



63.02 Business Incentive Policy

1. Statement of Policy

The Government of the Northwest Territories supports the creation and growth of competitive businesses as a foundation for the Northwest Territories economy and will, when purchasing goods, services or construction, provide an incentive to Northwest Territories-based businesses in a manner that recognizes the higher cost of operating businesses and manufacturing products in the Northwest Territories, encourages Northwest Territories-based businesses to create employment and develop necessary experience and business skills, and complies with any intergovernmental agreements to which the Government of the Northwest Territories must adhere.

2. Principles

The Government of the Northwest Territories will adhere to the following principles when implementing this Policy:

- (1) Government procurement practices should maximize benefits for residents of the Northwest Territories.
- (2) Government policies and practices should enhance the Northwest Territories business environment to ensure sustained economic growth.
- (3) This Policy should not prejudice any present or future self-government, treaty or land claim-based rights.

3. Scope

This Policy applies to all departments of the Government of the Northwest Territories and to those public agencies identified in Schedule 1 to this Policy.

Exclusions

This Policy does not apply to leases entered into under the Leasing of Improved Real Property Policy.



63.02 Business Incentive Policy

4. Definitions

The following definitions apply to this Policy:

Bid Adjustment – the amount by which a tender or proposal bid is reduced for the purpose of ranking bidders or proposers.

BIP Business – a business entered in the BIP Registry in accordance with this Policy.

BIP Registry – the registry of BIP Businesses maintained in accordance with Provision 6(1) of this Policy.

Construction – means a construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional consulting services related to the construction contract unless they are included in the procurement.

Goods – means, in relation to procurement, moveable property (including the costs of installing, operating, maintaining or manufacturing such moveable property) and includes raw materials, products, equipment and other physical objects of every kind and description whether in solid, liquid, gaseous or electronic form, unless they are procured as part of a general construction contract.

Local Community – the community or communities in the Northwest Territories in which a proposed contract will be performed, or which, in the opinion of the responsible Minister, is most likely to benefit directly from a proposed contract.



63.02 Business Incentive Policy

Local Content – that component of NWT Content deemed to be provided from a Local Community in accordance with Provision 6(7) of this Policy.

Local Supplier – is an NWT Supplier, which is and has been for the six months prior to application, a supplier of goods in the local community to which the public has access and from which the public can purchase directly from a representative inventory of items offered for sale.

NWT Content – that component of any tender or proposal deemed to be provided from within the Northwest Territories in accordance with Provision 6(6) of this Policy.

NWT Resident – an individual who is ordinarily resident in the Northwest Territories and has been so resident for the last six months and can upon request provide documentation supporting residency, Northwest Territories Driver’s Licence or other such identification that is acceptable to the BIP Qualification Committee.

NWT Supplier – a supplier of goods to which the general public has access and from which the general public can purchase directly from a representative inventory of items offered for sale.

Services – means all services and includes, but is not limited to, the following: accounting, accommodations, transportation, rentals, insurance, permits, printing, fees and legal, architectural, engineering, consulting or custodial.

5. Authority and Accountability

(1) General

This Policy is issued under the authority of the Executive Council. The authority to make exceptions and approve revisions to this Policy rests with the Executive Council. Authority and accountability is further defined as follows:



63.02 Business Incentive Policy

(a) Minister

The Minister of Industry, Tourism and Investment is accountable to the Executive Council for the implementation of this Policy.

(b) Deputy Minister

The Deputy Minister of Industry, Tourism and Investment is accountable to the Minister of Industry, Tourism and Investment for the administration of this Policy.

(2) Specific

(a) Ministers

Ministers responsible for departments and public agencies subject to this Policy, or their delegates:

- (i) will apply the Bid Adjustment;
- (ii) will designate each proposed contract as a Goods, Services or Construction contract for the purposes of applying a Bid Adjustment under this Policy;
- (iii) will designate a local community or communities, where applicable, for the purpose of applying a Local Content Bid Adjustment;
- (iv) will, when advertising a tender or issuing a request for proposals, indicate any relevant Local Community;
- (v) will ensure that BIP Businesses substantially meet contractual obligations promising delivery of NWT Content and/or Local Content;
- (vi) will make public and report procurement information, data and change orders on contracts awarded; and
- (vii) will nominate, at the request of the Minister of Industry, Tourism and Investment, departmental representatives to the committees established under this Policy.



63.02 Business Incentive Policy

(b) Minister of Industry, Tourism, and Investment

The Minister:

- (i) will establish and maintain the BIP Registry and provide coordination, monitoring and reporting on this Policy;
- (ii) will solicit nominations for and appoint departmental representatives to the committees established under this Policy;
- (iii) may collect procurement information and data necessary for the proper administration of this Policy; and
- (iv) may establish ministerial policy necessary to the implementation of this Policy.

6. Provisions

(1) BIP Registry

- (a) Any business approved for registration will be entered into the BIP Registry.
- (b) Any business approved for registration in the BIP Registry will be entered into the Registry within two weeks of the date of the notice of approval.
- (c) A BIP Business will remain registered until:
 - (i) its registration is revoked; or
 - (ii) it fails to maintain its ability to meet the eligibility requirements of this Policy.

(2) Eligibility for Registration

To be eligible for registration under this Policy, a business must comply with the legal requirements to carry on the business in the Northwest Territories and satisfy the appropriate BIP Qualification Committee that:



63.02 Business Incentive Policy

- (a) (i) it maintains a place of business year-round in the Northwest Territories with a physical address for the primary purpose of operating the business (which may be a portion of a residential space), and
 - (ii) it is subject to the *Income Tax Act* (NWT);
- (b) (i) it is a for-profit corporation registered under the *Business Corporations Act* (NWT) or the *Canada Business Corporations Act*, with at least 51 percent of voting shares beneficially owned by NWT Residents,
 - (ii) it is a co-operative association registered under the *Co-operative Associations Act* (NWT) with at least 51 percent of voting shares beneficially owned by NWT Residents,
 - (iii) it is a partnership, and the majority interest in the partnership is owned by NWT Residents, corporations eligible under 6(2)(b)(i) or co-operative associations eligible under 6(2)(b)(ii),
 - (iv) it is a sole proprietorship, and the sole proprietor is an NWT Resident, or
 - (v) it is a for-profit corporation, co-operative association, partnership or sole proprietorship with NWT Residents as the majority of employees conducting its operations within the Northwest Territories, and has an NWT Resident as the manager overseeing its Northwest Territories operations; and
- (c) (i) it holds a current business licence issued by a municipal corporation or the Government of the Northwest Territories, and
 - (ii) in the case of an NWT Supplier, it is accessible to the public and has inventory of product for sale.

(3) Applications for Registration

- (a) To be considered for registration under this Policy, a business must submit an application for registration to the appropriate BIP Qualification Committee established under Schedule 2 to this Policy.
- (b) Applicants that have been denied registration or revoked by a BIP Qualification Committee may appeal in writing to the BIP Senior Management Committee.



63.02 Business Incentive Policy

(4) BIP Qualification Committees

(a) Composition

Each BIP Qualification Committee will include:

- (i) the Regional Superintendent of Industry, Tourism and Investment (or his or her delegate) responsible for the area served by the Committee as identified in Schedule 2 to this Policy, who serves as Chair; and
- (ii) representatives from at least three other departments or public agencies subject to this Policy.

(b) Mandate

The mandate of each BIP Qualification Committee is to:

- (i) approve, revoke or reject applications for registration under this Policy;
- (ii) issue written notice to both the applicant and the BIP Registry of decisions made with respect to each application;
- (iii) respond to general inquiries related to this Policy;
- (iv) monitor the compliance of BIP Businesses to ensure that they continue to meet the conditions of registration as set out in this Policy;
- (v) may establish such other procedures as the Committee thinks necessary to fulfill its mandate;
- (vi) provide any documentation required for the proper administration of this Policy; and
- (vii) may make recommendations to the BIP Senior Management Committee on the implementation and administration of this Policy.



63.02 Business Incentive Policy

(5) BIP Senior Management Committee

(a) Composition

The BIP Senior Management Committee will include the following members, or their delegates:

- (i) Deputy Minister of Industry, Tourism and Investment, who
- (ii) serves as Chair;
- (iii) Deputy Minister of Infrastructure;
- (iv) Deputy Minister of Finance and
- (v) President of the Northwest Territories Housing Corporation.

(b) Advisory Support

Representatives of the department of Justice will provide advisory support to the BIP Senior Management Committee.

(c) Mandate

The BIP Senior Management Committee:

- (i) will decide appeals from applicants whose registration was denied or revoked by a BIP Qualification Committee and issue written notice of its decision to both the appellant and the BIP Registry;
- (ii) will issue written notice to both the appellant and the BIP Registry of decisions made with respect to each appeal;
- (iii) will establish procedures governing appeals to ensure a business:
 - a. is aware of the reasons a BIP Qualification Committee has denied or revoked registration,
 - b. has adequate time to respond in writing, and



63.02 Business Incentive Policy

- c. is notified of the BIP Senior Management Committee's decision and the basis for that decision.
- (iv) may establish such other procedures as the Committee thinks necessary to fulfill its mandate; and
- (v) through the Chair, may make recommendations to the Minister of Industry, Tourism and Investment on the implementation and administration of this Policy.

(6) NWT Content

NWT Content is, in the case of:

- (a) Goods, the bid amount for all goods provided by a BIP Business approved as an NWT Supplier or a Local Supplier;
- (b) Services, the amount allocated in the bid for the following components:
 - (i) NWT Resident labour;
 - (ii) Services provided by a BIP Business.
- (c) Construction, the amount allocated in the bid for the following components:
 - (i) NWT Resident labour;
 - (ii) Goods provided by a BIP Business approved as an NWT Supplier or as a Local Supplier; and
 - (iii) Services provided by a BIP Business.

(7) Local Content

When determining Local Content for the purpose of applying a Bid Adjustment, a Minister will consider that component of the NWT Content bid price that has been acquired from within the Local Community.



63.02 Business Incentive Policy

(8) Application of Bid Adjustment

(a) Contracts less than \$25,000

Whenever possible, goods, services and construction valued at less than \$25,000 should be purchased directly from BIP Businesses in the Local Community, but no bid adjustment will be applied.

(b) Contracts equal to or more than \$25,000 and less than \$1,000,000

- (i) 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.

(c) Contracts Equal to or More Than \$1,000,000

- (i) For the first \$1,000,000, a 15 percent Bid Adjustment will be applied to the NWT Content and 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. 1.5 percent Bid Adjustment will be applied to the NWT Content;
 - b. an additional 0.5 percent Bid Adjustment will be applied to the Local Content;
- (iii) The Bid Adjustment applied on any contract will be limited to a maximum of \$500,000.

(d) Bid Adjustments on goods contracts will only be applied to goods from BIP Businesses approved as an NWT Supplier or as a Local Supplier.



63.02 Business Incentive Policy

7. Prerogative of the Executive Council

Nothing in this Policy shall in any way be construed to limit the prerogative of the Executive Council to make decisions or take action respecting business incentive outside the provisions of this Policy.

A handwritten signature in blue ink that reads "Caroline Aochrane".

Premier and Chair of the Executive Council



63.02 Business Incentive Policy

SCHEDULES

Government of the Northwest Territories Public Agencies

Schedule 1

BIP Qualification Committees

Schedule 2



63.02 Business Incentive Policy

SCHEDULE 1

GOVERNMENT OF THE NORTHWEST TERRITORIES PUBLIC AGENCIES

This Policy applies to the following Government of the Northwest Territories public agencies:

- (1) the Northwest Territories Business Development and Investment Corporation, established under the *Northwest Territories Business Development and Investment Corporation Act*;
- (2) the Northwest Territories Housing Corporation, established under the *Northwest Territories Housing Corporation Act*;
- (3) all housing authorities established under the *Northwest Territories Housing Corporation Act*;
- (4) all Boards of Management established under the Hospital Insurance and Health and Social Services Administration Act; and
- (5) all organizations identified as an “education body” under the *Education Act*.



63.02 Business Incentive Policy

SCHEDULE 2

BIP QUALIFICATION COMMITTEES

Five (5) BIP Qualification Committees are established to serve Northwest Territories communities as follows:

- The BIP Qualification Committee based in Fort Simpson shall serve the communities of Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Trout Lake and Wrigley.
- The BIP Qualification Committee based in Fort Smith shall serve the communities of Enterprise, Fort Providence, Fort Resolution, Fort Smith, Hay River, and Kakisa.
- The BIP Qualification Committee based in Inuvik shall serve the communities of Aklavik, Fort McPherson, Ulukhaktok, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic and Tuktoyaktuk.
- The BIP Qualification Committee based in Norman Wells shall serve the communities of Colville Lake, Déljne, Fort Good Hope, Norman Wells and Tulita.
- The BIP Qualification Committee based in Yellowknife shall serve the communities of Behchokq, Dettah, Łutselk'e, N'dilo, Gamètì, Wekweètì, Whatì and Yellowknife.