	15	1	10	67	1	7	4	27
Consulting Services (CS)	687	27	103	15	11	2	573	83
Minor Construction or Maintenance Services (MC)	101	4	49	49	14	14	38	38
Purchase Orders (PO)	735	29	343	47	5	1	387	53
Service Contracts (SC)	861	34	73	8	30	3	758	88
Total	2,563	100%	706	28%	65	3%	1,792	70%

2016/17

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	144	6%	130	90%	1	1%	13	9%
Architectural/Engineering (AE)	34	1	3	9	3	9	28	82
Construction (CON)	23	1	16	70	4	17	3	-
Consulting Services (CS)	403	16	23	6	2	-	378	94
Minor Construction or Maintenance Services (MC)	128	5	80	63	24	19	24	19
Purchase Orders (PO)	709	29	338	48	4	1	367	52
Service Contracts (SC)	1,009	41	134	13	19	2	856	85
Total	2,450	100%	724	30%	57	2%	1,669	68%

2015/16

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	162	8%	127	78%	4	2%	31	19%
Architectural/Engineering (AE)	18	1	-	-	1	6	17	94
Construction (CON)	20	1	17	85	2	10	1	5
Consulting Services (CS)	382	19	46	12	22	6	314	82
Minor Construction or Maintenance Services (MC)	72	4	39	54	16	22	17	24
Purchase Orders (PO)	587	30	311	53	11	2	265	45
Service Contracts (SC)	737	37	83	11	52	7	602	82
Total	1,978	100%	623	31%	108	5%	1,247	63%

This sub-section analyses the volume distribution of the seven (7) main contract types at use at the GN, by volume, to Inuit, Nunavut and Other. The table above indicates the volumes of each contract type. The pie charts illustrate the volume of contracts awarded to Inuit, Nunavut and Other for each contract type.

In 2017/18 Inuit and Nunavut firms won 74% of Construction contracts, 63% of Minor Construction contracts and 96% of Air Charters. In 2016/17 the numbers show that the combined Inuit and Nunavut firms competed well in the categories of Minor Construction and Maintenance Services (82% of the total volume), Air Charters (91% of the total) and Construction (87% of the total). In 2015/16, the numbers show that Inuit and Nunavut firms won Minor Construction and Maintenance Services (76%) in Major Construction (95%).

In 2017/18, the combined Inuit and Nunavut firms win the lowest share of contracts for Architectural and Engineering (7%), Service contracts (11%) and Consulting Services (17%). This is consistent over the last eleven (11) years. Generally, Inuit and Nunavut firms are able to compete successfully for Air Charters, Construction, Minor Construction and Purchase Orders for goods.

For the twelve (12) year data (from 2006/07 to 2017/18), the volume of contracts to Other firms is between 54-70%. Therefore as the number of contracts overall grows, the ratio of contracts to Other firms versus the combined Inuit and Nunavut remains consistently above 55%.

A closer look at the contracts awarded to non Inuit and non Nunavut firms or the Other category indicates that many of them are for specialized services such as open custody contracts for the Department of Justice, mental health care, specialized residential care, dental care, for the Departments of Health and Family Services and information technology services for Community & Government Services. The numbers in the Other category typically also include contracts signed with the Hamlets for Airport Operations and Maintenance (AOM). Purchase Orders to “Other” include the Territory's annual alcohol supply and fuel re suppliers – products that are not available for purchase in Nunavut.

2. Contract Types

This section of the report analyses contract types awarded based on three broad value categories:

Contracts > $5,000 to <=$25,000

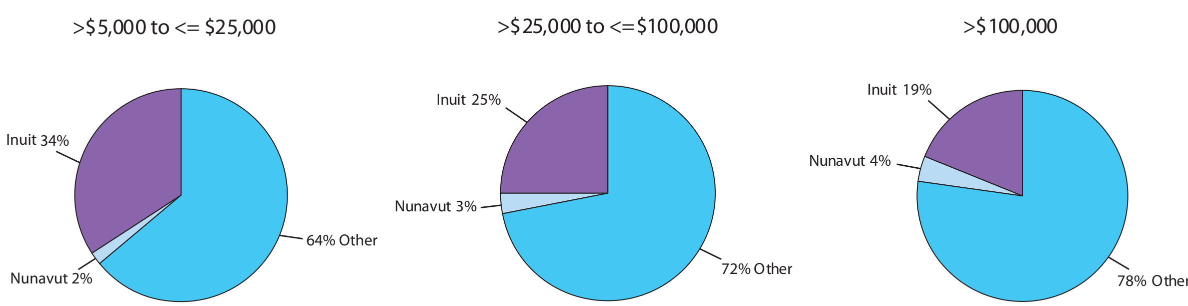
Contracts >$25,000 to <=$100,000

Contracts >$100,000.

Each threshold category is first analysed by volume and value and then further broken down by volume and value to Inuit, Nunavut and Other.

The chart below *"Government of Nunavut Distribution of Contract Values Awarded – Based on Volume – Including Contracts for Goods"* summarizes the distribution of contracting values awarded by volume including contracts for goods.

Government of Nunavut
Distribution of Contract Values Awarded – Based on Volume
Including Contracts for Goods
2017/18



Distribution of Contract Values Awarded – Based on Volume – Including Goods

2017/18

Type	Awarded		Inuit		Nunavut		Other	
>$5,000 to <=$25,000	1,126	44%	382	34%	20	2%	724	64%
>$25,000 to <=$100,000	889	35	222	25	25	3	642	72
>$100,000	548	21	102	19	20	4	426	78
Total	2,563	100%	706	28%	65	3%	1,792	70%

2016/17

Type	Awarded		Inuit		Nunavut		Other	
>$5,000 to <=$25,000	1,101	45%	368	33%	15	1%	718	65%
>$25,000 to <=$100,000	742	30	237	32	18	2	487	66
>$100,000	607	25	119	20	24	4	464	76
Total	2,450	100%	724	30%	57	2%	1,669	68%

2015/16

Type	Awarded		Inuit		Nunavut		Other	
>$5,000 to <=$25,000	891	45%	344	39%	47	5%	500	56%
>$25,000 to <=$100,000	612	31	169	28	38	6	405	66
>$100,000	475	24	110	23	23	5	342	72
Total	1,978	100%	623	31%	108	5%	1,247	63%

The tables above illustrate that the combined Inuit and Nunavut firms are generally able to compete more successfully for contracts under $25,000. As the value of the contract increases, generally Inuit and Nunavut firms do not win as many contracts. This analysis is true for all of the last eleven reports.

On average (3 years) the distribution is as follows:

	Inuit/Nunavut	Other
>$5,000 to <=$25,000	38%	62%
>$25,000 to <=$100,000	32%	68%
>$100,000	25%	75%

The pie charts and tables above set out the distribution of contracts to Inuit and Nunavut in three dollar value categories. The following are percentages of the number of contracts to Inuit and Nunavut within the dollar thresholds as specified:

- For the 2017/18 fiscal year, 44% of the overall volume of contracts were for contracts between $5,000 and $25,000; Inuit and Nunavut firms won 36% of contract volume in this value category. This is up by 2% from last years as a proportionate share.
- 35% of the contracts were in the greater than $25,000 and less than or equal to $100,000 category; Inuit and Nunavut firms won 28% (Inuit 25% and Nunavut 3%) of contract volume in this value category as a proportionate share.
- 21% of the contracts awarded were contracts valued at greater than $100,000; Inuit and Nunavut firms won 23% of the volume of these contracts. This is down by 1% from last year.

For the 3 years covered by this report, the volume proportions are relatively consistent:

- contracts >$5,000 to <$25,000 represent roughly 45% of contracts.
- contracts between $25,000 and $100,000 represent roughly 32% of the total volume.
- contracts worth over $100,000 represent roughly 23% of the total volume.
- From 2005/06 up until 2014/15, the overall trend over the previous nine (9) years showed that contracts that are in the category of “Other” (Non-Inuit, Non-Nunavut) were winning a greater proportion of the number of contracts. This represents a gain of almost 2% per year in percentage share. However 2015/16, we see a decline of 5% in proportionate share. In 2016/17 we see that the share for “Other” is back up to the 2014/15 levels at 68%. In 2017/18 we see that "Other" is at a 12 year high of 70%.

Volume of Contracts Awarded

Year	Total	Inuit	%	Nunavut	%	Other	%
2017/18	2563	706	28%	65	3%	1792	70%
2016/17	2450	724	30%	57	2%	1669	68%
2015/16	1978	623	31%	108	5%	1247	63%
2014/15	2002	567	28%	65	3%	1370	68%
2013/14	1909	563	29%	58	3%	1288	67%
2012/13	1814	533	29%	72	4%	1209	67%
2011/12	1880	654	35%	76	4%	1150	61%
2010/11	1822	637	35%	121	7%	1064	58%
2009/10	1783	584	33%	177	10%	1022	57%
2008/09	1520	545	36%	150	10%	826	54%
2007/08	1442	534	37%	112	8%	796	55%
2006/07	1053	410	39%	63	6%	796	76%
12 Year Averages			32.5%		5.4%		61.91%

Value of Contracts Awarded (in thousands of Canadian dollars)

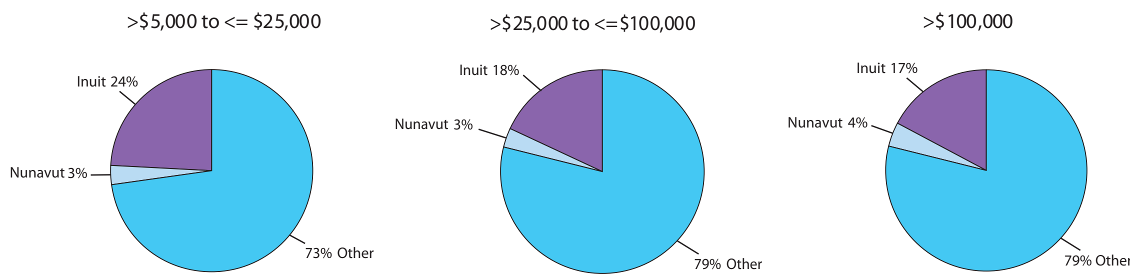
Year	Total $	Inuit $	Inuit %	Nunavut $	Nunavut %	Other $	Other %
2017/18	539,356	251,901	47%	6,053	1%	281,402	52%
2016/17	376,224	123,095	33%	11,703	3%	241,426	64%
2015/16	399,164	196,375	49%	11,241	3%	191,548	48%
2014/15	288,944	92,682	32%	11,487	4%	184,775	64%
2013/14	351,989	140,119	40%	36,187	10%	175,683	50%
2012/13	352,624	154,235	44%	34,435	10%	163,954	46%
2011/12	297,132	127,575	43%	12,176	4%	157,381	53%
2010/11	271,132	92,566	34%	18,553	7%	160,013	59%
2009/10	236,972	85,895	36%	23,825	10%	127,252	54%
2008/09	269,411	99,674	37%	18,660	7%	151,077	56%
2007/08	193,317	59,395	31%	16,371	8%	117,551	61%
2006/07	138,019	67,559	49%	8,347	6%	62,113	45%
12 Year Averages			39%		7%		54%

The 11 year averages show that Inuit Firms win 33% of the volume and 39% of the value of all contracts. Nunavut Firms win 5.6% of the volume and 7% of the value of all contracts. Other Firms win 63% of the volume and 54% of the value of all contracts.

Analysis Excluding Contracts for Goods

The chart below *"Government of Nunavut Distribution of Contract Values Awarded – Based on Volume – Excluding Contracts for Goods"* summarizes the distribution of contracting values awarded by volume excluding contracts for goods.

Government of Nunavut
Distribution of Contract Values Awarded – Based on Volume
Excluding Contracts for Goods
2017/18



Distribution of Contract Values Awarded – Based on Volume – Excluding Goods

2017/18

Type	Awarded		Inuit		Nunavut		Other	
>$5,000 to <=$25,000	649	36%	158	24%	17	3%	474	73%
>$25,000 to <=$100,000	697	38	122	18	24	3	551	79
>$100,000	482	26	83	17	19	4	380	79
Total	1,828	100%	363	20%	60	3%	1,405	77%

2016/17

Type	Awarded		Inuit		Nunavut		Other	
>$5,000 to <=$25,000	657	38%	157	24%	11	2%	489	74%
>$25,000 to <=$100,000	561	32	145	26	18	3	398	71
>$100,000	523	30	84	16	24	5	415	79
Total	1,741	100%	386	22%	53	3%	1,302	75%

2015/16

Type	Awarded		Inuit		Nunavut		Other	
>$5,000 to <=$25,000	500	36%	131	26%	38	8%	331	66%
>$25,000 to <=$100,000	473	34	102	22	36	8	335	71
>$100,000	418	30	79	19	23	6	316	76
Total	1,391	100%	312	22%	97	7%	982	71%

In 2017/18, when Goods contracts are removed, the number of contracts less than $25,000 decreases by approximately 42%. The number of contracts between $25,000 and $100,000 decreases by approximately 22%. The number of contracts over $100,000 decreases by only 12%.

In the pie charts above we examine the number of contracts excluding goods. In 2017/18, contracts for goods alone represents a volume of 735 or 29% of all contracts, 477 between $5001-$25,000 (19%) 192 for $25,000-$100,000 (7%) and 66 greater than $100,000 (3%).

Impact Inuit Firms, with goods contracts removed, Proportionate Share

- The volume of contracts > $5,000 to <=$25,000 awarded to Inuit firms decreases by 10% when goods contracts are removed
- Contracts >$25,000 to <=$100,000 awarded to Inuit firms decrease by 7%
- Contracts >$100,000 awarded to Inuit Firms decreased by 2%, without goods contracts.

Impact on Nunavut Businesses, with goods contracts removed

- The volume of contracts > $5,000 to <=$25,000 – Awarded to Nunavut firms in this value threshold increased by 1% with goods contracts removed
- Contracts >$25,000 to <=$100,000 – Awarded to Nunavut firms had no change with goods contracts removed
- Contracts >$100,000 – Awarded to Nunavut firms in this threshold had no change with goods contracts removed.

Impact on Other Businesses, with goods contracts removed

- Volume of contracts > $5,000 to <=$25,000 – Awarded to Other firms increased by 9%
- Contracts >$25,000 to <=$100,000 – Awarded to Other firms increases by 7%
- Contracts >$100,000 – Awarded to Other firms increases by 1%.

For the last eleven years we can make a general observation that when we remove the volume of goods contracts from the total volume of contracts, Inuit firms receive a lower percentage of contracts, Other firms receive a greater percentage of contracts.

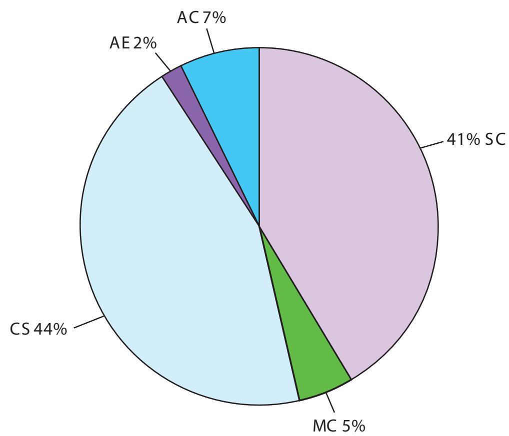
Generally, Inuit and Nunavut firms (especially Inuit firms) win a greater percentage share of contracts when goods are included in the contract statistics therefore, we can conclude that Inuit and Nunavut firms are able to compete better for goods contracts rather than Consulting contracts.

Analysis by Contract Type

Contracts >$25,000 to <=$100,000: Value Type

The chart below *"Government of Nunavut Distribution of Contracts by Type – Based on Value – For Contracts > $25,000 to <= $100,000 – Excluding Contracts for Goods"* summarizes the distribution of contracting type by value for contracts greater than $25,000 and less than or equal to $100,000 excluding contracts for goods.

Government of Nunavut
Distribution of Contracts by Type – Based on Value
For Contracts > $25,000 to <= $100,000
Excluding Contracts for Goods
2017/18



Distribution of Contract Values Awarded – Based on Value
For Contracts > $25,000 to <= $100,000 – Excluding Goods
(Thousands)

Type	2017/18		2016/17		2015/16	
Air Charter (AC)	$ 2,808	7%	$ 3,377	10%	$ 3,009	11%
Architectural/Engineering (AE)	820	2	842	3	103	-
Consulting Services (CS)	16,728	44	9,351	28	9,902	36
Minor Construction or Maintenance Services (MC)	1,820	5	3,601	11	2,765	10
Service Contracts (SC)	15,594	41	15,665	48	11,419	42
Total	$37,770	100%	$ 32,836	100%	$27,198	100%

The table above represents the distribution of contracts by type for those in the range of $25-100K value, excluding goods.

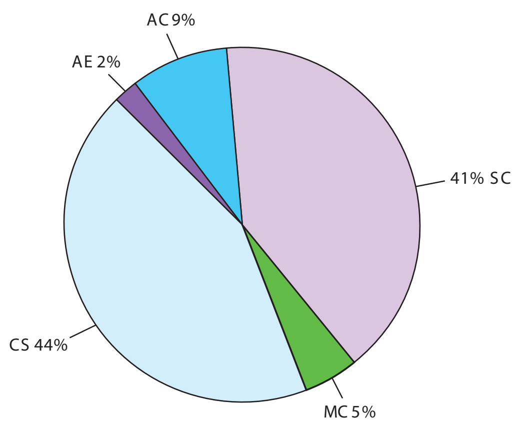
We can make some general conclusions over the last 9 years for contracts valued from $25,000 to $100,000.

- Air Charters compose roughly 10% of the total value
- Architectural and Engineering compose roughly 0-5% of the total value
- It is difficult to find a pattern for Service Contracts and Consulting Services. They are often used interchangably. Combined they compose 75-85%.

Contracts >$25,000 to <=$100,000: Volume by Type

The chart below *"Government of Nunavut Distribution of Contracts by Type – Based on Volume – For Contracts > $25,000 to <= $100,000 – Excluding Contracts for Goods"* illustrates the distribution of contracting type by volume for contracts greater than $25,000 and less than or equal to $100,000 excluding contracts for goods.

**Government of Nunavut
Distribution of Contracts by Type – Based on Volume
For Contracts > $25,000 to <= $100,000
Excluding Contracts for Goods
2017/18**



Distribution of Contract Values Awarded – Based on Volume For Contracts > $25,000 to <= $100,000 – Excluding Goods

Type	2017/18		2016/17		2015/16	
Air Charter (AC)	60	9%	68	12%	60	13%
Architectural/Engineering (AE)	15	2	14	2	3	1
Construction (CON)	-	-	-	-	-	-
Consulting Services (CS)	306	44	147	26	162	34
Minor Construction or Maintenance Services (MC)	32	5	57	10	42	9
Service Contracts (SC)	284	41	275	49	206	44
Total	697	100%	561	100%	473	100%

The table above indicates the distribution of contracts by type and volume, excluding goods.

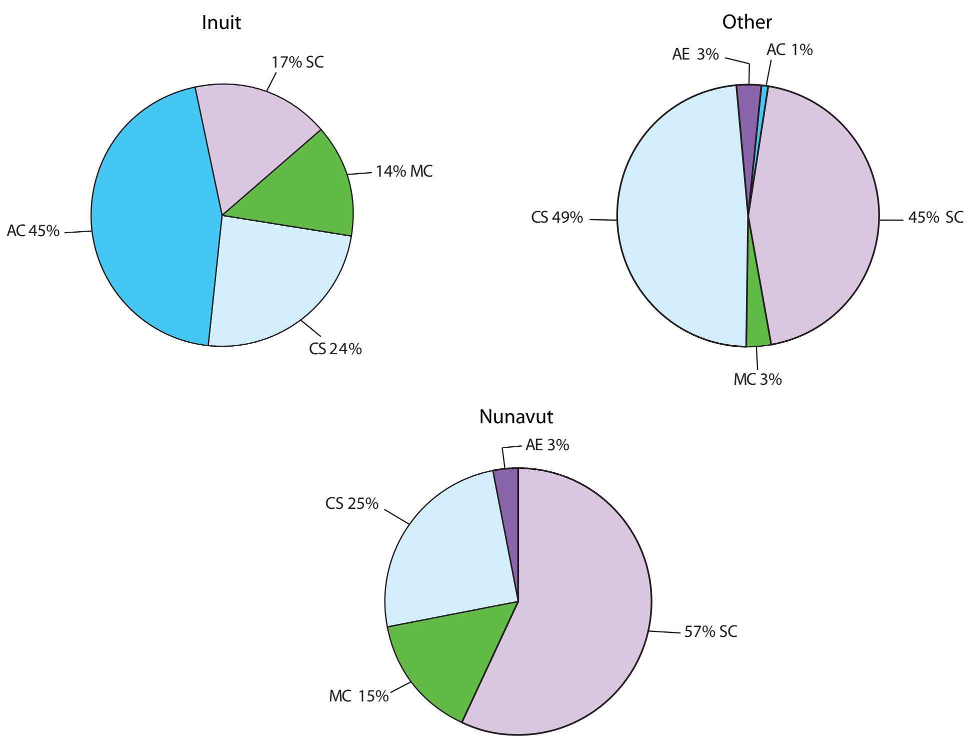
We can make some general conclusions over the last eight years for contracts from $25,000 to $100,000:

- Air Charters compose 7-12% of the volume
- Architectural and Engineering compose 1-3% of the volume
- Major Construction composes 0-1% of the volume
- Minor Construction composes 5-10% of the volume
- Service Contracts combined with Consulting Services range 75-85%
- For Consulting Services, the reporting is not always consistent. This category often gets recorded as Service Contracts.

Contracts >$25,000 to <=$100,000: Value: Status

The chart below *"Government of Nunavut Distribution of Contracts by Status Category and Type – Based on Value – For Contracts > $25,000 to <= $100,000 – Excluding Goods"* summarizes the distribution of contracting by status and Type by value for contracts greater than $25,000 and less than or equal to $100,000 excluding contracts for goods.

**Government of Nunavut
Distribution of Contracts by Type within Status Category Based on Value
For Contracts > $25,000 to <= $100,000
Excluding Contracts for Goods
2017/18**



This section looks at contracts greater than $25,000 and less than or equal to $100,000 excluding Purchase Order contracts. The pie charts and tables illustrate the distribution of awards to Inuit, Nunavut and Other firms by contract type. This chart shows that Inuit firms do not win many contracts for Architectural and Engineering in this dollar threshold. This is consistent for the last ten years.

In 2017/18, combined Inuit and Nunavut firms won 52% of Minor Construction and Maintenance Services. It had been fairly consistent over the past eight years that Inuit and Nunavut firms win a high proportionate share of these contracts. Inuit and Nunavut firms won 80% of the value of Minor Construction and Maintenance Services contracts in 2014/15 and in 2015/16, they won 75%. The 52% in 2017/18 is a relatively low value by comparison and breaks an eight year pattern.

Distribution of Contracts by Status Category – Based on Value For Contracts > $25,000 to <= $100,000 – Excluding Goods

2017/18 (Thousands)

Type	Awarded	Inuit		Nunavut		Other	
Air Charter (AC)	$ 2,808	$ 2,631	94%	$ -	-%	$ 177	6%
Architectural/Engineering (AE)	820	-	-	38	5	782	95
Consulting Services (CS)	16,727	1,374	8	297	2	15,056	90
Minor Construction or Maintenance Services (MC)	1,820	789	43	171	9	860	47
Service Contracts (SC)	15,594	1,005	6	662	4	13,927	89
Total	$ 37,769	$ 5,799	15%	$1,168	3%	$30,802	82%

2016/17 (Thousands)

Type	Awarded	Inuit		Nunavut		Other	
Air Charter (AC)	$ 3,377	$2,943	87%	$ -	-%	$ 434	13%
Architectural/Engineering (AE)	842	32	4	214	25	596	71
Consulting Services (CS)	9,351	715	8	145	2	8,491	91
Minor Construction or Maintenance Services (MC)	3,601	2,734	76	396	11	471	13
Service Contracts (SC)	15,664	1,563	10	348	2	13,753	88
Total	$32,835	$7,987	24%	$1,103	3%	$23,745	72%

2015/16 (Thousands)

Type	Awarded	Inuit		Nunavut		Other	
Air Charter (AC)	$ 3,009	$2,594	86%	$ 39	1%	$ 376	12%
Architectural/Engineering (AE)	103	-	-	-	-	103	100
Consulting Services (CS)	9,902	759	8	547	6	8,596	87
Minor Construction or Maintenance Services (MC)	2,766	1,464	53	603	22	699	25
Service Contracts (SC)	11,419	722	6	809	7	9,888	87
Total	$27,199	$5,539	20%	$1,998	7%	$19,662	72%

The ten year trend indicates that contracts awarded to "Other" firms are largely composed of Architectural/Engineering, Consulting Services and Service Contracts. Inuit firms do better in Air Charters and Minor Construction or Maintenance Services. Steady decline in awards to Inuit and Nunavut firms in Minor Construction and Maintenance Contracts since 2012/13 with a brief spike in 2016/17.

Analysis of all 2017/18 contracts >$25,000 to <=$100,000, excluding goods – based on value

For contracts in this range, in 2017/18, 15% of the total value was awarded to Inuit firms and 3% was awarded to Nunavut Businesses. The remaining 82% was awarded to firms that are not registered with NTI or the GN under the NNI Regulations. This is not to say that the firms in the Other category are all based outside of Nunavut. On the contrary, many Nunavut based companies do not register. Furthermore, individuals, hamlets, societies and other entities do not register because of the nature of their business. For example, hamlets cannot register under the NNI for a bid adjustment. Also, individuals must be registered as a company before they can register for NNI or NTI status.

Inuit Firms

For the last three years, the value of contracts to Inuit firms has moved from 20% in 2015/16 to 24% in 2016/17 and to 15% in 2017/18. These fluxuations have had a corresponding increase to "Nunavut" firms. On April 01, 2017 when the NNI Regulations came into effect and replaced the NNI Policy, Inuit Firms with a greater percentage share of Inuit ownership were granted higher bid adjustments; therefore, they could better compete with Inuit Firms having only 51% Inuit ownership.

The percentage share for all contracts won by Inuit firms decreased in 2017/18, with the exception of Air Charters.

Nunavut Firms

The proportionate share of the value of contracts to Nunavut Businesses went from 7% in 2015/16 to 3% in 2016/17, and 3% in 2017/18. Nunavut businesses that also have Inuit Firm Status are included in Inuit.

Other

Over the last 3 years the proportionate share of the value of contracts to Other firms has increased from 72% to 82%.

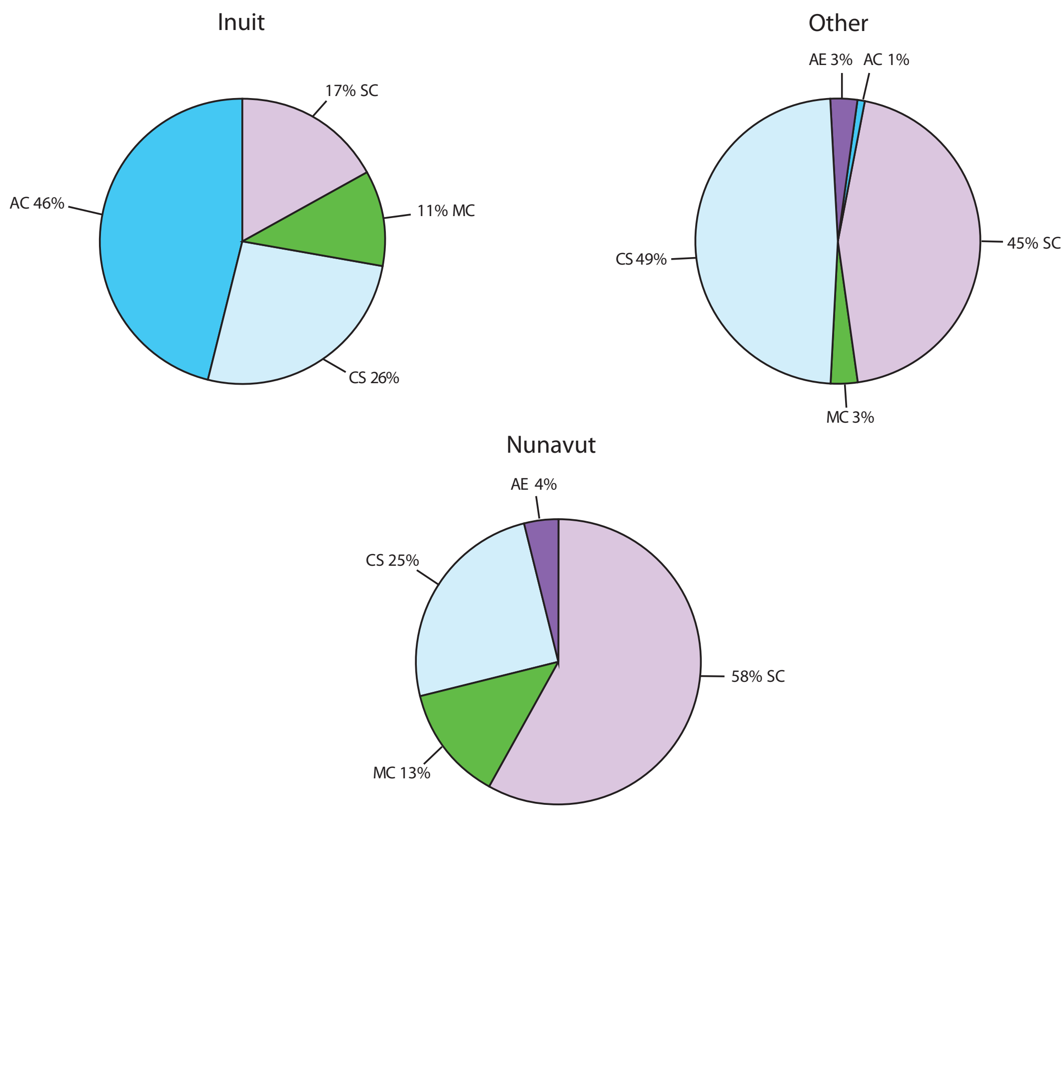
A three year average shows the following proportionate share.

- Inuit – 20%
- Nunavut – 5%
- Other – 75%

Contracts >$25,000 and <=$100,000 Volume – Status

The chart below *"Government of Nunavut Distribution of Contracts by Status Category and Type – Based on Volume – For Contracts > $25,000 and <= $100,000 – Excluding Goods"* summarizes the distribution of contracting status category by volume for contracts greater than $25,000 and less than or equal to $100,000 excluding goods.

Government of Nunavut
Distribution of Contracts by Status Category and Type – Based on Volume
For Contracts > $25,000 and <= $100,000
Excluding Contracts for Goods
2017/18



Distribution of Contracts By Status Category and Type – Based on Volume For Contracts > $25,000 and <= $100,000 – Excluding Goods

2017/18

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	60	9%	56	93%	-	-%	4	7%
Architectural/Engineering (AE)	15	2	-	-	1	7	14	93
Consulting Services (CS)	306	44	32	10	6	2	268	88
Minor Construction or Maintenance Services (MC)	32	5	13	41	3	9	16	50
Service Contracts (SC)	284	41	21	7	14	5	249	88
Total	697	100%	122	18%	24	3%	551	79%

2016/17

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	68	12%	61	90%	-	-%	7	10%
Architectural/Engineering (AE)	14	2	1	7	3	21	10	71
Consulting Services (CS)	147	26	12	8	2	1	133	90
Minor Construction or Maintenance Services (MC)	57	10	43	75	7	12	7	12
Service Contracts (SC)	275	49	28	10	6	2	241	88
Total	561	100%	145	26%	18	3%	398	71%

2015/16

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	60	13%	52	87%	1	2%	7	12%
Architectural/Engineering (AE)	3	1	-	-	-	-	3	100
Consulting Services (CS)	162	34	13	8	8	5	141	87
Minor Construction or Maintenance Services (MC)	42	9	21	50	9	21	12	29
Service Contracts (SC)	206	44	16	8	18	9	172	83
Total	473	100%	102	22%	36	8%	335	71%

The pie charts on the previous page show the percentage of contracts awarded by type amongst the status categories.

The proportionate share of contracts to Inuit firms over the last three years averages at 22%. However, in a eleven year analysis we see a decrease from 31% in 2007/08.

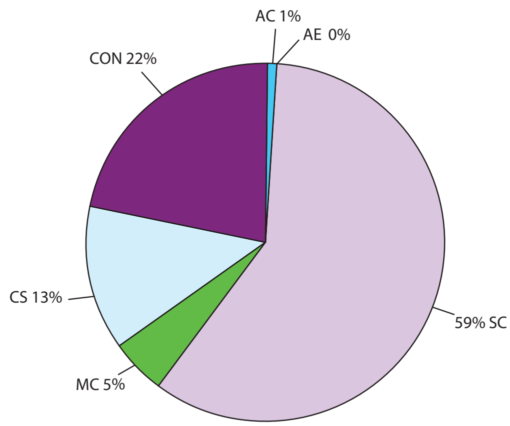
The proportionate share of contracts to Nunavut firms averages around 5%.

The proportionate share of contracts to Other firms averages around 74%.

Contracts > $100,000 Value, Type

The chart below *"Government of Nunavut Distribution of Contracts by Type – Based on Value – For Contracts > $100,000 – Excluding Contracts for Goods"* summarizes the distribution of contracting type by value for contracts greater than $100,000 excluding contracts for goods.

Government of Nunavut
Distribution of Contracts by Type – Based on Value
For Contracts > $100,000
Excluding Contracts for Goods
2017/18



Distribution of Contracts By Type – Based on Value For Contracts > $100,000 – Excluding Goods (Thousands)

Type	2017/18		2016/17		2015/16	
Air Charter (AC)	$ 2,843	1%	$ 1,312	-%	$ 2,023	1%
Architectural/Engineering (AE)	2,129	-	13,198	5	6,121	2
Construction (CON)	101,061	22	104,087	36	51,524	15
Consulting Services (CS)	61,032	13	34,479	12	37,662	11
Minor Construction or Maintenance Services (MC)	20,989	5	15,779	5	5,443	2
Service Contracts (SC)	266,084	59	124,178	42	232,998	69
Total	$ 454,138	100%	$293,033	100%	$ 335,771	100%

This section looks at contracts greater than $100,000 excluding Purchase Order contracts. The pie chart and table above illustrate the distribution of contract dollars by type.

The small percentage of Air Charters and Architectural/Engineering contracts is indicative of the typically lower values of these types of contracts.

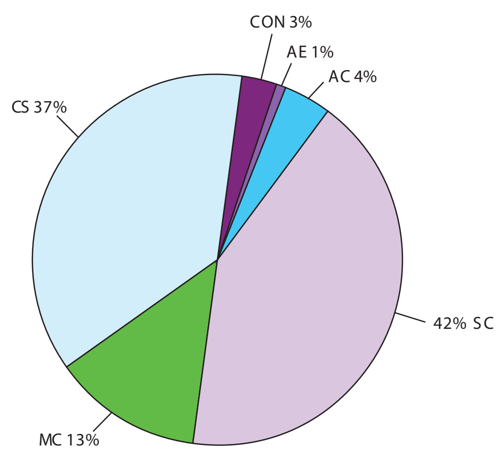
Over the last five years Architectural and Engineering, Consulting Services and Minor Construction have remained at consistent low levels of proportionate share of the total value of contracts greater than $100,000. Multi-year Maintenance contracts tend to exceed $100,000 and the threshold value for Minor Construction is $250,000. Major Construction fluctuates with Capital funding cycles and generally those contracts take two years to complete.

The list of individual contracts can be found in the 2017/18 Procurement Activity Report, Appendix C.

Contracts >$100,000 Volume, Type

The chart below *"Government of Nunavut Distribution of Contracts by Type – Based on Volume – For Contracts > $100,000 – Excluding Contracts for Goods"* illustrates the distribution of contracting type by volume for contracts greater than $100,000 excluding contracts for goods.

Government of Nunavut
Distribution of Contracts by Type – Based on Volume
For Contracts > $100,000
Excluding Contracts for Goods
2017/18



Distribution of Contracts By Type – Based on Volume
For Contracts > $100,000 – Excluding Goods

Type	2017/18		2016/17		2015/16	
Air Charter (AC)	17	4%	9	2%	13	3%
Architectural/Engineering (AE)	5	1	16	3	12	3
Construction (CON)	15	3	23	4	20	5
Consulting Services (CS)	180	37	173	33	106	25
Minor Construction or Maintenance Services (MC)	62	13	63	12	27	6
Service Contracts (SC)	203	42	239	46	240	57
Total	482	100%	523	100%	418	100%

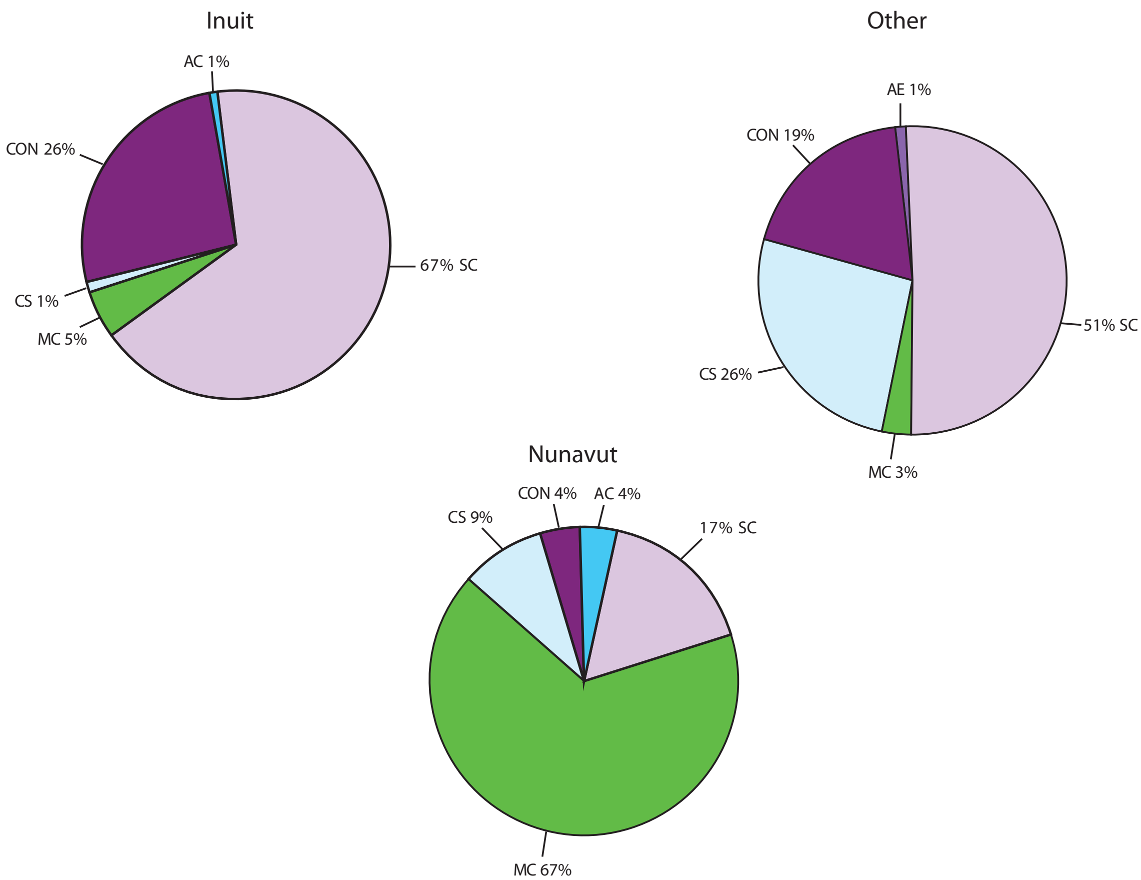
This section looks at the volume of contracts greater than $100,000 excluding Purchase Order contracts.

Approximately 80% of the combined volume of contracts in this value threshold are for Service Contracts and Consulting Services. Service Contracts have made up a majority of the volume in this category for the past nine years. Note that Consulting and Service Contracts are sometimes reported interchangeably, therefore a decrease in Service Contracts and an increase in Consulting Contracts could mean status quo.

Contracts > $100,000 Value – Category

The chart below *"Government of Nunavut Distribution of Contracts by Status Category – Based on Value – For Contracts > $100,000 – Excluding Goods"* summarizes the distribution of contracting by status category by value for contracts greater than $100,000 excluding goods.

Government of Nunavut
Distribution of Contracts by Status Category – Based on Value
For Contracts > $100,000
Excluding Contracts for Goods
2017/18



The pie charts above illustrate the distribution of contract awards by type within the Inuit, Nunavut and Other status categories.

Distribution of Contracts by Status Category – Based on Value For Contracts > $100,000 – Excluding Goods

2017/18 (Thousands)

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	$ 2,843	1%	$ 2,676	94%	$ 167	6%	$ -	-%
Architectural/Engineering (AE)	2,129	-	-	-	-	-	2,129	100
Construction (CON)	101,062	22	60,255	60	155	-	40,652	40
Consulting Services (CS)	61,032	13	2,602	4	400	1	58,030	95
Minor Construction or Maintenance Services (MC)	20,988	5	11,017	52	2,963	14	7,008	33
Service Contracts (SC)	266,085	59	153,478	58	741	-	111,866	42
Total	$454,139	100%	$230,028	51%	$ 4,426	1%	$219,685	48%

2016/17 (Thousands)

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	$ 1,312	-%	$ 1,097	84%	$ 109	8%	$ 106	8%
Architectural/Engineering (AE)	13,198	5	269	2	-	-	12,929	98
Construction (CON)	104,086	36	73,492	71	5,651	5	24,943	24
Consulting Services (CS)	34,479	12	1,672	5	-	-	32,807	95
Minor Construction or Maintenance Services (MC)	15,779	5	8,446	54	4,393	28	2,940	19
Service Contracts (SC)	124,178	42	14,251	11	264	-	109,663	88
Total	$293,032	100%	$ 99,227	34%	$ 10,417	4%	$183,388	63%

2015/16 (Thousands)

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	$ 2,023	1%	$ 1,123	56%	$ 262	13%	$ 638	32%
Architectural/Engineering (AE)	6,120	2	-	-	208	3	5,912	97
Construction (CON)	51,524	15	49,893	97	1,377	3	254	-
Consulting Services (CS)	37,663	11	5,426	14	810	2	31,427	83
Minor Construction or Maintenance Services (MC)	5,442	2	2,759	51	1,654	30	1,029	19
Service Contracts (SC)	232,999	69	113,633	49	4,294	2	115,072	49
Total	$335,771	100%	$172,834	51%	$ 8,605	3%	$154,332	46%

For the 2017/18 year, as a percentage of total contracts, the value of contracts to Inuit increased by 17%. In pure dollar terms this represents a 132% increase in the value of contracts to Inuit firms. The value to Nunavut businesses decreased by 3% in proportionate share. The percentage of the value to "Other" decreased by 15%, but 20% increase in real dollars.

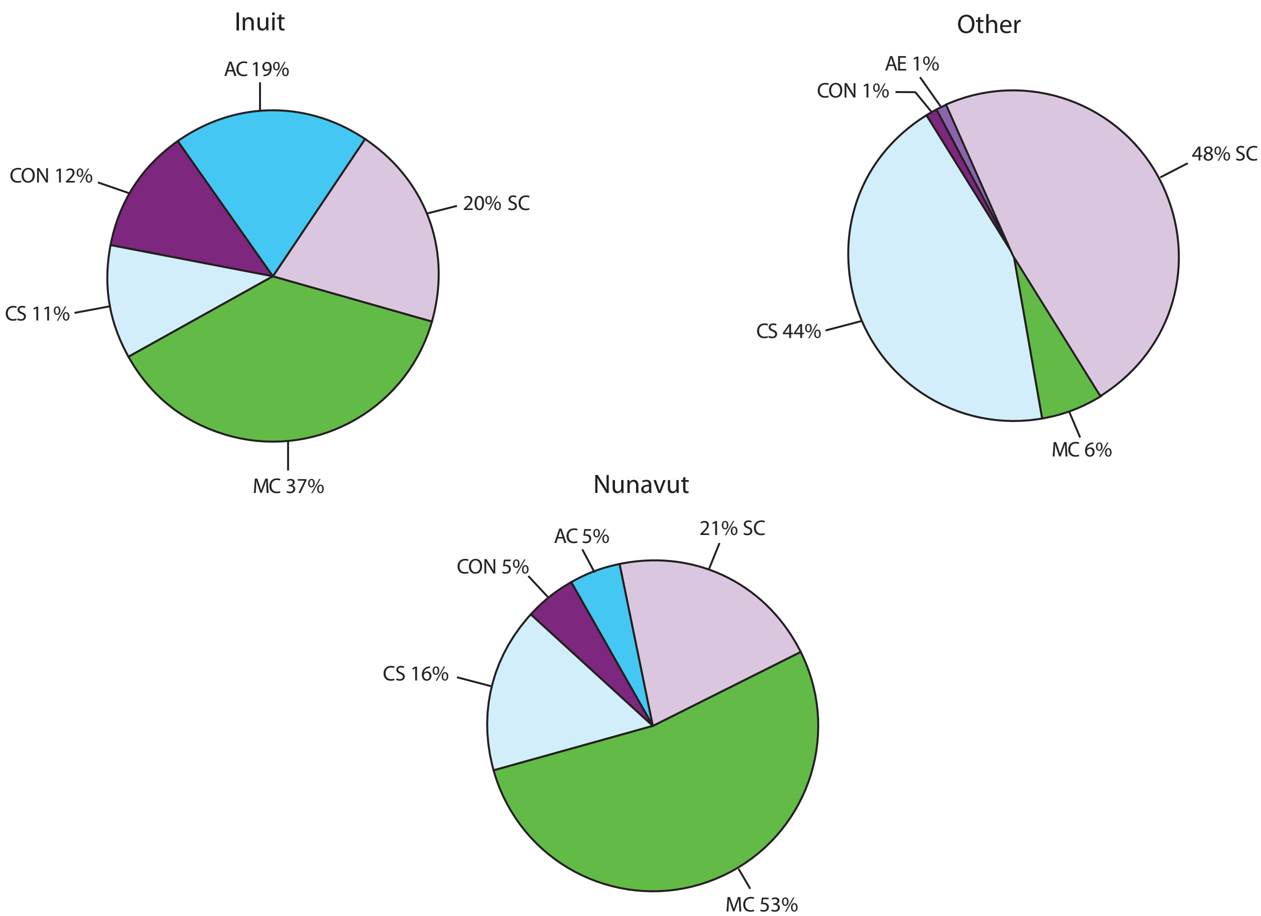
Over the past three years of this report, we see that the percentage value of the contracts in this range has increased by 33% for Inuit firms. During this same time period, we see a 2% decrease in percentage for Nunavut firms. Other firms have increased by 2% in relative market share.

A detailed list of contract awards can be found in the 2017/18 Procurement Activity Report (PAR) Appendix C.

Contracts > $100,000 Volume – Status

The chart below *"Government of Nunavut Distribution of Contracts by Status Category – Based on Volume – For Contracts > $100,000 – Excluding Goods"* summarizes the distribution of contracting status category by volume for contracts greater than $100,000 excluding goods.

Government of Nunavut
Distribution of Contracts by Status Category – Based on Volume
For Contracts > $100,000
Excluding Contracts for Goods
2017/18



Distribution of Contract By Status Category – Based on Volume For Contracts > $100,000 – Excluding Goods

2017/18

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	17	4%	16	94%	1	6%	-	-%
Architectural/Engineering (AE)	5	1	-	-	-	-	5	100
Construction (CON)	15	3	10	67	1	7	4	27
Consulting Services (CS)	180	37	9	5	3	2	168	93
Minor Construction or Maintenance Services (MC)	62	13	31	50	10	16	21	34
Service Contracts (SC)	203	42	17	8	4	2	182	90
Total	482	100%	83	17%	19	4%	380	79%

2016/17

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	9	2%	7	78%	1	11%	1	11%
Architectural/Engineering (AE)	16	3	2	13	-	-	14	88
Construction (CON)	23	4	16	70	4	17	3	13
Consulting Services (CS)	173	33	7	4	-	-	166	96
Minor Construction or Maintenance Services (MC)	63	12	34	54	17	27	12	19
Service Contracts (SC)	239	46	18	8	2	1	219	92
Total	523	100%	84	16%	24	5%	415	79%

2015/16

Type	Awarded		Inuit		Nunavut		Other	
Air Charter (AC)	13	3%	6	46%	2	15%	5	38%
Architectural/Engineering (AE)	12	3	-	-	1	8	11	92
Construction (CON)	20	5	17	85	2	10	1	5
Consulting Services (CS)	106	25	6	6	5	5	95	90
Minor Construction or Maintenance Services (MC)	27	6	17	63	5	19	5	19
Service Contracts (SC)	240	57	33	14	8	3	199	83
Total	418	100%	79	19%	23	6%	316	76%

Service Contracts represent the largest single portion of the contracts in this category. This has been consistant over the past six years of this report.

For the fiscal year 2015/16, as a percentage of total contracts, the volume of contracts to Inuit contractors decreased by 1% and the volume to Nunavut firms increased by 3%. The volume of contracts to Other decreased by 1%.

For the fiscal year 2016/17, as a percentage of the total contracts, the volume of contracts awarded to Inuit firms decreased by 3%. The volume of contracts to Nunavut firms decreased by 1%. The volume of contracts to Other increased by 3%.

For the fiscal year 2017/18, as a percentage of total contracts, the volume of contracts to Inuit contractors increased by 1% and the volume to Nunavut firms decreased by 1%. The volume of contracts to Other remained unchanged. In terms of actual numbers, the volume to Inuit decreased by 1%; the volume to Nunavut decreased by 21%; and the volume to Other decreased by 8%.

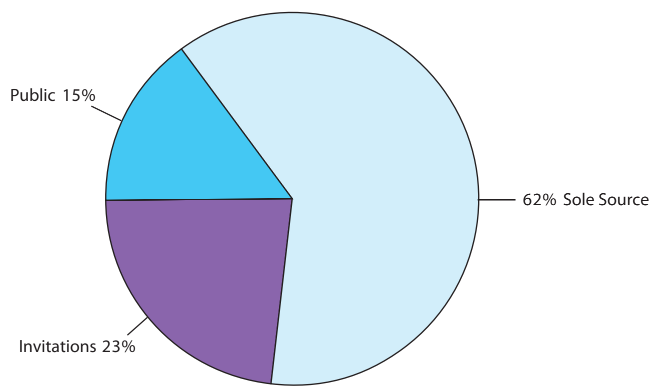
We can see a pattern for the volume of contracts in this category. Inuit firms win an average 19% of these contracts, Nunavut firms win 5% of these contracts and Other firms win 75% of the volume of these contracts. See chart below that outlines the percentage share for the past 9 years.

Year	Inuit	Nunavut	Other
2017/18	17%	4%	79%
2016/17	16%	5%	79%
2015/16	19%	6%	76%
2014/15	20%	3%	77%
2013/14	23%	6%	71%
2012/13	14%	6%	80%
2011/12	25%	6%	69%
2010/11	20%	5%	75%
2009/10	19%	8%	73%

3. Contracting Methods

The chart below *"Government of Nunavut Distribution of Contracts > $25,000 to <= $100,000 by Contract Method"* summarizes the distribution of contracting methods – Based on Value excluding goods contracts, contracts extended from previous years and contracts awarded under Standing Offer Agreements.

Government of Nunavut
Distribution of Contracts > $25,000 to <= $100,000
By Contract Method – Based on Value
2017/18



Distribution of Contracts > $25,000 to <= $100,000 by Contract Method – Based on Value (Thousands)

Year	Awarded	Public		Invitations		Sole Source	
2017/18	$12,809	$1,923	15%	$2,942	23%	$7,944	62%
2016/17	13,348	3,780	28	3,033	23	6,535	49
2015/16	13,319	3,043	23	3,070	23	7,206	54

Contracts are entered into as a result of competitive or non-competitive Request for Tenders or Requests for Proposals. Competitive means asking more than one firm to respond; this is done by Invitation or by Public Advertisement. Non-Competitive means asking only one firm to submit a tender or proposal; this is more commonly known as a 'Sole' or 'Single' Sourcing. The Value and Volume of Sole Sources are further analysed later on in this section.

In 2017/18, of a total contract value of $12,809,000 (rounded to the nearest thousand), $4,856,000 resulted from Public or Invitational Requests for Tenders or Proposals (38%) and $7,944,000 resulted from Sole Sources (62%)

In 2016/17, of a total contract value of $13,348,000 (rounded to the nearest thousand) $6,813,000 resulted from Public or Invitational Requests for Tenders or Proposals (51%) and $6,535,000 resulted from Sole Sources (49%).

In 2015/16, of the total contract value of $13,319,000 (rounded to the nearest thousand), $6,113,000 resulted from Public or Invitational Request for Tenders or Proposals (46%) and $7,206,000 resulted from Sole Sources (54%).

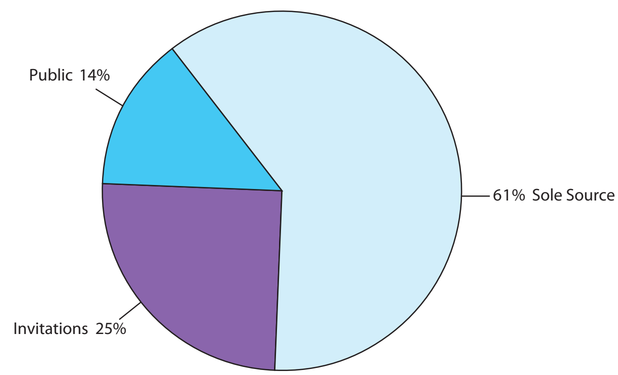
Under GN Procurement Policies, Public Tenders and Requests for Proposals (RFP's) are required for all goods and services over $25,000 and Construction over $100,000. Invitational Tenders are completed for goods and services over $5,000 but less than $25,000. This also includes Architectural/Engineering and Construction under $100,000.

In the category of contracts between $25,000 and $100,000, we see that over the last three years, the value of proportionate share of Sole Source contracts has increased by 8%. In real dollars this represents a 10% increase.

Contracts >$25,000 to <=$100,000: Method

The chart below *"Government of Nunavut Distribution of Contracts > $25,000 to <= $100,000 by Contract Method"* summarizes the distribution of contracting methods – Based on Volume excluding goods contracts, contracts extended from previous years and contracts awarded under Standing Offer Agreements.

Government of Nunavut
Distribution of Contracts > $25,000 to <= $100,000
By Contract Method – Based on Volume
2017/18



Distribution of Contracts by Contract Method – Based on Volume

Year	Awarded	Public		Invitations		Sole Source	
2017/18	229	32	14%	57	25%	140	61%
2016/17	226	60	27	53	23	113	50
2015/16	224	46	21	55	25	123	55

For the fiscal year 2017/18, the percentage share volume of Sole Source contracts increased by 11% from 2016/17. This represents a real increase in the number of Sole Sourced contracts by 27 contracts.

For the fiscal year 2016/17, the percentage volume of Sole Source contracts decreased by 5%. In real numbers that represented 10 contracts less.

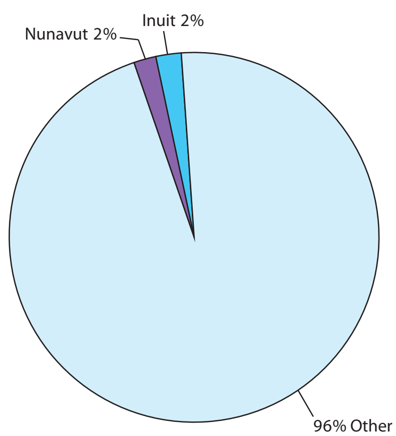
For the fiscal year 2015/16, the percentage volume of Sole Source contracts has increased by 2% in this value range, in real numbers, this represents 9 contracts extra.

A three year trend shows a increase of 17 contracts Sole Sourced or an increase of 14%.

Contracts >$25,000 to <=$100,000: Status

The chart below *"Government of Nunavut Distribution of Sole Source Contracts > $25,000 to <= $100,000 By Status Category"* summarizes the distribution of Sole Source Contracts by Status Category – Based on Value.

**Government of Nunavut
Distribution of Sole Source Contracts > $25,000 to <= $100,000
By Status Category – Based on Value
2017/18**



Distribution of Sole Source Contracts by Status Category – Based on Value (Thousands)

Year	Awarded	Inuit		Nunavut		Other	
2017/18	$7,944	$125	2%	$185	2%	$7,634	96%
2016/17	6,536	226	3	65	1	6,245	96
2015/16	7,206	262	4	191	3	6,753	94

In 2017/18, only 4% (same as 2016/17) of the contract value sole sourced were awarded to Inuit/Nunavut firms, 96% was awarded to Other.

In 2016/17, only 4% of the contract value Sole Sourced was to combine Inuit and Nunavut firms and 96% to Other.

In 2015/16, only 7% of the contract value Sole Sourced was awarded to Inuit/Nunavut firms, 94% was awarded to Other.

On average, over the three years of this report, 3% of Sole Sources go to Inuit firms, 2% to Nunavut firms, and 95% to Other firms.

Clearly, the trend for the last twelve years has been that over 90% of the value of contracts Sole Sourced in this contract range are awarded to Non-Inuit and Non-Nunavut firms.

Sole Source Discussion

The Criteria for Sole Sourcing a Contract are set out in Section 4.3 (c) and Section 21 of the Regulations to the NNI Implementation Act. The NNI does not apply to a sole sourced Contract for the supply of goods, services, real property or construction where the Contract Authority reasonably believes:

(i) that the supply thereof is urgently required, and delay would be injurious to the public interest,

(ii) only one party is available and capable of performing the Contract; or

(iii) the value of the Contract will not exceed $25,000 in the case of a Contract for architectural or engineering services, or $5,000 in the case of any other type of Contract;

21.0 Sole Source Contract Awards to Inuit Firms

21.1 Taking into account the objectives of the Agreement and subject to the Government Contract Regulations, a Contract Authority may award a Contract to an Inuit Firm without conducting a competitive Procurement Process.

21.2 The Government Contract Regulations, where applicable, and the following factors shall be taken into account when deciding to award a sole source Contract under section 21.1:

(a) the need to build capacity for Inuit Firms in the region where the Contract will be performed;

(b) the extent to which a sole source Contract will contribute to community and regional economic development;

(c) the nature and value of the goods or services or construction; and

(d) the potential cost implications associated with awarding a Contract without administering a competitive Procurement Process.

As a procurement department, we strive to get the maximum value for the Government of Nunavut. This is only possible through the competitive, public bidding processes. The CGS Procurement section works with departments to help them plan their procurement strategies. We have, where possible, established Standing Offer Agreements with companies for frequently required services. SOA's will help to avoid Sole Source contracting. We also work with departments to determine their management consulting needs, many of which can be satisfied through the establishment of Standing Offer Agreements.

However, there are legitimate instances where a competitive bidding process is not possible and the situation may fall within one of the Sole Source situations.

Many situations fall within the guidelines of legitimate Sole Source contracting. For example, situations involving patents or intellectual property ownership (such as educational course design and materials or course delivery such as those offered by Nunavut Arctic College) or instances such as the purchase of a particular part or piece of equipment (such as a pump repair for a fuel delivery truck or plow parts for snow clearing). These situations may not necessarily warrant a competitive processes where they are in fact 'Sole Vendor' instances, falling under (b) above.

This is not to say that a ‘Sole Vendor’ situation applies when purchasing many commodities. In fact, when purchasing vehicles and or other products such as photocopiers and fax machines, etc., the GN must avoid the use of brand specific names. Requests for Tenders and Proposals must always indicate that the GN will accept bids for similar or equivalent products so long as they meet the quality and functional requirements that are established in the request.

Also, in some situations it is not advisable to issue a competitive call for tenders or proposals, by invitation or advertisement. In these situations, the delay caused by the tender or RFP period would be harmful to person(s) or end users of the good or service. These are emergency situations where if the government doesn't act immediately, there will be some form of public harm or injury. For example, in the early summer of 2008 a bridge collapsed in Pangnirtung leaving the community cut off from critical municipal services. This is not to say that all emergencies or public harm is strictly a health and safety hazard. Indeed, many situations call for government action to improve the emotional health and well being of the public as well. In 2011/12 fiscal year the community of Arviat experienced critical water emergencies which required many Sole Source purchases. In 2012/13, the community of Resolute Bay experienced a fuel spill which needed to be dealt with immediately. In the fiscal year 2017/18, the Department of Health required that a tuberculosis (TB) screening and treatment centre be established in Qikiqtarjuaq. This required multiple Sole Source Contracts.

It should be noted that certain functions and responsibilities that are unique to certain departments lead to a higher propensity for this contracting method. Emergency situations with health and safety considerations or Search and Rescue may produce a need to enter into a contract quickly or limit alternatives or options for supply sources. Urgent situations involving the delivery of capital projects in the environmentally sensitive areas of sewage treatment, solid waste management and potable water have been contributing factors for sole source contracts on occasion. The arctic environment and a short construction season serve to complicate project delivery and contracting options. Good planning and project management practices help to alleviate the necessity to rely on Sole Sourcing, emergencies and accidents cannot be planned for and must be dealt with immediately as they arise.

A significant portion of the sole source contracts represent contracts issued for the following:

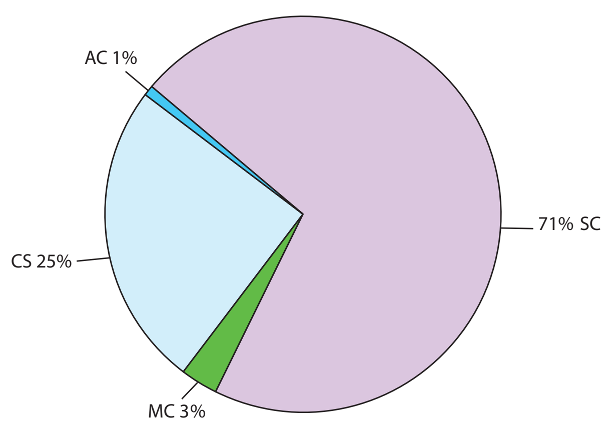
- Specialized Residential Care, Department of Health and the Department of Family Services
- Proprietary Training Courses, including NAC
- Proprietary Software and Maintenance contracts for software
- Air Search and Rescue
- Emergency response contracts such as search and rescue and fuel spill containment.

A detailed Sole Source Contract list can be found in the 2017/18 Procurement Activity Report (PAR) Appendix B.

Sole Source Contracts >$25,000 to <$100,000 by Status Category, Value

The chart below *"Government of Nunavut Distribution of Sole Source Contracts > $25,000 to <= $100,000 By Status Category Awarded to Other Businesses"* summarizes the distribution of Sole Source Contracts Awarded to Other Business – Base on Value.

Government of Nunavut
Distribution of Sole Source Contracts > $25,000 to <= $100,000
By Status Category Awarded to Other Businesses
– Based on Value
2017/18



Distribution of Sole Source Contracts Awarded to Other Businesses – Based on Value (Thousands)

Sole Source – Other Businesses	2017/18		2016/17		2015/16	
Air Charter (AC)	$ 69	1%	$ 204	3%	$ 203	3%
Architectural/Engineering (AE)	-	-	-	-	-	-
Construction (CON)	-	-	-	-	-	-
Consulting Services (CS)	1,923	25	1,421	23	1,441	21
Minor Construction or Maintenance Services (MC)	247	3	30	-	82	1
Service Contracts (SC)	5,395	71	4,589	73	5,026	74
Total	$ 7,634	100%	$6,244	99%	$6,752	99%

Sole Source contracts awarded to "Other" had been decreasing in value from 2012/13 to 2014/15. 96%, 95% and 93% respectively.

However in 2015/16, we see a 21% increase in the value of Sole Source contracts to Other. From the volume to other in 2014/15, we see that this represents 8 more contracts.

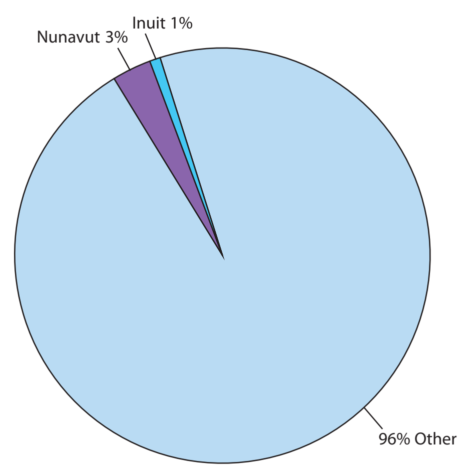
In 2016/17 we see that the value of Sole Source contracts to Other has decreased by 8%. However the total value is still above the previous years (2014/15).

In 2017/18 we see a further increase to Other of 22% (or 26 contracts)

Contracts >$25,000 <= $100,000, Status Category, Volume

The chart below *"Government of Nunavut Distribution of Sole Source Contracts > $25,000 to <= $100,000 By Status Category"* summarizes the distribution of Sole Source Contracts by Status Category – Based on Volume.

Government of Nunavut
Distribution of Sole Source Contracts > $25,000 to <= $100,000
By Status Category – Based on Volume
2017/18



Distribution of Sole Source Contracts by Status Category – Based on Volume

Year	Awarded	Inuit		Nunavut		Other	
2017/18	140	2	1%	4	3%	134	96%
2016/17	113	4	4	1	1	108	96
2015/16	123	5	4	5	4	113	92

In 2017/18, of the total volume of 697 contracts in the >$25,000 to <=$100,000 dollar threshold category, 140 were the result of Sole Source awards (20%). This represents only 5% of all contracts awarded in 2017/18.

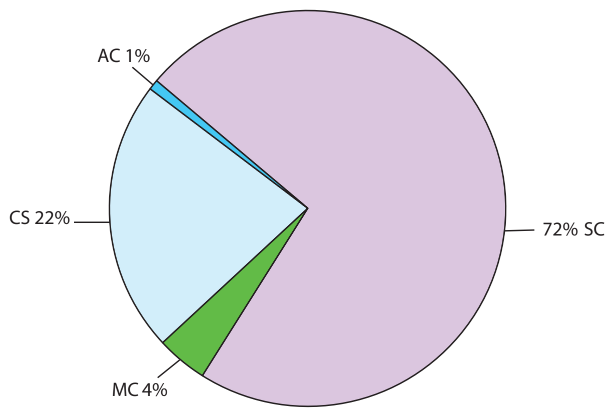
In 2016/17, of the total volume of 561 contracts in the >$25,000 to <=$100,000 dollar threshold category, 113 were the result of Sole Source awards (20%). Of the 113 Sole Source awards, 96% went to Other. This represents a 4% increase from 2015/16. However, this still shows a decrease of 5 contracts.

In 2015/16, of the 473 contracts in the >$25,000 to <=$100,000 dollar threshold category, 123 or 26% were the result of Sole Source awards. Of the 123 Sole Source awards, 92% went to "Other".

Contracts >$25,000 <=$100,000, Status Category, Other, Volume

The chart below *"Government of Nunavut Distribution of Sole Source Contracts > $25,000 to <= $100,000 By Status Category Awarded to Other Businesses"* summarizes the distribution of Sole Source Contracts Awarded to Other Business.

Government of Nunavut
Distribution of Sole Source Contracts > $25,000 to <= $100,000
Awarded to Other Businesses
– Based on Volume
2017/18



Distribution of Sole Source Contracts Awarded to Other Businesses – Based on Volume

Sole Source – Other Businesses	2017/18		2016/17		2015/16	
Air Charter (AC)	2	1%	4	4%	4	4%
Architectural/Engineering (AE)	-	-	-	-	-	-
Construction (CON)	-	-	-	-	-	-
Consulting Services (CS)	30	22	24	22	20	18
Minor Construction or Maintenance Services (MC)	5	4	1	1	2	2
Service Contracts (SC)	97	72	79	73	87	77
Total	134	99%	108	100%	113	101%

In 2017/18, 94% of Sole Source contracts to Other were Service Contracts and Consulting Services contracts.

The volumes and corresponding percentages of Sole Source contracts to Other by Contract Type are shown the table above.

In 2016/17, 95% of Sole Source contracts to Other were Service Contracts and Consulting Services.

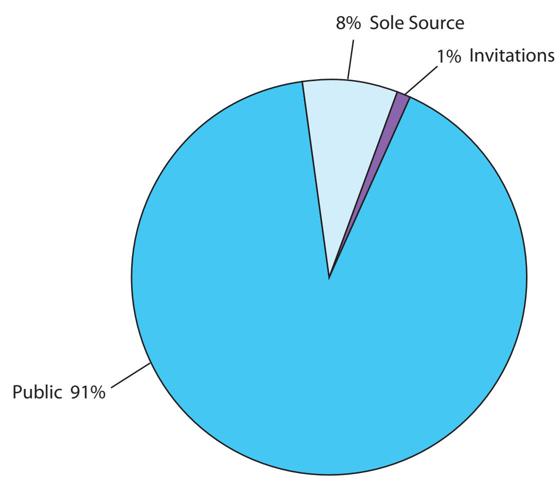
In 2015/16, 95% of the volume of Sole Source awards to Other (non registered) were for two Contract Types: Consulting Services and Service Contracts.

The twelve year trend indicates that the majority of Sole Source contracts awarded to "Other" are for Consulting Services and Service Contracts.

Contracts >$100,000, Contract Method, Value

The chart below *"Government of Nunavut Distribution of Contracts > $100,000 by Contract Method"* summarizes the distribution of Contracts by Contract Method – Based on Value. For this section, goods contracts and contracts that were extended from previous years are excluded.

**Government of Nunavut
Distribution of Contracts > $100,000
By Contract Method – Based on Value
2017/18**



Distribution of Contracts > $100,000 by Contract Method – Based on Value (Thousands)

Year	Awarded	Public		Invitations		Sole Source	
2017/18	$340,850	$308,783	91%	$3,732	1%	$28,335	8%
2016/17	192,907	151,271	78	3,588	2	38,048	20
2015/16	258,206	215,923	84	2,381	1	39,902	15

This sub-section provides an analysis of contracts (excluding goods and contracts extended from previous years) by Contracting Method in the greater than $100,000 value threshold category.

In 2017/18, of the total value $340,850, Public and Invitational Requests for Tenders or Proposals totaled $312,515 or 92%; and Sole Sources totaled $28,335 or 8%.

In 2016/17, of the total value of $192,907,000, Public or Invitational Requests for Tenders or Proposals totaled $154,859,000 or 80%; and Sole Sources totaled $38,048,000 or 20%.

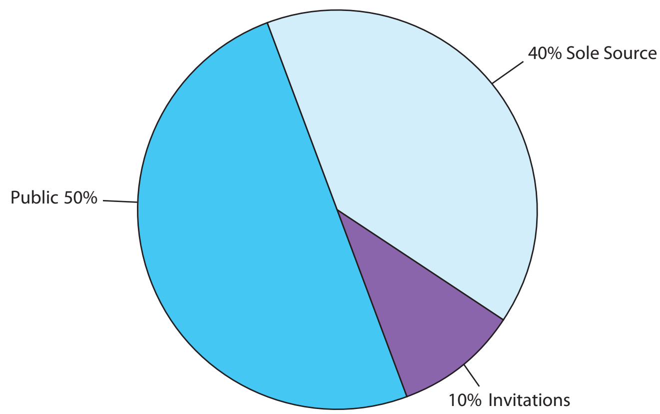
In 2015/16, of the total value of $258,206,000, Public or Invitational Requests for Tenders or Proposals totaled $218,304,000 or 85%; and Sole Sources totaled $39,902,000 or 15%.

For the three years covered by this report and from the table above we see that Sole Sources in this category have decreased by 29% in real dollars for the year 2017/18.

Contracts >$100,000, Contract Method, Volume

The chart below *"Government of Nunavut Distribution of Contracts > $100,000 by Contract Method"* summarizes the distribution of Contracts by Contract Method – Based on Volume. Contracts for goods and contracts extended from previous years are excluded from this analysis.

**Government of Nunavut
Distribution of Contracts > $100,000
By Contract Method – Based on Volume
2017/18**



Distribution of Contracts by Contract Method – Based on Volume

Year	Awarded	Public		Invitations		Sole Source	
2017/18	206	102	50%	21	10%	83	40%
2016/17	250	107	43	13	5	130	52
2015/16	266	98	37	15	6	153	58

In 2016/17, of the 250 contracts awarded in the >$100,000 value threshold, 120 or 48% resulted from a competitive process and 130 or 52% resulted from Sole Source contracts.

In 2015/16, of the 266 contracts awarded in the >$100,000 value threshold, 113 or 43% resulted from a competitive process and 153 or 58% resulted from Sole Source contracts.

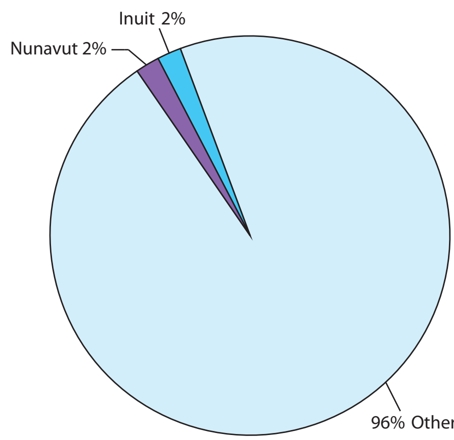
In 2017/18, of the 206 contracts awarded in the >$100,000 value threshold awarded, 123 or 60% resulted from Tenders or Proposals and 83 or 40% resulted from non-competitive Sole Sourcing.

From the year 2015/16 to 2017/18, we see that the number of contracts in this category that are Sole Sourced has declined from 58% to 40%. This represents a 46% reduction.

Sole Source Contract Distribution, >$100,000, Status, Value

The chart below *"Government of Nunavut Distribution of Sole Source Contracts > $100,000 By Status Category"* summarizes the distribution of Sole Source Contracts by Status Category – Based on Value. Purchase Orders and Contracts extended from previous years are excluded.

Government of Nunavut
Distribution of Sole Source Contracts > $100,000
By Status Category – Based on Value
2017/18



Distribution of Sole Source Contracts by Status Category – Based on Value (Thousands)

Year	Awarded	Inuit		Nunavut		Other	
2017/18	$28,335	$697	2%	$488	2%	$27,150	96%
2016/17	38,048	3,261	9	-	-	34,787	91
2015/16	39,902	2,584	6	1,188	3	36,130	91

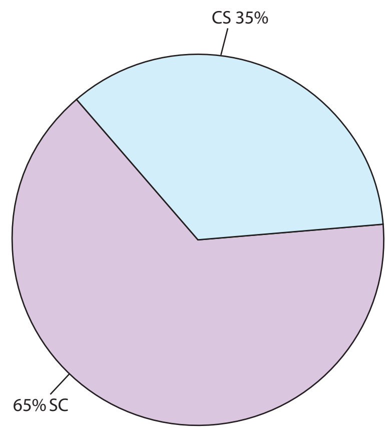
The pie chart and corresponding table above shows that Sole Sourced contracts of value over $100,000 are largely awarded to Other (Non-Inuit and Non-Nunavut contractors). This has been consistent over the last twelve years of this report.

Note that where Nunavut businesses also have Inuit Firm Status, they are included in the Inuit Firm category.

Contracts >$100,000 Sole Sources – by Type, Value

The chart below *"Government of Nunavut Distribution of Sole Source Contracts > $100,000 By Status Category Awarded to Other Businesses"* summarizes the distribution of Sole Source Contracts by Status Category – Based on Value.

Government of Nunavut
Distribution of Sole Source Contracts > $100,000 By Type
Awarded to Other Businesses – Based on Value
2017/18



Distribution of Sole Source Contracts >$100,000 Awarded to Other Businesses – Based on Value (Thousands)

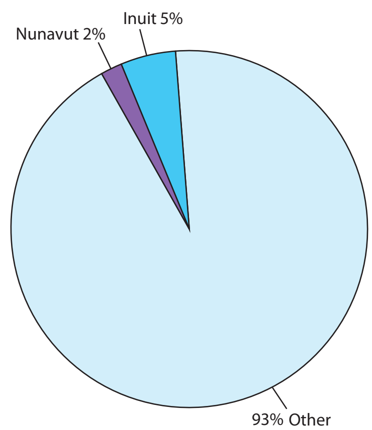
Sole Source – Other Businesses	2017/18		2016/17		2015/16	
Air Charter (AC)	$ -	-%	$ -	-%	$ -	-%
Architectural/Engineering (AE)	-	-	-	-	500	1
Construction (CON)	-	-	-	-	-	-
Consulting Services (CS)	9,428	35	10,619	31	3,140	9
Minor Construction or Maintenance Services (MC)	-	-	-	-	-	-
Service Contracts (SC)	17,722	65	24,168	69	32,490	90
Total	$27,150	100%	$34,787	100%	$36,130	100%

In 2017/18, of the $28,335,000 awarded as Sole Source contracts, $27,150,000 were awarded to Other. Of the contracts awarded to Other, 65% were for Service Contracts. This relatively high percentage has been consistent over the three years covered by the chart above, however, the years 2016/17 and 2015/16 were even higher, 69% and 90% respectively.

Contracts > $100,000, Status, Volume

The chart below *"Government of Nunavut Distribution of Sole Source Contracts > $100,000 By Status Category"* summarizes the distribution of Sole Source Contracts by Status Category – Based on Volume excluding goods and contracts extended from previous years.

Government of Nunavut
Distribution of Sole Source Contracts > $100,000
By Status Category – Based on Volume
2017/18



Distribution of Sole Source Contracts by Status Category – Based on Volume

Year	Awarded	Inuit		Nunavut		Other	
2017/18	83	4	5%	2	2%	77	93%
2016/17	130	4	3	-	-	126	97
2015/16	153	8	5	2	1	143	93

From the table above, in 2017/18, out of the 83 Sole Source contract awards, 93% went to Other businesses (not registered as Inuit or Nunavut firms).

From the table above, in 2016/17, out of the 130 Sole Source contracts awarded, 126 or 97% were awarded to Other businesses (not registered as Inuit or Nunavut firms).

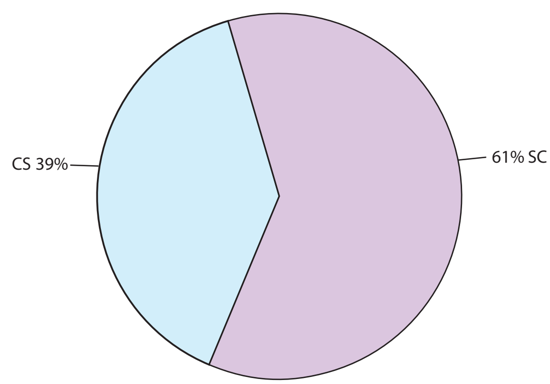
From the table above, in 2015/16, out of the 153 Sole Source contracts awarded, 143 or 93% were awarded to Other businesses (not registered as Inuit or Nunavut firms).

The average of 90-95% proportionate share remains consistent over the last eleven (11) years.

Contracts > $100,000, Status Other, Volume

The chart below *"Government of Nunavut Distribution of Sole Source Contracts > $100,000 By Status Category Awarded to Other Businesses"* summarizes the distribution of Sole Source Contracts Awarded to Other Business.

Government of Nunavut
Distribution of Sole Source Contracts > $100,000 By Status Category
Awarded to Other Businesses – Based on Volume
2017/18



Distribution of Sole Source Contracts Awarded to Other Businesses – Based on Volume

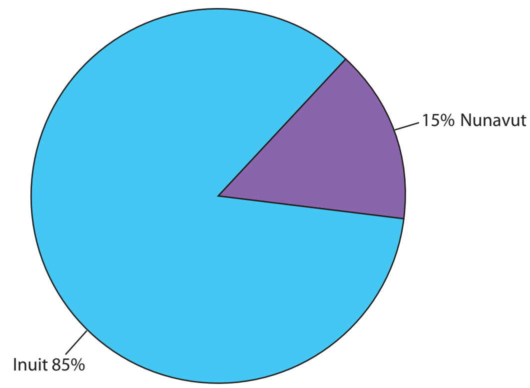
Sole Source – Other Businesses	2017/18		2016/17		2015/16	
Air Charter (AC)	-	-%	-	-%	-	-%
Architectural/Engineering (AE)	-	-	-	-	1	1
Construction (CON)	-	-	-	-	-	-
Consulting Services (CS)	30	39	48	38	15	10
Minor Construction or Maintenance Services (MC)	-	-	-	-	-	-
Service Contracts (SC)	47	61	78	62	127	89
Total	77	100%	126	100%	143	100%

From the chart above and over the last twelve years of this report, Sole Source contracts in this category have been predominantly composed of Service Contracts.

4. Contracts Awarded to Local Business

The chart below *"Government of Nunavut Contracts Awarded to Local Business – Based on Value – For Contracts > $25,000 to <= $100,000 – Excluding Goods"* summarizes the distribution of contracts awarded to local businesses, based on value for contracts greater than $25,000 and less than or equal to $100,000 excluding goods.

**Government of Nunavut
Contracts Awarded to Local Business – Based on Value
For Contracts > $25,000 to <= $100,000
Excluding Goods
2017/18**



Contracts Awarded to Local Business – Based on Value For Contracts >$25,000 to <=$100,000 – Excluding Goods (Thousands)

Type	2017/18		2016/17		2015/16	
Inuit	$3,655	85%	$4,841	87%	$3,764	71%
Nunavut	645	15	720	13	1,564	29
Total	$4,300	100%	$5,561	100%	$5,328	100%

This section analyses the value of contracts in the >$25,000 to <=$100,000 dollar value threshold, excluding goods Purchase Orders, that were awarded to Inuit and Nunavut firms located in the same community where the work is required.

In 2017/18 of the $37,770,000 of contracts in the >$25,000 to <=$100,000 dollar value range, excluding Purchase Orders, a total of $4,300,000 was awarded to Local Inuit and Nunavut businesses. Of this $4,300,000 value, $3,655,000 was awarded to Local Inuit firms (85%) and $645,000 was awarded to Local Nunavut firms (15%).

In 2016/17, of the $32,836,000 of contracts in the >$25,000 to <=$100,000 dollar value range, excluding Purchase Orders, a total of $5,561,000 was awarded to Local Inuit and Nunavut businesses. Of that $5,561,000 value, $4,841,000 was awarded to Local Inuit firms (87%) and $720,000 was awarded to Local Nunavut firms, (13%).

In 2015/16, of the $27,198,000 of contracts in the >$25,000 to <$100,000 dollar value range, excluding Purchase Orders, a total of $5,328,000 was awarded to Local Inuit and Nunavut businesses. Of this $5,328,000 value, $3,764,000 was awarded to Local Inuit firms (71%) and $1,564,000 (29%) was awarded to Local Nunavut firms.

From this three year trend, we can see that Local Inuit firms receive a much larger majority of Local Awarded Contracts than do Nunavut firms. It is worthwhile to note that Inuit Firms who are registered under the NNI Regulations as approved Nunavut Businesses are eligible for the full 25% of bid adjustments permitted under the NNI Regulations rather than just 20%.

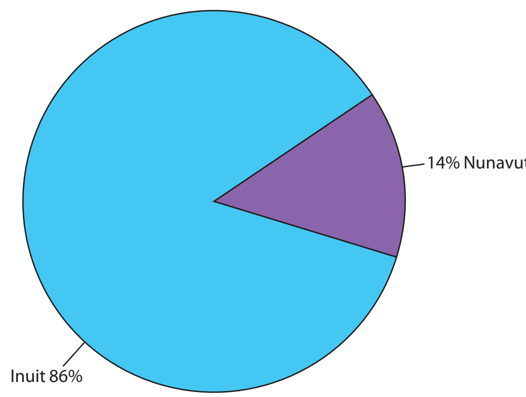
Note: Hamlets, Housing Authorities, Nunavut Arctic College and Inuit organizations are not Local under the NNI Regulations because they are not businesses registered with NTI as Inuit Firms, or with the GN as Nunavut Businesses.

The NNI Implementation Act and its regulations came into force on April 01, 2017. The new NNI Regulations increased the total possible bid adjustments from 21% to 25%. This included an increase from 7% to 15% for 100% owned Inuit Firms.

Contracts > $25,000 <= $100,000, Local, Volume

The chart below *"Government of Nunavut Contracts Awarded to Local Business – Based on Volume – For Contracts > $25,000 to <= $100,000 – Excluding Goods"* summarizes the distribution of contracts awarded to local businesses, based on quantity for contracts greater than $25,000 and less than or equal to $100,000 excluding goods.

Government of Nunavut
Contracts Awarded to Local Business – Based on Volume
For Contracts > $25,000 to <= $100,000
Excluding Goods
2017/18



Contracts Awarded to Local Business – Based on Volume
For Contracts >$25,000 to <=$100,000 – Excluding Goods

Type	2017/18		2016/17		2015/16	
Inuit	79	86%	86	88%	71	72%
Nunavut	13	14	12	12	28	28
Total	92	100%	98	100%	99	100%

Most of the contract winners reported as Inuit Firms are also Nunavut businesses, but none of the contract winners reported as Nunavut businesses are Inuit Firms.

In 2017/18, of the 697 contracts excluding Purchase Orders in this value range, 92 were awarded to Local Inuit and Nunavut businesses (13%). Of the 92 contracts, 79 were awarded to Local Inuit firms (86%) and 13 were awarded to Local firms (14%).

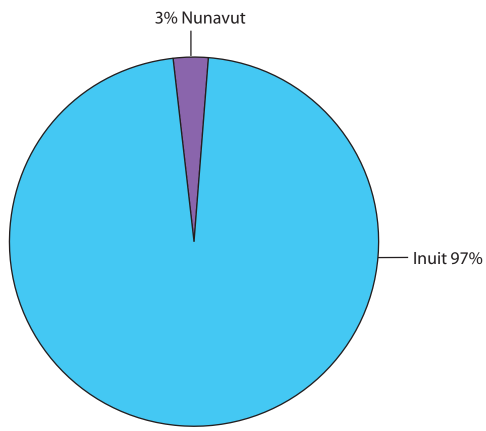
In 2016/17, of the 561 contracts excluding Purchase Orders in this value range, 98 were awarded to Local Inuit and Nunavut businesses (17%). Of the 98 contracts, 86 or 88% were awarded to Inuit Firms and 12 or 12% were awarded to Nunavut firms.

In 2015/16, of the 473 contracts excluding Purchase Orders in this value range, 99 were awarded to Local Inuit and Nunavut businesses (21%). Of the 99 contracts, 71 were awarded to Local Inuit firms (72%) and 28 were awarded to Local Nunavut firms (28%).

Contracts > $100,000, Local, Value

The chart below *"Government of Nunavut Contracts Awarded to Local Business – Based on Value – For Contracts > $100,000 – Excluding Goods"* summarizes the distribution of contracts awarded to local businesses, based on value for contracts greater than $100,000 excluding goods.

Government of Nunavut
Contracts Awarded to Local Business – Based on Value
For Contracts > $100,000
Excluding Goods
2017/18



Contracts Awarded to Local Business – Based on Value For Contracts >$100,000 – Excluding Goods (Thousands)

Type	2017/18		2016/17		2015/16	
Inuit	$40,280	97%	$27,959	83%	$146,679	97%
Nunavut	1,406	3	5,786	17	4,576	3
Total	$41,686	100%	$33,745	100%	$151,255	100%

This section analyses the value contracts above the >$100,000 dollar value threshold, excluding Purchase Orders, that were awarded to Local Inuit or Nunavut firms.

In 2017/18, of the $454,139 (rounded to the nearest thousand) of contracts above the >$100,000 dollar value threshold, excluding Purchase Orders, $41,686,000 (rounded to the nearest thousand) was awarded to Local Inuit and Nunavut Businesses (9%). Of the $41,686,000, $40,280,000 was awarded to Local Inuit firms (97%), and $1,406,000 was awarded to Local Nunavut businesses (3%).

In 2016/17, of the $293,032,000 of contracts above the >$100,000 dollar value threshold, excluding Purchase Orders, $33,745,000 or 12% was awarded to Local Inuit and Nunavut businesses. Of this amount 83% or $27,959,000 was awarded to Inuit firms and 17% or $5,786,000 was awarded to Nunavut firms.

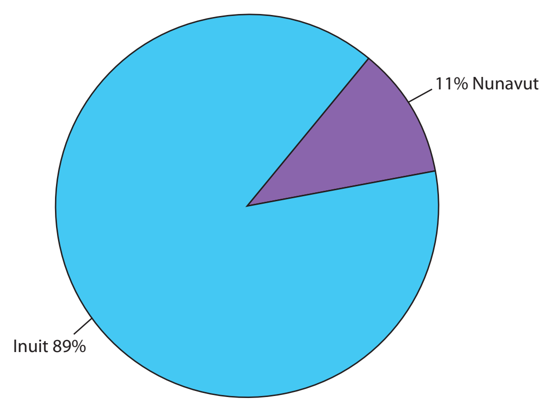
In 2015/16, of the $335,771,000 of contracts in this category $151,255,000 was awarded to Local Inuit or Nunavut firms (45%). Of the $151,255,000, 97% or $146,679,000 was awarded to Local Inuit firms, and 3% or $4,576,000 was awarded to Local Nunavut businesses.

A ten year analysis shows clearly that Inuit firms consistently win more contracts (volume) and higher dollar value, in this dollar range than Nunavut firms, however, firms with Inuit and Nunavut status are included in the Inuit statistics.

Contracts > $100,000, Local, Volume

The chart below *"Government of Nunavut Contracts Awarded to Local Business – Based on Volume – For Contracts > $100,000 – Excluding Goods"* summarizes the distribution of contracts awarded to local businesses, based on the volume of contracts greater than $100,000 excluding goods.

Government of Nunavut
Contracts Awarded to Local Business – Based on Volume
For Contracts > $100,000
Excluding Goods
2017/18



Contracts Awarded to Local Business – Based on Volume
For Contracts >$100,000 – Excluding Goods

Type	2017/18		2016/17		2015/16	
Inuit	41	89%	52	74%	54	76%
Nunavut	5	11	18	26	17	24
Total	46	100%	70	100%	71	100%

In 2017/18, of the 482 awarded contracts in the >$100,000 dollar value range, excluding Purchase Orders, 46 were awarded to Local Inuit and Nunavut Businesses (10%). Of the 46 contracts, 41 were awarded to Local Inuit firms (89%) and 5 were awarded to Local Nunavut businesses (11%).

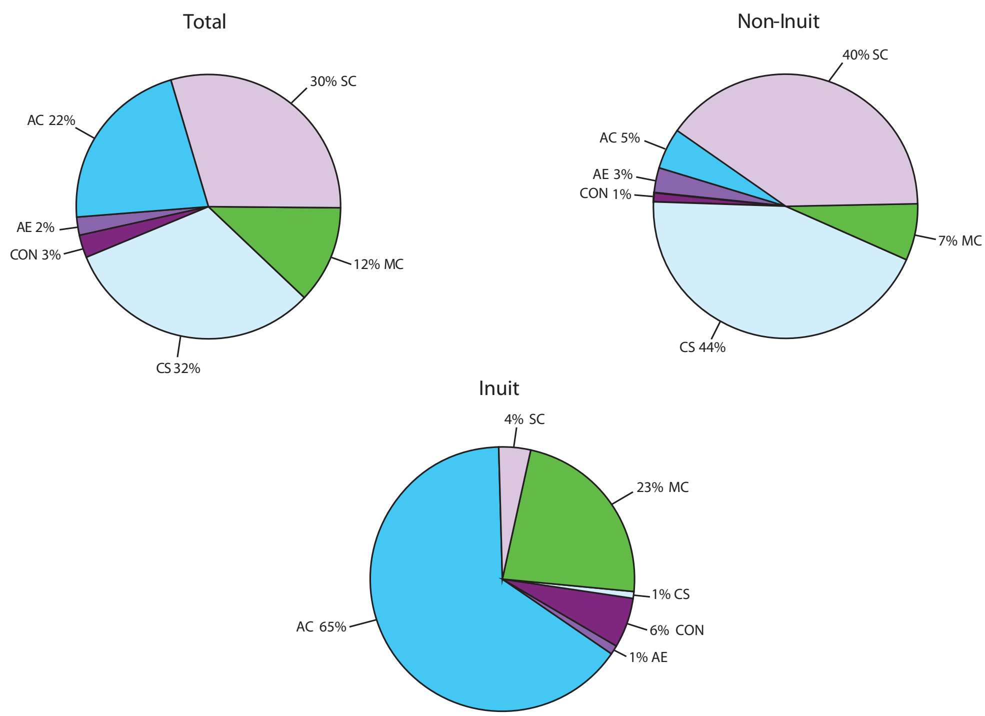
In 2016/17, of the 523 awarded contracts in the >$100,000 dollar value range, excluding Purchase Orders, 70 or 13% were awarded to Inuit and Nunavut businesses. Of the 70 contracts, 52 or 74% were awarded to Inuit firms and 18 or 26% were awarded to Nunavut firms.

In 2015/16, of the 418 awarded contracts in the >$100,000 dollar value range, excluding purchase orders, 71 were awarded to Local Inuit and Nunavut businesses (17%). This shows a significant increase in volume (54%) from 2014/15.

5. Submissions Received

The chart below *"Government of Nunavut Distribution of Submissions Received From Inuit & Non-Inuit Firms – Based on Volume – Excluding Goods and Sole Sources"* summarizes the distribution of submissions received between Inuit and non-Inuit firms based on volume.

Government of Nunavut
Distribution of Submissions Received Between Inuit and Non-Inuit Firms
Based on Volume
Excluding Goods and Sole Source
2017/18



Distribution of Submissions Received Between Inuit and Non-Inuit Firms
Based on Volume – Excluding Goods and Sole Source

2017/18

Type	Total		Inuit		Non-Inuit	
Air Charter (AC)	394	22%	333	85%	61	15%
Architectural/Engineering (AE)	39	2	5	13	34	87
Construction (CON)	48	3	29	60	19	40
Consulting Services (CS)	580	32	7	1	573	99
Minor Construction or Maintenance Services (MC)	212	12	118	56	94	44
Service Contracts (SC)	542	30	19	4	523	96
Total	1,815	100%	511	28%	1,304	72%

2016/17

Type	Total		Inuit		Non-Inuit	
Air Charter (AC)	348	18%	227	65%	121	35%
Architectural/Engineering (AE)	70	4	4	6	66	94
Construction (CON)	84	4	50	60	34	40
Consulting Services (CS)	343	17	5	1	338	99
Minor Construction or Maintenance Services (MC)	312	16	183	59	129	41
Service Contracts (SC)	805	41	8	1	797	99
Total	1,962	100%	477	24%	1,485	76%

2015/16

Type	Total		Inuit		Non-Inuit	
Air Charter (AC)	361	25%	195	54%	166	46%
Architectural/Engineering (AE)	32	2	1	3	31	97
Construction (CON)	81	6	45	56	36	44
Consulting Services (CS)	366	26	5	1	361	99
Minor Construction or Maintenance Services (MC)	136	10	72	53	64	47
Service Contracts (SC)	451	32	51	11	400	89
Total	1,427	100%	369	26%	1,058	74%

Over the three years covered by the chart above, an average 74% of submissions are from non-Inuit firms and 26% from Inuit firms.

From 2015/16 to 2017/18 we see an overall increase in submissions from Inuit firms of 38% and an increase in Non-Inuit firms of 23%. However the relative percentages still remain approximately at 25/75 split.

The volume of submissions from Non-Inuit firms grew from 2006/07 to 2012/13. In 2013/14 we saw a decrease (16%) for the first time in 7 years. In 2014/15, we saw a jump of 29%. In 2015/16, the numbers decreased slightly.

The volume of submissions from Inuit Firms grew during the fiscal year 2016/17 we saw an increase of 29%. From 2016/17 to 2017/18 we saw a further 7% increase.

6. Inuit Labour

The table below "*Government of Nunavut Analysis of Inuit Labour – Minor Construction or Maintenance*" summarizes the involvement of Inuit Labour on construction and maintenance contracts less than $100,000.00. This contract type is also more commonly referred to as a "Minor Works" or "O&M" contract.

	2017/18			2016/17			2015/16		
	Avg % Required	Avg % Bid	Avg % Achieved	Avg % Required	Avg % Bid	Avg % Achieved	Avg % Required	Avg % Bid	Avg % Achieved
Across Nunavut	38%	48%	40%	37%	51%	53%	41%	51%	53%
Baffin	26	33	35	30	46	48	40	53	54
Kitikmeot	28	40	37	33	47	52	30	30	33
Kivalliq	49	63	45	50	64	62	45	50	54

The values provided for Minor Construction Contracts across Nunavut over the last three fiscal years indicate that contractors on average are able to exceed the minimum requirements, both in their bids, and throughout the contract.

The table below "*Government of Nunavut Analysis of Inuit Labour – Major Construction*" summarizes the distribution of Inuit Labour on construction contracts in excess of $100,000.00. This type of contract is more commonly referred to as a "Major Works" or "Capital Project" contract.

	2017/18			2016/17			2015/16		
	Avg % Required	Avg % Bid	Avg % Achieved	Avg % Required	Avg % Bid	Avg % Achieved	Avg % Required	Avg % Bid	Avg % Achieved
Across Nunavut	30%	26%	30%	31%	32%	37%	29%	27%	37%
Baffin	30	25	31	33	33	38	26	23	35
Kitikmeot	-	-	-	23	26	21	30	34	39
Kivalliq	30	30	30	33	34	43	45	45	48

For Major Works the average required rate has fluctuated over the last three years. The average percentage achieved in Nunavut has also been fluctuating.

For the years 2014/15 and 2015/16 contractors on average are able to exceed the minimum requirements, at contract performance. This trend also holds true from 2015/16 to 2016/17.

For both Minor Construction and Major Construction, contractors often tend to bid higher labour rates than are required. This allows them to receive higher bid adjustments.

The table below summarizes *"Actual Bonuses Paid and Penalties Assessed"* on Major Works Construction and Minor Works Construction and Maintenance Services.

	2017/18		2016/17		2015/16	
	Bonuses	Penalties	Bonuses	Penalties	Bonuses	Penalties
Across Nunavut	$116,345	$68,303	$ 655,771	$54,445	$1,006,248	$21,595
Baffin	$ 39,708	$ 9,151	$ 514,337	$17,599	$ 413,290	$17,958
Kitikmeot	$ 7,781	-	$ 80,880	$ 417	$ 346,547	-
Kivalliq	$ 68,856	$59,152	$ 60,554	$36,429	-	$ 3,637

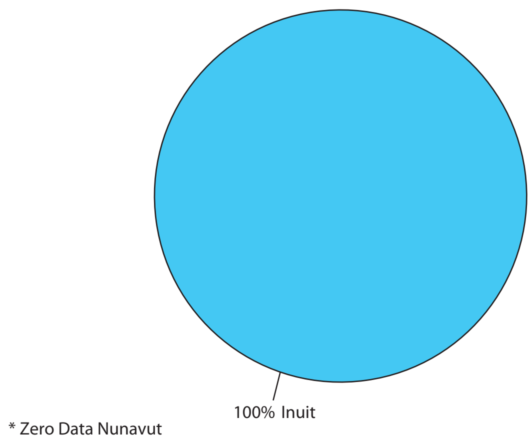
Bonuses are paid or penalties are levied when contractors exceed or do not achieve the contracted Inuit Labour requirement.

The above figures reflect Bonuses and Penalties paid out or collected in each year of the respective fiscal years. In the fiscal years 2015/16 to 2017/18 the amount of bonuses exceeded the penalties.

7. NNI Adjustments

The chart below *"Government of Nunavut Distribution of NNI Awarded Contracts – Based on Value"*, summarizes the distribution of all contracts received excluding goods and sole sourced contracts.

Government of Nunavut
Distribution of NNI Awarded Contracts – Based on Value
2017/18



Distribution of NNI Awarded Contracts – Based on Value

Contract Excluding Goods and Sole Source	2017/18		2016/17		2015/16	
Inuit	$1,589,408	100%	$34,936,097	100%	$3,931,948	100%
Total	$1,589,408	100%	$34,936,097	100%	$3,931,948	100%

This section analyses the value of contracts excluding Goods and Sole Sources that were awarded to a contractor that would not have won the contract without the bid adjustments.

In 2017/18, for contracts not including goods, $1,589,408 total value of contracts were impacted by the NNI Regulations Application. This represents 17 contracts. Of the 17 contracts, 11 were for Air Charters.

In 2016/17, for contracts not including goods, $34,936,097 total value of contracts were impacted by the NNI Policy Application. This represents 22 contracts. Of the 22 contracts, 13 were for Air Charters.

This information is based on All Contracts, excluding Purchase Orders and Sole Sources. 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 the lowest price tender, or highest rated proposal.

An eight year trend analysis would indicate that Inuit firms are awarded a greater volume of contracts than are Nunavut firms. Nunavut firms that are also registered as Inuit firms receive a larger bid adjustment. As of April 01, 2017, Inuit Firms with a greater percentage of Inuit ownership receive a greater adjustment.

Non-registered (Other) firms can receive NNI pricing adjustments when maximizing Inuit and Nunavut Content in their bids by using registered Inuit, Nunavut and Local subcontractors and suppliers, and hiring Inuit and Nunavut labour.

The number of contracts that have been awarded due to NNI Bid Adjustments remains low. However, this section does not look at Goods Contracts, a category which Inuit firms are more successful at winning.

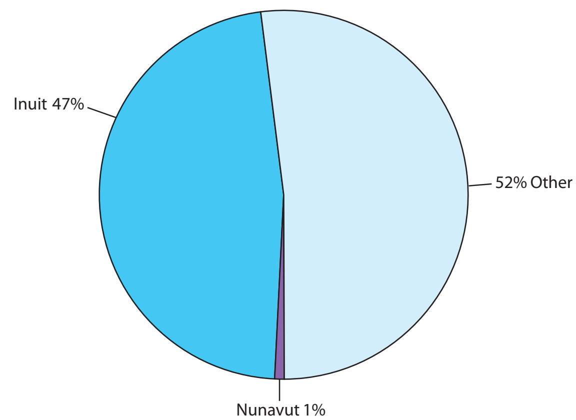
For a more complete analysis of contracts awarded due to the application of the NNI Regulations, refer to the "General Observations" section in the front of this report.

Note: As of May 2006, the NNI Policy allows for a non-Local bidder to receive the Local Adjustment if no local bidder has submitted or responded to the contract opportunity. The bidder need not be based in the community where the good, service or construction is required, but they must be a NNI or NTI registered business and also be based somewhere in Nunavut to get the adjustment. Refer to NNI Regulations section 25.5.

8. Comparison to Prior Year

The chart below *"Government of Nunavut Comparison to Prior Year Based on Contract Value"* summarizes the comparison of current year to previous year contract value (in Thousands).

Government of Nunavut
Comparison to Prior Year Based on Contract Value
2017/18



	2017/18		2016/17	
Inuit	$251,901	47%	$123,096	33%
Nunavut	6,053	1	11,704	3
Other	281,402	52	241,425	64
Total	$539,356	100%	$376,225	100%

The value of all contracts increased by 43% for the 2017/18 fiscal year.

The value of contracts to Inuit increased by 105%

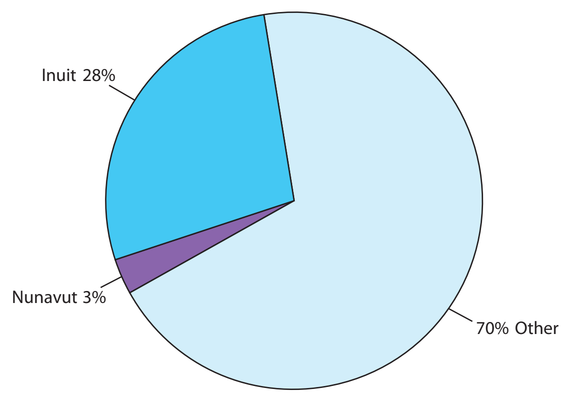
The value of contracts to Nunavut decreased by 48%; and

The value of contracts to Other increased by 17%.

It should be noted that Inuit and Nunavut companies must maintain their status every two years. Failure to re-apply in a given year may result in loss of status and denial of bid adjustments. The NNI and Inuit Firms registries are updated on a daily basis, and the contractor status is reported on the date of competition close (or contract award in the case of Sole Sources). This is a contributing factor of awards to Inuit and Nunavut fluctuating from year to year.

The chart below *"Government of Nunavut Comparison to Prior Year Based on Contract Volume"* summarizes the comparison of current year to previous year contract volume.

Government of Nunavut
Comparison to Prior Year Based on Contract Volume
2017/18



	2017/18		2016/17	
Inuit	706	28%	724	30%
Nunavut	65	3	57	2
Other	1,792	70	1,669	68
Total	2,563	101%	2,450	100%

The overall volume of contracts increased by 4.6% in 2017/18.

The volume of contracts to Inuit decreased by 2%;

The volume of contracts to Nunavut increased by 14%;

The volume of contracts to Other increased by 7%.

Appendix A:

Definition of Terms and Abbreviations

Terms

"Contracting Method": refers to the way a contract is awarded. There are, primarily, three ways of awarding contracts in the GN; Requesting Tenders, Requesting Proposals and Sole Sourcing. Another way of awarding a contract is by negotiation, however, only Cabinet can award or approve awarding without competition when competition is available.

"Goods": means contracts for the purchase of goods or "Purchase Orders". Goods contracts are primarily awarded by the CGS Purchasing Section on behalf of GN Departments.

"Inuit" or **"Inuit Firm"**: means a company that is at least 51% owned by Inuit and is included on the Nunavut Tunngavik Inc. (NTI) Inuit Firms Listing at the time the contract is awarded.

"Local": means an Inuit Firm or Nunavut Businesses whose business is based in the community where the work or goods are required.

"Nunavut": means a company that is located in Nunavut and at least 51% owned by Nunavut Residents and is included on the GN's Registry of Approved Nunavut Businesses at the time the contract is awarded.

Other: means companies, persons or organizations that were not registered with NTI or the GN at the time the contract was awarded.

"Sole Source": means awarding a contract without a competitive request for tenders or proposals; special criteria apply.

Abbreviations Defined

Departments

CGS	Community and Government Services
CH	Culture and Heritage
EDT	Economic Development and Transportation
EDU	Education
EIA	Executive and Intergovernmental Affairs
ENV	Environment
FS	Family Services
FIN	Finance
HLTH	Health
JUS	Justice

Contracting Types

AC	Air Charter
AE	Architectural/Engineering
CON	Construction
CS	Consulting Services
MC	Minor Construction or Maintenance
PO	Purchase Orders
SC	Service Contracts

Contracting Methods

IRFP	Invitational Request For Proposals
IT	Invitational Tender
PRFP	Public Request For Proposals
PT	Public Tender
SA	Sole Source Architectural/Engineering
SE	Sole Source Emergency
SS	Sole Source
SV	Sole Supplier or Vendor