



1. Statement of Policy

The Government of the Northwest Territories provides office space, staff accommodation, and other facilities in support of government programs and services. The Government of the Northwest Territories may either lease or own these facilities.

In providing facilities, the Government of the Northwest Territories may assist the development of northern business opportunities through leasing.

2. Principles

The Government of the Northwest Territories will adhere to the following principles when implementing this Policy:

- (1) The Government of the Northwest Territories should attempt to lease at no greater cost than that of ownership; however, the government may be prepared to pay a reasonable premium in support of Northwest Territories business development.
- (2) Value for money should be obtained.
- (3) Leased property should meet acceptable standards for design, construction, and maintenance, as defined by the Government of the Northwest Territories.
- (4) Leased properties should be energy efficient as defined by the Government of the Northwest Territories.

3. Scope

This Policy applies to all parties involved in the leasing of improved real property by the Government of the Northwest Territories.



Exclusions

This Policy does not apply to:

- (1) Acquisition of public housing by the Northwest Territories Housing Corporation;
- (2) Daily or weekly rentals of conference rooms, meeting rooms and court services areas;
- (3) Municipal properties;
- (4) Revenue leases; or
- (5) Unimproved land.

4. Definitions

The following terms apply to this Policy:

Deputy Head - the deputy minister of a department, the chief executive officer of a public committee, board or council or such person as may be appointed as deputy head.

Improved Real Property - physical land and structures or other improvements thereon.

Lease Cost Premium - the additional present value cost of leasing rather than owning a property.

Lease-To-Own Contract - a lease where the owner agrees to sell the property to the Government of the Northwest Territories upon termination of the lease contract.

Lease Versus Own Analysis - a discounted cash flow analysis which compares the present value costs of leasing and owning a property.

Present Value Cost - today's cash lump sum which represents the current value of future payments.



Revenue Lease - a lease to non-Government of the Northwest Territories tenants, to Government of the Northwest Territories employees and to certain Government of the Northwest Territories departments, boards and agencies for which there are rental payments made by the tenant to the Government of the Northwest Territories.

5. Authority and Accountability

(1) General

This Policy is issued under the authority of the Executive Council. The authority to make exceptions and approve revisions to this Policy rests with the Executive Council. Authority and accountability is further defined as follows:

(a) Ministers

Ministers leasing improved real property are accountable to the Executive Council for the implementation of this Policy.

(b) Deputy Heads

Deputy Heads are accountable to their respective Ministers and responsible to their respective Ministers for the administration of this Policy.

(2) Specific

(a) Executive Council

The Executive Council may:

- (i) authorize the awarding of new lease contracts to responsible businesses with other than the lowest bid or highest rated proposal;



- (ii) authorize the waiving of an invitation to tender or request for proposals in favour of direct negotiations for lease or lease-to-own contracts; and

- (iii) authorize the awarding of lease-to-own contracts.

(b) Financial Management Board

The Financial Management Board may authorize the award of a lease contract where the lease cost premium is greater than ten percent.

(c) Minister of Infrastructure

The Minister of Infrastructure is responsible for the planning, acquisition, allocation and administration of general office space.

(d) Chairman of the Financial Management Board

The Chairman of the Financial Management Board is responsible for determining the need for staff accommodations.

(e) Ministers

Ministers, including the Minister of Infrastructure and the Chairman of the Financial Management Board:

- (i) may negotiate and award new lease contracts in accordance with this Policy;
- (ii) may confirm the continuing need for leased space and award lease renewal contracts in accordance with this Policy;
- (iii) may, where an invitation to tender or request for proposals for a lease contract has been issued, negotiate a lease-to-own contract with the business with the lowest bid or highest rated proposal;



- (iv) may negotiate a lease-to-own contract as part of Executive Council approved direct lease negotiations;
- (v) may make recommendations to the Executive Council or the Financial Management Board on the award, renewal or negotiation of any lease or lease-to-own contract; and
- (vi) will undertake a lease versus own analysis of all proposed new lease contracts with terms of ten years or more.

6. Provisions

(1) New Lease Contracts

- (a) All leased properties will initially be acquired through invitation to tender or public proposal calls except where the Executive Council has authorized negotiations.
- (b) The Executive Council may authorize the awarding of new lease contracts to responsible businesses with other than the lowest responsible bid.
- (c) Where an invitation to tender or request for proposals has been issued, Ministers may negotiate with the lowest responsible bidder to reduce lease costs and may negotiate a lease-to-own contract.
- (d) Where the Executive Council has directed lease negotiations, a Minister may negotiate a lease-to-own agreement in order to reduce the lease cost premium.

(2) Lease Renewals

The need for a lease renewal must be confirmed by the Minister responsible.



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(3) Lease Criteria

Properties will be leased according to the following criteria:

- (a) The private sector is ready, willing, and able to provide properties for leasing.
- (b) The property is of a type considered for leasing by the government.
- (c) To the extent practical, leased properties will be operated and maintained in accordance with the same operations and maintenance standards applied to government owned properties.
- (d) The present value cost of leasing will normally not exceed the cost of ownership, except as required in the support of development of northern business. Only the Financial Management Board may authorize the award of a lease contract where the lease cost premium exceeds ten percent.
- (e) Where the lease cost premium exceeds ten percent, Ministers may consider negotiating a lease-to-own contract in order to reduce the premium.

(4) Lease Versus Own Analysis

Ministers will undertake a lease versus own analysis of all proposed new lease contracts with terms of ten years or more.

7. Financial Resources

Financial resources required under this Policy are conditional on approval of funds in the Main Estimates by the Legislative Assembly and there being a sufficient unencumbered balance in the appropriate activity for the fiscal year for which the funds would be required.



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8. Prerogative of the Executive Council

Nothing in this Policy shall in any way be construed to limit the prerogative of the Executive Council to make decisions or take action respecting the leasing of improved real property outside the provisions of this Policy.

Premier and Chairman of the
Executive Council