



MR. TOM BEAULIEU  
MLA, TU NEDHE-WIILIDEH

DEC 14 2018

**Oral Question 495-18(3)**  
**Flexibility for Large Tenders / Northern Bids for Contracts**

This letter is in follow-up to the Oral Question you raised on November 1, 2018 regarding flexibility for large tenders and northern bids for contracts. I committed to looking to see if there is a way to split larger infrastructure projects into smaller contracts in order to give northern companies an advantage in the competitive procurement process. I also committed to checking if crushed aggregate is considered a manufactured product.

The Department of Infrastructure is currently reviewing options with respect to splitting large tenders. There are a number of considerations to take into account, such as extra contract management, potential increased costs, lost efficiencies, delays, other additional risks and liabilities.

With regard to crushed aggregate, pursuant to the Northwest Territories (NWT) Manufactured Products Policy, the following definition of 'manufacturing' as well as the eligibility requirements listed below must be considered:

- Manufacturing is defined as the transformation of materials or substances into new products. Assembly is considered manufacturing, when one or more of the major component parts are manufactured in the manufacturer's NWT facility.
- The manufactured products must contain at least 25% NWT value-add, and be priced no more than 20% greater than similar products offered in Canada.
- The manufactured product must be product specific and is an item that is regularly stocked or part of a catalog of items; and
- The manufactured product must be produced in their NWT facility.

The process of crushing aggregate does not transform the material into a new product; it only changes the size of the existing material. In addition, the crushing of

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gravel is not performed in a NWT facility, it is performed at a gravel pit; therefore, the crushing of gravel would be considered construction services.

Due to this process, crushed aggregate is not considered a manufactured product under the Northern Manufactured Products Policy and is, therefore, not on the Approved NWT Manufactured Product List.

Thank you for your interest in this matter. The Government of the Northwest Territories is committed to maximizing the benefits of large infrastructure projects for northern residents and businesses.

A handwritten signature in black ink, appearing to read 'Wally W. Schumann', written in a cursive style.

Wally Schumann  
Minister  
Infrastructure

c. Clerk of the Legislative Assembly

Legislative Coordinator  
Executive and Indigenous Affairs