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**business
initiatives
for the 90s**

A position paper prepared by
the Keewatin Chamber of
Commerce in conjunction with
Northern Businesses

June, 1988



INTRODUCTION

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In late March 1988, the Keewatin Chamber of Commerce hosted a conference entitled *Business Initiatives for the 90s*. Key business people from across the Northwest Territories were invited to join with members of the Keewatin Chamber to identify initiatives required to establish a northern business climate that encourages and fosters development.

Participants were asked to look beyond day-to-day problems within regions and focus on territorial-wide, long-term economic requirements.

For two days this group of 75 people analyzed the current business climate, discussed impediments to economic development and prepared a listing of initiatives needed to put the Northwest Territories economy into motion. The group looked at the Northwest Territories as an integral part of Canada and they looked at programs in effect in other parts of Canada.

Within seven separate groups, delegates examined the economy in the context of human resources, financial resources, renewable resources, tourism, arts and crafts, non-renewable resources and energy/transportation/communications. Within each area they identified problems and suggested solutions.

The following paper is a summary of the deliberations of this conference. It is not intended as a comprehensive plan for economic development. Rather, it is an outline of the initiatives the business community requires if it is to take a pro-active role in the development of the Northwest Territories' economy. It is an identification of the business climate required if northerners are to expand their involvement in the economy, establish and maintain viable businesses and make a lasting contribution to the North and to Canada.

Respectfully submitted,

Jack Anawak
President
Keewatin Chamber of Commerce

There are two possible ways to approach the future economic development of the Northwest Territories. One is to focus on the problems of the area... long distances, harsh climate, limited services, undeveloped population base. In this approach, the Northwest Territories could be considered a burden on the rest of Canada... an area to be supported for social reasons.

The other approach is to stress the potential of the area, emphasizing the wealth of resources, both renewable and non-renewable, the beauty of the land, our strategic position in Canada's claim to Arctic sovereignty. In this approach the Northwest Territories can be seen as an asset to Canada... economically, politically and socially.

This paper is based on the second approach. The Northwest Territories business community sees the territories as a vital Canadian asset, that if properly utilized can provide new, long-term wealth and prosperity to this country within the next two decades. The business community recognizes the need for substantial financial input to develop the Northwest Territories, but sees this as a good business investment, with generous dividend potential.

To reap these dividends, the Government of the Northwest Territories, in conjunction with the Government of Canada must develop active and innovative economic policies. These policies must take a long hard look at regulatory regimes, tax structures, fiscal policy, grant programs and demands for appropriate infrastructure. Prosperity for the Northwest Territories and for Canada must be the ultimate goal.

To reach this goal, the Northwest Territories must first have access to policies and programs similar to the ones used in the initial development of our provinces. More than 100 years ago the federal government funded mammoth rail transportation programs designed to encourage economic development in new provinces, remote from the economic base of Canada. Similar programs are needed in the Northwest Territories. As well, the Northwest Territories must be able to tailor existing federal government programs to its own needs, just as the provinces of Canada tailor programs to their specific needs.

We require fiscal structures in the form of incentives, subsidies, rebates, that put the Northwest Territories on an equal footing with the rest of Canada. We require entry into the "Canadian Way" if we are to contribute to this country. Many northern fiscal policies must be rethought. Equalization programs must be considered. Obstacles to future development must be met head on and overcome with plausible solutions.

There will be a cost to ensure that the Northwest Territories is on an equal footing with the rest of Canada, just as there has been a tremendous cost to develop the Northwest Territories to its current level. But if this expenditure is not made soon, the billions of dollars already invested in Canada's North may yield only limited or no return. Jobless people do not create new revenue.

Today, optimism and belief in the future is growing in the Northwest Territories. People across the territories want the type of economic activity which allows for the development of *viable* northern businesses. For a young and growing population, the additional jobs which would result, are urgently needed. Current government programs are not truly geared to developing *viable* business in the North. Most attempt to adapt existing federal programs to the Northwest Territories, rather than establishing new programs, tailor-made to northern business needs. As a result, they stimulate only short-lived economic activity, and have limited impact in establishing economically viable northern businesses.

Based on the views expressed at the conference, the emphasis of this paper is on defining economic conditions and the economic environment necessary to generate long-lasting economic activity and to enhance the economic viability of northern businesses.

The two major impediments to economic viability in the Northwest Territories are very basic: people and money. We do not have the educated, trained workforce to do the job, and we do not have the appropriate financial resources to ensure profitability can be achieved or sustained.

Considering these major impediments, the conference examined the need for human and financial resource initiatives in terms of regulatory climate, infrastructure needs, taxation policies, research and communication requirements and other factors which would influence viable economic activity.

All comments made in this paper are based on one guiding principle: in the Northwest Territories, a business climate based on equalization, predictability and stability must be established if progress is to be made.

Government alone cannot develop the economy of the Northwest Territories. Nor can business alone make it happen.

By combining the enthusiasm of the northern business community, with appropriate enabling legislation, we can achieve economic viability.

The aim is to be bold, creative and bring the greatest possible benefit to the North and to Canada.

GUIDING PRINCIPLES FOR ECONOMIC DEVELOPMENT

Specific programs are needed throughout the economy to generate viable economic activity. In turn, these programs can only be successful if the proper business climate exists in the Northwest Territories.

In the opinion of the conference, this climate should be built around the twin principles of stability/predictability and equalization.

To generate economic activity, the business community needs a stable and predictable set of rules and regulations, programs and policies to work within. To ensure the economy is viable, equalization factors must be part of the development process.

Stability/Predictability

An acceptable business climate must be stable and predictable. This has not been the case in the Northwest Territories. Programs are introduced, the criteria are changed midstream, and then the programs are terminated. Regulations are adjusted. Policies are introduced but not applied.

This lack of stability and predictability has a negative effect on the northern business developer and curtails major southern investment in the Northwest Territories. Businesses and investors are unwilling to add instability and unpredictability to the already high risks of doing business in the Northwest Territories.

For example, a mining developer will risk the fluctuating price of gold, budgeting for anticipated price ranges, but that same company is not prepared or able to risk investment dollars in an area where regulatory change could adjust the rules from year to year. As well, the real estate developer, particularly in smaller communities where facilities are sometimes desperately needed, requires the stability of land ownership if he is to obtain mortgage money for a major project.

Continuity and certainty should be key elements in all policies developed by government to ensure there is a general feeling of stability in the Northwest Territories. Sudden changes to regulations or policies affecting economic development should be discouraged. Support programs should be long-term, so they can be worked in to business strategy for development. Three year programs, that may or may not be renewed should be replaced with long-term programs that meet the long-term needs of northern businesses.

Political policies and programs, whether from the federal or territorial government, must enhance the stability and predictability of the North. Without a clearly defined business climate, the influx of required investment dollars, and the development of large and small businesses will be severely reduced.

Equalization

Canada has been built on equalization programs. We have programs to equalize transportation costs from west to east. We have health care equalization programs. We have economic development equalization programs. We have equalization payments made from the federal government to provincial governments.

The Northwest Territories has limited access to equalization programs, although all costs for doing business in the North are much higher than elsewhere in Canada.

Main access to the Northwest Territories is by air, yet our air transportation costs, on a per mile basis, are much higher than elsewhere in Canada. Distance factors and high operating costs in the North make air and road freight rates a major operational cost. Because of our location, we must use the telephone more for long distance calls, again, increasing operational costs. Fuel, power, basic services all come at a higher price than would be paid in similar southern businesses.

As an initial step in the development of a suitable economic climate in the Northwest Territories, extensive use of equalization programs is required. To allow us equal access to the marketplace, particularly outside the territories, we require programs which will reduce operating costs. Tourism, the development of renewable and non-renewable resources, manufacturing, could all be greatly expanded with the assistance of equalization incentives.

Although such incentives would dramatically improve the potential for economic viability in northern businesses, yet another form of equalization is required: equal access to money markets, whether private or public.

Currently, when seeking funding, a Northwest Territories business is not judged by the same criteria as other Canadian businesses. Risk factors are assumed to be much higher. Programs which equalize operating costs would enhance business' chances of obtaining funding, while programs which indicate government's "faith" in a venture, such as loan guarantees or matching investment dollars, would go a long way to equalize Northwest Territories access to required capital.

If business is to be viable in the Northwest Territories, it requires ongoing equalization programs. Such programs will ensure gainful employment for our population, will allow us to compete favorably with comparable sectors across Canada and in other countries, and will result in higher tax revenue for governments who fund the programs initially.

Without such equalization programs, there is little incentive to develop businesses in the Northwest Territories, when there is a much higher potential for success in other parts of the country.

Economic development in the Northwest Territories will have a high price tag. In the short term, much of the initial cost must be borne by Government. In the long term, as companies develop and expand, increased personal and corporate taxes, royalty payments and the reduction of transfer payments will more than offset the initial government investment required to develop the northern economy. With assistance, the business community eventually will be in a position to contribute financially to this development.

There are a number of methods which could be used to obtain the financial resources for economic development. They are:

1. Aggressive use of tax structures and fiscal incentives
2. Development of pools of debt capital
3. Streamlining of grant and other support programs.

Tax Structures

Precedents have been set across Canada and in the Northwest Territories for the aggressive use of tax structures and fiscal programs to foster economic development and encourage investment in high risk projects. In the Northwest Territories we have benefitted from the flow-through structures for the mining industry and the depletion allowances for Beaufort oil and gas exploration. Currently in Alberta, a "royalty holiday" is assisting in the maintenance of that province's oil and gas industry.

These types of programs should be continued and expanded to include small businesses as well as large industry sectors. Other elements of the tax system can also provide incentives for development. For example, consideration should be given to accelerated write offs of capital expenditures, tax holidays or tax credits on capital investment in the North, reduction of small business tax through the formative years, and even industry specific deductions, particularly for industries such as arts and crafts or renewable resources.

Within the fiscal system, a number of incentive and subsidy programs could further encourage project and business startups and expansion, and could assist with ensuring profitability. Some areas to consider would be the establishment of a transportation subsidy for northern businesses. This could be set up to equalize costs between north and south, and could follow a number of existing models, including those in place for businesses in the northern regions of the Scandinavian countries.

Basic tax breaks on needed services are required to equalize the cost of doing business in the North. Areas proposed for consideration include the elimination of taxes for businesses on energy, fuel, long distance phone calls, and airport taxes.

Subsidy programs for wages as well as housing should be examined for all employers. The current housing subsidy program should be applied equitably across the North for all employees, and consideration should be given to a form of wage subsidy, to ensure that businesses can compete with government in the labour market.

The entire system of employment-creating incentives should be examined with special tax considerations given to businesses which create new jobs. Although some incentives do exist, generally they are not considered worthwhile, or are too complex to administer cost effectively.

Capital Pools

The required capital to develop projects and businesses lags far behind the Northwest Territories' existing development potential. Currently debt capital is available mainly through banks, trust companies, insurance companies or other conventional lenders. Access to this form of financing is generally limited to established successful businesses. When these loans are obtained, interest payments on the loans flow directly south, further reducing the impact on the Northwest Territories economy.

Ideally the business community requires investment pools *within* the Northwest Territories, operated by people who are familiar with the North. This could make capital more accessible to N.W.T. businesses and interest payments would go back into the fund, to generate further northern investment dollars. Currently there is a government operated Business Loan Fund, but interest payments do not go back into the fund, to increase its base. Rather they go into general revenue, with the fund being allocated a set amount of money for loans at the start of each fiscal year.

Immediate attention should be directed to the establishment of a substantial funding pool. Such a pool, or pools, could be set up in a number of ways. Firstly, a pool could be established as a development fund, designed to make a profit, yet accessible only by northern businesses. A similar funding pool has been established in Finland and is operating successfully and profitably.

Likely the initial input of capital for such a fund would have to come from the Government. At the same time, southern investors should be made aware of the investment potential of Canada's North and should be aggressively pursued to invest in our economy.

Another method to examine would be the establishment of a northern based RRSP fund. This would provide a vehicle for personal investment dollars to be retained in the North, and could make required capital available for sound business development.

Grants/Support Programs

The requirement for grant and other support programs will continue, particularly for businesses in smaller communities, or businesses in developing sectors of the economy.

To be effective, and to serve the business community efficiently, these programs, existing and proposed, should be set up to ensure they are truly meeting northern business needs and objectives and are not simply modifications of programs designed for other areas of Canada. Further, they should be carefully examined, particularly in terms of duration of the program, and they should be streamlined and consolidated into a one-window approach to funding.

Rather than the current variety of programs, each with its own criteria, administrative procedure and implementing department, there should be one consolidated economic development support program, accessible through a common source, to better serve the growing business community.

The labour force in the Northwest Territories is under educated, untrained and to some degree unwilling to accept the responsibilities of wage employment. This lack of a qualified labour force is a major problem facing businesses today.

To overcome this problem, education of northerners, particularly native northerners, for the priorities of the marketplace must be a main goal of both government and business.

Major initiatives are required in the development of human resources of the Northwest Territories, if we are to make headway in the development of the economy. Currently few businesses in the Northwest Territories can meet their staffing requirements with northern residents, yet the unemployed rate in the North, particularly in smaller communities is much higher than the rest of Canada.

With the existing number of people of workforce age, and with the large number of people who will be entering the workforce in the next 10 years, we should have adequate numbers of people to meet the needs of business. Yet these people will not likely be hired, unless there are major changes to our educational system.

Education, more than government grants, land claims, political development or constitutional development, is the one issue which will decide our economic future. Over the past 10 years the economy of the north has undergone some very dramatic changes. Yet the education/training system has not kept pace. In the years ahead, education and training will determine whether or not we can build a viable economy in the Northwest Territories.

In the past years we have trained apprentices and have developed post secondary institutions, but we have not come to grips with school attendance and high school drop out rates. Also, much of our educational process has been inwardly directed. We have trained more and more people for jobs which exist only in government settings. Education and training should be tied more to today's needs, and these needs should be identified by the private sector.

Business in the Northwest Territories recommends immediate and bold action to solve our human resource problem and ensure that human resource development matches economic development requirements. Business in all sectors should lead the way in identifying training requirements. Further, they should work with educators on the development of programs matched to northern needs; they should be involved in setting the standards for those programs and they should be prepared to hire the products/graduates of the programs.

In addition to literacy training and skill development, human resource development should include leadership programs, and should encourage a sense of responsibility in both adults and students . . . responsibility to self, the community and the employer.

The business community recognizes that it will take time to develop the educational and skill levels of our residents. At the same time we have identified a need for certain services within communities. For example, in larger centres, where a business base is developing, there is a growing need for lawyers, accountants, architects, engineers.

To date, the only group who can afford to hire these people is the government, and as government employees, they are not allowed to work for private enterprise. At the same time, although the demand for these services is growing, it is not sufficient to support a lawyer or architect.

As an interim measure, to fill the need for professionals, the business community recommends that these professionals be hired on *contract* to the government for a guaranteed level of service. In turn, the contract should specify that they are available to the business community on a fee basis. This type of an interim measure would introduce a number of professions to a community, would give businesses access to required services, and would allow businesses to operate more efficiently.

INFRASTRUCTURE INITIATIVES

Over the years, a great deal of government money and effort has been expended on the provision of basic infrastructure to Northwest Territories communities. Houses, schools, nursing stations, water supply systems, airstrips, terminal buildings, municipal offices are now in place in most Northwest Territories communities.

This basic infrastructure development has been the cornerstone of Northwest Territories economic development for the past 20 years. Modifications and expansion of community infrastructure will continue to support the economy in the years ahead, but the economic impact will be reduced as basic needs are met.

Today, other forms of infrastructure are desperately needed, apart from community requirements. Developing this non-community based infrastructure should be a major initiative in economic development in the next two decades. Not only will it provide employment in the construction sector of the economy, but it will encourage the development of many other sectors including tourism, mining, manufacturing, renewable resource development.

An obvious infrastructure initiative is the improvement and expansion of the Northwest Territories road system. This initiative would assist in the development of resources, and would be a boon for the tourism industry, one of our main hopes for the future. Improved road links could have an indirect impact on many other sectors of the economy through the reduction of freight costs, and the development of resupply options, in addition to the sealift, which imposes certain restrictions on economic development.

Some roads suggested by the conference delegates include a link from Churchill to the Keewatin communities, as well as a link between the Keewatin and Yellowknife. The continuation of the Mackenzie Highway, linking Fort Simpson and Inuvik, would provide both a circle route for tourists, and year-round access to Mackenzie Valley communities and resources.

Airport facilities need upgrading if communities are to take full advantage of development potential. Programs such as the upgrading of the Rankin Inlet runway to allow for jet landings are now scheduled through the Department of Defence, but other communities require improved facilities if they are to have access to the marketplace.

Hydro-electric power generation is another infrastructure initiative which should be examined. Possible connections to existing sources (i.e. connecting the Keewatin to Churchill) might provide more affordable power rates to the Keewatin in the long run, with potential for jobs during the construction phase. The development of new hydro electric generating projects should be considered, in order to provide a more reliable and less expensive source of power, and to develop an export market for this Northwest Territories resource.

The tourism industry also requires extensive infrastructure development if it is to lure more people to the Northwest Territories and keep them here longer. Major attractions, parks, information centres, historic site developments are some examples. With tourism infrastructure in place, the private sector will have the needed incentives to develop and expand auxiliary services such as hotels, package tours, outfitting businesses, etc.

Although much of the initial cost of required infrastructure must be borne by government, there are possibilities for pay back arrangements with major developers. One example is the railroad to Pine Point. The government funded the building of the railroad, and over the years of operation, the mine repaid the government. Government provision of up front funding for specific projects, with repayment options, could be the required catalyst to ensure projects proceed.

Some restructuring of the regulatory process will be required to increase the efficiency of private sector operations and decrease impediments to investment and economic development in the Northwest Territories.

In some cases completely new regulations and policies are required. In other areas, modifications to existing regulations and policies will improve the climate for business activities in the North. One example in the energy area would be a clear policy to encourage the export of surplus power generated by renewable hydro resources. Such a policy would provide for low domestic power costs in the long term and could provide "export" earnings to the Northwest Territories.

A land ownership policy is required to encourage private development in the communities. A policy with regard to establishment of an NWT based RRSP for northern investors is required. And policies are needed for food processing in the North, if the agricultural and renewable resources sectors are to flourish.

Housing is a prime concern in the Northwest Territories, and could be used as a catalyst for economic development. But to do this, there should be a policy to establish a Northwest Territories Mortgage and Housing Corporation, since the current CMHC program is not geared to Northern housing development.

Privatization of major organizations such as NCPC should be considered, and user input to this privatization program should be a requirement. Air service in the Northwest Territories should be de-regulated as in the rest of Canada to encourage the growth of tourism, and generally increase traffic to and within the Northwest Territories.

And in the development of human resources, many new policies and regulations are required, if we are to have an educated, well-trained labour force.

To obtain the financial resources business requires for development, new policies will be required in the taxation area, in the funding program areas, and in the complete approach to fiscal development. Without major changes, requirements for financial assistance will not be met.

Currently many policies are developed and administered centrally. To ensure efficiency of operation, further decentralization is needed in many areas. Decision making authority should be granted to the regions, where answers can be given quickly, without delay, and without passing through many levels of bureaucracy. One example of required decentralization is in the regulation of the mining industry. This sector feels it would be more advantageous to have the district geologist and mining recorder resident within the district, rather than in Yellowknife.

RESEARCH REQUIREMENTS

To ensure that research work done in the North benefits the Northwest Territories, it should be directed towards the *stated priorities* of the North and the results should be applied to the development of the North. Currently, the results of research work are leaving the North, and northerners are often not aware of the scope and purpose of the research. To make research a more effective tool in our economic development, the business community suggests the establishment of a research unit, to direct traffic and to bring to bear much needed expertise on the needs of the Northwest Territories.

Research should be conducted with the active participation of Northerners...not just the interviewing of a handful of our residents. Researchers from outside the territories should be encouraged to use northern expertise, to establish northern partners in research, and to use a participatory approach to projects. The results of all research projects should be communicated to the people in understandable terms, so they know what these results mean for their communities.

Some suggestions for useful research topics include those directly related to economic development. A detailed information base on the environment and resources of the Northwest Territories could assist business in planning projects. The lack of an information base can lead to increased costs for a project, and sometimes acts as a disincentive for businesses to establish in the Northwest Territories. Mining projects for example, require more complete mapping information.

There are specific needs for research in many sectors. For example, much more information is required before business could invest in fishing operations or other renewable resource projects, since little is known about the "renewability" of the resources. In areas such as agriculture, innovative approaches to research will be required to examine new ways to grow and process foods, to examine how advances in genetic engineering can be used to our advantage and to identify ways of using our existing resources to replace current food imports.

Businesses with limited budgets and slim profit margins cannot afford to carry out the extensive research required to finalize development decisions. With input from northern businesses and northern residents, hired experts should be helping to solve development related research problems.

To develop an appropriate business climate in the North, channels of communication must be improved between government and business, between various sectors of the business community, and between business and investors and business and the general public.

High profile information programs are needed to develop public awareness of investment opportunities in the Northwest Territories. These programs should make the investment community aware of the potential for northern investment, through capital pools, participation in joint ventures, or purchase of publicly traded shares of northern companies. Additional programs outlined in the financial incentives section of this paper, including tax incentives and other uses of the fiscal system, would do much to encourage southern investment in the Northwest Territories.

To meet human resource requirements in the years ahead, an extensive communications program is required in the Northwest Territories. It should stress the value of an education and the options education can open for an individual. It should promote leadership programs and emphasize the need for individuals to accept responsibility for their future.

Sectors of the NWT economy appear to be working in isolation. An effective communications program would link these sectors and bring benefits for all. For example the mining industry, in its prospecting work, could be identifying potential soapstone deposits, if it was aware of the requirements of the arts and crafts industry.

Marketing communications programs are also needed. Most northern businesses do not have the financial resources or the marketing expertise to effectively penetrate their markets. Using the example of Sweden, a marketing centre could be established, funded jointly by government and user companies. Such a privately operated centre could economically market products from the Northwest Territories. Arts and crafts, food products, lumber, manufactured goods, tourism, are some product groups that could benefit from this centralized marketing communications service.

Communications programs are also required to effectively circulate government information to the business community, to disseminate information from research projects and to make specialized information, such as alternate energy reports, available to potential developers.

An informed business sector which has ongoing access to information, and contacts with southern markets and southern investors will be in a much better position to use its resources wisely for the development of the Northwest Territories economy.

APPENDIX

Summary of Comments from Individual Group Discussions

NON-RENEWABLE RESOURCES

Group Leader: Dave Nutter, NWT Chamber of Mines, Yellowknife

- Investment incentives are required. (*i.e. promoting tax measures which reduce risk and reward incentive*)
- Lower fuel taxes required.
- Flow-through share tax provisions should be retained.
- Accelerate write offs of capital expenditures and/or provide three to five year tax holiday on capital investment.
- Allow for the provision of RRSP vehicles which would be tied to northern investment.
- Examine ways to restructure the regulatory process to increase efficiency and decrease impediments to investment and economic development.
- Decentralize government, giving more decision-making authority to the region. (*i.e. district geologist and mining recorder for the region, located in the region*)
- Provide economic incentives whereby government assists in lowering operating costs. (*i.e. preferred rate structures on transportation, communications and power*)
- Develop a resource base of qualified northerners to satisfy the workforce requirements of our expanding northern economy.
- Develop general and technical programs to meet the annual and future needs of the northern workforce. Government and private sector to jointly devise programs.
- Government to provide major infrastructure facilities up front, with the recovery of public investment via user-pay mechanisms. (*e.g. Pine Point railway*)
- Encourage northern participation in non-renewable resource based industry, via publicly traded companies. . . traded on southern exchanges for northern investors.
- Establish a public information program to show value of education and to show employment options open to those who take advantage of educational opportunities.
- Improve public awareness of northern economic development – make investment community aware of the natural advantages of northern investment.
- Explore linkages between mining industry and other industries. (*i.e. tourism or arts and crafts for soapstone deposits*)
- Identify current and anticipated workforce requirements (*human resources*) available in the north to satisfy these requirements and establish the resulting shortfall.
- Lack of an information base and lack of technical understanding of our environment and resources leads to increased costs, decreased competitiveness and discouragement of investment in the N.W.T. Increase the level of basic research to address this need and to facilitate investment decision-making. (*i.e. need to bring baseline geologic mapping and geochemical/geophysical surveys across the N.W.T. up to national standards.*)

TOURISM AND HOSPITALITY

Group Leader: Grant McLeod, Fiesta Tours, Willowdale, Ontario

- Education and training needed in all aspects of the tourism industry. This training should be public sector driven.
- Hospitality awareness programs require community involvement as well as training and educational components.
- Transportation as it relates to tourism should examine the aircraft used, including type, condition, capacity, scheduling. Infrastructure required for expansion of use of jets.
- In the project development area, tourism infrastructure upgrading and new infrastructure required. There should be a study of the tourism industries and facilities in other circumpolar countries. This information could also be applied to marketing strategies.
- There should be more non-consumptive products developed, and this development should be industry driven.

- More development of package tours which involve a number of operators.
- In the marketing of tourism, there should be extensive use of travel industry networking, use of consortiums. Marketing efforts should be private sector driven.

ENERGY/TRANSPORTATION/COMMUNICATIONS

Group Leader: Bart West, Frontec Logistics, Corp. Yellowknife

- Encourage private sector to participate in alternate energy development through tax incentives.
- Remove tax on long distance calls for business users and establish preferred rates on calls to major business centres for businesses in the NWT.
- Apply a form of freight cost equalization for NWT businesses.
- Remove airport tax for businesses.
- Devolve NCPC and allow for significant input from users regarding its privatization. Have the company under the Public Utilities Board.
- Develop a hydro power export policy.
- Deregulate air service north of 60.
- Consider a connection for energy between Churchill and Keewatin communities.
- Consider a winter road from Churchill.
- Consider all weather roads (*railroads*) from Churchill to Yellowknife.
- Upgrade airport facilities in the small communities.
- Make information available on alternate energy sources.

FINANCIAL RESOURCES

Group Leader: Peter Balt, Evaz Investments Ltd. Rankin Inlet/Grimsby

- Equalize costs with southern market for transportation, communications, energy, wages, housing, CMHC mortgages, etc.
- Make aggressive use of tax structures and other incentives to assist economic development . . . i.e.
 - Operations — small business tax reductions
 - Obtaining capital investments
 - Development of capital pools — eg RRSP — need reasonable access to debt capital
- Resolve ownership of land questions.
- Streamline and consolidate existing government funding programs. Develop into a one window approach.
- Establish programs which allow access to debt capital.
- Stabilize the grant system, allowing for an ongoing system.
- Business needs the services of professionals. Put system in place whereby a professional gets government work and can work for business as well, rather than have government hire, house and pay these people and have them work only for government . . . when there is other demand for their services in communities.
- Examine programs that exist for third world economies for applicability for the north.
- Examine conditions for a more aggressive approach so that home ownership can drive the economy. i.e. replace CMHC with a NWT Mortgage and Housing Corporation.

ARTS AND CRAFTS

Group Leader: Ted Davis, Henderson and Associates, Thunder Bay

- Subsidize movement of goods, including raw materials, people, goods for resale.
- Tax incentives for people who operate in houses . . . deductability on use of home and tools.
- Incentives to small business to create employment . . . small business development grants, tax holidays.
- Legislative changes to gain access to RRSPs.
- Dept. of Education to put a visual arts program into the curriculum with qualified arts professionals as leaders and provide appropriate equipment.
- Training in human resource development for current and expected jobs. Private sector driven as far as developing requirements for the program.

- Set up an arts and crafts development corporation to procure raw materials, market products, carry out new production development, have responsibility for training and education. This should be started with private sector initiative, but government support in the formative years.
- Examine industry integration. For example, mining and the renewable resource industry could be complimentary. Mining company could locate soapstone for arts and crafts project, or fish skins from a fishing operation could be used in a crafts project.
- Capitalize on craft potential versus art potential, so more can take advantage of the industry.

RENEWABLE RESOURCES

Group Leader: David Ladd, Agrologist, Brampton, Ontario

- Need bold new approaches to the entire question of renewable resource development.
- All regulations related to renewable resources from food processing to ownership of animals to be reviewed. Agricultural policies needed.
- Need a qualified base of people to develop the resources... from guides to agrologists.
- Determine who will spearhead the development of the resources.
- Need familiarity with the processing part of agriculture.
- Should examine the question of ownership of the animal... farming as opposed to "in the wild". For example, in the case of polar bears, if more tags can be sold to sports hunters, and only so many bears available for this, then we need more bears. Therefore we must increase the renewability of the resource. Individuals increasing renewability (raising a bear) leads to more supply. Then comes the question of ownership of supply, which then leads to agriculture.
- Require examination of the markets for processed foods from hunting and fishing activities.
- Examine new ways to process food to meet regulations and to meet market demand.
- Examine the logistics of food processing.
- Extensive research requirements for use of current resource, and potential for genetic changes to the resource.

HUMAN RESOURCES

Group Leader: Raymond Desrochers, E.T. Jackson and Associates, Ottawa

- Funds required for a massive upgrading program on a year-round basis.
- Funding sources required for job-specific training on a community and regional basis (specially assigned sources of funds).
- Mandate all schools across the NWT to provide career counselling to both parents and students from Grade Six on.
- Government support needed to implement structures and initiatives developed by communities to support a sense of responsibility towards education and training.
- *Literacy Training:* Upgrading required in all levels, in all communities for all citizens.
- *Accessibility:* Improve access to education and training programs. Modify entry requirements without changing exit standards.
- *Job Specific Training:* Should respond to present and future needs.
- *Support Mechanisms:* Needed between employers and employees/trainees.
- *Leadership:* Should recognize the need to stimulate leadership. Involve present leaders as role models. Support youth groups, with leadership components.
- *Responsibility:* Needed by parents, adults, students, youth, to the community. i.e. support for school attendance program as a responsibility to the community.
- *Structure and Initiatives:* Communities to define their own needs, then outside government support needed.