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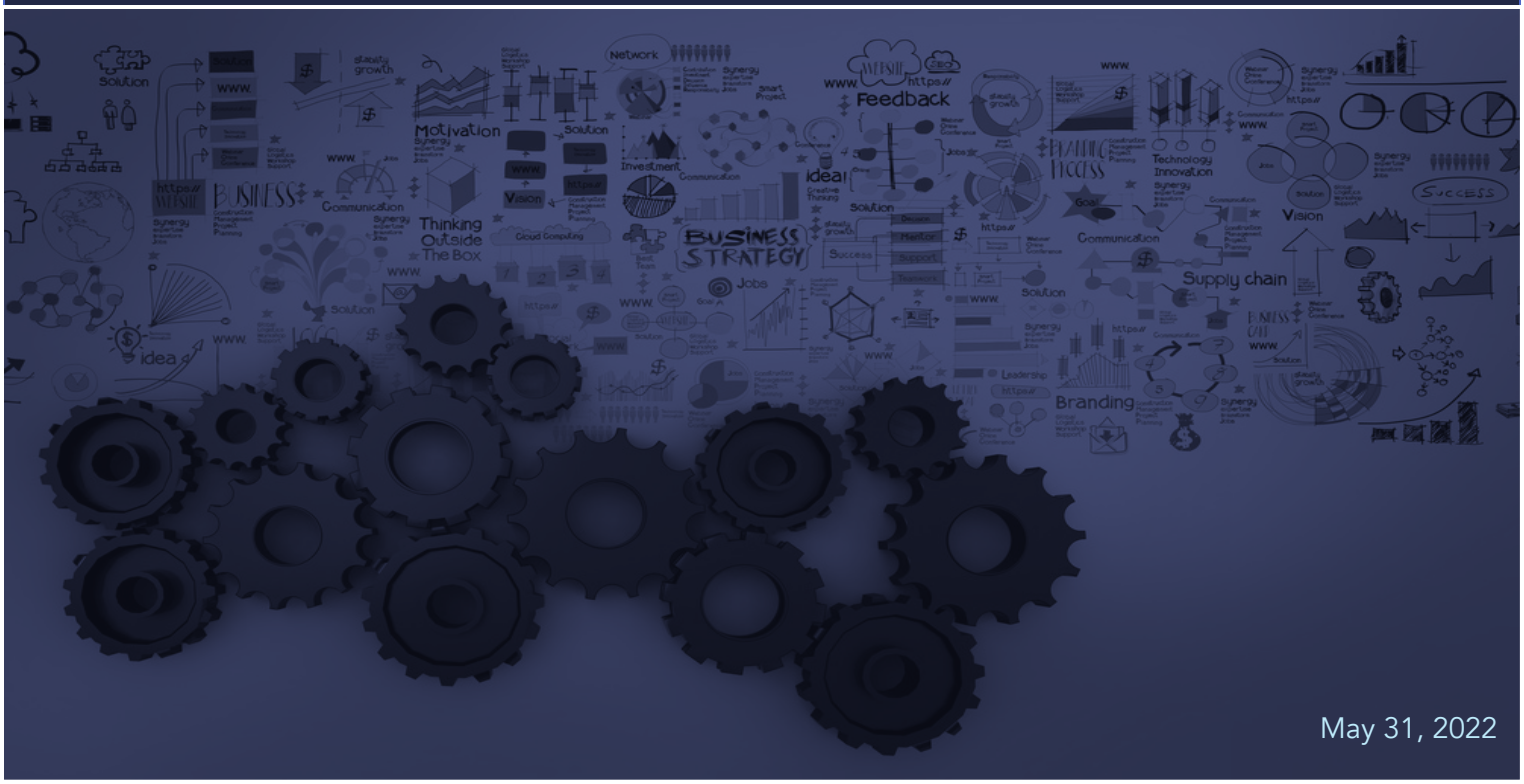
Final Draft

Applying a Gap Analysis Approach to the Study of Investment Opportunities

For NWT Indigenous Leaders Economic Coalition



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Applying a Gap Analysis Approach to the Study of Investment Opportunities

NWT Indigenous Leaders Economic Coalition

Abstract

Denendeh Development Corporation commissioned Impact Economics to conduct research on investment opportunities based on recommendations from the Five-Year Strategic Plan Addendum (March 2021). Objectives from this research include:

- A framework for future investigations of potential investments;
- An assessment of gaps for the purpose of identifying areas for further business or financial analysis; and,
- Up to five investigations that follow the new framework and serve to stimulate potential business analysis while establishing a clear method for future investment research.

The framework will be presented to the 2022 Indigenous Economic Forum and will provide the basis of the updated five-year strategic plan and the elements of an Investment Fund.

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TABLE OF CONTENTS

PART I: 1

BACKGROUND 1

SENTIMENTS OF INDIGENOUS INVESTMENT OBJECTIVES 2

FINDING OPPORTUNITIES FOR INVESTMENT 3

FRAMEWORK TO GUIDE RESEARCH INTO INVESTMENT OPPORTUNITIES 5

STEP I: IDENTIFYING A GAP 5

STEP II: UNDERSTANDING CONTEXT 5

STEP III: EVALUATING DEMAND AND SUPPLY CONDITIONS 6

STEP IV: CONSIDERING THE FLOW OF MONEY 6

STEP V: FINAL EVALUATION 6

PART II: STUDYING GAPS IN SEARCH OF INVESTMENT OPPORTUNITIES 8

GAPS IN COMMUNITY INFRASTRUCTURE THREATENED BY CLIMATE CHANGE 8

GAPS IN INDIGENOUS HEALTH 16

GAPS IN REMEDIATION ECONOMY 25

GAPS IN INDIGENOUS-FOCUSSED BUSINESS SERVICES 37

PART III: SUGGESTIONS OF GUIDING PRINCIPLES FOR THE COALITION 44

WORK TOGETHER 44

BE CREATIVE AND WORK HARD 44

STAY CONSISTENT 44

ETHICALLY SOUND 45

COMMUNICATE EFFECTIVELY 45

THINK BIG AND THINK SMALL 45

DON'T LOSE SIGHT OF THE END GOAL 46

REMAIN COMMITTED, BE ACCOUNTABLE 46

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PART I:

BACKGROUND

The NWT Indigenous Leaders Economic Coalition (the Coalition) wants to increase Indigenous ownership, participation, and influence in the economic future of the territory through direct investment. But there are questions regarding where and how to invest and there remains a need to clarify the objectives of the investments. Denendeh Development Corporation has contracted Impact Economics to investigate these questions.

These are more complex questions than they might first appear.

- There are questions of the size and scale of investment—that is, what is most appropriate for the Coalition—as well as issues of jurisdiction and territoriality that can obstruct investments in a community or regional setting from an Indigenous group outside that geographic area.
- There are questions of identification of opportunities—should the Coalition be looking at existing businesses either independently or through partnership—or should they form new ones in an effort to service unmet demand.
- It is also the case that leadership within the Coalition view the objectives of investment across a broad spectrum of potential outcomes that go beyond profits to include all measures of wellbeing, Indigenous participation, community resiliency, cultural strengthening, and sustainability. No single investment would check all of these boxes, making it all the more challenging to properly identify how and where Indigenous investments should be directed and how success will be measured.

The most pressing challenge for the Coalition today is that these questions have not been properly addressed and there has been no approach brought forward that would have them answered. The result is an all too familiar one, where investment ideas are brought forward in a random fashion and, rather than taking an active role in the direction of the economy, the Coalition is left responding to opportunities when they are presented to them. This is not to disparage the approach; there will always be opportunities for investment. But the Coalition was formed for a different purpose.

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SENTIMENTS OF INDIGENOUS INVESTMENT OBJECTIVES

There were strong sentiments expressed during the initial meetings of Coalition members that investments must benefit the local population, but that this shouldn't be interpreted to mean its focus is on social investments where the goal is the business formation and nothing else. There was widespread agreement that investments should return a profit (or at least breakeven), offer employment opportunities for Indigenous labour, and/or add or enhance the capital infrastructure in communities, regions, or the territory. This position can be interpreted as a recommendation that the Coalition's investments must be based on sound business practices and that, through profits, job creation, and capital accumulation, the investments will ultimately serve to provide meaningful downstream benefits to Indigenous people living in the territory.

These requirements can be adopted by the Coalition as its rules for investment and can be included alongside a clear set of investment guidelines, including requirements such as:

- The opportunity is located in or has direct connection to the NWT
- Must pass moral, ethical, and environmental standards
- Must offer Coalition members an opportunity to participate
- Must have direct, measurable benefit to Indigenous population, where
    - direct benefits include profits, employment, capital accumulation, and where
    - development is an outcome, not a direct measurable benefit

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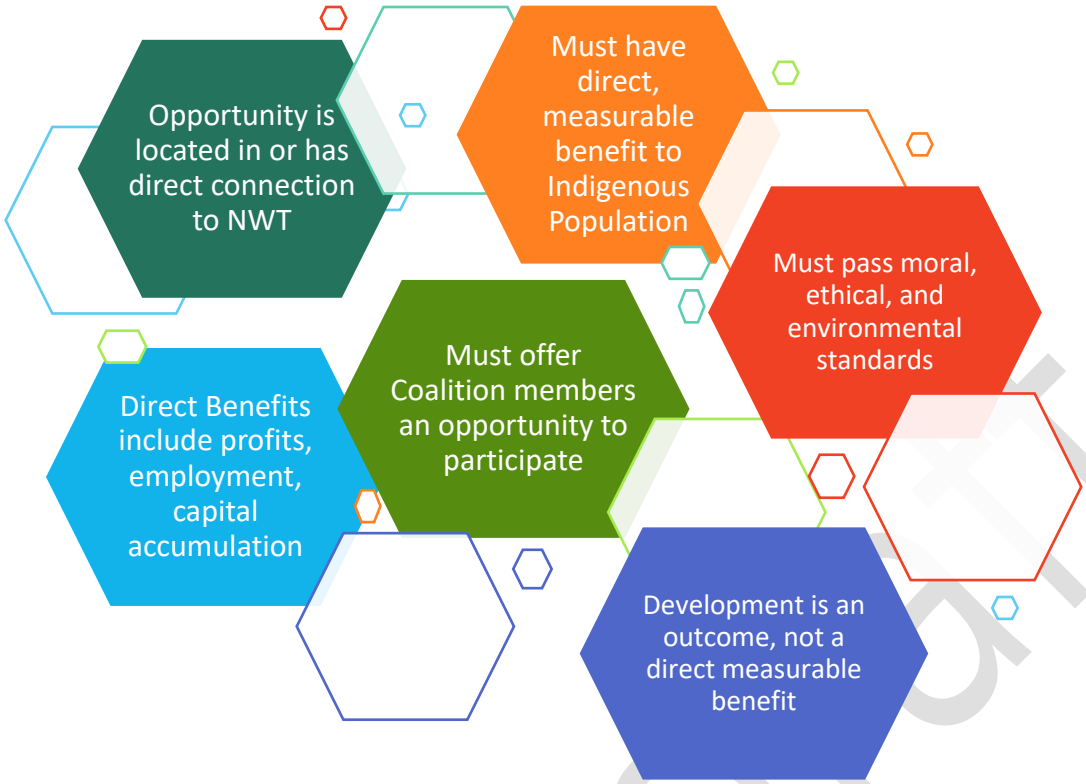

Finding Opportunities for Investment

Establishing clear rules and objectives represent a good starting position for the Coalition, but does not address what is perhaps the most challenging question, which can be simply stated as

What/Where to invest?

The challenge exists because the Coalition was not formed around a particular opportunity, specialized expertise, or singular goal and therefore does not have an underlying or inherent area in which to focus. Under consideration for possible investment is quite literally *anything*. A strategy to narrow the Coalition's focus is imperative.

As a starting point, it has been recommended that Indigenous investment be guided, in part, by an assessment of gaps that are preventing Indigenous society from reaching its desired outcome that we can define as a high and sustainable quality of life. There is an almost endless list of gaps in the NWT, whether it is in public infrastructure or services, commercial capital, or

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consumer goods and services. Gaps can also be viewed in terms of social and economic performance—health status, education levels, financial wellbeing, community safety, food security. Gaps also exist in the sectors of our economy. For example, there are gaps between the performance and potential in mineral exploration, energy production, construction, business and professional services, and commercial and non-commercial services. Gaps can even be found in the nature of the NWT economy, whether it is community- or regional-based economic barriers or an inability of communities to capture the dollars entering the local economy and to recirculate those dollars before they leave.

Any of these gaps can be a starting point to investigate where investments are needed. But the existence of a gap is not a sufficient condition for this exercise. In economics, a gap can imply a disequilibrium in the market place. The question the Coalition must ask is whether there is a business case associated with the misalignment of demand and supply. With that said, it would be a costly and time-consuming exercise to investigate every gap at this level of detail. An approach is needed to narrow the focus further.

The next section presents a framework to guide research into possible investment opportunities. To be clear, the framework is not meant to identify the Coalition's next investment opportunity. It is meant as an approach to studying the numerous opportunities that exist in an effort to systematically narrow the focus to where more thoughtful business case studies, financial and risk assessments, and due diligence investigations can take place. One can think of it as a cost-effective approach to sift through the Coalition members' ideas regarding investments, helping zero in on those that are worthy of pursuit.

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FRAMEWORK TO GUIDE RESEARCH INTO INVESTMENT OPPORTUNITIES

STEP I: IDENTIFYING A GAP

This is about finding areas that require improvements and where there is a strong interest in taking action. Gaps can be found in communities, regions, or the territory, and can be associated with economic growth, industrial development, socioeconomic performance (human capital), physical capital (public or private infrastructure), or social structures (organizational capital—formal or otherwise).

This exercise of identifying a starting point for research can be guided by discussion (with leaders, community members, business leaders, government officials), independent research (surveys, statistical analysis), or changes in economic trends, government spending patterns, or new government initiatives.

Consider how the gap fits into the overall performance and potential of the territory, if and how the Indigenous population is associated with the gap, and how the lives of Indigenous people might change through a narrowing of that gap.

STEP II: UNDERSTANDING CONTEXT

This is about being mindful of the current state of the economy and expectations for the future. An often-overlooked step, unbiased research into the underlying trends/forces present in NWT economy and population and in the particular area of interest is absolutely crucial. There are far too many examples where a desire for a specific investment was justified through disingenuous research that led to failed businesses.

One should not fear an honest look at the economic setting. Hard times do not necessarily mean bad times for an active investor. In fact, it might be that the hard times are the very reason an opportunity exists. But without a doubt, knowing where an economy or market is in its cycle will influence the nature of the opportunity.

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STEP III: EVALUATING DEMAND AND SUPPLY CONDITIONS

This is about drilling down into the market place to understand the nature of the demand and supply in an effort to reveal whether the identified gaps are also business opportunities. This is very much in line with understanding the economic context, but drills down into the specific marketplace to understand trends and factors influencing those trends. Where is the demand coming from (who is the buyer)? Is demand growing, shrinking, stagnant? Who are the current suppliers? Are they domestic (local) or foreign (to NWT)?

STEP IV: CONSIDERING THE FLOW OF MONEY

This is about understanding the basic economics (flow of money) in the area of interest. What is the marketplace associated with this gap? It can be public or private, noting that public services have numerous connections to private markets. One can examine the market by mapping an industry's inputs and outputs, creating a mind map or flow diagram of the market, or through some manner of brain-storming process.

This might seem a relatively simple, almost unnecessary step. And that would be true if the gap being studied is (for example) a community or region in need of a gas station or a grocery store. But what if a gap is found within a specific area of the territory's health care system or within a region's supply of professional and scientific services? Taking some time to think through the nature of the market will help centre the research.

STEP V: FINAL EVALUATION

This is the last step in research process before making a determination regarding a more detailed business case study, financial analysis, and/or due diligence work. We want to ask some critical questions that tie into the Coalitions principles.

- Where is the opportunity located? Is it a community, regional, or territorial opportunity?
- What is its size and scope? Will it require the involvement of a small or large number of Coalition members?
- Does the opportunity pass the Coalition's ethical and environmental standards?

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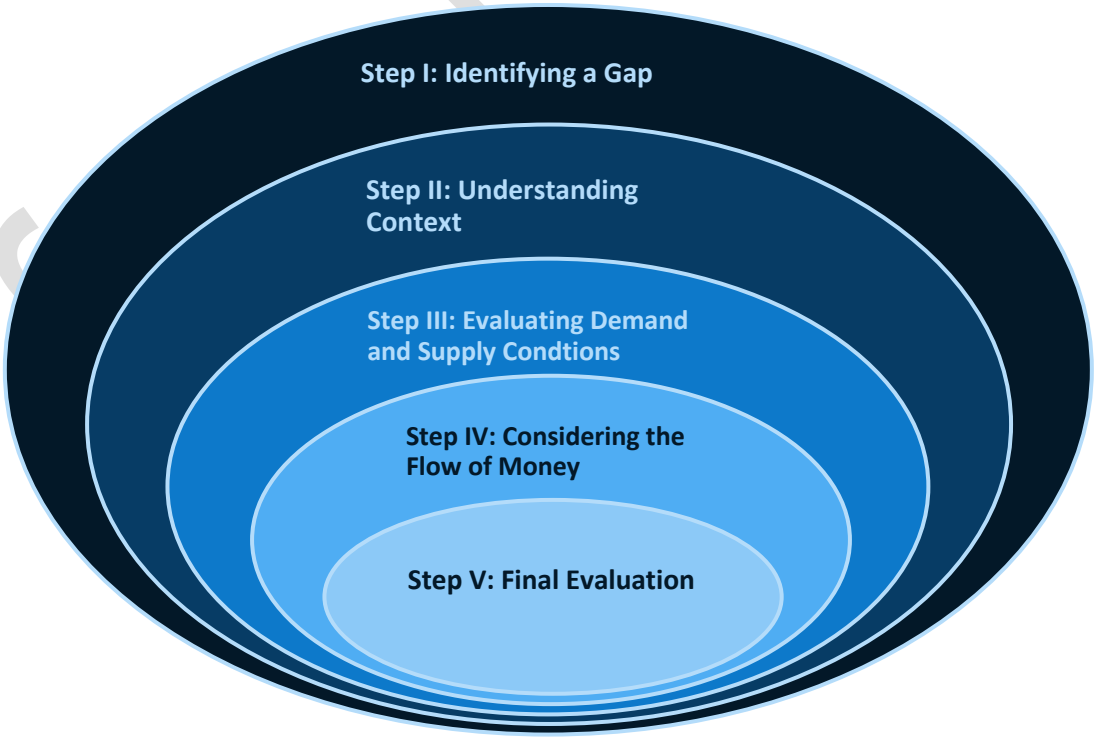
- What are the measurable benefits? Is it a potentially profitable venture? Or, is its primary objectives oriented toward Indigenous participation or capital accumulation?
- Are there examples in other regions in Canada where Indigenous business has succeeded in this area? Can that success be studied as a potential approach for the Coalition in the NWT?

It is at this stage that the Coalition can choose whether it wants to proceed with a more detailed examination of the opportunity and consider the time and resources needed. Recognize that every research effort will not result in a clear business opportunity. Also, these guidelines are meant as a type of road map but are not so rigid that they should be viewed as the only route to reaching the end goal. The process is about sifting through the NWT economy in a structured way to uncover possibilities. It will also give the Coalition reason to reflect on its next steps, and may result in determinations regarding what type of investments it wants to pursue and the level of effort it is willing to put forward.

In Part II of this report, the framework is put into practice, examining some potential investment opportunities using the Gaps Study approach.



PART II: STUDYING GAPS IN SEARCH OF INVESTMENT OPPORTUNITIES

GAPS IN COMMUNITY INFRASTRUCTURE THREATENED BY CLIMATE CHANGE

Identifying a Gap

Communities in the NWT have long been challenged to maintain existing infrastructure and add new infrastructure to meet the changing demands of their populations. Climate change introduces one more factor affecting the deterioration of the territory's infrastructure. The Coalition is interested to learn whether there are investment opportunities associated with the existing and future infrastructure gaps and in particular if the gaps opening as a result of climate change can be addressed proactively by the Coalition.

Understanding Context

There isn't a jurisdiction in Canada that is not challenged by the cost of maintaining and expanding existing public infrastructure. The Federation of Canadian Municipalities has estimated Canada needs about $123 billion to bring crumbling public infrastructure up to acceptable levels and an additional $115 billion to meet growing demand.[1] The Northwest Territories is no exception, though it could be argued the territory has added challenges of being in an infrastructure deficit when compared to the rest of Canada, and being on the front lines (so-to-speak) of the effects from climate change.

The threat coming from climate change on existing infrastructure was assessed in a recent report prepared for the GNWT, *Assessment of Climate Change Impacts on Infrastructure in all*

[1] Huggett, Jonathon. 2014. Public infrastructure challenges in Canada: Innovation and creativity are key ingredients in the successful delivery of public projects. Construction Business. November 3, 2014.

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NWT Communities.[2] The assessment used the Public Infrastructure Engineering Vulnerability Committee (PIEVC) Protocol, which is a five-step method developed by Engineers Canada and adapted to evaluate the climate change vulnerability of a wide range of infrastructure (e.g. buildings, municipal infrastructure, airports, etc.). Climate risk on the GNWT- and community-owned assets located within or associated with the 33 NWT communities were assessed. Airports and road infrastructure connecting communities were excluded.[3]

The climate change-related threats studied in the assessment included:

- Permafrost degradation;
- Flood;
- Wildfire;
- Coastal erosion and/or submersion;
- Snow load.

The assessment used a risk scale to determine vulnerability.[4] The highest risk levels were found in the Beaufort-Delta and Sahtu regions and were linked to permafrost and coastal erosion. At high risk are schools, health centres, fire stations, water treatment plants, sewage lagoons, and fuel storage. At the moderate- to high-risk level, there were 179 interactions identified throughout the territory including public housing, power plants, and municipal roads in addition to schools, health centres, fire stations, water treatment plants, sewage lagoons, and fuel storage.

What we can take away from this report is a pending collapse of key pieces of community infrastructure. The WSP Canada report stated that there was no attempt to put a dollar figure

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[2] WSP Canada. 2021. *Assessment of Climate Change Impacts on Infrastructure in all NWT Communities*. July 28, 2021. https://www.maca.gov.nt.ca/en/resources?f%5B0%5D=field_resource_type%3A29

[3] WSP Canada. 2021. Section 1.3 Approach. Page 2.

[4] Risk levels were calculated as the product of the probability of occurrence of an interaction between an infrastructure element and climate parameter (P) with the potential severity of consequences of such an interaction (S).

to the assessed risk. Another report that looked at the effects of permafrost alone valued the infrastructure at risk to be worth $1.3 billion.[5]

The challenge of maintaining and growing the territory's infrastructure has not gone unnoticed by the GNWT. It has made improving infrastructure a priority in the last few years, in part as a Keynesian response to the losses triggered by the lockdowns imposed by governments in an effort to slow the spread of the novel coronavirus (COVID 19), but also because it is understood that critical infrastructure is needed if the territory is to thrive.[6] Over the two fiscal years, 2021-22 to 2022-23, the GNWT has committed close to $1 billion in capital investments, which is a marked increase from capital spending historically.[7]

In spite of the increase in spending, or perhaps as a response to it, the Auditor General of Canada issued the GNWT a poor mark when it audited the Department of Environment and Natural Resources and the Department of Infrastructure on its actions to meet commitments to reduce territorial greenhouse gas emissions and to adapt to climate change impacts in the Northwest Territories.[8] It found "departments did not take enough action to address climate change risks," which would include the risks faced by infrastructure from such things as melting permafrost, shoreline erosion, flooding, and forest fires.

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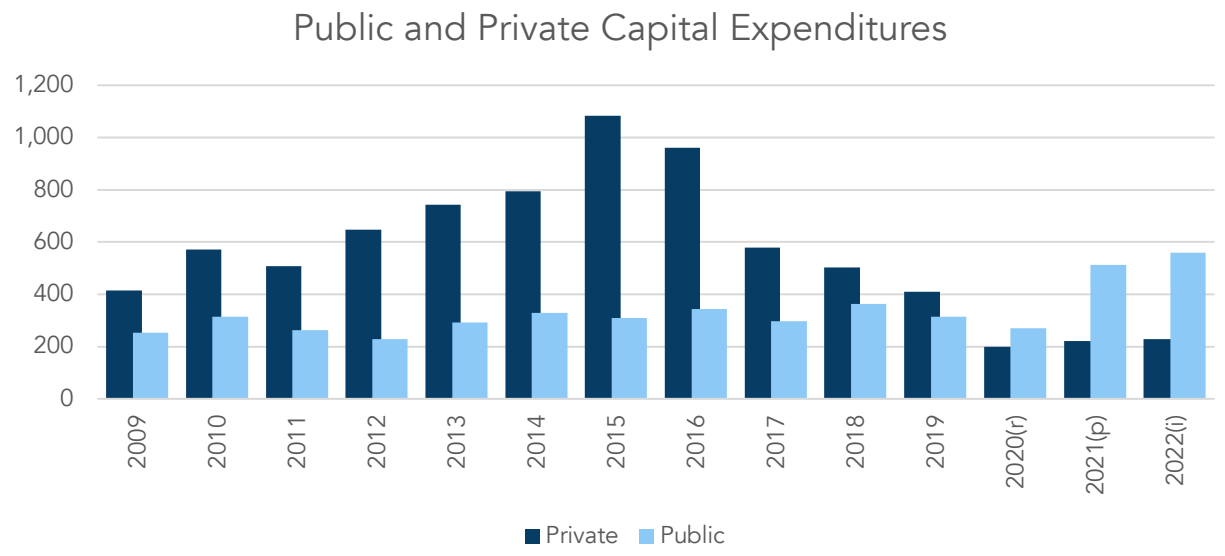
[5] Ed Hoeve, P. Eng., Tetratech 2015 The Technical Opportunities and Economic Implications of Permafrost Decay on Public Infrastructure in the Northwest Territories. NWT ASSOCIATION OF COMM Presented at the 2017 NWT Geoscience Forum. https://climatechange.toolkitnwtac.com/wp-content/uploads/sites/21/2020/08/The-Technical-Opportunities-and-Economic-Implications-of-Permafrost-Geoscience-Forum-2017.pd

[6] Government of the Northwest Territories. 2022. Ministers' Statements and Speeches. Caroline Cochrane: Sessional Statement – February 2022. Yellowknife — February 21, 2022 https://www.gov.nt.ca/en/newsroom/caroline-cochrane-sessional-statement-february-2022

[7] Statistics Canada. Table 34-10-0038-01 Capital and repair expenditures, non-residential tangible assets, by type of ownership and geography (x 1,000,000). Note: (r) revised; (p) preliminary; (i) intentions.

[8] Auditor General of Canada. 2017. Climate Change in the Northwest Territories. October 2017 Report of the Auditor General of Canada to the Northwest Territories Legislative Assembly. https://www.oag-bvg.gc.ca/internet/English/nwt_201710_e_42609.html#hd3b



The federal government funds the majority of costs associated with these capital expenditures through a myriad of infrastructure-focussed programs. It is not uncommon for Canada to fund for 75% of the capital costs for large infrastructure projects in the NWT. As one example, projects funded through the Public Transit, Green Infrastructure, Community Culture and Recreation Infrastructure, and Rural and Northern Communities Infrastructure streams under the integrated bilateral agreements, Canada will invest up to 75% for projects in the territories and for projects with Indigenous partners[9].

But even with the contributions, the territorial government's debt load is still growing; projected to reach $1.696 billion by the end of the current fiscal year. This brings the government awfully close to its $1.8 billion debt ceiling. So even with the Canadian taxpayer funding 75% of the territory's capital plan, there is little room for additional debt, precipitating more modest plans in the near future.

In truth, the territory is almost entirely dependent on federal government transfers for its public services and infrastructure. This reality brings incredible stability to the territory's operations,

[9] Government of Canada. 2022. Investing in Canada Infrastructure Program. Infrastructure Canada. Cost Sharing. https://www.infrastructure.gc.ca/plan/icp-pic-INFC-eng.html?wbdisable=true

but also makes it subject to the discretion of the powers of the day in Ottawa, especially for out-of-budget capital projects. It would be prudent to assume the era of Canada's spending its way out of the pandemic is coming to an end. The Government of Canada has been running severe fiscal deficits over the past few years and is not expecting a balanced budget for the next five, but deficits are predicted to drop sharply over this period.[10],[11],[12]

Evaluating Demand and Supply Conditions

There is considerable evidence showing community infrastructure is threatened, and that the costs associated with these threats exceeds what the GNWT can practically afford. Even without the threat from climate change, there is a need for solutions to introduce and revitalize new and existing infrastructure in NWT communities. And just as important, there is a clear gap in terms of financing this needed capital investment.

For example, in a recent statement made by the government, the cost associated with meeting the current need for public housing has risen to $600 million.[13] This estimate does not include the unknown costs associate with the repair and replacement of public housing units that are predicted to suffer as a result of climate change effects.

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[10] Government of Canada. 2022. *Federal Budget 2022 A Plan to Grow Our Economy and Make Life More Affordable*. https://budget.gc.ca/2022/home-accueil-en.html

[11] The Northwest Territories appears only once on the list of top 100 publicly-funded infrastructure projects in Canada in 2022 with the Giant Mine Remediation Project (64th on the list). Renew Canada. 2022. Top 100, Canada's Biggest Infrastructure Project for 2022. https://top100projects.ca/browse-top100/

[12] Note that at the time of writing this report, the federal government hinted that it would fund the Taltson Hydroelectric Expansion Project, which is one of the territory's "Big Three" infrastructure projects, along with the Mackenzie Valley Highway and the Slave Geologic Province Road.

[13] Government of the Northwest Territories. 2022. Statement by the minister responsible for public housing. As reported by CBC North. *The cost to fix N.W.T.'s housing crisis has just doubled. Experts tell us what should come next*. Anna Desmarais. April 28, 2021. https://www.cbc.ca/news/canada/north/nwt-housing-deficit-crisis-series-1.6005463 …

More recently, the effects of spring flooding are causing communities to consider relocating homes, and in some cases, the entire community.[14]

For the Coalition, this need represents an opportunity, but it requires decisions on how the opportunity can be developed. It is an opportunity that is clearly within the domain of public finance, but there are numerous entry points. The Coalition, in partnership with local Indigenous governments, active Indigenous development corporations, construction companies, and/or engineering firms, can develop and propose a business plan to the GNWT that would see the needed infrastructure put in place. The contribution might be the plan itself, but might also include

- design and/or build components,
- operation and maintenance content,
- financing (in whole or in part), or
- a full public-private partnership where the business proposal combines the design, build, operation, maintenance, and financing elements for a fully-defined capital plan.

Each capital project will be unique. The business plan should suit the location, type of infrastructure, and community values. The plan should show tangible and quantifiable benefits for all sides, including the affected community and the public government. And while P3s have grown in popularity over the past few decades, the approach likely only represents good value for money in a very small number of cases. [Renew Construction citation]

Using the WSP Canada research cited in this report, the Coalition could identify a specific community asset that is vulnerable to risks associated with climate change such as schools, health centres, or public housing, and working with potentially-affected communities, develop a business plan to address that threat. These are not simple plans, are would require significant

[14] CBC North. 2022. *Chief starting conversations about West Point relocation after the flood.* Luke Carroll. May 27, 2022. https://www.cbc.ca/news/canada/north/west-point-relocation-1.6468678

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investment of time and effort on the part of the Coalition and its partners, but the reward is clear in terms of enhancing the quality of life within Indigenous communities.

A different view was presented in a report prepared by TetraTech and EnviroEconomics for the NWT Association of Communities in 2015,[15] where the climate conditions were said to present an opportunity in infrastructure management, including

- Permafrost mapping, geotechnical review and on-going monitoring
- Engineering & Design Standards
- Maintenance and the associated reduction of risk through maintenance practices (ie/ strategic snow cleaning of vulnerable permafrost areas in roads and around buildings or drainage techniques around buildings)
- Project Management Standards
- Construction Techniques and Practices
- Remediation techniques for all types of infrastructure
- Development of specialized equipment, approaches and materials
- Training, Guidance and Tools
- Maintenance of Data around climate, precipitation and permafrost, and
- Standards and Codes

These are less likely opportunities for the Coalition's direct participation, but one could predict some of these opportunities in intellectual property, engineering knowledge, and experience in construction would be realised by active partners involved in the implementation of an Indigenous-led capital plan. And, the TetraTech report did acknowledge more tangible opportunities lie in the planning, engineering, maintenance and construction fields. The learn-by-doing aspects of this emerging opportunity is a real long-term opportunity where one could predict similar needs in Canada's provinces as the effects of climate change creep south.

[15] Ed Hoeve, P. Eng., Tetratech 2015 The Technical Opportunities and Economic Implications of Permafrost Decay on Public Infrastructure in the Northwest Territories. NWT ASSOCIATION OF COMM Presented at the 2017 NWT Geoscience Forum. https://climatechange.toolkitnwtac.com/wp-content/uploads/sites/21/2020/08/The-Technical-Opportunities-and-Economic-Implications-of-Permafrost-Geoscience-Forum-2017.pd

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Support in the Coalition Getting Started in Indigenous-led Infrastructure Projects

Identifying a project within the gap "community infrastructure threatened by climate change" can seem a daunting challenge. Innovation and creativity are key, and dialogue with communities will help narrowing the areas of potential focus. And there is help available from national Indigenous organisations.

The First Nations Infrastructure Institute (FNII) supports Indigenous communities and organizations to plan, procure, own and manage their infrastructure assets on their lands. FNII offers, free of charge, engineers, project managers, and financial experts through support services, workshops, templates, and advice.

First Nations Major Project Coalition helps members advance their major projects. Its technical team is active in supporting communities with tools, capacity, and advice in order to make informed business decisions about their participation in major project development.

Final Evaluation

Measured against the proposed criteria:

The opportunity is located in or has direct connection to the NWT	✓
Must pass moral, ethical, and environmental standards	✓
Must offer Coalition members an opportunity to participate	✓
Must have direct, measurable benefit to Indigenous population, where	
Direct benefits include profits, employment, capital accumulation, and where	?/✓/✓
Development is an outcome, not a direct measurable benefit	✓

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GAPS IN INDIGENOUS HEALTH

Identify a Gap

There is a significant gap in the health status of NWT Indigenous residents compared to their non-Indigenous neighbours. The Coalition is interested to learn if this gap represents are area it could invest in with the dual objectives of improved health outcomes and a modest return on investment.

Understanding Context

There is a substantial difference in the state of health in the NWT between its Indigenous and non-Indigenous populations. Whether one looks at social determinants of health, chronic diseases, health-related behaviours, hospitalisation rates, mental health issues, the data all point to the same conclusion regarding the state of Indigenous health.

Indigenous people in the NWT are more likely to report a lower self-perceived health status, mental health status, and satisfaction with life than non-Indigenous residents. It is also the case that Indigenous residents are far more likely to be heavy drinkers, smokers, and consumers of marijuana.

NWT General Health Indicators, Aged 15 and Over, 2017-18

	Population	Self-Perceived Health		Self-Perceived Mental Health		Satisfaction with Life	
		Very Good/Excellent		Very Good/Excellent		Satisfied/ Very Satisfied	
	# of People	# of People	%	# of People	%	# of People	%
NWT Indigenous	17,376	7,488	43.2	8,944	51.9	14,563	86.2
NWT Non-Indigenous	11,761	7,475	63.9	8,418	72.6	10,969	94.8
Canada	30,122,620	18,135,144	60.3	20,123,150	69.0	26,994,318	92.9

Source: Statistics Canada, Canadian Community Health Survey (CCHS).

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Behaviours that can affect health

Profile of Current Drinkers: Number of Drinks Typically Consumed on one Occasion

	Current Drinkers		1 or 2 Drinks		3 or 4 Drinks		5 or More Drinks	
	Persons	%	Persons	%	Persons	%	Persons	%
Indigenous	11,524	100.0	2,069[E]	18.0	2,314	20.1	7,058	61.2
Non-Indigenous	13,895	100.0	7,968	57.3	2,967	21.4	2,926	21.1

Profile of Frequency of Consuming 4+ (Females) or 5+ (Males) Drinks on one Occasion

	Current Drinkers		At Least Once a Month (Heavy Drinker)		Less Than Once a Month		Never	
	Persons	%	Persons	%	Persons	%	Persons	%
Indigenous	11,524	100.0	6,463	56.1	3,609	31.3	1,329	11.5
Non-Indigenous	13,895	100.0	4,513	32.5	4,601	33.1	4,767	34.3

Profile of Marijuana Use

	Total		Marijuana			
			Ever Used		Used in Past 12 Months	
	Persons	%	Persons	%	Persons	%
Indigenous	16,861	100.0	12,245	72.6	5,962	35.4
Non-Indigenous	17,477	100.0	9,397	53.8	2,884	16.5

Profile of Cigarette Smokers

	Total		Current Smoker		Former Smoker		Never Smoked	
	Persons	%	Persons	%	Persons	%	Persons	%
Indigenous	16,861	100.0	8,582	50.9	3,621	21.5	4,658	27.6
Non-Indigenous	17,477	100.0	2,885	16.5	3,774	21.6	10,818	61.9

Profile of Gambling Activity

	Total		Don't Gamble		Less than $20 (in a Typical Week)		$20 or More (in a Typical Week)	
	Persons	%	Persons	%	Persons	%	Persons	%
Indigenous	16,861	100.0	5,501	32.6	4,884	29.0	6,259	37.1
Non-Indigenous	17,477	100.0	6,899	39.5	6,012	34.4	4,080	23.3

Profile of Mental Health

	Total		Excellent or Very Good		Good		Fair or Poor	
	Persons	%	Persons	%	Persons	%	Persons	%
Indigenous	16,861	100.0	7,757	46.0	6,248	37.1	2,739	16.2
Non-Indigenous	17,477	100.0	11,605	66.4	4,371	25.0	1,197[E]	6.9[E]

These data point to a deeper discussion that goes well beyond the provision of health services and into the social and economic standing of Indigenous residents. And to be fair,

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conversations are taking place and changes are occurring. But the pace of change appears to have slowed, which should be a worrying sign given the territory has undergone a major

economic transformation over the past 25 years driven by the discovery and subsequent development of diamonds that brought new wealth and prosperity to the NWT. Importantly, this transformation brought economic opportunities to populations living outside the capital and regional centres, where few options existed previously. The fact that this period of transformation is now over, and the diamond industry is in decline, there is reason for concern for the future prosperity of the NWT population and in particular people living outside economic centres.

Indeed, there are signs that a decline in socioeconomic performance is already underway, a trend that likely began in the early years of the previous decade. Left unchecked, one can predict a worsening of the key indicators of health, including self-perceived health and mental health, satisfaction with life, drug and alcohol use, and others. If true, the changes imply a greater demand for health care services amongst the Indigenous population.

More Demand and Higher Cost

There is other evidence that points to the changing demand for health services, and specifically, the demand from within the Indigenous population. The NWT's population is ageing rapidly. Over the past twenty years, the population aged 60 years and older has grown from 6% to 15% of the population. This trend is exaggerated in some region. For example, in 2001 in the Dehcho region, 27% of the population was under the age of 15 while 8% were aged 60 or older. By 2021, just 15% of the population was below the age of 15 and 21% were aged 60 or older.

GNWT Health Care Expenditures by age ($, per capita)

<1	25,682
1 to 14	6,849
15 to 24	8,368
25 to 44	9,521
45 to 59	9,722
60 to 69	18,558
70 to 79	43,160
80 to 89	108,741
90+	139,680

Source: NWT Health Status Chartbook

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This ageing matters for anyone thinking ahead to the demand and associated costs of delivering health services and providing pharmaceuticals to the population. The Department of Health and Social Services (DHSS) spends, on average, $11,998 per person in providing health services. For the sake of comparison, only Nunavut spends more at $12,471 per person, while the national average is $4,187. For all age groups below the age of 60, the average cost is less than $10,000 per person. After 60, the costs go up exponentially, from $18,558 per person aged 60 to 69, $43,160 per person aged 70 to 79, and $108,741 per person age 80 to 89; and for those residents over the age of 90, the average annual health care cost in $139,680.[16]

Th GNWT's latest budget includes an estimated expenditure of $595 million (29% of its overall budget), after recording a revised total expenditure of $602 million over the 2021-22 fiscal year. Within that budget are some interesting numbers when considering areas for potential investment. Home care along with Long-term care and associated support services will cost the government about $60 million this year. Out-of-territory health care (health care provided to NWT residents sent south for treatment) will cost $78 million.

Rising costs, ageing population, and technological change have long threatened the current approach to health services.[17] The current pandemic has exposed numerous long-standing challenges and uncovered new ones.[18] The Northwest Territories has not been immune to these challenges.

At present, the approach to managing to increased demand, higher costs, and need for new technologies includes improving efficiencies, promoting healthy choices, better preventative

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[16] Government of the Northwest Territories, *NWT Health Status Chartbook*, Fall 2019.

[17] Deber RB, Hastings JE, Thompson GG. Health care in Canada: current trends and issues. J Public Health Policy. 1991 Spring;12(1):72-82. PMID: 2056111.

[18] Canada Medical Association. 2022. Canada's health system is on life support: Health workers call for urgent mobilization to address shortages, burnout and backlog issues. March, 2022. https://www.cma.ca/news-releases-and-statements/canadas-health-system-life-support-health-workers-call-urgent

care, early detection, more shared and integrated services, etc.[19] Included in the recent DHSS Strategy are also statements regarding future health services. The vision is for a "Better Future" with the goals including

- Building a sustainable health and social services system
- Support innovation in service delivery
- Improve accountability and manage risk
- Appropriate and effective use of resources

There is little said of these goals in the Strategy itself, but they could be viewed as a starting point in considering the Coalition's involvement in NWT health services.

Indigenous Health Service Models

It isn't particularly revealing to learn that health care is big business, or even that the demand for service is growing, and that governments across Canada are seeking ideas for improved service and reduced costs. Nor should we consider the health data presented is particularly unique to the Indigenous population in the NWT. Whether one looks across Canada or around the world, resident Indigenous populations are more likely to experience poor socio-economic conditions, are more likely to live below the poverty line, more likely to live in inadequate housing. The list goes on. And, with all these contributing factors, it is common to find Indigenous populations elsewhere with similar health outcomes.

There is a difference in some jurisdictions, however. Increasingly, Indigenous populations are taking leadership roles in the provision of health services and are having good results. The actual service being delivered varies depending on the country or province and on the governance and financial arrangements. Some began as single-service health care providers while others are far more expansive delivering a complete range of medical services. The

[19] Government of the Northwest Territories. 2017. Caring for Our People, Strategic Plan for the NWT Health and Social Services System. 2017-2020. DHSS. https://www.hss.gov.nt.ca/sites/hss/files/resources/caring-our-people-strategic-plan-2017-2020.pdf

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examples include private-sector initiatives, public-private arrangements, and publicly-funded Indigenous-run health services. Four of the examples include:

- National Medical Imaging Clinic and Education and Research Centre (James Smith First Nation, Saskatchewan)
- Southcentral Foundation Nuka System of Care (Alaska Native people, Cook Inlet Region, Alaska)
- Gurriny Yealamucka Health Services Corporation (Yarrabah Aboriginal Shire, Far North Queensland, Australia)
- First Nations Health Authority (BC First Nations, British Columbia)

These Indigenous-led health services were chosen amongst dozens because they each represent different ways in which Indigenous people are becoming leaders in providing health services. They are all different, but a common element is the attention given to the unique needs of their Indigenous clients, offering a form of care that considers their clients' history, culture, and language, offering health services that include traditional and spiritual healing alongside common health care services.

National Medical Imagine Clinic opened in 2020 after four years of planning and offers MRI, CT, Ultrasound, and X-ray screening.[20] It addresses a gap in demand by offering a service that sites between the private and public sector, accepting fee-for-service and public clients in equal measure. It is partnered with the University of Saskatchewan, the Saskatchewan Polytechnical Institute, Mitchener University, Siemens Healthineers, and Tesla University, building opportunities for education and research in addition to the provision of imaging services.

The Nuka System of Care is an Alaska Native-owned, nonprofit health care organization offering a "whole health care system, which provides medical, dental, behavioral, traditional and health care support services serving approximately 65,000 Alaska Native and American

[20] National Medical Imaging Clinic. https://nationalmedicalimaging.ca.

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Indian people living in Anchorage, the Matanuska-Susitna Borough, and 55 rural villages in the Anchorage Service Unit."[21] This is a particularly unique approach to health services. As an example, their Alaskan Native patients are referred to as "customer-owners". The Nuka System offers a full range of medical services, but gives particular attention to mental health providing rapid access to their mental health workers who are referred to as "behaviourialists". Nuka is also interesting because it is very active in promoting its approach to health services, publishing White Papers, holding conferences, and participating in speaking tours. Operating in the United States, its business model is situated within the private sector, but where there are a number of concessions for its customer-owners in accessing insurance and other benefits.

Gurriny Yealamucka Health Services is an Australian Indigenous community-owned corporation delivering Indigenous primary health care services. It is a member of the National Aboriginal Community Controlled Health Organisation (NACCHO). Similar corporations are being established across Australia. It is cited as an example here for a few reasons. The transition from government to community control has been underway for over 30 years in Australia and has faced numerous challenges that would be important to learn from.[22] Today the core business of Gurriny Yealamucka Health Services is to provide a culturally sensitive, multipurpose primary health care service for the community with the primary focus being on preventative health care including strategies that target early intervention.[23] At present, 63% of all primary care for Yarrabah Indigenous population is now covered by Gurriny Yeamamucka Health Services. It employs over 100 staff, 70 of whom are local Yarrabah people.

First Nations Health Authority (FNHA) is operated by BC First Nations. It is cited as an example for two reasons. It is a Health Authority for First Nations for the entire province, serving all regions through the provision of health services previously offered by Health Canada. The

[21] Southcentral Foundation, Nuka System of Care. https://scfnuka.com/about-us/#toggle-id-5

[22] Macalman J. et al. The Barriers and Enablers of Primary Healthcare Service Transition From Government to Community Control in Yarrabah: A Grounded Theory Study. National Library of Medicine. Oct. 2021.

[23] Gurriny Yealamucka Health Services Aboriginal Corporation. https://www.gyhsac.org.au

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application doesn't fit with the governance structures in the NWT, but is interesting in how it integrates with the BC Ministry of Health, delivering unique, supplementary, and/or complementary health services with a very specific focus on the needs of its First Nation clients. The FNHA also offers an example of the breadth of services offered and the approach in delivering those services to over 200 diverse First Nations in the province. FNHA offers primary health care through more than 130 medical health centres and nursing stations, including

- Communicable Disease Control
- eHealth and Virtual Health
- Environmental Health and Emergencies
- Health Systems Support
- Healthy Living
- Maternal, Child and Family Health
- Mental Health and Substance Use
- Nursing Services
- Research and Knowledge Exchange

Final Evaluation

There is a strong case for the Coalition to consider a deeper investigation into health services. There is a sizable gap between the health status of the NWT Indigenous population and non-Indigenous residents. There is a growing need for health services in the NWT that is being matched by a growing cost of service delivery. At present, private-sector health services are limited in the territory, but this could change as costs escalate and if an advantageous proposal can be made. At present, the GNWT has made no mention of finding private- or quasi-private sector solutions, but it has included the goals of sustainability, innovation, and effective use of resources in its previous strategy and COVID 19 has exposed long standing problems and brought about new ones that will have to be addressed. A comprehensive, mutually beneficial alternative to the status quo approach might be what is required.

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Measured against the proposed criteria:

The opportunity is located in or has direct connection to the NWT	✓
Must pass moral, ethical, and environmental standards	✓
Must offer Coalition members an opportunity to participate	✓
Must have direct, measurable benefit to Indigenous population, where	
Direct benefits include profits, employment, capital accumulation, and where	?/?/?
Development is an outcome, not a direct measurable benefit	✓

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Gaps in Remediation Economy

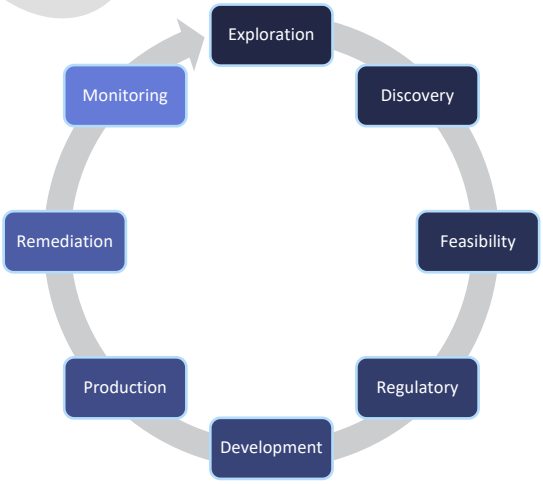
Identify a Gap

The remediation economy is a new term being used to represent the activities associated with the cleanup and restoration of abandoned mine sites. It is said to be an emerging area of economic growth for the territory. The Coalition is interested to learn about how this new industry will affect the demand for goods and services, whether it will expose gaps in the NWT business community, and whether any of these gaps represent opportunities for the Coalition.

Remediation is a part of the life cycle of mining. Not all contaminated sites are associated with mining, and not all mining sites are left contaminated, but the biggest remediation projects across the territory are associated with abandoned, contaminated, or end-of-life mining, exploration, and oil and gas sites.

Understanding Context

Mining has historically been the largest private sector within the NWT economy, at times climbing to as much as 50% of the territory's GDP, and far higher when considering its indirect and induced effects. It is a sector that is active in every region of the territory and holds incredible potential for the future even though opportunities are, at present, limited.[24]



[24] NWT and Nunavut Chamber of Mines (2022), *Advanced Exploration Projects*, Exploration, Our Industry, https://www.miningnorth.com/exploration.

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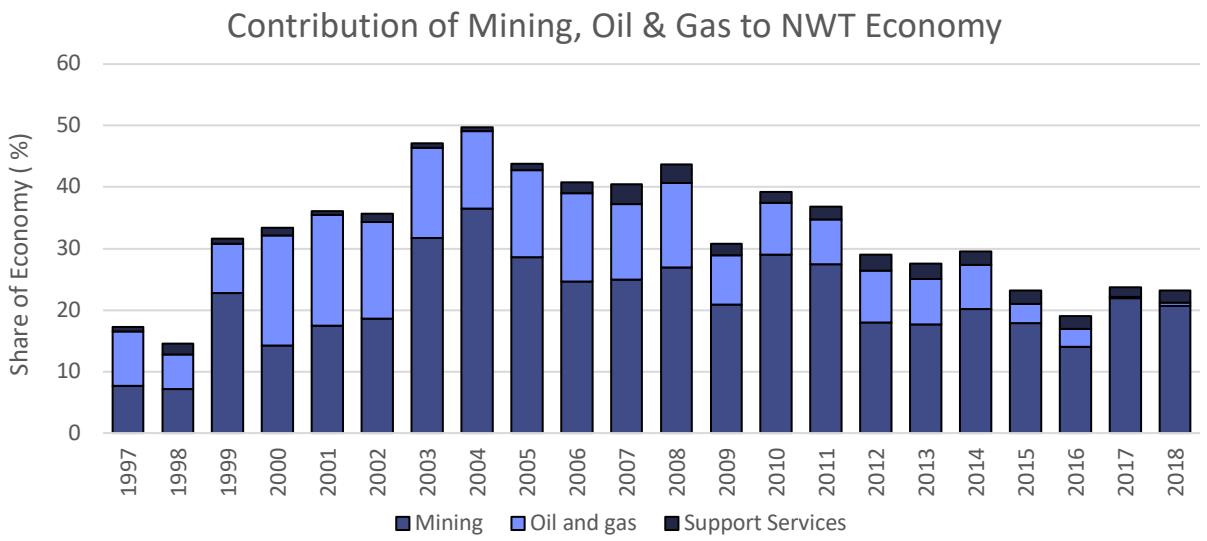

It is an especially important sector for Indigenous peoples who are owners of important tracks of land throughout the territory (see map on following page), have growing responsibilities as self-governing regions, and who are interested in improving their collective quality of life. Moreover, Indigenous governments alongside their representative economic development corporations have taken direct ownership positions in mining properties and are continuing to grow their indirect involvement in the mining sector through the contribution of machinery and equipment, mining and associated business services, and labour.

None of these statements suggest a gap, however. It is true that mining is an important sector in the NWT economy and that the level and extent of Indigenous involvement, integration, and ownership in the industry could be higher, but these facts largely point to the need for a long-term strategy of growing existing Indigenous businesses, expanding into new business areas, improving labour force participation, and taking more proactive positions with future and potential mine developments. It also points to a growing capacity within Indigenous business, which has been a barrier historically. But again, in thinking about gaps, this just means that growing Indigenous business is an achievable goal and one that we are likely to see over the next few decades so long as new mines are developed.

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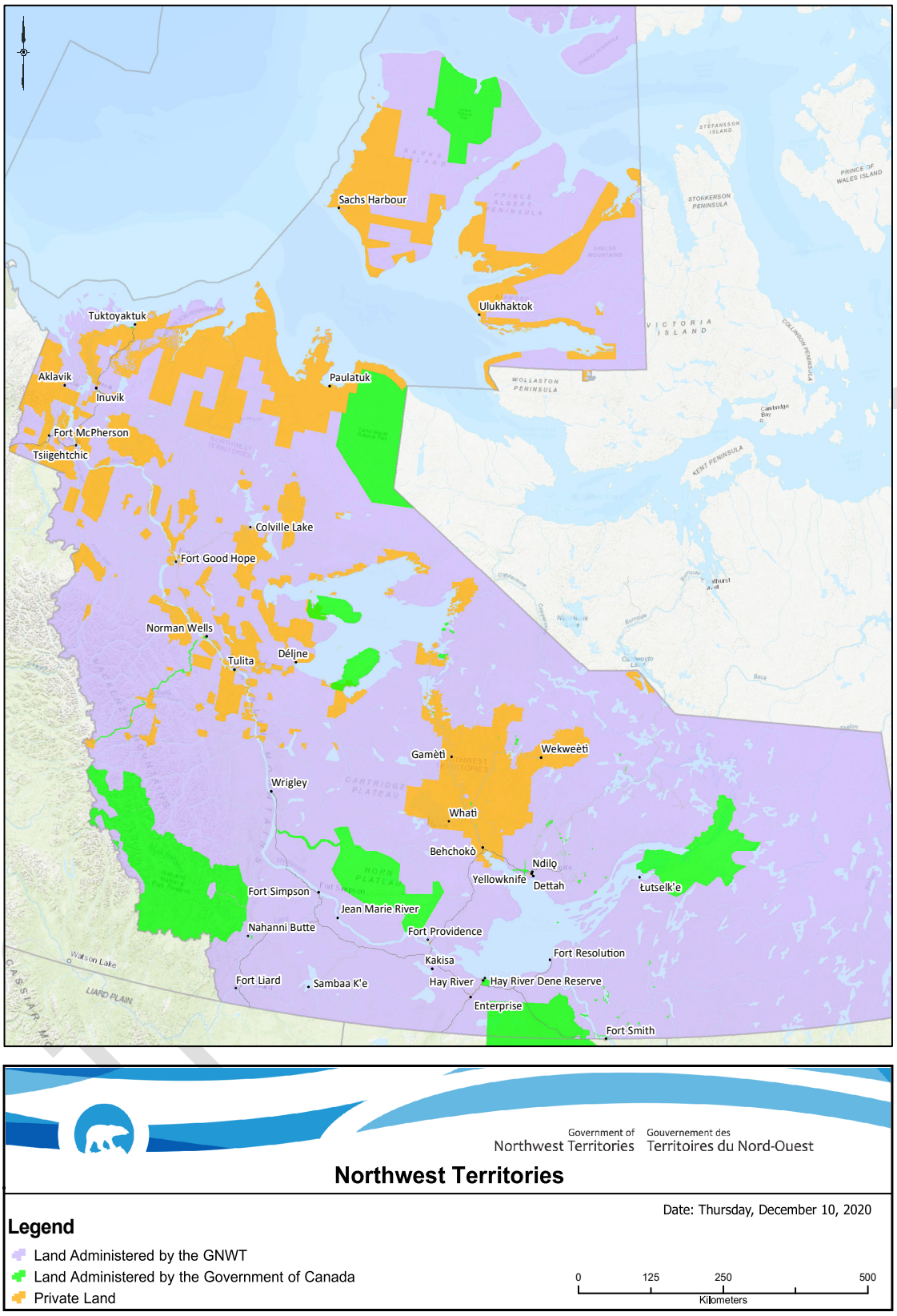
Sachs Harbour
Ulukhaktok
Tuktoyaktuk
Aklavik
Inuvik
Paulatuk
Fort McPherson
Tsiigehtchic
Colville Lake
Fort Good Hope
Norman Wells
Tulita
Déline
Gamètì
Wekweètì
Wrigley
Whatì
Behchokò
Ndilo
Yellowknife
Dettah
Łutselk'e
Fort Simpson
Jean Marie River
Nahanni Butte
Fort Providence
Fort Resolution
Kakisa
Fort Liard
Sambaa K'e
Hay River
Hay River Dene Reserve
Enterprise
Fort Smith
Government of Northwest Territories
Gouvernement des Territoires du Nord-Ouest
Northwest Territories
Date: Thursday, December 10, 2020
Legend
Land Administered by the GNWT
Land Administered by the Government of Canada
Private Land
0
125
250
500
Kilometers

To find a gap, one has to look at the current trends in the economy, and follow where the money is going; that is, what is attracting investment. The NWT's mining sector is in the latter stages of its latest life cycle. The three active diamond mines have passed their collective half-lives and at least one is in advanced stages of closure planning, and there are no major mining developments set to replace these operations. There are examples of successful businesses built on the purchase of old mines that are thought to be at the end of their productive life, where the new owner breathes life into the property through exploration and new mining techniques, and with the help of changing world markets, but this investment strategy is full of risk and therefore is not likely the sort of investments the Coalition are looking for.[25]

Meanwhile, the territory's oil and gas sector is also reaching the end of its latest run. It has long held enormous potential with proven reserves all along the Mackenzie Valley, from Cameron Hills all the way to the Beaufort Sea.

- There are opportunities in the Beaufort Delta for offshore oil exploration and for natural gas if the world market wants it—both opportunities require major infrastructure investments (e.g. deep-water port on the Arctic coast).
- In the Sahtu region, there remains some conventional oil that could still be extracted.
- There are strong indications of oil and gas deposits in the Łue Túé Sǫlái, northeast of Jean Marie River, however, this region has been identified for conservation in the draft final Dehcho Land Use Plan. These deposits are also unconventional, meaning they are trapped within shale formations and would require multi-stage hydraulic fracturing to explore and ultimately extract the resource.
- The Sahtu Secretariat Incorporated has previously proposed Project Tlegohti to develop proven oil reserves on their subsurface lands. The project requires a feasibility study. The reserves also contain a lot of natural gas, but there isn't a pipeline to transport it to markets and flaring would likely be met with resistance. These reserves are unconventional and require fracking.

[25] The Detour Lake is one of the best examples in Canada. The property opened in 1983 and was sold in 1998 while it was being decommissioned. Its new owners conducted extensive exploration of the property and found new deposits. As of 2021, it was the 9th largest gold producer in the world. Jordan, Pav (September 10, 2012). "Canada's biggest gold mine set to open". The Globe and Mail. p. B6.

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But, realistically, none of these options are viable at this time. The world price is high at the moment due to circumstances of the day, but the long-term prospects for developing NWT oil and gas on a large scale are not good. The cost of exploration and extraction are extremely high. The world's biggest investors are not likely to take a chance on Arctic oil and gas without proven technologies. And, residents of the NWT have previously stated unequivocally that they are not interested in developing oil and gas deposits if it means undertaking multi-stage hydraulic fracturing (fracking).

This leaves some small areas of potential such as the gas fields near Inuvik but not much else, at least not until new technologies offer a cheaper and environmentally-sound method to extract shale gas and Beaufort Sea oil, or prices rise high enough to spark new exploration in and around existing infrastructure.

Leaving the prospects for new mining and oil and gas developments behind, and perhaps because of the absence of opportunities in these areas, there is growing interest (especially within governments wanting to stimulate economic activity) in the activities associated with the final stages of the mining life cycle, namely to reclamation of former mine sites, collectively referred to as the remediation economy.

The federal government budgeted $49.9 billion over 15 years in 2019 for its Northern Abandoned Mine Reclamation Program that will address high-risk, abandoned mine sites in the NWT and Yukon, including Giant Mine and the Great Bear Lake Remediation Project.[26] The sum will grow higher in the future when remediation activities move to include the former uranium mine, Port Radium, the expired gas fields in the Cameron Hills in the southern Dehcho region, and the soon to expire oil fields at Norman Wells.

[26] Government of Canada (2019). *Northern Abandoned Mine Reclamation Program*. Crown Indigenous Relations and Northern Affairs Canada. https://www.canada.ca/en/crown-indigenous-relations-northern-affairs/news/2019/08/the-northern-abandoned-mine-reclamation-program.html

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The volume and nature of remediation projects will, and is already, stretching segments of the NWT economy beyond its current capacity. While it is not realistic to think that the territory can provide 100% of the goods and services (including labour services) needed for these reclamation projects, it is reasonable for the territory to see this influx of federal money as a real opportunity to grow the NWT business community and to capture a large share of the incoming dollars.

It should be a relatively easy transition for Indigenous development corporations that are already active in the mine services business to move into this arena. So the question for the Coalition is whether there are other opportunities that will be missed by existing business community and where NWT Indigenous business capacity could be advanced through Coalition investment?

Given the volume of economic activity predicted in the future and the sums of money being discussed, it does seem a worthwhile investigation for the Coalition.

Evaluating Demand and Supply Conditions

The Remediation Economy is not exclusively a public sector initiative. For example, Rio Tinto, owners of the Diavik Diamond Mine, are already undertaking remediation work in advance of its planned closure in 2025, and will continue to spend its own money on the task until the site is fully remediated. We can expect the same from De Beers Canada when it closes Gahcho Kué and from Arctic Canadian Diamond Company when it closes Ekati. Unfortunately, this was not always the approach taken by mine owners, some of whom abandoned their sites before the clean-up work was completed or without doing any remediation work at all. In those cases, the federal or provincial government is responsible. It is this latter segment of the marketplace that we will focus on in this evaluation, but the private sector demand for remediation services shouldn't be overlooked. An established, competent, remediation business sector could encourage mining companies to outsource remediation activities at their sites.

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The Remediation Economy is not an industry with its own classification within the North American Industrial Classification System (NAICS), so studying this emerging market is not as simple as an investigation into the input-output structures of a single industry, but is instead made up of several industries, including

- Support activities for mining (includes contract drilling, overburden removal, water draining/pumping)
- Other engineering construction (includes industrial construction activities which includes mine development and other mining related construction),
- Other activities in the construction industry (includes project management),
- Construction, transportation, mining, and forestry machinery and equipment rental and leasing (includes the supply of industrial machinery and equipment),
- Engineering, scientific, consulting, and other technical services, (includes engineering consulting, scientific consulting, architecture and other drawing/rendering services, communications and management consulting)
- Transportation (includes ground transportation services (trucking) and freight movement),
- Electric Power Generation, Transmission, and Distribution (includes hydroelectric power generation),
- Administrative and Support Services (includes employment services, security, facilities management, office management, and business support services), and
- Public Administration (includes the work of the public government).

A closer look at these affected industries sheds some light on the size and scale of opportunities. The remediation economy can employ, quite literally, hundreds of businesses providing all manner of goods and services. This includes direct and indirect contracting, but can be expanded upon through improved vertical integration of the supply chain (businesses selling goods and services to contractors) and through induced opportunities for retailers, hotels, restaurants, and other consumer goods and service providers.

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Affected NWT Industries (sample), Basic Prices, 2018
($, thousands)

	Support activities for mining	Other engineering construction	Other activities of the construction industry	Rental and leasing services (except automotive equipment)
Intermediate Inputs (Domestic)	8,800	61,000	14,600	1,500
Direct Imports	48,100	154,400	64,700	3,100
Total Value-Added (GDP)	89,600	75,300	49,400	5,900
Labour and Mixed Income	86,500	53,400	10,800	2,900
Gross operating surplus	2,700	20,600	34,200	2,800
Gross Output	146,600	290,600	128,700	10,500

	Related Professional Services		
	Architectural, engineering and related services	Management, scientific and technical consulting services	Other professional, scientific and technical services
Intermediate Inputs (Domestic)	5,800	6,700	3,300
Direct Imports	6,100	10,000	5,100
Total Value-Added (GDP)	33,000	13,100	9,300
Labour and Mixed Income	21,700	11,400	7,100
Gross operating surplus	11,300	1,400	2,100
Gross Output	45,000	29,900	17,700

Considering the Flow of Money

Using the ongoing Giant Mine Remediation Project as the case study, we can get a better appreciation of the size and scope of a remediation project, and the amount of money being expended. Current and planned on-site work includes

- Blasting
- Demolition
- Trucking
- Underground and/or surface mining
- Mine stabilization
- Environmental monitoring

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- Drilling, and
- Tailings management

All of this work requires a significant amount planning, much of which comes in the form of

- Engineering services,
- Scientific services,
- Public administration, and
- Community engagement.

Once remediation is completed, the site will require support for ongoing care and maintenance, as well as long-term environmental monitoring.[27]

A look at the contractors doing the work is a good illustration of where NWT capacity is at currently. The GMRP Project Team reported that 44% of the Project's expenditures from 2005 to 2020-21 had gone to northerner-based businesses, with the past year (2020-21) being the first year for implementing the remediation plan (all previous work was related to investigation and planning and dealing with immediate environmental concerns). Some of the major contracts awarded for the year's work included:[28]

Scope of Work	Supplier
Underground Care and Maintenance	Det'on Cho Procon JV
Surface Care and Maintenance	Det'on Cho Nuna JV
ETP Operations	BluMetric Environmental and Det'on Cho JV
Ambient Air Quality Monitoring	SLR Consulting (Canada) Ltd
Emergency Medical Services	Det'on Cho Medic North JV
Surface Water Ground Water	Dillon Consulting
Winter Investigation Drilling	Earth Drilling Company and Det'on Cho Management LP JV
Dam 1 Stabilization (thermosyphon installations)	Arctic Foundations
Dam 1 Stabilization (drilling)	Boart Longyear Canada
Laboratory Services (Medical)	ALS Environmental
Laboratory Services (ETP & Pilot Plant)	Taigo Environmental Laboratory

[27] Government of Canada. 2018. *Giant Mine Remediation Project, Socio-Economic Benefits*. What work needs to be done. https://publications.gc.ca/collections/collection_2018/aanc-inac/R74-49-1-2018-eng.pdf

[28] Government of Canada and Government of the Northwest Territories. 2021. *Giant Mine Remediation Project, Annual Report 2020-21*. Crown-Indigenous Relations and Northern Affairs Canada.

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Not listed in the federal government reports are the approximately 190 northern suppliers involved in the Project in 2020-21.[29] And more importantly, these reported work packages and contractors involved do not include the activities associated with the off-site professional services. In the planning stages and early in the implementation phases, professional services work consumes the largest portion of the overall budget; the vast majority of which are filled by non-NWT businesses.

GMRP Contract Expenditures ($) and Number of Suppliers in 2020-21

	Northern suppliers	Southern suppliers	Total
On-Site Work, includes Parsons and its contractors	12,443,561	9,254,717	21,698,278
% of Total On-Site Work	57%	43%	100%
# of Suppliers	120	81	201
Off-Site Work (contracted directly by Government of Canada)	552,132	17,861,714	18,413,846
% of Total Off-Site Work	3%	97%	100%
# of Suppliers	62	89	151
Total Project Expenditures	12,995,693	27,116,431	40,112,124
% of Total (all) Work	32%	68%	100%
# of Suppliers	182	170	352

Note: Separating the results by on-site and off-site work is an attempt to distinguish the work packages between those involving Parsons as the Project Managers, and those involving the Government of Canada that is responsible for the overall project including the actual project plan.

Source: Government of Canada. 2021. GMRP Annual Report, 2020-21.

The flow of money in public-sector led remediation projects is relatively easy to trace. If the GMRP is to be the model for future reclamation projects, we can expect the federal government's expenditures to be divided between

- direct spending on professional services that includes the science, engineering, project management, planning, reporting, and oversight, and
- indirect spending on the physical work associated with remediating the site, where the contractor are managed by the project manager and the financial arrangements are administered by the federal government through Public Services and Procurement Canada.

[29] A request for a comprehensive list has been made to the Giant Mine Oversight Board.

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Operations and Maintenance Budget, 2021-22 Detailed Work Plan

	Historical Expenditures (2005 to 2020)	Current Planned Expenditures (2020 to 2025)	Post Remediation	Total
	($, millions)			
Operations and Maintenance				
Care and Maintenance	188	130	35	354
Regulatory	12	16	0	16
Consultation	1	4	1	4
Investigation and Assessment	2	2	0	2
Remediation	220	545	86	545
Monitoring	4	226	189	226
Program Management	70	140	25	140
Total	496	1,062	336	1,286

Source: 2021-22 Detailed Work Plan, GMRP, Approved March 2021 (Government of Canada, publications, GCDOCS # 94256822)

Note: In addition to the O&M budget, the project will spend $63.8 million on G&C, $53.7 million on Program Management salaries, and $13 million on EBP program management.

Note: A new Implementation Plan is currently under development that will include a new work schedule and a new budget.

Final Evaluation

Immediate takeaways from the investigation thus far are these:

- The remediation economy represents Billions of dollars of expenditures in the NWT economy
- There is remediation work in every region of the territory
- Breaking the expenditures down into individual work packages reveals the opportunities for involvement stretch well beyond basic earth works-type jobs and will affect numerous industries directly and (quite literally) hundreds of businesses indirectly and through induced effects.
- Indigenous involvement to date is largely through joint ventures (JVs) with non-Indigenous southern-based firms.
- Almost every dollar spent on the planning side of the GMRP has left the territory in search of engineers, scientists, and other professionals needed by the Project.

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- And most important, there should be ample opportunities for Coalition involvement that is a win-win scenario for NWT Indigenous businesses, and Coalition investors, and the broader NWT economy.

Measured against the proposed criteria:

The opportunity is located in or has direct connection to the NWT	✓
Must pass moral, ethical, and environmental standards	✓
Must offer Coalition members an opportunity to participate	✓
Must have direct, measurable benefit to Indigenous population, where	
Direct benefits include profits, employment, capital accumulation, and where	✓
Development is an outcome, not a direct measurable benefit	✓

The next steps for the Coalition involve a comprehensive mapping exercise that considers the existing and future remediation projects, where they are located, their expected size, and the existing Indigenous businesses capable of taking on work directly, where JVs will be needed, and where JVs using NWT-based businesses exclusively might be possible. Longer-term, there are numerous opportunities for the establishment of profession and business services that are currently imported. Similar to the manner in which Indigenous businesses grew their independence over time from initial JVs in the early years of the diamond mining industry, taking a 10- to 20-year view of business growth will leave NWT Indigenous business with you capacities that didn't exist previously.

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Gaps in Indigenous-Focussed Business Services

Identify a Gap

The Coalition is curious to trace the flow of money spent by governments when it conducts research, engages with residents, holds meetings, and writes reports. Often times, the technical expertise needed for this work comes from professionals, some of whom live in the NWT, but where many more live elsewhere in Canada. But the professional fees account for only one portion of the overall cost of the work. There are still millions of dollars spent every year in support of their work. The Coalition is interested to learn whether there is a gap here worth filling, and in particular, if there are opportunities to establish partnerships for the development of a full line of Indigenous-focussed business services.

Understand Context

Millions of dollars are spent every year throughout the NWT on imported goods and services. The vast majority of imported products are goods and services that are simply not manufactured here and may not even be available for sale, and there are no practical solutions that will change these facts. But there are also millions spent on the importation of goods and services that are available here, but not in enough quantity (demand is outstripping supply), the supply isn't at a standard that is expected (lower quality), there isn't enough variation to satisfy the diversity in consumer tastes (array of choice), the local supply is isolated to individual markets and cannot meet demand beyond that local or regional market (logistical and/or distribution challenges), or the price is above what the market will bear (only niche markets are being satisfied).

One can think of numerous examples across a wide range of markets:

- the importation of food compared to the availability of locally produced food (for example, a grocery store will sell imported fish despite an active commercial fishery in the territory),

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- the importation of oil to generate power compared to utilizing existing hydro and green energy (the territory has the capacity of produce enough power for everyone, but the resource hasn't been fully developed and/or the markets for that power supply are limited to the geographic regions they serve),
- the importation of labour compared to training and employing from within the available labour supply (there are, at any given time, 1,000 or more residents unemployed and many more thousands who are old enough to work but who have left the labour market even though they might desire a job—the territory has been unable to develop this resource in a way to achieve full employment).[30]

The list can go on and on, and as is made clear from the three examples provided, one can view import substitution from numerous perspectives and is not isolated to products sold in a store.

If the NWT wishes to raise the economic welfare of the territory, looking at opportunities where NWT-made or supplied goods and services can replace imported products is an obvious area to investigate. We often hear the phrase "maximize economic benefits" and in particular, we hear that phrase in reference to major projects such as resource development projects or infrastructure projects. Limiting the concept of maximizing economic benefits to major projects is too narrow a focus. The territory is missing out on many more opportunities to increase the complexity of its economy (more domestic integration of the supply chain). Again, not every product imported into the territory represents a gap that can be filled locally, but some can. And it is those that can which hold the potential for investment if and where a business case can be found.

Finding a Business Opportunity from within Existing Imports

One characterisation of the NWT's economy is its stability. The territorial economy is incredibly stable as a result of the sizeable role of the public sector coupled with the fact that the public

[30] NWT Bureau of Statistics. 2022. *Labour Force Activity*. Data produced by Statistics Canada. https://www.statsnwt.ca/labour-income/labour-force-activity/

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sector is funded, to a large extent, by the Canadian taxpayer through an annual grant and transfers from the federal government. In 2021-22, this funding totalled $1.84 billion and represented 83% of the territorial government's total revenue.[31] The critical thing about these transfers is that the money arrives every year, regardless of whether the NWT economy is up or down. As proof, the total transfer in 2022-23 will be 3.8% higher than the previous year, equal to $1.91 billion, equivalent to $41,915 for every man, women, and child living in the territory.[32] In addition, the federal government runs its own suite of programs through various departments, including programs administered by Crown Indigenous and Northern Affairs Canada (CIRNAC), Department of National Defence Canada (DND), Department of Fisheries and Oceans Canada (DFO), etc. and it spends millions more through numerous infrastructure projects.

Between all levels of government, including federal, territorial, municipal, and Indigenous, and all forms of operational and capital spending, including health, education, defence, and transfers to persons, and when considering the direct, indirect, and induced effects of all of this spending, one can picture the dominant role and influence the public sector has on the NWT economy. Indeed, for most NWT communities outside Yellowknife, the multiplier effect of government spending likely represents in excess of 90% of all money in circulation.

Input-output multipliers for Public Sector Industries, 2018

	Direct multiplier				Total multiplier			
	Output	GDP at basic prices	Labour income	Jobs	Output	GDP at basic prices	Labour income	Jobs
Government education services	1.00	0.76	0.67	6.81	1.36	0.99	0.77	8.24
Government health services	1.00	0.64	0.56	5.56	1.30	0.83	0.65	6.85
Other federal government services	1.00	0.53	0.47	2.94	1.40	0.77	0.59	4.50
Other territorial government services	1.00	0.49	0.38	3.30	1.51	0.78	0.52	5.13
Other municipal government services	1.00	0.60	0.34	4.65	1.34	0.80	0.45	6.11

[31] Government of the Northwest Territories. 2022. *2022-23 Main Estimates*. Department of Finance.

[32] Based on the January 2022 estimated population of 45,640.

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Other aboriginal government services	1.00	0.47	0.41	8.44	1.54	0.80	0.57	10.82

Source: Statistics Canada. Table 36-10-0113-01 Input-output multipliers, provincial and territorial, summary level
Note: Jobs are shown as per million dollars of output

Narrowing Focus to One Area of Government Spending

The stability within the public sector spending can be comforting for anyone looking ahead at the territory's private sector economy that will undoubtedly suffer from mine closures over the next decade. For the Coalition, coupling the size and consistency of public-sector spending with the dominating role it plays in small Indigenous communities is reason to look more closely at the patterns of this spending. Where does the money go? What does it buy? And, are there areas where NWT Indigenous business can capture some of this money as it flows through the economy?

There are quite literally dozens, if not hundreds, of opportunities to capture some of this money before it leaves the territorial economy, in particular, in areas where local goods or services can replace those currently being imported. One such area of interest for the Coalition is the money spent on business services, with a focus on the money spent on meetings and reporting that would be in addition to the cost of the actual administration of public programs and the cost of professional services (often in the form of consultants). The area of interest includes interpretation and translation, IT support and communications, design and printing, catering, logistics, rental space, ground transportation, and community accommodations. There are Indigenous-owned or controlled private sector businesses servicing most of these areas, but when looked at as a whole, the thought is that these services are falling short what is needed, particularly when looking at markets outside Yellowknife. The Coalition is interested to learn whether there is an opportunity to fill this gap through investment and partnership in developing a full line of Indigenous-focussed NWT business services.

Identifying the Business Opportunity from within this Gap

The business opportunity is more difficult to identify in this case because the gap spans numerous different services and it not common to see them all under one business entity.

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There are a number of companies offering these services, some located in the NWT, though only some of them are Indigenous owned, while others are satellite offices of larger firms located elsewhere. These include:

- Independent interpreters and translators alongside translation service companies,
- Communications, marketing, and design firms,
- Sound and video conferencing companies,
- Conference and logistical support businesses,
- Printing services, and
- Office space rental and meeting support firms,

It is not uncommon for government-sponsored research to require most if not all of these services. Think about a standard research project that includes community engagement, regional meetings, and reports published in Indigenous languages. The cost of these numerous services is relatively high compared to the value of the contract, and just as important, for the firm that was awarded the contract, they are expensive and time consuming to organise. Critically, for the NWT and for the Coalition, the demand for these services (especially for these services in smaller communities) is growing, and when contractors are unable to find local suppliers, or don't have the time to look, they will import them from elsewhere. These are dollars that should be staying in the communities if the business community there can organise itself.

To help understand the markets being discussed, in 2018[33], the gross output of professional services industries was $137 million, of which $28 million was imported, while administrative and support services (security services, building services, and waste management) registered $45 million, of which almost $10 million was imported.[34] These industries don't capture the

[33] the most recent year in which current dollar gross output data are available

[34] The values were determined from Input-Output Identification Codes BS561B00 and BS541B00.

final draft

market exactly, but are helpful in describing the amount of money being discussed. Capturing even a small fraction of that would increase the amount of money entering these communities.

There are likely two gaps here. The first is import replacement—supplying the market with a variety of locally-produced business or research support services that are currently being imported. The second is in bringing these services together under a single banner to offer a coordinated one-stop shopping option, with a particular focus on services required in communities outside Yellowknife (though the business headquarters would undoubtedly be located in the capital city). What helps make this a true business opportunity is that southern-based professional consultancies will typically be required to include northern-based business partners in their proposals, and would prefer northern-based Indigenous partners, not to mention that finding interpreters, caterers, IT support, and even taxi services in NWT's smaller communities can be challenging.

Final Evaluation

This gap in business services is not easily defined, but there is merit in investigating it further, including consideration of how the business could come together. For example, in attempting to coral existing businesses supporting community research and engagement, it might make more sense to organise as a cooperative or, alternatively, it may require the structure of a conglomerate.

The Coalition might also look at this gap and worry that it threatens existing Indigenous-owned small businesses. It is something to consider, though it could be mitigated with the right business structure. But it is also the case that the current supply is not meeting demand, which is one of the reasons the money is flowing to southern firms.

This level of analysis cannot prove the gap represents a clear opportunity for profits. The money-making component may just be in the organisation of the business services, with the

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majority of benefits being realised at the community level, where local suppliers can benefit from a better organised industry.

Evidence supporting the business case warrants some discussion as to whether it is a suitable opportunity for the Coalition to pursue for itself, in partnership, or on behalf of regional or community entrepreneurs.

Measured against the proposed criteria:

The opportunity is located in or has direct connection to the NWT	✓
Must pass moral, ethical, and environmental standards	✓
Must offer Coalition members an opportunity to participate	✓
Must have direct, measurable benefit to Indigenous population, where	
Direct benefits include profits, employment, capital accumulation, and where	✓,✓,✗
Development is an outcome, not a direct measurable benefit	✓

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PART III: SUGGESTIONS OF GUIDING PRINCIPLES FOR THE COALITION

Listed below are some suggested guiding principles that the Coalition might consider adopting in conjunction with its investment strategy. These were developed alongside the study of investment opportunities with an aim to help in the communication of what members should expect and how they might participate.

WORK TOGETHER

This principle highlights the value of collectivity and collaboration. There is a desire for increased self-sufficiency within the Indigenous communities, but each community, on its own, can be limited by its size, resources, and geography. It is important for Coalition members to work together to achieve broader goals of Indigenous people throughout the territory.

BE CREATIVE AND WORK HARD

The initial investigation into gaps as a method to identify investment opportunities has shown an essential ingredient in future success will be creativity. The Coalition will have to be creative in defining how it can contribute to the future economic wellbeing of the territory through investment in business. The research has shown opportunities at almost every turn, but approaching them from an armchair will not cut it. Turning the gaps into opportunities for business development and long-term socioeconomic successful will require that the Coalition be dynamic, aggressive, collaborative, and willing to work hard.

STAY CONSISTENT

The Coalition is a made up of a diverse membership of Indigenous peoples across the Northwest Territories. Each has its own vision for the future. This vision includes distinct approaches to business and investment. Despite the differences, there is value in consistency of approach within the Coalition. Being consistent means meeting certain expectations on a regular basis. For example, the Coalition will not be looking at just any investment

final draft

opportunities. It has established a framework and guidelines for investment that are central to the way it operates—the Coalition has an investment strategy and will adhere to it. This consistency will lend itself to greater trust between members and reputation within the NWT business community.

ETHICALLY SOUND

Not every investment will meet the moral, ethically, or environmental standards of the Coalition, and this will be a deal breaker every time. The Coalition will not invest in projects that do not meet the investment standards it sets for itself, no matter the potential returns on that investment.

COMMUNICATE EFFECTIVELY

Effective and open communications are critical to the success of the Coalition, and will go a long way in building member support that will ultimately allow it to grow and achieve its goals. The Coalition will endeavour to communicate with its members on a regular basis, and encourage questions and discussions on its research, actions, and investments. Producing Gap Analysis Investment Reports like the ones introduced in this report is an example of reporting back to the Coalition members regarding their ideas on investment opportunities.

THINK BIG AND THINK SMALL

The Coalition was formed, in part, on the idea that together, the Indigenous people of the NWT could become more active participants in the economy through investment, and in particular, investments in major projects. This concept remains valid. However, there are only a handful of these so-called major projects, and some may not be developed in a way that will allow for the Coalition to invest.

This shouldn't leave the Coalition on the sidelines, with nothing to do. There is a strong argument for progress through a series of small steps forward, allowing for increased experience, testing, feedback, innovation, and adaptation along the way. NWT communities

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are in need of investments that are big and small, any the Coalition could find a useful role in supporting these smaller steps.

DON'T LOSE SIGHT OF THE END GOAL

The Coalition is an investment group, and as such, it will want to achieve a return on its investments. But the Coalition is also a group of Indigenous leaders representing regular First Nation, Metis, and Inuvialuit community members. The ultimate goal of NWT Indigenous people can be said to be the achievement of a high and sustainable quality of life. Opportunities to design, invest, build, sell, and/or remediate should leave the Indigenous people of the NWT better off, and this outcome cannot be compromised by the prospect of earning a greater return.

REMAIN COMMITTED, BE ACCOUNTABLE

This fundamental value will help the Coalition establish a reputation of excellence and reliability. The Coalition was formed at a time of great unease for the NWT economy. Indigenous leaders recognized that the era of diamond mining was coming to an end and other long-standing opportunities remained undeveloped or were simply no longer viable. What to do? The Coalition was formed as a mechanism from which Indigenous peoples could work together to take a leadership role in future economic activity and growth. It set out some early ideas regarding principles and objectives, developed a 5-year strategy, and along came COVID-19. The earlier momentum faltered, but the purpose and intent has not. It will be important that the Coalition maintains a commitment to these early sentiments. Coalition investments must:

- Be located in or have a direct connection to the NWT
- Pass moral, ethical, and environmental standards
- Offer Coalition members an opportunity to participate
- Have direct, measurable benefit to Indigenous population, where
    - direct benefits include profits, employment, capital accumulation, and where
    - development is an outcome, not a direct measurable benefit

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