

**AN ECONOMIC FRAMEWORK
FOR THE NORTHWEST TERRITORIES**
A Coordinated and Integrated Approach to Economic Development

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INTRODUCTION

As we prepare for the 21st century, we face demanding economic, social and political challenges. Our population is increasing rapidly. The number of new jobs being created is not keeping pace with the number of people wanting or needing to work. Government can no longer afford to contribute the level of resources it has in the past. We all need to work together to find new, innovative ways to encourage economic growth and activity.

The Economic Framework is the first step toward a more coordinated and better integrated approach to improve economic conditions in the Northwest Territories.

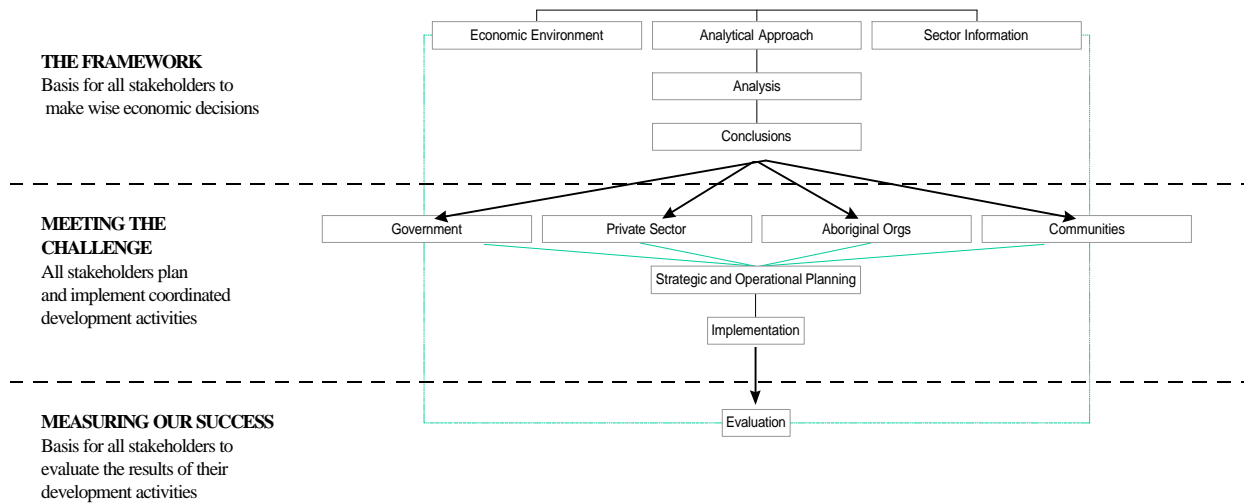
The Economic Framework will:

- 1) provide stakeholders with a basis for making wise economic decisions by:
 - identifying the potential of all economic sectors
 - identifying the requirements to achieve our potential
 - providing a common basis of information and common language for discussions on economic opportunities
 - identifying roles and responsibilities of stakeholders
- 2) lead stakeholders in developing coordinated and integrated economic development activities
- 3) provide the basis for stakeholders to evaluate the results of their economic development activities

Figure A shows how the Framework leads to the development of coordinated and integrated strategies and action plans by a variety of economic stakeholders - government, private sector, aboriginal organizations and communities.

Figure A

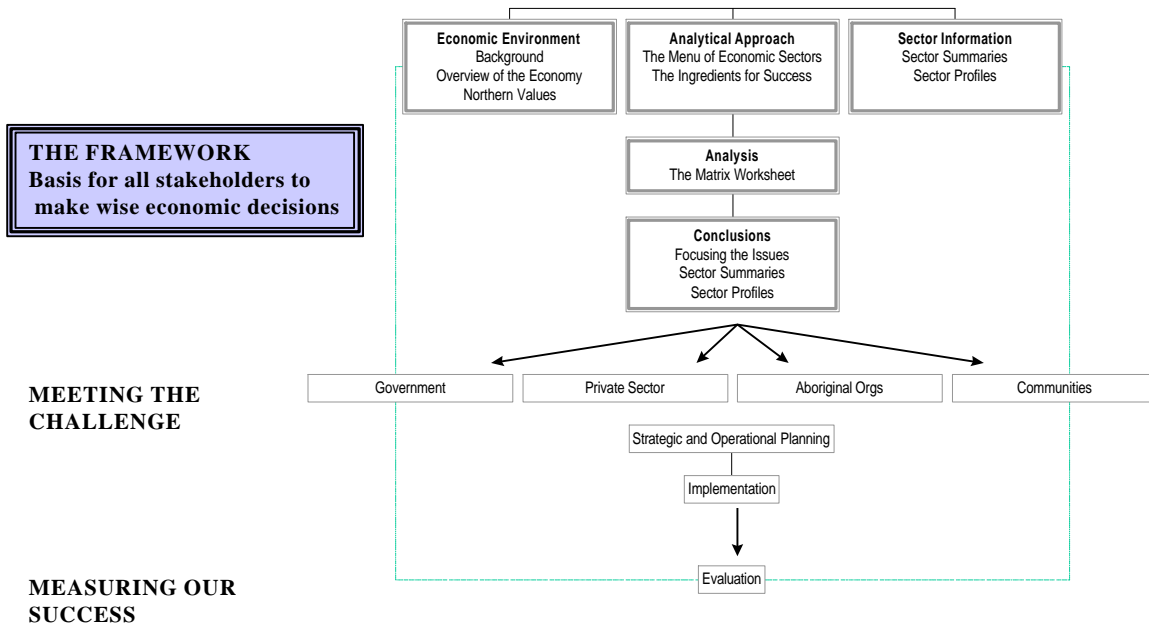
A Coordinated and Integrated Approach to Development



This document presents the **Framework** and explains this new approach to development. It explains how stakeholders - government, private sector, aboriginal organizations and communities - can use the Framework to set priorities, identify opportunities and develop action plans to **Meet the Challenge** we face. It also discusses the need to monitor the results of our activities and the impact on economic circumstances by **Measuring Our Success**.

THE FRAMEWORK

A Coordinated and Integrated Approach to Development



This chart shows the components of the Framework. Each component is presented in detail below.

Background

In 1989, a report by the Standing Committee on the Northern Economy (SCONE) showed vast differences between more developed and lesser-developed communities in terms of unemployment, participation in the workforce and education levels. In response, the Government of the Northwest Territories presented an economic strategy to reduce these differences. The intent was to diversify the economy and create jobs in smaller communities.

Economic development financial assistance programs were redesigned to recognize the needs of businesses in smaller communities. The Business Credit Corporation was established to ensure that smaller communities had access to debt financing. The NWT Development Corporation was

established to create employment in smaller communities. A federal/territorial Economic Development Agreement was implemented to address business infrastructure requirements, primarily in smaller communities. The Business Incentive Program promoted local hiring and contracting practices.

Between 1990 and 1994, government's investment into the economy through these sources exceeded \$21 million per year. Jobs were created, but not enough to meet the need. From 1990 to 1994, employment increased by 5.8%, but the population increased by more than 12%. This has created a tremendous demand for social assistance as people are struggling to support themselves and their families.

Governments can no longer invest the large amounts of money it has in the past to maximize these opportunities and create jobs. Still, the Government plays a significant role in the economy. There is a need to create an environment to stimulate investment and create jobs for northerners. There is also a need to facilitate and encourage economic development activities by all stakeholders. But the Government cannot dictate what will be developed and how that development will occur. The Framework gives all stakeholders the information they need to set their own priorities and plans for resource utilization and development.

Overview of the Northern Economy

Unique circumstances exist in the NWT which often constrain economic development. At the same time these circumstances can present opportunities for growth.

In the NWT, modern industrial development and traditional activities exist side by side. Over the past few years, some linkages have evolved between these two economies. Wage employment has often provided the capital necessary to purchase harvesting equipment and supplies. However, this duality is still very evident, especially in the smaller, more remote communities.

The population is relatively small. Therefore, domestic markets for NWT goods and services are limited and not always easily accessible.

Much of the economy is based on extracting and harvesting natural resources. The price for commodities such as gold, fur and lumber is based solely on world markets and vulnerable to frequent price fluctuations.

Unsettled land claims and division of the NWT has created uncertainty and caution among investors and consumers.

The NWT has gone from one of the fastest growing economies in the 1980's into a period of slow growth in the 1990's. Business investment has dropped from almost \$700 million in 1989 to less than \$300 million in 1994.

Between 1986 and 1994, the economy created just over 6,000 jobs. This is 2,000 less than the increase in the labour force during the same period. The result has been rising unemployment and people leaving the NWT. The overall unemployment rate is 17% and the unemployment rate for aboriginal residents is 30%. The population continues to grow at one of the highest rates in the country.

More people than ever before are seeking wage employment opportunities. And the population in the larger centres is growing faster than in smaller communities.

The sources of employment have been changing as well. Figure B shows the changing share of total employment over the past 10 years.

Figure B

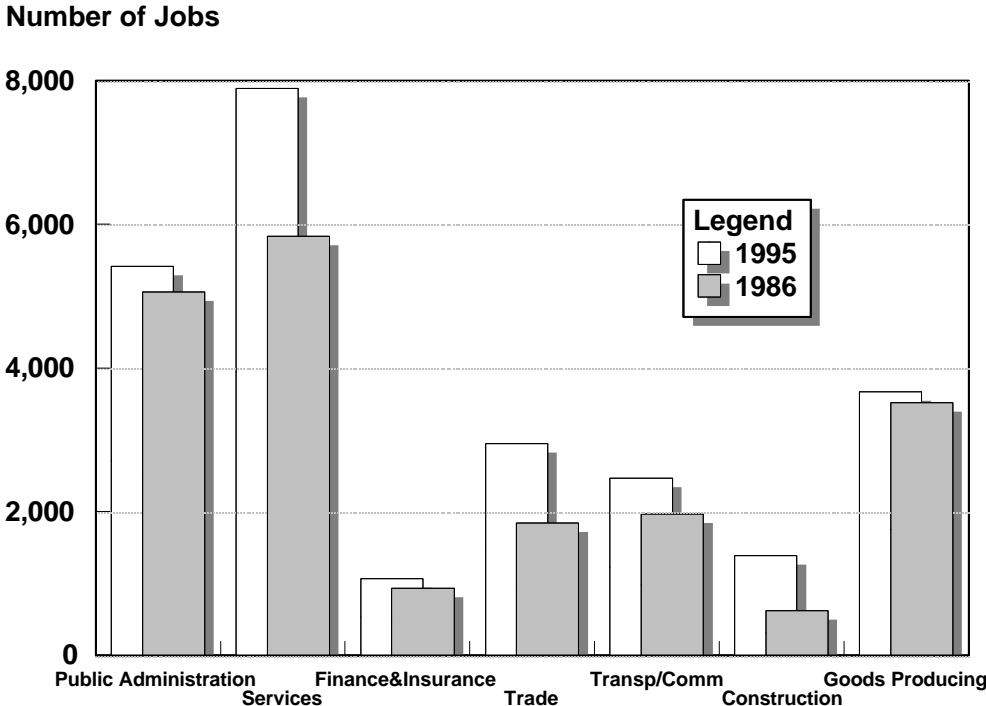
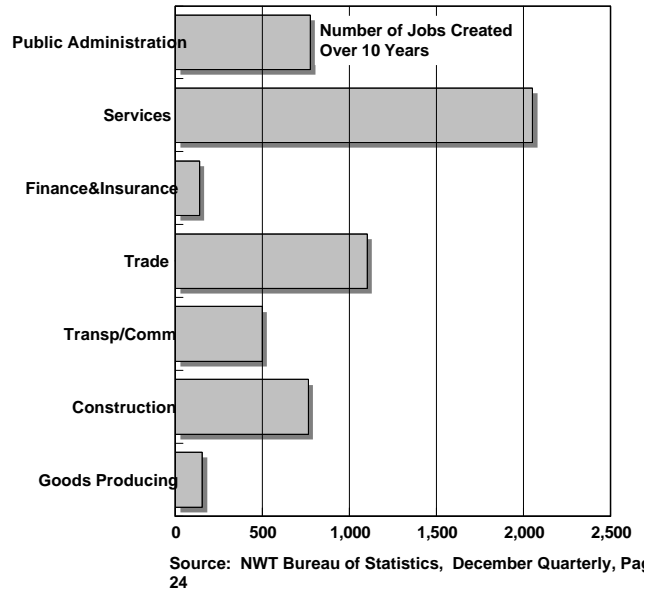


Figure C shows the number of jobs created in selected sectors over the same 10 year period.

Figure C



Clearly, the number of jobs in the Trade and Services Sectors have grown. The difference between employment in the Public Sector and employment in the Services Sector has increased from 4% to 11%. This is partly because of an increase in the demand for support services by mineral exploration activity and an increase in the NWT population.

Although some jobs have been created in the Public Sector and the Goods Producing Sector, the rate of growth has declined, partly because of the government's fiscal restraint measures and the decrease in mining development and production.

Coupled with the knowledge that a number of mines in the NWT will stop producing over the next few years, these trends raise a significant concern about whether the current level of growth in the Services Sector can be maintained if the current rate of growth in the Goods Producing Sector continues to decline.

Although the challenges may seem daunting they are not insurmountable. Opportunities do exist to reverse the negative trends and accelerate the positive trends within the economy.

Values

Northerners want to change the approach taken to economic development opportunities to better recognize the value of natural resources and northern people. Five values are listed below to help focus our decisions, design our action plans and achieve a vision of economic self-reliance.

1. Community Empowerment

Communities must be given the tools and responsibility for strengthening their own economies and participate in influencing resource-use decisions to ensure they reflect local opportunities, concerns and priorities.

2. Community Economic Development

Plans for utilizing resources have to be developed and supported by communities. Economic activity in communities not only benefits community residents but is critical to the health of the territorial economy.

3. Management of Our Resources

Natural resources must be managed and utilized responsibly so they can continue to provide development opportunities for future generations.

4. Partnerships


Improvement of the economy is not the responsibility of any one stakeholder. In order to achieve our objectives, all stakeholders must work in a spirit of cooperation and support.

5. Benefits to Northerners

Benefits generated by economic development activities must be realized by northerners. Northern resources must be utilized to create jobs and business opportunities for northerners and to generate new revenues.

An Analytical Approach

Figure D



ECONOMIC SECTORS

KEY INGREDIENTS	Minerals	Oil & Gas	Travel & Tourism	Wildlife & Fur	Fisheries	Forestry	Retail & Service	Construction	Manufacturing	Arts & Crafts	Agriculture	Trans. & Comm.	Public Sector
Natural Resources													
Human Resources													
Investment Dollars													
Infrastructure													
Markets													
Regulation & Taxation													

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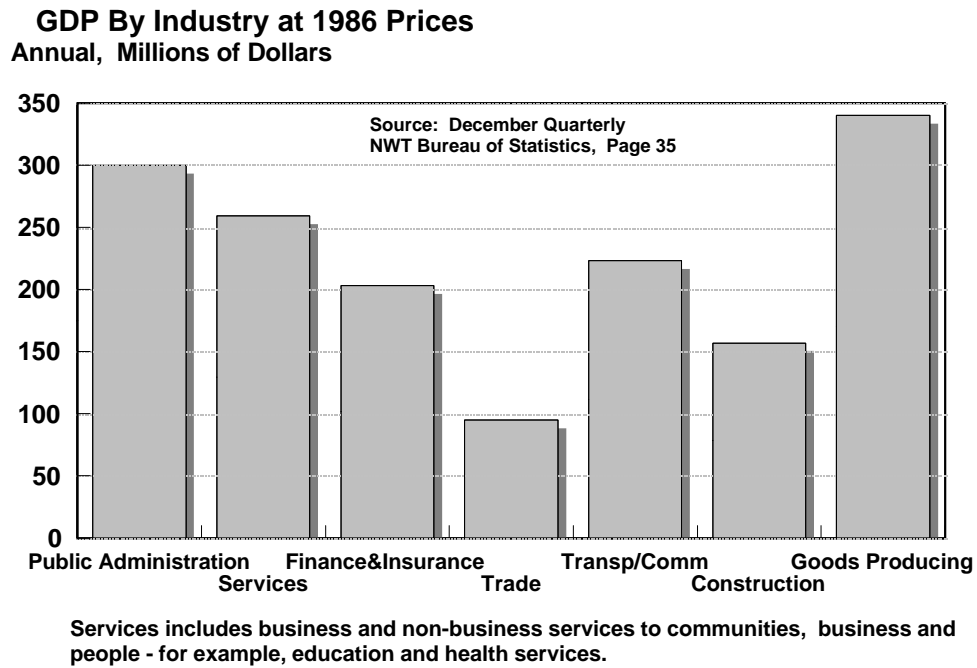
The Menu of Economic Sectors

The economy is made up of individual economic sectors. Each sector has its own distinct characteristics, strengths and weaknesses. Sectors are often dependent on each other. For example, increased tourism may lead to increased sales of arts and crafts. At the same time, the availability of arts and crafts may help to attract tourists. In the NWT, most small businesses depend on activity in the resource sectors to create markets for their goods and services.

The relative importance of each of these sectors to the territorial economy can be measured in terms of its contribution to our Gross Domestic Product (GDP). Simply described, GDP is the total value of all the goods and services produced within the Northwest Territories.

Figure E shows the contribution of each sector to GDP.

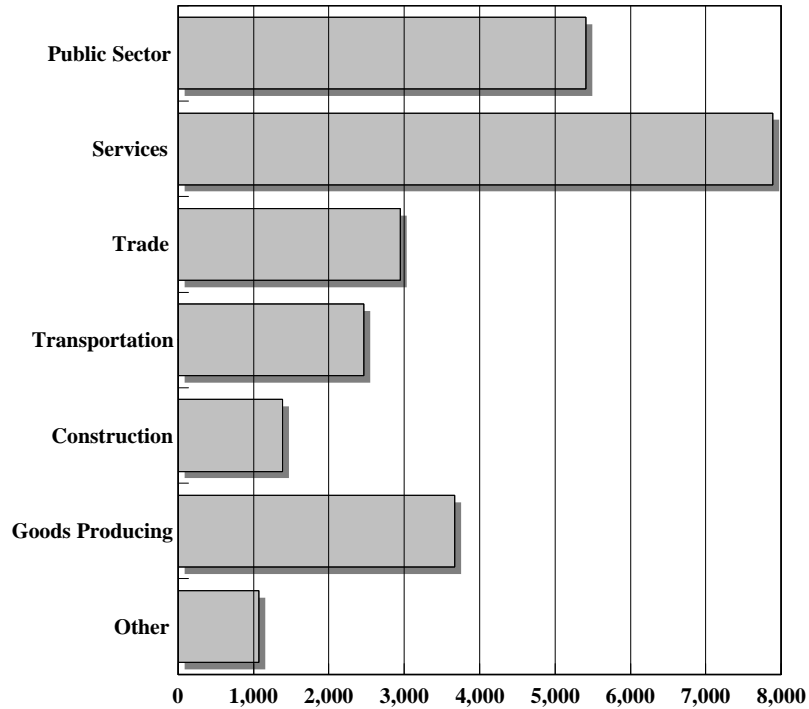
Figure E



Although GDP is one way to measure economic activity, it can be misleading in terms of distribution of income and benefits. For example, Mining, Oil/Gas is a high contributor to GDP but the benefits of these activities may only affect a relatively small number of people.

Figure F shows the number of jobs that each sector contributes to total employment.

Figure F



Although Figure F gives a better indication of which sectors provide jobs for northerners, these types of economic indicators do not truly represent the value of individual sectors to community economies. Further, they do not represent the potential of each sector to create productive opportunities for northerners. Although some sectors appear to contribute more than others to the economy, a healthy economy will include a number of diverse sectors that will provide a variety of opportunities for people to become more productive and self-reliant. Even a small sector may be important to a region, community or individual.

For example, traditional economic activities such as subsistence harvesting and trapping contribute to the economy, however, it has always been difficult to calculate exactly how much. It has been estimated that the replacement value of products produced by northerners hunting, trapping and fishing is between \$50-\$55 million. Even though this appears to be a small contribution to GDP compared to some other sectors, the traditional economy presents opportunities for a large portion of the population to contribute to the economic and social well being of their families and communities.

The Ingredients for Success

Any business enterprise requires several ingredients for success. A lumber producing business requires a sustainable source of timber, trained workers, capital funding to construct a sawmill, roads to transport raw materials and finished products, and customers to buy the lumber. In addition, regulations, taxes, local circumstances and the political environment may have a major impact on the viability of the business.

If any one of these ingredients is missing or causes the cost of production to be higher than the product's market value, the business will not be viable.

Just as a lumber enterprise requires these ingredients, so does each economic sector. The Framework examines each of these ingredients in each sector. This analysis determines the potential for growth and identifies what is needed to stimulate each sector and generate more benefits for northerners.

INGREDIENTS FOR SUCCESS

Natural Resources	The utilization of natural resources such as wildlife, minerals, fish and forestry is the foundation of the NWT economy. Opportunities in these sectors are directly related to the quantity and quality of both renewable and non-renewable resources. Natural resources also provide opportunities for residents to contribute to their own economic well being through the pursuit of traditional economic activities.
Human Resources	Adequate human resources are essential to the success of any enterprise. Owners, managers, professionals and workers must be equipped with the appropriate skills to be able to do their job effectively and contribute to the success of the enterprise.
Investment Dollars	Investment dollars are required to pursue economic opportunities. Financing of plant and equipment, product and resource development, inventory and marketing are all dependent on the availability of adequate funding.
Infrastructure	Access to infrastructure, such as roads, airports, power, water and communications systems is essential to support development activities.
Markets	Markets in which to sell goods and services are critical to the success of any economic sector.
Regulations & Taxation	Regulatory and taxation systems, while necessary, can have a significant impact on the viability of any business. In addition, local circumstances and the political environment may also have a major impact on success of the initiative.

A single missing ingredient can reduce viability of a project in a sector or specific initiative. Until 1982, Inuit harvesters sold an average of 30,000 to 40,000 sealskins, worth almost \$1 million a year. There were vast natural resource, Inuit hunters were skilled and able, and most households owned the equipment needed to harvest seals. Seals were harvested for food and surplus skins were sold around the world through the international auction system. A sealskin harvester had an independent occupation that was healthy, respected, contributed to the local economy and helped to support the harvester's family.

In 1982, the European Union banned the import of sealskins taken from seal pups. The ban was intended to stop the harvest of harp seal pups off the Atlantic coast of Canada, however, it effectively eliminated the market for all seal products. Even though Inuit had never harvested seal pups, they were no longer able to sell their sealskins and total income from seal harvesting dropped to less than \$20,000 a year. In this case, an import regulation implemented by another jurisdiction caused the collapse of the market for NWT sealskin products.

The six ingredients for success provide the basis for examining each sector. In some sectors, the mix of ingredients which exist, present outstanding opportunities for development. In other sectors, deficiencies may exist which need to be addressed to facilitate the viability of the sector.

Understanding these ingredients can also ensure better coordination of efforts. Major effort and investment to address one missing ingredient will not be effective if other missing ingredients are not also considered.

The responsibility for satisfying each ingredient changes with each sector. This sector-by-ingredient approach helps define the roles of stakeholders. In some cases such as infrastructure or regulations, government has a lead role. Basic education is another government responsibility, but businesses and individuals also have responsibility for teaching job specific skills. In some sectors, finding investment dollars may be entirely the responsibility of business, however, government may provide some direct assistance.

The Sector Summaries

A summary of each of the economic sectors is presented below. These summaries present a broad overview of circumstances within the sector. They also discuss what is needed to stimulate growth and development to achieve viability in each sector.

This information is presented in detail in the individual sector profiles that are included as Appendices to the Framework.

Minerals

The mineral industry consists of two distinct activities. Exploration involves prospecting, claimstaking and development of a mineral property or deposit. Successful exploration could lead to mining production at a specific location. Although the two activities are interdependent, they each provide different opportunities and require different needs to ensure continued growth and development.

The mineral industry has been and will continue to be a driving force behind the NWT economy. It provides direct jobs both in exploration and mineral production. Mineral exploration has been a source of growth in the small business and service sectors over the past 5 years, providing numerous direct and indirect business and employment opportunities. There is excellent potential for increased small business development in association with the mineral industry as long as exploration continues.

The mineral industry, through exploration and mineral production, has the potential to produce a substantial number of jobs for northerners in communities across the NWT. Exploration and prospecting activities provide opportunities for seasonal, "on the land" jobs successfully combining wage employment with traditional skills and activities. Exploration activity in the NWT has increased steadily since 1991 and for the past two years, the NWT has led Canada in exploration expenditures. Although not all of these dollars remain in the NWT, as more services become available locally, the percentage that does remain will continue to increase.

There are some indications that exploration activities may decline over the next few years. While advanced exploration remains high as work continues on the diamond discoveries, basic, grassroots exploration is declining. Since the initial diamond discovery in 1991 focused world attention on the NWT, the spotlight has shifted to Newfoundland and Indonesia. Given the vast mineral potential of the NWT, the possibility of finding another major deposit is excellent, if the current exploration momentum is maintained.

In addition, mineral exploration has become an increasingly competitive global industry. If there is hope to maintain current exploration levels and attract new exploration to the NWT, there is a need to reduce the risk associated with exploration. Mining companies themselves will assume the financial risk if they believe the potential for development is worthwhile. However, the industry requires positive indications that an investment in the NWT is welcome and will be protected in the future. Specifically, the industry needs better consistency in the application of regulations; more stability regarding the land access and tenure processes; resolution on issues with respect to devolution, division and land claims; clarity regarding the roles and responsibilities of the various levels of government; and, a more complete and comprehensive geological database.

Royalties from the BHP diamond mine alone are expected to average \$27 million per year over its planned 25 year production life, for a total estimate of \$675 million. Currently, all royalties are paid to the federal government. But, the GNWT is actively pursuing the transfer of control over mineral resources from the federal government. In addition to the tremendous financial benefit that will be

generated through this transfer, northern control over northern resources will allow the GNWT to resolve many of the outstanding regulatory issues, thereby gaining greater control and input into exploration and mineral production initiatives.

Oil & Gas

From 1977 to 1994, a moratorium on issuing exploration rights for oil and natural gas was in place in the Mackenzie Valley and southern NWT. This moratorium was, in part, a response to the recommendation of the Berger Commission that no more oil and gas exploration be pursued until outstanding land claims had been settled. Exploration licenses issued before the moratorium were honoured and resulted in several significant discoveries in the late 1970's and 1980's. However, the lack of ongoing exploration for so many years has severely reduced the prospects for developing the discoveries. It has also limited the knowledge of petroleum geology in the NWT when compared to northern British Columbia and Alberta.

However, there is excellent potential for oil and natural gas exploration and development in the Northwest Territories, specifically in the western NWT stretching from the Deh Cho to the Mackenzie Delta/Beaufort Sea. Past exploration of the NWT has resulted in the discovery of over 1.75 billion barrels of oil and 15 trillion cubic feet of natural gas.

Even though NWT oil and gas is located farther from the marketplace (most of Canada and parts of the US) than other supplies, this market is the largest energy consuming market in the world and the demand for energy and petroleum-based products is forecasted to grow. Southern Alberta is becoming increasingly depleted of conventional oil and gas and exploration has moved northward in the last two decades. The resolution of key land claims has allowed exploration activities to proceed. Investment in oil and gas in the NWT should yield high returns for companies and create direct and indirect business and employment opportunities for northerners.

Similar to mineral exploration and development, the oil & gas companies are willing to assume the financial risk associated with exploration if they believe the potential for development is worthwhile. But, the industry also requires positive indications that investments are welcome and will be protected in the future.

Specifically, the industry needs better consistency in the application of regulations; more stability regarding the land access and tenure processes; resolution on issues with respect to devolution, division and land claims; clarity regarding the roles and responsibilities of the various levels of government; and, a more complete and comprehensive geological database. In addition, the GNWT is actively pursuing the transfer of control over oil & gas resources from the federal government. In addition to the tremendous financial benefit that will be generated through this transfer, northern control over northern resources will allow for the resolution of many outstanding regulatory issues, thereby gaining greater control and input into exploration and development initiatives.

Travel & Tourism

The travel and tourism sector in the Northwest Territories has seen tremendous growth over the past 2 decades, both in terms of sales and the number and quality of facilities and services. But, in recent years, growth has slowed significantly. In 1996, summer tourism actually declined in some regions. Like many other industries, the growth and investment which has occurred has been concentrated in larger communities.

Tourism indicators for 1996 are not encouraging, showing little or no growth in every region of the Northwest Territories. However, there are positive signs. Adventure tourism, both soft and hard, (soft and hard being defined as the physical capability required to complete the adventure) is the fastest growing tourism market in the world. Many NWT tourism products cater to this market. Other activities that interest these visitors, such as aboriginal culture and history, could be developed and packaged in the Northwest Territories. Although sport fishing and hunting are not growing markets, outfitters could substantially increase sales and make a major impact on our tourism industry by attracting only a small percentage of the existing market away from other destinations to the Northwest Territories. Auto touring attracts more visitors to the Northwest Territories than the other two types of visitors. These visitors tend to spend less money, and of course, road travel is only possible in the west. However, the potential market (Canada and the United States) is enormous and accessible.

Recent predictions indicate a potential for over 73,000 visitors to the Northwest Territories by 1999 - an increase of 11,000 visitors over five years - if there is continuing development of desirable products, effective marketing of these products and selectively packaging existing tourism assets.

To achieve this, there needs to be an increased commitment to education and training. The licensing process needs to be revised to provide more certainty to the private sector because facilities, products and services will not expand and improve without a significant increase in the level of private sector investment. Communities must demonstrate a commitment to service and go out of their way to make visitors welcome. The prices charged for tourism experiences must be commensurate with the quality of the product and competitive with similar products sold in other parts of the world. And, stakeholders must demonstrate a continuing commitment to industry research - measuring the impacts of tourism expenditures, identifying new areas for product and market development and assessing the level of satisfaction with our products.

Wildlife

The wildlife and fur sector has been and will continue to be of vital importance to the people and economy of the NWT. Subsistence harvesting for food provides a significant alternative to store-bought meat and fish. Commercial activities such as trapping and harvesting wild meat for commercial sales provide opportunities to earn income that are compatible with traditional skills and lifestyles. Wildlife also presents significant tourism appeal and provides opportunities for recreational hunting as well as non-consumptive activities such as wildlife viewing and photography.

There are many benefits provided by wildlife but most of these benefits are not reflected well through GDP and have seldom been acknowledged in economic statistics. Harvesting renewable resources for domestic use is the largest economic activity undertaken by aboriginal residents in the NWT. More than 90% of aboriginal households consume country foods. Over 70% of aboriginal households hunt or fish. Nearly 25% of aboriginal households trap. The value of this activity is estimated to be \$50-\$55 million per year if these products were replaced by southern imports.

The wildlife and fur sector provides significant potential for growth because of the many diverse activities within the sector. Increasing the subsistence harvest activity would help reduce leakages from community economies that result from the purchase of imported meat products. Increasing the commercial harvest activity could create jobs and bring new money into the community from the sale of export meat and fur. Increasing the non-consumptive activities could also bring new money into the community through tourism interests. This sector provides a unique opportunity for northerners to use and learn traditional skills and knowledge and at the same time, participate in the wage economy.

However, the wildlife resource is very vulnerable to changes in environment, migration routes, birth rates and disease all of which creates a certain level of risk associated with commercial development potential. Although there are very few regulations on subsistence hunting and trapping for aboriginal residents, there is a high level of uncertainty regarding regulatory issues surrounding the commercial utilization of the resource. This uncertainty compounds the risk and often discourages the investment required for resource development, training, infrastructure and marketing.

To encourage increased activity in subsistence harvesting, there is a need to find ways to recognize its importance to the well being of northern families and a way to determine its economic value to the economy.

Commercial harvesting for export is in its infancy. To pursue the potential, significant investment will be required to address skills and training needs, provide infrastructure, develop and package products and penetrate markets. In addition, there are some critical outstanding regulatory issues that require attention by the GNWT in order to pursue commercial harvesting and export activities effectively.

The high risk associated with commercial utilization of the resource and the large up-front

infrastructure requirement has required GNWT involvement and financial support. Historically, the GNWT has provided significant subsidies to support commercial harvesting initiatives. The fact that there are competing development opportunities in this sector, and that GNWT financial resources are dwindling, suggests that priorities for resource utilization should be considered to ensure that northerners receive maximum benefit from the way in which the resources are utilized, that government investment in the sector provides maximum benefit to the greatest number of people possible and that development activities are sustainable.

Fisheries

Compared with other areas of the world, commercial fishing in the NWT is relatively small scale and NWT products play a small role in the commercial marketplace. The inland and marine fishing industry includes: the Great Slave Lake whitefish; the char fisheries in Nunavut; the offshore groundfish; the winter Greenland halibut fishery in Cumberland Sound; and the shrimp fishery off Baffin Island. Most commercially harvested fish caught in the NWT is sold with little or no primary processing, although some secondary processing (ie. smoking, drying, jerky, cutting and packaging) takes place in some communities. In addition, over 70% of aboriginal households fish or hunt to supplement their diet. Sport fishing also offers a major tourism attraction.

Unfortunately, there are a very low number of young people participating in the fisheries industry and the prospects for commercial development appear limited. Although a product like Arctic Char is seen as unique in the southern marketplace, it has been hampered by a lack of regular supply and inconsistent product. Also, char has experienced significant competition from farmed char and salmon products. Other NWT species suffer similar problems such as a decline in price and demand, low stocks and catch volumes, strong competition from comparable fish products and small fish size.

Because of the high risk associated with commercial fishing and the large up-front infrastructure requirement, GNWT involvement and financial support has been required. Historically, the GNWT has provided significant subsidies to support commercial fishing. Competing development opportunities in this sector, dwindling GNWT financial resources and low stock levels, suggests that priorities for resource utilization should be considered to ensure that northerners receive maximum benefit from the way in which resources are utilized, that government investment in the sector provides maximum benefit to the greatest number of people possible and that development activities are sustainable.

Forestry

A large forest resource base exists in the NWT. It is reported that there are 61 million hectares of forested area in the NWT.

However, the forest industry is at a very early stage of development. Subsistence use of forest resources is a significant, but an unmeasured component of the traditional economy. Although forestry contributes only a very small portion to the GDP, it could contribute a lot more. Many households use fuelwood for all or part of their heating requirements. But there is an opportunity to increase subsistence usage to replace currently imported fuel supplies, thereby contributing to better health and well being of smaller communities in the southern NWT.

Commercially significant forests are concentrated in the southwest corner of the NWT; along the Slave River, Hay River and Cameron Hills, and along the upper Mackenzie River and Liard River Valley. Further north, limited areas of commercial capacity occur along major river drainage systems and in the Mackenzie Delta. This resource represents potential to create new jobs and economic opportunities in harvesting, processing and manufacturing timber into a variety of products and for forest silviculture, including site preparation, tree planting and thinning.

The value of an expanded NWT forest sector can be measured in a number of ways. Benefits include direct jobs, manufacturing opportunities, government revenue through licences and fees, spin-off jobs in the service sector, increased local infrastructure and services, revenue from the sale of forest resources, and reducing the requirement for imported heating fuel through subsistence use.

Management of the resource, including forest inventory preparation, fire management and research activities, will continue to be critical to the success of the industry. Community developed forest management plans, comprehensive forest resource inventories, effective silviculture and reforestation, along with forest protection and an effective but not burdensome regulatory system are essential components of modern forest management in the NWT.

In addition, a variety of training initiatives are needed. Harvesting activities are becoming very mechanized and both commercial and subsistence harvesting require highly skilled workers to ensure operations are safe. Access to capital to address the high up-front costs is required if both commercial and subsistence harvesting is to succeed.

Trade & Services

The trade and services sector is a rapidly growing, diverse sector of the economy. It has been growing at three times the national average and employs 47% of the northern labour force.

Recent growth has been stimulated by the increase in exploration and development work in the mineral sector. As well, northern businesses are becoming more competitive with southern suppliers of goods and services. Opportunities in this sector are closely tied to the level and location of disposable income of individuals and their belief in their own financial security. Therefore, continued growth in this sector is dependent upon consumer confidence and level of northern employment in other sectors. If people are concerned about their jobs and their future they will spend less money. If the future looks financially secure, they are inclined to spend more for things such as personal

services, business services, recreation and food services, and personal health and social services.

Recent government cutbacks and impending division of the NWT has created an uncertainty among consumers. Although natural population increases will continue to provide a growing market for northern-supplied goods and services, it will alone will not be enough to support the recent growth in available consumer products and services.

Although income taxes are low and there is no territorial sales tax, other costs such as payroll taxes and GST burden businesses with extra costs and time spent on complying with regulations and reporting requirements, which in turn, affects their competitiveness with southern suppliers

Low levels of general education in the workforce present specific challenges to this sector. The types of skills required range from basic literacy to the requirement for post secondary education and professional designations. Of particular concern to employers are high wage expectations on the part of potential employees with minimal skills and poor work habits.

Recent improvements in a number of services in this sector have helped it expand further. More and more business services such as accounting, Internet, computer programming and banking are being provided locally, which encourages new businesses to offer other goods and services to establish themselves locally. Funding assistance to develop trade and service opportunities is available from a wide range of sources, both government and private sector. But, small communities continue to suffer from a lack of equity capital and entrepreneurship training.

A generally productive economy, a high employment rate among northerners and stability regarding the impact of division and government fiscal restraint measures are essential to generate confidence among consumers, all of which will foster continued growth in this sector. In addition, the land lease issue in smaller communities needs to be resolved in order to give entrepreneurs some confidence that their investment(s) will be protected. Appropriate business training for entrepreneurs and managers and customer service and basic skill training for workers is required. Assistance in the form of equity capital for start-up or expansion and better coordination of industry information between government agencies and dissemination of the information to industry, will also support the sector and contribute to its growth.

Construction

The Construction sector is another major employer in the NWT. It contributes over 1,400 full-time existing jobs and accounts for 18% of all new jobs created. The primary source of this growth has been government spending, especially in housing and community infrastructure development, such as roads, airports, arenas and schools. The Mining industry is the principle private sector generator of construction activity, especially in building camps, mines, winter and all-season roads and airstrips. Also required is the infrastructure needed by other industries that support mineral exploration and development.

Growth in the construction industry will continue to rely on government spending and mining activity. The GNWT's projected expenditure for 1997/98 capital work is at an historic low, although the new infrastructure requirements as a result of the impending division of the NWT, will provide construction opportunities in Nunavut for a number of years.

The situation in the Western Arctic is not as encouraging and construction will rely more heavily on the results of mining exploration and development. As discussed in the Minerals summary, in order to attract new mining exploration and development to the NWT, thereby continuing to create new construction opportunities, a number of outstanding factors for the Mineral industry will need to be resolved.

This is a high capital, low profit margin industry requiring substantial investment for capital start-up and high operating costs, lucrative and secure markets, training in a variety of skills and affordable supporting infrastructure. Although the GNWT has attempted to provide support to the locally based construction firms through the BIP and other negotiated contracts, issues remain such as land leases, high WCB rates and burdensome paperwork and reporting processes as required by several levels of government.

Manufacturing

Manufacturing activity in the NWT has remained relatively flat since 1988, fluctuating between a low of \$11 million in 1993, a high of \$16.9 million in 1990, to the latest 1995 figure of \$13.6¹ million. Potential, however, does exist in some communities to maintain growth in small-scale manufacturing.

Even though the NWT has the Business Incentive Policy and is developing a Manufacturing support initiative, the NWT is not in a position to compete effectively with other jurisdictions in the areas of labour subsidies, low wage costs, low transportation and operating costs, large markets, tax holidays and other provincial/national incentive programs.

Opportunities for manufacturing will be created by increased investment in the resource sectors where specific needs can be filled through local manufacturing initiatives. For example, NWT businesses could capture a greater percentage of the current mineral activity by manufacturing products that are required for mineral exploration and development. Opportunities may also exist for small-scale manufacturing which targets the unique needs of northern markets. Products such as fuel tanks for northern businesses, institutions and commercial buildings are just several examples. In Nunavut, there will be a growing demand for housing and commercial development which will require products such as sheet metal components, holding tanks, cupboards and other building materials and supplies. Replacing goods that are currently imported into the NWT with items that are manufacturing domestically or locally offers opportunities to create jobs that help to reduce leakages out of the NWT economy and keep more money in communities.

¹All at 1986 prices

Skills required by the manufacturing industry are varied, ranging from technical trades to artisans. The industry offers excellent opportunities for on-the-job training and apprenticeship programs. However, training can be costly and often cannot occur until investors are sure that production volumes can be maintained to support the cost.

The primary means to expand the opportunities that manufacturing offers is to stimulate private sector investment. Government needs to design more programs to attract and retain new investment and encourage northern entrepreneurs to take advantage of opportunities to supply local and domestic markets. Flexible financing arrangements are needed to accommodate constraints like sea-lift and winter road schedules and the heavy “up front” financing requirement intrinsic to the manufacturing industry. Communities must be willing to offer more competitive rates on commercial land and more security regarding land leases. The provision of reliable, economical infrastructure, such as transportation facilities and low WCB and power rates, are essential to keep operating and marketing costs as low as possible which will in turn improve viability of the enterprise.

Arts & Crafts

The NWT arts and crafts industry is quite diverse, characterized by a wide range of traditional and modern activities. Within these categories, there is a variety of segmentation, opportunities and potential. Inspiration for NWT arts and crafts is found in the unique cultures, life-style and geography of the NWT. Various regional styles have emerged, inspired by local materials and artists and the diverse interpretations of the land and the traditional way of life.

Traditional arts and crafts production is primarily a cottage industry. Products are sold either to local cooperatives, other retailers, wholesalers dealing in northern art or on the private market. Due to the widespread and small-scale nature of the industry, it is difficult to reflect the benefits that are generated by arts and crafts production through the GDP. In addition, the value of emerging or modern arts activities such as performing arts, professionally organized arts festivals, literary arts, multimedia and film, is also unknown.

Promotion of NWT arts and crafts and getting the products to the marketplace creates specific challenges. Compared to the Western Arctic, Nunavut has been relatively successful at both these activities. Well established, private wholesalers act as a critical liaison for community artists and craftspeople who might otherwise have great difficulty getting their products to the marketplace. In the Western Arctic, a single well managed wholesaler has yet to be established to promote Dene arts and crafts. Recently, this gap has been offset somewhat by the NWT Development Corporation. Since 1991, the Corporation has invested in a number of production facilities, retail outlets and a wholesale company.

The most refined Inuit carvings, tapestries and prints have achieved world acclaim and benefit from extensive distribution networks. Dene and Metis arts and crafts have the potential to achieve comparable success. However, renewed efforts are required to effectively position Western Arctic

products in the domestic and international marketplaces. In addition, there may be opportunity to increase sales in our own domestic and tourism markets. Recent surveys of tourists leaving NWT report an unmet demand for identifiable northern arts and crafts under \$200.00

Much of the essential infrastructure is already in place and there is a strong private sector presence in the industry. Therefore, in order to achieve the potential and support, the industry, the federal and territorial governments must improve the coordination of policies and programs and, with industry, define a common vision for future development. Increased effort must be placed on improving the consistency and quality of the products, matching product offerings with demand, standardizing clothing sizes, providing training, improving production techniques and increasing the effectiveness of marketing efforts.

Agriculture

The NWT has a considerable mass of variable classes of arable land suitable for agriculture production. However, access to land is restricted by the lack of long term tenure or possession of lands and the situation is not expected to improve until the federal government transfers a large tract of land to the GNWT. This will not occur until land claims are resolved or at least until claimant groups offer their support to the sector.

The ability to successfully grow a variety of crops and raise livestock has been demonstrated in various locations particularly in the southwestern portion of the NWT. The transition from casual production of crops primarily for personal use to operating a commercial operation demands a significant investment of capital, technical expertise and personal commitment.

A major constraint to commercial viability of NWT agriculture production is the size of the domestic market. Most products are readily available in the majority of communities, and at least in the larger centres, at a competitive price. Southern producers have the advantage of economies of scale, longer growing seasons and economical transportation links.

However, there are some opportunities. Negotiations currently underway between the federal, provincial and territorial governments may soon open up new markets. One particular area of interest is for products from the Hay River abattoir as meat inspection regulations become effective. Also, if we can succeed in getting a production quota for eggs for the NWT, this may present an opportunity to service the western Arctic domestic market with locally produced eggs.

The NWT agriculture industry is in its infancy. A huge amount of capital would be required to realize significant benefits and even then the industry would probably require on-going subsidization. There is the potential to service domestic markets with some products produced in the NWT. However, the opportunities associated with developing this industry compared to the benefits generated, seem

somewhat limited.

Transportation & Communications

This is a huge and diverse sector of the economy which includes some of the biggest firms in the NWT. NWTel, Canadian Airlines, NWT Air, NWT Power Corporation and CBC are prime examples. This sector is closely tied to the development of all other sectors in the NWT. Components of this sector include: air transport, truck transport, taxicabs, radio and television communications, newspapers and magazines, internet, satellite communications, utilities, pipelines, private water services, marine, rail and road transport.

Today the industry employs about 2,500 people. While overall sector growth has exceeded NWT averages, this may not be the case for all industries in this sector. For example, telephone employment may be declining while computer networking employment is increasing.

Businesses in this sector are undergoing rapid evolution and face some real challenges. The development of new communications media, in particular satellite and the Internet will challenge sales and jobs in some businesses while creating opportunities in others. Deregulation will create new problems and opportunities within the sector. Increased competition in long distance telephone markets will likely reduce business costs, but could also reduce telephone industry employment and investment. Deregulation of the airlines may reduce airfares and increase tourism and business sales, but it may also mean more mining employees decide to commute between jobs in the NWT and southern residences. Some businesses within the industry will have to rely less on government funding. For example, CBC North has had to deal with significant government funding reductions in recent years. Reductions in employee benefits within the GNWT and the transfer of staff to Nunavut, may reduce travel markets in the Western Arctic.

For the most part, the companies involved in this sector are willing to assume the risk of investment if they feel that the investment will be profitable. However, the industry requires positive indications that their investment in the NWT is welcome and will be protected in the future. Specifically, the industry needs better consistency in the application of regulations (although many of these industries are under federal jurisdiction), resolution on issues with respect to devolution, division and land claims; and training opportunities to ensure more northerners are employed in the industry.

Public Sector

In many communities in the NWT, government activity is the foundation of the local economy. Government spending on programs and delivery of those programs provides jobs and income directly to public service employees and indirectly to construction contractors and goods and services suppliers. Transfer payments such as social assistance and other public services such as health care, education and housing, all contribute significantly to the government's impact on the economy.

The GNWT currently receives 71% of its revenue as a transfer payment directly from the federal government. The amount is based on a formula which averages provincial government expenditures. When the formula was first introduced, governments everywhere were expanding to meet growing demands for services and the GNWT benefitted from increasing transfer payments which kept pace with southern growth.

The 1990's saw a severe downturn in spending which resulted last year in a 5% (\$60 million) reduction in the transfer payment to the GNWT. No increases are anticipated over the next few years. Meanwhile, our population continues to grow at the fastest rate in Canada and the GNWT's capacity to fund essential services has been and is severely eroded.

In addition, NWT mineral resources, which could provide significant revenue through royalties, are currently controlled by the federal government and royalties are paid directly to Ottawa. The state of existing finances and reliance on external funding mirrors the poor economic linkages and relative lack of development of our resources. Without receiving revenue from our mineral resources and without significant development activity in other sectors to generate income and business tax revenue, the GNWT will remain dependent on federal transfer funds and vulnerable to changes in the funding formula.

The Public Sector has been included in the Framework because of its significant contribution to the NWT economy. However, the intention is not to encourage growth in this particular sector. Rather, the challenge to the public sector, in light of continually shrinking resources, is to find ways that essential services can be maintained at a cost that is affordable and effective.

In preparation for the next century, the role of government will continue to change dramatically. It can no longer be relied upon to play as significant a role in the economy as it has in the past. Government must assume a new role of facilitating, assisting and encouraging private sector, communities, businesses and aboriginal organizations to create job opportunities for northerners. Opportunities for NWT businesses to expand and new ones established must be identified. Ways must be found to stop dollars leaving the NWT through more efficient use of NWT own resources. Government spending has to be more coordinated to provide economic benefit to communities and individuals. Communities must continue to be empowered with resources and expertise so that they can make informed decisions regarding resource development and spending priorities. As we begin implementing changes, government has a responsibility to monitor activities to ensure that northern priorities are acknowledged and that results lead to a productive and more self-sufficient economy.

Focusing the Issues

Throughout the sector analysis, a number of needs within each Ingredient for Success emerged that are common to many of the sectors. These needs focus on strengthening each Ingredient for Success so that it contributes fully to a healthier, more self-sufficient economy.

Making the Best Use of Our Resources

The rich natural resources that are found in the NWT provide a solid foundation upon which to build a healthy economy. Renewable resource use is critical to the self-sufficiency of communities. Non-renewable resource exploration and development is extremely important not only for job creation in those sectors but also for the creation of new opportunities in the secondary and services sectors across the Northwest Territories. Exploration and development activities also generate royalty and tax revenues that could provide new sources of funding for programs.

Future prosperity depends upon a continuing ability to discover and harvest natural resources in sustainable and responsible ways that provide maximum benefits to northerners.

Needs

- 1) Clearly articulated policies for the utilization of resources (subsistence, commercial, export, value added) to:
 - ensure that development initiatives provide maximum benefit to northerners and
 - facilitate the allocation of government funding to specific sectors and uses.
- 2) Comprehensive resource inventories and ongoing monitoring to:
 - encourage resource exploration and development and
 - facilitate decisions regarding resource utilization.
- 3) An effective means of assigning value to renewable resources to facilitate decisions regarding utilization.
- 4) Increased access to land for exploration and development.

Developing Human Resources

Currently, many northerners lack formal education and job experience which seriously limits their access to jobs. Our workforce must be strengthened so that northerners have the skills and knowledge to pursue development opportunities and fill the jobs that are available, whether the jobs be through

wage employment or other productive alternatives.

All stakeholders in the economy need to work together to develop our human resources. We need to integrate human resource development with economic development initiatives at the community level. This type of approach will result in better links between the skills that are required and the skills that are available in the northern workforce.

Needs

- 1) Increased levels of basic education to increase employability.
- 2) Training for job specific, technical skills.
- 3) Entrepreneurial and business management training.
- 4) More programs that provide work experience.
- 5) Innovative training methods and easier access to training.
- 6) Occupational standards.

Finding Investment Dollars

Generally, large companies (resource exploration/development, retail, professional services, banking services) will assume the financial risk associated with development if they believe there is potential for a good return on their investment. These companies require positive indications that their investment is welcome in the Northwest Territories and will be protected in the future.

However, finding investment dollars for most development opportunities in the Northwest Territories is not as simple. Attention needs to be directed to the problems encountered by communities and individual entrepreneurs when they are trying to secure investment dollars.

Needs

- 1) Improved access to debt capital, particularly in smaller communities through increasing awareness of programs, simplifying procedures and better coordination.
- 2) A rigorous, disciplined approach to help proponents identify viable development opportunities that will attract adequate investment dollars.
- 3) Leveraging other sources of financing to enhance existing resources.
- 4) Flexible financing and repayment arrangements to accommodate the seasonality of many development opportunities.
- 5) Partnerships between communities and funding sources to ensure that funding decisions reflect community priorities.

Building Infrastructure

A major barrier to economic development initiatives in the Northwest Territories is the lack of public infrastructure. The ability to travel and move commodities is critical to the success of most economic development initiatives. While much of the existing infrastructure in the Northwest Territories was originally constructed in support of development initiatives, the opposite is also true; new infrastructure could help to increase economic activity. Particularly, improved transportation infrastructure would help to create development opportunities in the Mineral, Oil & Gas and Tourism sectors.

The Government must continue to provide infrastructure in the forms of highways, airports, marine facilities, communications systems and public utilities to encourage increased economic activity. However, the Government does not have enough funds to satisfy all projects. Therefore, a partnership approach with communities, small businesses and large exploration and development companies is critical to ensure that appropriate infrastructure is provided at a reasonable cost and that government expenditures for infrastructure reflect economic development needs.

Needs

- 1) Appropriate and affordable public infrastructure to encourage and support economic development opportunities.
- 2) Leveraging other sources of funding to enhance existing resources.
- 3) Alternative forms of offsetting costs (user pay).
- 4) Community infrastructure projects that support community development priorities.

Developing Markets

Finding and developing the appropriate market(s) is essential for the viability of a sector or a specific development opportunity. In the Northwest Territories, markets for our products are very closely tied to how we decide to utilize our resources. Certainly for resource based commodities such as minerals, oil & gas, lumber, and fur, there is little we can do to influence market demand or consumer price.

But this is not the case for other northern goods and services such as tourism, arts & crafts, meat & fish, manufactured product agriculture products, hospitality services and professional services. These products present significant marketing challenges because of the diversity of the products, the diversity of the markets and in the case of southern based markets, the distance that we are to the marketplace.

Marketing activities generally cost a lot and the results often cannot be determined until months or years later. Strong partnerships between funding sources and producers are essential to ease the high cost of marketing and help ensure marketing activities reflect market demand.

Needs

- 1) Consideration of local, regional and territorial markets as alternatives to export markets.
- 2) Targeting the production of goods and services to better fit market demand.
- 3) Accurate marketing intelligence in order to design effective marketing and promotional activities.
- 4) Effective distribution networks for goods produced in the Northwest Territories.
- 5) General awareness marketing by the Government. Product specific

Designing Supportive Regulatory and Taxation Systems

The regulatory environment and taxation regime in the Northwest Territories have a direct impact on the level of economic activity. In many instances, the way regulatory responsibilities are currently carried out has resulted in increased costs, has put unnecessary burdens on business and has created barriers to development. The taxation system, although not particularly burdensome, could be used much more effectively to encourage development and job creation.

Although in the Northwest Territories Government has a significant responsibility for regulatory and taxation reform, there are a number of outstanding issues that cannot be resolved by the NWT Government alone. Land claimant groups, communities, resource management groups, environmental agencies, Nunavut, the western territory, the federal government and the private sector must all work closely together to design and implement more appropriate laws and policies that will encourage, not hinder, economic activity.

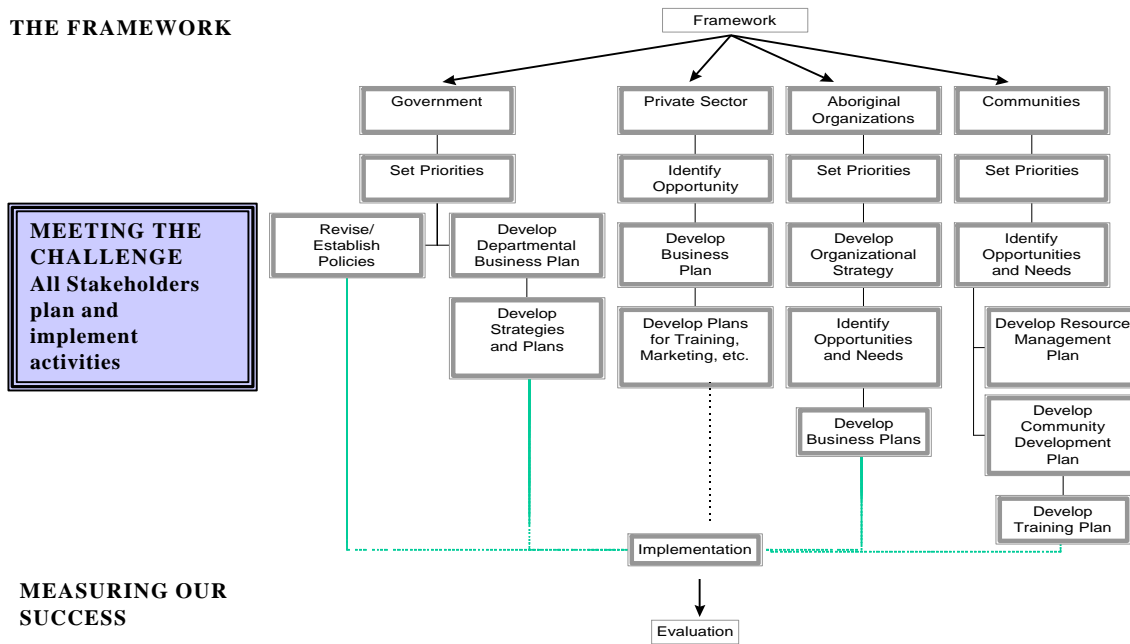
Needs

- 1) Greater certainty regarding conservation requirements, land access, land leases, division, devolution, land claims, licensing and land management.
- 2) Greater clarity with respect to the roles and responsibilities of each level of government and other responsible agencies.
- 3) Simpler regulatory procedures
- 4) Simpler reporting procedures and better information for businesses regarding their responsibilities.

MEETING THE CHALLENGE

A Coordinated and Integrated Approach to Development

THE FRAMEWORK



This chart illustrates the Framework’s flexibility and shows how it may apply to a variety of circumstances, users and strategic and operational planning processes.

A Variety of Circumstances

Sustainable economic growth is a progressive process. Not all communities are at the same stage of development, nor do all communities enjoy the same potential for opportunity, growth and self-sufficiency.

A manufacturing opportunity may appeal to a developed community like Hay River because it has access to relatively affordable business support services, transportation routes and utilities. The community would proceed by developing a plan to investigate each of the Ingredients for Success. The plan may include:

- securing financing*
- cost of constructing a plant*
- availability of land*
- number of employees required*
- availability of employees and cost of training*
- who might buy the product and cost of marketing.*

Once each ingredient had been thoroughly investigated, the community would be able to make a decision on whether to proceed with the opportunity.

The same manufacturing opportunity may have no relevance to a smaller, more remote community like Whale Cove because too many of the Ingredients for Success are missing and it would cost too much to address them all. Instead, Whale Cove may decide to expand the subsistence harvest of caribou, do some primary processing on the meat and sell it to community residents. This would greatly reduce the cost of buying meat at the local store, free up money for other purchases and increase the community's self-sufficiency. However, the community may find it does not have the capacity to support the project. The plan for action would be very different from the plan required in Hay River. In this case, the plan may include:

- establishing a development corporation to administer the project*
- refocusing some social assistance dollars to provide funds for training*
- increasing the community's responsibility for delivering economic development assistance programs so that available dollars could go to help achieve community priorities.*

Similarly, not all sectors are at the same stage of development. Some sectors have more potential for growth and job creation than others. Some sectors will provide more benefits to community economies than others. And certainly, different sectors will require a different mix of partners and ingredients for success.

Mining production is extremely dependent upon the availability of cost-effective infrastructure and support services such as transportation routes, power supply, communication systems, catering services and construction firms. However, individual promotional activities will have virtually no influence on commodity prices which are set by the marketplace or market penetration for the commodity. NWT strategies will be required to encourage the provision of affordable infrastructure and the creation of private sector services that support mining activity.

On the other hand, the arts and crafts sector is not as much concerned with availability of transportation systems and business support services but instead is more concerned with promoting and marketing NWT products and training skilled artisans. For this sector, strategies should focus on marketing, developing products that meet market demand and expectations and training in skill development and quality control.

A Variety of Users

Government

The Government of the Northwest Territories will use this Framework to fulfil its responsibility for creating a sustainable and viable economy.

We are committed to ensuring that resources are utilized in ways that provide the greatest benefit to northerners; that the education system prepares residents for the future; that new investment is encouraged; that expenditures for public infrastructure support development; that markets are accessible and new marketing opportunities are pursued; that regulatory regimes protect our resources but do not frustrate suitable development initiatives; and that the tax system motivates growth and job creation.

The GNWT has already undertaken a number of activities to address some of the issues in the Framework for which it is responsible. Examples include the Northern Employment Strategy, the Regulatory Reform Review and the Access to Capital Initiative. In these cases, the Framework provides valuable information to assist in formulating new expenditure priorities and recommendations for change.

In addition, individual departments can use the Framework to help develop annual business plans. Within each department's areas of responsibility, strategies and plans are to be developed to address development needs and policy gaps as identified in the Framework.

In this way, the Framework will help focus and coordinate the government's limited resources, reduce overlap and duplication among departments, develop cost-effective and innovative ways of addressing economic needs, and encourage partnerships among departments and with other stakeholders.

Figure G shows how government may choose to address needs identified in the Framework and help to satisfy its responsibility to create a business climate that encourages investment and assists other stakeholders to create new jobs.

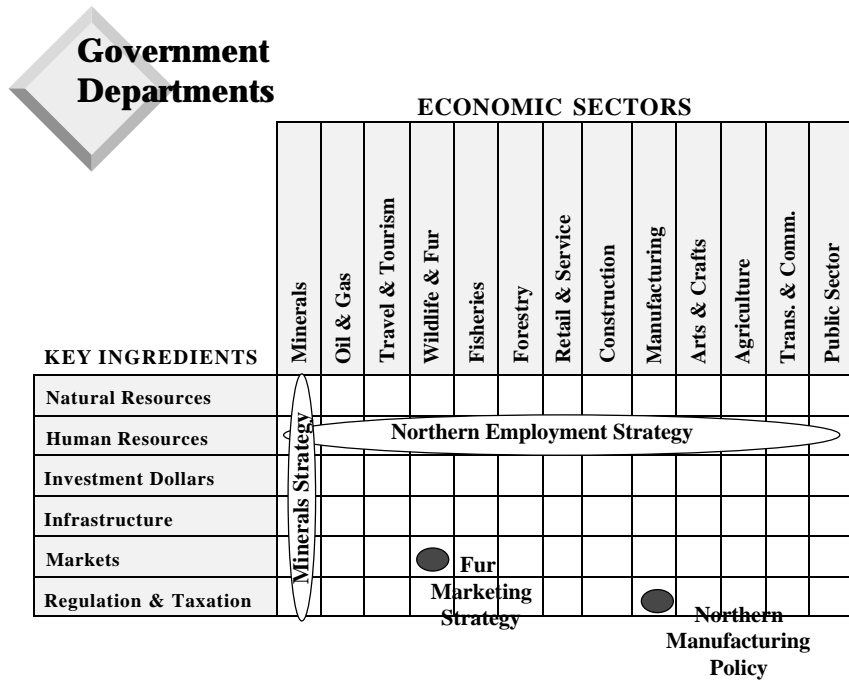


Figure G

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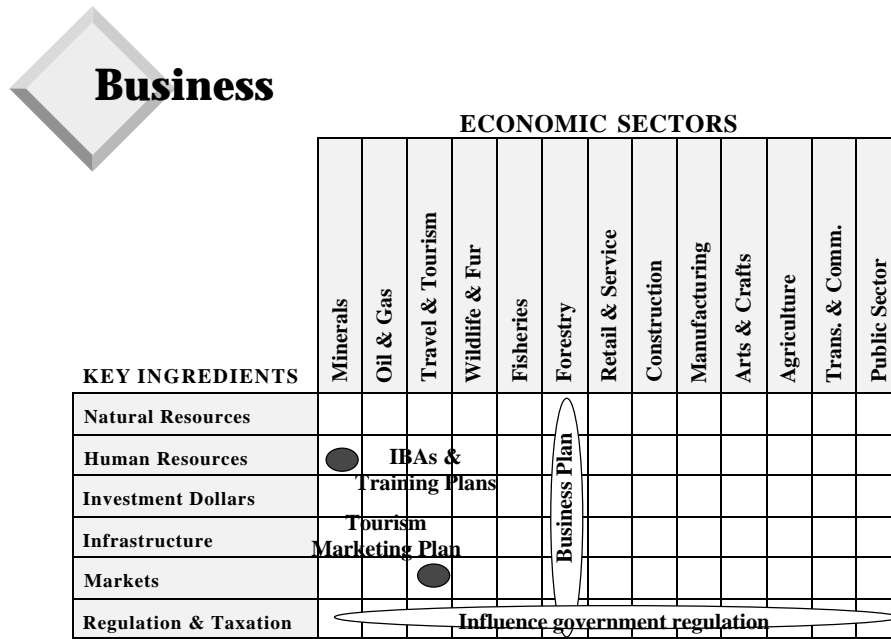
Private Sector and Aboriginal Organizations

In the past, private sector and aboriginal organizations have felt that the risk associated with planning and implementing some development activities has been too high because of uncertainty and inconsistency in government policies and priorities. The Framework will provide other stakeholders with greater confidence regarding government’s commitment to economic improvement. A more consistent and focused approach to economic development by government has a better chance of encouraging development activities by industry and business. The Framework also provides a better understanding of the roles and responsibilities of stakeholders.

With this knowledge, private sector and aboriginal organizations can identify opportunities for collaboration, sharing knowledge, resources and responsibilities.

Figure H shows examples of where increased cooperation can result in benefits to Government, private sector and aboriginal organizations.

Figure H



16

Communities

As communities become more responsible for identifying their own priorities for development and deciding how to best use their traditional lands and resources, it is critical that they have solid economic information to help set priorities and make spending decisions. The Framework will help communities identify which sectors provide the best potential for development within their own circumstances.

Once the opportunities have been identified, the analytical process and sector information can be used to initiate community and regional economic development strategies. The six ingredients for success are as relevant to a specific business opportunity as they are to an entire sector.

Figure I shows how a community can apply the approach to analyze the needs associated with a specific opportunity.

Figure I

After considering the opportunities and needs outlined in the Framework and sector profiles, a community has decided that manufacturing may present a viable opportunity to create new jobs for residents and bring new income into the community. Under each ingredient for success, it has identified the issues that need to be addressed. The next step is to determine whether the needs can be addressed and at what cost. Depending on the outcome, the community can decide whether the enterprise is worth pursuing.

	Establish a small plant to manufacture materials used by the construction industry such as windows, doors, cabinets and tanks. A minimum of 8 people will be employed at full capacity.	
Natural Resources	– regular access to consistent quality lumber	
Human Resources	– business planner – manager – administration officer	- production staff - - technical support staff - skill development and training
Investment Dollars	– develop business plan – incorporate business – commercial building – specialized industrial equipment	- marketing - inventory - training
Infrastructure	– accessible transportation routes to get products to buyers	- accessible and affordable power and water supply
Market Development	– market research – product development – pricing	- promotion - contracts
Regulation & Taxation	– incorporation – WCB – GST – Revenue Canada – land use permits – hazardous goods – building code	- safety - health - fire - contract security - loan security - insurance - business licensees

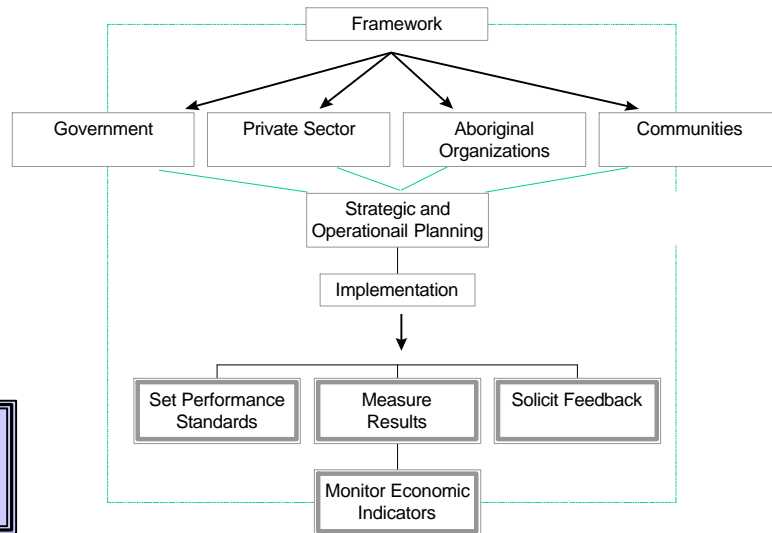
MEASURING OUR SUCCESS

A Coordinated and Integrated Approach to Development

THE FRAMEWORK

MEETING THE CHALLENGE

MEASURING OUR SUCCESS
 Basis for all stakeholders to evaluate the results of their development activities



This chart shows examples of how all stakeholders can monitor the effectiveness of activities and how this information allows the stakeholders to be more responsive to new needs and opportunities.

This Framework encourages all stakeholders to work in partnership toward a self-reliant and productive future. A healthy economy will depend on all stakeholders - government, private sector, aboriginal organizations, communities and individuals - supporting this vision and turning goals into actions and reality.

But the responsibility does not end with actions. It must determine whether the actions and expenditures are actually addressing current needs and opportunities and whether a vision of self-sufficiency is being achieved.

The economy is constantly changing. Opportunities and needs that are relevant today may not be relevant several years into the future. The Framework is designed as a working document that will

reflects changes and recognize new opportunities and needs.

As circumstances change over the next few years and stakeholders address current opportunities and needs, Government will be responsible for updating the economic information and monitoring sector performance. The same analytical approach can be applied as circumstances change, and strategic and operational planning initiatives can respond.

In addition, each stakeholder is responsible for their commitment to economic improvement and for monitoring the effectiveness of the identified activities. For government's part, and other stakeholders, the Framework provides a basis for monitoring the effectiveness of programs. The GNWT will monitor the effect of its programs on the economy and seek input from clients regarding levels of satisfaction. The GNWT will use this information to revise programs so they are more responsive to overall priorities and client needs and expectations.

Ultimately, the GNWT believes a healthier economic future can be achieved. The Framework is a tool to promote joint economic planning and development between government, communities, and the private sector to help achieve that future.