Northwest Territories Labour Market

since the COVID-19 Pandemic and Job Recovery Projection

Discussion Paper
Department of Finance
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Le present document contient un résumé en français

Government of
Northwest Territories

This paper was written using the most recent and accurate data available at the time. The data however is continually being updated, and historical data revised.

Contents

Executive Summary

The effect of the COVID-19 pandemic on the Northwest Territories labour market continues to evolve. Although long-term effects are continuing to unfold, after six months, the following key highlights have become clear:

- In the first quarter of 2020, jobs and NWT resident employment were rising from the seasonal low at the start of the year. The COVID-19 pandemic halted and reversed this increase.
- The majority of Northwest Territories job losses were for non-residents. The labour force survey of Northwest Territories residents indicates a reduction of approximately 1,000 jobs from early spring when health measures were taken, until June/July, while payroll data from the Survey of Employment Payroll and Hours (SEPH) (which measures all NWT jobs held by residents and non-residents) indicated a loss of almost 4,000 jobs by May.
- Youth employment was harder hit than other age groups, with many summer jobs filled by re-deployed older workers. As a result, the youth participation rate fell by over 10 percentage points between January and July of this year, while the youth employment rate fell to a low of 33% in June 2020 before recovering slightly to 35% in July; well below the overall employment rate of 62%.
- Employment reductions in the service sector accounted for 81% of all job losses since the start of the year. This was largely because the services were specifically hard-hit by pandemic health measures, but also because service sector jobs comprise roughly 80% of all Northwest Territories employment. While many of these service-sector jobs are expected to rebound by the end of this year, some (such as those in accommodations) are not.
- The Northwest Territories was relatively well insulated from vast job/employment loss due to the size of the government sector, which acted as an economic stabilizer, allowing over 8,000 employees to work from home and ensure wages and salaries were uninterrupted. This allowed continued consumer spending at local businesses.
- Job declines were less severe than initially anticipated at the start of the COVID-19 pandemic, as many industries dealt with the pandemic and related health measures by reducing hours.
- By the fourth quarter of 2020, the number of Northwest Territories jobs is projected to return to nearly 90% of its pre-pandemic level, although the jobs recovery will not be evenly distributed. Jobs that are subject to international market, economic, and health-related developments (such as jobs in the tourism sector) will remain depressed.

Sommaire

Les répercussions de la pandémie de COVID-19 sur le marché du travail des Territoires du Nord-Ouest continuent d'évoluer. Bien que les effets à long terme ne soient pas tous encore connus après six mois, nous pouvons maintenant tirer les conclusions suivantes :

- Pendant le premier trimestre de 2020, les emplois et la situation de l'emploi aux TNO s'amélioraient par rapport au creux saisonnier en début d'année. La pandémie de COVID-19 a inversé cette tendance.
- La majorité des emplois perdus aux Territoires du Nord-Ouest étaient occupés par des non-résidents. L'enquête sur la population active menée auprès des Ténois indique une diminution d'environ 1 000 emplois pendant la période allant de la mise en place des mesures sanitaires au début du printemps jusqu'à juin/juillet, tandis que les données de l'Enquête sur l'emploi, la rémunération et les heures de travail (EERH) (qui porte sur tous les emplois aux TNO occupés par des résidents et des non-résidents) a indiqué une perte de presque 4 000 emplois en mai.
- Les emplois occupés par des jeunes ont été les plus durement touchés, car plusieurs de ces emplois ont été pris par des travailleurs plus âgés. Ainsi, le taux de participation des jeunes a chuté de plus de 10 points de pourcentage de janvier à juillet cette année, tandis que le taux d'emploi des jeunes a atteint un creux de 33 % en juin 2020 avant de remonter légèrement à 35 % en juillet, un taux très inférieur au taux d'emploi général de 62 %.
- Les pertes d'emploi dans le secteur des services représentent 81 % de tous les emplois perdus depuis le début de l'année. Cette situation est due au fait que le secteur des services a été frappé très durement par les mesures sanitaires liées à la pandémie, mais aussi au fait que les emplois de ce secteur représentent environ 80 % de tous les emplois aux Territoires du Nord-Ouest. Bien que l'on s'attende à ce que plusieurs travailleurs de ce secteur retrouvent leur emploi d'ici la fin de l'année, ce ne sera pas le cas pour certains (comme ceux qui travaillent dans le domaine de l'hébergement).
- Les Territoires du Nord-Ouest ont été relativement épargnés par les pertes d'emploi à grande échelle en raison de la taille du secteur gouvernemental, ce qui a eu un effet stabilisateur sur l'économie, alors que 8 000 employés ont pu travailler de la maison sans interruption de salaire. Ainsi, ils ont pu continuer à dépenser dans les commerces locaux.
- Les pertes d'emploi ont été moins graves que prévu au début de la pandémie de COVID-19, car de nombreuses entreprises ont géré la pandémie et les mesures sanitaires connexes en diminuant les heures de travail de leurs employés.
- Au quatrième trimestre de 2020, on prévoit que le nombre d'emplois aux Territoires du Nord-Ouest revienne à environ 90 % de son niveau prépandémie, bien que les emplois récupérés ne seront pas distribués uniformément. Les emplois liés à l'évolution du marché international et des conditions économiques et sanitaires (comme les emplois du secteur touristique) resteront à un faible niveau.

Introduction

This technical report describes changes in Northwest Territories (NWT) employment since the COVID-19 health pandemic began and public health measures were taken by governments to halt the spread of the coronavirus. The NWT labour market effects resulting from the pandemic are monitored using Statistics Canada's Labour Force Survey (LFS), which measures resident employment, and Survey of Employment, Payrolls and Hours (SEPH), which measures all jobs (resident and non-resident).

The COVID-19 public health measures have resulted in significant changes in the NWT labour market. Employment loss has been widespread, although the severity of the declines differs between sectors. The LFS data shows resident employment fell 12.4% from the peak in July 2019 to a low in June 2020, while SEPH data shows jobs 19.1% from an August 2019 peak to a May 2020 low.

Although the severity of the employment declines differs between LFS and SEPH data, the underlying story is the same: employment has declined since the start of the COVID-19 pandemic.

The change of employment is benchmarked against three reference dates:

- The high level during 2019 to provide an indication of change within the "normal" business cycle.
- The change from February/March 2020, which is the end of the "normal" pre-coronavirus economy and the beginning of the economy's response to the health emergency actions.
- The change from its level from the same month a year ago referred to as the 12-month change. The 12-month change is used instead of seasonally adjusted numbers because the COVID-19 pandemic was such a shock to the data that the seasonal adjustment factors are not as meaningful.

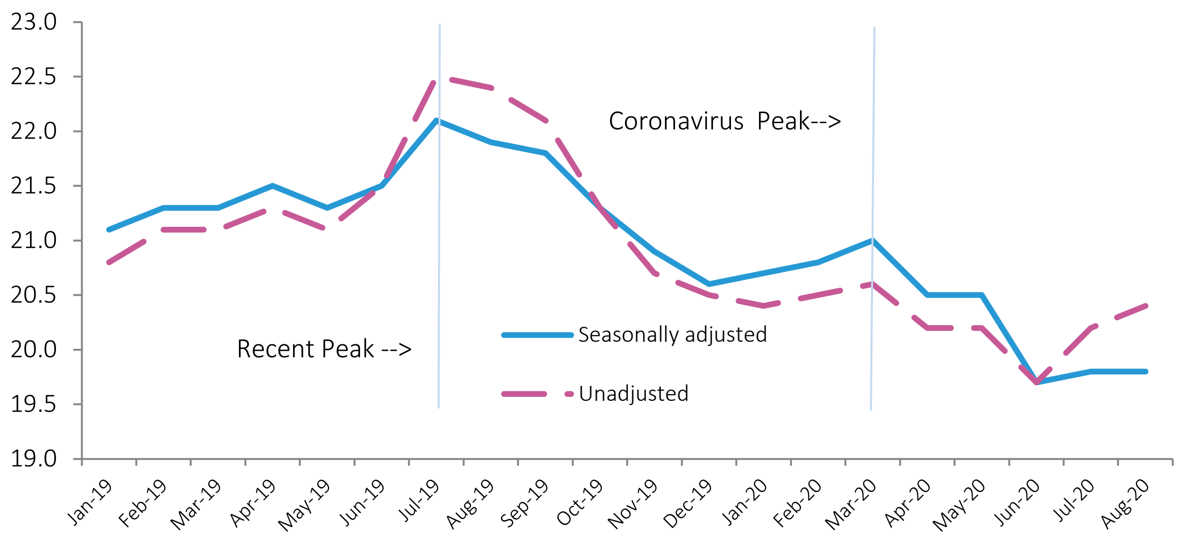
Labour Force Changes

Both labour force databases indicate that NWT employment had reached a cyclical high in the summer of 2019, fell until the December holiday season, then began to recover. The COVID-19 pandemic interrupted and reversed the recovery in April/May 2020.

Northwest Territories Resident Employment

Resident NWT employment fell 8.4%, year-over-year from June 2019 to June 2020 to just 19,700, a monthly low. Although July 2020 and August 2020 employment shows a modest increase from June 2020, NWT LFS data is based on a 3-month average, so it is too early to conclude that the fall of employment has bottomed, and the recovery has begun.

Figure 1: Number of NWT Residents Employed

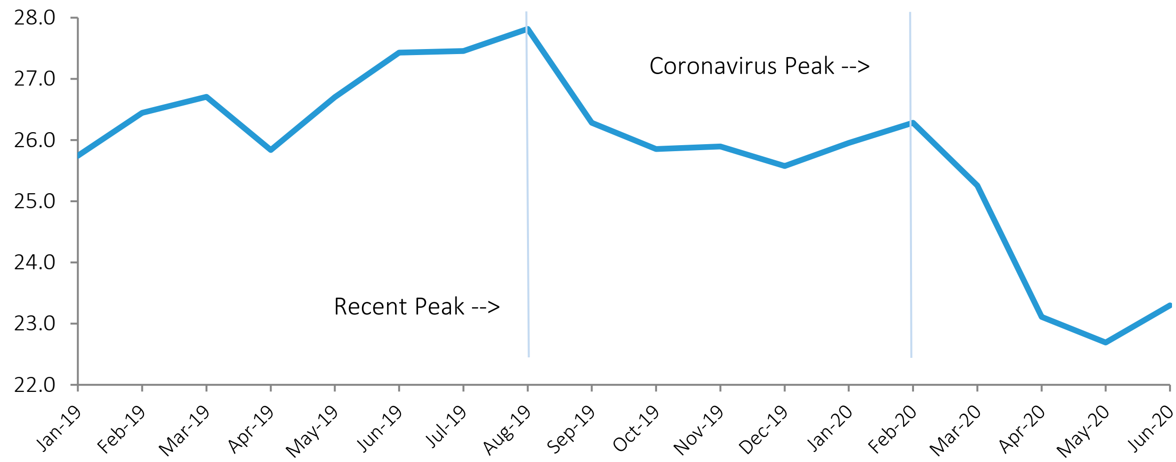


Source: Statistics Canada Labour Force Survey Table 14-10-0292-01

SEPH data indicates that employment fell 16% year-over-year from May 2019 to May 2020 and fell 15% from February 2020, just before the COVID pandemic health restrictions started in Canada to May 2020. Jobs have since started to recover, though they remain below 2019 levels.

The vast majority of the job losses were for non-residents. The labour force survey of NWT residents indicated a reduction of approximately 1,000 jobs from early spring when the public health measures were taken until June/July, while SEPH indicated a loss of almost 4,000 jobs by May and SEPH includes NWT residents and non-residents.

Figure 2: Total Number of Jobs in the NWT

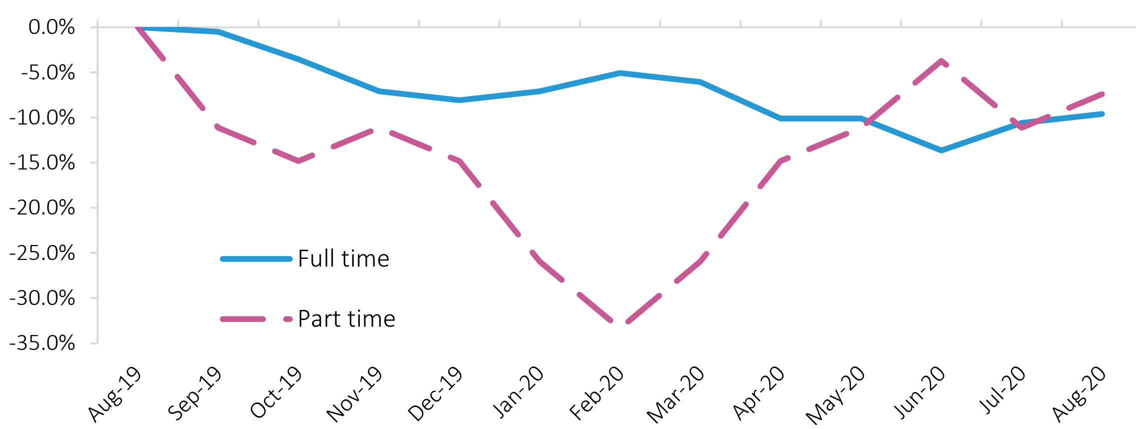


Source: Statistics Canada Survey of Employment Payroll and Hours Table 14-10-0201-01

Part-Time Workers

The LFS breakdown of NWT employees by full-time and part-time employment indicates that part-time employment began increasing from February 2020 to July 2020, adding 800 people to part-time employment rolls.

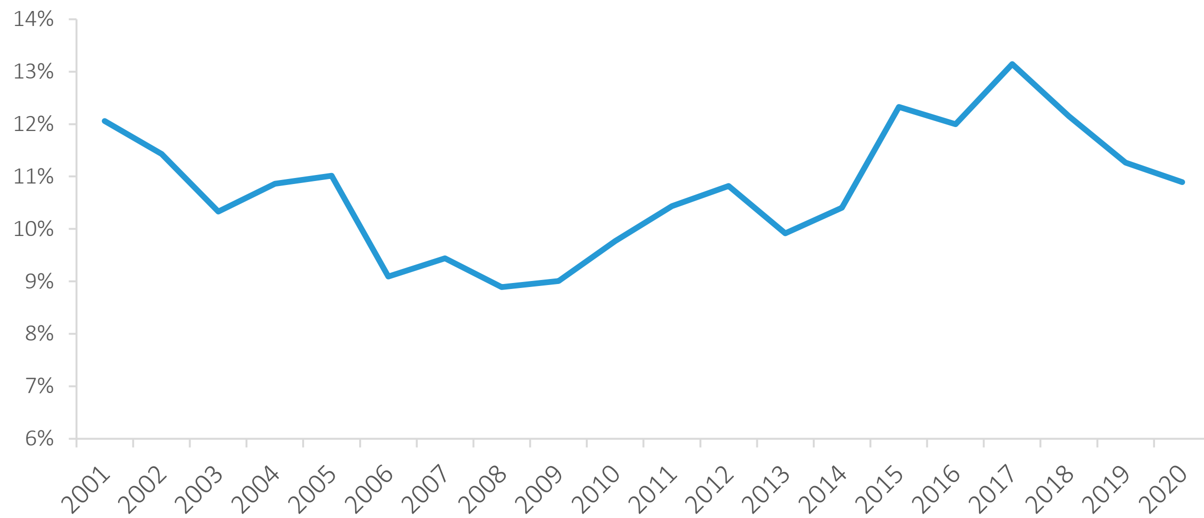
Figure 3: Part-Time Employment Rising Since COVID-19, Change since July 2019



Source: Statistics Canada Labour Force Survey Table 14-10-0292-01

Part-time employees as a share of total employment peaked in 2017 at 13% and for January to August 2020 is 11%.

Figure 4: Part-time as a share of all employees

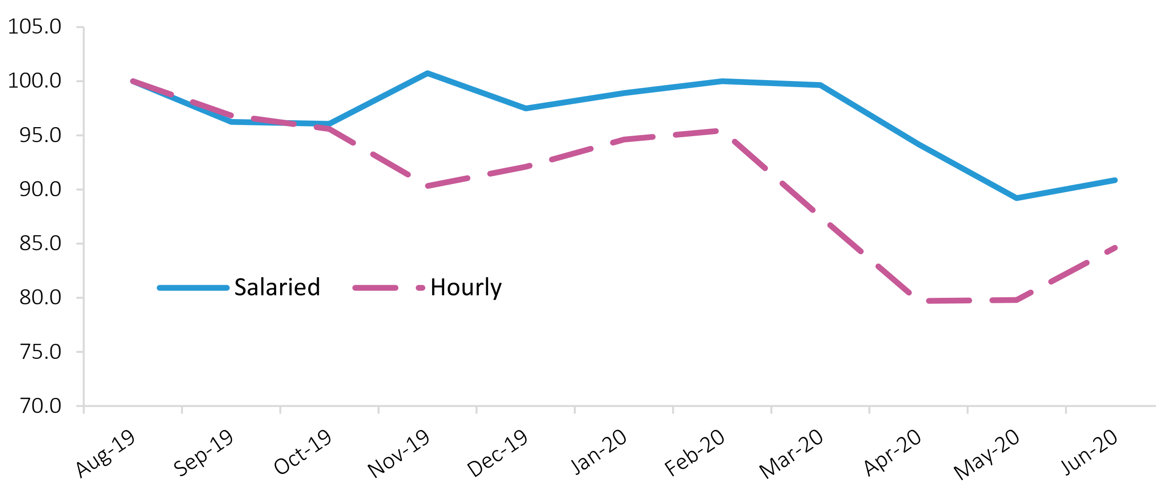


Source: NWT Finance

Hourly Wage Workers

Jobs for hourly-wage earners have declined from the start of the COVID-19 pandemic. Between February 2020 and May 2020 (when the economy reached a jobs low), hourly wage jobs fell 16%, a decline of over 2,000 jobs. By contrast, salaried employment fell 11%, a decrease of 1,400 jobs. Both types of jobs began to recover in June 2020.

Figure 5: Salaried and Hourly Jobs, August 2019 = 100



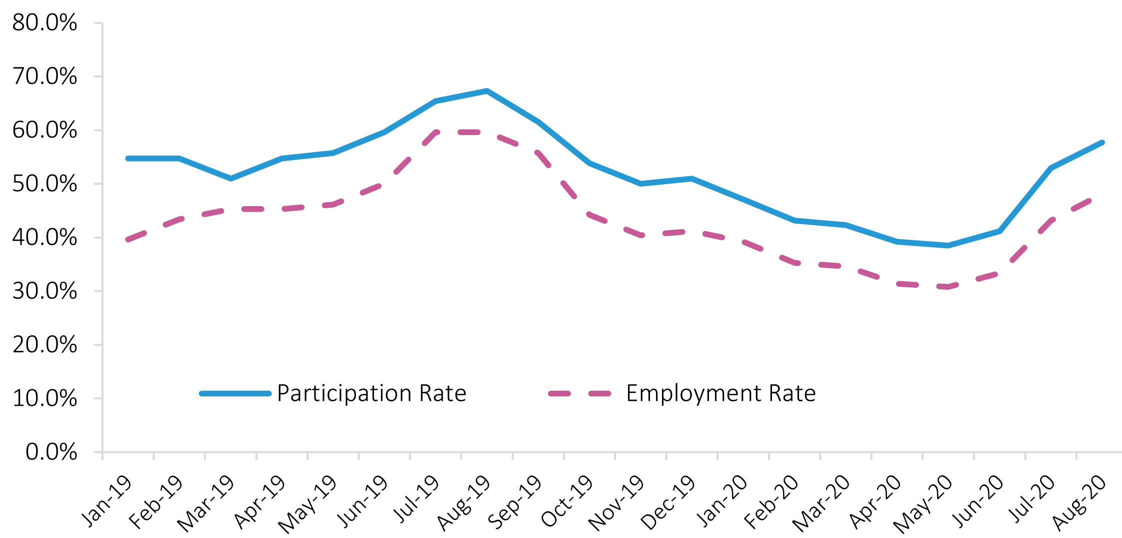
Source: Statistics Canada Survey of Employment Payroll and Hours Table 14-10-0201-01

Youth Employment

The COVID pandemic disproportionately impacted youth employment. The Northwest Territories youth (aged 15 to 24 years) participation rate fell from 47% at the start of the year (53% on a seasonally adjusted basis) to just 38% in May 2020 (44% on a seasonally adjusted basis). By August 2020, the youth participation rate had recovered to 58% (46% on a seasonally adjusted basis), though this was down nearly 10 basis points from August 2019. Put simply, the jobs melted away.

The youth employment rate also declined, falling from 39% in January 2020 (45% on a seasonally adjusted basis) to a low of 31% in May 2020, before rising to 48% in August 2020 (37% on a seasonally adjusted basis), which is significantly down from 60% in July 2019.

Figure 6: Employment and Participation Rates, aged over 15 and under 25 years, Seasonally Unadjusted



Source: Statistics Canada Table 14-10-0292-01, NWT Finance

Note: Youth labour force participation rate is calculated as the youth labour force divided by the total youth population; Youth employment rate is calculated as the ratio of employed youth to the total youth population.

The declining youth employment rate reflects rational decision-making on the part of employers, and is often a sign of the economy protecting itself from deeper economic harm. The decline in youth employment, while serious for the individual youth, is not as serious for the overall economy at this time because:

1. The decline in youth employment rate largely reflects a decline in <u>new</u> job opportunities for youth rather than actual job losses of already employed youth (for example, fewer summer camps means no new hires for camp counsellors).

2. Many full-time, adult employees (aged 25 years and older) have been re-assigned to jobs that previously would have been done by summer students (for example, Yellowknife

fulltime employees reassigned to other duties). This intentional choice by employers was likely made to keep their regular workforce attached to their business. Had these mature workers, with dependents and debts supported by their incomes, been laid off rather than reassigned to jobs traditionally done by youth, the negative economic cascading effects would have been large.

3. Youth typically bear the brunt of employment decline during recessions because they tend to perform relatively non-essential work and the economy can function without these jobs. Youth employment declines tend to be cyclical and unlike employment loss for older workers, youth employment returns relatively quickly as an economy exists recession. Youth employment rate declines can therefore be viewed as a way of protecting an economy in recession from deeper economic harm.

4. The federal government has put in place several programmes to support students and recent graduates affected by the COVID pandemic. These include the Student Work Placement Program ($80 million to support up to 20,000 post-secondary students across Canada); changes to the Youth Employment and Skills Strategy's Canada Summer Jobs program ($153.7 million) plus increased wage subsidies, expanded eligibility and new flexibilities for employers.

Labour Market Impacts by Sex (Female/Male)

The labour market impact of the coronavirus pandemic has not been evenly distributed across the NWT labour force. Unlike in the rest of Canada, where female workers have borne the brunt of COVID-related labour market declines, the majority of NWT job and employment loss has been disproportionately concentrated among male workers.

According to the Statistics Canada's Labour Force Survey (LFS)[1], the number of resident men who were employed fell by 1,500 between August 2019 and August 2020, while the number of resident women who were employed fell by just 500 over this same time period.

Table 1: Annual Resident Employment Declines by Sex (unadjusted data)

	August 2019	August 2020	Change	Share of Change
Males	11,700	10,200	-1,500	75%
Females	10,700	10,200	-500	25%
Total			-2,000	100%

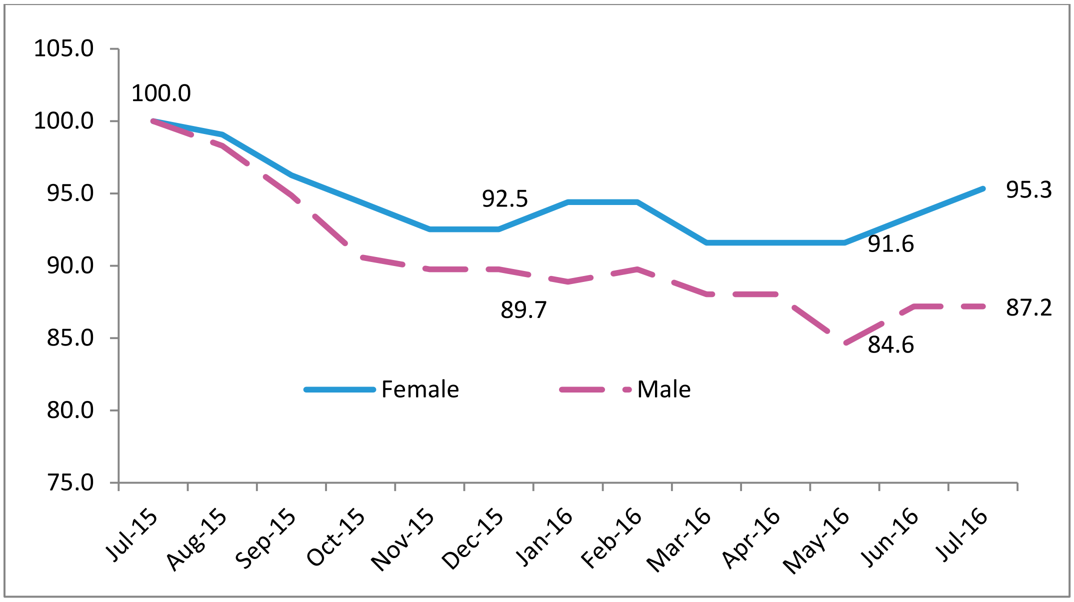
Resident employment reached its lowest point this year in June 2020, after which, employment began to rise, recouping some of the losses sustained during the pandemic. Employment rates for female and male residents have followed a similar path to employment during the pandemic, reaching a low in June 2020. Since June 2020 however, females have seen a stronger employment recovery than males.

The decline in the male employment rate has been greater than the female employment rate. Between January 2020 and June 2020, the share of NWT resident men, 15 years and older, who were employed declined four percentage points from 64.4 per cent to 60.4 per cent, while the share of resident women who were employed declined just one percentage point from 61.9 per cent to 60.9 per cent.

June 2020 marked the first time the male employment rate was lower than the female employment rate. Since June, the female employment rate has not only remained higher, but has increased the female-male employment rate gap, rising to 63.4 per cent by August 2020, while the male employment rate rose to 61.8 per cent.

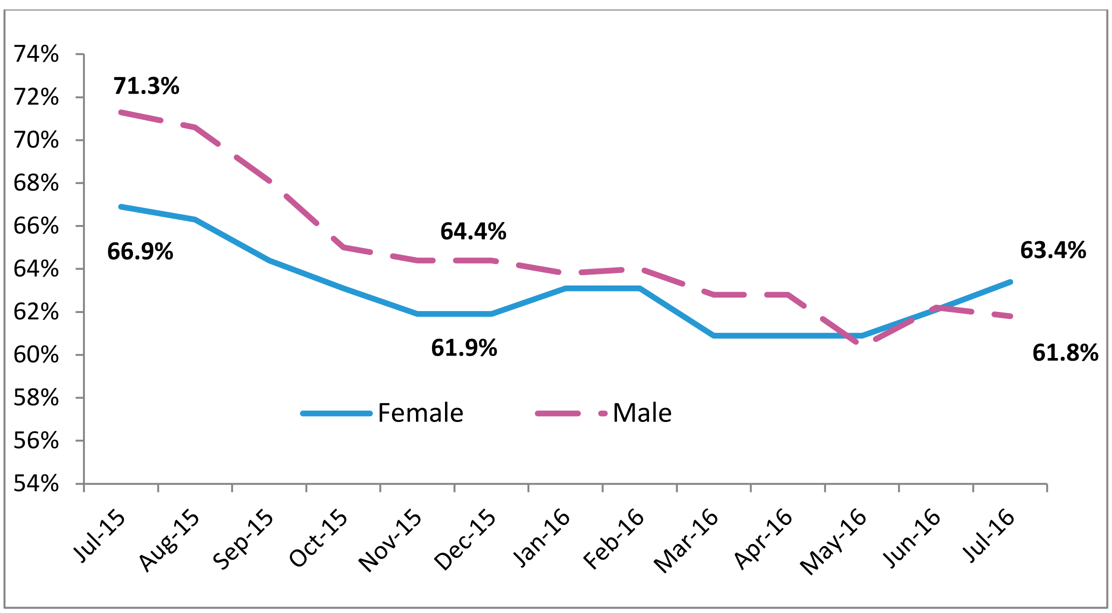
[1] LFS data measures NWT resident employment, not total jobs, and is calculated on a three-month moving average basis, due to the small NWT population.

Figure 7 Resident Employment Dynamics by Sex, August 2019 =100



Source: Statistics Canada Labour Force Survey Table 14-10-0292-01, Department of Finance.

Figure 8 Employment Rate for Females Now Higher Than for Males

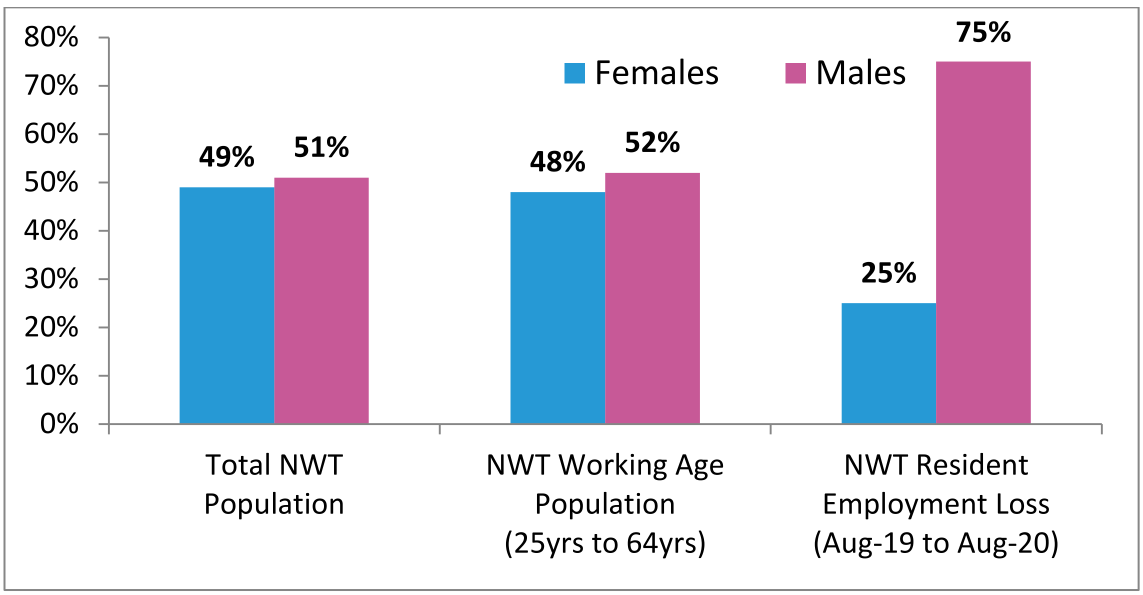


Source: Statistics Canada Labour Force Survey Table 14-10-0292-01, Department of Finance.

That male employment in the NWT has suffered more during the pandemic is interesting since typically the health measures meant to curb the pandemic forced service sector businesses, such as international travel, accommodation, schools, non-essential health services, and non-essential retail, to close first. These service sector jobs tend to be dominated by female workers. As the following section shows, the services sector accounted for nearly 80 per cent of job losses in the territory.

Males account for 51 per cent of the total NWT population, and 52 per cent of the NWT working-age population (residents aged 25 to 64 years). This is only slightly higher than the national numbers: in Canada as a whole, males make up 50 per cent of both the total and working-age population.

Figure 9 Population Shares for the NWT Resident Population in 2020



Source: Statistics Canada Population Estimates Table 17-1—0005-01, Statistics Canada Labour Force Survey Table 14-10-0292-01, Department of Finance.

Labour Force Changes by Industry

The impact on jobs[2] by industry for the first six months of 2020 is shown in Table 1. Job reductions in January 2020 were concentrated in mining and its associated support industries, and were attributed to particular financial and market circumstances of one mining company, which was compounded by the covid-19 pandemic effects. The resolution of these issues continues to follow a separate track.

Signs of the generalized economic slowdown affected the NWT tourist industry and its associated support industries beginning in February as some Asian countries discouraged overseas travel until their domestic health concerns were addressed and the covid-19 virus was contained.

By April 2020 the full effect of the global, national, and territorial economic shut down became evident: 20% of the reduced jobs were in the goods-producing industries, which were linked to the somewhat unique circumstances of the diamond mining industry. In May 2020 and June 2020, the distribution of job losses remained unchanged.

Fully 80% of job reductions were in the service sector. Health care and social assistance companies accounted for one-quarter of the initial service sector suspensions. This industry included many high-personal contact services such as dentists, eye services and physical medical treatments. Another one-quarter of the initial service job suspensions were in the accommodation and food industry. Education services, which include various sports and fitness instruction, accounted for 15% of the initial service sector job suspensions. Lower employment in the retail trades accounted for another 10% of the measured jobs reductions.

Detailed findings are presented in the Table 2.

[2] Many of the employment reductions are temporary pending the adoption of new business practices to protect employees and customers from easy spread of the virus. Therefore these reduced levels of measured employment are referenced as suspensions, rather than losses.

Table 2: Year-over-Year (12-month) Per Cent Change in Employment

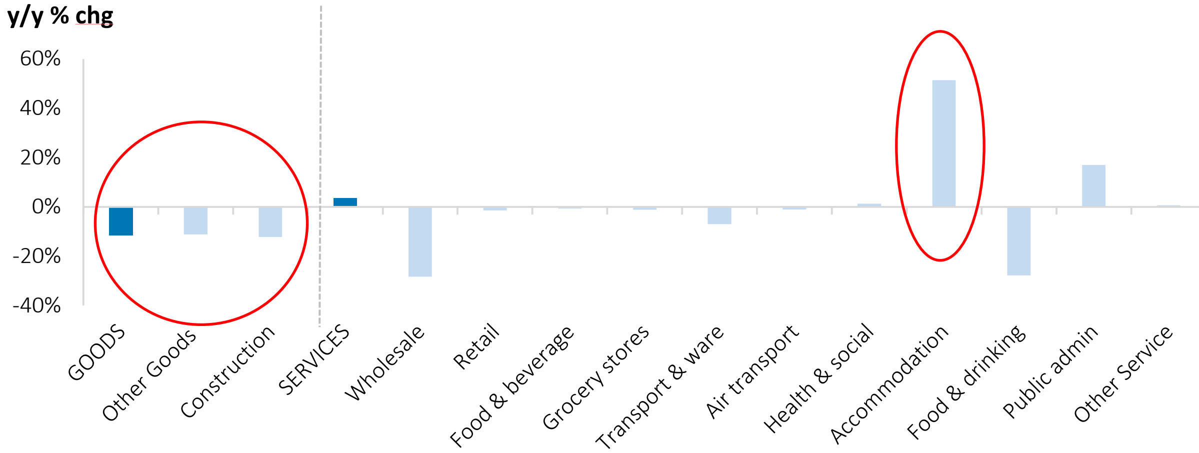
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
ALL INDUSTRIES	**0.9%**	**-0.7%**	**-5.5%**	**-10.7%**	**-15.2%**	**-15.2%**
ALL GOODS	**-11.5%**	**-10.3%**	**-7.8%**	**-16.7%**	**-25.9%**	**-24.0%**
Mining, Oil & Gas	-11.1%	-10.1%	-7.6%	-11.9%	-27.5%	-25.1%
Construction	-12.1%	-10.5%	-8.0%	-25.4%	-22.9%	-22.0%
ALL SERVICES	**3.6%**	**1.3%**	**-5.0%**	**-9.3%**	**-12.9%**	**-13.4%**
Wholesale trade	-28.2%	-28.0%	-30.1%	-30.6%	-30.7%	-34.1%
Retail	-1.4%	-4.7%	-6.2%	-13.8%	-12.9%	-12.5%
Transportation & warehousing	-7.0%	-12.3%	-12.2%	-18.3%	-11.9%	-16.2%
Finance and insurance	-2.9%	-6.4%	-4.9%	-3.0%	-9.3%	-3.6%
Professional, scientific and technical services	0.4%	7.1%	5.2%	-1.4%	-16.5%	-19.2%
Administrative and support, waste management and remediation services	24.3%	24.8%	0.1%	-18.0%	-20.8%	-9.8%
Educational	-9.5%	-8.4%	-8.7%	-20.1%	-26.2%	-25.1%
Health & social assistance	1.3%	-1.4%	-39.4%	-7.8%	-11.2%	-7.5%
Accommodation and food services	-2.7%	-7.9%	-19.5%	-37.2%	-44.4%	-43.6%
Other services (except public administration)	8.7%	2.0%	-10.2%	-19.7%	-19.3%	-9.5%
Public administration	17.0%	14.0%	10.1%	8.7%	3.7%	-2.2%

Source: Statistics Canada, NWT Finance.

The NWT Economic Decline Began Before the COVID-19 Public Health Measures

By January 2020, the Mining Sector had begun to slow, but that there was an upturn in the Tourism sector. The Goods producing sector is principally mining, oil and natural gas extraction and utilities. Lower quality diamonds at one mine due to a lower-grade pipe, combined with falling global diamond prices, caused a slowdown in NWT diamond mining in 2019, which in turn led to job declines in the latter half of 2019 and January 2020.

Figure 10: Year over year January Job Changes by industry

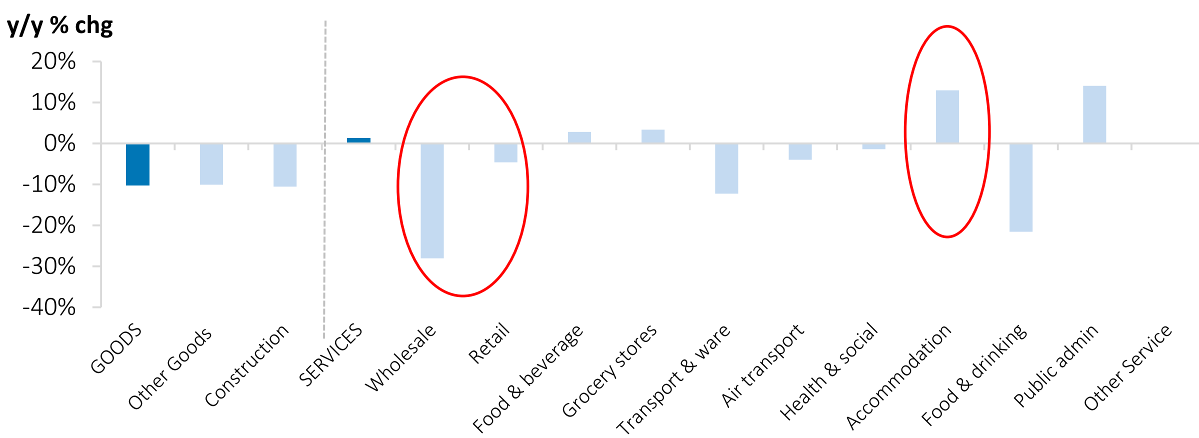


Source: Statistics Canada, NWT Finance

Note: “GOODS” is “Other Goods” (mainly mining, oil & gas extraction) and “Construction”.

In February 2020, the Tourism sector begun to slow, Wholesale and Retail Trade declined, and the overall goods-production industries deepened their decline.

Figure 11: Year over year February Job Changes by industry

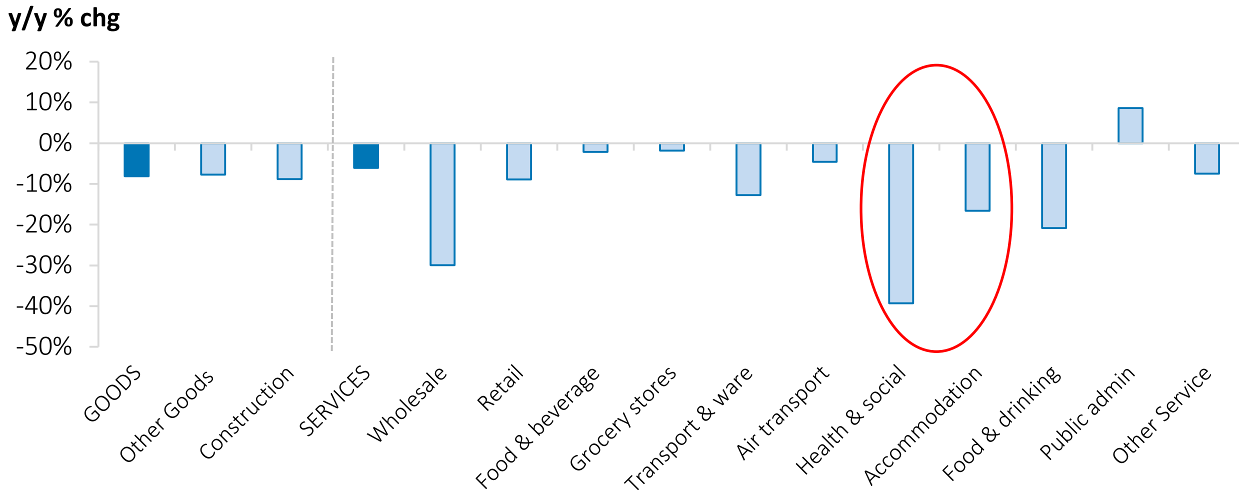


Source: Statistics Canada, NWT Finance.

January and February were months where the coronavirus was affecting economies outside of Canada and the Northwest Territories and being watched by Canadian governments. In March 2020 however, the coronavirus pandemic was declared a public health emergency in the Northwest Territories. The Canadian and Northwest Territories borders were closed mid-March, which closed schools and many businesses, and sent many workers to work from home.

The following graph shows the immediate effect of the March 2020 public health measures on the Northwest Territories economy; as January and February job declines accelerated and new job losses were triggered.

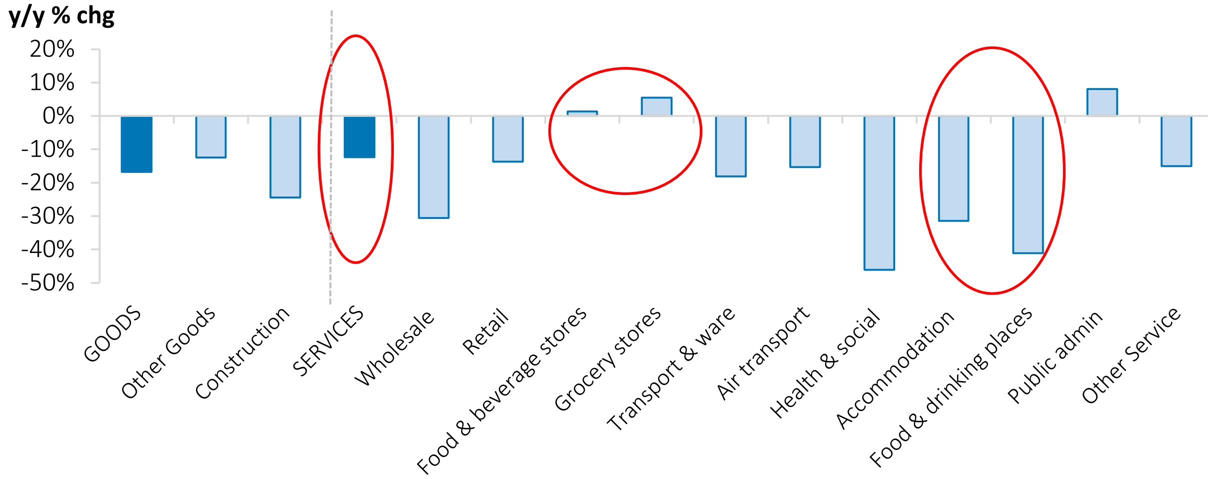
Figure 12: Year over year March Job Changes by industry



Source: Statistics Canada, NWT Finance.

April 2020 was the first full month of the public health measures and job declines were widespread across industries, and were particularly deep in Construction, Hotels, and Restaurants. Grocery stores however saw employment increases because these stores were deemed an essential service and remained open.

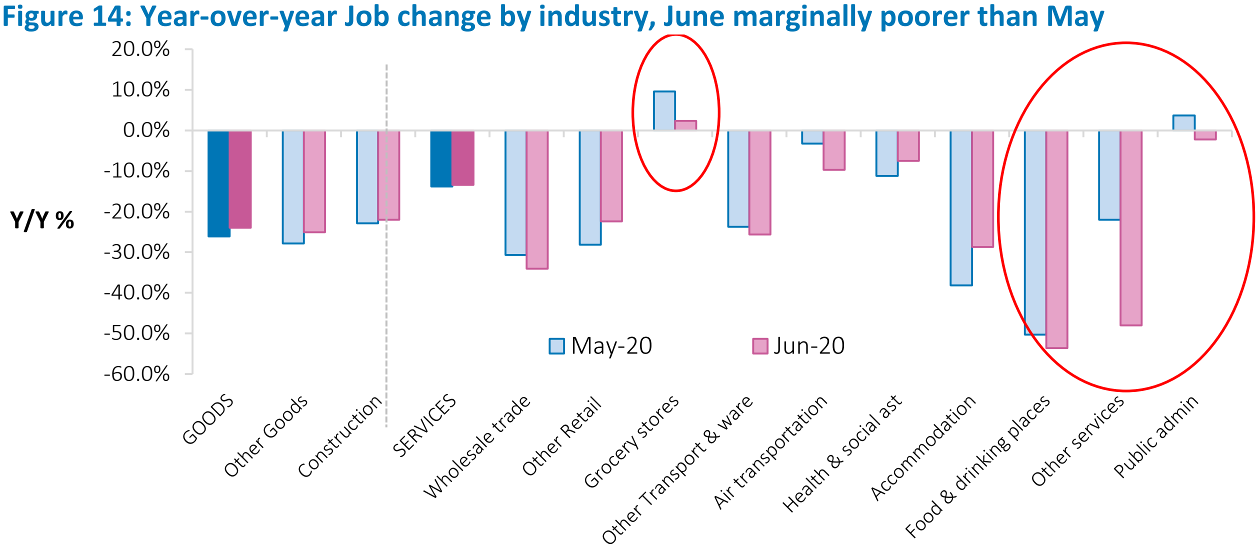
Figure 13: Year over year April Job Changes by industry



Source: Statistics Canada, NWT Finance.

In May and June, the changes to jobs by industry were a marginal continuation of the April effects. Other Goods, principally mining, continued to register a large drop but that was complicated by the Dominion – Ekati legal situation that is expected to be resolved later in the year and the Ekati mine is scheduled to resume production. Job reductions in wholesale trade and other services (which include repair services, religious organisations, gardeners, and nannies) worsened. Public administration jobs dipped for the first time.

Figure 14: Year-over-year Job change by industry, June marginally poorer than May



Statistics Canada Survey of Employment Payroll and Hours Table 14-10020-01

Continued job growth in grocery stores versus continued job loss in restaurants may reflect a shift away from eating out by residents until consumer confidence is restored.

Layoff Assumptions and Projections

Mid-March 2020, as the COVID pandemic public health emergency measures were beginning within the territory and nation-wide, assumptions to model which sectors of the Northwest Territories economy were likely to experience employment declines were made using the best available data and by relying on evidence and experience from previous recessions. The following discusses the original assumptions and revises these assumptions based on three months of new data.

The employment loss / layoff projections were developed by focusing on the following 9 largest industries by number of jobs as January 2020:

1. Public Administration (7,900 jobs)
2. Retail Trade (2,500 jobs)
3. Mining, Oil & Gas (2,400 jobs)
4. Education Services (1,900 jobs)
5. Accommodation and Food Services (1,700 jobs)
6. Construction (1,400 jobs)
7. Transportation & Warehousing (1,400 jobs)
8. Health Care & Social Assistance (1,600 jobs)
9. Other Services (920 jobs)

Source: Statistics Canada Survey of Employment Payroll and Hours

Industries Assumed Insulated from COVID-19 Related Job Loss

In March 2020 the three industries assumed insulated from COVID-19 related job losses were: Public Administration (at all levels, but especially the GNWT); Education Services; and Health Care & Social Assistance. These industries were expected to experience minimal to no job losses for the following three reasons:

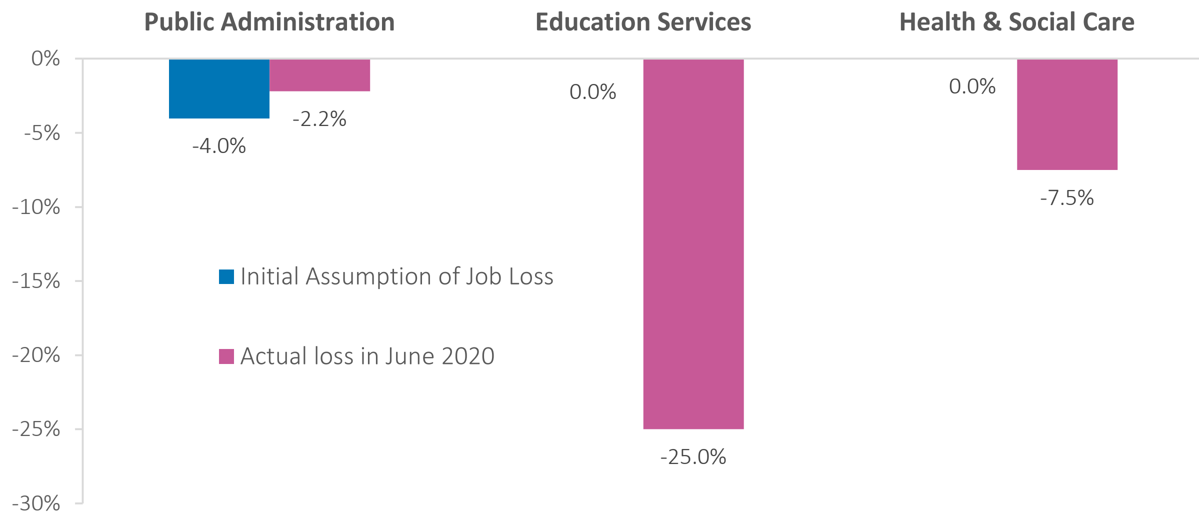
- These industries are not revenue driven -- they are public sector and so an economic downturn will only minimally impact operations.
- These industries provide essential services -- everything from hospital staff and emergency responders, to child protection services, to licencing services (birth certificates, healthcare cards, drivers' licences, environmental permits) and are therefore unlikely to close operations.
- These industries provide generous benefits packages to their employees such as extended paid sick leave and other types of leave will allow workers to keep their jobs even if they can no longer work due to circumstances such as childcare requirements or illness.

However, based on current data, these assumptions were only partially accurate:

- *Public Administration* – in March the assumption was **a 0% change** in GNWT jobs, and a very minor decline (approximately 300 jobs) in local public administration. However between January and June 2020, overall public administration jobs declined 6%, and on a year-over-year basis (June 2019 to June 2020), public administration jobs **decreased 2%.**

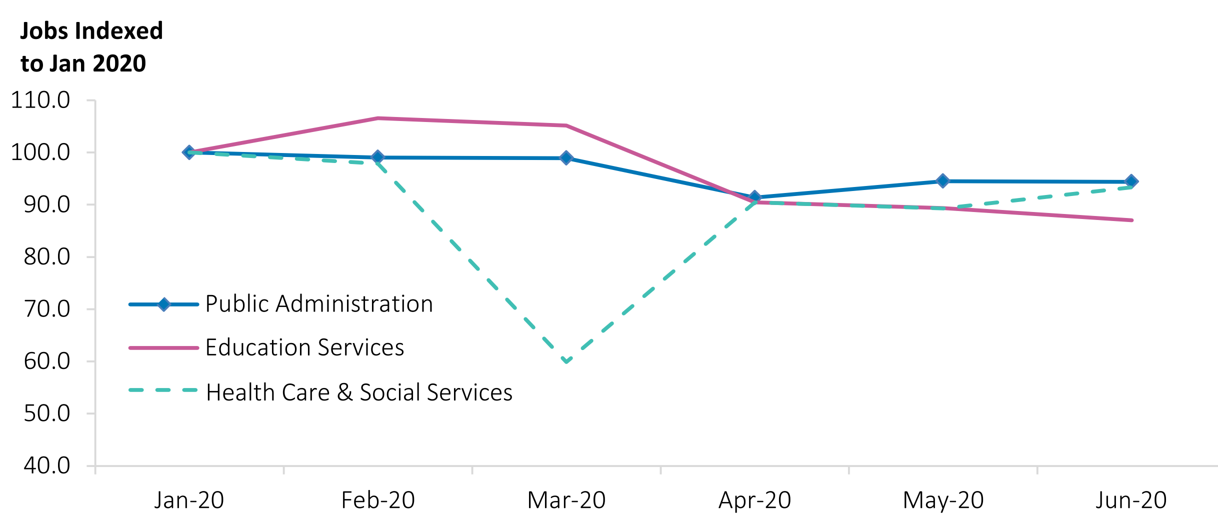
- *Education Services* - in March the assumption was **a 0% change** in Education jobs; however between January and June 2020, the education industry saw a **13% decline** in the level of jobs. On a year-over-year basis, employment services jobs were down a significant 25% in June 2020. This layoff assumption was significantly off because while publically-funded schools continued to employ its staff, privately-run education services were closed due to public health restrictions. These include such things as tutors and sports instructors.
- *Health Care & Social Services* – in March the assumption was **zero declines** in Health and Social Care jobs. There was even consideration to assume the potential for mild job increases in this industry because of expected increased demand for essential services provided by healthcare workers (such as hospital nurses and doctors) and social assistance workers (for example in child protection). Between January and June 2020, jobs in this industry **fell 7%** as the industry shed over 200 jobs in this four month span (on a seasonally adjusted basis). This layoff assumption was initially wildly off because the number of employees decreased by 40% in March from the previous month, a reduction of almost 650 people. The decrease was due to the non-essential health professions that were closed during the initial stages of the public health restrictions. The non-essential health care jobs include dentists, massage therapists, chiropractors, physiotherapists, speech pathologists and health care businesses office and support staff. In addition, the NWT border closure meant that many Locums who provide non-essential healthcare (such as orthopaedic surgeons) were unable to travel to the NWT to work. A number of shelters and social care programs also closed for health reasons. All this contributed to a steep decline in jobs in this industry during March 2020; however in April 2020 employment increased by 500 people, as the Covid-19 health protocols evolved and more businesses were able to re-open.

Figure 15: Initial insulated industry assumption versus actual job losses (June 2020)



Source: Statistics Canada, NWT Finance.

Figure 16: Assumed insulated industries job changes since January



Source: Statistics Canada, NWT Finance.

Projections

By the fourth quarter of 2020, jobs in these three "minimally affected" industries are projected to return to around 11,200, which is slightly lower than pre-pandemic levels of 11,400 in January 2020. This is based on the following:

- Public Administration will continue to be unaffected and the number of jobs will remain unchanged.
- Educational Services are expected to see a return to close to pre-pandemic job levels, given that schools reopened in September. However, although fitness facilities, studios, and some community centres are now open, and recreational classes are beginning to resume (with appropriate health precautions), some fitness and recreational programs remain closed because the activity is considered high-risk for spreading coronavirus.
- Health and Social Care jobs are projected to recover to close to pre-pandemic levels. Non-emergency medical offices, such as dental and optometrist offices, have re-opened and demand for health and social services remains strong, but many Locums continue to delay, reduce, or cancel their trips to the Northwest Territories to perform non-emergency medical appointments. This is expected to result in a less than full recovery.

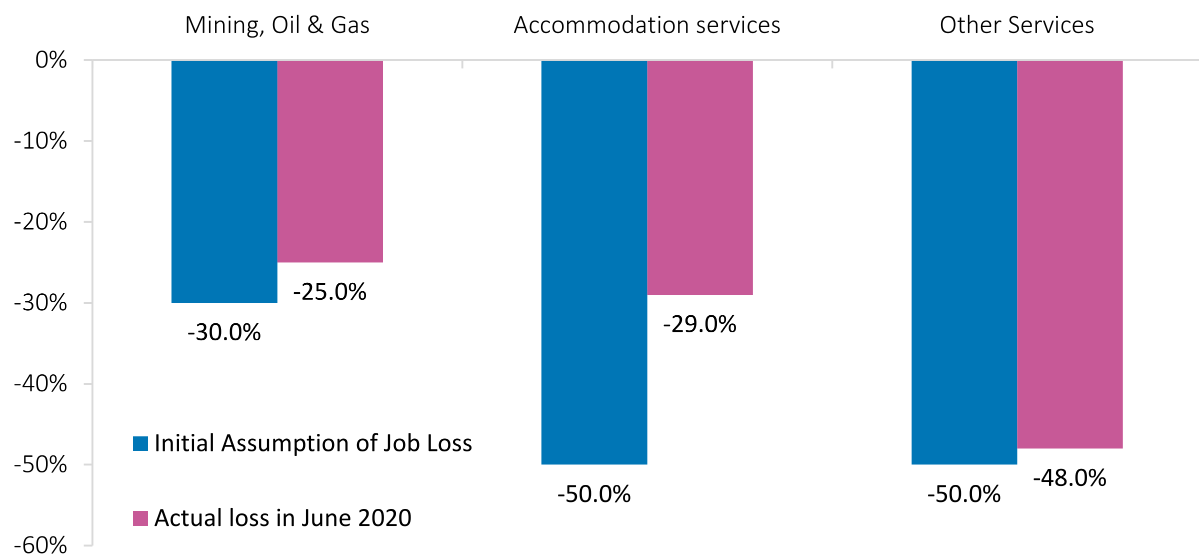
Industries Assumed Seriously Affected by COVID-19 Related Job Loss

In March 2020 of the ten largest industries as measured by employment, Mining, Oil & Gas; Accommodation & Food Services; and Other Services were assumed to be the most highly exposed to COVID-19 related job losses and large layoffs were projected for the following reasons:

- For all of these industries, declining revenues (whether due to falling consumer demand for their products, or government-mandated closure) threaten business sustainability and viability and employee layoffs were assumed to be probably the only option for many companies in these industries to preserve their businesses. A number of businesses were assumed to close due to a lack of income/revenue with corresponding job losses.
- These businesses do not provide essential services and were ordered to close as social/physical distancing and self-isolation rules were imposed. Global demand for resources such as diamonds has fallen dramatically, which creates severe financial pressure on the resource operations that in turn has negative implications for other economic sectors.
- Many businesses within these industries do not provide generous leave benefits packages to their employees, including a large number of self-employed workers within these sectors, who do not have leave benefits. In the absence of leave benefits, job losses are assumed.

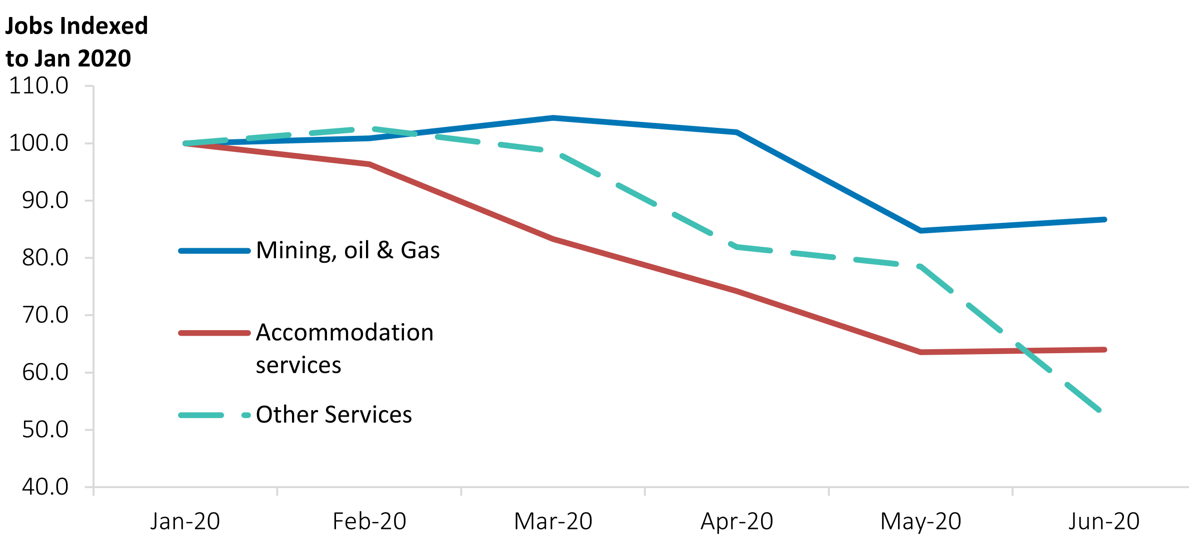
These assumptions were more severe than the data to date has shown:

- *Mining, Oil & Gas* – in March **a 30% decline in jobs** in the mining, oil & gas extraction industry was assumed but these jobs **decreased 2%** between January and April 2020 and **15%** from April to June 2020. The decline was milder than expected because the original assumptions were based on an economic scenario that one of the three diamond mines would cease production and go into care and maintenance. Although in mid-March 2020, Ekati diamond mine did go on care and maintenance; its employees were furloughed rather than laid off until the mine is ready to re-open. In April as the Ekati situation developed there was another reduction of employment. Current assumptions are that Ekati will not resume operations in 2020. **On a year-over-year basis (June 2019 to June 2020) jobs in this industry were down 25%,** very close to the original layoff assumptions.
- *Accommodation & Food Services* – in March, the assumption was for **a 50% decline in jobs** in the accommodation and food services industry because this industry has strong ties to the tourism sector (which has mainly collapsed) and because public health rules closed dine-in restaurants and bars. However, between January and June 2020 jobs in Accommodation & Food Services **declined 36%.** Nearly one-fifth of all jobs in the industry had disappeared during the first month of the lockdown (March 2020), and by April, over one-third of these jobs had disappeared. As the pandemic continues and international travel remains subdued many jobs in this industry might be lost permanently and total job losses may deepen.
- *Other Services* – In March the assumption was for **a 50% decline** in employment in the other services industry. Between January and June 2020 jobs in Other Services **fell 21%,** and then **fell a further 26%** between May and June 2020. **On a year-over-basis, job loss in this industry was 48%**, very close to the initial job loss assumptions. Other Services category includes business activities primarily engaged in repair, maintenance, personal care, and support to social and political causes. Examples include dry cleaners, funeral services, esthetics, auto repair, churches, landscapers, and nannies.



Source: Statistics Canada, NWT Finance.

Figure 18: Seriously affected industry job changes since January



Source: Statistics Canada, NWT Finance.

Projections

By the fourth quarter of 2020, jobs in these three "seriously affected" industries are projected to return to around 4,400, which is lower than pre-pandemic levels of 5,000 in January 2020. This is based on the following:

- Mining, Oil and Gas jobs are not expected to recover their job losses. Originally, it was expected that jobs in this industry would return to close to pre-pandemic levels as the Ekati diamond mine had indicated that it would resume operations in the fourth quarter of 2020. However, in early October 2020 Ekati announced that it would continue on care and maintenance into 2021 and that employees would continue to be on furlough.
- Accommodation and Food Services is projected to experience at most a 50% recovery of job losses, given that tourism and travel continue to be restricted (hurting accommodation), many restaurants and catering companies must operate with reduced capacity and some residents continue to eat at home rather than return to pre-pandemic consumption.
- Other Services jobs are projected to recover roughly two-thirds of their job losses, as the majority of these jobs are non-essential (and so consumers have cut back of employing their services), many of the businesses in this industry will have closed completely.

Industries Assumed Slightly Exposed to COVID-19 Related Job Loss

In March the following of the ten largest industries by employment were considered somewhat exposed to COVID-19 pandemic related job losses: Retail Trade; Construction; and Transportation & Warehousing. Some job losses in these were anticipated for the following reasons:

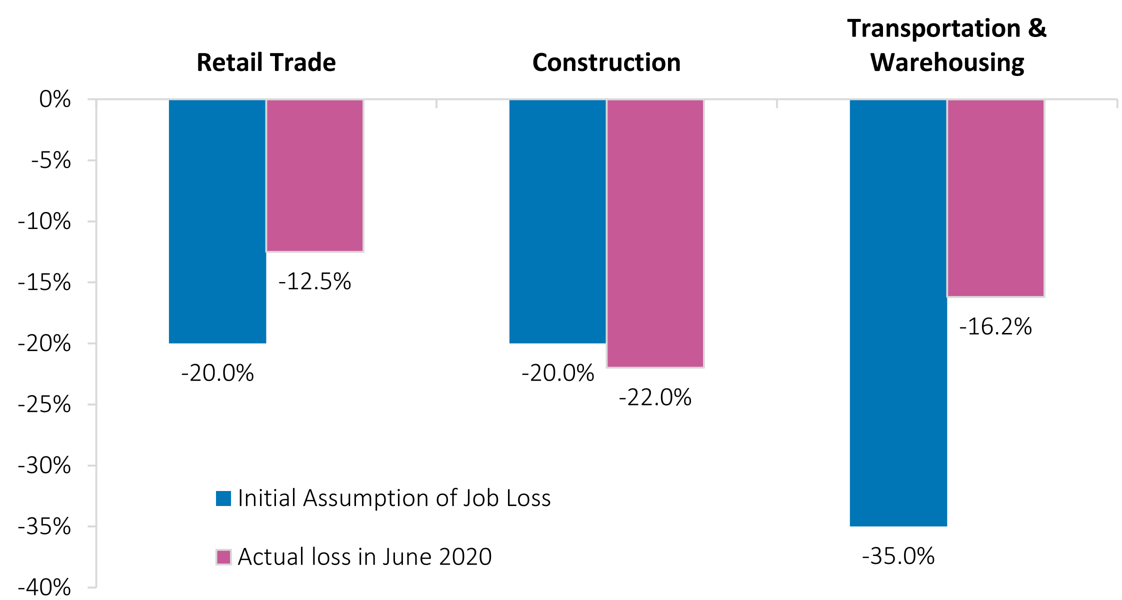
- Jobs in these industries cannot be performed remotely and are therefore directly affected by public health measures.
- Employees in these industries tend to lack sick pay or leave benefits that would allow workers to stay home but maintain employment, which would suggests larger layoffs but strategies such as curbside pickup, online ordering, and social distancing on job site, as well as steady demand for the transport and storage of goods were assumed to soften job losses.

These assumptions were more severe than the data to date has shown:

- *Retail Trade* – in March **a 20% decline in jobs** in the retail trade industry was assumed, and between January and June 2020, retail jobs **fell 7%**, and on a year-over-year basis, **declined 13%,** slightly less than assumed. The original assumptions did not fully expect the ability of the retail sector to adapt as quickly with strategies such as online ordering, delivery, and curbside pickup. Some stores, such as pharmacies and grocery stores, were deemed essential and never closed.
- *Construction* - in March **a 20% decline in jobs** in the construction industry was assumed whereas between January and June 2020, construction jobs **declined 6%**. **On a year-over-year basis, construction jobs were down 22%,** in-line with initial job loss assumptions.

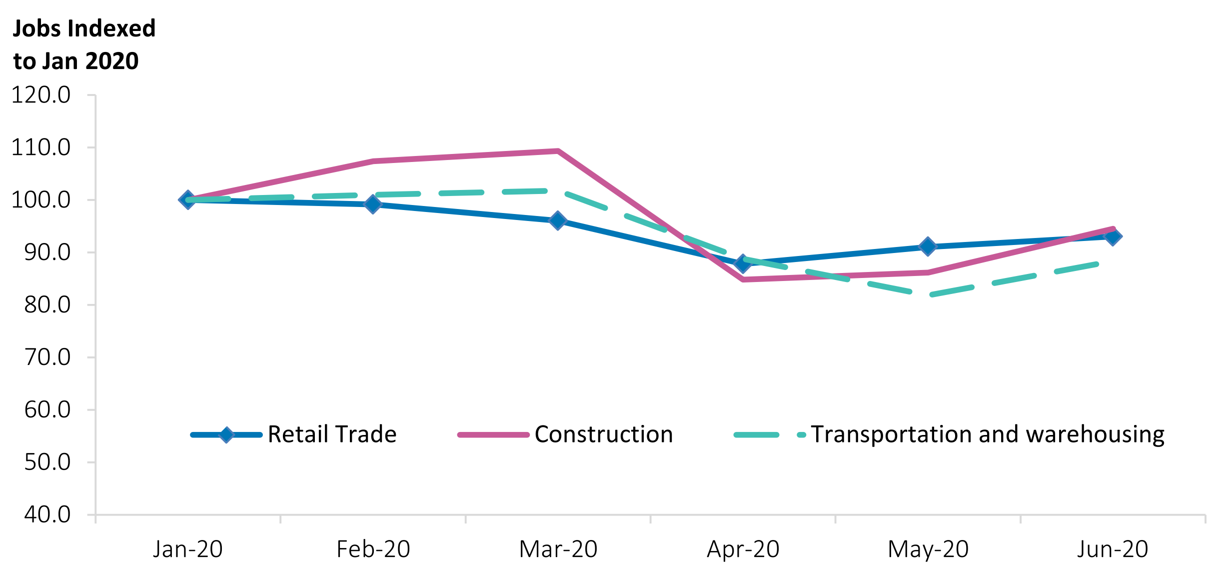
- *Transportation & Warehousing* – in March **a 35% decline in jobs** in the transportation industry was assumed; however, between January and June 2020, jobs in the transportation & warehousing industry **declined 12%**, and were only **down 16% on a year-over-year basis.**

Figure 19: Slightly affected industries assumption versus actual job losses (June 2020)



Source: Statistics Canada, NWT Finance.

Figure 20 Slightly affected industries job changes since January



Source: Statistics Canada, NWT Finance.

Projections

By the fourth quarter of 2020, jobs in these "slightly affected" industries are projected to return to around 5,100, which is slightly lower than pre-pandemic levels of 5,300 in January 2020. This is based on the following:

- The Retail Sector is expected to recover between one-half to two-thirds of its job losses as office workers return to the worksite, providing traffic into stores and health measures restricting retail stores operations are relaxed. Retailers are expected to continue to invent and implement strategies (such as curbside pickup) to continue sales. Despite this, consumer spending will remain lower than pre-pandemic for certain goods and services, which is expected to reduce employment at specific stores.
- Construction jobs are expected to see a return to pre-pandemic job levels, given that all three mines will be operating this coming Winter, winter road construction will be undertaken as usual, municipalities and residential builders restart their construction schedules and the GNWT is committed to its 2020-21 capital plan as usual.
- Transportation and Warehousing jobs are projected to recover roughly two-thirds of their job losses as the wider NWT economy gradually re-activates. However, airline travel remains depressed, largely due to consumer reluctance to fly, and this will continue to depress jobs in air transportation.

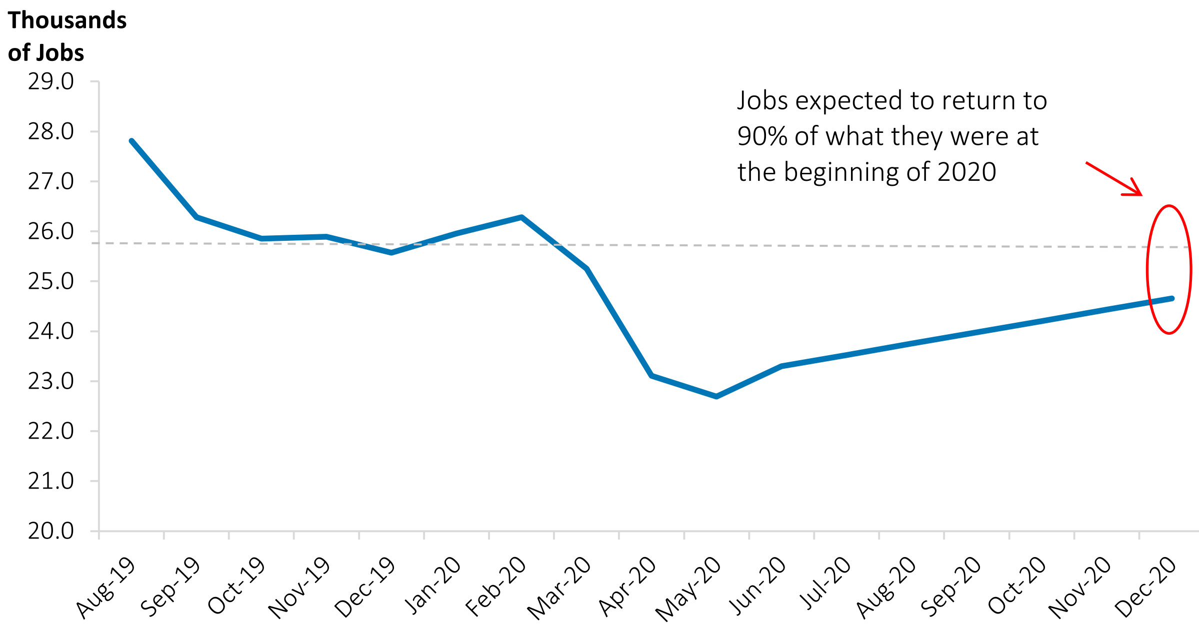
Conclusions

The NWT economy will eventually recover from the job and broader economic losses caused by the pandemic.

Recovery in Northwest Territories Jobs

By the end of 2020, this study projects that the number of NWT jobs will return to nearly 90% of the pre-pandemic level (see Figure 21). Although this is a very positive projection, the jobs recovery will not be evenly distributed. Jobs that are subject to international markets, economic and health-related developments (such as jobs in the tourism sector) will remain depressed and the number of hours worked, the balance of full-time versus part-time employment, and average hourly wages, may not fully recover. In other words, the jobs will come back, but the quality (pay, hours) may not.

Figure 21: Job Recovery Projections



Source: NWT Finance

Recovery Will Differ by Industry

This projected job recovery by the end of 2020 does not mean the overall economy will return to its pre-pandemic structure.

Some changes to consumer and business behaviour experienced during the pandemic will be permanent. These include behaviours such as consumer and employee reluctance to shop and work in close proximity to others; businesses moving away from “just in time” supply chains, which are vulnerable to disruption, in favour of more localised and probably more expensive, suppliers; and consumers reluctant to fly on airplanes, which will have a long lasting negative impact on international tourism and domestic travel. These changes will influence the sectors, size, and growth of the territorial economy.

Some sectors will see quick recoveries in line with a decline in global coronavirus cases and the easing of health restrictions. However, industries serving tourists and business visitors to the territories will have a longer recovery period. Recovery depends on restoring confidence in travelers that it is safe to travel without undo cost and inconvenience, including self-isolation requirements. Restoring confidence for travelers is a shared responsibility of the travel industry to build confidence that it is safe to travel and governments to institute simple isolation protocols that can be adjusted to reflect the risk level of particular circumstances and locations.

The following table provides the assumed uneven distribution of the job recovery.

Table 3: Projected Job Recovery January 2020 to December 2020

	January 2020	December 2020	January to December 2020
	Jobs	Jobs	% of January Jobs
Public Administration	7,900	7,900	100%
Retail Trade + Wholesale	3,000	2,870	96%
Mining, Oil & Gas + Utilities	2,600	2,200	85%
Education Services	1,900	1,870	98%
Accommodation & Food Services	1,700	1,350	79%
Health Care & Social Services	1,600	1,470	92%
Construction	1,400	1,400	100%
Transportation & Warehousing	1,400	1,330	95%
Other Services	920	850	92%
Industrial aggregate (TOTAL JOBS)	26,000	23,400	90%

Source: NWT Finance.

Note: Job numbers are rounded to the nearest ten. Not all industries are listed, and so will not sum to total.

Small Business Challenges

In the immediate-term and at the company level, measures taken to mitigate the health impact of the covid-19 pandemic will increase the cost of doing business; in particular, it will increase the cost of labour to employers. Measures include structural changes to the workplace to contain the spread of the disease, changes to the hours of work and increased space for both workers and customers.

For small businesses:

- Some will go out of business, which may enable surviving firms to increase the size of their market, reaping some economies of scale.
- Some will adopt and adapt new technologies substituting capital (automation) for labour.
- Others may attempt to change how they operate to increase the productivity of labour, which can mean fewer workers can produce the same (or greater) value of product.
- Others will simply scale down, employ fewer workers and tolerate an inferior product.

Small businesses serving local consumers will recover from the economic disruption in pace with the relaxation of health controls, and the principal impediment will be restoring consumer confidence that public spaces are safe spaces. Strategies to restore confidence are already evident in retail stores and retail trade is already recovering from the slowdown. However, adjusting and financing the changes will be a main challenge for companies that will need to adapt and there will be pressure for the government to cushion this process for small business.

Population Changes

There may also be pressure on government to cope with a smaller resident population as people emigrate because of lower employment opportunities in the NWT, and because the health crisis and associated border restrictions cause some residents to question the desirability of living so far away from family and more robust health networks. Fears of isolation during a pandemic may trigger out migration from the territories, but could be balanced by people from other areas seeking new employment opportunities (net migration into the NWT often is a result of poor employment prospects elsewhere). A smaller population implies a smaller resident labour force. A smaller resident labour force would reduce the economic potential of the Northwest Territories and the size of the domestic consumer market.

Diavik Diamond Mine Closure

One of the most important and immediate factors is the impending scheduled closure of Diavik in a few years and the general aging of the diamond mines in general. For many years, diamond mining has acted as a spur to the general economy not only directly, but also indirectly by way of its effects on other busineses and sectors. In addition, the territorial private sector is not as robust as elsewhere in Canada, despite continued efforts by the government over the years to assist in its development. The limited private-sector activity is also not evenly dispersed throughout the territory.

The scheduled closure of the Diavik diamond mine will be a serious economic shock to the territorial economy, reducing employment, especially from small communities from which the mine draws significant support staff and supporting business services. The Diavik mine uses local suppliers, including Indigenous businesses whose sole business is supply services to the mines, and is an industry able to offer jobs in the small communities, outside of Yellowknife. Diavik's closure will therefore not only mean job losses, but also losses in the quality and geographic location of jobs, which could severely worsen unemployment in many small communities. The interconnected negative effects of the Diavik mine closure will be felt throughout the Northwest Territories.

Four Year Outlook

The economic challenges have been worsened by COVID-19 pandemic but the NWT economy also faces long-standing issues that predate the pandemic; and that will, unless successfully tackled, weigh on economic performance in the years ahead, even if a pandemic restart is timely and proceeds smoothly.

Over the next four years, the NWT economy will face the twin economic challenges of recovery from the coronavirus pandemic and addressing the upcoming closure of Diavik diamond mine.

Having high-quality jobs that are widely available depends on a strong and vibrant economy. In the very near term, the GNWT will need to be prepared to take some measured risks based on evidence and policy lessons already learnt, to meet the dual requirements of revitalizing the economy following the shock caused by the COVID-19 pandemic while simultaneously working to meet the territorial economy's long-standing structural challenges.

Appendix: Data Definitions & Methodological Differences

Statistics Canada produces two monthly surveys that measure employment in the Northwest Territories (NWT):

- Labour Force Survey (LFS), Statistics Canada Table 14-10-0292-01, which is a the household survey of employees; and

- Survey of Employment, Payroll, and Hours (SEPH), Statistics Canada Table 14-10-0201-01, which is a payroll survey of employers.

The series produce different employment estimates using different approaches and methodology.

Data differences

Differences between the LFS and the SEPH are summarized in the following table:

Key Differences between LFS and SEPH

Labour Force Survey	Survey of Employment, Payrolls and Hours
• Household survey of NWT residents • Employment in all industries • Includes self-employment • Multiple-job holders counted once • Timely, released with a one-month lag • Subject to sampling error • Revised annually	• Payroll survey of NWT jobs • Non-farm payrolls only • Excludes self-employment • Multiple-job holders counted more-than-once • Released with a two-month lag • No sampling error • Revised monthly

Survey Type

The LFS is a monthly household survey of a sample of the civilian, non-institutionalised working age population. The survey is conducted nation-wide, by phone, one week per month, and households are asked if they are 'employed', 'unemployed' or 'not in the labour force'. Employment estimates are then extrapolated from this survey sample.

The SEPH is a monthly payroll – or establishment – survey of businesses with at least one employee. SEPH employment estimates are derived directly from Canada Revenue Agency Payroll Deduction administrative sources; these include remittances for employee income tax, CPP/QPP and Employment Insurance contributions.

Timing

The LFS is released on the first Friday of every month with a one-month lag; it provides the first timely picture of overall labour market conditions for Canada, the provinces, and territories and includes information on total employment and the unemployment rate. The SEPH is released near the end of the month with a two-month lag and provides employment information, along with estimations of earnings and hours worked.

Job definition

The LFS provides a broad picture of employment; included in its definition are people who are self-employed, workers who take unpaid leave and employees in all industry categories. This is not the case for the SEPH; instead, SEPH provides data for non-farm payroll employment only and SEPH excludes agriculture, fishing and trapping, and religious organizations as well as self-employment.

Double counting

Multiple job holders are treated differently by the LFS and SEPH. As a household survey, the LFS asks people simply whether or not they are employed. People with more than one job are counted only once as "employed." However, SEPH, as a payroll survey, counts the number of jobs on payroll, and so each job is counted separately. As a result, double counting is possible with the SEPH, but not with the LFS.

Residency

Residency is treated differently by the two surveys. Estimates from the LFS are based on where people reside, while SEPH estimates are based on where jobs are located and so, counts employees in the provinces or territories where they work, not where they reside. Therefore, some jobs captured by the SEPH, though located in the NWT, may not be filled by NWT residents.

Accuracy

Survey errors occur occasionally in both surveys. While the monthly sample size of the LFS is large --56,000 nation-wide -- making it a highly survey, the LFS is nonetheless subject to sampling error. This is of particular concern for a small jurisdiction such as the NWT where the sample size is approximately 660 households. On the other hand, because SEPH employment estimates are derived from administrative payroll deduction forms submitted by employers to the Canada Revenue Agency, they are not subject to sampling error. However, late filings mean that SEPH estimates are revised monthly, while LFS estimates are typically revised only annually.

Both surveys though are susceptible to non-sampling errors.

Reference period

The reference periods for both surveys are different. LFS survey is conducted during the week immediately following the LFS 'reference week' – normally the week of the 15th. However, due to the small and sparse population of the North, estimates for all three territories are only available as three month moving averages. This is needed to achieve a representative sample, and as such, selected NWT households are interviewed eight times, once every three months, for two years.

For SEPH, the reference period is the entire month.

Comparison with US data

Similar to Statistics Canada, the US Bureau of Labour Statistics produces two monthly labour market surveys to estimate employment in the United States. These are a household survey – the Current Population Survey (CPS) – and a payroll survey -- the Current Establishment Survey (CES).

As a result, Canada's LFS is the equivalent to the CES in the United States, while the SEPH is the equivalent to the CPS.

Unlike in Canada, both US surveys are released on the same day, typically the first Friday of the month. Also, in the United States, the CPS is used to report headline unemployment, while the CES is used to report headline job numbers. By contrast, Canada uses the LFS for both headline unemployment and job creation.

Data divergence

Due to methodological and conceptual differences between the LFS and SEPH, discrepancies in the employment numbers will occur, particularly on a month-to-month basis. Over the longer term these employment estimates -- both level and trends -- should track well.

However, employment estimates from the LFS and SEPH have not always tracked well in the NWT. Given the differences in survey methodology, there are several possible explanations for why the SEPH and LFS data may diverge:

1) Multiple job holders. An increase in multiple job holders would cause SEPH employment estimates – which allow for double counting – to rise, but not LFS estimates. Therefore, a significant increase in in NWT residents working more than one job could cause SEPH and LFS employment estimates to diverge.
2) Inter-jurisdictional workers. An increase in non-resident workers (FIFO or inter-jurisdictional) would be captured by the SEPH -- which does not estimate employment on a residency basis, counting jobs located in the NWT regardless of who fills them -- but not the LFS. Therefore, an influx of rotational, non-resident workers could cause the series to diverge.
3) Sectoral shift. A shift away from self-employment or agricultural employment -- two employment categories not captured by SEPH -- towards non-farm sectors could cause employment estimates for SEPH to rise, widening the difference between the two series.
4) Data errors. Sampling and non-sampling errors could result in a spurious divergence of the two employment series.

North American Industry Classification System (NAICS) Industry Definitions

The North American Industry Classification System (NAICS) is the standard used by Canadian, American, and Mexican statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the business economy. NAICS is a hierarchical classification of business establishments by type of economic activity.

NAICS 11 - Agriculture, forestry, fishing and hunting

This sector comprises establishments primarily engaged in growing crops, raising animals, harvesting timber, harvesting fish and other animals from their natural habitats and providing related support activities.

NAICS 21 - Mining, quarrying, and oil and gas extraction

This sector comprises establishments primarily engaged in extracting naturally occurring minerals. These can be solids, such as coal and ores; liquids, such as crude petroleum; and gases, such as natural gas. The term mining is used in the broad sense to include quarrying, well operations, milling (for example, crushing, screening, washing, or flotation) and other preparation customarily done at the mine site, or as a part of mining activity. Establishments engaged in exploration for minerals, development of mineral properties and mining operations are included in this sector. Establishments performing similar activities, on a contract or fee basis, are also included.

NAICS 22 - Utilities

This sector comprises establishments primarily engaged in operating electric, gas and water utilities. These establishments generate, transmit, control and distribute electric power; distribute natural gas; treat and distribute water; operate sewer systems and sewage treatment facilities; and provide related services, generally through a permanent infrastructure of lines, pipes and treatment and processing facilities.

NAICS 23 - Construction

This sector comprises establishments primarily engaged in constructing, repairing and renovating buildings and engineering works, and in subdividing and developing land. These establishments may operate on their own account or under contract to other establishments or property owners. They may produce complete projects or just parts of projects. Establishments often subcontract some or all of the work involved in a project, or work together in joint ventures. Establishments may produce new construction, or undertake repairs and renovations to existing structures.

A construction establishment may be the only establishment of an enterprise, or one of several establishments of an integrated real estate enterprise engaged in the land assembly, development, financing, building and sale of large projects.

NAICS 31-33 - Manufacturing

This sector comprises establishments primarily engaged in the chemical, mechanical or physical transformation of materials or substances into new products. These products may be finished, (they are ready to be used or consumed), or semi-finished (becoming a raw material for an establishment to use in further manufacturing). Related activities, such as the assembly of the component parts of manufactured goods; the blending of materials; and the finishing of manufactured products by dyeing, heat-treating, plating and similar operations are also treated as manufacturing activities. Manufacturing establishments are known by a variety of trade designations, such as plants, factories or mills.

Manufacturing establishments may own the materials which they transform or they may transform materials owned by other establishments. Manufacturing may take place in factories or in workers' homes, using either machinery or hand tools.

NAICS 41 - Wholesale trade

This sector comprises establishments primarily engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

The wholesaling process is an intermediate step in the distribution of goods. Many wholesalers are organized to sell merchandise in large quantities to retailers, and business and institutional clients. However, some wholesalers, in particular those that supply non-consumer capital goods, sell merchandise in single units to final users. Sales of capital goods or durable non-consumer goods used in the production of goods and services, such as farm machinery and equipment, heavy duty trucks, and industrial machinery, are always included in wholesale trade.

Wholesalers sell merchandise to other businesses and normally operate from a warehouse or office. These warehouses and offices are characterized by having little or no display of merchandise. In addition, neither the design nor the location of the premises is intended to solicit walk-in traffic. Wholesalers do not normally use advertising directed to the general public. Customers are generally reached initially via telephone, in-person marketing, or by specialized advertising that may include Internet and other electronic means. Follow-up are either vendor-initiated or client initiated, generally based on previous sales, and typically exhibit strong ties between sellers and buyers.

This sector comprises two main types of wholesalers: merchant wholesalers that sell goods on own account and wholesale electronic markets, agents, and brokers that arrange sales and purchases for others generally for a commission or fee.

NAICS 44-45 - Retail trade

This sector comprises establishments primarily engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

The retailing process is the final step in the distribution of merchandise; retailers are therefore organized to sell merchandise in small quantities to the general public. This sector comprises two main types of retailers, store and non-store retailers.

NAICS 48-49 - Transportation and warehousing

This sector comprises establishments primarily engaged in transporting passengers and goods, warehousing and storing goods, and providing services to these establishments. The modes of transportation are road (trucking, transit and ground passenger), rail, water, air and pipeline. These are further subdivided according to the way in which businesses in each mode organize their establishments. National post office and courier establishments, which also transport goods, are included in this sector. Warehousing and storage establishments are subdivided according to the type of service and facility that is operated.

Many of the establishments in this sector are structured as networks, with activities, workers, and physical facilities distributed over an extensive geographic area.

NAICS 51 - Information and cultural industries

This sector comprises establishments primarily engaged in producing and distributing (except by wholesale and retail methods) information and cultural products. Establishments providing the means to transmit or distribute these products or providing access to equipment and expertise for processing data are also included.

The unique characteristics of information and cultural products, and of the processes involved in their production and distribution, distinguish this sector from the goods-producing and services-producing sectors.

The value of these products lies in their information, educational, cultural or entertainment content, not in the format in which they are distributed. Most of these products are protected from unlawful reproduction by copyright laws. Only those possessing the rights to these works are authorized to reproduce, alter, improve and distribute them. Acquiring and using these rights often involves significant costs.

NAICS 52 - Finance and insurance

This sector comprises establishments primarily engaged in financial transactions (that is, transactions involving the creation, liquidation, or change in ownership of financial assets) or in facilitating financial transactions.

NAICS 53 - Real estate and rental and leasing

This sector comprises establishments primarily engaged in renting, leasing or otherwise allowing the use of tangible or intangible assets. Establishments primarily engaged in managing real estate for others; selling, renting and/or buying of real estate for others; and appraising real estate, are also included.

NAICS 54 - Professional, scientific and technical services

This sector comprises establishments primarily engaged in activities in which human capital is the major input. These establishments make available the knowledge and skills of their employees, often on an assignment basis. The individual industries of this sector are defined on the basis of the particular expertise and training of the service provider.

The main components of this sector are legal services; accounting, tax preparation, bookkeeping and payroll services; architectural, engineering and related services; specialized design services; computer systems design and related services; management, scientific and technical consulting services; scientific research and development services; and advertising, public relations, and related services.

The distinguishing feature of this sector is the fact that most of the industries grouped in it have production processes that are almost wholly dependent on worker skills.

NAICS 55 - Management of companies and enterprises

This sector comprises establishments primarily engaged in managing companies and enterprises and/or holding the securities or financial assets of companies and enterprises, for the purpose of owning a controlling interest in them and/or influencing their management decisions. They may undertake the function of management, or they may entrust the function of financial management to portfolio managers.

NAICS 56 - Administrative and support, waste management and remediation services

This sector comprises establishments of two different types: those primarily engaged in activities that support the day-to-day operations of other organizations; and those primarily engaged in waste management activities.

NAICS 61 - Educational services

This sector comprises establishments primarily engaged in providing instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities and training centres, and include tutoring and athletic, sport and art instruction. These establishments may be privately owned and operated, either for profit or not, or they may be publicly owned and operated. They may also offer food and accommodation services to their students.

NAICS 62 - Health care and social assistance

This sector comprises establishments primarily engaged in providing health care by diagnosis and treatment (including dentists and other health practitioners as well as their office staff), providing residential care for medical and social reasons, and providing social assistance, such as counselling, welfare, child protection, community housing and food services, vocational rehabilitation and child care, to those requiring such assistance.

NAICS 71 - Arts, entertainment and recreation

This sector comprises establishments primarily engaged in operating facilities or providing services to meet the cultural, entertainment and recreational interests of their patrons. These establishments produce, promote or participate in live performances, events or exhibits intended for public viewing; provide the artistic, creative and technical skills necessary for the production of artistic products and live performances; preserve and exhibit objects and sites of historical, cultural or educational interest; and operate facilities or provide services that enable patrons to participate in sports or recreational activities or pursue amusement, hobbies and leisure-time interests.

NAICS 72 - Accommodation and food services

This sector comprises establishments primarily engaged in providing short-term lodging and complementary services to travellers, vacationers and others, in facilities such as hotels, motor hotels, resorts, motels, casino hotels, bed and breakfast accommodations, housekeeping cottages and cabins, recreational vehicle parks and campgrounds, hunting and fishing camps, and various types of recreational and adventure camps. This sector also comprises establishments primarily engaged in preparing meals, snacks and beverages, to customer orders, for immediate consumption on and off the premises.

NAICS 81 - Other services (except public administration)

This sector comprises establishments, not classified to any other sector, primarily engaged in repairing, or performing general or routine maintenance, on motor vehicles, machinery, equipment and other products to ensure that they work efficiently; providing personal care services, funeral services, laundry services and other services to individuals, such as pet care services and photo finishing services; organizing and promoting religious activities; supporting various causes through grant-making, advocating (promoting) various social and political causes, and promoting and defending the interests of their members. Private households are also included.

NAICS 91 - Public administration

This sector comprises establishments primarily engaged in activities of a governmental nature, that is, the enactment and judicial interpretation of laws and their pursuant regulations, and the administration of programs based on them. Legislative activities, taxation, national defence, public order and safety, immigration services, foreign affairs and international assistance, and the administration of government programs are activities that are purely governmental in nature.

Ownership is not a criterion for classification. Government owned establishments engaged in activities that are not governmental in nature are classified to the same industry as privately owned establishments engaged in similar activities.