



MR. SHANE THOMPSON
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MAR 12 2018

Oral Question 122-18(3)

Procurement Policies and Impacts on Non-Governmental Organizations

Thank you for your questions on February 20, 2018, regarding Procurement Policies and Impacts on Non-Governmental Organizations (NGOs). During our exchange, I committed to look into why the Business Incentive Policy (BIP) application process does not recognize the provision under the *Northwest Territories (NWT) Societies Act* that an NGO can be deemed as an incorporation.

The *NWT Societies Act* does address incorporation. The BIP functions within the NWT legislative framework, including the *NWT Societies Act*. Both legislation and policy may set parameters under which a jurisdiction is acted upon or a program is delivered. In administering the BIP, an issue was presented that registering an NGO would lead to significant market advantages due to differing funding and tax arrangements applicable to NGOs. For this reason it was determined that the BIP limits its scope to those incorporated enterprises under comparative funding and tax structures.

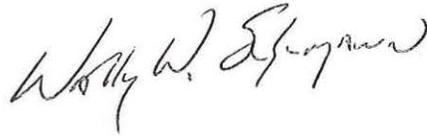
The BIP requires a business to be either a corporation or co-operative where at least 51 percent voting shares are beneficially owned by NWT residents, a partnership where the majority interest is owned by NWT residents, or sole proprietorship owned by an NWT resident. Unincorporated NGO's do not meet these requirements. However, if a society organization applies to be incorporated or owns a business, that business may apply under the BIP for approved northern status. The society's by-laws must clearly permit the organization to establish a legal entity business.

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The Government of the Northwest Territories may enter into a contract with a society organization, although under the definitions of the BIP, these organizations are not considered profit-making entities and are not eligible for registration under the policy or for a bid adjustment or Request for Proposal points.

For ease of reference, this information is also available on the BIP website:
www.itl.gov.nt.ca/programs-services/business-incentive-policy

Thank you for your interest in this matter. I trust this information addresses your questions.



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Minister
Industry, Tourism and Investment

c. Mr. Tom Jensen, Deputy Minister
Industry, Tourism and Investment

Mr. Tim Mercer
Clerk of the Legislative Assembly

Mr. David Hastings
Legislative Coordinator