



DEVELOPMENT OF AN INDIGENOUS PROCUREMENT POLICY

WHAT WE HEARD

POLITIQUE D'APPROVISIONNEMENT AUPRÈS DES AUTOCHTONES

RAPPORT SUR CE QUE NOUS AVONS ENTENDU

Le présent document contient la traduction française du sommaire.

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EXECUTIVE SUMMARY

The Government of the Northwest Territories (GNWT) is developing an Indigenous Procurement Policy (IPP) to enhance economic opportunities for Indigenous businesses in the NWT. This initiative is grounded in the GNWT's commitment to reconciliation and economic inclusion, and aims to define what constitutes an NWT Indigenous business and identify mechanisms to support their participation in government procurement.

ENGAGEMENT OVERVIEW

Public engagement was conducted in April and May 2025, targeting NWT businesses and business organizations. Feedback was collected through individual and public meetings, an online survey, and written submissions, with 183 individuals participating. Ongoing engagement with Indigenous governments and organizations is also informing policy development.

KEY THEMES FROM ENGAGEMENT

Definition of Indigenous Business

- Broad support exists for a definition based on NWT presence and majority Indigenous ownership, control, and economic benefit.
- Diverse views emerged on whether to include Indigenous peoples from outside the NWT who reside in the territory, however the strongest support was received for a more limited definition.
- Concerns were raised about potential misuse of the policy through “shell companies” or superficial partnerships.

Verification and Accountability

- Strong support for a robust verification process, including proof of Indigeneity and active business involvement.
- Suggestions included leveraging existing verification systems and involving Indigenous governments in the process.

Procurement Approaches

- **Approach #1:** Prioritizing local Indigenous businesses for contracts under \$25,000 received broad support.
- **Approach #2:** A 5% bid adjustment for Indigenous businesses was generally supported, though many advocated for higher or lower adjustments or regional scaling.
- **Approach #3:** Targeted work packages received mixed feedback, with concerns about

complexity and contractor autonomy.

General Feedback

- Emphasis on supporting NWT-based businesses and ensuring procurement benefits local communities.
- Calls for improved contractor accountability, simplified procurement processes, and better support for Indigenous business development.

CONCLUSION

The engagement revealed a wide range of perspectives and valuable insights that will inform the development of a fair, effective, and inclusive Indigenous Procurement Policy. The GNWT acknowledges the importance of continued dialogue and transparency as the policy evolves.

SOMMAIRE

Le gouvernement des Territoires du Nord-Ouest (GTNO) élabore actuellement une politique d'approvisionnement auprès des Autochtones (PAA) afin d'améliorer les perspectives économiques des entreprises autochtones des Territoires du Nord-Ouest (TNO). Se fondant sur l'engagement du GTNO envers la réconciliation et l'inclusion économique, cette initiative vise à définir ce qu'est une entreprise autochtone ténosé, et à déterminer les mécanismes qui soutiennent la participation de ce type d'entreprise aux activités d'approvisionnement du gouvernement.

RÉSUMÉ DU MANDAT

Des échanges avec le public ciblant des entreprises ténosées et des associations d'entreprises ont eu lieu en avril et en mai 2025. Les commentaires des 183 participants ont été recueillis par l'entremise de rencontres individuelles et de réunions publiques, d'un sondage en ligne, et de courriels. Des échanges en continu avec les gouvernements et les organisations autochtones façonnent également l'élaboration de politiques.

PRINCIPAUX THÈMES DES ÉCHANGES

Définition d'une entreprise autochtone

- Une définition obtient un grand soutien : elle est fondée sur la présence aux TNO de l'entreprise et sur le fait qu'elle est détenue et contrôlée à majorité autochtone et apporte des avantages économiques aux Autochtones.
- Divers points de vue ont été exprimés sur l'inclusion de personnes autochtones qui habitent aux TNO sans en être originaires. Cependant, c'est une définition limitée qui a remporté le plus d'appuis.
- Des préoccupations ont été soulevées quant à un éventuel mauvais usage de la politique par l'entremise de sociétés fictives ou de partenariats superficiels.

Vérification et reddition de comptes

- Un processus de vérification sérieux, comprenant une preuve d'autochtonité et une participation active dans des entreprises autochtones, a bénéficié d'un soutien important.
- Entre autres suggestions proposées, mentionnons l'optimisation des systèmes de vérification existants et la participation des gouvernements autochtones dans le processus.

Approches en matière d'approvisionnement

- **Approche n° 1** : La priorisation des entreprises autochtones locales pour l'octroi de contrats de moins de 25 000 \$ a reçu un grand soutien.
- **Approche n° 2** : L'ajustement de 5 % pour les soumissions d'entreprises autochtones a été soutenu en général, bien que plusieurs personnes aient préconisé des ajustements supérieurs

ou inférieurs à 5 % ou une mise à l'échelle régionale.

- **Approche n° 3 :** Les lots de travaux ciblés ont généré des sentiments partagés, entre autres des préoccupations liées à la complexité des travaux et à l'autonomie des entrepreneurs.

Commentaires généraux

- Accent mis sur le soutien aux entreprises ténoises et sur l'assurance que l'approvisionnement profite aux collectivités locales.
- Nécessite l'amélioration de la reddition de comptes des entrepreneurs généraux, des processus d'approvisionnement simplifiés et un meilleur soutien au développement des entreprises autochtone.

CONCLUSION

Les échanges ont mis en lumière un grand éventail de points de vue et des perspectives valables qui façonneront l'élaboration d'une politique d'approvisionnement autochtone juste, efficace et inclusive. Le GTNO reconnaît l'importance d'un dialogue constant et de la transparence au fur et à mesure que la politique évolue.

INTRODUCTION

The Government of the Northwest Territories (GNWT) is committed to developing an Indigenous Procurement Policy that supports Indigenous businesses of the Northwest Territories (NWT) for GNWT procurement opportunities.

The two main components of the policy are:

1. defining an NWT Indigenous business; and
2. identifying potential approaches to enhance opportunities for NWT Indigenous businesses in GNWT procurement opportunities.

Public engagement took place in April and May 2025 to inform the development of an Indigenous Procurement Policy.

The engagement specifically targeted businesses and business organizations in the NWT to help inform the development of the policy. Discussion and questions, especially at individual and public meetings were intentionally open-ended and exploratory to capture as many ideas, suggestions and concerns as possible.

Engagement with Indigenous governments and Indigenous organizations is ongoing throughout policy development. While the views of Indigenous governments and Indigenous organizations are not specifically included in this report, feedback from businesses have included many of the same suggestions and perspectives.

METHODOLOGY

Multiple options were made available to provide feedback and input on the development of the policy.

To share information about the public engagement opportunity, on April 16, 2025,

- An engagement opportunity was opened on the Have Your Say website
- The GNWT issued a Public Service Announcement
- Emails were sent to NWT business organizations and businesses registered under the Business Incentive Policy (BIP) as of April 10, 2025, where a contact email was listed.

Public engagement meetings in communities were advertised by posters leading up to the event as well as social media posts.

In total, feedback was received from 183 individuals (some individual may be counted twice if they provided feedback in multiple ways).

INDIVIDUAL MEETINGS

A total of 32 meetings were held with individual businesses which included a total of 45 individual participants. Meetings tended to be roughly 1 hour in duration and were held in person and virtually.

PUBLIC MEETINGS

Public meetings were held in 7 communities as well as 1 virtual option. A total of 40 individuals attended the public engagement meetings representing 24 businesses.

Community	Meeting Date	Businesses Represented	Individual Attendees
Norman Wells	April 29, 2025	1	3
Inuvik	May 6, 2025	7	9
Tuktoyaktuk	May 7, 2025	1	4
Hay River	May 12, 2025	5	9
Fort Smith	May 13, 2025	3	3
Fort Simpson	May 27, 2025	1	3
Virtual	May 28, 2025	2	2
Yellowknife	May 29, 2025	4	7
Total		24	40

ONLINE SURVEY

A survey was posted on the Have Your Say website and was available for 6 weeks until the end of May 2025. In total, 92 surveys were completed.

WRITTEN FEEDBACK

Written feedback was received by email from 6 individuals.

WHAT WE HEARD

BUSINESS DEFINITION

The following is the potential definition of an NWT Indigenous Business which was shared publicly for discussion and consideration:

A business registered under the Business Incentive Policy in which Indigenous peoples who are recognized members and descendent of a First Nations, Métis, or Inuit people indigenous to the present boundaries of the NWT have majority (more than 50%) of realized economic and monetary benefits, and majority (more than 50%) management control of the business.

Feedback on who would benefit

There was a diverse range of support for who would should benefit from a potential IPP especially regarding whether the definition of an NWT Indigenous business should be limited to “Indigenous peoples who are recognized members and descendent of a First Nations, Métis, or Inuit people indigenous to the present boundaries of the NWT” or if it should be more open to include “Indigenous peoples of Canada (as defined by s.35 of the Constitution Act) that are resident in the NWT”.

There was recognition of the trade-off between making the definition broader to be more inclusive versus keeping it more limited to guard against businesses being able to unfairly take advantage of the policy.

Some respondents noted the importance of clarifying that development corporations owned by Indigenous governments and Indigenous organizations should be clearly listed as meeting the definition. Another suggestion was to provide additional supports for businesses owned by Indigenous women.

There was some support for making the definition and/or verification process scalable where sole proprietorships might have a more simple, straightforward definition while larger, more complex organizations would likewise have a more detailed, more complex definition and verification process.

There was a fair amount of discussion around creating tiers for the definition similar to other jurisdictions, where bid adjustments would increase in line with increasing levels of Indigenous ownership and/or other attributes like the percentage of employees who are Indigenous. Many respondents also noted that this tiered approach may not work as well in the NWT where the BIP is already in effect with potential for a 20% bid adjustment.

It was noted that many people could be left out of this definition including:

- people adopted out of territory but have now returned;
- Indigenous governments with traditional territories in the present boundaries of NWT but not based here;
- people who identify as Indigenous and/or non-Status Indigenous people;
- Indigenous businesses based outside of the NWT but who are traditionally from the NWT;
- businesses with less than 50% Indigenous ownership;
- businesses that mainly employ Indigenous people but are not owned & controlled by Indigenous people;
- Indigenous people in Canada whose status is from outside the NWT;
- businesses transitioning to Indigenous ownership;
- joint ventures; and
- businesses owned by a non-indigenous person who is the spouse of an Indigenous person.

Feedback on the Geographical Location / Residency

Many individuals commented on the importance of businesses being based in the NWT and there was a significant amount of support for businesses needing to be registered under the Business Incentive Policy as an aspect of being considered an NWT Indigenous business. Additionally, there was a fair amount of support received for including Indigenous people who are long-term residents of the NWT or have strong family, cultural, or economic ties to the territory, even if their band or registration is based outside the current boundaries. At the same time, there was much concern expressed about Indigenous-owned businesses “from the south” having an advantage over “northern based businesses.”

There was some support for including Indigenous people traditionally from outside the NWT but who have lived in the NWT for a certain minimum period of time (ex 10 years).

Feedback on Ownership, Management Control & Economic Benefits

A piece of feedback which was raised repeatedly was the need to clearly identify the extent to which Indigenous people should maintain managerial and decision-making authority. A variety of perspectives were heard regarding what level of the organization should be majority held by Indigenous people to meet the requirement of management control with some noting that different requirements may make sense depending on the ownership structure of the business. Some participants suggested including an active participation requirement where Indigenous owners must be able to demonstrate active involvement in the business to counterbalance the potential for “shell companies”. In addition to this, many respondents emphasized the importance of having the majority of profits and/or economic benefits of the business going to Indigenous people, however there was a variety of perspectives on what should be counted towards this.

There were significant concerns heard about the potential for partnerships to be created in order to

take advantage of the policy without truly meeting the intent of the policy. This concern was especially noted in relation to NWT based businesses losing their competitive edge over southern based businesses who partner with an Indigenous person or business in the NWT. On the other hand, partnerships were also noted as a useful way to expand the types and size of projects that NWT Indigenous businesses could bid on, though there were some concerns noted about not including partnerships which are mainly revenue sharing agreements without active management control of the business.

Likewise, regarding joint venture agreements, there was mixed support as to whether or not these agreements should qualify as NWT Indigenous businesses, however there was some recognition of the benefit that joint venture agreements can bring to Indigenous people, communities and/or governments as it provides “an avenue for Indigenous participation without having to take on the risk of actually operating the business.”

Additional feedback heard included increasing the percentage of ownership and management control to prevent ambiguity in ownership.

Feedback on Employment

Some respondents shared the perspective that to qualify as an NWT Indigenous business, the business should have a minimum percentage of Indigenous employees however many respondents shared the challenges they face around finding qualified employees with specific skillsets and that not being able to hire a certain percentage of Indigenous employees should not be a factor in whether the business is majority owned and controlled by an Indigenous person or people.

Some respondents mentioned that they would like to see some recognition for businesses that take additional steps to employ Indigenous people even if the business does not meet the definition of an NWT Indigenous business.

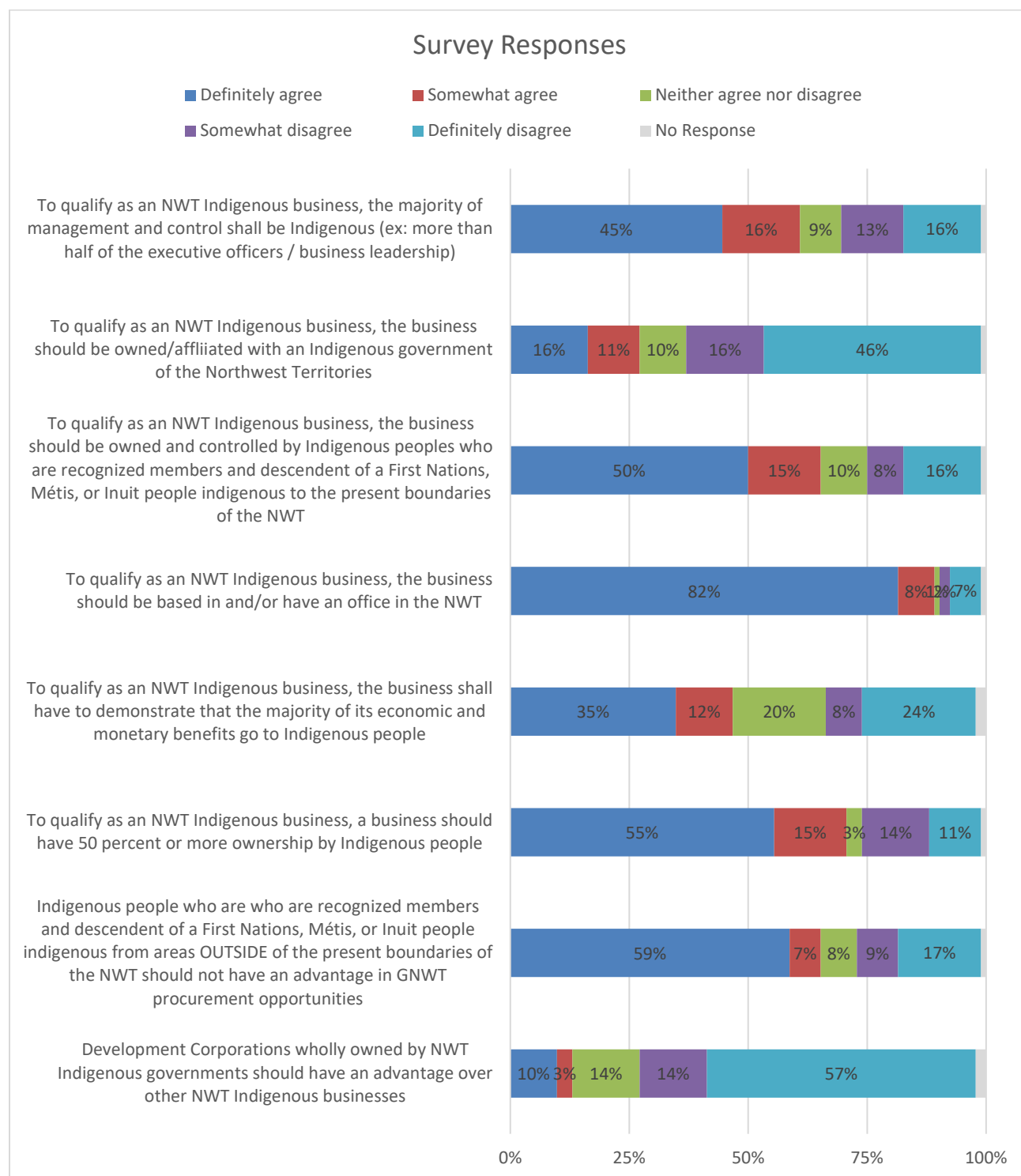
Feedback on how a business would be verified

Throughout public engagement, concerns were heard about non-Indigenous businesses finding creative ways to take advantage of the new policy. Many respondents emphasized the need for a robust verification process that includes requirements around demonstrating proof of Indigeneity. Suggestions included; showing a status, membership or beneficiary card, attending an in-person interview with a verification committee, and submitting business ownership and/or financial statements. Many respondents identified accountability as a critical driver of integrity for a potential new policy with notable concerns around businesses “gaming the system” and creating “shell companies”.

There was mixed feedback on the role that Indigenous governments and Indigenous organizations could play in the process ranging from no involvement, having a role in the review of the business, to having complete control over who is designated as an Indigenous business in their settlement area.

Many respondents noted that there are existing processes to be verified as an Indigenous business either through the Federal government, National non-profit organizations, or local Indigenous

governments and aligning with existing processes would help avoid adding additional administrative burden for businesses.



POTENTIAL APPROACHES

Three potential approaches were developed to support NWT Indigenous businesses in GNWT procurement opportunities. These were presented and discussed at individual and public engagement meetings.

Approach #1: Adjust the Order of Priority for Contracts less than \$25,000

Description: Whenever possible, for goods, services and construction valued at less than \$25,000, priority should be given to NWT Indigenous businesses in the local community.

Feedback: This approach was generally supported and was not a main focus in conversations. One concern raised repeatedly was that there needs to be clarity around if, or how much extra, the GNWT should be willing to pay to award a contract to a local Indigenous business. General feedback was that this would be easy to implement and some respondents noted that the limit should be increased beyond \$25,000.

Approach #2: Application of Bid Adjustment for contracts \$25,000 or more

Description: Like the Business Incentive Policy, add a bid adjustment of 5% for NWT Indigenous businesses

Feedback: There was a fair amount of support for this approach with some respondents suggesting the bid adjustment should be higher than 5% and some suggesting it should be lower. Notably, even where individuals have expressed concerns about providing any advantage to NWT Indigenous businesses, many acknowledged that a 5% big adjustment would be manageable. In the same lens, many individuals expressed support for having a bid adjustment but reported that an amount of 5% would help but likely not make a significant difference for their business.

There were many comments from respondents recognizing the high costs of operating a business in the NWT, especially in smaller, more remote communities. To address this, some respondents suggested having bigger bid adjustments for smaller / more remote communities.

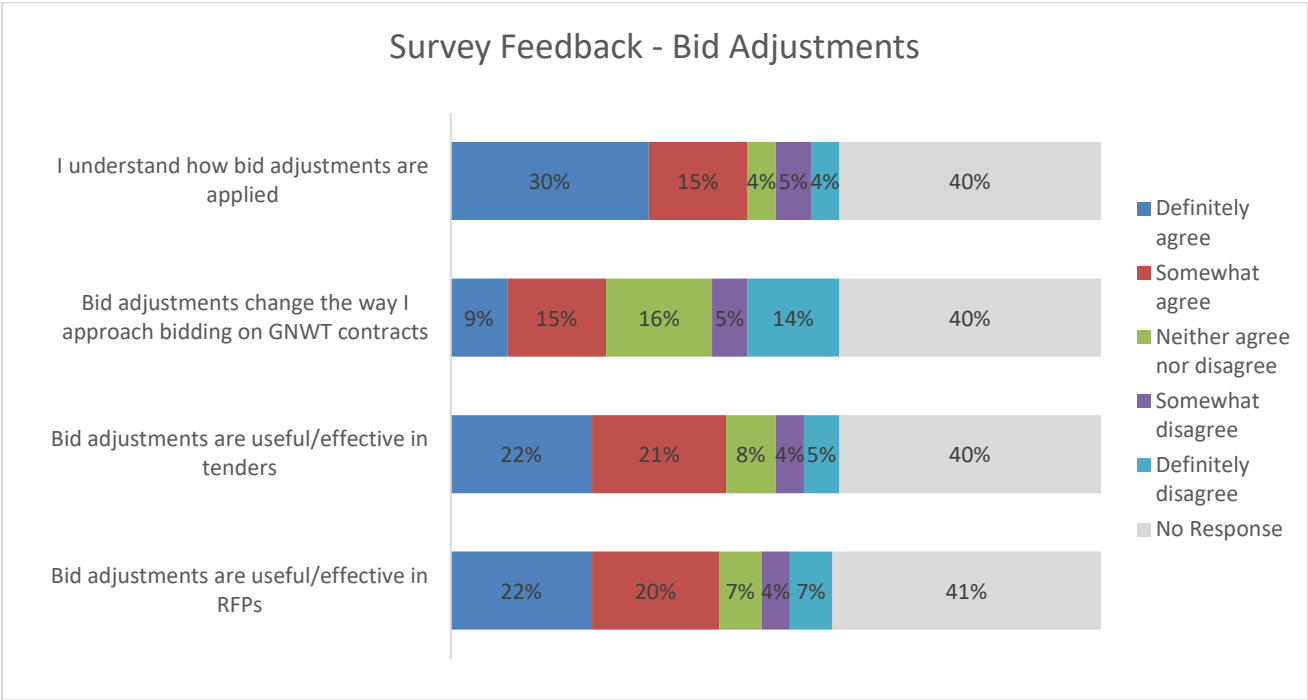
Many respondents noted that bid adjustments provide an incentive to hire local employees and subcontractors, though the upper limit on the bid adjustment limits this incentive on larger contracts. Many respondents suggested this should be reviewed. Additionally, some respondents proposed increasing the upper limit for services beyond that for goods, as the incremental value of local employment delivers more value to communities.

There was a concern noted that a bid adjustment for NWT Indigenous businesses might offset the local adjustment meaning that a large Indigenous business from Yellowknife would have the same adjustments as a local non-Indigenous business in a smaller community.

Another concern noted was the potential to increase the administrative burden on businesses when submitting bids and proposals as well as completing substantiation forms when submitting invoices.

Many respondents noted there was a need to hold contractors accountable for the commitments made in their proposals which earn bid adjustments. Suggestions include developing a penalty

and/or bonus system to ensure contractors deliver on commitments and are appropriately incentivized to deliver results.



Note: respondents who indicated they did not own/manage/represent a business were not asked these questions hence the high percentage of “No Responses”

Approach #3: Targeted Work Packages

Description: Review projects to find opportunities where Indigenous businesses have expressed an interest and have capacity to complete part of the scope and / or other types of participation, such as training, or build experience. This would act as a set-aside for portions of projects that would be subcontracted to an NWT Indigenous business. The full scope / project would go out for public competition as a Request for Proposals noting the Targeted Work Package portion in the documents.

Feedback: This approach was generally not supported as many respondents expressed the concern that businesses want to be able to choose their own subcontractors. Despite some support for this approach as it is similar to a cash allowance approach sometimes used in construction contracts, many comments were received that it would be confusing and would be overly cumbersome to manage. Alternatively, there was positive feedback regarding engaging with Indigenous businesses and/or Indigenous governments to improve awareness of local businesses, and their interest and capacity to participate in potential scopes of work and/or training opportunities.

Many respondents noted an interest in adding criteria in the RFP evaluation focused on Indigenous and/or local businesses to provide an opportunity to qualitatively assess the benefits a business brings to the local community and/or Indigenous people beyond what may be captured in bid adjustments.

GENERAL FEEDBACK AND SUGGESTIONS

Discussions were purposefully open ended and seeking suggestions and ideas for the policy as well as GNWT procurement in general. Below is some of the feedback received.

Supporting Local

One comment that was heard and reinforced repeatedly is the importance of supporting businesses based in the NWT which helps keep and create jobs as well as supporting the NWT economy.

Accountability

Many respondents shared the importance of holding businesses accountable for commitments made in bids and proposals, not only regarding BIP but also more generally regarding contractor performance. Many respondents mentioned they would like to see increased GNWT oversight on contractors' performance and to ensure they have the skills and ability to complete scopes prior to awarding the contract. There was positive interest in the GNWT's work on Vendor Performance Management, however, many respondents noted more needs to be done sooner and for lower value contracts.

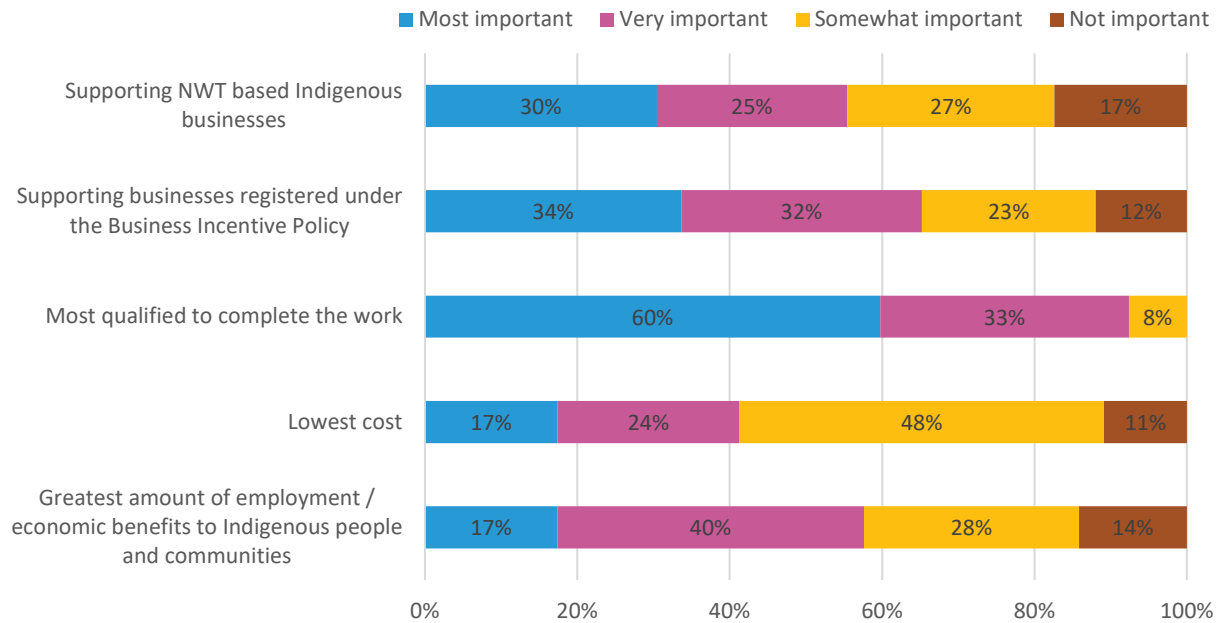
Evaluations

Respondents provided much feedback that the GNWT needs to evaluate more than just the lowest price even if that means doing more RFPs instead of tenders. Things to evaluate include past performance, Indigenous content / supporting Indigenous communities, the broader economic and social benefit, business' efforts towards capacity building like training programs and apprenticeship opportunities, benefit to the community, mentorship opportunities, subcontracting to local Indigenous businesses, demonstrating a commitment to long-term skill development and sustainable employment.

Some respondents suggested the GNWT should ask businesses to make commitments around Indigenous employment and/or subcontracting targets, without making them mandatory, and include penalties or bonuses to ensure accountability.

Alternatively, many respondents argued that "quality and experience should be the most important" factors considered.

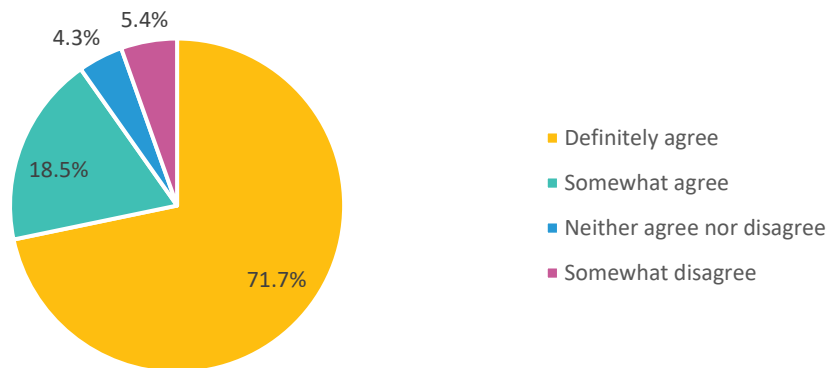
Survey Responses: How important should each of the following items be when the GNWT is evaluating a proposal.



Competition

Some respondents expressed concerns that competition would be limited to NWT Indigenous businesses only, which could have a large negative impact on non-Indigenous owned businesses in the NWT. Likewise, there was a lot of concern that the BIP would be replaced by the IPP. Alternatively, some respondents expressed that some procurement opportunities should be limited to Indigenous businesses only, especially where there may be a culturally sensitive component to the scope. Some suggestions included that the GNWT should consider “set asides”, limited competitions or negotiated contracts for certain scopes of work and/or in specific regions.

Survey Responses: Competition is important in a healthy economy



Support, Administration and Procurement Process

Respondents noted some interest in the GNWT creating a liaison person focused on supporting NWT Indigenous businesses to help ensure businesses are aware of upcoming contract opportunities, help navigate the procurement process, identify potential training opportunities, review scopes to create opportunities where NWT Indigenous businesses can participate, help make connections with other GNWT programs in various departments as well as being a contact point should issues come up. Many respondents noted that regular reporting on the outcomes of an IPP would be important, noting that there should be consideration to avoid adding administrative burdens to businesses which could outweigh the potential benefit of the policy.

Many respondents suggested improvements around administration and the procurement process including more simplified contract templates, direct support to NWT Indigenous businesses on the bidding process (including online platforms) and ensuring procurement staff are trained to identify and address obstacles that could disproportionately disadvantage NWT Indigenous businesses.

Some respondents also noted that advance notification of upcoming opportunities and a longer open period to submit proposals would make the procurement process easier to manage.

Many respondents noted they would like to see additional supports for businesses outside of the procurement process including clear requirements and/or training on what is needed to start and run a successful business and support getting access to loans.

Business Incentive Policy

Though this engagement was focused on developing a new policy, many comments were raised about the BIP, most notably that the policy should be more actively enforced to hold businesses accountable for commitments in the bidding process. Additional feedback included requests to simplify the BIP forms, confusion on how bid adjustment apply, requests to increase the maximum bid adjustment value, preference for a tax incentive instead of a bid adjustment, and that bid adjustments should be

regionally based to reflect higher costs in certain regions.

There was mixed feedback on whether businesses find value in the BIP with some businesses noting it is too much work while many others see it as an essential to maintaining their businesses in the NWT.

Concern about division / Indigenous Priority

There were considerable concerns raised about the intent of an IPP and the potential for this policy to create division in the NWT between Indigenous and non-Indigenous businesses. Many respondents, whose businesses would not qualify under the proposed IPP definition, raised concerns about the financial impact a potential IPP will have for their businesses.

Other

Many respondents raised additional opportunities for improvement which included improving payment on time, balancing risk in contract terms, aligning procurement activities with local economic goals, improving budgeting process based on market realities, de-bundling large contract scopes, and simplifying processes as much as possible.

Many respondents noted the importance of increasing employment through education, training and workforce development.

Some respondents supported the GNWT setting minimum procurement targets for NWT Indigenous business participation and report results annually. Suggested targets ranged from 5-50% and some respondents suggested targets could be regionally based.

CONCLUSION

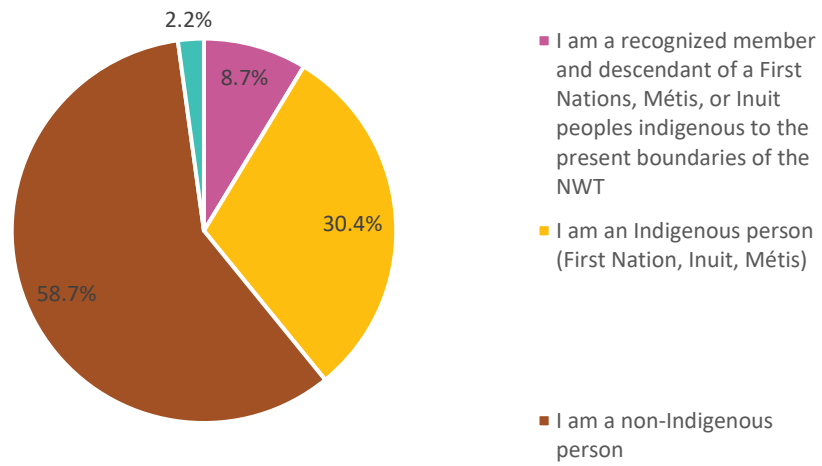
A wide variety of perspectives were heard throughout the engagement period. The GNWT appreciates the feedback and perspective of everyone who participated in the engagement process. The feedback received will be reviewed and considered carefully to inform the development of the policy.

APPENDIX

SURVEY RESPONSES

Residence	How many years have you lived in the NWT?	Count of Responses
NWT Resident	0-5 years	5
	6-10 years	5
	more than 10 years	78
	No Response	1
Not NWT Resident	NA	3
Grand Total		92

Indigenous Status



Work Status	Which of the following best describes your business?	Count of Responses
I am currently unemployed		1
I do not work in the NWT		2
I work for a non-governmental organization (NGO) in the NWT		1
I work for a public government in the NWT (municipal, territorial, federal)		18
I work for an Indigenous government in the NWT		6
I work in the private sector in the NWT	General contractor	17
	Goods supplier	12
	Services	18
	Trades	7
	No Response	9
No Response	No Response	1
Grand Total		92

Q5 (Do you own/manage/represent an NWT business?)	Count of Response ID
No	7
No Response	30
Yes	55
Grand Total	92

About Your Business

