

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
10TH ASSEMBLY, 7TH SESSION

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Business Council

annual report



MARCH 31 1986



Business Council

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March 31, 1986

LETTER OF TRANSMITTAL

The Honourable Tagak Curley
Minister, Economic Development
and Tourism
Government of the N.W.T.
Yellowknife, N.W.T.

Dear Mr. Curley:

It is my pleasure to convey to you the first annual report of the Northwest Territories Business Council. The report covers the efforts of the Council from its inception through fiscal year 1985/86.

We are aware that the establishment of the Business Council represents an effort on behalf of the Government of the Northwest Territories to recognize the views of the northern business community in formulating public policy. Business Council members certainly feel that this mission has been accomplished with a large measure of success. We are pleased that you and your cabinet colleagues have provided this forum for northern business and government viewpoints to meet.

Yours truly,

A handwritten signature in dark ink, appearing to read 'J.H. Robertson', is written over a horizontal line. The signature is fluid and cursive.

J.H. Robertson
Chairman



Northwest
Territories Minister of Economic Development and Tourism

STATEMENT FROM THE MINISTER OF ECONOMIC DEVELOPMENT AND TOURISM

Upon my appointment as Minister of Economic Development and Tourism in December of 1983, my top priority was to enter into a dialogue with northerners respecting the N.W.T. economy. I felt it was time for government to take the initiative in promoting economic growth but to do so on the advice of knowledgeable and informed northerners.

My cabinet colleagues and I made a decision to appoint a small group of business people from across the territories who collectively have the experience and ability to provide insight to the government on measures that could be taken to promote growth. The Northwest Territories Business Council, whose terms of reference and membership are found on the following pages, was appointed.

Since its inception the Council has advised me on a variety of policy matters ranging from Business Incentives to banking. This advice has proved enormously useful in government and decision making in the economic spheres.

Business Council members serve without financial reward of any kind and have given generously of their time and talents to the important economic questions that face us. I would like to express my sincere thanks to Council Chairman J.H. Robertson and all Council members for their efforts.



Tagak Curley,
Minister

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MEMBERS

N.W.T. BUSINESS COUNCIL

MEMBERS

N.W.T. BUSINESS COUNCIL

Mr. J.H. Robertson,
Chairman
Inuvik, N.W.T.

Mr. Leo Hardy
Norman Wells, N.W.T.

Ms. Marion LaVigne
Yellowknife, N.W.T.

Mr. Jacques Belleau
Frobisher Bay, N.W.T.

Mr. Don Ferguson
Hay River, N.W.T.

Mr. Harry Deneron
Fort Liard, N.W.T.

Mr. John Todd
Rankin Inlet, N.W.T.

Mr. Charlie Evalik
Cambridge Bay, N.W.T.

Mr. Andrew Clark
Yellowknife, N.W.T.

Mr. Mark Kalluak
Eskimo Point, N.W.T.

Mr. John Wilson
Yellowknife, N.W.T.
(Resigned July, 1984)

Mr. James Arreak
Clyde River, N.W.T.

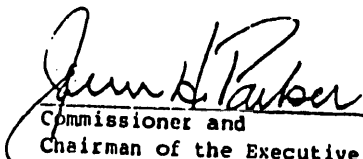
Mr. John Manton
Fort Smith, N.W.T.

Deputy Minister
Economic Development & Tourism
(Ex-officio)

TERMS OF REFERENCE
N.W.T. BUSINESS COUNCIL
to March 31, 1986

The Government of the Northwest Territories recognizes a need for the Executive Council to receive broad based economic advice from the private sector.

In order to achieve this end, the GNWT will establish a NWT Business Council composed of private sector representatives. The specific objectives of the Council will be to advise the Minister on practical measures in the planning, effectiveness, promotion and co-ordination of government programs and policy designed to further economic development within the NWT.



Commissioner and
Chairman of the Executive Council
84-05-03

Reference:

For elaboration of this policy refer to Directive.



SCOPE

This directive applies to the chairperson and members of the NWT Business Council.

DEFINITION

1. NWT Business Council

Means a body appointed by the Executive Council, upon the recommendation of the Minister of Economic Development and Tourism, for the purposes of providing broad based advice from the private sector with respect to the development of the Territorial economy.

PROVISIONS

1. Authority and Accountability

(a) Executive Council

The Executive Council, on the recommendation of the Minister of Economic Development and Tourism, will appoint up to 12 NWT Business Council Members.

(b) Minister of Economic Development and Tourism

The Executive Council Member responsible for Economic Development and Tourism:

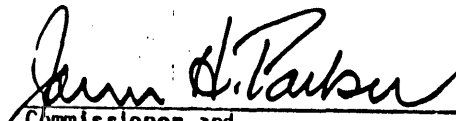
- (i) recommends to the Executive Council suitable candidates for Board membership
- (ii) reports to the Executive Council for the NWT Business Council.

2. Terms of Reference

- (a) The function of the NWT Business Council is to investigate, plan and recommend practical measures to foster the general economic growth of the NWT economy and to advise the Minister thereon.

- (b) The Council shall be composed of up to 12 members, one of whom shall be designated as a co-Chairman.
- (c) The Minister of Economic Development and Tourism is a co-Chairman of the NWT Business Council.
- (d) The NWT Business Council shall meet at least twice annually and such other times as deemed necessary by the Council.
- (e) The Deputy Minister of Economic Development and Tourism is an ex-officio non-voting member of the Council.
- (f) The NWT Business Council shall submit an annual report to the Minister of Economic Development and Tourism.
- (g) Subject to approval by the Financial Management Board, the Minister may retain professional advice or such employees as are necessary to assist the NWT Business Council to fulfill its functions.
- (h) NWT Business Council members shall be appointed at pleasure for a two-year term. Some of the members may be re-appointed to ensure continuity.
- (I) Expenses for Council members for the purpose of Council business shall be paid as follows:
 - (i) Transportation expenses at actual costs.
 - (ii) (a) Per diem allowance (no receipts required) of \$125.00 for accommodation, meals and incidentals.
 - (b) Council members resident in communities where Council meetings are held are to receive an allowance of \$75.00 (no receipts required). Expenses over and above the allowance may be paid if substantiated by receipts to confirm the additional expenses paid.

3. Nothing in this Directive shall in any way be construed to limit the prerogative of the Executive Council to make decisions or take actions respecting the NWT Business Council outside the provisions of this Directive.



Commissioner and
Chairman of the Executive Council

MANDATE

N.W.T. BUSINESS COUNCIL

to March 31, 1986

MANDATE

The N.W.T. Business Council is mandated by Executive Council Policy 61.04.

The responsibilities of the Council are to provide broad based economic advice from the private sector to the Minister of Economic Development and Tourism and Executive Council. The Council is to investigate, plan and recommend practical measures to foster the general economic growth of the N.W.T. economy.

The N.W.T. Business Council is to meet at least twice annually and at such other times as deemed necessary. The twelve members are appointed from the northern business community. The Deputy Minister of Economic Development and Tourism is an ex-officio non voting member of the Council. Council members are appointed at pleasure for a two year term. Some of the members may be reappointed to ensure continuity. Council members receive no honoraria for their time, however, travel expenses are borne by the government.

PROCEEDINGS

From its inception to March 31, 1986, the Northwest Territories Business Council met formally on five occasions. The Council agreed at its first meeting that Mr. J.H. Robertson of Inuvik and the Honourable Tagak Curley, Minister of Economic Development and Tourism would co-chair the proceedings.

The Council normally meets in Yellowknife. However, an attempt is made to travel to other parts of the Territories to become familiar with conditions there and the Council held two of its five meetings in the regional centers at Frobisher Bay and Inuvik.

A part-time Secretary has been hired to organize the meetings, prepare correspondence and conduct research. Typically, the Council agenda is set by polling the Minister and Council members for items. These agenda items are then addressed by the Council during its meetings. It is not unusual for witnesses and government experts to participate in subjects that are being debated. If a subject can be brought to a conclusion during the meeting in which it is discussed, normally a resolution or recommendation is adopted for the attention of the Minister or perhaps for other members of the Executive Council.

Minutes of the proceedings are kept for future reference and are circulated to the Minister for his reference and circulation should he deem fit.

**SUMMARY OF MAJOR TOPICS CONSIDERED
AND POSITIONS TAKEN
N.W.T. BUSINESS COUNCIL
to March 31, 1986**

The Northwest Territories Business Council held five formal meetings since its inception to March 31, 1986. A wide variety of topics were considered during these meetings. The major issues addressed and conclusions that were reached are noted hereafter.

1. Northern Business Incentives

The Northwest Territories Business Council was asked at an early date by the government to consider the whole question of Northern Preference and to provide recommendations to the Executive Council respecting the wishes of northern business on this topic.

The subject was considered at length in a meeting held June 11th and 12th, 1984 during which a series of principles were enunciated respecting the provision of business incentives for northern companies. After lengthy debate, the Council made the following recommendations to the Government of the Northwest Territories for consideration when drawing up the new Business Incentives policy:

1. The Council agreed that the definition of a northern business should be one in which a minimum of 51% ownership was in the hands of northern residents. A northern resident for purposes of this policy was recommended as being a person whose continuous residency in the Northwest Territories was for a minimum of three years.
2. Recognizing the difficulty in assessing the foregoing, the Council recommended that the government establish regional boards composed of industry and governmental representatives to review eligibility for business incentives and to determine which companies complied with the residency requirements and could be considered northern for purposes of the policy.

3. The Council was aware that the Northern Preference Policy in effect put the burden of proof for eligibility on the government rather than on the company concerned. The Council strongly recommended that the burden of proof should be shifted to the applying business. If there is any doubt a business was not to be considered as a northern company. It was thus recommended that all companies be required to reapply and to prove that their residency and ownership complied with the new policy.

4. The Business Council recommended that the monetary ceiling on northern benefits pursuant to the Business Incentives Policy for construction companies should be increased from the level of \$45,000.00 to \$100,000.00.

5. It was recommended to the government that all upcoming government tenders be advertised in advance and further that G.N.W.T. tenders be published only in northern newspapers.

6. The Council was divided on the question of whether a special level of preference should be provided to manufactured products and in the end concluded that no special preference arrangements should be provided outside of the Business Incentives Policy to northern manufacturers.

7. The Council could not reach agreement on whether special measures should be taken to differentiate between so called "over the counter suppliers" versus expediting companies. No recommendation was made to the Executive Council on this subject.

It is noteworthy that many of these recommendations were incorporated into the ultimate Business Incentives Policy. Subsequent to the policy being implemented by the government, the Business Council recommended that a BUY NORTHERN campaign be conducted to enhance the awareness of government middle managers and the general public respecting the advantages relative to creating a competitive marketplace in the north. Members of the Business Council met with government purchasing officers to further an understanding of the Business Council's position respecting northern purchasing. The Council is generally very satisfied with the response of government, at least. The Council has noted that a number of new businesses have become established at least in part as a result of the change in government practice thus creating job opportunities in the north and an enhanced level of convenience to the consuming public.

2. Privatization

The Business Council has had an ongoing interest in the question of privatization of government services. The essential position of the Council is that in some parts of the Territories both the Territorial and Federal Governments are continuing to provide services using their own forces that could well be provided by the private sector. Council believes that in most instances, these services could be provided more efficiently and in a more cost effective manner by the private sector.

In February of 1985, the Council requested that the Government of the Northwest Territories identify services that could be eligible for privatization and establish a timetable to turn these services over to the private sector.

In September, 1985 in Frobisher Bay, the Council reviewed the Draft Privatization Policy and was generally pleased with the speed in which the Policy had been adopted and its general thrust. The Council formally asked the government to provide copies of the departmental privatization plans which were called for in the Privatization Policy. In the December 1985 meeting, the Council learned about the current conflict between the Privatization Policy and the need for an affirmative action program within government. Apparently several of the services available for privatization were staffed heavily by native personnel, many of whom were employees of long standing. The government was understandably reluctant to place these jobs in jeopardy. In March of 1986 during the Business Council meeting in Inuvik, the Council reviewed the privatization plans of several departments. There was a general disappointment on the part of Council members concerning the lack of specifics in these privatization plans as well as a feeling that the departments may be avoiding the intent of the overall Policy respecting privatization. The entire question has been referred to a later meeting of the Business Council to be held in the fall of 1986.

3. Venture Capital

During an early meeting of the Business Council, the Department of Economic Development and Tourism made a presentation to the Council respecting the Venture Capital Programs that had been established by several provincial governments. The Council was heavily supportive of such a program being developed in the Northwest Territories. There was a feeling that any stimulus that could be provided to encourage investment on the part of the private sector would be valuable.

The Council identified a central problem of northern business that being the absence of sufficient quantities of equity capital to launch new ventures. The Department was encouraged to carry on with its investigation of venture capital in the hopes that a program could eventually be developed.

Subsequent to the Northwest Territories Venture Capital Program Guidelines being issued, the Business Council considered the Policy respecting northern venture capital and endorsed the approach that had been taken. Generally speaking, Council members supported the concept that venture capital dollars should be reserved to promote new investment in the less developed communities in the Northwest Territories.

4. Tourism

In a meeting held in Yellowknife February 19th and 20th, 1986 the Council considered the vital importance of tourism to the northern economy. A need for clear growth objectives for expanding the tourism sector was identified. The Council also was of a view that the establishment of entrepreneurial training programs for northern individuals interested in setting up tourism related businesses should be considered by government.

The Council passed a resolution recognizing the enormous potential of tourism as a basic industry within the northern economy and further recommending that additional government funding should be dedicated to planning, organizing and marketing tourism programs and activities thus generating additional business and employment opportunities for N.W.T. residents.

5. Worker's Compensation

In its last three meetings, the Council has identified a concern about the high level of Worker's Compensation premiums assessed by the Worker's Compensation Board for the Northwest Territories. Council members believe that the premiums are substantially higher than those assessed by the provinces. Council members also believe that the pool of capital that is being amassed by the Worker's Compensation Board to mitigate industrial accidents may be considerably higher than what can be supported from an actuarial viewpoint. Council members received a delegation from the Worker's Compensation Board in the February 1985 meeting and a number of questions were raised concerning the rate structure, rebate system, administration of assessment revenue and criteria for investments. The concern of Council members was not resolved as a result of this exchange. A motion was passed by the Council that a continuing review of this matter take place. Subsequently, an exchange of letters has taken place between the Minister responsible and the Council.

It has been agreed that this will be a top priority area for the Council to address in the coming months. While all concerned are anxious that the northern worker be protected, the Council is unanimous that the level of premiums assessed to the extent that they contribute significantly to the overhead cost of conducting business in the Northwest Territories, should not be greater than those that are absolutely required.

6. Airline Deregulation

The Federal Government's position paper respecting the deregulation of transportation in Canada entitled "Freedom to Move" has been a subject on three Business Council meetings.

In February of 1985, the Council received representations from the Canadian Transport Commission and the Northern Air Transport Association on these subjects. In the September meeting in Frobisher Bay, the Council once again heard the views of the Northern Air Transport Association and also considered the report generated by the Canadian Transport Commission entitled "The Adequacy of Air Services in Northern and Remote areas".

After lengthy debate, the Council has endorsed the findings of the "Adequacy Report". The Council believes that some level of protection is necessary to the northern airline industry to ensure that adequate scheduled and charter services are provided in the less attractive markets of the Northwest Territories. Council members are agreed that total deregulation of the northern airline industry will result in an inadequate level of service being provided during the winter months in many of the remote parts of the territories. If carriers are allowed to move aircraft in and out according to the seasonal demands for airplanes, in the winter months in particular, in many locations of the Northwest Territories there will not be airplanes available to meet the transportation needs of the public and to handle such emergency matters as medical evacuations and search and rescue. The advantages of more competitive pricing that may result from deregulation are felt to be outweighed by the removal of airplanes at key periods of the year from the northern marketplace.

The Council resolved to present these views to the Parliamentary Committee on Transportation at such time as it visits the Northwest Territories.

7. Legal Registries

During the Business Council meeting in Frobisher Bay in September 1985, Council members learned from Eastern Arctic business people about the difficulties in having legal documents registered through the one legal registry of the Northwest Territories in Yellowknife. Recognizing the need for haste in such business transactions, the Council wrote to the Minister of Justice and Public Services advocating the establishment of a sub-registrar in the Eastern Arctic perhaps in Frobisher Bay. The response was subsequently received from the Minister indicating that it was not feasible nor necessary to establish such a capability at this time but promising that a special attempt would be made to expedite the registration of documents from the remote parts of the territories.

8. Surety Bonding

The Council considered the problems that northern contractors have in obtaining an adequate level of bonding to pursue government contracts. Council recognizes that the surety industry is reluctant to bond northern contractors, preferring to provide bonding to known concerns in southern Canada whose business interests are better known to the industry. Members generally feel that the difficulty that northern contractors have in obtaining bonding has less to do with their capabilities than it has to do with the limitations of the surety industry in dealing with business clientele who live far from their head offices.

The Business Council supports the efforts of the Government of the Northwest Territories to allow northern contractors to post cash in lieu of surety bonds and is pleased to note that the level of cash security is now generally down to a more manageable level than it has been in the past.

The Council also considered the program of Economic Development and Tourism through the Business Loan Fund that will loan small businesses in the Northwest Territories funds to post in contracts. Council members greatly support this program feeling that it has made it possible for a number of reliable northern contractors to obtain government work that they would not have been able to get otherwise.

9. Banking

The Northwest Territories Business Council has had a long standing concern about the availability of commercial credit to northern business. The matter has been a theme at all Business Council meetings since its inception.

The Council was privileged to have one of its members participate in the tour of the Northwest Territories of senior bankers arranged by the Minister of Economic Development and Tourism. As a result of this important dialogue between northern business and banking interests, it is felt that an improved recognition of the potential in the north for business is now recognized in banking circles. A significant number of northern businesses have commented both to government and to the Council that commercial credit is now more readily available than it had been in the past.

A major topic during the Business Council session in Frobisher Bay, September 9th and 10th, 1986 was the question of banking in the Eastern Arctic. The only bank in Baffin at the moment is the Royal Bank in Frobisher Bay. The Council invited Mr. Roland Guay, Vice-President of retail banking, Quebec West, to the Council session in Frobisher.

The difficulties in obtaining commercial loans and mortgages in Frobisher Bay was reviewed with Mr. Guay and the other limitations of the banking establishment in the Eastern Arctic was reviewed. Mr. Guay offered the Business Council assurances that certain changes were going to be made to improve banking out of its Frobisher branch and the Council was pleased to receive correspondence subsequently from the Royal Bank advising of improvements in the services offered.

It has been an ongoing position of the Northwest Territories Business Council that government loan programs such as E.L.F., B.L.F. and F.B.D.B. cannot be a substitute for a normal banking situation in the Northwest Territories.

10. North Warning System

The Council has considered the plans to construct a new and improved North Warning System in three of its meetings. Northern businesses generally felt that very little will accrue out of this mega-project for northern business and labour unless special measures are taken to involve the north.

Accordingly, in its September meeting in Frobisher Bay, Council members recommended to the Executive Council and Government leader that a joint business/political delegation be dispatched to Ottawa to lobby the Deputy Prime Minister, Ministers Crombie and Andr and major contractors respecting northern interests in the project. Council was pleased that the government agreed and subsequently a small delegation consisting of Minister Tagak Curley, Mr. Jim Robertson and Mr. John Todd travelled to Ottawa October 7-9th, and met with some of the aforementioned.

As a result of this initiative and other efforts by the Government and members of the Business Council, it is felt that a growing recognition of the capability of northern business is now in place in the minds of decision makers in the North Warning System Project. However, it remains to be seen how much economic advantage filters into the Northwest Territories from the project. It appears unlikely that any formal mechanism of northern preference will be adopted in the tendering procedure.

11. Public Support to the Co-operative System

The Business Council on two occasions has expressed its concern respecting the level of public funding provided to the co-op system to the federal and territorial governments. The view of the Council is that while the co-operative's historically have had an important place in the territorial economy, that many of the roles that they have carried out are today being carried out by private entrepreneurs without ongoing government assistance. It is felt that the continued attempts of government to bolster the co-operative movement financially are done to the detriment of the individual entrepreneur with whom the co-ops are competing on many fronts.

The Business Council has exchanged letters with Minister Crombie on this subject and in March of 1986 met with Mr. Crombie to discuss this and other matters. Mr. Crombie informed the Business Council that the co-operative "stabilization" program recently approved by the Native Economic Development Program, Department of Indian and Northern Affairs and the Government of the Northwest Territories was not a financial bailout rather a loan program which would be administered in a business like fashion based on the credit worthiness of individual co-operatives.

The Council remains of the view that co-ops should receive no special financial attention and that they should be subject to the same financial rigours to which all business operating in the north is subject.

12. Taxation of Northern Benefits

During the December 11th and 12th, 1985 meeting, the Council considered the question of the taxation of northern benefits on the eve of the deadline for ending the federal moratorium on taxing these payroll benefits.

Council met with the Government of the Northwest Territories Manager of Tax Administration and was informed that the Federal Cabinet's position respecting northern benefits would be decided very shortly, in any event before the end of the calendar year. Council learned that four alternatives were being considered including maintenance of the status quo, development of a tax credit system, bringing in a deduction for northern residents, and implementing the recommendations of the Byrd Report.

Business Council members were anxious that the Federal Government might make no decision on the subject, by default creating an environment in which no northern benefits would be exempt from taxation. The Council's position on the taxation of northern benefits is that the Federal Government should recognize the high cost of living in the north and develop a tax regime that in some way compensated northerners for this. Council also was of the view that the system should be equitable making it possible for both government and non government people alike to receive consideration.

No formal representation was made to the government during the December meeting. However, in the March 1986 meeting, in the wake of the Federal Budget, the Council was generally supportive of the permanent measures respecting the taxation of northern benefits adopted by the Government of Canada.

13. Corporate Taxation

Council members learned that businesses in the competing jurisdictions of the Yukon and Alberta work in a more favourable tax environment than that which is in place in the Northwest Territories. The rate of corporate tax in those two jurisdictions is lower than that imposed on Northwest Territories corporations. The Northwest Territories supports an equivalent rate of tax to that available to businesses in Alberta and the Yukon, to the extent that businesses there compete with Northwest Territories businesses and thus have a competitive advantage.

The Business Council has written to the Government of the Northwest Territories Minister of Finance who has agreed to consider the matter. The Council is also studying the corporate tax structure in other jurisdictions to determine the extent of this advantage and to determine a strategy to have corporate tax rates adjusted in the Northwest Territories.

14. Northern Housing Industry

The Northwest Territories Business Council is aware of the great shortage of housing in many locations in the Northwest Territories. The importance of this industry both in providing adequate accommodation to all northerners and also in creating business and job opportunities in the N.W.T. is recognized.

On December 11th and 12th, 1986, the Council heard a presentation from Canada Mortgage and Housing Corporation respecting the various programs offered in support of the development of housing in the Northwest Territories. The Council was concerned to learn that the rules respecting the provision of mortgage insurance have become more restrictive in recent months. Most notably, C.M.H.C. will no longer do "dry run" assessments on multiple housing projects in the Northwest Territories. This has the effect of burdening the developer with enormous planning costs in advance of determining whether C.M.H.C. is likely to provide mortgage insurance on a new project. This very substantially increases the risk of housing developments in the Northwest Territories. Furthermore, C.M.H.C. has recently increased its mortgage insurance rates and has adjusted a number of other aspects of its program that in the end make it more difficult to qualify.

The Business Council feels that the measures taken by C.M.H.C. are perhaps in response to the more risky environment that is present in Alberta and Western Canada and that these restrictive rules have no place in the relatively strong housing market in the Northwest Territories. The Council dispatched a strongly worded letter to the Honourable Mr. McKnight, Federal Minister responsible for Housing describing the importance of the housing industry in the Northwest Territories and advocating a more flexible approach on the part of C.M.H.C. The Council also plans to bring the Northwest Territories Government Minister responsible for Housing into a future Business Council meeting to suggest ways that these new problems might be dealt with.

There is a great concern that this more restrictive view on the part of C.M.H.C. towards northern housing will result in many lost opportunities for new housing ventures in Northern Canada.

14. Devolution of Federal Responsibilities

The Business Council actively supports the devolution of program responsibilities from the Federal to the Territorial Governments. In all instances it is felt that the movement of program resources, personnel and infrastructure closer to the people they are designed to serve will improve both business and job opportunities in the N.W.T. The Council is unqualified in its support of the continued devolution of responsibilities.

To this end the Council corresponded with the Minister of Indian and Northern Affairs reaffirming its support of devolution and questioning the need to slow down the devolution process in the face of some resistance on the part of political groups working on the division question. Members of the Council also met with Mr. Crombie and expressed this point of view during the Council meeting in Inuvik in March of 1986. The importance of devolution to the development of the territorial economy was underlined and Mr. Crombie was encouraged not to allow short term political consequences to hold sway in the government making its decisions respecting devolution. Mr. Crombie advised the Council of the political sensitivities as he perceived them and suggested that the Federal Government insisted that a consensus emerge in the north on such questions. The Government of Canada remains reluctant to act unilaterally in matters such as devolution and division.

15. Minimum Wage

Concern on behalf of the northern business community has been expressed to the Government of the Northwest Territories respecting the recent implementation of a \$5.00 per hour across-the-board minimum wage. The Business Council has received correspondence from a number of Chambers of Commerce and individual businesses in the Northwest Territories to the effect that this minimum wage poses a hardship particularly to businesses in the food service industry. It is felt to work contrary to the effort to try to provide useful employment to students and young people as well.

As a result the Council corresponded with the Minister responsible in the Government of the Northwest Territories advocating a two-tiered system which would provide for a lower minimum wage to students and younger employees. A reply has been received that the government has made its decision because of constitutional reasons and is highly unlikely to change its point of view on this subject.

16. New Economic Development Agreement

Since its inception, the Northwest Territories Business Council has followed the progress of the Federal/Territorial Economic Development Agreement and has commented liberally upon various aspects of it. There have been concerns at various points in time about an overly bureaucratic approach to administering the business related programs and a lack of timeliness in dealing with applications. However, the Council has recognized the vigorous effort of government to make the program successful.

In light of the experience to date, the Council supports the early renewal of the Economic Development Agreement which is due to expire March 31, 1987. The Council feels that programs of this type have assisted many northern businesses to take initiatives that would not be possible otherwise. This view has been reinforced by the banking community. It is felt that a consensus exists among northern business that a new more comprehensive agreement should be signed to take effect when the initial E.D.A. expires.

17. New Business Initiatives

Over a period of several meetings, the Business Council has wrestled with the question of ways to bring new and creative business opportunities into the northern economy. There is a feeling that while a great deal has been achieved in the last few years in terms of developing an economic base in the territories, that there is a shortage of ideas and inspiration to take us into the next decade and beyond.

In the Council meeting held in Frobisher Bay in September of 1985, members began to consider the possibility of looking at the initiatives taken in other countries in northern regions to foster economic growth. It was generally agreed that government and business should consider sending a delegation abroad to examine some of these possibilities with a view to feeding them into the northern business establishment in the hopes that they could be translated into viable enterprises in the Northwest Territories. In the March 1986 meeting in Inuvik, plans were initiated for a trip to three Scandinavian countries to this end. A joint Government/Business Council delegation is planned to travel to northern parts of Norway, Sweden and Finland in May of 1986.

18. Opportunities Canada

Council members learned about the Opportunities Canada Investment Trade Fair which was held to March 12-14, 1986 in the Toronto Convention Centre. Each province and territory would have a booth in the centre with the purpose being to attract international investment capital into this country. Because of the general knowledge of Business Council members with northern economic questions, the Government of the Northwest Territories invited Council members to attend the Opportunities Canada Trade Fair and be part of the overall N.W.T. effort to attract investments.

Subsequently three Business Council members travelled to Toronto and participated in this Exposition.

19. Insurance

The Business Council has become a focal point for northern industry's concerns respecting the availability of insurance. Representations have been received from various sectors of northern business respecting the difficulty in obtaining insurance coverage on capital assets and more particularly liability insurance. The increasing costs of liability insurance coverage has seriously constrained the ability of small business in particular in the north to operate.

During its session in Inuvik, the Council took this question to the Minister of Indian and Northern Affairs, the Honourable David Crombie, Mr. Crombie was highly sympathetic to the plight of northern business and agreed in concert with the Business Council to raise the matter with the Federal Superintendent of Insurance.

Subsequently correspondence was provided to Mr. Crombie and the Superintendent of Insurance respecting the unique difficulty of northern business in obtaining insurance. No reply has been received to this initiative to the present time.

19. Future Directions

The work of the N.W.T. Business Council is just beginning. There are a great variety of public policy and business questions yet to be addressed.

In the coming months several issues will be considered:

- ° the privatization plans of Government of the N.W.T. departments will be considered and comments thereon provided to the Ministers concerned.
- ° representation will be made to the Parliamentary Committee on Transportation with respect to northern airline de-regulation.
- ° continued analysis of the level of Worker's Compensation Board costs and investment policies will occur.
- ° consideration of new initiatives that can occur to strengthen the territorial economy will take place. To this end a visit to the Nordic regions is planned.

- ° an ongoing assessment of the northern housing industry with particular emphasis on the programs of Canada Mortgage and Housing Corporation is planned.

- ° measures to stimulate economic growth in renewable resource industries particularly for the benefit of the more remote communities will occur.

- ° the Council will provide business oriented input to the territorial and federal governments in the context of planning for a new Economic Development Agreement.

- ° the Council will continue to examine ways to bring new investment capital to the N.W.T.

March 31, 1986