



NEWS RELEASE

NWT Minerals Industry not Supportive of new Yellowknife Airport Tax

(Yellowknife, NT – February 16, 2017) The northern minerals industry – the largest private sector contributor to the NWT economy – recommends that the NWT government not impose a new Yellowknife airport tax. It will not raise net government revenues, make the NWT more attractive for investment, or support a healthier northern minerals industry. It will add to our cost of living and doing business in the north.

The new Yellowknife Airport fee proposed by the NWT Government would amount to a tax on the NWT minerals industry. It would increase costs to fly workers and freight to and from the northern mines and exploration projects. Its potential effects on industry are not insignificant and, if approved by the Legislative Assembly, could cost a mine as much as \$500,000 a year. It will not help an industry already beleaguered by fragile commodity prices, high costs and investment challenges; nor will it help raise NWT exploration investment from its historical slump.

“This is a dangerous and slippery slope,” said Gary Vivian, President of the NWT & Nunavut Chamber of Mines. “The airport tax is counter-productive to the efforts of the NWT Mineral Development Strategy, which was created to rejuvenate NWT investment. Rather than taxing as a method to increase revenues, this government should be attracting new exploration and mining investment.”

As a “price taker”, the mining industry must accept the global market price set for its products and cannot pass increased costs on to its customers. The proposed tax will reduce mines’ profits, and thus reduce government’s royalties, including those shared with Aboriginal governments as established under land claims and the 2014 devolution agreement. Exploration companies don’t earn profits, and the tax would cut into their exploration programs. Other unintended consequences could arise if mines seek to use alternate airports to reduce those costs. Adding new taxes further erodes the NWT’s investment competitiveness, which has fallen as a Canadian mineral investment destination. The airport tax will even affect those who live and work in Nunavut and rely on Yellowknife as the mining and exploration hub of the North. The tax will not help the City of Yellowknife and many of its businesses in maintaining the City’s well-earned reputation as a bedroom community and business hub.

“As we highlighted in our presentation to Cabinet members last month, we need their help with the many northern challenges we face,” said Vivian. “We’ve lost \$1 billion in exploration investment alone over the past 8 years because of northern challenges. Adding to our concern are many other proposed costs for operating in the North from new air regulations to carbon tax to quarry rents. This airport tax just adds to that, and the minerals industry should be exempt from it. Each additional proposed cost signals a ‘we feel you should be able to manage this cost’ attitude. You can only milk a cow so hard before she falters.”

For more information on the NWT and Nunavut mining industries, please visit the website at www.miningnorth.com or contact Tom Hoefer, Executive Director at Tel: 867-873-5281 or email: executivedirector@miningnorth.com.