

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

**INTERPRETIVE BULLETINS  
APPROVED BY  
BIP SENIOR MANAGEMENT PREFERENCE COMMITTEE (SMPC)**

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For further clarification please contact:

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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**General Contractor's Own Forces (Repealed)**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**

### **Substantiation of Bid Adjustment**

Interpretive Bulletin #4 has been revised. See the Construction Tender & Contract Document, dated July 1, 1992, and replaces Interpretive Bulletin #2.

#### **Issue:**

On any construction, service or maintenance agreement, some of the work will be completed by the General Contractor under what is called "Own Forces". Other work will be done by Subcontractors of the General Contractor for such components as electrical, mechanical, roofing and painting work. In addition, some of the work undertaken by Subcontractors may be completed by the Subcontractor's Own Forces, while the rest will be subcontracted still further to other firms. In the past, some NWT General Contractors and some NWT Subcontractors have received BIP adjustment for components of their agreements, which were determined subsequently to be southern.

#### **Therefore:**

In respect to Definitions in the Business Incentive Policy for "Northern Content" and "Local Content", the Senior Management Preference Committee interprets that the benefits of the BIP will be extended as follows:

1. All General Contractors wishing to obtain a bid adjustment as explained in the Business Incentive Policy must provide detailed information related to the value of the General Contractor's Own Forces and the value of all Local and NWT Subcontractors and any other business that will provide goods and/or services in completing the total agreement. The General Contractor must complete and submit the standard form that is shown on pages 3 and 4 of this Interpretive Bulletin. This form or a form similar to it will be included with each tender package. Some of the information on this form must be included with the tender submission (identified on the form by an asterisk), while other information must be submitted within 5 days of the tender closing.
  - (a) Information that must be included with the tender submission:
    - The total value of the General Contractor's Own Forces (column d)
    - The sub total value of Local (column a), NWT (column b) or Other (column c) for each Subcontractor for which a BIP adjustment is requested, and
    - The total value of each named subcontractor for which a BIP adjustment is requested (column d).
  - (b) Information that must be submitted within 5 days of tender closing (shown shaded on the form):

Detailed information related to the General Contractor's and Subcontractor's content, including:

    - Payroll
    - Materials
    - Equipment (agreements to buy or lease equipment)
    - Transportation (agreements to transport workers, material and equipment)
    - Accommodation (agreements to provide room and board)
    - Other costs (agreements for services such as insurance, accounting and legal) and
    - A reasonable allowance for profit and overhead. The amount for profit and overhead may be identified separately, or it may be included within the payroll, materials or agreements listed above

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Substantiation of Bid Adjustment

2. In addition to the above information, the Owner may request further substantiation from the general contractor to support the amount of BIP adjustment requested. This substantiation may include detailed information related to the:
  - Actual workers, including names, home community, experience, and
  - Value and business names for any agreement necessary between the General Contractor or a Subcontractor and another business, when such an agreement is covered by the General Contractor's or the Subcontractor's Own Forces.
3. Prior to the award of the agreement, changes to the information provided in accordance with Interpretive Bulletin #4 or information requested subsequently by the Owner, are not permitted, except that adjustments of up to 10% (plus or minus) of the sub total values submitted in columns (a), (b) and (c) are permitted so long as the total value of Local NWT content for the entire submission do not exceed 5% (plus or minus).
4. After the award of the agreement, changes to the information provided in accordance with Interpretive Bulletin #4 or information requested subsequently by the Owner, may be permitted if the contractor shows cause. Changes must be requested and approved in writing.

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Substantiation of Bid Adjustment**

EXPENDITURES	LOCAL (a)	NWT (b)	OTHER (c)	TOTAL (d)
General Contractor				
Payroll	\$	\$	\$	
Material	\$	\$	\$	
Equipment	\$	\$	\$	
Transportation	\$	\$	\$	
Accommodation	\$	\$	\$	
Other Costs	\$	\$	\$	
<b>SUB-TOTAL</b>	<b>*\$</b>	<b>*\$</b>	<b>*\$</b>	<b>**\$</b>

Sub-Contractor (Name)*				
Payroll	\$	\$	\$	
Material	\$	\$	\$	
Equipment	\$	\$	\$	
Transportation	\$	\$	\$	
Accommodation	\$	\$	\$	
Other Costs	\$	\$	\$	
<b>SUB-TOTAL</b>	<b>*\$</b>	<b>*\$</b>	<b>*\$</b>	<b>**\$</b>

Sub-Contractor (Name)*				
Payroll	\$	\$	\$	
Material	\$	\$	\$	
Equipment	\$	\$	\$	
Transportation	\$	\$	\$	
Accommodation	\$	\$	\$	
Other Costs	\$	\$	\$	
<b>SUB-TOTAL</b>	<b>*\$</b>	<b>*\$</b>	<b>*\$</b>	<b>**\$</b>

Additional pages available upon request or may be photocopied.

Items marked with an asterisk MUST be submitted with tender and may not be adjusted by more than 10% (plus or minus) after tender closing.

Items marked by a double asterisk must be submitted with tender and may not vary after tender closing.

**INTERPRETIVE BULLETIN NUMBER 4  
Substantiation of Bid Adjustment**

EXPENDITURES	LOCAL (a)	NWT (b)	OTHER (c)	TOTAL (d)
General Contractor				
Payroll	\$	\$	\$	
Material	\$	\$	\$	
Equipment	\$	\$	\$	
Transportation	\$	\$	\$	
Accommodation	\$	\$	\$	
Other Costs	\$	\$	\$	
<b>SUB-TOTAL</b>	<b>*\$</b>	<b>*\$</b>	<b>*\$</b>	<b>**\$</b>

Sub-Contractor (Name)*				
Payroll	\$	\$	\$	
Material	\$	\$	\$	
Equipment	\$	\$	\$	
Transportation	\$	\$	\$	
Accommodation	\$	\$	\$	
Other Costs	\$	\$	\$	
<b>SUB-TOTAL</b>	<b>*\$</b>	<b>*\$</b>	<b>*\$</b>	<b>**\$</b>

Sub-Contractor (Name)*				
Payroll	\$	\$	\$	
Material	\$	\$	\$	
Equipment	\$	\$	\$	
Transportation	\$	\$	\$	
Accommodation	\$	\$	\$	
Other Costs	\$	\$	\$	
<b>SUB-TOTAL</b>	<b>*\$</b>	<b>*\$</b>	<b>*\$</b>	<b>**\$</b>

Additional pages available upon request or may be photocopied.

Items marked with a triple asterisk MUST be submitted with tender and may not be adjusted by more than 5% (plus or minus) after tender closing.

Areas enclosed in double lines must be completed 5 days following tender closing.



**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.