



NEWS RELEASE

NWT economic outlook ‘grim’, Nunavut ready to grow, reports Conference Board of Canada

(Yellowknife, NT – May 2, 2018) A dire economic forecast is projected for the Northwest Territories as diamond mines mature toward closure, warns the Conference Board of Canada, while Nunavut’s economy is on the cusp of a mining boom.

Globally, metals markets are heating up, igniting renewed interest in Canada’s North and this will benefit Nunavut and Yukon the most, where gold output will quadruple with new mining capacity. However, the Northwest Territories’ economy (Prospects Grim) is about to shift into a lower gear. Gahcho Kué has finished its ramp-up of production and no new diamond mines are expected to be built in the next decade. Thus reads the Board’s [Territorial Economic Outlook Forecast Spring 2018](#).

“It needs to be a severe wakeup call to all of our leaders reading the Conference Board’s headline ‘Economic Prospects Grim’ for the Northwest Territories,” said NWT & Nunavut Chamber of Mines President Gary Vivian. “What makes this deeply troubling is that while world markets are finally improving, we in the NWT will be on the sidelines watching our economy fall further behind,” Vivian added. “The situation is not helped when governments haven’t arrested the [NWT’s decline](#) in the essential exploration investment we rely on to find new mines. And it’s a double whammy when the Federal government [denies infrastructure funding](#) applications to support long term mineral development, the backbone of the northern economies.” According to the report, peak diamond mining has passed, production will begin to fall, and three diamond mines will close by 2035. While the report acknowledges two new metal mines will open in the next five years, it observes they will not make up for the coming decline in [diamond mining benefits](#).

For Nunavut, the economic outlook is more optimistic, according to the report. Increased mining production drove the territory’s GDP up 32 per cent last year and will continue to raise the value of the economy for several years, and wages will rise and unemployment decline. “Nunavut will add new gold mines bringing even more new benefits including a boost from the related construction,” said Vivian.

“Mining and the exploration work required to find mines, are powerful tools to provide community and government benefits, while improving economic self-reliance across the North. This does not happen magically. Supportive public and Indigenous governments can help make the territories attractive to investment, so that industry can come and turn rock into jobs and enhance business spending and tax revenues for governments. As we continue to tell governments, mining can be strengthened and sustained through a number of actions, including infrastructure investment, regulatory improvements, settling land claims, and generally maintaining access to land to explore,” he added. “Our Chamber is here to help make things better, so that we don’t face dire economic times.”

For highlights of the report, and for the Chamber’s recommendations for actions to improve investment, see attached *Backgrounder*.

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

BACKGROUNDER

The Conference Board's biannual report [*Territorial Outlook Economic Forecast*](#) examines economic and fiscal outlook for each of the territories, including output by industry, labour market conditions, and demographics.

Highlights from the *Spring 2018 Territorial Outlook Economic Forecast* are:

NWT Chapter Summary – Economic Prospects Grim

- Peak diamond production has passed in the Northwest Territories. Diamond production will begin to fall, and all three operating mines will close by 2035.
- Two new metal mines will open in the next five years, but that will not make up for the decline in diamond production, leaving mining output to fall for most of the next 23 years.
- Almost all sectors of the territory's economy will suffer because of declining diamond production. Employment will contract, resulting in higher outmigration and unemployment.
- As a percentage of the territorial population, the number of seniors will triple by 2040, putting pressure on the government's finances.
- Real economic growth will contract by 2.9 per cent this year and be flat in 2019, before falling for most of the rest of the forecast period.

Nunavut Chapter Summary – On the Cusp of a Boom, but Benefits Won't Be Evenly Shared

- Nunavut's real GDP will grow 4.4 per cent in 2018 and 9.1 per cent in 2019, spurred by new gold production at Meliadine.
- Total gold production will peak in 2021, by which time there will be five operational mines across the territory.
- The unemployment rate will remain elevated compared with those in the other two territories, but will gradually decline, falling to 11.7 per cent in 2040.
- Average wages and salaries per employee are expected to grow at a pace slightly above inflation.
- Surging gold production will push Nunavut's trade balance into a short-lived surplus in 2023.

ACTIONS THAT PUBLIC AND INDIGENOUS GOVERNMENTS CAN TAKE TO IMPROVE THE INVESTMENT CLIMATE

Actions Public and Indigenous Governments can take to improve the economic climate, and their Status	Government
Reduce Cost pressures	Say NO to regulatory cost recovery (MVRMA)
	Prevent small early exploration undergoing Environmental Assessment (MVRMA)
	Neutralize Carbon Tax when no alternatives to diesel exist
	Ensure Mineral Resources Act supports investment
	Assess and address potential costs and effects of upcoming New NWT Legislation
Improve Access to Land	Yellowknife Airport Improvement tax (lost this argument)
	Settle Indigenous Land Claims and open withdrawn lands to exploration
	Complete land use planning process and revisit existing land use plans
	Reduce land conservation initiatives – federal, territorial
	Invest in more science for caribou protection plans
	Coordinate Land Access across all jurisdiction, public and Indigenous so that the rules are the same through to feasibility study at least
	NWT: Tlicho Road funding & construction
Build Infrastructure	Advance Nunavut's Grays Bay Road & Port (Slave Province)
	Advance NWT Slave Geological Province road
	Advance cheaper hydropower
	Double MIP (Exploration Incentive Program)
Provide Exploration Incentives	Extend the 150% assessment credit
	Invest in Geoscience
	Federal 15% Mineral Exploration Tax Credit
	ECE put mining into school curriculum
Increase Public Awareness & Support for Mining	Support increased Public Awareness Program
	NWT Regional (Indigenous) Mineral Development Strategies
	Prospector & mine training funding
Public & Indigenous Governments Market North	"Unlocking Our Potential" investor messaging
	Indigenous government marketing of investment

Red problematic to investment, Green is good and Yellow is questionable.