

Surety Bonds

The *Waters Act* provides for a surety bond as one of the acceptable forms of security for development in the Northwest Territories.

Surety bonds are instruments typically issued by an insurance company to pay one party a specified amount if another party fails to meet its obligations.

The creditworthiness of companies backing a surety bond is a significant consideration and one of the benefits of this form of security. They are typically issued by companies with strong to very strong credit ratings and significant market capitalization, ensuring their ability to pay the required amount in the unlikely event that it was necessary.

The GNWT is committed to completing its due diligence and ensuring that the public interest is addressed in determining the acceptability of surety bonds to ensure that security can be accessed in a timely fashion.

Surety bonds accepted for projects in the Northwest Territories will provide for payment on demand to the benefit of the Government of the Northwest Territories (GNWT). The demand on a surety bond is absolute, irrevocable and unconditional.

Surety bonds are used in many sectors, including construction, transportation and infrastructure. They have been seen as suitable to address reclamation obligations in the mining sector in the United States and Canada, including as security for projects in Newfoundland and Labrador, Ontario, Yukon and New Brunswick.

As part of the Devolution Agreement, the GNWT received new authorities over the management of land and water resources in the NWT. For certain instruments, such as land use permits and water licences, the amount of securities are set by the land and water boards, and the GNWT is responsible for approving the form and holding the security.

More broadly the GNWT is responsible for addressing environmental liabilities and financial assurances for lands and waters under its jurisdiction. This is why the Department of Lands has announced the establishment of the Division for Liabilities and Financial Assurances to oversee management and coordination of environmental securities.

Media requests for interviews with Members of the Executive Council may be directed to:

Office of the Press Secretary • Premier/Cabinet
Government of the Northwest Territories • PO Box 1320 • Yellowknife • NT • X1A 2L9
Tel: (867) 669-2302 • Fax: (867) 873-0111