

supplement income from traditional lifestyles. Detailed strategies have been developed for four sectors:

- Arts and Crafts. This is particularly appropriate to the needs and potential of small, traditional communities. Goals are to produce more and new products, to expand and diversify markets, and to develop consensus within the industry on a longer-term plan for development. Specific objectives are establishment of a territorial arts and crafts association; product research and development centres; and stronger links with the tourism industry (e.g. souvenirs).
  - Renewable Resources. This too is particularly appropriate to the least developed communities. The industries targeted are fisheries, forestry, agriculture, country foods and fur farming. Priorities are to improve competitiveness by enhancing technology, training and distribution; expand markets; increase production of value-added products; increase N.W.T. self-sufficiency; increase northern participation to optimize benefits to northerners; and develop industry consensus through the establishment and strengthening of industry organizations.
  - Tourism. The strategy emphasizes increasing tourism profits, expanding businesses, and assisting the industry to move into new markets and deliver new products. It is targeted at all communities.
  - Small Business. Opportunities for businesses with revenues in the range \$10,000 - \$2 million per year are chiefly in the medium-sized and larger communities. The strategy is to promote use of N.W.T. businesses via the Buy North campaign; ease access to capital; provide flexible programs to address all stages of business life cycles; and improve the flow of information about assistance programs.
- o Increasing self-sufficiency by replacing imported goods and services with goods and services produced locally. ED&T will campaign for northern residents and businesses, as well as governments to "Buy North".
  - o Improved accountability, to make development and delivery of programs responsive to changing situations over time, and more accessible and beneficial to those being served. There will be increased emphasis on industry associations and informative publications.

Important instruments identified by the GNWT to implement business development in the less-developed communities include:

- NWT Development Corporation, which will be responsible for creating employment and income opportunities by providing joint-venture capital or by directly initiating and operating businesses.
  - ED&T Business Development and Business Loan Fund programming, with the latter revised to be more responsive to the needs of the small and emerging communities.
  - A new Self Employment Loan Fund to provide very small capital start-up loans with a minimum of red tape in the lesser developed communities.
  - EDA programming. GNWT identified a priority for assistance to industries, such as fishing, forestry and arts and crafts, under new programming.
3. Continuing to shift GNWT procurement from southern to N.W.T. suppliers. This is to be implemented by the Departments of Public Works, Transportation, and Government Services through the new Local and Northern Construction, Maintenance and Leasing Strategy, and by the N.W.T. Housing Corporation through a similar strategy.
  4. Increasing proportion of N.W.T. workers to "imported" labour, particularly in the mining and oil and gas sectors. A Northern Benefits Policy is to be developed.
  5. Improving transportation infrastructure. The Department of Transportation has prepared a 20 year Transportation Strategy.
  6. Revising income security programming to reduce dependency. The Department of Social Services has the lead responsibility. A Wildlife Harvesting Support Program is also proposed.
  7. Maintaining a fiscal policy which offers a stable tax regime, and tax rates competitive with other jurisdictions, while recognizing the high cost of living in the north.
  8. Devolution of additional natural resources from the federal government to territorial control, with the Northern Accord on oil and gas to be followed by transfer of mining.



## GOVERNMENT OF CANADA

Federal partnership in EDAs is a component of federal regional economic development programming. Since signing of the previous N.W.T. EDA in 1987, this programming has become more flexible. Regional differences have been recognized by the establishment of distinct agencies for western Canada, Atlantic Canada, and northern Ontario, in addition to the Department of Indian Affairs and Northern Development (DIAND) mandate for northern Canada. Agencies responsible for more than one province or territory are further able to vary programming according to the circumstances of the different jurisdictions.

## Northern Political and Economic Framework

DIAND's approach to economic development in the north is set out in the department's June 1988 *A Northern Political and Economic Framework*, which reaffirmed commitments to:

- o develop sound and stable economies in the North by working with territorial governments to encourage economic diversification, with special emphasis on renewable resource development and tourism.
- o encourage the generation of wealth in the North and in Canada as a whole by improving the business climate for investors and entrepreneurs through joint federal-territorial implementation of the Northern Mineral Policy and the development of a Northern Oil and Gas Accord.

Other elements of the Framework which have direct relevance to economic development are the continued commitments to:

- o transfer all remaining provincial-type programs to the territorial governments, including responsibility for managing the North's natural resources;
- o pursue the early settlement of land claims;

## The Canadian Aboriginal Economic Development Strategy (CAEDS)

The CAED Strategy was announced by the federal government in June 1989. Its goal is to increase long-term employment and business opportunities for Canada's aboriginal people, by giving them the means to manage effectively their own business enterprises, economic institutions, job training and skill development. It stresses partnership, with the government seeking not only the increased participation of aboriginal people in design and delivery of programs, but also the active participation of provincial and territorial governments in implementing the strategy.

CAEDS will have a significant role in economic development in the N.W.T., where the majority of residents are aboriginal people, so co-ordination of work under EDA with work under CAEDS will be important.

CAEDS has eight program components, cooperatively delivered by DIAND, the Department of Industry, Science and Technology (DIST), and Canada Employment and Immigration Commission (CEIC).

- Business Development (DIST) provides commercial enterprise assistance, formerly spread across several programs, including the Special Agricultural and Rural Development Agreement (Special ARDA), the Native Economic Development Program (NEDP), and the Indian Business Development Program (IBDP).
- Joint Ventures (DIST) encourages transfer of business skills to aboriginal people.
- Skills Development (CEIC) will augment managerial, professional and vocational skills of aboriginal people, using local planning strategies with national programs.
- Urban Employment (CEIC) will better focus existing programming to meet the special training and placement needs of aboriginal adults who wish to access jobs in the mainstream economy.
- Access to Resources (DIAND) will assist aboriginal people to realise increased benefits from resources on their own lands and from resource activities nearby.
- Research and Advocacy (DIAND/DIST/CEIC).

Two programs in particular address the long-term goal of developing a network of economic institutions, controlled by aboriginal people, that, over time, can assume responsibility for much of the delivery of the federal government's investment funding, business and employment programs, and advisory services:

- Community Economic Planning and Development (DIAND) assists aboriginal communities to provide planning, advisory and extension services for business and economic development; and supplements CEIC's human resource programming with literacy, academic and basic skills upgrading.
- Capital Corporations (DIST) will build up the network of autonomous aboriginal financial institutions established through NEDP and CEIC's Community Futures program.



### Green Plan/Arctic Environmental Strategy

The federal government has recently released a national environmental plan, the Green Plan. The goal is sustainable development. One element will be an Arctic Environmental Strategy, to protect the northern environment so that it can continue to offer economic development opportunities while nurturing and sustaining the people and the diverse plant and animal life that live in the north.

### National Tourism Policy

In 1990, Tourism Canada (DIST) released a new Federal Tourism Policy, which will form the basis for regional tourism strategies, to be developed in consultation with regional economic development agencies.

### Department of Fisheries and Oceans

Federal involvement in fisheries development will be guided by the Arctic Fisheries Principles, the Arctic Marine Conservation Strategy, concepts set out in "The Ice Goes Out: The Conservation and Management of the Fish and Marine Mammal Resources of the Northwest Territories and North Slope of the Yukon Territory", and 1988 interim fishery development guidelines.

### Department of Forestry

In 1989, the Canadian Forestry Service, which had been part of the Department of Agriculture, was established as a Department of Forestry. This reflects federal commitment to the improvement and maintenance of Canada's forests. The new department will move aggressively to put in place a number of new initiatives and development principles aimed at making the sustainable development of Canada's forests a reality.

### Industrial Research Assistance Program (IRAP)

In 1988, the National Research Council expanded IRAP into a national service network for technology diffusion and technology transfer. It now provides expertise and funding to small and medium-sized firms in the manufacturing, resource, construction, and service industries. This creates new opportunities for cooperative work on northern production-related research, feasibility studies, and demonstration projects.

### Other

Many federal policies and programs which were of significance to the previous EDA remain important considerations. Among these are the Community Futures Program of CEIC's Canadian Jobs Strategy; and the federal commitment to supporting fur harvesting and associated cultural values through the Humane Trapping Program and its successors, the Fur Industry Defense Program and the Sealing Strategy. Progress toward settlement of additional aboriginal land claims in the N.W.T. raises prospects for substantial transfers of funds to northern groups, creating new pools of investment capital. Canada continues to participate in international negotiations to improve trade.



## OPPORTUNITIES

### GENERAL

Northerners are interested in a mix, in type and scale, of economic development for the N.W.T.

The maintenance of traditional activities is an important factor in the balance between social and economic life of many N.W.T. communities, and in motivation for economic success. While many northerners are still drawn to this life style, the skills traditionally passed on between generations are gradually being eroded, creating a growing need to train young people.

The need to purchase many of the supplies and equipment used in present-day harvesting links subsistence to the cash economy. Particularly in the eastern Arctic, where the loss of income from sealskin sales has had severe impact, there is growing interest in wage employment as a complement, as well as an alternative, to traditional activities.

Some small, traditional communities are also interested in increasing their participation in the cash economies through developing commercially viable enterprises in sectors close to the community, such as renewable resources and cultural industries, where their existing knowledge and skills can be used to best advantage.

More generally, there is interest in the potential of renewable resource production to increase territorial self-sufficiency, and diversify sales to markets outside the N.W.T.

Maintenance of a healthy non-renewable resource sector is important both to generate the industrial jobs which are becoming of increasing interest to northern residents, and to support small business opportunities.

### OPPORTUNITIES FOR EDA PROGRAMMING

A preliminary review confirms that there are economic development opportunities, of a size and nature that might be considered for implementation through the instruments of an Economic Development Agreement. While not a comprehensive list, the examples below suggest that there are sectors in which opportunities are likely to exceed the capabilities of established federal or territorial programming, so that potential would likely be left untapped in the absence of provision for a new generation of EDA programming. These and other emerging opportunities will be examined in light of the objectives established in the Economic Development Framework Agreement, the principles set out in the Conclusions of this Appendix, and such other relevant considerations as environmental impacts.



## MINERAL DEVELOPMENT

Because of the economic importance of the mining industry to the residents of the N.W.T., informational and educational programming could be valuable, to give the general public a better understanding and awareness of mining's role in the N.W.T. economy, and to encourage interested residents to take advantage of income and employment opportunities provided by the industry.

While programming on the scale of the EDA has limited ability to influence production decisions which may be based on international markets and fiscal regimes, support for basic geological exploration activities continues to have potential to generate long-term interest by mining exploration companies, a necessary precondition to the eventual identification and development of commercial ore bodies. A related activity would be production of maps, reports and other information compilations to make the results of government exploration work readily accessible to industry. The principal economic benefits expected to result from programming of this nature would be N.W.T. business activity and employment arising from mineral exploration and, in the long term, mine development.

The mining industry in the N.W.T. would benefit from assistance in the development of innovative technologies to improve mining and processing operations, or adaptation of existing technologies to northern conditions. The fragile ecology of the north, combined with high energy costs and restricted water availability, exacerbates many environmental problems associated with mineral processing. Recent developments in biotechnology, mineral processing and extractive metallurgy hold promise in solving these problems. They could reduce the size and the capital and operating costs of a processing plant, for example, thereby leading to more efficient and timely project development.

## RENEWABLE RESOURCE DEVELOPMENT

The interaction between wage and traditional economies could result in much-needed economic diversification in the northern frontier economy. The prospects for developing renewable resources for viable commercial enterprises will grow as new technologies are introduced to improve old operations, markets are expanded in the rest of Canada, and new markets in Europe and the Pacific Rim are tapped.

There are opportunities to support commercial opportunities which strengthen the linkages between the traditional and the wage economies. A number of potential opportunities have already been researched. Others still need to be identified and planned. There are opportunities to encourage and assist the establishment, expansion or modernization of renewable resources businesses involved in harvesting, processing or marketing. Programming to assist projects which would improve the efficiency of renewable resource utilization could also be considered.



Businesses, whether new or established, must devote time and resources to product development and test marketing in order to ensure long term success. Entrepreneurs must thoroughly study the biological, technical, logistical, and economic feasibility of potential businesses before investment decisions are made, or the chances of failure will be high. Resource inventories and assessment studies are often needed to assure the economic viability and environmental sustainability of proposals for new or expanded commercial renewable resource operations. Pilot projects can help to confirm opportunities identified in feasibility studies. There is potential for government programming to encourage such activities.

Opportunities in forestry are addressed in more detail below.

#### FORESTRY DEVELOPMENT

Sustainability of N.W.T. forestry development could be enhanced through programming designed to address reforestation and integrated forest management capabilities, particularly the challenge associated with reforestation of cold climate harvested areas. There are also opportunities to build on recent upgrades of N.W.T. forestry management information systems, through development of enhanced forest data bases, and computerized support systems for operational decision making. Applied research, marketing and technology transfer initiatives could address problems in applied forest management, inventory, environmental and forest products research.

Other potentials for programming include support for value added product development; analysis of business opportunities; and worker training assistance to ensure training is available to forestry workers. Assistance could also be provided to public information and forestry education programs, to improve public awareness of the importance of forestry to the N.W.T. and Canada.

#### ENVIRONMENTAL INDUSTRY

N.W.T. Land Use Planning Commissions and GNWT's Conservation Strategy have stressed the need to strengthen linkages between the economy and the environment, to ensure use of the N.W.T.'s natural resources for economic benefit is undertaken in wise and sustainable ways.

Implementation of more environmentally benign methods and practices offers new challenges to economic development. The evaluation of the Mineral Development Subsidiary Agreement of the 1987 N.W.T. EDA, for example, identified a desire on the part of the mineral industry for assistance for technology development and transfer, to mitigate potential environmental problems occurring during the site abandonment and reclamation phase of mine lifecycles. In addition to research and technology assistance, potentially-fruitful programming areas could include



assistance to planning, designing, implementing or modernizing resource use activities to prevent, limit or offset environmental damage.

At the same time, new business opportunities will arise from the need to develop services and products which have as their major effect the conservation, protection or enhancement of the natural environment or which are involved in the collection, storage, analysis and dissemination of environmental information. Although this industry is in its infancy in the N.W.T., it has growth potential, which could be realised more quickly if assistance is made available. There are possible business opportunities in waste recycling, byproduct development, and hazardous waste management. An example of potential for data services is commercial provision of GIS data base services.

#### TOURISM

There is international demand for the kinds of tourism experience the N.W.T. can provide. As under past Economic Development Agreements, there is a strong opportunity for programming to market the N.W.T. as a destination. It is proposed that international marketing of the N.W.T.'s unique tourism attractions would position the territory both as a destination of and by itself, and as a distinct location in association with other jurisdictions. Marketing strategies developed by DIST-Tourism, GNWT, and the N.W.T. Tourism Association indicate market development should focus on the high-yield, high growth segments such as adventure travellers from the U.S.A. and West Germany, and the emerging international markets such as Japan, New Zealand, and Australia.

Another opportunity for EDA to assist the industry is programming to support the development of a strong and cohesive industry association, by equipping the industry with timely commercial intelligence.

Skills development for those serving the travelling public could be assisted by carefully targeted EDA programming.

The N.W.T. tourism industry has many other needs, if it is to continue growing to meet its potential. To maintain and enhance its competitive position, existing tourism infrastructure should be upgraded and major new attractions should be built. There is need for specific product research in support of attraction development at or near destination areas. Major events and attractions may need support. Diversification of outdoor products could add new markets and extend the season.

Existing federal and territorial programs can assist many of these efforts. Opportunities for complementary EDA programming could include product development support focused on leveraging private sector investment and direct financing support in order to deliver products of competitive, world class standards, to



- c. where there are opportunities for cross-sectoral synergy, to increase the integration and efficiency of the N.W.T. economy, initiatives should encourage this;
- d. use of the resident labour force should be emphasized;
- e. initiatives should fill gaps in service in existing federal and territorial programming and, where appropriate, should be coordinated with existing programs; and
- f. initiatives should be consistent with the principles of sustainable development.

Programming established under EDA Co-operation Agreements will not compete with federal and territorial programs already in place, some of which provide large-scale assistance to conventional enterprises. Like past Agreements, the EDA will make provision for direct assistance to economic development activities, where there are gaps or limitations in departments' programming. It will also address continued need to support research, data collection, and opportunity identification. In addition, as a co-ordinative process, the EDA can, with the support of participating departments, offer recommendations to existing federal and territorial programs, recommend alternatives, and identify linkages among programs which could produce greater benefits for northerners. Much of its work will be geared toward long-term economic opportunities, which may be brought to final fruition through other programs or private investment.