



Northwest Territories  
Surface Rights Board  
2017-2018 Annual Report

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June 22, 2018

## MESSAGE FROM THE CHAIRPERSON

June 22, 2017



The Northwest Territories Surface Rights Board (SRB or Board) is pleased to present its 2017/18 annual report.

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 Tẖcẖo 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.

As prescribed in section 28 of the *Act*, The Board is pleased to report it has well established operations, has received no applications for orders; and, has not issued any orders.

While the Board is fit and ready to deliver on its mandate, there remains work to be done. This work is succinctly described in the Board’s updated Strategic Plan and its 2018/19 workplan. Together they describe how the Board intends to achieve its vision to be “respected and trusted to resolve land and water access disputes in a fair and timely manner”.

Sincerely,

A handwritten signature in cursive script that reads "Louie Azzolini". The signature is written in dark ink and is positioned above the printed name.

Louie Azzolini  
Chairperson

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## ABOUT THE BOARD

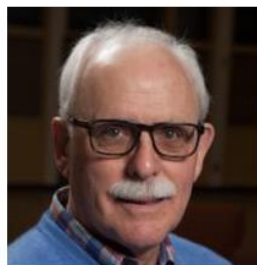
The NWT Surface Rights Board (“Board” or “SRB”) is established by the Northwest Territories (NWT) *Surface Rights Board Act (Act)* and its members are appointed for five-year terms by the Minister of Lands of the Government of the NWT. At any time, there can be no less than five (5) and no more than nine (9) members including the Chairperson. The *Act* also calls for the appointment of five (5) alternate members in the event a member is absent or incapacitated or the position is vacant.

All members and alternate members must be residents of the NWT. Further, at least one member and one alternate member must be a resident of Inuvik or the NWT portion of the Inuvialuit Settlement Region, the Gwich’in Settlement Area, the Sahtu Settlement Area and the M̄owhì Gogha Dè Nùttlèè.

Members of the Board in 2017/18 are:



Louie Azzolini,  
Chairperson  
(Mowhi)



Mike Vaydik, Vice-  
Chairperson (Non-  
Regional)



Darrell Christie,  
Member (Inuvik or  
NWT part of the ISR)



Danny Bayha,  
Member (Sahtu)



Elizabeth Wright,  
Member (Gwich’in)



Ian McCrea  
Alternate Member  
(Mowhi)



Vern Christensen,  
Alternate Member  
(Non-Regional)



## THE 2017/18 YEAR IN REVIEW

### Surface Rights Board Meetings

in 2017/18, The NWT Surface Rights Board met five (5) times, and did not receive any applications for orders, nor were any orders issued.

This year saw the SRB bring on Mr. Doug Rankin as its new Board Coordinator, an amended contribution agreement with the Government of the NWT finalized; and, the establishment of two working committees: the budget and business planning committee and a guidance documents and policy committee. The SRB's capacity and readiness was augmented through its mediation training, the development of operating policies and guidance documents, improvements to its public registry, and advancement of an integrated hearing process support system. The SRB was active in the *Minerals Resources Act* review, the *Northwest Territories Lands Act* Review, and the NWT Board Forum.

#### June 28, 2017

At its June 28, 2017 meeting the SRB adopted its 2016/17 annual report, accepted the 2016/17 audited financial statements; and, supported the recommendation of its hiring committee to appoint Mr. Doug Rankin as its Board Coordinator.

#### July 5-7, 2017

At its July 2017 meeting the SRB considered the Government of the NWT's proposed amendments to the contribution agreement, reviewed a draft Code of Ethics policy; and, adopted an Access to Information and Privacy policy and a 2017/18 French language services operating plan. Board readiness given inconsistent member attendance was discussed.

#### October 24-26, 2017

In October, the SRB struck a 2018/19 Budget and Business Planning Committee chaired by Mr. Vern Christensen to prepare the SRB's 2018/19 Strategic Plan, and the accompanying Business Plan and five (5) year budget forecast.

The SRB's approved its second quarter financial reports and approved minor budget adjustments. The SRB also discussed how to best manage idle cash balances. After

considering options, it agreed that making use of an interest-bearing savings account would be the most practical solution and directed its bookkeeper to open a business savings account for its idle cash balance.

The SRB also:

- Directed legal counsel to provide a project plan and budget to complete and maintain an electronic database of Canadian Surface Rights law.
- Directed Legal Counsel and a Board Member to research and provide recommendations regarding the provision of mediation training services for the SRB.
- Considered following-up on the SRB's letter sent to the GNWT Department of Lands regarding the *Northwest Territories Lands Act* Review.
- Approved the SRB response letter to the GWNT's NWT *Mineral Resource Act* consultations.
- Struck a Guidance Documents and Policy Committee to review, update and prepare guidance documents and operating policies.
- Supported having Mr. Louie Azzolini and Mr. Doug Rankin attend the November 27-30, 2017 NWT Board Forum in Inuvik.
- Adopted a Code of Ethics policy.

### January 16-18, 2018

At its January 2018 SRB meeting the SRB adopted the Budget and Business Planning Committee's 2018/19 Budget, Business Plan and five-year forecast. Mr. Ian McCrea, Chair of the Guidance Documents and Policy Committee advised the SRB the Committee would be updating the SRB's existing policies and preparing a suite of new policies for the SRB's consideration.

The SRB considered four (4) proposals for the provision of mediation training services and accepted the proposal submitted by Mediate BC. The SRB also approved legal counsel's proposal for the preparation of an Integrated Hearing process Support System (legal surface rights law database) subject to the allocation of funds in the 2018/19 fiscal year and future years.

In addition, the SRB:

- Received a verbal briefing from Mr. Azzolini and Mr. Rankin on the Inuvik Board Forum.
- Considered and accepted its third quarter financial report.

- Adopted the Application for Access Order (initial application) Form drafted by legal counsel and directed its posting on the SRB's website.
- Directed legal counsel to prepare nine (9) additional Applications as follows:
  - Application for Additional Compensation Order (Initial Application) Form;
  - Interlocutory Application (General);
  - Interlocutory Application (Insufficient Negotiation/Mediation);
  - Interlocutory Application (Substitutional Service);
  - Application for Termination of Order (Initial Application) Form;
  - Application for Review/Amendment of Order (Initial Application) Form;
  - Interlocutory Application for Costs Order Form;
  - Interlocutory Application for Enforcement Order Form; and,
  - Interlocutory Application for Failure to Comply with Rules of Procedure/Practice Direction Order Form.
- Directed the Chairperson to follow-up with the GNWT Department of Industry Tourism and Investment to determine the status of the *Minerals Resources Act* review and how the SRB contribution was received.
- Instructed the Board Coordinator to invite a minimum of three eligible accounting firms to submit proposal to undertake the SRB's 2017/18 annual audit for the period ending March 31, 2018.
- Authorized the purchase of a colour printer.
- Supported a briefing prepared by Mr. Vern Christensen regarding the work required to finalize the SRB website and requested that Mr. Christensen and the Board Coordinator finalize the website.
- Directed the Chairperson to include in the year-end report the need for an additional three (3) Member to be added to the SRB as its numbers are currently not in compliance with section 10.1 of the *Surface Rights Board Act*.

### March 5<sup>th</sup> and March 9<sup>th</sup>, 2018

At its March meeting the SRB accepted its fourth quarter financial report, and after considering two (2) proposals for the provision of financial audit services retained the ERP Yellowknife Accounting Professional Corporation. In addition, the SRB approved an extension of its existing lease at the Finn Hansen building to March 31, 2020.

The SRB also:

- Requested the Chairperson meet with senior officials at the Department of Industry Tourism and Investment to discuss its concerns regarding the *Minerals Resources Act* review discussion paper.
- Directed legal counsel to draft a memorandum of understanding between the Nunavut Surface Rights Tribunal and the NWT Surface Rights Board enabling the sharing of the electronic database of Canadian Surface Rights law.
- Adopted the updated Code of Ethics, Travel, and Honoraria policies.
- Adopted a Finance policy and an adjunct Electronic Funds Transfer Standard Operating Procedure.
- Considered an updated Access to Information and Privacy policy and a French and Aboriginal Language policy.



## **REPORT ON PERFORMANCE**

### **Strategic Plan, Business Plan, and Budget Committee**

The SRB established a committee to annually review and update its strategic plan, business plan and five-year budget. The Committee met regularly in November and December 2017. The Committee's work was tabled for approval and adopted at the SRB's January 2018 meeting.

### **Rules of Procedure**

The SRB has Rules of Procedure in place and available on the SRB's web site.

### **By-laws**

The SRB adopted By-laws pursuant to s.22 of the NWT *Surface Rights Board Act (Act)* that authorizes the SRB to make by-laws respecting the powers and functions of the Chairperson and the conduct and management of its internal administrative affairs.

### **Member Training**

The NWT SRB's strategic plan affirms and budgets for professional development. The SRB's 2017/18 professional development framework entailed dedicating one day at each regularly scheduled meeting to work through a mock application with legal counsel. This year, the SRB also received dispute/conflict resolution training on March 6-8, 2017. Colleen Cattell of Mediate BC delivered the training.

### **Communications**

SRB members (including alternates) attended the NWT Geoscience Forum held in Yellowknife and the Chairperson and Board Coordinator attended the NWT Board Forum in Inuvik. This year the SRB focused on bolstering its readiness and capacity to deliver on its mandate and refrained from undertaking active communications and public education activities.

### **External Relationships**

The Board strategic plan and business plan identified the development of external relationships as a low priority in 2017/18, and while no funding was allocated to this

function, the SRB maintained on-going relationships with the Yukon Surface Rights Board and the Nunavut Surface Rights Tribunal.

## **Human Resources**

The NWT SRB retains a permanent half-time Board Coordinator. With the resignation of the Board's inaugural Board Coordinator an open competition was undertaken for his replacement and Mr. Doug Rankin retained. He commenced his duties on July 5, 2017.

## **Office Space and Equipment**

The Board offices are situated at the Finn Hansen Building located at 5105-50 Street, Yellowknife. The Board operates a server, has two laptops, a printer, a phone, answering machine and uses the shared Boardroom at the Finn Hansen Building.

## **Computer Hardware and Software**

Computer hardware and software for a highly secure communications and data storage system is in place. 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 exists.

## **Insurance**

The Board provides personal insurance coverage for all members and staff through the NWT Workers' Safety and Compensation Commission (WSCC). Commercial general liability insurance is secured from the Totten Group.

## **Professional (non-legal) and Technical Support Services**

The following services were retained from NWT resident contractors in 2017/18. The SRB extended their respective contractual engagements to March 31, 2018 under the same terms and conditions.

- Bookkeeping - Office Compliments and administrative support to the Board Coordinator.
- Auditing – ERP Yellowknife Accounting Professional Corporation.
- Website – Kellett Communications Inc.

- Information Technology (non-website) – Gray Jay Enterprises Ltd.

## **Legal Services**

The NWT SRB continues to retain the legal counsel of Dr. Larry A. Reynolds associated with Cliffe Tobias Barristers & Solicitors.

## **FINANCIAL MATTERS**

### **Contribution Agreement**

The GNWT and the NWT SRB signed a five-year (5) Contribution Agreement on September 3, 2015. This agreement was subsequently amended on June 16, 2017. The Contribution Agreement establishes the annual budget adjusted annually for Final Domestic Demand Implicit Price index (FDDIPI), and a monthly cash flow. With the FDDIPI adjustment the SRB 2017/18 budget was \$297,478.

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 period with the Government of Canada.

### **Banking**

The NWT SRB banks with the Royal Bank of Canada and has implemented spending control authorities and limits. No expenditure can occur without the written authorization of two Board members.

### **Book keeping and Auditing**

Office Compliments provides bookkeeping services and ERP Yellowknife Accounting Professional Corporation financial audit services. The Board staff and Chairperson review finance reports monthly; and, the Board at its quarterly meetings. A chart of accounts consistent with the GNWT Contribution Agreement and aligned with SRB's five-year strategic plan and budget is in place. Expenditures are tracked by budgeted activity and electronic payments controlled by the Board's EFT standard operating procedure.

### **Financial Variance Report**

The Board is operating within its approved contribution agreement funding and consistent with SRB approved operating budget as amended during the year. The SRB has reserved \$50,000, as per the Board's Strategic Plan, to address applications as they arise. If no applications arise, the \$50,000 will be carried forward into FY 2018/19.

## **CHALLENGES**

SRB member vacancies exist and could limit the Board's ability to deliver on its mandate.

## **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. Rules of Procedure and SRB By-laws are in place. A professional development framework supports member capacity to deliver on the SRB's mandate; and, all the SRB's work is consistent with its updated five-year strategic plan, supporting business and expenditure plan.

## **APPENDIX 1**

### **2017/18 STRATEGIC PLAN**

## MISSION

*To fairly 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.

## VISION

*Respected and trusted to resolve land and water access disputes in a fair and timely manner.*

The SRB's vision represents the preferred "ultimate" state the Board would like to achieve in the long run. The Vision outlives the current membership's tenure, and guides short and intermediate term actions.

## VALUES

- **Fairness:** treating people equitably and impartially through clear, objective, transparent, accessible and reasoned decision making processes.
- **Respect:** sensitivity to the diversity of the parties to the Board's processes and 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 (opened 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, Federal and NWT Government officials).
- 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 publicly accepted as a legitimate organization.
- While acknowledged in aboriginal land claims negotiations, First Nations generally will not have a solid understanding of the provisions of the SRB Act; especially in the unsettled land claim 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.
- Board vacancies may pose a challenge for addressing disputes in a timely manner.

### 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 supportive to the SRB getting organized and operational.
- 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 resolution of land access disputes; if the parties cannot successfully resolve the conflict directly.

## Internal Factors

### Strengths

- The SRB has acquired experienced legal counsel to assist with start-up, training and on-going challenges.
- The SRB has also retained a competent suite of service providers to address financial, book keeping, 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.
- Cornerstone documents are now in place and the SRB is operational.

### Weaknesses

- The SRB is still maturing in terms of operational readiness.
- The cost of each future dispute resolution process is unknown.

## 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 questioned.

- Industry is becoming more engaged in securing a social license for its activities.
- Uncertainty continues regarding settlement of outstanding Aboriginal land claims.

## Workload Drivers

- Professional development needs must continue to be addressed to ensure Board readiness to address disputes.
- 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.
- The lack of awareness of the SRB and its processes among the public, industry, land administrators, land use planning boards, government officials and other relevant individuals.
- How to ensure the SRB and land and water regulators have a common understanding regarding the role of the SRB within the NWT resource management regime.

## 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 parties to a dispute.**
- **Core capacity and administrative requirements are met.**

## **OBJECTIVES & STRATEGIES**

The SRB's objectives are realistic, results-oriented statements of what the Board expects to achieve in the short term on the way to accomplishing its goals. Objectives are closely linked to strategies.

The SRB's strategies are specific actions that help accomplish an objective in the next one to five 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**

- 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 mock NWT land access dispute resolution exercises (including pre-hearing and hearing scenarios).
- 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 parties to disputes**

**Objective – Improve awareness and understanding of the Board's role and dispute resolution process with relevant organizations and individuals**

- Build relationships with resource management and other relevant organizations.

- Finalize development of the Board website – as a public portal for information regarding the SRB.
- Finalize 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**

- Finalize and maintain 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 potential parties to the Board’s processes.

**Goal 3 - Core capacity and administrative requirements are met**

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

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

**Objective – Conduct efficient day-to-day Board operations**

- Lease of office space.
- Retain Board Coordinator.
- Identify sufficient funds for Board Honoraria and related travel, meals and accommodation as well as general office supplies, postage & miscellaneous expenses.
- Retain general service providers.
  - Book keeping
  - 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.
- Maintain 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

- Maintain on-going currency of the Board’s By-laws.
- 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, conflict of interest/apprehension of bias etc.
- Develop and maintain the necessary internal operations policies.
- Develop and maintain 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**

### **2017/18 BUSINESS PLAN**

Legend

Low Priority
Medium Priority
High Priority

Strategy	Priority	Outcome(s)	Performance Measures	Required Resources
<b>Goal 1 Ready, competent and timely dispute resolution</b>				
<b>Objective 1A – Establish and continually improve dispute resolution procedures, guidelines and best practices</b>				
<b>Strategy 1A1</b> - Develop and maintain an internal electronic database of Canadian surface rights decisions	Low	A resource for the SRB to reference (and for training and professional development) when considering a variety of surface rights related legal issues	-Data base formally established -Database updated annually	-\$2,000 in 2017/18 implementation -\$2,000 annual maintenance future years
<b>Strategy 1A2</b> - 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 SRB's work	-Number of formal and informal relationships established - Frequency and types of communications	- Staff/Board Overhead -\$5,000/yr. travel budget beginning in 2018/19 -Combine with other travel where possible
<b>Objective 1B – Maintain Board competence and proficiency</b>				
<b>Strategy 1B1</b> - 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	Medium	Knowledgeable Board members	-Members capacity assessment -Member professional development plan established -Professional development undertaken annually	-2018/19 to 2020/21 @ \$15,000/yr. - Budget to increase to \$20,000 in 2021/22

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Strategy	Priority	Outcome(s)	Performance Measures	Required Resources
interest based negotiation				
<b>Strategy 1B2</b> - 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.
<b>Strategy 1B3</b> – 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
<b>Goal 2 - Respected, trusted and understood by the public and parties to disputes</b>				
<b>Objective 2A – Improve awareness and understanding of the Board’s role and dispute resolution process with relevant organizations and individuals</b>				
<b>Strategy 2A1</b> - Build relationships with resource management and other relevant organizations	Medium	- Effective networks for timely access to relevant information and expertise	-Frequency and type of communication	-\$5,000/year expenses various -Board Member/Staff overhead
<b>Strategy 2A2</b> - Finalize development of the Board website – as a public portal for information regarding the SRB	High	-All public information and resources readily available online	-Website operational, current and readily accessible to public and Board members -Current and regularly updated and compliant with S.94 of the SRB Act	-Future years \$3,000/yr. for on-going website maintenance
<b>Strategy 2A3</b> - Finalize 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	Medium	-Visual identity readily recognized by the public	-Visual identity products finalized -Integrated into the SRB communications plan	-\$2,000 for Contractor costs 2017/18 - future costs estimated to be \$3,000 per year



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Strategy	Priority	Outcome(s)	Performance Measures	Required Resources
notices etc..				
<b>Objective 2B - Establish ready public access and transparency to the Board's dispute resolution process and its decisions</b>				
<b>Strategy - 2B1</b> Finalize and maintain 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 \$3,000 in 2018/19 to consider adding languages translating module
<b>Strategy - 2B2</b> Develop a communications strategy and key messaging to be conveyed to the public and potential parties to the Board's processes	Medium	-Successful positioning of the SRB in the minds of those that might require access to the SRB	-Established communications strategy - critical success indicators monitored and tracked e.g. volume, frequency nature and type of communications	- Contractor costs of \$7,000 in 2019/20
<b>Goal 3 - Core capacity and administrative requirements are met</b>				
<b>Objective 3A – Maintain timely and current Strategic and Business Plans and Reports</b>				
<b>Strategy 3A1</b> - Submit annual reports as required	High	-Annual Report submitted	-Submitted on time -Acknowledgment of and posting of the document on the website	Overhead  -\$2,500/yr. for graphic design support starting in 2017/18
<b>Strategy 3A2</b> - 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	Overhead  -\$5,000/yr for graphic design support starting in 2018/19
<b>Strategy 3A3</b> - Prepare/renew the SRB strategic plan once every 5 years	High	-Renewal of the strategic plan -Review of the impact of the previous strategic plan	Timely renewal of Strategic Plan completed	Overhead -\$5,000 honoraria for SP Committee work in 2020/21 - and \$20,000

Strategy	Priority	Outcome(s)	Performance Measures	Required Resources
				to design and implement a survey questionnaire for environmental scan and analysis tool to assess effectiveness of previous strategic plan
<b>Objective 3B – Conduct efficient day-to-day Board operations</b>				
<b>Strategy 3B1</b> - Lease office space/boardroom space/secure storage area and purchase required furnishings	High	-Office meeting and storage requirements met -Compliance with s.20 of the SRB Act	-Lease in place - Furniture purchased	Years 2017/18 to 2021/22 - \$15,000/yr
<b>Strategy 3B2</b> - Retain Board Coordinator	High	-Competent Professional Board Coordinator	-Annual performance review	\$48,000/year
<b>Strategy 3B3</b> – Identify sufficient funds for Board Honoraria and related travel, meals and accommodation as well as general office supplies, postage & misc. expenses	High	-Fixed costs for Board meetings and regular operations are met	-Number and types of meetings to conduct Board business. -Annual budget variance for Board meetings and regular operations	- 2017/18 \$122,300 - 2018/19 and future years @ \$94,225 - Frequency of Board meetings will decrease as start-up phase is being completed
<b>Strategy 3B4</b> - Retain general service providers o Book keeping o Legal counsel o Financial auditing o IT support o Website maintenance	High	-Required support service available for Board operations	-Contracts in place -Board satisfaction with services delivered	\$58,500/year
<b>Strategy 3B5</b> - Develop and	Medium	-Clearly understood and applied	-Records management policy or	\$3,000 per year for annual

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Strategy	Priority	Outcome(s)	Performance Measures	Required Resources
implement a formal records management system for the storage and retrieval of current and archival records that addresses both paper and digital formats		records management with supporting documentation and control in place	procedure in place and applied -Compliance with 94.2 of the <i>SRB Act</i>	software licensing fees and technical support
<b>Strategy 3B6</b> - Maintain 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
<b>Strategy 3B7</b> – 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. Budget to increase to \$64,000 in 2021/22
<b>Objective 3C – Establish and maintain clear and comprehensive operating procedures</b>				
<b>Strategy 3C1</b> - Maintain the on-going currency of the Board's 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	\$2,000 per year for legal review support
<b>Strategy 3C2</b> - 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 and being used	Overhead Commence in 2018/19
<b>Strategy 3C3</b> - 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

2017-2018 Annual Report

Strategy	Priority	Outcome(s)	Performance Measures	Required Resources
<b>Strategy 3C4</b> - Support Guide for members clearly delineating the expectations placed on them e.g. code of conduct, avoiding conflict of interest/apprehension of bias etc.	Medium	-Preparation of a Board member guide	-Guide finalized	Overhead Commence in 2018/19
<b>Strategy 3C5</b> - Develop and maintain the necessary internal operations policies	Medium	-A robust management framework for the Board - For example; Finance Policy, Media Spokespersons Policy, Legal Services Policy; Policy on the Retention and Use of Expert Advisors; Records Management Policy; Board Minutes Disclosure Policy and Aboriginal and French language services policy	-Types and number of policies in place	Overhead -2018/19 and 2019/20 \$5,000 each year for Board Committee honouraria and contractor support as required
<b>Strategy 3C6</b> – Develop and maintain 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)	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 SRB Act 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 SRB Act (that are not covered by SRB Process Directives, Reference Bulletins and guidance documents, policies and procedures) is reduced	For professional advice 2017 - \$2,978 2018/19 – \$10,674 2019/20 - \$10,340 2020/21 - \$1,050 2021/22 - \$10,805

## **APPENDIX 3**

# **NORTHWEST TERRITORIES SURFACE RIGHTS BOARD 2017/18 AUDITED FINANCIAL STATEMENTS**

**March 31, 2018**



**YELLOWKNIFE  
ACCOUNTING**  
PROFESSIONAL CORPORATION

CHARTERED PROFESSIONAL  
ACCOUNTANTS

P.O. Box 20072  
4910 - 50th Street,  
2nd Floor  
EPR Yellowknife Building  
Yellowknife, NT  
X1A 1R6

Tel: (867) 669-0242  
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[www.epryellowknife.ca](http://www.epryellowknife.ca)

May 30, 2018

Board of Directors  
NWT Surface Rights Board  
201 5204 50<sup>th</sup> Avenue  
Yellowknife, NT X1A 1E2

Dear Board Members:

We have recently completed our audit of your financial statements for the period ended on March 31, 2018. As indicated in our Auditor's Report, as a result of our examination, we were able to render a clear opinion as to the fairness of these statements.

The objective of an audit is to obtain reasonable assurance as to whether the financial statements are free of material misstatement and is not designed to identify matters that may be of interest to administration in discharging the responsibilities. Nor can an audit be expected to disclose defalcations and other irregularities.

Although an audit is not designed to express an opinion as to whether the systems of internal control have been properly implemented or have been operating effectively, we have attached a supplement to this letter outlining some suggestions for your consideration. The report is not exhaustive, and deals with the more important matters that came to our attention during the audit. Minor matters were verbally discussed with administration.

We believe the implementation of any recommendations will provide the organization with a stronger system of internal accounting control while also making its operations more efficient. We will be pleased to discuss the details of these recommendations with you and assist in any way possible with their implementation.

We would like to express our sincere appreciation for the cooperation and assistance that we received during the course of our audit from the staff.

Yours truly,

Biswanath Chakrabarty, FCPA, FCGA  
President  
**EPR Yellowknife Accounting Professional Corporation**  
**Chartered Professional Accountants**

Attachment

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**Financial Statements**  
**Year ended March 31, 2018**

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<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING</b>	
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
Northwest Territories Surface Rights Board  
Yellowknife, NWT

We have audited the accompanying financial statements of Northwest Territories Surface Rights Board, which comprise of the Statement of Financial Position as at March 31, 2018, Statement of Revenue and Expenditures and Accumulated Surplus and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards 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 judgement, 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, 2018 and its financial performance and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*EPR Yellowknife Accounting*  
*Paul W. [Signature]*

EPR Yellowknife Accounting Professional Corporation  
Yellowknife, NT  
June 14, 2018





## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Northwest Territories Surface Rights Board are the responsibility of management and have been approved by the Board.

The financial statements have been prepared by management in accordance with Canadian accounting standards for not for profit organizations as recommended by the board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, EPR Yellowknife Accounting Professional Corporation., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Northwest Territories Surface Rights Board and meet when required.

On behalf of Northwest Territories Surface Rights Board



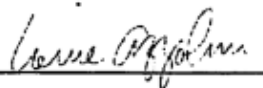
**Doug Rankin, Board Coordinator**  
Northwest Territories Surface Rights Board  
May 28, 2018

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
 As At March 31, 2018

Statement I

	2018	2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 123,503	\$ 80,050
Accounts receivable (Note 3)	74	29,592
Prepaid Expenses	1,262	1,350
	<b>124,839</b>	<b>110,992</b>
<b>CAPITAL ASSETS (Note 2b)</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$ 124,839</b>	<b>\$ 110,992</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 46,775	\$ 44,132
Deferred Revenue (Note 4)	78,064	66,860
<b>TOTAL LIABILITIES</b>	<b>124,839</b>	<b>110,992</b>
<b>EQUITY</b>		
Accumulated Surplus	-	-
Investment in capital assets (Note 1b)	-	-
	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 124,839</b>	<b>\$ 110,992</b>

APPROVED ON BEHALF OF BOARD

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

The accompanying notes and schedules form an integral part of the financial statements.

Page 1



Northwest Territories  
Surface Rights Board  
2016-2017 Annual Report

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED SURPLUS**  
For the Year Ended March 31, 2018

Statement II

	2018	2017
<b>REVENUE</b>		
Government of NWT Contributions	297,478	293,900
Transfer from (to) deferred revenue	(11,204)	46,729
Interest revenue	173	250
Other revenue	-	1,023
<b>TOTAL REVENUE</b>	<b>286,447</b>	<b>341,902</b>
<b>OPERATING EXPENSES</b>		
Professional fees	122,799	138,107
Honorarium	51,371	63,866
Board travel and other costs	19,755	46,354
Wages and Benefits	49,721	38,118
Information technology and computer costs	6,690	25,696
Rent	17,818	16,007
Advertising and external communication	5,575	4,190
Office and other supplies	4,698	3,968
Telephone, fax and Internet	3,226	3,120
Staff Travel and training	2,851	1,540
Bank charges and interest	172	486
Insurance	1,771	450
<b>EXCESS REVENUE (EXPENDITURE) FOR THE YEAR</b>	<b>286,447</b>	<b>341,902</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	-	-
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes and schedules form an integral part of the financial statements.

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**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**STATEMENT OF CASH FLOW**  
**For the Year Ended March 31, 2018**

**Statement III**

	<b>2018</b>	<b>2017</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditure	\$ -	\$ -
Decrease (increase) in accounts receivable	29,518	(25,889)
Decrease (increase) in prepaid expenses	88	(1,350)
Increase (decrease) in accounts payable	2,643	(14,348)
Increase (decrease) in deferred revenue	11,204	(46,729)
	43,453	(88,316)
Net increase (decrease) in cash and equivalents	43,453	(88,316)
Cash and equivalents at beginning of Year	80,050	168,366
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<b>123,503</b>	<b>80,050</b>
<b>Cash consists of :</b>		
Cash in bank	98,503	55,050
GIC	25,000	25,000
	\$ 123,503	\$ 80,050

The accompanying notes and schedules form an integral part of the financial statements.

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2018**

---

**1. NATURE OF ORGANIZATION**

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, commencing 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.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian Accounting Standard for Not-For-Profit Organizations (ASNPO).

**2a) 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.

**2b) 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, 2018, the Board had not acquired any capital assets.

**2c) 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.

**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.

**2d) 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.

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2018**

**Financial Instruments (Contd...)**

**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.

**2e) Risk Management**

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

**2f) 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.

**3. ACCOUNTS RECEIVABLE**

	2018	2017
GNWT Department of Lands	\$ -	\$ 29,592
Office Compliments	74	-
	<b>\$ 74</b>	<b>\$ 29,592</b>

**NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2018**

**4. DEFERRED REVENUE**

Pursuant to Contribution Agreement Paragraph 7.3, any unspent amount of the Contribution, or amount repayable in accordance with the Agreement, shall be recorded as a liability in the accounts and records of the Board until the amounts have been spent in accordance with the Agreement or repaid to the GNWT, as applicable.

	2018	2017
Balance, beginning of period	\$ 66,860	\$ 113,589
Deferred Revenue recognized as revenue during for the year	11,204	(46,729)
<b>Balance, end of period</b>	<b>78,064</b>	<b>66,860</b>
Comprised of:	-	-
Deferred revenue for processing applications	50,000	50,000
Deferred revenue, general	28,064	16,860
	<b>\$ 78,064</b>	<b>\$ 66,860</b>

**5. 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.

**6. 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.

**7. COMMITMENTS**

Effective May 1, 2016, the Board entered into an obligation under a 2 year lease for office space. Annual minimum payments for rent are \$13,758.

**8. 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.