

**SPEAKING POINTS
NORTHWEST TERRITORIES CHAMBER OF COMMERCE
BREAKFAST MEETING
NORTHWESTTEL SEVENTH FLOOR
(BDIC BOARDROOM)**

Peter Vician
September 25, 2009

Thank you for inviting me to this breakfast meeting. I would particularly like to recognize the work of Ann Marie and members of the Board. Let me say that the Chamber has been very successful in increasing its visibility across the NWT and has proven very successful in communicating with its membership on significant issues in a timely way. This of course assists us in government and is very much appreciated.

We have been through an interesting and challenging year. We are now turning the corner, and the path to continued prosperity is clearing up.

Economic Summary

Thanks to record commodity prices, and a rich resource base, we have seen unparalleled economic growth. While market conditions took a major hit over the latter part of 2008, this was also a year of record profits for companies and \$150 per barrel for oil. Last year alone, corporate profits increased by \$1.3 billion.

In many ways, the drop in commodity prices was a “wake-up call”. There are risks, whether in business or government, to relying on a few products. This time the consequences will be short lived.

Already we are seeing signs of recovery, and I expect us to weather the downturn better than most regions.

In fact, some commodities, like gold, are at record levels. Gold this morning is at \$987 and it does raise the question at what price point will we see new gold exploration and development in the NWT.

There is also continuing strength in uranium, rare earth metals and oil; and we have abundant supplies of all these resources.

Diamonds are looking brighter. According to Diavik, “rough diamond production has now returned to pre-shutdown levels... (and there has been) improvement in the market outlook.” “The winter shutdown has now been cancelled”.

While we have little control over markets, we can work our competitive position. We need to sustain and promote investor and business confidence. Investment represents business faith in the future. Planned mineral expenditures for 2009 is under \$30 million, only 2 percent of the Canadian total. While this decline is partly linked to commodity prices and capital markets, the decline has been far greater in the Northwest Territories than in other regions.

We have to be concerned with the pace of mineral exploration and investment. For example, \$76 million is being invested in Nunavut precious metals exploration, compared to only \$5 million in the NWT.

Remoteness from markets, limited infrastructure, skill shortages and a harsh climate are realities of the North. These will not change overnight. However, the investment environment is another matter. Together we need to encourage the Government of Canada to take some real action on improving our policy and regulatory environment.

Future Prospects

What about the future? Like Imperial Oil's Chief Executive Officer, Bruce March, I am more optimistic about the likelihood of the Mackenzie Gas Project now than I have been in the last five or six years. I am also optimistic about new gold mines being developed north of Yellowknife, renewed interest in oil development, rare metal earth deposits, and an expansion in tourism.

We expect construction to start shortly on the Taltson transmission line. Not only will this hydro development displace millions in imported fuel, but it will extend mine life and encourage new development.

One challenge facing business expansion is labour, and as most of you know, the problem of labour is partly tied to housing. Average rental costs in Yellowknife, before utilities, are 30 percent higher than in Edmonton, making it difficult to attract or retain workers.

However, like most challenges, this is also an opportunity. Over the next few years I am hoping we can work together to expand the range and affordability of housing.

Working Together

On the policy side, the Government is reviewing the Business Incentive Policy or BIP. We spoke with the Chamber about possible changes to BIP in the spring, and for the last few months we have been engaged with the NWT Construction Association. I remain optimistic that we will be able to bring forward changes to the BIP possibly during the session.

We are also working closely with the Chamber on a number of projects. A good example is the “Made in the NWT” branding for northern manufactured goods, run by the Chamber, supported by the Department; we have succeeded in promoting NWT manufactured goods inside and outside the Northwest Territories.

Together with the Chamber of Mines, and the NWT Construction Association, we have worked to promote the Northwest Territories as place to live, work and profit. The joint “InvestNWT” web site has solicited significant interest, while acting as a portal for information on the Northwest Territories.

Working with the Chamber of Mines, and Indian and Northern Affairs Canada, we are also working to develop an economic model, which will enable us to assess future options for the Northwest Territories. What can we expect, for example, if a new mine opens or closes.

This year also witnessed the creation of the new Canadian Northern Economic Development Agency, CanNor. While we didn't win the "head office", we did get the "Major Projects Office". This is a development that we at ITI have been advocating since Brendan Bell was our Minister and we were very pleased to see the federal government respond so quickly following their announcement to put Can nor in place.

Can nor is up and running, Perhaps more importantly, this agency has already injected millions into the Northwest Territories economy ; the Community Adjustment Fund alone has approved \$5 million in projects to help areas in the NWT hardest hit by the economic downturn.

One more program I have to mention is the "NWT Nominee Program", which is designed to fast track worker and investor immigration. The employment aspect of the program is managed by ECE, while the Investor

Program is managed by the Department of Industry, Tourism. The Entrepreneur and self employed professional programs targets immigrants who want to establish or invest in a business in the NWT. This could be a great opportunity to attract new capital or technology.

The Employment Program can also assist businesses to attract immigrants to fill critical labour shortages, including shortages in the service industries.

Let me conclude by saying that while we face significant challenges, we have never had greater opportunities. Success may be more measured, and it will require greater cooperation, energy and competitiveness.

I invite you to take up these challenges, plan your actions, as it is these actions that will secure our future. Finally, let me thank all of you for attending. Thank you.