

**GOVERNMENT OF THE NORTHWEST TERRITORIES  
BUSINESS INCENTIVE POLICY (BIP)**

**INTERPRETIVE BULLETINS  
APPROVED BY  
BIP SENIOR MANAGEMENT COMMITTEE (SMC)**

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For further clarification please contact:

The BIP Monitoring Office  
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**INTERPRETIVE BULLETIN NUMBER 1**  
**Subcontract Agreements**

This Interpretive Bulletin Number 1 is issued pursuant to the Business Incentive Policy dated June 24, 1992.

**Issue:**

It is important that the Business Incentive Policy applies to as broad a range of the components of a contract as possible; while at the same time ensuring that the Northern/Local status of a company is not used as a device to obtain preference for Southern content. In the past some Southern subcontractors have listed Northern/Local involvement for the purpose of obtaining the BIP tender adjustment. It has subsequently been determined that the Northern/Local involvement was less than first indicated. In order for the GNWT to have better control over the extension of preference the BIP adjustment should only apply to agreements including subcontracts written with the general contractor.

**Therefore:**

In respect to Definitions, Clause 13 "Northern Content" Page 5 of 13, and Clause 14 "Local Content" Page 6 of 13, the Senior Management Preference Committee interprets this as follows:

1. The application of the tender adjustment shall only apply to
  - A General Contractor's Own Forces (See Interpretive Bulletin #2) and
  - A direct subcontract between the general contractor and an approved Northern/Local business.

**INTERPRETIVE BULLETIN NUMBER 2**  
**General Contractor's Own Forces**  
**(Repealed)**

This Interpretive Bulletin Number 2 is issued pursuant to the Business Incentive Policy dated June 24, 1992.

**Issue:**

On any construction, service or maintenance agreement, some of the work will be undertaken by subcontractors such as electrical and mechanical firms. In addition, some of the work may be completed by the General Contractor under what is referred to as "Own Forces". In the past, some Northern General Contractors have listed many of the components of the agreement under "Own Forces" thus qualifying for Northern/Local Involvement. Subsequently some of this Northern or Local Content" was, in fact, determined to be Southern.

**Therefore:**

In respect to Definitions, Clause 13, specifically Clause 13 (a) "Northern Content" Page 5 of 13 and Clause 14, specifically Clause 14 (a) "Local Content" Page 6 of 13, the Senior Management Preference Committee interprets this as follows,

1. The application of the tender adjustment shall apply to a Northern General Contractor's Own Forces. Own Forces shall include:
  - Labour,
  - Service agreements (such as for accommodations, freight or equipment) provided by an approved "Northern/Local Business",
  - Lease agreements with approved Northern/Local businesses
  - Materials purchased from an approved "Northern/Local Supplier", and
  - A reasonable allowance for Profit and Overhead
  - Any other agreement covered by "Own Forces" and provided by an approved Northern/Local business.
  
2. In order to receive preference for Own Forces the general contractor shall provide the following information within 5 business days of the tender closing:
  - A detailed estimate by dollar value of all Labour included in Own Forces, and
  - The value of all agreements intended to be entered into between the general contractor and approved Northern/Local businesses, which are covered by the General Contractor's identified Own Forces as well as the names of the approved Northern/Local business.

## **INTERPRETIVE BULLETIN NUMBER 3**

### **Administrative Procedures**

This Interpretive Bulletin Number 3 is issued pursuant to the Business Incentive Policy dated June 24, 1992.

#### **Issue:**

The Business Incentive Policy extends preference to subcontracts written between the General Contractor and a Subcontractor (See Interpretive Bulletin #1) and to General Contractors Own Forces (See Interpretive Bulletin #2). It is important that the Northern/Local preference extended at the time of tender evaluation is consistent with the extent of Northern and Local involvement actually achieved over the life of the contract. Therefore it is necessary that the General Contractor supply information to the GNWT that substantiates Northern and Local Involvement.

#### **Therefore:**

In respect to Provisions, Clause 13 "Monitoring" Page 13 of 13, the Senior Management Preference Committee interprets this as follows:

1. At the date of Substantial Completion the General Contractor shall:
  - Substantiate all direct subcontracts by supplying copies of the subcontracts.
  - Substantiate all Labour:
    - Included under Own Forces and employed on the project by the General Contractor, and
    - Included under a subcontract and employed on the project by the subcontractor.
  - By supplying the following information:
    - Name of Employee,
    - Employee's Address,
    - Date Hired,
    - Date Terminated,
    - Number of Hours Worked,
    - Gross Income,
    - Occupation/Classification of Worker
  - Substantiate, by supplying copies of the agreements, all agreements entered into by the General Contractor and included under "Own Forces". Such agreements shall include:
    - Service agreements (such as for accommodations, freight or equipment) provided by an approved "Northern/Local Business",
    - Lease agreements with an approved Northern/Local business
    - Materials purchased from an approved "Northern/Local Supplier", and
    - Any other agreement covered by "Own Forces" and provided by an approved Northern/Local Business.

This information shall be a condition precedent to Interim Completion.

2. In cases where the value of Northern and Local Involvement is not confirmed at the time of substantial completion, the company's northern status may be reviewed by the Senior Management Preference Committee. This shall be in addition to any damages provided for by the contract. Notwithstanding the foregoing variations of up to 10% may be permitted without further review.

**INTERPRETIVE BULLETIN NUMBER 4**  
**Application and Substantiation of BIP Bid Adjustments**

This Interpretive Bulletin is issued pursuant to the Government of the Northwest Territories (GNWT) Business Incentive Policy (BIP) #63.02.

**WHEREAS:**

There should be consistency in the application of BIP Bid Adjustments on GNWT contracts, including subcontracts.

**THEREFORE:**

The Senior Management Committee interprets the BIP and directs:

1. Tenders shall be evaluated as outlined in attached Appendix A – Substantiation of BIP Bid Adjustments. All bidders must submit Appendix A to receive Bid Adjustments.
2. The following Bid Adjustments shall be applied:
  - (a) Contracts of more than \$5,000 and less than \$1,000,000  
A 15 percent Bid Adjustment will be applied to the NWT Content. An additional 5 percent Bid Adjustment will be applied to any Local Content.
  - (b) Contracts equal to or more than \$1,000,000
    - (i) For the first \$1,000,000:
      - A. A 15 percent Bid Adjustment will be applied to the NWT Content; and
      - B. An additional 5 percent Bid Adjustment will be applied to any Local Content.
    - (ii) For that portion of the contract above \$1,000,000 up to the maximum allowable Bid Adjustment:
      - A. A 1.5 percent Bid Adjustment will be applied to the NWT Content; and
      - B. An additional 0.5 percent Bid Adjustment will be applied to the Local Content.
3. The Bid Adjustment applied on any contract will be limited to a maximum of \$500,000.

## APPENDIX A

### Substantiation of BIP Bid Adjustments

In order to receive a Bid Adjustment under the GNWT Business Incentive Policy (BIP), bidders must identify the dollar value of their Labour, Goods, and Services, as well as that of all sub-contractors and suppliers proposed. This information forms the basis for determining the value of NWT and Local Content of the bid.

It is the responsibility of the bidder to provide accurate and complete information on the forms provided. Failure to do so may affect the amount of BIP Bid Adjustment received. The GNWT will not be held responsible for errors contained in the bidder's submission. Any questions are to be directed to the GNWT as indicated in the Instructions to Bidders.

The BIP requires detailed costing of: 1) LABOUR, 2) SERVICES, and 3) GOODS as outlined in the form. Substantiation may be requested by the GNWT before contract is awarded, as well as at interim completion.

'Local' for the purposes of the BIP is the NWT community where the work is located.

To complete LABOUR and SERVICES information:

- a. Indicate the complete legal business name or as it is listed on the GNWT BIP Registry. Do not use abbreviations or acronyms.
- b. Indicate the dollar value of labour provided by residents of the Local Community and associated costs.
- c. Indicate the dollar value of NWT Resident labour and associated costs. Do not include Local Content in this value.
- d. Indicate the dollar value of Non-BIP labour and associated costs. Include costs from outside the NWT and NWT Content not listed on the BIP Registry.
- e. Indicate the dollar value of Local Services. When indicating the dollar value of Services, it is not necessary to break out labour from the total cost.
- f. Indicate the dollar value of NWT Services. Do not include Local Content in this value.
- g. Indicate the dollar value of Non-BIP Services. Include costs from outside the NWT and NWT Content not listed on the BIP Registry.
- h. Indicate the Total dollar value for each line item. (i.e.: Local + NWT + Non-BIP)

To complete GOODS information:

- a. Indicate the complete legal business name or as it is listed on the GNWT BIP Registry. Do not use abbreviations or acronyms.
- b. Do not include labour costs in these values.
- c. Indicate the dollar value of Local Content.
- d. Indicate the dollar value of NWT Content. Do not include Local Content in this value.
- e. Indicate the dollar value of Non-BIP content. Include costs from outside the NWT and NWT Content not listed on the BIP Registry.
- f. Indicate the Total dollar value for each line item. (i.e.: Local + NWT + Non-BIP)

The GNWT BIP Registry is located online at: [www.bipregistry.nt.ca](http://www.bipregistry.nt.ca)

Photocopies of this form may be made as required. Submit all pages used with bid/proposal.

Bid or proposal amendments must be submitted with supplementary appendices indicating ONLY increases or decreases in Local, NWT, or Non-BIP Content.

APPENDIX A  
Substantiation of BIP Bid Adjustments

Bidder/Proponent: <b>General Construction Ltd.</b>		Community: <b>Community</b>		Tender: <b>PM 000000</b>	
LEGAL BUSINESS NAME (or as listed on GNWT BIP Registry)	CONTENT TYPE	LOCAL CONTENT	NWT CONTENT	Non-BIP CONTENT	SUB-TOTALS
<b>SERVICES</b>					
General Construction Ltd.	Labour				0.00
	Other Costs				0.00
Subcontractors / Services* (*When indicating the dollar value of Services, it is not necessary to break out labour from the total cost.)					
	Labour				0.00
	Other Costs				0.00
	Labour				0.00
	Other Costs				0.00
	Labour				0.00
	Other Costs				0.00
	Labour				0.00
	Other Costs				0.00
	Labour				0.00
	Other Costs				0.00
	Labour				0.00
	Other Costs				0.00
	Labour				0.00
	Other Costs				0.00
	Labour				0.00
	Other Costs				0.00
	Labour				0.00
	Other Costs				0.00

\_\_\_\_\_  
Bidder's Signature

APPENDIX A  
Substantiation of BIP Bid Adjustments

Bidder/Proponent: General Construction Ltd.		Community: Community		Tender: PM 000000	
LEGAL BUSINESS NAME (or as listed on the GNWT BIP Registry)	COMMODITY	LOCAL CONTENT	NWT CONTENT	Non-BIP CONTENT	SUB-TOTALS
<b>GOODS</b>					
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Subtotals:		0.00	0.00	0.00	0.00
<b>TOTAL:</b>		General Construction Ltd.			0.00
Total must equal the total price bid/proposed.					

\_\_\_\_\_  
Bidder's Signature

APPENDIX A  
Substantiation of BIP Bid Adjustments

Bidder/Proponent: General Construction Ltd.		Community: Community		Tender: PM 000000	
<b>BIP BID EVALUATION ADJUSTMENT SUMMARY</b>					
	CATEGORY	LOCAL CONTENT	NWT CONTENT	Non-BIP CONTENT	TOTALS
	LABOUR	0.00	0.00	0.00	0.00
	SERVICES	0.00	0.00	0.00	0.00
	GOODS	0.00	0.00	0.00	0.00
Total Amount Bid/Proposal Price		0.00	0.00	0.00	0.00

BIP Adjustment - NWT Content to \$1 million	15.00%	0.00	0.00	0.00
BIP Adjustment - LOCAL Content to \$1 million	5.00%	0.00	0.00	0.00
Subtotal BIP Adjustment - Content to \$1 million		0.00	0.00	0.00

BIP Adjustment - NWT Content over \$1 million	1.50%	0.00	0.00	0.00
BIP Adjustment - LOCAL Content over \$1 million	0.50%	0.00	0.00	0.00
Subtotal BIP Adjustment - Content over \$1 million		0.00	0.00	0.00

	Total BIP Adjustment Claimed	0.00
	Maximum BIP Adjustment Allowable	500,000.00
	BIP Adjustment Allowed	0.00

	Price Bid/Proposed	0.00
	BIP Adjustment	0.00
	BIP Adjusted Price	0.00

\_\_\_\_\_  
Bidder's Signature

**INTERPRETIVE BULLETIN NUMBER 5**  
**Application and Substantiation of Local and Northern Tender Adjustments on**  
**Joint Ventures**

This Interpretive Bulletin Number #5 is issued pursuant to the Business Incentive Policy dated June 24, 1992.

**ISSUE:**

The Business Incentive Policy provides a Northern and Local tender adjustment (hereinafter called an incentive) in order to compensate for the additional cost of operating in the NWT. Occasionally two or more businesses may join forces in order to take advantage of each other's expertise and experience. This leads to business relationships, which are referred to as joint ventures. The Business Incentive Policy does not directly address the issue of a joint venture's residency. Because of the potential abuse which may occur from joint ventures trying to obtain more Local and Northern incentive than they merit, the Senior Management Preference Committee has determined that joint venture submissions will be evaluated on the basis of the Local and Northern Content of each business' contribution to the performance of the contract.

**THEREFORE:**

In respect to Clause 13, Northern Content and Clause 14, Local Content:

- A joint venture will not be approved as a Northern or Local Business.
- A joint venture may submit a tender on a GNWT contract. However, for the purposes of the application of the Business Incentive Policy, each party to the joint venture will be treated as a separate contractor and the value of their respective Northern and Local Content will be treated in the same manner as if the joint venture had bid as a General Contractor and/or a Subcontractor.

**INTERPRETIVE BULLETIN NUMBER 6**  
**Air Charters and Local Preference**

This Interpretive Bulletin Number #6 is issued pursuant to the Business Incentive Policy dated June 24, 1992.

**ISSUE:**

The Business Incentive Policy provides a Northern tender adjustment in order to compensate for the additional cost of operating in the NWT. The Business Incentive Policy provides an additional Local tender adjustment for firms undertaking GNWT contracts in their local community. However, Air Charter contracts are not undertaken in any one community. Air Charter contracts are undertaken between two or more communities.

**THEREFORE:**

In respect to Definition 14, Local Content and Provision 3.c., Tender Adjustment (Over \$5,000):

- The Local tender adjustment will not be applied to Air Charter contracts.

**INTERPRETIVE BULLETIN NUMBER 7**  
**Application of BIP to Requests for Proposals**

This Interpretive Bulletin is issued pursuant to the Government of the Northwest Territories (GNWT) Business Incentive Policy (BIP) #63.02.

**WHEREAS:**

There should be consistency in the manner in which the BIP is interpreted and applied with regard to Requests for Proposals (RFPs).

**THEREFORE:**

The Senior Management Preference Committee interprets the BIP and directs:

1. When issuing RFPs and evaluating proposals received, the following evaluation criteria, based on dollar value, shall be applied.
  - (a) Allocate 15% of the total assigned weight to the provision of goods and services by Northern Businesses; and
  - (b) Allocate 5% of the total assigned weight to the provision of goods and services by Local Businesses.
  
2. Appendix A is an example of a proposal rating schedule.

**APPENDIX A**  
**INTERPRETIVE BULLETIN NUMBER 7**  
**APPLICATION OF BIP TO REQUESTS FOR PROPOSALS**  
**PROPOSAL RATING SCHEDULE**  
**Example**

Name of Firm: \_\_\_\_\_

**Evaluation Criteria:**

Item	Rating Criteria	Assigned Weight (A)	Unit Points Awarded (B) (From 0 to 10)	Total Points (A) x (B) = (C)
1				
2				
3				
4				
5				
6				
7	Goods & Services provided by BIP Approved Northern Businesses*	15	10	150
8	Goods & Services provided by BIP Approved Local Businesses*	5	5	25
<b>Totals:</b>		<b>100%</b>	<b>N/A</b>	

**Evaluation Committee Member:** \_\_\_\_\_ **Date**

- Unit points are awarded based on the dollar value of goods and services provided by Northern Businesses and Local Businesses. In this example, 100% of goods and services are to be provided by Northern Businesses and 50% of goods and services are to be provided by Local Businesses. For purposes of determining the unit points to be awarded, Requests for Proposals should require Proponents to provide a breakdown of the dollar value of goods and services to be provided by the Proponent and the Proponent's sub-contractors;
- Items 7 and 8 are mandatory rating criteria. The assigned weights indicated are also mandatory.

**INTERPRETIVE BULLETIN NUMBER 8**  
**Application of BIP to Design Build Requests for Proposals**

This Interpretive Bulletin Number 8 is issued pursuant to the Government of the Northwest Territories (GNWT) Business Incentive Policy (BIP) #63.02.

**WHEREAS:**

There should be consistency in the manner in which the BIP is interpreted and applied with regard to Design Build Requests for Proposals (RFPs).

**Therefore:**

The Senior Management Committee interprets the BIP and directs:

When issuing Design Build RFPs and evaluating proposals, both Interpretive Bulletins Number 4 and Number 7 shall be utilized as follows:

- a. Proponents will be instructed to respond to the rating criteria established in the "Application of BIP to Requests for Proposals - Proposal Rating Schedule" (Appendix A from Interpretive Bulletin Number 7).
- b. Design/Consulting Services shall be adjusted as indicated in Interpretive Bulletin Number 7 on a points basis with points determined for each proponent on the Proposal Rating Schedule and will receive a weighting typically 60% to 70% of the overall score. Proponents must provide a breakdown of the local and northern content for design/consulting services as directed by the contract authority as required in the RFP.
- c. Proponents will be instructed to complete and submit the "Substantiation of BIP Bid Adjustments" (Appendix A from Interpretive Bulletin Number 4) for the total construction cost. The cost for design/consulting services should not be included on this form.
- d. The BIP adjustment will be applied to the construction cost component of the proposals up to the maximum \$500,000 allowable under the policy and a point weighting (typically 30% to 40% of overall score) will be applied to the construction costs on a prorated basis.
- e. The weighted points score for the BIP adjusted construction cost and the proposal-rating schedule will be added together to obtain the total score for each proponent.