

## A close-up, monochromatic image of a hand holding several small, rectangular, textured blocks, possibly stone or wood, arranged in a row. The background is blurred, showing more of the hand and the blocks.

**With assistance from:**  
Government of Nunavut  
Department of Community Services

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## EXECUTIVE SUMMARY

### The Economic Impact of Nunavut's Travel Industry



The travel industry is a critical component of Nunavut's economy, with significant opportunities for continued growth and development. Prior to the COVID-19 pandemic, the travel industry in Nunavut was estimated to have an economic impact of approximately \$400 million in 2019 and employed around 3,000 individuals. Travel Nunavut has established an ambitious goal of growing the travel industry into a billion-dollar sector by 2030, supporting the creation of 5,000 jobs. Growth in the travel industry is not only a pathway to economic diversification; it also supports activity across nearly every other sector of Nunavut's economy, both directly and indirectly. Equally important, it showcases and protects the richness and sustainability of Inuit culture and heritage.

As the Nunavut travel industry rebounded post-pandemic there were both challenges and opportunities that the sector had not faced before. Key challenges include limited transportation and community infrastructure, high input costs such as fuel and food, and the need for greater support for Inuit-owned businesses. However, the growing demand for a wide range of travel services and authentic Inuit experiences presents a unique opportunity for local businesses to flourish. With a comprehensive understanding of the travel services needed by Nunavummiut and visitors and a focus on sustainable practices and community engagement, Nunavut's travel industry can play a pivotal role in providing more employment and income in every community while promoting and preserving the cultural identity of its inhabitants. Every community in Nunavut has opportunities to expand the services available to travelers, including accommodations, food and beverage, local transportation, guiding and interpretation, attractions, activities, and supporting infrastructure.

The purpose of this and all future updates of the report is to monitor and report economic change throughout Nunavut's travel industry. This study builds on the 2024 economic assessment by measuring and analyzing the travel industry's current economic impact and providing insights into its future growth potential.

Travel Nunavut contracted Praxis Consulting, a Saskatchewan based firm with extensive experience in economic analysis and Indigenous collaboration, to assess the economic impact of the travel industry on the territorial economy in 2024. Travel Nunavut has now reengaged Praxis Consulting to update this report to reflect the economic impact of the travel industry in 2025. An input-output model specific to Nunavut was developed and used to estimate the territorial impacts associated with the industry. Measured impacts included the revenue and expenses of travel services businesses, spending by out-of-territory travelers in the region, and the associated spin-off impacts. These impacts were stated in terms of gross output, gross domestic product (GDP), employment and labour income. All results are considered incremental to a hypothetical base case. The hypothetical base case is a scenario in which there was no travel industry in Nunavut.

## **Main Assumptions**

The travel industry in Nunavut is defined as travel in all forms (air, water, ground passenger, short-haul trucking services), accommodation & food services (hotels, resorts, motels, bed and breakfast accommodation, cottages and cabins, campgrounds, hunting and fishing camps, restaurants, grocery, and outfitters), traveler spending not elsewhere classified (retail and traveler services such as guided tours, souvenir shops, and various retail stores), and Inuit art (independent individuals (freelance) primarily engaged in performing in artistic productions (not including out of territory film productions), creating artistic and cultural works or productions) as a driver of traveler traffic.

The travel industry in Nunavut encompasses a diverse range of activities and services, significantly impacting the territory's economy. It includes business travel, which constitutes more than half of all visits, primarily driven by contractors, suppliers, and government employees involved in various government activities and development projects. Due to the limited road infrastructure, travel is almost entirely provided by air travel services. Leisure travel is also growing, with initiatives aimed at promoting cultural experiences and outdoor adventure, such as wildlife viewing and traditional Inuit activities.

The government plays a crucial role in facilitating travel through policies and funding that support travel industry development and infrastructure improvements. For example, the 2026-2027 budget includes operational funding for continued and increased travel related development, prioritizing road and marine infrastructure development. Additionally, medical travel is essential for residents needing healthcare services unavailable in their communities; the government provides transportation to approved medical centres, ensuring access to necessary care.

Air and sea freight are critical elements of the supply chain transporting goods to Nunavut's remote locations. Most supplies are delivered by air year-round or by sea during the warmer weather months when ice conditions permit. This logistical aspect is essential for supporting both the local economy and the travel industry, as it ensures that businesses can operate effectively and meet the needs of visitors

and residents alike. In addition, cruise travel has become a vital segment of Nunavut's travel industry, particularly during the short summer months when ships visit local communities. Additionally, by facilitating visitors from around the world through cruises, it creates broader international awareness of Canada's North, its people, and its fragile environment. The travel industry plays an increasingly important role in Nunavut's economy, communities, cultural sustainability, and sovereignty.

## Summary of Results

The results include direct, indirect, and induced impacts of the travel industry's operating revenues, accommodation & food services operating revenues, traveler spending not captured elsewhere (not elsewhere classified or "NEC" (primarily travel retail spending net of Inuit Art), and Inuit art for Nunavut. Results are annual and are expressed in current 2025 dollars.

Definitions for the terms listed above and used throughout this report may be found in Appendix A.

### **Overall, the impacts of the travel industry in Nunavut are as follows:**

- \$843.6 Million in total gross output;
- \$472.6 Million in gross domestic product;
- \$342.6 Million in labour income;
- \$87.0 Million in federal tax revenue;
- \$50.6 Million in territorial tax revenue; and,
- 6,460 jobs in Nunavut relying directly or indirectly on the travel industry.

### **These numbers increasing notably from the 2024 figures shown below, with an average across the board increase of 2.82%:**

- \$823.5 Million in total gross output;
- \$461.3 Million in gross domestic product;
- \$333.9 Million in labour income;
- \$82.2 Million in federal tax revenue;
- \$49.9 Million in territorial tax revenue; and,
- 6,322 jobs in Nunavut relying directly or indirectly on the travel industry.

**Table 1: Territorial Impacts – Travel Industry 2025**

| Territorial Impacts: Direct, Indirect, and Induced | Gross Output (\$M) | Gross Domestic Product (\$M) | Employment (Positions) | Labour Income (\$M) |
|----------------------------------------------------|--------------------|------------------------------|------------------------|---------------------|
| Total Transportation                               | 260.8              | 114.1                        | 1437.2                 | 104.6               |
| Total Accommodation and Food Services              | 278.6              | 169.2                        | 1737.7                 | 123.0               |
| Traveler Not Classified Elsewhere                  | 256.7              | 169.8                        | 2537.6                 | 97.8                |
| Inuit Art                                          | 47.4               | 19.4                         | 747.5                  | 17.2                |
| <b>Total</b>                                       | <b>843.6</b>       | <b>472.6</b>                 | <b>6,460.0</b>         | <b>342.6</b>        |
| <b>% Change 2024-2025</b>                          | <b>2.4</b>         | <b>2.4</b>                   | <b>2.2</b>             | <b>2.6</b>          |

Source: Praxis

**Table 2: Government Revenue Impacts – Travel Industry 2025**

| Government Revenues (\$M)             | Federal (Nunavut Portion) | Territorial |
|---------------------------------------|---------------------------|-------------|
| Total Transportation                  | 34.3                      | 30.9        |
| Total Accommodation and Food Services | 24.0                      | 10.6        |
| Traveler Not Classified Elsewhere     | 25                        | 7.8         |
| Inuit Art                             | 3.7                       | 1.1         |
| <b>Total</b>                          | <b>87.0</b>               | <b>50.6</b> |
| <b>% Change 2024-2025</b>             | <b>2.1</b>                | <b>2.4</b>  |

Source: Praxis

## Key Findings

The 2025 economic impact assessment demonstrates that travel is a significant contributor to Nunavut's economy, generating \$843.6 million in total economic output, \$472.6 million in GDP, supporting approximately 6,460 jobs, and creating \$342.6 million in labour income, increasing from \$823.5 million in economic output, \$461.3 million in GDP, 6,322 jobs, and \$333.9 million in labour income generated in 2024. Accommodation and food services and broader traveller spending made the largest contributions to GDP and employment. Transportation, meanwhile, remained critical to enabling economic activity throughout the territory. Inuit art, although representing a smaller share of GDP, remained an important source of employment and cultural value. The travel industry generated \$137.6 million in federal and territorial government revenues, including \$87.0 million for the federal government and \$50.6 million for the territorial government. Transportation was the largest source of public revenue, accounting for nearly half of all travel-related government revenues. Overall, these results indicate that travel is a major driver of economic diversification in Nunavut, generating substantial economic activity, employment, household income, and government revenues while supporting businesses and communities across the territory.

## INTRODUCTION

Travel Nunavut has been an advocate for the territory's travel industry since 1996. Travel Nunavut is a non-profit industry association representing a growing membership of more than 150 businesses and organizations operating throughout Nunavut including tour operators, airlines, accommodation providers, food & beverage suppliers, cruise operators, and cultural organizations. The mandate of the organization is to support, build, and grow the travel sector to the benefit of Nunavummiut through training, marketing, research, networking and advocacy. The organization is governed by an 18-member volunteer board, representing the many sectors of the Nunavut travel economy. The organization's office is in Iqaluit, the capital and largest city of Nunavut.

Nunavut is Canada's largest and most geographically remote territory. Formed as a territory in 1999, Nunavut has three regions: Kivalliq, Qikiqtaaluk, and Kitikmeot. With approximately two million square kilometres and approximately 42,000 (2025) people, Nunavut is the least densely populated of all the provinces and territories in Canada. Nunavut's remote communities are accessible primarily by air and sea. The capital city, Iqaluit, is the largest in the territory with approximately 8,600 people (2025). Nunavut's economy is driven primarily by mining and government services, with the travel industry and cultural activities such as hunting, fishing, and art also playing important roles. Encompassing the eastern end of the Northwest Passage, a shipping route connecting the Atlantic and Pacific Oceans, Nunavut's communities are directly impacted by the maritime traffic and economic activity. The territory plays a crucial role in maintaining control and monitoring the environmental impacts of this passage.

### The Nunavut Travel Industry

For the purpose of this study, the travel industry in Nunavut is defined broadly to include transportation services, accommodation and food services, traveller spending not elsewhere classified, and Inuit art. Transportation services include passenger travel by air and marine transportation, as well as freight and shipping services that support travel activity. Accommodation and food services include hotels, lodges, resorts, bed and breakfasts, cabins, campgrounds, hunting and fishing camps, restaurants, and other establishments that provide meals, snacks, and beverages to travellers. Traveller spending not elsewhere classified includes tourism-related retail purchases, guided tours, outfitting services, cultural experiences, and other visitor expenditures. Inuit art includes the creation and sale of carvings, prints, textiles, jewelry, and other cultural products, purchased by visitors and collectors, and represents an important component of Nunavut's travel economy.

Traveling to and within Nunavut presents several unique challenges due to its geographic remoteness, limited infrastructure, and harsh climate conditions. There are no roads to Nunavut and few direct flights into Nunavut from major Canadian cities. Within Nunavut, there are few local roads and no regional roads connecting the various communities. Most travelers must take multiple flights to reach their destination. For instance, to arrive in some of the more remote communities, it would take a traveler from outside Nunavut up to four flights over the course of a few days, significantly increasing travel complexity and cost.

Nunavut has 24 public airports, most of which operate on gravel runways, limiting the size and type of aircraft that can serve many communities. As a result, residents and visitors rely heavily on-air transportation for both passenger travel and the movement of goods. Flight schedules on some routes may operate only a few times per week, reducing flexibility for travellers and businesses.

As a result, the cost of air travel and freight is significantly higher in Nunavut compared to other regions of Canada. Direct roundtrip fares often surpass \$1,500 depending on the route, making it financially challenging for many travellers while the cost of food and amenities is exceptionally high. These costs can often be lowered by way of discounted rates for beneficiaries, corporate clients doing business in the territory, students, and more.

Furthermore, the unpredictable weather in Nunavut complicates travel plans. Many airports are not equipped to handle adverse weather conditions due to the lack of longer, paved runways or other landing aids, leading to frequent flight cancellations and delays. Limited accommodations make it challenging to accommodate delayed travellers and food shipment operations can incur high wastage when food shipments spoil. As well, seasonal changes affect traditional ground and water/ice travel routes used by the local population, adding risk and expense to their travel.

## Employment in the Territory

Detailed employment data show that Nunavut's travel industry remained a significant source of employment between 2023 and 2025, supporting approximately 4,250 direct jobs in 2025. While total travel employment increased modestly by 1.4%, growth was uneven across sectors. Accommodation services and air transportation experienced strong gains, growing by 20.4% and 7.6% respectively, reflecting increased visitor activity and continued reliance on aviation. In contrast, food services and truck transportation experienced substantial declines, suggesting ongoing operational and labour challenges. Retail employment remained relatively stable and accounted for the largest share of travel-related jobs. Overall, the data demonstrate that Nunavut's travel industry continues to grow and adapt, with employment increasingly concentrated in sectors supporting accommodation and air access.

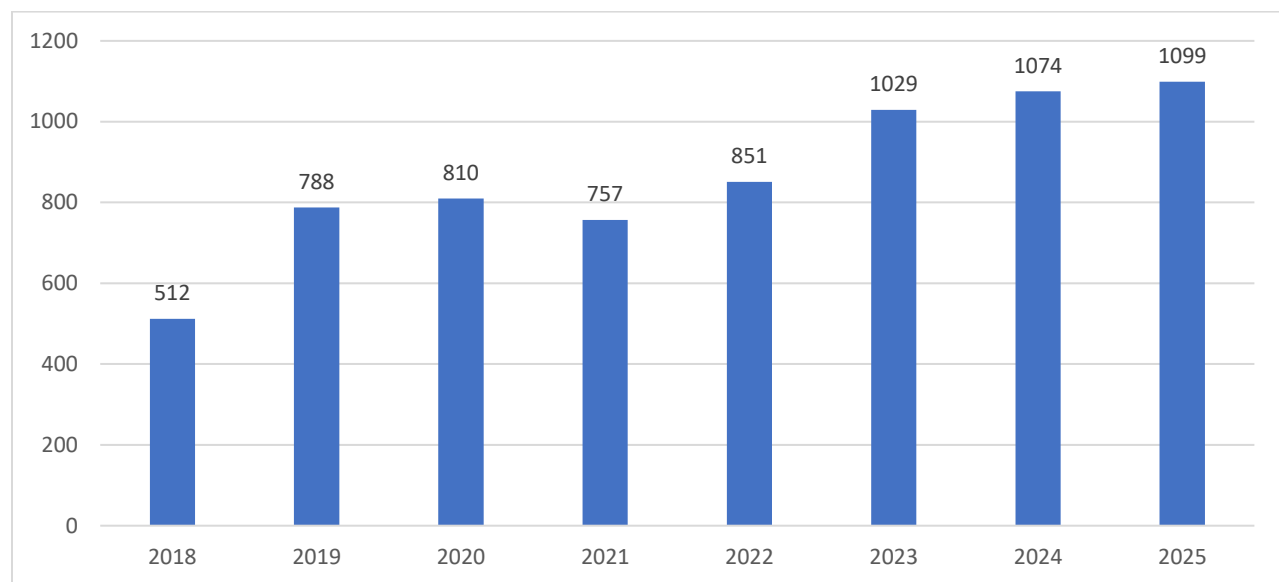
**Table 3: Detailed Direct Employment – Nunavut Travel Industry Excluding Inuit Art 2023-2025<sup>1</sup>**

|                                        | 2023         | 2024         | 2025         | Change 2023-2025 | % Change 2023-2025 |
|----------------------------------------|--------------|--------------|--------------|------------------|--------------------|
| <b>Industry Aggregate</b>              | 20,723       | 21,555       | 22,140       | 1,417            | 6.80%              |
| <b>Transportation</b>                  | 970          | 1,062        | 979          | 9                | 0.90%              |
| <b>Accommodation and food services</b> | 1,029        | 1,074        | 1,099        | 70               | 6.8%               |
| <b>Retail</b>                          | 2,192        | 2,187        | 2,172        | -20              | -0.9%              |
| <b>Total</b>                           | <b>4,191</b> | <b>4,323</b> | <b>4,250</b> | <b>59</b>        | <b>1.9%</b>        |

Source: Statistics Canada Table: 14-10-0202-01, Praxis

<sup>1</sup> Labour statistics are produced by integrating different data sources in order to generate estimates consistent with the Canadian System of National Accounts. (Statistics Canada, <https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&Id=1570503>)

**Figure 1: Accommodation and Food Services Employment - Nunavut 2018-2025**



Source: Statistics Canada Table: 14-10-0202-01, Praxis

As the figures display, Nunavut's Accommodations and Food Services sector has not only performed well relative to other sectors within the territory, but it has also significantly outpaced other provinces and territories as well as Canada as a whole. Since 2018, Nunavut has experienced at 114.6% growth in employment in the accommodations and food services sector, meaning growth 98.1% higher than the next highest, Prince Edward Island (16.5%), and 116.6% higher than the national average of -2.0%.

**Figure 4: Change in Accommodation and Food Services Employment 2018-2025**

| Province / Territory      | % Change |
|---------------------------|----------|
| Nunavut                   | 114.60   |
| Northwest Territories     | -8.70    |
| Yukon                     | -4.90    |
| British Columbia          | -6.70    |
| Alberta                   | -2.70    |
| Saskatchewan              | 4.80     |
| Manitoba                  | -5.90    |
| Ontario                   | -3.00    |
| Quebec                    | 2.90     |
| New Brunswick             | -1.80    |
| Nova Scotia               | 5.60     |
| Prince Edward Island      | 16.50    |
| Newfoundland and Labrador | -0.80    |
| Canada                    | -2.00    |

Source: Statistics Canada Table: 14-10-0202-01, Praxis

## Business Counts in the Territory

Business count data indicate that Nunavut's travel industry experienced modest growth between 2021 and 2025, with the number of travel-related businesses increasing from 99 to 102. Growth was

concentrated in accommodation services and food services which expanded by 21% and 50% respectively, suggesting an increased demand for visitor accommodations and hospitality services as travel activity recovers and expands. In contrast, the number of air transportations business declined significantly, however, this likely reflects industry consolidation as opposed to a reduction in activity, as employment in the sector continued to grow over the same period. Transportation support services remained relatively stable, while water transportation businesses disappeared entirely from the business count. Overall, the data suggest that Nunavut's travel industry is becoming increasingly concentrated in hospitality and visitor services, while maintaining a relatively stable overall business base.

**Table 5: Total Business Count – Travel Related Businesses 2021 vs 2025**

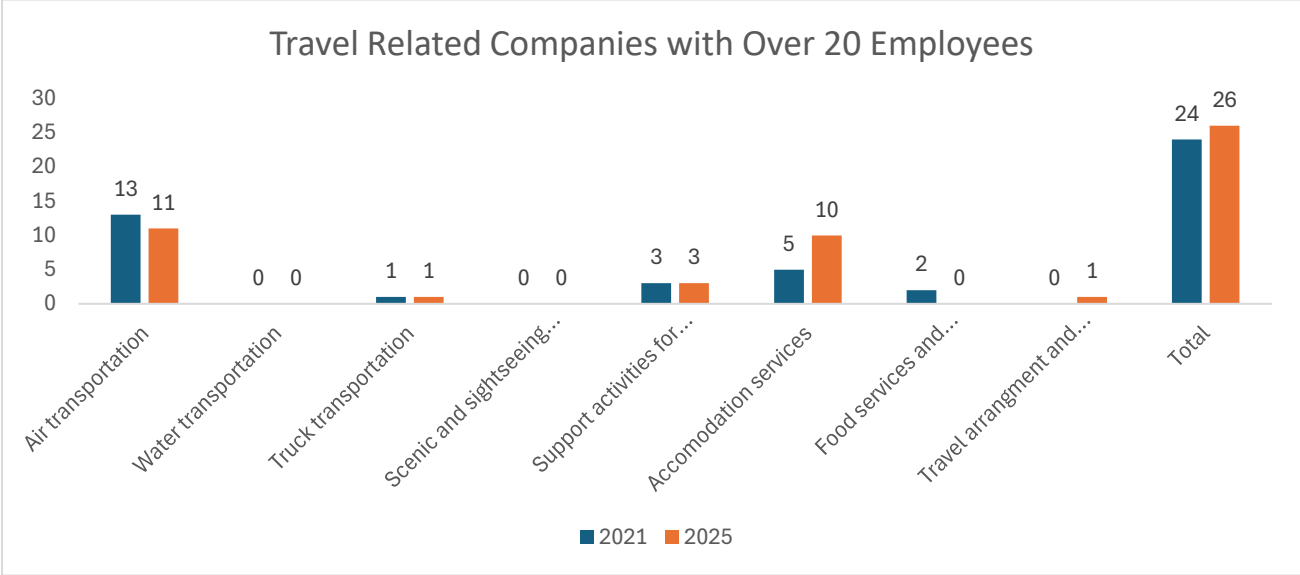
|                                             | 2021      | 2025       | Change   | % Change    |
|---------------------------------------------|-----------|------------|----------|-------------|
| Air Transportation                          | 36        | 26         | -10      | -27.8%      |
| Water Transportation                        | 2         | 0          | -2       | -100.0%     |
| Truck transportation                        | 8         | 8          | 0        | 0.0%        |
| Scenic and sightseeing transportation       | 1         | 2          | 1        | 100.0%      |
| Support activities for transportation       | 8         | 9          | 1        | 12.5%       |
| Accommodation services                      | 29        | 35         | 6        | 20.7%       |
| Food services and drinking establishments   | 14        | 21         | 7        | 50.0%       |
| Travel arrangement and reservation services | 1         | 1          | 0        | 0.0%        |
| <b>Total</b>                                | <b>99</b> | <b>102</b> | <b>3</b> | <b>3.0%</b> |

Source: Statistics Canada Table: 33-10-1014-01, Praxis

The following graph shows the number of larger travel-related companies with over 20 employees. When viewed alongside the overall business count data, the chart shows that Nunavut's travel industry is growing through a combination of business expansion and industry consolidation. The following are some of the major observations:

- The accommodation sector stands out as the strongest growth area, with increases in both total businesses and the number of larger employers, reflecting rising demand for visitor accommodations and supporting the strong employment growth observed in that sector.
- In contrast, air transportation has been consolidating, with increasing overall employment levels.
- The food service sector shows a different pattern. More businesses are entering the market while larger employers are exiting or reducing employment size indicating a shift toward smaller operations.

Figure 3: Total Business Count – Travel Related Businesses with Over 20 Employees 2021 vs 2025



Source: Statistics Canada Table: 33-10-1014-01, Praxis

Overall, the data shows that Nunavut's travel industry remains largely composed of small and medium-sized businesses, while growth is increasingly concentrated among larger accommodation providers and established transportation operators.

## Travel as an Economic Driver in the Arctic

The travel industry is increasingly recognized as significant economic drivers in Canada's north. The travel industry provides jobs and income for local communities, contributing to economic stability in regions that often face harsh environmental conditions and limited economic opportunities.

The travel industry helps diversify local economies, reducing dependence on traditional industries like mining and fishing. This diversification can lead to more sustainable economic growth and resilience against market fluctuations.

The increase in leisure travel also raises concerns about environmental sustainability and cultural impacts. Ensuring that travel is managed sustainably is crucial to maintaining the long-term viability of this economic driver. Travel can promote cultural exchange and preservation by supporting local communities and their traditions. In Nunavut, cultural travel experiences are developed by Inuit.

## METHODOLOGY AND ASSUMPTIONS

This analysis presents results based on widely accepted methodologies for estimating economic contributions for sub-national geographies and was built on previous estimates using labour force growth as the metric to inflate impacts. To estimate the impacts of the Nunavut travel industry, Praxis built upon its territorial economic impact model, which is based on the latest available provincial, territorial, and national input-output tables and employment data. Input-output analysis is a widely used form of macroeconomic evaluation that measures the interdependencies between industries and the flow of goods and services throughout an economy. This methodology is commonly used to estimate the

economic impacts of changes in industry activity and to assess the resulting direct, indirect, and induced effects. The Nunavut model comprises 35 industries and 66 commodities and is based on the standardized input-output framework developed by Statistics Canada, ensuring consistent, repeatable results. Additional model descriptions and definitions are provided in Appendix A.

Additionally, the most recent input-output tables are based on 2021 data, which reflects economic conditions during the COVID-19 pandemic and may not accurately reflect the current structure of Nunavut's travel industry. To better reflect current conditions, Praxis updated the 2021 benchmark data to approximate 2024 and 2025 industry conditions.

To support the analysis and validate industry assumptions, Praxis conducted interviews with representatives from Nunavut's travel industry and related sectors. Interviewees were asked a consistent set of questions, tailored slightly by industry, regarding changes in revenues, employment, wages, and capital expenditures since 2024. Initial contact was made by email, with follow-up discussions conducted by telephone or videoconference as required. Interviews consisted of video calls ranging from 20 to 40 minutes in length as well as interviews conducted via email to accommodate member schedules. Participants included representatives from airlines, cruise operators, hotels, outfitters, transportation companies, accommodation and food service businesses, as well as government departments responsible for parks, healthcare, economic development, tourism, and sport.

Secondary information was gathered through desktop research. This included company websites, research reports, government agency websites, news articles, press releases, and other background information.

## LIMITATIONS

Praxis experienced the following limitations when conducting the analysis of this report:

- Statistics Canada's latest territorial input-output tables are from 2021. Praxis employed a variety of methods to estimate 2025 values including ten-year averages, news articles, press releases, and interviews with travel related sectors of the economy.
- Statistics Canada was the primary source of data however there were elements of the travel industry that are not covered by the territorial input-output tables. Praxis employed a variety of methods to estimate these gaps with industry member interviews the primary source of this information. Secondary sources included news articles, press releases, company websites, research reports, government agency websites, and other background information.
- Praxis was unable to complete interviews in a few key sectors due to the timeline of this analysis and scheduling conflicts. Estimated values through secondary research and inflated data from 2024 was used as a proxy for these interviews.
- Each interviewee was provided with a similar set of questions, varying slightly by industry, regarding percentage changes since 2024 in revenue, employment, wages and capital expenditures. Responses varied, with some interviewees providing specific percentages, while others responded generally. Praxis was able to aggregate these responses and combine them with secondary research to develop an estimate for that industry.

- Maintaining confidentiality of source information in the interviews was especially important to those business and sector representatives that were interviewed. It is extremely important to have their cooperation and ensure that any identifiers or small sample statistics and representations are not included in the reporting of the study findings. The privacy and confidentiality of the information collected in these interviews is critical and no one outside of Praxis has access to information collected in the interviews. This information will be destroyed by Praxis in accordance with our code of professional practice.

## DETAILED RESULTS

The economic impact results demonstrate that the Nunavut travel industry generates substantial benefits across the territorial economy through direct, indirect, and induced effects. In 2025, travel supported \$843.6 million in gross output, \$472.6 million in GDP, 6,460 jobs, and \$342.6 million in labour income. The largest contributions to GDP came from accommodation and food services and broader traveller spending, while retail and traveller expenditures supported the greatest number of jobs. Transportation remained the essential enabling sector, generating significant economic activity and connecting visitors with communities across the territory. Although Inuit art accounted for a relatively small share of total GDP, it supported a disproportionately high number of jobs, underscoring its importance to employment, Indigenous entrepreneurship, and cultural tourism. The results also show that travel creates substantial multiplier effects, with indirect and induced impacts generating more than \$214 million in additional economic output beyond direct visitor spending.

### Travel Industry Economic Impact by Component

Travel generates substantial economic activity across all sectors, as shown in the Nunavut travel industry through the generation of:

- \$843.6 million in gross output
- \$472.6 million in gross domestic product
- 6,460 jobs
- \$342.6 million in labour income

This being an across-the-board increase from **2024**, with those figures totalling:

- \$823.5 million in gross output
- \$461.3 million in gross domestic product
- 6,322 jobs
- \$333.9 million in labour income

These figures demonstrate the significant contribution the travel industry makes to Nunavut's overall economy, supporting economic activity across multiple industries rather than within a single sector.

**Table 6: Nunavut Travel Industry Economic Impact by Component – Direct, Indirect, and Induced 2025**

|                                     | Total Transportation | Total Accommodation and Food Services | Traveler NEC | Inuit Art    | Total        |
|-------------------------------------|----------------------|---------------------------------------|--------------|--------------|--------------|
| <b>Gross Output (\$M)</b>           |                      |                                       |              |              |              |
| Direct                              | 205.1                | 201.3                                 | 197.6        | 25.4         | 629.4        |
| Indirect                            | 29.8                 | 46.8                                  | 34.9         | 17.8         | 129.2        |
| Induced                             | 25.9                 | 30.5                                  | 24.9         | 4.3          | 85.1         |
| <b>Total Gross Output</b>           | <b>260.8</b>         | <b>278.6</b>                          | <b>256.7</b> | <b>47.4</b>  | <b>843.6</b> |
| <b>Gross Domestic Product (\$M)</b> |                      |                                       |              |              |              |
| Direct                              | 80.3                 | 121.3                                 | 132.0        | 6.4          | 340.1        |
| Indirect                            | 17.3                 | 28.4                                  | 22.4         | 10.3         | 78.4         |
| Induced                             | 16.6                 | 19.4                                  | 15.5         | 2.7          | 54.2         |
| <b>Total Gross Domestic Product</b> | <b>114.1</b>         | <b>169.2</b>                          | <b>169.8</b> | <b>19.4</b>  | <b>472.6</b> |
| <b>Employment (Positions)</b>       |                      |                                       |              |              |              |
| Direct                              | 1,186                | 1,383                                 | 2,299        | 649.7        | 5,517.6      |
| Indirect                            | 122                  | 202                                   | 118          | 76.7         | 518.6        |
| Induced                             | 129                  | 153                                   | 121          | 21           | 423.8        |
| <b>Total Employment</b>             | <b>1,437</b>         | <b>1,738</b>                          | <b>2,538</b> | <b>747.5</b> | <b>6,460</b> |
| <b>Labour Income (\$M)</b>          |                      |                                       |              |              |              |
| Direct                              | 87.8                 | 99.0                                  | 80.6         | 9.8          | 277.1        |
| Indirect                            | 8.9                  | 14.8                                  | 9.8          | 6.1          | 39.6         |
| Induced                             | 7.9                  | 9.3                                   | 7.3          | 1.3          | 25.8         |
| <b>Total Labour Income</b>          | <b>104.6</b>         | <b>123.0</b>                          | <b>97.8</b>  | <b>17.2</b>  | <b>342.6</b> |

Source: Praxis

**Accommodation, food services, and broader traveller spending are the largest contributors to GDP -**

Retail and traveller spending ("Retail" in this table, previously referred to as "Traveller Not Classified Elsewhere") generated the highest GDP contribution at \$169.8 million, closely followed by accommodation and food services at \$169.2 million. Together, these two sectors account for approximately 72% of travel-related GDP, illustrating that visitor expenditures extend well beyond transportation and support a diverse range of businesses throughout the territory.

**Transportation remains the foundation of the travel economy.** Transportation generated:

- \$260.8 million in gross output
- \$114.1 million in GDP
- 1,437 jobs
- \$104.6 million in labour income

This being an across-the-board increase from **2024**, with those figures totalling:

- \$258.4 million in gross output
- \$113.1 million in GDP
- 1,424 jobs
- \$103.6 million in labour income

Although transportation contributes less to GDP than accommodation and retail spending, it is the industry that enables travel and the flow of goods in Nunavut's remote communities.

**Retail spending supports the greatest number of jobs** - Retail and traveller spending supported approximately 2,538 jobs, accounting for nearly 40% of all travel-supported employment. This suggests that visitor spending benefits many businesses beyond traditional travel operators, including retailers, outfitters, suppliers, and service providers.

### **Change in Impacts – 2024-2025**

The 2024–2025 change in impacts indicates that Nunavut's travel industry continued to grow steadily across all major economic indicators. Gross output increased by 2.4%, GDP by 2.5%, employment by 2.2%, and labour income by 2.6%, demonstrating that travel remains an expanding contributor to the territorial economy. Growth was relatively balanced across all measures, suggesting that increased travel activity translated into higher business output, greater value added, more employment, and rising household incomes. Indirect impacts recorded the strongest growth, indicating that travel is generating increasing demand throughout Nunavut's supply chain and creating broader economic benefits beyond businesses serving visitors directly. At the same time, labour income grew faster than employment, consistent with stakeholder reports of rising wages and increased competition for workers.

Overall, the results suggest that Nunavut's travel industry has moved beyond the initial post-pandemic recovery phase and is now experiencing steady growth, further strengthening its contribution to the territorial economy.

**Table 7: Nunavut Travel Industry Economic Impact Change 2024-2025**

|                                     | Total Transportation | Total Accommodation and Food Services | Traveler NEC | Inuit Art   | Total       |
|-------------------------------------|----------------------|---------------------------------------|--------------|-------------|-------------|
| <b>Gross Output</b>                 |                      |                                       |              |             |             |
| Direct                              | 1.9                  | 12.8                                  | -1.8         | 1.2         | 14.1        |
| Indirect                            | 0.3                  | 3                                     | -0.3         | 0.9         | 3.8         |
| Induced                             | 0.2                  | 1.9                                   | 0.4          | 0.2         | 2.3         |
| <b>Total Gross Output</b>           | <b>2.4</b>           | <b>17.7</b>                           | <b>-2.4</b>  | <b>2.3</b>  | <b>20.1</b> |
| <b>Gross Domestic Product</b>       |                      |                                       |              |             |             |
| Direct                              | 0.7                  | 7.7                                   | -1.2         | 0.3         | 7.6         |
| Indirect                            | 0.2                  | 1.8                                   | -0.2         | 0.5         | 2.3         |
| Induced                             | 0.2                  | 1.2                                   | -0.1         | 0.1         | 1.5         |
| <b>Total Gross Domestic Product</b> | <b>1</b>             | <b>10.8</b>                           | <b>-1.6</b>  | <b>0.9</b>  | <b>11.3</b> |
| <b>Employment (Positions)</b>       |                      |                                       |              |             |             |
| Direct                              | 11                   | 88                                    | -21          | 31.7        | 109.6       |
| Indirect                            | 1                    | 13                                    | -1           | 3.7         | 17.6        |
| Induced                             | 1                    | 10                                    | -1           | 1           | 10.8        |
| <b>Total Employment</b>             | <b>13</b>            | <b>111</b>                            | <b>-23</b>   | <b>36.5</b> | <b>138</b>  |
| <b>Labour Income</b>                |                      |                                       |              |             |             |
| Direct                              | 0.8                  | 6.3                                   | -0.7         | 0.5         | 6.7         |
| Indirect                            | 0.1                  | 0.9                                   | -0.1         | 0.3         | 1.2         |
| Induced                             | 0.1                  | 0.6                                   | -0.1         | 0.1         | 0.7         |
| <b>Total Labour Income</b>          | <b>1</b>             | <b>7.8</b>                            | <b>-0.9</b>  | <b>0.8</b>  | <b>8.7</b>  |

Source: Praxis

**Table 8: Nunavut Travel Industry Economic Impact % Change 2024-2025**

|                                     | Total Transportation | Total Accommodation and Food Services | Traveler NEC | Inuit Art   | Total       |
|-------------------------------------|----------------------|---------------------------------------|--------------|-------------|-------------|
| <b>Gross Output</b>                 |                      |                                       |              |             |             |
| Direct                              | 0.9%                 | 6.8%                                  | -0.9%        | 5.0%        | 2.3%        |
| Indirect                            | 1.0%                 | 6.8%                                  | -0.9%        | 5.3%        | 3.0%        |
| Induced                             | 0.8%                 | 6.6%                                  | 1.6%         | 4.9%        | 2.8%        |
| <b>Total Gross Output</b>           | <b>0.9%</b>          | <b>6.8%</b>                           | <b>-0.9%</b> | <b>5.1%</b> | <b>2.4%</b> |
| <b>Gross Domestic Product</b>       |                      |                                       |              |             |             |
| Direct                              | 0.9%                 | 6.8%                                  | -0.9%        | 4.9%        | 2.3%        |
| Indirect                            | 1.2%                 | 6.8%                                  | -0.9%        | 5.1%        | 3.0%        |
| Induced                             | 1.2%                 | 6.6%                                  | -0.6%        | 3.8%        | 2.8%        |
| <b>Total Gross Domestic Product</b> | <b>0.9%</b>          | <b>6.8%</b>                           | <b>-0.9%</b> | <b>4.9%</b> | <b>2.4%</b> |
| <b>Employment (Positions)</b>       |                      |                                       |              |             |             |
| Direct                              | 0.9%                 | 6.8%                                  | -0.9%        | 5.1%        | 2.0%        |
| Indirect                            | 0.8%                 | 6.9%                                  | -0.8%        | 5.1%        | 3.5%        |
| Induced                             | 0.8%                 | 7.0%                                  | -0.8%        | 5.0%        | 2.6%        |
| <b>Total Employment</b>             | <b>0.9%</b>          | <b>6.8%</b>                           | <b>-0.9%</b> | <b>5.1%</b> | <b>2.2%</b> |
| <b>Labour Income</b>                |                      |                                       |              |             |             |
| Direct                              | 0.9%                 | 6.8%                                  | -0.9%        | 5.4%        | 2.5%        |
| Indirect                            | 1.1%                 | 6.5%                                  | -1.0%        | 5.2%        | 3.1%        |
| Induced                             | 1.3%                 | 6.9%                                  | -1.4%        | 8.3%        | 2.8%        |
| <b>Total Labour Income</b>          | <b>1.0%</b>          | <b>6.8%</b>                           | <b>-0.9%</b> | <b>4.9%</b> | <b>2.6%</b> |

## FISCAL IMPACTS

The government revenue impacts demonstrate that Nunavut's travel industry generates significant fiscal benefits for both the federal and territorial governments. In 2025, travel-related economic activity produced \$137.6 million in government revenues, including \$87.0 million for the federal government and \$50.6 million for the Government of Nunavut. Personal income taxes were the largest source of revenue, accounting for more than half of the industry's total government revenue, reflecting travel's substantial contribution to employment and household income.

Sales and excise taxes accounted for the second-largest revenue source, underscoring the importance of visitor spending to the economy. Although corporate and business income taxes contributed a smaller share of total revenues, they demonstrate that travel also supports profitable business activity across Nunavut. Overall, the results show that travel provides governments with a diversified and sustainable source of revenue while supporting broader economic development, employment, and public services across the territory.

- Territorial personal income tax is calculated by using the territorial personal income tax rate that would apply to average industry annual income. This is applied to model-generated labour income.
- Corporation income tax is calculated by applying the respective territorial corporate tax rate to incremental corporate profits before taxes.
- Unincorporated business income taxes are calculated by applying the small business tax rate to incremental unincorporated business profits.
- Federal and Territorial sales taxes collected are calculated using a ratio of government sales and excise tax revenues to retail industry output.
- Estimated government revenues are for direct, indirect, and induced impacts and represent taxes paid solely by the industry (including territorial services such as sewer and water treatment). Estimates are not adjusted for any changes to equalization entitlements.

**Table 8: Government Revenue Impacts –Direct, Indirect, and Induced impacts – Transportation, Accommodation and Food, Traveler Spending NEC, and Inuit Art 2024 & 2025 Comparison**

| Government Revenue Impacts: Direct, Indirect, and Induced | Personal Income Tax (PIT) | Corporate Income Tax | Unincorporated Business Income Taxes | Sales and Excise Taxes | Total Revenue |
|-----------------------------------------------------------|---------------------------|----------------------|--------------------------------------|------------------------|---------------|
| Federal (\$M)                                             | 57.5                      | 8.1                  | 4.9                                  | 15.4                   | <b>87.0</b>   |
| Territorial (\$M)                                         | 19.0                      | 6.3                  | 1.1                                  | 24.2                   | <b>50.6</b>   |
| <b>Total 2025</b>                                         | <b>76.6</b>               | <b>14.3</b>          | <b>6.0</b>                           | <b>40.7</b>            | <b>137.6</b>  |
| <b>Total 2024</b>                                         | <b>74.7</b>               | <b>13.3</b>          | <b>5.9</b>                           | <b>38.5</b>            | <b>132.4</b>  |

## ACHIEVING A BILLION DOLLAR INDUSTRY

In 2025, Nunavut's travel industry generated \$843.6 million in gross economic output, putting the industry within reach of the \$1-billion milestone. Current gross economic output is comprised of \$260.8 million in transportation, \$278.6 million in accommodation & food services, \$256.7 million in traveler

spending NEC (not elsewhere classified), and \$47.4 million in Inuit art. This is based on the following direct impacts:

**Table 9: 2025 Direct Gross Output Impacts by Sector (\$M)**

| Total Transportation | Total Accommodation and Food Services | Traveler NEC | Inuit Art | Total Direct Impacts |
|----------------------|---------------------------------------|--------------|-----------|----------------------|
| 260.8                | 278.6                                 | 256.7        | 47.4      | 843.6                |

If the 2024–2025 growth rate is sustained, the industry is projected to reach \$1 billion in gross economic output by 2034.

**Table 10: Impacts by Sector – A \$1 Billion Industry – Stable Growth Scenario (\$M)**

| Total Transportation | Total Accommodation and Food Services | Traveler NEC | Inuit Art | Total Direct Impacts |
|----------------------|---------------------------------------|--------------|-----------|----------------------|
| 309.2                | 330.3                                 | 304.3        | 56.2      | 1,000                |

## MEMBER FEEDBACK

Stakeholder interviews indicate that Nunavut’s travel industry has largely recovered from the COVID-19 pandemic and is now experiencing sustained growth in visitor activity, transportation demand, and accommodation use. However, continued expansion is constrained by infrastructure limitations, labour shortages, and rising operating costs. Aviation remains the foundation of Nunavut's visitor economy, while government, business, medical, and conference travel continue to support many travel-related businesses alongside traditional leisure travel. Although sectors such as expedition cruising remain vulnerable to external economic conditions, stakeholders generally expressed optimism about the industry's long-term prospects. The interviews reinforce the quantitative findings of the economic impact assessment, suggesting that future growth will depend less on generating demand than on expanding transportation capacity, accommodations, workforce availability, and supporting infrastructure.

Overall, the interviews reinforce the economic impact analysis, which showed travel employment, GDP, and economic output exceeding pre-pandemic levels.

Some findings include:

**Travel has recovered from COVID and continues to grow, but recovery is uneven** - Nearly every interview suggests that the travel industry has recovered significantly since the pandemic, although not all sectors are growing at the same pace. The interviews support the finding that transportation generated over \$260 million in economic output and more than \$114 million in GDP.

**Infrastructure is emerging as the primary constraint on future growth** - Stakeholders consistently identified shortages in accommodations, airport capacity, cargo handling, community infrastructure, and conference facilities

Some specific examples include:

- Cargo facilities are unable to absorb all the freight arriving each day
- Hotels fully booked for weeks at a time
- Iqaluit lacks the accommodation capacity to host sporting events
- Concern that existing infrastructure limits visitor growth

This finding aligns closely with Travel Nunavut's Strategic Plan, which identifies expanded air and marine infrastructure as one of its highest priorities.

**Labour shortages remain one of the industry's greatest challenges** - Many employers reported difficulty attracting and retaining workers. Some specific examples include:

- Employees are frequently leaving for higher-paying government jobs
- Rapidly increasing wages
- Average management salaries increasing at rates far greater than average salaries and wages in the territory

Rather than indicating weakness in the sector, these trends point to strong labour demand and increasing competition for skilled workers.

**Leisure travel represents only one component of Nunavut's broader travel industry** - Government, business, medical, conference, and sports travel remain critical drivers of demand, demonstrating that Nunavut's travel economy is more diversified than conventional tourism statistics may suggest.

**Travel growth is increasing operating costs** - Rising costs across virtually every business have accompanied growth through 2025. Some specific examples include:

- Wage bill increased between 13% to 41%
- Non-wage operating expenses increased 33%–44%
- Capital expenditures increased by approximately 50%
- Continued increases in freight and transportation costs

## Travel Nunavut's 30 Year Legacy

To help celebrate Travel Nunavut's anniversary an addition to the member survey conducted for this edition of the report included a question considering Travel Nunavut's impact since it began in 1996. Members were asked "As it is the 30<sup>th</sup> anniversary of Travel Nunavut, how would you say Travel Nunavut has impacted (negatively or positively) your industry as well as the greater business sector in Nunavut." Result of this additional question were overwhelmingly positive, with members expressing gratitude towards Travel Nunavut for their efforts in advocacy and their success in elevating the industry overall. Some of the top comments include:

*"They are much more cognizant of smaller members than the government"*

*"Travel Nunavut has made a huge difference to our business in terms of promotion, training, lobbying governments on key issues"*

*"The growth of the industry is critical, Travel Nunavut has helped that growth and will be the key to the future of growth"*

*"Without Travel Nunavut acting as an industry spokesperson to take their voice to different levels, we would never see change"*

These responses demonstrate that Travel Nunavut has played a critical role not only in developing Nunavut's travel industry, but also in supporting broader economic development across the territory. What began as a modest effort to promote visitation to a remote northern region of Canada has evolved into a coordinated, territory wide industry development function, supporting operators big and small, amplifying Inuit culture on a global stage, and positioning Nunavut as a unique destination. Travel Nunavut's role as an advocate for its members is as important today as it was three decades ago, and now is the time to look ahead to the next 30 years. If the first 30 years were about establishing Nunavut as a destination for travel of all kinds, the next 30 years will be about realizing Nunavut's full potential as one of the world's most remarkable places to visit, learn, and experience.

## KEY FINDINGS

In conclusion, the 2025 travel impacts within Nunavut include:

- \$843.6 Million in total gross output;
- \$472.6 Million in gross domestic product;
- \$342.6 Million in labour income;
- \$87.0 Million in federal tax revenue;
- \$50.6 Million in territorial tax revenue; and,
- 6,460 jobs in Nunavut relying directly or indirectly on the travel industry.

These results represent notable increases from 2024:

- \$823.5 Million in total gross output;
- \$461.3 Million in gross domestic product;
- \$333.9 Million in labour income;
- \$82.2 Million in federal tax revenue;
- \$49.9 Million in territorial tax revenue; and,
- 6,322 jobs in Nunavut relying directly or indirectly on the travel industry.

These results demonstrate that Nunavut's travel industry has moved beyond the immediate post-pandemic recovery period and continues to make a significant contribution to the territorial economy.

## APPENDIX A: DEFINITIONS AND MODEL DESCRIPTION

**Data Source and Model Framework:** The economic impact model is based on Statistics Canada's input-output framework. The model uses industry relationships from Statistics Canada input-output tables, which are derived from the supply and use tables. The supply and use tables trace the production of goods and services by domestic industries, together with imports, through their use as intermediate inputs by industries and as final consumption, investment, or exports.

The input-output framework describes how industries purchase goods and services from one another in order to produce output. These inter-industry relationships are used to estimate how an initial change in final demand or project expenditure flows through the economy. The resulting impacts are reported as direct, indirect, and induced effects on gross output, gross domestic product, labour income, and employment. Because the model is based on fixed industry relationships, the results should be interpreted as estimates of economic activity supported by the initial expenditure rather than as measures of net new economic activity unless otherwise stated.

**Employment:** Measured in positions, including both full and part-time positions. Employment impacts are calculated as a fixed number of positions per dollar of industry output. Results are rounded to the nearest whole number; therefore, column sums may not always add precisely to table totals.

**Gross Output:** The total value of goods and services produced by an industry. Gross output includes expenditures on local goods and services, payments to labour, business profits, and intermediate inputs used in production. Because it includes the value of inputs used to produce final goods and services, gross output includes double counting and is not equivalent to net value added.

**Final Demand:** The sum of personal expenditures, government purchases of goods and services, business and government investment, and net exports.

**Value Added:** The difference between gross output and intermediate inputs. It represents the value of labour and capital used in producing gross output. The sum of value added across all industries equals the economy's gross domestic product.

**Gross domestic product (GDP):** is the total unduplicated value of the goods and services produced in the economic territory of a country or region during a given period.

**Labour Income:** Wages, salaries, and employer contributions to pensions and benefit packages.

**Types of Economic Impact:** Three types of economic impacts are measured. While simplified, they fall into three broad categories.

- **Direct Impact:** The total initial project expenditure, usually associated with construction or operating outlays.
- **Indirect Impact:** The secondary economic impact generated through inter-industry transactions, including purchases of inputs from supporting industries.
- **Induced Impact:** The additional economic impact generated by changes in household spending as industries adjust labour requirements in response to changes in demand for output.