

Speaking Notes: Minister McLeod

Update on the Northwest Territories Northern Development Ministers Forum August 28th, 2008

Introduction

While our tourism industry promotes the Northwest Territories (NWT) as being “Truly Spectacular”, the same can be said of our economy.

The NWT has the richest and fastest growing economy in Canada. Last year our GDP grew by 13%, which was the fastest rate in Canada. Average annual growth over five years has exceeded 4%, tied with Alberta.

Per capita GDP, a measure of wealth, averaged \$95,000 in 2007; the Canadian average was \$40,000.

A good portion of this wealth originates with diamonds. There are three commercially producing diamond mines in the Northwest Territories, Ekati, Diavik and Snap Lake. These are among the world’s richest diamond mines, producing \$1.7 billion over 2007, up 13% rise from 2006. By 2008, the NWT will likely become the world’s third largest producer of diamonds by value.

The NWT is also rich in minerals, and there has been significant interest in the development of new zinc, lead, gold and uranium mines. Tungsten is also found in the NWT, with one mine currently producing \$75 million per year.

The Western Canada Sedimentary oil and gas basin is found under much of the NWT. While largely undeveloped and unexplored, 2007 oil and gas exports averaged \$550 million. When gas flows down the proposed Mackenzie Valley Gas Pipeline, gas production will increase to over \$2 billion annually. There are an estimated 6 trillion cubic feet of discovered gas reserves and an additional 55 trillion cubic feet of likely gas reserves within the Mackenzie Delta / Beaufort Sea region.

Several oil companies have already proposed major exploration programs in the Beaufort Sea over the next five years. Imperial Oil and ExxonMobil Canada are jointly investing \$585 million on exploration.

Film and advertising has also taken on a new importance. Ice Road Truckers, filmed entirely in the NWT, was seen by 3.4 million viewers to become the most-watched original telecast in the History Channel's 12-year history at that time. Over 2008, the show will be broadcast in Europe and Australia.

This year, a new documentary series on “bush plane” pilots is planned.

The tourism season in the Northwest Territories is year-round with distinct markets in winter and spring aurora viewing, summer road traffic, and fall fishing and hunting. New opportunities are developing for Aboriginal tourism that will promote unique Aboriginal cultural experiences.

NWT is well positioned to take advantage of polar routes to Europe and especially Asia. Hay River is one of Canada's largest inland ports. With its rail connection, could ship to Northern Alaska and Asia.

Some of the currently planned major projects include:

- \$16 billion for the development of the Mackenzie Valley Pipeline and related gas fields
- \$960 million for the DeBeers Gahcho Kue diamond mine project
- \$100 million for the Prairie Creek Mine
- \$100 million for the Tyhee Yellowknife Gold Project
- \$215 million for Fortune's NICO project
- \$160 million for the DehCho bridge
- \$200 million for Snare Lake Hydro expansion
- \$243 million in mineral, oil and gas exploration by various companies

With this sound economic foundation, the focus of our government is to build, with our partners, a strong and independent north in an environment that has an economy that is diversified and sustainable across the Territory - for today and the future. For the people of the NWT, we are focusing on health, education and community development.

Thank you