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## Taking the Pulse.

Current and Future State(s) of the Northwest Territories  
Economy and Labour Market

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# The Conference Board in the North.

## Northern and Aboriginal Policy.

- Northern and Aboriginal Policy is a CBoC knowledge area
  - Centre for the North
  - The Council on Corporate Aboriginal Relations
  - Supports the Board's recurring territorial economic forecasts
- Since 2009 our Northern-focused research has addressed issues such as
  - labour market development
  - Infrastructure
  - community resilience
  - health & wellness



# The Conference Board in the NWT.

## Some of our work in the Northwest Territories.

- Biannual territorial economic forecasts (since 2010)
  - Close collaboration with partners at GNWT (ITI)
- Centre for the North (since 2009)
  - Case studies showcasing NWT initiatives (Mine Training Society, Take a Kid Trapping, Beaufort Sea Partnership, Devolution)
  - Community resilience planning with Whatí
  - Contract research supporting GNWT policy: e.g., 2013 Economic Opportunities Strategy and 2015 Skills 4 Success Initiative



# Taking the Pulse.

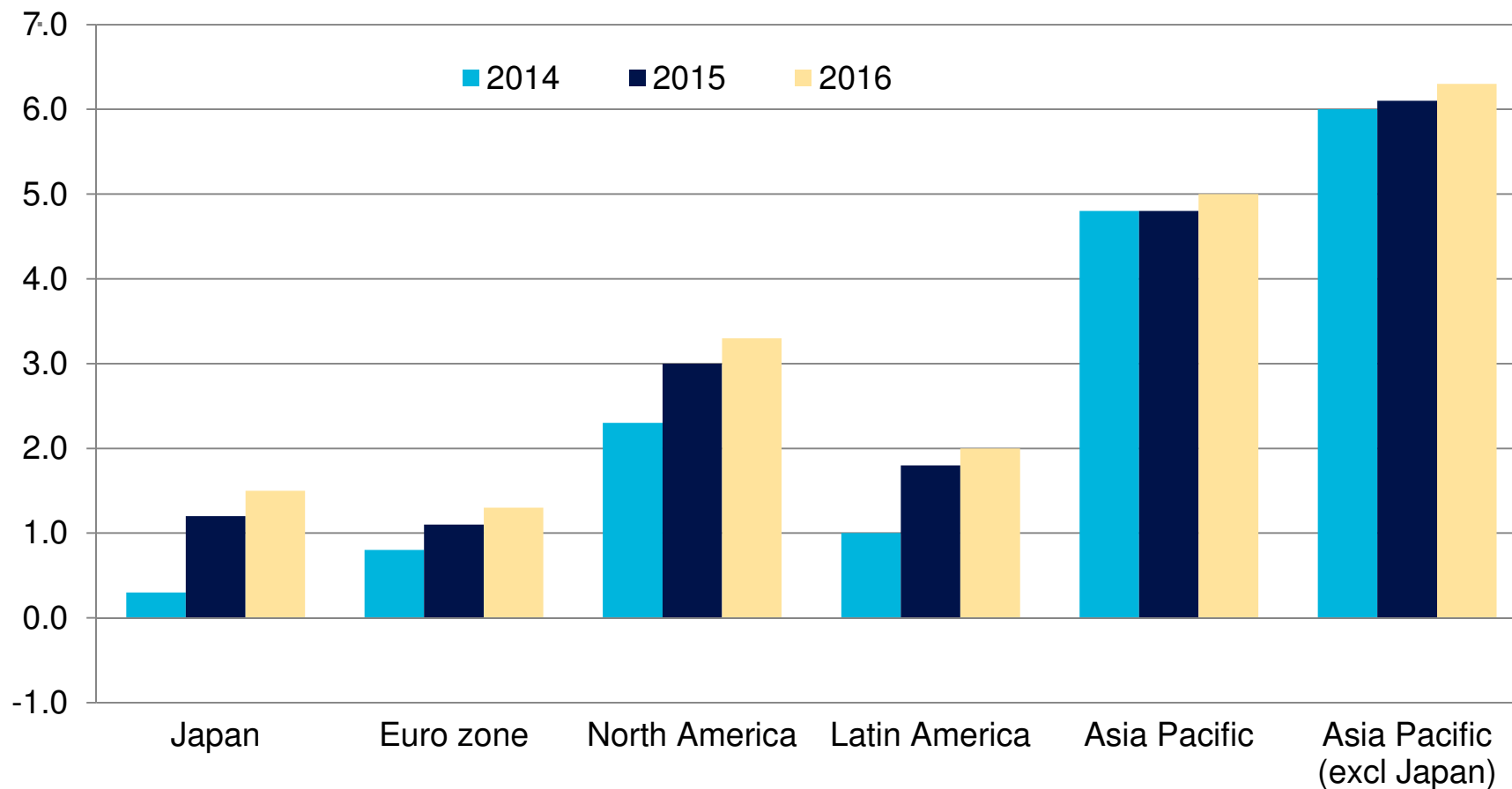
## Challenges and Opportunities.

- Results of our territorial economic forecast – Spring 2015
- Results of our 2015 Labour Market Assessment for the GNWT
  - Planning for the next 15 years



# Uneven Growth in Global Economy.

Per cent change, real GDP



Source: Consensus Economics



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## U.S. Outlook.

- Despite increased shale oil production, lower oil prices will add to the U.S.'s already strong economy—although not by as much as in the past
- Solid job gains, improving consumer confidence and lower gasoline prices will stimulate household spending—especially housing and autos
- Growth to reach 3 per cent in 2015 and 2016
- Federal Reserve is likely to increase rates starting this autumn





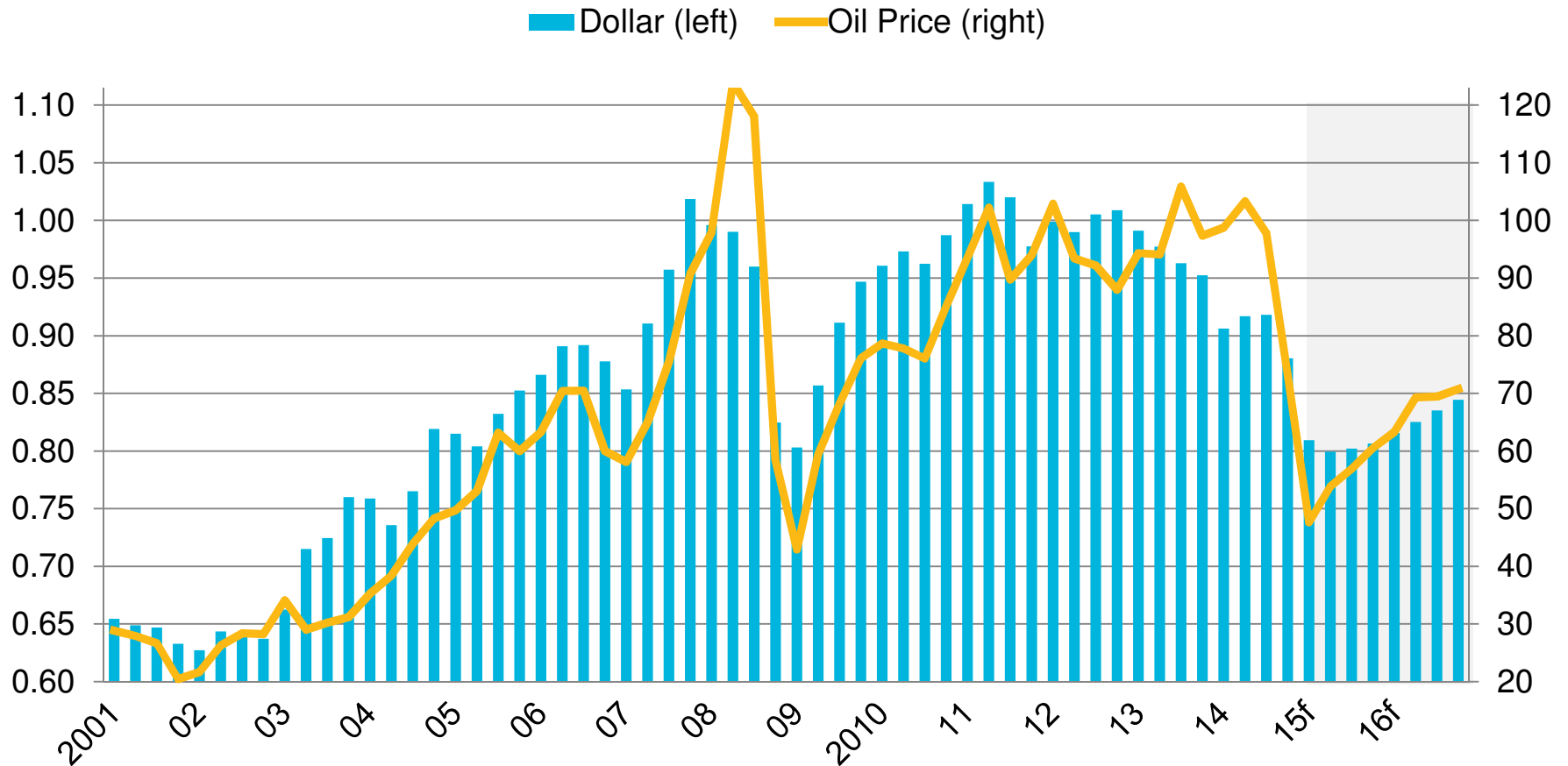
## Weak Canadian Performance: the “New-Normal”

- Canadian growth continues to hover near 2 per cent
- “Unambiguously” negative impact of lower oil prices
- For many other sectors, export recovery in 2015
- Labour markets will slowly tighten, limiting growth
- Business investment growth remains weak
- Fiscal restraint will continue through the foreseeable future



# The Loonie and the Oil Price.

(WTI \$US, \$US/\$C)



Sources: The Conference Board of Canada; U.S. EIA; Statistics Canada.



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# Territorial Economic Outlook.

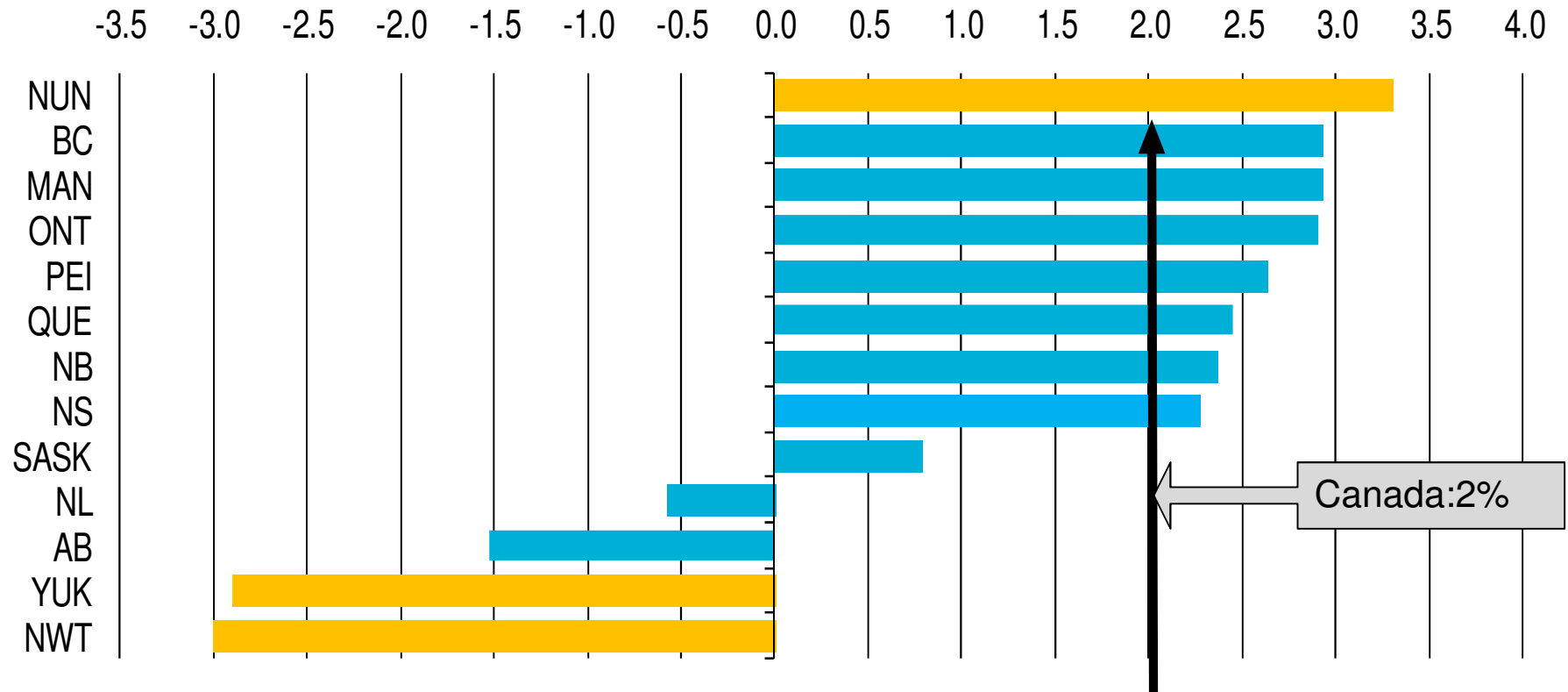
## Highlights 2015-2016.

- Still difficult for the mining industry all across Canada, it has been a bumpy ride for all three territories
- But resource development will continue over the medium to long term
- Public infrastructure projects will help support growth until the mining industry gains more momentum



# 2015 Real GDP by Province and Territory.

per cent change, basic prices, \$2007.



Sources: The Conference Board of Canada; Statistics Canada

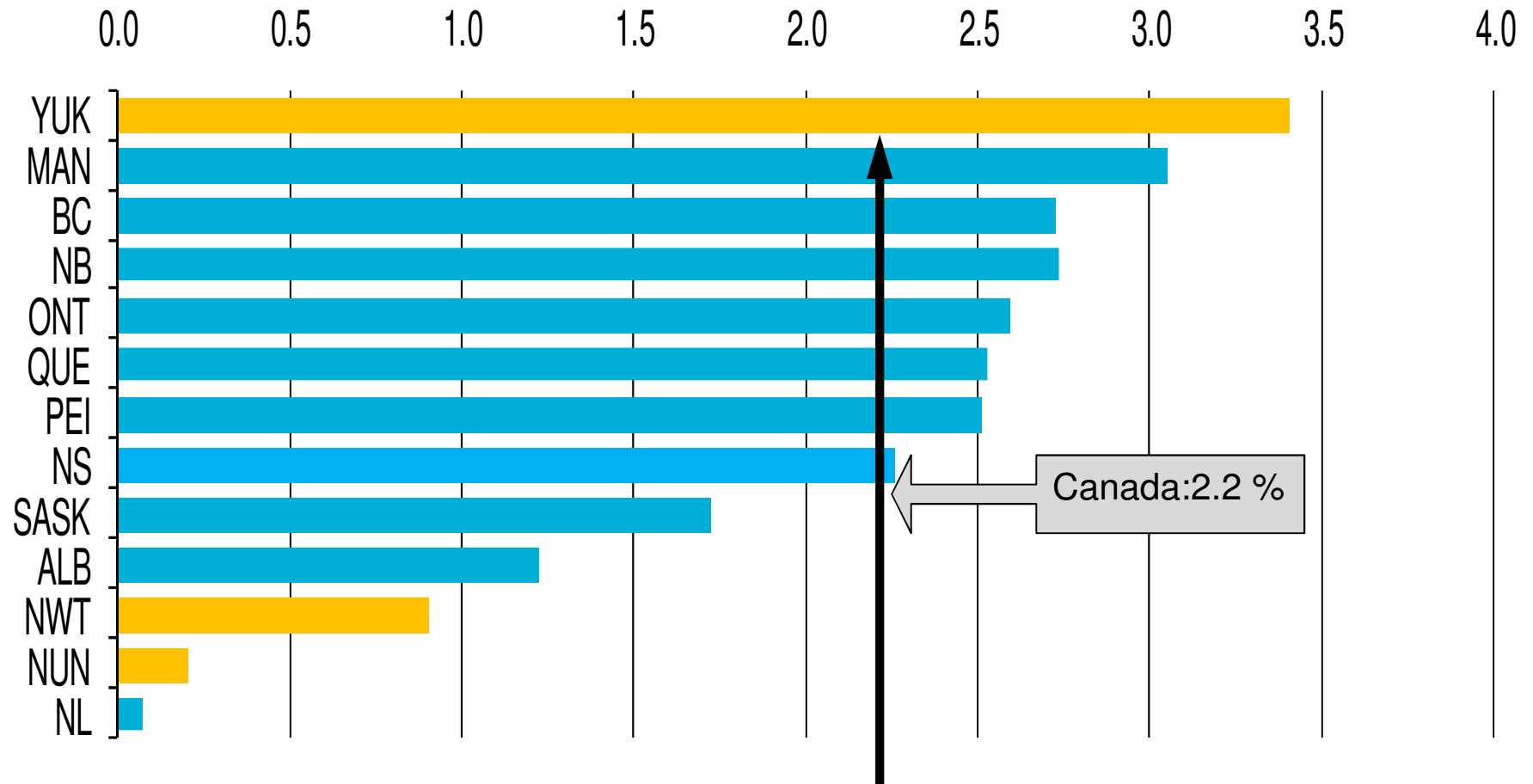


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# 2016 Real GDP by Province and Territory.

per cent change, basic prices, \$2007.



Sources: The Conference Board of Canada; Statistics Canada



## NWT Medium and Long Term Outlook.

- Several base metal mines have been proposed for the territory in the past few years and have regulatory approval
  - A difficult financing environment has delayed most of the projects.
- More stable global economic conditions will help support the recovery in base metal prices
  - a few projects will see the light of day over the next ten years.
- Upside risks to the medium and long term economic outlook for the NWT



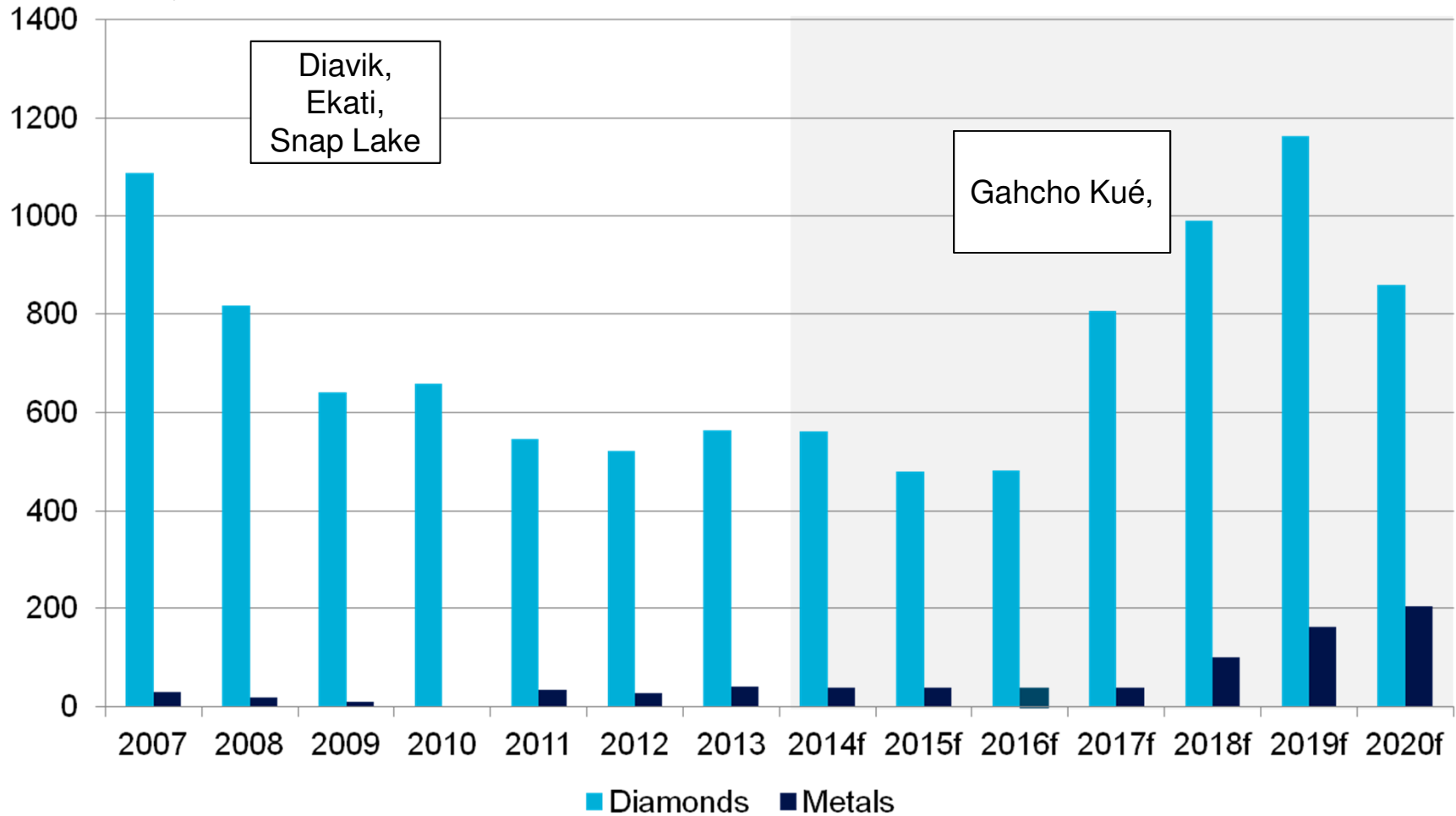
# NWT Economic Levers and Constraints

- Investment in the Canol shale oil deposit has faced challenges and is uncertain going forward
- The development of the Inuvik-Tuktoyaktuk highway will benefit exploration in the Beaufort Sea
- Recruitment and retention of workers will continue to be a challenge
- Devolution of lands and resource development began in 2014



# NWT: Mining sector profile.

millions, \$2007.



Sources: The Conference Board of Canada; Statistics Canada.

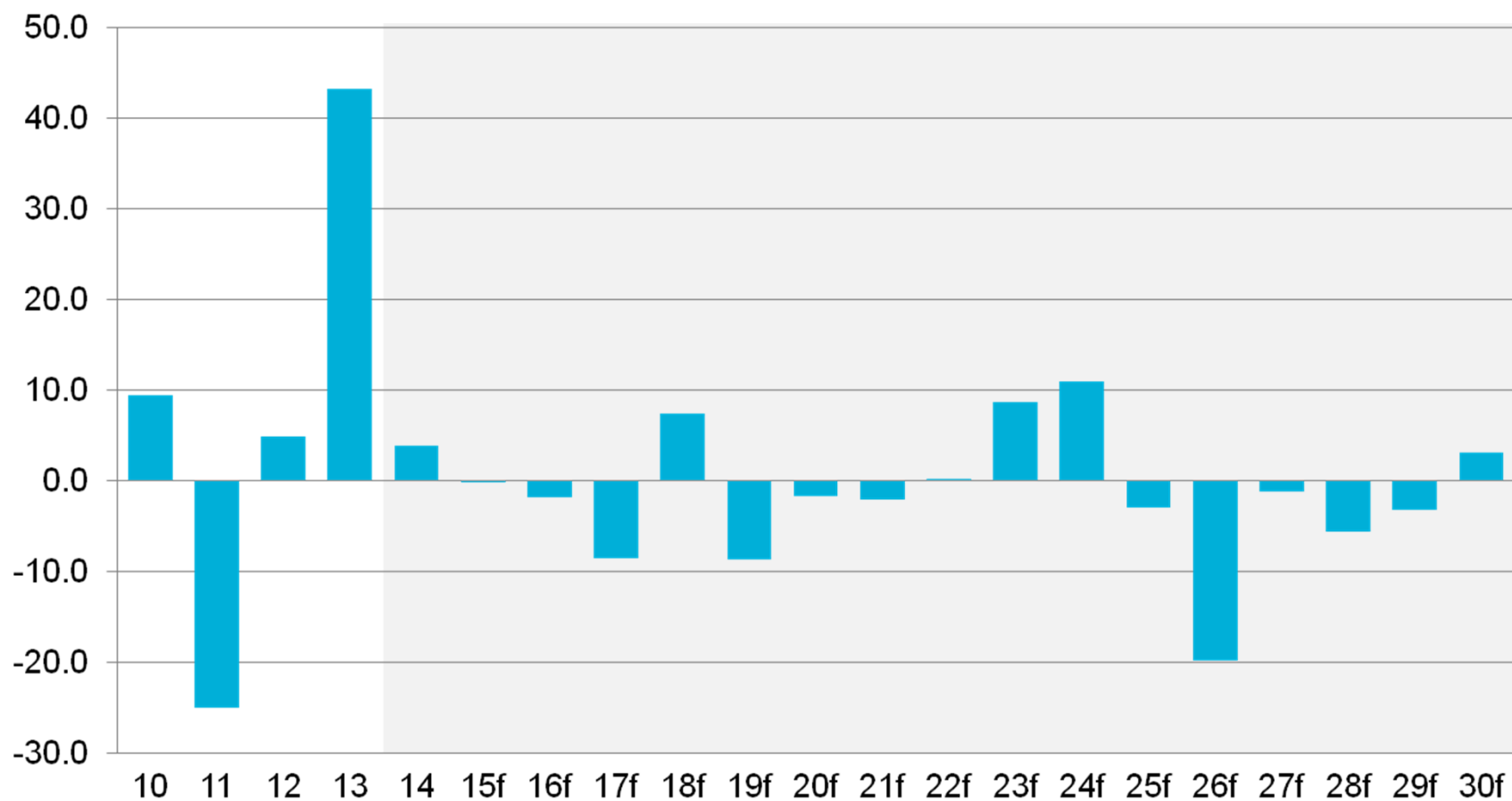


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# NWT: Construction Industry.

per cent change, \$2007.



Sources: The Conference Board of Canada; Statistics Canada.

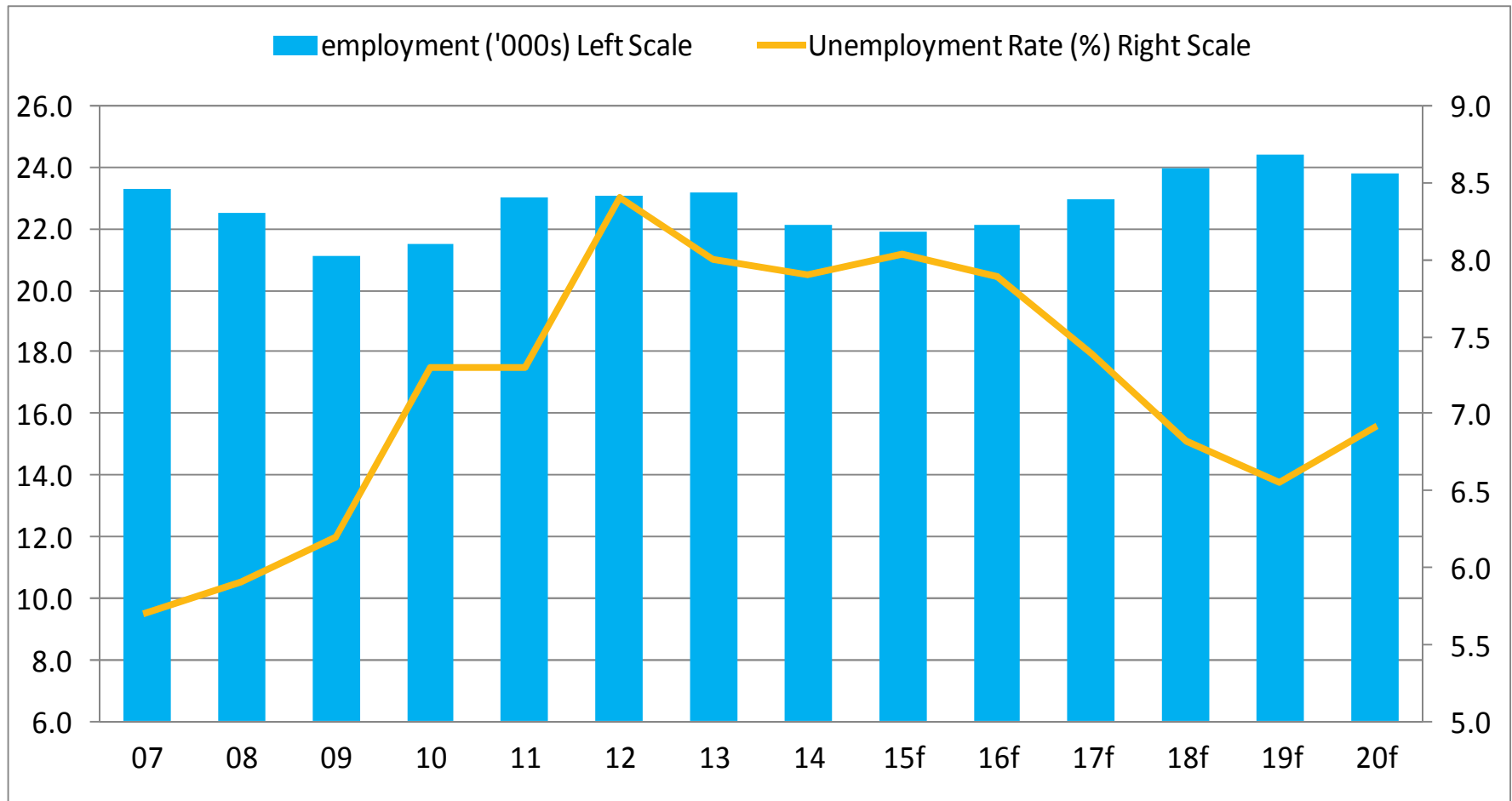


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# NWT: Labour Markets.

employment; unemployment rate.



Sources: The Conference Board of Canada; Statistics Canada.



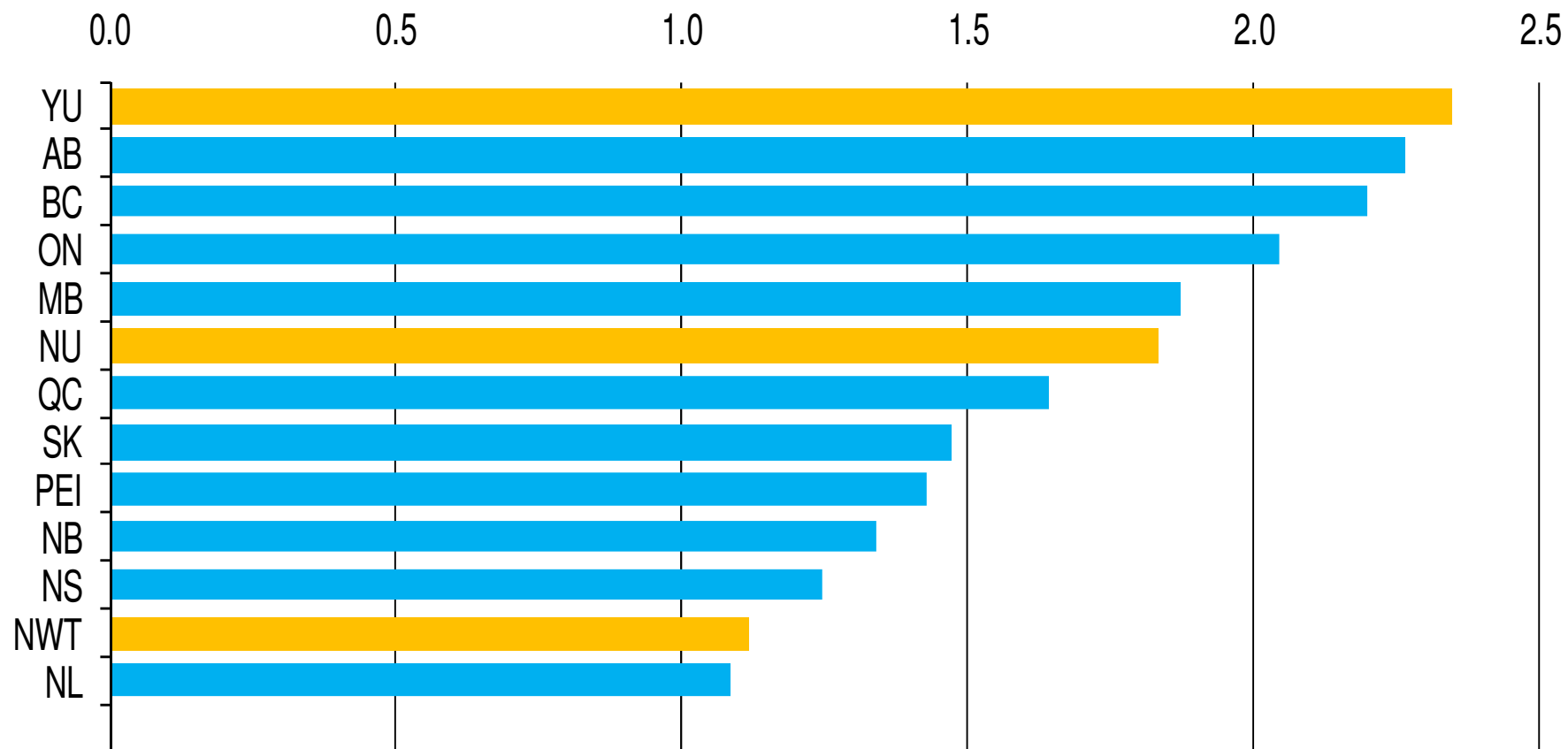
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# 10-Year Average Real GDP Growth 2015-25

per cent, \$2007.



Sources: The Conference Board of Canada; Statistics Canada



# Forecast Risks.

## Upside and Downside Risks are Even.

- On the downside
  - Lack of skilled workers would be detrimental to the development of the mining sector
  - The NWT has an ageing population and is facing easing growth in the labour force
- On the upside
  - Several shovel ready mining projects that could see the light of day faster than anticipated
  - Large projects not included Ekati Jay or Lynx pipe projects and other metal mining projects



# 2015 NWT Labour Market Assessment.

## Supporting GNWT Skills for Success Initiative.

- Close collaboration with ECE, NWT Labour Market Information Working Group, and NWT Bureau of Statistics.
- Check the state of the labour force (age, skills, etc.) and forecast employment growth based on economic outlook scenario
- Preliminary findings are emerging from the LMA



# 2015 NWT Labour Market Assessment.

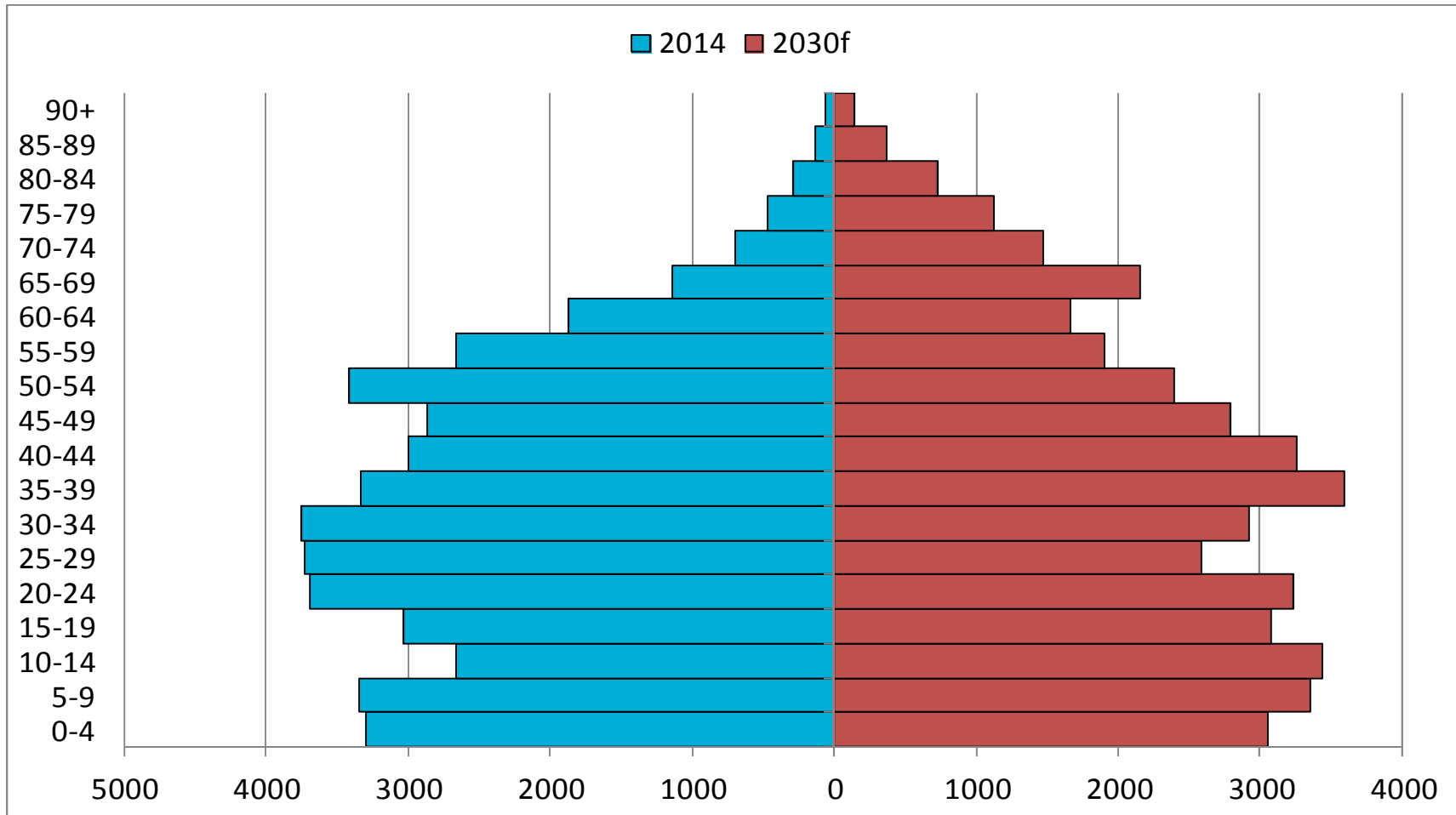
Population dynamics will continue to be a concern for the NWT economy.

- An aging population
- Out-migration



# NWT Demographics.

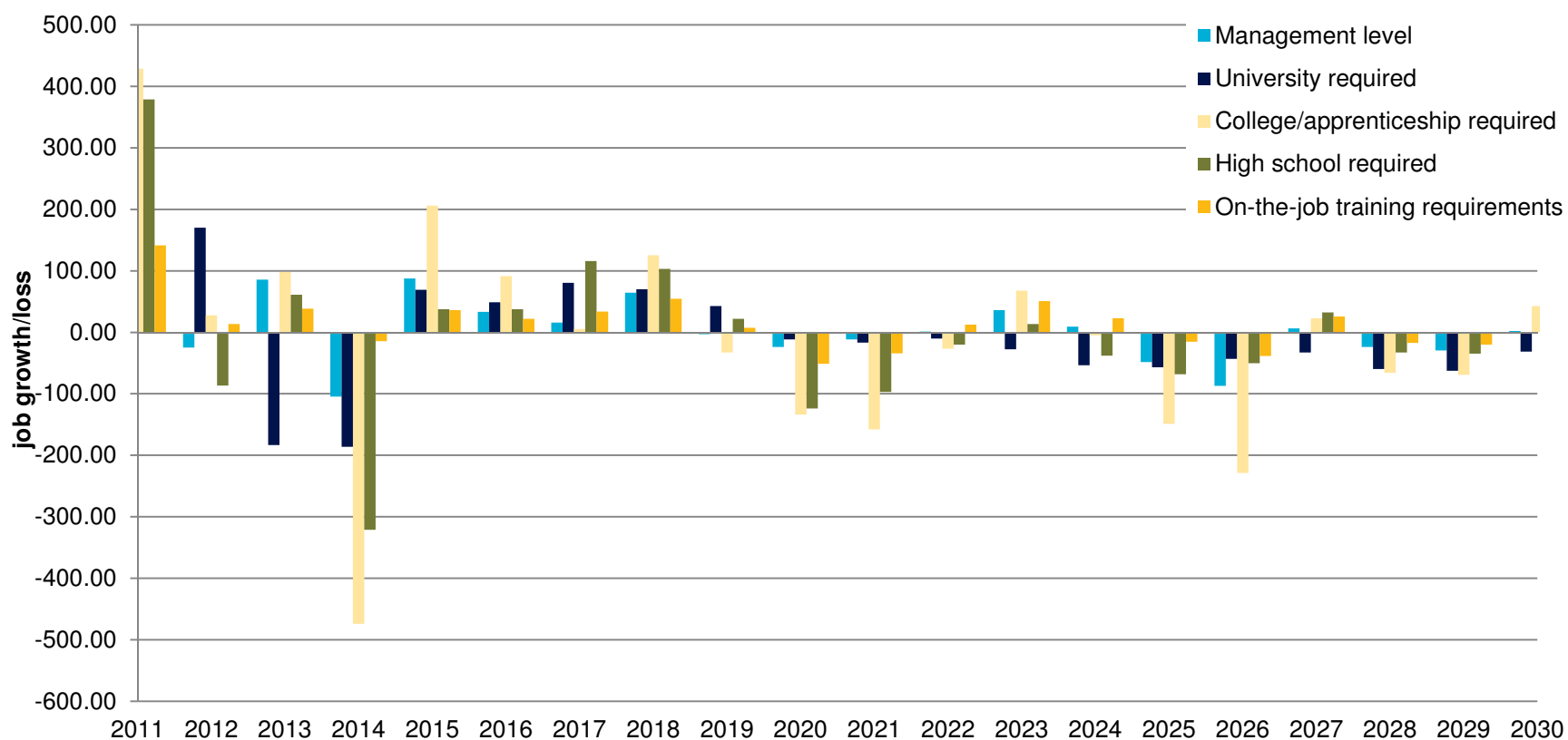
(number of people per 5-yr age cohort)



Sources: The Conference Board of Canada; Statistics Canada.



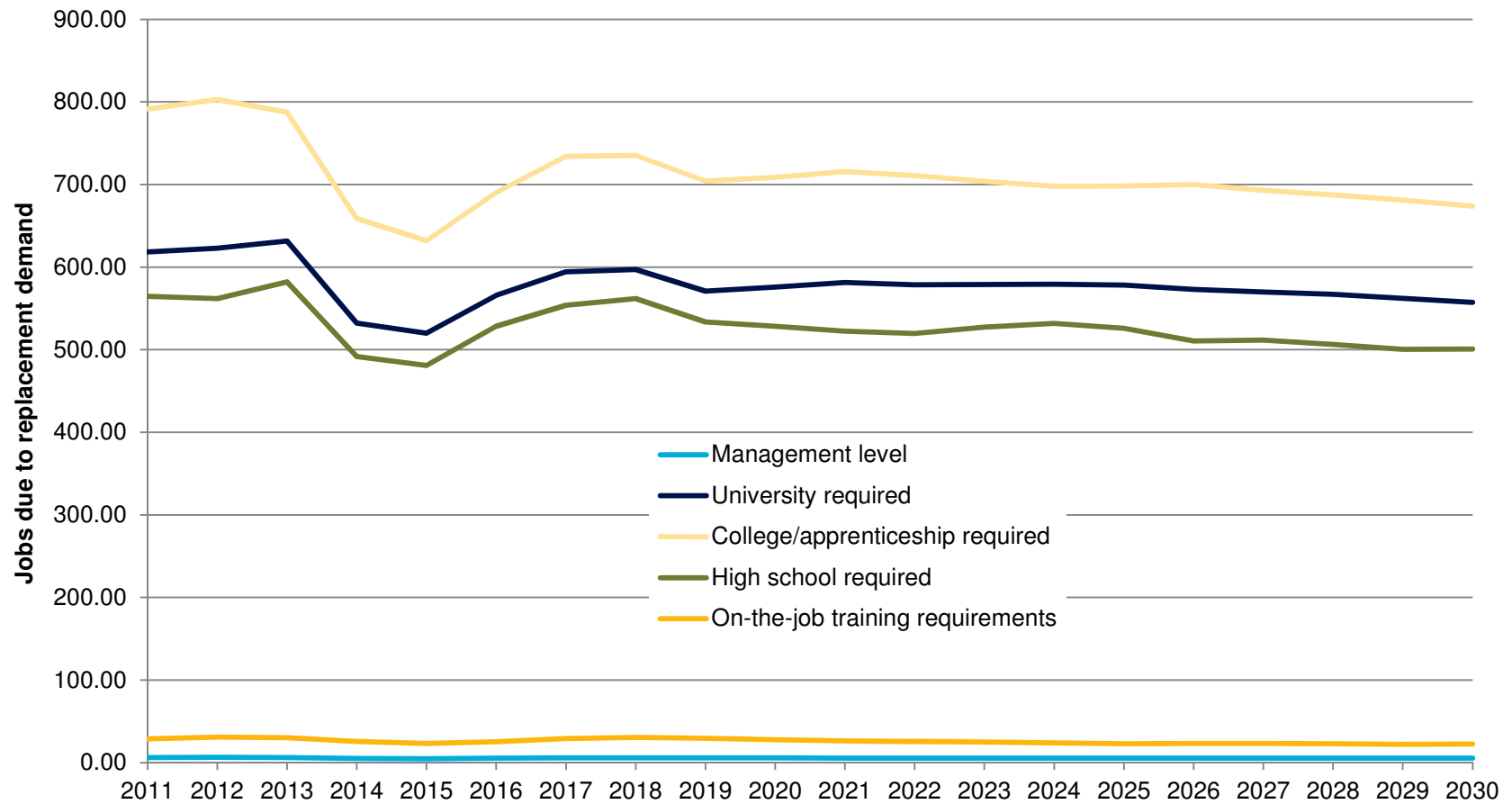
# Base Expansion Demand by skill levels.



Sources: The Conference Board of Canada; Statistics Canada.



# Base Replacement demand by skill levels.



Sources: The Conference Board of Canada; Statistics Canada.



# 2015 NWT Labour Market Assessment.

Employment growth up to 2030 will be limited.

- Demand focused mainly on replacing an aging workforce and out-migration
- Employment will be most stable among jobs with low skill requirements
- Expansion demand for higher skilled occupations will be more volatile given activity in the mining sector





# 2015 NWT Labour Market Assessment.

## More Robust Growth Likely.

- Employment growth can be improved
  - Improved outlook for the natural resource sectors
  - Strategic government spending on infrastructure
- Devolution may help increase the territory's capacity to borrow and invest



# 2015 NWT Labour Market Assessment.

Persistent skills shortages limit the NWT's potential.

- The NWT labour force is falling short on workplace skills
  - PIAAC (2012) reports that 63.8% of working adults in NWT has inadequate (English) literacy skills
  - PIAAC (2012) reports that nearly 70% of working adults in NWT has inadequate numeracy skills

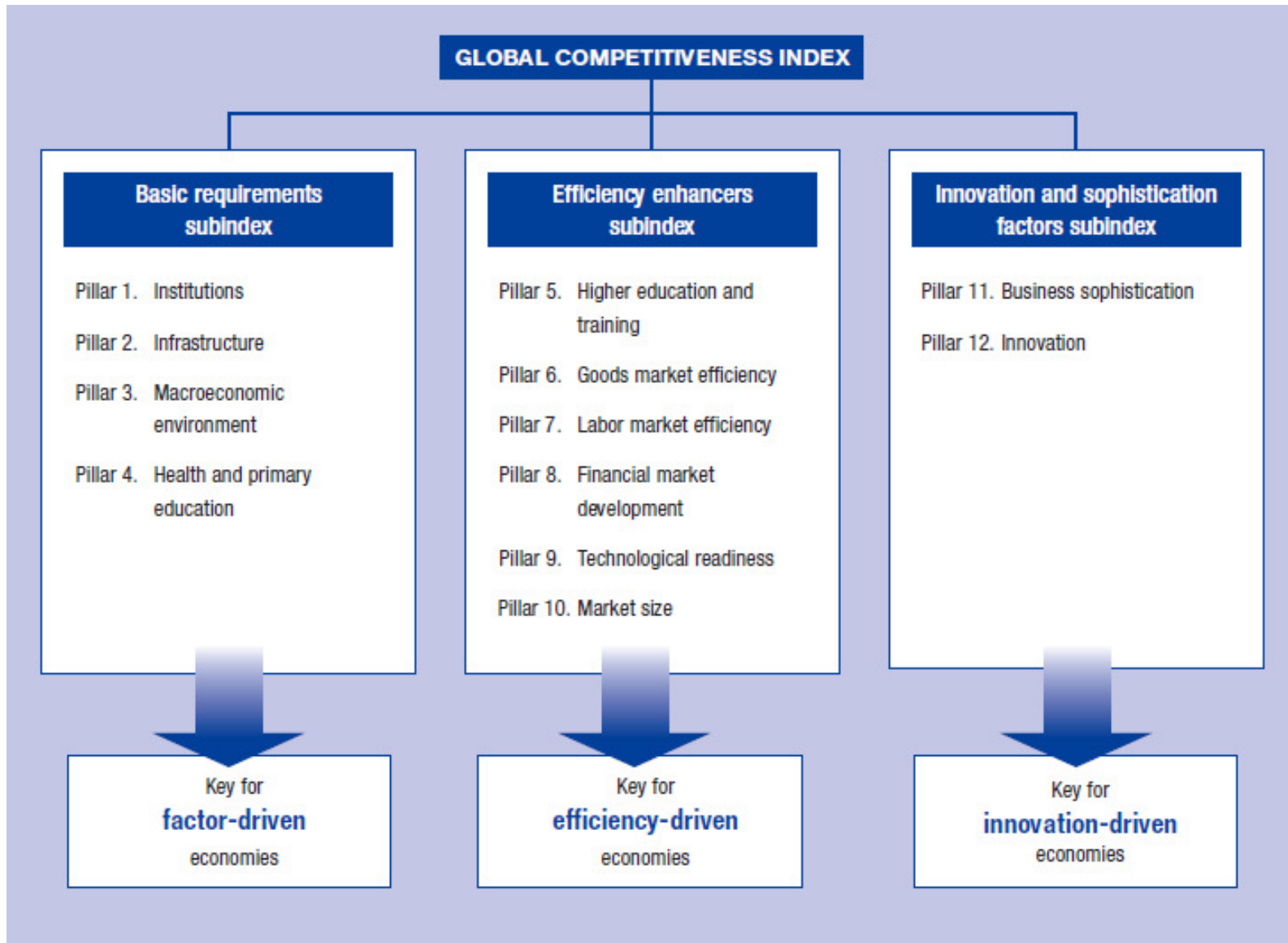


# 2015 NWT Labour Market Assessment.

## Labour market segmentation is an issue for the NWT.

- Group disparities set in at an early age
  - Particularly between Aboriginals and non-Aboriginals
- Despite major progress, women and Aboriginals continue to be underrepresented in management positions
- Data gaps limit evidence-based regional skill improvements research





Source: World Economic Forum, Global Competitiveness Report 2013-14,



# Where to go from here?

## Centre for the North Priority Areas.

- Invest in people with a focus on Aboriginal youth
  - To realize the potential of your future leaders, entrepreneurs and workers
- Invest in new and upgrade existing infrastructure
  - To optimize the resource economy and enable new economic drivers
- Establish good governance
  - To build trust and improve coordination to steer growth





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