

NWT INTRODUCTION

This review examines the current economies of Nunavut and the Western Arctic. The relationships between the two economies will change by 1999 when Nunavut comes into existence. For example, since Nunavut has such a large percentage of people under the age of 15 years, it is likely the labour force of Nunavut will increase significantly over the next decade.

As the deadline for Nunavut approaches, the transfer of public service positions to the new territory will also shift employment, incomes and taxes in Nunavut relative to the Western Arctic. In the Western NWT, the development of new diamond mine could have significant impacts on exports, employment and incomes.

The statistics in this report were largely created from data contained within the NWT Community Database. This database is maintained by the Department of Economic Development and Tourism for the purpose of monitoring development trends and markets within the NWT economy. Additional information on the database can be obtained from your local office of Economic Development and Tourism, or by phoning the Economic Planning Section in Yellowknife (403-873-7318).

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NWT LAND & POPULATION

Background

Nunavut, which will contain more than 1/5 of Canada's land mass, is expected to begin operating as a single territory by 1999. The creation of the new territory represents the first significant change in Canada's political boundaries since the introduction of Newfoundland into Canadian confederation. The land area of the Western Arctic will encompass 45% of the existing NWT.

While the land area of Nunavut encompasses 55% of the existing NWT, its population represents about 37% of the existing total. The chart also shows that the current aboriginal population is fairly evenly distributed between the two territories.

Within each new territory, the population of Nunavut will be largely Inuit; 85% of the total population. In contrast, the population mix of the western Arctic will be more diversified. The current mix of the Western Arctic's population is as follows:

- Inuit/Inuvialuit 10%
- Dene 26%
- Metis 11%
- Non-Aboriginal 53%

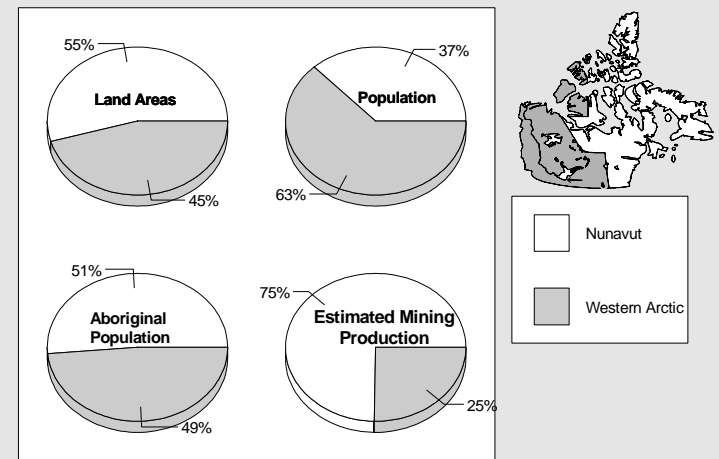
In both territories, mineral production represents the major export. As shown in the pie in Table 1, the three operating mines in Nunavut account for 75% of the NWT's total mineral sales. Nunavut currently has the NWT largest gold mine, and its only two lead/zinc operations.

Within Canada, the NWT is a relatively minor producer. Only PEI, Nova Scotia and the Yukon have lower levels of mineral production than the NWT. At current production levels the new Western Arctic territory will rank 11th within Canada, while Nunavut will rank 10th.

Future investment within the industry looks more promising in the Western Arctic, with significant potential existing for a new diamond mine north of Yellowknife and a lead/zinc operation in the Deh Cho. While there is significant exploration activity in Nunavut, there is limited likelihood of any new mine being developed over the next 5 years.

See the tables on Pages 19-22

Table 1 - Key Nunavut and Western Arctic Statistics
Land Area, Population and Mineral Production



	Nunavut	Western Arctic
Population 1991	21,244	36,405
Population Under 15	8,335	10,560
Percentage of Under 15	44%	56%
Aboriginal Population 1991	18,147	17,155
Inuit	18,017	3,538
Dene	60	9,587
Metis	70	4,020
Non-Aboriginal	3,097	19,250

NWT LABOUR FORCE

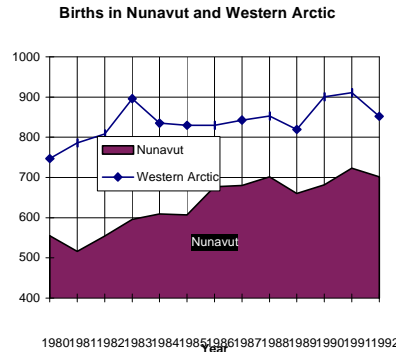
A review of the labour force involves a number of measures including an examination of population growth, employment and the demand or desire for wage employment. In Canada, the most basic measure of labour force activity is the "potential labour force", which is simply defined as that group of the population old enough to work; this is defined by Statistics Canada as all residents over 15 years of age.

It is often useful to look at the population under 15 years of age. Rapid growth within this group will result in a need for new jobs, training and related services. The chart in the next column, which highlights the number of births in Nunavut and Western Arctic, shows that population growth is much more rapid in Nunavut than the Western Arctic.

Employment and Unemployment

Figure 2 highlights key labour force information on the NWT and each of the new territories. From the charts and table at the bottom of the page we can conclude that:

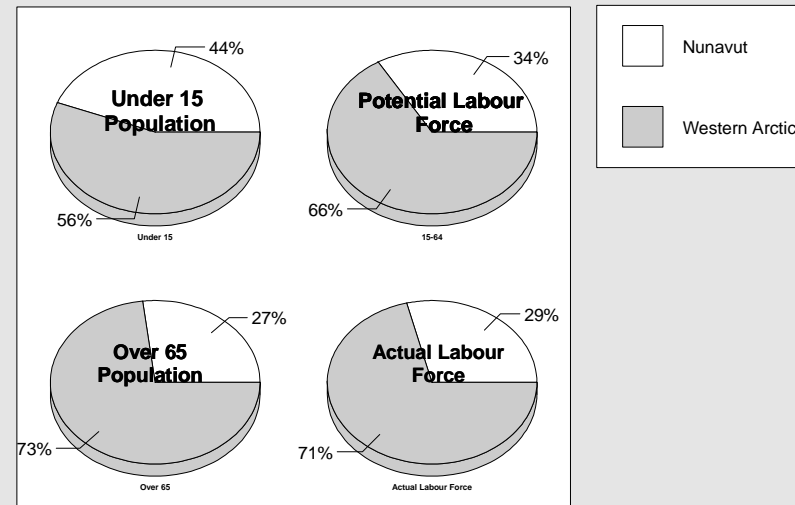
- Nunavut has a younger population than the Western



Arctic; Nunavut accounts for 44% of the under 15 population but only 34% of the over 15 population (potential labour force). This means the labour force in Nunavut will likely match the Western Arctic by the end of this decade.

- The participation rate, or percentage of people actively looking for wage employment, is 15% points lower in Nunavut than the Western Arctic. This may reflect family needs, more traditional values or simply a lack of opportunity.
- Lower participation rates in Nunavut and a large population under 15 years, results in the territory having a labour force only half as large as the Western Arctic.

Figure 2 - Nunavut and Western Arctic Labour Force Statistics



	Nunavut	Western Arctic

- Even with a lower participation rate, unemployment in Nunavut is 7% higher than the Western Arctic and twice the national average.

NWT EMPLOYMENT

Introduction

Employment and unemployment statistics measure activity in the wage or salary economy; it does not include many self employed business people in the service and retail sectors, artists, crafts people, trappers and fishermen. It also misses the "underground" and "barter" (hunting) economies.

Aside from measuring the "welfare" of its residents, employment changes are also important determinants of government expenditures. High employment means increased government taxes and reduced social support costs. At the same time, increased employment might indicate a need for expanded day care and apprenticeship programs.

Employment in the Two Territories

There are over 10,000 more people employed in the Western Arctic than in Nunavut. As shown in Figure 3, Nunavut's share of total employment (27%) is less than its share of the labour force (33%) or its share of the population (37%).

In terms of the population in each region, 31% of the population is employed in Nunavut while 49% is employed in the Western Arctic.

Unemployment

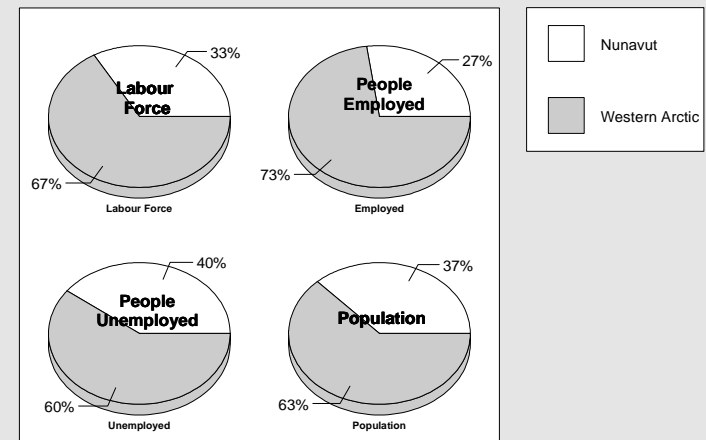
A person is unemployed if they are actively searching for work, but unable to find it. In high unemployment communities or regions, unemployment rates are often understated, since people may simply give up trying to find a job. This is referred to as the "discouraged worker effect".

Unemployment rates are significantly higher in Nunavut; in 1994, Nunavut's unemployment rate was 18% compared to 11% in the Western Arctic. Overall Nunavut accounted for 40% of the NWT's total unemployment, which is greater than its share of the population or labour force.

Although significantly higher, unemployment in Nunavut would be worse if more people were looking for work. About 66% of Nunavut residents 15 years of age or older want to work in the wage economy compared to 78% in the Western Arctic.

See the tables on Pages 23-26

Figure 3 - Nuavut and Western Arctic Employment Statistics



	Nunavut	Western Arctic
Population 1991	21,244	36,405
Participation Rate	63%	78%
Labour Force	8,160	20,070
Unemployment Rate	18%	11%
People Employed	6,670	17,805
People Unemployed	1,485	2,265
% of Population Employed	31%	49%
% With Post Sec. Training	58%	40%

NWT ABORIG. EMPLOYMENT

Statistics from the 1994 labour force survey were tabulated for aboriginal and non-aboriginal residents; an aboriginal person being defined as a resident of the NWT of Metis, Dene, Inuit or Inuvialuit descent. The charts in Figure 4 show aboriginal labour force characteristics for each territory.

As shown in the table, the aboriginal population of Nunavut is about 1,000 more than the Western Arctic. However, since a larger portion of Nunavut's population is under 15 years of age (and not in the labour force), the potential labour force for the two regions is almost equal. Figure 4 also shows a close correlation between employment and unemployment within the two regions.

In both territories, aboriginal people constitute the majority of unemployed. In Nunavut, where aboriginal people make up 85% of the population, they account for 93% of the unemployed. In Nunavut aboriginal unemployment approaches 28% while non-aboriginal unemployment is around

4%; this closely parallels differences in education levels.

In the Western Arctic, where aboriginal people make up 47% of the population, they account for 72% of the unemployed. In this territory aboriginal unemployment is an astounding 32% while non-aboriginal unemployment is only 6%.

Some factors which contribute towards higher levels of aboriginal unemployment include:

- Aboriginal people tend to live in rural areas, where opportunity and growth are more limited;
- Differences in skills and education (the non-aboriginal population has significantly higher education levels).

See the tables on Pages 27-28

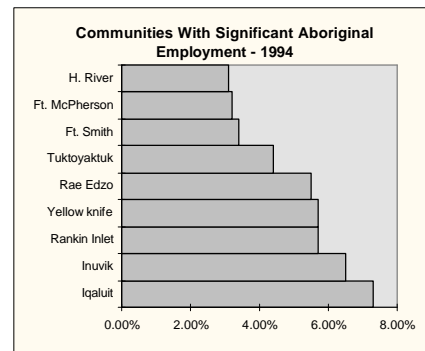
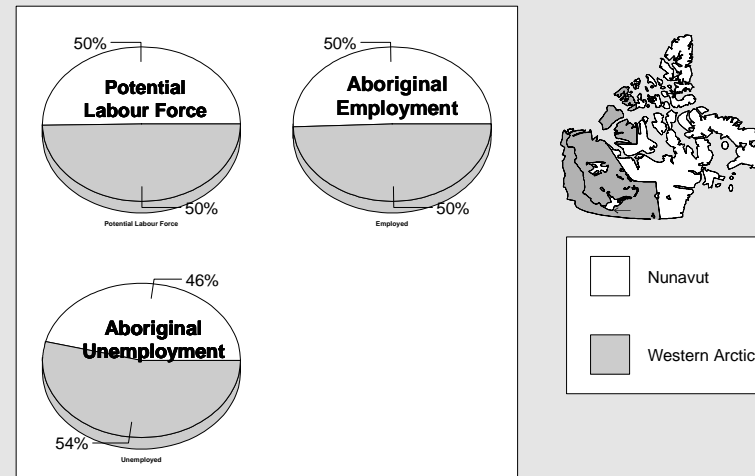


Figure 4 - Nuavut and Western Arctic Aboriginal Employment and Unemployment 1994



	Nunavut	Western Arctic

The chart at left shows communities with the highest number of employed aboriginal people. Together these communities account for 45% of all aboriginal employment in the NWT.

NWT SECTOR EMPLOYMENT

Introduction

Various types of businesses and public services can be classified into groups or sectors. In Figure 5, employment in 15 of these sectors or groups is shown for each territory.

The numbers beside each bar refer to total employment within a sector. For example, there are 25 people working within the Agriculture sector in the Western Arctic and none in Nunavut. The chart also shows that government is the major employer in each region, accounting for 5,890 jobs in the Western Arctic and 2,455 jobs in Nunavut. Other public sector activities, like education and health care, are also major employers in both territories.

Public Sector

On a percentage basis, public service or government employment is more important in Nunavut than the Western Arctic. Overall 50% of jobs in Nunavut are directly associated with government, medical or educational services. In the Western NWT, 44% of all employees work for these public institutions.

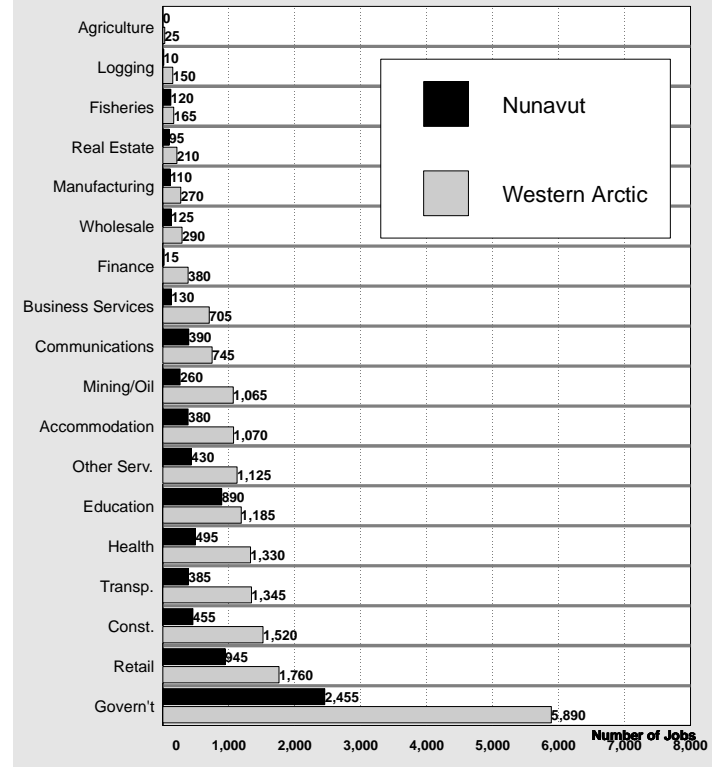
Most of the public sector variance between the two territories is accounted for by Educational Services, 12% of Nunavut's employees work for this sector compared to 6% in the Western Arctic.

Resource Sectors

The resource sector includes employees within the Agriculture, Fisheries, Logging and Mining sectors. The combined employment within the sectors represents 5% of employment in Nunavut and 7% in the Western Arctic.

Within this sector, mining and oil/gas is the major employer in both territories. With the exception of fishing, which has 2% of total employment in Nunavut, most jobs in the resource sector are attributable to mining and oil/gas employment.

Figure 5 Nunavut and Western Arctic Sectoral Employment



See the tables on Pages 29-30

NWT INCOMES & TAXES

Introduction

Information on incomes and personal taxation is available from Revenue Canada. Figure 6 shows reported incomes and taxation statistics for Nunavut and the Western Arctic.

As shown in the charts, people in the Western Arctic tend to make more money, and pay higher taxes than residents of Nunavut.

The table at the bottom of the page highlights the relative size and percentage distribution of incomes and taxation between the two territories.

Importance of Major Centers

Within the Western Arctic, Yellowknife dominates incomes and taxes. As a percentage of the region, Yellowknife accounts for:

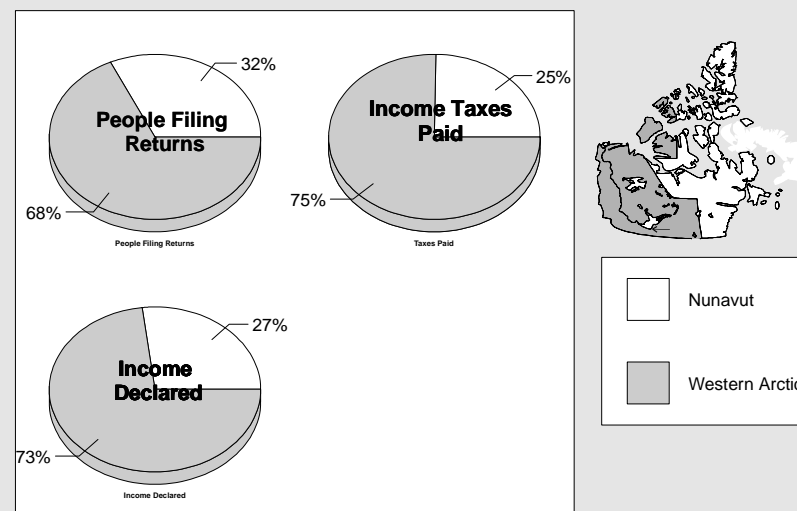
- 47% of the Western Arctic's tax filers;
- 63% of the Western Arctic's personal tax assessment; and,
- 58% of the Western Arctic's declared income.

Although Iqaluit accounts for the highest levels of income and taxation in Nunavut, the difference is not as pronounced as in the Western Arctic. Iqaluit accounts for 28% of Nunavut's declared income, 32% of its personal taxes and 20% of the tax filers. Within the NWT, the five Level 1 communities account for 68% of all income and 73% of all personal incomes taxes paid in the NWT.

- Iqaluit 7.8% taxes
- Fort Smith 4.2%
- Hay River 7.1%
- Inuvik 6.3%
- Yellowknife 47.1%

See the tables on Pages 31-34

**Figure 6 - Nunavut and Western Arctic
Income and Taxation Statistics 1992**



	Nunavut	Western Arctic
Population 1991	21,244	36,405
% of the NWT Population	37%	63%
Income Declared 1992	271,217,000	738,296,000
% of the NWT's Income	27%	73%
Taxes Paid 1992	43,885,000	133,534,000
% of the NWT's Taxes	25%	75%
Number of Tax Filers 1992	10,570	22,540
% of the NWT's Tax Filers	32%	68%
% of Population Filing	50%	62%

NWT BUSINESS OWNERSHIP

Head Office Locations

The pie charts in Figure 7 show the distribution of "head office" locations of major sectors within the NWT economy.

In general, companies requiring a high level of capital tend to have head offices outside the NWT. Mining companies, for example, need to raise capital on an international and national level, so it is not surprising that most (76%) have head offices outside the NWT. (Note: this does not mean mining companies have less of a commitment to the NWT or that they do not have significant management resources within the NWT).

On the other hand, the Retail Sector has the highest percentage of head office addresses within the NWT (97%). However, this does mean a majority of sales or profits are made by businesses incorporated solely within the NWT. The 3% of companies with head offices outside the NWT may account for 50% or more of all sales.

Number of Services By Territory

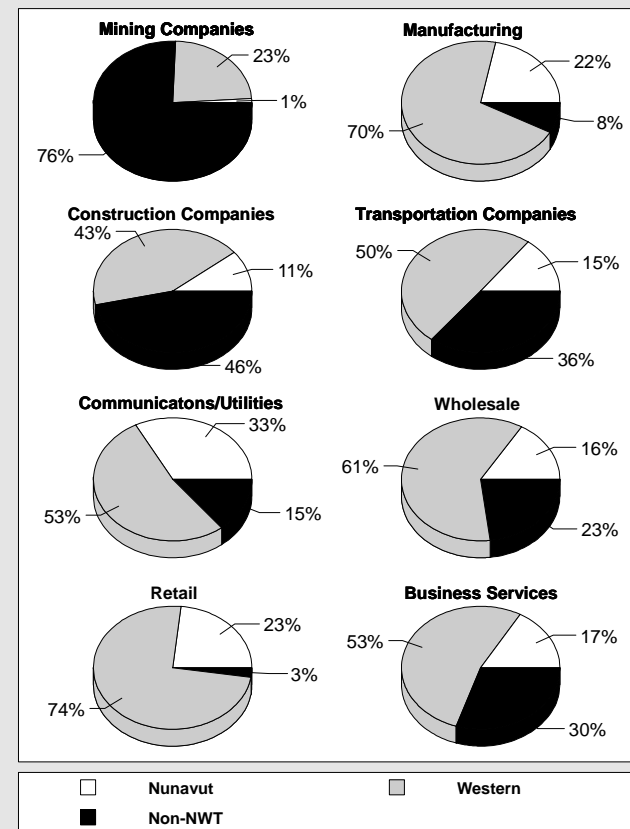
A simple measure of business development is the number of firms by territory or region. The results of this review are shown in the table below Figure 7.

As we can see, Nunavut has less than 1/4 the total number of businesses even though it has 27% of total income and about 40% of the total population. The relatively lower ratio of businesses in Nunavut likely results from a number of factors, including:

- Higher start-up and operating costs, limited support businesses (banking, accountants, etc.);
- Lack of commercial land,
- Small local markets and related factors.

See the tables on Pages 35-36

Figure 7 - Nunavut and Western Arctic **Business Statistics 1993**



	Nunavut	West	Yellowknife	Total
Number of Businesses	512	1,610	704	2,122
% of Total	24%	76%	33%	100%
Income	\$271,217,000	\$735,940,000	\$424,597,000	\$1,007,157,000
% of the Total	27%	73%	42%	100%
People	20,931	35,120	15,179	56,051
Business/Person	41	22	22	26

NWT TRADITIONAL ACTIVITIES

The 1994 Labour Force Survey (NWT Bureau of Statistics) asked residents if they participated in a number of traditional activities; Figure 8 shows the Nunavut and Western Arctic results. As shown in the pie charts, hunting and arts/crafts activities are far more important in Nunavut than in the Western Arctic, especially on a per capita basis.

In Nunavut, about 31% of the potential labour force (over 15 population) hunts at least once during the year. This number indicates a very high reliance on country foods.

In the Western Arctic, hunting is less important, with about 13% of the "over 15 year" population being involved in a least one hunt.

Arts and craft participation is also significantly higher in Nunavut with 16% of the population over 15 involved in some sort of artistic or craft enterprise; the figure for the Western Arctic is about 8%.

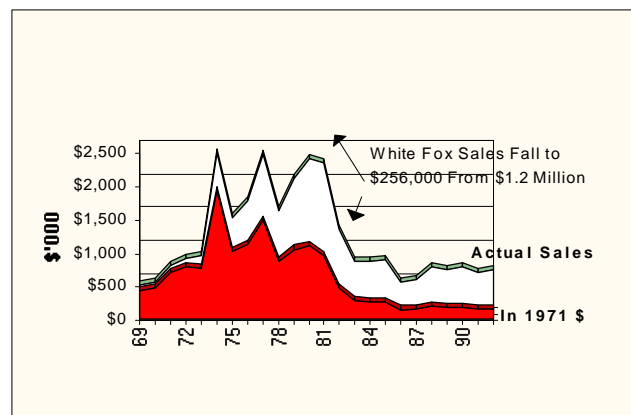
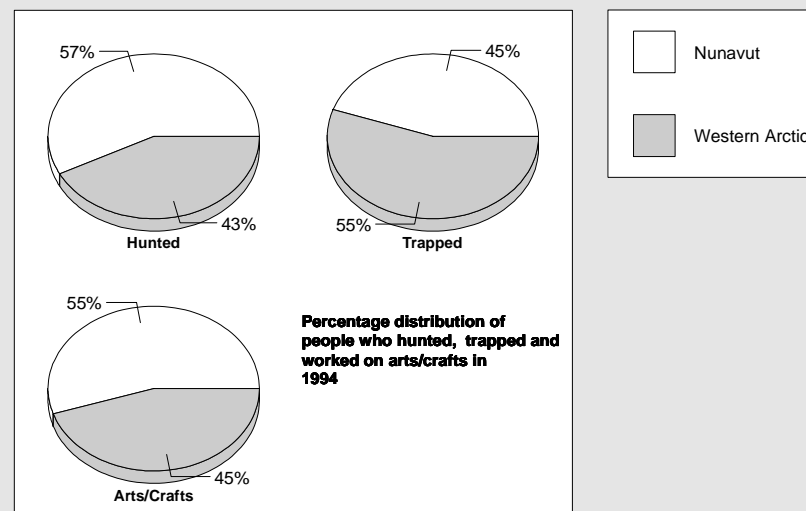
Community	Number of Hunters	Percentage of Population
Yellowknife	1052	8%
Rankin Inlet	433	22%
Fort Smith	407	32%
Igloolik	379	33%
Pond Inlet	323	45%
Coppermine	398	48%
Tuktoyaktuk	336	49%
Arviat	402	52%
Iqaluit	913	53%
Taloyoak	338	56%
Pangnirtung	359	60%
Baker Lake	427	86%

Trapping, on the other hand, is more important in the Western Arctic; there are over twice as many trappers in the Western Arctic as in Nunavut. Economic factors likely play a major role in limiting trapping activity in Nunavut; the chart at the bottom of the page shows trapping revenues from Nunavut species over the past 20 years. As shown in the chart, the collapse of white fox prices had a dramatic impact on revenues.

The table at the top of the page shows communities in the NWT with over 300 hunters. While communities in the Eastern Arctic dominate the listing, Yellowknife has the largest hunting population.

See the tables on Pages 37-38

**Figure 8 - Nunavut and Western Arctic
Traditional Activities - Distribution**



NWT HOUSING OWNERSHIP

Differences in Ownership

The four pie charts in figure 9 highlight key differences between the housing market in Nunavut and the Western Arctic. First, if you are living in Nunavut, especially outside a major center, it is probable you will be renting rather than owning or building your own home. Only 8% of the housing is privately owned.

In the Western Arctic home ownership is far more important; 41% of the housing is privately owned.

Differences in Types of Housing

There are also significant differences in the types of housing in each territory. In Nunavut almost all housing is "row housing" or "single detached" housing. These are the most expensive types of housing and their predominance likely reflects the lower levels of home ownership.

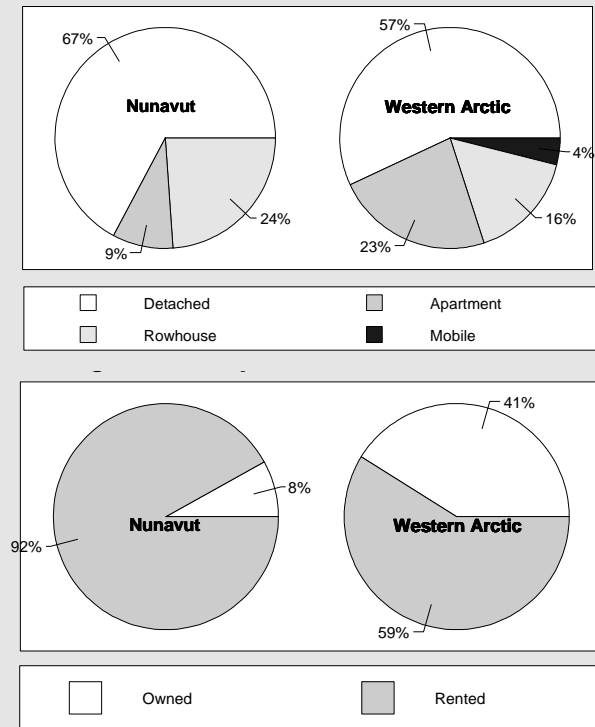
In the Western Arctic, more affordable housing (like apartments and trailers) form a greater portion of the housing stock. This preference for "affordable" housing may reflect the higher incidence of home ownership.

In Nunavut, only 9% of the population lives in apartments compared to 23% in the Western Arctic.

Over future years we can expect housing demand in Nunavut to exceed that in the Western Arctic. Currently 39% of Nunavut's population is under 15 years of age (the ratio is 29% in the Western Arctic).

See the tables on Pages 39-42

**Figure 9 - Nunavut and Western Arctic
Type of Housing in Nunavut and the Western Arctic**



NWT SOCIAL ASSISTANCE

Community social assistance numbers are available from the Department of Health and Social Services, Government of the NWT. Aside from income or "cash" assistance, people receiving social assistance also live in subsidized public housing. The cost of the latter subsidy is not included within the analysis.

Figure 10 shows the social assistance payments made in Nunavut and the Western Arctic. In total, Nunavut, which has less than 40% of the total population, receives about 60% of social assistance payments. Higher payments in Nunavut may result from a number of factors, including larger family sizes, higher living costs or limited alternatives.

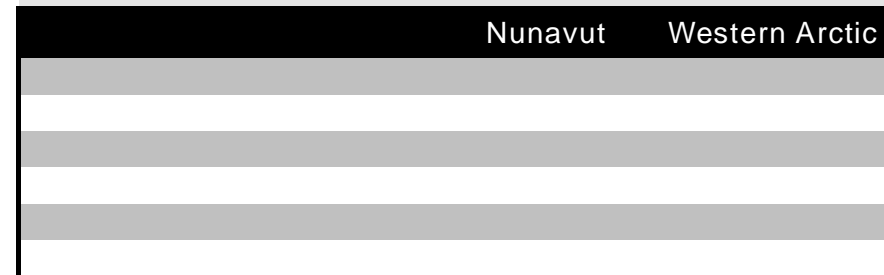
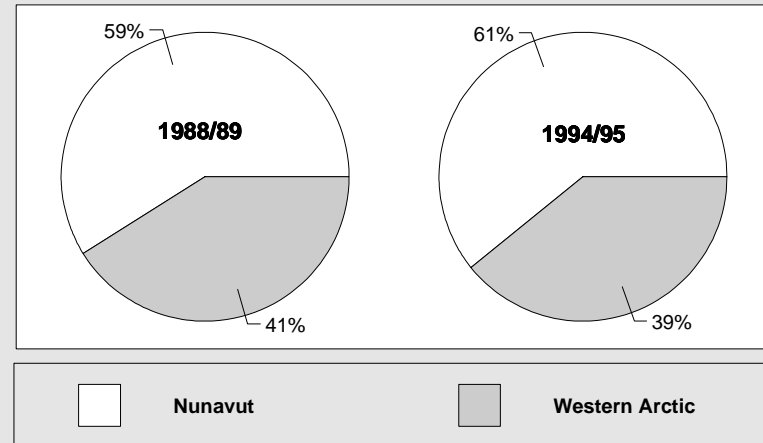
Although the overall impact is small, Nunavut share of social assistance is increasing. Since 1988/89 the value of payments in Nunavut has grown by \$9.4 million compared to \$5.4 million in the Western Arctic. Figure 11 on page 11 shows the trends in each region.

Communities With Declining Assistance

Since 1988/89 prices in Canada (as measured by the Consumer Price Index) have increased by about 15%. Although individual community price indexes are not available, we would expect assistance levels to increase by at least 15% to simply equalize buying power. Communities in the NWT in which assistance increased by inflation or less include:

■ Cambridge Bay	63%	of 1988	
■ Coppermine	64%	" "	
■ Nanisivik	0%	" "	
■ Resolute Bay	71%	" "	
■ Detah	49%	" "	
■ Holman	87%	" "	
■ Kakisa	88%	" "	
■ Nahanni Butte	26%	" "	
■ Paulatuk	116%	" "	
■ Sachs Harbour	100%	" "	
■ Trout Lake	39%	" "	
■ Wrigley	82%	" "	

**Figure 10 - Nunavut and Western Arctic
Distribution of Social Assistance Payments**



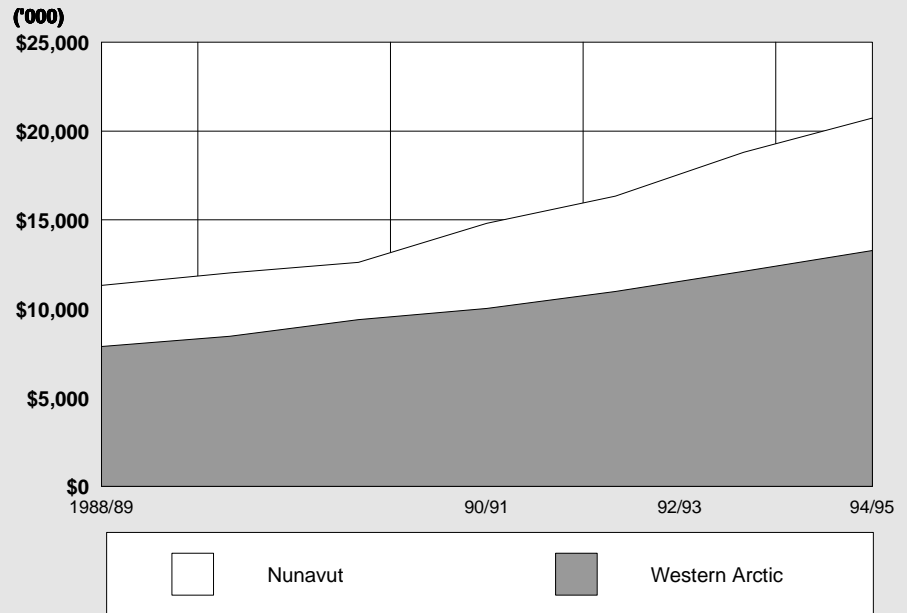
Communities With Large Increases in Social Assistance

Many communities had significant increases in social assistance. In the following communities, the increase exceeded 250% over 5 years:

■ Arctic Bay	477%
■ Broughton Island	313%
■ Iqaluit	332%
■ Pangnirtung	283%
■ Pond Inlet	270%
■ Aklavik	234%
■ Hay River	307%
■ Hay River Reserve	347%
■ Las La Martre	275%

See the tables on Pages 43-46

**Figure 11 - Nunavut and Western Arctic
Growth in Social Assistance Payments**

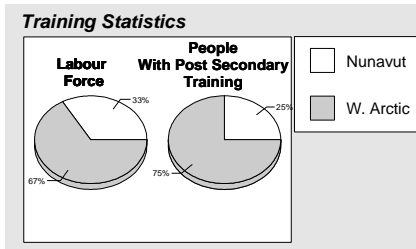


NWT TRAINING

Training and Employment

Figure 12 shows the close relationship between population post secondary training and community employment. A good example is the community of Detah, which is only 30 minutes from Yellowknife. Only 6% of this communities population has post secondary training compared to 35% in the community of Yellowknife. At the same time, unemployment in Detah, at 30%, is among the highest in the NWT.

The chart also shows the relatively high training needs of public sector and resource jobs. In Nanasivik, for example, 28% of the total population has post secondary training (this could be a trade, college or university training).



Similar skill levels are evident in all major government centers:

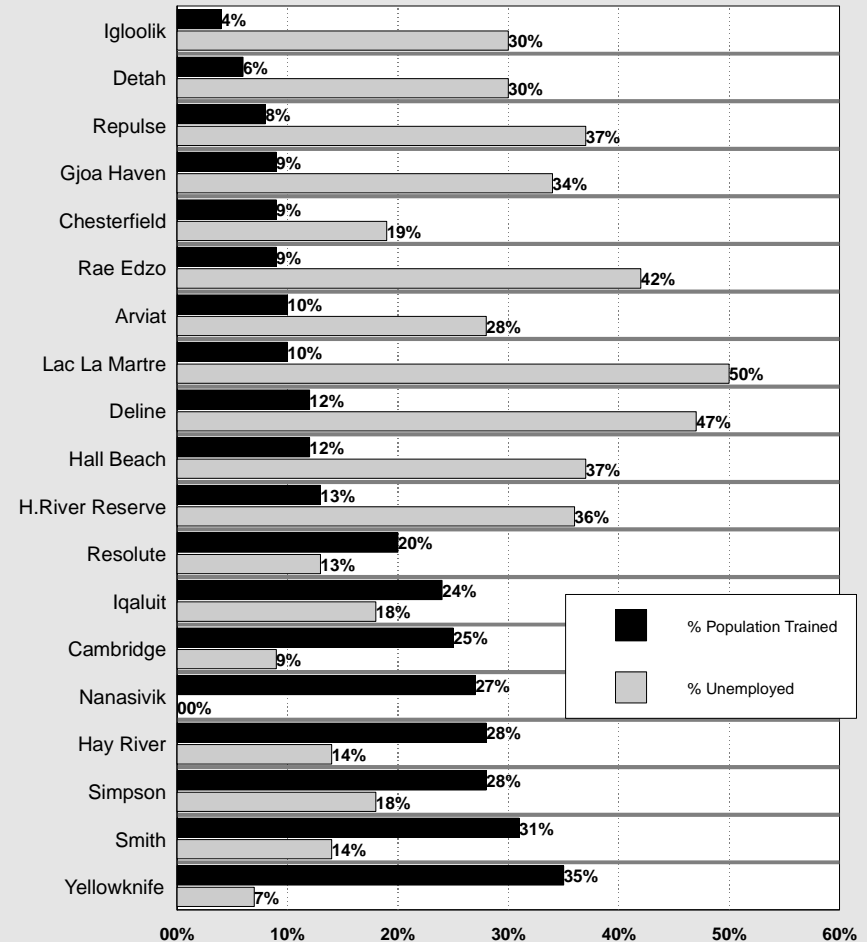
- Iqaluit 24%
- Simpson 28%
- Smith 31%
- Yellowknife 35%

In the NWT as a whole there is 13,425 people with post secondary training; about 10,000 of these or 75% currently live in the Western Arctic.

Differences in the level of training also exist between the male and female populations. Overall slightly under 60% of the people with post secondary training are male. The percentage is slightly higher in Nunavut than the Western Arctic.

See the tables on Pages 47-48

Figure 12 Nunavut and Western Arctic Training and Employment



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