

Investment and Economic
Analysis Division

Annual Report 2003/2004



Resources Wildlife and Economic Development
Government of the Northwest Territories

Contents



- 1. To Our Clients.....1
- 2. 2003/2004 Highlights.....2
- 3. A Commitment to Values..... 3
- 4. Management Responsibilities.....4
- 5. Organization Chart.....5
- 6. Economic and Business Circumstances.....6 - 7
- 7. Trade and Manufacturing.....8
- 8. NWT Business Priorities9
- 9. Core Business.....10
- 10. Promoting Investment11 - 12
- 11. Expanding Trade & Exports.....13 - 15
- 12. Promoting a Positive Business Climate16 - 18

To Our Clients

MESSAGE FROM THE ASSISTANT DEPUTY MINISTER

The IEA annual report is more than just a listing of facts, projects and programs. It is our commitment to work towards building a strong and prosperous economy. An economy which welcomes investment and business development, while providing opportunities in arts and crafts and traditional harvesting.

This is an exciting time to be living in the NWT. Over the past decade, our territory has become one of the world's leading diamond producers. In fact, we now produce more diamonds by value than South Africa. Two mines are operational, and a third is expected to start construction next year. With prices approaching \$500 US per ounce, there is also renewed interest in NWT gold deposits. The NWT also has other significant gem stone, rare earth and base metal deposits.

Oil and gas development is also looking more positive. The vast hydro carbon potential of the NWT is largely untapped. If approved, the Mackenzie Delta natural gas pipeline is expected to start pre-construction activity in late 2005 and gas may start to flow as early as 2008.

This rapid development of our primary industries has created significant business opportunity. Growth has been particularly strong in Inuvik, Sahtu and North Slave regions. The Government of the Northwest Territories is committed to assisting business development through investment promotion, financial assistance and social-economic agreements. As outlined in this annual report, Investment and Economic Analysis is working with clients to develop the next generation of economic development tools and resources. By working together, we can provide opportunities for all residents and secure a strong economic position for our territory as we enter the new century.

Douglas M. Doan
Assistant Deputy Minister,
Resources and Economic Development
Resources, Wildlife and Economic Development
Government of the NWT

MESSAGE FROM THE DIRECTOR OF INVESTMENT AND ECONOMIC ANALYSIS

I am pleased to present our annual report for 2004. Over the past year, we have worked with our private sector partners to ensure that our core business activities – promoting investment, expanding trade and exports, and promoting a positive business climate – continue to create wealth and jobs. Based on continuing resource investment, we expect business growth in the NWT to significantly exceed Canadian averages.

Over 2003 we completed a large number of projects, including:

- development of a contract registry, from which businesses can access contract and tender information over the Internet,
- a major survey of NWT Households, which provided updated employment and harvest data, and
- development of a new investment web site for the NWT (www.InvestNWT.com).

While we are proud of our achievements, we are even more excited about 2004/05. A lot of projects are planned, including development of a strategy on value added processing; completion of a contract registry, introduction of legislation to consolidate business programming, and implementation of new immigrant investor fund named the “NWT Opportunities Fund.” Many of these initiatives are in partnership with various private sector organizations, like the NWT Chamber of Commerce, NWT Construction Association and NWT Arctic Tourism, as well as other government agencies.

Otto Olah
Director, Investment and Economic Analysis
Resources, Wildlife and Economic Development
Government of the NWT

2003/2004 Highlights

MAJOR ACCOMPLISHMENTS OVER THE YEAR

- Created a comprehensive Contract Opportunities registry and website that includes and reports on all GNWT contracts exceeding \$5,000.
- Application of GNWT Administrative Records Classification System (ARCS) for all government contract records.
- Incorporated the NWT Opportunities Fund, a society created to receive and invest funding received under the Immigrant Investor Program.
- Provided support to NWT Business Advisory Panel and assistance to complete a strategy promoting manufacturing in the NWT. Draft report is complete and was tabled in the Legislative Assembly.
- NWT Canada Business Centre held a number of key seminars, including:
 - √ Bookkeeping Basics
 - √ Workers' Compensation
 - √ Marketing
 - √ Understanding Financial Statements
- Provided support to the Gwich'in/GNWT Memorandum of Understanding (MOU) on contracting. Prepared an interim report on results for 2003/04, an evaluation framework and developed a system to track contract performance over the year. Completed numerous briefings with stakeholders in the region.
- Completion of a web site promoting the NWT as a film location, including sample location photos.
- Undertook an examination of NWT "Image Branding" and client perceptions on the NWT's image and arts and crafts products.
- Retained Mr. Brian Parrott, Senior Trade Commissioner with the Canadian Consulate General in Seattle, to hold a set of presentations targeted towards importers and exporters.
- Worked with the Arts Strategy Advisory Panel (ASAP) to complete its assessment of the industry; the report made 34 recommendations. IEA is coordinating the government response to these recommendations.
- Worked with the Conference Board of Canada to complete final edits on their review of the NWT economy.
- Completed an evaluation framework for the Business Incentive Policy (BIP).
- Development of a project tracking database to record and manage projects.
- The Division completed a number of manuals and guides, including "Programs & Services for Young Entrepreneurs" and "How to Start a Business in the NWT".
- Publication of a comprehensive community database and profiles, detailing statistical, geographic, infrastructure and social information. Published the results with the NWT Bureau of Statistics.
- Started researching results from the Household Survey on harvesting trends within the NWT. This included an assessment of trapping activity, arts/crafts production, firewood usage and labour force activity. The data allows researchers to cross tabulate wage employment to traditional activity.
- Printed a number of CD's and web sites to promote business and NWT interests. This includes development of the www.InvestNWT.com website and the www.BusinessNWT.com web site. These sites are used to partner with other business development agencies in the NWT like the NWT Construction Association and NWT Chamber of Commerce.
- Drafted a discussion paper on Innovation and Research in the NWT. This paper was well received by partner governments, and has attracted interest by the National Research Council, and Natural Resources Canada.
- Completed the design and published the first of a series of newsletters on the economy and a separate newsletter on the Arts and Crafts industry.
- Produced a report on the economic impact of Japanese tourism on the NWT economy and printed the resulting report.
- Prepared and printed the 2002/2003 Annual Report on the Business Development Fund (contribution program) and other RWED business contributions. Report was tabled at the Legislative Assembly.
- IEA partnered with a number of agencies to complete research during 2003/04. Approximately 3 major surveys were completed in cooperation with the Parks and Tourism Division as well as Arctic Tourism. The Division also worked with the NWT Chamber of Mines to assess the impact of various mineral developments on the economy.
- The Division completed a number of cost-benefit evaluations, including an assessment of the Fort Providence Bridge on the North Slave economy, the effectiveness of trade shows in promoting NWT tourism and the economic impact of Con Mine closing.

A Commitment to Values



VISION

“A healthy and diversified economy providing employment opportunities for Northerners throughout the NWT. A community where people want to live, work and invest.”

MISSION

To encourage a growing and stable economy, with a wide range of economic opportunity. The NWT needs to build on the benefits of our enormous mineral potential to attract businesses that will expand and diversify opportunity. This will allow the NWT to achieve economic prosperity and a high quality of life.

VALUES

Intelligence - the Division will provide timely and accurate economic and market intelligence. The Division will promote new business solutions in the NWT.

Competition - the Division promotes business competition.

Accountability - the Division will measure and report on its performance.

Respect - the Division will treat all clients and workers with respect.

Client Satisfaction - every effort will be made to address client needs and to work with clients in improving program service and delivery.

Empowerment - the Division will promote a climate that empowers its employees.

Innovation - the Division will promote innovation in the NWT and will look to solutions that address our competitive disadvantages.

Cooperation - the Division will cooperate with industry, the public and government to find the most cost effective solutions to development challenges.

Building the Pipeline





Management Responsibilities

THE DIVISION IS ORGANIZED INTO A NUMBER OF SECTIONS AND PROGRAMS.

INVESTMENT AND TRADE

1. Advocates for business within the government.
2. Recommends on policy and legislation which may impact NWT trade or investment.
3. Provides input into national and international trade policy negotiations and discussions.
4. Maintains NWT presence at a variety of conferences through distribution of material and maintaining trade booths – e.g.: Prospects North.
5. Business impacts of major investments.
6. Produces brochures and other public relations documents on trade.
7. Invest NWT publication and web site promotions.

ARTS AND CRAFTS

1. Produces and maintains a quarterly newsletter promoting artisan programs and services.
2. Provides E-commerce Solutions workshops for marketing and promotions.
3. Initiating and developing a NWT Merchandizing Branding Tag System that will authenticate all NWT products.
4. Developing a NWT Artisan Database that will be web based, graphical interfaced database of NWT artisans, retailers, wholesalers and suppliers. Will also include information on the support services and programs.
5. Developing a long-term Arts Strategy.

NWT FILM COMMISSION

1. Point of contact for still and motion picture filming in the NWT.
2. Provides scouting assistance and location research.
3. Promotes the NWT as a film location in print and on the Internet.

ECONOMIC ANALYSIS

1. Monitors business activity and trends in the NWT, including sector profiles.
2. Undertakes business research including monitoring statistics, social-economic impacts and surveys. All surveys are done in partnership with industry associations.
3. Development of a RWED approach to business innovation and GNWT's representative on the Canada Innovation Strategy.
4. Assists regions and communities through the development of economic profiles, and maintaining an electronic library of business studies on-line and on CD.
5. Monitors and supports the GNWT/Gwich'in MOU on contracting.
6. Maintains NWT business directory as a research and promotion tool – used by private sector as well.
7. Maintains two major business Internet portals - www.InvestNWT.com and www.BusinessNWT.com. These two sites involve partner organizations.
8. Initiates cost-benefit reviews and evaluations of various depart-

mental programs.

9. Maintains information on the cost of doing business in the NWT.

THE BIP MONITORING OFFICE

1. Provides overall policy coordination, monitoring and reporting of BIP implementation.
2. Provides advice to government and industry.
3. Maintains the BIP Registry and website.
4. Represents the Department and the Division on a variety of inter- and intra-departmental committees related to the BIP and contract administration.

GNWT CONTRACTING

1. Maintain, promote and monitor the GNWT Contracts Registry, Reporting System and Website. All GNWT contracts exceeding \$5,000 are included.
2. Record and monitor details from each tender award.
3. Establish and publish a GNWT Contracts Report, on-line and printed.

CANADA/NWT BUSINESS SERVICE CENTRE

1. Joint federal/GNWT program and database.
2. Acts as research contact for businesses.
3. Majority of assistance provided through Internet.
4. Has partnership with six regional corporations to provide wider access to services.
5. Publish informational material. For example, "How to Start a Business in the NWT", etc.
6. E-Commerce assistance and promotion.

COOPERATIVES

1. Advises the "Superintendent of Cooperatives" on "cooperative" issues and status.
2. Maintains registry of cooperatives on database.
3. Prepares a summary report on NWT cooperatives.

BUSINESS DEVELOPMENT FUND

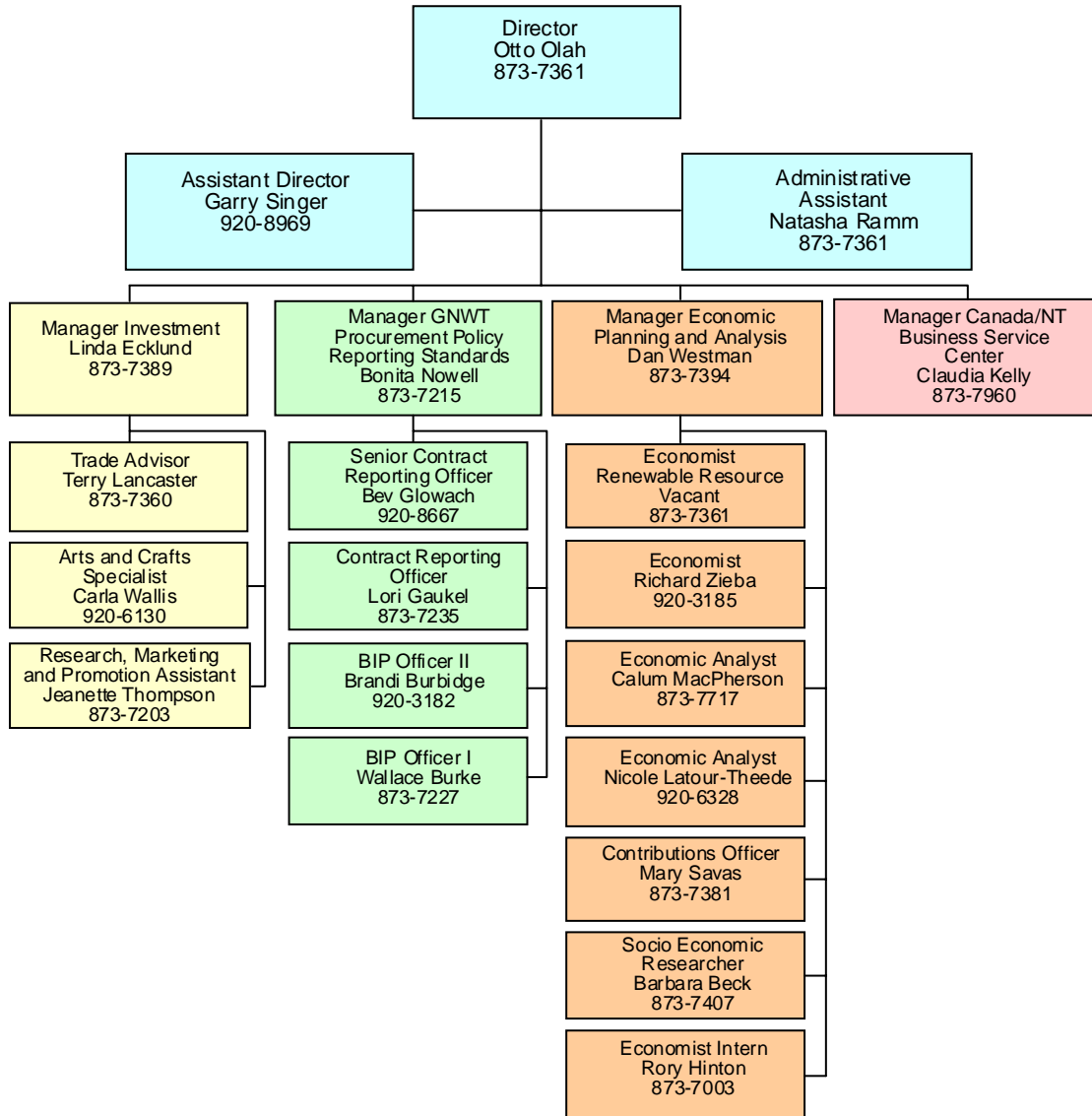
1. Develops and maintains SQL database on all business contributions by year (BDF and Grants to Small Business programs).
2. Maintains physical records and files on all contributions (minutes of approvals, accounting, financial statements, records of correspondence, etc.), current records extend from the beginning of the BDF (1989)
3. Compiles, writes and prints annual report on contributions (tabled in the Legislature).

NWT OPPORTUNITIES FUND

1. Manage the NWT Opportunities Fund, a society created to receive and invest immigrant investor funds.

Organization Chart

INVESTMENT AND ECONOMIC ANALYSIS



DIVISION FAX NUMBERS

General Office	867 - 873 - 0101
Economic Analysis	867 - 873 - 0434
Business Incentive Policy	867 - 873 - 0181
Canada NWT Business Service Centre	867 - 873 - 0101



Economic and Business Circumstances

GROSS DOMESTIC PRODUCT

Gross Domestic Product or GDP is the most common measure of economic activity. It is the total value of all final goods and services produced in the market economy over a year. Measures of real GDP represent the scale of economic activity after the effects of inflation are removed.

The NWT economy had another remarkable year in 2003 and real Gross Domestic Product (GDP) growth is predicted to reach 11 per cent. With two mines in full production, the value of diamond exports has more than doubled and real GDP is expected to grow dramatically - a growth rate of 8 per cent is forecast for 2004. The NWT's GDP will surpass that of PEI sometime in 2004.

MINERALS

The NWT economy has always been heavily reliant on exports. Total mineral exports have increased from \$890 million in 1999 to an estimated \$2.4 billion in 2004. Overall the value of gold exports has remained around \$40~50 million while oil and gas exports have increased from \$239 million in 1999 to an estimated \$489 million in 2004. However, the real growth has been in diamonds, which has increased from \$606 million in 1999 to an estimated \$2.4 billion in 2004. It is expected in 2004 that diamonds will make up 82% of the value of NWT exports.

The Northwest Territories has the only two commercially producing diamond mines in North America. Production for 2003 was \$1.7 billion, representing 12% of global diamond production and positioning the NWT as the third largest producer of rough diamonds by value in the world. A third diamond mine has gained regulatory approval and is scheduled to begin production in 2006.

Gold is the other major mining activity in the NWT. Total production was valued at \$45 million in 2003. With recent increases in gold prices, exploration for gold in the Northwest Territories has been increasing and interest has been shown in the redevelopment of old properties.

Crude oil shipments were valued at \$337 million and natural gas at \$164 million in 2003. When gas flows down the proposed Mackenzie Valley Gas Pipeline, gas production will increase to over \$2 billion annually. There are an estimated 6 trillion cubic feet of discovered gas reserves and an additional 55 trillion cubic feet of likely gas reserves within the Mackenzie Delta / Beaufort Sea region.

CONSTRUCTION

The construction industry contributed \$412 million to the GDP in 2002, making it the second largest industry in the NWT. A lot of this activity was directly associated with the development of the Diavik diamond mine. The industry has also been very competitive in developing innovative solutions to development challenges, and companies have exported their expertise to Russia, Nunavut and other polar regions.

Chart 1 - NWT GDP

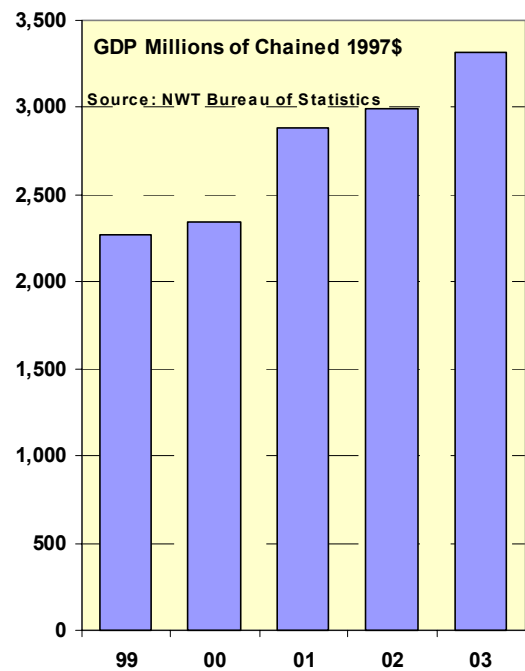
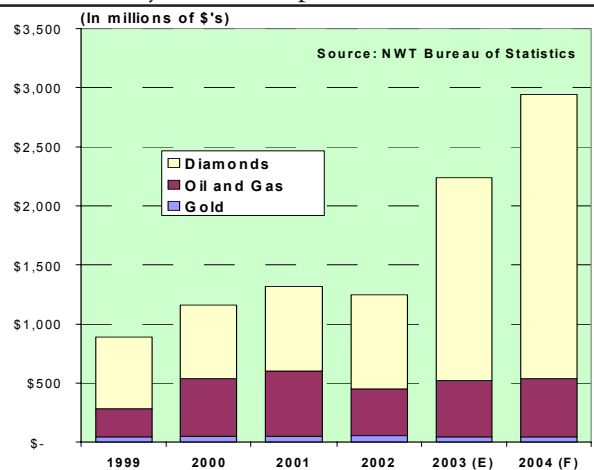


Chart 2 - Major NWT Exports



Economic and Business Circumstances



INVESTMENT

Private investment is forecast to increase in 2004 because of a slight increase in oil and gas activity in the Mackenzie Valley pipeline and further work at the Snap Lake diamond mine. Development of underground mining operations at BHP will add to total investment over 2004.

Major capital investments expected over the next decade include:

- Around \$8 billion towards development of the Mackenzie Valley pipeline and related fields,
- \$275 million towards development of a 3rd diamond mine at Snap Lake, and
- \$310 million in highway and related infrastructure development.



Construction at Diavik Mine

TOURISM

During the 2002/2003 tourism year, visitors (including business travellers) spent \$75.3 million in the territory, far outstripping the value of fisheries, forestry and trapping combined. Over half of leisure visitors come from other parts of Canada, primarily Alberta, BC and Ontario.

Five years ago, the number of visitors from the US and the number from Japan were approximately equal (around 6,000). Since then, American tourism has slightly declined while the number of Japanese has doubled. However, the Japanese market has proven extremely sensitive to events such as 9/11, world conflicts and SARS. After 9/11, the number of Japanese visiting the NWT dropped by 50%, and while the numbers showed a recovery in the following year, the advent of SARS and the Iraq war halted the rebound. A concerted marketing campaign in Japan funded by the NWT and federal governments has proven fruitful as the number of visitors from Japan in the winter of 2003/2004 increased by 11% compared to the same period a year earlier.

The NWT is an attractive location for big game hunters. Mostly American, these visitors account for 3% of leisure visitors by volume but contribute an astounding 37% of total tourist spending. By comparison, summer visitors, mostly travelling by road, make up 60% of the market but only account for 39% of tourist spending.

One current market issue is that potential visitors still confuse the NWT with the Yukon. The NWT has no distinct image in the minds of most southerners and many of the images that people associate with the NWT are more appropriate to Nunavut.

On the bright side, we have not yet tapped the full potential of our appeal to outdoor adventurers, we are regarded as a premier destination for Aurora viewing and our aboriginal cultures offer an opportunity to attract the growing number of older, educated travellers interested in authentic cultural experiences.



Trade and Manufacturing

WHOLESALE TRADE

Wholesale trade is closely associated with resource development. Current annual sales during 2003 were \$205 million. The table below highlights wholesale trade growth in the NWT and Canada since 1999.

	Canada	NT	Yukon
2000	7%	8%	-3%
2001	2%	21%	6%
2002	6%	39%	-5%
2003	4%	-23%	5%
Change	20%	39%	2%

Source: NWT Bureau of Stats

With completion of construction at Diavik and some downturn in oil/gas activity, wholesale revenues declined from \$268 million in 2002 to \$205 million in 2003. Despite this relatively large decline, overall sales are still up 39% since 1999 or \$57 million. In 2001 and 2002 growth in the NWT wholesale industry significantly exceeded Canadian averages.

RETAIL TRADE

The retail trade in the NWT has grown at twice Canada's rate over the past 4 years. Growth has been driven by an increase in population and by increased consumer spending, both reflecting high average employment. Growth can be expected to remain strong as Diavik shifts into full production and NWT resident employment increases.

Year	Canada	NT	Yukon
2000	6%	7%	4%
2001	5%	11%	8%
2002	6%	18%	8%
2003	3%	4%	2%
Change	21%	44%	23%

Source: NWT Bureau of Stats

Overall, NWT retail sales have increased by \$174 million since 1999, or 44%. Annual sales, at \$572 million during 2003, are the highest per capita in Canada.

MANUFACTURING

The development of secondary diamond processing has significantly improved NWT manufacturing. Manufacturing shipments increased \$12 million or 23 per cent in 2003.

Year	NT	Canada	Yukon
2000	18%	10%	3%
2001	52%	-3%	-50%
2002	31%	1%	-24%
2003	23%	-1%	-2%
Change	192%	7%	-62%

Source: NWT Bureau of Stats

As shown in the chart, NWT manufacturing has demonstrated fairly consistent and strong growth. However, it should be noted that the industry still plays a relatively small role in the economy compared to national averages.

Current shipments are around \$63 million per year; this compares to \$12 million in the Yukon, where the industry has suffered from a downturn in forestry. The value of manufactured shipments over 2003 were over 3 times their 1999 values.



NWT Business Priorities



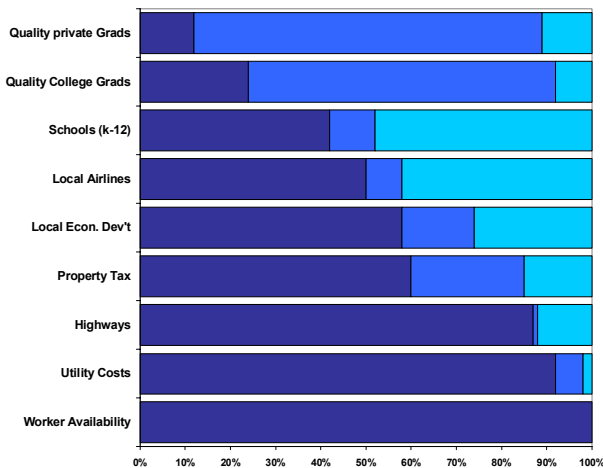
BUSINESS CONCERNS

The Canadian Federation of Independent Businesses (CFIB) does an annual survey of NWT members. The CFIB asked businesses to rank factors that impact their operations. The major factor identified was the availability of workers in the North.

The second major concern for business was utility costs. Energy prices continue to increase and as utilities are a significant input cost to most NWT businesses, it is no surprise that this is a general concern. With current increases in fuel prices, this will likely become a larger concern over the year.

Source: Canadian Federation of Independent Businesses letter to the Hon. Joseph L. Handley February 25, 2003

Chart 3 Business Factors



Source: Canadian Federation of Independent Businesses

INCOMES AND PRODUCTIVITY

The GDP measures the net value of goods and services produced by a region. GDP per capita, which is calculated by dividing the value of output by population, is widely regarded as the best single measure of wellbeing.

GDP per capita in the NWT, at \$70,976 per person, is significantly greater than any other province. This high level of GDP output tells us NWT workers have an extremely high level of productivity. This can be attributed to the large level of capital investment in the NWT as well as the high value of our resource commodities.

LESSONS LEARNED FROM OTHER NATIONS

The McKinsey Global Institute just completed a comprehensive assessment of economic development in 13 countries over 10 years. This research included a detailed examination of industry trends within each country. They found that the wealth of the economy and its people depended on its core industries. In the NWT, our core industry is resource exports. The study found that while there has been a focus on high technology business, its presence had little discernable impact on overall income.

They found that encouraging competition at the local and territorial level was a key component to economic success. When government policy limits competition, more efficient investments are missed and economic development slows. Policies which can limit competition include zoning bylaws, residency requirements, lease periods, lengthy review processes and related policy.



Core Business

INTRODUCTION

Investment and Economic Analysis was formed in 2001 with a mandate to promote business and economic development. The Division is responsible for providing economic analysis to the government, promoting trade within the NWT and other jurisdictions, representing business interests within the government and promoting investment. It has three core activities:

1. Promoting Investment

Investment is critical to economic development. The Division markets the NWT as a site for business investment and monitors our competitive position vis-a-vis competing jurisdictions and recommends on appropriate policy. Information on investment and business trends are provided to assist in identifying new opportunities. Part of this role includes promoting the NWT as a film location.

2. Expanding Trade and Exports

Expanding trade involves increasing sales between communities and regions, between industries and increasing exports. This works to increase the overall impact of spending by keeping more money circulating within the NWT. Increased exports work to expand and stabilize the economic base. The Division works with private and public partners to help connect buyers and sellers through trade shows, seminars and promotions. Financial incentives are provided through programs like the Business Development Fund to market NWT products.

3. Promoting a Positive Business Climate

The Division monitors economic trends and works with businesses to highlight problems that impede business growth. The Division works to promote business interests and issues within the Government. The Division monitors the cost of doing business in the NWT in comparison to other jurisdictions. The Division also manages the Business Incentive Policy (BIP) which provides preferential treatment for Northern Businesses vying for GNWT contracts.

Drilling for Oil in the NWT



Promoting Investment



AREAS OF RESPONSIBILITY

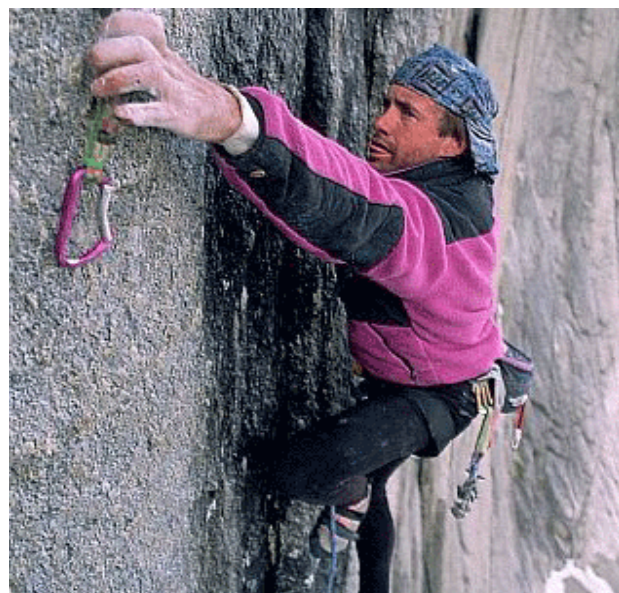
Investment is critical to economic development. The Division markets the NWT as a area for business investment and monitors our competitive position vis-a-vis competing jurisdictions. Information on investment opportunities and economic trends are provided to assist business in identifying new opportunities. The Division works with other governments to identify factors critical to business promotion and investment. Part of this role includes promoting the NWT as a film location.

The Division will work to stimulate investment by:

- **Producing Information Packages** - The Division produces and distributes brochures, presentations, CD's and pamphlets designed to highlight the NWT's unique advantages and investment opportunities.
- **Attending and Sponsoring Major Trade Shows** - The Division attends and sponsors industry trade shows to promote new investment opportunities. The Division held a number of seminars on joint ventures.
- **Providing Information** - The Division answers information requests from companies and individuals, and where warranted, prepares custom reports to highlight the advantages of a location or industry. The Division works with regions and communities to promote investment and publishes on CD and the Internet a set of community information and investment profiles. With industry partners, the Division maintains an investment web site.
- **Promoting the NWT as a Film Location** - The filming of television programs, advertisements and catalogue shoots have the potential of bringing major dollars into the NWT economy. The Division will promote this type of investment by participating in industry trade shows, developing a library of NWT images, maintaining a web presence and directly advising interested parties.
- **Monitoring Economic Trends** - The Division will monitor economic trends within the NWT and publish period research and assessment papers.
- **Assessing the Competitive Environment** - The Division will monitor business costs in the NWT and compare to other jurisdictions. It will advise the GNWT and other governments concerning policies and programs essential to a competitive investment climate.

PROJECTS FOR 2004/2005

- Promoting NWT investment advantages in key trade publications.
- Develop revised investment promotional brochure, develop an Investment CD, develop an NWT comparison piece (NWT In Canada) and further development of the www.InvestNWT.com web site.
- Publish community profiles in cooperation with the Bureau of Statistics.
- Publish 4 newsletters on the economy.
- Complete Sector and Industry profiles for all NWT Industries.
- In partnership, sponsor a number of seminars on investment and exports.
- Develop key presentation promoting NWT investment.
- Monitor and review RWED business assistance programs.
- Support and participate in the 2004 Prospects North Conference.
- Provide advice to potential investors.
- Provide advice regarding program and legislative impacts on the investment climate.
- Provide logistical and policy support to the new immigrant investor fund (the NWT Opportunities Fund).





STRATEGIC OUTCOME

The Division promotes investment for 3 purposes.

Investment is Increased

- Dollar value of new private sector investment increases. Focus should be on non-primary investment which better reflects the business climate.

Employment is Increased

- Direct new jobs associated with new investment:
 - Filled by workers from the NWT.
 - Workers new to the NWT.
 - Workers rotating to and from employment.

Increased Use of NWT as a Film Location

- Number of film, catalogues and advertising projects.
- Estimated dollars spent in the NWT.

CLIENT BENEFIT

Potential Investors Know About the NWT

- Number of persons who visit NWT displays or booths at trade shows (estimated).
- Number of presentations to ambassadors and visiting missions (increased interest in the NWT).

Interest Among Potential Investors Is Generated

- Number of requests for more information:
 - at trade shows.
 - by direct contact with Division or Business Service Centre.
 - visits to Investment and Trade web page.
 - downloads from Investment and Trade web page.

Positive Investment Climate

- Dollar value of investment expectations is positive.
- Businesses rate the NWT as a positive place to invest.

Potential Investors Actively Investigate NWT Opportunities

- Number of companies new to NWT.
- Number of new joint ventures.

WORK PROCESS OUTPUT

Marketing Activities Are Undertaken

- Number (or list) of trade shows attended.
- Number of presentations to potential investors, ambassadors and visiting missions.
- Presentations made to outside agencies or investors.

Consultation With Business Is Maintained

- Publication of a Directory of NWT Organizations
- Regular consultation with industry organizations like the NWT Chamber of Commerce, Northern Manufacturing Association, and the NWT Construction Association.
- Services are available to counsel immigrant investors.
- Web site feedback and demand.
- Requests for newsletter mailing list.

Investment Policy is Developed

- List of major research policy and legislation projects regarding investment or business climate.
- List of major inter-jurisdictional projects regarding investment and business climate.

Expanding Trade and Exports



A key component of the Northwest Territories' economy is the development and exploitation of natural resources. Diamonds are the NWT's major export. However, recent price increases in petroleum and gold have created renewed interest in these industries.

Local processing and manufacturing is limited in the NWT. Over the past decade, manufacturing growth has been stimulated by increased investment, and the development of diamond processing plants. However, the vast majority of products are still imported from southern Canada.

The Division monitors national and international trade agreements, both signed and in negotiation to ensure that the interests of NWT companies and governments are represented.

A new web based, graphical database of NWT artisans, retailers, wholesalers and suppliers of raw materials and supplies is in the works. The site will also include support services and programs available to all NWT Artisans.

Key tools of the Division include:

- **Financial assistance for businesses seeking new investment and to expand markets** – The Division assists regional offices in the delivery of the BDF and other RWED business programs. To assist the promotion of NWT companies and products, contract dollars may be used for logistics support on missions and other promotional events. The Division also acts as point of contact for NWT businesses seeking financial assistance from federal government departments and agencies.
- **Educational seminars** - The Division undertakes seminars to assist businesses to develop the skills needed to tap into government and resource sector markets. Seminars are held on all aspects of exporting, including market identification, financing and promotion. Information sessions are held on the implications of national and international trade agreements. In addition, through participation on inter-regional and interdepartmental committees and conferences, GNWT employees are briefed on the importance of trade and made aware of trade opportunities.
- **Innovation and Technology** - The Division works with partners, including business associations and other public agencies, to promote innovation and technology development in the NWT. One of the keys to long term growth is overcoming challenges unique to the NWT - cold climate, isolation, and distances.
- **Promote the sale and development of arts and crafts** in the NWT, including performing arts. Efforts will be focused on promoting e-commerce in arts and crafts; new imaging and branding for NWT arts and crafts; and development of a web based database of artisans.
- **Community and regional economic analysis** - The Division works with communities and regions to assess strengths and weaknesses. If requested, the Division will assist with development of regional economic strategies.
- **Modelling major project impacts** - The Division liaises with the Bureau of Statistics and other agencies to monitor trade flows from likely resource developments. Trade flows will be assessed to determine possible NWT business opportunities.
- **Expanding local processing and manufacturing** - The Division promotes the development of manufacturing through a variety of business assistance and marketing initiatives.
- **Trade shows and trade missions** - The Division in cooperation with Regions and the NWT business community will undertake trade shows and trade missions to promote NWT businesses.
- **Community and industry market data** - The Division will compile market information on communities and industry investment trends. This information will be distributed to the public via publications, the internet and shows.



PROJECTS FOCUSED ON TRADE AND EXPORTS FOR 2004/05

- Completion of an RWED strategy on innovation and manufacturing. Development and implementation may contain varying degrees of participation with other agencies.
- Completion of new arts and crafts strategy. Continue to develop and publish the arts and crafts newsletter. Encourage artisans to utilize e-commerce options.
- Development of an Internet artisan database.
- Development of arts and crafts promotional material including a newsletter.
- Complete a follow-up survey of business client files under the Business Development Fund and Grants to Small Business programs.
- Continue to monitor the NWT business climate and publish a two page document summarizing the NWT's competitive position.
- Continue to build upon the NWT film web site.
- Organize, with private sector partners, trade missions to key export market destinations as appropriate.
- Model major resource projects and their resource flows to assess market opportunities and relay this information to the NWT business community.
- Continue to monitor tourism trends through ferry counts and airport surveys/tallies.
- In partnership, capture and report on conversion rates from the Arctic Tourism web site.
- Participate in relevant intergovernmental and business conferences and trade shows to promote the interests of NWT business and NWT products and services. This includes Prospects North.
- The Division will also work to increase cooperation on trade and investment initiatives with other provinces and territories.

***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.*

*Common Ground Report
Economic Strategy Panel*



STRATEGIC OUTCOME

Exports Increased

- Dollar value of exports by industry and commodity are increasing.

Participation Increased

- Increased employment in export industries.
- Participation in arts in crafts remains at traditional levels.

Trade Balance Improved

- NWT trade balance improved.

CLIENT BENEFIT

Trade Interests of NWT Are Protected and Promoted

- NWT is compelled to have a sophisticated understanding of jurisdictional trade issues, and to participate in meetings, conferences and consultations with the federal and provincial governments. For example, the NWT must participate in NAFTA (North American Free Trade Agreement) discussions and the Agreement on Internal Trade in order to protect its ability to ensure NWT businesses benefit from government procurement and resource development.

NWT Companies Strengthen Their Export Capability

- Number of companies participating in trade related training.
- Number of requests for market intelligence.
- Number of NWT companies participating in trade missions.

WORK PROCESS OUTPUT

Inter-jurisdictional Trade Issues are Managed and NWT Interests Protected

- Trade issues where NWT legislation or subsidies are cited.
- Copies of trade agreements impacting NWT on Internet and/or CD.

Companies are Assisted in Exporting

- Number of NWT companies attending trade missions.
- Feedback from companies regarding impact of trade missions on overall sales.

Trade within the NWT Increased

- NWT imports in relation to GDP declining.
- Increased local purchases by mining and other resource companies.
- Increased wholesale, manufacturing and retail sales.

Use of NWT Resources

- Local fuel use versus imports, hydro, local gas usage and firewood harvesting.
- Participation in harvesting by households (periodic surveys).
- Resource sales.





Promoting a Positive Business Climate

AREAS OF RESPONSIBILITY

In this age of global competition it is essential to maintain a positive business climate, one which attracts new business and local investment. The Investment and Economic Analysis Division acts as an advocate for business within the government and works to promote business oriented policy and programs. A variety of tools are used to achieve this, including:

- **Business Development Fund and Grants to Small Business** - The Division monitors and reports on these two business contribution programs.
- **Provide the BIP registry and Website** - The Division maintains a registry of northern businesses approved under the Business Incentive Policy. The BIP requires that contract authorities make preferential adjustments to bids of approved northern businesses during the bid evaluation process. The BIP applies to any competitive contract entered into directly by the GNWT.
- **Provide the Contract Registry** - The Division maintains a registry of all GNWT contracts over \$5,000 and makes information available over the Internet.
- **Gwich'in MOU** - The Division monitors the Gwich'in MOU and provides information to Gwich'in and other businesses on regional contracting opportunities.
- **Reviewing policy and legislation** - The Division will review policy and legislation and provide Cabinet with advice regarding the impacts on business.
- **Advocating business issues** - The Division acts as an advocate for business within government. The Division also acts as the NWT representative on a number of federal/provincial committees, including those associated with "free trade" issues.
- **Supporting industry associations** - The Division works with, and supports, a variety of industry associations. These associations promote the interests of member (and other) businesses.
- **Monitoring business conditions** - The Division will monitor and report on business conditions within the NWT. This includes monitoring markets, surveying businesses and comparing business costs over time and with other jurisdictions. Where possible, the Division will make use of existing material including that collected by business associations such as the Federation of Independent Businesses and the NWT Construction Association.
- **Participate in intergovernmental development partnerships** - The Division works with other agencies and governments in a variety of programs designed to promote community and economic development. Mechanisms for this include the Alberta/NWT MOU on trade, the Ministers Responsible for Northern Development Conference and the Northern Minister.



PROJECTS DESIGNED TO IMPROVE THE BUSINESS CLIMATE 2004/05

- Publicize business assistance programs in the NWT.
- Make available over the Internet a GNWT contract registry detailing opportunities for NWT businesses over \$5,000. Record and report on tendering activity at year end.
- Develop and publish a manual on how to take advantage of “e-commerce” opportunities in the NWT.
- Maintain, promote and monitor the GNWT Contracts Registry, Reporting System and Website.
- Publish a GNWT Contracts Report.
- Development and publication of an “Innovation Strategy” for the NWT (Charting a New Course).
- Update, access and publish on the Internet, the NWT Business Directory for 2004/05.
- Operation of the NWT Opportunities Fund to promote economic development in the NWT.
- Continue to provide support to the Gwich’in MOU on government contracting. Outputs include development of the 2004/05 projects database, 2003/04 status report, development of evaluation indicators, support to the Government-to-Government meetings.
- Annual reports on business contribution assistance detailing Department business contributions.
- Complete the revised sector frameworks and Industry Fact Sheets for all NWT Industries, including those supporting trade within the NWT.
- Continue with development of the NWT community profiles and database. This includes information on community economic trends, history, geography, infrastructure, access and opportunities. These profiles will play a key role in preparing for projects like the Mackenzie Valley Pipeline.
- Monitor and assess business cost differentials for the NWT with a focus on assessing manufacturing and trade costs in the NWT vis-a-vis other competing regions.
- Prepare presentations for various audiences on the state of the economy and business development trends.
- Continue to work with other agencies in RWED and GNWT on monitoring impacts from major projects and public service purchasing.
- Work with Quebec in development of the CanadaNorth web site. Complete the report on maximizing benefits from development with the Province of Quebec.
- Maintain and publish Directory of NWT Business Organizations.





STRATEGIC OUTCOME

Business Employment is Increased

- Employment is increasing in NWT businesses in proportion to other industries.

Growing Number of Businesses

- Number of new and existing businesses are growing by region and community.

Business Share of the Economy Growing

- Business sectors of the economy increasing their share of GDP.

NWT Company share of GNWT Contract Awards Growing

- Contract awards to northern firms increasing.

CLIENT BENEFIT

The NWT has a Positive Business Climate

- Businesses perceive the NWT as a positive place to operate their business.
- Contract data is on-line.
- Key indicators of the business climate (tax rates, regulatory burden,) are positive.
- Turn around time for BIP registration is reasonable.

Community Investment is Increasing

- Number of businesses are growing in all communities and regions.

NWT's Trade Balance is Positive and Improving

- The NWT balance of trade is improving.

WORK PROCESS OUTPUT

Business Assistance Provided

- Number (or list) of businesses assisted with payments, contracting or queries.
- Activity at the Contract registry web site.
- Number of businesses and number of their employees registered under BIP, by region and community.
- Material provided to assist businesses in starting and operating a business in the NWT - re: How to Start a Business, How to Contract with Government, E-Commerce Guide and so on.
- Turn around times for major programs monitored.

Consultation With Business Is Maintained

- Number (or list) of associations with which regular consultation is conducted.
- Businesses are surveyed on their major issues and perceptions of the business climate.
- Public consultation on any revisions to the BIP.
- Contract registry is used by business.