

LEGISLATIVE ASSEMBLY OF THE

NORTHWEST TERRITORIES

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REPORT
OF THE
BUSINESS ADVISORY COMMITTEE
ON THE
RECOMMENDATIONS
OF THE
HAY RIVER CONFERENCE

Yellowknife, N.W.T.
March 20, 1979

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Commissioner S.M. Hodgson,
Government of the N.W.T.
Yellowknife, N.W.T.

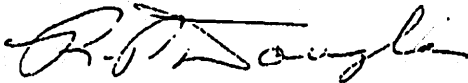
Dear Commissioner Hodgson,

The committee formed following the Economic Prospects held in Hay River last May is pleased to submit for your consideration the attached report.

The report indicates the response by the government, both territorial and federal, to many of the issues raised at the Hay River Conference. In addition to the responses in the report, members of the committee were of the opinion that an ongoing committee be formed as an advisory body responsible to the Minister of Economic Development. This committee would review policy and programs which are administered by the Department of Economic Development.

The committee found members of both the government of the Northwest Territories and the federal Department of Indian and Northern Affairs cooperative and helpful and wishes to acknowledge this cooperation with thanks.

Sincerely,



for J.H. Robertson,
Chairman.

**Members of the
Business Advisory Committee**

**Appointed by the Commissioner on behalf of the
Minister of Indian Affairs and Northern Development**

Mr. J. H. Robertson, Chairman

Mr. R. Douglas

Mr. Wm. Lyall, MLA

Mr. C. Overvold

Mr. R. Sayine

Mr. L. Tapardjuk

HAY RIVER CONFERENCE RECOMMENDATIONS

- D1-1 Land claims should be settled as quickly as possible. Only when the claims have been settled it will be possible to plan properly for the north's future.
- D1-2 More training and education programs are needed for northern businessmen. Young people should be given a variety of jobs before making a career choice. Northerners should be hired first.
- D1-3 More local control is needed, at local, regional and territorial levels. Studies should be done at the request of communities instead of being imposed and regional councils should have a greater voice in economic decisions.
- D1-4 The federal freeze on agricultural land should be lifted and the government should actively encourage farming. Greater efforts should be made to find alternatives to non-renewable resource development.

GOVERNMENT RESPONSE

LAND CLAIMS

Swift and comprehensive settlement of land claims is recognized by government and by most other groups in the north as a prerequisite to the orderly planning and development of the north's future, and is accepted as a priority of both the federal and territorial governments.

BUSINESS EDUCATION PROGRAMS

Provision of training and education programs for businessmen and northern preference in hiring are established programs of government. It is agreed that young people should be encouraged to investigate the variety of job opportunities to make the wise career choice.

See also D3-7 and D3-11.

LOCAL PARTICIPATION IN ECONOMIC DECISION MAKING

Devolution of control and programs to the lowest level of government is an agreed policy of the GNWT. Its further application is being studied intensively by the Prime Minister's special representative on constitutional development as it is recognized that government actions should be responsive to people they're intended to serve.

See also D2-7.

AGRICULTURE

Lands for domestic vegetable gardens and market gardens are available upon application to the Government of the NWT office of Town Planning and Lands.

A federal soil-climate survey has been completed, showing that substantial acreages south of Great Slave Lake are capable of supporting grazing and coarse grains, and the territorial government has prepared a discussion paper reviewing economic potential. Agricultural support programs will be developed when land is available.

See D3-10 regarding market gardens.

D1-4 (continued)

D1-5 Tenders should be advertised in communities where work is to be done and broken down into small enough units that some of them can be carried out locally. Bonding assistance should be available to small Northern contractors.

ALTERNATIVES TO NON-RENEWABLE RESOURCE PROJECTS

The thrust of the General Development Agreement Interim Subagreement is toward developing a range of small business activities, reducing economic dependence on large non-renewable resource projects.

ADVERTISING TENDERS

Territorial DPW advertises in all approved N.W.T. newspapers, as well as major southern dailies with Northern circulation. A copy of all tender documents are sent to the N.W.T. Construction Association and to Regional Directors and appropriate Superintendents, as well as to DPW Regional Offices. If the work is to be done in a remote community, copies of the tender are sent to the Settlement Manager.

The Business Advisory Committee has recommended DPW also advertise tenders on radio and TV.

BREAKDOWN OF TENDERS

It is the policy of territorial DPW to break down contracts into smaller components where economically feasible, in order to maximize local participation.

Federal DPW has broken down contracts on Liard Highway construction, to produce some contracts which can be carried out by small Northern firms.

NORTHERN PREFERENCE

On Territorial DPW contracts, the Commissioner may direct that preference be given to a Northern contractor in cases where his tendered price is not more than 10% higher (for projects under \$500,000) or 5% higher (for projects \$500,000 and over) than the low tender received from a southern-based contractor.

D1-5 (continued)

Federally, Cabinet has approved a policy which would permit exceptions to contracting regulations for regional economic and social objectives. Treasury Board Secretariat is in the process of establishing guidelines for departments and a mechanism for reviewing departmental contracts to take socio-economic objectives into account.

In the meantime, DIAND has implemented a departmental policy that, where sufficient competition exists, allows advertising for northern tenders to be restricted to newspapers and limits those tendering to persons or companies licensed to do business in the North.

The Federal DPW publishes an annual report on planned construction by all federal agencies in all communities. This report is available from Regional Offices of the GNWT.

MUNICIPAL SERVICES

A policy outlining guidelines for contracting of municipal services and construction was tabled at the 67th session of the Legislative Assembly.

BONDING ASSISTANCE

Territorial DPW routinely waives bonding on projects up to \$250,000 in order to give northern operators an opportunity to bid. Federal policy has generally been not to waive bonding.

The construction industry generally supports the practice of bonding, and the N.W.T. Construction Association favours improving Northern access to bonding over increased waiving. The Association has submitted a proposal for a pooled bonding fund, with territorial government participation.

A joint committee has been set up, chaired by the N.W.T. Government Director of DPW, to examine the bonding problem.

D1-5 (continued)

On the Federal side the Treasury Board Advisory Committee on Contracts established a committee to look at different forms of tenders and contract securities that would be acceptable to the Federal Government. The committee has had several meetings and expects to submit its recommendations in April, 1979.

D1-6 There is too much regulation in the North. Too many studies are being done, and industry is frustrated by a lack of coordination between the two levels of government.

REGULATION IN THE NORTH

Regulations and their administration have been a subject of a special review in the mining industry. There is also the study being reviewed by a joint industry-government advisory committee. In addition, the General Development Agreement is expected to result in a significant increase in the coordination between federal and territorial economic programs. The Business Advisory Committee further recommends use of the GNWT as a single tendering agency for all government construction in the Northwest Territories.

D1-7 A Northern energy policy is needed so businessmen can have some idea of power costs. The federal government should decide if it wants to see the N.W.T. tied into the southern Canadian power grid.

There is a general policy of supplying electricity at minimum cost under which NCPC charges a fixed low rate for the first block of power for residences.

The recently introduced Federal Power Support Program provides a further subsidy to non-government domestic consumers in communities other than Yellowknife. This permits them to purchase 700 KWH per month at the same rate paid by Yellowknife consumers.

Linking the North with the Southern power grid is desirable, and is likely at some future time. Transmission links within the N.W.T. are also foreseen.

See also D2-5 concerning power costs.

D1-8 A transportation subsidy is needed, especially for High Arctic settlements where air freight costs run as high as \$1.00 a pound.

A number of initiatives have been taken to reduce the costs of air freight in the North.

D1-8 (continued)

In 1974, Federal Cabinet approved a multi-million dollar program of upgrading Arctic B and C airports, and improving the standard of air services in the North. It is hoped this will enable air carriers to provide more reliable service, and eventually to reduce their costs. Target completion of upgrading is 1983.

Transport Canada is also preparing an "Arctic exception", under which charging of landing and parking fees and fuel concession fees would be lowered for B and C airports. Charges with respect to Whitehorse and Yukon Pass will be held at present levels.

The territorial government is attempting to reduce the price of aviation fuel at smaller airports through a policy of limited or non-recovery of the cost of bulk fuel storage and handling facilities. This has halved the cost of aviation fuel at Rankin Inlet. In addition, facilities should be on stream for Coppermine in 1979.

D1-9 Loan policies should be re-examined. Many native people find Small Business Loans too difficult to get and DREE too complicated.

LOAN FUNDS

DREE and territorial staff are aware of the need to continue promoting public understanding of the range of financial assistance programs available, and the appropriate applications for each program.

Territorial loan policies are being re-examined with a view to integration of loan funds, and simplification of the application process for clients' benefit.

It is recognized that more information concerning DREE's Special ARDA Program started in 1977, and communicated by audio-visual means, may be needed to make this program more readily accessible.

D1-10 Land should be made available for small scale economic development while land claims negotiations are taking place.

The revised Northern Land Transfer Policy announced by the Minister of IAND on March 3, 1978 states that pending progress on land claims settlement, transfer of federal lands to territorial jurisdiction will be restricted to existing built up areas within communities, and to vacant lands on a parcel by parcel basis to meet essential new community needs. Applications for land for all forms of development outside Commissioner's land (i.e. Federal lands) must be made to the Federal Lands offices.

See also D1-4 and D3-10.

D1-11 Interest in tourism should be encouraged by building more roads and tourist facilities.

A joint industry-government tourism strategy and plan, to be developed during 1979, will indicate infrastructure necessary to support expansion of Tourism.

The tourism industry is discussed more fully under D2-1.

D1-12 Assistance should be given to communities which are largely dependent on sealhunting.

The Sealing Conference in Yellowknife August 1-3, 1978, concluded that return on sealskins could be significantly increased by educating NWT producers in proper methods of sealskin preparation, to improve the quality, and by promoting international awareness of NWT sealskins as a distinct product.

A committee, Kissiliriyeet, was formed to act on recommendations of the Conference. Members are: Chairman Thomas Tiktak (Keewatin Inuit Association), Ron Milligan (Department of Economic Development and Tourism), Louis Tapardjuk (Canadian Arctic Co-op Federation), Bob Hunter (Department of Natural and Cultural Affairs) and Jaypatee Quappiq (Pangnirtung Hunters' and Trappers' Association).

Sealskin prices have shown some recovery, and the STET does not support price stabilization measures at this time.

D2-1 The importance of the tourism industry should be recognized. Studies of its potential should be done and there should be more federal encouragement for tourists to visit the North. Consideration should be given to creating a separate tourist division and an executive director should be appointed by the Travel Industry Association.

At the 1978 annual meeting of the NWT Travel Industry Association, the Commissioner announced a set of new Territorial initiatives in support of the industry.

A tourism strategy and plan for the NWT is to be prepared during 1979, by consultants working under joint industry-government steering committee. Among other things, the plan will identify opportunities in the industry and make recommendations on government programs.

Financial assistance for training in the travel industry is one of the program areas to be reviewed.

Tourism promotion by TravelArctic will be increased immediately, in anticipation of an expanding industry.

Funding will be provided for the Travel Industry Association to hire a full time Manager to develop a territories-wide tourism organization. Support will be given to regional organizations.

A separate Office of Tourism and Parks, under an Executive Director, is proposed within the Department of Economic Development and Tourism. An Advisory Board headed by the President of the TIA will advise the Minister of Economic Development and Tourism on its programs.

See also D1-11 concerning tourism infrastructure, and BAC-8 concerning minimum wage.

D2-2 The idea of partnerships between mining companies and native development corporations should be investigated further by both parties, including the kind of training that would be needed for native peoples.

MINING COMPANIES AND NATIVE DEVELOPMENT CORPORATIONS

The Committee agreed that this recommendation would be beneficial and recommend it to both parties involved.

D2-3 The commercial fishing industry should be given assistance and incentives to regain its economic viability. The Freshwater Fish Marketing Corporation should be replaced by a local fish marketing board.

A territorial fish price subsidy has been in effect since 1976, to provide guaranteed minimum prices to Great Slave Lake commercial fishermen. FFMC has recently changed to a species pooling arrangement which will raise overall returns to Great Slave Lake fishermen.

Studies are being done to identify means for improving returns to the industry:

- marketing review of optimum product mix for fish plant
- feasibility of adding cannery
- feasibility of producing pan-ready whitefish

A management review of FFMC is underway, consisting of independent consultant review of marketing procedures, and a review of the structure and organization of the FFMC by a Committee chaired by the Province of Manitoba.

D2-4 Inter-settlement trade in renewable resources should be subsidized and money made available for outpost freezers with portable generators. Full time trappers and hunters should receive a subsidy on major tools and supplies.

The Special ARDA program has assisted establishment of country food outlets by the Fort Simpson HTA, Amarok HTA (Frobisher Bay), Pangnirtung HTA and in Fort Rae. Trading will be primarily between each community and its outpost camps, but some trade between Baffin settlements is also expected. Under the proposed GDA Interim Subagreement, provision has been made for support of additional inter-settlement trade proposals.

Special ARDA can also provide grants for purchase of resource harvesting equipment.

The Department of Natural and Cultural Affairs provides interest-free Trappers Assistance Loans (to a maximum \$700), and Trappers' Incentive Grants are made at the beginning of each season, based on the value of fur each trapper produced in the preceding season.

These programs are presently under review.

- D2-5 Changes should be made to the NCPC Act to ensure cheaper power is available in the North and reduce the corporation's debt load. Studies of alternative power sources should be carried out.
- D2-6 A resources and capabilities inventory should be done on a community-by-community basis.
- D2-7 Regional economic councils should be established.
- D3-1 A committee should be appointed to review the conference proceedings and identify issues which require immediate government action.

It is not clear that changing the NCPC Act, a process which could take 2 to 3 years, is necessary to reduce northern power costs. Support is being provided to the corporation through a \$7.5 million cash infusion and financial assistance on feasibility studies. Programs to reduce power costs to domestic consumers are described in D1-7.

NCPC has investigated the feasibility of wind-driven generators, but concluded these would be less cost-efficient than existing methods. The corporation continues to keep abreast of research into alternative energy sources.

Under the proposed GDA Interim Subagreement, communities will be encouraged to identify their own potentials for economic development. Provisions have been made in the Subagreement for support to resource surveys, community planning groups and feasibility studies including a study of a centralized finishing plant.

The Committee believes that regional planning groups only work if they are established at the initiative of the people.

Interest in the formation of regional associations was expressed at recent Regional Economic Development Workshop in Rankin Inlet, October 3,4,5, 1978 and Frobisher Bay in the first week of December, 1978.

See also recommendation D1-3 concerning local control and D2-6 on local planning.

On behalf of the Minister of IAND, the Commissioner appointed the NWT Business Advisory Committee to monitor government follow-up of suggestions made at the Hay River Conference, and to recommend further action as the Committee sees fit.

D3-1 (continued)

D3-2 Matters involving the N.W.T. should be turned over to the control of the Northwest Territories Council.

D3-3 Enterprise North, as suggested by Dick Hill of Inuvik, should be set up to help small Northern businesses.

D3-5 Co-operatives should be given more money to produce more carvings and carving materials should be subsidized. National advertising of native crafts should be done.

The Committee is chaired by Jim Robertson of Inuvik. The other members are Louis Tapardjuk (President, Canadian Arctic Co-op Federation), Rod Douglas (Vice-President, Cominco Limited), Charles Overvold (President, Metis Association), Robert Sayine (Chief, Fort Resolution), and Bill Lyaal (MLA, Central Arctic).

Five meetings have been held.

The material contained in this report represents the follow-up actions of government and monitoring by the Business Advisory Committee.

NORTHWEST TERRITORIES LEGISLATIVE ASSEMBLY

A broad range of issues and proposals relating to constitutional development in the N.W.T. is being investigated by C. M. Drury, the Prime Minister's special representative on constitutional development. Mr. Drury plans to submit a report in September to the Prime Minister's office.

The Committee recognized the benefit of sharing support services amongst private economic organizations and recommends this initiative to the individual organizations involved.

CARVING MATERIALS

Co-operatives are generally prepared to handle soapstone on a cost recovery basis. The Canadian Arctic Co-operative Federation is preparing guidelines for a joint Government of the N.W.T. - CACF undertaking which would catalogue all known soapstone supplies and apply that information to development of a soapstone supply system.

ADVERTISING

National advertising of Native Crafts is an item under discussion by a "joint planning committee" of the CACF and Canadian Arctic Producers.

D3-6 Large-scale hydro-electric development should go ahead on the Slave River if it is found to be feasible.

The Government of the NWT put plans forward to the Legislative Assembly in the 67th Session to disperse Vocational Training through the regions, through extension programs available in communities and at regional training centres. This will avoid the high overhead costs of new facilities similar to Fort Smith AVTC.

D3-8 Native people familiar with both school curriculums should be allowed to develop a new curriculum which would be easily adaptable to the native lifestyle and language.

There is a curriculum division responsible solely for developing native language programs, under the guidance of an Athapascan Language Steering Committee. Four native people are working in Headquarters, in both Athapascan and Inuktitut languages. In addition, native people are developing native language programs under contract in Snowdrift, Fort Franklin, Aklavik, Fort Rae and Fort Smith.

D3-9 Contracts should be broken down into small units, so small Northern contractors get a chance to bid on them.

Breakdown of contracts has been addressed in D1-5.

D3-10 Market gardening should be encouraged.

Market garden subdivisions have been opened on Commissioner's land at Fort Simpson and Hay River, in response to public demand, under the joint Federal-Territorial Market Garden Policy announced in June 1977. By this joint policy lands required for market garden purposes are first made available from Commissioner's land. When the supply of Commissioner's land for this purpose is non-existent or when it is exhausted federal lands will be made available to meet the demand.

Agriculture has been addressed in D1-4 and D1-10.

D3-11 A tannery should be started in the NWT and hunters encouraged to supply hides to it.

There are benefits to centralization of home tanning by skilled workers within a community. The territorial government is assisting in reactivation of a tanning project at Eskimo Point, as requested at the Rankin Inlet Economic Development Conference.

D3-11 (continued)

Past studies have indicated that southern-style machine tanning, while producing finer skins, provides little employment, and that such a tannery would have difficulty breaking even on the volume of furs available in any one region of the N.W.T.

D3-12 The ideas of community economic development corporations should be investigated.

The Government of the N.W.T. supports the concept of community economic development corporations. Funding for community economic planning may be provided under the proposed GDA Interim Subagreement and the Canada Employment and Immigration Commission is awaiting Treasury Board approval of a new Local Economic Development Assistance program, designed to fund establishment of community owned and operated corporations.

Fort Liard's Beaver Enterprises is in place, and Hay River is setting up an economic development corporation.

See D2-7 on identification of community potentials for development, and D1-3 on local control.

D3-13 All northerners should be treated alike as far as terms of employment and working conditions to avoid discrimination in hiring practices.

DISCRIMINATION

The Fair Practices Ordinance prohibits employers from discriminating on such grounds as race or place of residence. The residence provision was introduced to end a practice of offering higher wages to workers recruited outside the N.W.T. than to local workers with equivalent skills and duties.

Where hiring halls are located in the South, government will negotiate arrangements to permit northerners equal access to jobs in the N.W.T.

Conditions of employment in the N.W.T. are governed by the Canada Labour Code.

D3-13 (continued)

The Canada Labour Code has three parts: Labour Standards (hours, minimum wage, vacations), Safety, and Industrial Relations (collective bargaining). Federal waivers have permitted the N.W.T. to legislate in the first two fields, but Labour Canada has retained full legislative power in the field of Industrial Relations.

See also D1-2.

Additional Recommendations Reviewed by BAC

BAC-1 That:

- a) roads be constructed between Tuktoyaktuk and Inuvik,
- b) between Fort Smith and Fort McMurray, and
- c) from the end of the Ingraham Trail around the east arm of Great Slave Lake to allow the maximization of resource utilization and tourist development.

- a) A recent response from the Minister of IAND indicates that as cost benefit studies have not been favourable, construction of this road will not take place in the near future.
- b) As a result of meetings held between the Minister of Economic Development and Tourism, Government of the N.W.T. and the Minister of Business Services and Tourism for Alberta, these officials are willing to discuss further the possibility of constructing a road from Fort McMurray to Fort Chipewyan.

BAC-2 That legislators hold the line on the minimum wage, (e.g. hospitality industry).

The minimum wage was last raised in June, 1976. A proposal for an increase was rejected by Council in October, 1978.

There was no support from the N.W.T. Travel Industry Association for introducing a tip differential into minimum wage regulations for the hospitality industry.

BAC-3 Hire North be examined with a view to seeing which services can be provided by native businesses, e.g. expediting of goods and supplies to Hire North camps.

Hire North has placed a high priority on providing opportunities for Northern businessmen. Both native and non-native northern enterprises have obtained business.

As mentioned in D1-5, small contracts have been broken out for tender where economically feasible. As a result, Beaver Enterprises, a company owned by the native community of Fort Liard, obtained a contract for clearing of a campsite and access road.

In addition, with Treasury Board approval (see D1-5), 2 long-term equipment rental contracts are being negotiated with native businessmen.

A camp catering service contract was initially advertised only in the N.W.T., but no local businessman was able to provide such service at reasonable cost. Other opportunities will be made available in the future.