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COMMERCIAL RENEWABLE RESOURCE USE POLICY

The Government of the Northwest Territories supports and encourages the development of the Northwest Territories economy in a manner compatible with northern lifestyles and aspirations.

To that end, the Government of the Northwest Territories shall encourage and support the development of a commercial renewable resource sector that is consistent with acceptable resource management and business management practices.

In addition to the principles contained in the Renewable Resource Use Policy, Number 51.02, this policy is based on the following principles respecting commercial use of renewable resources:

1. Commercial renewable resource development is a desirable activity for the Northwest Territories.
2. Commercial development of renewable resources will be encouraged where resources are surplus to domestic needs.
3. Commercial renewable resource development will be consistent with territorial and federal renewable resource management policy guidelines.
4. Commercial renewable resource development will be consistent with territorial Resource Development Policy, Number 11.10.
5. The interests of native groups and other Northern residents shall be recognized and the opportunity to participate in and benefit from renewable resource development should be available to all interested residents of the Northwest Territories.
6. The commercial renewable resource sector shall conform to territorial standards of fire, health and safety.
7. The commercial renewable resource sector will be encouraged to attain national health and product quality standards.
8. The implementation and administration of renewable resource development will not prejudice land claims negotiations; agricultural development, with the exception of small-scale and innovative northern agricultural activity on Commissioner's land, will occur only after land claims are resolved.

9. The private sector should take the lead in developing viable enterprises, with government providing limited financial assistance, services, and incentives to encourage and facilitate commercial renewable resource development.



Government Leader and
Chairman of the Executive Council

Reference

For elaboration of this Policy refer to Directive



SCOPE

Pursuant to the Renewable Resource Use Policy, Number 51.02, this directive applies to the provision of financial assistance for all existing and prospective Northwest Territories renewable resource businesses.

EXCLUSION

This policy applies only to duly registered northern businesses.

DEFINITIONS

1. Contribution

Means a conditional transfer payment, made to a recipient, subject to audit, and for which the government will not receive any goods or services. Contributions are conditional on performance or achievement.

2. Grant

Means an unconditional transfer payment, made to a recipient, for which the government will not receive any goods or services. A grant is an unconditional payment without audit requirement.

3. Northern Resident

Means a person who has been ordinarily resident in the NWT for at least three years.

4. Northern Business

Means a business which complies with the legal requirements to carry on business in the Northwest Territories, and meets the following criteria:

- (a) (i) is a limited company with at least 51% of the company's voting shares beneficially owned by Northern Residents, or

- (ii) is a co-operative with at least 51% of the co-operatives' voting shares beneficially owned by Northern Residents, or
 - (iii) is a sole proprietorship the proprietor of which is a Northern Resident, or
 - (iv) is a partnership the majority interest in which is owned by Northern Residents.
- (b) Maintains a Resident Manager,
- (c) Maintains a Bona Fide place of business in the NWT.

5. Renewable Resource Businesses

Means northern businesses engaged in the commercial utilization of renewable resources, including, but not limited to, such primary activities as silviculture, logging, agriculture (including domestication of indigenous species), hunting, trapping, fishing and aquaculture; and such secondary activities as sawmilling, food processing and tanning.

6. Commercial Renewable Resource Strategy

Means a medium range development plan that outlines the Government's goals for commercial renewable resource development, sets out objectives, and describes programs to accomplish these objectives.

PROVISIONS

1. Programs and Services

Government of the Northwest Territories economic programs and services in support of commercial renewable resource use will include, but not be limited to:

- (a) Provision of assistance for NWT commercial fisheries to offset the high freight and/or production costs associated with their operation in order for them to be competitive with southern industries.
- (b) Provision of assistance to the NWT commercial forestry sector to reduce the costs of new road construction necessary to access timber supplies, and to reduce the carrying costs associated with the production or acquisition of inventories of logs or lumber.

- (c) Provision of financial assistance to encourage and facilitate the development of new businesses and to support existing businesses which have the potential to be financially viable within five years;
- (d) Provision of and assistance for training and business development to ensure that Northwest Territories' residents and businesses are adequately prepared to take full advantage of the employment and entrepreneurial opportunities associated with commercial renewable resource development;
- (e) Provision of assistance in the development of renewable resource products which are marketable, potentially profitable and which will contribute to the achievement of community aspirations;
- (f) Provision of economic planning, feasibility studies, and pilot projects useful to the renewable resource industry.
- (g) Identification of employment/business development opportunities in the renewable resource sector; and
- (h) Provision of adequate and appropriate information to Northwest Territories' residents about the opportunities, benefits and costs associated with commercial renewable resource development.
- (i) Provision of and assistance for the marketing of renewable resource products, including consumer, trade and industry promotional activities.

2. Eligibility

Eligibility requirements for various assistance programs are detailed in the attached schedules.

3. Preference

Subject to funding limits, preference will be given to businesses that comply with Government of the Northwest Territories economic plans and renewable resource strategies.

4. Authority and Accountability

(a) Executive Council

Only the Executive Council may approve exceptions to this policy.

(b) Financial Approval

(i) Executive Member

The Executive Member responsible for the Department of Economic Development and Tourism may approve contributions up to amounts appropriated in the Main Estimates.

(ii) Financial Management Board

The Financial Management Board approves an annual budget for contributions contained within this policy and, in the event of unplanned contribution needs, expenditures additional to those appropriated in the Main Estimates.

(c) Program Approval

The Executive Members responsible for the Department of Economic Development and Tourism and the Department of Renewable Resources shall approve all program provisions.

5. Criteria

Applicant criteria are detailed in the attached schedules.

6. Conflict of Use

(a) To encourage a diversified economy, domestic and commercial renewable resource development will be encouraged to co-exist; where there is conflict of use between the two activities the existing activity will be supported, unless:

(i) a socioeconomic cost/benefit analysis of optional resource uses identifies a "better" resource use;

(ii) there is local support for the "better" activity; and

(iii) existing users can be compensated for any losses caused by the new activity.

(b) To encourage a diversified economy, non-renewable resource development and commercial renewable resource development will be encouraged to co-exist; where there is conflict of use between the two activities the existing activity will be supported, unless:

- (i) a socioeconomic cost/benefit analysis of optional resource uses identifies a "better" resource use;
- (ii) there is local support for the "better" activity; and
- (iii) existing users can be compensated for any losses caused by the new activity.

7. Terms and Conditions

In addition to the terms and conditions detailed in the attached schedules, the following shall apply:

- (a) all contributions will be subject to an evaluation of performance and/or achievement;
- (b) all contributions will be subject to normal accountability and audit requirements;
- (c) applicant businesses seeking repeated funding must reapply annually;
- (d) financial contributions will not be granted until the applicant business and the Government of the Northwest Territories have entered into a formal and binding legal agreement describing the terms and conditions under which the assistance is offered; and
- (e) all businesses receiving financial contributions will maintain and make accessible for inspection acceptable records, files and books.

8. Applications


In addition to any requirements contained in the attached schedules, the following conditions will apply:

- (a) Applications for financial assistance will include information on:
 - (i) proof of business registration and/or licence to operate in the Northwest Territories;
 - (ii) purpose and amount of financial assistance;
 - (iii) estimated effect of financial assistance on business enterprise;

- (iv) financial data;
- (v) employment data; and
- (vi) any other information deemed necessary.

9. Prerogative of Executive Council

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 commercial use of renewable resource development, outside the provisions of this Directive.



Government Leader and
Chairman of the Executive Council

List of Schedules attached

- Schedule A - Commercial Fishery Assistance
- Schedule B - Forest Industry Assistance
- Schedule C - Renewable Resource Business Enhancement

SCOPE

This schedule applies to all commercial fishing activity in the NWT.

DEFINITIONS

The following terms used in this schedule are hereby defined:

1. Commercial Fishery

Those activities related to catching fish for sale within and export outside the NWT.

2. Commercial Fisherman

A Northern business, self-employed individual or employee licensed by the Department of Fisheries and Oceans to harvest fish for sale.

3. Commercial Fish

Those species of freshwater and anadromous (sea-going) fish included in schedule V (Variation Notice for Commercial Fisheries) pursuant to Section 30 of the NWT Fisheries Regulations as passed by Order in Council.

4. Freshwater Fish Marketing Corporation (FFMC)

A federal Crown Corporation with headquarters in Winnipeg, Manitoba, that is responsible for the Marketing of freshwater fish harvested in Northwestern Ontario, the three Prairie Provinces and the NWT.

5. Fishery Assistance

A contribution made to a commercial fishery or to a commercial fisherman.

6. Winnipeg Price

The price paid for fish at the FFMC Transcona Plant after freight and handling costs are deducted.

PROVISIONS1. Eligibility

Eligibility is restricted to commercial fisherman as defined above who are northern residents and where eligible commercial fisherman employ fishermen's helpers, they do so according to the following northern resident employee percentages.

1986 - 50%
1987 - 80%
1988 - 100%

2. Criteria

Eligible applicants must show they have been active in commercial fishing in the year for which they are seeking assistance and that they operate financially marginal enterprises.

3. Financial Conditions

Fishery Assistance may be approved by the Minister of Economic Development and Tourism according to the following:

(a) Great Slave Lake Fisheries

(i) Export Whitefish:

Assistance sufficient, in summer, to provide commercial fishermen with the same return per lb., after cost, as those received by Lake Winnipeg commercial fishermen; and, in winter, assistance to offset the cost of freighting from Hay River to Winnipeg, up to a maximum of 9.5 cents per lb.

(ii) Other Export Fish:

Assistance sufficient to maintain fishermen's net freight cost on Great Slave Lake at 1.5 cents per lb.

(b) Other Export Inland Fisheries

The same dollar amounts per pound for whitefish and other fish as provided to the Great Slave Lake fishermen.

(c) Export Char Fishery

Assistance sufficient to provide the greater of either (a) maintaining the Winnipeg Price at the previous year's level or (b) 50% of the cost of shipping fish from an NWT processing plant to Winnipeg.

(d) Inter-settlement Trade Fishery

Assistance sufficient to offset up to 50% of Freight cost between communities.

4. Terms and Conditions

- (a) Assistance to a commercial fishery must be used only to offset the high freight and production costs associated with operating in the NWT.
- (b) The Freshwater Fish Marketing Corporation may administer any fishery assistance made to the Great Slave Lake Fishery and the Arctic Char Export Fishery on a fee-for-service basis.
- (c) The Department of Economic Development and Tourism will announce the level of fishery support to the Great Slave Lake Fishery and Export Char Fishery by May 15 prior to the summer season and by November 15 prior to the winter season.
- (d) Financial contributions will not be granted until the applicant or his representative and the GNWT have entered into a legal agreement describing the terms and conditions under which the contribution is offered; and

- (e) All fishermen receiving contributions will maintain, and make accessible for inspection, records, files, and books according to standard bookkeeping practices.

5. Application

- (a) application for financial assistance must include:

- (i) Proof of a valid commercial fishery license;
- (ii) Proof of volumes of fish sold;
- (iii) Employment data; and
- (iv) Any other information deemed necessary.

- (b) Great Slave Lake Fishermen who market their fish through the Freshwater Fish Marketing Corporation will apply for financial assistance to:

- (i) Deputy Minister
Department of Economic Development and Tourism
Government of the NWT

- (ii) All others will apply to the nearest:

Area Economic Development Officer
Department of Economic Development and Tourism
Government of the NWT

SCOPE

This schedule applies to all Forest Industry Businesses in the NWT.

DEFINITIONS

The following terms used in this schedule are hereby defined:

1. Forest Industry Business

Means any Northern Resident or business owned by Northern Residents involved in commercial logging, lumbering and/or wholesale lumber purchasing.

2. Commercial Logging

Those activities pursuant to harvesting logs for sale to a sawmill.

3. Lumbering

Those activities in a sawmill pursuant to the sale of lumber.

4. Wholesale Lumber Purchasing

The purchasing for resale of lumber from a sawmill by a broker or retailer.

5. Forest Access Contribution

A contribution made for the purpose of constructing low standard roads to access timber supplies.

6. Production Incentive Contribution

A contribution made for the purpose of reducing the carrying costs associated with the production of acquisition of inventories of logs or lumber.

7. Contribution

A conditional transfer payment made to a recipient, which is subject to audit, and for which the Government will not receive any goods or services.

8. Foot Board Measure (FBM)

Means the standard measurement of lumber and logs such that one board foot is a plank one foot long x one foot wide x one inch thick.

PROVISIONS**1. Eligibility**

Eligibility is restricted to Forest Industry Businesses that are licensed and actively operating in the NWT.

2. Criteria

Applicant individuals or Northern Businesses must demonstrate they have been in operation for one year prior to applying and if in lumbering had an annual production rate of 75,000 FBM the year prior to applying.

3. Financial Conditions

Contributions may be approved by the Minister of Economic Development and Tourism according to the following schedule on a per applicant basis:

(a) For Forest Access Contributions

The lesser of:

- (i) 50% of the actual cost of road construction, or
- (ii) \$20,000 per annum.

(b) For Production Incentive Contributions

- (i) Lumbering: the lesser of \$2 per cubic metre of eligible log inventories or \$10,000 per annum; and,

- (ii) Wholesaler Lumber Purchasing: the lesser of \$20 per 1000 FBM of eligible lumber inventories or \$20,000 per annum.

4. Terms and Conditions

The following terms and conditions will apply:

(a) For Forest Access Contributions:

- (i) During the period of construction allowed costs will consist of: charges for rental equipment; a reasonable allowance for maintenance and repair of the applicant's own equipment; cost of fuel and lubricants for equipment; wages and related benefits for workers; and transportation costs associated with moving workers and equipment to and from the construction site.
- (ii) Road construction can be inspected by officials of the Department of Economic Development and Tourism.
- (iii) Maintenance costs associated with newly constructed road are the responsibility of the applicant.

(b) For Production Incentive Contributions:

- (i) An eligible log inventory is that portion of the producer's total scaled log inventory which represents an increase over the previous year's inventory.
- (ii) An eligible lumber inventory is that portion of the purchaser's total lumber inventory purchased and received from a lumberer between October 1 and December 31, also;
- (c) Applications must be approved: in the case of commercial logging before commencement of operations; and in the case of lumberers and wholesale lumber purchasers before a contract is completed.
- (d) The applicant and the GNWT must enter into an agreement describing the terms and conditions of the contribution.
- (e) Contributions will be made on a reimbursement basis subject to NWT accountability and audit requirements.

5. Policy Review

In recognition that requirements for a Forest Industry Assistance Policy in the Northwest Territories may change, this policy will be reviewed when federal responsibilities for Forest Management are transferred to the Government of the Northwest Territories. Should this transfer not materialize, the Policy should be reviewed by March 31, 1987 to assess its effectiveness.

6. Applications

Applications for Financial assistance must be submitted to:

Deputy Minister
Department of Economic Development and Tourism
Government of the Northwest Territories
Yellowknife, N.W.T.

SCOPE

This schedule applies to the provision of contributions, through a fund of last resort, for the establishment and enhancement of new or existing NWT renewable resource businesses which have the potential to be financially self-sufficient within five years.

DEFINITIONS

The following terms used in this schedule are hereby defined:

1. Eligible Costs

Any costs associated with the creation, expansion, modernization or purchase of new or existing renewable resource businesses which have the potential to become financially self-sufficient within five years.

2. Fixed Costs

Any business costs which do not vary with the level of business output.

PROVISIONS1. Eligibility

Eligibility is restricted to renewable resources businesses which are duly registered and/or licenced to carry on business in the NWT.

2. Criteria

Applicants must meet the following criteria:

- (a) being a natural person, has been continuously resident in the Northwest Territories for at least three years; or
- (b) being a Northern Business; and
- (c) contributes to the economy of the NWT by ensuring maximum employment opportunities for residents of the NWT and/or provides general services to the residents or communities of the NWT.

3. Terms and Conditions

The following terms and conditions will apply:

- (a) financial contributions may be granted to new or existing business enterprises for the purchase, installation, renovation, improvement or expansion of buildings or equipment to be used by renewable resource businesses;
- (b) contributions may be granted to renewable resource businesses when, in the opinion of Department of Economic Development and Tourism officials, there is a proven legitimate financial need;

4. Financial Conditions**(a) Establishment and Enhancement Contributions**

Contributions for the establishment, expansion, purchase or modernization of renewable resource businesses will normally be limited to 5% of eligible costs to a maximum of \$25,000. At least 5% of remaining costs are expected to be financed through equity contributions by applicants, and the balance secured from commercial lenders or other government assistance programs.

(b) Financial-Difficulty Contributions

Contributions to renewable resource businesses in financial difficulty will normally be limited to either:

- (i) 100% of interest costs to a maximum of \$20,000 where loan financing is involved; or
- (ii) 100% of fixed costs to a maximum of \$20,000 where loan financing is not involved; and

(c) All Businesses

- (i) Subject to eligibility requirements of having to be potentially self-sufficient financially within five years, current liabilities shall not exceed current assets plus the solicited assistance, and/or total debt shall not exceed the book value of all assets plus the solicited assistance.
- (ii) Financial assistance will not normally be provided for more than five years.

5. Applications

Applications for financial assistance should be submitted to:

Area Economic Development Officer
Department of Economic Development and Tourism
Government of the Northwest Territories