



# *Environmental Scan*

Northwest Territories, Nunavut and Yukon

2017



Once a year, Service Canada develops Economic/Environmental Scans (E-Scan) that provide a general overview of demographic, economic and labour market conditions and trends. E-scans will be of interest to those who seek to know more about the state of a provincial or regional economy and labour market. Facts and statistics presented in this document reflect information available as of April 2017.

## KEY HIGHLIGHTS

- The territories' economic outlook is positive over the next two years, as several major mining companies have proposed new exploration and development projects across the North.
- Nunavut's gross domestic product (GDP) is forecast to rise by 6.4% in 2017, while Northwest Territories' economy is expected to advance 12.2% – the highest growth rate among the three territories.<sup>1</sup> Yukon is the only territory that will see a small decline (-0.7%) in GDP this year, but is projected to grow by 7.8% in 2018.
- The vast majority of territorial residents are employed in the services-producing sector. Most work in non-commercial services industries, which is comprised of public administration, health care, and educational services.
- Although it is not a major employer in the territories, the mining industry remains critically important across the North, contributing significantly to economic growth.
- Youth account for a larger proportion of the population in the territories in comparison to the proportion of youth in Canada as a whole. In 2016, youth made up 19% of the population in the North, while roughly 15% of the population nationwide were between the ages of 15 and 24.
- An aging population is a major challenge facing each territorial labour market. In each of the three territories, the 55 and over age group is by far the fastest growing segment of the population, while the population aged 15 to 24 is in decline – a trend that is projected to continue going forward.

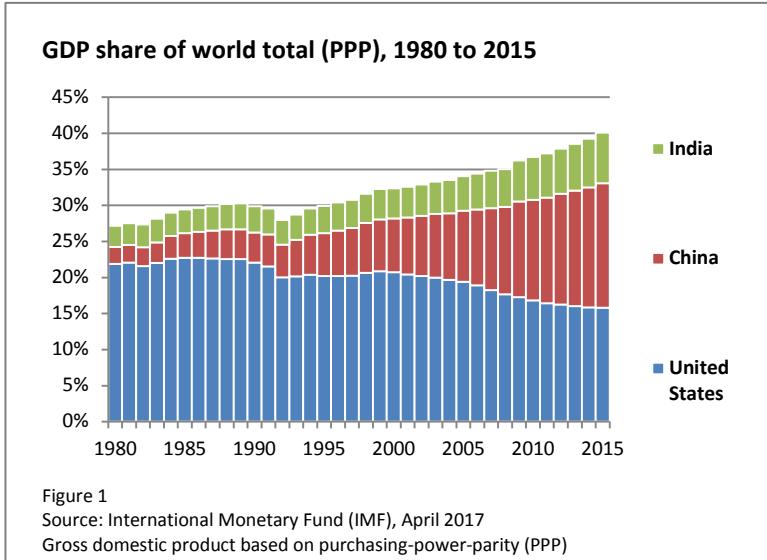
## ECONOMIC CONTEXT

### Global outlook: A strengthening recovery

The global economy faced significant headwinds in 2016, as geo-political events around the world continued to fuel economic uncertainty. A litany of global risks –the Brexit referendum, a slowing China and a rise in trade protectionism – contributed to subdued growth in the first half of the year. Following a shaky start, trade picked up in the final quarter of 2016, as the long slump in trade appeared to be easing. According to the International Monetary Fund, global growth is expected to rise to 3.4 percent in 2017, and 3.6 percent in 2018.<sup>2</sup> A healthy labour market, tax reforms and fiscal easing in the US will offset the Eurozone's slower growth pace. Meanwhile, a modest recovery in commodity prices and stronger manufacturing activity will support gains in a number of emerging economies.

Much of the lingering global uncertainty stems from increased potential for shifts in US trade policy and from mixed reaction to Brexit. The British pound fell to 186-year-lows following the referendum last June. However, initial fears in the financial markets appear to have been allayed, if only temporarily.<sup>3</sup> In Europe, withdrawal negotiations between the United Kingdom and the European Union (EU) have started and will likely remain on the Eurozone's agenda for the next few years. Elsewhere in Europe, national elections are scheduled in a number of key member countries, where anti-EU parties are growing in popularity. Despite that, economic growth has surpassed expectations. Most currencies - including the Euro, Japanese Yen and Chinese Renminbi - have recovered from their recent lows, helping uplift exports and manufacturing activity. This in turn, has strengthened demand and prices for base metals.<sup>4</sup> Oil prices have also firmed up, reflecting reduced US production and an agreement among OPEC producers to trim supply. Downside risks to an improving outlook for crude include OPEC's inability to adhere to production cuts and rising shale oil production in the US.

In China, an attempt to avoid a deeper economic slowdown has driven policy makers to institute credit controls that discourage the outflow of capital from the country.<sup>5</sup> So far, these policies have supported consumer confidence and demand, resulting in a stabilizing effect on the economy. However, China's structural imbalances, stemming from a rapid pace of debt growth, continue to put downward pressure on long-term economic growth. That said, the Chinese economy remains the single largest contributor to world GDP growth.<sup>6</sup> Meanwhile in India, the sudden demonetisation of 86 percent of the country's bank notes in November 2016 rattled the economy. Since then, new legislation involving labour market, bankruptcy and tax reforms has succeeded in supporting growth.<sup>7</sup> India's economy is expected to be one of the most resilient among BRIC countries (Brazil, Russia, India and China) in 2017.



Other emerging markets are also on more solid footing. Brazil and Russia, the third and fourth largest emerging economies, are stabilizing after being mired in recession for a number of years.<sup>8</sup> In Russia, a stable Ruble, firmer oil prices and easing monetary policies are steadyng factors. Downside risks in the form of continued Western sanctions, weak foreign investment and little income growth and consumer spending are likely to have a chilling effect on the economy. In Brazil, hosting of the 2016 summer Olympic Games stimulated the country's economic recovery; if fiscal mismanagement is kept in check, Brazil's economy could be on the right path.

Moving forward, the global economic recovery appears to be gathering pace. Deflationary pressures are subsiding despite inflation rates largely remaining below target. The US Federal Reserve is expected to continue to hike inflation rates this year, which will provide a positive impulse to economic growth.<sup>9</sup> In the medium term, a looser fiscal policy will outweigh more modest growth in China. The predominant risk threatening to impede global economic growth appears to be political volatility.<sup>10</sup>

## National Overview

Canada experienced a sluggish economic year in 2016. Estimated real Gross Domestic Product growth hovered just above 1%.<sup>11</sup> It also followed a subpar 2015, when real GDP grew by less than a percent in Canada.<sup>12</sup> Weak private sector investments are the main reason for this lack of growth. It is particularly visible in the oil and gas sectors, where continued low oil prices led to a decrease in investment of almost \$13 billion last year.<sup>13</sup> In the meantime, investments in other sectors of the economy have dropped for a third year in a row.<sup>14</sup>

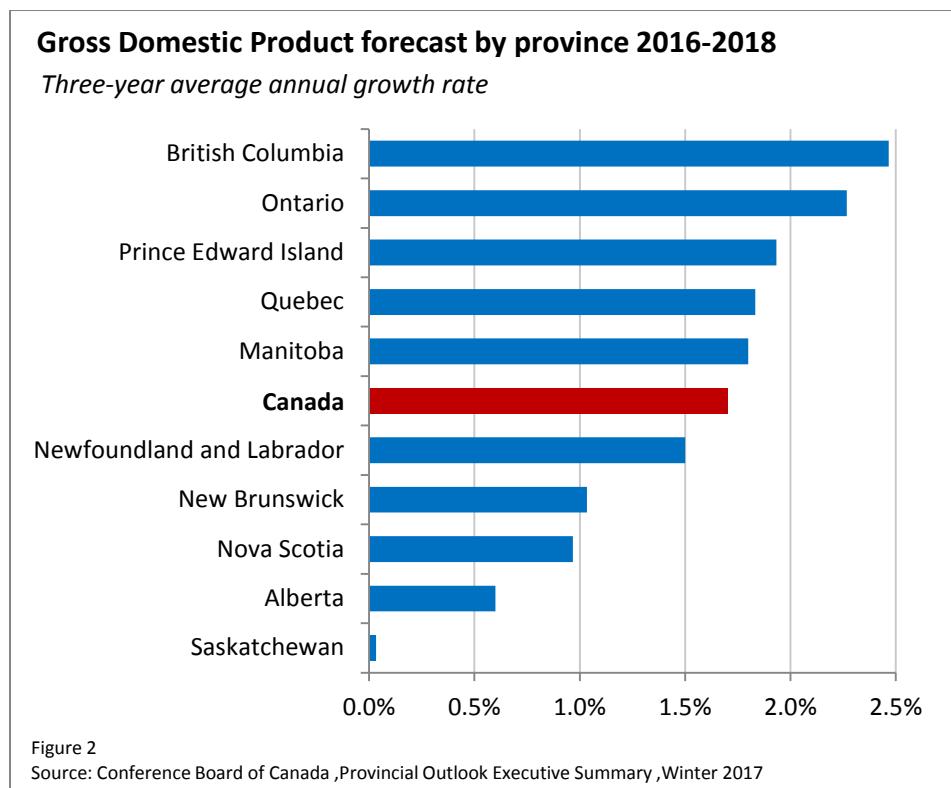
This reality has also been visible at the provincial level. Saskatchewan and Alberta experienced very weak growth in 2016 due to their reliance on the oil and gas sector. TD Economics forecasts that a recovery in Alberta and Saskatchewan would return both provinces to their usual “top of the class” position among provinces by 2018.<sup>15</sup> TD Economics also forecasts a deceleration of the Ontario and British Columbia economies over that same time period. Both provinces have been experiencing above-trend growth.<sup>16</sup>

This reversal of provincial fortunes would be linked to, on one hand, an improvement in oil prices and, on the other hand, a slowdown in the real-estate market. Oil prices are expected to grow from US\$50 to about US\$60 by 2018.<sup>17</sup> Real estate markets could slow down due to increased real estate prices and higher interest rates.<sup>18</sup>

Additionally, the current lumber dispute with the United States could negatively impact British Columbia's economy. The industry accounts for three per cent of the province GDP, but there could be up to 140 communities that are dependent on the forestry sector within the province.<sup>19</sup>

Higher interest rates could also affect household consumption in the medium term. In the past year, real consumer spending grew at a rate above 2% and represented a bright spot in Canada's economy.<sup>20</sup> At the same time, employment grew just 0.7%, and wage growth was slow.<sup>21</sup> Part-time employment did trend up throughout 2016, rising by 154,000 or 4.5%, while full-time employment was little changed (+0.4%). During the same period, the number of hours worked was also virtually unchanged.<sup>22</sup> Almost all of the employment growth in 2016 occurred in the second half of the year — +0.9% from June 2016 to December 2016 compared to +0.3% from December 2015 to May 2016.<sup>23,24</sup>

As a consequence household debt rose quickly in 2016 reaching more than 160% of average household disposable income.<sup>25</sup> Put together, the Conference Board of Canada expects consumer spending to slow down slightly in 2017 due to low wage growth and employment gains.<sup>26</sup>



## POPULATION AND AGE

### Population

According to the 2016 Census, there are about 119,000 people living in Canada's three territories, up 5.3% from the 2011 Census.<sup>27</sup> Northwest Territories (NWT) had the lowest growth among the three territories, with its population edging up 2.2% to 44,469 people. Yukon's population grew more rapidly, expanding 5.9% to 37,492 over the last five years.

Meanwhile, Nunavut's population grew considerably over the past five years, by 8.4% to 37,082. This represents the highest growth among all provinces and territories.<sup>28</sup> This growth is attributed exclusively to a higher birth rate, where women in Nunavut gave birth to an average of 2.9 children, compared to the national average of 1.6 children per women.<sup>29</sup> Nationally, Canada's population surpassed 36 million people, up 5.7% from 2011.

### Age structure

The territories have a young population compared to other jurisdictions in Canada. Nunavut's median age of 26.1 years and Northwest Territories median age at 33.3 years are the youngest in the country, due to higher fertility rates and lower life expectancy.

Despite the territories' young average age, the North still faces similar age shifts as other parts of Canada, with the baby boomer generation approaching or entering retirement age. For example, the 55 and over age group accounted for 27.2% of Yukon's population in 2016 – up 7.8 percentage points from 2006. Meanwhile, the proportion of the territory's prime working age group (25 to 54 years) was 43.6% in 2016 – down 5.3 percentage points compared to ten years ago.

## LABOUR MARKET CONDITIONS

### The Territories

Metal extraction (iron, gold, zinc, and copper), diamond mining, and to some extent oil and gas extraction, are major drivers of the territorial economies. However, a slump in commodity prices, which began in mid-2012, has significantly hampered economic growth in Canada's three territories. Several major mines in the North were shut down between 2014 and 2015, and a number of proposed major mining exploration and development projects have been postponed.

In mid-2016, global demand for metal and non-metal resources started to rebound. This year, several companies announced plans to start new mining exploration projects and developments across the three territories. Additionally, federal transfer payments and new mining royalty agreements should keep territorial government budgets balanced, if not in surplus, while new private-public training agreements will help local residents prepare for the workforce.

### Yukon

Prior to 2014, Yukon recorded real GDP growth for ten consecutive years at an impressive average annual rate of 4.4%. However, Yukon's economy has struggled amid falling mineral commodity prices with the territory's GDP contracting almost 6% in 2015. Capstone Mining Corp., for example, has significantly reduced production at its Minto copper mine, while Yukon Zinc shut down its Wolverine Mine in 2015.<sup>30</sup>

After two years of poor growth, Yukon's economy finally showed signs of strength at the end of 2016 as commodity prices began to improve. The territory's economy expanded 8.2% last year, with the mining industry growing over 75%.

**Annual change in Yukon's Gross Domestic Product between 2011 and 2018 (forecast), in 2007 dollars**

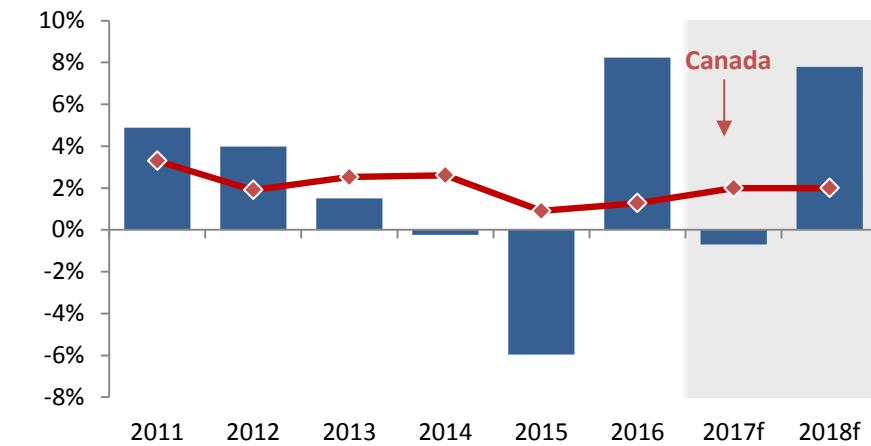


Chart 3a

Sources: Statistics Canada CANSIM Tables 379-0030, 379-0031; Conference Board of Canada (forecast)

Looking ahead, the territory's mining and construction industries are projected to grow over medium-term as work on several projects progresses. In fact, Capstone Mining recently announced that their only active mine – Minto Mine – will remain in production until 2020.<sup>31</sup> Previously, the company indicated that the mine would cease operations by mid-2017. The mine is important to Yukon's labour force, employing about 300 people, with almost half of these workers belonging to local First Nation communities.<sup>32</sup>

Focusing on the construction industry, the City of Whitehorse plans to construct a new \$45 million municipal operations building, as well as a new \$9.2 million transit storage facility in Whitehorse.<sup>33</sup> Moreover, projects already underway or nearing completion includes the Whitehorse General Hospital expansion, the new F.H. Collins School and the Salvation Army shelter.

## **Northwest Territories**

Northwest Territories' economic performance was mixed in recent years. Both GDP and employment increased in the territory between 2013 and 2015, but the economy was essentially flat in 2016. This inactivity is not surprising considering that the territory's mining industry suffered serious losses in the past year, with major mines suspending operations in response to low diamond and tungsten prices. Both Cantung tungsten mine and Snap Lake diamond mine were closed in late 2015, which negatively impacted many local businesses that supply goods and services to these mines and its employees.<sup>34</sup>

**Annual change in Northwest Territories' Gross Domestic Product between 2011 and 2018 (forecast), in 2007 dollars**

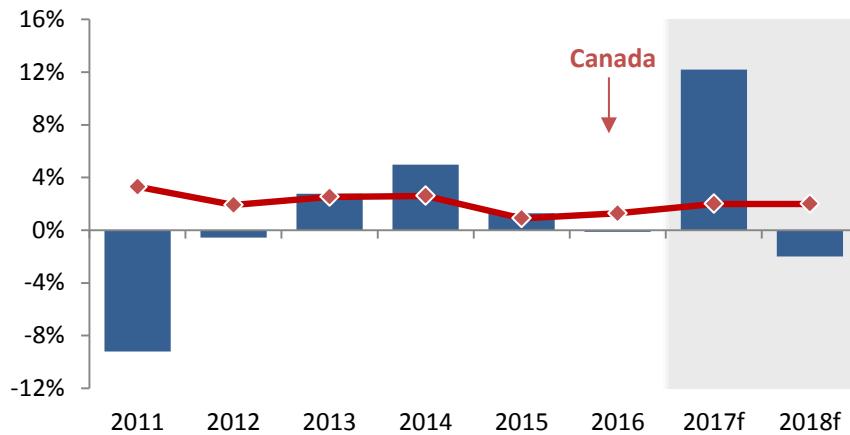


Chart 3b

Sources: Statistics Canada CANSIM Tables 379-0030, 379-0031; Conference Board of Canada (forecast)

In mid-2016, De Beers started production at its Gahcho Kue diamond mine near Yellowknife.<sup>35</sup> The approximately \$1-billion project is expected to employ a steady workforce of about 530 staff during its 13-year mine life. It is estimated that the mine will contribute \$6.7 billion to the Canadian economy over this time, of which 80% will stay in the NWT.<sup>36</sup> The Conference Board of Canada predicts that NWT's GDP will rise by 12.2% this year as the mine comes into full production.<sup>37</sup>

In the medium-term, new construction and mining projects should help support growth in the territory's construction and mining industries. These include the \$20 million all-season road from Norman Wells to Canyon Creek, the new \$25 million Skywatch Lodge in Dettah, the \$40 million Yellowknife City Gold exploration project and the \$145 million Pine Point zinc mine redevelopment.

## Nunavut

Nunavut's economy performed well over the past few years, posting impressive GDP growth and strong employment gains. Between 2011 and 2016, Nunavut's GDP increased by over 17%, growing at an average annual rate of 3.2%.<sup>38</sup>

The outlook for Nunavut's mining industry is positive for the medium-term. Within the next few years, the territory will see the start of production at Baffinland's Mary River iron mine and at TMAC Resources Inc.'s new Hope Bay gold mine.

These sites will provide a boost to employment in mining-related industries.<sup>39</sup>

In addition, Agnico Eagle Mines Ltd. plans to invest US\$1.2 billion to construct the Meliadine and Whale Tail gold mines in the Kivalliq region.<sup>40</sup> Agnico Eagle already signed a \$6.5 million Inuit Impact Benefit Agreement with the Kivalliq Inuit Association in June to help create more jobs for Inuit people at its Whale Tail gold project. Both projects are expected to result in significant economic gains for the territory, including \$500 million a year in spending on goods and services and \$66 million a year in payroll for Kivalliq communities.<sup>41</sup>

## Employment by Sector

### Yukon

The vast majority of Yukon residents work in the services-producing sector, which accounted for about 86% of total territorial employment in 2016. The largest industries by employment in Yukon are non-commercial services, most notably public administration and health care. In 2016, nearly one-third of the territory's workforce was employed in these industries. Other important industries include trade and construction – with a combined employment of approximately 4,000 in 2016.

**Annual change in Nunavut's Gross Domestic Product between 2011 and 2018 (forecast), in 2007 dollars**

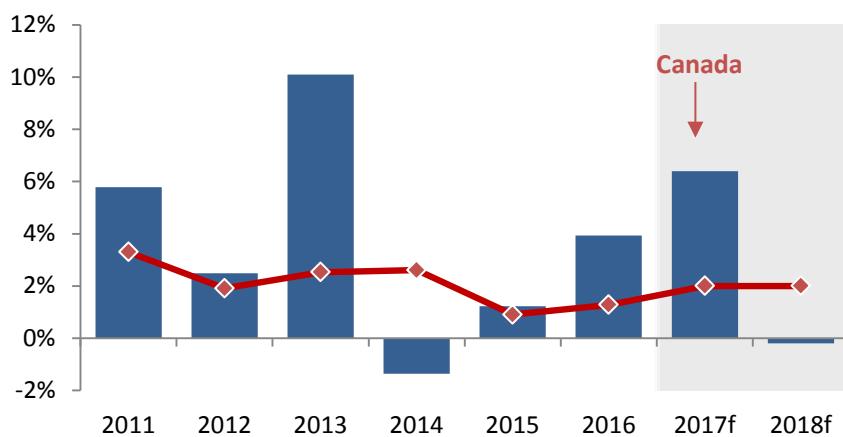


Chart 3c

Sources: Statistics Canada CANSIM Tables 379-0030, 379-0031; Conference Board of Canada (forecast)

<b>Change in employment by Industry in Yukon between 2011 and 2016</b>				
	<b>2016</b>	<b>2011</b>	<b>% Share 2016</b>	<b>Growth rate*</b>
<b>Total, all industries (000s)</b>	<b>20.2</b>	<b>19.4</b>	<b>100.0%</b>	<b>0.8%</b>
Goods-producing sector	2.8	3.0	13.9%	-1.4%
Agriculture	-	-	-	-
Forestry, fishing, mining, quarrying, oil and gas	0.3	0.7	1.5%	-15.6%
Utilities	0.3	0.2	1.5%	8.4%
Construction	2.0	1.9	9.9%	1.0%
Manufacturing	0.2	0.2	1.0%	0.0%
Services-producing sector	<b>17.4</b>	<b>16.3</b>	<b>86.1%</b>	<b>1.3%</b>
Trade	2.2	2.4	10.9%	-1.7%
Transportation and warehousing	0.9	1.0	4.5%	-2.1%
Finance, insurance, real estate and leasing	0.8	1.0	4.0%	-4.4%
Professional, scientific and technical services	1.2	1.0	5.9%	3.7%
Business, building and other support services	0.3	0.4	1.5%	-5.6%
Educational services	1.9	1.5	9.4%	4.8%
Health care and social assistance	3.0	2.4	14.9%	4.6%
Information, culture and recreation	0.9	1.3	4.5%	-7.1%
Accommodation and food services	1.8	1.2	8.9%	8.4%
Other services	0.8	0.6	4.0%	5.9%
Public administration	3.6	3.6	17.8%	0.0%

Chart 4a  
Source: Statistics Canada Labour Force Survey  
\*Average annual compound growth rate in the five years from 2011 to 2016

Over the past five years, employment advanced considerably in several key industries within the Yukon's services-producing sector including accommodation and food services (+8.4%), educational services (+4.8%), and health care and social assistance (+4.6%). Overall, the number of people employed in the services sector increased at an average annual rate of 1.3% between 2011 and 2016.

Moving forward, employment is expected to advance both in the goods-producing and in the services-producing sectors over the medium-term, as major infrastructure projects are slated to begin in the next few years. Moreover, the territorial government has pledged 14% more incentive funding this year to support 59 mineral exploration projects in the territory.<sup>42</sup> These projects are expected to create more job opportunities in trade; transportation and warehousing; and professional, scientific and technical services industries. According to the Natural Resources Canada, Yukon exploration spending is forecast to increase by just over 7% compared to last year.<sup>43</sup>

Furthermore, the Government of Yukon is planning to add about 200 full-time equivalent positions to the public service in 2017-18. The Department of Education will account for 136 of these new positions.<sup>44</sup>

## Northwest Territories

In Northwest Territories, over 44% of the population is employed in the public administration, health care and educational services industries. Of this total, 5,600 people were employed as public servants in 2016. Trade is

also an important contributor toward Northwest Territories' labour market, employing about 2,300 people last year.

<b>Change in employment by Industry in the Northwest Territories between 2011 and 2016</b>				
	<b>2016</b>	<b>2011</b>	<b>% Share in 2016</b>	<b>Growth rate*</b>
<b>Total, all industries (000s)</b>	<b>22.5</b>	<b>23.0</b>	<b>100.0%</b>	<b>-0.4%</b>
Goods-producing sector	3.6	3.7	16.0%	-0.5%
Agriculture	-	-	-	-
Forestry, fishing, mining, quarrying, oil and gas	1.6	1.4	7.1%	2.7%
Utilities	0.3	0.3	1.3%	0.0%
Construction	1.4	1.7	6.2%	-3.8%
Manufacturing	-	0.2	-	-
Services-producing sector	<b>18.9</b>	<b>19.3</b>	<b>84.0%</b>	<b>-0.4%</b>
Trade	2.3	2.5	10.2%	-1.7%
Transportation and warehousing	1.5	2.1	6.7%	-6.5%
Finance, insurance, real estate and leasing	0.9	1.0	4.0%	-2.1%
Professional, scientific and technical services	0.9	1.2	4.0%	-5.6%
Business, building and other support services	0.5	0.4	2.2%	4.6%
Educational services	2.0	1.8	8.9%	2.1%
Health care and social assistance	2.4	2.4	10.7%	0.0%
Information, culture and recreation	0.9	0.9	4.0%	0.0%
Accommodation and food services	1.1	1.2	4.9%	-1.7%
Other services	0.8	0.7	3.6%	2.7%
Public administration	5.6	5.2	24.9%	1.5%

Chart 4b  
Source: Statistics Canada Labour Force Survey  
\*Average annual compound growth rate in the five years from 2011 to 2016

Employment across all industries was fairly flat between 2011 and 2016. Both the goods-producing and services-producing sectors saw slight decreases in employment over the past five years. Looking ahead, industries such as health care and social services should see some growth over the medium-term. The federal and territorial governments have earmarked a total of \$24.9 million<sup>45</sup> over 10 years to improve NWT's health care system.<sup>46</sup>

According to the Conference Board of Canada, more than 28,000 jobs are expected to open up in the NWT over the next 15 years due to retirements and people moving away from the territory.<sup>47</sup> In response to this challenge, the Government of Northwest Territories announced a new immigration plan which aims to help alleviate potential labour shortages over the next five years.<sup>48</sup> The new immigration strategy is expected to enhance the existing Nominee Program to attract more foreign nationals and new entrepreneurs to the territory.

## Nunavut

Similar to Yukon and Northwest Territories, the majority of Nunavut's labour force is employed in non-commercial services, and in particular, public administration – accounting for nearly 26% of total employment in 2016.

Change in employment by Industry in Nunavut between 2011 and 2016				
	2016	2011	% Share 2016	Growth rate*
<b>Total, all industries (000s)</b>	<b>13.5</b>	<b>11.8</b>	<b>100.0%</b>	<b>2.7%</b>
Goods-producing sector	1.6	1.4	11.9%	2.7%
Agriculture	-	-	-	-
Forestry, fishing, mining, quarrying, oil and gas	0.4	0.5	3.0%	-4.4%
Utilities	0.2	0.2	1.5%	0.0%
Construction	0.8	0.7	5.9%	2.7%
Manufacturing	-	-	-	-
Services-producing sector	<b>11.9</b>	<b>10.4</b>	<b>88.1%</b>	<b>2.7%</b>
Trade	1.4	1.8	10.4%	-4.9%
Transportation and warehousing	0.8	0.7	5.9%	2.7%
Finance, insurance, real estate and leasing	0.6	0.7	4.4%	-3.0%
Professional, scientific and technical services	0.4	0.2	3.0%	14.9%
Business, building and other support services	0.4	0.3	3.0%	5.9%
Educational services	1.8	1.4	13.3%	5.2%
Health care and social assistance	1.6	1.2	11.9%	5.9%
Information, culture and recreation	0.4	0.6	3.0%	-7.8%
Accommodation and food services	0.4	0.3	3.0%	5.9%
Other services	0.5	0.4	3.7%	4.6%
Public administration	3.5	2.9	25.9%	3.8%

Chart 4c  
Source: Statistics Canada Labour Force Survey  
\*Average annual compound growth rate in the five years from 2011 to 2016

The mining industry is also particularly important to Nunavut, employing many residents and serving as a key contributor to the territorial economy. The industry has been the primary catalyst behind the territory's strong economic performance, largely supporting other key industries such as construction, and transportation and warehousing.

Employment was flat or declined in all industries within Nunavut's goods-producing sector over the past five years, except for the construction industry. By contrast, employment in the territory's services-producing sector increased considerably during the same period. Several industries posted significant gains, including professional, scientific and technical services (+14.9%), accommodation and food services (+5.9%), and health care and social assistance (+5.9%).

This upward employment trend is expected to continue, particularly in health care and social services. In fact, more than 500 health care positions – representing 47% of Nunavut's health department workforce were vacant as of December 2016.<sup>49</sup> The federal and territorial governments have dedicated more funding this year

to improve the territory's medical care system and to staff training programs. For example, the territory will see an additional \$54 million in funding over the next four years from the new Territorial Health Investment Fund (THIF).<sup>50</sup> The THIF is in addition to funding already provided to the territory through the Canada Health Transfer agreement.

## LABOUR MARKET OUTCOMES FOR CLIENT SEGMENTS

### Immigrants/Newcomers

The immigrant population is on the rise in Northwest Territories and Nunavut, growing at an impressive average annual rate of 9.2% and 8.4% respectively between 2011 and 2016. This upward trend will likely continue, especially for Northwest Territories, due in part to plans to fast-track applications from the Northwest Territories Nominee Program (NTNP). In 2016, about 50% of newcomers (125 individuals) from other countries settled in the NWT as new residents through the Nominee Program.<sup>51</sup>

Meanwhile, the number of immigrants arriving to Yukon has slowed over the past few years. In fact, there were only 254 immigrants that came to Yukon in 2016, down from a peak of 331 in 2011. That being said, Yukon continues to receive the most new immigrants among the three territories. In 2016, about half of all new immigrants moving to the territories chose Yukon as their new home.

### Indigenous People

Labour force participation among Canada's Indigenous<sup>52</sup> population has historically been lower, due in large part to lower levels of educational attainment. This is particularly evident in the three territories, where high proportion of Indigenous people has not completed high school. According to the 2011 Census, more than 50% of Indigenous people in the territories reported that they did not have a high school diploma, while only 10% of non-Indigenous people did not have a high school diploma. Moreover, the labour force participation rate among Indigenous people is considerably lower than the rate for the non-Indigenous population, while the unemployment rate is substantially higher.

According to the 2011 National Household Survey, Yukon's Indigenous population was more likely to have obtained a high school diploma or post-secondary degree when compared to the Northwest Territories and Nunavut. In 2011, the proportion of Yukon's Indigenous population with a diploma or degree (63%) was nearly double of that in Nunavut (33%), while about half of Indigenous population in Northwest Territories had a diploma or degree.

Yukon's Indigenous population was also more likely to participate in the labour force relative to Northwest Territories and Nunavut. In 2011, Yukon's participation rate for its Indigenous workforce stood at 70%, considerably higher than Northwest Territories (63%) and Nunavut (57%).

Indigenous people have historically faced higher rates of unemployment than the non-Indigenous people in the North. For example, unemployment rate for the Indigenous population across the three territories ranged between 22% and 24% in 2011. In stark contrast, the unemployment rate for the territories' non-Indigenous population was 6.7% for Yukon, 4.3% for Northwest Territories, and 2.8% for Nunavut during the same period.

## Youth

Youth (15 to 24 years) account for a larger proportion of the population in the territories compared to the share of youth in Canada as a whole. In 2016, about 19% of the population in the North were youth, while roughly 15% of the population nationwide were in this age group.

The proportion of youth employed in Nunavut (16%) was greater than in Yukon (11%) and Northwest Territories (12%) in 2016. Nunavut continues to have the highest youth unemployment rate across the North at nearly 23.0%. Nonetheless, this marks a significant improvement compared to a year earlier, when its youth unemployment rate stood at a remarkable 31.0%.

The reality of a younger population carries both benefits and challenges. A younger demographic is likely to help the territories alleviate labour market pressures associated with an ageing population. However, youth tend to have greater difficulty with successfully integrating into the labour market across the North, encountering higher unemployment rates as a result of lower skills and a lack of professional experience. For example, in 2016, the unemployment rate for youth living in Northwest Territories was 15.2%, considerably higher than the prime working age (25 to 54 years) rate of 6.6%.

## Older Workers

A rapidly ageing population is among the major labour market challenges facing Yukon. Between 2011 and 2016, employment in the 55 and over age group increased by an average annual rate of 4.8%. By comparison, the number of workers aged 15 to 24 decreased by an average annual rate of 2.4%. Similar to Yukon, Northwest Territories also faces the challenge of an ageing population. Over the same five year period, the population aged 55 and over was the only segment of the territorial workforce to post positive employment growth. In Nunavut, the number of people employed in the 55 and over age group grew at an average annual rate of close to 6.6%, more than double the growth rate of the prime working age group.

## Seniors

Relative to Canada as a whole, the proportion of the population aged 65 and over is small in the territories. In 2016, 16.5% of Canadians were over the age of 65, while in the North, only 7.5% were seniors. Looking at each of the territories individually, about 12% of the population were over the age of 65 in Yukon, while 7.1% of residents were seniors in Northwest Territories. In Nunavut, a small minority was aged 65 and over, as only 4.0% of the population consisted of seniors last year.

Although the territories have proportionally fewer seniors than other parts of Canada, they still face the challenge of an ageing population – albeit to a lesser extent than the provinces. In each of the three territories, seniors represent the fastest growing segment of the population, a trend that is expected to accelerate in the coming decades.

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

market tightness. Similarly, the proportion of seniors in the Northwest Territories workforce has increased in recent years.

## People with Disabilities

Overall, the rate of disability is lower in the territories compared to the rest of Canada, due to the fact that the North has a higher proportion of youth.

Among the three territories, Yukon has a significantly higher disability rate (14.4%) than Northwest Territories (8.2%) and Nunavut (6.9%).<sup>53</sup> Yukon's rate was roughly one percentage point higher than the national rate of 13.7%. This is not surprising given the fact that in 2016, the proportion of youth in Yukon was considerably lower than in Northwest Territories and Nunavut – where only 15.0% of the population was 15 to 24 years of age. Nunavut continues to have the lowest disability prevalence rate in the country, as the territory's proportion of youth (24%) was the highest among all provinces and territories.

**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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