



Government of Northwest Territories
Gouvernement des Territoires du Nord-Ouest

NWT ECONOMIC SYMPOSIUM

Northern Strengths, Northern Prosperity

October 1-3, 2018, Inuvik

SYMPOSIUM APPENDICES

Prepared By:

Gaea Consulting Ltd, Symposium Facilitators

October 23, 2018

APPENDICES

APPENDIX A: SYMPOSIUM OBJECTIVES AND AGENDA.....	A-1
APPENDIX B: SYMPOSIUM PARTICIPANTS.....	B-1
APPENDIX C: PREMIER MCLEOD’S OPENING REMARKS AND FRED CARMICHAEL’S KEYNOTE ADDRESS.....	C-1
APPENDIX D: CONTEXT AND THE ECONOMIC PROBLEM.....	D-1
APPENDIX E: POPULATION CHANGE, COMMUNITY AND REGIONS, 2002-2017	E-1
APPENDIX F: CHALLENGES AND BARRIERS TO ECONOMIC COLLABORATION.....	F-1
APPENDIX G: ECONOMIC STATUS QUO SCENARIO: IMPACTS OF POTENTIAL CLOSURE OF THE NWT DIAMOND MINES	G-1
APPENDIX H: ECONOMIC COLLABORATION: LESSONS AND BEST PRACTICES IN OTHER JURISDICTIONS	H-1
APPENDIX I: SSI CHAIRPERSON CHARLES MCNEELEY SPEEKING NOTES.....	I-1
APPENDIX J: PROJECT TLEGOHTI (‘WHERE THE OIL IS’) – PRESENTATION BY RICHARD HARDY, SSI.....	J-1

***APPENDIX A: SYMPOSIUM OBJECTIVES AND
AGENDA***

NWT ECONOMIC SYMPOSIUM

Northern Strengths, Northern Prosperity


October 1-3, 2018

Ingamo Hall, 20 MacKenzie Road, Inuvik

SYMPOSIUM OBJECTIVES

The NWT Economic Symposium – *Northern Strengths, Northern Prosperity* is a special gathering of the political leadership of Indigenous governments and organizations, supported by their leads of the respective economic development corporations, and the Government of the Northwest Territories. This jointly designed symposium has set out the following consensus-based objectives:

1. *Discuss the ‘economic problem’ that the territorial and regional economies are experiencing. This will be an opportunity to share information to respectfully and more fully inform the dialogue regarding the NWT’s natural resource base (renewable and non-renewable). This will include discussion of the role of sustainable and responsible development of non-renewable sectors of the economy, which historically been and continue to be the single largest source of economic activity that generates meaningful employment, income and government revenue to ensure the provision of fiscally sustainable essential public programs and services, as well as continuing to invest in the important renewable sectors of the economy.*
2. *Review and discuss the economic status quo scenario, including existing regional inequities, disparities and infrastructure gaps, and the potential impacts and implications at the territorial regional and community level if a new direction is not set out and taken by the collective leadership.*
3. *Discuss the challenges and opportunities of economic collaboration by reflecting on lessons learned and best practices by Indigenous governments and development corporations in other jurisdictions, and by examining the challenges (e.g., barriers, gaps and potentially divergent views on priorities) and opportunities in the NWT through the alignment of Northern Strengths between IGOs and the GNWT as well as among and between IGOs to achieve Northern Prosperity.*
4. *Identify and discuss a potential vision, principles and options for economic collaboration among the Indigenous governments and organizations, and with the Government of the NWT.*
5. *Identify and discuss proposed and emerging economic development projects in the context of potential opportunities for collaboration and partnerships.*
6. *Work towards consensus on a mutual commitment to strengthened economic collaboration among the Indigenous governments and organizations, and with the Government of the NWT. This includes setting out tangible next steps and schedule to move forward in true partnership.*

NWT ECONOMIC SYMPOSIUM WORKING AGENDA – DAY 1: OCTOBER 1, 2018		
2:15 – 2:50 p.m.	Welcome and Introductions <ul style="list-style-type: none"> • Opening Prayer • Logistics briefing Premier’s Opening remarks • Round table introductions • Review resource materials (<i>*Previously distributed</i>) • Confirm the symposium objectives and agenda 	(TBC) Premier McLeod All Facilitator All
2:50 – 3:00 p.m.	Key Note Speaker	Fred Carmichael
3:00 – 4:00 p.m.	Agenda Item #1: <i>The Economic Problem and Context</i> <i>Presentation 1: The Economic Problem and Context: An Overview of the Story based on the Interview Findings and Document Research</i> <u>Discussion Questions:</u> <ol style="list-style-type: none"> 1. <i>Do we generally agree on the economic ‘problem’ and the context that we are here to address?</i> 2. <i>While recognizing the contribution of the renewable resource sectors of the economy, do we generally agree that the non-renewable resource sector has been and will continue to be for the foreseeable future the largest source of territorial and regional ‘opportunity and wealth’?</i> <p style="text-align: center;"> Roundtable discussion</p>	Facilitator All
4:00 – 4:15 p.m.	Refreshment Break	
4:15 – 5:30 p.m.	<i>Continuation of ... Agenda Item #1: The Economic Problem and Context</i> <i>Presentation 2: The Emerging Economic Status Quo Scenario: Potential Impacts and Implications at the Territorial, Regional and Community Level</i> <u>Discussion Questions:</u> <ol style="list-style-type: none"> 1. <i>Do we generally agree on the impacts and implications in the economic status quo scenario?</i> 2. <i>If the status quo scenario continues, what are we as political leaders prepared to trade-off and take</i> 	Facilitator All

<p style="text-align: center;">NWT ECONOMIC SYMPOSIUM WORKING AGENDA – DAY 1: OCTOBER 1, 2018</p>		
	<p><i>responsibility for?</i></p> <p>● Roundtable discussion</p>	
5:30 p.m.	<p>Day 1 Wrap-Up</p> <ul style="list-style-type: none"> • Facilitator’s remarks on progress and outline for Day 2 • Questions and remarks 	<p>Facilitator All</p>
	Shuttles to hotel	
6:30PM	Dinner for leaders and officials	GNWT hosted McKenzie Grill

NWT ECONOMIC SYMPOSIUM WORKING AGENDA – DAY 2: OCTOBER 2, 2018		
08:00 – 08:30	Breakfast	On own at hotel
8:40	Shuttles departs hotel to Ingamo Hotel	
08:45 – 9:00 a.m.	Welcome and Introductions <ul style="list-style-type: none"> • Introductions of any <i>new</i> participants • Review agenda and objectives for Day 2 	All Facilitator
09:00 – 10:45 a.m.	<p><i>Agenda Item #2: A New Economic Direction: A Choice of Futures – Challenges and Opportunities</i></p> <p><i>Presentation 1: Economic Collaboration: Lessons and Best Practices in Other Jurisdictions</i></p> <p><i>Presentation 2: Economic Collaboration: Challenges and Opportunities in the NWT</i></p> <p><u>Discussion Questions:</u></p> <ol style="list-style-type: none"> 1. <i>What are the key challenges and opportunities for economic collaboration between: (a) Indigenous governments and organizations? (b) Indigenous governments and organizations and GNWT</i> <p style="text-align: center;">● Roundtable discussion</p>	Darrell Beaulieu and Paul Gruner Danny Gaudet and Jake Heron All
10:45 – 11:00 a.m.	Refreshment Break	
11:00 – 12:00 noon	<p><i>Agenda Item #3: A New Economic Direction: Vision and Core Principles</i></p> <p><i>Presentation 1: Informing Open Discussion: Observations from the Interviews and Research Findings</i></p> <p><u>Discussion Questions:</u></p> <ol style="list-style-type: none"> 1. <i>What does the vision of the new economic direction look like?</i> 2. <i>What are the core principles on which to build a new direction for shared prosperity?</i> <p style="text-align: center;">● Roundtable discussion</p>	Facilitator All

NWT ECONOMIC SYMPOSIUM WORKING AGENDA – DAY 2: OCTOBER 2, 2018		
12:00 – 1:00 p.m.	Lunch (provided)	
1:00–1:45 p.m.	<p><i>Continuation of ... Agenda Item #3: A New Economic Direction: Vision and Core Principles</i></p> <p><u>Discussion Questions:</u></p> <ol style="list-style-type: none"> 1. <i>Do we generally agree that a new politically driven and supported economic development direction is needed?</i> 2. <i>What does the vision of the new economic direction look like?</i> 3. <i>What are the core principles on which to build a new direction for shared prosperity?</i> <p style="text-align: center;">● Roundtable discussion</p>	All
1:45–3:00 p.m.	<p><i>Agenda Item #4: Potential Options and Projects for Economic Collaboration between IGOs and the GNWT as well as between and among IGOs</i></p> <p><i>Presentation 1: A Perspective on potential options and projects for economic collaboration between IGOs and the GNWT as well as between and among IGOs</i></p> <p><u>Discussion Questions:</u></p> <ol style="list-style-type: none"> 1. <i>What are the potential options and projects for economic collaboration between (a) the various Indigenous governments and organizations; (b) Indigenous governments and organizations and the GNWT?</i> 2. <i>What can each of the respective governments and organizations contribute to moving forward?</i> <p style="text-align: center;">● Roundtable discussion</p>	Minister Wally Schuman All
3:00– 3:15 p.m.	Refreshment Break	
3:15– 4:45 p.m.	<p><i>Continuation of ... Agenda Item #4: Potential Options for Economic Collaboration between IGOs and the GNWT as well as between and among IGOs</i></p> <p style="text-align: center;">● Roundtable questions and discussion</p>	All

NWT ECONOMIC SYMPOSIUM WORKING AGENDA – DAY 2: OCTOBER 2, 2018		
4:45 p.m.	Day 2 Wrap-Up <ul style="list-style-type: none"> • Facilitator’s remarks on progress and action items • Outline and suggestions for Day 3 	Facilitator
	Shuttle departs Ingamo Hall to hotel	
		Free time

<p align="center">NWT ECONOMIC SYMPOSIUM WORKING AGENDA – DAY 3: OCTOBER 3, 2018</p>		
08:00 – 08:30 a.m.	Breakfast	At hotel
	Check -out	
8:40 – 8:45 a.m.	Shuttles depart hotel	
08:45 – 9:00 a.m.	Welcome and Introductions <ul style="list-style-type: none"> • Introductions of any <i>new</i> participants • Review agenda and objectives for Day 3 	Facilitator
9:00 – 10:45 a.m.	<p>Agenda Item #5: <i>Moving Forward and Next Steps</i></p> <p><i>Presentation 1: Summary of key ideas on possible next steps from Day 1 and 2 discussions</i></p> <p align="center">DISCUSSION AND DECISION POINTS</p> <ol style="list-style-type: none"> 1. <i>Do we agree to move forward and explore specific options for economic collaboration for shared prosperity as Indigenous governments and organizations and as a public government?</i> 2. <i>What are the (immediate) next steps and schedule?</i> 3. <i>What are the key messages (communiqué) coming from the economic symposium that we agree on?</i> <p align="center">● Roundtable discussion</p>	<p>Facilitator</p> <p>Minister Schuman</p> <p align="right">All</p>
10:45 -11:30 a.m.	Symposium Wrap-Up <ul style="list-style-type: none"> • Facilitator’s closing remarks • Symposium closing remarks 	<p>Facilitator</p> <p>Premier McLeod and Indigenous Leaders</p>
11:35 a.m.	Shuttles to Hotel	
12:00 noon	Shuttles to Airport from hotel	

APPENDIX B: SYMPOSIUM PARTICIPANTS

NWT ECONOMIC SYMPOSIUM
Northern Strengths, Northern Prosperity

PARTICIPANTS LIST

Attendance Confirmed (Y/N)	Delegate Type	Organization	Title	First Name	Last Name
Y		GNWT	Premier	Bob	McLeod
Y		GNWT	Minister	Wally	Schumann
Y		GNWT	Minister	Robert C.	McLeod
Y		GNWT	Deputy Minister	Tom	Jensen
Y		GNWT	Principal Secretary	Gary	Bohnet
Y	Invited	Acho Dene Koe First Nation	Chief	Eugene	Hope
Y	Invited	Acho Dene Koe First Nation		Frank	Kotchea
Y	Invited	Dehcho First Nations	Grand Chief	Gladys	Norwegian
Y	Invited	Dehcho First Nations	Executive Assistant	Gregory	Nyuli
Y	Invited	Dene Nation	Dene National Chief	Norman	Yakeleya
Y	Invited	Denendeh Development Corporation	Board Director	James	Firth
Y	Invited	Denendeh Investments Incorporated	Executive Assistant	Jacquelyn	McIntyre
Y	Invited	Gwich'in Development Corporation	CEO	James	Thorbourne
Y	Invited	Gwich'in Tribal Council	President and Grand Chief	Bobbie-Jo	Greenland-Morgan
Y	Invited	Gwich'in Tribal Council	Economic Development Specialist	Joy	O'Neil
Y	Invited	Inuvialuit Development Corporation	President	Partick	Gruben
Y	Invited	Inuvialuit Regional Corporation	Board Director	Jordan	McLeod
Y	Invited	Inuvialuit Regional Corporation	Chair and CEO	Duane	Smith
Y	Invited	Kát'odeeche First Nation	Chief	Roy	Fabian
Y	Invited	Kát'odeeche First Nation		Robert	Lamalice
Y	Invited	Łutsel K'e Dene First Nation	Sub Chief	Adeline	Jonasson
Y	Invited	Northwest Territory Métis Nation	President	Garry	Bailey
Y	Invited	Northwest Territory Métis Nation	Secretary/Treasurer	Paul	Harrington

Attendance Confirmed (Y/N)	Delegate Type	Organization	Title	First Name	Last Name
Y	Invited	Sahtu Secretariat Incorporated		Leonard	Kenny
Y	Invited	Sahtu Secretariat Incorporated		Edwin	Erutse
Y	Invited	Sahtu Secretariat Incorporated		Richard	Hardy
Y	Invited	Sahtu Secretariat Incorporated		Margaret	MacDonald
Y	Invited	Sahtu Secretariat Incorporated		Richard	Kochon
Y	Invited	Sahtu Secretariat Incorporated	Chairperson	Charles	McNeely
Y	Invited	Sahtu Secretariat Incorporated		Wilfred	McNeely Jr.
Y	Invited	Tłjchq Government	Chief	Clifford	Daniels
Y	Invited	Tłjchq Government	Chief	Charlie	Football
Y	Invited	Tłjchq Government	Grand Chief	George	Mackenzie
Y	Invited	Tłjchq Government	Chief	Alfonz	Nitsiza
Y	Invited	Tłjchq Government	Chief	David	Wedawin
Y	Invited	Tłjchq Investment Corporation	President and CEO	Jasper	Lamouelle
Y	Invited	Yellowknives Dene First Nation (Dettah)	Chief	Edward	Sangris
Y	Invited	Yellowknives Dene First Nation (NDILO)	Chief	Ernest	Betsina
Y	Invited			Nellie	Courmyea
Y	Invited	Ehdiitat Gwich'in Council	President	Andrew	Charlie
Y	Invited	Nihtat Gwich'in Council	President	Jozef	Carnogursky
Y	Invited	Government of Canada	Parliamentary Secretary	Yvonne	Jones
Y	Keynote		Keynote	Fred	Carmichael
Y	Speaker	Northwest Territory Métis Nation	Economic Advisor	Jake	Heron
Y	Speaker	Denendeh Investments Incorporated	CEO	Darrell	Beaulieu
Y	Speaker	Det'on Cho Coporation	CEO	Paul	Gruner
Y	Speaker			Danny	Gaudet

***APPENDIX C: PREMIER MCLEOD'S OPENING
REMARKS AND FRED CARMICHAEL'S
KEYNOTE ADDRESS***

**NWT Economic Symposium Welcoming Remarks
Premier Bob McLeod
October 1, 2018**

Thank you, and welcome to the Northwest Territories Economic Symposium: *Northern Strengths, Northern Prosperity*.

I am pleased to see all the leaders here, it shows that you recognize the importance of a strong economy to the future of the Northwest Territories and that you want to be part of the solution. Thank you for coming. We've been talking about the need to bring leaders together from across the Northwest Territories for an economic summit for many months now.

A strong economy is the key to a strong territory and a sustainable future for all our people. It is essential for the growth and development of business and industry, which, in turn provides Northwest Territories residents with the jobs and income they need to support themselves and their families.

Our governments also benefit from resource revenues, taxes, and IBA payments that help to fund programs and services we deliver to our residents.

With so much depending on the economy of the Northwest Territories, we all must do as much as we can to support it and ensure it thrives.

It is important that we don't neglect the territorial economy or take it for granted. That is one of the reasons I felt the need to speak out last fall about the economic and political challenges that could make it difficult to maintain the level of economic activity we want and need to create prosperity for our regions.

For a long time, the Northwest Territories economy has looked after itself. Abundant natural resources and strong commodity prices used to be all we needed to ensure that there were plenty of jobs and business opportunities to go around, and we didn't need to do much as leaders and governments to keep it going.

But times have changed, and the Northwest Territories economy isn't what it used to be. Between 2007 and 2016, the Northwest Territories economy shrank from \$4.5 billion to \$3.7 billion.

A smaller economy means fewer jobs and less money to go around. Between 2007 and 2016, the territorial unemployment rate rose from 5.7 percent to 7.4 percent and there were 800 fewer jobs in the territory.

In 2008, almost half of the NWT's economy came from resource development. While it is still the biggest single sector of our economy, by 2017 its contribution to territorial GDP was 26 percent – half of what it had been in 2008.

The diamond mines – currently the engine of the Northwest Territories economy – will not last forever. Their eventual closure will shrink the economy by about \$1.1 billion and lead to about 3,300 job losses.

We'll discuss the many causes and factors that have made the Northwest Territories economy what it is and will influence its future in greater depth over the next few days and there is some thought-provoking resource material in your packages.

One thing that we also need to think about is how federal policies and decisions can impact our economy and what we can do to influence it.

I know that there are many opinions about oil and gas development, but we cannot deny that it has been an important part of the Northwest Territories economy. Oil and gas exploration in the Sahtu used to be an important source of economic opportunities for that region and Norman Wells has long depended on Imperial Oil's refinery.

Here in Inuvik, the dream of offshore and onshore oil and gas development and the Mackenzie Gas Pipeline offered hope for significant employment and economic opportunities.

That hope went by the wayside when the federal government declared a permanent moratorium on oil and gas development in the Beaufort Sea almost two years ago.

The day the Prime Minister called to tell me he was imposing the moratorium, I asked him what residents of this region were supposed to do for work. He said there was still tourism and fishing and there would be a Clean Growth Jobs Strategy. When I told Mayor Jim MacDonald that, he said people couldn't make a living by fishing.

Just to put some more context around that, agriculture, forestry, fishing and hunting combined accounted for 140 jobs in the whole territory in 2017. Compare that to the 1,330 jobs that resource development accounted for that same year.

I respect and agree that protecting the sensitive Northern environment and doing our part to combat climate change is important, but Northerners need and deserve jobs. If Canada is going to close doors on entire sectors of our economy - if we as Northern leaders agree that we want to close doors on entire sectors of our economy - we need to have a plan for what comes next. Figuring out what comes next is why we are here today.

The Government of Canada is working on an Arctic Policy Framework that would identify priorities for northern development and federal investment in the North. While Canada has been engaging separately with our governments on the development of the APF, we have an opportunity here to send a collective message to Ottawa about the need to support strong, sustainable economic growth in the Northwest Territories.

As leaders, we do not have to stand by idly and let external market forces and other government's policies undermine the potential of the Northwest Territories economy.

We owe it to the people we serve to make sure they have every opportunity to succeed by doing everything we can to sustain and grow the Northwest Territories economy for the long term. That means working together to identify and invest in high priority sectors that we know will return the greatest benefits to our people in the form of jobs and opportunities.

That means looking for projects and opportunities that are big enough and significant enough to drive economic growth in more than a single region or community.

That means thinking about what will benefit the territory as a whole and recognizing that when the Northwest Territories thrives, each of our communities and regions has a better opportunity to thrive.

That means overcoming the natural instinct to hang onto our little slice of the pie because something is better than nothing.

That means standing up publicly to ensure that people in this territory and outside of it know that want a strong economy and are committed to working together to support it.

I know my message sounds gloomy, but it is because I want to emphasize how big the challenge we face is and how important it is that we work together to address it.

I believe in the potential of the Northwest Territories. We have the resources, the people and the knowledge to build a thriving and prosperous territory that will give the people of every region and community long-term financial security and a sustainable future.

The Northwest Territories can be a Canadian success story and a model for how Indigenous people can not only participate in the economy but can also direct and shape it as decision makers and reap its benefits.

If we agree that that is the kind of territory we want to be, we need to make up our minds to work together to make it happen.

It is going to take a plan and it is going to take hard work. It might also require that we make some choices about what we will focus on and what individual priorities we each might have to set aside so we can achieve shared goals.

I don't expect that figuring out the path forward will be easy. If it was easy, we'd have done it already. Our success over the next three days is going to depend on our ability to think clearly about what we want this territory to be, acknowledge our differences and challenges openly, and contribute our best ideas for solutions freely.

So, we can all participate in the discussion as effectively as possible, we have hired Andy Swiderski of Gaea Consulting to be our facilitator. Some of you have already spoken to Andy when he was helping develop the agenda for the symposium. It will be his task over the next three days to help guide the discussion and keep it on track, including pulling us back when it starts to wander into topics that aren't part of the agenda or are getting us sidetracked.

Thank you, I look forward to our discussion this week

***APPENDIX D: CONTEXT AND THE ECONOMIC
PROBLEM***

NWT ECONOMIC SYMPOSIUM
Northern Strengths, Northern Prosperity
CONTEXT AND THE ECONOMIC 'PROBLEM'

THE CONTEXT

The context for the NWT Economic Symposium is presented in the form of an important 'story', with the following selected summarized 'chapters' to inform constructive and the respectful dialogue.

Fiscal Sustainability: The territory will receive some 72% (\$1.26 billion of total revenues of \$1.75 billion) from the federal government in 2018-19. This source of revenue comes at a political and economic 'cost' to the territory by virtue of certain conditions that can and periodically do constrain the GNWT's expenditure priorities, options and decisions, including debt financing. As a duly elected public government with a territorial mandate and responsibility, the ability to generate sufficient own source revenue to pay for essential public programs and services in every region, and to invest in strategic economic generating infrastructure, has been, and continues to be compromised, putting into question the GNWT's long-term fiscal sustainability (as required by the NWT *Fiscal Responsibility Policy*). While respecting the fact that two Indigenous governments have not agreed to be party to the Agreement at this time, this situation puts into doubt the purpose and the potential of the 2014 *Lands and Resources Devolution Agreement*.

Fiscal sustainability is the ability of a government to sustain its current spending, tax and other policies in the long run without threatening solvency, defaulting on some of its liabilities or promised expenditures. This then affects the GNWT's credit rating, which in turn determines the terms for and cost of borrowing. Simply put, fiscal sustainability is the basis for both political legitimacy and for discharging obligations to deliver essential public programs and services in the necessary quantity, quality and geographic location, as well as its ability to provide procurement and contracting opportunities to NWT businesses, and importantly to the respective development corporations of the IGOs.

Limited Resource Projects Revenue Streams and Opportunities: The resource revenue streams from existing active projects is diminishing as the resource reserves run out or become unprofitable to extract. There is currently only one oil production operation, in Norman Wells, with declining economic reserves. In the mining sector, there are only three (3) operating mines (Ekati, Diavik, and Gahcho Kue), some of which are at or nearing their economic life if additional identified reserves are not developed. Over the last decade, mining, oil and gas extraction accounted for us much as 48% (in 2008) of the territorial Gross Domestic Product (GDP). This has declined since 2008, largely due to decreased production levels, but still accounted for 26% of GDP in 2017. (*The implications of the economic status quo are summarized in a separate reference document - *Scenario of Impacts of Potential Closure of the Diamond Mines*).

Few new mining projects proposed: There are few proposed new mines, with no certainty of proceeding to development: Prairie Creek Mine (zinc, silver and lead), NICO Mine (cobalt, gold, bismuth and copper), and Pine Point Mine (lead and zinc). The proposed mines are all smaller in operating scale – requiring fewer workers, have a shorter mine life, are tied to lower commodity

profit margins that affects their 'ability to pay' (e.g., benefits agreements, financial assurances – *securities* and, royalties), and if ultimately approved and actually developed, will yield lower revenue streams for government as well as less employment and contracting opportunities for IGOs development corporations and other NWT businesses.

Potential Implications for Indigenous Governments and Organizations: The implications for IGOs and their respective development corporations are challenges from gaps in something approximating an '*ideal stream*' of resource development projects at varying stages of the regulatory review and development cycles to minimize the disruption and fluctuation in the volume of economic activity and consequential variation in public government revenue generation levels, as well as resource revenue sharing, benefit agreements and contracting opportunities. These potential implications underscore the high degree of economic dependence of many IGOs on government (GNWT and Canada) for funding and creation of economic opportunities, especially those who are not located within the economic 'sphere' created by the existing resource development projects.

There is a recognition that while government will remain, at least for the foreseeable time, an important part of the NWT economy, it is only one of the available options, with industry and private business sectors as the more significant and longer-term option for economic growth and investment. There remain areas of divergent interpretations by the IGOs and government (GNWT and Canada) regarding the land claim agreements' *vision and principles* regarding becoming '*equal and meaningful participants*' in the northern and national economies, and how to '*encourage self-sufficiency*' by Indigenous people.

Demographics Patterns and Trends: Demographically, the NWT can be characterized historically as '*increasing at a decreasing rate*', reflecting resource development cycles and the associated in and out-migration - as was evident in the 6% population decline between 1996 and 2001, while the growth rate for the entire 1981 to 2011 period was 38%. Historical patterns and trends of urbanization and intra-territorial migration continue to shape, and in some cases to re-shape the size, distribution and composition (e.g., ethnicity, age, education, labour force composition and participation) of people in communities and regions. There are two significant demographic drivers that have and continue to shape the communities and regions, and that impact the demand for GNWT public services: Growing concentration in the regional centres; and, decreasing fertility (birth) rates, and the corresponding aging of the population, as well as a declining working age cohort. The significance of these two drivers warrants further explanation to inform the discussion at the NWT Economic Symposium.

Declining communities and concentration in regional centres: Over the last 30 years the concentration of the total NWT population in Yellowknife grew to 46% (an increase of 48%), while the other regional centres' population declined by 18% and the small communities experienced a decrease of 22%. The historical patterns are projected by the NWT Bureau of Statistics to continue for the next 20 years, where by 2031 Yellowknife will have 48% of the NWT population, while the other regional centres and the small communities will experience a decline to 22% and 30%, respectively. Moreover, the total NWT population will only increase by 3% by the mid-2030s. This extremely low rate of population growth has a range of economic and labour force implications. The pattern of concentration in the larger centres is even more pronounced for the Indigenous population. The share of total Indigenous population in Yellowknife grew from 10% in 1981 to 21% in 2011 (an increase of 110%) and is projected to grow to 25% by 2031. Moreover, the shift in the

population in small communities has important policy and programming implications. In 1981 the share of the total Indigenous population living in the small communities was over two-thirds (67%). This share decreased to 54% by 2011 (a decline of 19%), with a further projected decline to 51% by 2031.

The 2002 to 2017 period underscores the demographic trends and changes at the community level. Total NWT population increased by only 2,826 persons, representing less than 7% change over the 15-year period. This is a negligible increase over that period, and brings with it a range of social, economic, housing (including the rise of homelessness) and public service delivery implications—including growth so low to threaten the viability of certain local businesses providing goods and services. Population change by community provides further perspective on the emerging implications. Of the total 33 communities in the NWT, 18 communities (representing some 55% of all the communities) experienced an overall population decline during the 2002 -2017 period. The majority of which were the small communities. The two exceptions being Inuvik and Fort Simpson which also experienced declines.

Examination of regional population change highlights the emerging impacts and longer-term implications. The data indicates that there were two declining regions (Beaufort Delta and Dehcho), one region with virtually zero growth (Sahtu), and regions that experienced some degree of growth (South Slave, Tlicho and Yellowknife). The Yellowknife region experienced the largest regional growth with an increase of 2,569 persons, representing some 147% of the regional population. Yellowknife alone accounted for 95% of the regional increase of 437 persons, representing 16% of the regional population. While the City of Yellowknife accounted for 86% (2,432 persons) of total NWT population increase of 2,826, the City's actual rate of growth over the 15-year period is statistically insignificant.

While migration out of NWT communities, and indeed across rural Canada, has a number of *push* and *pull* factors, a key factor remains seeking '*better*' opportunities elsewhere for education, housing, and employment and business development. Resource development projects have and can contribute to both *push* and *pull* factors in a person's decision to stay or move.

Population Is aging: Although the NWT currently has a relatively low proportion of seniors, the 'share' has more than doubled and it has been the fastest growing age cohort over the last 20 years. The number of those aged 45 to 64 years has increased significantly, which is the result of the aging 'baby boom' generation. In contrast, the share of children under 15 years has been steadily decreasing. During the 1991 to 2011 period, the proportion of those aged 0 to 9 years fell by nearly 20%, while those aged 65 to 69 years increased by nearly 280%. The decrease in the number of children reflects a declining birth rate, while the growth in the older age groups reflects increased life expectancy for the general population. By 2034, the NWT will have some 5,200 persons aged 70+ years. This is an increase of about 3,500 (208%) over the 2014 to 2034 period. The health and social service programming and cost pressure implications are significant (e.g., home care, long-term care facility costs, hospital utilization rates). By comparison, the total NWT population is projected to be about 45,000. This is an increase of about 1,400 (3%) over the 2014 to 2034 period.

THE ECONOMIC PROBLEM

Through the 30 confidential interviews and review of key documents, the 'problem' was characterized openly, critically and honestly by representatives of the IGOs and their respective economic development corporations and, the GNWT as: complex and comprised of highly interdependent parts. The following summarizes the areas of potential shared focus and emphasis for the NWT Economic Symposium. The interpretation of the perspectives is solely the responsibility of the independent facilitator.

NWT comparative advantage – natural resources: Historically the NWT has not optimized the opportunities it has had to build revenue streams from its natural resource (natural capital) endowment through the necessary quantum of investment and duration to position for realizing longer-term benefits to ensure not only an economic security threshold but ultimately to maximize opportunities and shared northern prosperity. This is evident by the continued absence of a genuine shared commitment by the GNWT and IGOs in a deliberate, comprehensive and sustainable economic development direction and agenda at the territorial and regional level. There has been a reluctance to commit to an economic direction and agenda that is founded on the economic realities of the territorial comparative advantage - natural resource endowment, that reflects geographic and climatic constraints, and has a direction that factors in high operating and labour market challenges, a reputation as a complex regulatory regime, significant infrastructure deficits, prohibitive distances to markets and, cyclical commodity market demand and price fluctuations at national and international levels.

Investment risk, and higher Northern capital and operating costs: The comparative cost of mining in Northern Canada was reviewed in the 2015 report by the mining industry - '*Leveling the Playing Field*' that examined and brought together independent financial data for southern and Northern Canada that had the following findings:

- Capital costs are double for gold mines;
- Capital costs are 2.5 times higher for base metal mines; and, 15% to 20% higher for diamond mines;
- Operating costs were 30% to 60% higher in the Northern mines.

Cumulatively, these factors continue to shape the degree to which the NWT, relative to other jurisdictions, is viewed by investors as 'competitive and attractive' with regard to capital investment risk.

Recognition of and Support for the traditional economy: The economic dominance of the non-renewable sectors has not precluded or diminished GNWT's continued support for and investment in other sectors of the renewable and traditional economies that includes harvesting, outfitting, tourism, local retail and services, the cultural sector (arts and crafts, film & media, music), fisheries, forestry, small scale agriculture, renewable energy, among other emerging opportunities that operate at various scales from individuals to small businesses, some requiring minimal capital investment in every community and region. The GNWT's long-standing support for the traditional economy involve a range of programs and support services, including:

Support for Artists - NWT Arts Program- the artisan database registers and promotes all NWT artisans, which totalled 771 in 2018 and represented every region. In 2016 there were 896 cultural industry jobs that contributed over \$76 million, representing 2.0% of GDP. Notwithstanding the small economic impact, the cultural industry has an important role in preserving and supporting

the territory's diverse cultures and traditions, as well as supplementing residents' income across all of the regions. This contributes to diversification and strengthening the local and regional economies.

Support for Trapping and Hunting –The GNWT has been a firm supporter of trappers and the fur industry. Whether through direct support to trappers via grants and contributions or through funding to support the various organizations at the community level that represent hunters and trappers, the government has always ensured that funding was available for those that participated in harvesting. There are several GNWT programs to support the traditional economy, including support for the: Genuine Mackenzie Valley Fur (GMVF) Program; Community Harvesters Assistance Program (CHAP); Hunters and Trappers Disaster Compensation Program; Local Wildlife Committees; and Take a Kid Trapping. In 2015-16, ITI and the Department of ENR provided some \$2.1 million to the 676 registered trappers under these programs. The renewable resource sector (agriculture, forestry, fishing and hunting) contributed \$23 million, representing 0.5%, to GDP.

Support for entrepreneurs and Economic Development (SEED)– In 2016-17 the Department of ITI contributed over \$618,000 to small businesses, artists and entrepreneurs aimed at the traditional economy, arts, film and similar self-employment activities. The Department of ECE's support for Northern performers promotes and develops artists by funding performances at local and national events.

While the contribution of these sectors to the GDP is very modest, they provide important options, create revenue and, maintain essential links to traditional and cultural practices, especially in communities that may not currently have other economic options or activity. It is recognized that the continued viability and growth of these sectors depends, at least in part, on public and Indigenous governments' ability to continue to invest in them from the revenue that is generated from non-renewable resource development on public and Indigenous owned lands.

Effort in economic development planning but limited tangible results: Together the GNWT and Indigenous governments and organizations have successfully produced numerous economic strategies, hosted many economic development conferences and regional workshops over the decades. What has been less successful are actual delivery of tangible and sustained results, in part through inadequate execution and commitment to the necessary substantive, consistent and sustained political support. Moreover, the limited tangible results reflect episodic and inadequate commitment to the essential broad based financial investments in the non-renewable resource sector, including the critical strategic infrastructure investments that have historically generated (and will for the foreseeable future) continue to generate the majority of 'wealth' for the NWT.

Non-renewable resources sector economic contribution: The high economic contribution of the non-renewable sector (oil and gas, and mining – representing over a quarter (some 26%) of GDP (direct and indirect impacts) in 2017 representing \$1,231 million, of which nearly 90% (\$1,103 million) was attributed to diamond mining – which also accounted for 73% (975 jobs) of the 1,330 total jobs in this sector, has not been fully integrated into the economic development agenda with respect to how this has, and continues to shape the territorial and regional economic direction and, overall fiscal sustainability. For completeness in 2016, agriculture, forestry, fishing and hunting accounted for some \$23 million, representing 0.5% of GDP and represented 140 jobs. Historically there have also been periods of indecision and tentativeness to fully commit to a broader, deeper and, sustained stream of investment in priority economic sectors through critical infrastructure, by all levels of government, IGOs and private interests.

Longer resource development cycle: The resource development cycle, which historically occurred within an approximate 7-year process from exploration, feasibility decision, regulatory review and approval, construction and start of production. The mining industry information notes that this cycle is now in the 15 to 20-year horizon. This is as a result of a number of factors, including but not limited to: regulatory complexity; expansive consultation requirements, with Indigenous interest and the public; and, increasingly highly organized and effective opposition to development by a wide range of special interest groups – including the reliance on protracted legal challenges.

Territorial competitiveness campaigns: There have been various campaigns (with varying degrees of scope and tangible success) to promote territorial competitiveness in attracting and retaining investment capital, advancing regulatory clarity, certainty and efficiency, while ensuring that environmental standards are not compromised and that the financial assurances (i.e., security) thresholds are maintained. Realistic financial assurances in effect ‘put a price on risk’ based on the principle that the higher the potential risk, the higher the amount of financial assurance.

Inconsistent and variable commitment to resource development: The necessary political and administrative tenacity, attention and resources that need to be invested in order to successfully work within (and ultimately to benefit from) the increasingly significant lead time, processes and investor risk management involved in resource development projects has been inconsistent, but which require sustained attention and effort. The process entails exploration, regulatory review, production, abandonment and remediation, and post closure monitoring. The desired result is something akin to an ‘ideal stream’ of resource development projects at varying stages of the regulatory review and development cycles to minimize disruption and fluctuation in the volume of economic activity and the consequential variation in government revenue generation levels has been difficult to manage. This is in part due to predictable complacency during periods of high economic activity and revenue generation by various interests - public and private.

Limited and diminishing resource revenue streams: The resource revenue streams from existing active operations are diminishing and will continue to diminish as the resource reserves run out. There is currently only one oil production operation, in Norman Wells - with declining reserves. While there is no formal estimate of remaining reserves, unofficially there could be anywhere between 7 and 20 years, depending on technologies and methods used, market/price conditions, whether or not other production in the area comes on stream to use Line 21. Additionally, there are currently only three (3) operating mines (Ekati, Diavik, and Gahcho Kue), some of which are at or nearing their economic life if additional identified reserves are not developed (i.e., Diavik A21 deposit, Ekati – Jay and Fox deep ore). The existing mining sector is characterized as totally dependent on a single commodity (diamonds) and is situated within a single geographic area. The lack of mineral diversification has a number of risks – from market demand and price variability to unanticipated production challenges (e.g., a major fire event that shuts down operations). (*The implications of the economic status quo are summarized in a separate reference document - *Scenario of Impacts of Potential Closure of the Diamond Mines*).

Few new potential mines on the horizon: At present there are few proposed new mines (Prairie Cree Mine -zinc, silver and lead, NICO Mine – cobalt, gold, bismuth and copper, and Pine Point Mine – lead and zinc). The proposed mines are smaller in operating scale, with a shorter mine life, are tied to lower commodity profit margins (especially when compared to diamonds) that affects their ability pay, as characterized by the phrase that ‘not all mines are of equal value’ - which means

different valuations and ability to pay taxes, royalties, benefits agreements and the level of financial assurances required. If approved and ultimately developed, these mines will yield lower revenue streams for government, fewer employment and business opportunities and, consequently contribute to relatively lower household income. This necessitates realistic adjustment to public government, Indigenous governments and organizations and, private expectations with regard to potential net benefits. Additionally, the potential new mines could represent a significant diversification of the mining sector across additional commodities (zinc, silver, lead, cobalt, gold, bismuth and copper) and regions.

NWT Royalty regime: The *Petroleum Lands Royalty Regulation and the Mining Regulations* govern the setting and collecting of royalties from public lands and prescribes the royalty rates for the two sectors. The royalty regimes work the same way for both areas, which is a 'profit-sensitive' regime that is robust and competitive and, that provides industry with full cost recovery. As a profit-sensitive regime it takes a higher share from the most profitable developments and a lower share from less profitable developments – which reflect the point that 'not all mines are of equal value'. It adjusts automatically to changes in the price or quality of the resources. A combination of 'resource rent' royalty (royalty as a share of net revenue after payout) and a minimum ad valorem royalty (royalty as a share of the value of the resource) allows risks and profits to be shared.

The human dimension of economic and family stress: The evidence and lessons from across Canada and indeed North America, from situations where communities experience some type of a 'economic shock' (e.g., mine shutdown or economic recession) that contribute to or results in reduced employment and/or household income has a significant human dimension. In times of financial stress that result in reduced resources available, there is an established relationship (but not one that is causal) with households experiencing elevated rates of family violence, increased potential for child neglect (e.g., including food insecurity), and child apprehension by social service agencies in serious cases. The relationships were recently examined by the Canadian Child Welfare Research Portal 2015 report *Financial Strain, Child Maltreatment and the Great Recession in Canada* examined the prevalence of financial stress in Canada and the relationship between stress from economic hardship and child maltreatment within the context of the economic recession that began in 2008. Additional research on the impact of the 2008 global financial crisis by UNICEF in the report *Children of the Recession: The impact of the Economic Crisis on Child Well-being in Rich Countries* (2014) provides important findings and lessons on mitigating and adapting to such scenarios.

Wealth and success is understood in different ways: There are different interpretations of 'wealth' and what 'success' means in different regions, cultures and times, where *wealth and success* can and does encompass cultural and spiritual wealth, environmental and ecological wealth, and monetary wealth. That said, even in the more traditional communities as observed by several IGOs, the fact is that a monetary component is part of today's definition of wealth and success by individuals, families and communities – as evident in wage economy participation and daily transactions for good and services that are based on the idea of a financial exchange.

The NWT is conflicted with respect to resource development and conservation: The NWT - encompassing a range of mandates and interests including: public government, IGOs, industry, environmental organizations, the public and media, can be characterized as inherently 'conflicted' with respect to the degree of support or opposition to development. There is a clear recognition of the legacy of significant environmental impacts (e.g., Giant Mine, Port Radium) with concerns of

potentially contributing to a future problem, and not having a high degree of confidence that the current regulatory regimes (although viewed as robust) can in fact prevent or mitigate the risk of environmental problems.

This conflicted reality has at times been characterized as a *moral dilemma* for government and IGO leaders within and across organizations that is contributing to a lack of clarity regarding a shared policy position and agreed upon direction for resource development. Even within the respective organizations, there have been previous policy shifts and inconsistent messaging, which have further complicated and diverted a meaningful and necessary public dialogue.

The GNWT's *dilemma* and challenge is reflected in internal debate and actions by individual departments and in the divergent views expressed at times within the Legislative Assembly itself over decades, while advancing land stewardship initiatives such as: The *NWT Land Use and Sustainability Framework*, *NWT Water Stewardship Strategy*, a number of completed land use plans and others in draft stages, the *NWT Mineral Development Strategy*, and conservation network planning.

The IGOs corresponding *dilemma* and challenge also encompasses internal struggles by beneficiaries (particularly elders) and the traditional values-based resistance to certain types of development (e.g., hydraulic fracturing; offshore drilling and development; and, monetizing water resources). The underlying question raised by the GNWT and a number of the IGOs is whether there has been a valid and thorough consideration of the '*facts*' as well as the unavoidable trade-offs in resource development decision-making and, what the implications are for the territorial, regional and community economies.

The array of internal and external interests in the Arctic development debate has periodically attempted to move the agenda and narrative away from the territory's economic established 'comparative advantage' - natural resource endowment. This has included divisive and damaging campaigns and staged events around the conservation "vs" development debate. This includes the reduction of a complex, emotional and deeply values-based dialogue to a simplistic choice – 'are you for or against it'. The net effect has been to introduce a highly disruptive dimension into the debate – that of instilling doubt and adding public and regulatory fatigue, that has diminished the territory's public and Indigenous governments social license and ability to maximize the economic benefits and opportunities through the legitimate process of responsibly transforming natural capital (natural resources) on both public lands and Indigenous owned lands.

Organizational trust deficits: There exist varying degrees of a '*trust deficit*' between the GNWT and IGOs, as well as between the IGOs. This is contributing to the historic and current approach of largely competition and focusing on dividing up the relatively small economic pie rather than collaborating and developing ways to build a bigger pie to share. The NWT has for too long been overly reliant on external interests and capital to shape its economic future by having 'others' assume the investment risks and consequently benefit from and retain the majority of benefits. The territory (as a whole and as individual regions) have not put to productive use its own northern strengths and capacities, including substantial financial assets and natural capital on and in public lands and lands owned by Indigenous governments. The historical experience of often-divisive intra-territorial and inter-regional competition rather than cooperation and partnerships to achieve greater economies of scope and scale by actually working as 'economic regions', and not just political regions, has and is contributing to the various economic challenges and regional

disparities. This divisive competition is also evident in some regions experiencing ‘*intra-regional*’ competition and lack of cooperation between community level development corporations, which reflect the negative impact of diminishing economies of scale. In blunt terms, the community and regional disparity consequences are reflected in the reality that ‘*the greater the wealth gap, the greater the health gap*’. The compelling evidence of the need to take action by public governments and Indigenous governments to close the gaps in virtually every measure of social, economic and health determinants of Indigenous people in the NWT is undeniable.

Risk aversion to sustained investment: There has been an historical risk aversion to significant and sustained investment in the NWT. The GNWT (as reflected in debate and actions by individual department, and evident in the divergent debates within the Legislative Assembly itself) and many IGOs have historically been risk averse to making significant and sustained investments in resource development projects and *strategic and economic infrastructure* (i.e., generally large-scale projects) that generate economic growth and enable the NWT to function. This includes examples such as: transport facilities (airports, roads, bridges, harbour facilities), and utilities (electricity, water, telecommunications networks). *Social infrastructure, however* are public assets that directly support the provision of essential public services – such social housing, health facilities, educational and long-term care facilities.

The GNWT and the IGOs each have varying degrees of economic and business risk tolerance, although most can be characterized as having a ‘low risk’ approach to economic decision making. The risk aversion is reflected in expressions such as ‘potential losses loom larger than potential gains’ and status quo bias where people prefer things to stay the same by doing nothing. Periodic inconsistent public messaging and policy statements further complicate this challenge by all the involved organizations, which reflect the reality of election cycles and changes in leadership, changes in strategic priorities, as well as shifts in the broader economic landscape and public sentiment.

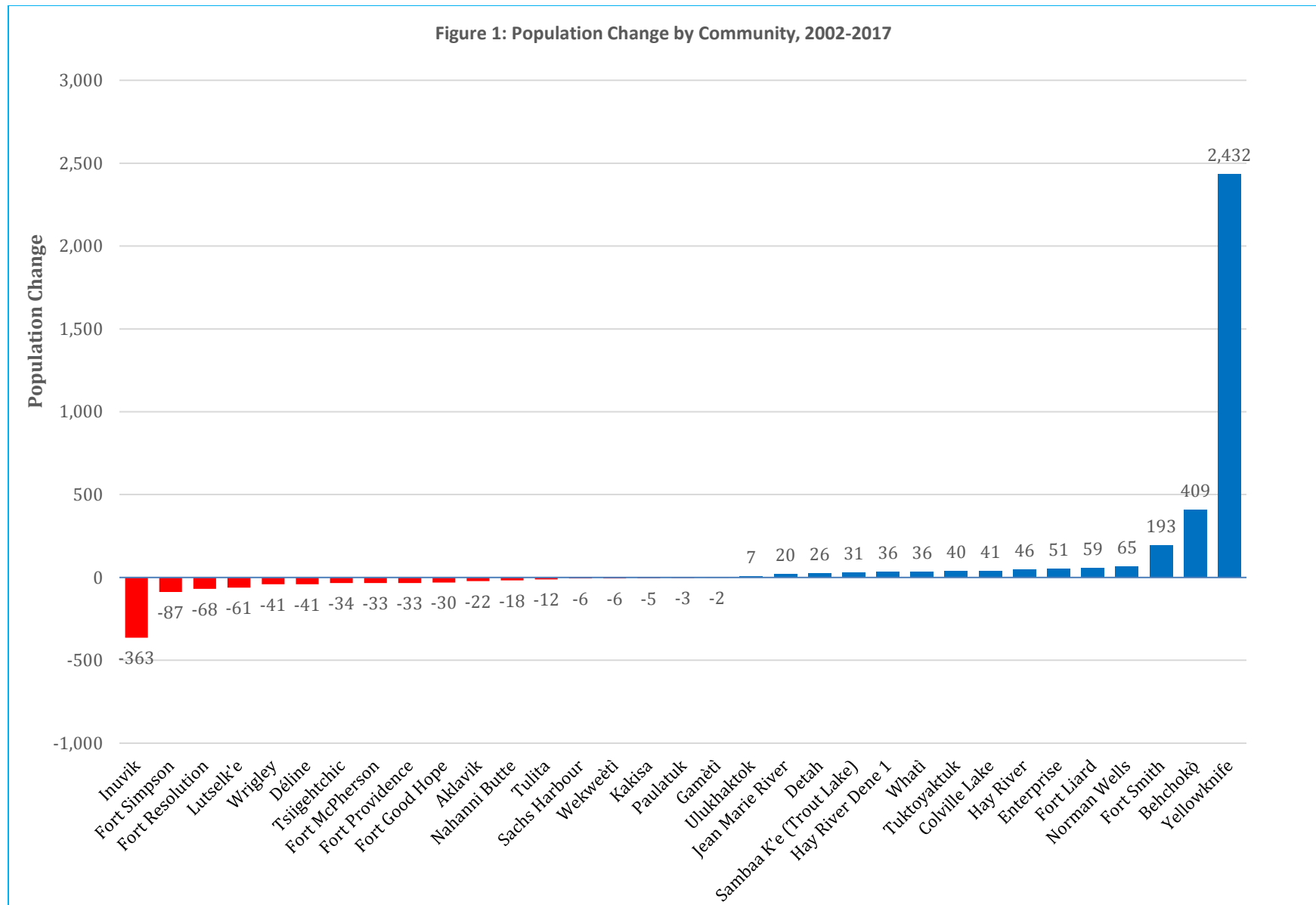
Complex and fragmented territory: The NWT is viewed as a politically complex and fragmented territory that has not as yet committed to developing and implementing a shared economic vision and future by working together in true partnership to determine – *What is the right thing to do for the benefit and shared economic, social and health prosperity of every community and region?* There needs to be difficult discussions and coming to terms with the consequences of lost opportunities and the ‘*real*’ cost of doing nothing. There have been and continue to be situations where economic opportunities are either lost or not maximized by a reluctance and/or inability by the GNWT and the IGOs to effectively separate politics from economics and the business of generating opportunities and revenue.

The consequences of what have been characterized as ‘*previously self-interested and short-sighted decisions*’ made as a public government and also by Indigenous governments and organizations in a particular geographic area that had negative economic and social impacts and resulted in opportunity costs for adjacent regions, as well as the territorial economy overall. Self-interested decisions or actions can reflect a ‘*moral hazard*’ – that is engaging in risky behaviour, decisions or action (and non-action) on the assumption that if things go wrong ‘*someone else*’ will be held responsible for or pay for the consequences.

Collaboration options and opportunities – making a bigger economic pie to share: While recognizing and fully respecting the complex and evolving territorial and federal political, constitutional and legal agenda, the GNWT and Indigenous governments and organizations have to this point been reluctant to formally explore substantive options to invest directly in a shared economic future and their respective lands and natural resources through economic collaboration models and ventures to achieve lasting and wide spread shared northern prosperity and stability. There are significant strategic and economic infrastructure development opportunities that can be potentially shared among government and IGOs, including: Taltson Hydro Expansion, Mackenzie Valley Highway, Tlicho All-Season Road, and the Slave Geological Province Access Corridor. Collectively, the IGOs and the GNWT have (too often) been pre-occupied with dividing the economic pie rather than working in partnership to make a bigger pie that can achieve a broader and deeper prosperity in every region.

Without an alignment and meaningful partnerships between the GNWT and Indigenous governments and organizations there will continue to be a collective struggle to address and mitigate the historical inequities and regional disparities, and so prolong the challenge of governing in ‘have’ and ‘have not’ regions. The shared ‘problem’ will become increasing more difficult to mitigate let alone resolve. The IGOs and the GNWT have an opportunity, and indeed a shared obligation to move beyond identifying the economic problems and make real and sustained progress on solving them.

***APPENDIX E: POPULATION CHANGE,
COMMUNITY AND REGIONS, 2002-2017***



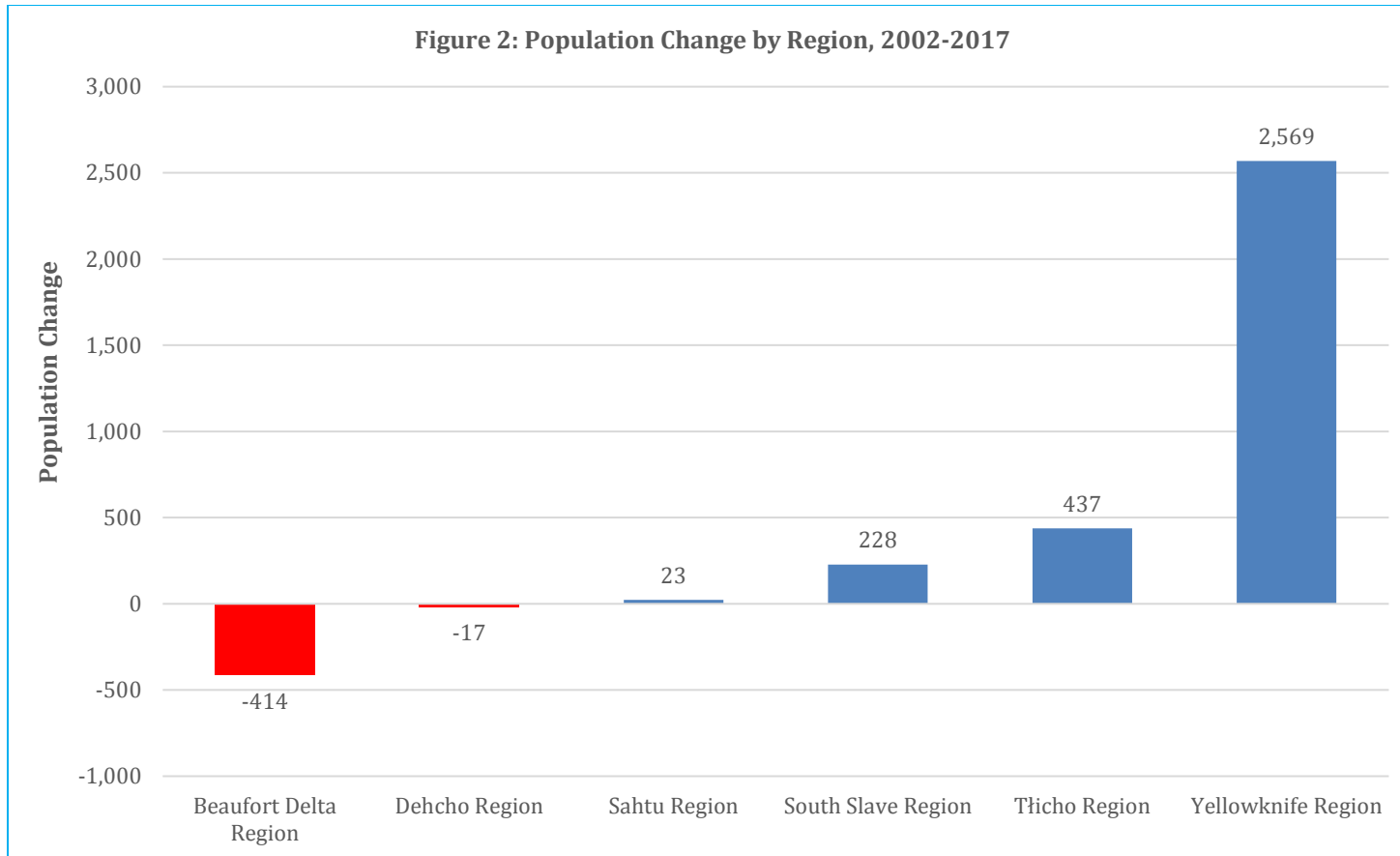


Table 1: Population Change by Community, 2002 - 2017

	2002-2017	
	#	%
Northwest Territories	2,826	6.8
Inuvik	-363	-10.2
Fort Simpson	-87	-6.9
Fort Resolution	-68	-11.8
Lutselk'e	-61	-15.6
Wrigley	-41	-23.3
Déline	-41	-7.4
Tsiigehtchic	-34	-16.0
Fort McPherson	-33	-4.1
Fort Providence	-33	-4.1
Fort Good Hope	-30	-5.0
Aklavik	-22	-3.2
Nahanni Butte	-18	-15.7
Tulita	-12	-2.4
Sachs Harbour	-6	-5.1
Wekweètì	-6	-4.2
Kakisa	-5	-10.2
Paulatuk	-3	-1.0
Gamètì	-2	-0.7
Ulukhaktok	7	1.7
Jean Marie River	20	27.0
Detah	26	11.9
Sambaa K'e (Trout Lake)	31	41.3
Hay River Dene 1	36	12.3
Whatì	36	7.4
Tuktoyaktuk	40	4.1
Colville Lake	41	34.7
Hay River	46	1.2
Enterprise	51	68.9
Fort Liard	59	9.8
Norman Wells	65	8.7
Fort Smith	193	8.1
Behchokò	409	22.5
Yellowknife	2,432	13.2
<i>Notes:</i>		
1. Source: Northwest Territories Bureau of Statistics		
2. The information on unorganized areas is suppressed, but is included in the NWT total		

Table 2: Population Change by Region, 2002 - 2017

	2002-2017	
	#	%
Northwest Territories	2,826	6.8
Beaufort Delta Region	-414	-5.8
Inuvik	-363	-10.2
Tsiigehtchic	-34	-16.0
Fort McPherson	-33	-4.1
Aklavik	-22	-3.2
Sachs Harbour	-6	-5.1
Paulatuk	-3	-1.0
Ulukhaktok	7	1.7
Tuktoyaktuk	40	4.1
Dehcho Region	-17	-0.5
Fort Simpson	-87	-6.9
Wrigley	-41	-23.3
Fort Providence	-33	-4.1
Nahanni Butte	-18	-15.7
Kakisa	-5	-10.2
Jean Marie River	20	27.0
Sambaa K'e (Trout Lake)	31	41.3
Hay River Dene 1	36	12.3
Fort Liard	59	9.8
Sahtu Region	23	0.9
Déline	-41	-7.4
Fort Good Hope	-30	-5.0
Tulita	-12	-2.4
Colville Lake	41	34.7
Norman Wells	65	8.7
South Slave Region	228	3.2
Fort Resolution	-68	-11.8
Lutselk'e	-61	-15.6
Hay River	46	1.2
Enterprise	51	68.9
Fort Smith	193	8.1
Tłı̄cho Region	437	16
Wekweètì	-6	-4.2
Gamètì	-2	-0.7
Whatì	36	7.4
Behchokò	409	22.5
Yellowknife Region	2,569	13.7
Detah	26	11.9
Yellowknife	2,432	13.2
<i>Notes:</i>		
1. Source: Northwest Territories Bureau of Statistics		
2. The information on unorganized areas is suppressed, but is included in the NWT total		

***APPENDIX F: CHALLENGES AND BARRIERS TO
ECONOMIC COLLABORATION***

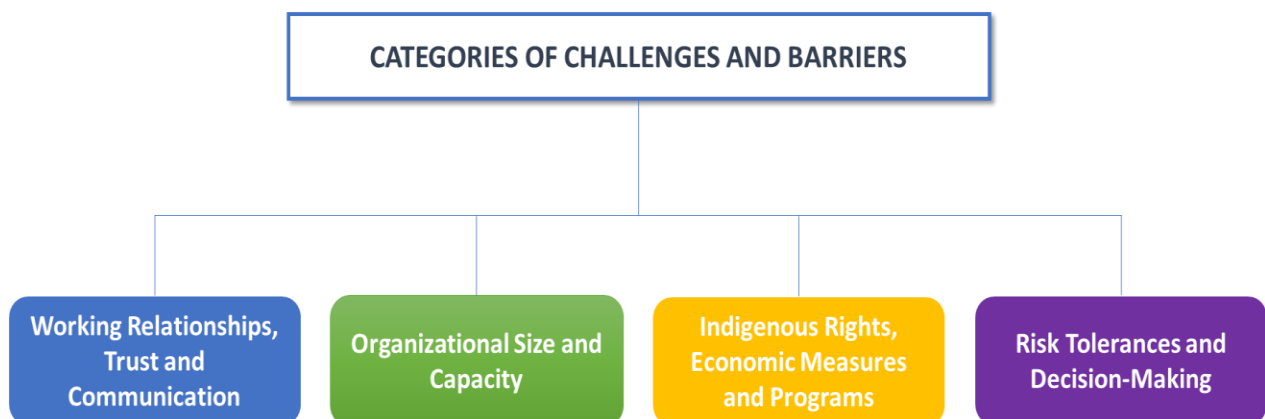
CHALLENGES AND BARRIERS TO ECONOMIC COLLABORATION

Purpose: This document is a summary of the challenges and barriers to economic collaboration between the Indigenous Government Organization (IGOs) and the GNWT and also, between and among the respective IGOs. The summary is based on the findings from 29 confidential interviews and analysis of selected documents identified by representatives from the IGOs and the GNWT. The main purpose is to serve as reference document for the NWT Economic Symposium.

Categories of Collaboration Challenges and Barriers: In order to more effectively support the discussion at the NWT Economic Symposium, the challenges and barriers are organized around four categories (see the figure below) that are common to economic collaboration between the Indigenous Government Organization (IGOs) and the GNWT and also between and among the IGOs. The categories are: Working relationships, trust and communications; Organizational size and capacity; Indigenous rights, economic measures and programs; and, Risk tolerance and decision-making.

Organizational Collaboration Challenges and Barriers: The characterization of the challenges and barriers is presented at two levels: One -Economic collaboration challenges between the Indigenous IGOs and the GNWT; and, Two - Economic collaboration challenges between and among the IGOs. While the categories under which the challenges and barriers as currently located are reflective of the facilitator’s findings, it is recognized that some of the challenges and barriers can also fit under a second category. Importantly, there is no implied priority in the listing of the challenges and barriers.

Economic Collaboration Opportunities: It should be noted that the process of identifying the challenges and barriers also becomes an important reference point for the NWT Economic Symposium dialogue for potential options for addressing and resolving the challenges and barriers in order to move constructively forward – if that is in fact the consensus decision from the symposium.



ECONOMIC COLLABORATION BETWEEN INDIGENOUS GOVERNMENT ORGANIZATIONS AND THE GOVERNMENT OF THE NWT

Working Relationships, Trust and Communication

Inadequate levels and types of communications: Communication challenges were noted by most of those interviewed from the IGOs and GNWT. Basically, there have not been enough person-to-person dialogue and too much reliance on formal correspondence, which is viewed as unnecessarily constraining information sharing and options for various levels of *communication and consultation*. An example is the siloed lobbying and marketing efforts through *NWT Days* in Ottawa, where the GNWT and IGOs essentially have carried out separate and uncoordinated campaigns. This is a barrier to building stronger trust levels and strengthening working relationships. Moreover, this represents an opportunity to bring forward shared interest and positions to the federal government.

Organizational trust deficits: There exist varying degrees of a ‘*trust deficit*’ between the GNWT and IGOs, as well as between the IGOs. This is contributing to the historic and current approach of largely competition and focusing on dividing up the relatively small economic pie rather than collaborating and developing ways to build a bigger pie to share.

The historical experience of often-divisive intra-territorial and inter-regional competition rather than cooperation and partnerships to achieve greater economies of scope and scale by actually working as ‘economic regions’, and not just political regions, has and is contributing to the various economic challenges and regional disparities. This divisive competition is also evident in some regions experiencing ‘intra-regional’ competition and lack of cooperation between community level development corporations, which reflect the negative impact of diminishing economies of scale. In blunt terms, the community and regional disparity consequences are reflected in the reality that ‘*the greater the wealth gap, the greater the health gap*’.

Relative progress in improving working relationships: While challenges remain (as documented above and below), several IGOs noted that working relationships with the GNWT are showing signs of gradual improvement, but not necessarily consistently and, also vary by departments and crown corporations as well as the IGOs and their respective economic development corporations. A number of IGOs noted that on selected economic initiatives, the GNWT has demonstrated they are a ‘*good partner*’ and are building stronger relationships and collaboration on a case-by-case basis – which have included a high level of support in advancing and securing funding for the Mackenzie Valley Highway, the Tlicho All Weather Road, and contracting out for forest fire crews and highway maintenance). Another cited initiative was the creation of a Regional Resources Development Advisory Group (RDAG) as part of the NWT Minerals Development Strategy, which has also initiated discussions on developing regional minerals development strategies. Additionally, several IGOs noted the benefits and success of direct participating by the IGOs with the GNWT in the 2018

Mineral Exploration Roundup. This was viewed as a positive step to improving communications and fostering greater mutual understanding with and by government and industry.

Wealth and success is understood in different ways: The interviews highlighted that fact that there are different interpretations of ‘wealth’ and what ‘success’ means in different regions, cultures and times, where *wealth and success* can and does encompass cultural and spiritual wealth, environmental and ecological wealth, and monetary wealth. That said, even in the more traditional communities as observed by several IGOs, the fact is that a monetary component is part of today’s definition of wealth and success by individuals, families and communities – as evident in wage economy participation and daily transactions for good and services that are based on the idea of a financial exchange.

GNWT reluctance to support investment and economic collaboration outside the NWT: A few IGOs noted that it appears that it has not been a priority for the GNWT to support investment and collaboration by and with IGOs to invest in and/or actively participate in economic opportunities outside the NWT as a mechanism to generate revenue, gain expertise, build market profile and, strategically to build longer-term capacity by NWT Indigenous businesses.

Organizational Size and Capacity

Imbalance in organizational size and capacity: In comparison to the size of the GNWT, most of the IGOs feel at a disadvantage during discussions and negotiations regarding economic development matters. There is an imbalance in terms of the resources and capacity that can be brought to the table (e.g., extent of professionally trained labour force, literacy levels, degree of staff turnover). This is contributing to a real or perceived power imbalance, for IGOs with settled and unsettled land claims. Additionally, the gaps in professional business expertise have created a dependency on external professional consultants, who may not have the best interest of the IGOs in mind, particularly in cases of potentially limited oversight and accountability mechanisms.

Reliance and economic dependency on government: Most IGOs recognize the high degree of economic dependency on government (GNWT and Canada) for funding and creation of economic opportunities. Some IGOs are exploring options to decrease the degree of economic dependency and work to building more financial autonomy. There is an understanding that while government will remain, at least for the foreseeable time, an important part of the in NWT economy, it is only one of the available options, with industry and private business sectors as the more significant and longer-term option for economic growth and investment. There remain areas of divergent interpretations by the IGOs and government (GNWT and Canada) regarding the land claim agreements’ *vision and principles* regarding becoming ‘*equal and meaningful participants*’ in the northern and national economies, and how to ‘*encourage self-sufficiency*’ by Indigenous people.

Government bundling of services into large tenders: The increasing practice of bundling request for multiple goods and services into large tenders by government (Canada and the GNWT), while intended to achieve economies of scale and lower cost tender submissions, is viewed as putting IGOs at a disadvantage or in some cases effectively excluding them, by virtue of their more limited scope and scale of services, as well as constrained access to specialized facilities and equipment. This is viewed as encompassing individual IGOs as well as potential joint ventures by multiple IGOs. Additionally, this is a contributor to significant economic leakage out of the NWT. There is a demonstrated need for a stronger focus on expanding the '*value chain*' for Indigenous businesses through more value-added products and services. A value chain is a set of activities that a business performs in order to deliver a valuable product or service, which includes the **full lifecycle of a product or service**, including material sourcing, production, consumption and disposal/recycling processes.

Industry bundling of services into large tenders: The increasing practice by industry (as a cost efficiency move) has the same impacts as government bundling into large tenders is putting IGOs at a disadvantage or in some cases effectively excluding them, by virtue of their more limited scope and scale of services, as well as constrained access to specialized facilities and equipment. This further contributed to economic leakage out of the NWT. A number of IGOs raised the question whether government (GNWT and Canada) is doing enough to '*encourage and/or lobby*' industry to be more flexible.

Degree of decentralization by the GNWT: Several IGOs noted additional challenges related to the GNWT decentralization policy. It was argued that this is constraining economic opportunities and effectively contributing to disparities in the regions and communities resulting from an '*inadequate and inconsistent*' commitment to a '*meaningful*' scope and scale of decentralization. The IGOs acknowledged that some departments are more decentralized than others and therefore are making a more direct contribution to the local economy, strengthening working relationships, as well as providing more effective and efficient programs and services.

Indigenous Rights, Economic Measures and Programs

Government understanding of land claim provisions: Several IGOs noted that government (GNWT and Canada) has varying degrees of '*understanding and/or commitment*' to aspects of the intent and provisions of settled land claims. Specifically, this is with regard to Indigenous rights and the economic measures. This is viewed as contributing to challenges with economic development opportunities for the IGOs and evolving working relationships with government. There is recognition that this challenge is interlinked with a broader process of valid and principled dispute in a crowded political agenda. The specific economic challenges are outlined in the points regarding equal and meaningful participation and economic measures compliance (see below).

Equal and meaningful economic participation: There are areas of divergent interpretations by government (Canada and the GNWT) and by the IGOs with respect to land claim agreements' *vision and principles* regarding becoming 'equal and meaningful participants' in the northern and national economies, and to 'encourage self-sufficiency'. A number of IGOs made the point that the process of 'reconciliation' needs to include *economic reconciliation*. Additionally, several IGOs pointed out that there needs to be more focus on the 'larger economic development agenda' and relatively less reliance on government procurement and contracting.

Economic measures compliance: While the language may vary in the respective land claims, there are specific economic measures provisions that are common to all the agreements. These measures are intended to facilitate: full participation in the northern and Canadian economies and, integration into Canadian society through development of an adequate level of *economic self-reliance* and a solid economic base. The economic measures encompass the following components: Training; Employment; Government contracts and procurement (e.g., *negotiated contracts, sole source or guaranteed share of contract value and percentage of labour*).

The intent of these economic measures is to provide some degree of preferential consideration and treatment to maximize local, regional and northern employment and business opportunities; and, Establishment and payment by Canada into an economic investment fund to serve as a foundation for the Indigenous governments. It was noted by some IGOs that this challenge was recognized in the findings in a number of the mandated 5-year reviews of claims implementation. In particular the interpretation of the language in the claim agreements and implementation plans (e.g., *equal and meaningful participants; self-sufficiency; economic measures*) had some divergent interpretations by government and the respective IGOs of what was actually intended.

Some IGOs noted that there has been 'slow progress and inadequate oversight' by the GNWT post devolution to ensure that industry complies with terms and condition for economic benefits (e.g., benefit agreements).

Reliance on short-term and cyclical pilot programs and projects: Government funding for economic initiatives has typically been short-term and cyclical, including the use of 'pilot' program and initiatives. This has contributed to business instability for many of the IGOs, which has then translated into a limited ability to make longer-term investment decisions and to invest in training in order to increase internal capacity in order to scale up the development corporations to compete more effectively.

Development of resources on selected Indigenous lands: Each of the settled land claims included a cash and land quantum component. The selection of lands by the IGOs was based on various considerations and criteria, including: traditional harvesting and cultural areas, sacred sites etc., however, some specific lands were also selected for surface and sub-surface ownership based on natural resource development potential – either directly by the IGO and/or from royalty payments by others. While some settlement areas have initiated or attempted investment and development, overall the development of IGOs natural capital has been limited. There have been instances where industry business decisions and government policies have in fact inhibited development (e.g. Mackenzie Gas Project cancellation, exclusion of hydraulic fracturing, and the 2017 federal off-shore oil and gas moratorium). These are contributing factors in the continued economic dependency on government and prolonging regional disparities.

Priority focus has been on federal procurement and contracting opportunities: The larger scale of procurement and contracting opportunities through the federal government has been the focus of some IGOs to date. The smaller scale number and dollar value of GNWT procurement and contracting opportunities, as well as the perceived '*complexity*' of the policies and procedures, have (at times) discouraged IGOs from bidding and participation.

Emerging impacts of the new Crown – 'Indigenous Relations Model': The federal government's strategy of working directly through a Crown-Indigenous relations model (a stated component of the broader reconciliation process) is resulting in a shift to certain direct funding to IGOs, with little to no role for the GNWT. While the principle of Indigenous self-determination, in tandem with the new federal model, is viewed as facilitating opportunities for IGOs, consideration needs to be given to the potential to further complicate the existing governance structure and working relationships in the NWT. This also risks further fragmenting and reducing the already marginal economies of scale and scope of some programs and investment by government (e.g., new housing construction and retrofitting).

Risk Tolerances and Decision-Making

Reluctance and/or inability to separate politics from economics and business: There has been and continues to be situations where economic opportunities are either lost or not maximized by a reluctance and/or inability by the GNWT and the IGOs to effectively separate politics from economics and the business of generating opportunities and revenue. In some cases, this stems from long-standing historical rivalries and inter-cultural conflict. A particularly insightful observation on collaborating with government and other IGOs, was made by one IGO leader who captured similar views by other leaders – '*it is challenging to work together politically, but money has no boundaries. There is a need for a true economic coalition, not necessarily a political one. We collectively must make a commitment to work together over sustained and challenging periods. We just need to find the will and the mechanisms to move forward*'.

Environmental legacies impact willingness to support or collaborate in resource development: The reluctance by some IGOs to collaborate in, or even to support, certain types of resource development projects due to prior negative environmental legacies and impacts (e.g., Giant Mine, Port Radium) with concerns of potentially contributing to a future problem, and not having a high degree of confidence that the current regulatory regimes (although viewed as robust) can in fact prevent or mitigate the risk of environmental problems. The confidence question about the NWT's regulatory regime is in part linked to varying levels of understanding of the role of 'financial assurance instruments' (i.e., securities) in the regulatory process and environmental monitoring.

Financial assurance instruments are intended to manage potential environmental risk and to ensure appropriate closure of resource development sites. The underlying principle is that the higher the potential risk, the higher the level of financial assurance that is to be provided. This effectively puts a '*price on potential risk*' and is intended to strike a balance between creating incentives to reduce the possibility of project accidents and supporting new projects that drive

economic growth. The setting of financial assurance policies is an important component of territorial competitiveness and stability for investment. It is recognized that post devolution, there remains work to be completed to find that balance through the appropriate model and mechanism to estimate the necessary level of financial assurance at various stages of the exploration, development, operational and closure stages of resource development projects (beyond the existing RECLAIM model inherited from the federal government).

Conflicted positions organizationally regarding development and conservation: The NWT has been characterized as inherently '*conflicted*' with respect to the degree of support or opposition to resource development. This conflicted reality has at times been characterized as a *moral dilemma* for government and IGO leaders within and across organizations that is contributing to a lack of clarity regarding a shared policy position and agreed upon direction for resource development. Even within the respective organizations, there have been previous policy shifts and inconsistent messaging, which have further complicated and diverted a meaningful and necessary public dialogue.

The GNWT's *dilemma* and challenge is reflected in internal debate and actions by individual departments and in the divergent views expressed at times within the Legislative Assembly itself over decades, while advancing land stewardship initiatives such as: The *NWT Land Use and Sustainability Framework*, *NWT Water Stewardship Strategy*, a number of completed land use plans and others in draft stages, the *NWT Mineral Development Strategy*, and conservation network planning.

The IGOs corresponding *dilemma* and challenge also encompasses internal struggles by beneficiaries (particularly elders) and the traditional values-based resistance to certain types of development (e.g., hydraulic fracturing; offshore drilling and development; and, monetizing water resources).

The underlying question raised by a number of the IGOs, as well as the GNWT, is whether there has been a valid and thorough consideration of the '*facts*' as well as the unavoidable trade-offs in resource development decision-making and, what the implications are for the territorial, regional and community economies. Simply stated - there needs to be difficult discussions and coming to terms with the consequences of the economic status quo scenario and the '*real*' cost of doing nothing.

Risk aversion to significant and sustained investment: There has been an historical risk aversion to significant and sustained investment in the NWT. The GNWT (as reflected in debate and actions by individual department, and evident in the divergent debates within the Legislative Assembly itself) and many IGOs have historically been risk averse to making significant and sustained investments in resource development projects and *strategic and economic infrastructure* (i.e., generally large-scale projects) that generate economic growth and enable the NWT to function. This includes examples such as: transport facilities (airports, roads, bridges, harbour facilities), and utilities (electricity, water, telecommunications networks). *Social infrastructure*, however are public assets that directly support the provision of essential public services – such social housing, health facilities, educational and long-term care facilities.

The GNWT and the IGOs each have varying degrees of economic and business risk tolerance, although most can be characterized as having a 'low risk' approach to economic decision making. The risk aversion is reflected in expressions such as 'potential losses loom larger than potential gains' and status quo bias where people prefer things to stay the same by doing nothing. Periodic inconsistent public messaging and policy statements further complicate this challenge by all the involved organizations, which reflect the reality of election cycles and changes in leadership, changes in strategic priorities, as well as shifts in the broader economic landscape and public sentiment.

Speed of decision-making: As governments, the GNWT and the IGOs are perceived externally (as well as self-acknowledged) as being '*too slow*' in making economic development investment decisions, while the required speed of "business" decision making is viewed as simply '*too fast*'. The extent and scope of reliance on internal and external consultation (cultural values based) to determine if an organizational consensus exists, even when a decision is clearly within an elected leader's mandate, is viewed as a barrier in the world of business. This has resulted in missed opportunities. Within the context of the confidential interviews, there were a number of provocative (and genuinely honest) observations made by IGO and GNWT representatives (including observations on their own organizational challenges) regarding the overall effectiveness and competency to make complex decisions that involve difficult trade-offs within narrow time windows. This was viewed as both a necessary safeguard and challenge to economic collaboration.

ECONOMIC COLLABORATION AMONG INDIGENOUS GOVERNMENT ORGANIZATIONS

Working Relationships, Trust and Communication

Business model of competition rather than collaboration: Most of the IGOs and their respective economic development corporations have to this point adopted a business model based largely on competition rather than cooperation, even as this has resulted in diminished benefits as well as lost opportunities for each of the organizations. The historical experience of often-divisive intra-territorial and inter-regional competition rather than cooperation and partnerships to achieve greater economies of scope and scale by actually working as ‘economic regions’, and not just political regions, has and is contributing to the various economic challenges and regional disparities. This divisive competition is also evident in some regions experiencing ‘intra-regional’ competition and lack of cooperation between community level development corporations, which reflect the negative impact of diminishing economies of scale. In blunt terms, the community and regional disparity consequences are reflected in the reality that ‘*the greater the wealth gap, the greater the health gap*’. The compelling evidence of the need to take action by public governments and Indigenous governments to close the gaps in virtually every measure of social, economic and health determinants of Indigenous people in the NWT is undeniable.

A number of observations were made regarding how the current operating mines have created ‘*false competition*’ between communities and Indigenous businesses to provide goods and services that contribute to driving down profit margins in an already high-cost operating environment. Examples were cited of contracts being awarded to non-Indigenous NWT companies and also to non-NWT firms. That said, every IGO recognized the need for some level of price competitiveness in a free economy.

It was stated by some IGOs that there were ‘natural familial’ as well as geographic linkages for economic collaboration but which have largely not been acted on. Additionally, many of the recent and current elected leaders in the IGOs share a common educational background, which could be put to advance more collaborative working relationships.

Organizational trust deficits: There exist varying degrees of a ‘*trust deficit*’ between the IGOs, as well as between the GNWT. This is contributing to the historic and current approach of largely competition and focusing on dividing up the relatively small economic pie rather than collaborating and developing ways to build a bigger pie to share. The NWT has for too long been overly reliant on external interests and capital to shape its economic future by having ‘others’ assume the investment risks and consequently benefit from and retain the majority of benefits.

Negative experiences with prior economic collaboration initiatives: One of the barriers identified by a few IGOs were previously unsuccessful attempts at collaboration and joint ventures (some of which did not even move beyond the exploratory discussion stage). Contributing factors include the speed of decision-making and the imbalance of organization scale and capacity. This has contributed to varying degrees of caution and hesitation to try it again, which translates into further inter-regional competition rather than economic collaboration.

Organizational Size and Capacity

Imbalance in IGOs organizational scale and capacity: There are large variances in IGOs organizational size and capacity for economic development, resulting from factors that include: membership size, land quantum and capital assets, business expertise and actual experience, and the degree of *risk tolerance*. Some smaller IGOs noted that this puts them at a disadvantage during discussions and negotiations with larger IGOs regarding economic development opportunities. There is an imbalance in terms of the resources and capacity that includes literacy and educational achievement gaps (which are in part attributable to the practice of *social passing* in the educational system rather than actual competency levels) and business expertise that can be brought to the table by the respective IGOs. This is contributing to a real or perceived power imbalance as well as concerns over how to equitably share revenue and other benefits from collaboration on contracts and joint ventures. This concern is in many respects a standard business matter between entities that are joint venturing and is normally addressed through formal contractual terms and conditions.

Constrained access to capital for investment and joint ventures: The IGOs size and capacity variability constrains their respective organizational ability and to access and use of capital from a variety of sources, including revenue generated from land claim payments and certain royalties. This also factors into the associated higher cost to borrow depending on credit risk rating. It was recognized that some of these constraints on the use of capital are due to internal policies set by individual IGOs.

Reluctance and/or inability to separate politics from economics and business: There has been and continues to be situations where economic opportunities are either lost or not maximized by a reluctance and/or inability by the GNWT and the IGOs to effectively separate politics from economics and the business of generating opportunities and revenue. In some cases, this stems from long-standing historical rivalries and inter-cultural conflict. A particularly insightful observation on collaborating with government and other IGOs, was made by one IGO leader who captured similar views by other leaders – *‘it is challenging to work together politically, but money has no boundaries. There is a need for a true economic coalition, not necessarily a political one. We collectively must make a commitment to work together over sustained and challenging periods. We just need to find the will and the mechanisms to move forward’*.

Indigenous Rights, Economic Measures and Programs

Complexity and potential for IGOs’ conflict in lands overlap areas: The underlying concern regarding economic collaboration is also linked to potential complexity and conflict in overlap areas in settled or asserted lands. This also includes cases where overlap areas include other jurisdictions (e.g., Yukon and BC in the case with ADKFN, as well Gwich’in and Sahtu with Yukon). Additionally,

contractual alignment and scheduling requirements by the different regulatory systems and government procurement policies in overlapping jurisdictions, contributes to varying levels of complexity and additional operating costs that at times are beyond the effective capacity of IGOs.

High cost of operating a business in the NWT: The combined impact of high operating costs (e.g., higher wages and salaries, utilities, infrastructure and equipment, transportation - air vs. road) is a significant barrier, which is further compounded by the vast distances between communities and the location of potential project. Additionally, the variance in the cost-of-living across regions and communities further impacts Indigenous and non-Indigenous business operating costs and profit margins. To illustrate, the NWT Bureau of Statistics *Community Price Indexes* indicates that the Price Index for Colville Lake is 196 – almost twice when compared to the base of 100 in Yellowknife.

Risk Tolerances and Decision-Making

Risk aversion to significant and sustained investment: Many IGOs (like the GNWT) have historically been ‘*risk averse*’ to making significant and sustained investments in resource development projects and *strategic and economic infrastructure* (i.e., generally large-scale projects that *generate economic growth* and enable society to function. This includes examples such as: transport facilities (airports, roads, bridges, harbour facilities), and utilities (electricity, water, telecommunications networks). *Social infrastructure*, however are public assets that directly support the provision of essential public services – such social housing, health facilities, educational and long-term care facilities.

The IGOs each have varying degrees of economic and business risk tolerance, although most can be characterized as having a ‘*low risk*’ approach to economic decision making. The risk aversion is reflected in expressions such as ‘*potential losses loom larger than potential gains*’ and status quo bias where people prefer things to stay the same by doing nothing. Periodic inconsistent public messaging and policy statements by IGOs and government further complicate this challenge, which reflect the reality of election cycles and changes in leadership, changes in strategic priorities, as well as shifts in the broader economic landscape and public sentiment.

Speed of decision-making: As governments, IGOs and the GNWT are perceived externally (as well as self-acknowledged) as being ‘*too slow*’ in making economic development investment decisions, while the required speed of “business” decision making is viewed as simply ‘*too fast*’. The extent and scope of reliance on internal and external consultation (cultural values based) to determine if an organizational consensus exists, even when a decision is clearly within an elected leader’s mandate, is viewed as a barrier in the world of business. This has resulted in missed opportunities. Within the context of the confidential interviews, there were a number of provocative (and genuinely honest) observations made by IGO and GNWT representatives (including observations on their own organizational challenges) regarding the overall effectiveness and competency to make complex decisions that involve difficult trade-offs within narrow time windows. This was viewed as both a necessary safeguard and challenge to economic collaboration.

Conflicted positions organizationally regarding ‘development and conservation’: The NWT has been characterized as inherently ‘*conflicted*’ with respect to the degree of support or opposition to resource development. This conflicted reality has at times been characterized as a *moral dilemma* for the IGO leaders and government is contributing to a lack of clarity regarding a shared policy position and agreed upon direction for resource development. Even within the respective organizations, there have been previous policy shifts and inconsistent messaging, which have further complicated and diverted a meaningful and necessary public dialogue.

The IGOs *dilemma* and challenge also encompasses internal struggles by beneficiaries (particularly elders) and the traditional values-based resistance to certain types of development (e.g., hydraulic fracturing; offshore drilling and development; and, monetizing water resources). This challenge also encompasses internal struggles by beneficiaries (particularly elders) within many of the IGOs and the traditional values-based resistance to certain types of development (e.g., hydraulic fracturing; offshore drilling and development; and, monetizing water resources).

The GNWT’s corresponding *dilemma* and challenge is reflected in internal debate and actions by individual departments and in the divergent views expressed at times within the Legislative Assembly itself over decades, while advancing land stewardship initiatives such as: The *NWT Land Use and Sustainability Framework*, *NWT Water Stewardship Strategy*, a number of completed land use plans and others in draft stages, the *NWT Mineral Development Strategy*, and conservation network planning.

The array of interests, internal and external, in the Arctic ‘development’ debate have periodically attempted to move the agenda and narrative away from the territory’s economic established historical ‘comparative advantage’ - natural resource endowment. This has included divisive and damaging public, private and NGO campaigns around the conservation vs development debate. This includes the reduction of a complex, emotional and deeply values-based dialogue to a simplistic choice – ‘*are you for or against it*’. The net effect has been to introduce a highly disruptive dimension into the debate – that of instilling doubt and adding public and regulatory fatigue, that has diminished the territory’s public and Indigenous governments social license and ability to maximize the economic benefits and opportunities through the legitimate process of responsibly transforming natural capital (natural resources) on both public lands and Indigenous owned lands.

The underlying question raised by the GNWT and some IGOs is whether there has been thorough consideration of the facts and unavoidable trade-offs and what the implications are for the territorial, regional and community economies. The underlying question raised by a number of the IGOs, as well as the GNWT, is whether there has been a valid and thorough consideration of the ‘*facts*’ as well as the unavoidable trade-offs in resource development decision-making and, what the implications are for the territorial, regional and community economies. Simply stated - there needs to be difficult discussions and coming to terms with the consequences of the economic status quo scenario and the ‘*real*’ cost of doing nothing.

More opportunities by exploring and aligning with larger southern markets: A few IGOs expressed an interest, and indeed intention, to explore options and potential opportunities to align with larger southern markets, particularly with corporate Canada that sees the business case for significant potential of and for Indigenous business and the contribution to the national economy. Several IGOs identified a range of potential sectors to align with, including one particular area related opportunities for remediation, and reclamation work on orphaned and abandoned mine

sites across Canada (some 10,000 documented sites in the federal database and the GNWT database). This includes the potential development and application of technologies and processes that are applicable to climatic and geological conditions similar to the NWT. The knowledge and expertise that continue to be developed by Indigenous businesses involved with current remediation projects in the NWT is viewed as providing a competitive advantage, and indeed contains potential elements of the 'knowledge economy'.

***APPENDIX G: ECONOMIC STATUS QUO
SCENARIO: IMPACTS OF POTENTIAL CLOSURE
OF THE NWT DIAMOND MINES***

NWT ECONOMIC SYMPOSIUM

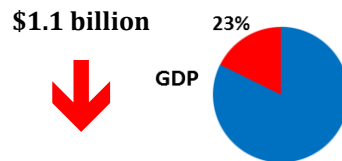
Northern Strengths, Northern Prosperity

ECONOMIC STATUS QUO SCENARIO: IMPACTS OF POTENTIAL CLOSURE OF THE NWT DIAMOND MINES

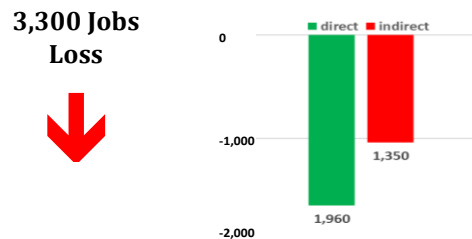
To support discussions at the 2018 Economic Symposium (Agenda Item #1) a scenario has been produced on the loss of the NWT diamond mines on the economy, employment, population, and GNWT programs and services. These estimates are produced using the NWT Input-Output Model and current information from Statistics Canada.

ECONOMIC IMPACT

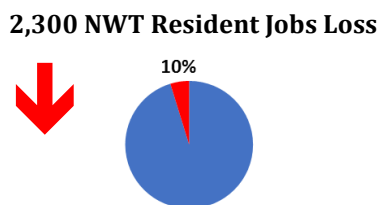
- The eventual closure of the diamond mines would shrink the NWT economy by about \$1.1 billion or about 23%.



- There would be a loss of approximately 3,300 jobs in the NWT. This would include almost 1,960 direct jobs at the diamond mines and an estimated 1,350 jobs in indirect jobs in industries like transportation, retail and wholesale trade, construction, and various professional, scientific and technical services.



- About half of the direct employment at the diamond mines is filled by non-resident rotational workers. However, total resident employment loss would be approximately 2,300 jobs, which is more than a 10% decline in current employment levels for NWT residents.



- While not everyone that would lose their job would leave the NWT, it is estimated that the population impact of this impact would be approximately 3,200 residents. The loss of population of this magnitude would have additional impacts on the economy as the effect of lost household spending impacts retail businesses and other sectors.

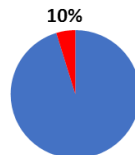
3,200 NWT Population Decline



IMPACT ON GNWT PROGRAMS AND SERVICES

- Diamond mines, businesses providing services to the industry and all of their employees have a significant impact of GNWT own-source revenues including resource royalties, personal and corporate income taxes, and fuel, property and payroll taxes. Employees and their families also significantly impact the Grant from Canada as part of Territorial Formula Financing arrangements.
- The impact of the closure of the diamond mines on GNWT revenues is estimated at approximately \$162 million annually. This represents about 10% of operational expenditures.

\$162 million GNWT Revenue Loss



- This revenue reduction would have to be offset by reduced spending on programs or services for residents and/or reduced capital spending.
- It is not possible to know how a future government would manage the revenue reduction, for example it could be through program reductions, job cuts, or reducing infrastructure spending, or some combination. However, it is likely that there would be significant job loss which could lead to additional population decline adding additional negative economic, population and government revenue impacts.

***APPENDIX H: ECONOMIC COLLABORATION:
LESSONS AND BEST PRACTICES IN
OTHER JURISDICTIONS***



Economic Collaboration: Lessons and Best Practices in Other Jurisdictions
NWT Economic Symposium
Inuvik, NT
October 2, 2018

Darrell Beaulieu, CEO, Denendeh Investments
Paul Gruner, CEO, De'ton Cho Corporation

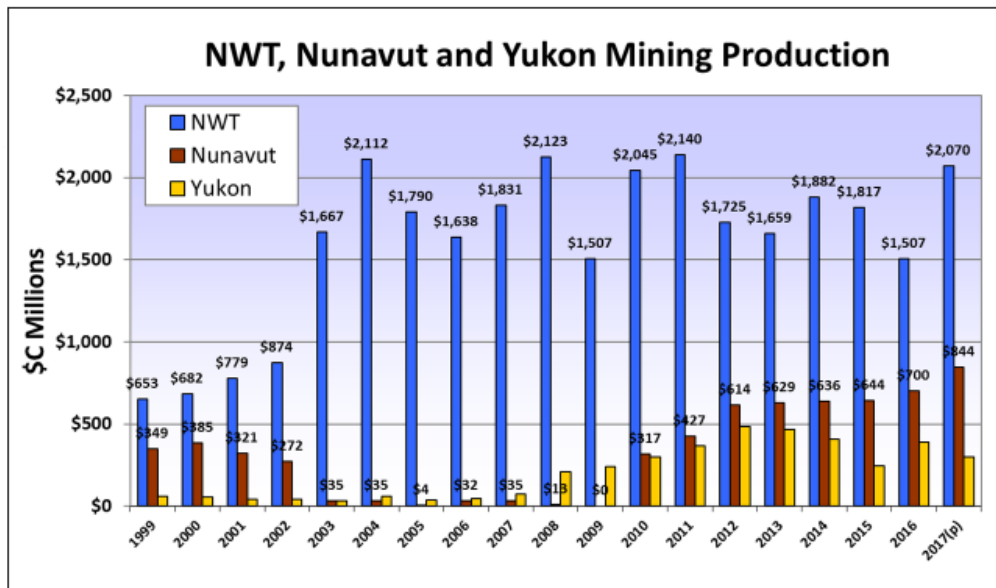


Territory Statistics:

Territory	Population	Federal Transfer Payment	GDP	GDP / Person
Yukon	35,874	\$930M	\$2.4B	\$73,518
Nunavut	37,802	\$1.2B	\$2.0B	\$65,713
NWT	44,718	\$1.3B	\$3.7B	\$106,215
Alberta				\$74,343
Canada				\$56,129

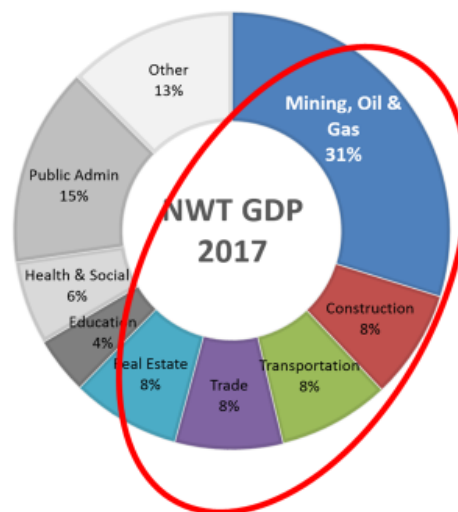
- Note:**
- Per capita NWT has the highest GDP of any jurisdiction in Canada
 - Territorial Statistics – 2016 year



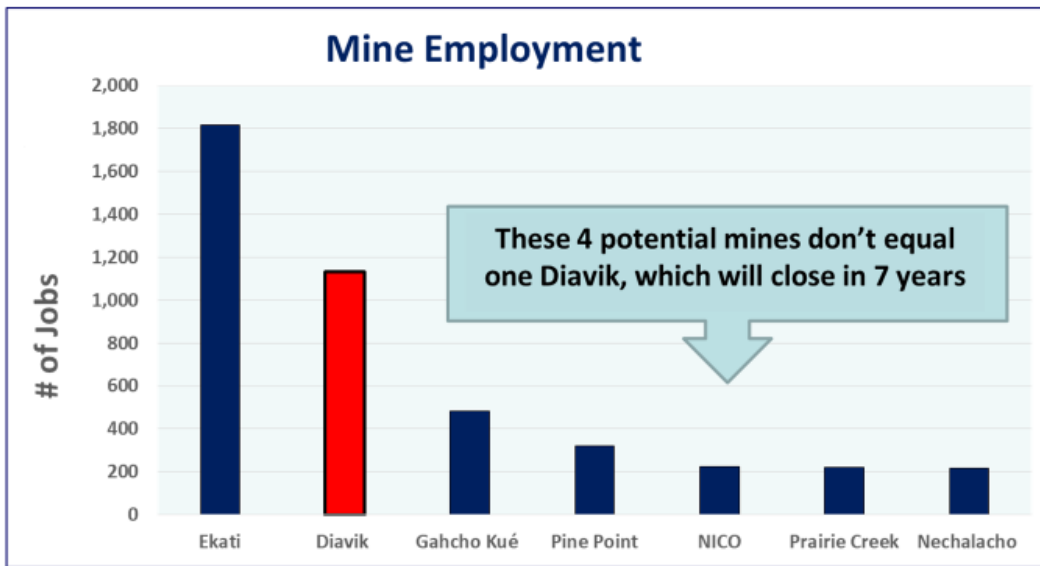
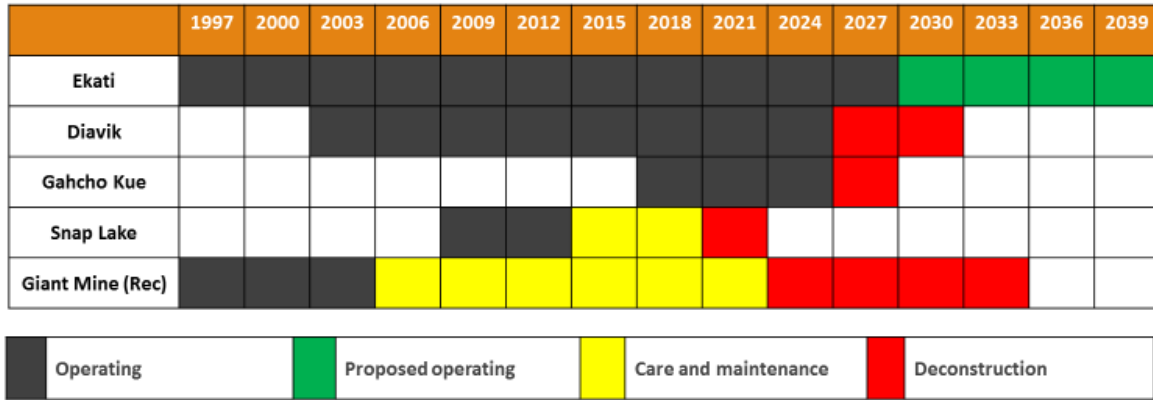


Largest private sector contributor

- Mining is still the largest private sector contributor to the NWT economy
- And, it contributes more through other sectors of the economy, eg, construction, transportation, trade, real estate
- "Over the past 3 years, diamond mines contributed 41% of the GNWT's corporate income, fuel, property and payroll tax revenue" – GNWT Spokesperson



NWT Timeline of Current Industry Opportunities



Direction from the Dene Chiefs

The Dene Nation passed a historic motion at the 2014 Assembly, reaffirmed in 2016, that the Dene support and promote –

- The concept of working with each other and other Aboriginal governments to support controlled resource exploration and development;
- The development and establishment of **resource development** and **export corridors** that will contribute to significant long term social and economic benefits for the Dene



7

Challenges to Economic Collaboration

- Lack of Trust
- Lack of Access to Capital
- Lack of Capacity Development in the Communities
- Lack of Confidence for Environmental Protection
- Lack of Opportunities for Equity Participation

8

Examples of Economic Collaboration in Other Jurisdictions

- ❑ Wataynikaneyap Power (Ontario)
- ❑ Arctic Gateway Group (Manitoba)
- ❑ Alaska Native Corporations & AIDEA (Alaska)
- ❑ Eagle Spirit Energy (British Columbia)
- ❑ Fort McKay First Nation and Mikisew Cree (Alberta)
- ❑ Athabasca Chipewyan First Nation (Alberta)
- ❑ RAB Energy (Yukon/Alaska)

9

Wataynikaneyap Power (Ontario)



- ❑ Province of Ontario selected Wataynikaneyap Power, a licensed transmission company owned by 22 First Nations to develop a 1,800 km power transmission line in Northern Ontario connecting 16 remote First Nations on diesel power to the electricity grid
- ❑ Wataynikaneyap partnered with FortisOntario (subsidiary of Fortis Inc)
- ❑ Fortis owns 49% and the First Nations 51% with a FN option for 100%
- ❑ Canada and Ontario contributed \$1.6 billion to the project

10

Arctic Gateway Group (Manitoba)



- ❑ Canada provided \$117 million to Arctic Gateway Group
- ❑ Private-public partnership between First Nations, communities and private sector
- ❑ Ownership of the Hudson Bay Rail Company, the Hudson Bay Port Company and the Churchill Marine Tank Farm



Alaska Native Corporations (US)

- ❑ 1971 Alaska Native Claims
- ❑ 44 million acres of land and \$962.5 million
- ❑ 12 regional corporations created
- ❑ Operate around the world, employ tens of thousands & generate billions annually



Arctic Indigenous Investment Fund

- ❑ Modelled on the Alaska Industrial Development and Export Authority (AIDEA)
- ❑ Public corporation established to encourage economic growth, development of natural resources through business support
- ❑ Program includes: loans, guarantees, development financing and bonding to commercial, community and non-profits



13

Eagle Spirit Energy (British Columbia)



- ✿ Eagle Spirit Energy (ESE) and its Chiefs' Council are committed to a world-class environmental model
- ✿ The model includes an elite spill prevention and clean-up regime based on the Alaskan experience
- ✿ First Nations are engaged from the first stage of conceptual development through design, construction, and operations
- ✿ The Chair of the Environmental Committee is Chief Martin Louie—a prominent and public opponent of the Northern Gateway Project



14

Fort McKay & Mikisew Cree (Alberta)

- ❑ Fort McKay First Nation & Mikisew Cree hold 49% equity interest in Suncor's East-Tank Farm Development in Alberta's Oil Sands
- ❑ Represents \$500 million investment for the First Nations
- ❑ First Nations in Alberta and BC were offered Equity Participation in the proposed Trans Mountain Pipeline
- ❑ First Nations have indicated they are still interested in an ownership stake if the concerns raised by the federal court appeal on consultation are addressed



15

Athabasca Chipewyan First Nation (Alberta)

- ❑ Athabasca Chipewyan First Nation (ACFN) and Teck Resources agreement for significant equity in Frontier Oilsands project
- ❑ ACFN Chief Allan Adam offered NWT First Nations an opportunity to invest in their equity position
- ❑ At the AIC Conference his message was "We must work together"



Fort McMurray Today Photo



16

RAB Energy Group (Yukon / Alaska)

- ❑ 100% Indigenous owned window and door manufacturing company operating in Canada and the US with 7 Indigenous partners
- ❑ Collaborated with Territory and Federal Gov't for funding to optimize operations and centralize manufacturing
- ❑ As a result created the largest manufacturing export based company operating in Yukon



17

Examples of Northern Collaboration

- ❑ Aboriginal Diamonds Group/DICAN
- ❑ Kete Whii Ltd.
- ❑ Mackenzie Aboriginal Corporation (MAC) and Aboriginal Contractors Corporation (MAC)
- ❑ Aboriginal Pipeline Group (APG)
- ❑ Northern Aboriginal Services Company (NASCo)



18

Opportunities for Collaboration – NWT

- ❑ Mackenzie Valley Corridor
- ❑ Slave Geological Access Corridor
- ❑ Hydro and Transmission Development
- ❑ LNG Development
- ❑ Environmental Remediation
- ❑ Building /Land Development
- ❑ GNWT Capital Plans



Northern News Services Photo

19

What is Needed to Overcome Barriers

- ❑ Identify projects that create a win-win for all parties
- ❑ Access to capital that creates Indigenous project proponents
- ❑ Policies that support and encourage local capacity development
- ❑ Indigenous participation in all aspects of environmental protection
- ❑ Government/industry opportunities for Indigenous equity participation

20

Recommended Next Steps

- ❑ Identify a project for Indigenous and GNWT collaboration
- ❑ Review May MOU on Indigenous Partnerships at the Indigenous Economic Forum proposed for December 11 & 12, 2018 factoring in the Circumpolar Inuit Declaration on Resource Development
- ❑ Economic Accord between Indigenous governments and GNWT
- ❑ Discussions on securing Indigenous support for the chosen project, obtain clearances and set aside lands
- ❑ Funding from government to establish a Joint Secretariat to conduct research and consultation, develop and implement a plan



21

Recommended Next Steps (Cont'd)

- ❑ Hire specialist to develop plan
- ❑ Identify research gaps, including traditional knowledge
- ❑ Redouble efforts on education and training and assistance to small business
- ❑ Raise the financing needed (Public, Private and Indigenous Capital, Tolls and User Fees) for Indigenous participation in major projects
- ❑ Work with the federal government on the creation of an Arctic Indigenous Investment Fund (or Arctic Investment Fund???)



22



“Development has to be something that is transferring control to the people. If you look at either pipelines, or sawmills, or dams, or new mines, we are not against any of those kinds of things. What we are saying is that development should be orderly, it should be planned, it should be at the pace of the local people, it should benefit local people.”

Former AFN National Chief & Former Dene National Chief **Georges Erasmus**

23

***APPENDIX I: SSI CHAIRPERSON CHARLES
MCNEELEY SPEAKING NOTES***

**SPEAKING NOTES
CHARLES MCNEELY
ECONOMIC SYMPOSIUM
INUVIK, NT**

MY NAME IS CHARLES MCNEELY AND I AM THE CHAIRPERSON OF THE SAHTU SECRETARIAT, INC.

I AM PLEASED TO BE HERE WITH YOU TODAY AS WE WORK TOGETHER TO DEVELOP THE ECONOMY OF THE NWT AND PROVIDE WORK FOR OUR PEOPLE AND HOPE FOR OUR YOUTH.

I WOULD LIKE TO TALK ABOUT THREE ISSUES TODAY:

- THE NEED FOR MORE HIGHWAY INFRASTRUCTURE IN THE NORTH;
- THE RESPONSIBLE DEVELOPMENT OF THE SHALE OIL RESOURCES OF THE SAHTU; AND
- THE NEED FOR INDIGENOUS GOVERNMENTS TO OBTAIN THE CAPACITY NECESSARY FOR US TO BE FULL, MEANINGFUL PARTICIPANTS IN THE NORTHERN ECONOMY.

THE MACKENZIE VALLEY HIGHWAY

SAHTU SECRETARIAT, INC, (SSI), HAS BEEN WORKING WITH THE GNWT FOR SEVERAL YEARS NOW TO CONVINCING THE FEDERAL GOVERNMENT OF THE NEED FOR A MACKENZIE VALLEY HIGHWAY.

WE HAVE RECENTLY HAD SOME SUCCESS IN OUR EFFORTS WITH \$140 MILLION BEING ADVANCED FOR THE CONSTRUCTION OF THE BEAR RIVER BRIDGE AND THE CANYON CREEK PORTION OF THE HIGHWAY.

BUT, THIS IS JUST A BEGINNING, IT IS NOT THE END OF OUR EFFORTS.

IT IS TRUE THAT THE MACKENZIE VALLEY HIGHWAY WILL HELP TO IMPROVE THE LIVES OF THE PEOPLE ALONG ITS ROUTE.

GROCERY COSTS COULD GO DOWN, FAMILIES WILL BE ABLE TO TRAVEL MORE CHEAPLY. SPORTS TEAMS WILL BE ABLE TO EXTEND THEIR REACH AND TAKE PART IN MORE TOURNAMENTS AT A LOWER COST.

THESE ARE ALL GOOD AND WE ARE THANKFUL TO THE FEDERAL GOVERNMENT FOR ITS SUPPORT TO DATE.

BUT, THESE LOCAL BENEFITS ARE NOT ENOUGH TO JUSTIFY THE FULL EXPENSE OF THE HIGHWAY.

IF WE ARE TO KEEP CANADA COMMITTED TO FUNDING THE FULL HIGHWAY, WE NEED TO PROVE THE VALUE OF THE HIGHWAY TO ALL CANADIANS, NOT JUST TO THE FORTUNATE RESIDENTS OF THE SAHTU.

WE NEED TO MAKE THE INFRASTRUCTURE, NOT JUST THAT OF A DISTANT PART OF THE COUNTRY.

WE ARE ALSO SEEING EFFORTS TO DEVELOP A NORTHERN CORRIDOR PROJECT TO CONNECT CANADA'S NORTHERN PROVINCES FROM EAST TO WEST WITH LINKS UP INTO THE NWT.

HIGHWAYS WILL BECOME MORE AND MORE IMPORTANT TO US IN THE NORTH AS OUR MACKENZIE RIVER BARGE SEASON IS NO LONGER DEPENDABLE.

I ENCOURAGE THE GNWT TO LOOK CAREFULLY AT THE OPPORTUNITIES TO CONNECT WITH THE MAJOR ROADWAYS OF THE SOUTH, BOTH THOSE IN PLACE AND THOSE PLANNED, SO THAT WE IN THE NORTH CAN BECOME A PART OF THE NATIONAL DREAM, NOT JUST A DISTANT AFTERTHOUGHT.

THE OIL RESOURCES OF THE SAHTU

THE SAHTU HAS LONG BEEN EXPOSED TO PETROLEUM DEVELOPMENT WITH NORMAN WELLS OILFIELD BEING A PART OF OUR ECONOMY FOR OVER 100 YEARS NOW.

IN ADDITION, WE HAVE MORE RECENTLY FOUND THAT THE SAHTU REGION CONTAINS BILLIONS OF BARRELS OF SHALE OIL WITH THE NATIONAL ENERGY BOARD CONCLUDING THAT THE CANOL SHALE ALONE CONTAINS 145 MILLIION BARRELS OF RECOVERABLE OIL.

WE ARE ALSO BLESSED WITH OUR OWN RESERVES UNDER OUR WHOLLY-OWNED SUBSURFACE LANDS.

THESE RESOURCES, IF DEVELOPED, WOULD PROVIDE LONG-TERM BENEFITS TO THE PEOPLE OF THE NORTH AND REVENUES FOR ALL LEVELS OF GOVERNMENT.

WE KNOW FROM THE NEB ESTIMATES, THE CANADA TRANSPORTATION ACT REVIEW STUDIES AND ECONOMIC ANALYSES BY THE TULITA DISTRICT LAND TRANSPORTATION THAT HUNDREDS OF MILLIONS OF DOLLARS COULD BE GENERATED BY THE DEVELOPMENT OF THESE RESERVES.

BUT, THEIR DEVELOPMENT IS CHALLENGED BY HIGH COSTS LOW OIL PRICES AND SOCIAL OPPOSITION AND, AS A RESULT, THEY REMAIN IN THE GROUND AND PROVIDE NO ECONOMIC GAIN FOR OUR PEOPLE.

THERE IS LITTLE WE OR THE GNWT CAN DO ABOUT THE HIGH COSTS OR THE LOW PRICES BUT, TOGETHER, WE CAN WORK TO ADDRESS THE SOCIAL OPPOSITION TO SHALE DEVELOPMENT.

THIS MIGHT BE DONE IN TWO WAYS:

FIRST, THE GNWT, AS THE REGULATOR FOR OIL AND GAS OPERATIONS, SHOULD DESIGN AND DELIVER AN EFFECTIVE, COMMUNITY-FOCUSED AND FACT-BASED SERIES OF PRESENTATIONS ON THE ISSUES ASSOCIATED WITH SHALE OIL DEVELOPMENT AND THE REGULATORY STEPS THE GNWT PROPOSES TO DEAL WITH EACH ISSUE.

SECOND, THE GNWT SHOULD SUPPORT A PILOT SHALE OIL DEVELOPMENT PROJECT IN THE SAHTU.

SUCH A PROJECT, CONDUCTED IN PARTNERSHIP WITH SAHTU SUB-SURFACE OWNERS, WOULD HELP TO SHOW THE RESIDENTS OF THE NWT THAT SHALE DEVELOPMENT CAN BE CARRIED OUT IN AN ENVIRONMENTALLY SUSTAINABLE MANNER.

A SUCCESSFUL PILOT PROJECT WOULD ALSO PROVIDE INDUSTRY WITH AN INCENTIVE TO REVISIT THE DEVELOPMENT OF THE MANY SIGNIFICANT DISCOVERY LICENSES CURRENTLY HELD IN THE SAHTU.

THE NWT HAS BEEN SUCCESSFUL IN DEMONSTRATING THAT WE CAN PRODUCE OUR DIAMONDS IN A WAY THAT MATCHES OR EXCEEDS THE BEST PRACTICE IN THE WORLD.

WE SHOULD AIM TO SHOW THE WORLD WE CAN DO THE SAME WITH OUR VAST SHALE OIL RESERVES.

PRIME MINISTER TRUDEAU HAS SAID ON MANY OCCASIONS THAT IT'S A FUNDAMENTAL RESPONSIBILITY OF GOVERNMENT TO GET THE COUNTRY'S RESOURCES TO MARKET IN A RESPONSIBLE, SUSTAINABLE AND INCLUSIVE MANNER.

THE PRIME MINISTER BELIEVES, AS DOES THE SAHTU, THAT WE CAN DEVELOP OUR NATURAL RESOURCES WHILE RESPECTING THE ENVIRONMENT.

THE CONFERENCE BOARD OF CANADA RECENTLY CONCLUDED THAT THE ECONOMIC FUTURE OF THE NWT IS "GRIM".

THAT ECONOMIC FUTURE WILL NOT MOVE FROM "GRIM" TO "GREAT" SIMPLY ON THE STRENGTH OF INCREASED CHINESE TOURISM NUMBERS.

WE ARE A LARGE TERRITORY, WE NEED LARGE PROJECTS SUPPORT TO SUPPORT OUR PEOPLE AND PROVIDE A FUTURE FOR OUR YOUTH.

THE CAPACITY OF INDIGENOUS GOVERNMENTS

THE ISSUE OF THE LACK OF CAPACITY OF INDIGENOUS GOVERNMENTS HAS BEEN ACKNOWLEDGED IN A NUMBER OF FORUMS OVER THE PAST TWO YEARS.

ACKNOWLEDGED, BUT NOT SOLVED.

ACKNOWLEDGED IN THE ARTIC POLICY FRAMEWORK ENGAGEMENT SESSION WHERE THE AUTHORS NOTED THAT “INDIGENOUS GOVERNMENTS AND COMMUNITIES ARE CONSTRAINED BY LIMITED RESOURCES AND CAPACITY TO PARTICIPATE IN AND BENEFIT FROM RESOURCES AND ECONOMIC DEVELOPMENT.”

ACKNOWLEDGED IN THE CANADA TRANSPORTATION ACT REVIEW.

ACKNOWLEDGED IN THE IGC REPORT OF SEPTEMBER 11 THAT NOTED THE GNWT IS CURRENTLY ADVANCING TEN LEGISLATIVE INITIATIVES WHILE “INDIGENOUS GOVERNMENTS ARE STRESSED IN THEIR ABILITY TO MAINTAIN ACTIVE AND MEANINGFUL INVOLVEMENT” IN THE LEGISLATIVE PROCESSES.

ACKNOWLEDGED IN A RECENT SPEECH AT SIMON FRASER UNIVERSITY, WHERE PREMIER MCLEOD SAID THAT “INDIGENOUS PEOPLE MUST HAVE THE POWER TO MAKE DECISIONS FOR THEMSELVES, AND THEY MUST HAVE THE FINANCIAL AND LEGAL MEANS TO IMPLEMENT THOSE DECISIONS.”

ACKNOWLEDGED BUT NOT SOLVED.

INDIGENOUS GOVERNMENTS ARE TO BE INCLUDED IN DECISION-MAKING IN THE NWT.

WE CANNOT BE EXPECTED TO SIT TO ONE SIDE WHILE NEW LEGISLATION IS “RAMMED THROUGH” DESPITE OUR CONCERNS.

WE ARE TO BE CONSULTED IN A MEANINGFUL WAY ON NEW INITIATIVES, DEVELOPMENT PROPOSALS AND LEGISLATIVE CHANGES.

AND THAT CONSULTATION IS A STEP FAR BEYOND SIMPLE “ENGAGEMENT” AND CONTRIBUTING TO NUMEROUS “WHAT WE HEARD” EXERCISES.

IF WE ARE TRULY TO BE PARTNERS IN THE IGC AND IN THE BUILDING OF OUR NORTHERN ECONOMY, WE MUST HAVE THE NEEDED RESOURCES OF WHICH THE PREMIER SPOKE.

THE QUESTION THEN FOR TODAY IS HOW WILL WE GET THOSE RESOURCES?

***APPENDIX J: PROJECT TLEGOHTI ('WHERE THE
OIL IS') – PRESENTATION BY
RICHARD HARDY, SSI***



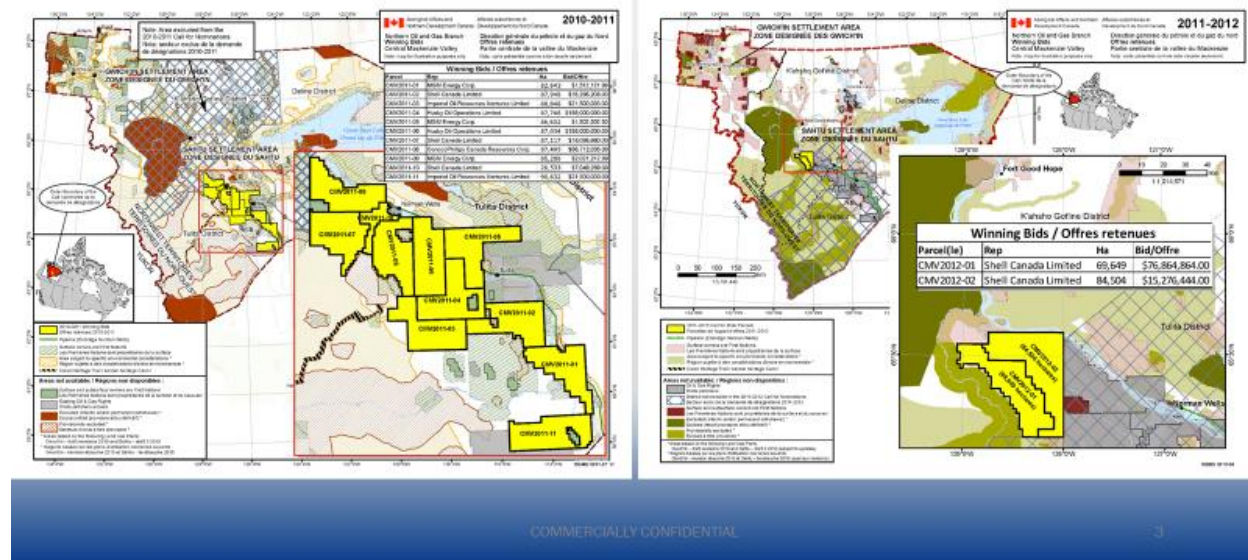
PROJECT TLEGOHTI

- Oil and Gas has been the principal driver of the economy in the Sahtu for approximately 60 years
- In the early 1960's modern oil and gas exploration began and the 1980s saw the expansion of the Norman Wells oilfield and the building of Line 21 to Zama, Alberta
- Oil and Gas exploration continued on an "on and off" basis until really large bids were submitted for eleven parcels of land near Tulita and Norman Wells in 2011. These bids were followed by two other large ones in 2012.
- Together these thirteen bids comprised over \$642 million in work commitments

COMMERCIALLY CONFIDENTIAL

2

PROJECT TLEGOHTI



COMMERCIALLY CONFIDENTIAL

3

PROJECT TLEGOHTI

- The submission of these really large bids resulted in 2 to 3 years of busy exploration activities
- Hopes were high that finally there would be a sustainable oil and gas boom
- We know, thanks to the NEB, that there are millions and millions of barrels of recoverable oil in the Canol and Bluefish shales
- However three things happened:
 - World oil process tumbled;
 - The anti-frackers showed up; and
 - The GNWT began issuing Significant Discovery Declarations and Significant Discovery Licences

COMMERCIALLY CONFIDENTIAL

4

PROJECT TLEGOHTI

- Our economy heading south.



COMMERCIALLY CONFIDENTIAL

6

PROJECT TLEGOHTI

- As a result of this triad of gloom the Sahtu was faced with the sight of equipment leaving on the winter road and by barge with not much hope of alternative jobs and business opportunities
- However Norman Wells was still producing and shipping oil south in Line 21 and this provided some life support
- Albeit, Imperial was faced with the same pressures, as elsewhere in the world, to cut production costs down sharply
- Then Line 21 was taken out of service for repairs and the picture started to become even scarier- would the Norman Wells oilfield finally shut down?

COMMERCIALLY CONFIDENTIAL

6

PROJECT TLEGOHTI

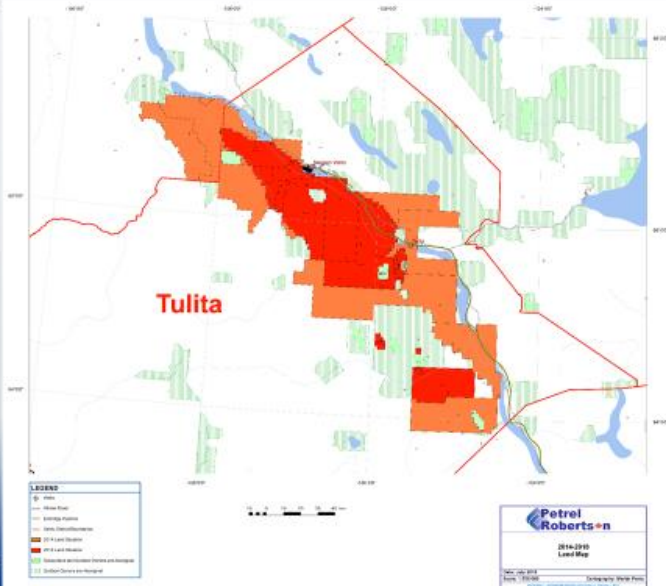
- While Line 21 has completed its repairs, Imperial Oil has raised the possibility of Norman Wells actually closing within ten years, followed by Line 21 being decommissioned
- We realized that in order to keep these valuable assets working in the NWT it will be necessary to get more oil to ship in Line 21
- Of course our first look was to the holders of the Significant Discoveries that the GNWT seemed to be handing out like candy, but it soon became apparent that these huge companies that now had the Canol Shale sewn up into eternity had no intention of getting to production

COMMERCIALLY CONFIDENTIAL

7

PROJECT TLEGOHTI

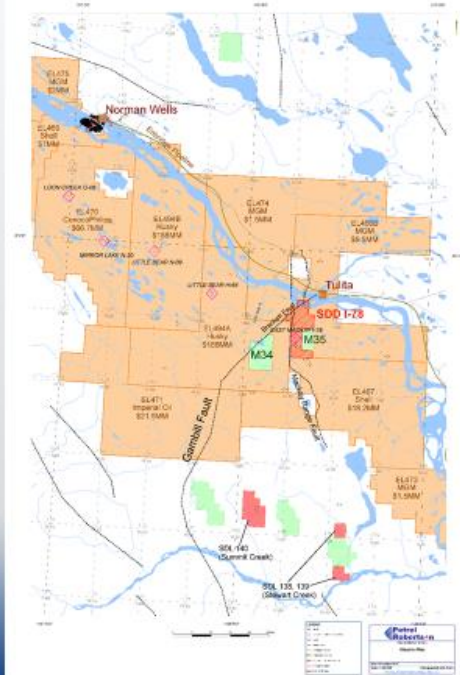
- Sahtu Shale sewn up



PROJECT TLEGOHTI

- We realized the oil companies weren't the only ones with proven reserves
- We also own subsurface in the Canol Shale - **M34 and M35**

COMMERCIALLY CONFIDENTIAL



PROJECT TLEGOHTI

- One of the difficulties with getting the holders of the Significant Discoveries to go to Development and then Production is the price of oil
- These companies all look for significant returns on the money that they have invested in "Discovering" the oil
- Typically, large company projects must compete for capital with other projects in their portfolio all around the world – and many of these projects are less expensive and risky than the Canol
- However, we (Sahtu) can accept a lower rate of return on our own resources in exchange for greater regional economic development activity
- While the price of oil remains important to us, it plays a smaller role in our analysis of opportunities than it does for oil majors

COMMERCIALLY CONFIDENTIAL

10

PROJECT TLEGOHTI

- So, we have oil – we are told that the two parcels have between 65 and 100 million barrels of recoverable oil
- We are not looking for the large returns on investment that conventional producers want
- Our oil is Royalty Free
- Costs of Development and Production are and will continue to drop as technology improves
- So, what else do we need?

COMMERCIALLY CONFIDENTIAL

11

PROJECT TLEGOHTI

- First we need to find a way to get the oil to market
- Well, to start, Line 21 is just coming back on stream and will have room for about another 12,000 barrels of oil a day
- One option that will be considered is to shoot a small inch pipeline right across the Mackenzie River just North of the confluence of the Bear and Mackenzie Rivers, to join Line 21 near the northern shore of Bear River
- This option would require that we build a processing facility either near M34 and M35 or near the link into Line 21

COMMERCIALLY CONFIDENTIAL

12

PROJECT TLEGOHTI

- Another option would be to run a small inch pipeline from M34 and M35 to Bear Island and then into Imperial's gathering system, then process our oil at Imperial's central processing unit before shipping the oil south in Line 21
- If this option becomes a reality we truly are looking at a win/win/win for the owner of the oil (Sahtu), the owner of the CPU (Imperial) and the owner of Line 21 (Enbridge)
- From a larger picture perspective this scenario will likely extend the life of the Norman Wells field, with another shipper to bear part of the cost of Line 21

COMMERCIALY CONFIDENTIAL

13

PROJECT TLEGOHTI

- While the GNWT and the Aboriginal Governments will not receive royalties from the Development, Production and Sale of this oil they will be winners in terms of the business opportunities and employment opportunities that will flow from such a project
- Keeping Norman Wells and Line 21 operating keeps the door open for the holders of the Significant Discoveries to consider a future demonstration project without having to build another pipeline
- The project is by no means free of hurdles

COMMERCIALY CONFIDENTIAL

14

PROJECT TLEGOHTI

- The first hurdle will be to build the economic case. Are current oil prices sufficient to support the project? If so, are they sustainable? We think so but need to prove it to the world.
- The second hurdle will be what to do with the natural gas that will have to be produced with the oil? We don't yet have an answer to this issue. Perhaps there is more than one answer. Can the gas be liquified and shipped? Can Imperial use the gas from M34 and M35 in its fields to enhance production?
- The third hurdle is, of course, the regulatory system – and in particular, the issue of fracking

COMMERCIALLY CONFIDENTIAL

18

PROJECT TLEGOHTI

- Next steps:
 - Grease the skids – fund the studies and negotiations
 - Update and enhance what is known about the geology
 - Settle on reasonable assumptions, especially the future price of oil
 - Continue focusing on what to do with the natural gas
 - Discussions with Enbridge regarding shipping options
 - Discussions with Imperial regarding use of the CPU facilities
 - Continuous engagement with Communities that may be affected
 - Assess economic feasibility

COMMERCIALLY CONFIDENTIAL

19