



THIS AMENDMENT TO THE FORMULA FINANCING AGREEMENT made this

Day of _____, 1988

BETWEEN

The Government of Canada represented herein by the Minister of Finance, (hereinafter called "Canada"),

OF THE FIRST PART,

AND

The Government of the Northwest Territories represented herein by the Commissioner of the Northwest Territories and the Executive Council Member responsible for Finance (hereinafter called "the Territory"),

OF THE SECOND PART.

WHEREAS the parties entered into a Formula Financing Agreement dated June 12, 1985;

WHEREAS the said Agreement was amended on January 21, 1988;

WHEREAS the said Agreement provided that by mutual written consent between the Parties, this Agreement may be extended for additional periods to March 31, 1990;

WHEREAS the Commissioner-in-Council has authorized the Commissioner of Northwest Territories to sign this amendment and extension of this Agreement;

WHEREAS the approval of the Governor-in-Council has been obtained for the signature by Canada of this amendment and extension;

AND WHEREAS the Parties wish to extend the Agreement for a two year period to March 31, 1990;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto in consideration of the Covenants and Undertaking herein contained covenant and agree as follows:

1. The Agreement is amended by deleting in section 1, the interpretation for "Grant" and adding the following:

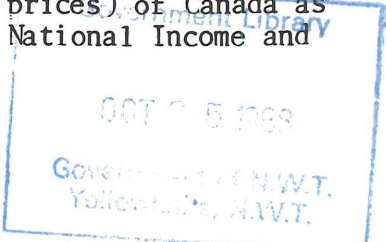
"1. Interpretation

"Grant" means the payment by Canada to the Territory referred to in the Federal Estimates for the Fiscal Years 1985-86 and 1986-87 on which Vote 40 is based, for the Fiscal Year 1987-88 on which Vote 45 is based and for the Fiscal Years 1988-89 and 1989-90 on which Vote 50 is based."

2. The Agreement is further amended by adding in section 1, the interpretation for "Gross Domestic Product (GDP) Ceiling", "Designated Officials" and "Interim Adjustments" by adding the following:

"1. Interpretation

"Gross Domestic Product (GDP) Ceiling" means a three year moving average of the percentage change in the nominal Gross Domestic Product (GDP at market prices) of Canada as published by Statistics Canada in the National Income and Expenditure Accounts.



Oct. '86	R2	R1	F	-	-
March '87	-	-	-	P1	-
Oct. '87	R3	R2	R1	F	-
March '88	-	-	-	-	P1
Oct. '88	R4	R3	R2	R1	F

- 3 -

- 2 -

"Designated Officials" means the Deputy Minister of Finance for the Northwest Territories and the Associate Deputy Minister (North), Department of Indian Affairs and Northern Development for Canada.

"Interim Adjustments" means the annual revisions to the grant based upon the most current estimates available for all years for which a final adjustment has not yet occurred."

3. The Agreement is also amended by deleting section 2 and adding the following:

"2. In respect of 1985-86 to 1989-90, Canada shall pay to the Territory, a grant subject to the terms and conditions set out in this Agreement, subject to the annual Implementation Agreement, set out in Section 4, and subject to appropriation by Parliament, based on the Formula calculation. More specifically the grant will represent the difference between:

- (a) base period gross expenditures escalated by the Growth Rate of Provincial-Local Expenditures and, starting in 1988-89, by the lesser of the Growth Rate of Provincial-Local Expenditure and the GDP ceiling and;
- (b) eligible revenues."

4. The Agreement is further amended by deleting section 6 and adding the following:

"6. The operation of the formula including the method and timing for grant adjustments in subsequent fiscal years will be governed by the operating procedures as set out in Appendix A. The operating procedures may be amended from time to time as mutually agreed to by the designated officials for Canada and the Territory."

5. The Agreement is further amended by deleting section 10 and adding the following:

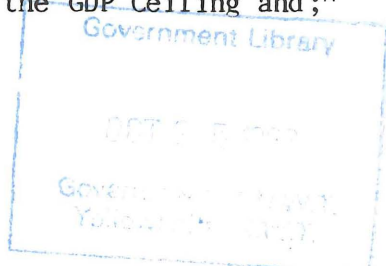
"10.(a) This Agreement shall come into force on the first day of April 1985 and subject to paragraph (b), shall terminate on the 31st day of March 1990, or on an earlier date if the parties mutually agree in writing.

10.(b) Section 6 shall survive the termination of the Agreement and shall remain in force until the provision contained in the said section, Appendix A and the annual Implementation Agreement have been complied with or have been declared to be no longer in force by mutual written agreement between the parties hereto.

10.(c) This agreement shall terminate should legislation to divide the Northwest Territories occur during the period this agreement is in effect."

6. Appendix A is amended by deleting section 2.1(a) and adding the following:

"2.1(a) base period gross expenditures escalated by the Growth Rate of Provincial-Local (P-L) Expenditures and, starting in 1988-89, by the lesser of the Growth Rate of the Provincial-Local Expenditure and the GDP Ceiling and;"



Starting in 1988-89 and based on the most current estimates available, interim adjustments shall be made by Canada and the Territory, as mutually agreed to, but not less than once a fiscal year, for all preceding years for which a final adjustment has not been made."

13. Appendix A is further amended by adding section 3.3.1(e) as follows:

"3.3.1(e) 1989-90 Grants

F and R calculations follow the steps outlined in 3, 4, 5 and 6 with the dates moved ahead 4 years (to October 1988, through October 1993).

Starting in 1988-89 and based on the most current estimates available, interim adjustments shall be made by Canada and the Territory, as mutually agreed to, but not less than once a fiscal year, for all preceding years for which a final adjustment has not been made."

14. In all other respects the provisions of the Agreement remain the same and continue in full force and effect.

Signed on behalf of Canada this _____ day of _____ 1988
in the presence of _____

Minister of Finance

Signed on behalf of the Northwest Territories this _____ day of _____
1988
in the presence of _____

Commissioner of NWT

Signed on behalf of the Northwest Territories this _____ day of _____
1988
in the presence of _____

Executive Council Member
responsible for Finance

