

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
8TH ASSEMBLY, 67TH SESSION**

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CANADA-NORTHWEST TERRITORIES INTERIM SUBSIDIARY
AGREEMENT ON COMMUNITY ECONOMIC DEVELOPMENT

THIS AGREEMENT made this _____ day of _____, 1979.

BETWEEN:

THE GOVERNMENT OF CANADA
(hereinafter referred to as
"Canada"), represented by
the Minister of Indian Affairs
and Northern Development and
the Minister of Regional
Economic Expansion,

OF THE FIRST PART,

AND:

THE GOVERNMENT OF THE NORTHWEST
TERRITORIES (hereinafter referred
to as "the Territories"), repre-
sented by the Commissioner of
the Northwest Territories,

OF THE SECOND PART.

WHEREAS Canada and the Territories entered into a
General Development Agreement (hereinafter referred to as "the
GDA"), dated _____, 1979, under which they agreed to
co-operate jointly in selecting and implementing initiatives
for the economic and socioeconomic development opportunities of
the Northwest Territories;

AND WHEREAS Canada and the Northwest Territories have
agreed that special measures are required in order to encourage
economic and social development and to provide options and
opportunities to enable people in the area to contribute to and
participate in that development;

AND WHEREAS there are certain high-priority projects
which can now be undertaken on an interim basis, the parties
agree to undertake such projects and to establish a framework
for the formulation and development of a longer term program;

AND WHEREAS Canada and the Territories have agreed to undertake a broad range of initiatives in the Northwest Territories centered on economic and resource development, human development, community development and public information and consultation, all of which are referred to in this Agreement as the development opportunity, and to share the costs incurred in the implementation of the development opportunity;

AND WHEREAS the Governor in Council by Order in Council P.C. _____ of the _____ day of _____, 1979, has authorized the Minister of Indian Affairs and Northern Development and the Minister of Regional Economic Expansion to execute this Agreement on behalf of Canada;

AND WHEREAS the Governor in Council by Order in Council P.C. _____ of the _____ day of _____, 1979, has authorized the Commissioner of the Northwest Territories to execute this Agreement on behalf of the Territories;

NOW THEREFORE, the parties hereto agree as follows:

SECTION 1 - DEFINITIONS

1.1 In this Agreement:

- (a) "capital project" means any project, as determined by the Management Group, in which construction or related activities are involved;
- (b) "Commissioner" means the Commissioner of the Northwest Territories and includes any person authorized by him to act on his behalf;
- (c) "development opportunity" means the several initiatives which the Ministers and the Commissioner have agreed to implement under this Agreement and which are more fully described in Schedules "A", "B" and "C" attached to and forming part of this Agreement;

- (d) "eligible costs" means those costs outlined in subsection 6.5 of this Agreement;
- (e) "fiscal year" means the period commencing on April 1 in a calendar year and ending on March 31 of the immediately following year;
- (f) "GDA" means the General Development Agreement between Canada and the Northwest Territories dated _____, 1979;
- (g) "Group" means the Management Group established pursuant to subsection 4.1;
- (h) "Ministers" means the Minister of Indian Affairs and Northern Development and the Minister of Regional Economic Expansion, and includes any persons authorized by them or either of them to act on his or their behalf;
- (i) "non-capital project" means any project, as determined by the Management Group, which does not involve construction or related activities;
- (j) "program" means a principal component of the Agreement as outlined in Schedules "A", "B" and "C" of this Agreement;
- (k) "project" means any specific initiative which by itself or together with other initiatives constitutes a subdivision of a program; and
- (l) "Secretariat" means the Implementation Secretariat established pursuant to subsection 4.6.

SECTION 2 - PURPOSE AND OBJECTIVES

2.1 The purpose of this Agreement is to enable Canada and the Territories to jointly undertake the implementation of programs aimed at expansion of community based economic development, with particular emphasis on renewable resource harvest, tourism and intercommunity trade.

2.2 The objectives of this Agreement are:

- (a) to assist individuals and communities to participate in community affairs and development opportunities to improve their social and physical environment in a manner conducive to improve quality of life;
- (b) to assist in the assessment, planning and development of resource based and other opportunities for economic development in a manner which emphasizes and encourages community participation in balanced development; and

- (c) to assist in, and encourage the development of improved co-ordination of activities between related federal and territorial programs and agencies.

SECTION 3 - SUBJECT MATTER

3.1 The parties agree that since additional time is required to plan and consult with residents of the area on a comprehensive long-term development strategy for the Northwest Territories, it is desirable to undertake certain projects which can be immediately identified as integral parts of any long-term development strategy, and which may, at some later date, be included under a longer term subsidiary agreement.

3.2 Activities to be undertaken under this Agreement shall be in accordance with the program framework outlined in Schedule "A" and shall be subject to funding within program allocations as indicated in Schedules "B" and "C".

3.3 The Territories will be responsible to undertake the projects approved under programs described in Schedule "A" for which funding is provided in Schedule "B", unless otherwise specified by the Group, and to initiate the training and monitoring programs necessary to ensure effective and efficient implementation of capital projects.

3.4 Canada will be responsible to undertake the projects approved under the programs listed in Schedule "C", unless otherwise specified by the Group.

3.5 Where one party hereto is responsible for the implementation of a cost-shared initiative, it shall indemnify and save harmless the other party, its officers, servants, and agents, against all claims and demands of third parties in any way arising out of the implementation of such initiative, except to the extent to which such claims or demands relate to the act or negligence of any officer, employee, or agent of the other party.

3.6 Subject to legislative restrictions, the Territories shall acquire or arrange for the acquisition of any lands and interest therein, in the name of the Crown or otherwise, that are required for projects under programs listed in Schedule "B".

3.7 The Territories will, upon completion of each project for which it is responsible, accept full responsibility for the project's continuing operation, maintenance and repair, except where other federal-territorial arrangements apply, or where the activity is a commercial operation which is sold or otherwise disposed of by the Territories.

3.8 Canada and the Territories agree to establish measures to ensure that residents have the opportunity to participate in, recommend on, and contribute to planning studies carried out under this Agreement.

3.9 Nothing in this Agreement shall be construed so as to affect the special status of Indian and Inuit people and of Reserve lands. Furthermore, nothing in this Agreement shall jeopardize the position of the Indian and Inuit people with respect to any legal obligations which Canada might have because of Treaties, of claims arising therefrom, or of claims of any other nature.

3.10 This Agreement shall commence on and take effect from the date on which it is signed by the Ministers and the Commissioner and shall terminate on March 31, 1981, or such earlier date as may be agreed to in writing by the Ministers and the Commissioner. No project shall be approved after the termination date of this Agreement and no project completion date shall extend beyond twelve months from said termination date, and no claim shall be paid by Canada unless it is received by Canada within twelve months following the applicable project completion date.

SECTION 4 - MANAGEMENT, IMPLEMENTATION AND CONSULTATION

4.1 For purposes of implementing this Agreement, Canada and the Territories shall promptly establish a Management Group comprised of two representatives of the Territories, as appointed by the Commissioner, one of whom shall be a co-chairman of the Group; and two representatives of Canada, as appointed by the Ministers, one of whom shall represent the Department of Indian Affairs and Northern Development, and the other shall represent the Department of Regional Economic Expansion and shall be a co-chairman of the Group.

4.2 The Group shall be responsible for the overall management and administration of this Agreement, and its duties shall include the following:

- (a) ensuring that the intent and the terms and conditions of this Agreement are carried out;
- (b) approving projects under this Agreement;
- (c) transferring of funds from one project to another within programs in Schedule "E", where appropriate and consistent with the intent of this Agreement;
- (d) recommending to the Ministers and Commissioner any changes in the financial limit between the programs as shown in Schedule "B";

- (e) recommending annually to the Ministers and Commissioner, on or before September 1 of each fiscal year, a work plan and estimates of expenditures concerning proposed programs and projects to be undertaken under this Agreement for the subsequent fiscal year;
- (f) providing a progress report to the Ministers and Commissioner prior to the annual GDA meeting;
- (g) establishing advisory and co-ordination committees as required, or requesting the presence of representatives from other departments, agencies, or nongovernmental bodies, where it is considered that their presence would contribute to the effectiveness of the Group;
- (h) establishing standards and procedures required for the approval and efficient implementation of projects and such other procedures as may be required for the administration and management of this Agreement; and
- (i) establishing an Implementation Secretariat as outlined in subsection 4.6 to ensure the effective and co-ordinated implementation of projects as approved by the Group.

4.3 Decisions of the Group shall be acted upon only if its members are unanimous. In those cases where the members of the said Group are unable to reach a unanimous decision, the matter shall be referred to the Ministers and the Commissioner whose decision shall be final.

4.4 The signature of the Co-chairmen of the Group shall be sufficient verification for the purpose of this Agreement or for any recommendation or decision made, or approval given by the Group.

4.5 Each project under this Agreement shall be submitted for the approval of the Group and shall be described in an appropriate document which shall include the project name and description,

the purposes and objectives, an outline of how the project is to be carried out and progress reported, the anticipated completion date, performance data as appropriate, the total cost and the share of the cost to be borne by each of the parties involved, and whether revenue accruing from the project is shareable between Canada and the Territory, and if so, in what proportion, and such other information as may be required by the Group.

4.6 To ensure the effective and co-ordinated implementation of projects within the annual work program, which have been approved by the Group, an Implementation Secretariat (hereinafter referred to as the "Secretariat") shall be established by the Co-chairmen of the Group and shall consist of a Territorial Administrator and a Federal Administrator who shall report to and take direction from the Group and shall be responsible for approving specific activities undertaken within projects.

4.7 The duties and responsibilities of the Territorial Administrator shall include:

- (a) the co-ordination of the activities of the territorial departments and agencies which may be designated to carry out projects under programs approved by the Group;
- (b) the day-to-day administration of the territorial responsibilities under this Agreement;
- (c) the financial management of territorial aspects of this Agreement; and
- (d) other duties and tasks assigned by the Group.

4.8 The duties and responsibilities of the Federal Administrator shall include:

- (a) co-ordination of the activities of other federal departments and agencies involved in the Agreement;
- (b) co-ordination of the financial management of federal aspects of this Agreement; and
- (c) other duties and tasks assigned by the Group.

4.9 The Secretariat, in consultation with the Group, may establish subcommittees or working groups to advise it and to assist it in its work, whose members may include persons who are not members of the Secretariat or of the Group.

4.10 The Group may establish a Canada-Territorial Program Advisory Committee comprised of representatives of other federal departments such as Canada Employment and Immigration Commission, Industry, Trade and Commerce, and Fisheries and the Environment; other territorial departments such as Local Government, and Natural and Cultural Affairs; as well as local government representatives and other representatives of residents, to assist the Secretariat in its functions. This Committee would review all proposals eligible for cost sharing under the Agreement and advise the Group, through the Secretariat, of local concerns related to those proposals.

4.11 Prior to approval of any project providing for capital expenditure in communities where traditional federal and territorial responsibilities for capital expenditure are both to be exercised, an arrangement will be entered into clarifying responsibilities for construction, operation and maintenance of such local facilities among all interested parties, including inter alia, the Department of Indian Affairs and Northern Development, the Department of Local Government, and the Settlement Council, prior to the undertaking of such works.

4.12 All projects to be undertaken under this Agreement shall be jointly approved by Canada and the Territories through the Group and shall be consistent with the objectives set forth in subsection 2.2.

SECTION 5 - CONTRACT PROCEDURES

5.1 All construction contracts as well as contracts for the purchase of chattels and professional services shall be awarded in accordance with procedures recommended by the Secretariat and approved by the Group, and unless in the opinion of the Group it is impractical to do so, shall be awarded to the qualified and responsible tenderer submitting the lowest evaluated bid. All announcements of such contracts shall be made jointly by Canada and the Territories.

5.2 Reports, documents, plans, maps and other materials prepared by any person who has been awarded a contract pursuant to this Agreement shall become the property of the parties to the Agreement.

5.3 Canadian, and specifically Northwest Territorial material, consulting and other professional services shall be used to the extent to which they are procurable and where practical and consistent with economy and efficiency as determined by the Group.

5.4 The following conditions relevant to employment shall apply in respect of all projects carried out under this Agreement, it being fully recognized and understood that one of the principal objectives of this Agreement is to develop income and employment opportunities as well as standards of living in the Northwest Territories:

- (a) labour shall be recruited through Canada Employment Centres unless the Group considers that this service cannot reasonably be provided after consultation with the Canada Employment and Immigration Commission;
- (b) in the employment of persons on a project, there shall be no discrimination by reason of race, sex, age, marital status, national origin, colour, religion or political affiliation; and
- (c) with regard to the applicability of labour standards, the parties agree that there shall be the following minimum standards:
 - (i) rates of pay shall be those prevailing in the area of employment for each classification of work, subject to the minimum wage specified in territorial legislation;
 - (ii) in building construction, the rates of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant territorial standards, which shall in no case be more than 48 per week;
 - (iii) in road and heavy construction, the rates of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant territorial standards, which shall in no case be more than 50 per week; and
 - (iv) labour conditions shall be specified in all tendering documents and shall be posted conspicuously in the work place;

it being expressly understood and agreed that to the extent to which there are higher territorial standards applicable to particular occupations or regions, these higher territorial standards shall apply.

SECTION 6 - FINANCIAL

6.1 Subject to the terms and conditions of this Agreement and subject to the funds being made available by the Parliament of Canada, the amount expended by Canada in respect of jointly-approved cost-shared projects shall not exceed two million four

hundred and sixty thousand dollars (\$2.460 million).

6.2 Subject to the terms and conditions of this Agreement, and subject to the funds being made available by the Council of the Northwest Territories, the amount expended by the Territories in respect of jointly-approved cost-shared projects shall not exceed one million three hundred and seventy three thousand dollars (\$1.373 million).

6.3 During the life of this Agreement, Canada and the Territories shall contribute to the eligible costs hereof in accordance with the ratios indicated in Schedule "B". Upon the full and complete implementation of the development opportunities described in Schedule "B" the total contribution by Canada hereunder shall not exceed sixty percent (60%) of the total eligible costs. Should there be, at the conclusion of the life of the Agreement, any discrepancy between the amounts paid out by Canada and the amounts payable in accordance with this clause, an appropriate financial adjustment shall be made promptly.

6.4 Canada shall be responsible for all costs of projects undertaken pursuant to subsection 3.4 of this Agreement.

6.5 (1) Subject to subsection 6.5(3), the eligible costs to be financed or shared under this Agreement in respect of the capital projects or any portion thereof, shall consist of:

- (a) all direct costs, including those relating to public information, that in the opinion of the Group have been reasonably and properly incurred for the implementation of the projects by the Territory, but excluding administration, survey, engineering and architecture costs; and

- (b) ten percent (10%) of the costs pursuant to paragraph (a) as an allowance towards the exclusions therein.

(2) Subject to subsection 6.5(3), the eligible costs to be financed or shared under this Agreement in respect of the non-capital projects or any portion thereof shall include all costs reasonably and properly incurred under all contracts entered into by the Territories in accordance with this Agreement with any person, municipality or corporation for the acquisition of equipment or the performance of work or services for the execution of the project; provided that such costs, as determined by the Group, result from hiring contract staff for the specific purpose of carrying out the said project, and did not occur prior to the date of this Agreement.

(3) Eligible costs to be financed or shared under this Agreement do not include costs for:

- (a) accommodation in buildings owned by either party and related services, including costs of telephone and other utility systems, except as otherwise agreed by the Group; and
- (b) the acquisition of lands or interests in lands, or costs arising from the conditions of acquisition.

6.6 In cases where preliminary work is carried out but the project does not proceed, costs excluded pursuant to subsection 6.5(1) may be designated as direct costs by the Group.

SECTION 7 - PAYMENT PROCEDURES

7.1 (1) Subject to subsections 7.1(2) and 7.1(3), payments by Canada for approved projects shall be made promptly to the Territories on the basis of progress claims setting out the

eligible costs actually incurred and paid. Claims, in respect of projects, shall be submitted by the Territories in a form satisfactory to the Ministers, bearing a territorial audit certificate, and certified by a senior officer of the territorial Department of Finance.

(2) In order to assist with the interim financing of Canada's share of the projects under this Agreement, Canada may, upon the Territories' request, make interim payments to the Territories of Canada's share of claims submitted, based on estimates of costs actually incurred and paid, prepared by the Territories, as certified by a senior officer of the Territories and in a form satisfactory to the Ministers.

(3) The Territories shall account for each interim payment received, by submitting to Canada, within the first ninety (90) days after such payment, a detailed statement of the expenditures actually incurred and paid, and submitted in a form and verified in a manner satisfactory to the Ministers, bearing a territorial audit certificate and certified by a senior officer of the Territories. Any discrepancy between the amounts paid by Canada by way of interim payments and the amounts actually payable shall be promptly adjusted between Canada and the Territories.

(4) No interim payment shall be made in a subsequent fiscal year until the interim payments made in the previous fiscal year have been accounted for by claims for expenditures actually incurred and paid, certified by a senior officer of the territorial Department of Finance and bearing a territorial audit certificate, and any outstanding balance of the payment has been repaid or accounted for in a form or in a manner satisfactory to the Ministers and the Commissioner.

7.2 The Territories shall maintain proper and accurate accounts and records relating to the cost of projects undertaken pursuant to this Agreement and shall make accounts available at all reasonable times for inspection and audit by Canada. Any discrepancy between the amounts paid and amounts actually payable as disclosed by any such audit shall be promptly adjusted between the parties.

SECTION 8 - PUBLIC INFORMATION

8.1 In order to encourage the participation by residents in the development initiatives described in this Agreement, Canada and the Territories agree to ensure that information regarding past performance, the purpose and objectives, progress and future directions of initiatives under this Agreement shall be made available regularly to the residents of the Northwest Territories.

8.2 Canada and the Territories agree to co-operate in the development of a program of public information respecting the implementation of this Agreement and further agree to supply, erect and maintain on the direction of the Management Group:

- (a) during the course of construction of capital projects, a project sign or signs consistent with federal-territorial identity graphics guidelines, and in both official languages, specifying that the relevant project is a Canada-Northwest Territories Development Project detailing involvement by the parties as well as any other federal or territorial department or agency where relevant, or such other wording to the like effect as may be agreed upon by the Ministers and Commissioner; and
- (b) where relevant upon completion of each project, a permanent sign or plaque to the effect set forth in 8.2(a) above.

8.3 Any public announcement of the measures covered and of the products generated by this Agreement, as well as any official opening ceremony for any project under this Agreement where such ceremony is indicated and appropriate, shall be arranged jointly by the Ministers and the Commissioner.

SECTION 9 - ENVIRONMENTAL ASSESSMENT

9.1 The intent of the Federal Environmental Assessment and Review Process shall be followed for all capital projects or groups of projects jointly funded under this Agreement. All projects or groups of projects shall be reviewed in the early planning stages according to the Screening Guide provided by the Chairman, Environmental Assessment Panel, Fisheries and the Environment Canada. If review indicates possible adverse environmental effects, the procedures specified in the Federal Environmental Assessment and Review Process shall be adhered to for further evaluation of project impact.

SECTION 10 - GENERAL

10.1 The Territories hereby agrees to indemnify and save Canada harmless against any and all liability, loss, damages, costs or expense which Canada may incur, suffer or be required to pay as a result of the ownership, operation or maintenance of any project undertaken by the Territories pursuant to this Agreement.

10.2 Canada and the Territories shall effect an assessment of the programs listed in Schedules "B" and "C" with regard to stated objectives, prior to the termination of the Agreement. Each party shall provide the other with such information as may reasonably be required to measure program performance and to undertake such assessment.

10.3 Canada and the Territories take note of the Canada-Northwest Territories Special Rural Development Agreement (1977-1982) dated June 16, 1977, and existing and possible future federal and territorial programs, particularly Canada Employment and Immigration programs involved in training and job creation, which complement economic and social development initiatives to be supported under this Agreement. Canada and the Territories agree to co-ordinate, to the extent possible, projects undertaken pursuant to this Agreement with these other programs.

10.4 The sharing by Canada of the cost of projects provided for by this Agreement shall not confer upon Canada any proprietary interest in the physical assets constructed or acquired pursuant to this Agreement.

10.5 Notwithstanding section 10.4, and except in the case of a commercial operation which is sold or otherwise disposed of by the Territories, if the use of any capital facility cost-shared under this Agreement is changed prior to March 31, 1988 to use which, in the opinion of Canada, is inconsistent with the objectives of this Agreement, the Territories shall pay to Canada an amount equal to the original contribution of Canada for such facilities.

10.6 The terms and conditions of the GDA shall apply to this Agreement.

10.7 This Agreement may be amended in writing as agreed to from time to time by the Ministers and the Commissioner. It is expressly understood and agreed however, that any amendment to the financial limitations expressed in subsections 6.1, 6.2, 6.3 or 6.4 shall require the approval of the Governor in Council.

10.8 No member of the House of Commons of Canada, or of the Council of the Northwest Territories shall be admitted to any share or part of any contract or commission made pursuant to this Agreement or to any benefit to arise from any contract, agreement or commission.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Indian Affairs and Northern Development and the Minister of Regional Economic Expansion, and on behalf of the Northwest Territories by the Commissioner of the Northwest Territories and the Member of the Executive Committee Responsible for Economic Development and Tourism.

In the Presence of:

GOVERNMENT OF CANADA

Witness

Minister of Indian Affairs
and Northern Development

Witness

Minister of
Regional Economic Expansion

GOVERNMENT OF THE NORTHWEST
TERRITORIES

Witness

Commissioner of the
Northwest Territories

Witness

Member of the Executive
Committee Responsible for
Economic Development
and Tourism

CANADA-NORTHWEST TERRITORIES INTERIM SUBSIDIARYAGREEMENT ON COMMUNITY ECONOMIC DEVELOPMENTSCHEDULE "A"INTRODUCTION

This Schedule outlines the thrust of activities to be pursued during the term of this Agreement, in planning and implementing a community-oriented socioeconomic development program which focuses on the objectives set out in the Canada-Northwest Territories General Development Agreement.

The theme underlying this initial Agreement is one of convergence bringing local skills, capabilities, demands and interests together with appropriate resources through programs designed to build upon local initiatives. These programs would seek, for example, to marry local demands with local production; existing skills with resources and opportunities; traditional economic sectors with resource export opportunities; cultural inclinations with economic development opportunities; and local desires to plan and participate in development with effective consultative/planning mechanisms.

Initially, this concept must rely on program thrusts which are compatible with the scale, complexity and level of sophistication of the communities and people of the N.W.T., identifying and fostering local initiatives. Experience in the wage economy and skills development is limited. Therefore, assets must be matched with opportunities to utilize and build upon existing capabilities, largely through projects which are culturally relevant to the population.

At the same time, these programs must remain cognizant of the future, presenting opportunities to develop human resources so that the activities or accomplishments of the people can expand to meet their aspirations.

This interim subsidiary agreement is aimed at expansion of community-based economic development, with particular emphasis on renewable resource harvest, tourism and intercommunity trade. To encourage balanced development, programs to expand resident wage employment and to train northerners in business planning and administration will also be introduced at the community level. Except for forestry, which will be confined to the upper Mackenzie Valley, these programs will provide development opportunities for communities in all parts of the Territories.

SUMMARY OF CIRCUMSTANCES

Within Canada, the Northwest Territories derives its distinctiveness from its physical characteristics and the unique background and composition of its people.

The N.W.T. is immense in size, extending 1 800 miles from Inuvik in the west to Frobisher Bay in the east. Its 1.3 million square miles constitute one-third of the land mass of Canada, and within this area circumstances present both unique development problems and development opportunities. The region has a tremendous wealth of largely untapped natural resources including minerals, forests, fresh water and recreational assets. At the same time, the Northwest Territories is the home of a large number of people who view these resources as the foundation of their economic, social and cultural lifestyle.

In contrast to the physical size of the Territories, the land is sparsely populated. The 46 000 residents live in approximately 60 communities scattered throughout the Territories. People of Indian and Inuit ancestry still make up the majority of the population, as a result of continuing high birth and decreasing death rates. They also possess distinctive skills, interests, abilities and expectations.

The communities of the N.W.T. are basically of three types: regional growth centres, local growth centres and small communities.

Regional growth centres have the most diversified economic base. There is usually a large government component, a service sector, some transportation and sometimes light manufacturing. They tend to have relatively large non-native populations and high wage economy participation rates. Transportation and communication links to southern Canada are generally adequate.

Local growth centres tend to be single industry communities dominated by government, mineral extraction or transportation. They are characterized by relatively small native populations, high wage economy participation, limited spinoff development, and generally limited transportation links to the south.

Small communities are predominantly native and have very basic economies. There is little or no development in the secondary or tertiary sectors and little activity in the service sector. Wage employment opportunities are very limited (often restricted to government), and traditional economic activities are important. The population is generally stable or growing at the natural rate of increase, and there tends to be a strong sense of cohesion and a well-established social structure within these settlements. Transportation links to other communities and to southern Canada are relatively poor.

The extent of community and regional infrastructure is a limiting factor in promoting economic development in the north. Transportation and communications networks, for example, involve extremes of distance, and in many areas are poorly developed. A limited road network exists in the West, but elsewhere communities are accessible only by air or sea. Eastern Arctic settlements rely on one or two supply shipments each year during a short, variable shipping season. Limited availability of energy, water or waste disposal facilities may comprise other infrastructure constraints on development. Consequently, the costs and risks of carrying on business in the north are extraordinarily high by Canadian standards.

Few northern needs are met through northern production or manufacture. The N.W.T. exports partially processed resources and some craft items, while importing most capital and consumption goods. As a result, the economy is very narrowly based, economic linkages between sectors and between communities are poorly developed, and little value added remains in the north.

The inhabitants of the smaller communities are increasingly seeking wage employment to supplement or replace traditional pursuits, although there are limited opportunities to find employment and develop the array of skills required for full participation in the wage economy. At the same time, the labour force in the N.W.T. is developing, in terms both of skills available and size. This too brings its problems. The estimated working age population (persons between the ages of 15 and 64) is expected to grow from 25 900 in 1976 to 35 100 in 1986, an increase of 35 percent. Approximately 1 000 people leave or graduate from the school system each year seeking employment. Unemployment and underemployment rates in small communities are estimated to vary between two and eight times the national average.

The income and employment of the people of the Territories depends primarily on two sources - major resource development projects and government. In 1974, some 47 percent of wages and salaries in the N.W.T. originated in government, plus an additional 10 percent in government enterprises. The remainder came from corporate enterprises, most of which were based on export sales. Exports in turn were concentrated in minerals, including oil and gas (88 percent), tourism (7 percent), furs (less than 2 percent), fish and miscellaneous crafts (3 percent). The importance of large resource development activities in the Northwest Territories should not be overlooked. These activities provide a considerable number of direct jobs and support a large portion of the service sector of the Territorial economy, providing considerable additional indirect employment. Recent experience has shown that a sensitive approach to such development can yield benefits for the communities and residents of the Northwest Territories through the creation of jobs and new, locally controlled businesses, in a manner which is in keeping with the residents' desires to maintain close contact with the land.

The physical and social differences among regions of the Northwest Territories suggest that a variety of approaches may be required to promote development: an emphasis on traditional activities, training and work rotation where the economic base is limited and previous exposure to wage economy minimal; development of transportation infrastructure to support development where major resources occur; and strengthening of the local economy where major income and population centres now exist.

Increased interaction between residents of northern communities affected by development activities and agents responsible for these activities is required in order to maximize the local benefits of development. Providing a forum through which local people can participate in identifying, assessing, planning and realizing economic opportunities which are in keeping with their own aspirations will provide a solid community base for development activities.

The range of activities within this Schedule for the interim period, pending the development of a comprehensive socioeconomic development strategy for the Northwest Territories, will provide a framework for the planning and programming of the long-term strategy, commence certain developmental activities, and initiate new projects, expand current programs, assist in long-range planning, and develop implementation capabilities at the federal, territorial and local levels.

AREAS OF ACTIVITY

To pursue the long-term objectives for the Northwest Territories, the Agreement provides for programs designed to affect progress in the area of community based economic development. As well, capabilities will be developed to undertake the planning and implementation of those programs which will require the joint and co-ordinated actions of federal and territorial government agencies and significant participation by local groups and residents. Although some time will be required to work out all of these arrangements and to formulate long-term agreements, some activities can be undertaken during the initial two years that will clearly be within the long-term strategy and will initiate action toward the attainment of the long-term objectives.

The following outline is intended to provide the framework within which individual projects will be considered for approval by the Management Group in accordance with section 4 of the Agreement and the cost estimates outlined in Schedules "B" and "C":

Program 1.0: Tourism

The tourism industry in the Northwest Territories is underdeveloped. Growth of this industry has been hampered by poor accessibility and a lack of adequate tourist services and facilities. With the growing pressure for balanced socioeconomic development, increasing consideration is being given to the role which the travel/tourism industry can play in achieving that end, particularly in terms of providing training and employment opportunities and diversifying local economies. The initiatives encompassed in this Agreement will, on the basis of sound planning, promote increased travel, thereby increasing the economic return to Canada and the Territories from the travel industry.

The Government of the Northwest Territories in conjunction with the N.W.T. Travel Industry Association (TIA), the Department of Indian Affairs and Northern Development and the Canadian Government Office of Tourism (CGOT) has undertaken a comprehensive assessment of the N.W.T. travel and tourism industry. This will involve the preparation of an integrated tourism strategy, with a plan for the future development of the industry in the Northwest Territories. The study will examine all facets of the travel and tourism industry, including markets, promotion, facilities, services, attractions, events, legislation, development opportunities, etc., and will make recommendations regarding employment, training, tourism objectives, policies, programs, development activities, etc. for a 5-10 year horizon.

There is to be a major tourism development thrust on completion of the strategy and plan, in the second year of this Agreement. Program 1.0 provides funding for additional promotional activities, to expand the N.W.T. travel industry's markets preparatory to this thrust, and funding to implement initial recommendations under the plan.

Program 2.0: Renewable Resource Use Planning and Development

Support for this sector is designed to provide a framework for the planning and development of a variety of community scale renewable resource based activities, contributing to an improved balance in the economy of the territories and increasing the range of employment and income opportunities for territorial residents utilizing local and community resources. Particular consideration will be given to the development of community level entrepreneurial capacity.

These projects will be designed to work in co-operation with existing federal and territorial economic development programs.

Project 2.1: Intersetlement Trade

Opportunities have been identified to increase intersettlement trade in primary products such as country foods (fish, game, sea mammals) or soapstone, by supporting development of local distribution systems. This could help redistribute local surpluses equitably and would increase overall utilization of harvested wildlife. Once established, the distribution systems could also be used to facilitate availability of resource harvesting equipment in remote settlements.

Commodities which are in oversupply locally will move to places where a demand exists. In return, there will be easier movement in of goods in high demand locally. For example, in many localities large quantities of seal and walrus meat are left on the ice. If there were an established demand, hunters would have an incentive to bring in this meat, in addition to the skins and ivory.

Residents of the Northwest Territories will benefit from the reduced burden of costly imported protein; from improved public health due to the high nutritional value of country food; and from the psychological well-being resulting from access to foods which have traditionally held important places in native culture.

This program will not promote over-exploitation of the renewable resource base, being aimed at existing local surpluses. The level of harvest per annum, for at least the next five years, is not expected to increase beyond present levels for any species except arctic char, which is protected by lake-by-lake quotas. Quotas on caribou, narwhale, polar bear and muskox also predetermine the maximum annual take of these species.

As a result of community representation at the Keewatin Economic Development Conference, the Department of Economic Development and Tourism is examining the soapstone supply in the eastern Arctic, and will make recommendations in 1979.

Activities which may be approved under this project will include, but not be limited to, the provision or financing of capital assets, working capital and training and managerial assistance.

Project 2.2: Fur, Wildlife and Fisheries

Many northern residents pursue lifestyles which involve combinations of hunting, trapping, fishing and seasonal wage employment. In order to ensure the continuance of these lifestyles, a series of projects are envisioned, including inventories to optimize resource use; product quality enhancement; and development of export markets.

Supply inventory is a requirement for long-term stabilization of the traditional economy. Caribou, muskox, moose and sheep are examples of heavily hunted species whose abilities to support continued exploitation are poorly known. But, as the Baffin Regional Inuit Association has emphatically pointed out, supply data alone is not sufficient for planning. Harvest inventories are also needed to determine present use levels, and the role of different species in the economies of the many different land-based communities.

Assessment of environmental impact may also be necessary in order to make development decisions concerning areas, such as Bathurst Inlet, with high non-renewable resource potential.

As well as support to the traditional economy and Program 5.0 (Economic Development Strategy and Plan), this project will also provide for local studies, e.g. in support of proposals under Project 2.1 (Inter-settlement Trade) or Project 4.0 (Community-Based Planning).

It was strongly brought forward at the Rankin Inlet Economic Development Conference that in certain instances, for findings to be accepted by communities, relatively unsophisticated, labour intensive data collection techniques will have to be used which local people can understand and in which they can participate.

Sealskin prices are presently in decline. Many of the Northwest Territories sealskins are improperly prepared, weakening their competitiveness in the already depressed market. Without this source of revenue, many Inuit cannot afford to hunt for food, and families will face economic hardship. As a result, the Kissiliriyeet Committee, formed to act on recommendation of the 1978 Sealskin Conference, has outlined a program for community level training in pelt preparation, and international market development. These activities can be accommodated under Project 2.2.

A similar need for trapper education and promotion of product image has been identified for the trapping industry.

Potential for expansion of commercial fisheries are also being examined, for both char and freshwater species.

Activities which may be approved under this project will include, but not be limited to: collection of biological and harvest data; market research and development; research and training in harvesting and fur preparation techniques; and financial assistance to production and marketing pilot projects.

Project 2.3: Forestry Rationalization

The forest industry is an important source of employment in a number of small communities of the Northwest Territories. One of the aims of this Agreement is to stabilize and expand employment and incomes derived from the harvesting and processing of such renewable resources.

The forest industry in the N.W.T. is at present comprised of several small, marginal operators, using uneconomical and largely unsuitable equipment. This project will provide for research into the requirements for modernization and rationalization of existing operations with initial emphasis on a feasibility study for a central finishing and marketing facility.

Project 2.4: Liard Forest Inventory

The construction of an all weather road through the Liard River Valley, presently in progress, will give access to large stands of commercial timber. A comprehensive inventory will be undertaken as a basis for planning utilization of this resource, in order to avoid development of further subviable lumber operations.

Program 3.0: Work Rotation

To meet the stated objectives of the General Development Agreement, promotion of balanced economic growth and a choice of lifestyles, opportunities for wage employment must be provided. This is an important element in the development of economic self sufficiency for an area, as it not only provides a means of self-support, but promotes skill development, and may generate surplus income which the individual can use as venture capital.

The rapid growth of the labour force argues for development of major employment opportunities. To date, however, residents of the smaller communities have had limited success in working on large operations in the Northwest Territories. The vast distances, the scattered population and the limited transportation links are inhibiting factors. The tendency of employers to use established routes of southern hire, and their need to keep operating costs down in an expensive area, mitigate against northern hire. Even when jobs are available, the land-based lifestyle of many northern residents dictates against remaining at jobsites remote from family for extended periods.

Rotation of workers between home and jobsite, coupled with existing training programs, would enable northern residents to participate in wage employment without permanently removing them from their communities and country food resources. Development of rotational work programs has the potential to displace southern hire at existing mines; to curtail establishment of single resource communities, which tend to be economically and socially unstable, at new minesites; and to increase northern participation in other industries such as construction.

However, experience within and outside the N.W.T. has shown that introducing schemes which move individuals back and forth between traditional and modern cultures can create severe stress and social problems both for the individuals and for their communities, and some rotation programs have been expensive failures. It is therefore desirable to enter a job rotation program on a pilot project basis, with frequent assessment and adjustment.

Program 3.0 provides funding to subsidize a portion of the cost of developing and implementing job rotation schemes within the N.W.T. on a trial basis. If a scheme proves successful, it is anticipated that the workers or employer will gradually assume full transportation costs after the pilot period.

Program 4.0: Community-Based Planning

This program has been developed in accordance with one objective stated in the General Development Agreement: that residents of the Northwest Territories should assume an active role in the planning and implementation of development projects. This requires that communities have an understanding of and interest in prevailing socioeconomic conditions and the possibilities for future development, including those represented by the GDA. It also requires that development proceed at a pace and scale acceptable to the community and based on local resources, physical and human. Above all, it requires basic economic and development planning skills and capabilities to identify and take advantage of development opportunities. This program will focus on satisfying these basic requirements in order that communities will be able to have greater responsibility for initiating local development, participate fully in the formulation of economic development strategy (Program 6.0), and be involved as full partners in the implementation of that strategy at the local level.

The first activity under this program will be co-ordinated distribution of basic and background information to communities regarding assistance programs, socioeconomic conditions, means of participation in the formulation of a development strategy and other activities. It will provide the needed information base to communities and will initiate the process by which communities will be consulted regarding their development needs and priorities as input to the economic development strategy.

The program will also provide needed training in the communities, probably through workshops, to equip local people to deal with their socioeconomic problems and opportunities, and develop community plans, projects or programs consistent with community objectives.

The program will support communities in selecting and setting up appropriate planning/development structures (such as individuals, committees, project teams) and provide for pilot projects to determine workable structures.

The objective would be for communities to prepare their own plans. This process would involve extensive co-ordination and interaction with other programs in this Agreement such as Tourism and Intersettlement Trade. Consultation channels will be established, to facilitate community/government consultation on socioeconomic development initiatives both within and outside the General Development Agreement.

Where adequate private and commercial funds are not available to implement community proposals, support can be sought from government business-assistance programs such as those presently offered by the Department of Economic Development, DREE, CEIC, and the Indian Business Development Fund, which together provide for feasibility studies, business administration training, grants or loans for capital assets and working capital, and worker skill training.

However, it is recognized that many commercial enterprises which play a vital role in the economic and social structure of communities in which they are located are not viable entities in the normal business sense. Therefore, a priority under this project will be the development of a program for continuing subsidization of operation and maintenance costs for such enterprises, where justified by savings in public costs and/or other social benefits.

Program 5.0: Economic Development Strategy and Plan

The intent of this program is to provide for a comprehensive assessment of the economy of the Northwest Territories. Examining various opportunities in light of constraints and prospects for future development is a key element in preparing a long-term economic development strategy and plan. This will also establish the basis for subsequent subsidiary agreement(s).

The activities carried out under this program will focus on the development of a plan to implement a comprehensive strategy for balanced economic improvement and advancement in the Northwest Territories. The development plan will consider not only all the sectors of the economy, but also the needs and aspirations of all groups residents in the Territories. Finally, the plan will identify the resources available and implement policies as set out in the strategy. This will contribute towards the provision of a sound basis to guide future investment and decision making.

Program 6.0: Administration and Program Review and Assessment

This program will provide for the administration of this Agreement, a review and assessment of program impact, and co-ordination of federal and territorial departments in the context of this Agreement.

The administration and co-ordination of all programs under this Agreement will be directed to ensure the effective involvement of all agencies and government departments with related responsibilities in the Northwest Territories. Activities will include the preparation of detailed proposals for cost-sharing under the programs and projects of this Agreement, along with the preparation of annual work plans and program budgets for consideration by the Management Group.

This program will be administered by the Co-chairmen of the Management Group through the Secretariat.

Data will be collected on the progress and implementation of all projects on a regular basis and will be compiled into an aggregate progress report on all programs under this Agreement twice yearly, for review by the Secretariat and presentation to the Management Group. One of those aggregate reports will constitute a year-end review supportive to an annual program budget submission to the Secretariat and Management Group.

Data will also be collected to assess the long-run impact of programs and projects under this Agreement vis-a-vis program objectives. Impact assessments may be completed according to a phased schedule, to be determined by the Management Group.

Agencies responsible for the administration of programs will gather the data necessary to complete program assessments according to a framework agreeable to all cost-share partners in that program.

**CANADA-NORTHWEST TERRITORIES INTERIM SUBSIDIARY
AGREEMENT ON COMMUNITY ECONOMIC DEVELOPMENT**

**SCHEDULE "B"
(\$000's)**

PROGRAM/PROJECT	FEDERAL FUNDING SOURCES		TOTAL FEDERAL FUNDING	TOTAL G.N.W.T. FUNDING	TOTAL COST
	D.R.E.E.	D.I.A.N.D.			
1.0 Tourism					
1.1 Promotion				120	120
1.2 Development (1980-81)	360		360	120	480
2.0 Renewable Resources					
2.1 Intersettlement Trade	720		720	80	800
2.2 Fur, Wildlife & Fisheries	380		380	653	1 033
2.3 Forestry Marketing Study		12	12	8	20
3.0 Job Rotation					
3.1 Pilot Projects	60		60	40	100
4.0 Community-Based Planning	360		360	240	600
5.0 Economic Development Strategy	120		120	80	200
6.0 Administration and Review		48	48	32	80
TOTAL	2 000	60	2 060	1 373	3 433

CANADA-NORTHWEST TERRITORIES INTERIM SUBSIDIARY
AGREEMENT ON COMMUNITY ECONOMIC DEVELOPMENT

SCHEDULE "C"
(\$000's)

<u>PROGRAM/PROJECT</u>	<u>FEDERAL FUNDING SOURCES</u>		<u>TOTAL FEDERAL</u>	<u>TOTAL G.N.W.T.</u>	<u>TOTAL COST</u>
	<u>D.R.E.E.</u>	<u>D.I.A.N.D.</u>	<u>FUNDING</u>	<u>FUNDING</u>	
2.0 Renewable Resources					
2.4 Forest Inventory	<u> </u>	<u> 400</u>	<u> 400</u>	<u> </u>	<u> 400</u>
TOTAL SCHEDULE "C"		400	400		400
 GRAND TOTAL (SCHEDULES "B" & "C")	<u> 2 000</u>	<u> 460</u>	<u> 2 460</u>	<u> 1 373</u>	<u> 3 833</u>