



Government of
Northwest Territories

The NWT Economy

Where do we build from here?



BUDGET DIALOGUES 2020



Introduction

The 2020 Budget Dialogue is an opportunity for NWT residents to learn more about how the Government of the Northwest Territories (GNWT) budget works and to share their views on spending.

The following information is provided for your reference and to help inform the discussion.

Economic Structure

- The NWT economy is small and 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; and
 - the tourist industry was expanding, bringing in international tourists

Sectors of the NWT Economy

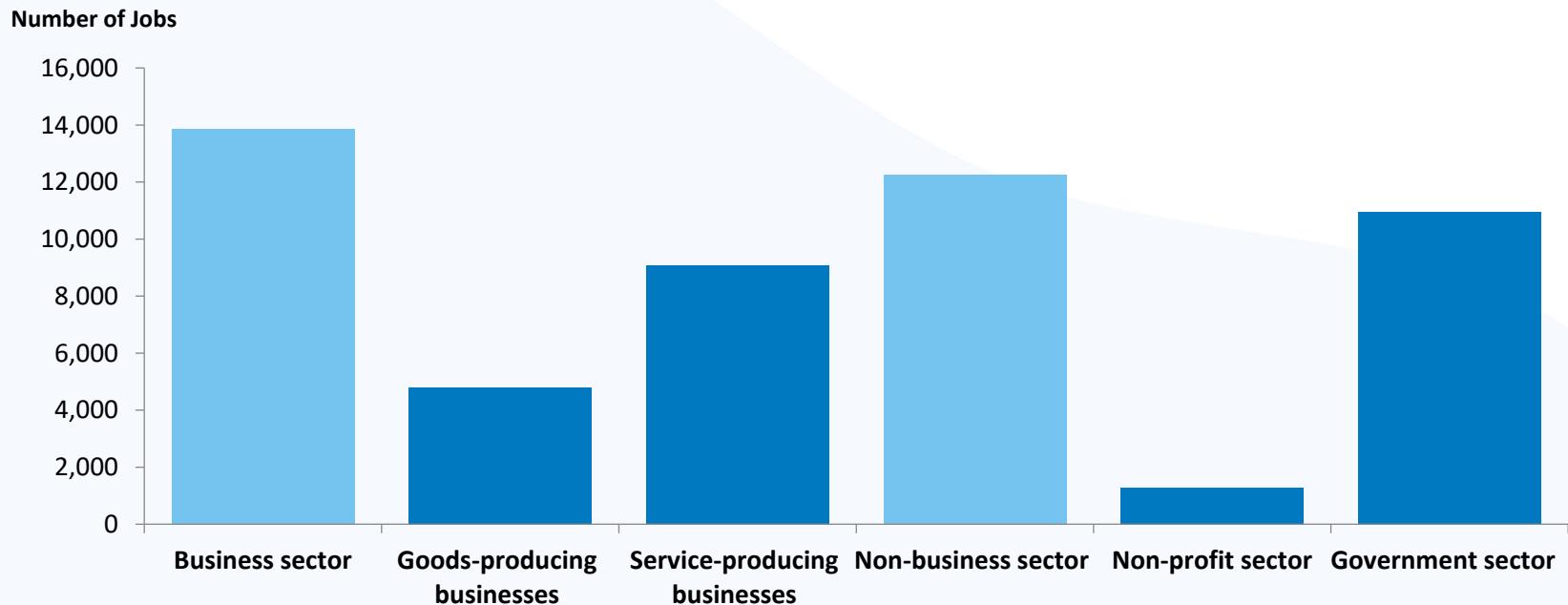
The business sector includes:

- **Goods-producing businesses**, such as those in mining, construction, and manufacturing; and
- **Services-producing businesses**, such as include those in wholesale and retail trade, transportation and warehousing, accommodation, restaurants, personal care, tourism and other services.

The non-business sector includes:

- **the non-profit sector**; and
- **the Government sector** includes public administration as well as public school teachers, doctors, postal workers, and other public sector employees.

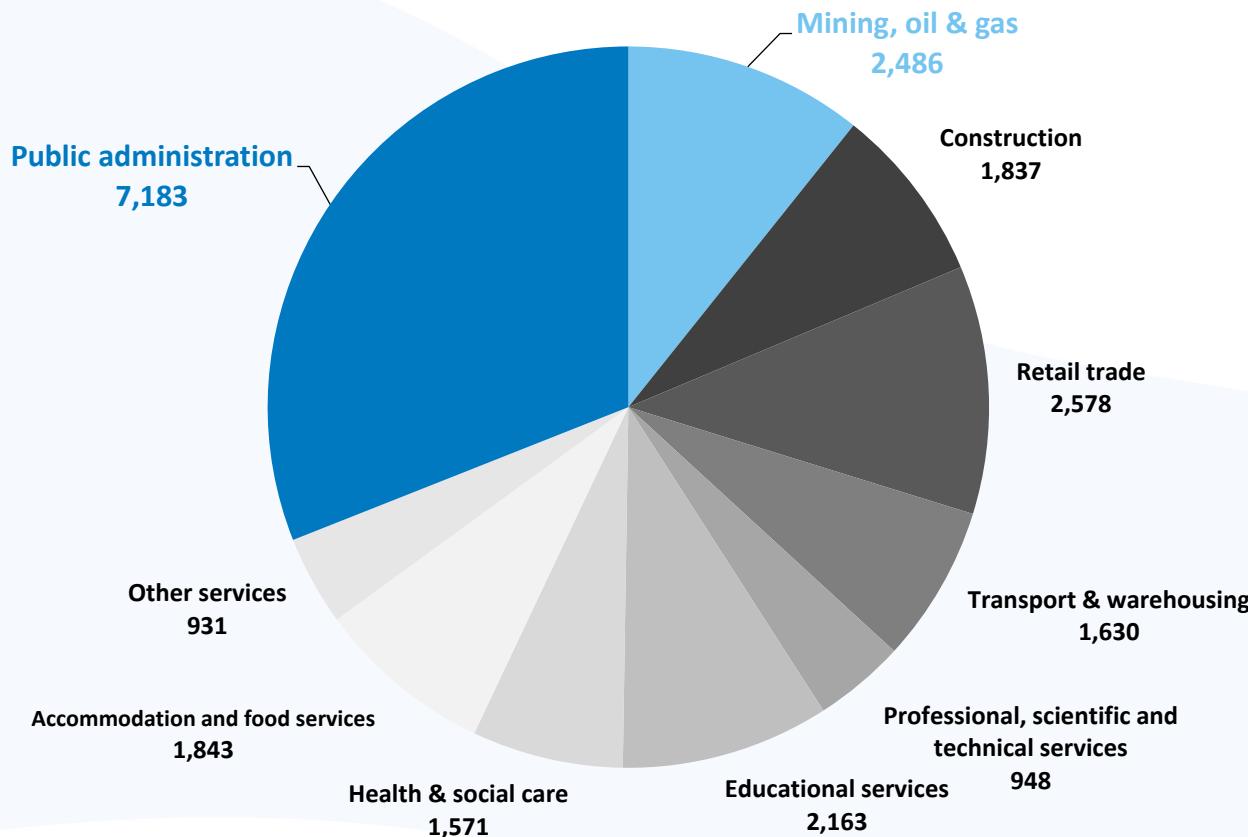
The Government Sector is a Large Employer



Public Administration and Mining Industries

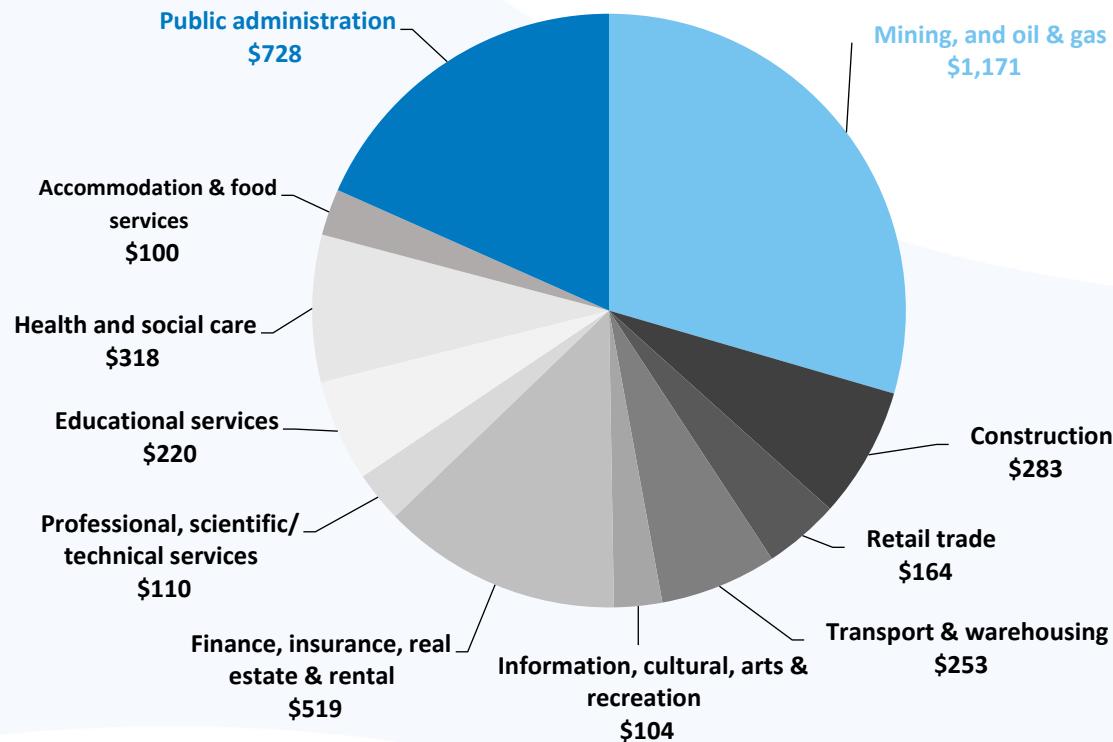
- While mining is the largest sector of the economy, generating one-fifth of NWT real GDP, Public Administration is the largest employer in the NWT, accounting for over one-quarter of all NWT jobs and generating nearly one-fifth of the territory's real GDP.

NWT Jobs by Industry



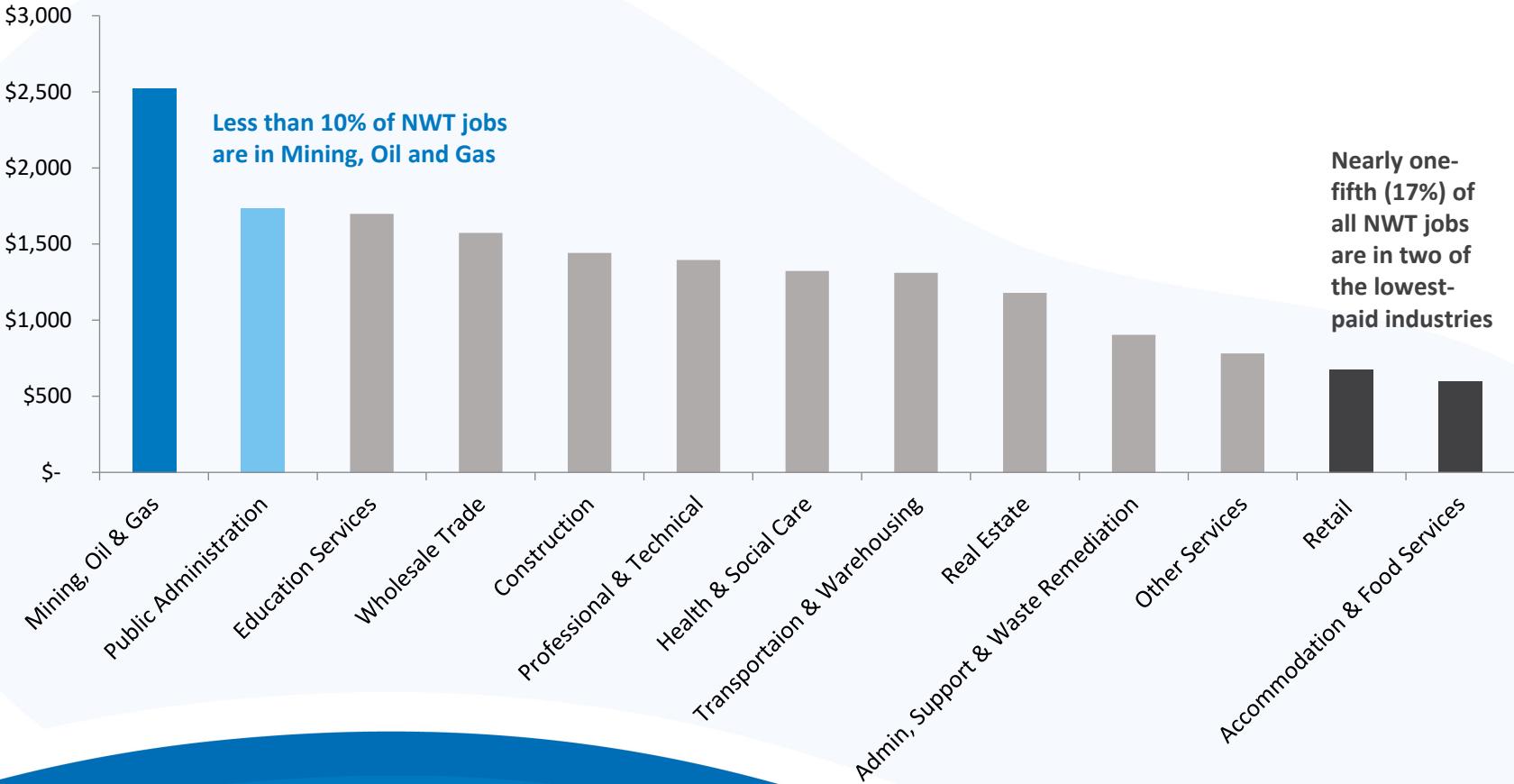
NWT Real GDP by Industry

(\\$ Millions)

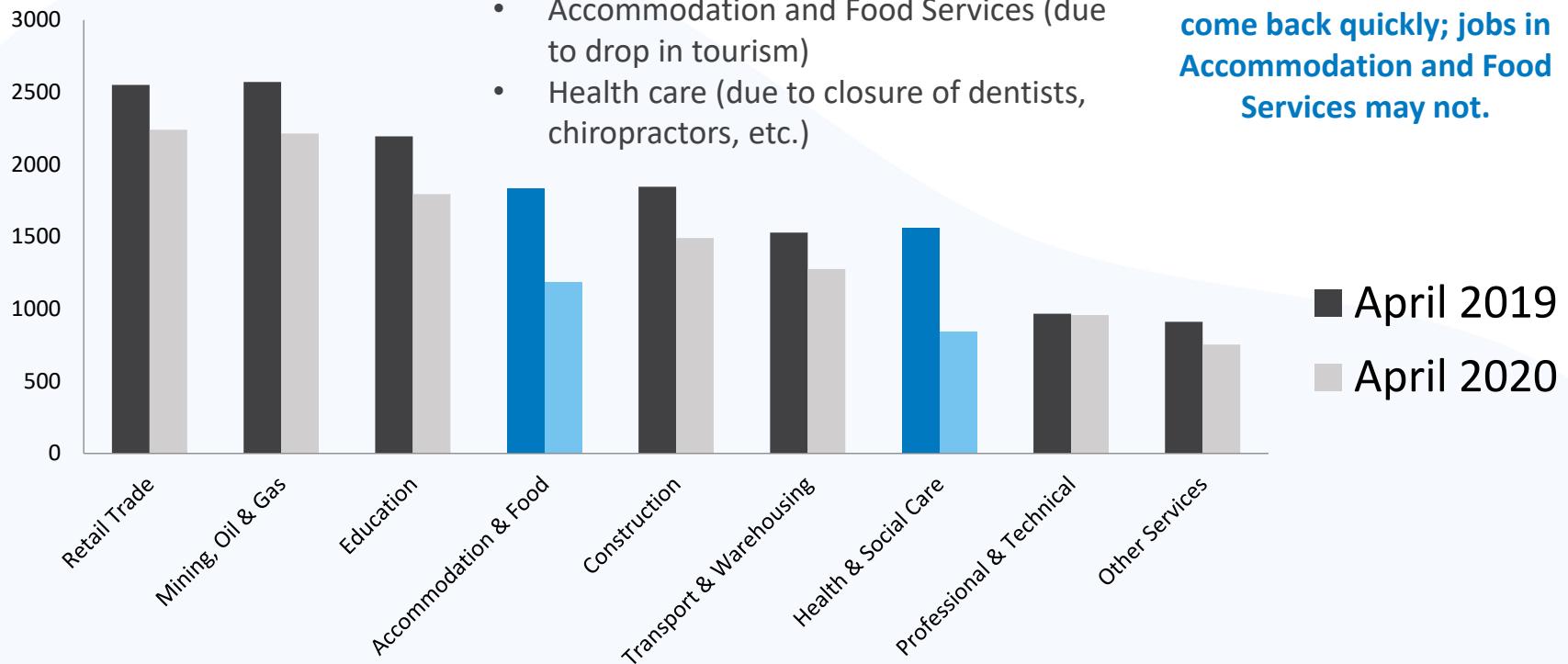


Average Weekly Earnings by Industry

Average weekly earnings
(including overtime)

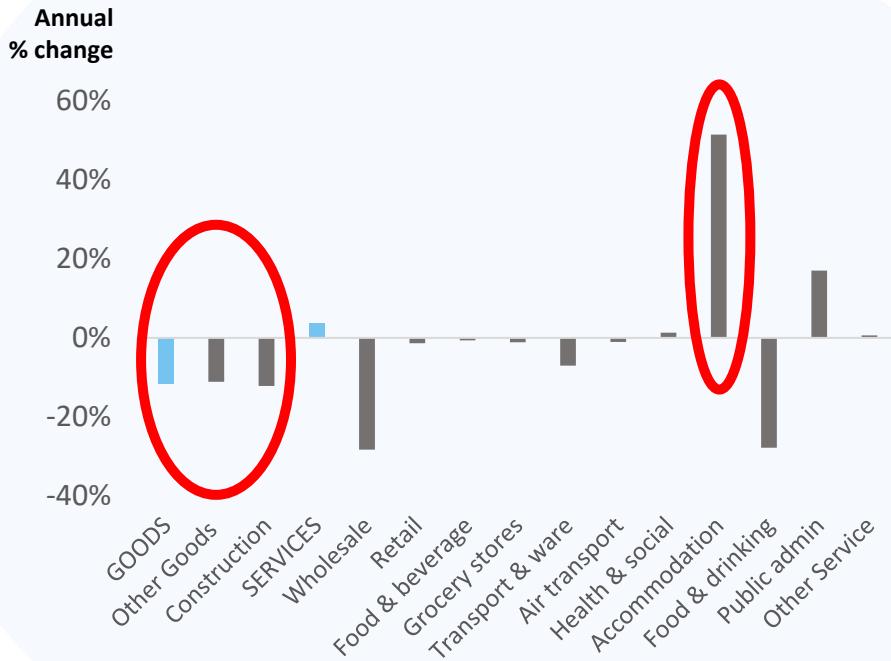


NWT Jobs (by industry)

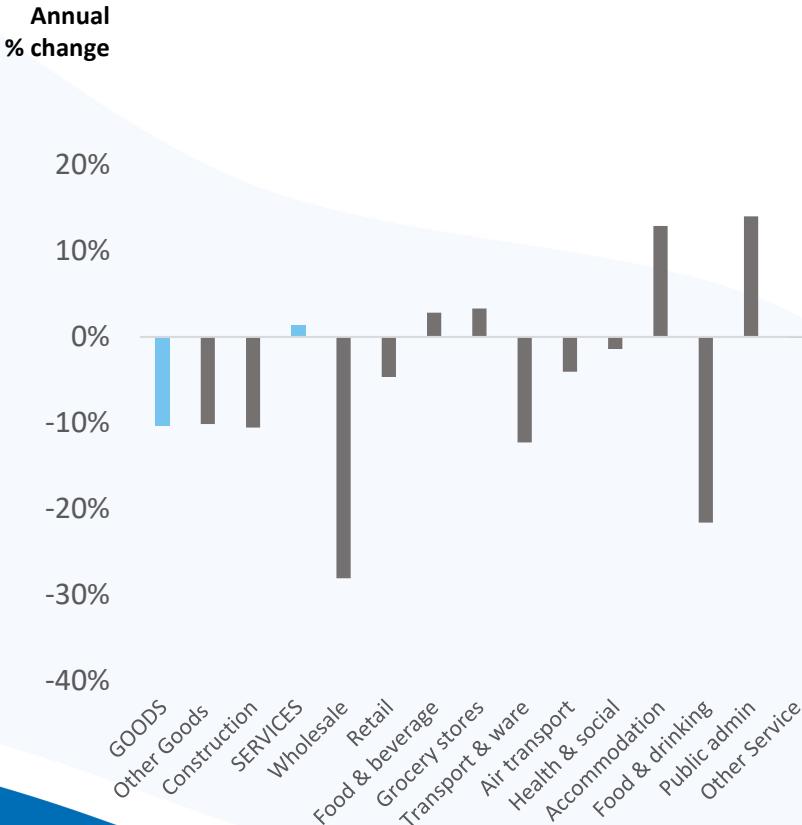


The NWT economy was in decline before the pandemic

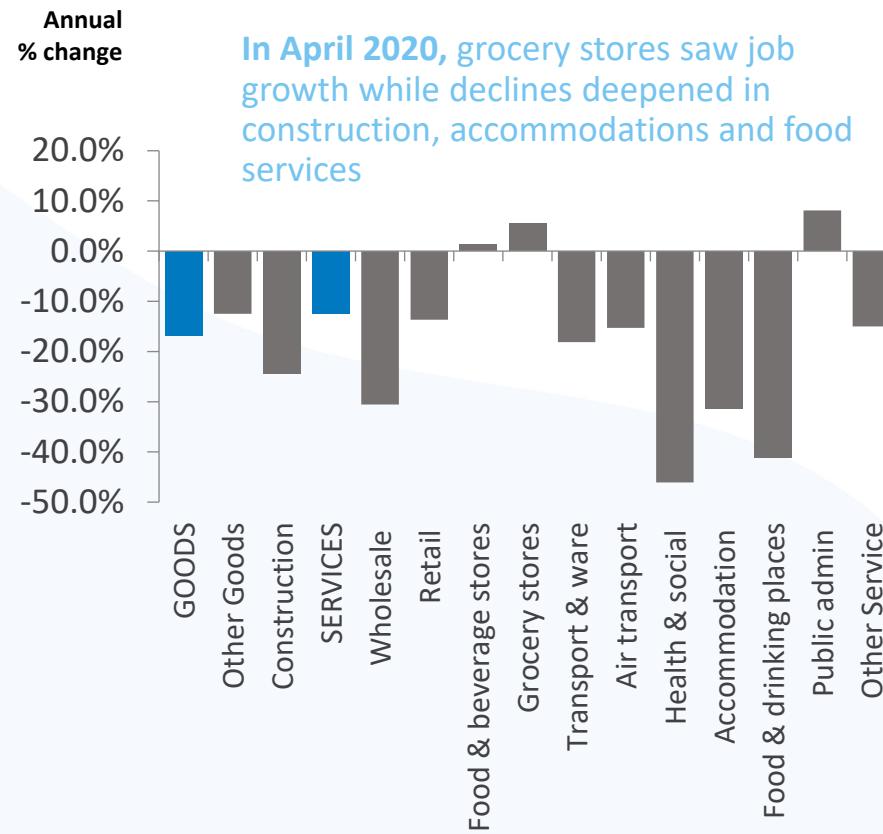
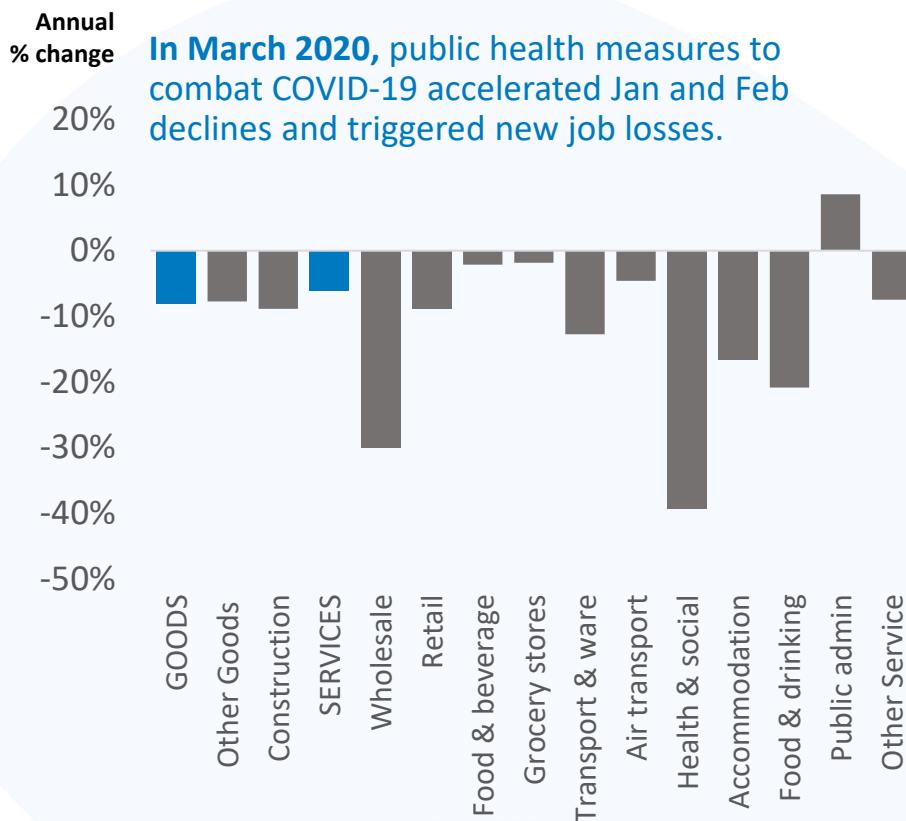
By Jan 2020, a mining slowdown and tourism upturn were evident



In Feb 2020, tourism slowed, and retail and wholesale trade declined



The immediate impact of public health measures



What do we do now?

An opportunity to rebuild

The pandemic has altered the structure of the NWT economy

- The NWT economy has been seriously disrupted; the COVID pandemic has altered the structure of our economy
- Past efforts to diversify the NWT economy have not worked – heavy reliance on government and mining has continued.
- Economic growth has a direction as well as a rate

What do we want our economy to look like post-pandemic?

What can we control?

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

What can't we 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.

The effect of a small labour force on future economic growth

- Future economic growth will be constrained by the small labour force in the NWT.
- The NWT 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 do not pay NWT income tax but do pay payroll taxes.

We want to hear from you.

- 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?

To learn more about the GNWT's budget
and budget process, visit:
www.fin.gov.nt.ca/budget