

Northern Economic Futures: Challenges and Opportunities

Commentary

Measuring the Effects of Diamond Mine Closures on Indigenous Communities in the Northwest Territories

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Abstract: The Northwest Territories has experienced an economic boom in the past thirty years, with world class diamond mines starting operations between 1998 and 2016. The diamond mines have been a significant contributor to the territory's local economy through contracting opportunities, employment, training and development, and the financial health of local Indigenous communities. However, over the past thirty months rough diamond prices have collapsed. Of the four mines in the territory, one has already ceased operation and the other three are slated to close between 2026 and 2030. In fall 2023, the NWT and Nunavut Chamber of Mines released a report on the economic effects of a diminished resource sector. To inform discussions on the territory's economic future and the important role of Indigenous communities in that future, the Indigenous Development Corporations (IDCs) of the Yellowknives Dene First Nation, Tłı̨ch̨o Nation, the North Slave Métis Alliance, and the Łutsël K'édé Dene First Nation have worked collaboratively to revisit that 2023 report. The aim was to assess their collective contributions to the NWT diamond mining industry and the impacts of mine closures on their communities. Diamond mining has been a catalyst in the growth and development of Indigenous labour and business throughout the North Slave region. The IDCs want to bring attention to the plight of the NWT economy, but also to shine light on the opportunities for future growth and development that can leverage three decades of investment.

L'avenir économique du Nord: les défis et les opportunités

Commentaire

Mesurer les effets de la fermeture des mines de diamants sur les communautés Autochtones des Territoires du Nord-Ouest

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Résumé: Les Territoires du Nord-Ouest ont connu un essor économique au cours des trente dernières années, avec l'ouverture de mines de diamants de renommée internationale à partir de 1998, la plus récente en 2016. Ces mines ont largement contribué à l'économie locale en générant des opportunités, des emplois, de la formation, du développement et un bien-être financier pour les communautés autochtones. Cependant, au cours des trente derniers mois, les prix des diamants bruts ont chuté. Sur les quatre mines du territoire, une a déjà cessé toute activité et les trois autres fermeront entre 2026 et 2030. À l'automne 2023, la Chambre des mines du Nunavut et des Territoires du Nord-Ouest a publié un rapport sur les conséquences économiques d'une diminution de cette ressource. Pour éclairer les discussions sur l'avenir économique du territoire et le rôle essentiel des communautés autochtones dans cet avenir, les sociétés de développement autochtones de la Première Nation Dene de Yellowknives, le gouvernement Tłıchq Nation, la North Slave Métis Alliance et la Première Nation de Łutsël K'é Dene ont collaboré pour réexaminer ce rapport de 2023. L'objectif est d'évaluer leurs contributions collectives à l'industrie du diamant dans les TNO et les retombées de la fermeture des mines sur leurs communautés. Le secteur de l'extraction des diamants a dynamisé la croissance et le développement des activités et entreprises autochtones dans l'ensemble de la région du Slave Nord. Les sociétés de développement autochtones souhaitent attirer l'attention sur la situation économique difficile des TNO, mais aussi mettre en valeur les opportunités de croissance et de développement futurs qui pourraient s'appuyer sur les investissements réalisés au cours des trois dernières décennies.

The Northwest Territories has experienced an economic boom in the past thirty years, with world class diamond mines starting in 1998 with BHP’s Ekati mine, and the most recent, De Beers Group’s Gahcho Kué mine, starting operations in 2016. During this time, the diamond mines have been a significant contributor to the territory’s local economy through contracting opportunities, employment, training and development, and the financial health of local Indigenous communities.

However, over the past thirty months rough diamond prices have significantly collapsed and they are at their lowest point in this century. This has put significant pressure on the mines that remain.¹ Of the four mines that have been operating in the territory, one has already ceased operation—the De Beers Snap Lake mine closed in December 2015. The next mine slated to close is Rio Tinto’s Diavik mine, in March 2026. Based on current plans, the two remaining mines expected to close are the Ekati mine, now owned by Burgundy, in 2028, and the De Beers Gahcho Kué mine, in 2030. There is also a very real possibility of earlier mine closure due to market conditions.

In fall 2023, the Northwest Territories and Nunavut Chamber of Mines released a report on the economic effects of a diminished resource sector.² The report demonstrated the sector’s sizeable influence on the Northwest Territories (NWT) economy. While that study focused on the plight of the territorial economy as a whole, with some focus on the City of Yellowknife, the Yellowknives Dene, Tłı̨chǫ, North Slave Métis Alliance, and Łutsël K’é Dene communities will not be spared from significant losses when the diamond mines close. All four Nations have invested heavily in their labour and capital to become important contributors to the industry’s success story. As such, diamond mining has been a catalyst in the growth and development of Indigenous labour and business throughout the North Slave region.

Of greatest concern for business leaders within these impacted communities is that economic activity beyond diamond mining looks sparse. There are growing signs that support for private sector development of the territory’s assets is fading, and that the territory will soon be overly reliant on transfers from the federal government.³

Table 1. Contribution of diamond mines to the Northwest Territories economy in 2023. Source: Impact Economics. 2025.⁴

| | |
|---------------|------------------------------------|
| \$2.1 billion | Value of production |
| \$450 million | Labour income |
| \$106 million | Consumer spending in NWT |
| 3,790 | Direct, indirect, and induced jobs |

In an effort to inform discussions on the territory's economic future and the important role of Indigenous communities in that future, the Indigenous Development Corporations (IDCs) of the Yellowknives Dene First Nation, Tłı̨chǫ Nation, North Slave Métis Alliance, and Łutsël K'é Dene have worked collaboratively to revisit the original work of the Chamber of Mines report.⁵ The aim was to assess the collective contributions of Indigenous communities to the NWT diamond mining industry, and the impacts of mine closures. The message is that in just five years this labour and capital will be out of work.

The Contributions of Indigenous Communities and Development Corporations to NWT Diamond Mining

The Yellowknives Dene, Tłı̨chǫ, North Slave Métis Alliance, and Łutsël K'é Dene communities and their development corporations play an important role in the success of the NWT diamond mining industry through the contribution of labour and capital.

Labour

We found that in 2023, about 353 jobs related to the mining industry were filled by resident members of the Yellowknives Dene First Nation, the Tłı̨chǫ Nation, the North Slave Métis Alliance, and the Łutsël K'é Dene First Nation. These included both direct jobs (employed by the owner of a mine or working for NWT business owners who have contracts with a mine), and indirect jobs (working for a business providing goods and/or services to a mine contractor). The majority of these jobs were created in Yellowknife (74%), followed by South Slave communities (15%), and Tłı̨chǫ communities (6%). The wages and salaries earned by these employees amounted to \$39.6 million in 2023.

Business

To appreciate the extent to which the Indigenous development corporations are connected to the diamond mining industry, consider that the mine owners spent \$1.1 billion on intermediate goods and services in 2023. Of that amount, \$810 million was spent on imports such as fuel and machine parts, meaning \$286 million was spent within the NWT business community. Between wholly-owned businesses and their respective ownership percentages of joint ventures, the IDC's share of this business demand was 36%, equal to \$104 million.

Some Useful Comparisons

For context, the gross output from diamond mines and exploration represents about 25% of the territory's total output, and 16% of its Gross Domestic Product (GDP). The 3,790 jobs created represent 14% of all jobs in the NWT (in 2023), while the 1,550 jobs filled by residents are 6% of NWT employment. The \$39.6 million in employment income earned by Indigenous labour from the three local Indigenous communities represents 3.6% of the total personal income found in all of Dettah, Ndilo, Yellowknife, and the Tłı̄chǫ communities.

What will Closure Mean?

Similar to the conclusion from the 2023 study on the potential effects of a diminished resource sector on the NWT economy as a whole, the Yellowknives Dene First Nation, the Tłı̄chǫ Nation, the North Slave Métis Alliance, and the Łutsël K'édene First Nation can expect job losses and declining business demand as a result of mine closures, which will include the end of some business lines.

The effects on families and communities must not be understated, nor should it be assumed that members of these communities would not be among the population leaving the territory in search of better economic prospects elsewhere. It is important to note that mining is “the largest private sector employer of Indigenous people in Canada,”⁶ and incomes earned through mining are about double the average income earned by Indigenous Canadian workers.⁷ Mine closures will mean:

- the economy will be smaller,
- there will be fewer jobs,
- there will be less disposable income,
- government will have less revenue, and
- there will be fewer people.

The lost business will be devastating for the Indigenous Development Corporations. Contracts with the diamond mines represent 54% of their total gross output. Several wholly-owned businesses do not have other markets to transition to in the absence of regional mining. With revenues falling by more than half, corporate productivity will fall, requiring an adjustment through staff reductions.

Should the mines close earlier than the current estimates, there are additional challenges created for the territory, which include the following:

- **Critical minerals strategy:** The current diamond mine operations enable access, via the annual winter road, to critical minerals deposits along the corridor, which are actively being explored for further development.
- **Loss of key talent and services:** An impressive local workforce and service sector has developed over the last several decades, which needs to be preserved to support the next generation of critical minerals development.
- **Social issues:** The loss of the mining sector will significantly contribute to the growing social issues of the territory, and may contribute to population declines. This potentially leads to an impact on culture and language.

Community Support and Government Revenues

Mine closure results in lost revenue and financial support for Indigenous communities. Not including Impact and Benefit Agreement (IBA) payments, it was estimated that the three mine operators contributed \$4.2 million to communities in 2023 in support of a variety of projects, activities, programs, and education.⁸ The aggregated revenue from diamond mining for the Yellowknives Dene First Nation, the Tłı̄ch̄o Nation, and the North Slave Métis Alliance, including revenue from income taxes, resource royalties, IBA payments, and GST transfers, represents about \$19.3 million in 2024, revenue that will be lost when the mines close.

The Local Market's Response

The local market and various stakeholders have been proactive in countering the negative market conditions. For example, the diamond mine industry has been reducing overhead costs where possible, debottlenecking operations and increasing production and, where possible, maximizing local employment reducing the need for high-cost southern labour.

Indigenous Nations and Indigenous Development Corporations (IDCs) have been working directly with industry to reduce costs, increase local hiring, lobby and support on their behalf, and assist with permitting needs.

The Government of the Northwest Territories (GNWT), in response to requests from the diamond mine proponents and with the support of local IDCs, has provided a relief package for the mining industry which has included:

- Doubling the number of local diamond valuations in 2025 and 2026 and covering the associated costs.
- Temporarily lowering the 2025 property tax rate for mines, giving a little more than \$11 million in tax relief to the Diavik, Ekati, and Gahcho Kue diamond mines.
- Returning money remaining from the NWT's Large Emitter Greenhouse Gas (GHG) - Reducing Investment Grant Program to the Ekati and Gahcho Kue mines to offset their carbon tax payments. Diavik mine already used some of this fund for solar panels in 2024.
- Continuing to work with Indigenous governments and development groups to secure more federal support for infrastructure and transition projects.

Next Steps?

NWT and its various stakeholders have done everything in their power to preserve the diamond mine sector, but they seek additional help.

- Winter road cost coverage: Currently a winter resupply road is built every year at an estimated cost of \$25 million (both direct and indirect costs). This entire expense is currently covered by the operating mines. The federal government has been asked to cover the winter road through an initial three-year program, for a total estimated cost of \$75 million.
- Training and development: A training and development budget would assist employees transitioning from the mining sector, starting with displaced Diavik employees, and focused on operations at Ekati, Gahcho Kué, and the Giant Mine reclamation project.
- Strategic infrastructure: Further funding and support for the development of strategic infrastructure is needed, including the development of all-season corridors (Slave Geologic Province Corridor and Mackenzie Valley Highway), and clean reliable energy sources (Taltson hydro expansion project).

- Working Group: A working group to address concerns and requests should be created immediately, with key stakeholders representing the federal government, the territorial government, Indigenous Nations and groups, Indigenous development corporations, and industry.

Yellowknives Dene First Nation, Tłı̨chǫ Nation, North Slave Métis Alliance, and the Łutsël K'é Dene First Nation and their development corporations will suffer significant losses when the diamond mines close over the next five years. The IDCs want to bring attention to the plight of the NWT economy and the extent to which they will be affected, but also to shine light on the opportunities for future growth and development that can leverage three decades of investment in the labour and capital in these communities. Mines do close and projects do come to an end, and this is understood. The question is how we collaborate, plan and prepare, and collectively continue to provide prosperity at the local levels. The next step has to be meaningful conversations on these opportunities and how they can be advanced.

Notes

1. “Natural Diamond Price Chart,” PriceScope.Com, <https://www.pricescop.com/diamond-prices/diamond-prices-chart>.
2. Impact Economics, *Eyes Wide Open: Understanding the Effects of a Diminished Resource Economy in the NWT* (Northwest Territories and Nunavut Chamber of Mines Working Paper, February 2024). <https://www.miningnorth.com/chamber-news/103676>.
3. Impact Economics, *Effects of Mine Closure on Indigenous Communities and their Economic Development Corporations* (Det’on Cho Corporation, Tlı̨cho Investment Corporation & Metcor Incorporated, March 2025).
4. Impact Economics, *Effects of Mine Closure*.
5. Impact Economics, “Starting a Conversation on the Implications of an Increased Dependence on the Federal Government and the Canadian Taxpayer,” Addendum to *Eyes Wide Open: Understanding the Effects of a Diminished Resource Economy in the NWT* (Northwest Territories and Nunavut Chamber of Mines Working Paper, February 2024). <https://www.miningnorth.com/chamber-news/103676>.
6. “Indigenous Employment, Training and Procurement,” The Mining Association of Canada, 2025, <https://mining.ca/our-focus/indigenous-affairs/indigenous-employment-training-and-procurement>.
7. “More Indigenous Representation in Resource Sector than in Ottawa,” Indigenous Resource Network, 2023, [https://www.indigenousresourcenetwork.ca/more-indigenous-representation-in-resource-sector-than-in-ottawa#:~:text=In%20pulling%20data%20from%20the,working%20in%20mining%20\(%2493%2C600](https://www.indigenousresourcenetwork.ca/more-indigenous-representation-in-resource-sector-than-in-ottawa#:~:text=In%20pulling%20data%20from%20the,working%20in%20mining%20(%2493%2C600).
8. This estimate includes support to non-Indigenous communities.