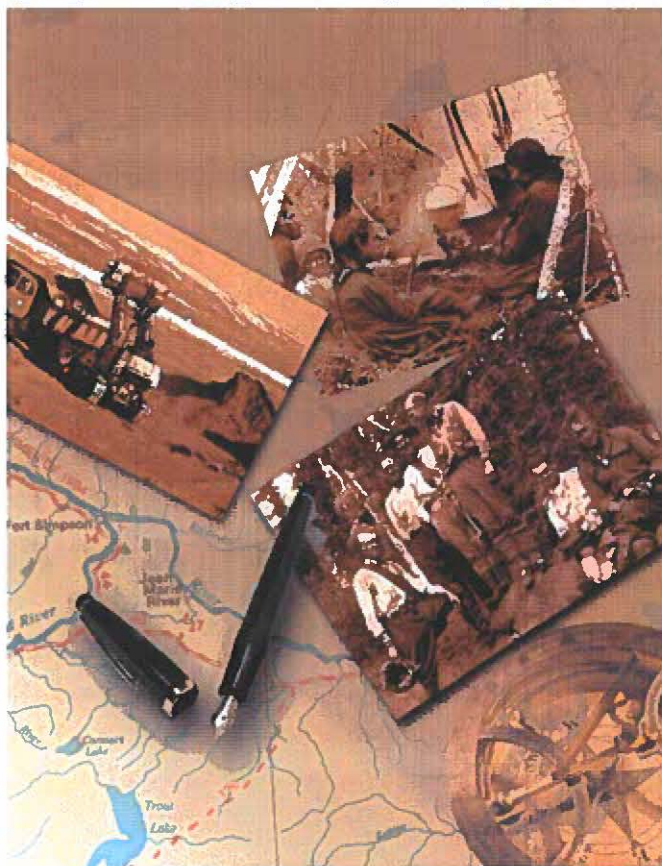


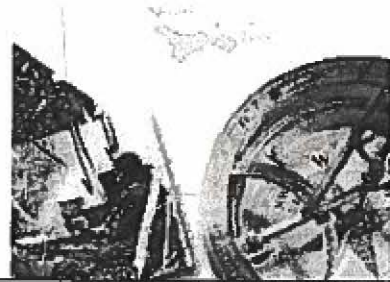
COMMON GROUND



NWT ECONOMIC STRATEGY 2000



The Honourable Joe Handley, Minister
Resources Wildlife and Economic Development
Government of the Northwest Territories



Economic Strategy Panel Report

On behalf of the Economic Strategy Panel, we are pleased to submit our recommendations regarding the economic development of the Northwest Territories. The recommendations in the report reflect the variety of interests represented on the Strategy Panel and provide what we think is a balanced, and necessary, approach to achieve economic growth and greater prosperity for the Northwest Territories.

The Panel hopes that the Government of the Northwest Territories will adopt these recommendations as the foundation for an economic action plan. To ensure the full meaning of the strategy is to be achieved, these recommendations need to be properly considered. The Panel recommends that this report be discussed in the Legislative Assembly and be made available for public input prior to adoption to ensure broad support for the proposed actions.

We recognize that the Government of the Northwest Territories cannot carry through on many of the recommendations without the cooperation and assistance of federal and aboriginal governments, and industry stakeholders. We hope that all parties will work together in the same spirit of cooperation, collaboration, and openness that characterized the work of this Panel.

The Panel is convinced that these recommendations are workable. It is important that government develop an implementation plan that serves as a workplan, and a measure for determining success. We recognize and understand that considering these recommendations and developing an action plan will take time. We recommend this Panel be reconvened within a year to review progress towards implementation.

We wish to thank the Minister for the opportunity to participate in shaping the future of economic development of the Northwest Territories, and look forward to continued involvement in the process.

On behalf of the Economic Strategy Panel:

Richard Nerysoo Co-Chair

Darrell Bealieu Co-Chair



ACKNOWLEDGEMENTS

The co-chairs thank all Panel members for their commitment and spirit of cooperation in development of this report. In addition, this project could not have been completed without the considerable time and effort of Resources, Wildlife and Economic Development staff, and the financial support of the Department as well as the participation and financial support of the Department of Indian Affairs and Northern Development.

We would like to specifically thank the following people:

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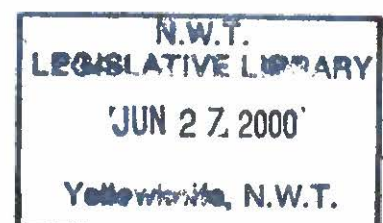
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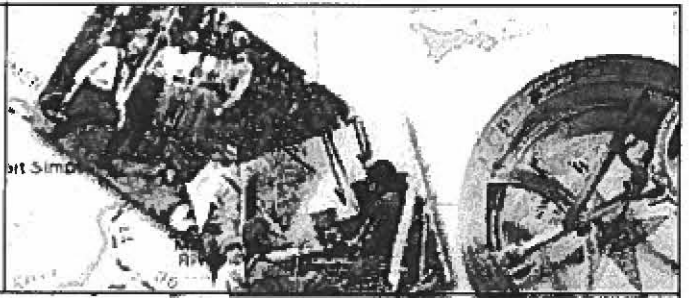
Kathy Cadieux, Travel and meeting logistics



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E C O N O M I C S T R A T E G Y P A N E L



1 Executive Summary

The Minister of Resources, Wildlife and Economic Development established the Economic Strategy Panel in June, 1999 with the task of proposing a new economic strategy for the Northwest Territories.

The seventeen-member Panel brought together a variety of views, including those of territorial, aboriginal, federal and municipal governments, business, industry and environmental and social organizations. The Panel held nine meetings to review a variety of sectors and issues, with presentations from interest groups as the focus of early meetings. The "Common Ground" in the title is representative of the many interests and perspectives involved in developing the strategy.

Early in the process, the Panel identified key issues, developed a vision statement, and outlined principles to guide the review of the economy.

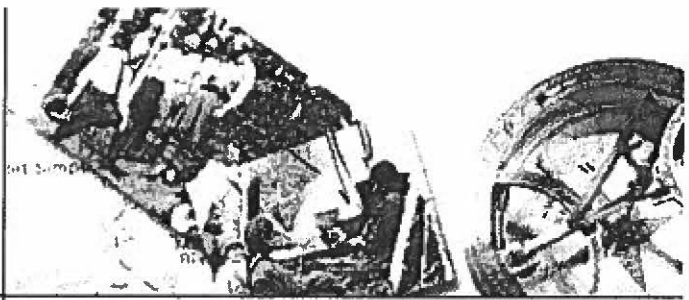
As discussions proceeded, certain themes emerged. The themes, as outlined in Chapter 5, are:

Regional Economic Communities: This theme was developed around the need for regions, rather than individual communities, to focus efforts on taking advantage of opportunities, and on consolidating the many management functions currently in place. Cooperation between regions was also a common theme.

Globalization and Competitiveness: Any development we undertake must be done with an awareness of the degree to which global economic forces may affect long term sustainability.

Education and Training: Without adequate education and training, northern residents, and especially aboriginal residents, will not be able to participate in development.

Reshaping Northern Government: Devolution from the federal government to the GNWT and sharing control with aboriginal governments by the GNWT are major factors that will influence development and the degree to which northerners will benefit.



Guiding Principles

The Economic Strategy Panel agreed the economic strategy should:

- Recognize the competitive advantages of the NWT;
- Ensure residents benefit from development of their resources, support opportunities for wealth generation, contribute to the health of communities, foster independence and protect and manage the use of the land for future generations;
- Be determined by residents of the Northwest Territories, respect cultural diversity and land claims, and proceed at a pace that is determined by communities and regions;
- Promote and foster partnerships: between aboriginal and non-aboriginal groups and corporations; between the public sector and the private sector; between communities and regions;
- Build capacity and develop potential within individuals, organizations, communities and regions; and
- Encourage economic diversity, to create jobs and business opportunities, and foster creativity and innovation.

Aboriginal Involvement: Land claims are the basis for growing capacity and opportunity for aboriginal peoples to participate directly in many business opportunities. They are also the basis for regional governments that must be recognized as part of the overall governing structure in the NWT.

The Strategy Panel had a relatively simple mandate to undertake a complex task. Those tasks were broken into major issues and opportunities making up Part 3, and constitute Chapters 6 through 13. These chapters are organized to provide a basic overview of the area, review the specific issues associated with it, and to outline the "Common Ground", or recommendations that would help address the issues. These chapters are organized to provide a basic overview of the area, review the specific issues associated with it, and to outline the "Common Ground", or recommendations that would help address the issues. The order in which recommendations are presented does not necessarily reflect their level of priority or importance to our economy. The chapters and their contents are outlined below:

Chapter 6: The land is the basis for the economy and every effort must be made to ensure development takes place in an environmentally sensitive manner. Use of the land should recognize social, cultural, environmental and economic values.

Chapter 7: Our health and education are major issues preventing many, mainly aboriginal, residents from taking advantage of opportunities. A strong and continuing emphasis on education and training is required to ensure northerners benefit from development and have the capacity to deal with and control development.

Muskox Herd on Banks Island



Chapter 8: Community and regional development must recognize economies of scale, reduce duplication between governments and communities, whose representatives must work together to ensure maximum northern benefits.

Chapter 9: Transportation and communications remains a critical element in our economy. A road linking communities along the Mackenzie River should be the priority to improve access, lower costs and open new economic development possibilities.

Chapter 10: We cannot rely on a single sector as a way to build a healthy economy. Diversification is required to ensure a broad economic base in value-added and traditional pursuits and to attract more tourists.

Chapter 11: We must take control of our resources, benefit from their development, and work together to attract investment in the resource sector. An industrial development strategy is required to ensure a coordinated effort in making this happen. The strategy outlines means to attract investment, manage development and ensure benefits are maximized for northern residents.

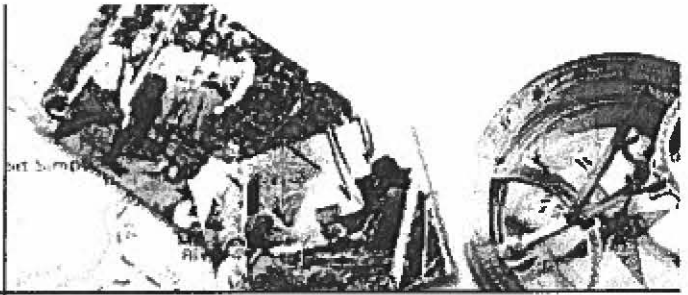
Chapter 12: Our changing political structure with the growth of aboriginal governments will change the way we do business. Devolution of federal powers to the GNWT, in partnership with aboriginal governments, is also required to ensure we benefit from development and have the means to fund social and educational needs.

Chapter 13: We must also look to the future and support research and development for alternative NWT products and alternative energy sources.

Although it is important to keep the "Common Ground" recommendations dealt with in the above eight chapters within the context of the vision, principles, themes and perspectives, they constitute the strategy called for in the Panel's mandate. For ease of reference, these Common Ground recommendations are summarized in Appendix A.

Appendix B includes background statistical information on some of the trends and issues facing the Northwest Territories. Appendix C contains a list of presenters to the Strategy Panel.

2 The Strategy Panel



The Economic Strategy Panel met throughout the fall of 1999 and the spring of 2000, a period of profound change for the NWT. Division of the Northwest Territories was behind us, diamond mines and gas pipelines dominated the newscasts and a new government was elected in the fall.

The Economic Strategy Panel was formed in June, 1999 by the Minister of Resources, Wildlife and Economic Development in response to the need to develop an economic strategy for the Northwest Territories. The Panel met initially in June, and then on a monthly basis from September, 1999 through May, 2000.

The Panel's mandate was to:

- Review existing research material, invite submissions, and direct research on key economic circumstances; and
- Discuss options and propose strategic direction.

Because of the complexity of the task and the time available to undertake it, the Panel recognized early on that it could not deal with every issue or option. Key issues and opportunities were identified early on and subsequent presentations were arranged to address these key areas.

The Panel worked to ensure that this strategy will provide clear direction to governments and others to help direct future economic development initiatives.

The approach also reflects the fact that the Panel is not a government body. The Panel represents a broad cross-section of Northwest Territories' economic interests. As such, the Panel was not in a position to develop a workplan, but instead focused on developing a foundation for a common-ground approach to economic development in the Northwest Territories.

Panel members represent a variety of regions, industries and organizations. While each member of the Panel represents his or her organization or region, the final report was reviewed and sanctioned by member organizations. Richard Nerysoo and Darrell Beaulieu were selected by Panel members as co-chairs, to help guide this process.

Economic Strategy Panel Membership

Richard Nerysoo (Co-Chair), Gwich'in Development Corporation

Darrell Beaulieu (Co-Chair), Dehton Cho Corporation

Alphonse Nitsiza/Dan Marion*, Dogrib Nation Group of Companies

John Bekale, Denedeh Development Corporation

Jake Heron, NWT Metis Nation

Jonas Antoine, Deh Cho First Nations

Dennie Lennie, Inuvialuit Development Corporation

Danny Yakaleya, Sahtu Secretariat

Lou Covello/Gord Clarke*, NWT Chamber of Mines

Vi Beck, NWT Status of Women Council

Kevin Diebold, NWT Chamber of Commerce

Alphonsine McNeeley, Native Women's Association

George Roach/Fred Behrens*, NWT Association of Municipalities

Chris O'Brien/Andrew Spaulding*, Ecology North

Gerry Loomis, NWT Tourism Association

Doug Doan, RWED, GNWT

Altaf Lakhani/Barb O'Neill*, DIAND, Government of Canada

** Indicates alternate or new member representing an organization on the Panel*

Our Approach

Early in the process, Panel members agreed on basic guidelines to direct its work, outlined below.

Dealing with the fundamentals: There are a lot of problems with our economy. The Panel also knew from experience that there are no “instant answers” or “quick fixes”. They decided their job was to focus on the fundamentals—the strategic building blocks. So the Panel asked: What are those critical areas that we must address in order to develop our economy? They came up with eight of them—and they form Chapters 6 through 13 of this report.

Be as practical as possible: If its work was going to be a guide, it needed to be practical. In some areas, where there was enough information, and there seemed to be consensus among stakeholders, the Panel could be quite specific in its recommendations. In other areas, where there didn't seem to be consensus, the Panel could at least clarify the issues and present some options, resulting in more general recommendations. And finally, in some instances the most practical thing to do was initiate the process of consensus building.

Show the connections: The Panel noticed that past government reports on the economy often focussed on sectoral analysis. However, they did not always recognize the connections with other sectors or the connection between economic and social development. For example, they might present various “opportunities for development” in the areas of tourism, resource development, or agriculture, but they did not link the “opportunities” to the skills, abilities, health or education levels of the people. Opportunities are only opportunities if someone is in a position to take advantage of them. Clarifying these connections is vital.

Find the Common Ground: The Panel realized that cooperation among governments, aboriginal groups, residents of regional centres and small communities, non-profit agencies, and other interest groups would be absolutely critical to a prosperous NWT economy. Unless we learn to work together, we will not realize a healthy and vibrant economy. The Panel decided they must try to identify the common ground to ensure we realize our full economic potential.

3 Vision & Principles

As we stand at the beginning of a new millennium, wondering about the future of our economy, we find ourselves thinking about the past.

For thousands of years, people have lived on this land. Every generation has had its own economy and every generation has recognized that their human economy was based on the economy of the land itself.

The survival of past generations—their health, their social well-being, their culture, traditions and spirituality, their ability to provide for themselves and work out a livelihood—all of these things depended on their special relationship with the land. It was their knowledge of the land, their ability to learn from it and to follow its lead, their recognition of its need for healing and regeneration that enabled them to survive and prosper.

As we look to the economies of the future—for there may be many different economies in future decades, we are mindful that what is different for our present generation, what distinguishes it from all past generations, is the power of our decision-making. With our modern technology our choices can preserve and nurture the special relationship of our people with their land.

Church in Colville Lake



In the Year 2025...

We have developed our vision of the future by trying to step outside our present situation and wondering what a visitor to the NWT would find, say, in the year 2025.

The visitor would find more of us. Our population has grown from natural increases and in-migration to meet demand for new workers.

We live in the same communities, linked together with a transportation corridor that extends down the Mackenzie River from the Beaufort/Delta to the Alberta border. The road system is a boon to our economy. It increases the flow of tourists into our communities, reduces costs and fosters inter-community trade resulting in our increased dependence on one another. Our communities are much less dependent on goods and services from outside of the Territory because there is greater local production of consumer goods and food.

We now have a first-class, high-speed satellite communication system. Like the transportation system, it has linked us together, reduced the need for travel, and increased our sense of community. Everyone uses it. The schools and educational institutions use it for distance learning, research on the Internet, and to promote and maintain language and culture; businesses use it for financial services, data processing and for purchasing supplies and marketing their products. Hunters and trappers use it to check prices, regulations and weather forecasts; elders use it to stay in contact with one another and with their children; governments use it for conferences and for getting their message out to the people. All communities have their own web sites on the Internet.

Each community has its own local economy. In larger centres the economy is essentially a wage economy. In smaller communities people live a more traditional lifestyle. They hunt, fish, and trap, take seasonal or rotational jobs, earn some income from arts and crafts, and run small businesses. Tourism is a significant local business in most communities.

In the year 2025 our communities are healthy and family life is strong. People have a strong sense of personal identity, respect one another, are proud of their culture and speak their own languages. They are well housed, live independent lives and have an appropriate range of services to help them when they are in need.

The local communities are linked to regional service centres that provide specialized health care, social, personal and business services as well as training programs. The regional centres also serve as hubs for business networks that link local and regional businesses, government agencies and aboriginal development corporations in a system of mutually supporting business enterprises.

In the year 2025 resource development companies look on the NWT as a good place to do business. There are resource development projects across the territory, some of them new, some of them established at the beginning of the new millennium and now winding down.

The NWT is also a major exporter of oil and gas, and exploration activity is advancing into the Beaufort/Delta and throughout the Mackenzie Valley. Most communities now use NWT gas for heat and electricity.

The NWT is now a significant diamond mining and processing centre. The visitor is impressed by the range of gold and diamond jewelry made in the NWT.

Setting up new projects is now much simpler than it was in the past. The federal, territorial and aboriginal governments have harmonized their requirements. Regulatory regimes have been streamlined, northern businesses and development corporations have equity positions in projects and there are strong incentives to see projects succeed. Resource revenues, management, and control are shared by GNWT and aboriginal governments, transferred early in the century by an agreement negotiated with the federal government.

Education and training has taken on new significance in the NWT, and the territory now has one of Canada's higher educational levels. Further, with the continuing development of our existing and newer knowledge-based industries, more of these students are finding rewarding careers in the NWT.

Many students are enrolling in trades and apprenticeship programs. Thanks to continuing investment in our resources, many of these tradespeople are among the highest paid in Canada.

In the year 2025 our visitor will tour the University of the Northwest Territories, consisting of regional satellite campuses. It will provide a range of degree-level and certificate programs, addressing northern needs, including cultural and environmental industries, engineering, geology and other fields relevant to northern development and living. It is a world leader in the area of polar and environmental science and economic development models.

Our visitor will also be impressed with the world class Northern Research and Development Centre. One area of expertise is the development of alternative, appropriate technologies for energy production. Cold climate testing and development of products suited to the northern environment will also be part of the centre's emphasis.

Exploration Drilling



Principles

In our initial meeting with Minister Kakfwi in June of 1999, he stressed the importance of timing. Resource developments in the areas of oil and gas and mining were putting increasing pressure on the territorial government, the federal government, aboriginal governments and communities. Because economic events were overtaking the ability of residents to make informed decisions about their economic future, there was a need to act now.

This was particularly true if we wanted to provide a secure future for our youth. In many communities, youth unemployment exceeds 40%. If we waited until a new government was up and running, or land claims were settled, or the new self-governments were firmly established, we might fail to meet the pressing needs of this generation.

Moreover, he stressed the need to establish some common ground among the various stakeholders and interest groups. Given the many diverse interests in the Northwest Territories, there is a very real risk that Northerners could end up competing with one another rather than cooperating. If this were to happen, our economic potential would never be realized.

We needed to chart some common ground. We started by working on a set of guiding principles. These principles are listed opposite.

Guiding Principles

The Economic Strategy Panel agreed the economic strategy should:

- Recognize the competitive advantages of the NWT;
- Ensure residents benefit from development of their resources, support opportunities for wealth generation, contribute to the health of communities, foster independence and protect and manage the use of the land for future generations;
- Be determined by residents of the Northwest Territories, respect cultural diversity and land claims, and proceed at a pace that is determined by communities and regions;
- Promote and foster partnerships: between aboriginal and non-aboriginal groups and corporations; between the public sector and the private sector; between communities and regions;
- Build capacity and develop potential within individuals, organizations, communities and regions; and
- Encourage economic diversity, to create jobs and business opportunities, and foster creativity and innovation.



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Building Common Ground

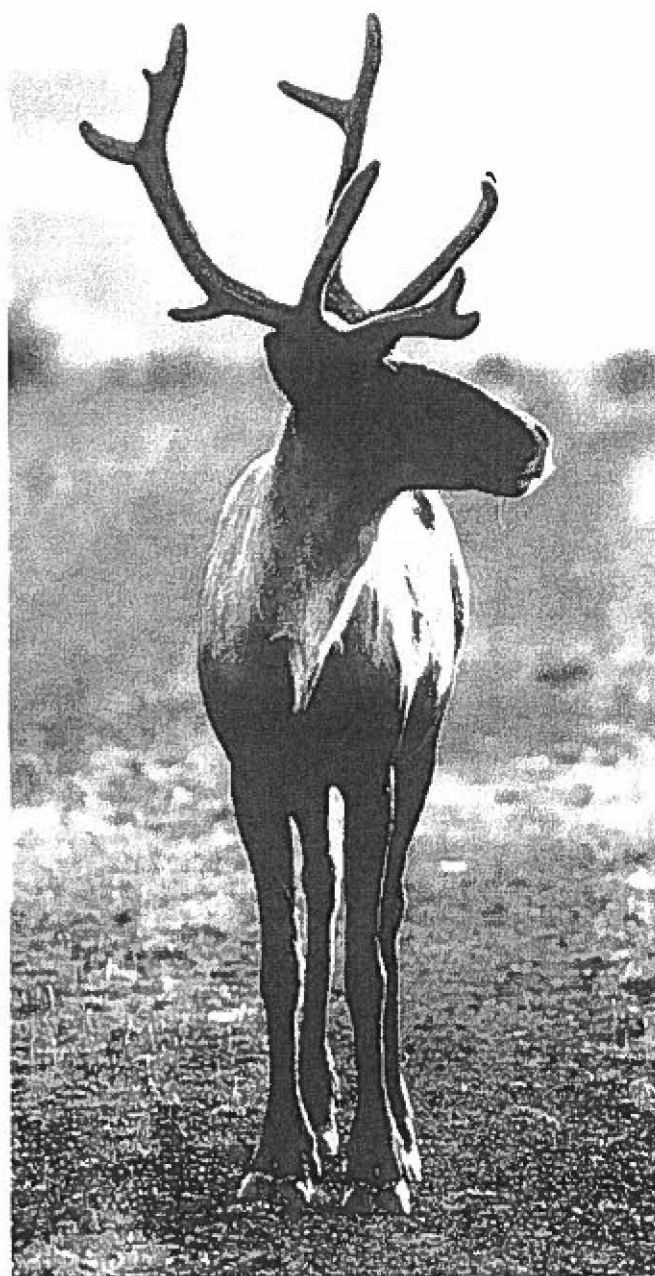
The term common ground has two meanings in this strategy—one literal and a more symbolic one. Literally “common ground” refers to the land that we all inhabit—the trees, plants, rivers and lakes, the animals and the minerals and fossil fuels that are found on or under it.

The Panel’s vision states “For thousands of years people have lived on this land. Every generation has had its own economy and every generation has recognized that their human economy was based upon the economy of the land.”

Aboriginal residents have said the land is a gift from the Creator. But it is a fragile gift. If we misuse the gift, we destroy the foundations of our economy and the economies of future generations of northerners.

The symbolic meaning of “common ground” is that people with differing viewpoints can come to a consensus on important matters. Panel members see an urgent need for residents of the Northwest Territories to achieve a consensus towards the development of our economy.

Common ground, based on respect for the land, can emerge from dialogue and discussion and a commitment to action. Each of us, and each group, must be willing to share our unique perspectives, interests, values and assumptions. Through this sharing we will find common ground and a common desire to work together.





Community Trail



Mackenzie Mountain Falls

Perspectives On The North.

To most Canadians, the North remains a vast land of wilderness and home to very few people. Many may also see it as a vast storehouse of natural resources. The Panel, and a growing number of residents, believes that these resources belong to Northwest Territories residents. Resource ownership is a "given" for all provinces but many Canadians do not extend the concept to northern resources.

The Panel felt that Northwest Territories residents themselves sometimes lack a strong sense of common identity that unites residents of other provinces.

Aboriginal people in the north have a much stronger identity, but in relation to their traditional land. They identify with that land, but they do not necessarily identify with the territory as a whole.

Some non-aboriginal people may look on the North primarily as a place where there are still some good jobs. Other longer term residents may have a greater sense of belonging. Increasingly, long-term residents stay "up here" to be close to children and family, but even then they seem to lack a strong sense of identity.

Given that the Northwest Territories is a "new" territory, does not have a constitution, is legally little more than an administrative agent of the federal government, is it any wonder that there is not a stronger sense of identity?

This lack of resource ownership and consequent lack of identity has significant implications. Associated with ownership are management and decision-making responsibilities. NWT residents no longer accept that non-resident decision-makers know best. NWT residents were outraged when the federal government would not facilitate a northern diamond value-added industry. Northerners disapprove of the fact that federal oil and gas and other officials do not live in the Northwest Territories. And finally, northerners have difficulty reconciling fiscal restraint and service cutbacks with the significant royalties being collected by the federal government and added to a growing national budget surplus.

Perspectives on Development

During its discussions, the Panel was exposed to a number of different perspectives. Each one championed by people who held strong views. There were four major perspectives represented within the Panel:

The Resource Development Perspective: Advocates of this perspective argue rather convincingly, that—given our high dependency on Ottawa for handouts—the most effective way for the NWT to build an economy is through jobs, business opportunities and potential equity positions that come through large-scale non-renewable resource development.

This perspective sees economic development almost exclusively in terms of wealth creation. Its focus is on an extractive economy, highly sensitive to the pressures of world markets. Its advocates share global perspectives which may be influenced by the interests of large, multinational corporations. While these advocates may wish to extract resources in an environmentally sensitive manner and provide some real benefits to local residents, corporations are accountable to shareholders and are deeply concerned with the realities of time and money. Corporate interests emphasize the unpredictable nature of world markets and the loss of “windows of opportunity”. They want to know the rules, and they don’t want them changing mid-stream or from project to project. Uncertainty kills investment and they expect governments to smooth the way by reducing uncertainty.

The Environmental Perspective: Those who share a strong environmental perspective tend to see the world in terms of ecosystems. They concentrate attention on depletion, damage, pollution, and the effects of population growth. They emphasize the carrying capacity of the planet.

Though some people scoff at concerns about damage in our vast wilderness, others point to the serious past failures of industry to clean up its messes and the burden this is putting on taxpayers. Their perspective is really a global perspective. They link the sensitive ecology of the North to the major breakdowns in the planet’s life systems: global climate change, loss of topsoil, destruction of aquifers, pollution of our rivers, lakes and oceans, decimation of rain forests, daily loss of animal and plant species, and human overpopulation.

Those of us in the north who might dismiss their concerns out of hand have trouble doing so in the light of

issues such as the Giant Mine cleanup, upstream pollution of northern rivers by industry, or the contamination of marine life by airborne pollution from other countries, leading to toxins found in country foods. While the environmentalists recognize the need for jobs and economic opportunities, they advocate strong environmental regulations and emphasize the need for diversification and small-scale community-based development.

The New Generation



The Socio-Economic Perspective: Those with a socio-economic perspective are primarily concerned with the impact of economic development on people. They point to the inequities between the "haves" and the "have-nots." These inequities are quite apparent within our northern society where so many families are living near or below the poverty line, in contrast to some northern residents who enjoy the highest salary levels in Canada. Those with a socio-economic perspective are deeply concerned about the social issues in the north: overcrowded housing, addiction problems, family violence, unemployment and the impacts of all of these problems, especially on women and children.

They are particularly concerned about the disparity between the promise of opportunity and the failure of those without adequate education, or with social problems, to take advantage of these opportunities. They advocate that benefits from resource development should be shared amongst all residents. The socio-economic perspective also recognizes that sudden wealth from development may aggravate existing social problems.

The Traditional Aboriginal Perspective: The traditional aboriginal perspective is based on an organic concept of the economy. The land is the gift of the Creator. As the 1984 Statement of Traditional Dene Values and Principles states, "(The land) was created by the one who provides for all, and we came from this land." The land is a living reality and is often portrayed as "Our Mother".

The aboriginal perspective is fundamental and inclusive. Aboriginal elders often emphasize that we are only one of the species that inhabit this land and each species has a right to exist. Because the land is living, we don't manage the land. It manages us. Thus the land is more than a place where we happen to live. It is a sacred reality and the foundation of aboriginal culture, traditions and spirituality.

Because aboriginal peoples are so dependant on the land for food and their whole way of life, they are deeply concerned with the impacts of development as it relates to the land, the water, the animals and the environment. Aboriginal peoples emphasize the importance of traditional knowledge which envelopes the relationship with the land, with one's inner spirit, with one's family and extended family and with community.



Contracting

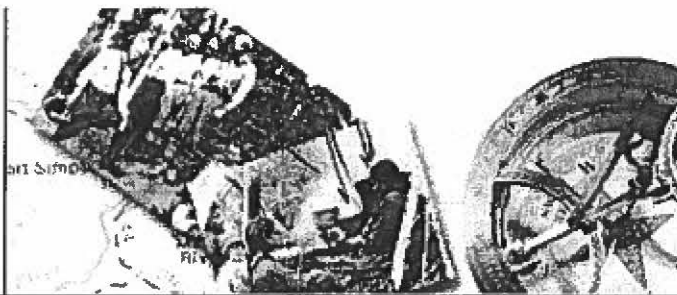
In terms of economic development, aboriginal peoples have traditionally favoured small scale developments – arts and crafts, resource harvesting businesses, tourism – and enterprises that will foster the development of local economies.

Aboriginal communities realize that development will impact on traditional lifestyles, culture and way of life. But they are also realists. They recognize that a way of life based exclusively on hunting, trapping and fishing is no longer viable. As they look to the future, they are concerned about their children. Many are now prepared to participate in the wage economy and see development as an opportunity for joint ventures, partnerships and a variety of economic opportunities for their people. Others favour a domestic economy, a mix of land activities such as hunting and trapping, part-time or seasonal jobs such as forest fire fighting, and other part-time occupations like arts and crafts production and sales. All seem to agree they want their children well educated so that they can make their own choices. And all seem to agree that they must not lose their traditional language and culture.

Conclusions

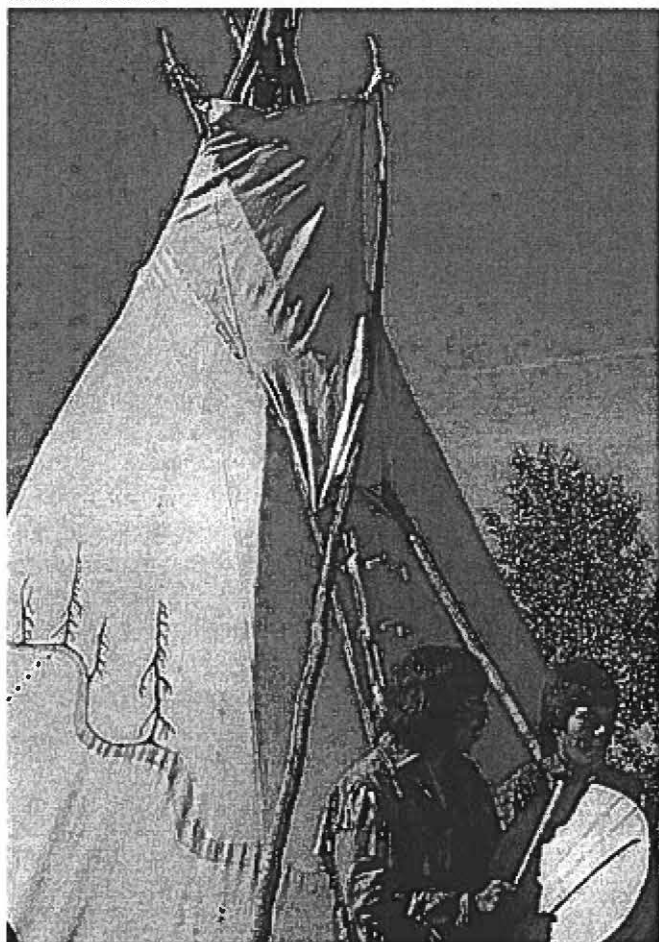
Through discussions, the Panel became very aware that each perspective is valid and important. NWT residents need the jobs and opportunities that resource development can provide. The consequences of environmental damage are beginning to be felt in the North. There are serious inequities in our society. There is also a need to preserve the traditional cultures and lifestyles of aboriginal peoples. The Panel's challenge was to be aware of and sensitive to these legitimate perspectives as we move forward in developing this strategy.

5 Emerging Themes



The Panel heard from a wide variety of experts and received presentations, reports, and papers from a number of diverse groups and organizations. Once the Panel had an opportunity to review a number of presentations, especially in relation to issues, trends and opportunities, it became apparent that there were some common themes emerging. The themes include: regional economic centres, globalization, capacity building, reshaping northern government, and aboriginal participation. Each of these are discussed in the following pages.

Drum Dance



Regional Economic Centres

The Northwest Territories is comprised of a number of regions. Each one has its own unique identity and opportunities. There are however, significant similarities among regions. Each region tends to have a regional centre which is larger than the surrounding smaller communities. The regional centres are usually transportation hubs, enjoy improved infrastructure and, being larger, usually enjoy a more prosperous local economy. The satellite communities tend to be smaller, are frequently off road and off scheduled airline routes, have less infrastructure, and in terms of their economies, have fewer market opportunities.

In the mid 1980s and early 1990s the GNWT noted the disparities between the smaller communities and the regional centres. Government rationalized that economic activity would flow naturally to the regional centres, whereas smaller communities required additional support to develop business and employment opportunities.

Programs and policies in support of small communities were developed which were consistent with this rationale. The NWT Development Corporation, established in 1991, was designed specifically to address job creation needs in smaller communities. In addition, government economic development programs provided greater levels of assistance to smaller communities.

In the late 1980s, the government commissioned a major review of operations. The resulting report—*Strength at Two Levels*—emphasized the need for only two levels of government, the territorial level and the community level.

In 1992, building upon *Strength at Two Levels*, the GNWT introduced a new policy document entitled "Reshaping Northern Government" which signaled the decentralization of services to the local community level. Several years later it was followed by the Community Empowerment Policy which was framed to facilitate the transfer of service delivery to local communities.

Despite a great deal of energy and many dollars, the GNWT's attempt to strengthen the economy of small communities has not been effective. The demographic and economic realities – small very young populations, significant birth rates, isolation, lack of infrastructure, poor transportation, and limited markets – have all conspired to limit the economic viability of the smaller communities. With the recession in the early 1990s and continued government cutbacks later in the decade, regional centres found themselves in economic decline as well.

Meanwhile, land claims were being settled on a regional basis. Along with the settlements came claims institutions and development corporations designed to serve the needs of beneficiaries within the settlement regions.

Predictably, the claims settlements brought community representatives into regional centres to sit on boards and agencies representing their people. Head offices tended to locate in the larger regional centres, as did management boards.

Of special relevance to this report is the fact that most significant economic development initiatives are now occurring on a regional basis and are being driven by private sector market forces. This is especially true of resource development projects; but it is also true of various economic development activities generated by aboriginal development corporations.

The trend towards regionalization is not without its difficulties. Despite the regional nature of land claims, smaller communities have limited experience working with one another, are often mistrustful of one another and often seem particularly mistrustful of the larger regional centres. Regional centres, for their part, often have difficulty dealing with their own problems and do not see themselves as economic support mechanisms for smaller communities.

Opening Senior Housing in Rae



The economic future of smaller communities and regional centres will be based on their ability to create economic partnerships and linkages with one another. This would allow them to take better advantage of development opportunities. This may require a re-examination of economic barriers between regions and even between the NWT and other provinces.

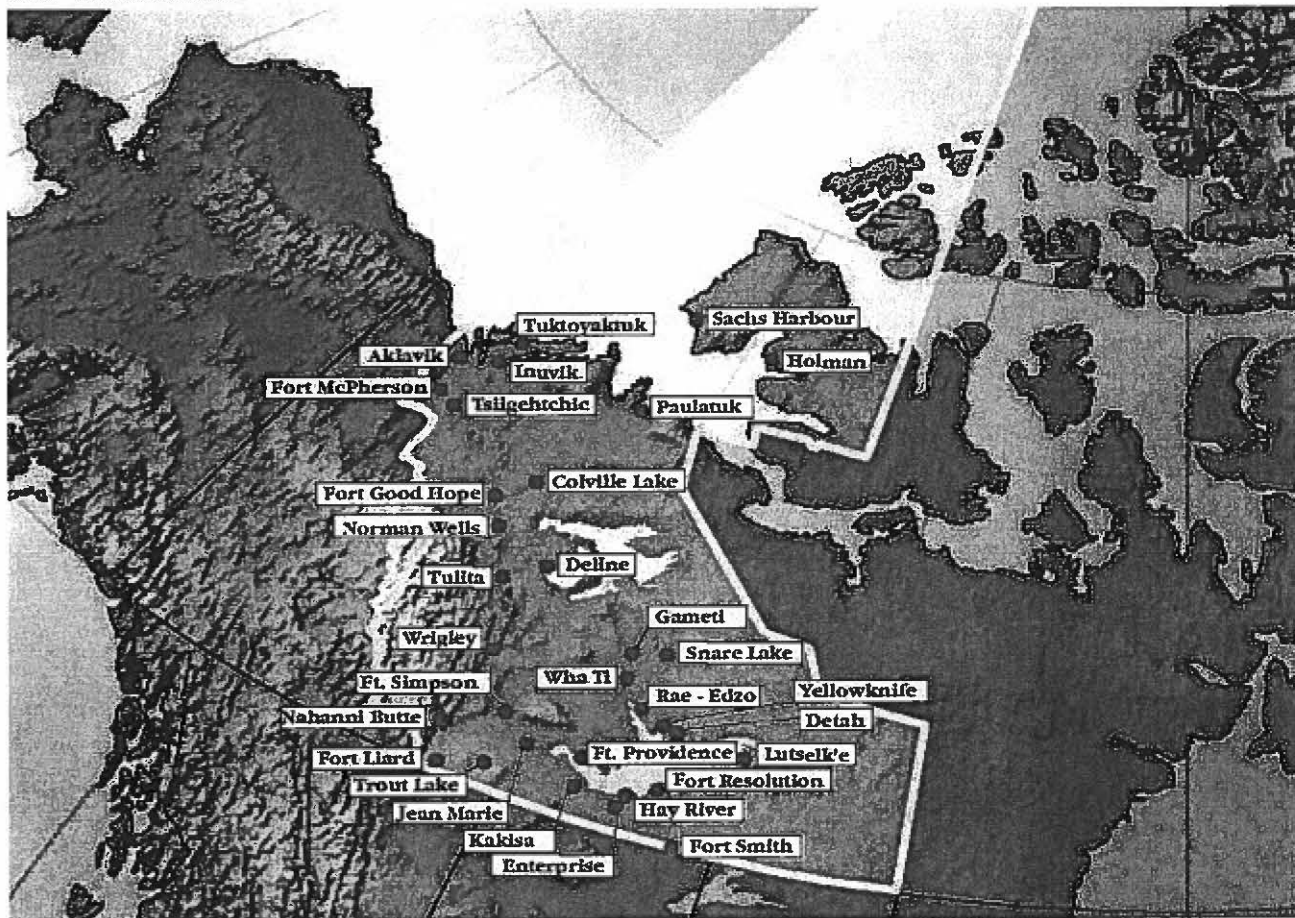
While some initiatives are designed to give businesses within regions a competitive edge, they can also inhibit alliances between regions and may not contribute to competitiveness in the longer term. Clearly regions must explore interests and relationships with one another and enter into alliances and partnerships which have a broad vision.

In recommending that government recognize and work with regional communities, the Panel is not suggesting

that the federal and territorial governments develop another level of bureaucracy at the regional level. It is suggesting that governments work with regional organizations to support regional economic development and that it also lend greater support to pan-regional economic opportunities.

This same concept came through in discussions about the way we govern ourselves. The multitude of territorial, regional and community boards, linked to federal, territorial, aboriginal, and community governments leads to duplication and decreased ability to act quickly and with authority. The need for consolidation to improve coordination was a common theme in most sectors examined. Better coordination will improve regions' ability to respond to opportunities and challenges.

NWT Communities



Globalization and Competitiveness

The economy of the Northwest Territories is inextricably linked to the economy of the world.

Prices for our resources: fish, lumber, mineral, or oil and gas are determined by global or continental demand. The decline of the fur industry is largely in response to European anti-fur sentiments and the resulting fashion trends. Similarly, the renewed interest in natural gas exploration and development is tied to market demand in the United States and declining reserves in Alberta.

Mining exploration and development is tied to world prices for base metals, gold or other commodities on world markets. The current prices reflect world supply and demand factors and are affected by everything from political upheaval and war, to technological breakthroughs.

Our tourism operators are competing with similar products and experiences in places like Sweden, Finland, Iceland, and Alaska not to mention closer competition in Yukon, Nunavut, Alberta, British Columbia or Saskatchewan. Price and quality of product are the determining factors when travelers select destinations.

Increasingly we are in competition with the rest of the globe, competing to attract investment, in producing diamonds, in producing gold, in attracting tourists, and in selling our manufactured goods. At the same time, we are affected by and influence global environmental changes.

Due to globalization, local incentives, or preferences, must be enacted within the context of international agreements. We must focus more on becoming efficient and competitive, rather than attempting to isolate ourselves from the world economy. Otherwise, our overall economic activity will decline.



Tourism, an Important Export Industry



Global Prices Determine Gold Mine Revenues

Building Capacity

Capacity means "the ability to contain, absorb or receive and hold". Capacity is the ability of people to understand and respond to challenges and a changing environment. People must have the education, skills, resources and time to deal with these changes.

When we talk about capacity building in terms of leadership development, we are asking ourselves: How can we improve the leadership skills of present leaders, and how do we develop a new generation of leaders? In terms of the general population, capacity relates to improved employment and business prospects.

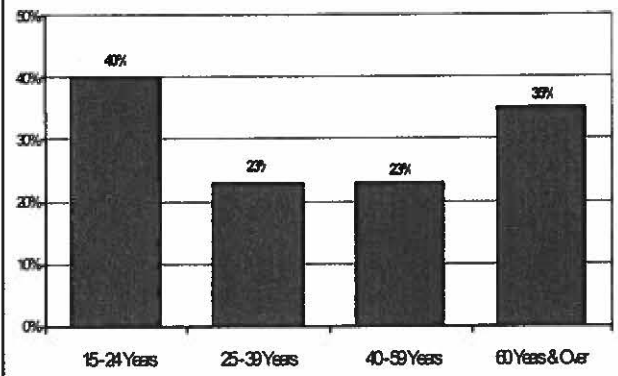
With the scale of economic opportunities, devolution and self-government, the Northwest Territories has a critical need to develop local leaders.

Education and Training: For Northwest Territories residents to benefit from economic development, education and training are essential. The Panel dealt with education and skills training in general but also singled out leadership as requiring special attention.

Unemployment is highest among aboriginal people. Jobs are becoming available but those most in need of employment are often unable to access all but the lowest paying jobs. Drug and alcohol abuse make the problem worse. The need to address these problems and to improve education and training was an issue in almost every sector reviewed.

Because of the shortage of skilled tradespeople to take advantage of opportunities expected to become available, the Panel placed greater emphasis on skills training. However, continued support for university education remains important because of the need for professionals, managers and workers knowledgeable in the new economy.

Aboriginal Unemployment by Age Group



Training is critical. In the Dogrib communities we recognized this early. We have a scholarship program in place to help our young people.... One problem we have always had is getting young people into their first job. Socio-economic agreements and government contracts are essential. These have to be broken into smaller contracts so local people can compete. So they can have a chance to work.

In the past, the Government used to have training built into government contacts. This is no longer the case. If we are going to build capacity in communities, we need to look at joint ventures, training and negotiated contracts. In the long run, it will save the government money.

Grand Chief Joe Rebesca
Dogrib Nation
Panel Presentation

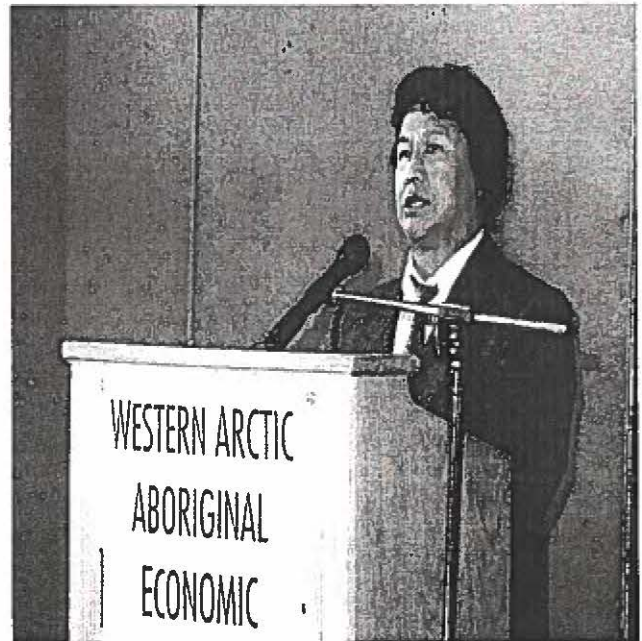
Leadership: Aboriginal government offices in the Northwest Territories are much like government offices elsewhere in the world. The halls and offices are decorated with portraits and photographs of former leaders, chiefs and elders who have guided and supported people. Here, as elsewhere, the health, vitality and prosperity of people depends largely on the quality of their leaders.

In this fast paced technological world strong leaders are more critical than ever before. Our leaders are required to sit across the table from captains of industry and senior ranks of government bureaucracy and negotiate wisely, fairly and effectively on behalf of their people.

In community planning exercises, leadership development always comes out as one of the highest priorities. Leaders must be well educated, experienced and knowledgeable; they must have their personal lives in order and have the trust and respect of their people; and they must be committed to maintaining and developing the culture and traditions of their people.

The need for strong leadership is twofold.

With the settlement of land claims and the devolution of powers by government, we have seen the proliferation of boards, agencies and development corporations run by individuals often with limited leadership experience. These people are expected to deal with increasingly complex issues. The sheer number of these organizational structures is a problem in itself—one that must be dealt with. There is also an immediate need to provide



The Premier of the NWT

training and leadership development for our current leaders.

In the longer term there is a need for capacity building. We have to improve our education system and identify individuals with leadership skills and ensure that they receive the advanced education and support they need. There is also a special need to encourage young people to develop the entrepreneurial skills demanded by a global economy.

Reshaping Northern Government: In 1992 the GNWT implemented a "Reshaping Northern Government" strategy to integrate and consolidate government departments and functions, reduce the deficit and transfer control of programs and services to the communities.

However, transition is continual and the process of reshaping northern government is dynamic and ongoing. When referring to "Reshaping Northern Government" the Panel means both the federal and territorial governments, and their relationship to aboriginal governments.

We recognize the distinct mandates of these governments. But given the settlement of claims and the emergence of aboriginal claims institutions and self-government, the natural development of regional institutions and the strengthened roles of communities, it has become increasingly obvious that mandates, roles and responsibilities require re-examination.

The basic issue of this discussion is that of control. Control is not an end in itself, but provides the means to ensure that benefits go to northern residents. The Government of the Northwest Territories is seeking control of northern resources, in partnership with

aboriginal governments. Regional and municipal governments are seeking to control those aspects that affect them.

Government is, and will continue to be, a dominant force in the development of our northern economy. The GNWT is still the largest single employer in the Northwest Territories, and the dominant institution with a territorial mandate. In addition, it carries out certain functions which only a central government can fulfill — functions like setting standards, acquiring and allocating financial resources, maintaining territorial-wide systems, and entering into relationships with other governments.

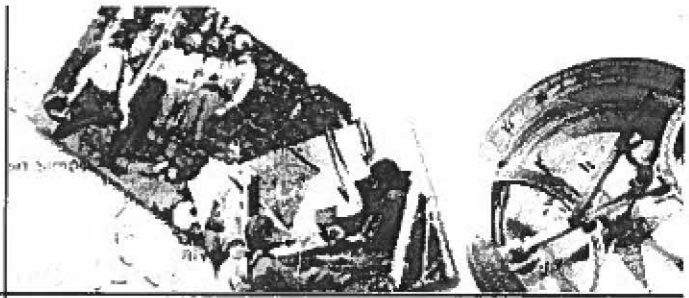
Northerners are required to deal with both the federal and the territorial government. They both serve the same people. Unfortunately, for the most part, they operate independently of one another, carrying out their own array of services without sufficient communication and coordination. A new level of government has now been added to the mix — aboriginal governments are a growing reality.

The Panel will suggest ways for all three governments to better meet the needs of their people in the area of economic development.

The 14th Legislative Assembly



6 Land and Environment



This section of our report on the land looks at our natural ecosystem and geography. In this context, when we use the term land we are using it in the traditional aboriginal sense as both a physical and spiritual (or non-material) reality. We are not referring to a particular piece of property which can be bought or sold.

To some it may seem unusual for an economic Panel to spend time discussing the land and its various ecoregions. However, if one reflects on the traditional relationship between the land and its inhabitants down through the centuries, it is not unusual at all. Every group of inhabitants has based its economy on the land and the characteristics of their particular "homeland" or ecoregion. And that is not likely to change in the future. But preservation of the ecoregions is critical and, in some cases, quite sensitive, especially when one considers the size of resource development projects currently being proposed.

The Panel would like to point out that we are not opposed to resource development, the construction of roads, or other forms of development. In fact, in other sections of this report we examine how to promote investments of this nature in a fair and responsible manner.

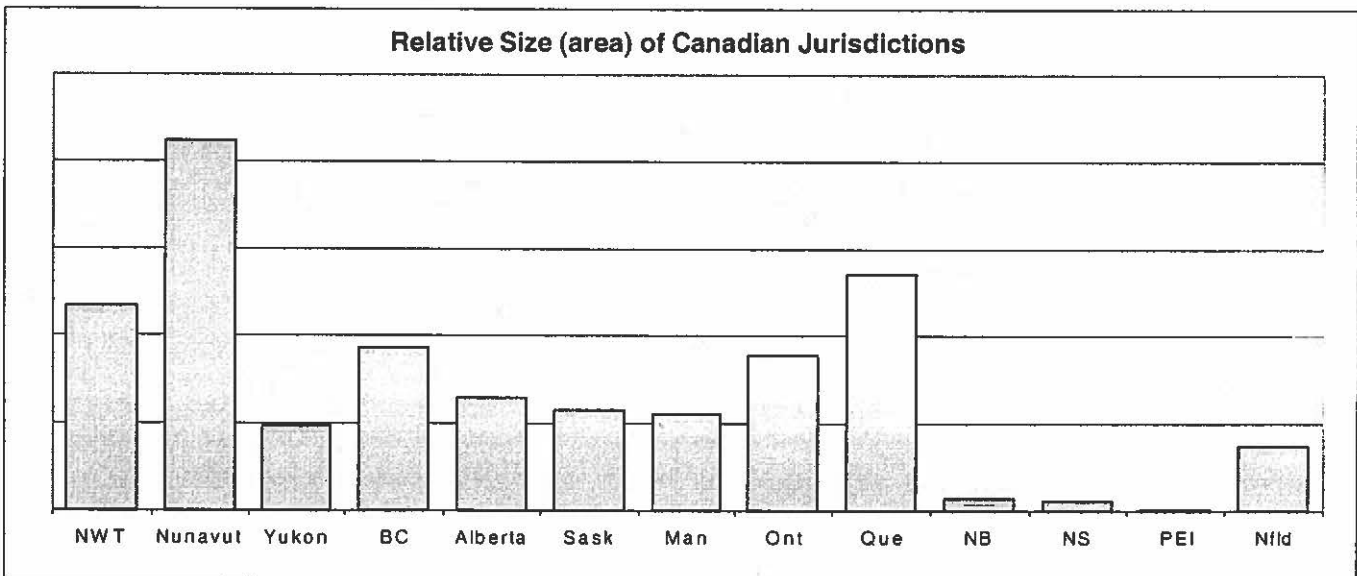
Our intent here is to provide a context for that development and to ensure the preservation of the land for present and future generations. For if our land is gone, our economy is gone—and so are the cultures which have been based upon that land.

The land cannot be separated from the economy. The sheer size of the NWT has been a major challenge throughout our history. The NWT represents a huge part of Canada, covering about 1.2 million square kilometers. This makes the NWT the third largest jurisdiction in Canada, behind Quebec and Nunavut (as shown below).

As shown on the map on the following page, this huge region stretches from the Arctic Ocean in the North. West to the Mackenzie Mountains and south to the borders of Saskatchewan, Alberta and British Columbia.

The NWT includes two of Canada's largest lakes, Great Slave and Great Bear Lake. Together they cover about 60,000 square kilometers. The NWT also has Canada's longest river, the Mackenzie, exceeding 4,000 kilometers in length.

While the NWT is a huge area, it is sparsely populated. About 42,000 people live in 33 communities. Most communities have fewer than 500 people. While



Both the Yukon and Nunavut have fewer residents, but the NWT still accounts for only 1/10 of 1% of Canada's population.

The geography and climate of the NWT are very diverse. The most northern part of the NWT lies within the Arctic Ocean. The western region, characterized by the broad Mackenzie Valley, is a dramatic contrast to the far north. From June through July the Mackenzie Valley regions may enjoy temperatures from 20 to 30 degrees Celsius or higher. In contrast, much of the Arctic Coast and Arctic Islands have ice-covered seas and channels through June, and cold water for the rest of the summer. In these regions, summer temperatures usually reach only 15 degrees Celsius.

Climatic differences in the summer affect vegetation growth. Trees do not grow in the arctic regions. Plant life in the far north consists mainly of tussocks, lichen and other low growing plants. In the southern and western NWT, the taiga forest dominates. This covers 600,000 square kilometers (about half of the NWT) and is composed of spruce, tamarack, alder, aspen and birch. Of this, about 150,000 square kilometres is considered productive timberland.

A Huge Part of Canada

As shown below, the southern border of the NWT extends from Manitoba through Saskatchewan, Alberta, and into British Columbia. To the north, it reaches into the Arctic Ocean to include the communities of Holman Island and Sachs Harbour, while the western boundary reaches over the Mackenzie Mountains to the Yukon border in the east.

Yellowknife is on roughly the same latitude as Fairbanks, Alaska and Reykjavik, Iceland.

The NWT includes Great Bear Lake and Great Slave Lake which are the fourth and sixth largest lakes in North America. Both drain into the Arctic Ocean through the Mackenzie River, which is the longest in Canada.

NWT in North America

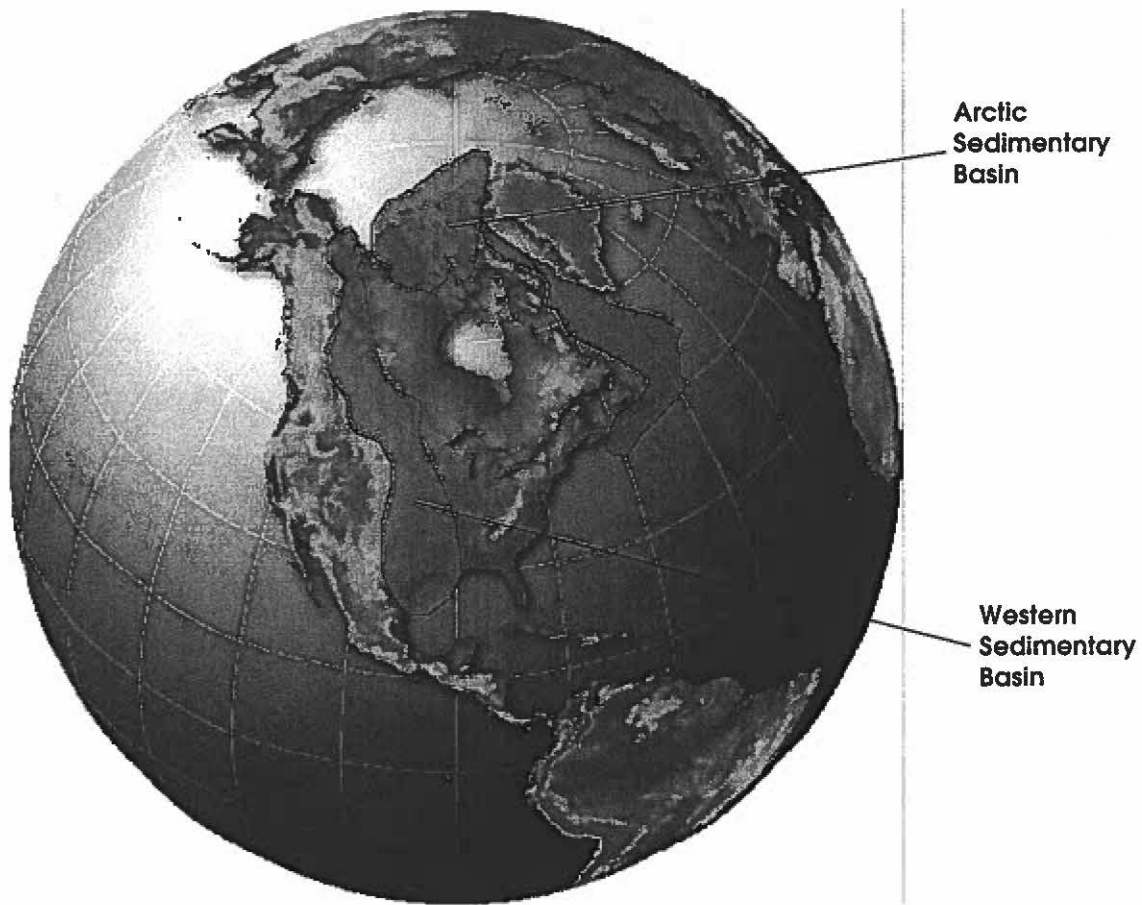


While the NWT has a marginal climate for farming, certain regions of the territory do have productive agricultural land. Overall, there is approximately 4.3 million hectares of arable land in the Slave, Hay and Liard River lowlands and west of Great Slave Lake. These lands fall within class 3 through 5 of the Canadian land classification system.

A large portion of the NWT falls within the Western Sedimentary Basin, which extends from Texas, up the Mackenzie and into the Arctic Ocean. The current boundary of the basin extends from Rae-Edzo in the east to the Mackenzie Mountains in the west. 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 (excluding Arctic Island discoveries). The

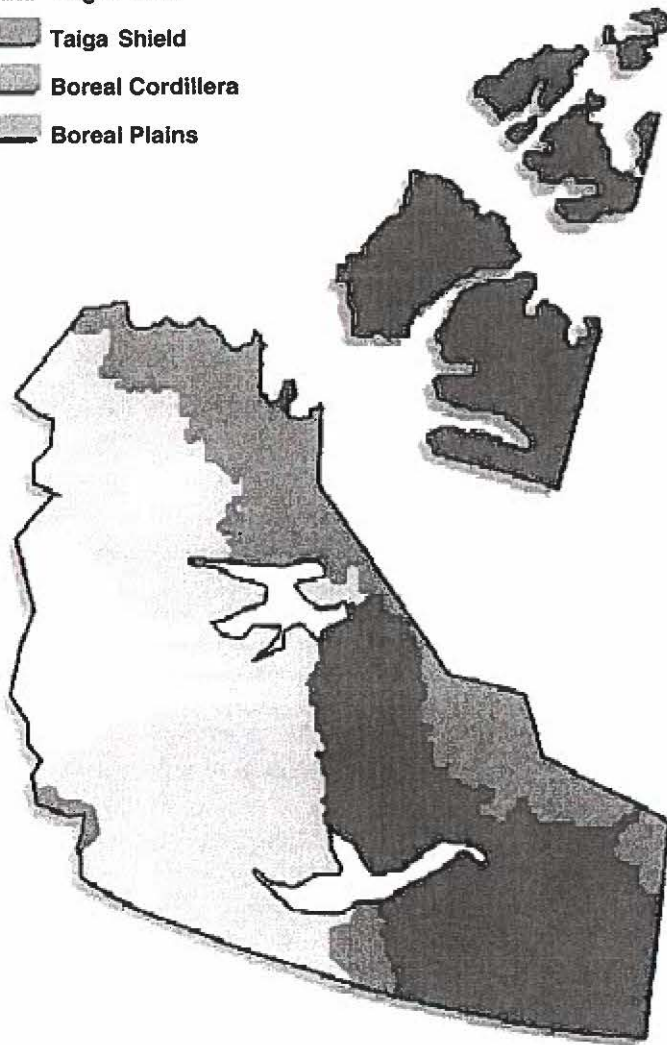
estimated total recoverable oil and gas reserves in the NWT are much larger. The petroleum-bearing areas of the NWT are located in, but are not restricted to, the western NWT stretching from the Deh Cho to the Mackenzie Delta / Beaufort Sea to the Sverdrup basin in the vicinity of Melville island.

Gologically, the NWT is classified into seven zones or provinces. Three of them -- the Slave, Bear and Churchill -- have a complex past, which included volcanic action, chemical reactions, faulting and folding caused by crustal upheavals. This has tended to concentrate, and in some cases, expose, valuable mineral content. The Slave Province contains the only operating mines within the NWT including one gold and one diamond mine.



Ecoregions of the NWT

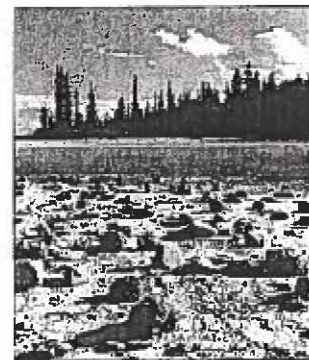
-  Northern Arctic
-  Southern Arctic
-  Taiga Cordillera
-  Taiga Plains
-  Taiga Shield
-  Boreal Cordillera
-  Boreal Plains



Taiga Plains



Boreal Cordillera



Boreal Plains

The Northern Arctic Ecoregion

This region includes the western third of Victoria Island and all of Banks Island. This region is cold desert. Much of the land is rolling plains covered with raw rock debris. In places there is little but frost-patterned soils, shattered limestone and sandstone and bare rock outcrops. This is the home of Peary caribou, muskoxen, polar bears, arctic hares, beluga whales, several species of fish, ptarmigan and a variety of birds. This is the traditional homeland of the Inuit and the Inuvialuit. The region is rich in fossil fuels and there is renewed commercial interest, particularly in natural gas.

The Southern Arctic Ecoregion

The barrenlands, as this region is also known, spreads from the treeline to the Arctic Coast and stretches east from the Yukon to Hudson Bay and on into Nunavik (Northern Quebec). Huge sand and gravel ridges, known as eskers, snake across this land. There are a variety of rock formations, boulder fields and boulder streams. Despite the water trapped on top, the barrenlands are dry and receive very little precipitation. Animal species include the great wandering caribou herds, foxes, polar bears and a variety of migrating water fowl. For centuries, Inuit from the coast and Dene coming from south of the treeline have hunted in this area. The region is rich in mineral resources, including gold, base metals and diamonds. There are no communities in this region.



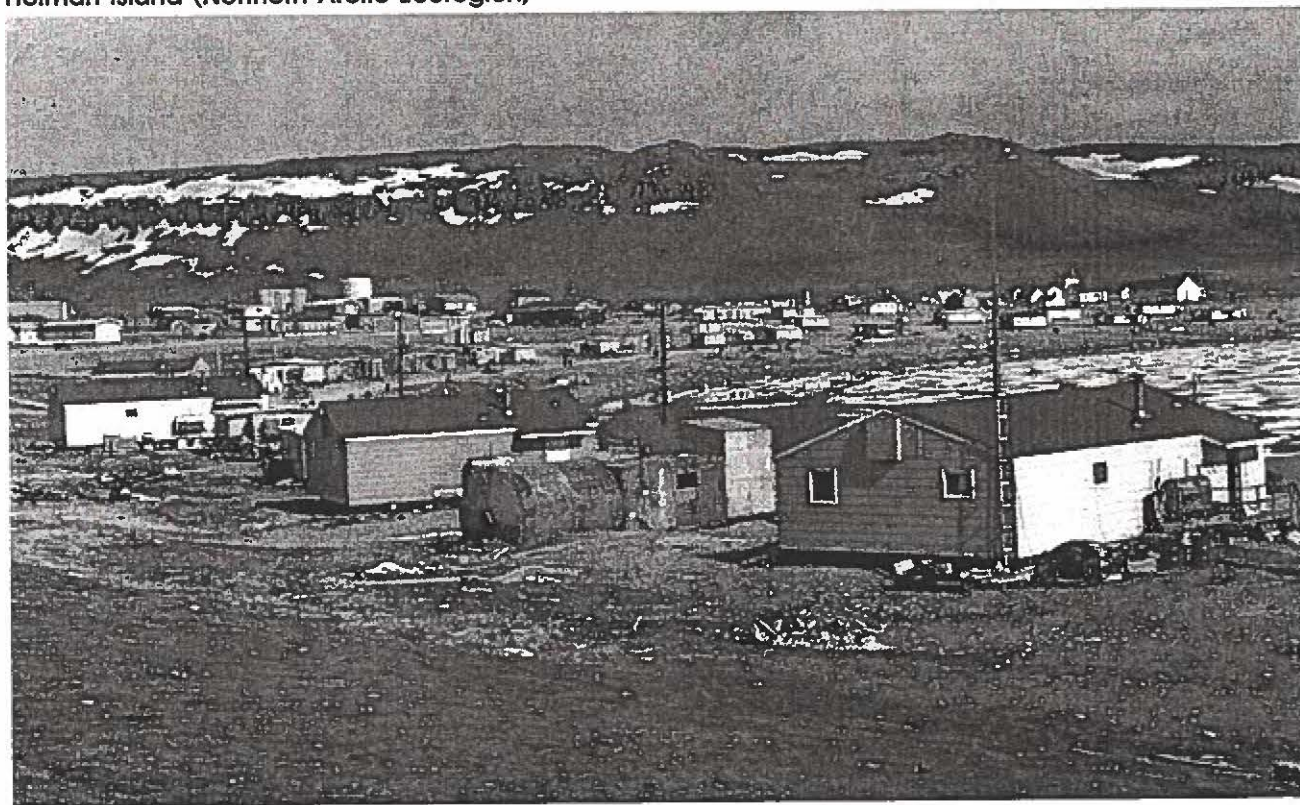
Boreal Forest Near Fort Smith

The Taiga Cordillera Ecoregion

The NWT and Yukon share the Mackenzie Mountains which straddle the continental divide. Rivers on the west side flow to the Pacific Ocean or the Beaufort Sea, those on the east run to the Mackenzie River. The terrain is steep and rugged, and sharp ridges drop to narrow valleys. The bedrock is mostly sedimentary, having formed in a shallow sea half a billion years ago. Over time it has lifted and folded into tilted ranges. Weathering, erosion and multiple glacial advances have sculpted these mountains. Woodlands of spruce, polar, willow and alder or open areas covered with mosses and sedges mingled with plants cover most of the region. The region contains woodland caribou, Dahl's Sheep,

grizzly and black bears, lynx, marten, small mammals, golden eagles and a variety of other birds. Due to the severe climate, few people have lived in this region, but the Mountain Dene and the Gwich'in have traditionally hunted in some of the higher areas and subsistence hunting and trapping still occur within the region today. The region's beauty is attracting backpackers, mountain climbers, canoeists and sport hunters.

Holman Island (Northern Arctic Ecoregion)



The Taiga Plains Ecoregion

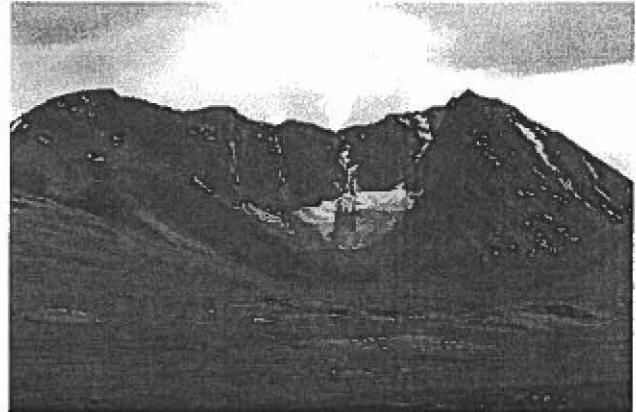
This is a low-lying plains area centred on the Mackenzie River. It extends from northern Alberta and British Columbia to a delta north of the Arctic Circle. Because the region is so extensive, it exhibits great variations in climate and day length. Sedimentary rock underlies most of the region, creating landforms like Alexandra Falls on the Hay River and the Horn Plateau. Dense boreal forests include species of trees such as black spruce, white spruce, tamarack, paper birch, trembling aspen and balsam poplar. Lakes, streams and rivers support an abundance of fish species. The entire Mackenzie Valley is a major migration corridor for waterfowl and its various wetlands provide nesting areas for many species of birds. Moose, wolves and woodland caribou roam the forests. The region is home to lynx, red foxes, red squirrels and members of the weasel family. For centuries the Dene have trapped and hunted throughout this region. Most communities along the river grew up around the fur trading posts established in the 1800s. From Fort Liard in the south, through Norman Wells to Inuvik in the north, the entire region has become important for its deposits of fossil fuels.

The Taiga Shield Ecoregion

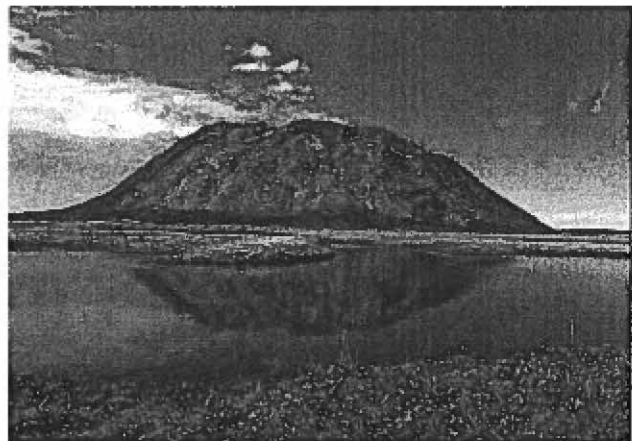
This region occurs where the boreal forest and the Canadian Shield overlap in the eastern section of the Northwest Territories. This ecoregion includes the Yellowknife area, the communities around Great Slave Lake and extends north through the North Slave Geological Province to the eastern arm of Great Bear Lake.

In wet areas, the forest is comprised of black spruce, low willows, alders, sedges and mosses. Better drained areas support stands of white spruce, paper birch and trembling aspen; where the soil is sandy or rocky, stands of jack pine develop in the aftermath of forest fires. The region supports a variety of ducks and other waterfowl. Moose, caribou and black bear inhabit the region, along with fox, weasels, marten, beaver and muskrats.

The first settlements grew up around fur trading posts and later, around mineral deposits. Today, with the discovery of diamonds around Lac de Gras, the area is experiencing significant mineral resource development.



Mackenzie Mountains - Taiga Cordilla



Pingos on the Taiga Plains Ecoregion

The Boreal Cordillera Ecoregion

This region, also referred to as the Southwest Highlands, is a tiny region by comparison to the others. It extends into the Northwest Territories at its extreme southwestern corner from Yukon and British Columbia. It is a remote area in the Mackenzie Mountains to the west of Nahanni Butte. The region is mountainous with the highest peaks dominated by ice, snow and bare rock. Beneath these, alpine tundra blends into stunted and wind-pruned vegetation, mostly subalpine fir and white spruce above a ground cover of dwarf birch and willow. Animals in the region include grizzly and black bears, and a variety of small mammals. The mountains and plateaus of the boreal cordillera area within the NWT are part of the traditional hunting area of the Mountain Dene. This type of country has long been associated with placer and hard rock mining in the Yukon.

The Boreal Plains Ecoregion

The Slave River Corridor, as this region is commonly known, lies between the Buffalo River and the Taltson River, much of it within Wood Buffalo National Park. Larger than Switzerland, this park provides a refuge for wood bison, the endangered whooping crane and more than a million migrating birds. Waterfowl from all four North American flyways funnel into freshwater marshes along the NWT border using the deltas of the Athabasca and Slave Rivers as staging areas in their migrations. In addition to bison, there are some 40 species of mammals, including caribou, moose, coyote, timber wolves, black bear, lynx, marten and beaver. The Slave River has been an important hunting and corridor for the Dene for thousands of years. It became a vital fur-trading route when posts were established along the Mackenzie River and on the Arctic coast. Local Dene and Metis still hunt and trap in the region. It has also become a centre for small business, including tourism, sport hunting and lumber production.



Boreal Plains near Fort Smith

ISSUES AND RECOMMENDATIONS

A number of issues arose during our discussions and research that were global, territorial and local in nature. In some cases the concern was damage to the land; in others it was with our ability to properly manage the land and its resources.

Global Climate Change

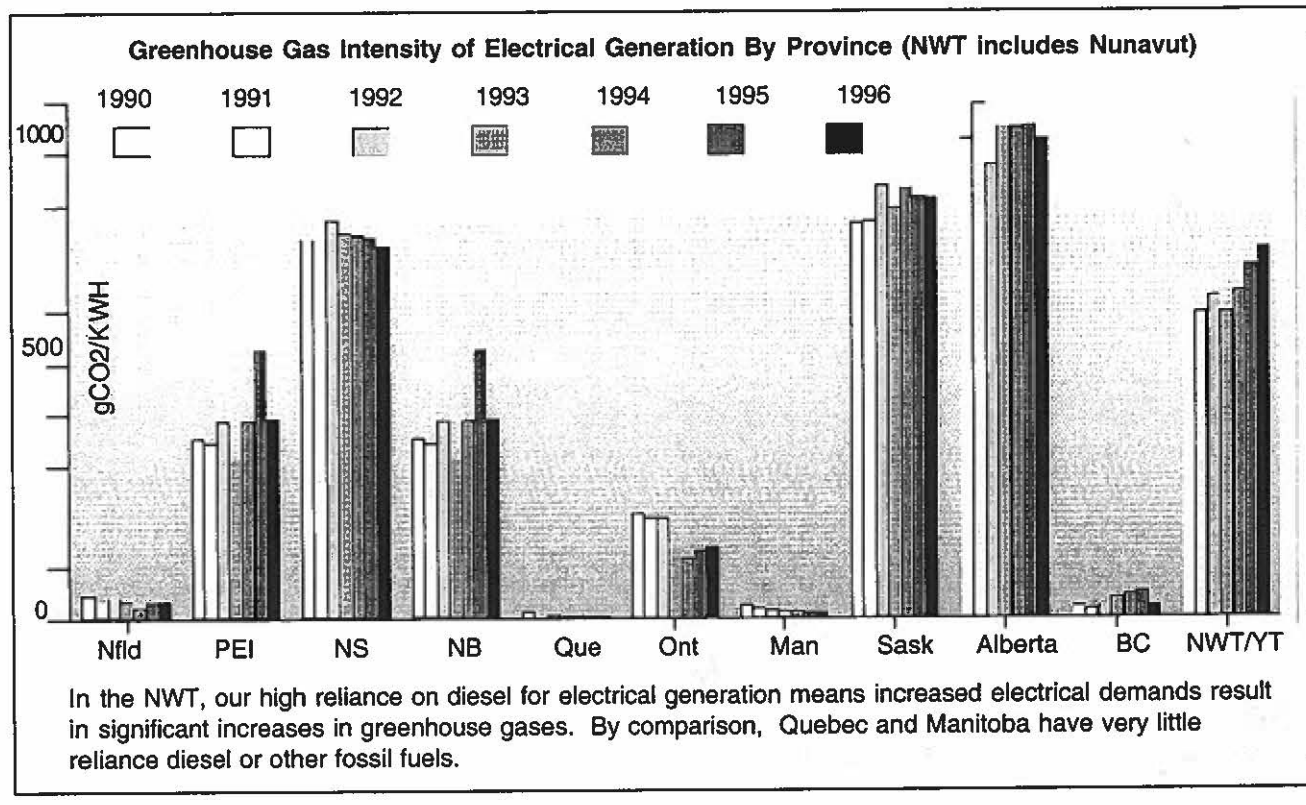
The Panel's overriding environmental concern is global climate change and the effects it will have on our environment and economy in the coming years. This single issue encompasses effects on wildlife habitat from changing weather patterns, rising ocean levels, melting permafrost, forest fires and others. The issue encompasses what we are doing to deal with these problems as well as what we can do to reduce greenhouse gas emissions.

1. **Develop a greenhouse gas strategy in the North that will help northern residents to address and reduce causes of global climate change. The strategy should tie into the national program.**

Persistent Organic Pollutants (POPs)

The north, and the arctic in particular, has become a sink for persistent organic pollutants (PCBs, DDT, dioxins, furans, etc). These noxious substances are found in very high levels in arctic animals. They are also present in high levels in humans who eat these animals. A special concern is the presence of POPs in the milk of nursing mothers.

2. **Increase monitoring of Persistent Organic Pollutants (POPs) and heavy metals in the NWT. Work to increase awareness among northerners, fellow Canadians, and the global community about the impact of these substances on our lands and peoples.**



Lack of Coordination

There are a large number of government departments and aboriginal organizations involved in resource management. Unfortunately there is very little coordination and cooperative planning among groups, especially at the regional level. There are no regional resource management plans and no mechanism to develop them on a coordinated basis.

- 3. Develop regional integrated resource management plans based on a shared vision, priorities, and legal obligations to aboriginal people.**

The Number of Management Boards

Coordination is made more difficult by the large number of land and water boards, planning boards, impact review boards and renewable resource boards. Most of these have emerged from land claims processes. Where claims are not settled, we see a proliferation of committees. These new types of boards and committees have been added to the pre-existing government boards. There is need to reduce the number of boards and consolidate their functions, at all levels.

- 4. Consolidate and broaden the mandates of regional management boards.**



Protected Areas Strategy

Though the development of the Protected Areas Strategy has been a significant achievement, it is still only a framework for the protection of environmentally sensitive lands. It has yet to be implemented.

- 5. Implement the Protected Areas Strategy.**

Lack of Cumulative Impacts Monitoring

Given the number of development projects potentially coming on stream, we have an urgent need to develop an overall cumulative impacts monitoring framework. Current approaches to cumulative impacts monitoring tend to be project or site-specific. There are large gaps in baseline environmental and traditional knowledge data.

- 6. Collect baseline data necessary for cumulative impact monitoring. The data must be shared to increase the ability of communities and regions to monitor impacts.**

Lack of Local Monitoring

Aboriginal-owned lands are being encroached upon. Sometimes there is damage. Even though local communities have a mandate under their land claims agreements to monitor and protect their own lands, they lack the resources to do so. Similar situations exist in unsettled areas.

- 7. Increase the capacity of communities and regions to monitor impacts, with improved coordination between agencies involved and the development of new Neighbourhood-Watch-Type monitoring programs.**

Losing the Knowledge of the Land

People using the land is an excellent, informal monitoring system. In recent years the decline in fur prices and the rising cost of fuel has meant fewer people out on the land. Elders are especially concerned about the loss of land skills among young people. If youth don't have knowledge of the land, they may lose their culture and not be willing or able to assume responsibility for the land as adults.

8. Promote and support "land" programs for young people—particularly through the schools.

Local Community Control

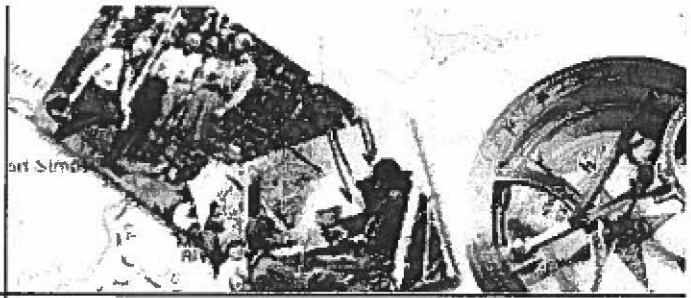
As communities and regions develop, they want to assume greater control over their own resources and development. At issue is the extent to which licenses and permits should be devolved to local control. For example, perhaps communities could issue local timber permits for areas surrounding the community. Other possible examples include business and tourism establishment licenses, trapline registration, market gardens and use of related local resources.

9. Where possible, regional centres must assume greater control over local resources such as forestry, tourism and business licensing.



Teaching Traditions in School

7 People – a Snapshot



If our people are to take advantage of current and future economic opportunities, they must be healthy and have the necessary education and skills. We have, however, significant and persistent health, education and employment problems that must be addressed. For example, the unemployment rate among aboriginal youth aged 15 to 24 reaches as high as 40%.

The Northwest Territories has a population of approximately 42,000 people, about half of whom are aboriginal. Our population is relatively young; a full 30% are under 15 years of age, compared with 20% for the rest of Canada.

Almost all of our people live in 33 small, widely scattered communities, where most populations are less than 500. Only Yellowknife is relatively large, with about 17,000 residents.

The population in the smaller communities is primarily aboriginal (Dene, Inuvialuit and Metis); in the six regional centres – Fort Simpson, Fort Smith, Hay River, Inuvik, Norman Wells and Yellowknife – it is predominantly non-aboriginal and Metis.

Health and Wellness

There are a number of health and wellness issues in the NWT. We face significant issues regarding life expectancy, addictions, incarceration, incidence of fetal alcohol syndrome and fetal alcohol effects, suicides, and infant mortality. While this report focuses on economic issues, we cannot isolate the economy from society. In fact, one early economist defined economics as the "business of life".

Social and health problems handicap us before we start. People who have experienced trauma and grief often turn to alcohol and drugs to mask their pain, and as a result have difficulties holding a job, provide poor role models for their children, and harm others through their behaviour. Students with children often can't get to school. Women who have suffered trauma or violence at home often have trouble learning in classroom settings or miss classes because they have been abused by their partners. These types of problems erode traditional values. They limit our potential and lead to increased dependency.

However, steps are being taken to deal with these problems that plague our communities. There are a significant number of people in our communities who, through their own resources and community healing programs, have begun to turn their lives around.

Lutselk'e School



Dene Assembly



Education

Education impacts employment in a number of ways. There is a clear positive relationship between wage income and education, between education and employment choices and between education and job satisfaction.

Today, with the advent of the "information age", the need for education is even more critical. A decade ago, a high school certificate provided access to a variety of jobs in the workplace. Today, most good "entry-level" jobs require additional training.

The Panel had a great deal of discussion about the school system. There was consensus that the quality of education is improving. More young people are completing high school and more students are taking post-secondary training.

Yet we still lag behind the rest of Canada. Along with Nunavut, we still have the least educated population in the country. Moreover, the Panel believes that there are some systemic problems with our school system, such as class size and standards, that need to be addressed.

Training and experience are critical to getting jobs. People need experience to get jobs at mines. The government used to have a program to help people get this experience at the local level. Contracts were broken into smaller jobs that local people could handle. Instead of a company coming into the community from Yellowknife with lots of men and equipment, people could complete the same job, at a slower pace, over a number of weeks. We have to make a commitment to flexibility in contracting, local training and local control.

Joe Rebesca, Grand Chief
Dogrib Tribal Council
Panel Member



Back to School



Guide Training for Tourism Opportunities

The Job Scene

Young people, especially in smaller communities, may have difficulty seeing the relationship between education and work opportunities. Unless they are prepared to move, a higher education does not necessarily assure them of the job they want.

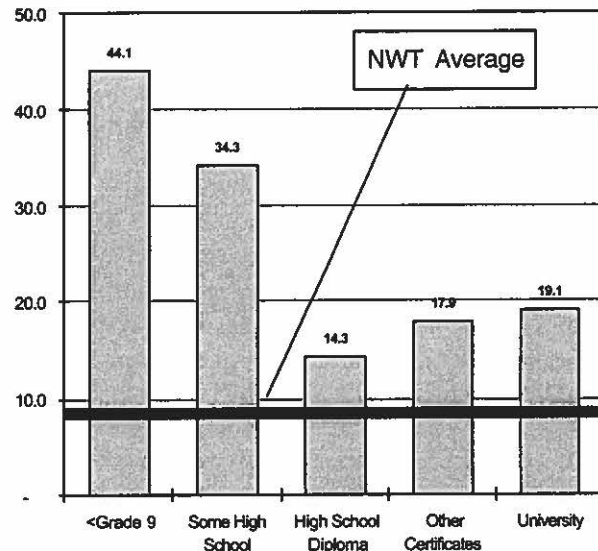
In many communities, employment options are limited to professionals in the health/education system, administration, seasonal work, the service sector or the traditional economy. In more recent years, high-paying jobs in mining and oil/gas have been emerging in some regions.

The promise of new jobs resulting from resource development is very appealing. But, in evaluating the potential benefits of these new jobs, we must be realists. We must recognize that:

- Many people lack the basic or advanced skills needed to get a good job;
- Some of our people wrestling with addictions or other health problems are not healthy enough to get or hold these jobs;
- Rotational work in the resource sector is hard on family life. The drop-out rate, especially among aboriginal peoples, is high; and
- For a variety of reasons, some people may not wish to work in the resource sector. Not everyone wants to be a miner or mill operator.

Two examples highlight these shortcomings. In Fort Liard, despite the perception that "anyone who wants a job can get one" in the gas industry, unemployment continues to be a high. In Rae-Edzo, where unemployment is also high, there just aren't enough people who qualify for job openings with the diamond mines. Skill levels and addictions problems were cited as major factors.

Aboriginal Unemployment



Unemployment numbers taken from the 1999 NWT Labour Force Survey are very disturbing. As shown in the chart above, aboriginal unemployment rates decline with higher educational levels; unemployment drops from over 40% for aboriginal residents with less than Grade 9 to 19% for those with university education. However, the unemployment rate for even the best educated aboriginals is still twice that of the NWT average. In fact, the unemployment rate for non-aboriginal residents with no high school diploma is only 10% – almost half that of university-educated aboriginal residents.

One possible explanation for this imbalance is that unemployed non-aboriginal residents leave the NWT. Even so, the fact remains that unemployment among aboriginal residents with university education is still twice the national average. At the very least, this raises issues regarding the type of education being pursued in relation to employment opportunities.

ISSUES AND RECOMMENDATIONS

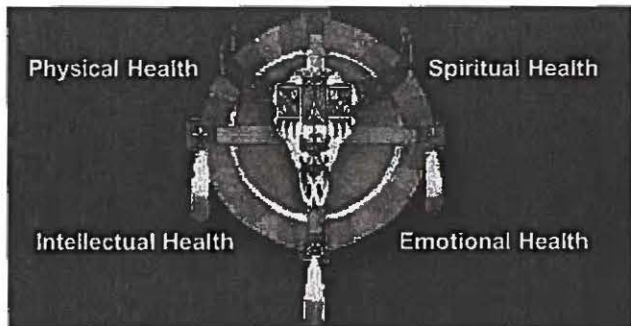
Addictions Problems

There can be little doubt that alcohol and drug abuse are our most serious social problems. Almost all criminal justice and family abuse problems are alcohol related. Alcohol abuse is also linked to high turnover in rotational jobs. Despite the size of the problem, many don't realize the effect of these problems at home and in the workplace. Many who grew up in dysfunctional households and don't always recognize that what is happening around them is not healthy. As well as rehabilitation programs, we need programs that teach people the differences between healthy and unhealthy behaviour at home and at work, and programs that help people to behave in healthy ways. The emphasis needs to be on preventing problems for the future, not just on treating those who are being affected now.

For a variety of reasons, including the influence of the residential school program, there are many people in the NWT who lack parenting skills. Each year we have an increasing number of children coming into state care. Teachers also report a significant lack of parental involvement in their children's education. Our schools are continually being asked to cope with issues that should be addressed within the family.

10. The GNWT should develop a comprehensive approach to treating and resolving addictions problems in the NWT, emphasizing education and prevention and including a family support component.

Traditional Medicine Wheel



Schools

Many of our schools are having difficulty coping with the needs of children assigned to them. There are a large number of children who are not succeeding in the classroom.

The Department of Education, Culture and Employment has estimated that as many as 25% to 30% of NWT children have "special needs". Current practise is to put children with special needs in the regular classroom in the hopes that peer interaction will stimulate learning. This approach does not seem to work with children handicapped by FAS or other problems. The result is that the remaining children may not receive the attention and stimulation they require.

11. Quality education and training must be provided to allow residents to make productive choices in lifestyle, jobs and place of residence.

The Issue of Standards

The Department of Education, Culture and Employment has done away with regional high schools and has adopted grade extensions in communities. While this approach has increased the number of students completing high school, it has raised questions of educational standards. Does a young person in a smaller community, where there may be only a couple of students in the upper grade levels, receive the same quality of education as young people in the larger regional centres?

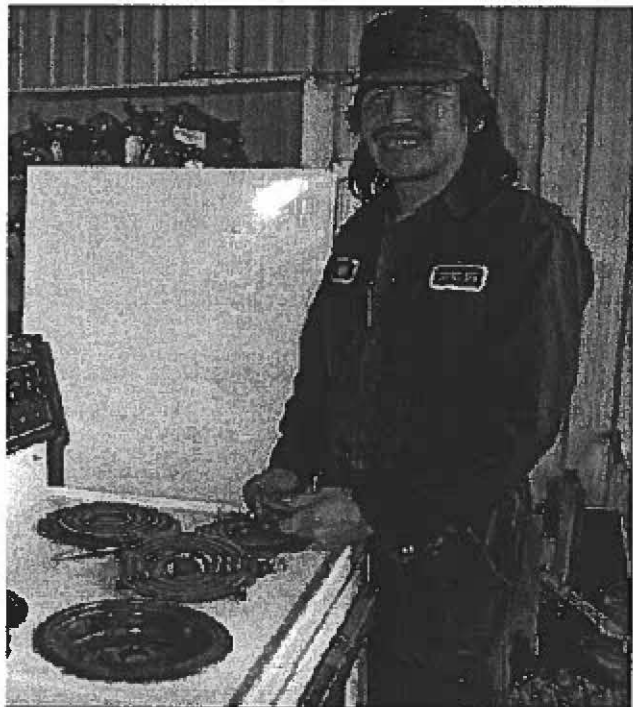
12. The Department of Education, Culture and Employment, working with parents and stakeholders, should assess its delivery to improve the quality of education across the territory, to ensure students meet national standards.

Shortage of Tradespeople

Trades are in great demand everywhere in the NWT. Communities need tradespeople, as do government and industry. As northern industry develops, the demand for trades will increase even more.

There was a time when a career in the trades was seen as a second choice to a university education. Many trades offer a high degree of freedom and provide relatively high incomes. It is also easy for some tradespeople to start their own businesses, which can further increase their incomes and sense of worth. Our ability to train apprentices is limited by lack of adequate shops or other facilities, as well as general capacity to provide training.

13. Government and industry must work together to provide more direct investment in trades training and infrastructure.



The dismal results of Grade 12 graduates required to write an entrance exam for apprenticeship programs are an example of disturbing problems in our education system.

Each candidate failed.

The majority of the test required a Grade 10 equivalency - the exception was the mathematics section which required a Grade 12 equivalency.

How could these results occur? Why are students, who have a grade 12 diploma not able to pass the required entrance examinations?

Steve Petersen
Vice President, NWT Federation of Labour
Column in the *Yellowknifer*, May 24, 2000

Community Skills & Business Expertise Data

One aspect of resource development projects is the use of impact benefit agreements (IBA's) and socio-economic agreements (SEA's), the former between development companies and aboriginal communities, and the latter involving the territorial government and development companies. These agreements attempt to ensure benefits accrue in the north by identifying, among other things, job and business opportunities for local people.

While these agreements oblige resource companies to provide economic benefits to local people, they have a serious shortcoming. The targets negotiated may not be based on any rigorous data. There is often no information indicating how many people in local communities are willing or qualified for available jobs, or how many businesses are able to provide the required services.

When there are a number of projects in the same region, the first company to negotiate these agreements is likely to employ most of the able-bodied workers. Future agreements may not be able to meet similar commitments because of a lack of candidates with the required skills. The same holds true for business opportunities. If these facts were known, agreements could focus on other benefits—such as increased dollars for training, or efforts to support start-up of local businesses. Access to comprehensive labour data would also help encourage hiring between regions.

14. Develop a community database of job skills and business potential and make it readily accessible among regions.

15. Develop a long-range NWT labour force plan, linked to economic opportunities.

BHP has a program to counsel its workers. This is a good program, and an example for other employers. However, there is one major problem with this and similar programs: it is always after the fact. Usually workers only go for treatment or counselling after they get a warning or get fired. We need to do a better job of getting people to use these resources before they get into trouble at work.

John Bekale
Panel Member

People in Holman Island or a similar community may want to work at BHP or one of the diamond mines in the North Slave, but they don't have access to "pick-up" points. If they want to work at one of the mines they need to fly (at their own expense) to Yellowknife or to another pick-up point. Unlike workers from southern Canada commuting to mines, they can't drive home. This puts NWT workers at a distinct disadvantage.

If we are going to build a unified and successful economy we need to look at ways of getting people to job opportunities. We need to look at ways of making people more mobile.

Altaf Lakhani
Panel Member

Diamond jobs provide an important, well paying, opportunity for many young people in Rae-Edzo. They can work at the mine and still live in the community. However, I am concerned about how we treat some of these young people trying to better themselves. Let me give you an example. One of our young men recently got a good-paying job at BHP. At the time he was living in a really nice NWT Housing Corporation unit. As soon as he started working, his rent increased to market rates, and he ended up paying over \$1,500 per month rent. With a wife and two young kids at home he simply couldn't afford it. He was forced to move his family into an old, run-down house. Basically, I'd call it a shack. So now he has a productive job, but is he really better off? In some ways I don't think so.

Fred Behrens
Panel Member

Mobility

There are a growing number of job opportunities related to resource development outside the communities. The remote location of mining and gas development requires that workers live outside their home communities for extended periods. Workers in various communities may not have access to those jobs because of their location. A program to promote mobility would help promote labour transfers between regions and from areas of high unemployment to areas where jobs are having to be filled with southern labour.

16. Develop a program to encourage and facilitate inter-regional mobility, linking skills to job opportunities.

Disincentives to Working

Members of the Panel felt that many programs punish people trying to better their lives. As soon as someone gets a job, he or she can be faced with a reduction in services, extra fees or rent increases. If young people are going to be productive members of society, they need to have some incentive or reward to work.

17. The GNWT should review its rental programs, social assistance policy, taxes and other fees to remove disincentives to employment.

Leadership

Community leaders are now dealing with problems they have never experienced before. People are expecting them to answer questions, provide information or make decisions in areas where they have very little knowledge. Often they can "hire outside expertise" to help them, but they still need the skills to assess the information that is provided to them. A new generation of leaders will also be needed, but there is currently little capacity to facilitate leadership development.

The Panel sees the need for a much more intensive and comprehensive approach to leadership development to respond to both current and future needs.

18. Establish an on-the-job leadership training program to meet our short and long term needs for leaders.

Uncoordinated Training Programs

Human Resources Canada, GNWT Department of Education, Culture and Employment, DIAND, Arctic College, NWT Community Mobilization and aboriginal governments are all involved with training in the NWT. Yet we have a severe shortage of tradespeople and other skilled employees. Multiple agencies make it more difficult for potential trainees to find appropriate programs, and agencies are more prone to duplicate programming or fund the same trainees.

Major resource development projects require specific skills that are easily predicted. With the potential of large resource development projects in the near future, we should have the ability to plan training programs to meet these future needs.

19. The various delivery agents should coordinate their training programs.

We do not have enough apprenticeships in the industry and there are not enough journeymen to administer the required training.

In the past, there were few opportunities for a fledgling apprentice to get a position and the required hours in the North. The lack of major infrastructure programs, once a problem, is no longer the issue. Ekati mine, Diavik diamond mine, and Winspear all boast operating periods up to 20 years. This is more than enough time to establish and commit to apprenticeship programs.

In addition to these properties, other mining ventures are poised to begin development ... All of these endeavours require qualified trades people. If the North does not act now to initiate a vibrant apprenticeship program, we are setting ourselves up to a southern infiltration of workers.

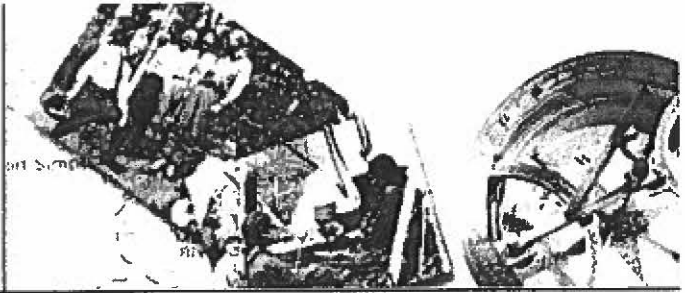
One way of dealing with the shortfall would be to introduce legislation requiring companies with a certain number of employees to undertake the training of apprentices. This is practised in other jurisdictions.... It is imperative that something is done to reverse the current situation. Southern contractors will be able to justify importing employees because of the lack of individuals able to pass the required entrance exams.

Government, band councils and educators must get together to form a plan of action that will reverse this serious deficiency, and allow all the residents of the territories to benefit from its growth.

Steve Petersen
Vice President, NWT Federation of Labour
Column in the *Yellowknifer*, May 24, 2000

8

Community & Regional Development



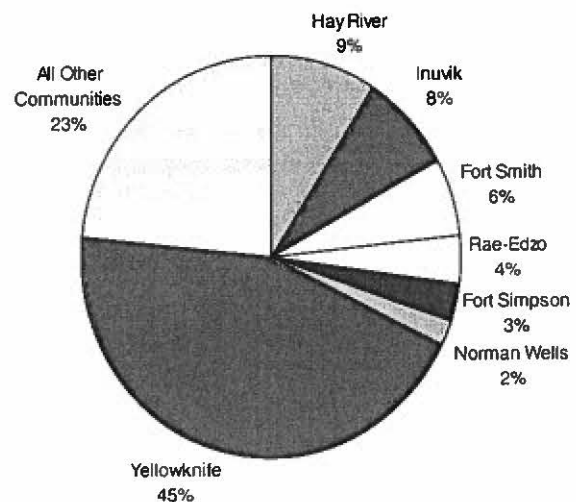
Most Northwest Territories communities can be characterized as economically undeveloped. Predominantly populated by aboriginal people, these communities are small and isolated, with limited market potential and relatively little private sector activity. A few communities have most of economic activity, services and population to support and drive economic activity. As shown in the chart at right, the 26 smaller communities accounted for only 23% of total NWT population in 1996.

Community development refers to people being in control of their own future and living a lifestyle that preserves or protects things of value to residents – a sense of community, traditional lifestyles and food sources. Residents may choose to work outside the community but return for social, cultural and traditional lifestyle reasons. Community development is a matter of having the ability to make choices.

The move from the land into communities provided access to services but also had the effect of making people more dependent on government and less dependent on the land. Culture, language and traditions suffered. Many small communities have serious social and health problems, stemming from this move.

Without strong, healthy communities, residents will be less able to take advantage of economic development opportunities or obtain meaningful jobs. Residents must be able to organize themselves and have the necessary education and know-how to direct and take advantage of opportunities. Although economic statistics are useful in determining the health of a community, broader "well-being" measures would provide a clearer picture of the problems and the progress in dealing with those problems.

NWT Population Distribution, 1996



More than three-quarters of the NWT's population lives in the seven major regional centres, while the remaining quarter lives in the 26 smaller communities. Yellowknife, the capital, accounts for 44% of the total population.



The 1990 GNWT strategy "Building on Strengths: A Community-based Approach" promoted job creation and business development in small communities, through preferential incentives for small community businesses and through direct investment. That strategy has since remained the basis for GNWT business development programs. Unemployment levels in small communities have not generally improved through this approach. Despite some success on a small scale, the ability of government to fund economic development in smaller communities is simply inadequate compared to the need. The Panel felt that government should not be expected to support uneconomic ventures. It is unrealistic to expect every community to have its own thriving internal economy that will meet all employment needs. A broader view is needed.

This is not to say there are no opportunities in small communities. They have resources, but economies of scale influence how and to what extent they can be used. Small-scale forestry, local manufacturing, tourism, arts

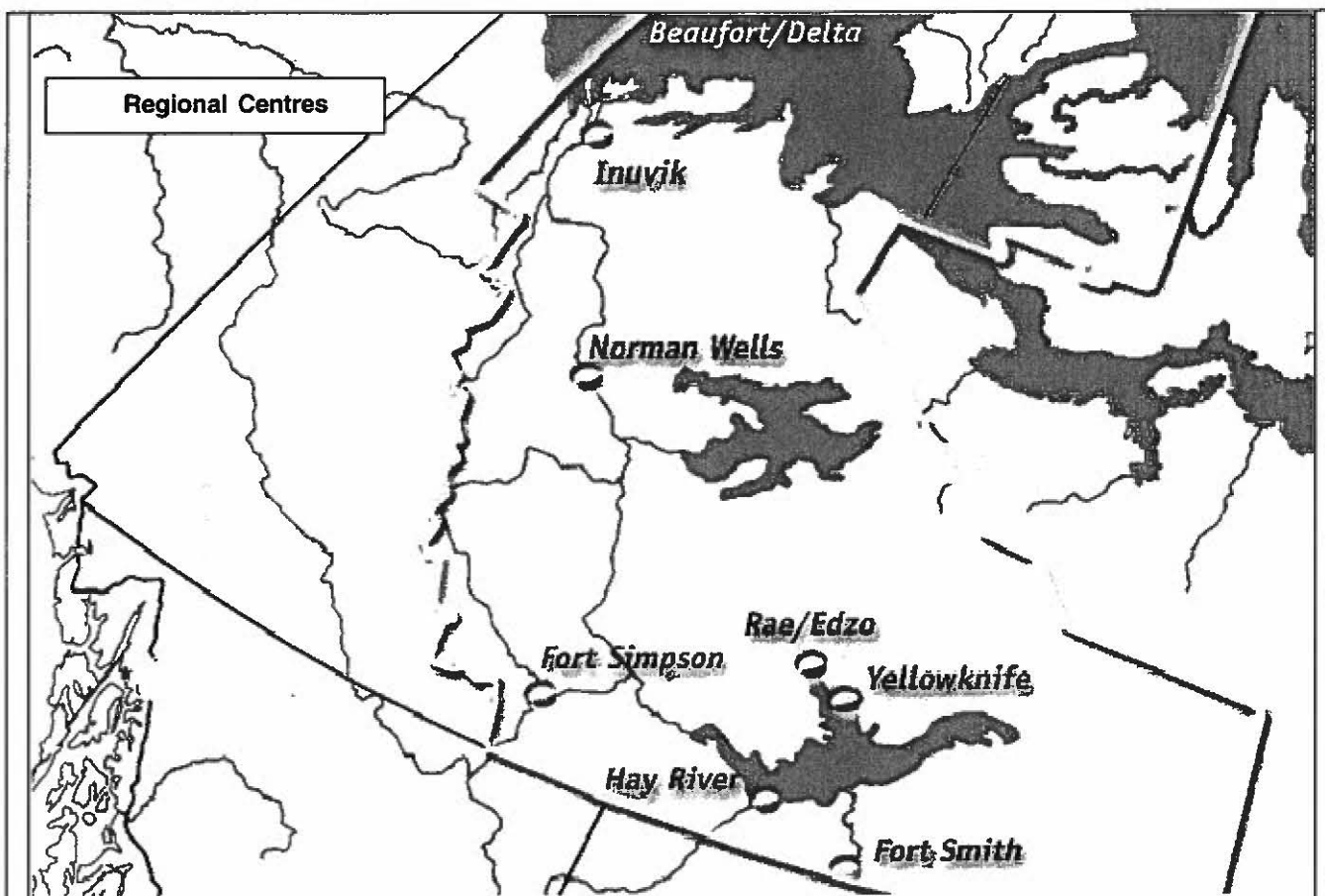
and crafts, traditional economy, agriculture, construction, business services to the resource sector, locations for filming and others are all small-scale opportunities that all communities have available to varying degrees.

Although smaller communities generally have high unemployment, recent economic data indicates that they have fared better than some regional centres. Government and industry cutbacks or economic downturns impacted these larger communities more than the smaller communities because the larger centres rely more on the wage economy. The needs of both types of communities must be recognized in developing a long-term approach to community development.

Small communities are not under-developed. They exist and thrive for reasons other than purely economic. We need to recognize their value as such and build on their strengths. We must also recognize the value and benefits of encouraging larger communities to thrive as focal points for development.

Pouring New Foundations





Regional Centres and Communities

There are 33 communities in the NWT. The vast majority are very small, with over half having fewer than 500 residents. Only one community, Yellowknife, has a population exceeding 5,000 people. The NWT is a vast area with only limited north/south connections. Many communities are serviced by the seven regional trading centres shown in the map above.

Yellowknife, the NWT capital and largest centre, services the entire territory. As well, Yellowknife has one of the lowest unemployment rates in the territory. Aside from being a major administrative centre, the community services the mining industry and provides health, justice and education services to all residents of the NWT. The community also has an operating gold mine and is home to residents working at diamond mines north of the city. Tourism is also important to the local economy. In recent years there has been significant growth in the number of Japanese winter tourists.

We (the NWT) have been regionalized in terms of development. Inuvik sees mining as a Yellowknife matter, but in reality it should be seen as a northern issue. Just because we're not in Yellowknife does not mean we shouldn't be associated with it. We are affected by a decline in mining. In the same manner, people who do not live near oil and natural gas areas should not view these resources as beneficial for just a specific region.

Richard Nerysoo
Panel Co-Chair

The table below groups NWT communities into three categories. Yellowknife is designated as the "territorial capital" while the remaining six regional centres are grouped together. These communities are compared with the 26 other communities in the NWT.

Yellowknife: As shown in the chart, Yellowknife accounts for the largest portion of the NWT population. The community also has the lowest unemployment of any other type of community in the NWT. Incomes are high and social assistance rates are low. Base industries for the community and region include government, mining, transportation and communications, financial services, tourism, manufacturing and fishing.

The second category – regional centres – includes the retail and service communities of:

- Hay River
- Inuvik
- Fort Smith
- Rae Edzo
- Fort Simpson
- Norman Wells

Hay River, Fort Smith and the South Slave: Hay River and Fort Smith are the second and fourth largest communities in the NWT. Hay River is a major transportation hub for the territory and has one of the largest inland ports in Canada. The second major community in the South Slave region is Fort Smith. Once capital of the NWT, the community now provides public services to the South Slave Region. It is the major educational centre of the NWT. Wood Buffalo Park, one of the largest national parks in Canada, has its headquarters in Fort Smith.

The South Slave region falls within the Western Canada Sedimentary Basin. Oil and gas development potential is significant, although current exploration activity is limited to the southwest corner of the region.

The region was also home to one of Canada's largest

lead-zinc mines at Pine Point. Currently, there is little mining exploration and one proposed beryllium mine development in the region.

Other principle industries within the region include tourism, transportation, manufacturing, commercial fishing, forestry, trapping and arts and crafts.

Inuvik: Inuvik is the third largest community in the NWT and the major regional centre in the Inuvik Region. Overall the region accounts for about 22% of the NWT's area and about 17% of its population. Most communities in the region have a very high rate of unemployment. It is connected by road to Whitehorse, but has no road connection to the southern NWT. This linkage to the Yukon and Alaska Highways provides the community and region with access to American tourists.

The region's principle industries include oil and gas, tourism and furs. The oil and gas industry has been showing renewed interest in the area with the rise of petroleum prices, leading to talk of a Mackenzie pipeline.

Rae-Edzo and the Dogrib Region: Rae-Edzo is the fifth largest community in the NWT and is the headquarters of the Dogrib Nation. The community is the major cultural and political centre for surrounding Dogrib communities, and has a substantial aboriginal population. The community is the most traditional of the regional centres in the NWT, with an economy heavily dependent on resource harvesting.

The region and the community also benefit from mining employment and business contracts from diamond mining and mining exploration. Tourism, while relatively underdeveloped, has significant potential.

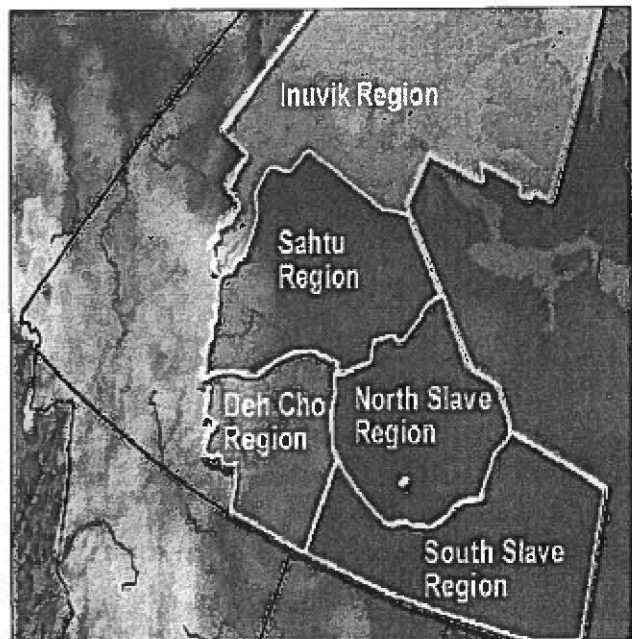
Community Economies in the NWT

Communities	Population 1996	Aboriginal % 1996	Unemployment Rate 1999	Social Assistance 1998	Average Income 1996
Territorial Capital	1	44%	8%	24%	\$41,484
Regional Centers	6	30%	17%	34%	\$31,282
Other Communities	26	26%	27%	42%	\$20,890

Fort Simpson and the Deh Cho: Fort Simpson is located on an island at the confluence of the Mackenzie and Liard Rivers. It is a government centre for the Deh Cho Region, and supplies goods and services to the oil and gas industry. The community and the region stand to benefit significantly from expanded oil and gas development and exploration. Other major industries include tourism, forestry, trapping and handicrafts.

Norman Wells and the Sahtu: The smallest regional centre is Norman Wells, which originated with development of the Norman Wells oil field. Aside from providing services to the oil and gas industry, the community provides government, health, transportation and other services to other communities in the Sahtu Region. It also has the highest level of income in the NWT.

Both Norman Wells and other Sahtu communities are well situated to benefit from oil and gas development. Other industries within the region include tourism, especially big-game outfitting, trapping and arts and crafts.



RWED Economic Regions

Regional Economies in the NWT

Region	Land Mass	Communities	Population 1996	Aboriginal % 1996	Unemployment Rate 1999	Social Assistance 1998	Average Income 1996
Deh Cho	12%	6	5%	74%	28%	7%	\$24,749
Inuvik	22%	8	17%	75%	24%	28%	\$27,858
North Slave	16%	5	7%	92%	35%	17%	\$18,170
Sahtu	24%	5	7%	70%	24%	11%	\$29,412
South Slave	26%	8	20%	56%	18%	17%	\$28,561
Yellowknife	1%	1	44%	19%	8%	19%	\$41,127

ISSUES AND RECOMMENDATIONS

The seven larger communities are the best situated to take advantage of job and business opportunities. Unemployment levels in smaller communities, however, will remain high if they continue to rely primarily on the traditional economy.

Social issues and changing political realities of land claims and self-government requires a different approach than simply providing more services and promoting economic development. Regional aboriginal governments are taking a more prominent role and provide a focus for regional development initiatives. Regions will also need to work cooperatively to promote inter-regional investment and labour accessibility. Indicators of real progress in economic and social terms are lacking.

20. Develop of a clear regional development strategy. The strategy should be developed with participation of GNWT, aboriginal and municipal governments.

Small communities are distant from markets, have high transportation costs and limited support services, and lack the business opportunities necessary to create jobs for all residents wishing to enter the labour force. Government programs, although they make a difference at the individual project level, are ineffective against these more powerful market realities.

21. Support and maintain the subsistence economy.

There is a lack of capacity to deal with development and social issues at the community level. Low educational levels, drug and alcohol problems, and unemployment are persistent problems. Residents lack the education, skills and training they need to secure jobs and start businesses. Regional centres may be better suited to developing the necessary capacity for programming in these areas and provide services that smaller communities would not have access to individually.

Only a limited number of jobs are likely to be created within small communities. Pending resource development projects will occur outside these communities. Residents seeking jobs may have to work on rotation in resource jobs or relocate to communities with service jobs or better business opportunities.

22. Develop clear and consistent ways of measuring community well-being. These measures should recognize both the social and economic aspects, including the costs and the benefits, of community progress.

Transportation and communications among communities has been a major factor in limiting development or access. With the promotion of inter-regional cooperation, job rotation and improved trade and competitiveness, better transportation and communications are essential.

23. Transportation and communications systems among communities must be expanded and upgraded. Expansion is also necessary to support economic development.



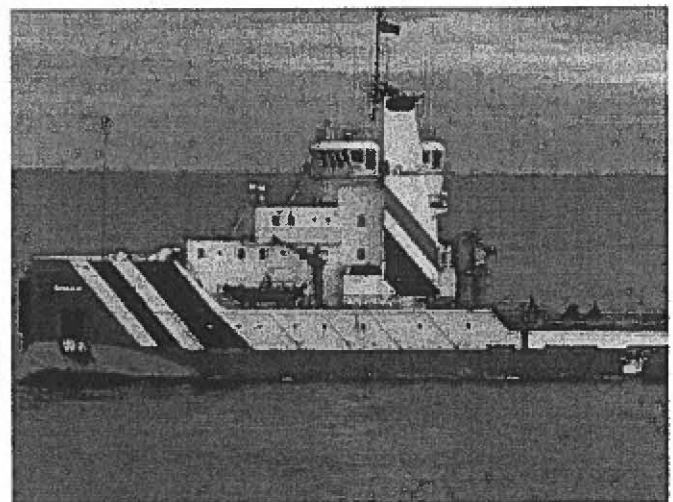
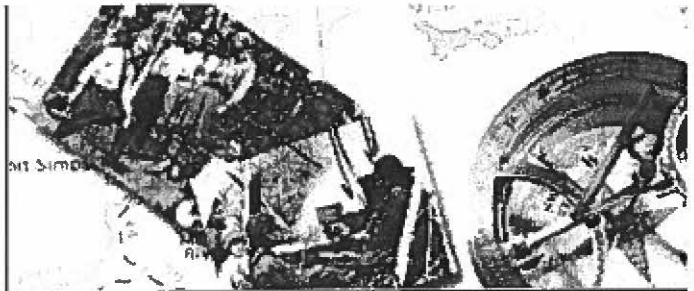
9 Transportation & Communications

Transportation has been, and will continue to be, a critical element of economic development. All sectors of our economy are affected by accessibility to markets and supplies. Transportation costs impact our cost of living and increase the cost of public and private investment. In fact, mining and exploration companies identify the lack of transportation infrastructure as a major impediment to investment in the NWT.

Transportation is also critical to the movement of people, both our own residents and tourists. People need mobility in order to take advantage of new employment opportunities in the NWT. To take full advantage of tourism we need to expand access to communities and other destinations. The extent and quality of our road system are major factors in taking advantage of these opportunities.

In its review, the Panel examined five transportation/communications systems in the NWT:

- The Mackenzie Rail and Marine Systems whose hub is located in Hay River;
- The NWT Highway System, including winter roads;
- Air Transportation, including airports;
- Gas and Oil Pipelines; and
- Communications, including the Internet and the phone system.



Mackenzie Rail and Marine System

Marine transportation was the original transportation system in the NWT and remains critical to our development today. The commercial marine system in the NWT began with the re-supply of Hudson Bay posts and the transport of furs to European markets. The Northern Transportation Company (NTCL) is the major marine operator in the NWT, linking the entire Mackenzie/Western Arctic regions with the northern railhead and the road system at Hay River. Cooper Barging operates a smaller, trucking-oriented service from Fort Simpson.

According to a federal Department of Transportation study, "NTCL operates the largest inland shipyard in Canada at Hay River...it has the capacity to load out 9,000 tonnes in a 24-hour period." Bulk fuel constitutes 75% of all current NTCL cargo. All barge fuel deliveries are loaded in Hay River from the rail system.

The rail link into Hay River is owned by Mackenzie Northern Ltd., a Canadian short line railway operator. The railway was originally constructed in 1965 to transport concentrate from Pine Point Mines. Current rail traffic into Hay River is almost exclusively fuel tank cars. The annual volume is approximately 266,000 tonnes (1997).

Mackenzie River Barge System

The NTCL barge system currently extends from:

Hay River~Yellowknife	293 miles
Hay River~Mackenzie Delta	1,114 miles
Mackenzie Delta East~Taloyoak	1,135 miles
Mackenzie Delta~Point Hope Alaska	870 miles



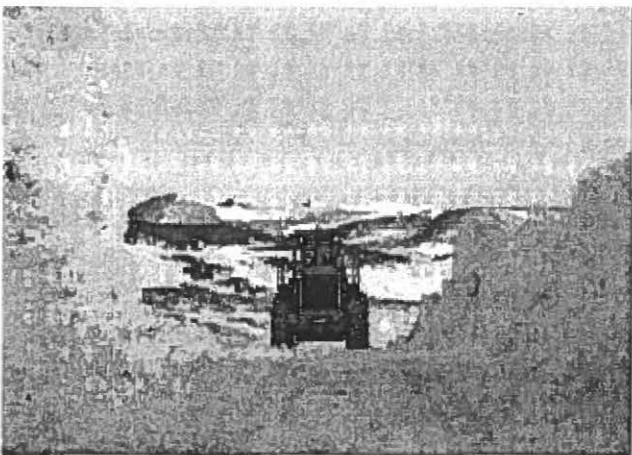
Hay River Container Facility



Rail Tankers in Hay River



Transport on the Liard Highway



Clearing the Dempster Highway



Temporary Bridge on the Mackenzie

The Highway System

The NWT has over 2,200 kilometers of highway. Most of this system was constructed between 1960 and 1983 by DIAND and Public Works Canada. Approximately 50% of communities are linked by highways.

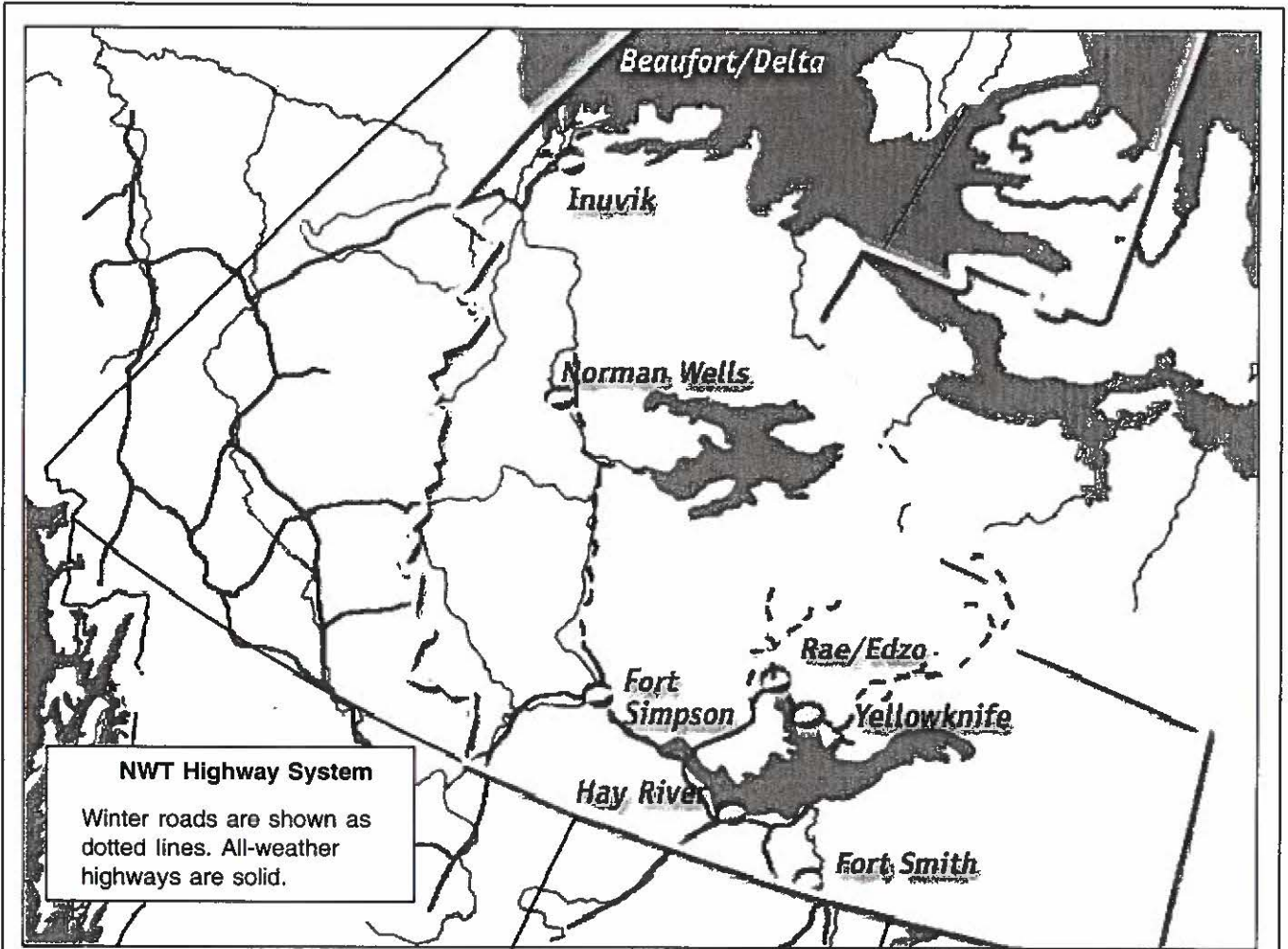
The first NWT road was the Canol, built during World War II to link the Alaska Highway with the Norman Wells oil fields. It closed on the NWT side shortly after construction. The first permanent highway in the NWT was completed with the extension of the Mackenzie Highway from Alberta to Hay River in 1949. Since that time the Mackenzie highway system has been extended to include most communities in the South Slave, Liard and Yellowknife regions. Approximately 70% of our highway system is gravel surfaced. Sections of highways north of the Mackenzie River are subject to seasonal outages because of the transition from ice bridge to ferry service in spring, and vice-versa the fall.

The Dempster Highway system, which links Inuvik to the Alaska Highway, was completed in 1979 as a "road to resources". The Liard Highway, from Fort Simpson to B.C. was completed in 1983. Traffic has been increasing on this road as a result of increased oil and gas exploration activity in the region.

The current highway system is shown on the map on the next page.

Winter Access Roads

The four major ice roads in the NWT are open to traffic for only 8-10 weeks each winter. The Lupin Mine Winter Road is privately constructed and operated. The GNWT Department of Transportation administers the others, and is working to extend the season of the longest, 480-kilometre Mackenzie Winter Road by installing bridges, culverts and upgrading alignments.



Ice Road Operating Seasons

Winter Road	Season Start	Season End	Operating Window
Mackenzie Winter Road	19-Jan	16-Mar	8 weeks
Inuvik ~ Tuktoyaktuk Winter Road	15-Jan	10-Mar	16 weeks
Rae Lakes Winter Road	10-Jan	21-Mar	10 weeks
Lupin Mine Winter Road	10-Jan	21-Mar	10 weeks

NWT River-Crossing Constraints for Highways (1997/98 Season)

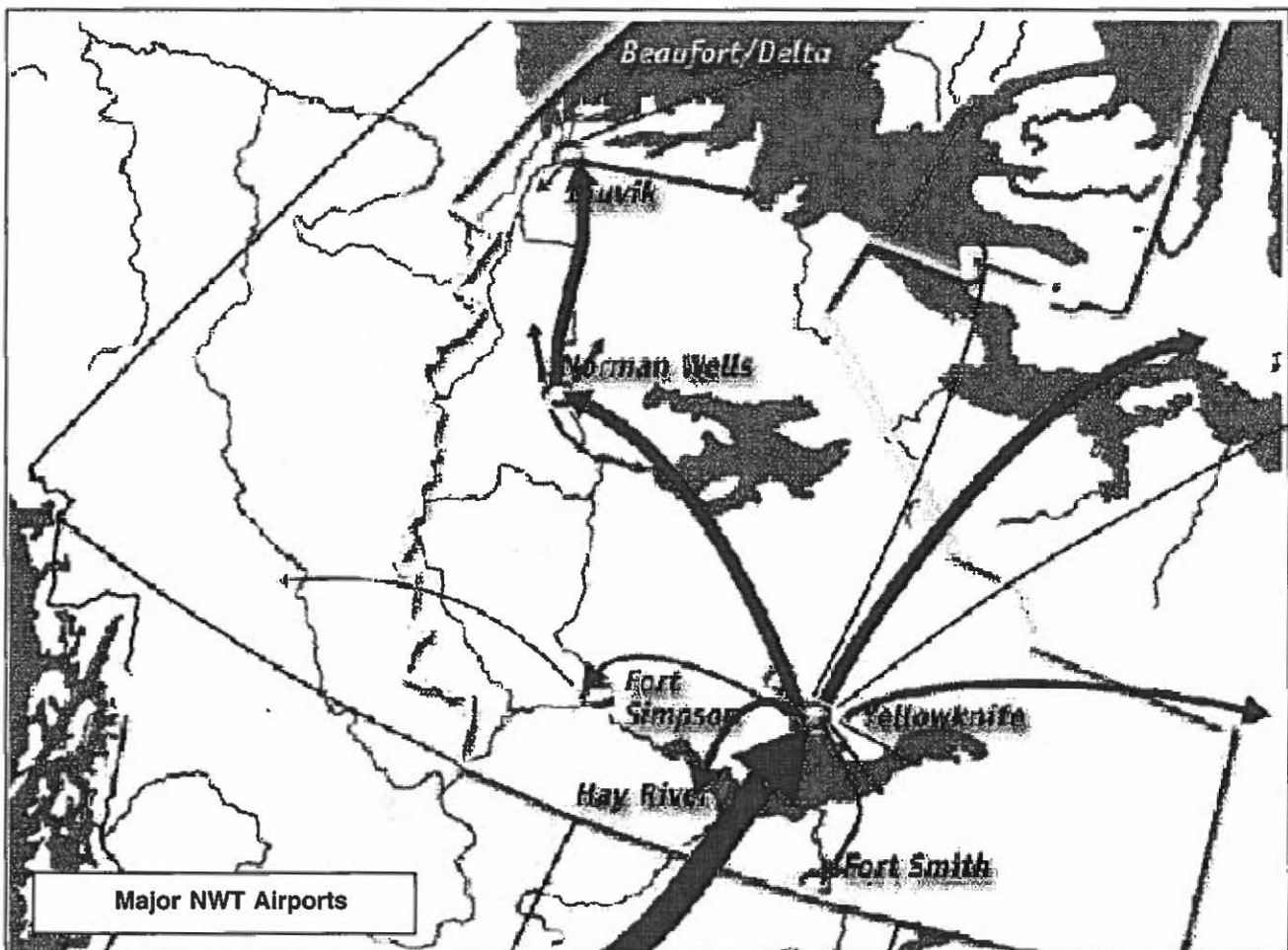
Ferry Crossing	Spring Out of Service	Fall Out of Service
Providence	April 16 - May 14	None
Fort Simpson	April 17 - May 15	November 12 - 27
Ndulee (to Wrigley)	April 17 - May 18	October 27 - January 19
Fort McPherson (to Inuvik)	May 1 - May 30	October 21 - December 15
Tsiigehtchic (to Inuvik)	May 1 - June 4	October 18 - December 24

Air Transportation Systems

In a region with vast distances but limited road access, air transportation is critical to the movement of goods and people. Most communities in the NWT have an airport. Unlike other parts of Canada, most planes carry a mix of freight and people. This allows some degree of flexibility in terms of revenue generation for operators.

Air travel charges in the NWT are high for a number of reasons. First, we have a sparse population spread over long distances. Second, airline fuel and maintenance costs are very high in the NWT. Third, there is a large cargo imbalance, as most planes return south with little freight from the NWT. New fees being phased in by Nav Canada may increase air travel costs even more.

The GNWT currently operates 27 airports. There are also private airports at the Ekati and Diavik mines and at some lodges on Great Bear Lake and the East Arm of Great Slave Lake. Yellowknife is considered a "gateway" airport while Inuvik and Norman Wells are regional hubs.



Oil and Gas Pipelines

There are currently two oil and gas pipelines operating in the NWT – the Pointed Mountain gas pipeline and the Norman Wells/Zama Lake oil pipeline.

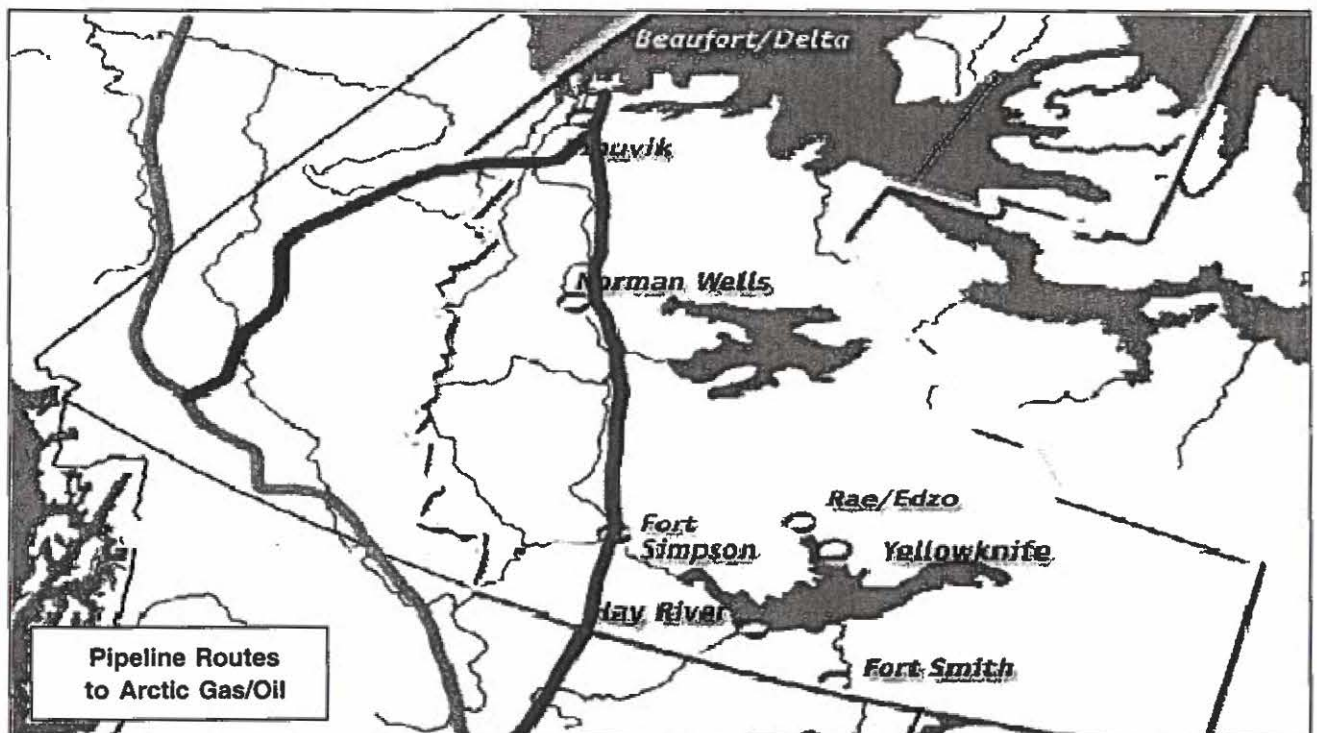
The Panel is confident that gas deposits found in the territory are economically feasible to develop and to justify the construction of a pipeline to southern markets. The deposits could also make it feasible for nearby communities to use gas as a substitute for oil imports.

Interest has also been shown in development of a gas pipeline from Prudhoe Bay in Alaska. A logical route for this line would be through the Mackenzie Valley. However, there are competing route proposals through the Yukon.

Development of a pipeline down the Mackenzie Valley would create significant economic benefits – likely over 5,000 direct jobs. Should residents have an equity position, the pipeline could provide a substantial source of tariff revenues. Other potential revenues are addressed in the Non-Renewable Resources chapter.



Constructing the Ikhil Gas Pipeline



Telecommunication Costs

In a recent NWT Chamber of Commerce survey, more than half of all territorial businesses identified telephone, fax and other communications costs as a significant problem. Cellular phone users in the NWT, for example, pay 2.6 times as much as Albertans for Telus Mobility service.

Wireless and cellular are expected to account for 25% of all national phone usage in the near future. In other parts of Canada these systems are rapidly evolving to include value-added services and high-speed data communications, but similar services, are not available to NWT businesses or consumers, at least at a competitive price.

Long distance phone costs in the NWT restrict our ability to expand into new markets. This is particularly true for e-commerce sales. Many Internet customers do not want to send their credit card numbers by email. Yet many small craft or tourism businesses in the NWT cannot afford to set up 800 numbers or to accept collect calls. These severely limit our competitive advantage.

Kevin Diebold
Panel Member

Internet Access

The Canadian Federation of Independent Businesses estimates that between 50 and 60% of all businesses have Internet access. For businesses in the NWT the Internet offers some real advantages:

- It reduces the cost of communications;
- Provides access to world markets at reduced costs; and
- Allows businesses to access new suppliers and services.

As part of its vision for the year 2025, the Panel sees the Internet as being an integral part of community life. It will provide businesses with marketing tools to reach potential customers, communities with a means of promoting culture, harvesters with market information and students with access to some of the best universities through on-line learning. Yet the NWT has a long way to go. Outside of regional centres, Fort Providence is the only community out of 26 with local Internet access. By contrast, all communities in the Kitikmeot Region of Nunavut have local dial-up access.

The biggest barrier to remote communities being connected to the Internet is the monthly recurring cost. Not including the space needed to house the server, it costs at least \$3,000 per month for a private company to offer local Internet access.

In addition, there are support costs for users and for the servicer, plus all support equipment.

Given the high monthly costs and small number of potential subscribers in smaller communities, it is currently very difficult to provide Internet services at affordable rates.

Jeff Philips. GEO
SSIMicro
Fort Providence

ISSUES AND RECOMMENDATIONS

Our transportation system is underdeveloped, resulting in higher costs for all communities, especially those without road access.

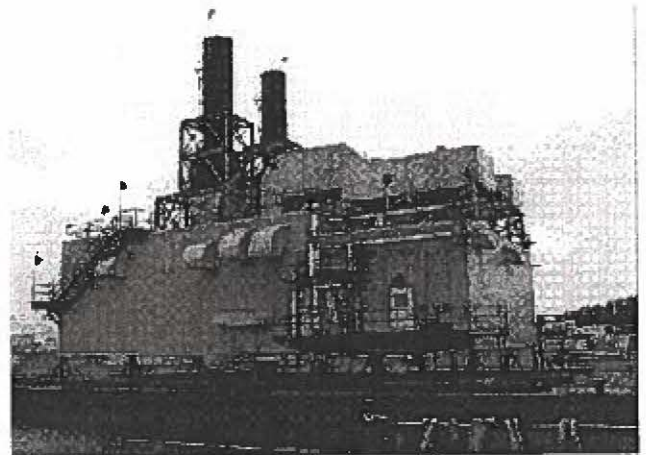
Maintenance of existing road infrastructure is expensive and under-funded. Development activity increases maintenance costs to the GNWT but it does not benefit greatly from those developments. As well, gravel surfaces, treacherous curves and poor surface conditions make safety an issue.

- 24. Upgrade the structural capacity of existing highways and improve surfacing to accommodate industry traffic and improve safety for residents. Funding should be accessed through the National Highway Program, which is responsible for connecting provincial and territorial capitals.**
- 25. Improve the surface of other NWT highways not included in the National Highway Program, extend the system and improve its safety.**

The extent to which new road construction to mineral resources will result in new economic development is not clear. Mining and exploration companies in the Slave Province have indicated that the existing winter road is adequate. A winter road would have less environmental impact than an all-season road, and pipeline construction along the Mackenzie River could also be done with a combination of winter roads and marine transport. Although not required, year-round access would help lower costs for these developments.

However, costs in communities along the Mackenzie River would be reduced with road access and this is the primary justification for road construction. Other opportunities, such as tourism, would also be opened by road development.

The potential environmental impacts of road or pipeline construction would require extensive review. Combining road and pipeline development in a "transportation corridor" could reduce environmental impacts and lower overall costs. Development of a transportation corridor



Mackenzie Barge Delivery

is well beyond the means of the Government of the Northwest Territories to fund. The potential benefits, however, provide a strong rationale to obtain additional or special funding from the Federal government or industry partners.

- 26. Develop a Mackenzie transportation corridor that includes pipeline development.**
- 27. The GNWT should promote partnerships in the development of transportation infrastructure based on costs and benefits to governments and industry for the projects in question.**
- 28. Improve winter road access to isolated communities and resource areas through improvements that would extend seasonal use.**
- Accessibility is not just a matter of physical access. Access to low-cost communications is essential in order for us to participate in the world economy. Low-cost Internet access in all communities is not yet a reality.
- 29. Improve and expand access to Internet and telecommunications services for all communities.**

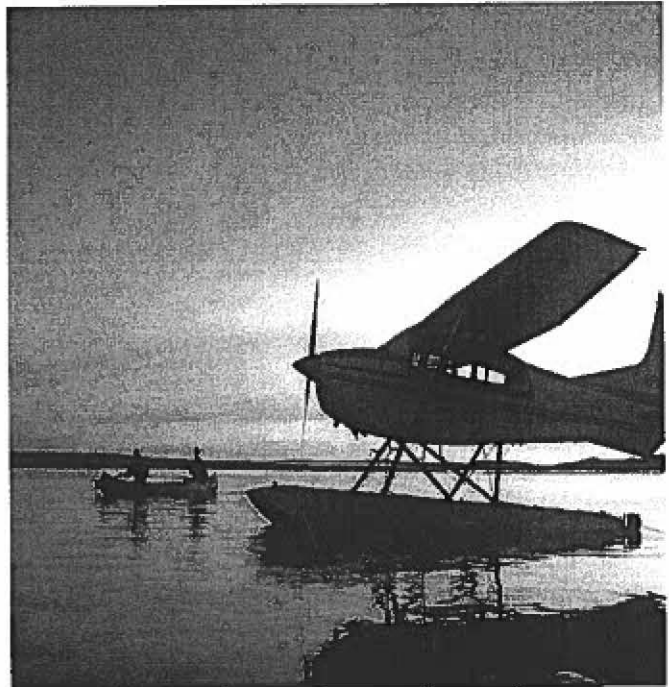
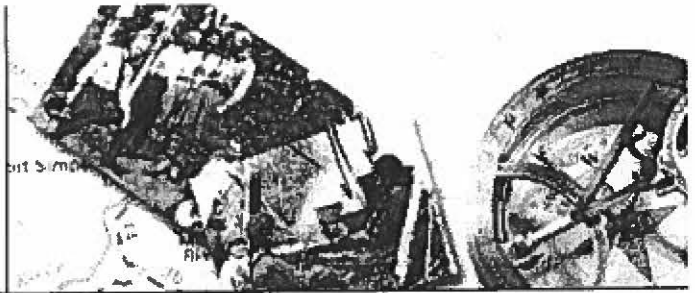
10 Economic Diversification

The Northwest Territories has a wealth of mineral and petroleum resources; however, from an economic development perspective, relying on this wealth has a weakness. Focusing development on one or two commodities will leave our economy vulnerable to world market forces. A healthy economy has a broad base and a variety of opportunities. We have opportunities in a number of sectors that need continued attention to ensure long-term growth that takes advantage of our full potential.

Tourism is a promising adjunct to our resource extraction economy. It involves a wide range of services and a variety of opportunities, attractions and employment. In 1998, over 45,000 people visited the NWT for leisure travel, a moderate increase over the number estimated from a 1994 survey. Tourism is a rapidly expanding worldwide industry. Niche markets, such as Japanese tourists viewing the Aurora, have increased dramatically. Competition from other northern areas and countries has also increased.

Small business is an area that touches every community and every sector. The tourism sector, for example, is made up of small independent businesses providing a variety of services. Although the minerals and oil and gas sectors are led by large companies, it is the locally based small businesses that provide the services and secondary jobs related to these other sectors. Small business is a cornerstone of the economy, ensuring that a wide variety of goods and services are available to residents.

A variety of funding agencies are available to help this sector grow. Banks, aboriginal development corporations, Community Futures organizations, the Business Credit Corporation and the NWT Development Corporation, among others, are all available to provide financing to small businesses.



A key strategy for any economy is to add value to a raw product by further processing. The new product can either replace an import or be exported. This value-added activity is represented by the **manufacturing** sector, which has the potential to broaden our economic base and create local employment.

The land-based **traditional economy** continues to play a key role for aboriginal people regardless of where they live. Though it offers limited cash income opportunities, hunting and fishing produce many important goods such as food or clothing that are not measured in any economic accounts. As well, the land supports cultural values and lifestyles.

Arts and crafts is in a similar position. The value is not well documented, but the number of people involved is large relative to the population. It provides an alternate source of income for many, is linked to development of other sectors such as tourism, and is an important means of recognizing and defining our diverse cultures.

A number of other opportunities exist that take advantage of our natural resources and supply the needs of residents and businesses in the Northwest Territories. These varied activities, outlined in the following section, face distinct challenges and require differing approaches to ensure growth. They all provide either direct income or alternative employment or lifestyle opportunities required for a diversified economy.

Everything we ship out of the NWT goes out raw. If we are going to truly develop our economy we need to process more of these products, we need to capture more of the value-added. For example, some institutions may want fish, but they usually buy processed products from down south. We need to get more involved with processing these resources in the NWT.

Darrell Beaulieu
Panel Co-Chair

Store in Fort Resolution



ISSUES AND RECOMMENDATIONS

Tourism

Our tourism industry has been experiencing low growth rates compared to other jurisdictions. Our poor showing has been linked to declining private and public investment in product development and marketing. Our facilities are aging at a time when new facilities are required to take advantage of new opportunities. Our marketing effort has declined at a time when other jurisdictions continue to actively promote attractions and services. The marketing that remains is not strongly targeted to specific attractions, nor do we have a strong Northwest Territories identity on which to build a marketing campaign. Industry needs to be directly involved in the development of marketing campaigns.

30. Government and industry should investigate the development of a tourism authority responsible for NWT-wide image and marketing and overall operational authority for tourism.

31. Provide the authority with adequate funding for marketing and incentives for product development. Government should also undertake direct investment to improve tourism infrastructure.

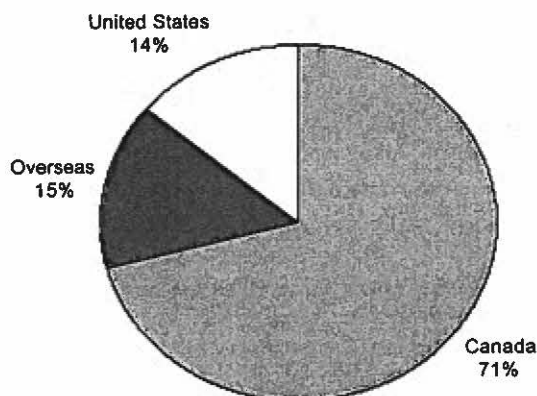
It is difficult for investors to become involved in this sector. Obtaining a licence is a daunting, time-consuming task because of the varied land access requirements and regulatory and licensing processes.

32. Appropriate regulatory functions should be devolved to claims-based regional authorities to oversee tourism products and services in keeping with the trend to self-government.

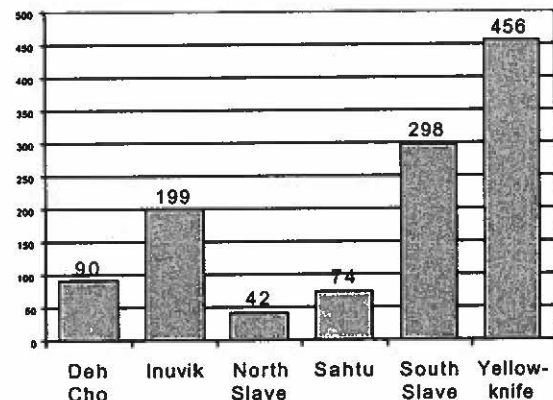
Tourism Facts in 2000

The largest component of the tourist trade by volume is the summer general touring category which in 1998 was estimated to be approximately 18,500 people. Those visiting family and friends account for another 8,500. Aurora viewers, almost entirely Japanese visiting in winter, comprised around 6,000 people in 1998/99, while some 1,300 hunters and 1,000 anglers visited in 1998.

Origins of Visitors to the NWT, 1999



Accommodation Beds by NWT Region



Small Business

Like other sectors, the quality and costs of transportation and communications infrastructure affect business costs and resultant costs to consumers. Operating costs remain high for Northwest Territories' businesses compared to southern competition. Incentives to establish new businesses or to help existing businesses grow, such as provided through the Business Incentive Policy (BIP), have been declining with the decrease in government direct purchasing and contracting. Panel members expressed concern over BIP and its implementation.

Incentives to help aboriginal businesses grow, and to further develop regional business capacity, have not been consistent. Government contracting practices have not been consistently applied in support of aboriginal business development. Aboriginal businesses can also help each other by reducing barriers between regions, so that businesses in one region can bid on contracts in another region or establish businesses in regions other than their own.

33. The Business Incentive Policy must be completely revised. It should focus on project-specific benefits rather than licensing.

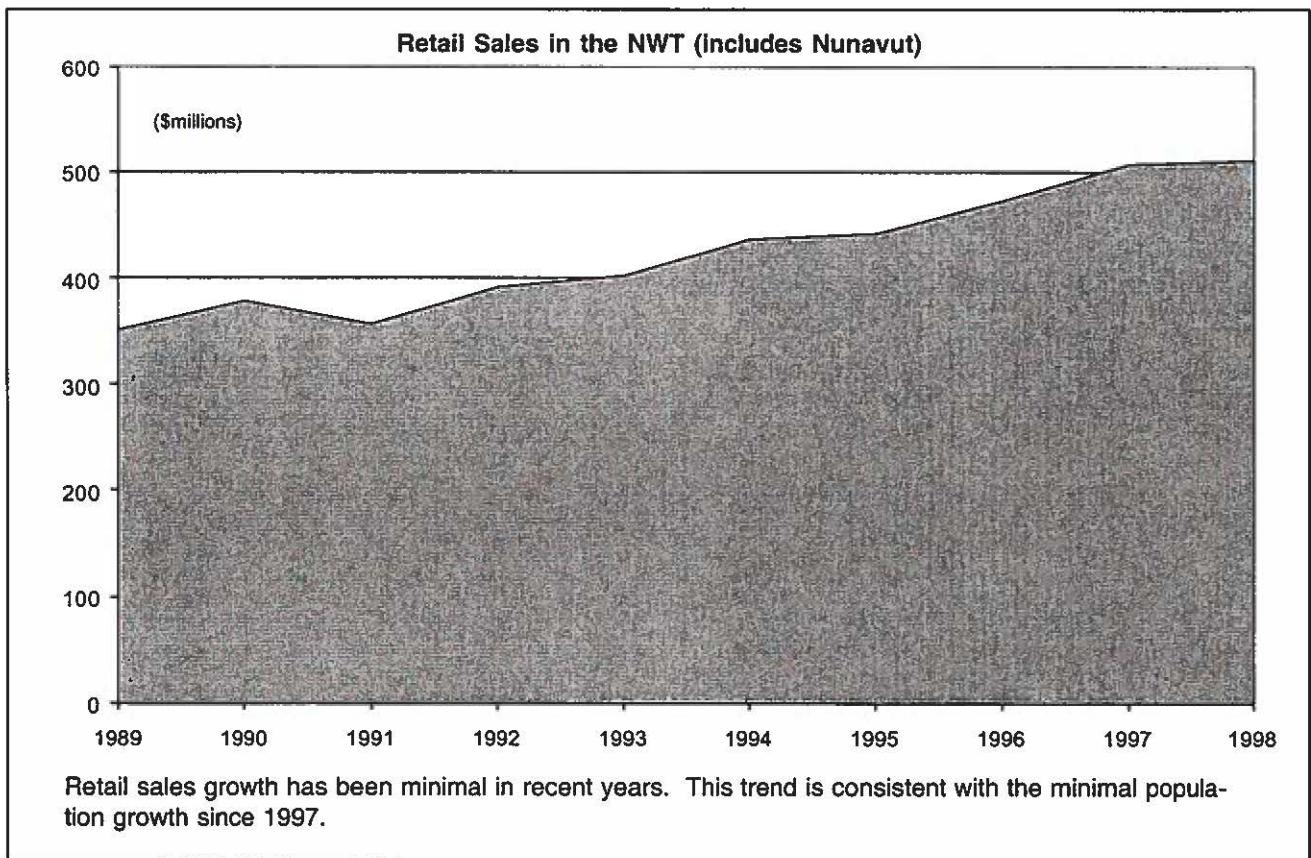
34. Develop a policy on use of negotiated contracts to ensure broadly based training and employment benefits.

35. Barriers to inter-regional commerce and trade must be eliminated for all levels of government.

36. GNWT contracts should be made public with sufficient lead time to allow for local bids.

Global competition and e-commerce present new challenges and opportunities for local businesses. Not all communities have Internet connections to allow them to benefit from this tool. This issue is addressed in the Transportation and Communications chapter.

Support for the small business sector is needed to help build community and regional capacity, but must be



tempered by market realities and competitiveness. Programs need to be geared towards enhancing competitiveness rather than isolating businesses from market realities.

There are gaps and overlaps in existing funding programs for small business. Businesses can access funding from a number of sources within the GNWT, from aboriginal corporations, banks and federal government agencies. The added expense to government, and confusion to business, is unnecessary. Panel members noted that the majority of current funding often goes to the same businesses while other businesses do not receive assistance. Market disruption criteria on some funding programs are also a disincentive.

37. Financial assistance and business advisors must work together to streamline access to lending programs and services. Public and private providers, including banks, need to cooperate.

38. Programs should be available on a regional basis and be responsive to regional circumstances. Programs should also be reviewed to ensure they are consistent with new, regionalized, delivery methods.

39. Increased risk capital must be available to meet regional lending requirements.

Opportunities exist for home-based micro-businesses but funding may not be readily available. Also, there are disincentives to personal initiative such as increased housing rents or reduced social assistance when additional income is earned. The recommendation to address this issue is dealt with in the People chapter.

The GNWT payroll tax was introduced to attempt to obtain benefits from rotational workers who did not reside in the NWT. The real impact is that all employers, and hence consumers, pay the tax, with the additional paperwork burden on small business. The end result is little net benefit to the NWT. The tax also serves as a disincentive to new investment in the small business sector as well as in resource development.

40. The GNWT must eliminate the payroll tax.

In terms of the payroll tax, I agree with the Chairman, Darrell Beaulieu, it's not doing the job it was intended for. If I remember right, it was designed to encourage southern workers to live in the NWT. I don't think it's doing this; if you make over a certain amount of income, everyone pays the same.

The tax is, however, increasing the cost of doing business in the NWT, for very little return to the Government. The Town of Inuvik recently had to pay significant extra costs to alter its new payroll system to accommodate the tax. I am sure this is true of other businesses. Companies that write these payroll programs are not going to invest in developing separate code for a small population like the NWT.

There are also times when the tax actually puts NWT businesses at a disadvantage. The obvious example is when a company is trying to sell NWT products or services in places like Alberta or the Yukon. Most businesses in Alberta already pay lower taxes than their NWT competitors.

Finally, if a non-NWT company sends workers north to complete a job, they usually don't pay the payroll tax at all. Both the workers address and their payroll office are in southern Canada. This puts NWT companies and their workers at a distinct disadvantage.

George Roach
Panel Member

Manufacturing

Awareness of northern manufactured products by northerners is often low or non-existent. Manufacturers have concentrated on developing products and have not had the time or resources to devote to marketing and market development. Northerners are also not generally aware of the range of products and potential of this sector for replacing imports and developing exports.

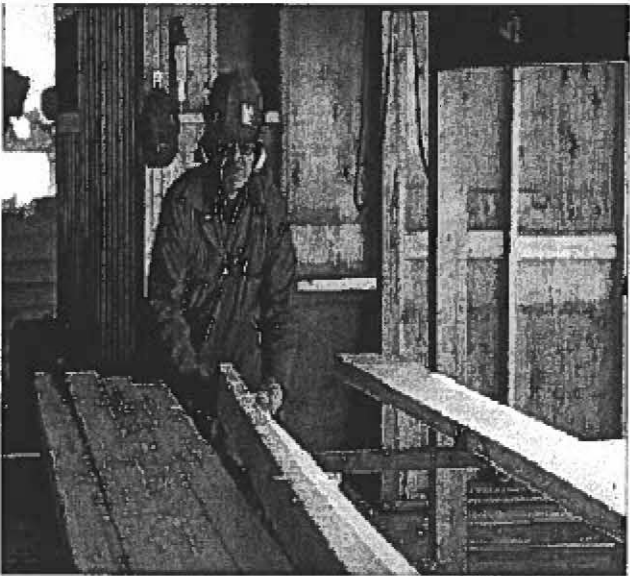
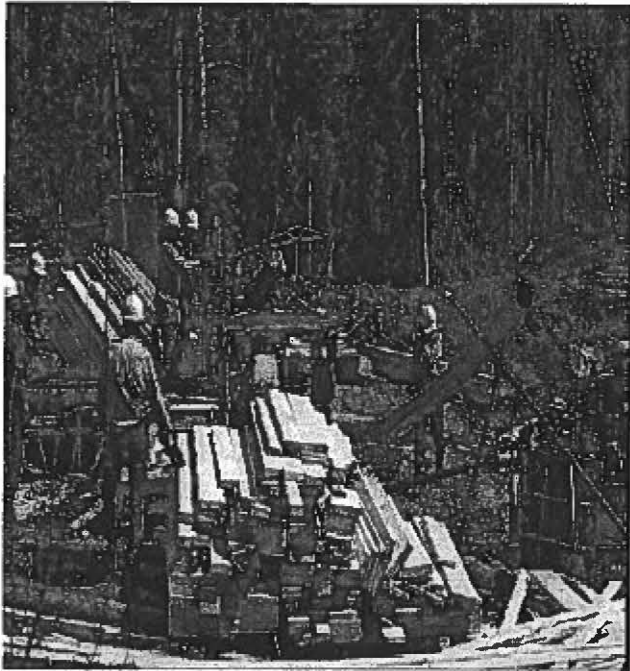
Examples of production-related issues include limited access to forest resources as a primary source of raw materials for local manufacture and lack of clearly defined sustainable yields. These issues are dealt with in the Forestry section below. Obtaining access to rough diamonds required considerable government effort and resources to ensure cutting and polishing jobs were developed and will remain in the north.

Government purchasing sometimes leaves insufficient lead time to allow manufacturers to gear up for economical production runs. Many government purchasers, as well, may not be aware of northern products.

41. Government should work with industry to develop a manufacturing strategy that addresses marketing, research and development for the sector. The sector should encompass a broad range of value-added activity and include an export development component.



Locally Built Log Home



Forestry

Lack of resource inventories, timber growth and yield information and uncertainty over long-term land access are ongoing impediments to development in this sector. Cutting may affect more than the forest and must also take into consideration the possible effects on wildlife and environmentally sensitive areas. Sustainable harvest levels cannot be determined without this information.

Although the forested area in the NWT is huge, the portions that might be commercially viable are limited by accessibility and by size of timber. Forest management resources would best be targeted to these commercial areas.

42. Government, in consultation with land claimant and regional aboriginal groups and communities, must review regulatory requirements towards:

- Improving access and tenure;
- Setting stumpage fees that encourage development while ensuring forest renewal;
- Securing and longer-term tenure;
- Setting clear management standards for sustainable use of our forests; and
- Completing the Sustainable Forestry Policy.

43. Resource inventories should be completed, focussing on those areas with economic potential.

Non-timber uses of forests, such as morel mushroom harvesting, have increased and have significant potential. There is little being done to promote these opportunities or deal with potential problems of harvesting alternative forest resources. Recent interest in morel mushroom harvesting is an example. Past harvest levels have been estimated at only 1% of the potential.

Mushroom harvesting is a very labour intensive industry offering substantial seasonal employment opportunities. Lack of any regulation or policy around this opportunity led to disputes regarding picking rights in prime areas in the 1999 season.

44. Regulations may be necessary for managing the non-timber uses of forest resources, particularly in light of morel mushroom potential.

Agriculture

Contrary to popular belief, the Northwest Territories has considerable land areas suitable for agriculture. Opportunities are limited, however, by climate, land access and competing uses of land, and the high costs of developing and maintaining production. Economic viability in this sector has been largely limited to intensive production not requiring a large land base. Successful greenhouses, berry farms, chicken and egg production and other similar agricultural pursuits have been successfully developed.

There are significant small-scale opportunities that are restricted until settlement of land claims clarifies land access issues. There is potential for small-scale local production to replace imports once land issues are dealt with.

45. Local use of agricultural products should be encouraged and supported. Public institutions and agencies should be encouraged to use local produce through development of a GNWT procurement policy.



Arts, Crafts and Culture

This sector is characterized by a fragmented production system and lacks a clear product identity for the Northwest Territories (unlike Inuit art and Nunavut, for example). The availability of products for retailers is also inconsistent. The range of products is limited, and quality-control and standardization in sizing are ongoing issues.

The sector's estimated value is only about \$4 million annually but it remains important for the many people involved. It is also important because it is used to supplement other income, especially among older people. The 1999 Labour Force Survey found the highest participation rates in arts and crafts were among the 60 and over age group.

A number of agencies are involved in development of the sector including RWED, DIAND, ECE, NWT Development Corporation, HRDC, the Dene Cultural Institute and aboriginal corporations. There are no formal linkages between the programs offered by these agencies. The arts and crafts sector could benefit if these programs were coordinated.

From the producers' perspective, access to raw materials is an ongoing problem, and product development is suffering without training or the passage of skills to new artists or artisans.

New opportunities in the area of location filming or development of local productions are opening, but government financial support is limited compared to incentives offered in other jurisdictions.

46. Develop a more coordinated approach to training, raw material supply, product development and marketing. The various delivery agencies should work toward a more common approach and focus support in areas where it is most needed.

Traditional Economy

Because the goods in this sector are generally not bought or sold, it is often undervalued when looked at from an economic perspective. The value of import replacements from wildlife harvest for local consumption make this sector a key component of our economy. Many people continue to rely on resource harvesting for food and other necessities. As well, the lifestyle and cultural values supported by this sector make it of continuing importance.

Continued low fur prices reduce people's ability to pay for access to other traditional pursuits. Residents of small communities are especially hard hit by this squeeze of lower incomes and higher costs. Almost 75% of harvesting activities occurs in communities with populations less than 1,000. These economic realities are resulting in fewer young people developing land skills. Harvesters play an important role in being the "eyes and ears" of resource managers. Fewer people using the land has implications for resource monitoring.

Current support for this sector is varied and prone to duplication. The federal government, GNWT, and aboriginal governments provide various support programs. Aboriginal governments are concerned that efforts on their part to support traditional activities might be seen as an opportunity for the Government of the Northwest Territories to reduce its level of support. Monitoring the impacts of development also involves these three government levels. Aboriginal organizations may not have the capacity to monitor land usage effectively on their own. Specific programs and use of local harvester knowledge could address this shortcoming.

Aboriginal people in my community make good use of traditional medicines. A lot of traditional medicines, like spruce gum, have proven traditional values. We need to make better use of these resources, perhaps even supply them to people outside the traditional area.

Alphonsine McNeeley
Panel Member

Commercial opportunities linked to traditional pursuits have been limited, but some areas such as reindeer herding and the Banks and Victoria Islands musk-ox harvests have the potential to create sustainable jobs.

47. Develop partnerships between the GNWT and aboriginal governments and the federal government to:

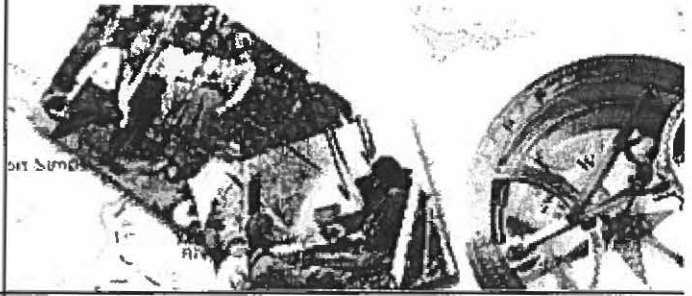
- Reduce duplication and better coordinate continued support where it is needed most;
- Improve support for full-time harvesters;
- Support value-added processing of wildlife harvests;
- Promote local products to replace imports; and
- Ensure training for young people.

48. Improve the measurement of total economic values of the traditional economy.

49. Expand baseline data on ecosystems, wildlife and sustainable harvest levels.



11 Non-Renewable Resources



For much of the twentieth century, mineral and oil and gas development has been the Northwest Territories' primary source of economic activity and will continue to be for many years to come. The recent diamond mine development and continued exploration, along with recent natural gas discoveries, highlights the sector's importance.

The mineral development sector consists of two parts: exploration and development. Exploration is important in the near term because of the direct economic activity it generates. In the long term, it is required to identify new deposits that can be brought into production.

The discovery of diamonds sparked an exploration boom in 1991. BHP has now been in production for over a year, and Diavik and Winspear are gearing up for construction of additional mines. A Monopros Ltd. property also shows significant potential. The Northwest Territories is expected to be the fourth largest diamond producer in the world. These developments have also led to the creation of a secondary diamond industry in the Northwest Territories.

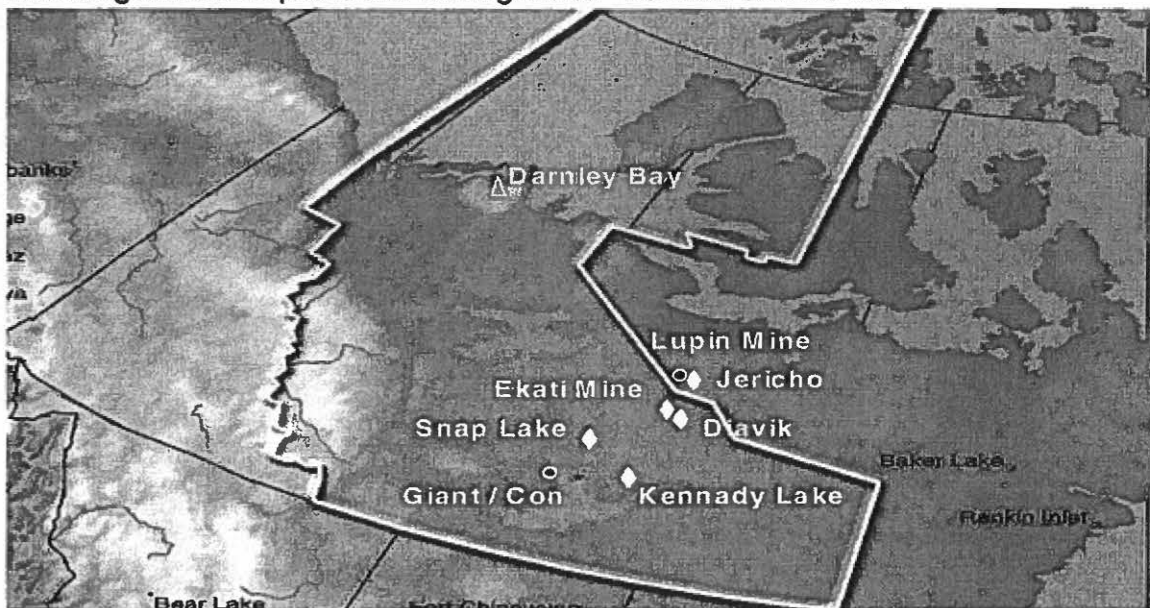
These projects highlight the link between exploration

and development and the need to promote both. A 1997 Fraser Institute survey of mining companies ranked the Northwest Territories as number one in Canada for mineral potential, but these same companies indicated the potential is offset by the lack of infrastructure and an uncertain investment environment.

In the petroleum sector, discoveries of gas in the Beaufort in the 1980s have been supplemented by recent discoveries in the Liard area. Global environmental factors resulting in increased use of natural gas for fuel have increased prices, and demand is expected to increase further. Easier access to southern pipeline infrastructure has also contributed to the economic viability of a potential Mackenzie Valley pipeline, linking gas fields from the Beaufort to Liard with southern markets. That pipeline could be in place within seven years.

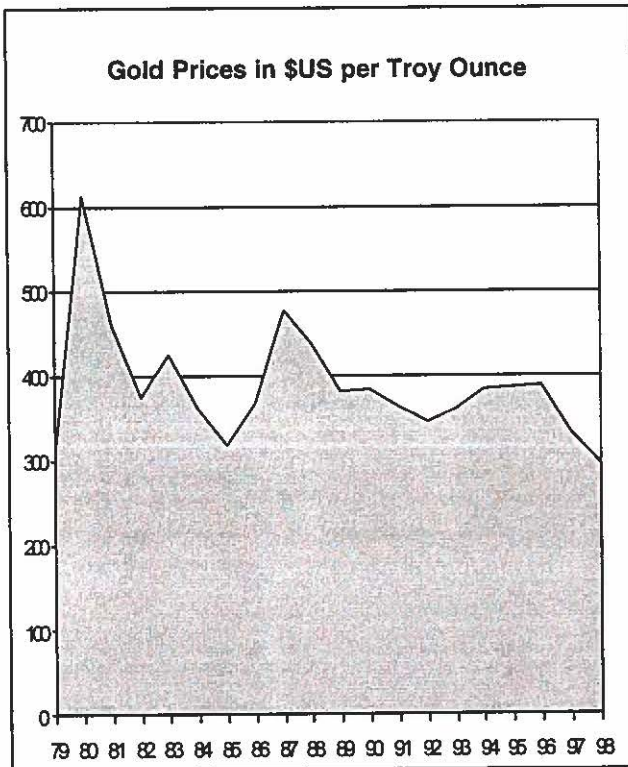
Pipeline construction at this scale could result in the most significant short-term economic boom the Northwest Territories has ever experienced. Once the pipeline is built, however, continued economic benefit would come from resource revenues. The federal government will receive those royalties under the current regime.

Promising Mineral Deposits and Existing Mines - Nunavut and the NWT



ISSUES AND RECOMMENDATIONS

The basic issues faced by the minerals and oil and gas sectors are similar. Their operational requirements and specific issues differ. The issues specific to each are outlined separately below, but recommendations are common to both and are combined at the end of this chapter.



Mineral Development

A number of market changes in the past five years have combined to result in the decline of exploration in the NWT. These include:

Low metal prices – gold and other metal prices have been depressed since 1996 due to a combination of factors including selling by central banks, hedging programs and speculation in the gold market;

Scandals and risk – in Canada, the Bre-X scandal, depressed gold prices, and the emergence of investor interest in the high-tech sector has eroded investor interest in the mining sector, particularly in smaller exploration companies;

Competition for mining dollars – there are now in the order of 100 countries competing for a finite pool of exploration capital, an increase of 50% in the last decade. During this period, a significant proportion of exploration spending by Canada's top and junior mining companies has shifted from Canada to overseas targets; and

Geological mapping has occurred only at a compilation or regional scale. Much of this work was done more than 25 years ago and lacks the advantages of modern technology and practices. Better information is required to attract continued investment. Mapping initiatives in the past were partially responsible for the discovery of diamonds. The potential payback from this activity, is huge.

Oil and Gas Development

Unlike the minerals sector, there has been a significant increase in investment in oil and gas exploration in the NWT over the past five years as a result of:

Economic activity – the American economy continues to expand, resulting in an increase in the demand for oil, primarily for transportation, and for gas for industrial use. This, combined with OPEC production cutbacks, has worked to increase fuel prices;

Declining southern reserves: Oil and gas reserves in both southern Canada, primarily Alberta, and in the United States continue to decline. This results in the two countries having to expand exploration into the frontiers. In the case of the United States, this means the deeper waters of the Gulf of Mexico. In the case of Canada, it means the offshore East Coast (Hibernia and Sable Island, for example) and north of the 60th parallel;

Expanded pipeline capacity – Canadian pipeline companies continue to expand the take-away capacity of the gas pipeline system resulting in the demand for more gas to fill the system; and

Demand for natural gas – as North America attempts to determine how best to meet the commitments of the Kyoto Protocol aimed at reducing greenhouse gases, many industries, particularly the electricity generating sector, are moving away from coal and towards gas as the environmental fuel of choice. This increased demand has led to an increase in price.

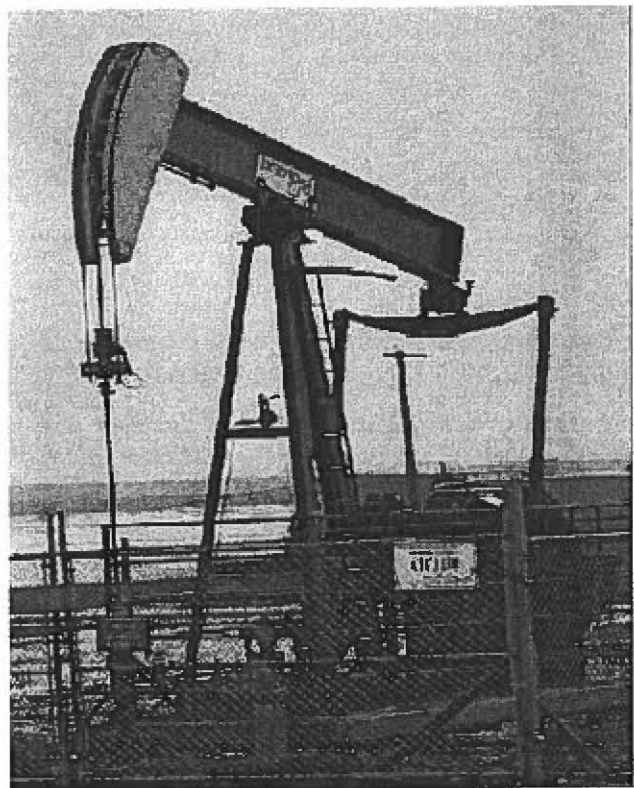
The fundamental issue common to both sectors is ownership of the resources. Without ownership, we have no control over how or what development occurs and we receive no resource revenues. The lack of resource revenue sharing has profound implications at the territorial level. While the GNWT and aboriginal governments are ready to support major non-renewable resource development, they are handicapped by a lack of capital. Aboriginal organizations and the territorial government have no money to invest in resource development or to prepare for it.

The GNWT is having difficulty meeting its present responsibilities, such as development of infrastructure and the provision of services. This is due in part to past federal transfers which have devolved the “cost drivers” while retaining the revenue generators as federal responsibilities. While development brings much needed

employment and business opportunities, the adverse impacts on infrastructure and service costs cannot be adequately addressed due to an outdated formula financing arrangement between the federal and territorial governments. All this leads to great frustration and concern that development decisions will continue to be made by non-residents, with benefits going outside the NWT.

Regardless of the level of development in minerals or oil and gas, the Government of the Northwest Territories does not receive a fair share of resource development benefits for three reasons. First, royalty payments flow directly to the federal government. Secondly, rotational workers not living in the north, although using facilities and services in the NWT and earning their money here, pay taxes to provincial governments. And third, the formula financing arrangement with the federal government claws back a large portion of any revenue gains.

The size of developments is also an issue. Although we have high unemployment rates, lack of mobility and low training and educational levels will make it difficult for residents to access available job opportunities.



While NWT's geology rates as one of Canada's most favourable for the discovery of new resources, public policies which industry perceives as unfavourable are increasingly threatening new exploration. These include:

Protected areas strategy – industry is uncertain about where lands will be protected, whether land will be expropriated and, if so, whether there will be compensation, and at what level;

Mackenzie Valley Resource Management Act – the Act provides for the creation of an umbrella environmental review agency, whose board is made up of people from the NWT. Like all new agencies, however, it will take time for the board to develop its operating procedures and guidelines. At the same time, the Board is under pressure to review a wide variety of development proposals. Unlike similar agencies in other parts of Canada, where resources are linked to development demands, this board's resources are fixed. This underfunding will inevitably result in project delays. While the Act establishes the board as the NWT's senior environmental review agency, DIAND's recent direct negotiation of environmental agreements in a closed process could undermine the board's authority and credibility;

Over-regulation and duplication – investors believe mineral development in the NWT is over-regulated and sometimes duplicative. For instance, DIAND, MVEIRB, GNWT-RWED all must review a proposal with respect to water quality; and

Consultations and expectations – community impact benefits agreements, socio-economic agreements and a variety of regional consultation requirements currently provide our only means to ensure direct northern benefits from developments, but regulatory uncertainty complicates development planning.

50. The federal government must devolve resource management responsibility and authority and provide for resource revenue sharing, to the GNWT and aboriginal governments.



Mining Exploration Camp



Mine Rescue Team in Pine Point



Running the Hoist

Non-renewable resource development is critical to the NWT's economic development, but it involves a multitude of often conflicting development interests, and complex environmental, socio-economic and land issues as well as fiscal considerations.

51. The Government of the Northwest Territories work with the federal and aboriginal governments in development of a non-renewable Resource Development Strategy. Overall, the strategy should address the need to attract and retain investment, manage development and maximize benefits.

51.1 Attracting and retaining investment:

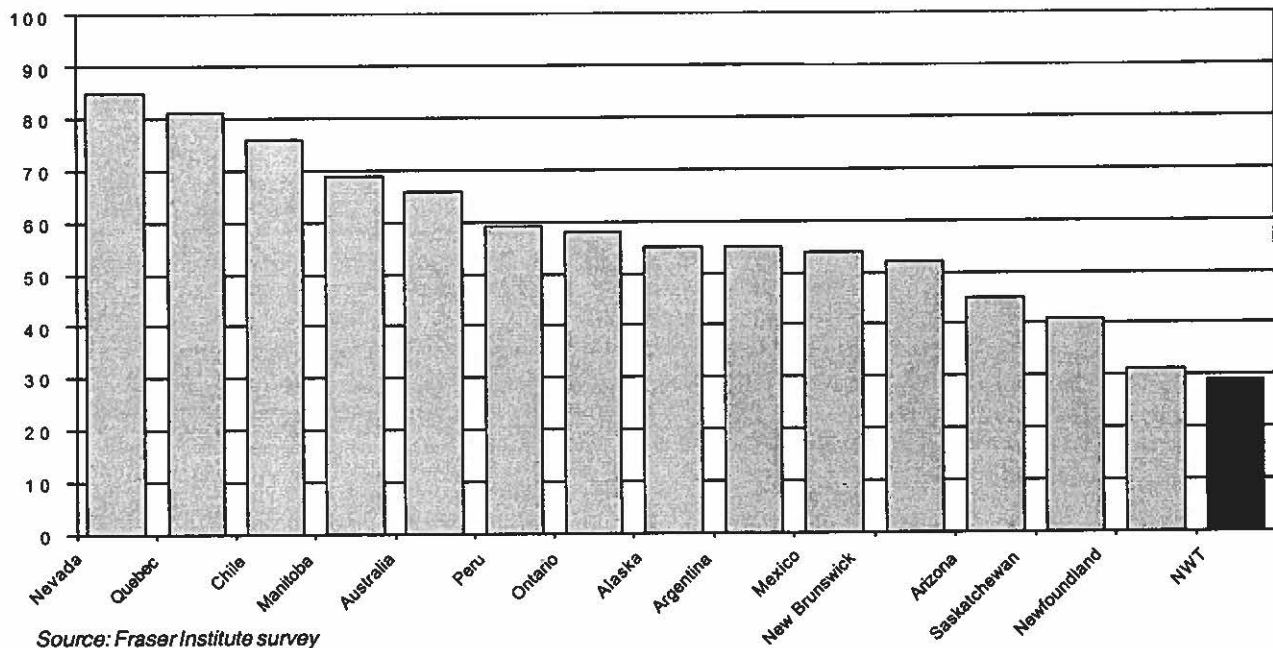
- Government should increase geological mapping programs to bring NWT mapping to at least national levels;
- Clearly define consultation requirements – with whom and how extensive;
- Provide clear guidelines for negotiation of impact benefits agreements and socio-economic agreements;
- Clarify environmental standards for developers;

- Define our expectations of developers regarding northern value-added and benefits;
- Improve access to land by ensuring there is a process to clearly define what lands are available, under what terms, with reference to the Protected Areas Strategy;
- Define infrastructure improvements that will facilitate investment;
- Provide incentives to encourage exploration; and
- Promote development to potential investors.

51.2 To better manage development:

- Improve environmental baseline and traditional knowledge data;
- Identify a process for streamlining existing regulatory procedures;
- Establish a new management regime, post-devolution, including monitoring of environmental and socio-economic impacts; and
- Ensure the Mackenzie Valley Resource Management Authority has sufficient resources to deal with the volume and technical complexity of existing and anticipated development proposals.

Ranking the NWT's Investment Attractiveness



51.3 To maximize benefits to Northwest Territories residents:

- Support at the community level for families of rotational workers;
- Provide programs for transport to rotational job sites;
- Tax and royalty regimes to encourage investment while maximizing benefits for NWT residents;
- Promote equity participation by Northwest Territories residents; and
- Create a NWT fund, from future resource revenues, to assist in diversification of the NWT economy.

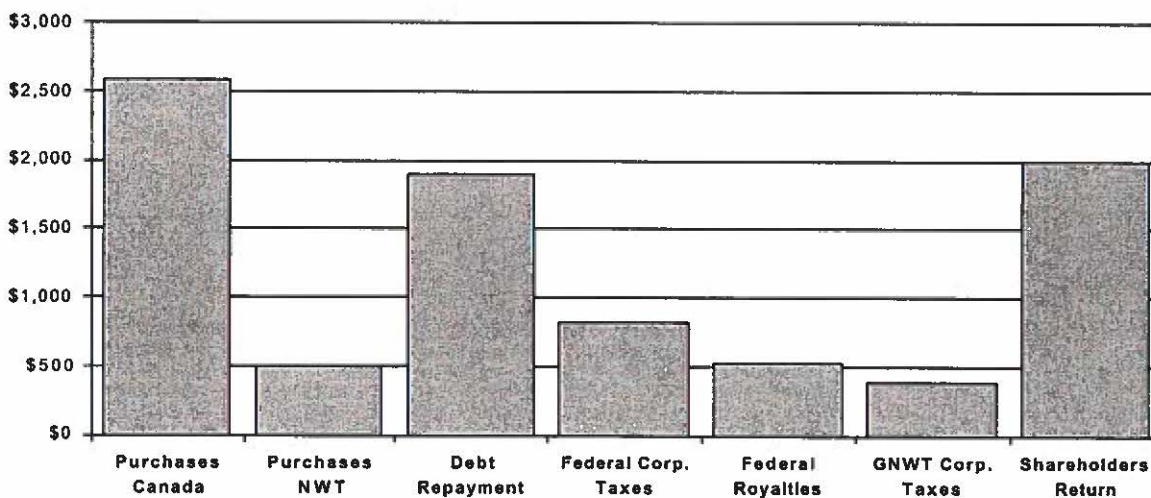
52. Benefits from resource development should accrue to all Northwest Territories residents while recognizing the primacy of specific existing and future land claim obligations.

53. The federal government should provide special development funding to meet immediate demands created by resource development. Funding is needed for:

- training;
- infrastructure; and
- environmental baseline data collection.

54. Aboriginal involvement in all phases of resource development should be supported. This would include investment in and development of those resources, resource management, revenue sharing and environmental reviews.

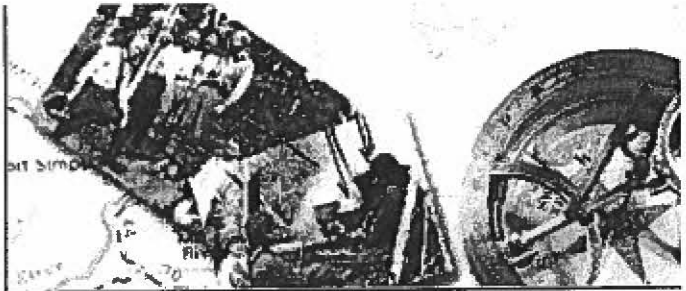
Distribution of Diamond Mine Dollars Over Project Life (\$millions)



Over the life of a typical diamond mine, each operation will spend about \$8.5 billion on purchases, payments to governments, capital costs and equity return. Of this amount only about 5% will be paid in corporate taxes to the GNWT. By contrast, the federal government will collect 15% of total company expenditures, i.e. three times as much as the GNWT. Under the formula financing arrangements which the GNWT negotiated with the Government of Canada, a substantial portion of the GNWT's share is clawed back through reduced transfers.

As shown above, six times as many purchases accrue to southern Canada. This reflects the fact that if a truck or similar capital item is purchased in the NWT, much of the benefit still accrues to southern Canada. Debt repayment reflects payments to banks and other lenders, while shareholders return includes equity repayment plus an added payment for risk.

12 Political Structure



Government has always played an important role in the economy of the Northwest Territories, and it will continue to play an important role in the future. But what should that role be?

The Panel believes we need to come to some consensus on the role of government, and then to reshape government in the light of that consensus. By "government" the Panel means the federal government, the GNWT and the emerging aboriginal governments.

Over the last two decades, faced with a deficit problem and the desire of residents for more local control, governments everywhere introduced significant changes. They downsized, consolidated departments and functions, contracted out services to the private sector and entered into partnerships with aboriginal groups, communities, non-profit agencies and private sector companies for the direct delivery of services.

In the Northwest Territories these moves occurred along with other sweeping changes: the settlement of land claims, division of the Territories, and the emergence of local aboriginal self-governments. At the local level we are seeing the formation of "community governments" representing both aboriginal and public government interests. At the regional level, additional structures are emerging, such as, regional self-government, regional tribal councils, development corporations and a range of land claims organizations and co-management boards.

These organizations are gathering significant expertise in certain fields. Today, for example, there are more wildlife biologists and land-use planners working for aboriginal organizations than there are working for the territorial and NWT branches of the federal government combined. Some communities have also assumed

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responsibility for community economic development staff while loan programs are managed by regional Community Futures boards.

Good government is effective and efficient. It must deliver the best programs for the least money. In some cases this means transferring responsibility to local or regional groups. This is a dynamic process. Over time, governments in the NWT will continue to evolve, as will their relationships.

The potential for a variety of government levels and structures is of great concern to investors. Large-scale developers or even individuals wanting to become tourism outfitters see multiple levels of government as a disincentive. Questions such as whom must they contact and what authority each government level has, need to be addressed to ensure we can attract investment.

Dene National Assembly



ISSUES AND RECOMMENDATIONS

There is lack of coordination and communication between the federal and territorial governments—they are both running their own programs with very little coordination or co-operation. How will we reshape both governments to improve coordination?

There has been a large increase in the number of separate land claims-related organizations and institutions. This is creating problems in terms of coordination and cooperation and the capacity to operate separately. The three governments have not worked together effectively. The role of all three governments in creating regional economic communities is not clear.

A variety of government structures creates confusion on the part of investors and, of more concern, may frustrate or stifle necessary investment altogether. We have a multitude of governing structures for a population of just over 40,000. Are all these levels necessary?

55. The Government of the Northwest Territories must work with aboriginal and community governments to clarify new roles brought about by aboriginal self-government.

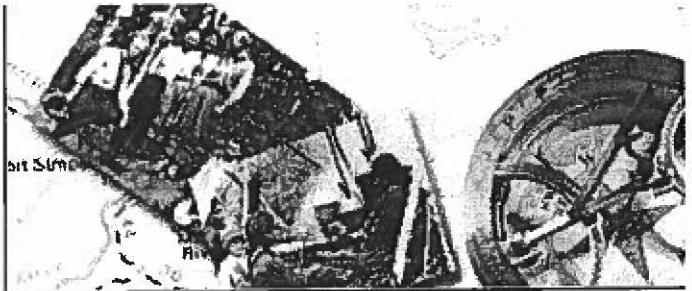
There is growing capacity and desire of regional governments to take on new functions and roles. Centralized government programs do not support this move towards regionalization but there remains a need for consistency and high standards of delivery.

56. The GNWT, federal and aboriginal governments should continue to work towards devolution of direct delivery to the regional level, while enhancing centralized support, standards and coordination functions.

DIAND has a split personality. Much of the development of public government is filtered through DIAND's fiduciary responsibility to aboriginal peoples. Other federal departments, however, assume DIAND is responsible for northern development generally. This is cutting off NWT residents in general from services and programs available to other Canadians.

57. The GNWT's relationship with both DIAND and other federal government departments should be redefined.

13 Research & Development



At the very outset of this report the Panel noted that the NWT economy is part of a global economy. What happens within the Northwest Territories is often determined by worldwide economic forces.

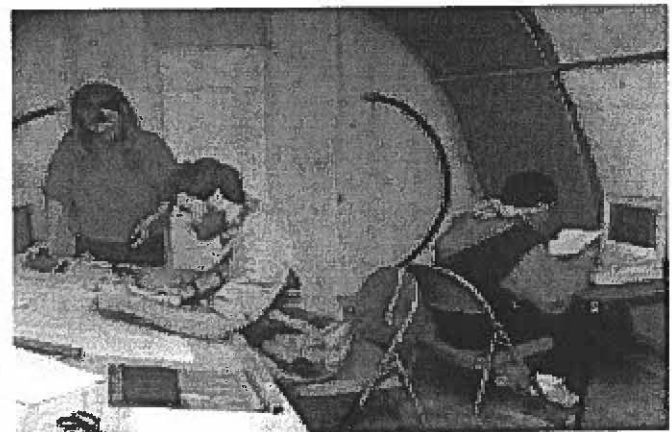
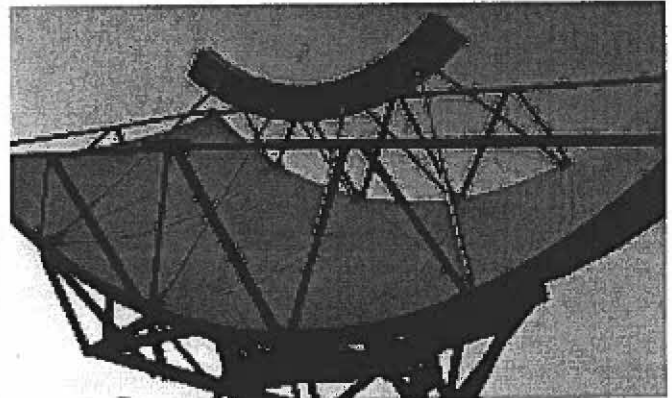
In order to develop our economy we are going to have to become part of the global market. We are going to have to understand it. Our small businesses and fledgling industries are going to have to better understand the global marketplace in order to take advantage of economic opportunities both within and outside the NWT.

We must engage in research and development targeted to meet the challenges and opportunities we face. As a territory we spend huge amounts of money on housing, energy, communications technology, transportation, waste collection and disposal, water purification systems and so forth. In some cases, our failure to address these issues properly is having adverse impacts on our environment.

Our greenhouse gas emissions are relatively high for the population base, yet we have alternative sources of energy such as hydro and natural gas that could replace fuel oil and wood. Alternative fuels are being developed in other parts of the world that may help us reduce our dependency on fossil fuels.

Economic strategies, including this one, deal with the need for import substitution. While the concept of import substitution is a sound one, it alone does not address the major factors affecting our economy – energy, transportation, housing – or seek alternatives.

These problems are not unique to the north. People all over the world are dealing with the same problems, and in some cases, working out solutions. Most of these solutions focus on the development of appropriate technologies. But we know very little about what is happening elsewhere. What we need is better information on some of the alternatives that may be available. We also have to build on some of our successes – for example, in the area of Arctic housing – and think about new possibilities for exporting our technology.



ISSUES AND RECOMMENDATIONS

Lack of Focused Information

There are a large number of organizations in the Northwest Territories gathering information: federal and territorial government departments; aboriginal groups; companies; nonprofit agencies; consulting firms; and individuals. All of these groups and individuals spend millions of dollars gathering information for their own purposes.

Information is key to economic development. With the creation of the Internet, the constant development of information technology and the global information explosion, access to information is improving constantly. As one person put it, we are now drowning in information but starved for knowledge.

Today the problem is *focused information*. In terms of information needed for economic development, we have to know: 1) what information we require; 2) where to get it; and 3) how to use it when we do get it. This must be based on shared economic visions and solid planning.

A common-ground approach to economic development requires a co-ordinated approach to information gathering and a mechanism for distribution. Neither of these presently exist.

Limited Ability to Explore New Ideas

When asked for suggestions about what we should be doing to improve our economy, many people suggest carrying out cold weather testing, developing new means to harness other forms of energy (wind, solar panels, etc.), building houses from local materials, improving our information technology to link communities together, becoming a leader in distance learning, and so forth.

Our growing manufacturing sector could benefit from having access to research material or funding to develop new ideas. Without a strong focus, existing federal funding programs to promote innovation have not been used to their full potential.

Other than the occasional experiment, we have never focused our attention in the area of research and development. The GNWT has a science institute linked

to Aurora College, but it does not seem to have a clear or prominent mandate for research and development. RWED has a position devoted to assisting in technology transfers. Several northern companies are involved in developing alternatives in the areas of housing and energy. Our government departments have in the past funded various alternative projects. But there has never been a concentrated or coordinated effort in this area.

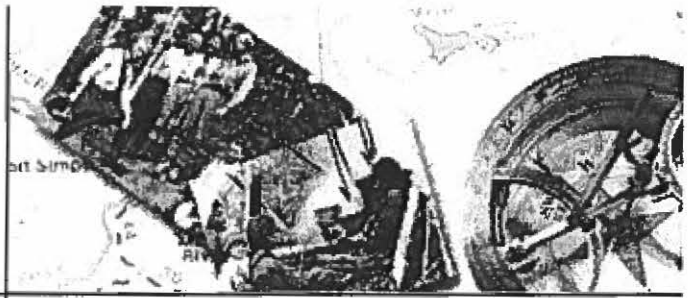
The timing seems right to develop a research institute based on the Aurora Institute. Similar organizations have been established in Canada and many other countries during periods of increased resource and industrial development. Their role has been to help address some of the environmental and infrastructure impacts that result from major developments and to create alternative economic opportunities for local residents once the projects are completed.

58. The Aurora Research Institute be expanded, and be funded appropriately, to ensure a strong research and development initiative in the Northwest Territories. The Institute should:

- Be a clearinghouse for information relevant to northern circumstances and opportunities;
- Have the capability to undertake pilot projects to test new technologies;
- Access existing federal and other research and development funding;
- Investigate alternative energy options, especially in the use of hydro energy; and
- Work with northern manufacturers in development and testing of new products.

A

Appendix A - Summary of Recommendations



Land

Issues arose during our discussions and research that were global, territorial as well as local in nature. In some cases the concern was damage to the land; in other cases it was with our ability to properly manage the land and its resources. In its deliberations, the Panel felt action is needed to:

1. Develop a greenhouse gas strategy in the North that will help northern residents to address and reduce causes of global climate change. The strategy should tie into the national program.
2. Increase monitoring of Persistent Organic Pollutants (POP's) and heavy metals in the NWT. Work to increase awareness among northerners, fellow Canadians and the global community about the impact of these substances on our lands and peoples.
3. Develop regional integrated resource management plans based on a shared vision, priorities and legal obligations to aboriginal people.
4. Consolidate and broaden the mandates of regional management boards.
5. Implement the Protected Areas Strategy.
6. Collect baseline data necessary for cumulative impact monitoring. The data must be shared to increase the ability of communities and regions to monitor impacts.
7. Increase the capacity of communities and regions to monitor impacts, with improved coordination between agencies involved and the development of new Neighbourhood-Watch-Type monitoring programs.
8. Promote and support "land" programs for young people—particularly through the schools.
9. Where possible, regional communities should assume greater control over local resources such as forestry, tourism and business licensing.

People

Education and training to ensure our people benefit from development was a recurring theme in Panel discussions. Panel members emphasized that this single area was key to future economic success.

10. The GNWT should develop a comprehensive approach to treating and resolving addictions problems in the NWT, emphasizing education and prevention and including a family support component.
11. Quality education and training must be provided to allow residents to make productive choices of lifestyle, jobs and residence.
12. The Department of Education, Culture and Employment, working with parents and stakeholders, should assess its delivery to improve the quality of education across the territory, to ensure students meet national standards.
13. Government and industry must work together to provide more direct investment in trades training and infrastructure.
14. Develop a community database of job skills and business potential, and make it readily accessible to regions.
15. Develop a long-range NWT labour force plan, linked to economic opportunities.
16. Develop a program to encourage and facilitate inter-regional mobility, linking skills to job opportunities.
17. The GNWT should review its rental programs, social assistance policy, taxes and other fees to remove disincentives to employment.
18. Establish an on-the-job leadership training program to meet our short- and long-term needs for leaders.
19. The various delivery agents should coordinate their training programs.

Community and Regional Development

Community development within a regional development approach is critical to the development of a balanced and equitable economy within the NWT.

20. Development of a clear regional development strategy. The strategy should be developed with participation of GNWT, aboriginal, and municipal governments.
21. Support and maintain the subsistence economy.
22. Develop clear and consistent ways of measuring community well-being. These measures should recognize both the social and economic aspects, including the costs and the benefits of community progress.
23. Transportation and communications systems between communities must be expanded and upgraded. Expansion is also necessary to support economic development.

Transportation and Communications

Transportation has been, and will continue to be, a critical element in economic development. All sectors of our economy are affected by accessibility to markets and supplies and the cost of that accessibility. At the same time, transportation costs negatively impact our cost of living and increase the cost of public and private investment. In terms of transportation the Panel recommends:

24. Upgrade the structural capacity of existing highways and improve surfacing to accommodate industry traffic and improve safety for residents. Funding should be accessed through the National Highway Program, which is responsible for connecting provincial and territorial capitals.
25. Improve the surface of other NWT highways not included in the National Highway Program, extend the system and improve its safety.
26. Develop a Mackenzie transportation corridor that includes pipeline development.
27. The GNWT should promote partnerships in development of transportation infrastructure based on costs and benefits to governments and industry for the projects in question.
28. Improve winter road access to isolated communities and resource areas through improvements that would extend seasonal use.
29. Improve and expand access to Internet and telecommunications services for all communities.

Diversification

A healthy economy has a broad base characterized by a variety of opportunities. We have opportunities in a number of sectors that need continued attention to ensure long-term stability and growth.

Tourism

30. Government and industry should investigate the development of a tourism authority responsible for an NWT-wide image, marketing and overall operational authority for tourism.
31. Provide the authority with adequate funding for marketing and incentives for product development. Government should also undertake direct investment to improve tourism infrastructure.
32. Appropriate regulatory functions be devolved to claims-based regional authorities to oversee tourism products and services, in keeping with the trend to self-government.

Small Business

33. The Business Incentive Policy must be completely revised. It should focus on project-specific benefits rather than licensing.
34. Develop a policy on use of negotiated contracts to ensure broadly based training and employment benefits.
35. Barriers to inter-regional commerce and trade must be eliminated at all levels of government.
36. GNWT contracts should be made public with sufficient lead time to allow for local bids.
37. Financial assistance and business advisors must work together to streamline access to lending programs and services. Public and private providers, including banks, need to cooperate.
38. Programs should be available on a regional basis and be responsive to regional circumstances. Programs should also be reviewed to ensure they are consistent with new, regionalized delivery methods.
39. Increased risk capital must be available to meet regional lending requirements.
40. The GNWT must eliminate the payroll tax.

Manufacturing

41. Government should work with industry to develop a manufacturing strategy that addresses marketing, research and development for the sector. The sector should encompass a broad range of value-added activity and include an export development component.

Renewable Resources

The following sectors make use of renewable resources to varying degrees. Because the resources are renewable, they share common issues such as ensuring we have sufficient information to determine sustainable use levels. Issues such as standards, developmental guidelines and requirements, consultation, and control are also common to this area.

Forests

42. Government, in consultation with land claimant and regional aboriginal groups and communities, must review regulatory requirements towards:
 - Improving access and tenure;
 - Setting stumpage fees that encourage development while ensuring forest renewal;
 - Securing and longer-term tenure;
 - Setting clear management standards for sustainable use of our forests; and
 - Completing the Sustainable Forestry Policy.
43. Resource inventories should be completed, focusing on those areas with economic potential.
44. Regulations may be necessary for managing the non-timber uses of forest resources, particularly in light of more mushroom potential.

Agriculture

45. Local use of agricultural products should be encouraged and supported. Public institutions and agencies should be encouraged to use local produce through development of a GNWT procurement policy.

Arts and Crafts/Cultural Industries

46. Develop a more coordinated approach to training, raw material supply, product development and marketing. The various delivery agencies should work toward a more common approach and focus support in areas where it is most needed.

Traditional Economy

47. Develop partnerships between the GNWT and aboriginal governments and the federal government to:
- reduce duplication and better coordinate continued support where it is needed most;
 - improve support for full-time harvesters;
 - support value-added processing of wildlife harvests;
 - promote local products to replace imports; and
 - ensure training for young people.
48. Improve the measurement of total economic values of the traditional economy.
49. Expand baseline data on ecosystems, wildlife, and sustainable harvest levels.

Non-Renewable Resource Development

The non-renewable resource development sector is critical to NWT economic development. At the same time, development of these resources can have significant health, social, environmental and economic costs.

50. The federal government must devolve resource management responsibility and authority and provide for resource revenue sharing to the GNWT and aboriginal governments.

51. The Government of the Northwest Territories should work with the federal and aboriginal governments to develop a Non-renewable Resource Development Strategy. Overall, the strategy should address the need to attract and retain investment, manage development and maximize northern benefits.

51.1 Attracting and retaining investment:

- Government should increase geological mapping programs to bring NWT mapping to at least national levels;
- Clearly define consultation requirements with whom and how extensive;
- Provide clear guidelines for negotiation of impact benefits agreements and socio-economic agreements;
- Clarify environmental standards for developers;
- Define northern value-added and northern benefits expected of developers;
- Improve access to land by ensuring there is a process for clear definition of what lands are available, under what terms, with reference to the Protected Areas Strategy;
- Define infrastructure improvements that will facilitate investment;
- Provide incentives to encourage exploration;
- Promote development to potential investors.

51.2 To better manage development:

- Improved environmental baseline and traditional knowledge data;
- Identifying a process for streamlining existing regulatory procedures;
- Establish a new management regime, post-devolution, including monitoring of environmental development initiative in the Northwest Territories. The Institute should:

- Be a clearing house for information relevant to northern circumstances and opportunities;
- Have the capability to undertake pilot projects to test new technologies;
- Access existing federal and other research and development funding;
- Investigate alternative energy options, especially in the use of hydro energy; and
- Work with northern manufacturers in development and testing of new products.

51.3 To maximize benefits to Northwest Territories residents:

- Support at the community level for families of rotational workers;
- Programs to provide for transport to rotational job sites;
- Tax and royalty regimes to encourage investment while maximizing benefits for NWT residents;
- Promote equity participation by Northwest Territories residents;
- Promote value-added business opportunities;
- Create a NWT fund, from future resource revenues, to assist in diversification of the NWT economy.

52. Benefits from resource development should accrue to all Northwest Territories residents while recognizing the primacy of specific existing and future land claim obligations.

53. The federal government should provide special development funding to meet the immediate demands created by resource development. Funding is needed for:

- training;
- infrastructure; and
- environmental baseline data collection.

54. Aboriginal involvement in all phases of resource development should be supported. This would include investment in and development of those resources, resource management, revenue sharing and environmental review

Political Structure

Government has always played an important role in the economy of the Northwest Territories, and it will continue to play an important role in the future. But what should that role be?

While the Panel did not get involved in broader constitutional issues, the need to clarify the respective roles of federal, territorial and aboriginal governments was seen as a key issue to facilitate economic development. Specifically, the Panel recommends that:

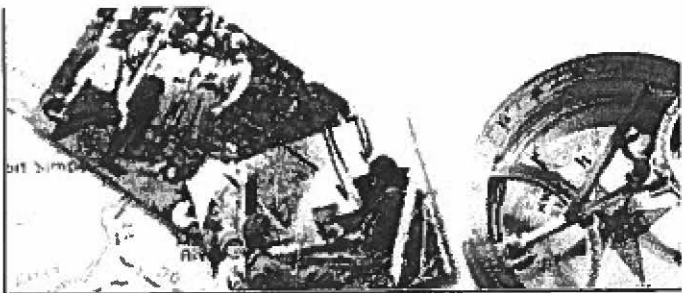
55. The Government of the Northwest Territories must work with aboriginal and community governments to clarify new roles brought about by aboriginal self-government.
56. The GNWT, federal and aboriginal governments should continue to work towards devolution of direct delivery to the regional level, while enhancing centralized support, standards, and coordination functions.
57. The relationship of the GNWT with DIAND be redefined, including its reporting relationship with the Federal government other than through DIAND.

Research and Development

We are spending huge amounts of money on housing, energy, communications technology, transportation, waste collection and disposal, water purification systems and so forth, many of which have been specifically adapted to our northern environment. All of these have a direct impact on our economy. In some cases, our failure to address these issues properly is having adverse impacts on our environment. Research and development efforts are scattered and poorly funded. The Panel recommends:

58. The Aurora Research Institute be expanded, and be funded appropriately, to ensure a strong research and development initiative in the Northwest Territories. The Institute should:
 - Be a clearing house for information relevant to northern circumstances and opportunities;
 - Have the capability to undertake pilot projects to test new technologies;
 - Access existing federal and other research and development funding;
 - Investigate alternative energy options, especially in the use of hydro energy; and
 - Work with northern manufacturers in development and testing of new products.

B Appendix B - Trends & Issues



Over the past couple of years there has been little growth in the NWT's population. This is a dramatic change, since we have traditionally had one of Canada's fastest growing populations. The prime reason for the decline is the significant and continuing out-migration from the NWT. Since 1994, almost 2,500 more people have left the NWT than have entered.

The NWT does not have a significant "rural" population; only a small percentage of the population live outside communities. There are 33 communities in the NWT; most are small, with only four communities having a population exceeding 2,000.

In other parts of Canada, people are moving from rural areas and small communities to cities. While this has happened in the NWT, the pattern is slightly different. Figure B.1 shows the NWT's population growth since 1991. Figure B.2 shows the distribution of the population over the past 20 years.

Figure B.3, on the following page, examines this trend in greater detail by excluding Yellowknife. Over the past decade, regional centres like Fort Simpson, Hay River and Norman Wells have benefited partly from renewed interest in resource development. Population growth in these centres has been strong. However, growth in

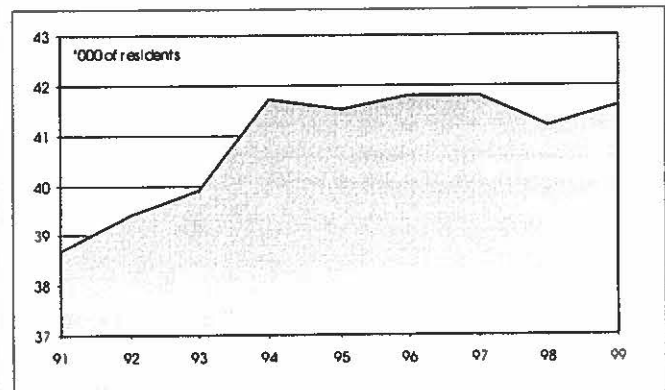
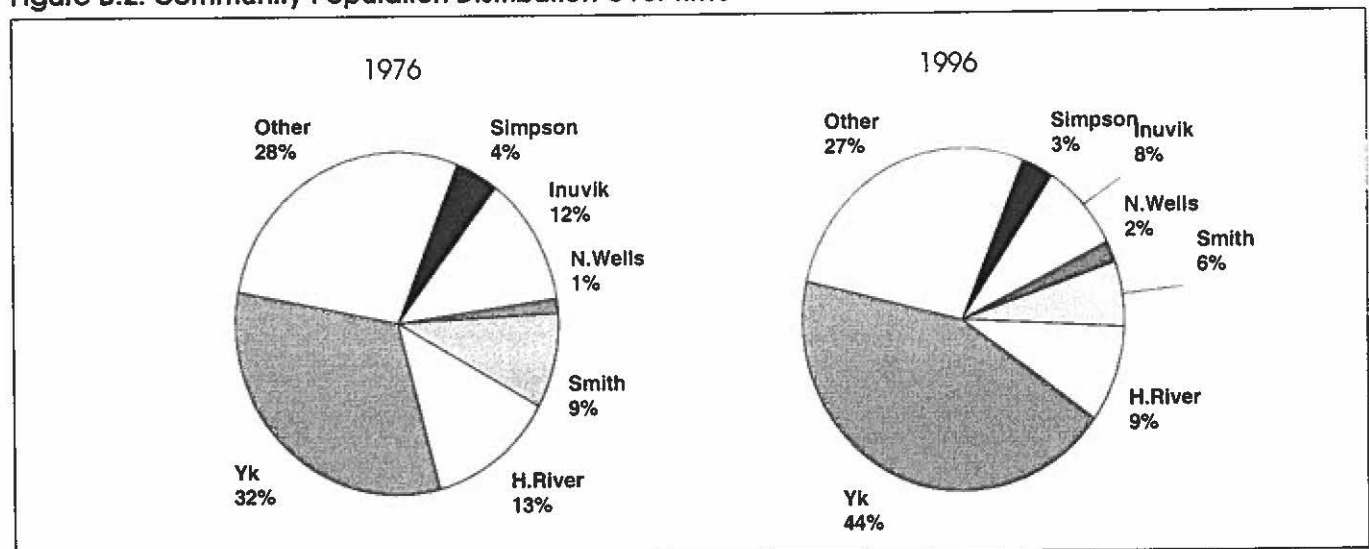


Figure B.1: NWT Population Growth Since 1991

these communities has not matched that of the smaller communities. In the latter case, growth is likely linked to higher birth rates among the Dene and Inuvialuit populations.

Figure B.4 (next page) shows the distribution of aboriginal and non-aboriginal peoples in the NWT. As shown in the chart, the vast majority of Dene people live in smaller communities. Inuvialuit are evenly split between regional centres and other communities, while the majority of Metis and non-aboriginal people live in regional centres.

Figure B.2: Community Population Distribution Over Time



Employment

An obvious determinant of the NWT's standard of living is the amount of unemployment. Statistics Canada and the NWT Bureau of Statistics measure unemployment in the NWT. Both agencies use accepted economic definitions, which are largely used throughout the world. Each adult (anyone 15 or older) surveyed falls in one of the following three categories:

- **Employed:** a person who spent most of the previous week working at a paid job
- **Unemployed:** a person who is on temporary layoff, looking for a job or is waiting for the start date of a new job
- **Not in the labor force:** a person who is not in any of the other two categories; people participating in the traditional economy (hunting, fishing, trapping); full-time students who have no part-time job; homemakers; or retirees.

The labour force is calculated by adding the number of employed to the number of unemployed. The participation rate measures the percentage of people wanting or looking for work in the wage economy. It is calculated by dividing the labour force (employed + unemployed) by the adult population (labor force/adult population).

Unemployment is difficult to measure in the NWT for a number of reasons. First, surveys are difficult to conduct on a regular basis. Second, people move in and out of the labor force all the time, especially in small communities. Those may be going off to hunt or trap, or they may simply give up looking for work. Third, some people may be collecting unemployment benefits or welfare but not really looking for jobs. While the unemployment rate is an imperfect measure, it is useful for identifying trends over time and between communities.

In the NWT many people are still involved in the traditional harvesting economy. Some of these people will also be in the labour force. This is similar to southern Canada where a number of people still farm but are forced to supplement their income with wage employment.

Figure B.3: Population Growth By Community

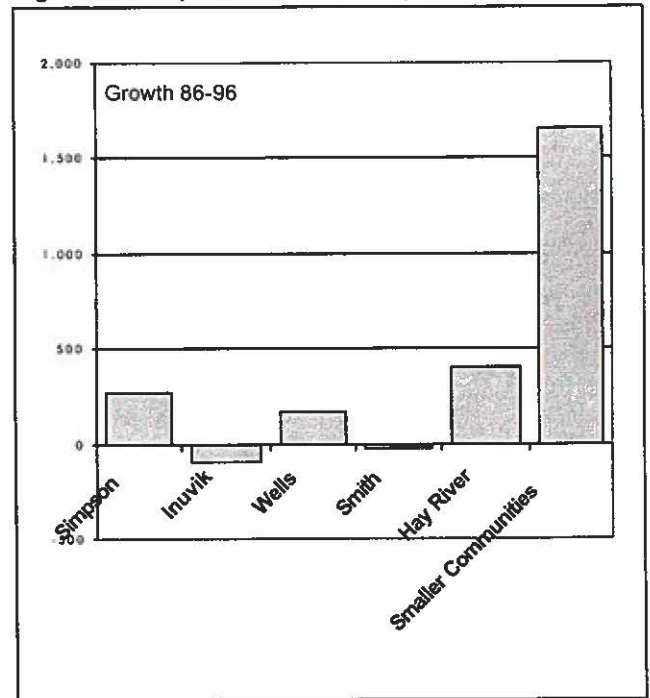


Figure B.4 Population Distribution and Ethnicity

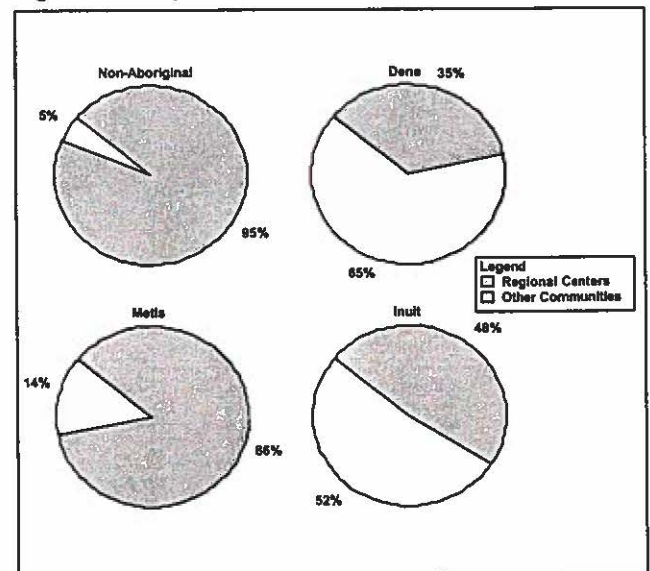


Figure B.5 shows approximate participation levels between regional trading centres and other communities in the NWT. Starting in 1981 and continuing through 1986, participation rates increased significantly in smaller (non-tax based) NWT communities, from slightly over 40% in 1981 to about 60% by 1991. This growing interest in wage employment reflects two major influences:

1. A decline in sole dependence on the traditional economy, which corresponds to declining fur sales.
2. It also likely reflects a more educated labour force with changing aspirations.

The pie chart in Figure B.5 shows the relative size of the aboriginal and non-aboriginal labour force. While aboriginal involvement in the labour force is growing, about 60% is still non-aboriginal.

Unemployment is an important measure of the economic well-being of society. In many NWT communities unemployment is a serious problem. In 1999 there were 3,170 people unemployed in the NWT; 2,354 or 74% of these were of aboriginal descent. Women seem to fair better in the workforce, experiencing only 12% unemployment, compared to the territorial average of 15%. This is also true in the aboriginal population, where 33% of males are unemployed compared to a

19% rate for aboriginal females. This would seem to indicate a better transition to the wage economy for aboriginal women than men.

Figure B.6 plots employment growth between 1994 and 1999 by region (including Yellowknife). It is interesting to note that many of the smaller regions have created more jobs than Yellowknife. While the percentage rate of growth is high in the North Slave, this region does not reflect any significant impact from diamond development. The the Sahtu's growth rate has been double that of any other region.

Figure B.6: Regional Employment Growth, 1994-99

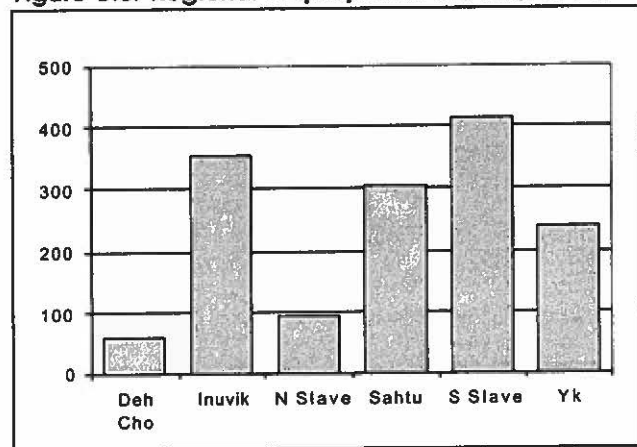
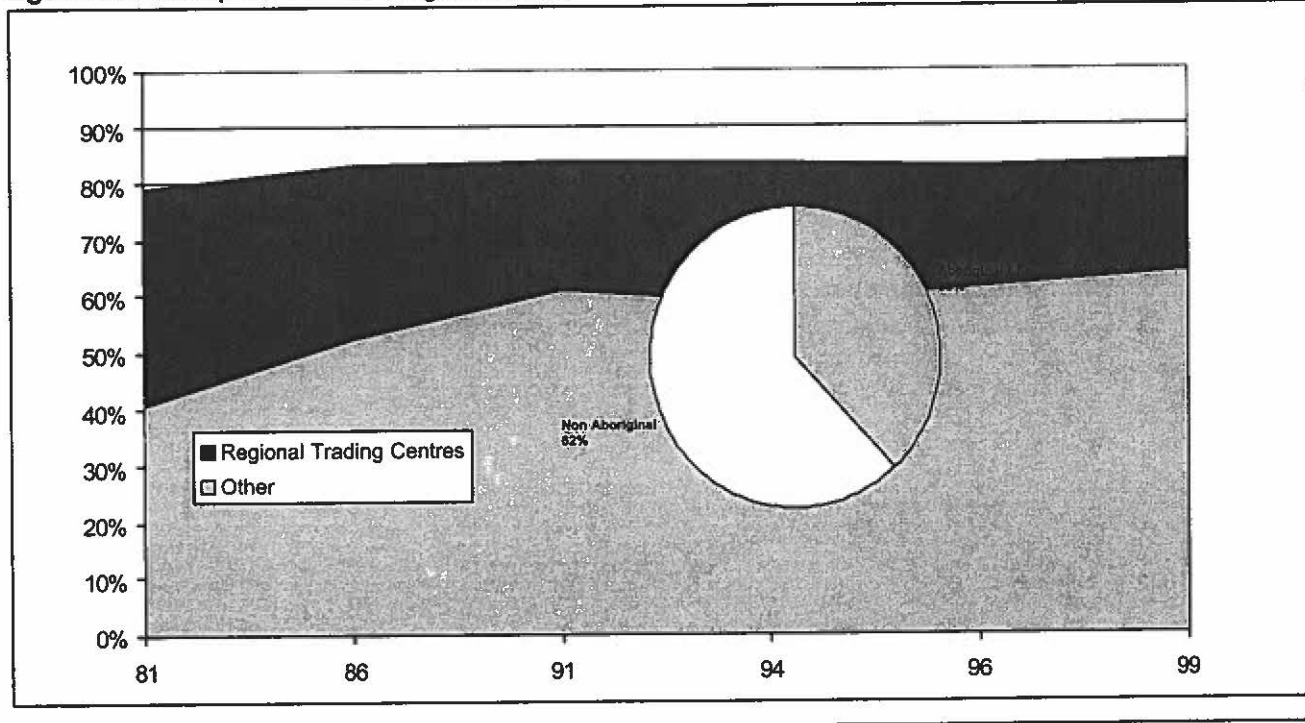


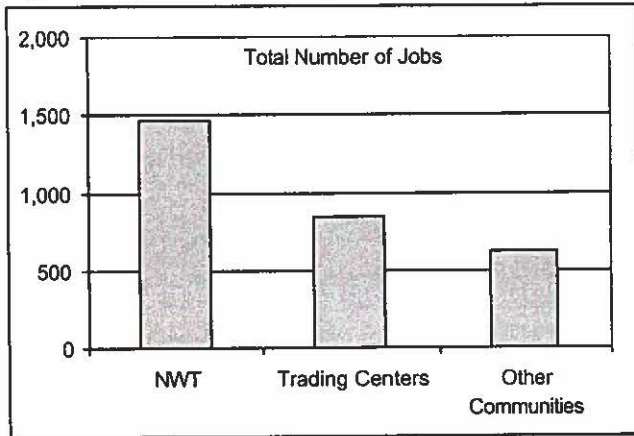
Figure B.5: Participation in the Wage Economy



It is also useful to look at employment creation in larger regional trading centres versus other communities.

Figure B.7 shows the regional trading centres created 845 jobs between 1994 and 1999, while other commu-

Figure B.7: Job Creation by Community 1994-99



nities created 622. In percentage terms the difference is even more pronounced:

- All NWT communities experienced a 2% annual rate of employment growth
- Regional trading centres had a 1% annual rate of employment growth
- Other communities had a 4% annual rate of employment growth

A look at unemployment rates may provide some indication of regional and community living standards and hardships.

Figure B.8 indicates that despite being located near mineral developments, communities in the North Slave have the highest unemployment of any region in the NWT. Figure B.9 shows that unemployment is significantly higher in smaller communities.

Figure B.8: Unemployment Rates by Region, 1999

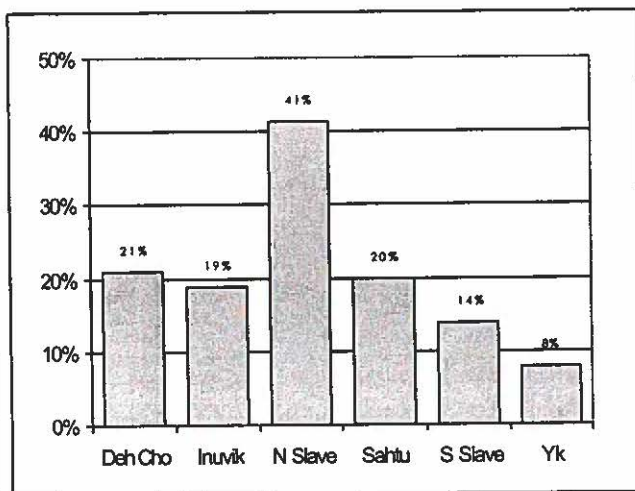
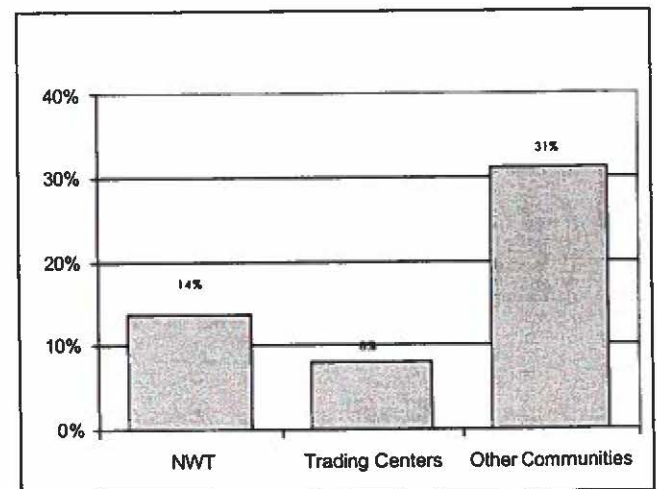
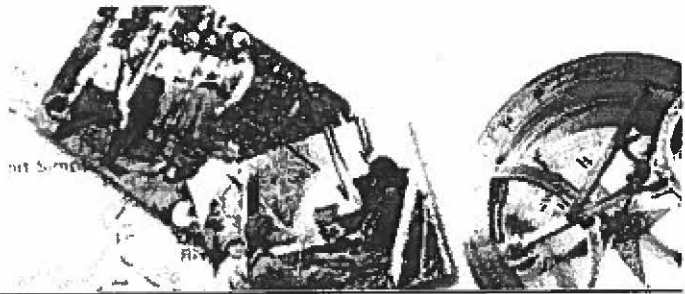


Figure B.9: Community Unemployment Rates, 1999



C Appendix C - Presentations to the Panel



- The Northwest Territories Agenda – Minister of RWED - Honorable S. Kakfwi
- GNWT Fiscal Overview – Minister of Finance - Honorable C. Dent
- The New Western Arctic - Socio-Economic Review – RWED – GNWT – D. Westman
- Strategic Planning Process – Trade and Investment – RWED – GNWT – G. Singer
- Welcome by Deh Cho First Nations - Grand Chief M. Nadli
- Development Planning for the Mackenzie Valley – RWED – GNWT - C. Parker
- Oil and Gas Development Activities - MOG – RWED – D. Matthews
- Developing Northern Gas Resources - Trans Canada Pipelines Limited– B. McNulty
- Operational Challenges and Issues - Grey Wolfe Resources – D. Engle
- Oil and Gas Activities in the Western NWT - Petroleum Association of Canada – J. Morrison
- Mineral Development Activities - MOG – RWED – D. Matthews
- Transportation Options - Transportation - GNWT – M. Hassan
- Tourism Industry Overview - NWT Tourism Association - D. Jaeb
- Northern Economic Development Strategy – DIAND – B. O’Niell
- Community Mobilization Program - NWT Community Mobilization Partnership – G. VanTighem
- Canadian Mobilization Strategy - Human Resources Development Canada – A. Praamsma
- Fiscal Overview – Finance – GNWT – K. LeClair
- Training and Education - Education, Culture and Employment - GNWT - B. Gilday, M. Cleveland
- Overview of NWT Manufacturing - NWT Manufacturers Association – K. Marshall
- Forest Industry in the NWT - Forestry –RWED - GNWT – B. Lepine
- Traditional Economy /Environmental Management - Renewable Resources- GNWT – D. Stewart
- Traditional Economy - Renewable Resources - GNWT – G. Bohnet
- Making Connections - Ecology North – B. Bromley
- Outfitting Regulations - NWT Outfitters Association – G. Jaeb
- Review of Organization - NWT Status of Women – R. Cairns
- Alternative Economic Approaches - Alternatives North – B. McDonald
- Alternative Energy Options - Alternatives North – J. VanCampe
- Fiscal Overview – Finance – GNWT –C. Forbes
- Agriculture in the NWT - NWT Farmers Association – E. Coleman
- Arts and Crafts Sector – RWED – GNWT – G. LePrieur
- Access to Capital - Community Futures Association - T. Hoskins
- Northern Economic Development Strategy – DIAND – S. Murphy
- Devolution – Tunvut Yukon First Nations – S. Mills

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