



Issue Date: <b>April, 1997</b>	Effective Date: <b>Immediate</b>	Responsible Agency: <b>Comptroller General</b>	Directive No:  <b>808-3</b>
Chapter: <b>Control of Expenditures</b>			
Directive Title: <b>LOCAL CONTRACT AUTHORITY</b>			

## 1. INTRODUCTION

This directive deals with the powers and duties of contract authorities who exercise local contract authority. (A contract authority is a person with certain delegated powers and duties, while local contract authority is a delegated power or duty defined in this directive.) This directive applies only to contracts of \$5,000 or less. Local contract authority may not be used to make a contract with a higher cost. This directive must be read with the attached copy of the Government's Business Incentive Policy, the Government Contract Regulations (see Directive 9904 in this manual) and the other directives in this 808 series.

The Government Contract Regulations designate Ministers, Deputy Ministers and their delegates as contract authorities. (Delegates must be public officers as defined in the Financial Administration Act). Directive 802-1, Signing Authorities, delegates to Ministers (and, to a limited extent, their delegates in turn) "the authority to set monetary limits and other conditions on the financial signing authorities of all public officers and service contractors attached to their departments." Accordingly, Ministers, Deputy Ministers and their delegates may designate public officers (but not service contractors) as contract authorities and may give them local contract authority in accordance with this directive. An individual may be delegated local contact authority with a monetary limit lower than \$5,000.

A contract authority must have specific authority to contract for the particular type of goods or services procured. This directive applies primarily to the direct local procurement of goods, transportation services, computer services, and communication services. Any other type of service, e.g., a construction service, legal service or insurance service, may only be procured under local contract authority if the Minister or Deputy Minister ultimately responsible to procure that service has delegated local contract authority specifically for that purpose. (The Government Contract Regulations designate certain Ministers or Deputy Ministers as primary contract authorities for particular services.) Thus, an officer's delegated local contact authority will usually be restricted to specific types of procurement.

The Local Contract Authority "LCA" Form is the written contract form for locally available goods and locally available, simply described services. The LCA form may not be used for contracts costing more than \$5,000. Goods costing more than \$5,000 are requisitioned using the Requisition For Supplies And Services Form



(number NWT 1673), whether the goods are available locally or not. For detailed requisition instructions, refer to the Financial Information System (FIS) Procedures Manual, Procedure No. 210-4. Contracts for services (not goods) of any value may also be written on the Service Contract Form, however that form is usually used for services that cost more than \$5,000 or services that require detailed description, whether they are available locally or not. For detailed service contract instructions, refer to the FIS Procedures Manual, Procedure No. 210-6.

## **2. DEFINITIONS**

### **2.1 Contract authority**

a Minister, Deputy Minister or public officer who has been delegated the powers and duties of a contract authority in accordance with the Government Contract Regulations

### **2.2 Goods**

materials, goods or equipment, whether in existence or not at the time of the contract

### **2.3 Local contract authority**

the power or duty to enter into a contract for the local procurement of goods and services, to a maximum value of \$5,000

### **2.4 Services**

services other than the provision of goods and construction

## **3. DIRECTIVE**

In accordance with the following Provisions, Ministers, Deputy Ministers and their delegates may delegate local contract authority to public officers who are designated as contract authorities and may set monetary limits of \$5,000 or less and other conditions on each officer's local contract authority.

## **4. PROVISIONS**

4.1 Local contract authority may only be exercised for the procurement of goods or services supplied from within the Northwest Territories. This restriction does not apply to procurements for the Ottawa office of the Government.

4.2 A contract made under local contract authority must be made in writing, on an accountable LCA form within an LCA contract form booklet, in accordance with Procedure No. 210-4 in the Financial Information System Procedures Manual.

4.3 A contract made under local contract authority may not exceed \$5,000. It may not be split into separate contracts in order to circumvent this limit. Only one sole LCA form, i.e., only one written contract, may be used for any

- agreement or understanding involving local contract authority. That single contract must identify all aspects of any such agreement and may not relate to any other agreement or understanding.
- 4.4 A contract not exceeding \$1,000 in value may be made without competitive tender. (see Section 5, Guidelines)
- 4.5 Except as permitted in Section 10 of the Government Contract Regulations, a contract exceeding \$1,000 must be competitively tendered, either orally or in writing. The original copies of written tenders, written records of oral tenders and the reason for any exceptions made under Section 10 of the Regulations must be filed with the copy of the LCA contract form that is used for data entry and payment approval.
- 4.6 Every contract made under local contract authority shall be made in accordance with the Government's Business Incentive Policy (copy attached to this directive). Under this Policy, businesses located in the Northwest Territories may register as Northern Businesses if they meet the registration requirements. If two or more registered Northern Businesses are capable of providing the required goods or services, tenders for a contract with a value estimated to be \$25,000 or less may only be solicited from Northern Businesses. (Location of a business in the Northwest Territories does not constitute registration and does not necessarily qualify the business to be registered.) Appendix B in this directive provides instructions on how to access the information needed in order to apply the Policy correctly.
- 4.7 Every contract made under local contract authority must be signed by a contract authority. By signing the LCA contract form, the contract authority provides the expenditure officer certifications required under Sections 44 and 49 of the Financial Administration Act. (see Directive 802-1, Signing authorities, in this manual.)
- 4.8 Local contract authority applies ordinarily to the direct local procurement of goods, transportation services, computer services, and communication services. Any other type of service, e.g., a construction service, legal service or insurance service, may only be procured under local contract authority if the responsible contract authority has been specifically delegated the power to contract for that type of service by the primary contract authority, i.e., the Minister or Deputy Minister ultimately responsible for contracts of that type (see the Government Contract Regulations, Directive 9904 in this manual).
- 4.9 Every contract under local contract authority includes the clauses listed in Appendix A of this directive. These clauses are printed on the back of the LCA form.
- 4.10 A short description of the goods or services procured under local contract authority, e.g., "pens and staples" or "computer training" must be written on the LCA form. The suppliers invoice must be attached to the copy of the form used for data entry and payment authorization.



- 4.11 Contracts made under local contract authority may not exceed 30 days duration.
- 4.12 Local contract authority may not be used for staff employment. For direction in distinguishing between service and employment contracts, refer to Directive 808-5, Personal Service Contracts, in this manual.

## **5. GUIDELINES**

- 5.1 Even though the Government Contract regulations do not require contracts of \$1,000 or less to be tendered competitively, a contract authority should, before entering into any contract, take all reasonable steps to obtain the best value possible within the Business Incentive Policy requirement that a contract estimated to be under \$25,000 in value must be solicited from registered Northern Businesses only.
- 5.2 If there is reason to believe that there may be a risk of personal injury or property damage in the performance of a proposed contract, the contract authority should consult the Risk Management Section of the Treasury Division of the Department of Finance. (refer also to Directive 808, Government Contracts, Appendix B - Indemnification and Insurance Requirements)
- 5.3 When entering a local contract authority transaction into the Financial Information System, use the data entry copy of the LCA contract form as the payment document.



**APPENDIX A**

**CONTRACT CONDITIONS WHICH APPEAR ON THE LOCAL CONTRACT AUTHORITY FORM**

The parties to this contract covenant and agree as follows:

1. Statutory Condition: In compliance with section 46 of the Financial Administration Act, it is a condition of this contract that an expenditure pursuant to this contract will be incurred only if there is a sufficient uncommitted balance in the appropriated item for the fiscal year in which the expenditure is required under the contract.
2. The contractor's obligations must be fully discharged within 30 days of commencement of the contract.
3. The maximum amount payable under the contract must appear on the LCA form.
4. The contractor agrees to indemnify and save harmless the Government of the Northwest Territories (GNWT) and the Commissioner of the GNWT from and against all claims, loss, damages, suits, or other proceedings by whomsoever made, brought or prosecuted in any manner based upon, occasioned by or attributable to the activities of the contractor under this contract. (Note: See 'Government Contracts 808, Appendix B, - Indemnification and Insurance Requirements' for details.)
5. LCA forms cannot be aggregated (more than one) in order to circumvent the limit for a single contract. A separate LCA form must be issued each time a contract is made.
6. The various works or services are to be carried out and completed to the full satisfaction of the officer signing for the GNWT.
7. The Contractor may not assign or subcontract this contract or any part thereof without the written consent of the GNWT.
8. The GNWT reserves the right to terminate this contract at any time before completion for any reason whatsoever. In the event of such termination the GNWT will pay to the Contractor an amount that, in the opinion of the officer signing for the GNWT, is equal to that portion of goods/services completed up to the day of termination.
9. The contractor agrees to comply with the provisions of the Workers' Compensation Act and the Labour Standards Act of the Northwest Territories.
10. The contractor will pay all his employees performing work or services pursuant to this contract such fair and reasonable wages as are generally accepted as current for competent workmen in the district in which the work or services are being performed for the character or class of work in which such employees are respectively engaged.
11. Federal Goods and Services Tax (GST) we certify that the Goods/Services purchased by the GNWT as a result of this contract are being purchased with Crown funds and therefore not subject to the Goods and Services tax.



**APPENDIX B**

**INSTRUCTIONS FOR ACCESSING INFORMATION NEEDED IN THE  
APPLICATION OF THE BUSINESS INCENTIVE POLICY**

Business Incentive Policy (BIP) is maintained and administered by the Department of Resources, Wildlife and Economic Development (RWED). A copy of the BIP is attached to this directive. The Government is supportive of northern business and will undertake measures that will ensure that Government contract dollars have a residual and positive impact on the northern economy, stimulating job creation and business growth. In order for a business to be eligible to receive the benefits (including bid adjustment, terms of payment, etc.) of the Policy, the business must first be approved as a Northern Business as defined within the Policy.

**Instructions to Access Information on Approved Northern Businesses**

BIP Approved Northern Businesses are registered under the Starmaster Menu of the Government's mainframe computer.

1. Access the Starmaster Menu as follows and/or as per the instructions given in Section 1-210 of the Comptrollers' Manual. If needed, request assistance from the nearest Regional RWED office.

Deh Cho Region Tel: 867-695-7230 Fax: 867-695-2381

Inuvik Region Tel: 867-777-7233 Fax: 867-777-7321

North Slave Region Tel: 867-920-8967 Fax: 867-873-6109

Sahtu Region Tel: 867-587-2310 Fax: 867-587-2204

South Slave Region Tel: 867-872-4242 Fax: 867-872-4628

Baffin Region Tel: 867-979-5008 Fax: 867-979-6791

Keewatin Region Tel: 867-645-5067 Fax: 867-645-2346

Kitikmeot Region Tel: 867-983-7205 Fax: 867-983-2802

2. Choose Option C, shown as: YK HP 3000, SYSTEM III
3. Key in this generic sign-on code: HELLO^BIPUSER (the '^' indicates a space)
4. Select any option

For further information on the attached Business Incentive Policy, contact an office listed above.



**FINANCIAL ADMINISTRATION  
MANUAL**



Issue Date: <b>June, 1992</b>	Effective Date: <b>Immediate</b>	Responsible Agency: <b>Comptroller General</b>	<b>Attachment to 808-3</b>
Chapter: <b>Control of Expenditures</b>			
<b>BUSINESS INCENTIVE POLICY</b>			

The Government of the Northwest Territories may provide an incentive to Northern Business in order that Northern Business is able to:

1. Provide goods and services to Government, the private sector and the general public at a reasonable price, and
2. Provide financial support, through the reinvestment of corporate earnings, to the Northern economy.

To achieve this purpose, the Government of the Northwest Territories has developed a number of principles in respect to its Business Incentive Policies. These are:

1. To provide existing Northern Business with a level of business incentive that compensates for the higher cost of operating a business in the Northwest Territories. This business incentive will allow for Northern Business to compete successfully with Southern Business.
2. To provide new Northern Business with a level of business incentive that would enable the firm to develop necessary experience and business skills. These business skills will allow Northern Business to compete successfully with other Northern Business and Southern Business.
3. To provide Northern Business with the opportunities required to create employment for Northern and local administrative and management staff.
4. To provide Northern Business with the opportunities necessary to train Northern administrators and managers.
5. To develop policies which are easily understood by the business community and which are easy to administer.
6. To treat all Northern Business fairly and at the same time to take account of local cost differences without causing intra-territorial conflict.
7. To require the Business Incentive Policies to apply to all Government of the Northwest Territories departments and corporations, as well as communities and any other organization when 51 percent or more of the community's total funding or when 51 percent or more of the funding received for a specific project is obtained from the Government of the Northwest Territories.

(signature)

\_\_\_\_\_  
Government Leader and Chairman or the Executive Council

**Reference:** For elaboration of this Policy, refer to Directive



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Chapter: <b>Control of Expenditures</b>			
<b>BUSINESS INCENTIVE DIRECTIVE</b>			

**SCOPE**

Unless otherwise specified herein, this Directive applies to any contract whenever:

1. fifty one percent or more of the total contract funds, or
2. fifty one percent or more of the total annual operating funds of one of the parties,

is received directly or indirectly from the Government of the Northwest Territories.

**DEFINITIONS**

The following terms used in this Directive are, hereby defined:

1. Owner

An owner shall include any organization which has authority to enter into a contract and shall include any Government of the Northwest Territories department, agency and corporation, as well as any community and any other organization when 51 percent or more of the organization's total funding or when 51 percent or more of the funding received for a specific project is obtained directly or indirectly from the Government of the Northwest Territories.

2. General Contractor

One who contracts to undertake an entire project, rather than a portion of the project.

3. Subcontractor

For the purposes of this Policy, a subcontractor shall include any party that does not have a direct contract with the owner but has entered into a contract with the general contractor or any subcontractor to supply goods or services that will be incorporated into the entire project covered by the contract.



4. Northern Resident

A person who:

- a) has spent the last twelve months ordinarily resident in the Northwest Territories, and
- b) has a valid Northwest Territories Health Card.

5. Local Resident

A Northern resident who has been ordinarily resident in the subject community for the last six months.

6. Resident Manager

A Northern resident who is capable of undertaking all aspects of the management of the Northern Business and has absolute decision making authority over day to day matters affecting the Northern Business. The Senior Management Preference Committee may waive the requirement for the resident manager to be a Northern resident in the case of a newly appointed resident manager, if the Northern Business can demonstrate that within one year the resident manager will have met the residency requirements and will in fact become a Northern resident.

7. Local Resident Manager

A local resident who is capable of undertaking all aspects of the management of the Local Business and has absolute decision making over day to day matters affecting the Local Business. The Senior Management Preference Committee may waive the requirement for the local resident manager to be a local resident in the case of a newly appointed local resident manager, if the business can demonstrate that within six months the local resident manager will have met the residency requirements and will in fact become a local resident.

8. Northern Business

- a) A business which complies with the legal requirements to carry on business in the Northwest Territories, and meets the following criteria:
  - i) is a limited company with at least 51 percent of the company's voting shares beneficially owned by Northern residents, or
  - ii) is a co-operative with at least 51 percent of the co-operatives' voting shares beneficially owned by Northern residents, or



- iii) is a sole proprietorship, the proprietor of which is a Northern resident, or
- iv) is a partnership, the majority interest in which is owned by Northern residents and in which the majority benefits, under the partnership agreement, accrue to Northern residents and complies with the following criteria for overhead:
  - v) maintains an approved place of business in the Northwest Territories by leasing or owning office, commercial or industrial space or in the case of service oriented businesses, residential space, in the Northwest Territories on an annual basis for the primary purpose of operating the subject business, and
  - vi) maintains a resident manager, and
  - vii) undertakes the majority of its management and administrative functions (related to its operations in the Northwest Territories) in the Northwest Territories, and
  - viii) has applied for and received designation as a Northern Business at least two weeks prior to the tender opening.
- b) Notwithstanding Section 8.a. a non-resident business that has carried out business in the Northwest Territories for ten consecutive years prior to the date of application and complies with the following criteria for overhead:
  - i) maintains an approved place of business in the Northwest Territories by leasing or owning office, commercial, or industrial space or where applicable, residential space, in the Northwest Territories on an annual basis for the primary purpose of operating the subject business, and
  - ii) maintains a resident manager, and
  - iii) undertakes the majority of its management and administrative functions (related to its operations in the Northwest Territories) in the Northwest Territories, and
  - iv) has applied for and received designation as a Northern Business at least two weeks prior to the tender opening.

Approval of a contract or under Section 8.b. will not be automatic. All companies which do not meet the ownership criteria as stated in Section 8.a. may apply for approval under Section 8.b. Approval under Section 8.b. shall be reviewed and a recommendation made by the Advisory Committee and shall only be approved by the Senior Management Preference Committee. All companies which were



previously approved as a Northern Business under the previous Business Incentive Policy Section 6.1(2) dated February 28, 1985, shall be re-examined.

Companies requesting approval under section 8.b. will be expected to meet the "spirit and intent" of the Business Incentive Policy and shall be expected to demonstrate an ongoing contribution to the economy of the Northwest Territories through the operation of their business.

#### 9. Local Business

A Local Business is a Northern Business which has been resident in the subject community for the six months prior to application and in addition complies with the following criteria:

- a) maintains an approved place of business by leasing or owning office, commercial or industrial space or where applicable, residential space, in the community on an annual basis for the primary purpose of operating the subject business, and
- b) maintains a local resident manager, and
- c) undertakes the majority of its management and administrative functions (related to its operations in the subject community) in the subject community, and
- d) has applied for and received designation as a Local Business at least two weeks prior to the tender opening.

#### 10. Subject Community

The subject community for the purposes of this Policy shall be defined as the community wherein the work is being undertaken. In those cases where the work is undertaken outside the legal boundaries of a community the Government of the Northwest Territories may:

- a) define "community" to include that community in any case, or
- b) where two or more communities are both very close to the work site the Government of the Northwest Territories may define "community" to include both or all adjacent communities.

In all cases the definition of "community" shall be included in the tender documents.

#### 11. Northern Supplier

A Northern Business that is 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. The Senior Management Preference Committee may grant Northern supplier status to a business that does not "physically" carry specific goods due to factors such as high cost/low demand,



made to order goods, or articles of a nature that the Government of the Northwest Territories is the sole requisitioner. However, these goods would not be permitted to make up the majority of the goods offered by the business for sale.

#### 12. Local Supplier

A Northern supplier which is and has been for the six months prior to application, a supplier of goods in the subject community to which the public has access and from which the public can purchase directly from a representative inventory of items offered for sale. The Senior Management Preference Committee may grant Local Supplier status to a business that does not "physically" carry specific goods due to factors such as high cost/low demand, made to order goods, or articles of a nature that the Government of the Northwest Territories is the sole requisitioner. However, these goods would not be permitted to make up the majority of the goods offered by the business for sale.

#### 13. Northern Content

The Northern Content of a bid shall be the dollar value of the goods and services required by the contract supplied by any Northern Business or Northern supplier. Northern Content may include:

- a) goods and services supplied by a Northern Business or Northern supplier acting as the general contractor. These are referred to as "own forces";
- b) goods and services supplied by any other Northern Business or Northern supplier so long as these goods and services are required for the completion of the contract and are paid for by the contract.

To receive a Tender Adjustment the name of the Northern Business or Northern supplier and the value of the Northern Content must be listed on the appropriate tender documents. Prior to tender award the Government of the Northwest Territories may review the proposed Northern Content and request substantiation of the values submitted.

#### 14. Local Content

The Local Content of a bid shall be the dollar value of the goods and services required by the contract supplied by any Local Business. Local Content may include:

- a) goods and services supplied by a Local Business or local supplier acting as the general contractor. These are referred to as "own forces";
- b) goods and services supplied by any other Local Business or local supplier so long as these goods and services are required for the completion of the contract and are paid for by the contract.

To receive a Tender Adjustment the name of the Local Business or local supplier and the value of the Local Content must be listed on the appropriate tender documents. Prior to tender award the Government of the Northwest Territories may review the proposed Local Content and request substantiation of the values submitted.

#### 15. Qualification Committees

A committee in the Keewatin, Kitikmeot, Baffin, Fort Smith and Inuvik Regions chaired jointly by the Regional Superintendents of Public Works and Government Services, and including such departmental representatives as the Regional Superintendents may find necessary, but shall exclude additional representation from the Departments of Public Works, Government Services, Transportation and the Northwest Territories Housing Corporation.

#### 16. Tender Adjustment

The amount by which the face value of a tender is reduced in accordance with Provisions Section 3. The Tender Adjustment is used for bid evaluation purposes only. The tender price minus the Tender Adjustment will be referred to as the Adjusted Price.

### **PROVISIONS**

#### 1. Authority and Accountability

##### a) Executive Council

Unless otherwise noted herein, only the Executive Council may approve exceptions to this Policy.

##### b) Senior Management Preference Committee

A Deputy Minister's Committee consisting of the major contracting departments (Public Works, Transportation, Government Services, Economic Development and Tourism and the Northwest Territories Housing Corporation) established to provide for overall policy coordination and monitoring of the Government's preferential policies. The Departments of Justice and Finance shall provide advisory support from time to time as may be required.

The Senior Management Preference Committee shall ensure that the true "spirit and intent" of the Policy is considered and exercised at all times.

The Senior Management Preference Committee will:

- i) review appeals from contractors who are not granted Northern status and make appropriate rulings for or against the application;

- ii) analyze and develop new Business Incentive Policies and amendments to existing Business Incentive Policies;
- iii) review and rule upon tender irregularities that relate to the application of the Business Incentive Policy;
- iv) from time to time issue "Interpretive Bulletins" which shall interpret the "spirit and intent" embodied in this Policy or other issues which may arise from time to time;
- v) approve procedural manuals pursuant to the Business Incentive Policy to facilitate its implementation, and issue interpretive bulletins, as required; and
- vi) report semi-annually to Cabinet any documents issued under Provisions, Section 1.b.(v) and any decisions made according to "spirit and intent" which deviate from the strict rules of the Business Incentive Policy.

c) Advisory Committee to the Senior Management Preference Committee

The Advisory Committee to the Senior Management Preference Committee (Advisory Committee) will act as a working committee to the Senior Management Preference Committee. In addition to the departments/corporations represented on the Senior Management Preference Committee, the Advisory Committee will include one representative from the Northwest Territories Construction Association and one representative from the Northwest Territories Chamber of Commerce. Any issues to be dealt with by the Senior Management Preference Committee may be reviewed first by the Advisory Committee. The Chairman of the Advisory Committee shall determine those discussions which involve internal Government of the Northwest Territories issues which cannot include the representatives of the Northwest Territories Construction Association or the Northwest Territories Chamber of Commerce.

The Advisory Committee will:

- i) consider Headquarters applications for designation as a Northern/Local Business under the Business Incentive Policy and approve or reject these applications;
- ii) review all applications for designation as a Northern/Local Business from joint ventures and approve or reject these applications; and
- iii) consider recommendations from the Monitoring Office for revoking Northern status and approve or reject these recommendations.

d) Regional Qualification Committees

Regional Qualification Committees will:

- i) consider regional applications for designation as a Northern/Local Business under the Business Incentive Policy and approve or reject these applications. The Regional Qualifications Committee will report to the Monitoring Office all businesses approved or rejected; and
- ii) respond to regional enquiries from business and the general public about the Business Incentive Policies.

e) Monitoring Office

A Monitoring Office located in the Department of Public Works will provide the requisite Northern Business registration, monitoring and reporting system for all departments and agencies.

The Monitoring Office will:

- i) review Headquarters applications for designation as Northern/Local Business under the Business Incentive Policy. Recommend approval or rejection to the Advisory Committee;
- ii) review approvals of Northern/Local Business made by Regional Qualification Committees;
- iii) receive appeals from rejected contractors and prepare documentation and recommendations for the Senior Management Preference Committee;
- iv) on an ongoing basis confirm the list of all Business Incentive Policy approved companies to ensure they still meet criteria for Northern status and recommend revoking northern status to the Advisory Committee in the case of businesses that no longer meet the requirements of the Business Incentive Policy; and
- v) collect data from all contracting authorities in respect to:
  - prepare an annual list of all Government of the Northwest Territories contract awards noting Northern or Southern status;
  - collect data and report on names and addresses of workers on construction contracts;
  - collect data and report on subcontractors and suppliers used on construction contracts; and

- review available annual reports from all Northern Businesses to identify trends in the capital asset base of Northern Business.

## 2. Eligibility

- a) Application for designation under the Business Incentive Policy is available to any corporation, partnership, sole proprietorship, joint venture or co-op.
- b) In order to receive the benefits of the Business Incentive Policy the business must have received prior approval. In order to receive prior approval the business must make application. The application must meet the criteria set out in this Business Incentive Policy and furthermore the application must meet the "spirit and intent" of the Policy as determined by the Senior Management Preference Committee. Application and approval must be completed two weeks prior to the approval status taking affect.
- c) The Senior Management Preference Committee may waive the strict requirements of the Business Incentive Policy so long as the "spirit and intent" of the policy is met and the business can prove that it provides long term benefit to the economy of the Northwest Territories.
- d) The Senior Management Preference Committee may remove preference from a Northern Business, subsequent to tender closing and prior to contract award, based on the identification of a failure to comply with the "spirit and intent" or the rules of the Business Incentive Policy.

## 3. Tender Adjustment

For bid evaluation purposes the base bid submitted by a tenderer shall be reduced by an amount calculated as follows:

### a) Under \$1,000

An owner shall purchase goods and services valued at less than \$1,000 directly only from approved Northern Businesses. No discount is applied.

### b) Over \$1,000 and Under \$5,000

For contracts valued at over \$1,000 and less than \$5,000, a 20 percent discount shall be applied to Northern Content. For contracts valued at over \$1,000 and less than \$5,000 there shall be no additional Tender Adjustment for Local Content.

c) Over \$5,000

Construction, Service and Maintenance Contracts

i) Northern Content

A 15 percent discount will be applied to Northern Content on all contracts.

ii) Local Content

An additional 5 percent discount will be applied to any Local Content. The combined preference for Local Content shall therefore be 20 percent.

Goods Contracts

i) Northern Content

A 15 percent discount will be applied to Northern Content on all contracts

The business incentive provided in this Section shall apply only to a Northern Business which is a Northern Supplier as defined in Definitions Section 11.

ii) Local Content

An additional 5 per cent discount will be applied to any Local Content unless otherwise specified in the contract documents.

4. Awarding of Contracts

Contracts will be awarded in accordance with the Contract Regulations of the Government of the Northwest Territories and in accordance with the Business Incentive Policy.

5. Evaluation

A bid will be adjusted for evaluation purposes by the owner when all of the following criteria are met:

- a) a tender submission identifies the value of Northern Content and Local Content on the appropriate tender submission documents;
- b) an officer of the tenderer has certified that the Northern and Local Content is correct (support materials must be available for supply to the owner on request).



## 6. Invitational Tenders

All contracts estimated to be valued at less than \$30,000 shall be invitationally tendered only to Northern firms whenever there are two or more Northern firms capable of providing the goods and services required.

## 7. Calls for Proposals

Excepting consultants contracts, all contracts which are awarded based on a proposal call instead of a tender call shall require that all of the government's preference policies shall apply and further shall include as a part of the proposal review and rating format a provision for the consideration of proponent's Northern status.

## 8. Tender Procedures

- a) wherever practicable, construction projects will be split into phases or segments so that small Northern contracts will have an opportunity to bid.
- b) wherever practicable, goods contracts will be tendered by logical grouping. Goods contracts shall not be tendered in a manner where disparate goods must all be supplied by one supplier and where the inability of a Northern supplier to supply all the goods within a tender makes it impossible for that supplier to tender on a single component which the supplier is capable of supplying.
- c) wherever practicable, contracts for the supply of goods will be tendered in a manner which provides opportunities for Northern manufacturers. This will include three year to five year contracts. The intent of this clause is that long-term contracts are available which will permit Northern manufacturers to recover their startup costs through long term guaranteed contracts.

## 9. Selection of Consultant Services

In accordance with the Government Contract Regulations where a consultant contract is entered into pursuant to a request for proposal the proposal shall be requested in accordance with the "Selection of Consultant Services" Directive. This Directive ensures that only Northern consultants are requested to submit proposals so long as there are two or more Northern consultants capable of undertaking the work.

## 10. Purchase of Northern Manufactured Goods

In addition to Provisions Section 3. (Tender Adjustment) all contracts shall be evaluated in accordance with the "Purchase of Northern Manufactured Goods" Directive. This Directive extends an additional preference to goods which are manufactured in the Northwest Territories and are supplied under the terms of the specific contract.



11. Contractors Use of Commercial Room and Board

Whenever the nature of a contract requires that accommodation for workers is required then the "Contractors' Use of Commercial Room and Board" Directive shall apply. This Directive requires contractors to use commercial room and board whenever available.

12. Leasing of Improved Real Property

Whenever improved real property is leased by an owner the "Leasing of Improved Real Property" Directive shall apply. This Directive ensures that opportunities for Northern lessors are maximized.

13. Monitoring

a) Preference

If a general contractor, subcontractor, or supplier:

- i) fails to provide the amount of Northern and/or Local involvement stipulated under the terms of the contract, or
- ii) has incorrectly certified the use of Northern and/or Local involvement stipulated under the terms of the contract, or
- iii) has changed without prior permission, the use of named Northern and/or Local Businesses and/or workers stipulated under the terms of the contract, or
- iv) misrepresented themselves in any way, either at the time of application or a subsequent (e.g. non-declared change of ownership) alteration which contravenes mandatory policy registration criteria,

then the owner may recommend to the Senior Management Preference Committee that the general contractor or subcontractor or supplier be disqualified as a Northern Business. The period of disqualification may be temporary or permanent according to the decision of the Senior Management Preference Committee.

b) Damages

All contracts shall be written to include a condition that provides for the recovery of damages from the general contractor equal to the value of the Northern Content or Local Content promised by the general contractor or subcontractor under the terms of the specific contract but not received by the owner.

(Signature)

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Government Leader and Chairman of the Executive Council