

GENERAL ADMINISTRATION MANUAL

VOLUME 1: CORPORATE POLICIES - GENERAL

TITLE: YUKON BUSINESS INCENTIVE POLICY FOR GOODS AND SERVICES

EFFECTIVE: February 8, 1990

1 SCOPE

1.1 Authority

- 1.1.1 This policy is issued under the authority of Cabinet Meeting #98 - 41 dated November 19, 1998 together with the Goods And Services Incentive Rebate Schedule.
- 1.1.2 Related to this policy is the Yukon Business Incentive Policy For Construction together with the Construction Materials Incentive Rebate Schedule.

1.2 Application

- 1.2.1 This policy applies to all contracts for the purchase of designated goods and the acquisition of designated general and consulting services entered into by the government.
- 1.2.2 This policy does not apply:
 - 1.2.2.1 to contracts entered into by agencies and Crown Corporations, unless approved by their governing body;
 - 1.2.2.2 to contracts where federal cost share agreements prohibit the application of a local preference policy; or
 - 1.2.2.3 to land development contracts where the costs will be charged back to the public.
 - 1.2.2.4 to sole source contracts.

1.3 Purpose and Principles

1.3.1 The purposes of this policy are:

1.3.1.1 to maximize the employment opportunities for Yukon residents resulting from the purchase of goods and services by the government;

1.3.1.2 to encourage the use of Yukon materials and manufactured products in goods and services supplied to the government; and

1.3.1.3 to encourage growth in the manufacturing sector, resulting in the availability of more products to the general public.

1.3.2 To meet the purposes of this policy, incentive rebates will be paid to suppliers of designated goods and services to the government.

1.4 Background

1.4.1 This policy was approved by Cabinet in February, 1990. On September 1, 1992, Cabinet approved the goods rebate schedule and policy amendments which changed administrative claiming practices for designated goods, revised reporting relationships for the recommendations of the Business Incentive Review Committee (Appendix 1 attached), and revised wording to conform with the new Contract Regulations (approved September 1, 1992). On November 19, 1998 via Minute #98-41, Cabinet approved the elimination of the \$5,000 threshold required to qualify for a rebate on Yukon manufactured goods. The effective date is November 30, 1998.

1.5 Definitions

Business Incentive Review Committee:

A committee appointed by the Minister under this policy to assist in the application and administration of this policy.

Goods and Services Incentive Rebate Schedule:

A listing of designated goods and services that are eligible for rebates and the rate of rebate to be offered for each.

Contractor:

A corporation, partnership, or individual that has been awarded a contract for the execution of work or services under the terms of a contract.

Deputy Minister:

A Yukon Government official designated as the Deputy Minister of Economic Development.

Designated Goods:

Goods which are listed in the Goods and Services Incentive Rebate Schedule at the time a contract is tendered.

Designated Services:

Services which are listed in the Goods and Services Incentive Rebate Schedule at the time a contract is tendered.

Incentive Rebate:

Payment made to a contractor based on designated goods or services purchased by the government.

Incentive Rebate Rate:

A percentage contained in the Goods and Services Incentive Rebate Schedule that is associated with a commodity or service.

Materials:

Substances incorporated into a manufactured good.

Minister:

An Executive Council member designated as the Minister of Economic Development.

Wages:

Money paid as compensation to an employee or to a fund, insurer or other person for an employee's benefit by a contractor for work directly related to an eligible contract. Benefits shall include the employer's contribution to supplementary health, life, disability insurance and pension plans for an employee's benefit by a contractor for work directly related to an eligible contract. For the purpose of this policy, wages and benefits shall exclude any payment made for work of a general administrative nature.

Yukon Labour Content:

That portion of a contract's wage costs that are paid in wages to Yukon residents.

Yukon Resident:

A person who resides in the Yukon and has maintained a valid Yukon Health Care Insurance Plan registration for at least ninety (90) days immediately prior to the date of hire.

2 ROLES AND RESPONSIBILITIES**2.1 Minister of Economic Development:**

- 2.1.1 The Minister shall appoint a Business Incentive Review Committee to advise the Minister on matters relating to this policy, pursuant to criteria established in Appendix 1 of this policy.
- 2.1.2 The Minister shall forward to Management Board an annual evaluation of the policy as presented by the Business Incentive Review Committee.
- 2.1.3 The Minister may amend the Goods and Services Incentive Rebate Schedule by approving the inclusion or exclusion of a good or service and the incentive rebate rate to be applied to each.
- 2.1.4 The Minister shall receive an appeal regarding a decision made pursuant to this policy.
- 2.1.5 Upon receipt of an appeal, the Minister shall seek the advice and guidance of the Business Incentive Review Committee.
- 2.1.6 The Minister shall make the decision regarding the appeal and shall give written notice of that decision to the appellant, the Deputy Minister and the Business Incentive Review Committee. The decision of the Minister will be final.

2.2 Deputy Minister of Economic Development:

- 2.2.1 The Deputy Minister shall receive from the Business Incentive Review Committee, at least on an annual basis, recommendations on the Goods and Services Incentive Rebate Schedule respecting:

- 2.2.1.1 whether a good or services should be included as part of the Goods and Services Incentive Rebate Schedule;
- 2.2.1.2 whether a specified good or service should remain as part of the Goods and Services Incentive Rebate Schedule; and
- 2.2.1.3 whether the incentive rebate rate applied to any good or service should be amended.

2.2.2 The Deputy Minister shall recommend any changes to the Goods and Services Incentive Rebate Schedule to the Minister as required.

2.3 Deputy Minister of Economic Development or Delegate:

- 2.3.1 The Deputy Minister of Economic Development or delegate shall administer and maintain the Goods And Services Incentive Rebate Schedule.
- 2.3.2 The Deputy Minister of Economic Development or delegate shall identify eligible goods and applicable incentive rebate rates for individual purchasing requisitions on the basis of information provided by Supply Services purchasing agents, prior to the purchasing activity.
- 2.3.3 The Deputy Minister of Economic Development or delegate shall prescribe claims procedures and time frames for establishing payment procedures for incentive rebates.
- 2.3.4 The Deputy Minister of Economic Development or delegate shall receive claims for incentive rebates for designated goods or services from contractors and shall calculate incentive rebates on the following basis:

Yukon Labour Content:

- 2.3.4.1 Where Yukon labour content equals or exceeds 80 per cent of the total wage and benefit bill, a rebate of 5 per cent of the wages and benefits which comprise the first 80 per cent of the Yukon labour content in the project will be payable to the contractor or subcontractor.

2.3.4.2 If the Yukon labour content exceeds 80 per cent of the total wage and benefit bill, an additional rebate of 15 per cent of the portion of Yukon labour content which exceeds 80 per cent of the total wage and benefit bill but does not exceed 90 per cent of the total wage and benefit bill will be payable to the contractor or subcontractor.

2.3.4.3 If the Yukon labour content exceeds 90 per cent of the total wage and benefit bill, an additional rebate of 20 per cent of the portion of Yukon labour content which exceeds 90 per cent of the total wage and benefit bill will be payable to the contractor or subcontractor.

Yukon Goods:

2.3.4.4 The incentive rebate rate will be determined according to the Goods and Services Incentive Rebate Schedule that was in effect at the time the contract was tendered.

2.3.4.5 The incentive rebate will be determined by the following formula:

$$\text{Incentive Rebate Rate} \times \text{Value of Designated Goods} = \text{Incentive Rebate}$$

2.3.5 The Deputy Minister of Economic Development or delegate may request documentation and records from the contractor, subcontractor or manufacturer for audit by the Deputy Minister of Economic Development or delegate.

2.3.6 The Deputy Minister of Economic Development or delegate shall receive a petition from any group, individual or government department regarding:

2.3.6.1 the inclusion or exclusion of a good or service from the Goods and Services Incentive Rebate Schedule; and

2.3.6.2 changes to the amount of the incentive rebate rate to apply to each.

2.3.7 Upon receipt of a petition, the Deputy Minister of Economic Development or delegate shall refer the matter to the Business Incentive Review Committee for recommendation.

2.3.8 The Deputy Minister of Economic Development or delegate shall attend all meetings of the Business Incentive Review Committee, perform the duties of Secretary to the Committee, and take direction from the Chair as to the administrative needs and requirements of the Committee.

2.4 Departments

2.4.1 A department which receives an invoice for designated goods shall approve the invoice for payment of the goods portion of the invoice.

2.4.2 The department shall forward a copy of the approved invoice to the Deputy Minister of Economic Development or delegate for payment of the rebate portion of the invoice to the contractor.

2.4.3 Any department may petition the Deputy Minister of Economic Development or delegate regarding:

2.4.3.1 the inclusion or exclusion of a good or service from the Goods and Services Incentive Rebate Schedule; and

2.4.3.2 changes to the amount of the incentive rebate rate to apply to each.

APPENDIX 1

BUSINESS INCENTIVE REVIEW COMMITTEE

1 COMPOSITION

- 1.1 There shall be established a six (6) member Business Incentive Review Committee composed of:
- 1.1.1 one senior official of the Yukon Government (Chair);
 - 1.1.2 one member from the Yukon Building and Construction Trades Council;
 - 1.1.3 one member from the Yukon Federation of Labour;
 - 1.1.4 one member from the Yukon Contractors Association;
 - 1.1.5 one member from the Yukon Chamber of Commerce; and
 - 1.1.6 one member-at-large from the general public.

2 APPOINTMENT OF MEMBERS

- 2.1 Upon initial appointment:
- 2.1.1 Each member shall be appointed for a three year term;
 - 2.1.2 In the event of a vacancy on the Committee, the Minister shall appoint an alternate member from the same organisation for the duration of the term of the member initially appointed.
 - 2.1.3 The members of the Committee shall be paid a per diem and expenses in accordance with existing government policy or regulation.

3 RESPONSIBILITIES

- 3.1 The Committee shall advise the Minister on:
- 3.1.1 any appeal referred to the Committee by the Minister; and

- 3.1.2 any other matter that the Minister may choose to refer to the Committee.
- 3.2 The Committee shall advise the Deputy Minister on:
 - 3.2.1 goods and services to be included in or excluded from the Goods and Services Incentive Rebate Schedule;
 - 3.2.2 the appropriateness of the incentive rebate rate associated with each good or service; and
 - 3.2.3 any other matter that the Deputy Minister may choose to refer to the Committee.
- 3.3 In making a recommendation to include or exclude materials or groups of materials and manufactured products from the schedule, the Business Incentive Review Committee may consider the following criteria:
 - 3.3.1 local manufacture;
 - 3.3.2 the use of Yukon materials;
 - 3.3.3 increased Yukon job benefits;
 - 3.3.4 spin-off benefits to the economy; and
 - 3.3.5 the promotion of materials that can replace imported materials.
- 3.4 In determining what incentive rebate rate is recommended for application to Yukon materials in the Goods and Services Incentive Rebate Schedule, the Business Incentive Review Committee may consider the following criteria:
 - 3.4.1 the added costs of being a northern supplier/manufacturer;
 - 3.4.2 the promotion of competition;
 - 3.4.3 the encouragement of efficient northern businesses; and
 - 3.4.4 the development of new industry.
- 3.5 The Business Incentive Review Committee shall provide written recommendations relating to 3.3 and 3.4 to the Deputy Minister.

- 3.6 The Business Incentive Review Committee shall provide a written recommendation regarding any petition to the petitioner and the Deputy Minister, who shall inform the Minister of the recommendation.
- 3.7 The Business Incentive Review Committee shall review every item in the Goods and Services Incentive Rebate Schedule at least once in each year. The Committee shall recommend to the Deputy Minister:
- 3.7.1 whether the good or service should remain as part of the Goods and Services Incentive Rebate Schedule; and
- 3.7.2 whether the incentive rebate rate applied to any good or service should be amended.

4 ADMINISTRATION

- 4.1 The Committee shall establish its own rules of procedure within the intent of this policy.
- 4.2 The Committee may call witnesses for the purpose of obtaining additional information or evidence.
- 4.3 The Committee shall conduct any appeal hearing in accordance with the rules of conduct that it prescribes for itself within the intent of this policy, and such hearings shall be open to all interested parties.

5 APPEAL PROCEDURE

- 5.1 When the Minister refers an appeal to the Business Incentive Review Committee, the Committee shall:
- 5.1.1 consider all the evidence presented to it; and
- 5.1.2 request additional information or evidence as it may deem necessary.
- 5.2 Upon consideration of all evidence and completion of the hearing, the Committee shall issue a written opinion to the Minister.

6 ANNUAL EVALUATION

- 6.1 The Committee shall deliver to the Minister an annual evaluation that:
 - 6.1.1 documents the application of the policy and the resultant benefits to the Yukon, including the number of times the policy was applied, the value of rebates paid, etc.;
 - 6.1.2 describes the direct effects of these rebates on the economy;
 - 6.1.3 reviews the policy and recommends amendments in light of changes that may have occurred in the industry; and
 - 6.1.4 reviews the administrative requirements and procedures of the policy, and recommends ways to make that administration more effective.
- 6.2 The annual evaluation will be delivered after the close of each fiscal year unless otherwise directed by the Minister.