



NORTHWEST TERRITORIES MANUFACTURING STRATEGY

STRATÉGIE MANUFACTURIÈRE DES TERRITOIRES DU NORD-OUEST

*Le présent document contient la traduction française du résumé
et du message du ministre*

2019-2024

Prepared by the Department of Industry, Tourism and Investment

Document préparé par le ministère de l'Industrie, du Tourisme et de l'Investissement

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English

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French

Kīspin ki nitawihtīn ē nīhīyawihk ōma ācimōwin, tipwāsinān.
Cree

Tł̄chǫ yatı k'è è. Dı wegodi newo dè, gots'o gonede.
Tł̄chǫ

Ɂerihł'is Dëne Sułiné yati t'a huts'elkér xa beyáyatı theɂą Ɂat'e, nuwe ts'ën yólti.
Chipewyan

Edi gondı dehgáh got'je zhatié k'éé edatl'eh enahddhę nide naxets'ę edahłí.
South Slavey

K'áhshó got'ıne xədə k'é hederı ɂedı htl'é yeriniwé ní dé dúle.
North Slavey

Jii gwandak izhii ginjìk vat'atr'ijahch'uu zhit yinohthan jì', diits'at ginohkhìi.
Gwich'in

Uvanittuaq ilitchurisukupku Inuvialuktun, ququaqluta. Inuvialuktun

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Hapkua titiqqat pijumagupkit Inuinnaqtun, uvaptinnut hivajarlutit.
Inuinnaqtun

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MINISTER'S MESSAGE //

"We will develop a northern manufacturing strategy in collaboration with industry and the NWT's Manufacturers' Association to expand the manufacturing sector, identify potential areas of growth, promote and market products manufactured in the NWT and aid in the professional and technological advancement of the industry."

(Commitment #1.2.6 - Mandate of the Government of the Northwest Territories 2016-2019)

Prior to entering political life, I was a northern manufacturer. I can speak, first-hand, to challenges faced by the Northwest Territories' (NWT) manufacturing sector.

But, I also know that this exciting sector, driven by the resourcefulness and ingenuity of northern manufacturers themselves, has the very-real potential to contribute to both growth and diversification in the NWT economy.

By improving the information and tools available to manufacturers, including support for technology and innovation, encouraging the use of *Made in the NWT* products, and providing the right policy environment, opportunities will emerge to increase the number of products that are manufactured locally.

This strategy was developed with these goals in mind; and with the under-lying knowledge that the generation of wealth and creation of local jobs is critical to the sustainability of our community economies.

To this end, our strategy was shaped by the input and guidance of the NWT's manufacturing community with whom we will now partner to implement its actions.

MESSAGE DU MINISTRE //

« Nous élaborerons une stratégie manufacturière nordique en collaboration avec l'industrie et l'Association des manufacturiers des TNO afin d'accroître le secteur manufacturier, de cibler les secteurs de croissance potentiels, et de promouvoir et mettre en marché des produits fabriqués aux TNO, et nous contribuerons à l'avancement professionnel et technologique de l'industrie. »

(Engagement 1.2.6 - Mandat 2016 à 2019 du gouvernement des Territoires du Nord-Ouest)

Avant de me lancer en politique, j'étais un manufacturier du Nord. Je suis donc à même de parler des difficultés que doivent surmonter les acteurs du secteur manufacturier des Territoires du Nord-Ouest (TNO).

Cela étant, je suis également à même d'affirmer qu'il s'agit d'un secteur passionnant, alimenté par l'ingéniosité et la débrouillardise des fabricants du Nord, et qui a le potentiel de contribuer de façon significative à la croissance et à la diversification de l'économie des TNO.

Nous réussirons à créer des occasions d'affaires et à augmenter le nombre de produits fabriqués localement en améliorant l'information et les outils à la disposition des fabricants, notamment en soutenant la technologie et l'innovation, en encourageant l'utilisation des produits « fabriqués aux TNO » et en adoptant un environnement politique approprié.

C'est en tenant compte de ces objectifs que la stratégie a été élaborée, et avec la conviction sous-jacente que la création de richesse et la création d'emplois locaux sont essentielles à la durabilité de l'économie de nos collectivités.

Notre stratégie a été façonnée par les commentaires et les conseils de la communauté manufacturière des TNO; nous allons maintenant nous y associer pour la mettre en œuvre.

EXECUTIVE SUMMARY //

While the manufacturing sector is currently a relatively small contributor to the Northwest Territories (NWT) economy, there is potential for growth that can further diversify the NWT economy and create local, good-paying jobs. The sector contributes about \$25 million, or 0.5 percent of the NWT's gross domestic product (GDP). By comparison, the manufacturing sector in the Yukon contributes \$17.5 million, or 0.8 percent of their GDP.

In the Mandate of the Government of the Northwest Territories (GNWT), 2016-2019, the 18th Legislative Assembly committed to *"develop a northern manufacturing strategy in collaboration with industry and the NWT Manufacturers Association to expand the manufacturing sector, identify potential areas of growth, promote and market products manufactured in the NWT and aid in the professional and technological advancement of the industry."*

In developing this strategy, the Department of Industry, Tourism and Investment (ITI) reviewed existing studies, reports and policies, and met with manufacturers, key stakeholders and the general public across the NWT.

Often, manufacturing in the North can be challenging, in part because of high input costs, small sales volumes and a lack of economies of scale in production and distribution. This means that NWT manufacturers must be innovative, flexible, and efficient if they are to compete with goods imported from outside the territory. With these challenges in mind, this strategy provides a framework for how the GNWT can create an environment that effectively supports the manufacturing sector in diversifying the economy.

This strategy is focused on four strategic objectives: establishing a strong manufacturing association and sector; improving access to business information, services and capital; renewing the *Northern Manufactured Products Policy*; and growing the manufacturing sector.

Each objective is supported by a number of actions (summarized on page 6) that the GNWT intends to undertake to grow the sector. These actions are aimed at achieving some ambitious targets, including an increase in manufacturing sales of 25 percent in the first three years and a further 25 percent increase in sales, and in the labour force with manufacturing, in five years. See the Logic Model on page 21 for more detailed information on outcomes.

NWT manufacturers must be creative and innovative in order to be competitive – both in terms of quality and pricing – to displace imported products from southern suppliers.

Notably absent from this strategy are direct cash subsidies to manufacturers to try and address the high cost of doing business in the NWT in terms of labour, utilities and freight. Actions that the GNWT can take in this area are limited, given that government subsidies to defray business costs is of questionable value from a public policy perspective and can be complex to administer. In the long term, reducing the high cost of doing business (and the high cost of living) in the NWT will be largely tied to federal infrastructure investment, such as an improved rail link to Hay River, road infrastructure, and the further development of NWT hydroelectric resources.

Some future opportunities for growth lie in the GNWT commitment to grow the knowledge economy. Future investment into education and research facilities and enhancement of cold-weather product testing and research are areas that could provide opportunities for innovative northern products.

Finally, this strategy is not 'set in stone'; it will be annually reviewed with the NWT Manufacturing Association, and as new opportunities to support the sector are identified, these issues will be brought forward to the GNWT for response and action.

RÉSUMÉ //

Le secteur manufacturier ne représente certes qu'une assez petite part de l'économie ténoise, mais offre un potentiel de croissance qui permettrait de le diversifier davantage et de créer des emplois locaux bien rémunérés. Ce secteur représente quelque 25 millions de dollars ou 0,5 % du produit intérieur brut (PIB) des Territoires du Nord-Ouest (TNO). À titre comparatif, au Yukon, il représente 17,5 millions de dollars ou 0,8 % du PIB.

Le mandat 2016-2019 du gouvernement des Territoires du Nord-Ouest (GTNO), tel qu'établi par la 18e Assemblée législative, comprend l'engagement suivant : « Nous élaborerons une stratégie manufacturière nordique en collaboration avec l'industrie et l'Association des manufacturiers des TNO afin d'accroître le secteur manufacturier, de cibler les secteurs de croissance potentiels, et de promouvoir et mettre en marché des produits fabriqués aux TNO, et nous contribuerons à l'avancement professionnel et technologique de l'industrie. »

Pour mettre au point cette stratégie, le ministère de l'Industrie, du Tourisme et de l'Investissement (MITI) a passé en revue les études, politiques et rapports existants, et rencontré des manufacturiers, des intervenants clés et des résidents de partout aux TNO.

Les activités manufacturières en milieu nordique sont souvent périlleuses, d'abord en raison du coût élevé des intrants, mais aussi à cause du faible volume des ventes et de l'absence d'économies d'échelle dans les filières de la production et de la distribution. Les manufacturiers ténois doivent donc faire preuve d'innovation, de souplesse et d'efficacité s'ils veulent concurrencer les produits venus d'ailleurs. À la lumière de telles difficultés, la stratégie du MITI fournit au GTNO un cadre pour la création d'un milieu qui soutient efficacement le secteur manufacturier dans un contexte de diversification économique.

Cette stratégie repose sur quatre objectifs, soit établir un secteur manufacturier fort et une association de manufacturiers dynamique; améliorer l'accès à l'information, au soutien et aux capitaux des manufacturiers; revoir la politique sur les produits manufacturés aux TNO; et favoriser le développement du secteur manufacturier.

Le GTNO compte mettre en œuvre diverses mesures (résumées à la page 6) pour concrétiser chacun de ces objectifs et, ainsi, stimuler le secteur. Les visées du GTNO sont ambitieuses et comprennent une augmentation de 25 % en 3 ans, puis de 50 % en 5 ans, des ventes dans le secteur manufacturier. Voir le modèle d'intervention à la page 21 pour plus de détails sur les résultats attendus.

Les manufacturiers ténois doivent faire preuve de créativité et d'innovation pour être concurrentiels tant du point de vue de la qualité que des prix et ainsi ravir des parts de marché aux fournisseurs de produits du Sud.

Fait remarquable, la stratégie ne comprend pas de subventions directes aux manufacturiers pour pallier les coûts élevés d'exploitation, entre autres en main-d'œuvre, en services publics et en transport, aux TNO. Les mesures à la disposition du GTNO dans ce domaine sont limitées, compte tenu de la valeur discutable des subventions de fonctionnement, tant du point de vue de la gouvernance publique que de l'administration de ces fonds, qui est complexe.

À long terme, la réduction des coûts élevés d'exploitation commerciale (et du coût élevé de la vie) aux TNO dépend en grande partie des investissements fédéraux dans les infrastructures, comme l'amélioration du lien ferroviaire avec Hay River, le réseau routier et l'exploitation du potentiel hydroélectrique du territoire.

L'engagement du GTNO à développer l'économie du savoir est aussi une autre avenue de croissance. Des investissements futurs dans des établissements de recherche et de formation, ainsi que dans l'amélioration des essais et de la recherche sur les produits en milieu nordique, sont autant d'occasions de créer des produits novateurs.

Enfin, cette stratégie n'est pas monolithique : elle sera réévaluée annuellement de concert avec l'Association des manufacturiers des TNO, ainsi qu'au fil des occasions qui se présentent et qui seront soumises au GTNO à des fins d'étude et d'intervention.

SUMMARY OF KEY ACTIONS, //

BY STRATEGIC OBJECTIVE

ESTABLISH A STRONG MANUFACTURING ASSOCIATION AND SECTOR

ACTION 1. Beginning in 2019-20, the GNWT will support the activities of the NWT Manufacturing Association (NWTMA).

ACTION 2. The GNWT will also support the NWTMA's membership into the *Canadian Manufacturers and Exporting Association*.

IMPROVE ACCESS TO BUSINESS INFORMATION, SERVICES AND CAPITAL

ACTION 3. The GNWT will develop a comprehensive guide to the wide range of business and innovation funding programs and other supports available to NWT businesses. (2019-20)

ACTION 4. The GNWT will support partnerships and investments in makerspaces in NWT communities, beginning with pilot projects in Inuvik, Hay River and Fort Smith. (2019-20)

ACTION 5. The GNWT will develop a comprehensive guide to training and apprenticeship programs currently available in the NWT, and work with the NWTMA to identify support for the NWT manufacturing sector. (2019-20)

ACTION 6. Through existing programming, and working with ITI Regional Offices, the GNWT will support efforts that focus on the incorporation of best practices, such as Lean manufacturing, into the operations of participating manufacturers. (2019-20)

RENEW THE NORTHERN MANUFACTURED PRODUCTS POLICY

ACTION 7. Beginning in 2019-20, the GNWT will issue interpretive bulletins as required to clarify which products will be covered under the provisions of the *Northern Manufactured Products Policy* (NMPP).

ACTION 8. The GNWT will work in collaboration with the NWTMA to review the definition of manufacturing, as it pertains to GNWT procurement for the NMPP. (2019-20)

ACTION 9. The GNWT will update the current approved product listings to incorporate the use of categories for directly related products and ensure product categories are appropriately defined. (2019-20)

ACTION 10. The GNWT will revise the NMPP to indicate that keeping sufficient raw materials on-hand, and maintaining the demonstrated ability to readily manufacture the product, is sufficient to maintain a product listing on the NMPP. (2019-20)

ACTION 11. The GNWT will develop a Discussion Paper on the potential impacts and benefits of moving towards a transparent bid adjustment mechanism for products manufactured in the NWT and will ensure the input of the NWTMA is reflected in this analysis. This paper will be presented to the GNWT in early 2020 for further consideration.

ACTION 12. The GNWT will establish review and appeal mechanisms within the NMPP. (2019-20)

GROWING THE MANUFACTURING SECTOR

ACTION 13. The GNWT will support innovation in the NWT manufacturing sector by supporting research into existing and emerging technologies through existing programs and will award up to \$100,000 annually to the NWT manufacturer with the strongest proposal for an investment in technology aimed at reducing costs or improving productivity and resulting in increased local employment. (2019-20)

ACTION 14. The GNWT will provide the NWTMA and interested NWT manufacturers with an annual briefing on its planned capital projects and other procurement opportunities. In 2019-20, the GNWT will work with the business community to hold a reverse trade show to help identify opportunities for NWT businesses.

ACTION 15 In 2019, ITI will establish a 'pathfinder' point of contact for the NWT manufacturing sector that works with NWT manufacturers within the GNWT procurement system to identify opportunities. This pathfinder will also work with the NWTMA to ensure their concerns are considered in future procurement policy discussions.

ACTION 16. The GNWT will assist the NWT Chamber of Commerce in updating the *Made in the NWT* website as well as develop a manufactured product marketing plan aimed at potential customers outside of government. (2019-20)

ACTION 17. By April 2020, the GNWT will develop a plan to attract new investment and outside capital to grow the manufacturing sector in the NWT. This may include reducing/removing barriers around the ownership requirements and an expansion of the marketing plan to provinces and territories, showing them what the NWT has to offer.

“ We will develop a northern manufacturing strategy in collaboration with industry and the NWT Manufacturers Association to expand the manufacturing sector, identify potential areas of growth, promote and market products manufactured in the NWT and aid in the professional and technological advancement of the industry. ”

Mandate of the Government of the Northwest Territories, 2016-2019

INTRODUCTION //

This strategy is a response to the recommendations of the *NWT Economic Opportunities Strategy*, and fulfills the 18th Legislative Assembly's mandate to develop a northern manufacturing strategy in collaboration with industry and the NWT Manufacturers Association (NWTMA).

It provides a framework for key actions that the GNWT proposes to undertake in support of *Made in the NWT* products, and is based in part on discussions with a number of key stakeholders and the public, including:

- a. the NWTMA;
- b. existing and prospective manufacturers;
- c. regional Chambers of Commerce;
- d. NWT and Nunavut Association of Professional Engineers and Geoscientists;
- e. procurement departments, including those in the mining and public sectors;
- f. training organizations;
- g. experts in the deployment of key technologies that support manufacturing; and
- h. Members of the NWT Legislative Assembly.

Public meetings were held in Inuvik, Norman Wells, Fort Simpson, Fort Smith, Hay River and Yellowknife, and a web-based engagement portal was used to gather feedback from those unable to attend. The themes, commentary and information generated through this engagement process was compiled in the *Northwest Territories Manufacturing Strategy: What We Heard Report*¹, released in the spring of 2018.

This strategy reflects the challenges and opportunities facing the NWT manufacturing sector, as well as the role of government in supporting this sector. It endeavours to strike an effective balance between what needs to be done, what manufacturers want to do, and what market conditions indicate can be effectively be done. These aspects will now be further explored.

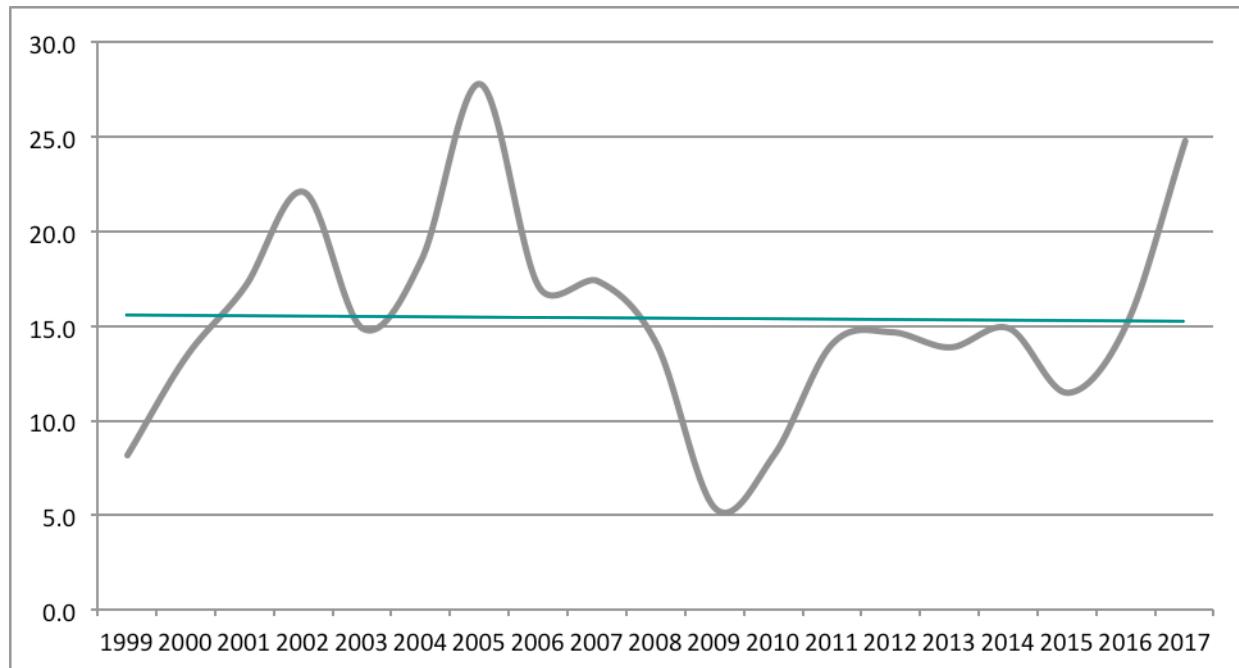
¹ This report may be found here: www.iti.gov.nt.ca/sites/iti/files/wwhr_manufacuturing_strategy_web.pdf.

CONTEXT: THE NWT // MANUFACTURING SECTOR

According to Statistics Canada, the NWT manufacturing sector in 2015 employed approximately 140 workers. In terms of gross domestic product (GDP), the manufacturing sector's contribution has ranged from a high of \$27.8 million in 2005 during the height of the diamond polishing sector, to a low of \$5.4 million in 2009. The economic value of the manufacturing sector held firm at roughly \$14 million annually from 2011- 2016, where it was forecasted to

remain until at least 2022 (according to the Conference Board of Canada's recent economic forecast). However, in 2017 the economic value of the manufacturing sector rose to \$24.8 million. This figure represents approximately 0.5 percent of the NWT's GDP, compared to the national figure of almost 11 percent. By comparison, the manufacturing sector in the Yukon contributes \$17.5 million, or 0.8 percent of their GDP.

GRAPH 1: NWT GDP FROM MANUFACTURING, 1999-2017, \$M



The chart above reflects manufacturing GDP data from Statistics Canada. The grey line charts actual GDP and the blue line represents the average rate of growth for the manufacturing industry from 1999 – 2017, which is declining (-0.03 percent).

The 2005 to 2009 decline of manufacturing is likely related to a decline in diamond polishing. With respect to this sector, it should be noted that ITI has recently enhanced the *NWT Diamond Policy Framework* in order to stimulate the development of the NWT's secondary diamond industry.

It is evident that the GDP data has fluctuated significantly over time. This is due to a number of factors, including the small scale of manufacturing in relation to the total GDP for the NWT of \$4.8 billion. As well, Statistics Canada lists companies under GDP by industry based on companies' most profitable revenue stream, which can change year to year. For example, based on further review, the sudden increase from 2016 to 2017 indicates that it may be due to 'chemical manufacturing', which could be the result of just one company's business operations.

It is clear that using GDP data over time can provide an indication of the long term trend (declining), but is not as effective in terms of measuring year-to-year growth as it can be influenced by a number of factors (including where companies decide to file their tax returns). In the future, consideration needs to be given to alternative measures, developed with the input of the NWTMA.

Geographically speaking, the majority of NWT manufacturing activity occurs in the South Slave and North Slave regions. This concentration of manufacturers can be explained by a number of factors:

- existing highway, rail, marine and airport infrastructure has reduced the cost of inbound and outbound freight;
- larger population centres have an easier time recruiting and retaining skilled labour; and
- purchasers of NWT manufactured goods typically reside in these populated regions.

The NWT's manufacturing sector is characterized by a small number of firms serving the needs of government, industry and residents. They primarily serve local markets as few are well-positioned to export to southern markets and effectively compete with southern manufacturers due to higher utility costs, higher transportation and shipping costs, and the difficulty of attracting and retaining skilled and unskilled labour. In addition, there are a number of market-related challenges, such as low sales volumes and a lack of economies of scale in production and distribution. Moreover, a downturn in the northern resource development sector means fewer opportunities to service local industry, which places a greater reliance on government contracts and procurement.

For most NWT manufacturers, volumes for any one product are low and orders are diverse. This means that workshops are often configured to produce and sell a wide range of goods, commonly referred to as the 'job-shop' model of manufacturing, rather than the efficiency of a specialised production line.

Given these challenges, NWT manufacturers often seek a competitive advantage by focusing on large or specialized products that are not easily transported and best developed on site. NWT manufacturers also enjoy the competitive advantages that come with being closer to remote job sites and being able to respond quickly to the needs of their clients. Finally, NWT manufacturers understand the requirements that come with building in the North and that is an advantage that should not be underestimated.

Ultimately, NWT manufacturers need to be innovative, flexible and efficient in order to compete with manufactured goods imported from southern Canada and other countries.

The GNWT supports the manufacturing sector with funding for the *Made in the NWT* program and through its procurement policy, the *Northern Manufactured Products Policy (NMPP)*. There is also general programming such as ITI's *Support for Entrepreneurs and Economic Development (SEED)* Policy (discussed below), which provides up to \$25,000 for a wide range of businesses, and other sectors of the economy.

NWT MANUFACTURERS REGISTERED UNDER THE NORTHERN MANUFACTURED PRODUCTS POLICY

Arctic Front Windows – Windows (Hay River)

Arctic Storage and Rentals – Modular Homes (Inuvik)

Aurora Sales Hay River – Various Steel Items (Hay River)

Canarctic Graphics – Signs (Yellowknife)

Concept Energy – Modular Homes (Hay River)

CR Enterprises – pre-cast concrete items (Yellowknife)

Energy Wall & Building Products – Modular Homes (Yellowknife)

Fiberglass North – Tanks (Yellowknife)

Paul Bros. NEXtreme – Various Steel Items (Yellowknife)

Poison Painting – Signs (Hay River)

Signed. – Signs (Yellowknife)

Sunrise Cabinets & Millwork – Cabinets & Countertops (Enterprise)

DEFINITION OF MANUFACTURING

When considering the NWT manufacturing sector, it is important to clarify what is considered 'manufacturing'. In the context of this strategy, manufacturing is defined:

"As the transformation of materials or substances into new products. Assembly is considered manufacturing, when one or more of the major component parts are manufactured in the manufacturer's NWT facility. The manufactured product must be product specific, an item that is regularly stocked or part of a catalogue of items and must be produced in their NWT facility."

Broadening this definition has been discussed; for example, some have indicated that the definition ought to include small-scale manufacturers who produce and sell items out of their personal residence, or companies involved in the production, processing and packaging of locally harvested animal, plant, and biomass products, and businesses devoted to the production and sale of locally-made arts and fine crafts. However, the GNWT is not considering broadening this definition at this time, given the specific programming already in place to promote these sectors.

In discussions, the NWTMA has proposed that the definition of manufacturing be examined. While the GNWT has not received a specific proposal, the GNWT is prepared to engage with manufacturers in undertaking some analysis and the development of options regarding the definition of manufacturing.

STRATEGIC FRAMEWORK //

This strategy is guided by the following vision:

"A strong, vibrant manufacturing sector in the NWT that produces a growing range of made in the north products to create jobs and investment opportunities to strengthen and diversify our northern economy."

This strategy is based on four key strategic objectives:

- a. Establish a Strong Manufacturing Association and Sector;
- b. Improve Access to Business Information, Services and Capital;
- c. Renew the Northern Manufactured Products Policy; and
- d. Growing the Manufacturing Sector

The following section explores each objective in more detail and identifies a suite of short-term actions and future commitments that the GNWT can undertake to support manufacturing growth in the NWT.

A. ESTABLISH A STRONG MANUFACTURING ASSOCIATION AND SECTOR

While the NWTMA currently has a dozen members, there are a number of non-member companies that identify as a 'manufacturer' operating in the NWT. The NWTMA has also experienced some challenges in the past in terms of organizing and being recognized as the 'go-to' organization for manufacturing in the NWT. The GNWT has recently worked with the NWTMA to address a number of outstanding organizational issues. This may result in more manufacturers recognizing the NWTMA's ability to effectively represent their interests.

An effective NWTMA can also be an important resource for potential new entrants into the sector. The GNWT will continue to provide the NWTMA with organizational support and funding for the next two years as part of its ongoing commitment to dialogue with NWT manufacturers.

The GNWT will also facilitate NWTMA's membership into the Canadian Manufacturers and Exporting (CME) Association, which will allow for greater access to supports and information at a national level. The CME has a wealth of information and data that both manufacturers and governments can benefit from, and has produced a number of manufacturing strategies and action plans for other Canadian jurisdictions². The CME has reviewed this draft strategy and is committed to providing the NWTMA and GNWT with ongoing advice and support.

ACTION 1. Beginning in 2019-20, the GNWT will support the activities of the NWT Manufacturing Association.

ACTION 2. The GNWT will facilitate the NWTMA's membership into the Canadian Manufacturers and Exporting Association.

While ITI envisions that the NWTMA will be self-sustaining by 2021, the GNWT will continue to support NWT manufacturers via this strategy.

² Their report may be found here: www.industrie2030.ca/english/actions/reports-presentations-and-speeches.

B. IMPROVE ACCESS TO BUSINESS INFORMATION, SERVICES AND CAPITAL

Currently, there is a wide range of business services and funding opportunities available to manufacturers and other businesses from the GNWT, the federal government, and non-government organizations. For example:

- ITI's \$3.9 million *Support for Entrepreneurs and Economic Development (SEED)* program provides funding of up to \$25,000 to assist business start-ups. This program also includes "strategic initiative" funding of up to \$75,000 for initiatives that may generate significant local employment.
- The NWT's *Business Development and Investment Corporation (BDIC)* acts as a developmental lender to assist NWT businesses in accessing financial capital, along with limited contribution funding opportunities.
- The federal government's *Canadian Northern Economic Development Agency (CanNor)* has substantial funding to support northern businesses under its Strategic Investments in Northern Economic Development (SINED) program.
- The *NWT Community Futures* organizations, which is supported by both the federal government and the GNWT, provides loans and other support at a regional level.
- The *Business Development Bank of Canada (BDC)*, a federal crown corporation, provides loans targeted to new and emerging entrepreneurs.
- The federal *Department of Innovation, Science and Economic Development (ISED, formerly Industry Canada)* has a wide range of programming to support manufacturers and other businesses.
- The Arctic Energy Alliance has a range of energy efficiency programs that can help businesses reduce their utility costs.
- The Metis-Dene Development Fund (MDDF) provides small-to-medium-sized businesses in the NWT with funding, strategic advice and administrative and financial service support. Loan guarantees, term loans, and lines of credit are some of the mechanisms used to support businesses, as well as the Entrepreneurship and Business Development Fund, a CanNor contribution managed by the MDDF.

These programs are examples of what is currently available, and further research is needed to exhaustively map all of the potential supports available. To this end, the GNWT intends to compile a 'business support program map', which will be located and updated as required on the *Made in the NWT* website.

ACTION 3. The GNWT will develop a comprehensive guide to the wide range of business and innovation program supports available to NWT businesses. (2019-20)

The GNWT is also exploring how best to develop and support makerspace locations in several NWT communities. A makerspace - such as YuKonstruct, established in Whitehorse in 2014 - is a community-operated workspace that incorporates elements of machine shops, workshops and studios to facilitate collaboration and the sharing of knowledge and resources. This concept evolved in part to meet the needs of entrepreneurs who required the physical space, tools and expertise needed to explore their commercial and artistic ideas.

The key to a successful makerspace is that they are community- driven, where government plays a supportive role. The most recent example in the NWT is the Łutselk'e Dene DreamMaker Innovation Centre. In this centre, people in Łutselk'e can use video-game systems, virtual-reality equipment, 3D printers, coding and media software, and drones. This centre was entirely financed by the Densoline Corporation.

In the South Slave Region, ITI is working with Thebacha Business Development Services in Fort Smith to establish a makerspace site for entrepreneurs requiring access to computers, internet, expertise and other supports, such as developing business plans or navigating funding options. Similarly, in Hay River, the local Chamber of Commerce has expressed interest in exploring this concept as a means to supporting local manufacturers and entrepreneurs. The Arts, Crafts, & Micro-manufacturing Centre (ACTMC) in Inuvik was recently opened in Inuvik, with support from CanNor, ITI and Aurora College. A federal funding application is underway that would provide renewable funding on a five-year cycle.

ACTION 4. The GNWT will support partnerships and investments in makerspaces in NWT communities, beginning with pilot projects in Inuvik, Hay River and Fort Smith. (2019-20)

As noted earlier, manufacturers face a number of challenges in the NWT, including high costs for power, labour and transportation of raw materials. While there are no short term solutions to the higher cost of production inputs, there may be opportunities to help manufacturers to attract or develop local, skilled labour. The NWT labour market is fairly competitive, and NWT manufacturers have indicated that even when they are successful in attracting skilled labour, employees often leave for higher wages with the GNWT or with resource development companies.

Skills developed in a makerspace can apply to all aspects of digital design and prototyping for any industry. 3D modeling and printing reduces the cost of early prototypes from tens of thousands of dollars for production test runs to pennies for desktop fabrication. Machining parts out of aluminum on low cost Computer Numerical Control machines and cutting precision parts on laser cutters can allow for iterative testing of a manufacturers design for production in the north or before engaging in final stage production runs. The software design skills used are the same for all of these industries. Investing in northern makerspace centres allows for the regional development of capacity to support this growth.

The GNWT's Department of Education, Culture and Employment (ECE) has a suite of programming targeted to skilled labour development. For example, the Trades and Occupations Wage Subsidy Program can help manufacturers address labour challenges (https://www.ece.gov.nt.ca/sites/ece/files/resources/lds_employers_fact_sheet_jun18.pdf). ECE and ITI will continue to work with the NWTMA to map out available training support programs in Canada and to explore new programming to better meet the needs of this sector.

ACTION 5. The GNWT will develop a comprehensive guide to training and apprenticeship programs currently available in the NWT, and work with the NWTMA to identify support for the NWT manufacturing sector. (2019-20)

A key aspect of this strategy is to help NWT manufacturers by learning from others, and incorporating those best practices into the culture of their enterprise. Organizations that can assist NWT manufacturers with this include the CME and the National Research Council Canada's Industrial Research Assistance Program (IRAP).

One program that can support manufacturers is known as Lean. Lean manufacturing or Lean production is a systematic method for waste minimization within a manufacturing system without sacrificing productivity. Lean manufacturing focuses on processes that add value by reducing everything else which is not adding value. There are a variety of other tools available that the GNWT will research on behalf of manufacturers and funding is available through existing programs.

ACTION 6. Through existing programming, and working with ITI Regional Offices, the GNWT will support efforts that focus on the incorporation of best practices, such as Lean manufacturing, into the operations of participating manufacturers. (2019-20)

C. RENEW THE NORTHERN MANUFACTURED PRODUCTS POLICY

The *Northern Manufactured Products Policy (NMPP)* became a dominant topic of discussion during the industry and community engagement sessions. Key themes raised include:

- burdensome administrative and compliance requirements;
- concerns that competition and innovation are discouraged by the NMPP;
- the need for enhanced support to access government programs; and
- the need for appeal and review provisions with respect to the NMPP's application.

The following discussion explores these themes in greater detail.

The GNWT has heard comments that the process to have a product listed under the NMPP could be streamlined. Several companies have expressed frustration with the process, particularly when their listing was eventually refused for reasons for which they were initially unaware. For example, consider asphalt production: asphalt is a combination of stone, sand and gravel that is bound by asphalt cement, a product of crude oil. It has been argued that the mixing and heating processes involved in developing asphalt is, in fact, manufacturing and meets the definition of manufacturing presented earlier. However, asphalt production is currently excluded from NMPP consideration, given that it is a relatively uncomplicated process and is best made in close proximity to the worksite.

Moving forward, the GNWT intends to issue interpretive bulletins that provide greater clarity on which products are considered eligible under the NMPP.

ACTION 7. Beginning in 2019-20, the GNWT will issue interpretive bulletins as required to clarify which products will be covered under the provisions of the NMPP.

As indicated previously, ITI is not proposing to change the definition of manufacturing at this time. ITI is not aware of any specific information and analysis as to why the current definition is not working. ITI agrees that the current approach can be administratively burdensome, however if prices for manufactured products are not being tied to the market via a competitive process, administrative processes are required to ensure that the GNWT achieves value for dollar.

ITI remains open to specific proposed changes to the definition and will work with the NWTMA to identify options and undertake the required supporting analysis.

ACTION 8. The GNWT will work in collaboration with the NWTMA to review the definition of manufacturing, as it pertains to GNWT procurement, for the NMPP. (2019-20)

Currently, the NMPP requires a manufacturer to first prepare a detailed catalogue entry for each item that will be listed as an eligible NMPP product. It then requires the manufacturer to hold that product on-hand, ready to supply. The catalogue entry must meet a pricing guideline, explained in the policy, and contains a precise description of the item in question. For example, a manufacturer may be approved for the production of metal fire-pit rings, each 32 inches in diameter. A GNWT procurement of 34 inch fire-pit rings would be considered NMPP-ineligible, despite the fact that if the manufacturer can produce a 32 inch fire-pit ring, they are likely able to produce a 34 inch fire-pit ring. While this example is fairly simplistic, it does demonstrate the need for policy flexibility when considering opportunities to procure products that are *Made in the NWT*.

Allowing for product groupings to be included when manufacturers are approved under the NMPP will ensure that the policy better recognizes the capacity of manufacturers to provide a range of products and with less emphasis on very specific product specifications. This will lead to a reduction in red-tape and increase the number of manufactured products that manufacturers will be in a position to provide. This will also incentivise manufacturers to work with the GNWT to identify additional product opportunities, which may lead to an increase in GNWT-customized purchases from NWT manufacturers.

ACTION 9. The GNWT will update the current approved product listings to incorporate the use of categories for directly related product (for example, removing the minimum and maximum size specifications for certain products) and ensure product categories are appropriately defined. (2019-20)

Requiring a manufacturer to keep products on-hand can represent a serious investment in capital that may take months or even years to pay off. Nor does it recognize the 'job shop' nature of many NWT manufacturers who often produce a wide range of products to serve as much of the relatively small NWT market as possible.

Changing the NMPP to include raw materials on hand in addition to completed inventory would reflect the capacity of manufacturers to supply products without the added hurdle of maintaining an on-hand inventory of completed goods. The key is being able to demonstrate the commitment and capacity to manufacture products. If there are some instances where there is a requirement for specialized (and costly) inventory, this may not need to be on-hand as long as there is a demonstrated supply chain in place. This can be addressed on a case-by-case basis.

ACTION 10. The GNWT will revise the NMPP to indicate that keeping sufficient raw materials on-hand, and maintaining the demonstrated ability to readily manufacture the product, is sufficient to maintain a product listing on the NMPP. (2019-20)

This strategy is proposing a policy shift for the GNWT, from burdensome administrative processes to better reflecting the capacity of NWT manufacturers to provide products. Current processes – such as maintaining catalogues with detailed specifications and inventories - place the onus on manufacturers to comply with policy. This approach also requires GNWT officials to undertake research to confirm appropriate pricing when products are sole-sourced under the NMPP, especially when only one NWT manufacturer is listed for that product.

The current process is not efficient. Ideally, products should be sourced through a market-based solution, with allowances to reflect the higher cost of doing business in the NWT. This provides the GNWT with greater confidence that purchased products represent 'value for money' without additional research and process, which frees up GNWT resources for other opportunities to support the sector.

While the GNWT is committed to supporting *Made in the NWT* products, NWT manufacturers still need to be creative and innovative in order to displace imported products from other markets. What is required is a relatively simple mechanism that encourages innovation while also recognizing the higher cost of doing business in the North.

To achieve this, the GNWT is considering the implementation of a bid adjustment mechanism for products from approved manufacturers qualifying under the NMPP. This bid adjustment would be in addition to the 15-20 percent bid adjustment that manufacturers already receive under the *Business Incentive Policy* (15 percent territorially plus an additional 5 percent for local businesses). A bid adjustment links procurement to the market, thereby ensuring transparency with respect to spending taxpayer funds.

In discussions with the NWTMA, there were some concerns raised with regard to the 'bid adjustment' concept. The GNWT believes there is value in this concept as it would reduce red tape and allow for more time to be spent on identifying opportunities for the manufacturing sector. However, to ensure that all issues are considered with regard to such a substantial change in policy, the GNWT will work with the NWTMA to develop a separate Discussion Paper on proposed manufacturing bid adjustments by April 2020.

ACTION 11. The GNWT will develop a Discussion Paper on the potential impacts and benefits of moving towards a transparent bid adjustment mechanism for products manufactured in the NWT and will ensure the input of the NWTMA is reflected in this analysis. This paper will be presented to the GNWT in early 2020 for further consideration.

Another concern raised by manufacturers has been the lack of appeal provisions within the NMPP, an important consideration given the expense and effort required to be recognized as a NWT manufacturer. By incorporating appeal provisions into the NMPP, manufacturers will have the ability to submit further arguments, which will increase confidence that their applications received fair consideration.

It should be noted that these enhanced supports should not impair the GNWT's ability to deem a manufacturer non-responsible with respect to a binding contract. Standard procurement practices will remain, such as meeting delivery schedules and product quality standards.

With robust review provisions incorporated into the NMPP, and by ensuring that the NMPP does not override basic procurement responsibility requirements on the part of the supplier, the NMPP will remain fair, impartial, effective and consistently applied.

ACTION 12. In 2019, the GNWT will establish a review and appeal mechanism within the NMPP.
(2019-20)

D. GROWING THE MANUFACTURING SECTOR

As noted earlier, overcoming the hurdles of a high cost market requires innovation and creative solutions in order to develop products that can compete. It is imperative that manufacturers embrace innovative processes, technology and equipment and that they act quickly to incorporate industry standard best practices into their operations.

Supporting innovation is an objective of the GNWT. Therefore, this strategy should support the manufacturing sector in embracing a culture of innovation. This will be accomplished through the GNWT programs and supports discussed earlier and the research into existing and emerging federal programs that support innovation.

As a two year pilot project, the GNWT will also identify up to \$100,000, in funding to be provided to the NWT manufacturer that provides the best proposal for an investment in technology designed to reduce costs, increase productivity, and increase local employment by the manufacturer.

This annual ‘competition’ will be open to members of the NWTMA as well as any new businesses looking to become a manufacturer and will further incent all manufacturers to look for innovative solutions.

ACTION 13. The GNWT will support innovation in the manufacturing sector by supporting research into existing and emerging technology through existing programs and will award up to \$100,000 annually to the NWT manufacturer with the strongest proposal for an investment in technology aimed at reducing costs or improving productivity and resulting in increased local employment. (2019-20)

The NMPP has two primary objectives: to encourage local manufacturing as a way to diversify the economy, and to foster and maintain the investment, jobs and income produced by the NWT’s manufacturing sector.

Helping to identify opportunities for NWT manufacturing is a key commitment of the GNWT to support growth in this sector.

Growth of the sector can be supported through improved information-sharing and forecasting of anticipated public and private contracts. For example, manufacturers – and many NWT businesses – could benefit from a ‘reverse trade show’, where GNWT contract authorities make themselves available to businesses. The GNWT already holds some briefings for interested businesses on upcoming GNWT capital projects and other procurement opportunities. By bringing together representatives from the Department of Infrastructure, the NWT Housing Corporation, the NWT Power Corporation, and others as required, businesses will be more aware of the opportunities to provide *Made in the NWT* goods.

In 2019-20, the GNWT will approach private companies with large projects and NWT resource development companies to join this process and hold a reverse trade show. This initiative would benefit many businesses in the NWT.

This dialogue will also show contract authorities, whether government or industry, what NWT manufacturers and other NWT businesses are capable of providing.

ACTION 14. The GNWT will provide the NWTMA and interested NWT manufacturers with an annual briefing on its planned capital projects and other procurement opportunities. In 2019-20, the GNWT will work with the business community to hold a reverse trade show.

NWT manufacturers will be provided a point of contact within ITI to ensure that policy and program concerns are quickly addressed, recommendations to support the sector are actioned, and opportunities for NWT manufacturing are researched. Combined with the initiatives above, including enhanced information on business support programs, manufacturers will be more effectively supported by government. There are many current and emerging opportunities for NWT manufacturers, many of which should be identified through the reverse trade show. Having a resource available to support manufacturers in identifying and following up on these opportunities should result in growth in the NWT’s manufacturing sector.

ACTION 15. Establish a pathfinder within ITI to work with NWT manufacturers to identify opportunities and ensure concerns are addressed in policy discussions.

To further promote growth in the sector, the GNWT will support concerted marketing efforts of the products available from NWT manufacturers.

The *Made in the NWT* website, administered by the NWT Chamber of Commerce, provides NWT manufacturers a cost-free access to public directories and promotional *Made in the NWT* product packaging and branding. In support of this website, the GNWT will also be investing in the development of a *Made in the NWT* product marketing plan. The intent of this plan is to raise awareness of NWT products outside of government, including a focus on construction and resource development projects that may benefit from having materials manufactured locally.

ACTION 16. The GNWT will assist the NWT Chamber of Commerce in updating the *Made in the NWT* website as well as develop a manufactured product marketing plan aimed at potential customers outside of government.

Growth of the manufacturing sector was also discussed at a meeting with the NWTMA and included a Senior Vice President of Canadian Manufacturers and Exporting (CME) Association. The CME was on hand to provide a national perspective. One of the barriers identified was the current residency requirement to be considered as a NWT manufacturer under the NMPP - the majority owner must be a resident for 12 months or more prior to application for the *Business Incentive Policy*. Since an approved manufacturer must be BIP approved, this is off-putting to potential investors. Companies from other jurisdictions may want to set up a manufacturing business, hire a resident manager, and hire local employees. Under the current policy, they would not qualify for BIP and therefore not be considered an approved manufacturer for government procurement.

Removing the residency requirement did not receive the support of the NWTMA. Therefore, as with Action 11 on instituting a competitive bid process, the GNWT will undertake further analysis on this issue and ensure that the input of the NWTMA is considered.

ACTION 17. By April 2020, the GNWT will develop a plan to attract new investment and outside capital to grow the manufacturing sector in the NWT. This may include reducing/removing barriers around the ownership requirements and an expansion of the marketing plan to provinces and territories, showing them what the NWT has to offer.

GOING FORWARD //

This strategy will support the northern manufacturing industry by first ensuring NWT manufacturers have an effective voice. In discussions, manufacturers have raised a number of policy issues they wish to see addressed and the GNWT is committed to addressing these issues. The establishment of an effective manufacturing association will ensure they are well-positioned to contribute towards the future GNWT approach to growing the sector. As well, additional investment in a suite of business information and other services will ensure the sector is positioned for success.

A number of the actions outlined in this strategy will also support the NWT business community as a whole. These actions complement a wide range of initiatives that the GNWT has undertaken to support other economic sectors. For example, the GNWT released strategies to revitalize both the commercial fishing and agriculture sectors in 2017, and has released a framework to revitalize the diamond manufacturing industry. A new tourism strategy, *Tourism 2025*, is also being planned.

The revised Mandate of the 18th Legislative Assembly in late 2017 included a call for increased investment in the knowledge economy, another area that presents opportunities for NWT manufacturers. The knowledge economy, which has existed since the 1960's, is a major driver in the development and application of digital-based technologies. In this sense, knowledge has become a key input of production along with labour, capital and natural resources. New knowledge can lead to the development of innovative new technologies that can be applied to the production of goods and services.

A recent example of a GNWT investment in the knowledge economy is the \$100 million investment dedicated to the Mackenzie Valley fibre optic line.

Notably absent from this strategy are direct cash subsidies to manufacturers aimed at reducing the high cost of doing business in the NWT, including labour, utilities and freight. Actions the GNWT can take in this area are limited. Governments paying ongoing subsidies to defray business costs is of questionable value from a public policy perspective, can be complex to administer, and is currently beyond the capacity of the GNWT.

In the long term, reducing the high cost of doing business (and the high cost of living) in the NWT will be largely tied to federal infrastructure investment. This would include an improved rail link to Hay River, road infrastructure, and the development of NWT hydroelectric resources.

MONITORING AND // EVALUATION FRAMEWORK

The monitoring and evaluation framework for this strategy is focused on ensuring performance measures are being collected to support effective reporting to inform evidence-based decision making.

Assessing and demonstrating the impact of the Strategy is important to the NWT economy and to current and potential manufacturers. From a performance management perspective, the assessment must go beyond simply noting whether certain actions have been undertaken or the amount of funds that have been invested. The impact the Strategy is having on the sector and NWT manufacturers needs to be determined to the extent possible.

Earlier in this strategy, it was noted that GDP data is not always the best measure of sector growth due to the relatively small size of the manufacturing sector. Therefore, the GNWT will work with NWT manufacturers to consider other measures of sector growth, including self-reporting on results by the NWTMA. The approach will rely to a degree upon NWT manufacturers to assess the progress of the Strategy and work with the GNWT to consider future 'course corrections' where needed.

The following logic model and performance measurement plan provides the framework that will be used.

LOGIC MODEL

The logic model for this strategy illustrates how resource inputs, activities and outputs are expected to bring about change over time and lead to the Strategy's intended outcomes.

The outcomes for the Strategy are divided into short, medium and long-term. Many of the outcomes are short-term, focused on the immediate improvements that the GNWT and the NWTMA can work on together to improve.

The short-term outcomes focus on establishing a manufacturing association that becomes self-sustaining and is able to provide the sector with a voice. Streamlining policy, improving connections with resources and services, and improving awareness of the opportunities available within the GNWT and in the NWT business community, are other key short term outcomes. In the medium-term, the number of manufacturers is expected to increase as are the total sales to the GNWT and the number of manufacturers that apply to have their products listed in the NMPP. Between GNWT procurement, resource development, and substantial projects such as mine remediation, greater awareness of the opportunities today and in the future should lead to growth.

In the long-term, continued growth in manufacturing and in local employment, is the objective. A well-established NWTMA will be a key partner in refining actions in the medium and long term that are aimed at achieving this shared goal.

PERFORMANCE MEASUREMENT PLAN

The performance measurement plan for this strategy builds on the logic model by identifying performance measures for each of the outcomes. The outcome statements were developed to identify the types of changes that will be measured.

LOGIC MODEL

INPUTS (RESOURCES)	ACTIVITIES	TIMELINE	OUTPUTS	OUTCOMES		
				IMMEDIATE & SHORT TERM (1-3 YEARS)	MEDIUM TERM (3-5 YEARS)	LONG TERM (5+ YEARS)
Establish a strong NWT Manufacturing Association and Sector						
<ul style="list-style-type: none"> • NWT manufacturers • GNWT Funding and support • CME 	Support the activities of the NWTMA (Action 1)	2019-2021	Open lines of communication with NWT manufacturers – opportunities brought to manufacturers, funding provided for admin support, guidance navigating government policies and processes, regular meetings)	The NWTMA is self-sustaining and is able to represent the interests of the NWT Manufacturing sector.	Continued Sustainability	
	Support the NWTMA's membership in the Canadian Manufacturers and Exporting Association (CME) (Action 2)	2019-2021	Access to national support, expertise and information Active membership in the CME			
Improve access to business information, support and capital						
<ul style="list-style-type: none"> • GNWT resources funding (ITI – SEED, BDIC, etc.) • Federal funding (CanNor, etc.) 	Develop a guide on the range of business and innovation program supports available to NWT manufacturing (Action 3)	By October 2019	Business support directory developed.	NWT manufacturers are better connected with potential funding sources.	<p>More opportunities for local Entrepreneurs to be identified and develop their skills.</p> <p>NWT manufacturers are better connected with potential training and apprenticeship programs.</p> <p>NWT Manufacturers have integrated operating efficiencies into their manufacturing processes.</p>	<p>The number of NWT manufacturers increases by 25%.</p> <p>There is positive annual growth in the sector and an associated increase in annual labour force participation.</p>
<ul style="list-style-type: none"> • Community infrastructure (space) • Local Chambers of Commerce • GNWT funding 	Support partnerships and investments in makerspaces in NWT communities (Action 4)	By September 2019	Makerspaces established in Yellowknife, Inuvik, Hay River and Fort Smith.			
<ul style="list-style-type: none"> • ITI • ECE • NWTMA 	Develop a guide of NWT training and apprenticeship programs and explore additional support (Action 5)	By November 2019	Comprehensive guide to NWT training and apprenticeship programs developed and regularly updated.			
<ul style="list-style-type: none"> • ITI • NWTMA • CME 	Support efforts that focus on the incorporation of best practice, such as LEAN manufacturing, into the operations of participating manufacturers (Action 6)	2019-20	NWT Manufacturers have integrated the principles of LEAN manufacturing into their operations.			

INPUTS (RESOURCES)	ACTIVITIES	TIMELINE	OUTPUTS	OUTCOMES		
				IMMEDIATE & SHORT TERM (1-3 YEARS)	MEDIUM TERM (3-5 YEARS)	LONG TERM (5+ YEARS)
Renew the Northern Manufactured Products Policy (NMPP)						
• GNWT Procurement Procedures Committee ³ NWTMA	Issue interpretive bulletins clarifying the products to be covered under the NMPP (Action 7)	Mid-2019	Bulletins are issued, as required, to clarify interpretation issues regarding the NMPP.			
• GNWT Procurement Procedures Committee, NWTMA	Review the GNWT procurement definition of manufacturing for the NMPP (Action 8)	April 2020	Options and analysis developed by GNWT, with input of the NWTMA	NWT manufacturers have increased confidence in the fairness and transparency of NMPP.		
• GNWT Procurement Procedures Committee, NWTMA	Update approved product listings to include a range of product categories (Action 9)	By December 2019	<ul style="list-style-type: none"> • Streamlined process for approved product listing • Applications processed and approved faster • Clear product listing showcasing NWT manufacturer capacity 	NWT Manufacturers see an increase in the efficiency of the NMPP process	Growth in the number of NWT manufacturers that apply to have their products listed in the NMPP.	There is positive annual growth in the sector and an associated increase in annual labour force participation.
• GNWT Procurement Procedures Committee, NWTMA	Revise the NMPP: maintaining the demonstrated ability to readily manufacture the product is sufficient to maintain a product listing (Action 10)	By December 2019	<ul style="list-style-type: none"> • Updated list of approved northern manufacturers • More bidding opportunities for products purchased by the GNWT 	NWT manufacturers are positioned to provide a broader range of products and see reduced inventory and administrative costs.		
• GNWT Procurement Procedures Committee, NWTMA	Develop a GNWT Discussion Paper on moving toward a transparent bid adjustment mechanism for manufactured products (Action 11)	By April 2020	Options and analysis developed by GNWT, with input of the NWTMA			
• GNWT Procurement Procedures Committee, NWTMA	Establish review and appeal mechanisms within the NMPP (Action 12)	Mid 2019	Review and appeal mechanisms in place within NMPP			

³ Departments of Finance, ITI, Infrastructure, Justice, and NWT Housing Corporation

INPUTS (RESOURCES)	ACTIVITIES	TIMELINE	OUTPUTS	OUTCOMES		
				IMMEDIATE & SHORT TERM (1-3 YEARS)	MEDIUM TERM (3-5 YEARS)	LONG TERM (5+ YEARS)
Growing the Manufacturing Sector						
• ITI • NWTMA	Support a culture of innovation by awarding \$50,000 to \$100,000 to the NWT manufacturer with the strongest proposal for an investment in technology and innovation (Action 13)	2019 – 2021 (two year pilot)	NWT manufacturers explore technology investments and GNWT funding supports investments in technology.			
• GNWT Departments • NWT Chamber of Commerce • NWT companies with large projects	Work with GNWT departments and the business community to hold a reverse trade show. (Action 14)	Late 2019	Enhanced information and increased business opportunities for NWT manufacturers	NWT manufacturers increase their investment in technology to enhance productivity and lower costs.	The number of NWT manufacturers increases by 25%.	Positive annual growth in sales of the sector and an associated increase in annual labour force participation.
• ITI • NWTMA	Establish a pathfinder within ITI to work with NWT manufacturers to identify opportunities and ensure concerns are addressed in policy discussions (Action 15)	Early 2019	Pathfinder established.	NWT manufacturers see more opportunities to grow their business.	In five years, there is an additional 25% increase in manufacturing sales.	
• NWT Chamber of Commerce • GNWT support • NWTMA	Update the 'Made in the NWT' website (Action 16)	Mid 2019	Information is available to the public and is current	NWT manufacturers see an increase in their business by 25%.	There is a 25% increase in the labour force associated with manufacturing.	
• NWT Chamber of Commerce • GNWT support • NWTMA	Develop manufactured product marketing plan for customers outside of government (Action 16)	Late 2019	Updated manufactured products marketing plan in place			
• NWT Chamber of Commerce • GNWT support • NWTMA	Develop a plan to attract new investment and outside capital and consider the removal of residency barriers with respect to GNWT manufacturing policy (Action 17)	April 2020	Build upon the manufactured products plan and consideration of the opportunities to attracting investment in manufacturing by reducing residency requirements.			

**PERFORMANCE MEASUREMENT PLAN –
DATA WILL BE COLLECTED AND ITI WILL REPORT ANNUALLY**

EXPECTED OUTCOMES	INDICATOR	PERFORMANCE MEASURE	BASELINE	TARGET	DATA SOURCE
Short-Term (1 – 3 Years)					
The NWTMA is self-sustaining and is able to represent the interests of the NWT Manufacturing sector.	NWTMA functions as an established association. Interests of sector considered in GNWT policy	Reduced reliability on GNWT support NWTMA reports involvement in policy development	Up to \$25,000 through the GNWT SEED program	In 2021-22 the NWTMA is self-sustaining	SEED Annual survey of NWTMA
NWT manufacturers are better connected with potential funding sources.	NWT manufacturers report increased opportunities	WTMA reports increased business opportunities ⁴	To be determined	increase	Annual survey of NWTMA
More opportunities for local Entrepreneurs to be identified and develop their skills.	NWT residents are taking advantage of makerspace locations	Number of participants utilizing NWT makerspaces	0	A growing number	Reporting of makerspaces in the NWT
NWT manufacturers are better connected with potential training and apprenticeship programs.	Manufacturers are accessing training and apprenticeship programs	Number of NWT Manufacturers accessing programs	0	4 per year	Annual survey of NWTMA, ECE
NWT Manufacturers have integrated operating efficiencies into their manufacturing processes.	Manufacturers are implementing operating efficiencies	Number of manufacturers implementing programs such as LEAN manufacturing	0	3 per year	Annual survey of NWTMA
NWT manufacturers have increased confidence in the fairness and transparency of NMPP.	Manufacturers are reporting increased involvement and confidence in GNWT policy and processes	NWTMA reports based on a satisfaction survey	N/A	75 percent approval rate	Annual survey of NWTMA
NWT Manufacturers see an increase in the efficiency of the NMPP process.	Manufacturers report that the process is less cumbersome	NWTMA reports based on a survey	N/A	75 percent approval rate	Annual survey of NWTMA
NWT manufacturers are positioned to provide a broader range of products and see reduced inventory and administrative costs.	Manufacturers report that broader categories, with fewer specifications have led to increased efficiencies	NWTMA reports based on a survey	N/A	N/A	Annual survey of NWTMA Quarterly Contract Report (FIN)

⁴ With only 12 manufacturers, compiling individual sales figures is proprietary.

EXPECTED OUTCOMES	INDICATOR	PERFORMANCE MEASURE	BASELINE	TARGET	DATA SOURCE
NWT manufacturers increase their investment in technology to enhance productivity and lower costs.	Manufacturers realize greater efficiencies through investment in innovation and technology	NWTMA reports based on a survey	N/A	N/A	Annual survey of NWTMA
NWT manufacturers see more opportunities to grow their business.	Manufacturers report that they are aware of more opportunities within and outside of the GNWT	NWTMA reports based on a survey	N/A	N/A	Annual survey of NWTMA
NWT manufacturers see an increase in their business by 25%.	Manufacturers registered under the GNWT NMPP see an increase in sales	Sales by NWTMA manufacturers	To be determined	25 percent	Annual survey of NWTMA Quarterly Contract Report (FIN)
Medium Term (3 – 5 Years)					
The number of NWT manufacturers increases by 25%.	The number of NWT manufacturers increases	Number of manufacturers registered with NMPP	12	16	ITI
There is positive annual growth in sales of the sector associated increase in annual labour force participation.	Manufacturers registered under the GNWT NMPP see an increase in sales	Sales figures Size of manufacturing labour force	To be determined	50 percent increase in sales in five years	Annual survey of NWTMA
There is an increase in the labour force associated with manufacturing.	Emerging manufacturers apply to be registered under the NMPP	Number of new applicants	To be determined	50 percent	ITI
Long Term (5+ Years)					
There is positive annual growth in sales of the sector and an associated increase in annual labour force participation.	The manufacturing sector continues to grow, resulting in increased local employment	Sales growth and increase in labour force associated with manufacturing	To be determined	To be determined	Annual survey of NWTMA

APENDIX A: //

EXISTING SUPPORT FOR MANUFACTURING

The [Industrial Research Assistance Program \(IRAP\)](#), administered by National Research Council Canada, provides assistance to manufacturers in the form of advisory services for technology and innovation, funding for research and development, networking with experts and potential business partners, and financially supporting the hire of recent graduates to innovative projects in research, development and the commercialization of technologies. IRAP administers the Accelerated Review Process (ARP), which provides grant funding for small business supporting 80 percent of direct labour costs and 50 percent of subcontractor fees, up to \$50,000. This research and development grant is available for most Canadian corporations that have the capacity to carry out internal research and development and have been incorporated for at least two years. Some of the best uses for these small business grants are Business Process Mapping, Lean Manufacturing Projects, and any project that aims to solve an internal technical challenge.

Alternately, the IRAP Mid-Size Projects stream provides research and development grants to support up to 65-80 percent of labour costs across the project, to an upper limit that typically does not surpass \$500,000. As opposed to the ARP stream, mid-size projects typically focus on development and commercialization of products that fill a market void and can be used to achieve significant benefits. Applicants must be incorporated for a minimum of two years and maintain fewer than 500 employees.

Although currently few NWT manufacturers are capable of international export, the federal [CanExport program](#) is available to reduce the costs associated with participating in international trade shows, such as rental of a booth, travel and accommodation, and translation of marketing materials to support foreign audiences. With

successful application, manufacturers may be able to access up to 50 percent of eligible expenses to a maximum \$50,000 in government grants. Eligibility requirements include company incorporation for at least one year, \$200,000 to \$50 million in annual, taxed revenues, and a maximum of 250 employees.

According to the Canadian Manufacturing Coalition, over half (56 percent) of manufacturers are currently dealing with labour and skills shortages, and just under half (45 percent) say this is a primary factor restraining their growth. Access to skilled labour is even more pronounced in the North. As manufacturing technologies evolve, so do the skillsets required to keep business operating efficiently.

The [Canada Job Grant](#) is one option for financial assistance to improve the skillsets of new and existing employees. The grant is a federally-led program that offers businesses up to 50-83 percent of third-party training costs to a maximum \$10,000 per trainee. Training topics most likely to receive funding support will improve employee skillsets and prepare them for job advancement. To be eligible, manufacturers must have a minimum \$2 million in general liability insurance for the duration of the training program.

The federal government's [Strategic Innovation Fund](#) with the federal Department of Innovation, Science and Economic Development was launched in 2017 as a five-year program supporting facility expansion and technology adoption projects that lead to more competitive manufacturing processes. Government funding will support up to 50 percent of eligible project costs, however the type of funding support is left to the discretion of application reviewers. This means that manufacturers can either receive non-repayable grants, repayable loans, or a combination of both types of support.

GNWT SUPPORTS

The [Business Incentive Policy](#) applies a bid adjustment of up to 20 percent to goods and services, purchased by the GNWT, from local and territorial suppliers, including those supplied by approved manufacturers. It provides this bid adjustment to recognize the increased costs incurred by businesses owned and operated within the NWT.

Approved manufacturers selling to the GNWT can apply to have their products listed on the NMPP registry, which then requires that the GNWT purchase from the NWT manufacturer without competition if there is only one NWT manufacturer that produces the required product, or that competition for the contract will be limited to only those NWT manufacturers that produce the required product. Examples of items on the NMPP registry include: industrial and residential modular structures, cabinets and countertops, signs, pontoons and specialized steel components, fuel trucks and tanks, pre-cast concrete blocks, and windows.

The [Support for Entrepreneurs and Economic Development \(SEED\)](#) program provides contribution funding to business start-ups, expansions and other entrepreneurial-based projects. The Strategic Investments pilot project funding stream of SEED, which was intended for significant regional economic development, has been accessed by manufacturers who are using the fund to purchase equipment upgrades and other innovations which will make them more competitive. There is currently no specific fund for manufacturers to leverage innovation and competitive advantage assistance, and under the Strategic Investments funding stream fund they compete with the many larger initiatives for which the fund was designed.

The [Apprenticeship, Trade and Occupational Certification \(ATOC\)](#) facilitates on-the-job training and certifies individuals to industry-driven, nationally recognized standards (Red Seal). The GNWT subsidizes the cost of technical training for apprentices as well as providing a wage subsidy to eligible employers.

The GNWT provides funding support for the NWT Chamber of Commerce [Made in the NWT Program](#). The program highlights NWT manufacturers and

promotes their products to potential customers by use of *Made in the NWT* stickers, decals, stamps and more, which are provided to any manufacturer who requests it, free of charge. When potential customers see the *Made in the NWT* label, they will recognize the jobs and other economic benefits that are tied to producing these products locally and consider that before making their purchasing decision. The program also runs a website which contains a listing of all registered NWT manufacturers and the products they make, as well as a section on business supports available to governments.

The [Northwest Territories Nominee Program \(NTNP\)](#) is delivered in partnership between the GNWT and Immigration, Refugees and Citizenship Canada. The NTNP is designed to help employers in the NWT secure the workforce they need for their businesses. If an employer cannot find a candidate locally or nationally for a position, the next option is to find foreign nationals with the skills and experience for the job.

PRIVATE SECTOR SUPPORTS

[Canadian Manufacturers and Exporters \(CME\)](#) is the country's leading trade and industry association serving as the voice of manufacturers for nearly 150 years. Some of the benefits of membership include advocacy and representation in international trade deal negotiations and policy review, training programs, human resource tools, customized support services, help accessing available funding, and group discount savings on expenses such as health benefits and office supplies.

Many other Canadian jurisdictions support their manufacturing industry's membership in this organization. Currently, the NWTMA only has representation from those manufacturers which sell directly to government under the NMPP; sponsoring the NWTMA's membership in CME would help make the NWTMA more attractive for other NWT manufacturers, and help it to more accurately represent the entire NWT manufacturing industry.

The website [Mentor Works](#) hosts a wage subsidy identifier which can be used by manufacturers to find current wage subsidy programs for new hires.



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