

RESULTS

**NWT BUSINESS ADVISORY COUNCIL
STRATEGIC PLANNING RETREAT**

NOVEMBER 17, 2020

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Context

The Business Advisory Council (BAC) was formed by the Government of the Northwest Territories (GNWT) in late spring 2020, at the beginning of the COVID-19 pandemic. BAC's principal mandate is to advise the GNWT on economic issues to ensure relief and recovery from the pandemic.

The members represent all economic sectors and regions of the Northwest Territories (NWT). Many virtual meetings and exchanges have been held since June 2020; however, the first face-to-face meeting was held on November 17, 2020. The goals of this meeting were to review progress to date, determine on what is working well and what needs improvement, as well as recommending various measures or actions for economic sustainability in the short, medium and long term.

In all, 28 people participated in the session, of which 15 are Council members. Three of the BAC members travelled from Hay River, Fort Simpson and Norman Wells, and three members joined via zoom.

Introductions

Participants were made to feel welcomed by the co-chairs of the Council, Jenni Bruce, Regional Manager, Midwest Property Management and Chair of the Board, NWT Chamber of Commerce, and Paul Gruner, President and Chief Executive Officer (CEO) of Det'on Cho Management LP. Both reiterated the importance of the discussions of the day – the importance of thinking about the economic future of the NWT. They reiterated that the goals of the session were to come up with a strategic vision for the NWT economy in the short term (12-18 months), medium term (18 months -10 year) and long term (10 + years)

Speaking for the first time at an in-person meeting as Minister of Industry, Tourism and Investment, Caroline Wawzonek, followed with an expression of gratitude for all the participants. She also welcomed the opportunity to be challenged and looked forward to learning about the results of the discussions.

Minister Wawzonek is optimistic of the economic future of the NWT and sincerely believes that the NWT's richness in natural resources, including the NWT's people and cultures, will ensure continued growth and prosperity for the NWT.

Review of progress

Council members began their working session by reviewing the accomplishments to date. The list is long!

- Bringing together a team in a pandemic (virtual meetings), with representation from all over the NWT, from small to large business
- Quick alignment on recommendations to the GNWT, which shows great strengths in communications and the desire to collaborate
- Increased communication and collaboration between organizations

- Use of technologies
- Good connection, communication and collaboration with GNWT Cabinet and Senior Management
- Motivation and engagement of junior and senior government officials
- Strong capability of members, and their commitment to the Council and its purpose
- Credible and reputable organization
- Recent positive connection and collaboration with the new COVID Secretariat
- Extensions of the loan programs, a direct result of BAC's work
- Learning to deliver services virtually and answering the needs of the business community
- Learning to expand member's understanding of the economy
- Getting the BAC website up and running.

Following this very positive list of accomplishments over the last 5 months, Council members then looked at what could be improved upon. The following were the most important or the most agreed upon challenges, in no particular order:

- The importance of finding ways to streamline and improve response time from the GNWT
- The need to learn more about the GNWT's bureaucratic processes
- The need to prioritize and establish a long-term economic plan
- Determine how BAC's work and advice is linked to the Emerging Stronger
 - This could be an indicator of how effective BAC's work is
- The importance of meeting in person was emphasised
- The importance of increasing our skills in holding or participating in virtual meetings
- The need to inform and educate all MLA's and ministers on the important work BAC is doing, who is on the Council, who is being represented, etc.
- The importance of being mindful of the concerns and opinions of indigenous businesses and governments either through a liaison agent with their advisory council or through regular contacts
- Organise more informal discussions or "fire-side chats"
- The need to consider the impact of COVID-19 on the mental health of individuals.

This discussion also helped to clarify important part of BAC's work.

- 1) Communicating with media: According to the terms of references, BAC's role is to advise the GNWT and as such any document intended for public distribution needs to be sent to the Minister of ITI before it is shared with media or placed on any public platform such as the website.
- 2) GNWT response time: The GNWT explained that response to BAC letters can seem lengthy. However, the GNWT explained that it has to find answers to all the questions or concerns in many different divisions within ITI or within other departments. That way, BAC is guaranteed a non-cryptic response. Further, it was explained that written letters allow many GNWT employees to see the questions and recommendations from BAC not just those directly involved with BAC calls.

Short-Term Priorities

Over the past few months, BAC prepared a document outlining gaps on the various programs and services available to help businesses weather the recent economic downfall. The next step in this planning exercise was to prioritize these programs and services that are needed.

An open dialogue ensued, with GNWT and Canada Northern Economic Development Agency (CanNor) staff that brought clarifications and updates to the existing programs. BAC members then agreed on the top funding gaps that they would like the GNWT to take to the Government of Canada (Federal Government) as well as the top gaps/priorities they would like the GNWT to address.

BAC's gaps/request for the Federal government

Generally, businesses should be supported to the greatest extent possible during the COVID-19 pandemic and through the recovery from the pandemic. These requests are made with this in mind:

1. Mineral Exploration Tax Credit and Infrastructure Investment in the Mineral Sector. BAC would like to see the resource sector put as a priority for the NWT moving forward to ensure a strong economy moving forward.
2. Put pressure on the banks to ensure they not use the pandemic as an avenue to increase fees on clients. Currently the banks are not considering relief funding as revenue thus clients are showing current and the year ahead with bleak revenue projections. This gives the banks opportunity to downgrade businesses in their credit rating thus increasing their fees and interest rate as well as call debt in some instances. We also encourage the government to not tax any grants or pandemic funding
3. Support for Indigenous Business: For example, through capacity building funding and equity investment funding (helping indigenous businesses or governments become equity partners)
4. Continue the Regional Relief and Recovery Fund (RRRF Program).

BAC's gaps/requests for the GNWT

1. Targeted procurement of goods and services: eliminate the cap on the Business Incentive Policy (BIP) during a state of emergency and establish a benchmark
2. Provide support for sole proprietors and small businesses (particularly those that do not give themselves salaries).
3. Another theme that council members agreed upon was the toll this virus has had on the mental health of people. The government needs to develop a strategy to deal with the root causes of mental health issues, both in general and how they relate to COVID. We need to start investing in real concrete solutions. It is clear that more research and mental health professionals are needed.

Short-term Recovery

Council members then discussed the priorities for the next 18 months: how does the NWT navigate the remainder of COVID-19? In order to determine what the priorities for the next 18 months should be, a general discussion was held to determine which sectors of the economy

were doing fairly well or seeing some signs of improvements in the last couple months and which sectors are likely to continue to suffer over the coming year.

Members agreed that parts of the retail sector are showing some signs of relief. The resource industry seems to be pretty stable, and construction, in some parts of the NWT, is showing some small signs of improvement. However, if the requirement for businesses to self-isolate employees that are newcomers to the NWT remains in place, it will create significant difficulty for these business owners.

Unfortunately, the list of sectors to continue being greatly impacted by COVID is longer. BAC members agreed that the following four sectors would probably continue to be the hardest hit over the next year: aviation, tourism (particularly accommodation), food and beverage, and traditional economy. What follows are the results of a very productive discussion on possible avenues of support for the GNWT to consider for each of these sectors. Support for the licensed accommodation businesses is particularly critical as, without accommodation, it will be difficult for the tourism sector to maintain viability.

The following is a list of challenged sectors:

- Tourism
- Local retail
- Construction in the smaller communities
- Manufacturing
- Residential and commercial rentals
- Professional services

Further, BAC members agreed that the mental health of business owners in the NWT is a critical short-term issue and needs immediate attention. This issue will remain important throughout the recovery and through the long-term.

Aviation

- Encourage the GNWT to work with its federal counterparts to review federal regulations on the aviation industry which are seen as cumbersome and prescriptive
- Encourage travel within the NWT, whether business travel or staycations
- Consider using fly-in lodges as possible quarantine areas, even for non-resident travellers.

Tourism

- Continue investing in infrastructure, particularly regional tourist information centres and cultural centres.
- Continue work and investments in rapid-testing methods
- Consider using lodges as possible quarantine areas, even for non-resident travellers
- Consider offering a rebate program to NWT residents on staycations
- Continue supporting the RRRF Program
- Continue investing in regional research to further link tourism with traditional economy

- Continue working with NWT Tourism and its members.

Food and Beverage & Accommodation

- Re-iterate the fact that there is no proof on transmission of the virus in the food and beverage industry
- Consider developing a marketing campaign to support the industry. For example, take-out or having small Christmas dinners in restaurants
- Offer more support to industry members on how to apply regulations and ensure consistency in the application of those regulations across the industry. Many examples were shared of inconsistencies in the application of those regulations between, for example restaurants of the same size or with same number of washrooms.
- Encourage travel within the NWT, specifically within the GNWT
- Develop a holistic approach
- In order to better collaborate with industry members, government officials need to better understand the profit margins of food and beverage businesses
- Consider reducing fees and alcohol taxes for industry businesses.
- Consider more sector specific wage assistance program as due to low occupancy many staff have lost their jobs.

Traditional Economy

The traditional economy includes fishing, trapping and hunting, harvesting and gathering, as well as arts and crafts.

- Continue linking arts and crafts to healing work
- Continue to invest in building capacity
- Support industry members with research work (new markets, new products, new technologies)
- Continue developing the commercial fishing industry (Freshwater Board, canning fish and other value-added products that encourage no-waste)
- Organise an on-line festival or virtual show of NWT artisans and assist in setting up an E-commerce site for artisans.
- Encourage more multi-level communication between contractors and local organizations so that building schedules and other activities respect local traditions, such as hunting schedules or cultural ceremonies
- Further include traditional economy and indigenous culture in infrastructure planning and construction.

Generally speaking, BAC also discussed three major gaps that they would like the GNWT to look at over the 18 months:

- Addressing the United Nations' Declaration on the Rights of Indigenous Peoples (UNDRIP)
- Streamlining various regulatory processes. Investment in the NWT is being discouraged due to the regulatory process. The trigger for environmental review without a guideline in place in advance can also be a deterrent.
- It has become an overwhelming paperwork burden to access funding from GNWT programs. We would like to see the concerns with red tape addressed.
- Permitting the Aurora Wood Pellets' project.

The 10-year Plan

What does the next decade look like? That was the central question BAC members then addressed. The goal was to identify solutions to ensure a long-term sustainable NWT economy. To begin with, members first agreed that the completion of the government's major infrastructure projects had to be top of mind. This includes the Talston project, the Slave geological corridor, the MacKenzie highway, the fibre expansion line, and Aurora Wood Pellets. The impacts of these projects on the economy are notable: attraction of investments and even the impacts on tourism. On the theme of major investments, the GNWT should also continue investing in diamond exploration.

There was also a general consensus on the importance of ensuring access to equity funds for indigenous governments and businesses in order for them to become true equity partners.

Council members were also optimistic that challenges around the existing BIP and procurement programs should be reviewed. Local procurement needs to be encouraged. They also suggested that indicators be developed to measure the impact of these changes on the economy.

The next decade will also see a lot of investments in reclamation and remediation projects. The GNWT needs to support and ensure NWT businesses are best positioned to take on this work.

The government also needs to develop a strong Green Energy Strategy, with concrete strategies and actions. For example,

- Support projects to develop local infrastructure to support electric vehicles (charging stations)
- Support projects that will diminish the reliance on diesel
- Encourage local food productions through actions like the building of greenhouses
- Support more wind and solar projects
- Support projects that will see major "green" retrofits for commercial and industrial buildings.

Everyone also agreed that work should continue so that we see the opening of the NWT's very own polytechnic university. The link of this future academic institution with the economy is evident: tourism, research and development, and exploration are just a few examples. However, given that two-thirds of the NWT's economy is tied to the resource development sector, the polytechnic should consider strengthening its proposed programming in this regard. The GNWT could also consider establishing a school of mines, similar to Haileybury School of Mines in Ontario. In regards to research, the GNWT needs to improve the taxation on these types of projects.

There was also general agreement on the importance of attracting a skilled workforce to the NWT. Whether through immigration or attracting new resident from elsewhere in Canada, the NWT needs to increase its skilled workforce. The NWT's proposed polytechnic university can play an important role in this and the polytechnic's work needs to be matched to current and future labour market needs.

Investments in education must also be top of mind. Council members recognize the importance in investing early in our children's lives so that they are better prepared for the future.

In addition to improving our education system, members also discussed the importance of continuing to build capacity within our communities. Whether it is through various support programs and services or offering formal training opportunities to develop skills. The NWT needs to continue investing in its local workforce.

The Council further agreed that the long-term impacts to mental health have yet to be realized and the GNWT needs to prioritize solutions in both the short term and the long term.

Council members were also optimistic that work done over the next 18 months, would see the GNWT putting forward ideas to address the UNDRIP. This means that the next decade will see the application of those actions.

Finally, Council members also agreed that this period should be taken to develop a long-term vision for the economy of the NWT. Existing mines will be closing in about 10 years, so it important to use the next ten years to develop a plan for the years following 2030.

The Long-term Plan

BAC members believe it is time to start re-imagining the Northwest Territories' economy. We should not wait until the end of the decade to start thinking of what to do after the mines close. To begin the conversation, Council members had a brainstorming session about what the NWT economy could like after 2030.

To begin with, members felt it was important to start having an honest discussion about resource development and the environment, together. Are there ways to extract resources in an environmentally friendly way? Some are saying that the NWT could become the #1 environmentally friendly resources' extraction territory in the world. These include resources such as fish and minerals.

There's an opportunity to be at the forefront of the development of greener technologies, as the minerals required for many of these newer technologies are in the ground. We could be sourcing ethical resources.

Tourism could be linked to this vision. People could be encouraged to come visit and learn about how the NWT is ethically developing its resources.

However, in order to become #1 in the world, the base needs to be strong: the NWT needs to strengthen and focus its energies on education and its children.

These important thoughts are just the beginning in what promises to be an exciting discussion and exploration into the many possibilities and opportunities available to ensure continued prosperity for the NWT and its people.

BAC hopes to continue this discussion over the next few years and encourages the GNWT to consider doing so.

Next Steps

The results of BAC's first face-to-face meeting and planning retreat are numerous. After only six months of working together, this group has come up with advice and solutions for the GNWT to address the economic challenges of COVID-19, as well as starting to look at recovery after COVID. It is now offering the beginnings of a plan for the future economic growth of the NWT.

To ensure continued success, Council members determined the following actions were necessary:

- 1) Organize quarterly meetings to discuss progress and address any on-going issues, as well as review and further develop it's short-, medium- and long-term plans for the future. BAC would like to pursue a quarterly face-to-face meeting and a potential budget for this
- 2) Keep communication open with the GNWT during the BIP/Procurement consultation process.
- 3) Obtain guidance from ITI on inviting federal ministers to take part in the discussions

Council members were also very positive about the results of its first planning retreat. Everyone seemed to feel it was a good investment in time and were inspired by the in-depth discussions. The NWT Chamber of Commerce did a great job in organizing and coordinating it. The only thing to improve upon would be to develop our zoom capacities. Everyone also hoped to see the final report quickly.