



# Environmental Scan

## Northwest Territories, Nunavut and Yukon

2018



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 2018.

### HIGHLIGHTS

- Yukon and Nunavut economic outlooks are positive in the short-term, as several major mining companies have proposed new exploration and development projects across the two territories.
- Economic growth for the Northwest Territories is forecast to be weak in the short-term, as production at the Gahcho Kue diamond mine will gradually decline starting this year.<sup>1</sup> With diamond output expected to drop and no new mines coming online over the next three years, growth in the mining sector will be flat until the Prairie Creek zine mine opens in 2020.<sup>2</sup>
- Service industries employ the vast majority of territorial residents. Public administration, health care, and educational services are major employers in non-commercial services industries.
- Although mining is not a major employer in the territories, the industry remains crucial across the North, contributing significantly to economic growth.
- An aging population is a significant 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.<sup>3</sup>

### ECONOMIC CONTEXT

#### Global Outlook: Good Times for Now

The International Monetary Fund (2018) predicts continued global economic growth (3.9%) over the next two years.<sup>4</sup> Though advanced economies are better positioned to capitalize on the rising tide of global investment

and trade, developing countries are expected to grow at an even faster pace (5.0%) this year.<sup>5</sup> The European Union appears to be avoiding the negative economic consequences of the United Kingdom’s exit. Nonetheless, high levels of personal and corporate debt, coupled with growing trade protectionism, have reduced prospects for growth across much of Europe.

Despite a slow start in 2018, the US economy is expected to grow with increased consumer spending and reductions to personal and corporate taxes. The Bank of Canada’s most recent Monetary Report pegs growth in real GDP in the US to average 2.5% over the 2017-2019 forecast period. However, the current U.S. administration’s willingness to explore protectionist trade policies introduces a new level of market uncertainty.

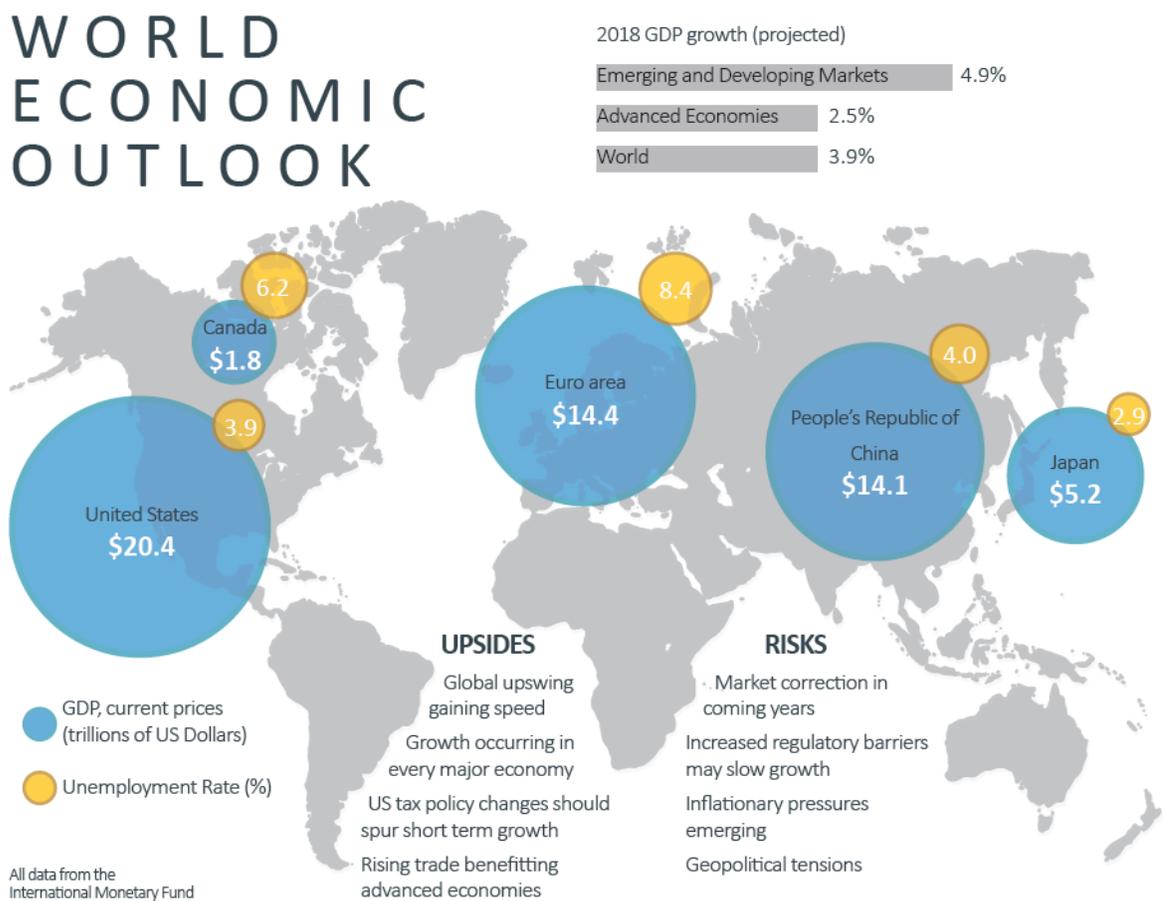


Figure 1  
Source: International Monetary Fund, World Economic Outlook Update, April 2018

### Canada Struggling to Keep Pace with Strengthening World Economy

Despite challenges in previous years, the economies of the European Union and Latin America are expanding. Further, post-2018, economic growth in Canada is expected to be more moderate. According to the Bank of Canada, Canada's overall GDP growth should decline from 3.0% in 2017 to 2.2% in 2018 and weaken further to 1.6% growth next year.<sup>6</sup>

Consumer spending will continue to act as the primary driver of growth in 2018, though at a slower pace compared to the previous year. Job growth will ease as baby boomers continue exiting the workforce, creating a tighter labour market. That tightness will likely drive wages upwards as employers compete for labour; however, increases will not be enough to offset a reduction in spending caused by record high debt levels among Canadian households. Borrowing costs are also expected to increase in the spring of 2018 as the Bank of Canada signals an interest rate increase to keep inflation in check. All told, disposable income growth is expected to drop to 2.4% this year, down from 3.7% in 2017.<sup>7</sup>

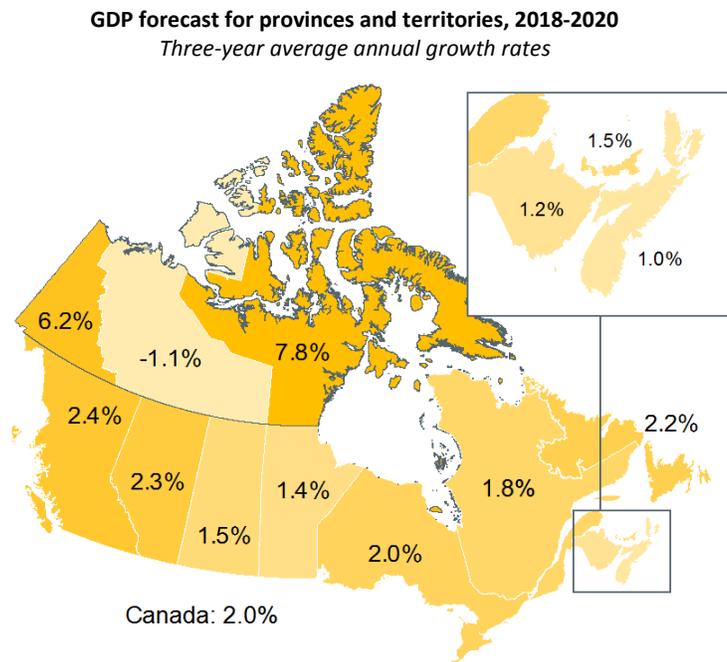


Figure 2

Source: Conference Board of Canada, Provincial Outlook Economic Forecast: Winter 2018

Canadian businesses have so far sent mixed signals about their investment intentions in 2018. The Bank of Canada's business outlook survey shows a significant portion of companies (+24%) planning to expand and update facilities and equipment this year.<sup>8</sup> The Conference Board of Canada's has a more conservative view. Specifically, the Board notes that Canada will find economic growth more challenging in the future because of trade uncertainty, U.S. corporate tax cuts, and capacity issues within the Canadian economy. Regardless, business investment is unlikely to return to pre-2014 levels in the near term.<sup>9</sup>

Canadian exports continue to underperform in spite of strong demand from the US and a low Canadian dollar. The Conference Board of Canada predicts non-energy exports will remain stagnant over the next two years. Meanwhile, oil exports are hitting a transportation bottleneck as production exceeds current pipeline capacity. Relying on more expensive rail transport to ship excess product has increased costs and negatively impacted producers' bottom line. And the export outlook could become worse depending on the outcome of NAFTA renegotiations. Though these negotiations appear to be heading in a positive direction for Canada with a resolution expected this summer, the US has signalled its willingness to enact tariffs that may result in trade wars elsewhere. Canada could experience collateral damage from the resulting fallout.

## POPULATION TRENDS

The combined population in Canada's three territories reached 120,975 in 2017, an increase of 0.9% (+1,095) year-over-year. Between June 30, 2016, and July 1, 2017, the Northwest Territories was the only territory that saw a yearly population decrease, down slightly by 0.2% (-97) to 44,520 people. By contrast, Yukon's population expanded 1.0% (+373) to 38,459 over the year.<sup>10</sup>

Meanwhile, Nunavut had the highest growth among all Canadian provinces and territories in 2017, with the territory’s population growing by 2.2% (+819) to 37,996 compared to the previous year.<sup>11</sup> This growth is not surprising, as the territory continued to have the highest fertility rate across the country. According to Statistics Canada, women in Nunavut gave birth to an average of 2.9 children, compared to the national average of 1.6 children per women.<sup>12</sup>

The population in the Northwest Territories is forecasted to be stagnant over the next ten years, while Yukon’s population will experience relatively stable growth in population.<sup>13</sup> Nunavut will continue to see strong population growth in the long-term. The number of people living in Nunavut is projected to surpass the population of Yukon in ten years.<sup>14</sup>

**Age Structure**

The northern territories have a young population compared to most of the other jurisdictions in Canada. All three territories’ median ages are younger than the national median age, which stood at 40.6 years in 2017. Nunavut’s median age of 26.4 years and Northwest Territories’ median age at 33.7 years are the youngest across the country, due to higher fertility rates and lower life expectancy.<sup>15</sup>

Even with a younger population, the three territories will still face similar age shifts as other parts of Canada, with the baby boomer generation approaching or entering retirement age. Growth in the Territories’ prime working-age population (25 to 54 years) has been outpaced by growth in the number of youths and seniors. For example, the proportion of the Territories’ prime working age group (25 to 54 years) was 43.4% in 2017 – down 3.6 percentage points compared to 10 years ago. Meanwhile, the combined proportion of youth (15 to 24 years) and senior (55+ years) accounted for 33.8% of the Territories’ total population in 2017, up 3.5 percentage points from 2007.<sup>16</sup>

Demographic shifts in the territories: 1997-2037

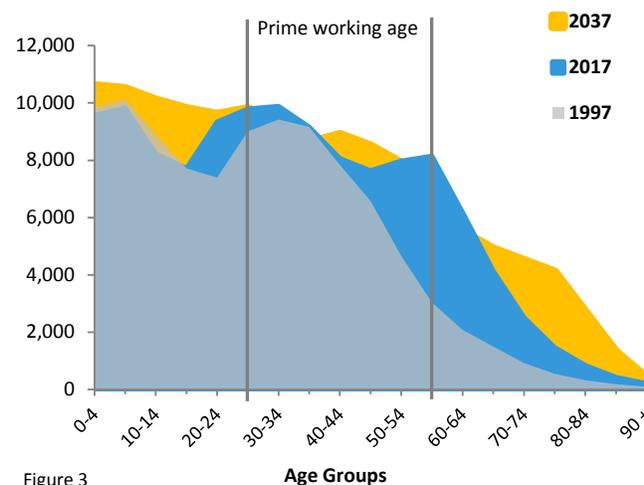


Figure 3 Sources: Statistics Canada CANSIM Tables 051-0001, 052-0005 (projection scenario M1)

**Indigenous Population**

According to 2016 Census, Indigenous people made up 53% of the Territories’ total population in 2016, up 6.0% from the 2011 Census.<sup>17</sup> Nationally, Indigenous people accounted for only 4.9% of the total population in 2016.

Focusing on each territory, Indigenous people comprised 86% of the Nunavut’s population – the highest proportion of Indigenous peoples among all the provinces and territories. The average age of Indigenous people in Nunavut was 25.8 years in 2016, much lower than the non-Indigenous population, whose average

age was 38.1 years. Nationally, the average age of the Indigenous population was 32.1 years, and non-Indigenous was 40.9 years.<sup>18</sup>

Northwest Territories has the second highest number of Indigenous population among the three territories – about 51% of residents identified as Indigenous in 2016. About 42.5% of Northwest Territories' Indigenous people were under the age of 25, compared to 27.7% of the non-Indigenous population. The average age of Indigenous people in Northwest Territories was 32.7 years. The Northwest Territories is the only territory that had a higher proportion of the Indigenous population (8%) aged 65 years and over compared to the non-Indigenous population (6.8%) in the same age group.<sup>19</sup>

In Yukon, there were 8,195 people who identified themselves as Indigenous in 2016, representing 23.3% of the territory's total population. Similar to the other two territories, Yukon's Indigenous population was younger than the non-Indigenous population – about 23% of all Indigenous were under 15 years compared to 16% of non-Indigenous under the same age group. By contrast, the proportion of the territory's Indigenous population aged 65 years and over (7.9%) was much smaller compared to the proportion of the non-Indigenous population (12.6%).<sup>20</sup>

## LABOUR MARKET CONDITIONS

### Employment Overview

On an annual basis, the combined employment of Northwest Territories, Nunavut and Yukon declined slightly in 2017 (-400) compared to a year prior. There was a decline in employment in Northwest Territories (-5.3%) and Nunavut (-0.7%) stemming from a drop in mineral commodity production prompted by lower demand on global markets. The Yukon was the only territory to see an increase in employment over the year (+5.0%) due to strong growth in its services-producing sector.<sup>21</sup>

In 2017, the unemployment rate for the combined territories dropped to its lowest rate in nine years. The rate decreased from 8.6% in 2016 to 7.8% in 2017. The unemployment rate decreased both in Northwest Territories and Nunavut, falling to 6.6% and 14.6% respectively. Meanwhile, Yukon posted the lowest unemployment rate throughout the North (3.6%), well below the national rate of 6.3%.<sup>22</sup>

### Economic Overview

Metal extraction (iron, gold, zinc, and copper), diamond mining, and to some extent oil and gas extraction, are the cornerstone of the territorial economies. However, the global downturn in commodity prices, which began in mid-2012, has walloped economic growth in Canada's three territories. It took the Territories almost four years before they could start to regain their financial footing as global demand for metal and non-metal resources began to rebound in mid-2016. Both the Northwest Territories and Nunavut saw robust economic growth in 2017, while Yukon's economy contracted slightly over the same year.<sup>23</sup>

Now that the commodity prices have improved, the Territories' economy will benefit from planned mining exploration and development projects, as well as expected mineral production. Moreover, funding from all levels of government for new infrastructure such as roads, community facilities, hospitals and airports will help

increase employment demand in a variety of sectors such as construction, transportation and warehousing and trades.

**Yukon**

Yukon recorded ten consecutive years of substantial growth at an impressive average annual rate of 4.4% before 2014. However, the territory’s economy has struggled amid falling mineral commodity prices with the its gross domestic product (GDP) contracting almost 8% in 2015 – the largest decline in the past two decades.<sup>24</sup>

The territory’s economy finally rebounded at the end of 2016 as the territory’s GDP advanced 8.3% on the year as commodity prices began to improve. The territory’s economy advanced 8.3% in 2016, with the mining industry growing over 75%.<sup>25</sup>

According to the Conference Board of Canada, Yukon’s economy contracted slightly (-1.6%) in 2017.<sup>26</sup> Nonetheless, the territory’s economic outlook is forecast to be bright over the next few years, with the economy expanding at an annual average growth rate of 6.3% over 2018 to 2020.<sup>27</sup> Both mining and construction industries are expected to see strong growth as several significant projects progress across the territory.

**Northwest Territories**

The Northwest Territories economy performed well over the past few years, posting positive economic growth between 2013 and 2017.<sup>28</sup> Notably, in 2017, the territory’s GDP advanced substantially, up 12.2% over the previous year.<sup>29</sup> Strong growth was driven mainly by the first full year of commercial production at the \$1 billion Gahcho Kué diamond mine in Yellowknife last year.<sup>30,31</sup>

Despite the significant growth in 2017, the territory’s economic outlook is not encouraging. The territory’s economic growth is forecast to be weak in the short-term, as carat production at the Gahcho Kué mine will gradually start to decline this year.<sup>32</sup> Moreover, Rio Tinto’s Diavik diamond mine which commenced production in 2003 is nearing the end of its life and production is expected to decline gradually until the mine ceases operations in 2025.<sup>33</sup> With diamond output expected to fall and no new mines coming online over the next

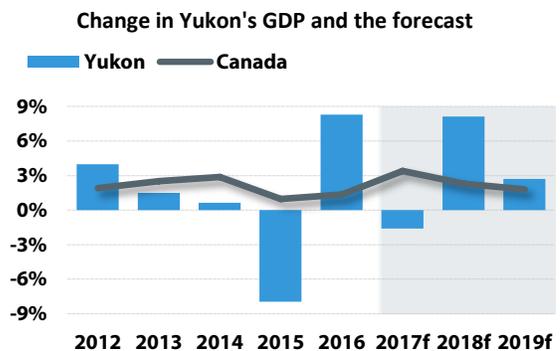


Figure 4.1  
Sources: Statistics Canada CANSIM Tables 379-0030, 379-0031; Conference Board of Canada Economic Forecast

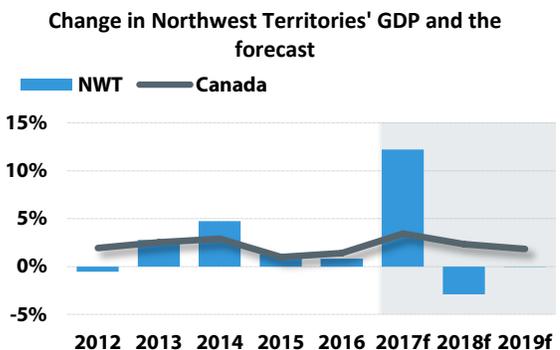


Figure 4.2  
Sources: Statistics Canada CANSIM Tables 379-0030, 379-0031; Conference Board of Canada Economic Forecast

three years, growth in the mining sector will be flat until Canadian Zinc’s Prairie Creek mine opens in late 2020.<sup>34</sup>

The Conference Board forecasts that the Northwest Territories’ GDP is expected to contract as much as 2.9% in 2018 and will stay flat for the next two years.<sup>35</sup> The economy is anticipated to recover slightly in 2021 as the Prairie Creek mine begins production.

## Nunavut

Nunavut’s economy has improved considerably since 2016 thanks to higher commodity prices. The territory’s GDP in 2017 increased almost 10% from the previous year.<sup>36</sup> This upward trend is expected to continue in the short and medium term, as significant mining developments and construction projects begin across the territory over the next two years. The territory is forecast to experience average annual growth of 7.9% between 2018 and 2020.<sup>37</sup>

Construction projects such as the \$31 million Qulliq Energy Corporation’s new power plant in Kugluktuk,<sup>38</sup> the \$85 million deep-sea port and small-craft harbour project in Iqaluit<sup>39</sup> and Sabina Gold’s \$400 million Back River gold mine<sup>40</sup> will help to boost employment in both mining and construction-related industries.

Also, TMAC Resources Inc. announced in January this year that it has submitted the final environmental impact statement and water license applications to the Nunavut regulators to expand its Hope Bay gold project.<sup>41</sup> Located in the Kitikmeot region, Hope Bay contains three gold deposits: Doris, Madrid and Boston. The Doris North mine has already started production in May 2017, and TMAC hopes that the other two mines will begin construction in 2019. TMAC estimates that about 300 jobs will be created during the construction phase and 800 jobs during the operation. The lifespan of the mines are projected to 2032.<sup>42</sup>

## Employment by Sector

### Yukon

The majority of Yukoners work in the services-producing sector, which accounted for over 87% of total territorial employment in 2017.<sup>43</sup> The services-producing sector has performed well over the past two years, with employment increasing by 6.3% (+1,100) between 2016 and 2017. Indeed, most industries within the sector posted employment gains on the year with trade (+500) and information, culture and recreation (+300) seeing the largest increases. Meanwhile, employment in the territory’s goods-producing sector was relatively flat on an annual basis, down 3.6% (-100), with losses resulting entirely from the construction industry.<sup>44</sup>

Moving forward, the outlook for both goods-producing and services-producing sectors should be bright in the medium-term. Construction projects such as the 80-lot Whistle Bend housing development,<sup>45</sup> the \$317 million

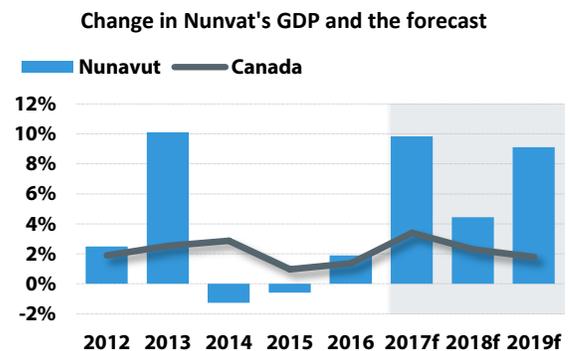


Figure 4.3  
Sources: Statistics Canada CANSIM Tables 379-0030, 379-0031;  
Conference Board of Canada Economic Forecast

Coffee Gold Project<sup>46</sup> and the \$505 million Victoria's Gold Corp.'s Eagle Gold Project<sup>47</sup> will create abundant of employment and business opportunities for both sectors.

<b>Yukon</b>	<b>2016</b>	<b>2017</b>	<b>% Share in 2017</b>	<b>Growth rate*</b>
<b>Total, all industries (000s)</b>	<b>20.2</b>	<b>21.2</b>	<b>100.0%</b>	<b>5.0%</b>
<b>Goods-producing sector</b>	<b>2.8</b>	<b>2.7</b>	<b>12.7%</b>	<b>-3.6%</b>
Agriculture	0.0	0.0	-	-
Forestry, fishing, mining, quarrying, oil and gas	0.3	0.3	1.4%	0.0%
Utilities	0.3	0.3	1.4%	0.0%
Construction	2.0	1.9	9.0%	-5.0%
Manufacturing	0.2	0.2	0.9%	0.0%
<b>Services-producing sector</b>	<b>17.4</b>	<b>18.5</b>	<b>87.3%</b>	<b>6.3%</b>
Trade	2.2	2.7	12.7%	22.7%
Transportation and warehousing	0.9	1.1	5.2%	22.2%
Finance, insurance, real estate and leasing	0.8	0.6	2.8%	-25.0%
Professional, scientific and technical services	1.2	0.9	4.2%	-25.0%
Business, building and other support services	0.3	0.5	2.4%	66.7%
Educational services	1.9	1.8	8.5%	-5.3%
Health care and social assistance	3.0	3.1	14.6%	3.3%
Information, culture and recreation	0.9	1.2	5.7%	33.3%
Accommodation and food services	1.8	1.9	9.0%	5.6%
Other services	0.8	0.9	4.2%	12.5%
Public administration	3.6	3.7	17.5%	2.8%

Figure 5.1

Source: Statistics Canada Labour Force Survey

According to Natural Resources Canada, Yukon is forecast to be the only territory to see an increase in mineral exploration spending in 2018, up 4.4% from 2017 to \$172.3 million.<sup>48</sup> Early this year, the territorial government has committed almost \$500 million to improve road access for the mining sector in response to the increasing number of mineral exploration and development projects in the territory.<sup>49</sup> With several mining exploration and development projects in Yukon advancing to various stages, the mining industry should remain active in the territory in the short and medium-term.

### Northwest Territories

In Northwest Territories, over half (52%) of the working population is employed in the public administration (5,000), health care (2,500) and educational services (1,800) industries in 2017. Other important sectors include trade and mining, with combined employment of approximately 4,000 last year.<sup>50</sup>

In 2017, both the goods-producing sector (-2.8%) and the services-producing sector (-5.3%) saw employment decline over the year.<sup>51</sup> Employment opportunities were limited in the construction-related industries over the year due to completion of the Territories' largest diamond mine, the Gahcho Kue mine in 2016,<sup>52</sup> and the winding down of government investment in some large public infrastructure projects such as the \$300 million Tuktoyaktuk highway.<sup>53,54</sup>

<b>Northwest Territories</b>	<b>2016</b>	<b>2017</b>	<b>% Share in 2017</b>	<b>Growth rate*</b>
<b>Total, all industries (000s)</b>	<b>22.5</b>	<b>21.3</b>	<b>100.0%</b>	<b>-5.3%</b>
<b>Goods-producing sector</b>	<b>3.6</b>	<b>3.5</b>	<b>16.4%</b>	<b>-2.8%</b>
Agriculture	0.0	0.0	-	-
Forestry, fishing, mining, quarrying, oil and gas	1.6	1.6	7.5%	0.0%
Utilities	0.3	0.3	1.4%	0.0%
Construction	1.4	1.4	6.6%	0.0%
Manufacturing	0.0	0.0	-	-
<b>Services-producing sector</b>	<b>18.9</b>	<b>17.9</b>	<b>84.0%</b>	<b>-5.3%</b>
Trade	2.3	2.3	10.8%	0.0%
Transportation and warehousing	1.5	1.3	6.1%	-13.3%
Finance, insurance, real estate and leasing	0.9	1.0	4.7%	11.1%
Professional, scientific and technical services	0.9	0.9	4.2%	0.0%
Business, building and other support services	0.5	0.3	1.4%	-40.0%
Educational services	2.0	1.8	8.5%	-10.0%
Health care and social assistance	2.4	2.5	11.7%	4.2%
Information, culture and recreation	0.9	0.9	4.2%	0.0%
Accommodation and food services	1.1	1.2	5.6%	9.1%
Other services	0.8	0.6	2.8%	-25.0%
Public administration	5.6	5.0	23.5%	-10.7%

Figure 5.2

Source: Statistics Canada Labour Force Survey

In the short-term, mineral exploration investment in the Northwest Territories is expected to decline by 9.7% to \$81.3 million in 2018 compared to the previous year.<sup>55</sup> Unsettled land claims and regulatory issues, as well as the high operating cost of exploration in the territory are seen to hinder investment. To help encourage more exploration in the territory, the Government of Northwest Territories has earmarked \$1 million in funding under the Mining Incentive Program for prospectors and companies to carry out mineral exploration activities in 2018-2019 fiscal year.<sup>56</sup>

The federal and territorial governments have also pledged to fund a number of different initiatives which aimed to help both goods and services sectors to increase businesses in the territory. For instance, the federal government recently earmarked \$5.6 million in funding over five years which aims to support the development of Northwest Territories' agriculture sector under the Canadian Agriculture Partnership initiative.<sup>57</sup> The new investment is expected to help local food producers and processors in the territory to grow their businesses. The funding will also go to community-based training programs that will teach farmers how to adapt to climate change, conserve water and soil resources in the North. Currently, there are over 40 commercial food growers, producers and agriculture businesses in the territory.

## Nunavut

Like Yukon and Northwest Territories, a significant proportion of Nunavut's labour force is employed in non-commercial services. Public administration, in particular, accounted for nearly 28% of the territory's total employment in 2017. Meanwhile, educational services accounted for almost 13% and health care and social assistance employed about 11% of total employment last year.<sup>58</sup>

<b>Nunavut</b>	<b>2016</b>	<b>2017</b>	<b>% Share in 2017</b>	<b>Growth rate*</b>
<b>Total, all industries (000s)</b>	<b>13.5</b>	<b>13.4</b>	<b>100.0%</b>	<b>-0.7%</b>
<b>Goods-producing sector</b>	<b>1.6</b>	<b>1.3</b>	<b>9.7%</b>	<b>-18.8%</b>
Agriculture	0.0	0.0	-	-
Forestry, fishing, mining, quarrying, oil and gas	0.4	0.5	3.7%	25.0%
Utilities	0.2	0.2	1.5%	0.0%
Construction	0.8	0.6	4.5%	-25.0%
Manufacturing	0.0	0.0	-	-
<b>Services-producing sector</b>	<b>11.9</b>	<b>12.1</b>	<b>90.3%</b>	<b>1.7%</b>
Trade	1.4	1.5	11.2%	7.1%
Transportation and warehousing	0.8	0.9	6.7%	12.5%
Finance, insurance, real estate and leasing	0.6	0.7	5.2%	16.7%
Professional, scientific and technical services	0.4	0.4	3.0%	0.0%
Business, building and other support services	0.4	0.3	2.2%	-25.0%
Educational services	1.8	1.7	12.7%	-5.6%
Health care and social assistance	1.6	1.5	11.2%	-6.3%
Information, culture and recreation	0.4	0.5	3.7%	25.0%
Accommodation and food services	0.4	0.5	3.7%	25.0%
Other services	0.5	0.3	2.2%	-40.0%
Public administration	3.5	3.7	27.6%	5.7%

Figure 5.3  
Source: Statistics Canada Labour Force Survey

The mining and construction industries are also key contributors to the territorial economy and employment. Both industries are considered as the primary catalyst behind the territory's strong economic performance, mainly supporting other vital industries such as transportation and warehousing, professional, scientific and technical services, and trade.

In 2017, the number of people employed dropped a marginal 0.7% to 13,400 compared to the previous year. Employment gains in the territory's service-producing sector (+200) were offset by losses in the goods-producing sector (-300).<sup>59</sup>

Despite the marginal loss last year, the territory's economic and employment outlook should improve in the medium-term though, as mega mining projects are slated to begin over the next two years. The \$1.2 billion Agnico Eagle's Meliadine gold mine and the Amaruq gold satellite deposit in the Kivalliq region are anticipated to begin production in 2019 and 2020 respectively.<sup>60</sup> These two projects alone will create about 2,000 jobs during construction and operational phases between 2018 and 2030.<sup>61</sup> Apart from job creation, these projects are expected to result in significant economic gains for the territory, including an estimated \$500 million a year of spending on goods and services<sup>62</sup> and \$2.5 million per year in property taxes for the Government of Nunavut.<sup>63</sup>

## LABOUR MARKET OUTCOMES FOR CLIENT SEGMENTS

### Indigenous Peoples

Historically, labour force participation of Indigenous people is much lower compared to the non-Indigenous population, due in large part to lower levels of educational attainment. This is particularly the case in the three northern territories, where the majority of Indigenous people have not completed high school. According to the 2016 Census, more than half (51%) of the Indigenous population in the Territories had no formal education, while only 11% of non-Indigenous people did not have any formal education.<sup>64</sup>

Yukon had the highest Indigenous population with a high school diploma or post-secondary degree when compared to Northwest Territories and Nunavut in 2016. The proportion of Yukon's Indigenous population with a diploma or degree (68.9%) was significantly higher of that in Nunavut (39.3%), while over half of Indigenous population in Northwest Territories had a diploma or degree (54.4%).<sup>65</sup>

Across the three territories, the labour force participation rates among Indigenous people are much lower than the participation rate for the non-Indigenous population. The participation rate of Indigenous people in Nunavut (63%) was notably lower compared to the same rate of the non-Indigenous population (92.2%) in 2016. Similar to Nunavut, the participation rate of Northwest Territories' Indigenous population (63.3%) was also considerably lower than the rate for the non-Indigenous population (84.1%). Yukon's Indigenous population was more likely to participate in the labour force relative to Northwest Territories and Nunavut. The territory's participation rate for its Indigenous workforce stood at 70% in 2016 – only seven percentage points lower than the non-Indigenous participation rate of 77%.<sup>66</sup>

Indigenous people have historically faced higher rates of unemployment than the non-Indigenous people in the North. For example, unemployment rates for the Indigenous population across the three territories range between 19% and 28% in 2016. In stark contrast, the unemployment rate for the Territories' non-Indigenous population was 5.9% in Yukon, 4.6% in Northwest Territories and 3.1% for Nunavut during the same period.<sup>67</sup>

### Immigrants and Newcomers

The immigrant population is on the rise in the three territories, growing at an impressive average annual rate 5.6% between 2012 and 2017. Indeed, the number of immigrants increased considerably in Nunavut with an annual average annual growth rate of 24.6% over the past five years, while Northwest Territories grew by 8.2% and Yukon 1.9%.<sup>68</sup>

The Territories is likely going to see increases in the number of immigrants over the next few years, as some of the territorial governments are trying to fast-track applications from their immigration program. For instance, the Government of Northwest Territories released a new immigration strategy in 2017 aimed to attract more skilled foreign nationals to settle in the territory and to fast-track applications from the Northwest Territories Nominee Program (NTNP).<sup>69</sup> According to the Conference Board of Canada, Northwest Territories will see at least 28,000 job openings over the next 15 years due to an aging population.<sup>70</sup> The five-year Northwest Territories immigration strategy is expected to help increase the territory's population and support labour market growth.

## 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 2017, about 14% of the population in the North were youth, while roughly 12% of the population nationwide were in this age group. There were more youth employed in Nunavut (15%) than in Northwest Territories (12%) and Yukon (13%) in 2017.<sup>71</sup>

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 successfully integrating into the labour market in the Territories, encountering higher unemployment rates as a result of lower skills and lack of professional experience. For example, the unemployment rate for youth living in Northwest Territories was 17.2% in 2017, considerably higher than the prime working age (25 to 54 years) rate of 5.6%.<sup>72</sup>

Meanwhile, Nunavut continues to have the highest youth unemployment rate in the North at 25.1% in 2017 – 10.8 percentage points higher than the prime working age rate of 14.3%. By contrast, Yukon continues to have one of the lowest youth unemployment rates (6.9%) in the country, well below the national youth unemployment rate of 11.6%. However, the youth unemployment rate in Yukon (6.9%) was still higher than the unemployment rate of the prime working age group (3.6%) last year.<sup>73</sup>

## Older Workers

A rapidly ageing population is among the major labour market challenges facing Yukon. Older workers aged 55 and over made up nearly 12% of those employed in Yukon in 2017. Between 2012 and 2017, employment in the 55 and over age group increased by an average annual rate of 5.1%. By comparison, the number of workers in the prime working age group (25 to 54 years) grew at an average annual rate of only 0.9% during the same period.<sup>74</sup>

The number of older workers aged 55 and over employed in Northwest Territories accounted for about 9% of those employed in the territory last year. The 55 and over age group was the only group that record no growth in employment between 2012 and 2017. However, employment in the prime working age group decreased by an average annual rate of 1.4%, while the rate of workers aged 15 to 24 fell 4.2%.<sup>75</sup>

In Nunavut, although employment in all age groups increased between 2012 and 2017, those aged 55 and over saw the most significant increase with an annual average growth rate of 6.2% – significantly higher when compared to the growth rate of the prime working age group at 1.1%.<sup>76</sup>

## Seniors

Relative to Canada as a whole, the proportion of the population aged 65 and over is small in the territories. In 2017, 16.9% of Canadians were over the age of 65, while in the North, only 7.9% were seniors. Looking at each of the territories individually, about 12.4% of the population was over the age of 65 in Yukon, while 7.3% of residents were seniors in Northwest Territories. In Nunavut, only a small minority was aged 65 and over, as only 4% of the population consisted of seniors last year.<sup>77</sup>

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, an increasing number of seniors in Yukon are opting to remain in the workforce according to the 2016 Census,<sup>78</sup> 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. Also, a majority of seniors working in the three territories were employed in the territorial, local or Indigenous public administration compared to seniors living in other provinces across the country.<sup>79</sup>

### People with Disabilities

Overall, the rate of disability is lower in the territories compared to the rest of Canada, because 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>80</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% 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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