

BY AYANNA FERDINAND-CATLYN

# NICE WORK....

## WHEN YOU CAN GET IT. IF YOU HAVE QUESTIONS ABOUT GOVERNMENT PROCUREMENT, WE'VE GOT SOME ANSWERS.

Government spending in local communities is the backbone of economies across the North. Governments know that and they've developed policies to steer as much spending as possible to northern businesses. Here's how their efforts work in the Yukon, NWT and Nunavut.



**PUBLIC SECTOR PROCUREMENT** of goods and services is different for each territory, but the policies all share the same goal. The governments of Nunavut, Northwest Territories and the Yukon all want to award their contracts to local businesses to encourage the growth of the local economy and develop local experience and skills. This article sets out a summary of the unique procurement requirements for each of the territories to help your local business.

**Northwest Territories** The Government of the Northwest Territories maintains a registry under its Business Incentive Policy (BIP) of locally owned businesses. To be eligible to be listed in the BIP registry, your business must meet specific legal requirements and be majority-owned by Northwest Territories residents. So, if you have a corporation or a co-operative at least 51 per cent of the voting shares must be owned by Northwest Territories residents. If you are a partnership, then the majority interest must be held by a Northwest Territories resident, whether an individual, corporation or co-operative. For a sole proprietor, you must be a Northwest Territories resident for the last 12 months. In addition to this ownership requirement, you must also hold an NWT business license or own or lease your place of business in the NWT.

### DIFFERENT STRIPES

The NWT and Nunavut try to support local business with bid adjustments for government contracts. The Yukon favours a rebate system.

The incentive to be BIP registered is that the contract proponent receives a bid adjustment—a reduced percentage scale to the contract value for ranking the bidders. In other words, if an NWT company bid \$500,000 on a contract, that bid would be treated as if had come in at a lower rate—15 per cent lower for contracts valued at up to \$1 million—than a similar bid from a non-NWT company. Further adjustments are applied for businesses in the communi-

ty where the contract is being awarded. Local businesses may still be eligible for a bid adjustment even if they are not listed on the BIP registry but the adjustments will be smaller. This policy aims to award contracts to *bona fide* local businesses and invest in and grow the local economy.

The NWT government is reviewing BIP to keep up with social and economic changes. It will complete the review in 2022 with a report and recommendations.


**Nunavut** In Nunavut, a business should comply with the Nunavummi Nangminiqaqtunik Ikajuuti Policy (NNI Policy) and register with the Inuit Firm Registry (IFR) to receive an advantage. The NNI and the IFR were established under the *Nunavut Land Claim Agreement*.

Similar to Northwest Territories, the NNI functions to lower the face price of the bid for certain contracts. To be IFR registered, your business must be majority-owned by Inuit. The NNI sets out that no single factor is determinative and that they will consider the following factors: rights and privileges of voting Inuit Interest Holder(s); rights and privileges of non-voting Inuit Interest Holder(s); whether and to what extent Inuit Interest Holder(s) control the management and operation of the business; and whether and to what extent Inuit Interest Holder(s) enjoy the economic returns of the business in a proportional and equitable manner.

The policy behind the IFR requires full and ongoing disclosure, meaning that any applicant who withholds or misrepresents information will be denied IFR status. This policy could terminate any contracts awarded and prohibit the applicant from future government contracts.

**Yukon** Yukon has a different approach to public procurement. Their business incentive program prioritizes local business in the form of rebates once the contract is awarded. Therefore, a local business will receive funds back after the contract is completed rather than government preference at the contract award stage. The purpose of this approach is to encourage local businesses to bid on government contracts by making the supply of goods and services less expensive.

Rebates may be awarded to businesses working on eligible government contracts for local hires and for goods and services made in the Yukon. For example, suppose a business hired a registered Yukon apprentice for a government contract, in that case, this business may obtain a rebate equal to 15 per cent of the gross wages paid to the apprentice. A second example is a rebate for a product made or produced in Yukon and sold to the government.

In sum, if you are considering doing business for the territories, you should become familiar with the local public procurement procedures and rely on your local content as an advantage to win the contract and contribute to the local economy. 



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