



Environmental Scan

Northwest Territories, Nunavut and Yukon

2015



KEY HIGHLIGHTS

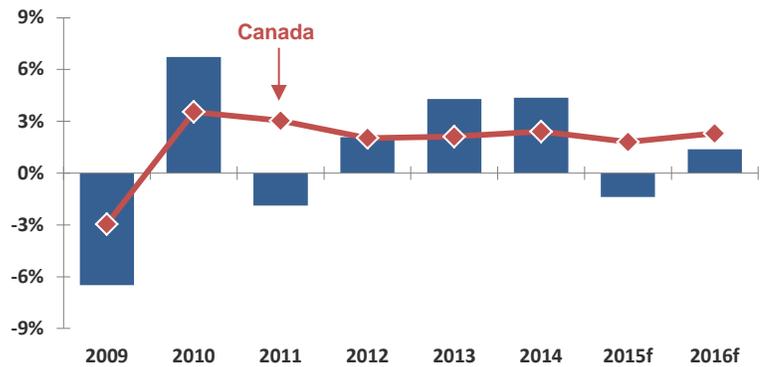
- The territories continue to face difficulty as a result of falling mineral commodity prices worldwide.
- Looking to the future, the economic outlook for the territories is more positive. GDP and employment are forecasted to increase in each of the three territories in 2016.
- A major challenge facing the territories is labour market tightening as a result of an ageing population. In each of the three territories, the population aged 55 and over is by far the fastest growing segment of the population, while the proportion aged 15 to 24 is in decline – a trend which is projected to continue going forward.
- In 2014, the vast majority of territorial residents were employed in the service sector. Most worked in non-commercial services, which comprise public administration, health care, and educational services.
- Although it is not a major employer in the territories, the mining industry remains of critical importance across the North, contributing significantly to territorial GDP in the Yukon, the Northwest Territories and Nunavut.
- In 2011, more than 50% of Aboriginal people living in the territories reported that they did not have a high school degree. As a result, labour force participation rates among Aboriginal people are considerably lower when compared to non-Aboriginal people, while their unemployment rates are substantially higher relative to their non-Aboriginal counterparts.
- Despite the fact that the territories are facing the challenge of an ageing demographic, the proportion of the population aged 65 and over in the North is smaller, when compared to Canada as a whole.
- Youth account for a larger proportion of the population in the territories, when compared to the Canadian population as a whole. In 2014, nearly 35% of residents living in the north were youth, while among the Canadian population as a whole; roughly 30% were under the age of 25.
- With exception of Nunavut, a major challenge for the territories is interprovincial migration. Every year, a large proportion of territorial residents opt to pursue opportunities in the south, where employment prospects are often more plentiful.

GENERAL OVERVIEW/ECONOMIC CONTEXT

The Territories

In recent years, the territories have experienced some difficulty due to falling mineral prices in the mining sector. Metal extraction (iron, gold, zinc, copper), diamonds, and to some extent oil and gas are major drivers of the territorial economies. Falling commodity prices have led to decreases in mineral production and exploration, while maturing diamond mines in the Northwest Territories reduce production, resulting in employment decreases. The short-term outlook for the territories remains somewhat tepid relative to previous years. This is attributed to a continued downward trend in commodity prices in the wake of ongoing economic uncertainty abroad.

Year-over-year percentage change in the Territories' Gross Domestic Product between 2009 and 2016 (forecast), in 2007 dollars



Sources: Statistics Canada Economic Accounts; Conference Board of Canada (March 2015 forecast update)

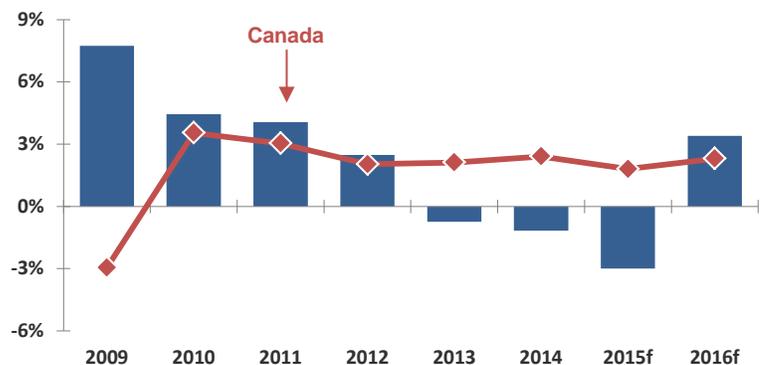
Nevertheless, the medium-to-long-term outlook for the territories is positive, with global demand for metallic and non-metallic resources expected to be robust. Additionally, federal transfer payments and new mining royalty agreements should keep territorial government budgets balanced if not in surplus, while many new private-public training agreements will help local residents join the workforce. Moreover, development of several major projects should lead to growth. These include Victoria's Eagle Gold mine in Yukon, the Gahcho Kué mine in the Northwest Territories and the Mary River project in Nunavut.

Yukon

Economic performance in Yukon has been mixed over the past decade. Between 2005 and 2012, GDP grew at an impressive average annual rate of nearly 6%, while employment posted steady gains. Nevertheless, in recent years, the economy has struggled amid falling mineral commodity prices, with GDP expected to decrease for a third consecutive year in 2015.

Looking to the future however, the outlook should be more positive according to the Conference Board of Canada. Despite ongoing challenges in 2015, the economy is expected to grow

Year-over-year percentage change in Yukon's Gross Domestic Product between 2009 and 2016 (forecast), in 2007 dollars



Sources: Statistics Canada Economic Accounts; Conference Board of Canada (March 2015 forecast update)

by nearly 3.4% next year. Employment is also expected to post gains, while the territory’s unemployment rate is projected to remain low, dropping below 5% in 2015.

The positive forecast is largely attributed to ongoing strength in Yukon’s all important public sector, which has posted sizeable budget surpluses in recent years. Indeed, Yukon increased capital spending by over 30% in 2014-15, a trend projected to continue going forward.

By comparison, the territory’s mining industry is unlikely to contribute significantly to economic growth this year and next. The industry has been struggling amid low mineral commodity prices worldwide. In the past year two major mines have suspended operations, leaving one remaining mine in place. Nevertheless, the medium-term outlook should be better, operations continue at Capstone’s Minto Mine, while development of Victoria Gold’s Dublin Gulch project continues to move forward. The project includes the Eagle Gold mine, which will begin operations in 2016. All told the mine is anticipated to process an estimated 91.6 million tons of ore containing 2.3 million ounces of gold over a nine year period.

Northwest Territories

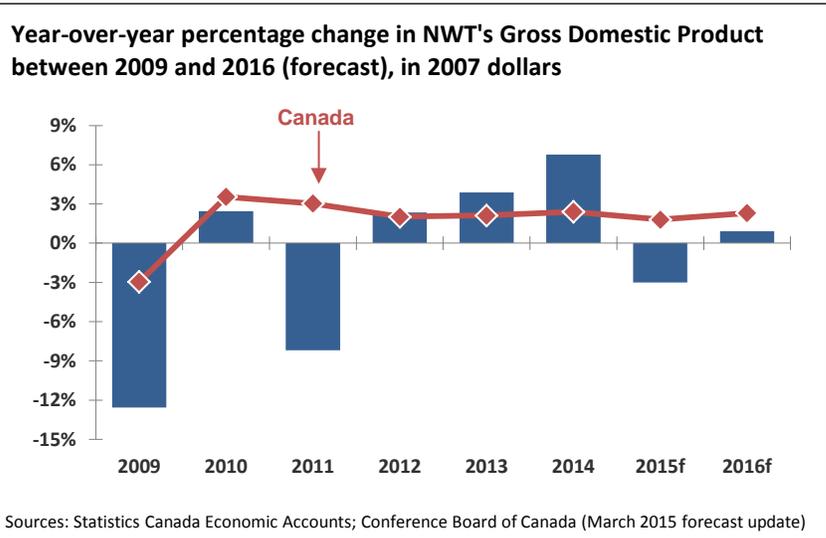
The Northwest Territories has experienced mixed economic performance in recent years. Between 2012 and 2014, GDP and employment followed an upward trend, which has since shifted downward, and is unlikely to change going forward.

Much of this is attributed to an ongoing slowdown in the territory’s metal mining industry, which faces the same difficulties as the mining sector in the Yukon, as well as the challenge of a maturing diamond industry – once a critical component of the territorial economy. Demand for diamonds

continues to be soft in the face of limited economic growth in Europe, and slower growth in China and India. NWT’s economic output is forecast to grow slowly over the next couple of years as mature diamond mines reduce production. Even so, existing mines will continue to operate over the medium term, and there will even be some expansion. For example, the Gahcho Kué diamond mine is slated to begin production starting in 2015/16, while existing mines have proposed expansions under consideration that could extend their lives past 2020.

Going forward, the Conference Board of Canada expects that the territory will continue to experience modest economic performance, posting a decrease in GDP this year and economic gains of less than 1% in 2016. Growth will primarily be driven by government investments in public infrastructure, namely, ongoing construction of the Inuvik-to-Tuktoyaktuk Highway, which began in 2013.

Meanwhile, the territory’s mining industry is likely to face ongoing difficulty in the short-term. Nevertheless, the sector will pick up its pace in the coming years, as metal mineral prices begin to recover and new mining operations are developed. These include development of the following mines: Canadian Zinc’s Prairie Creek



project, Fortune Minerals NICO Gold-Cobalt-Bismuth-Copper Project, Avalon’s Nechalacho rare earth elements (REE) project.

Nunavut

Nunavut’s economy has performed well in recent years, posting impressive GDP growth and strong employment gains. Indeed, Nunavut increased its GDP by nearly 40% between 2009 and 2014, growing at an average annual rate of 6.2%. Not surprisingly, employment has benefitted considerably, posting steady gains over the past five years.

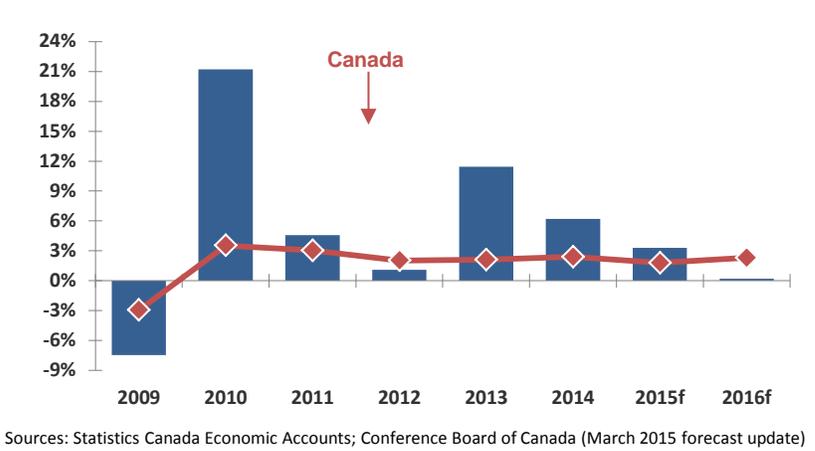
Much of the territory’s success can be attributed to large scale investments in mineral exploration and mine construction.

Noteworthy developments include Baffinland’s Mary River project, which boosted the territory’s construction industry by more than 80% in recent years; as well as ongoing development of the Agnico Eagle’s Meliadine mine in Rankin Inlet. Existing mines have also contributed significantly toward the territory’s economic strength, notably Agnico Eagle’s Meadowbank mine.

Nunavut’s economy and labour market has also benefited considerably from recent investments in public infrastructure. These include a \$300 million expansion of Iqaluit’s airport, as well construction of the \$143 million Canadian High Arctic Research Centre in Cambridge Bay.

Looking to the future, the outlook for the territory remains positive. The Conference Board of Canada expects that the territorial economy will continue to experience economic growth, posting GDP gains of 3.3% this year – among the strongest nationwide.

Year-over-year percentage change in Nunavut’s Gross Domestic Product between 2009 and 2016 (forecast), in 2007 dollars



LOCAL LABOUR MARKET CONDITIONS

Employment by sector

Yukon

The vast majority of the Yukon’s residents work in the service sector, which accounted for 86% of the territory’s total employed in 2014. The largest industries in Yukon are within non-commercial services, notably public administration and health care. In 2014, nearly one third of the territory’s residents were employed by these industries.

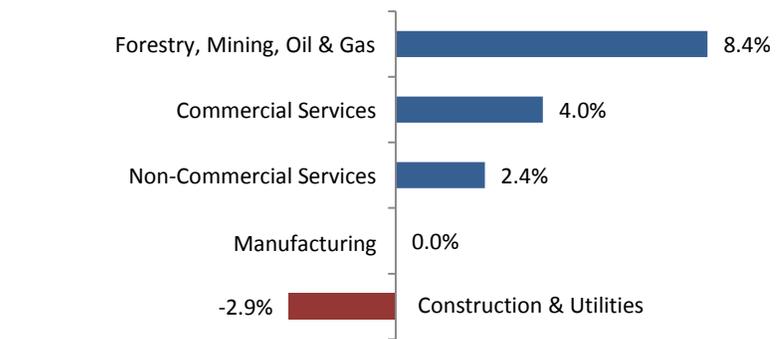
Other important industries include trade and construction, which employed roughly 4,000 Yukon residents in 2014. Mining is also of large importance. Although it does not serve as a major employer, mining contributes significantly to the territory’s economy, while supporting other industries such as construction, trade and transportation and warehousing.

Shifting to industrial labour market performance, employment increased in most of the territory’s industries between 2009 and 2014, despite a slowdown associated with stalling mineral commodity prices. Gains were primarily attributed to increases in the services-producing sector, notably professional, scientific and technical services, and education services.

By comparison, the goods-producing sector performed more modestly, with employment in construction posting average annual decreases over the past five years. This is likely due to a number of factors; in particular, a drop in mineral commodity prices and a resulting pull-back in mineral exploration, development and production.

Nevertheless, the outlook is positive going forward. Exploration is set to pick up pace in the coming years, while investment in public infrastructure projects should lead to more employment opportunities in construction. Moreover, the ongoing development of Victoria Gold’s Eagle Gold Project should bolster the construction industry considerably.

Average annual compound growth rate of industry employment in Yukon between 2009 and 2014



Source: Statistics Canada Labour Force Survey

Change in employment by industry in Yukon between 2009 and 2014

	2014	2009	% Share 2014	Five Year Growth rate*
Total, all industries (000s)	19.8	17.3	100.0%	2.7%
Goods-producing sector	2.9	2.8	14.6%	0.7%
Agriculture	-	-	-	-
Forestry, fishing, mining, quarrying, oil and gas	0.6	0.4	3.0%	8.4%
Utilities	0.2	0.2	1.0%	0.0%
Construction	1.7	2.0	8.6%	-3.2%
Manufacturing	0.3	0.3	1.5%	0.0%
Services-producing sector	17.0	14.5	85.9%	3.2%
Trade	2.1	2.0	10.6%	1.0%
Transportation and warehousing	1.0	0.8	5.1%	4.6%
Finance, insurance, real estate and leasing	0.9	0.6	4.5%	8.4%
Professional, scientific and technical services	1.4	0.8	7.1%	11.8%
Business, building and other support services	0.5	0.3	2.5%	10.8%
Educational services	1.6	1.2	8.1%	5.9%
Health care and social assistance	2.5	2.2	12.6%	2.6%

Change in employment by industry in Yukon between 2009 and 2014

	2014	2009	% Share 2014	Five Year Growth rate*
Information, culture and recreation	1.2	0.9	6.1%	5.9%
Accommodation and food services	1.3	1.3	6.6%	0.0%
Other services	0.6	0.7	3.0%	-3.0%
Public administration	3.9	3.7	19.7%	1.1%

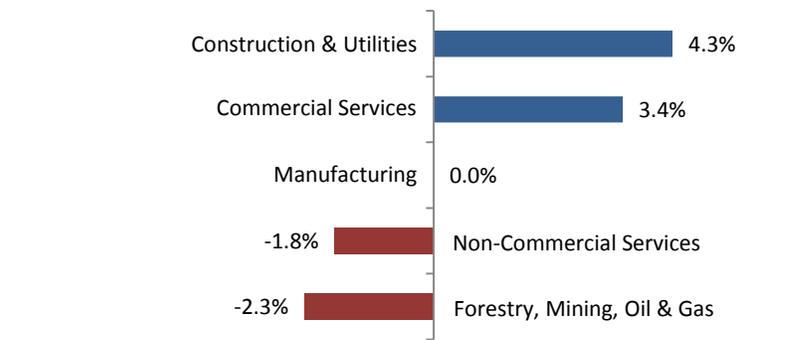
Source: Statistics Canada Labour Force Survey annual estimates by North American Industry Classification System

Northwest Territories

In the Northwest Territories, nearly 40% of the population is employed in public administration, health care and educational services industries. Of this number, 4,600 territorial residents were employed as public servants in 2014. Apart from these industries, trade is also an important contributor toward the Northwest Territories’ labour market, employing roughly 2,800 last year.

Focusing on industrial labour market performance, the past five years have been challenging with employment growing at a very modest rate in a number of industries. Again, much of this is attributed to an ongoing slowdown in the territory’s metal mining industry, which faces the same difficulties as the mining sector in the Yukon, as well as the challenge of a maturing diamond industry – once a critical component of the territorial economy.

The average annual compound growth rate of industry employment in NWT between 2009 and 2014



Source: Statistics Canada Labour Force Survey

Change in employment by industry in NWT between 2009 and 2014

	2014	2009	% Share 2014	Five Year Growth rate*
Total, all industries (000s)	22.1	21.1	100.0%	0.9%
Goods-producing sector	3.8	3.6	17.2%	1.1%
Agriculture	-	-	-	-
Forestry, fishing, mining, quarrying, oil and gas	1.6	1.8	7.2%	-2.3%
Utilities	0.3	0.3	1.4%	0.0%
Construction	1.8	1.4	8.1%	5.2%
Manufacturing	-	0.2	-	-
Services-producing sector	18.2	17.5	82.4%	0.8%
Trade	2.8	2.0	12.7%	7.0%
Transportation and warehousing	1.4	1.7	6.3%	-3.8%
Finance, insurance, real estate and leasing	1.0	1.0	4.5%	0.0%

Change in employment by industry in NWT between 2009 and 2014

	2014	2009	% Share 2014	Five Year Growth rate*
Professional, scientific and technical services	1.2	0.7	5.4%	11.4%
Business, building and other support services	0.6	0.5	2.7%	3.7%
Educational services	1.7	1.7	7.7%	0.0%
Health care and social assistance	2.2	2.4	10.0%	-1.7%
Information, culture and recreation	0.8	0.8	3.6%	0.0%
Accommodation and food services	1.0	0.8	4.5%	4.6%
Other services	0.9	0.7	4.1%	5.2%
Public administration	4.6	5.2	20.8%	-2.4%

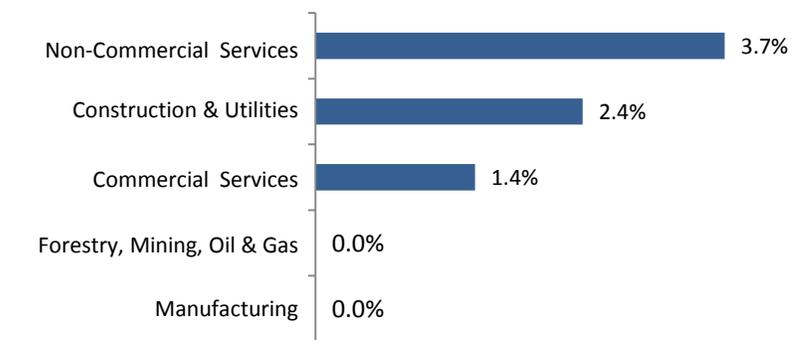
Source: Statistics Canada Labour Force Survey annual estimates by North American Industry Classification System

Nunavut

As is the case in the Yukon and the Northwest Territories, the majority of Nunavut’s labour force is employed in non-commercial services, in particular, public administration – which accounted for more than 30% of the total employed in 2014.

Other important industries include construction, trade, transportation and warehousing, and mining, the latter of which employs a large number of Nunavut residents, while serving as an extremely important contributor to the territorial economy at large. Indeed, the

The average annual compound growth rate of industry employment in Nunavut between 2009 and 2014



Source: Statistics Canada Labour Force Survey

mining industry has been the primary catalyst behind Nunavut’s strong economic performance, largely supporting a number of key industries including construction, and transportation and warehousing.

Shifting to the labour market performance of the Nunavut’s industries, the largest employment gains occurred within trade. All told, the industry posted average annual job growth of 11.4% over the past five years, outpacing all other industries in the territory. Trade also experienced impressive gains, as did public administration, which has largely benefited from government budget surpluses in recent years.

Change in employment by industry in Nunavut between 2009 and 2014

	2014	2009	% Share 2014	Five Year Growth rate*
Total, all industries	12.3	10.7	100.0%	2.8%
Goods-producing sector	1.2	1.0	9.8%	3.7%
Agriculture	-	-	-	-
Forestry, fishing, mining, quarrying, oil and gas	0.3	-	2.4%	-

Change in employment by industry in Nunavut between 2009 and 2014				
	2014	2009	% Share 2014	Five Year Growth rate*
Utilities	0.2	0.2	1.6%	0.0%
Construction	0.7	0.6	5.7%	3.1%
Manufacturing	-	-	-	-
Services-producing sector	11.1	9.7	90.2%	2.7%
Trade	1.4	1.3	11.4%	1.5%
Transportation and warehousing	0.5	0.6	4.1%	-3.6%
Finance, insurance, real estate and leasing	0.6	0.8	4.9%	-5.6%
Professional, scientific and technical services	0.4	-	3.3%	-
Business, building and other support services	0.3	0.2	2.4%	8.4%
Educational services	1.5	1.5	12.2%	0.0%
Health care and social assistance	1.4	1.1	11.4%	4.9%
Information, culture and recreation	0.5	0.5	4.1%	0.0%
Accommodation and food services	0.4	0.3	3.3%	5.9%
Other services	0.3	0.3	2.4%	0.0%
Public administration	3.8	3.0	30.9%	4.8%

Source: Statistics Canada Labour Force Survey annual estimates by North American Industry Classification System

Employment by age

Yukon

Among the major labour market challenges faced by the Yukon is demographic decline spurred by a rapidly ageing population and a decreasing birth rate.

Between 2009 and 2014, the fastest growing segment of the territory's workforce was the population aged 55 and over, increasing by an average annual rate of nearly 6.0%. By comparison, workers aged 15 to 24 grew by an average of less than 1.0% over the same period.

Meanwhile, the greatest proportion of workers was within the 25 to 54 age group, which grew by only 0.5% over the past five year.

Overall, these trends stand to cause difficulty for the Yukon. Statistics Canada projections suggests that the number of youth in the territory could fall by a third over the next 20 years, while the population aged 55+ has the potential to nearly double in size over the same period.

Northwest Territories

Similar to the Yukon, the Northwest Territories also faces the challenge of an ageing population. Over the five year period, 2009 to 2014 the only segment of the territorial workforce to experience growth was the population aged 55 and over. Workers aged 25 to 54 shrunk at an average annual rate of 0.2% between 2009 and 2014, while the segment of the workforce aged 15 to 24 decreased by an average 1.5% annually.

As is the case in the Yukon, this trend is a reflection of demographic decline and a high rate of population loss due to interprovincial migration. Older workers are being encouraged to stay in their jobs longer in order to help employers compensate for labour supply shortages, and a decreasing proportion of young workers.

Looking to the future the situation is unlikely to improve. Projections indicate that the youth population within the Northwest Territories will follow a steep downward trend in the coming decades, a challenge which is likely to be compounded by the challenges of interprovincial migration.

Nunavut

Much like its neighbouring territories, Nunavut also faces the potential of labour market difficulties as the result of an ageing population. Indeed, the working population aged 55 and over grew at an average annual rate of more than 5% over the past five years, more than double the growth rate of the segment aged 25 to 54. To make matters worse, the proportion of workers aged 15 to 24 remained virtually unchanged, posting negligible change between 2009 and 2014.

Looking to the future, the situation is unlikely to improve. According to Statistics Canada projections, the population aged 55 and over is anticipated to increase by roughly 80% over the next decade, growing at an average annual rate of roughly 6% between 2015 and 2025. By comparison, the youth population aged 15 to 24 is expected to increase by only 12.5% over the same period, growing at an average annual rate of only 1% between 2015 and 2025.

LABOUR MARKET OUTCOMES FOR CLIENT SEGMENTS

Aboriginal participation

Labour force participation among Canada's Aboriginal population has historically been lower due in large part to lower educational attainment.

This is particularly the case in the three territories, where the vast majority of Aboriginal people have not completed high school. In 2011, more than 50% of Aboriginal living in the territories reported that they did not have a high school degree, while nationally, some 40% of Aboriginal people failed to complete high school.

Relative to the non-Aboriginal population living in the territories, the statistics are even more staggering. According to the 2011 census, only 10% of non-Aboriginal territorial residents did not obtain a high school degree.

As a result, labour force participation rates among Aboriginal people are considerably lower when compared to non-Aboriginals, while their unemployment rates are substantially higher relative to their non-Aboriginal counterparts.

Yukon

According to the most recent statistics, the labour market performance of the Yukon's Aboriginal population is mixed. Although, the 2011 National Household Survey found that the Yukon's Aboriginal people were more

likely to participate in the labour force relative to their counterparts in the Northwest Territories and Nunavut, their participation rate was not as strong as that of the non-Aboriginal population.

Indeed, when compared to the Aboriginal populations living in neighbouring territories, Yukon's Aboriginal people were far more likely to participate in the labour force. In 2011, the territory's Aboriginal labour force participation rate stood at 70%, considerably higher rate than the rates of the Northwest Territories and Nunavut.

Not surprisingly, Yukon's Aboriginal population was also more likely to have obtained a high school diploma or post-secondary degree when compared to Aboriginal people in the Northwest Territories and Nunavut. In fact, in 2011, the proportion of Yukon Aboriginal people with a diploma or degree was nearly double that of Nunavut's Aboriginal population – 63% vs 32%.

Despite these positive statistics, Yukon's Aboriginal population had a lower participation rate than its non-Aboriginal population, 70% compared to 79.2%. Moreover, the territory's Aboriginal population had an unemployment rate of 22.8%, compared to 6.8% for its non-Aboriginal population, highlighting a challenging reality. Although most Aboriginal people in Yukon chose to participate in the labour force in 2011, nearly one quarter were unable to find work.

Northwest Territories

As discussed above, the labour market outcomes for the Northwest Territories Aboriginal population were not as strong as those reported in the Yukon. Although the territory's Aboriginal people were more likely to participate in the labour force when compared to their counterparts in Nunavut, their participation was considerably lower than that of the Aboriginal population living in the Yukon.

This is likely attributed to a number of factors, notably lower rates of educational attainment. In 2011, less than half of Northwest Territories' Aboriginal population had obtained a high school diploma or a post-secondary degree.

The territory's Aboriginal population fared even worse when compared to the non-Aboriginal population in the Northwest Territories. In 2011 the Aboriginal participation rate was 63% compared to 86.6% for the non-Aboriginal population in the same year. Meanwhile, at 22.2%, the unemployment rate for the territory's Aboriginal population was nearly five times higher than the rate for the non-Aboriginal rate of 4.3%.

Nunavut

Of the three territories, the labour market outcomes for Aboriginal people living in Nunavut were the worst in 2011.

According to the National Household Survey, just over half of Nunavut's Aboriginal population participated in the labour market in 2011, while more than two thirds had not obtained a high school diploma or degree. Moreover, Nunavut's Aboriginal unemployment rate stood at nearly 25% - higher than in the Yukon and the Northwest Territories.

When compared Nunavut's non-Aboriginal population, the statistics are considerably worse. Indeed, their participation rate was 92.6% in 2011 - nearly 40 percentage points higher than the Aboriginal rate. Meanwhile,

the non-Aboriginal unemployment rate was only 2.8%, roughly twenty percentage points less than the Aboriginal jobless rate.

Workers with disabilities

Although the territories face the challenge of an ageing population, the proportion of young people in the North is considerably higher when compared to the rest of Canada. Consequently, the rate of disability in the territories is also less.

Figures from the most recent Canadian Survey on Disability show that in 2012, the disability rate in the three territories combined was 35% lower than in the rest of Canada.

Focusing on the individual territories, Yukon had a significantly higher disability rate (14.4%) than the Northwest Territories (8.9%) and Nunavut (6.9%). In fact, the Yukon’s rate was roughly one percentage point higher than the national rate of 13.6%. This is not surprising, given the fact that in 2014, the proportion of youth in the Yukon was considerably lower than in the Northwest Territories and Nunavut – where nearly 50% of the population was under the age of 25.

Nevertheless, it is likely that these statistics will change in the future, as the seniors population in each of the territories begins to grow at a much faster rate than the proportion of youth.

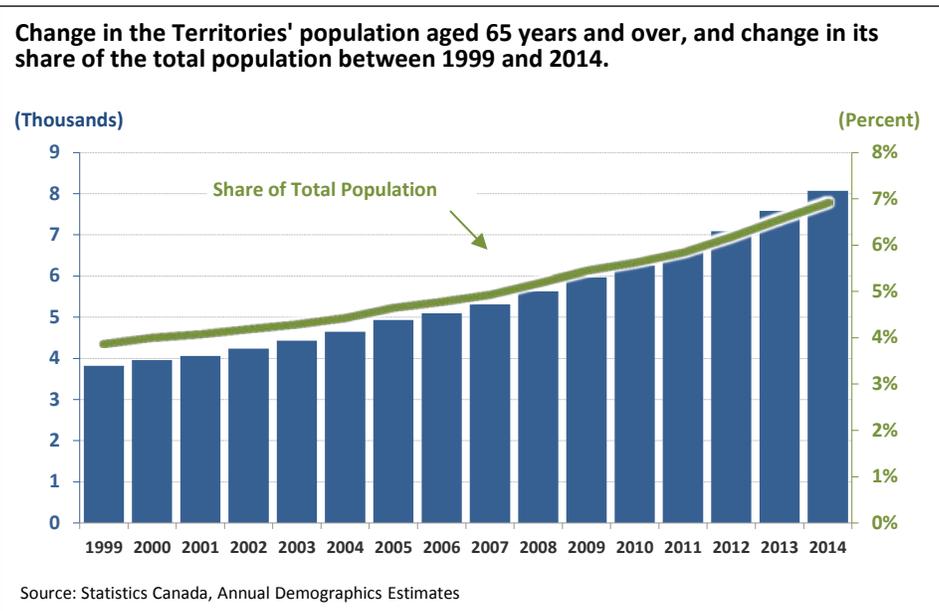
Seniors

Relative to Canada as a whole, the proportion of the population aged 65 and over in the territories is smaller. In 2014, 16% of Canadians were over the age of 65, while in the North, only 6.9% were seniors.

Looking at each of the territories individually, the Yukon’s population comprised the largest share of senior citizens in 2014, with 10.5% of the population over the age of 65. In the Northwest Territories, 6.6% of residents were seniors.

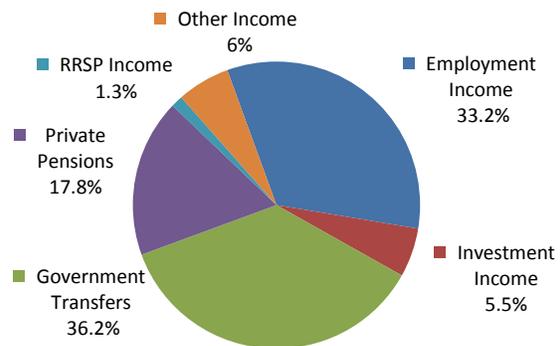
Meanwhile in Nunavut, a small minority was aged 65 and over, as only 3.9% consisted of seniors in 2014.

Nevertheless, it is worth noting that although the territories have proportionally fewer seniors than other parts of Canada, they still face the challenge of ageing population – albeit to a lesser extent than the provinces. Indeed, in each of the three territories seniors represented the fastest growing segment of the population, a trend which is expected to accelerate in the coming decades.



As a result, skilled labour shortages are anticipated, not to mention, additional strain on social programs. In fact, these issues are already beginning to manifest themselves. For example, in the Yukon, an increasing number of seniors are opting to remain in the workforce, where opportunities remain abundant in light of labour market tightness. Similarly, in the Northwest Territories, the proportion of seniors in the workforce has increased in recent years.

Primary sources of income among seniors in the Territories, 2012.



Source: Statistics Canada, CANSIM

Youth

Youth account for a larger proportion of the population in the territories, when compared to the Canadian population as a whole. In 2014, nearly 35% of residents living in the north were youth, while among the Canadian population as a whole; roughly 30% were under the age of 25.

Focusing on each of the territories individually, Nunavut had the largest proportion of young people in 2014, with nearly 50% of the population under the age of 25. By comparison, the proportion of youth living in the Yukon and the Northwest Territories was considerably smaller. Roughly 37% of residents in the Northwest Territories were youth, while in the Yukon; nearly a third of the population was under the age of 25 – virtually the same proportion as the national average.

The reality of a younger population carries both benefits and challenges. A younger demographic is likely to help the northern territories alleviate labour market pressures associated with an ageing population. Nevertheless, youth tend to have greater difficulty successfully integrating into the labour market, encountering higher unemployment rates as a result of lower skills and a lack of professional experience. For example, in 2014 the unemployment rate for youth living in the Northwest Territories was 17.1%, considerably higher than the working age rate of 6.6%

Interprovincial migration

With exception of Nunavut, a major challenge for the territories is interprovincial migration. Every year, a large proportion of territorial residents opt to pursue opportunities in the south, where employment prospects are often more plentiful.

Yukon

In the Yukon, the number of residents leaving the territory has increased by an annual average of 8.1% over the past five years, by far the largest growth rate nationwide. In 2013-14, nearly 2,000 Yukon residents chose to leave the territory, the vast majority of whom settled in British Columbia. This trend is likely to continue going forward. The Yukon has struggled with population loss for some time, despite posting strong economic

performance in recent years. It is therefore unlikely that the territory will overcome the challenge any time soon, particularly given a modest economic forecast relative to previous years.

Northwest Territories

The Northwest Territories also faces the challenge of population loss due to interprovincial migration, though not to the same extent as the Yukon. Over the past five years the number of residents leaving the territory has increased at an average annual rate of 2.5%. In 2013-14, roughly 2,800 residents of the Northwest Territories chose to leave, the majority of whom sought opportunities in Alberta.

Overall, this trend was largely attributed to weaker economic performance in the wake of a maturing diamond industry and declining mineral commodity prices worldwide. Much like the Yukon, this situation is unlikely to resolve itself in the future. Although the economic outlook for the territory is expected to improve, the draw of neighbouring provinces such as Alberta will likely continue.

Nunavut

Unlike the Yukon and the Northwest Territories, Nunavut has not experienced a loss of residents to other provinces or territories. Rather, the number of people leaving the territory has declined over the past five years, dropping at an average rate of 0.7% annually. In fact, Nunavut experienced a net increase of residents in 2013-14, with 911 people opting to leave the territory, and 1,351 choosing it as their new home.

This is likely a reflection of Nunavut's strong economic performance in recent years. As discussed earlier, the territory increased its GDP by more than 50% between 2009 and 2014, growing at an average annual rate of 7.2%.

CONCLUSION

Although each territory is unique in its struggles and successes, each have growth potential by tapping into their abundance of resources in minerals, diamonds, and oil and gas. Indeed, the territories are poised to see employment growth in construction, mining, and related industries.

While Yukon's economy is forecast to decline in 2015, investments in future large-scale mining projects should help to bolster the territory going forward, increasing demand for labour and in turn boost employment levels in several key industries. One limiting factor for Yukon is the continual demographic shift towards older workers as a result of an ageing population and high rates of inter-provincial out-migration. Utilizing these large-scale projects as a tool to build a young skilled workforce could help offset this trend.

The Northwest Territories continues to face employment difficulties, in the wake of the 2008 economic downturn which reduced its diamond processing industry. New mining projects, such as the Gahcho Kué Mine, will ideally halt the large decline in jobs seen in the mining industry over the last five years and curtail resulting out-migration. Going forward, the Conference Board of Canada expects that the territory will continue to experience modest economic performance, posting a decrease in GDP this year and economic gains of less than 1% in 2016. Growth will primarily be driven by government investments in public infrastructure, namely, ongoing construction of the Inuvik-to-Tuktoyaktuk Highway, which began in 2013.

Nunavut's economy is expected to grow despite the scaling back of the Mary River Iron Mine on Baffin Island. Employment growth over the last few years is largely attributed to the Meadowbank Gold Mine which opened in 2010. This mine lifted Nunavut's employment numbers in every age group. Indeed, the number of employed is expected to continue to improve in the long-term with the construction of the Mary River and Meliadine mines.

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

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