



REPORT ON THE REVIEW OF GNWT PROCUREMENT POLICIES AND PRACTICES

RAPPORT SUR L'EXAMEN DES POLITIQUES ET DES PRATIQUES D'APPROVISIONNEMENT DU GTNO

JULY | JUILLET 2023



Le présent document contient la traduction française
de la message de la ministre et du sommaire

CONTENTS

MINISTER’S MESSAGE	i
MESSAGE DE LA MINISTRE.....	ii
EXECUTIVE SUMMARY	iii
SOMMAIRE	iv
INTRODUCTION	1
REVIEW OF GNWT PROCUREMENT	2
Since the Panel’s Report	2
WHAT OUR DATA TELLS US.....	3
Contracts issued to NWT businesses.....	3
Where contracts are issued	4
How we procured goods and services	5
WHAT WE’VE DONE.....	6
Highlights from 2020-2023	6
Principles for government procurement.....	7
WHERE WE ARE GOING	8
RESOURCES.....	9
IMPLEMENTATION PLAN	10
GNWT Procurement Objectives and Strategy	10
Approaches to Indigenous Procurement	11
Maximizing benefits for NWT residents and businesses	12
Enhancing accountability mechanisms for government procurement	15
Procurement policy administrative challenges/issues	16
APPENDIX A	17

MINISTER'S MESSAGE

When we started the 19th Legislative Assembly, we put forward a mandate to ensure that government procurement maximizes benefits for Northwest Territories' (NWT) residents and businesses. We knew that procurement policies had not been substantively updated in several years, and we wanted to make sure we were getting as much value out of every dollar as we could.

Starting in December 2020, I appointed an independent panel advisory panel to engage with Indigenous governments and Indigenous organizations, elected leaders, the business community, stakeholders and residents on government procurement. In June 2021, the panel completed its engagement and provided a comprehensive report including 50 recommendations.

This report, as well as our discussions since with Members of the Legislative Assembly, residents, businesses and Indigenous governments, has informed work by the Departments of Industry, Tourism and Investment, Finance, and Executive and Indigenous Affairs to fulfill our mandate commitment.

Government procurement and contracting is a major source of economic activity throughout the territory, and our residents and businesses should benefit from this as much as possible while balancing the need to ensure projects are undertaken in a timely and fiscally responsible manner. One key tool to try and achieve that balance is by incentivizing contractors who commit to using local and NWT labour and buying NWT goods with a benefit in the form of an adjustment in the bidding process. In 2023, we will introduce a Vendor Performance Management policy that holds contractors accountable for these commitments.

We must also find and put into practice real, practical solutions and give Indigenous businesses support to maximize their opportunities for growth. We are working with Indigenous governments through the Modern Treaty and Self-Government Partners (MTSGP) and the NWT Council of Leaders (NWTCOL) so the Northwest Territories becomes a leading example on how to achieve economic growth amongst one of fastest growing cohorts of business in Canada, that of Indigenous lead businesses.

With a unified set of modernized procurement objectives and principles, and a framework to monitor and enforce refreshed procurement tools, we are now set to capitalize on this stronger foundation. The work we have started will help make government procurement fairer, more transparent and more robust, maximizing benefits for NWT companies, and ensuring as much of our money as possible stays in the territory.

Caroline Wawzonek

Minister of Finance and Industry, Tourism and Investment

MESSAGE DE LA MINISTRE

Au début du mandat de la 19^e Assemblée législative, nous nous sommes fixé comme objectif de veiller à ce que les pratiques d’approvisionnement du gouvernement des Territoires du Nord-Ouest (GTNO) profitent au mieux aux résidents et aux entreprises de la région. Conscients que les politiques en la matière n’avaient pas été revues en profondeur depuis plusieurs années, nous tenions à nous assurer de maximiser les retombées financières.

Au mois de décembre 2020, j’ai chargé un comité consultatif indépendant d’échanger avec les gouvernements et les organisations autochtones, les élus, les entreprises, les intervenants et les résidents au sujet de l’approvisionnement gouvernemental. Le comité a mené à bien cette tâche en juin 2021 et nous a fourni un rapport exhaustif comprenant 50 recommandations.

Ce rapport ainsi que les discussions qui ont suivi avec des députés, des résidents, des entreprises et des gouvernements autochtones ont permis d’orienter le travail du ministère de l’Industrie, du Tourisme et de l’Investissement et du ministère de l’Exécutif et des Affaires autochtones en vue de remplir l’engagement pris dans le cadre de notre mandat.

L’approvisionnement et l’attribution de contrats par le gouvernement constituent une source importante d’activité économique à travers le territoire. Les résidents et les entreprises locales devraient donc en bénéficier autant que possible, mais nous devons aussi nous assurer que les projets entrepris présentent un budget et des délais raisonnables. Pour tenter de parvenir à cet équilibre, l’une des principales mesures consiste à favoriser les entrepreneurs qui s’engagent à faire appel à de la main-d’œuvre locale et à acquérir des biens aux Territoires du Nord-Ouest (TNO), en leur accordant un rajustement du prix lors du processus d’appel d’offres. En 2023, nous mettrons en œuvre une politique de gestion du rendement, de façon à garantir le respect de ces engagements par les entrepreneurs.

Nous devons également trouver et appliquer de véritables solutions pratiques pour que les entreprises autochtones bénéficient du soutien nécessaire et maximisent leurs possibilités de croissance. Nous travaillons en collaboration avec les partenaires en matière de traités modernes et d’autonomie gouvernementale ainsi qu’avec le Conseil des dirigeants des TNO, afin que le territoire devienne un modèle de croissance économique parmi l’un des groupes d’entreprises à l’essor le plus fulgurant au Canada : les entreprises gérées par des Autochtones.

Nous pouvons désormais avancer sur des bases plus solides : nos objectifs et principes en matière d’approvisionnement ont été modernisés et uniformisés, et nous disposons d’un cadre de surveillance et de mise en œuvre de nouveaux outils. Le travail entrepris contribuera à rendre le processus d’approvisionnement gouvernemental plus équitable, plus transparent et plus résilient, afin de maximiser les retombées pour les entreprises ténis et de maintenir autant d’investissements que possible au sein du territoire.

Caroline Wawzonek

Ministre de l’Industrie, Tourisme et de l’Investissement

EXECUTIVE SUMMARY

In 2019, Members of the 19th Legislative Assembly committed to ensure that government procurement maximizes benefits for NWT residents and businesses. In December 2020, the Government of the Northwest Territories (GNWT) selected a three-person panel to provide the GNWT recommendations to strengthen local and northern content and supports the growth of the NWT economy. In its final report, the panel summarized what they had heard from public engagement process and provided a list of 50 recommendations to improve how the GNWT contracts and purchases goods and services.

This report focuses on strengthening GNWT procurement policies and practices, including the Business Incentive Policy (BIP), P3 projects and the Northern Manufactured Products Policy (NMPP). The report presents a carefully formulated plan for improving government procurement to maximize benefits for NWT residents and businesses. Additionally, the report includes data that demonstrates that the number of government contracts awarded to NWT businesses has increased over the past three years.

The GNWT has established principles that will inform future development of policies and procedures and an implementation plan to improve government procurement, which will be reported on at the end of each fiscal year and tabled in the Legislative Assembly. The implementation plan includes 22 areas that are being addressed under the following five themes:

1. GNWT Procurement Objectives and Strategy
2. Approaches to Indigenous Procurement
3. Maximizing Benefits to NWT Residents and Businesses
4. Enhancing Accountability Mechanisms for Government Procurement
5. Procurement Policy Administration Challenges/Issues

SOMMAIRE

En 2019, les députés de la 19^e Assemblée législative se sont engagés à veiller à ce que l’approvisionnement du gouvernement avantage les résidents et les entreprises. En décembre 2020, le gouvernement des Territoires du Nord-Ouest (GTNO) a sélectionné un comité de trois personnes chargé de lui formuler des recommandations visant à renforcer le contenu local et nordique et à soutenir la croissance de l’économie ténoise. Dans son rapport final, le comité a résumé ce qu’il avait entendu lors du processus d’échanges avec le public et a dressé une liste de 50 recommandations destinées à améliorer la façon dont le GTNO attribue des contrats et acquiert des biens et des services.

Ce rapport met l’accent sur le renforcement des politiques et pratiques d’approvisionnement du GTNO, notamment la Politique d’encouragement aux entreprises (PEE), les projets de PPP et la Politique sur les produits manufacturés aux TNO. Il présente un plan soigneusement élaboré visant à améliorer l’approvisionnement du gouvernement et à maximiser les retombées pour les résidents et les entreprises des TNO, en plus d’inclure des données illustrant la hausse, au cours des trois dernières années, du nombre de contrats octroyés aux entreprises locales.

Le GTNO a établi des principes qui orienteront l’évolution des politiques et procédures et a déterminé un plan de mise en œuvre pour améliorer l’approvisionnement gouvernemental, ce qui fera l’objet d’un rapport à la fin de chaque exercice financier et sera présenté à l’Assemblée législative. Le plan de mise en œuvre comprend 22 points, répartis sous cinq thèmes :

1. Les objectifs et la stratégie du GTNO en matière d’approvisionnement;
2. Les approches en matière d’approvisionnement auprès d’intervenants autochtones;
3. La maximisation des avantages pour les résidents et les entreprises des TNO;
4. L’amélioration des mécanismes de responsabilisation dans le cadre de l’approvisionnement du gouvernement;
5. Les difficultés et les problèmes rencontrés dans le cadre de l’administration des politiques d’approvisionnement.

INTRODUCTION

Procurement is an important part of how the Government of the Northwest Territories provides services for residents and business and is a significant contributor to the NWT economy. The 19th Legislative Assembly committed to improving government procurement and contracting to maximize benefits to residents and businesses as a part of its Mandate.

There has been understandable concern that government procurement can – and should – provide more value to the residents of the NWT. Since 1993, the GNWT has identified the need to provide preferential procurement policies to NWT businesses to help offset the additional cost of doing business in the North. The GNWT has worked hard to protect these important preferential policies during trade negotiations ever since.

Over the last three years, NWT businesses have received on average 75% of the total value for contracts issued by GNWT departments and Housing NWT. That number is even higher when you remove from the total the contracts where the GNWT issued public procurements and no bids were received by NWT businesses and contracts – like software licences – because these services are not available in the NWT. While there is more work to do, these results tell us that NWT businesses receive a large part of government procurement.

REVIEW OF GNWT PROCUREMENT

In January 2021, the GNWT released a discussion paper to guide the discussion on the review of GNWT procurement policies in practices. To create a fair and independent review, the GNWT selected a three-person panel to provide the GNWT recommendations to strengthen local and northern content and supports the growth of the NWT economy. The panel was also tasked with providing advice on procurement processes and procedures, building awareness of GNWT contracting opportunities, and improving participation in the Business Incentive Policy by NWT companies.

The panel engaged with a wide range of organizations and individuals across the NWT over five months to provide interested stakeholders with opportunities to offer input, including:

- 32 external engagement sessions and met with 103 participants;
- 4 organized public engagement sessions;
- 13 sessions with business or industry organizations;
- 10 sessions with Indigenous business representatives; and
- Over 35 briefings with public sector staff including GNWT, Yukon, Nunavut and federal officials.

The panel also received written input from 11 individuals and organizations, as well as comments through an on-line discussion page hosted by GNWT.

The panel's report was completed ahead of schedule and delivered to the GNWT on June 30, 2021, and included 50 recommendations.

Since the Panel's Report

Since receiving the Panel's report, the GNWT created a Deputy Minister working group and a sub-working group to review the panel's recommendations and current issues that were under discussion by the inter-departmental Procurement Procedures Committee. This committee regularly reviews GNWT procurement policies and guidelines and collaboratively works on improvements to these.

Between 2021 and 2022, the GNWT internal working groups were busy reviewing the report, developing plans to address some of the recommendations made by the independent panel as well as engaging with MTSGP and NWTCOL. In November 2022, the GNWT released its work plan that would take it to the end of the 19th Legislative Assembly with a focus on improving accountability and transparency, maximizing benefits of procurement for NWT businesses and residents and administrative changes to make it easier to do business with the GNWT. The working group has also been working in collaboration with Indigenous Governments on approaches to an Indigenous Procurement Policy. These discussions have also informed how the GNWT is moving ahead with approaches in general to various public procurement policies. With the establishment of principles for government procurement in 2022, this will provide a consistent framework for the future development of procurement policies and approaches.

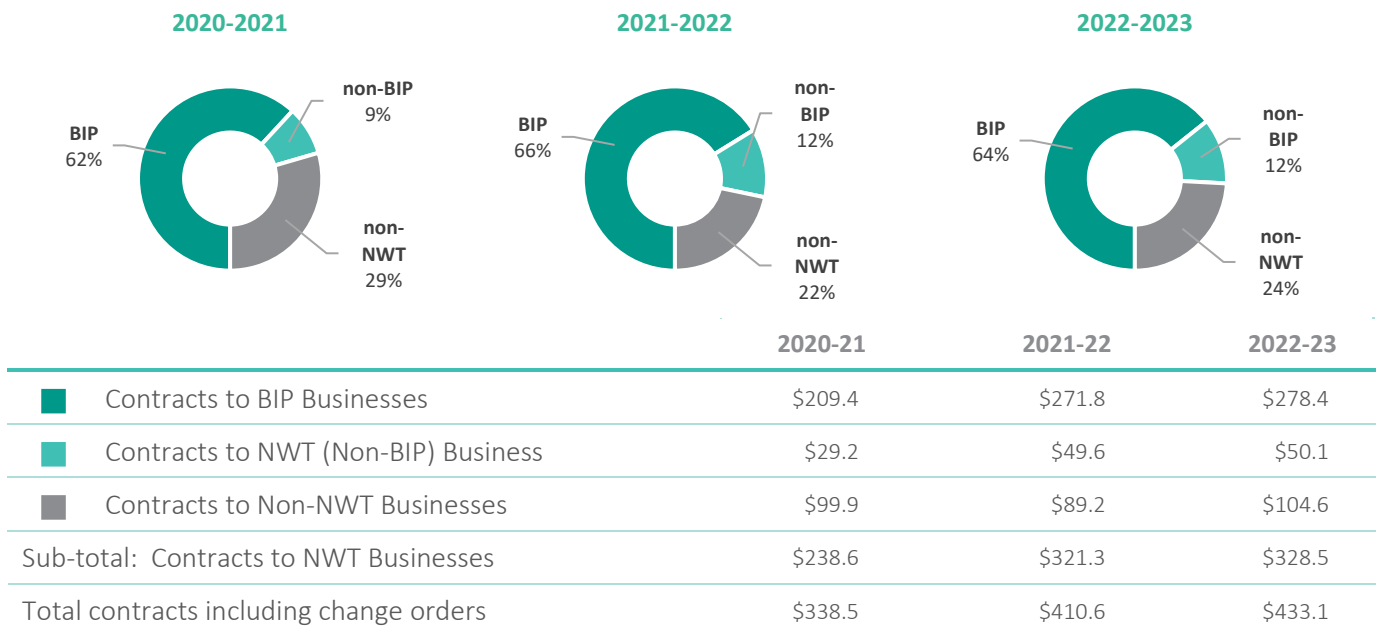
WHAT OUR DATA TELLS US

Procurement data 2020-2023

When we look at the data over the last few years, we can see that the value of government contracts awarded to NWT businesses is increasing.

Contracts issued to NWT businesses

Figure 1: Total Procurement (in millions)

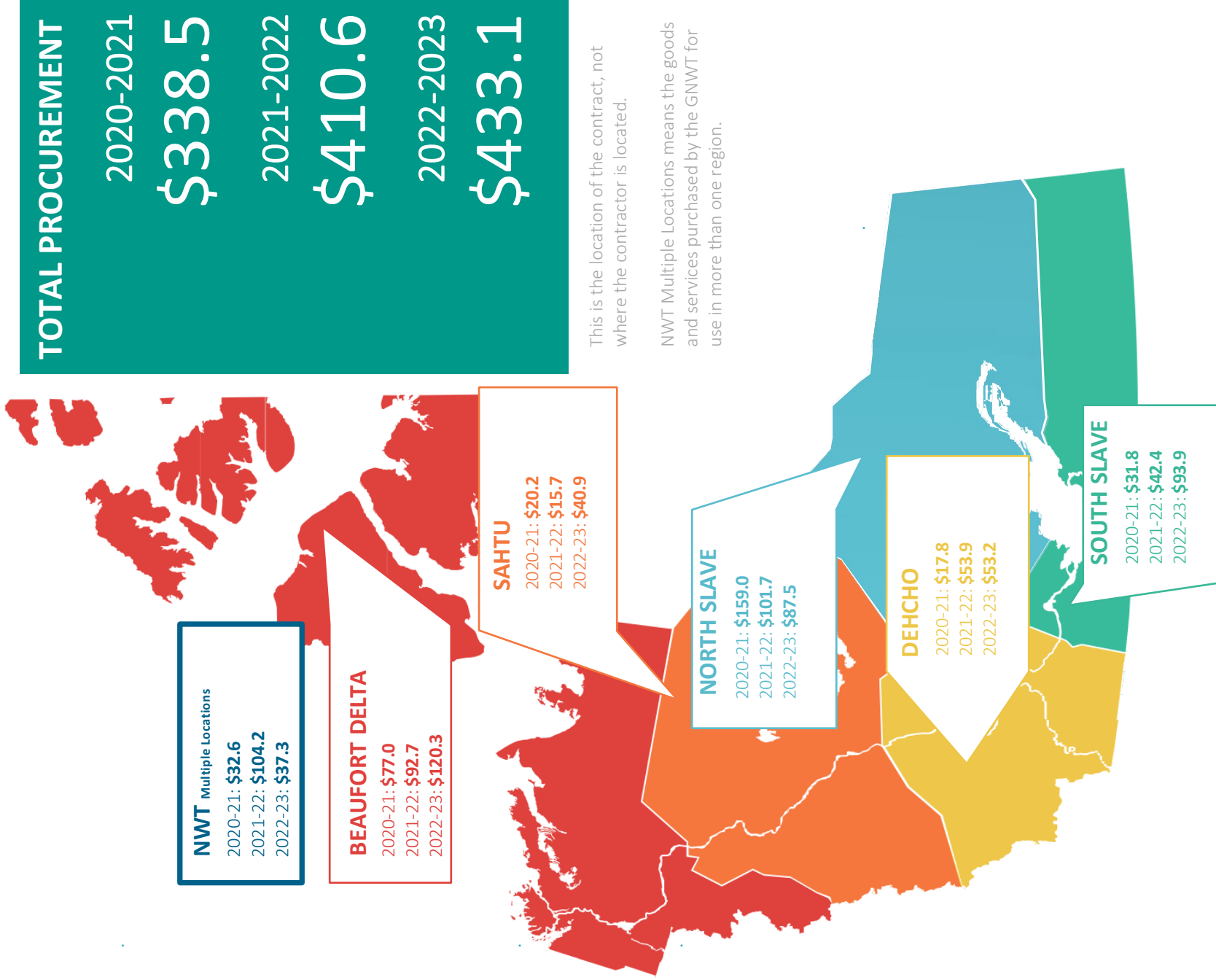


Contract data includes reportable contracts (i.e., does not include contracts that are not publicly reported due to legislative, security, or confidentiality concerns) for all GNWT departments and Housing NWT. The contracts included are greater than \$10k for services and \$25k for goods in accordance with the limits in the Financial Administration Manual.

Looking at the three years of contract data for GNWT departments and Housing NWT, the contract amounts by value to NWT businesses account for on average 75% of the total. When you take into consideration where bids were not received by any NWT businesses and goods and services that are not available in the NWT (such as software licensing) that number is much higher (in 2022-23 these amounts made up 9% of the total).

Where contracts are issued

Figure 2: Total Procurement (in millions) by region

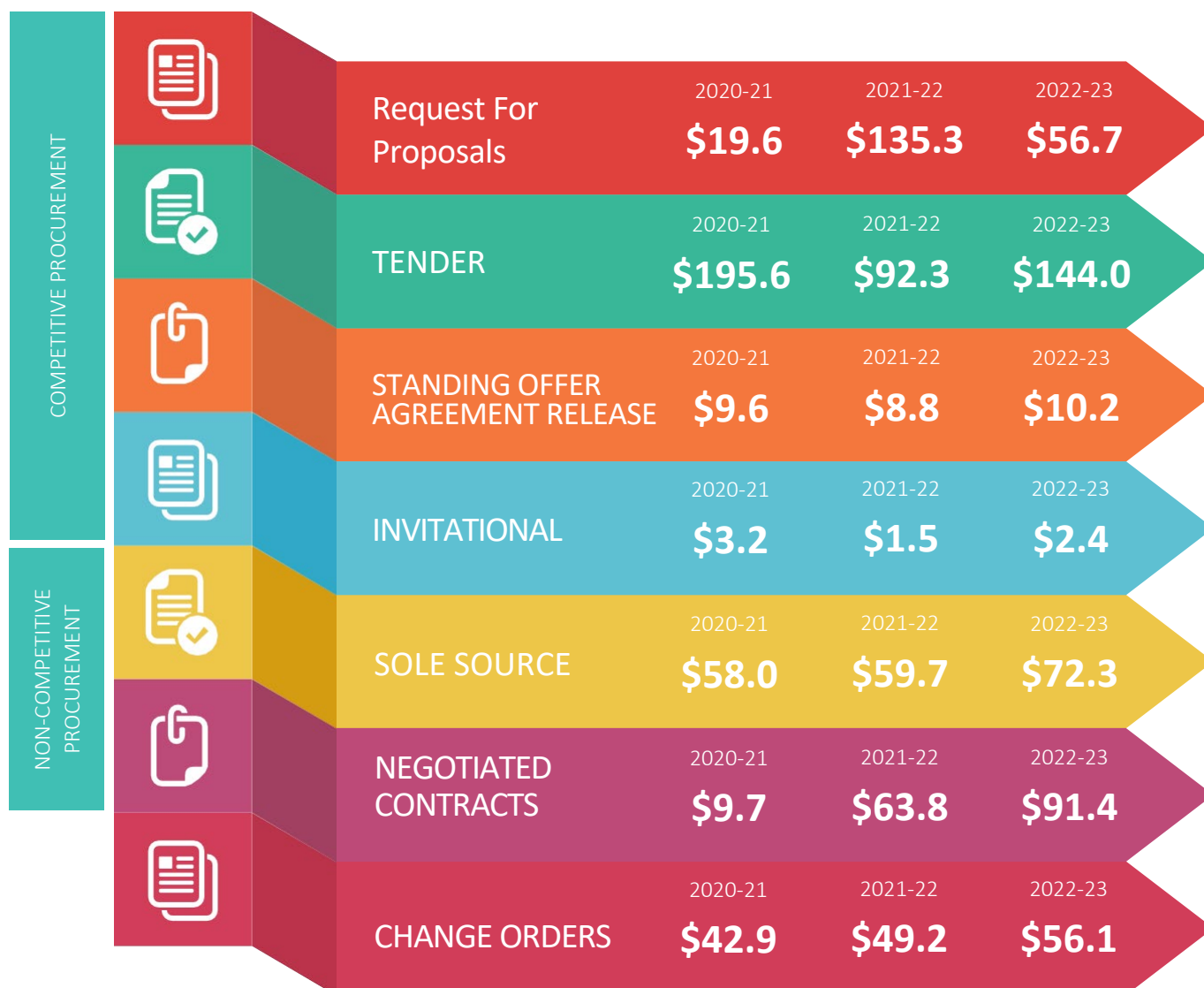


This is the location of the contract, not where the contractor is located.

NWT Multiple Locations means the goods and services purchased by the GNWT for use in more than one region.

How we procured goods and services

Figure 3: Total Procurement (in millions) by procurement method



The breakdown by procurement method will show the percentage of work that is being competitively issued versus sole sources or negotiate contracts.

Looking at the three years of data for contracts issued by the GNWT, the average value of contracts issued under a competitive process, excluding change orders, is 67%. By value, negotiated contracts are highest in 2022-23 and make up 56% of all non-competitive contracts or 24% of the total value of contracts before change orders.

Negotiated contracts are primarily awarded to Indigenous businesses and are approved by Executive Council.

WHAT WE'VE DONE

Highlights from 2020-2023

Procurement 'infographic' data

In 2020, the GNWT released a contracts report that visually displayed procurement data, making the information more accessible. This data is now readily available on the contracts dashboard (see below).

"One Stop Shop" for procurement information

GNWT procurement data has been consolidated into a single online source to make it easier for employees and businesses to access.

Timeliness of payments tracking

Financial and Employee Shared (FESS) Services is tracking the timeliness of accounts payable payments on a quarterly basis. This tracking allows FESS to determine where there may be issues and where it can provide training and other supports for employees.

Vendor Performance Management Policy

The GNWT implemented vendor performance tracking for obligations made to the Business Incentive Policy to create more accountability mechanisms for government procurement and drafted a policy and guidelines expected to be implemented in 2023. This work included changes to the financial system to start tracking this information in a more modernized and efficient way.

Modernizing contracts reporting

The GNWT created an online searchable database that includes graphical representation of the data.

Single point of access implementation

A requirement under the Canadian European Union free trade agreement, the GNWT facilitated the onboarding of contract data required to meet the obligations of municipalities, school boards and health authorities to report public procurements over certain dollar amounts and thresholds to the Federal register.

Including the requirements for contract security and bonding to the Financial Administration Manual

The GNWT formalized its requirements for contract security and bonding requirements in June 2023. The requirements are effective July 15, 2023.

Updated BIP guidelines

There is now one online document that helps clients navigate the Policy, processes and outlining service standards around approvals, renewals and who to contact.

Updated NMPP guidelines

There is one online document that helps clients navigate the Policy, processes and outlining service standards around approvals, renewals and who to contact.

Collaborative work with MTSGP and NWTCOL

The GNWT is working with Indigenous governments on various of procurement-related matters including policy approaches for increasing participation of Indigenous Businesses in GNWT procurement.

Principles for government procurement

In July 2022, the GNWT accepted the following principles that will inform future development of policies and procedures:

1. Honour treaty commitments and support meaningful implementation of treaties;
2. Provide for government procurement that balances the commitment to ensure open, fair and transparent procurement processes that are competitive, deliver value for money and provide direct benefits to NWT residents and NWT businesses, while adhering to treaty obligations and trade agreements;
3. Enhance opportunities for all NWT Indigenous businesses, including ensuring equitable access to government procurement opportunities by all NWT Indigenous businesses through fair and transparent practices;
4. Generate opportunities and maximize employment and capacity development to provide immediate and long-term benefits for NWT residents and NWT businesses;
5. Make it easier to do business with the GNWT, by ensuring that procurement tools and policies are clearly articulated and easily accessible, and that business intelligence is shared in an appropriate and impartial manner; and
6. Balance risks appropriately between all parties by allowing for open discussions and innovative approaches to responsibly address risk exposure for businesses and the GNWT.

WHERE WE ARE GOING

The GNWT has prepared the following implementation plan to address the recommendations in the report. Progress on the plan will be reported on at the end of each fiscal year and tabled in the Legislative Assembly. The implementation plan includes 22 areas that are being addressed under the following five themes:

1. GNWT Procurement Objectives and Strategy
2. Approaches to Indigenous Procurement
3. Maximizing Benefits to NWT Residents and Businesses
4. Enhancing Accountability Mechanisms for Government Procurement
5. Procurement Policy Administration Challenges/Issues

RESOURCES

Relevant legislation

<https://www.justice.gov.nt.ca/en/files/legislation/financial-administration/financial-administration.a.pdf>

<https://www.justice.gov.nt.ca/en/files/legislation/financial-administration/financial-administration.r9.pdf>

Financial Administration Manual

<https://www.fin.gov.nt.ca/en/financial-administration-manual>

Procurement guidelines

https://www.fin.gov.nt.ca/sites/fin/files/resources/gnwt_procurement_guidelines_may_2021.pdf

GNWT Procurement Information including training and contract opportunities

https://www.fin.gov.nt.ca/en/services?combine=&field_service_category_tid=673&field_program_type_tid=All

Contracts dashboard and online search tool

<https://apex.oracle.com/pls/apex/r/contractsregistry/gnwt-contract-reporting/home?tz=-6%3A003>

Other information about the procurement review

<https://www.fin.gov.nt.ca/en/services/8-procurement-review>

IMPLEMENTATION PLAN

Parentheses in the first column of each table refer to a corresponding recommendation from the Independent Panel

GNWT Procurement Objectives and Strategy

What are we addressing?	GNWT's recommendations	Status (timeline)	Lead dept	Description	Anticipated impact
Lack of common objectives and principles that will apply to all procurement (1)(3)	The GNWT will reaffirm its principles related to government procurement.	Complete	EIA	Government procurement principles were approved and announced publicly in November 2022.	An overarching set of principles for government procurement will inform new and changes to existing GNWT procurement policies and practices.
Procurement policies scattered across different departments (2)	The GNWT will ensure that all procurement related policies are centralized from a user-based perspective.	Complete	FIN	<p>The Financial Administration Manual section 700, approved by FMB in 2016, contains a section dedicated to procurement with all related policies and rules in one place.</p> <p>Finance created a one stop shop procurement website with the objective of including all related procurement information in one place which includes the procurement guidelines which references every procurement related policy.</p> <p>The Procurement Procedures Committee as established in 2016 will continue to review and update procurement practices across all of the GNWT.</p> <p>The training delivered by PSS is based on the procurement guidelines which centralizes all procurement related policies</p>	While policies related to government procurement may be under different departments, the overarching procurement guidelines, FAM and the website contain all necessary procurement information as well as the oversight of changes is in one place.
Accountability and ownership of procurement policies vague (7)(8)(9)(37)(38)(44)	Develop and communicate the ownership of policies and oversight processes.	September 2023	FIN	External and internal communications to describe the accountability and oversight of procurement across the GNWT.	To ensure internal and external stakeholders are aware of the oversight over procurement and where they can find more information about GNWT procurement policies and practices.
Whether the GNWT has sufficient resources for procurement (10)(11)	Review the current resources in PSS including training opportunities.	March 2024	FIN	Review procurement data and determine whether the resources are adequate and what further training and development opportunities can be provided.	To ensure PSS has the support and resources they require.

Approaches to Indigenous Procurement

What are we addressing?	GNWT's recommendations	Status / timeline	Lead dept	Description	Anticipated impact
The GNWT does not have an Indigenous Procurement Policy (48)(49)(50)	Determine approach to increase Indigenous participation in GNWT procurements.	In progress	EIA	<p>The GNWT is committed to collaborating with the NWT Council of Leaders and Modern Treaties and Self Government Partners to collaborate in exploring ways to promote the inclusion of NWT Indigenous businesses and individuals more effectively in GNWT procurement policies and develop an approach that reflects the interests of the parties and recognizes the need to ensure the implementation of modern treaty obligations.</p> <p>The GNWT has implemented a multi-department working group, lead by EIA, to coordinate GNWT efforts and provide consistency in its engagements with both MTSGP and NWTCOL officials.</p> <p>Engagements have been ongoing since January 2021 and included:</p> <ul style="list-style-type: none"> • Review of Panel report and recommendations. • Confirmation of GNWT Procurement Principles • Draft MTSGP and NWTCOL common procurement principles • Jurisdictional Scan • Discussion of definition of Indigenous Business for purposes of GNWT policy • Introduction of potential policy mechanisms. 	<p>GNWT Procurement Principles provide structure for engagement.</p> <p>Definition of Indigenous business may address concerns of inconsistent application of policy and aid data collection and reporting.</p> <p>New policies directed toward Indigenous participation in GNWT procurement should increase participation, enhance capacity, and provide more effective policy tools that support the implementation of modern treaty obligations.</p>

Maximizing benefits for NWT residents and businesses

What are we addressing?	GNWT's recommendations	Status / timeline	Lead dept	Description	Anticipated impact
<p>There is an opportunity to increase procurements to NWT businesses by being more strategic with procurement and improving communication on capital projects. (4)</p>	<p>It is proposed that the GNWT, by way of the capital plan, consider how to maximize capacity in the NWT and enhance communications about capital projects.</p>	<p>March 2024</p>	<p>FIN and INF</p>	<p>The updated capital planning process, starting with the 2023-24 capital estimates, has provided for a more realistic picture of what can be completed.</p> <p>Further enhancements to the capital planning process will include a regional view of projects with the intent of managing the number of projects more strategically.</p> <p>Continue with industry days and look at options for a GNWT procurement open house to provide information to suppliers on our training and what we can do to support them.</p> <p>Review what types of communication for capital projects can be provided.</p>	<p>To maximize the benefits of the government spend on capital projects within the NWT.</p>
<p>To ensure BIP is achieving its objective (12) (13)(15)(16)(17)(18)(19)(20)(21)(22)(23)(24)(25)(26)(27)</p>	<p>Complete an evaluation on BIP including:</p> <ul style="list-style-type: none"> a. Eligibility criteria b. Schedule 3 c. Adjustment levels <p>Determine whether any changes are required to meet objective.</p>	<p>Ongoing</p>	<p>ITI</p>	<p>A review has been completed resulting in a proposed updated definition of a northern business which will result in the removal of Schedule 3 from the BIP.</p> <p>There will be no further adjustments made to BIP for adjustment levels unless they relate to Indigenous Procurement.</p> <p>Faster turnaround times for qualifying applicants.</p>	<p>Once implemented, the GNWT will be in a better position to attract investment from outside of the NWT in all sectors and those businesses that set up a physical location and hire NWT residents will be able to apply for BIP within 6 months instead of the previous 12 months. The criteria to qualify is more flexible without sacrificing the benefits to the NWT and it will be more closely tied to hiring NWT employees than it was previously.</p>

What are we addressing?	GNWT's recommendations	Status / timeline	Lead dept	Description	Anticipated impact
Increase procurement opportunities for NWT residents and businesses using clauses in trade agreements. (5)(13)(14)(40)	Determine whether opportunity exists in trade agreements that could support more procurement to NWT businesses under the thresholds.	March 2024	FIN	<p>The ability to provide preferential opportunities to NWT businesses within the current trade agreements is limited but the GNWT will continue to look at these potential opportunities. Where there is more flexibility is with respect to Indigenous Procurement and that will be addressed under the IPP recommendation.</p> <p>The GNWT has to-date been actively supporting NWT businesses through trade agreement negotiations by ensuring the limits to BIP have been protected. It is anticipated that the GNWT will continue to do so at future tables.</p>	The GNWT will continue to support BIP at future trade tables to ensure that qualifying businesses are supported and provided preference during competitive procurements.
Complete NMPP strategy action items. (35)(36)	GNWT continue to develop and expand the category management approach for manufactured goods, as outlined in the "Approaches to Strategic Procurement" section of the Strategy.	Admin changes by Oct 2023, policy changes to occur in 2024	ITI	<p>Review the GNWT procurement definition of manufacturing for the NMPP.</p> <p>Update approved product listings to include a range of product categories.</p> <p>Revise NMPP, maintain the demonstrated ability to readily manufacture the product is sufficient to maintain a products listing.</p> <p>Move toward a transparent bid adjustment mechanisms within the NMPP</p>	Since the report was presented in 2019, there have been numerous shifts not only in the manner in which business is conducted but also in the priorities that are placed in the manufacturing sector since the Covid-19 Pandemic. Ensuring that all GNWT departments are supporting those approved manufactures and reducing red tape for the industry is the main focus.
There is opportunity to increase procurements to NWT businesses by changing RFP terms to include more points for NWT businesses. (5)	Include local knowledge, experience, employment and training in the evaluation criteria.	March 2024	FIN	<p>Community engagement already exists in RFPs.</p> <p>Review the possibility of increasing points and revising criteria to include local knowledge under the trade agreement thresholds. (training, opportunities and local labour are already included in community engagement)</p>	To ensure that maximum points are allowed during the RFP process to promote and provide a benefit in the procurement process for local knowledge, employment and training.
Need for clear guidance in relation to negotiated contracts (42)	Develop processes, procedures or other instruments for implementation of the Negotiated Contracts Policy	Fall 2023 and Ongoing	EIA	New instruments will be developed, including to standardize processes and procedures under the Negotiated Contracts Policy, clarify its purpose and communicate requirements.	Enhanced understanding of and streamlining of processes under the Negotiated Contracts Policy, promoting consistency, achieving efficiencies and making it easier to do business with the GNWT

What are we addressing?	GNWT's recommendations	Status / timeline	Lead dept	Description	Anticipated impact
P3 policy could be amended to increase Indigenous Business participation (45)	Determine approach to increase Indigenous Business participation in P3s.	To be determined after the IPP.	FIN	There are no P3s in the current capital plan therefore the policy can be reviewed upon completion of an IPP.	An increase in Indigenous Business participation in P3s.
The Leasing of Improved Real Property Policy has not been updated since 1998.	The GNWT will review the Leasing of Improved Real Property Policy.	2024	INF	Complete a review of this policy and report on it through the procurement review work plan.	That the policy maximizes the benefits of leasing to NWT businesses and residents.
There is language in GNWT contracts that has been raised as an issue by businesses.	Review GNWT contract templates specifically indemnity clauses, clauses with force majeure and including warranty terms.	September 2024	FIN	To review the language in GNWT contracts specific to these clauses and compare to other language in the industry to determine whether any changes should be made and make any required changes.	To ensure that GNWT contract language is not unnecessarily burdensome for contractors related to these specific clauses.

Enhancing accountability mechanisms for government procurement

What are we addressing?	GNWT's recommendations	Status / timeline	Lead dept	Description	Anticipated impact
The GNWT needs to continue with its vendor Performance Management project (28) (29)(30)	To create a vendor performance management policy and guidelines to create more accountability specifically starting with contractors meeting BIP obligations.	August 2023	FIN	The policy will soon be in effect starting with construction contracts over \$250k with a focus on BIP obligations. There is a payment adjustment as a result of contractors not meeting their obligations. System changes have been made in the financial system to allow for better tracking, training has been provided to project officers and guidelines have been developed.	This Policy is intended to provide a formal means of effectively and consistently managing vendor performance under GNWT contracts.
Desire for more transparency and accountability in relation to negotiated contracts (43)	Develop processes, procedures or other instruments for implementation of the Negotiated Contracts Policy	October 2023 and Ongoing	EIA	New instruments will be developed, including to clarify obligations under the Negotiated Contracts Policy in relation to the collection and reporting of data.	Enhanced monitoring and understanding of outcomes from negotiated contracts
Need for more transparency in contracts reporting (46)(47)	Review the past P3 project reporting for potential enhancements.	2024-25	FIN	With no immediate P3 projects anticipated, this will be addressed in the longer term.	To ensure the public has been provided with sufficient reporting when P3 projects are under construction.
Need for more transparency in contracts reporting (Overall)	The GNWT will enhance its reporting of contracts issued (overall).	Complete	FIN	A new online dashboard with contract data has been completed.	The GNWT had been providing contracts reports using excel spreadsheets. There was a desire for there to be a more accessible way to access the data and a searchable database was created that also provides information in a graphical format.
To ensure the vendor complaint process is meeting its objective; suppliers would like a better process for complaints. (6)	The GNWT will review the requirements for an appeal process under the trade agreement as well as to determine whether the vendor complaint process is meeting its objective using the Government Renewal Initiative framework.	October 2023	FIN	Through the Government Renewal Initiative, the GNWT is reviewing the Vendor Complaint Process to determine if it is meeting its objective. The work will be reviewed by an independent fairness advisor. The review process will include requirements under the free trade agreement.	To ensure that the Vendor Complaint Process is meeting its objective.

Procurement policy administrative challenges/issues

What are we addressing?	GNWT's recommendations	Status / timeline	Lead dept	Description	Anticipated impact
Reduce administrative Requirements of BIP (31)	Develop and implement processes to reduce the need for large scale re-registration efforts	Complete	ITI	Guidelines including the renewal process with expectations and service standards posted on the ITI website and shared with Regional staff to share with their clients.	More clarity provided around BIP.
Applicants would like to know more about BIP eligibility or ineligibility when applying (32)(33)	The GNWT's RQC currently already outlines the reasons a business is not approved or revoked through phone discussions with the business as well as a formal letter signed off by the Chair of the RQC explaining what part of the requirements they do not meet. The GNWT will explore other ways to address this concern.	October 2023	ITI	The BIPMO established service targets for turnaround times for eligibility decisions and will make service targets public.	More clarity to candidates about the service level standards to receive decisions on their BIP applications.
Perception on need for greater training of GNWT procurement policies/procedures (internal and external) (34)(41)	The GNWT will ensure that training being provided is covering the required areas based on feedback.	March 2024	FIN	The GNWT has increased the training it has provided. The GNWT will engage with stakeholders to determine what other training would be desired.	To ensure that the training needs within the GNWT and externally are being met.

APPENDIX A

Summary of Recommendations from the Procurement Review Panel

A summary version of the recommendations made in the report is provided below. For detailed recommendations, please refer to the end of each of the relevant sections of the [Report of Procurement Review Panel](#).

Recommendations on procurement principles and objectives

1. Establish common objectives and principles that will apply to all procurement.
2. Consolidate existing procurement policies and ensure they are internally consistent and coherent.
3. Incorporate the desired use of procurement for strategic purposes into procurement objectives.

Recommendations on using procurement to support strategic objectives

4. GNWT assign responsibility and resources to develop a strategic procurement plan.
5. GNWT move quickly to implement simple steps to improve the impact of procurement for local, NWT and Indigenous businesses, such as:
 - a. Including local knowledge, experience, employment and training in the evaluation criteria; and
 - b. Developing strategies and procedures for the use of exemptions and exceptions available under the various trade agreements.
6. GNWT augment the processes available to suppliers to support resolution of complaints and concerns.

Recommendations re: Governance and Organization

7. Overall responsibility for procurement policy, including responsibility for development and management of procurement as a strategic tool, be consolidated into one area.
8. There is a clear assignment of a senior executive responsible for oversight of strategic functions and procurement transformation.
9. The responsibility and accountability for core and strategic procurement functions be assigned to ensure there are no gaps and that any distribution of roles between corporate and line operations is clear.
10. The skills and positions required to support strategic procurement functions are identified and assessed, and training and transition plans are developed and implemented to put those skills and positions in place.
11. GNWT assess whether additional positions are required to support the procurement function to address shortfalls in current services as well as new expectations for strategic oversight and support.

Recommendations on the Business Incentive Policy

12. The Panel recommends the BIP focus on two key objectives:
 - a. Offset the higher cost of doing business incurred by NWT and local businesses bidding on government contracts, and

- b. Maximize the benefits arising from procurement for NWT residents.
13. The Government Contracts Regulation and either BIP or a consolidated purchasing policy be amended to clearly enable the use of “set asides” and limited competitions for contracts up to trade agreement thresholds.
 14. GNWT establish criteria and procedures for the use of limited competitions and, as part of the spend analysis actions recommended earlier, identify potential procurements that would provide the best return on investment through limited competitions.
 15. GNWT establish an evaluation framework for the BIP and:
 - a. Evaluate the effectiveness of bid adjustments on the current success rate of BIP-registered companies in obtaining government contracts (both as prime and sub-contractors).
 - b. Identify and set targets for the percentage of contracts or contract spending to be awarded to NWT and local businesses, potentially as a government-wide measure to begin with and as data and experience grows, by department.
 - c. Report annually on progress towards these targets and the success rates of BIP-registered companies.
 16. For the purposes of eligibility for the BIP, an NWT business:
 - a. Meets all the following criteria:
 - i. Maintains a place of business year-round in the NWT with a physical address for the primary purpose of operating the business*;
 - ii. Is subject to the NWT Income Tax Act; and
 - iii. If a corporation, is registered under the Business Corporations Act (NWT or Canada) or Co-operatives Association Act (NWT) and holds a current business licence issued by an NWT municipal corporation of the GNWT.
 - b. Meets at least one of the following two criteria:
 - i. is at least 51% owned by NWT residents; – if a partnership, is majority owned by NWT residents or one or more entities that meet all of the criteria in part (a), – if a sole proprietor, the sole proprietor is an NWT resident, or
 - ii. has NWT residents as the majority of employees conducting its operations within NWT and has a resident manager overseeing its NWT operations. * This may be a portion of a residential space
 17. The definition of NWT resident be changed to an individual who is normally resident in the Northwest Territories and when requested can provide documentation supporting residency, such as a valid NWT Healthcare card or NWT driver’s licence or other such identification that is deemed acceptable.
 18. Schedule 3 be eliminated once all currently listed firms have been advised of requirements to establish eligibility under the new definition and have had a reasonable amount of time to make that transition.

19. The BIP bid adjustments remain at their current rates (15% NWT and 5% Local). For clarity, no change is proposed to the definitions of NWT or Local content.
20. A new threshold of \$2M be established for the application of the 15% NWT and 5% local adjustments (increased from the current threshold of \$1M).
21. In procurements that contain a labour component, labour will be scored separately from goods and services and the provision of NWT and local labour will each be adjusted by a further 5% on the first \$2M. For clarity, the 15% and 5% Local adjustments are applied on the total value of NWT and Local content (including Labour) up to \$2M, and an additional 5% NWT Labour and an additional 5% Local labour adjustment are applied to the labour component of a bid up to \$2M.
22. A new category of “Cost of Living Offset” be established for BIP-registered businesses located in the Sahtu, Dehcho and Beaufort Delta regions that applies an additional 5% on all bids on contracts valued below \$1M for goods, services and labour provided by businesses located in those regions (irrespective of where the work will take place or whether the business is a prime or sub-contractor).
23. The total cumulative bid adjustments will not exceed 25%. For reference, this would enable maximum bid adjustments of: – \$250,000 on a \$1M bid, and – \$1,500,000 on a \$23M bid (compared to the current \$500,000).
24. The BIP adjustments above \$2M be revised to 2% NWT and 2% local.
25. A BIP cap remain in place but be increased to \$1,500,000.
26. The BIP be integrated into a consolidated purchasing policy, and that the application of bid adjustments to RFPs be clarified and consistent with the application to tenders.
27. That any adjustments to the current BIP rates and cap only be made once:
 - a. An evaluation framework and benchmark measures are in place to assess whether new bid adjustments are making the desired contribution to the objectives of increasing participation of NWT-based businesses and increasing the success rate of BIP-registered firms, and encouraging increased use of NWT-resident labour and subcontractors; and
 - b. There has been adequate communications, outreach and training provided to contracting authorities and the supplier community to support implementation of the new rate structure.
28. Establish the appropriate authority in policy to enable the use of penalties and incentives in vendor performance management, including potentially both financial penalties and bidder disbarment.
29. Increase enforceability of BIP commitments by:
 - a. Proceeding with the implementation of the planned Vendor Performance Management program and establishing procedures to enable an appropriate range of actions to be taken that are commensurate with the scope and frequency of vendor failures to meet those commitments. GNWT could also consider the use of incentives to support contractors that exceed their BIP commitments.
 - b. Clarifying roles and responsibilities among GNWT staff with respect to carrying out all aspects of contract monitoring and supporting compliance.

30. Add a requirement to the BIP substantiation sheet for proponents claiming BIP registration to certify that their business continues to meet the eligibility criteria and acknowledging that knowingly submitting false information could lead to a period of disbarment from bidding on GNWT contracts.
31. Develop and implement processes to reduce the need for large scale re-registration efforts, including establishing that BIP-registered businesses have a responsibility to ensure the BIP office is provided accurate and current information pertaining to eligibility, and adopting the use of spot audits. Vendors that neglect to provide accurate information, when it would result in loss of BIP eligibility, may be subject to a period of disbarment from GNWT contracts.
32. The Regional Qualifications Committees provide written confirmation of the criteria met and not met by a business seeking registration that are shared with the BIP Monitoring Office and the applicant.
33. The BIP Monitoring Office establish service targets for turn-around times for eligibility decisions.
34. Ensure adequate training and guidance are provided to contract authorities to understand the spirit, intent and importance of supporting NWT, local and Indigenous businesses through procurement, and to effectively administer bid adjustments.

Recommendations on the Northern Manufactured Products Policy

35. GNWT continue to develop and expand the category management approach for manufactured goods, as outlined in the “Approaches to Strategic Procurement” section of the report.
36. GNWT place a high priority on implementing the actions already identified in the Manufacturing Strategy, including potentially revising the NMPP to use a bid adjustment approach and establishing a “pathfinder” role to support the planning and communication of procurement opportunities that can engage the NWT manufacturing sector.
37. The NMPP be integrated into a consolidated purchasing policy.

Recommendations on Negotiated Contracts

38. The Negotiated Contracts Policy be incorporated into a consolidated purchasing policy.
39. The Negotiated Contracts Policy be revised to:
 - a. Enable and encourage identification of potential negotiated contract initiatives by GNWT staff (as well as by proponents) as early in the planning process as possible; and
 - b. Remove the strict requirement to consider whether MLAs and local governments support a proposed contract.
40. GNWT establish procedures to determine when and how negotiated contracts could be used to take advantage of the exceptions and exemptions available under the current trade agreements.
41. GNWT provide training and clear procedures to GNWT staff to ensure awareness of the policy’s objectives and of how to identify and assess potential negotiated contract initiatives.
42. GNWT develop and publicize clear guidance concerning how proposals for negotiated contracts can be provided to GNWT by contractors or Indigenous governments and businesses, including the required content of these proposals.

43. GNWT produce and make available regular reports on the outcomes and benefits achieved through negotiated contracts.

Recommendations on Public Private Partnerships (P3s)

44. The P3 Policy be incorporated into a consolidated Purchasing Policy for GNWT.
45. The P3 Policy's objectives include the intention to consider the opportunity to engage with Indigenous governments on each P3.
46. GNWT review the P3 Management Framework to clarify responsibility for monitoring and managing compliance with subcontracting and local labour provisions in P3 agreements.
47. The value for money assessment reports and regular updates on progress, milestones and benefits achieved be made available on the Department of Finance's P3 website.

Recommendations on increasing Indigenous participation in procurement

48. Government – to – government dialogues are undertaken to collaboratively develop and implement an approach to advance Indigenous participation in procurement and to identify opportunities to maximize the benefits from procurement for Indigenous people and businesses within NWT. The Panel encourages consideration of the approach used in Yukon for the development of the Yukon Government's First Nations Procurement Policy.
49. GNWT develop a data collection plan and begin collecting and analyzing data concerning the participation of Indigenous businesses in procurement.
50. As an interim measure while government-to-government dialogue concerning Indigenous procurement is underway, GNWT consider increased sharing of procurement plans with Indigenous governments to identify potential opportunities for Indigenous participation, including the use of negotiated contracts