

The “Schedule A” list (of Inuvialuit businesses)

IRC receives questions related to the Inuvialuit Business List on an ongoing basis. Several of these questions relate to businesses on the “Schedule A” list. In order to promote a broad understanding of how and why the “Schedule A” list was established, IRC is pleased to provide the following information.

The “Schedule A” list has been in existence in one form or another for over twenty years. The Inuvialuit Final Agreement (IFA) Section 6. (1)(a) provides Inuvialuit Regional Corporation (IRC) with the mandate to “generally represent the Inuvialuit and their rights and benefits. Under this and other specific authorities outlined in the IFA (such as Section 10, Participation Agreements and Section 16. (12), Cooperation Agreements), IRC has worked with both government and industry since 1985 to formalize agreements that would provide contracting, employment and training opportunities for Inuvialuit and Inuvialuit businesses on all major projects within the Inuvialuit Settlement Region (ISR).

In negotiating these agreements and obtaining a general preference for Inuvialuit and Inuvialuit businesses, the Board also negotiated an additional preference for those Inuvialuit businesses that were providing an essential service to the Inuvialuit communities and those businesses in which the Inuvialuit had made a significant financial investment. The list of companies provided with this additional preference were Aklak Air, NTCL, Stanton’s, Canadian North, Aklak/Canadian Helicopters and more recently, Akita Equatak.

Being on what is now referred to as the “A” list has never provided a guarantee that the business involved will be awarded a contract. It merely provides that if a company requires goods or services that can be provided by an Inuvialuit business on the “Schedule A” list, they must first contact that business and give them the opportunity to provide the required goods or services before going to anyone else. If the “Schedule A” business can provide the goods or services in a competitive and timely manner and can meet the company’s technical, environmental, quality and safety standards, the “Schedule A” business will be awarded the contract. If the “Schedule A” business cannot meet these requirements the company will then approach all other Inuvialuit businesses on the Inuvialuit Business List (IBL) to obtain the goods or services. The same requirements would apply – competitive pricing, delivery timing, meeting company standards of safety and quality. If the IBL businesses cannot meet these requirements, the company is then free to go to wherever they choose.

When the oil & gas industry returned to the Mackenzie Delta in the winter of 1999, the Board of IRC recognized that this could bring significant economic opportunities to the region for many years. They discussed at length how to ensure that Inuvialuit and Inuvialuit businesses were provided with an appropriate level of access to these opportunities. The Board determined that it would be both advantageous and desirable to establish one contracting/employment/training standard that would apply to all companies exploring in the ISR, would give bidding preference to all Inuvialuit businesses and would cover activities on both crown and Inuvialuit lands. This standard was developed under the template of a Comprehensive Cooperation and Benefits Agreement (CCBA) and IRC was successful in negotiating a CCBA with all oil and gas companies exploring within the ISR. The CCBA’s drew from and standardized

the agreements that had been put in place between IRC and government and industry over the previous 15 or so years.

Each of the CCBA's included a "Schedule A" that listed those Inuvialuit businesses that would be given first opportunity over all other Inuvialuit businesses on the Inuvialuit Business List in the provision of certain specified goods or services. The "Schedule A" businesses were those that had been listed on previous agreements and named in Land Use Permits issued by Inuvialuit Land Administration.

In their discussions during this period the Board reviewed the rationale behind the placement of certain businesses on the "Schedule A" list. This included the previously determined requirements of:

- supporting the provision of key services to the Inuvialuit communities, and
- supporting the business investments of the Inuvialuit Corporate Group through IDC.

Understanding that the contracting preference to be provided to Inuvialuit businesses through the CCBA's was made possible by the land claim agreement, the Board also considered two important provisions of the IFA.

- 1) A key principle clearly outlined throughout the IFA is that the benefits from the claim should be available equally to all beneficiaries.
- 2) The understanding, referenced and supported in several Sections of the IFA, that IDC would play a major role in advancing economic development and business activities for the Inuvialuit (IFA Sections 6.1(d); 7.(38); 14.(34); 16. (8); 16 (13); and 16(14)).

The Board determined that all of these considerations could be satisfied through the carefully considered placement of certain IDC businesses on the "Schedule A" list. This would provide those businesses with the enhanced ability to access business opportunities and in turn to achieve reasonable profits that would be shared with all beneficiaries through the annual distribution payment – rather than being enjoyed only by the limited number of shareholders of the private Inuvialuit businesses.

In their placement of IDC businesses on the "Schedule A" list, the Board was most conscious of the need for balance between supporting growth within the IDC group of businesses and supporting the growth of the Inuvialuit private business sector.

In summary, the "Schedule A" list has been carefully considered by IRC as the most appropriate means of satisfying several important goals of the IFA. Collectively, this list, the Inuvialuit Business List in general and the CCBA's are carefully monitored by IRC to ensure they are successful in achieving these goals. To date, particularly over the past nine years of renewed hydrocarbon exploration activity in the ISR, the year-end contracting and employment records we have maintained with industry and government have clearly demonstrated the success of the CCBA's in supporting a very high level of participation by both the IDC group of companies and the Inuvialuit private business sector.

By establishing the “Schedule A” list the Board has made it clear to the members of the Inuvialuit private business sector that there will be certain yet limited areas of business activity where their blanket contracting preference over all non Inuvialuit businesses will be placed behind that provided to specified businesses owned in part or in whole by IDC. This is an important factor that should be taken into consideration by any Inuvialuit or Inuvialuit business considering entering into or expanding in a field of business currently listed on the “Schedule A” list.