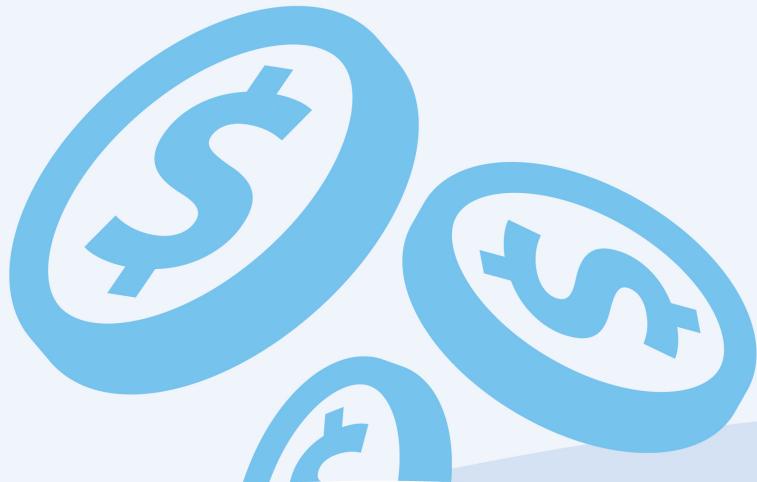




The NWT Economy

Where do we build from here?



BUDGET DIALOGUES 2021



NWT Economic Structure

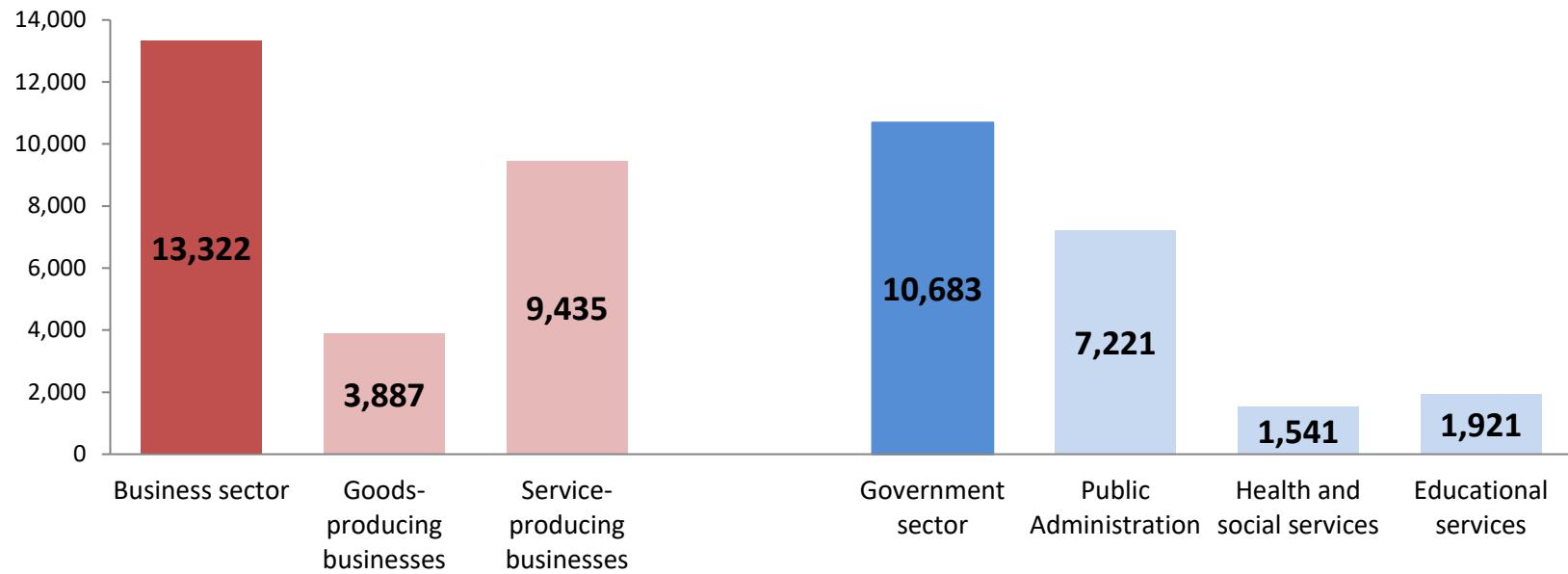
The economy is small and open. Separate activities can cause big shifts in the economic landscape:

- The economic footprint of a single mine is large and able to support multiple local businesses
- The government sector (federal, territorial and Indigenous and local) provides a stable economic base mainly funded by the federal government
- The tourist industry was expanding before the pandemic, bringing in international tourists



The Government Sector is a Large Employer

Jobs by Sector, 2020



Goods-producing businesses include mining and construction.

Services-producing businesses include wholesale and retail trade, transportation and warehousing, finance and real estate, professional services, accommodations and restaurants, and other services.

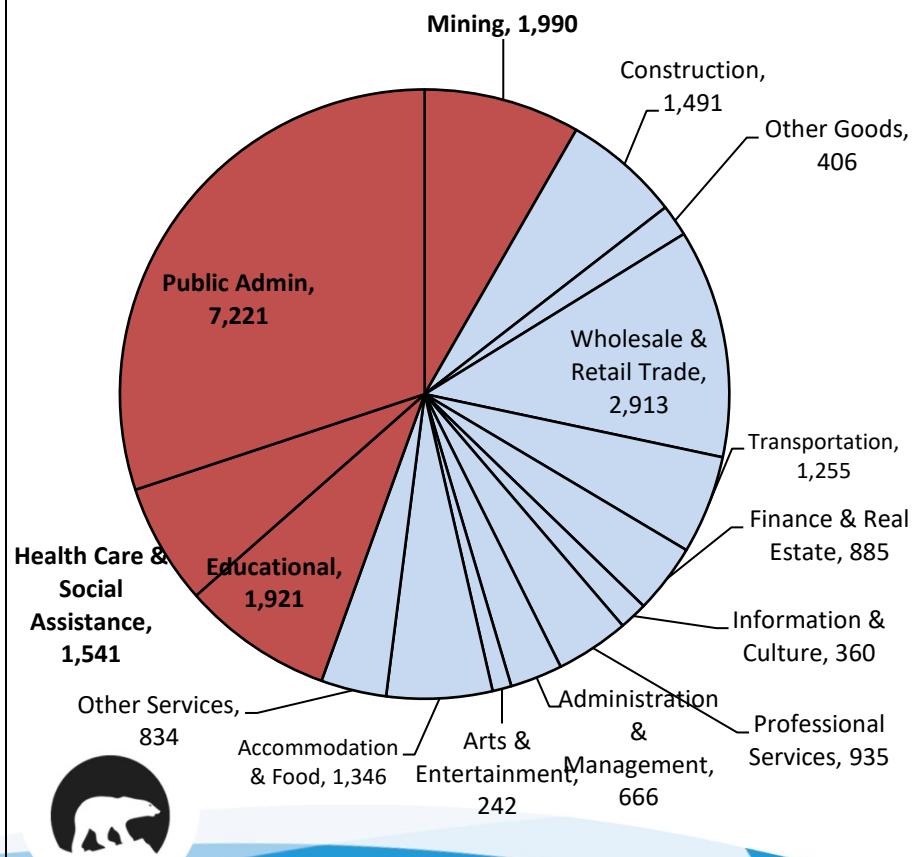
Government sector includes public administration as well as school teachers, doctors, postal workers, and other public sector employees.

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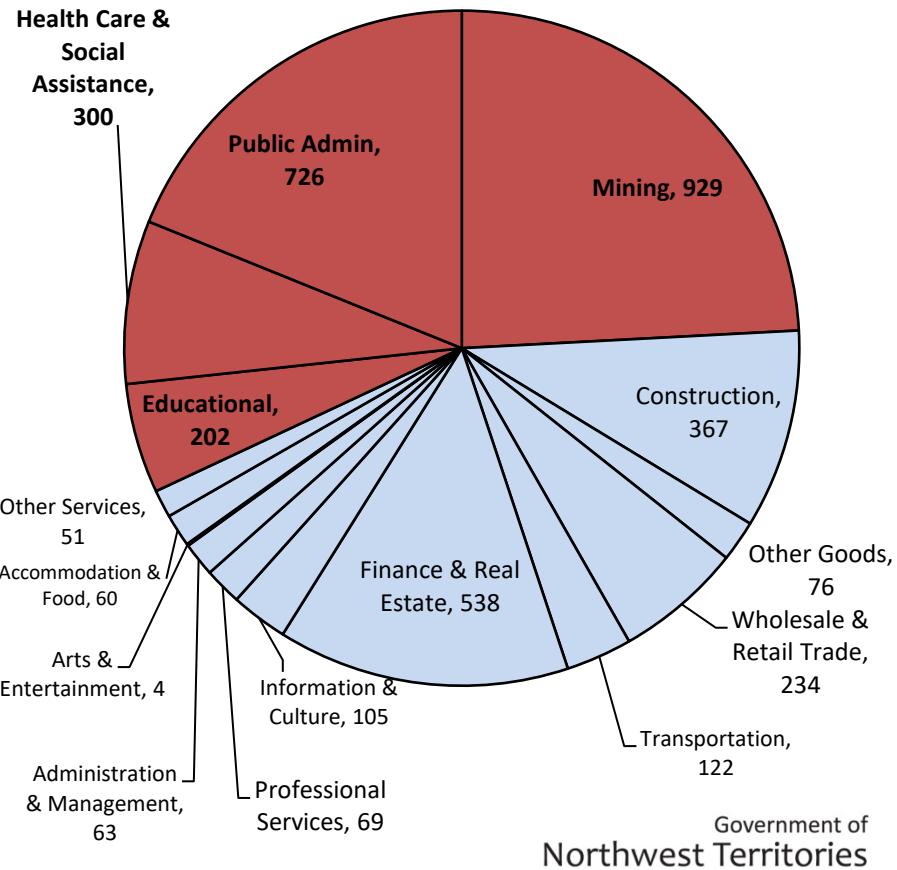


NWT Economy Dominated by Public Sector and Mining industries (measured by Jobs or GDP)

Jobs by Sector, 2020



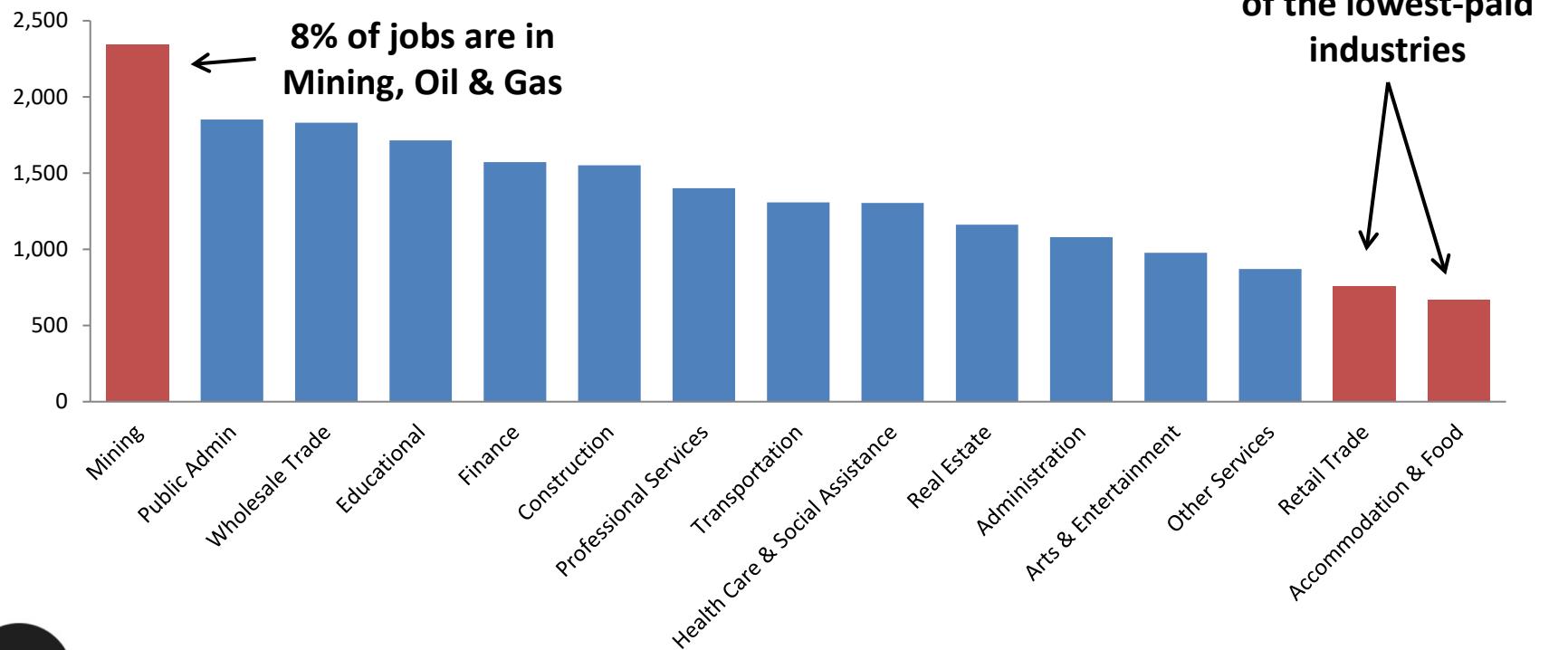
Real GDP by Sector, 2020p
(2012\$ millions)



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NWT Earnings Differ by Industry

Average Weekly Earnings
(including overtime), 2020



HOW IS THE ECONOMY DEALING WITH COVID-19?



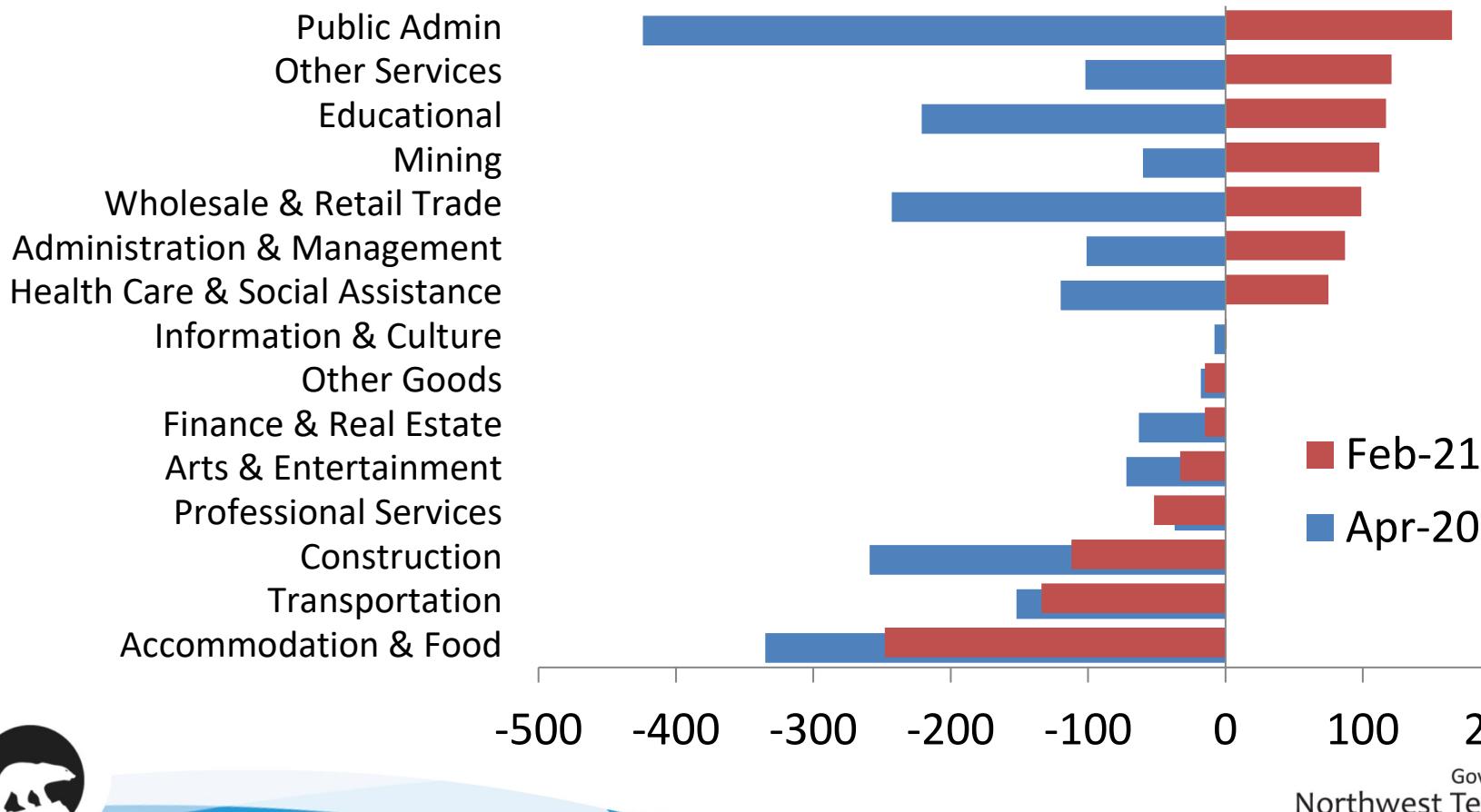
Post COVID-19

- Jobs have recovered:
 - February 2021 jobs are at the same level as March 2020.
- Economic output has not recovered:
 - 2020 and 2021 estimated and forecast to be lowest level of real GDP since 2000
- Economic risks of mines closing remain unchanged: uncertain and with linkages with other sectors and businesses
- What are the economic opportunities for the NWT and what would be the highest value for dollar invested?



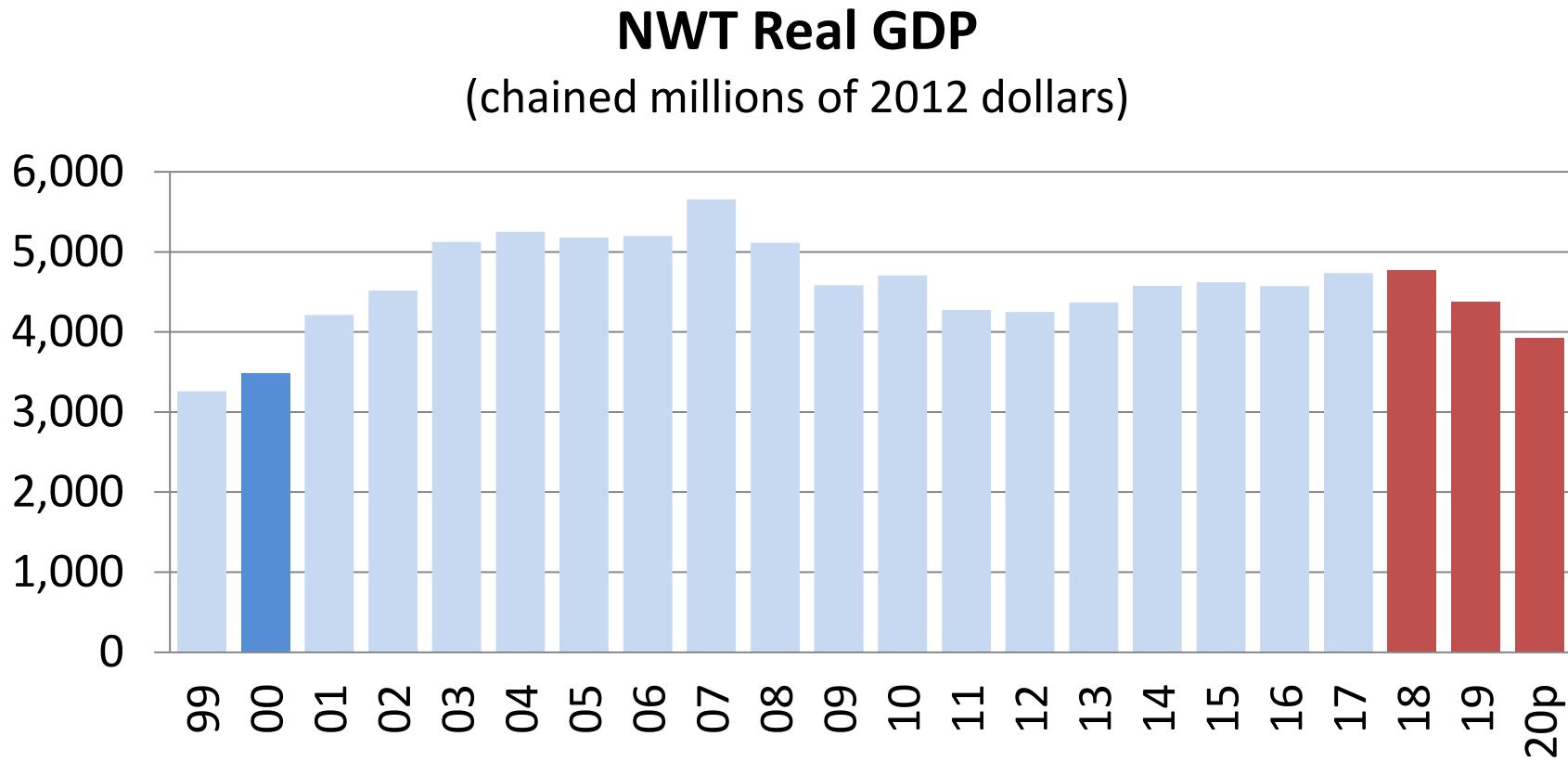
101% Job Recovery; Shift between Industries

Change in Jobs Relative to March 2020



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The NWT Economic Decline Began Before the Pandemic

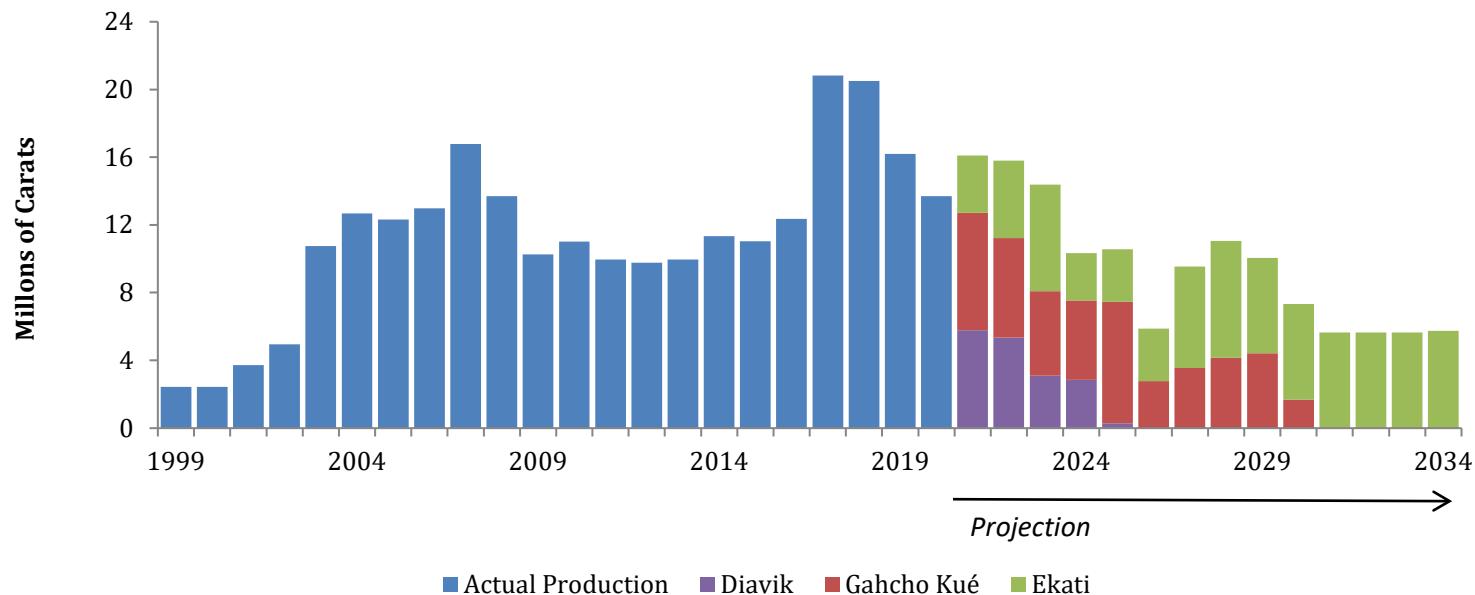


Source: Statistics Canada (p - Preliminary)

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Diamond Mines Maturing

- Expansion of the mining industry depends on successful exploration programs, environmental approvals and financing.



Note: Projection numbers are subject to change based on mine plan revisions by the private mining companies.

Source: Natural Resources Canada, mining plans and technical reports, NWT Finance



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Building a New Economic Path Means Knowing What We Can Control... And What We Can't

We cannot control:

- **Global Demand for NWT non-renewable resources:** the global economy is in recession, and demand for NWT minerals, metals, and oil/gas is down. Nothing we do as a territory can change this.
- **International Tourists:** International travel has collapsed due to health worries, travel restrictions, and recession. We have no control over this.
- **NWT Population:** NWT population is small; so too is our labour force. Most NWT residents who want a job have one. Economic growth will be constrained by the size of the labour force.



Future Economic Growth will be limited by the Small Labour Force in the NWT

- The population is assumed to be stable over the medium term.
- The economy generates more employment than the resident labour force and, at its current size, depends on fly-in/fly-out labour.
 - The resident labour force is assumed to be steady over the medium term at 23,000 people, 21,000 employed.
 - Total employment is over 26,000. Difference is filled by non-resident workers.
- Non-resident workers pay no NWT income tax but remit payroll tax.
- **Past efforts to diversify the NWT economy have not worked –** heavy reliance on government and mining has continued.



How Can the GNWT Support Economic Growth? And How do We Want our Economy to Grow?

Things We Can Support:

- **Physical Infrastructure:** roads, marinas
- **Social infrastructure:** libraries, schools, health centres, housing
- **Programs:** education, languages, counselling, child and elder care
- **Public utilities:** ferries, broadband, parks
- **Regulation:** environmental and consumer protection



Taxation: competitive

Direction of Future Growth:

- What do we want our economy to look like?
- Where do we want our tax dollars spent?
- What types of jobs do we want in our territory? In which industries?
- How can the private-sector support the economic vision?
- How can government support private businesses?

Other Information Sources

- For the Economic Review from the 2021-22 Budget visit:
- https://www.fin.gov.nt.ca/sites/fin/files/resources/budget_2021-economic_review.pdf
- The Northwest Territories Bureau of Statistics provides detailed information on economic and social indicators. Visit:
- <https://www.statsnwt.ca/>

