



2015-2016 Annual Report

June 20, 2016

Message from the Chairperson

June 20, 2016



The Northwest Territories Surface Rights Board (SRB or Board) is pleased to present its first annual report.

The *Surface Rights Board Act* is an Act of the Northwest Territories Legislative Assembly and came into force on April 1, 2014. It provided for the Government of the NWT to appoint five Board members and a Chairperson as well as five Alternate Members. One Board member and one alternate must be a Gwich'in, Inuvialuit, Sahtu and Tłı̨chǫ resident.

The purpose of the SRB is set out in section 8. (1) of the Act; being "to resolve matters in dispute relating to access to Gwich'in lands, Sahtu lands, and Tłı̨chǫ lands, and the waters overlying those lands, and Inuvialuit lands and non-designated land."

The substantive functions of the SRB came into force on April 1, 2016; and for the Board to be successful, it must have a carefully considered plan describing how it will achieve its mandate in the most effective and efficient manner; that is, a strategic plan.

The annual report provides a succinct summary of the SRB's finances, activities, achievements and challenges.

As with any new organization, the Board's most immediate challenge was establishing its administrative and management structure. This has been accomplished. Operationally, the Board is well on its way to establishing the rules of procedure and bylaws that will govern its consideration of Applications and its self-governance.

There is a lot to be done and the Board's work in 2015/16 will provide a solid foundation for its future success.

Sincerely,

A handwritten signature in black ink that reads "Louie Azzolini". The signature is written in a cursive, flowing style.

Louie Azzolini
Chairperson

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BOARD MATTERS

SRB Meetings

The NWT Surface Rights Board ("Board" or "SRB") met five times. The first time on October 5th by teleconference, and subsequently in person on November 23rd, December 10th, January 20-21st, and on March 1-3rd.

October 2015

At its October teleconference meeting the Board established banking signing authorities for the Chairperson and members with associated thresholds and affirmed the lease of its interim office space. The Board concluded it needed to retain a half-time staff person and decided to solicit expressions of interest from professional and technical service providers.

November 2015

The SRB met in person for the first time in November and appointed Mr. Michael Vaydik to the position of acting Chairperson as per s.9(2) of the *Surface Rights Board Act (Act)*. The SRB approved advertisements for a staff person and requests for expressions of interest from professional and technical service providers. The Board directed the preparation honorariums and travel policies.

December 2015

The Board adopted its honorarium and travel policies, established a draft chart of accounts, adopted Robert's Rule of Order, hired a Board Coordinator and retained legal counsel, bookkeeping, auditor, information technology, website/branding service providers.

Preceding the Board meeting a Board committee evaluated expressions of interest and undertook interviews of candidate Board Coordinators – the Board's half-time staff position, and conveyed its recommendations to the Board.

January 2016

The SRB struck a committee to prepare its 2016-20 Strategic Plan, business plan and expenditure plan to frame out its goals, objectives and actions; establish a multi-year expenditure plan; and, to comply with the GNWT's Planning and Accountability Framework.

The SRB also directed its legal counsel to initiate drafting the Rules of Procedure and, tasked its website and information technology contractors to establish the Board's information technology and website infrastructure.

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March 2016

The SRB finances were streamlined with the Board's bookkeeper undertaking online payments. The Board undertook to appoint Alternate Members to serve as full SRB Members, for the purpose of ensuring a duly formed quorum at regular Board meetings, as per s.22(2) of the Act.

The SRB adopted the Strategic Plan Committee's recommendations and provided the SRB's five-year strategic plan with its adjunct business and expenditure plans, and its 2016-17 budget to the Honourable Robert C. McLeod on March 24, 2016 (Appendix 1).

SRB Rules of Procedure and Bylaws

The SRB prepared a first draft of its Rules of Procedure. The SRB expects to have final Rules of Procedure ready for public consultation in June with gazetting targeted for September 2016.

SRB Bylaws

The SRB prepared a first draft of its Bylaws. The SRB is expects to have final by September 2016.

Member Training

The NWT SRB was provided a debrief on the Act by its legal counsel at its December and January meetings and all members attended the NWT Geoscience Forum held in Yellowknife. The Board's busy meeting schedule and significant workload precluded further member training during 2015/16.

Communications

The NWT SRB members (including alternates) attended the NWT Geoscience Forum the week of November 23rd. Until the Board is more fully established, communications and outreach activities were curtailed.

The Chairperson attended the NWT Board Forum meeting in Yellowknife on February 9-10, 2016. The Forum is intended to improve and maintain effective lines of communication between NWT regulators.

The SRB Chairperson met with the Chair of Nunavut Surface Rights Tribunal and attended meetings of the Nunavut Surface Rights Tribunal and joint meetings of all the

institutions of public government created pursuant to the Nunavut Land Claim agreement in Iqaluit on February 14-18, 2016.

OPERATIONAL MATTERS

Human Resources

The NWT SRB retained a permanent half-time Board Coordinator in December and employment commenced in January 2016.

Office Space and Equipment

Office space was secured at Office Compliments in November 2015 and by mutual agreement terminated in February 2016. New office space was leased in May 2016 at the Finn Hansen Building.

Computer Hardware and Software

Computer hardware and software for a high secure communications and data storage system was purchased. This includes a server and two laptops, one for the Board Coordinator and one for Board members. Final server set-up with member e-mail accounts, secure document storage / access with a supporting filing system and associated security features is planned in April 2016.

Insurance

The Board carried no insurance coverage because it was uncertain if the types of insurance contemplated in the Contribution Agreement would be necessary. The Board requested direction from the Government of the Northwest Territories and tasked its legal counsel with recommending what insurance coverage the Board should purchase based on an analysis of the coverage similar Boards carry.

Professional (non-legal) and Technical Support Services

The following services were advertised for in the Northwest Territories and subsequently retained from NWT resident contractors:

- Bookkeeping - Office Compliments and administrative support to the Board Coordinator.
- Auditing – Stewart Robert Accounting, Auditing.
- Website – Kellett Communications Inc.
- Information Technology (non-website) – Gray Jay Enterprises Ltd.

Legal Services

The NWT SRB retained the legal counsel of Dr. Larry A. Reynolds of Cliffe Tobias Barristers & Solicitors following a Northwest Territories publically advertised competitive request for expressions of interest for legal services. The Board was looking for person(s) or firms with current or recent demonstrable experience in surface rights matters in the Northwest Territories. Six expressions of interest were received.

FINANCIAL MATTERS

Contribution Agreement

The GNWT and the NWT SRB signed a \$289,300 Contribution Agreement on September 3, 2015. The Contribution Agreement established the annual budget and a monthly cash flow. An Interim Activity Progress and Financial Variance Report was submitted to the GNWT on October 30, 2015.

The SRB was informed in February 2016, that it could carry forward unspent funds from one fiscal year to the next during the GNWT's five-year SRB funding agreement with the Government of Canada. As a result, the SRB will recommend the GNWT amend s.8 of the Contribution Agreement to reflect carry-over provisions.

Banking

The NWT SRB banks with the Royal Bank of Canada and adopted spending control authorities and limits at its first meeting in October. No expenditure can occur without the written consent of two Board members.

Bookkeeping and Auditing

A bookkeeper and auditor were retained following a call for expressions of interest for professional and technical services. A chart of accounts consistent with the GNWT Contribution Agreement and aligned with SRB's five-year strategic plan and expenditure plan is in place. Expenditures are tracked by budgeted activity and electronic payments controlled by the Board's Electronic Expenditure Payment Procedure.

CHALLENGES

The SRB had to relocate from its interim office space in February to new office space in May 2016, and is clarifying the insurance the Board needs to carry.

CONCLUSION

The NWT SRB is pleased to report significant progress in all facets of its work. Its operations are established with key management controls in place. Draft Rules of Procedure and SRB Bylaws are ready for final internal review and a five-year strategic plan with a supporting business and expenditure plan was prepared.

APPENDIX 1 - STRATEGIC PLAN

Vision

Respected and trusted to resolve land and water access conflicts in a fair, timely and equitable manner.

The SRB's vision represents its long term preferred "ultimate" state, outlives the current membership's tenure, and guides short and intermediate term actions.

Mission

To fairly and equitably resolve disputes regarding access to lands in the NWT and waters overlying those lands in the Mackenzie Valley.

The SRB's mission describes its core purpose or "reason for being" and the contribution it makes to society.

Values

- **Fairness** – treating people equitably and impartially through clear, objective, transparent, accessible and reasoned decision making processes.
- **Respect** – sensitivity to the diversity of the peoples of the NWT and the unique values they attach to lands.
- **Integrity** – honest, ethical and reasonable behavior.
- **Timeliness** – responsive, effective and efficient resolution of disputes.
- **Professionalism** – being competent and proficient while striving for improvement through continuous review and application of lessons learned.

The SRB's values reflect its corporate culture and guide its actions.

Environmental Scan

The environmental scan identifies key trends and developments relevant to the SRB's operations and legislative mandate that directly impact its ability to deliver its functions in a fiscally prudent and judicious way.

External Factors

Challenges

- The SRB is a new dispute resolution Board in the NWT (opens for business on April 1, 2016) and is generally unknown to the public and potential clients.
- Similarly, the SRB's "fit" with the existing resource management regime is not well understood (e.g., by Land and Water Boards, Land Use Planning Boards, the Mackenzie Valley Review Board and Renewable Resources Boards, Inuvialuit Game Council).
- The SRB was contemplated pursuant to settled Aboriginal land claims and not through a broadly debated public process. Therefore, while enacted by the Government of the Northwest Territories (GNWT), it may not be publically accepted as a legitimate organization.
- While acknowledged in Aboriginal land claims negotiations not everyone has a solid understanding of the provisions of the *SRB Act*; especially in the unsettled land claim areas (i.e. Dehcho and Akaitcho areas).
- No "case based" funding is provided to the SRB to resolve specific disputes as and when applications are made.
- There is some uncertainty in jurisdiction of the SRB with land claimant organizations due to specific overlaps still to be resolved.
- The SRB is on a steep learning curve to achieve an acceptable state of competence and readiness to resolve disputes.

Opportunities

- The SRB appears to be adequately resourced for its core activities.
- The SRB is not anticipating any applications for dispute resolution in the near future so there should be time to get sufficiently organized in advance of initiating its first dispute resolution process.
- There also appears to be sufficient time for desirable public and stakeholder education and awareness initiatives in advance of the SRB receiving its first application for dispute resolution.
- The SRB office is centrally located in relation to the GNWT, Federal Government offices, the Mackenzie Valley Review Board, the Mackenzie Valley Land and Water Board and the Board Relations Secretariat; all located in Yellowknife. This will facilitate ready day-to-day communications; ready access to GNWT and Board Forum sponsored training events, as well as access to their infrastructure and other resources (e.g. Board rooms) when not in use.
- The GNWT is very supportive to the SRB getting organized and operational.

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- The Nunavut Surface Rights Tribunal is a similar organization to the SRB operating in Nunavut. It has been very helpful in sharing its expertise and experience with the SRB and appears willing to be as supportive as possible as the SRB gets its “feet on the ground”.
- The SRB Act provides comfort to the development community as it assures developers that there is a process that will ensure closure to land access disputes; if the parties cannot successfully resolve the conflict directly.

Internal Factors

Strengths

- The SRB has acquired strong legal counsel to assist with start-up, training and on-going challenges.
- The SRB has also retained a solid suite of service providers to address financial, bookkeeping, IT and website design needs.
- Regular and Alternate Board members have a relevant and broad base of experience and knowledge.
- Board members have a good understanding of their role as members of the SRB.

Weaknesses

- There is a short timeline to get cornerstone documents in place and to become fully operational.
- The SRB is low on its “learning curve” and operational readiness.

Relevant Trends

- The economic trend in the NWT is downward which suggests land use conflicts requiring dispute resolution will be less likely.
- Implementation of the Canada-GNWT Devolution Initiative will have uncertain impacts on the likelihood of land access disputes.
- The younger demographic in the NWT is becoming differently engaged in land management issues (e.g. through social media). Values held by older generations are being expressed and communicated in different ways.
- Industry is becoming more engaged in securing a social license for its activities.

Workload Drivers

- Start-up needs must be urgently addressed to become fully operational.

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- All regular and alternate Board members are recently appointed. Necessary professional development needs must be addressed as soon as possible.
- The absence of settled land claims in the Dehcho and Akaitcho areas (i.e. the absence of established Access and Benefits Agreements and Land Use Planning processes) may result in more land access disputes than otherwise.
- The administrative requirements (e.g., reporting) of the legislation and the GNWT funder must be satisfied.
- The more people are aware of the SRB's role and how to access the Board, the more work that may be referred to the Board.

Issue(s)

- How to maintain a "state of readiness" if there are few or no applications for many years? This issue may be more problematic at times when there is turnover in Board membership. Part of the answer may need to be in the quality of the documentation left by the current Board members to assist the new Board members when they are appointed. Periodic scenario based conflict resolution training may also be needed.

Goals

The SRB seeks to achieve these priorities over the next to 5-10-years.

- **Ready, competent and timely dispute resolution.**
- **Respected, trusted and understood by the public and stakeholders.**
- **Core capacity and administrative requirements are met.**

Strategies

The SRB's strategies are specific actions that help accomplish an objective in the next 1 to 5 years. The SRB's strategies are "do-able" given its resources, and each strategy has an intended outcome and priority. These are the SRB's strategies organized by goal and objective.

Goal 1 - Ready, competent and timely dispute resolution

Objective – Establish and continually improve dispute resolution procedures, guidelines and best practices

- Finalize Rules of Procedure

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- Develop and maintain an internal electronic database of Canadian surface rights decisions – a resource for the SRB to reference when considering a variety of surface rights related legal issues
- Develop relationships with similar jurisdictions to benefit from their lessons learned and best practices

Objective – Maintain Board competence and proficiency

- Develop and maintain a Board member and staff professional development and training plan – including topics such as surface rights law, running fair hearings, review of relevant Aboriginal land claim agreements, administrative law, resource management law in the NWT and interest based negotiation
- Conduct annual exercises relating to the disputes which may arise within the jurisdiction of the SRB
- Issue periodic communications to Board members and staff with respect to relevant on-going cases and developments in surface rights law and administration

Goal 2 - Respected, trusted and understood by the public and stakeholders

Objective – Improve public awareness and understanding of the Board's role and dispute resolution process

- Build relationships with stakeholders and resource management organizations
- Finalize creation of the Board website – as a public portal for information regarding the Surface Rights Board; and a private portal for members to access the Board's internal resources
- Develop a SRB visual identity (branding) graphics standards to govern the "look and feel" of the Board website, graphics design for Board publications, business cards, letterhead, public notices etc.

Objective – Establish ready public access and transparency to the Board's dispute resolution process and its decisions

- Establish a Public Registry of Board Decisions to be posted on the Board website
- Develop a communications strategy and key messaging to be conveyed to the public and stakeholders; including a public education and awareness plan and an "open for business" communications initiative

Goal 3 - Core capacity and administrative requirements are met

Objective – Maintain timely and current Strategic and Business Plans and Reports

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- Submit annual reports as required
- Submit annual business plan submissions as required by funder(s)
- Prepare/renew the SRB strategic plan once every 3 (or 5) years

Objective – Conduct efficient day-to-day Board operations

- Lease of office space/boardroom space/secure storage area and purchase required furnishings
- Retain Board Coordinator
- Identify sufficient funds for Board Honoraria and related travel, meals and accommodation as well as general office supplies, postage & miscellaneous expenses
- Identify sufficient funds for Board Honoraria and related travel, meals and accommodation as well as general office supplies, postage & miscellaneous expenses etc.
- Retain general service providers
 - Bookkeeping
 - Legal counsel
 - Financial auditing
 - IT support
 - Website maintenance
- Develop and implement a formal records management system for the storage and retrieval of current and archival records that addresses both paper and digital formats
- Secure capacity to digitize documents for posting on the Board's website, public registry and/or internal records management system
- Identify a standing budget to address applications as they arise

Objective – Establish and Maintain Clear and Comprehensive Operating Procedures

- Finalize By-laws
- SRB member's Guide (sets out their roles and expectations by virtue of their appointment)
- SRB Members Questionnaire – to assist the Chair in avoiding conflicts when assigning Members to pre-Hearing and /or Hearing duties
- SRB Support Guide for Staff and Consultants – to clearly delineate the expectations placed on them by the Board (e.g. code of conduct, conflict of interest/apprehension of bias etc.)
- SRB Support Guide for members clearly delineating the roles, responsibilities and expectations placed on them e.g. code of conduct, avoiding conflict of interest/apprehension of bias etc.
- Develop and implement a prioritized list of internal operations policies required – to be incorporated as schedules to the By-laws

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- For example; Finance Policy, Media Spokespersons Policy, Legal Services Policy; Policy on the Retention and Use of Expert Advisers; Records Management Policy; Board Minutes Disclosure Policy and Aboriginal and French language services policy.
- Develop supplementary Process Directives, Reference Bulletins and Guidance Documents to further clarify the Board's processes for parties to disputes and the public (prioritized list to be developed).

APPENDIX 2 - BUSINESS PLAN

strategy	Priority (High, Medium or Low)	Outcome(s)	Performance Measures	Required Resources (Year 1, 2, ...5)
Goal 1 Ready, competent and timely dispute resolution				
Objective 1A – Establish and continually improve dispute resolution procedures, guidelines and best practices				
Strategy 1A1 - Finalize Rules of Procedure	High	Validly enacted Rules of Procedure	-seek public comment -receive responses -consider responses -publicize 2 nd time -send to gazette as a final version	-Complete in 2016/17 -Legal counsel \$30,000 -Staff/Board member overhead
Strategy 1A2 - Develop and maintain an internal electronic database of Canadian surface rights decisions	Low	A resource for the SRB to reference when considering a variety of surface rights related legal issues	-Data base formally established -Database updated annually	-\$3,000 in 2018/19 implementation -\$2,000 annual maintenance future years
Strategy 1A3 - Develop relationships with similar jurisdictions to benefit from their lessons learned and best practices	Low	-On-going collegial relationship with similar boards in Canada and other management and regulatory bodies in the NWT -Effective network of formal and informal relationships to advance all aspects of the SRBs work	-Number of formal and informal relationships established -Frequency and types of communications	-Staff/Board Overhead -\$10,000/yr. travel budget beginning in 2018/19 -Combine with other travel where possible
Objective 1B – Maintain Board competence and proficiency				
Strategy 1B1 - Develop and maintain a Board member and staff professional	Medium	Knowledgeable Board members	-Members capacity assessment -Member professional	-2018/19 and future years @ \$20,000/yr.

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strategy	Priority (High, Medium or Low)	Outcome(s)	Performance Measures	Required Resources (Year 1, 2, ...5)
development and training plan – including topics such as surface rights law, running fair hearings, review of relevant Aboriginal land claim agreements, administrative law, resource management law in the NWT and interest based negotiation			development plan established -Professional Development undertaken annually	
Strategy 1B2 - Conduct annual exercises relating to disputes which may arise within the jurisdiction of the SRB	Medium	-Board members skilled in conduct of dispute resolution methods and legal process	-Priority areas of Board practice to address identified -Type and frequency of exercises undertaken	-\$20,000/yr.
Strategy 1B3 – Issue periodic communications to Board members and staff with respect to relevant on-going cases and developments in surface rights law and administration	Medium	-Board members' current on relevant surface rights activities and decisions	-Semi-annual briefings to the Board	-Staff overheads -Legal advisory support covered by general advice overhead
Goal 2 - Respected, trusted and understood by the public and stakeholders				
Objective 2A – Improve public awareness and understanding of the Board's role and dispute resolution process				
Strategy 2A1 - Build relationships with stakeholders and resource management organizations	Medium	-Effective networks for timely access to relevant information and expertise	-Effective memorandum of understanding and resource sharing	-\$5,000/year expenses various -Board Member/Staff

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strategy	Priority (High, Medium or Low)	Outcome(s)	Performance Measures	Required Resources (Year 1, 2, ...5)
Strategy 2A2 - Finalize creation of the Board website – as a public portal for information regarding the Surface Rights Board; and, a private portal for members to access the Board's internal resources	High	-All public information and resources readily available online -Readily available access to Board member resources	agreements in place -Website operational, current and readily accessible to public and Board members -Current and regularly updated and compliant with S.94 of the SRB Act	overhead -2016/17 \$15,000 to finalize website and incorporate a language module -Future years \$8,000/yr. for on-going website maintenance
Strategy 2A3 - Develop a SRB visual identity (branding) graphics standards to govern the “look and feel” of the Board website, graphics design for Board publications, business cards, letterhead, public notices etc.	Medium	-Visual identity readily recognized by the public and other stakeholders	-Visual identity products finalized	-\$10,000 for Contractor costs 2017/18
Objective 2B - Establish ready public access and transparency to the Board's dispute resolution process and its decisions				
Strategy - 2B1 Establish a Public Registry of Board Decisions to be posted on the Board website	High	-Operational public registry -Board decisions are available and readily accessible to the public online per S.94 of the SRB Act	-Live registry online maintained	-Contractor costs of \$6,000 in 2016/17
Strategy - 2B2 Develop a communications strategy and key messaging to be conveyed to the public and stakeholders; including a	Medium	-Successful positioning of the SRB in the minds of those that might require access to the Board	-Established communications strategy -critical success indicators monitored	-Contractor costs of \$20,000 in 2019/20

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strategy	Priority (High, Medium or Low)	Outcome(s)	Performance Measures	Required Resources (Year 1, 2, ...5)
public education and awareness plan and an "open for business" communications initiative			and tracked e.g. volume, frequency nature and type of communications	
Goal 3 - Core capacity and administrative requirements are met				
Objective 3A – Maintain timely and current Strategic and Business Plans and Reports				
Strategy 3A1 - Submit annual reports as required	High	-Annual Report submitted	-Submitted on time -Acknowledgment of and posting of the document on the website	-Overhead -\$5,000/yr. for graphic design support starting in 2018/19
Strategy 3A2 - Submit annual business plan submissions as required by funder(s)	High	-Annual business plan submitted	-Funding received and expended in conformance with the business plan as amended during the year with substantiation evidenced	-Overhead -\$5,000/yr. for graphic design support starting in 2018/19
Strategy 3A3 - Prepare/renew the SRB strategic plan once every 3 (or 5) years	High	-Renewal of the strategic plan -Review of the impact of the previous strategic plan	-Timely renewal of Strategic Plan completed as scheduled	-Overhead -\$5,000 honoraria for SP Committee work in 2020/21 - \$20,000 to design and implement a survey questionnaire for environmental scan and analysis tool to assess effectiveness

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strategy	Priority (High, Medium or Low)	Outcome(s)	Performance Measures	Required Resources (Year 1, 2, ...5)
				of previous Strategic Plan
Objective 3B – Conduct efficient day-to-day Board operations				
Strategy 3B1 - Lease office space/boardroom space/secure storage area and purchase required furnishings	Medium	-Meeting space and storage requirements	-Lease in place -Furniture purchased	-2016/17 (9 months only) – \$9,000 plus \$3,000 for furnishings Years 2017/18 to 2020/21 - 15,000/yr.
Strategy 3B2 - Retain Board Coordinator	High	-Competent Professional Board Coordinator	-Annual performance review	-\$48,000/year
Strategy 3B3 – Identify sufficient funds for Board Honoraria and related travel, meals and accommodation as well as general office supplies, postage & miscellaneous expenses	High	-Fixed costs for Board meetings and regular operations are met - Frequency of Board meetings will decrease as start-up phase is being completed	-Number and types of meetings to conduct Board business. -Annual budget variance for Board meetings and regular operations	-2016/17 - \$142,400/yr. -2017/18 – \$115,800 -2018/19 and future years @ \$91,000
Strategy 3B4 - Retain general service providers <ul style="list-style-type: none"> • Bookkeeping • Legal counsel • Financial auditing • IT support • Website maintenance 	High	-Required support service available for Board operations	-Contracts in place -Board satisfaction with services delivered	-\$46,700/year
Strategy 3B5 - Develop and implement a formal records management system for the storage and retrieval of current and archival records	Medium	-Clearly understood and applied records management with supporting documentation and control in place	-Records management policy or procedure in place and applied -Compliance with	-\$3,000 per year for annual software licensing fees and technical support

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strategy	Priority (High, Medium or Low)	Outcome(s)	Performance Measures	Required Resources (Year 1, 2, ...5)
that addresses both paper and digital formats			94.2 of the <i>SRB Act</i>	
Strategy 3B6 - Secure capacity to digitize documents for posting on the Board's website, public registry and/or internal records management system	Low	-Capacity to transfer paper media into digital media	-Monitoring of backlogs if any of paper documents required to be digitized	-Commercial digitizing services at \$1,200 per year
Strategy 3B7 – Identify a standing budget to address applications as they arise	High	-SRB has capacity to proceed with applications in a timely manner when received	-Standing budget in place	-\$50,000 per year for honoraria, legal, travel and other related expenses
Objective 3C – Establish and maintain clear and comprehensive operating procedures				
Strategy 3C1 - Finalize By-laws	Medium	-Effective Internal Board governance procedures in place supported by by-laws as amended from time to time	-Approved by-laws in place	-2016/17- \$10,000 for legal review support
Strategy 3C2 - SRB Members Questionnaire – to assist the Chair in avoiding conflicts when assigning Members to pre-Hearing and /or Hearing duties	Low	-Preparation of the member questionnaire	-Questionnaire in place	-Overhead Commence in 2018/19
Strategy 3C3 - SRB Support Guide for Staff and Consultants – to clearly delineate the expectations placed on them by the Board	Low	-Preparation of a staff guide	-Guide finalized	-Overhead -Commence in 2018/19
Strategy 3C4 - Support Guide for members clearly	Low	-Preparation of a Board member guide	-Guide finalized	-Overhead -Commence in

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strategy	Priority (High, Medium or Low)	Outcome(s)	Performance Measures	Required Resources (Year 1, 2, ...5)
delineating the expectations placed on them e.g. code of conduct, avoiding conflict of interest/apprehension of bias etc.				2018/19
Strategy 3C5 - Develop and implement a prioritized list of internal operations policies required by the SRB – to be incorporated as schedules to the Board's By-laws. <ul style="list-style-type: none"> • For example; Finance Policy, Media Spokespersons Policy, Legal Services Policy; Policy on the Retention and Use of Expert Advisers; Records Management Policy; Board Minutes Disclosure Policy and Aboriginal and French language services policy 	Low	-A robust management framework for the Board	-Types and number of policies in place	-Overhead -2018/19 and 2019/20 \$30,000 each year for Board Committee honouraria and contractor support as required
Strategy 3C6 – Develop supplementary Process Directives, Reference Bulletins and Guidance Documents to further clarify the Board's processes for parties to	Medium	-Parties to disputes and the public have clear descriptions of Board process in addition to the Board's interpretation of specific provisions of the <i>SRB Act</i> where further certainty maybe helpful	-Volume of questions regarding uncertainty by parties to disputes and the public about SRB process or the provisions of the <i>SRB</i>	-\$16,600/year in 2017/18 and -\$20,000/year from 2018/19 to 2020/21 for professional advice

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strategy	Priority (High, Medium or Low)	Outcome(s)	Performance Measures	Required Resources (Year 1, 2, ...5)
disputes and the public (prioritized list to be developed)			Act is reduced	

APPENDIX 3 - AUDITED FINANCIAL STATEMENTS

**NORTHWEST TERRITORIES
SURFACE RIGHTS BOARD**

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2016

Management's Responsibility for Financial Reporting

Independent Auditor's Report

Statement of Financial Position

Statement of Revenue, Expenditures and Accumulated Surplus

Statement of Cash Flows

Notes to the Financial Statements

Management's Responsibility for Financial Reporting

May 20, 2016

To the Members of the Board
NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Yellowknife, N.W.T.

The accompanying financial statements were prepared by management in conformity with generally accepted accounting principles appropriate in the circumstances.

The Board maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Board acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The external auditor annually provides an independent, objective audit for the purposes of expressing an opinion on the financial statements. He also considers whether transactions which come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.



J. Edmondson, Board Coordinator,
NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Yellowknife, N.W.T.

We have audited the accompanying financial statements of NORTHWEST TERRITORIES SURFACE RIGHTS BOARD, which comprise the statement of financial position as at March 31, 2016, and the statements of revenue, expenditures and accumulated surplus, and cash flow for the 8 month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Generally Accepted Accounting Principles for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NORTHWEST TERRITORIES SURFACE RIGHTS BOARD as at March 31, 2016, and its financial performance and its cash flows for the 8 month period then ended in accordance with Canadian Public Sector Accounting Standards.



CHARTERED ACCOUNTANT

May 20, 2016
Yellowknife, N.W.T

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2016

ASSETS

	<u>2016</u>
Current	
Cash	\$ 168,366
Goods and Services Tax recoverable (Note 2)	3,703
	<hr/> 172,069
Capital assets (Notes 1b and 3)	<hr/> -
	<hr/> \$ 172,069

LIABILITIES

Current	
Accounts payable and accrued liabilities	\$ 58,480
Deferred revenue (Note 4)	113,589
	<hr/> 172,069

EQUITY

Accumulated surplus	-
Investment in capital assets (Note 1b)	-
	<hr/> -
	<hr/> \$ 172,069

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
STATEMENT OF OPERATING FUND REVENUE AND EXPENDITURES
FOR THE PERIOD ENDED MARCH 31, 2016

	<u>Budget</u> (Note 1h)	<u>Actual</u>
REVENUE		
Government of NWT Contributions	\$ 289,300	\$ 289,300
Transfer from (to) deferred revenue	-	(113,589)
	<u>289,300</u>	<u>175,711</u>
 OPERATING EXPENSES		
Wages and benefits	48,000	17,628
Insurance	8,000	-
Professional fees	42,500	51,859
Information technology and computer costs	20,000	13,266
Advertising and external communication	8,000	6,652
Bank charges and interest	1,000	1,194
Office and other supplies	9,000	544
Telephone, fax and internet	3,000	2,032
Honoraria	87,300	52,400
Board travel and other costs	36,000	25,905
Rent charges	26,500	4,231
Miscellaneous	-	-
	<u>289,300</u>	<u>175,711</u>
 EXCESS REVENUE (EXPENDITURES) FOR THE PERIOD	 -	 -
 ACCUMULATED SURPLUS, BEGINNING OF PERIOD	 -	 -
 ACCUMULATED SURPLUS, END OF PERIOD	 <u>\$ -</u>	 <u>\$ -</u>

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED MARCH 31, 2016

	<u>2016</u>
CASH PROVIDED BY (USED IN)	
OPERATING ACTIVITIES	
Excess revenue (expenditures) for the period	\$ -
<hr/>	
Net change in non-cash working capital balances:	
Operating resources provided by (used in):	
Decrease (increase) in accounts receivable	(3,703)
Increase (decrease) in accounts payable	58,480
Increase (decrease) in deferred revenue	113,589
<hr/>	
	168,366
Net increase (decrease) in cash and equivalents	168,366
Cash and equivalents at beginning of period	-
<hr/>	
CASH AND EQUIVALENTS AT END OF PERIOD	\$ 168,366
<hr/>	
Comprised of:	
Cash in bank	\$ 143,366
GIC	25,000
<hr/>	
	\$ 168,366
<hr/>	

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2016

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD (THE "Board") was created upon the enactment of the Surface Rights Board (Northwest Territories) by the fifth session of the seventeenth Legislative Assembly of the Northwest Territories, and commenced operations in April 2016. The objective of the Board is to fairly and equitably resolve disputes regarding access to lands in the Northwest Territories and waters overlying those lands in the Mackenzie Valley. The Board's objectives are based on the plan developed by the Government of the Northwest Territories Department of Lands. The Board's activities are in accordance with the requirements of the Northwest Territories Surface Rights Board Act (Canada), in accordance with the requirements of the Northwest Territories Land and Resource Devolution Agreement. The Board is exempt from income taxes under Section 149 of the Income Tax Act.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

a) Use of estimates

The preparation of financial statements necessarily involves the use of estimates, which have been made using careful judgment. Actual results could differ from these estimates and any differences will be reflected in the financial statements in the period in which they are known. The financial statements have, in the opinion of management, been properly prepared within the reasonable limits of materiality and the framework of the significant accounting policies summarized below.

b) Capital assets

Capital assets, when purchased, are recorded in the Capital Fund at cost minus accumulated amortization, and offset by the Investment in Capital Assets and any related debt. Amortization is provided to reduce the Investment in Capital Assets over the expected useful lives of the particular assets. Amortization is recorded using the diminishing balance method. At March 31, 2016, the Board had not acquired any capital assets.

d) Revenue and Expenditure Recognition

Government Contracts and Contribution Agreements:
The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

e) Fund accounting

Revenues and expenses related to Board operations delivery and administrative activities are reported in the Operating Fund. The net book value of capital assets is reported in the Capital Fund, offset by Investment in Capital Assets and any related debt.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

f) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the organization are either recognized or disclosed in the Financial Statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable, the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

Risk Management

The Board reviews financial risks and sets appropriate limits and controls when necessary.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will affect the organization's revenue, the organization's expenses and the organization's financial instruments. The Board does not own a significant number of interest earning assets and the Board does not have a significant number of interest bearing liabilities.

Liquidity Risks

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due. The Board manages liquidity risk by reviewing forecasted cash flows from operating activities, forecasted financing activities and forecasted investing activities including budgeted capital expenditures and related financing.

Fair Values

The methods and assumptions followed to disclose fair value are inherently matters of judgment. Accordingly, fair values do not necessarily reflect the amounts that would be recovered or paid under the circumstances that immediate settlement of the financial instruments were required. The use of different methods of estimating and different assumptions could have a material effect on the estimated fair value amounts.

Due to the short-term nature of accounts receivable, accounts payable and accrued liabilities the carrying amounts approximate fair value.

g) Going Concern

Financial Statements, under Canadian generally accepted accounting standards, are prepared on the assumption that the entity is a going concern, meaning that it will continue in operations for the foreseeable future and that it will be able to realize assets and discharge liabilities in the normal course of its operations.

h) Budget and Actual

Budget figures are for twelve months, unaudited and are those approved by the Board.

Actual figures are for 8 months since the commencement of 2015/16 operations in August 2015.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016

NOTE 2 ACCOUNTS RECEIVABLE

	<u>2016</u>
Goods & services tax recoverable	\$ 3,703
Less: allowance for doubtful accounts	-
	\$ 3,703

NOTE 3 DEFERRED REVENUE

Deferred revenue results from projects which have not yet been completed at year end, and under the terms of the contribution agreements signed with the funding bodies, have contribution terms which extend beyond year end. Unexpended funds at year end may be carried forward to next year.

	<u>2016</u>
Comprised of:	
Balance, beginning of period	\$ -
Deferred revenue transfer for the period included in Statement of Operating Fund Revenue and Expenditures	113,589
Balance, end of period	\$ 113,589

NOTE 4 ECONOMIC DEPENDENCE

Revenues

The Board derives a material amount of its revenues from contribution agreements with the Government of the Northwest Territories. Interruption of this funding would materially affect the operations of the Board.

Supplies and Expenditures

The Board may purchase all of the resources necessary for its operations at fair market values from available vendors deemed to provide best value to the Board.

The Board does not engage in the employment services of skilled individuals who could not be replaced in the labour market.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016

NOTE 5 CONTINGENT LIABILITIES

The Board has determined that there have been no events that confirm that an asset has been impaired or liability incurred as at the financial statement date.

The continued operations of the Board is dependent upon the Board securing financing by maintaining a volume of contribution funding. The Board has entered into a long term funding agreement with the Government of the Northwest Territories ending on March 31, 2020.

NOTE 6 COMMITMENTS

Effective May 1, 2016, the Board has entered into an obligation under a 2 year lease for office space. Annual minimum payments under for rent are \$13,103.

NOTE 7 SUBSEQUENT EVENTS

The Board has determined that there have been no subsequent events that provide further evidence of conditions which existed at the financial statement date, and/or which are indicative of conditions which arose subsequent to the financial statement date.