

GOVERNMENT OF THE NORTHWEST TERRITORIES
RESPONSE TO MOTION 8-17(4) SECONDARY DIAMOND INDUSTRY

Motion

THEREFORE I MOVE, that the Department of Industry, Tourism and Investment revise its Diamond Policy Framework to reflect the needs of a successful secondary industry by:

- *securing the diamond certification process and enhance marketing of the Polar Bear trademark;*
- *strengthening conditions for the northern-approved manufacturers with the goal of keeping diamonds in the North;*
- *establishing a diamond bourse to facilitate localized sorting, evaluating and rough box purchasing; and*
- *emphasizing socio-economic agreements where local job security and creation and a balance of skills, gender and ethnicity are paramount.*

AND FURTHER, that the Government of the Northwest Territories (GNWT) provide a comprehensive response to this motion within 120 days.

GNWT Response

During the 16th Legislative Assembly, the GNWT consulted extensively on a new policy framework with all Northwest Territories (NWT) diamond stakeholders and worked very closely with the Standing Committee on Economic Development and Infrastructure.

The resulting 2010 Diamond Policy Framework clearly identifies the GNWT objectives and support programs for the secondary diamond sector. It also outlines the process to become an Approved Northwest Territories Diamond Manufacturer (ANDM). The main supports offered through the Framework include: preferred access to a portion of the rough diamonds produced in the NWT and the ability to negotiate access to select GNWT-owned diamond trademarks to assist in branding and marketing polished diamonds.

The GNWT is of the view that the current Diamond Policy Framework meets the needs of industry and stakeholders and further revision during the life of the 17th Assembly is unnecessary.

Securing the diamond certification process and enhance marketing of the Polar Bear trademark

Through its comprehensive certification process, the GNWT monitors the chain of custody of NWT-mined rough diamonds sold to ANDMs and inspects the polished diamond output from the NWT to certify that the diamonds were mined, cut and polished in the NWT.

An ANDM licensed to use the GNWT-owned Polar Bear Trademarks can execute its marketing plan for its NWT production using GNWT diamond trademarks. The GNWT consults with the ANDM and can assist the manufacturer's polished diamond marketing efforts.

The GNWT expends considerable effort monitoring and enforcing the use of its diamond trademarks in conjunction with its legal counsel, who have significant expertise and experience in this area. As a result, the GNWT has successfully reduced unauthorized use of its diamond-related trademarks.

Strengthening conditions for the northern-approved manufacturers with the goal of keeping diamonds in the North

The GNWT works very closely with NWT diamond producers and ANDMs to ensure a reliable and suitable supply of quality rough diamonds for manufacture in the NWT. The GNWT will continue to secure rough supply agreements with diamond producers and to strengthen conditions for ANDMs who are committed to growing successful manufacturing operations in the NWT that train and employ NWT residents. Under the Diamond Policy Framework, the GNWT ensures that prospective ANDMs have: valid, reasonable and complete business plans; identified rough diamond requirements and anticipated sales; a management team with experience and ability to execute the manufacturing plan; the ability to distribute and market the finished product; and passed the GNWT's due diligence checks.

Establishing a diamond bourse to facilitate localized sorting, evaluating and rough box purchasing

The GNWT has become a Member of the Diamond Bourse of Canada. Ultimately, the Diamond Bourse would make the decision about whether to establish an office in the NWT. If asked for funding support, the GNWT would consider the value of a Diamond Bourse presence in the NWT and would consult with NWT diamond stakeholders before making a final decision on participation and support for a Diamond Bourse.

Emphasizing socio-economic agreements where local job security and creation and a balance of skills, gender and ethnicity are paramount

The GNWT has Socio-Economic Agreements (SEAs) with the three current diamond producers in the NWT (Ekati - Dominion Diamond Corporation, Diavik - Diavik Diamond Mines Inc., and Snap Lake - De Beers Canada Ltd.) and is negotiating a SEA with DeBeers Canada Ltd. for the proposed Gahcho Kue Mine. Each SEA includes provisions for priority hiring of Aboriginal persons and NWT residents, the advancement and promotion of women in non-traditional occupations, and a focus of training and skill development.

The GNWT monitors the implementation and the performance of each producer. Where commitments are not met, the GNWT meets with senior company officials to work together to improve performance, maintain local job security and maximize socioeconomic benefits for all NWT residents.

