

# **Budget Address**

## **2012 - 2013**

***NORTHWEST TERRITORIES***

**BUDGET PAPERS**

**A ♦ Economic Review**

**May 24, 2012**

## ECONOMIC REVIEW

### Outlook

The economy of the Northwest Territories (NWT) is expected to continue its struggle to recover from the global economic recession of 2008 and 2009. Real gross domestic product (GDP) is forecast to increase 6.5 per cent in 2012 from 2011. Nevertheless, because of the severe impact of the recession on the NWT's resource-based export economy, 2012 GDP will be 20 per cent below the pre-recessionary high reached in 2007. Employment is not expected to return to pre-recession highs until 2013.

The NWT economy is heavily dependent on international trade – in 2010, international exports constituted 47 per cent of NWT GDP, a decrease of 55 per cent from 2007. International trade is expected to remain fragile in 2012 and remains subject to downside risks. These risks include the economic downturn in Europe, volatility of global financial markets and rising petroleum prices. As demonstrated in 2008, when NWT diamond production fell dramatically as a consequence of the financial crisis, distant events can have large impacts on the economy of the NWT.

The world economy will continue to rebalance as emerging economies, including China and India, undergo rapid economic growth and advanced economies, such as the United States, experience modest growth, while some in the euro-zone have negative growth. This rebalancing will add uncertainty to financial, commodity, and currency markets.

A number of NWT mine projects are in the advanced stages of permitting. These include the Gahcho Kué diamond project, a joint venture by De Beers Canada and Mountain Province Diamonds. Construction could begin in 2015 with production in 2017. Other mining projects include Tyhee Gold Corp.'s gold mine north of Yellowknife, Avalon Rare Metals Inc.'s Thor Lake project and Fortune Minerals' NICO cobalt-gold-bismuth mining project near Whatì. Mineral exploration is recovering from the crisis but at a rate below the pace of recovery in other provinces and territories.

Expenditures by the government sector are expected to decline as programs designed to mitigate the recession end and governments address their fiscal positions.

**Table 1- Economic Outlook**

<b>Indicator</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011e</b>	<b>2012f</b>
Gross Domestic Product, chained (2002 \$) millions	3,938	3,602	3,098	3,132	2,952	3,143
% change	11.1	-8.5	-14.0	1.1	-5.8	6.5
Total Investments, chained (2002 \$) millions	1,729	1,376	870	1,122	1,025	1,210
% change	3.3	-20.4	-36.8	29.0	-8.6	18.0
Personal Expenditures, chained 2002 \$ millions	1,207	1,237	1,225	1,242	1,250	1,280
% change	4.1	2.5	-1.0	1.4	0.6	2.5
Government Expenditures, chained 2002 \$ millions	1,168	1,210	1,245	1,260	1,284	1,279
% change	1.9	3.6	2.9	1.2	1.9	-0.4
Exports, chained 2002 \$ millions	2,912	2,598	2,159	2,218	2,039	2,255
% change	16.5	-10.8	-16.9	2.7	-8.0	10.5
Imports, chained 2002 \$ millions	3,080	2,868	2,405	2,799	2,692	2,886
% change	5.6	-6.9	-16.1	16.4	-3.8	7.2
Employment, number of persons	23,400	22,700	21,300	21,500	22,700	23,200
% change	1.3	-3.0	-6.2	0.9	5.6	2.2
Average Weekly Earnings, dollars	1,005	1,090	1,145	1,191	1,245	1,277
% change	3.2	8.5	5.0	4.1	4.5	2.5
CPI All-Items (Yellowknife, 2001 = 100.0)	110.8	115.2	115.9	117.9	121.6	123.8
% change	2.9	4.0	0.6	1.7	3.1	1.8

Source: Statistics Canada and the NWT Bureau of Statistics

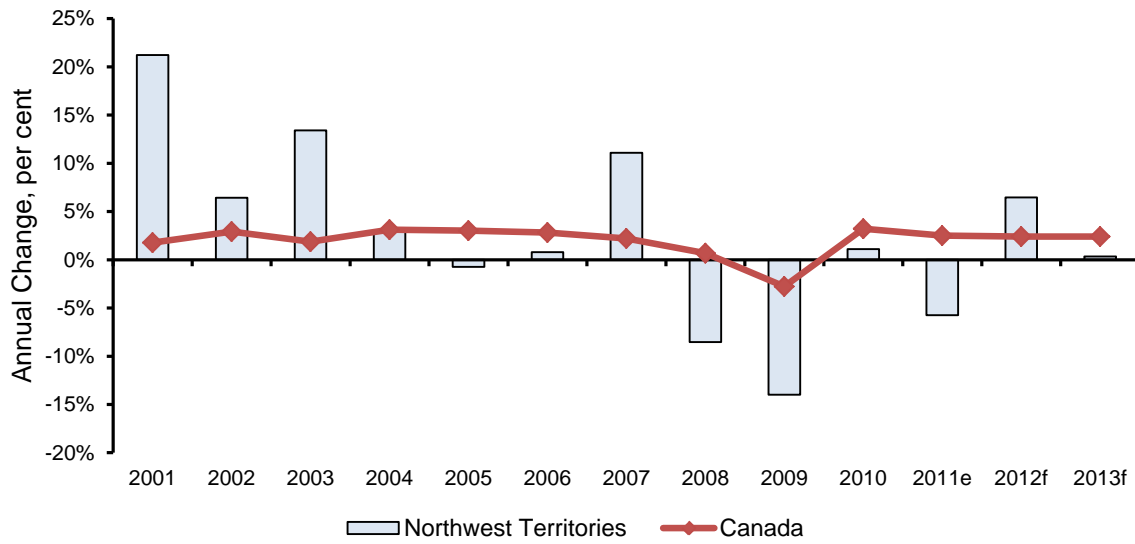
(e) estimate

(f) forecast

## 2011 Economic Performance

Recovering from the global financial and economic crisis in 2008 was challenging for the NWT economy. Real GDP (the inflation-adjusted value of all goods and services produced) is estimated to have fallen 25 per cent from its pre-recession level in 2007 to 2011. Real GDP fell 14 per cent in 2009 then stabilized in 2010 with a 1.1 per cent increase. In 2011, real GDP is estimated to have decreased 5.8 per cent from 2010.

### *Real Gross Domestic Product, annual change, NWT and Canada*



f: Forecast  
 Source: Northwest Bureau of Statistics, Statistics Canada and NWT Finance

The economic decline was led by a 43 per cent decline in carat production in the diamond industry from 2007 to 2011. The reduction reflects a number of factors including the move to underground operations, accessing lower grade ore consistent with mine plans, and the summer mine shut-downs in 2009. A fourth diamond mine, Gahcho Kué, is expected to begin production in 2017. Industries linked to the diamond mines, such as transportation and wholesale industries, had large declines in their growth rates between 2007 and 2009 before stabilizing in 2010. Growth rates for service industries moderated after 2007 but continued to post small increases.

The NWT economy is integrated with the national and global economies. The largest private sector component of the territorial economy is the non-renewable resource sector where prices are established in world markets and NWT resources are shipped to global markets. The United States economy is expected to grow modestly in 2012 and 2013 and Europe to contract this year before growing slightly in 2013. However the economic forecast for Asia (including China and India) is robust with forecast increases of 7.3 per cent and 7.9 per cent in 2012 and 2013, respectively. China and India are expected to become more important customers for NWT non-renewable resources.

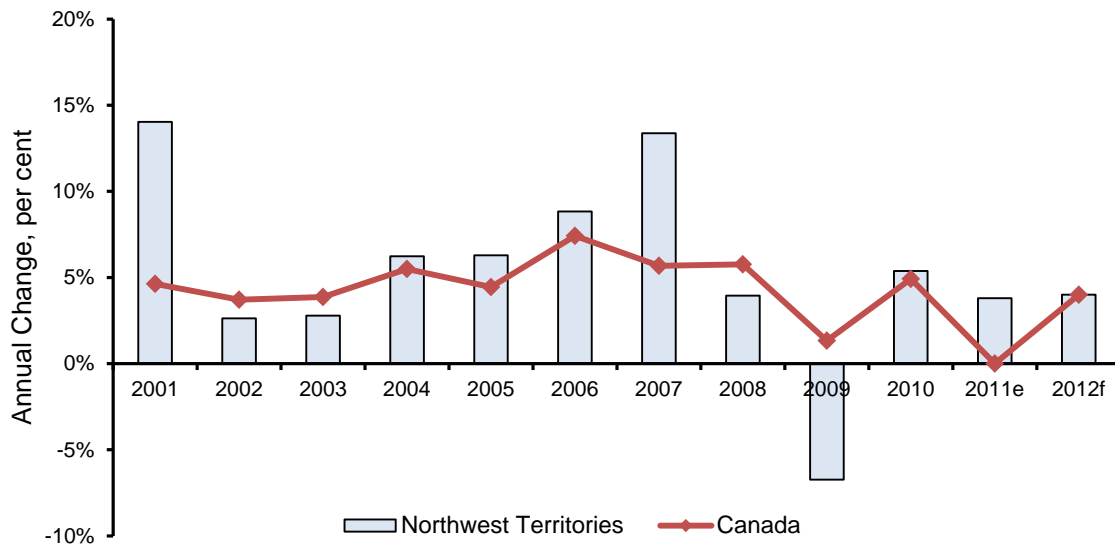
The Bank of Canada forecasts Canadian GDP will grow 2.2 per cent in each of 2012 and 2013. Household spending is expected to remain high relative to GDP as households add to their debt burden, which remains the biggest domestic risk. Business investment

is expected to remain strong. The strong Canadian dollar is expected to dampen the balance of trade.

## Personal Income

Personal disposable income is the after-tax income earned by NWT residents from all sources. It supports consumer expenditures which account for about 30 per cent of the territory's GDP. Disposable income received by residents increased 5.4 per cent from 2009 to 2010, after a 6.7 per cent decrease from 2008 to 2009. Labour income, a large component of personal income, increased 6.4 per cent in 2011, which suggests personal income will also grow in 2011. At the national level, where consumer expenditures account for over 55 per cent of GDP, personal disposable income increased 4.9 per cent from 2009.

### *Annual Percentage Change in Personal Disposable Income, NWT and Canada*



e: Estimated

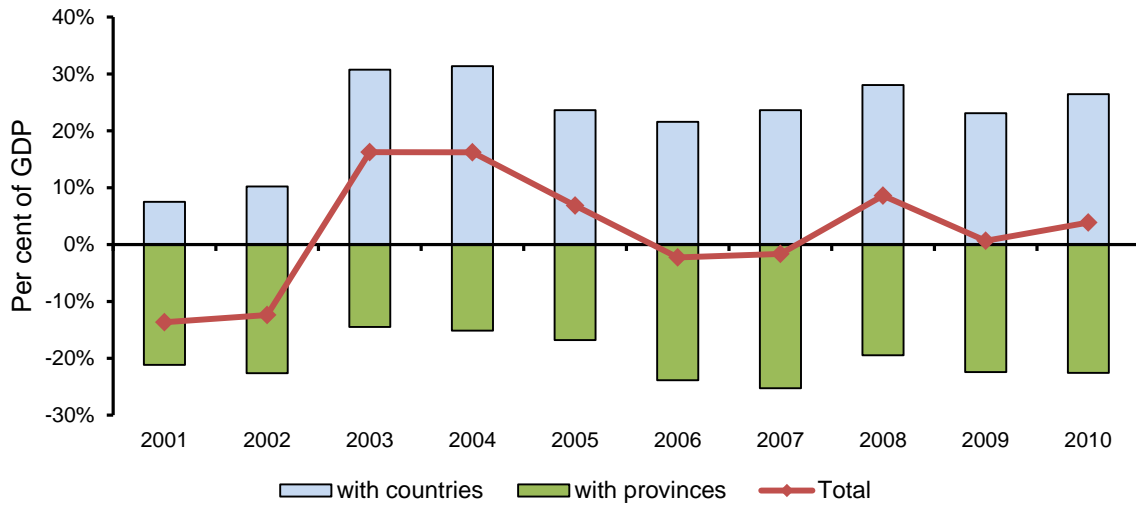
f: Forecast

Source: Statistics Canada and NWT Finance

## Trade

The NWT economy depends on trade with other countries and with the rest of Canada. The NWT exports natural resources to the international market and imports goods and services, mainly from southern Canada, to support industry and personal consumption. The trade surplus with other countries grew markedly during the first part of the last decade, reaching 31.4 per cent of GDP in 2004. Since that time, the trade surplus with other countries has offset the trade deficit with the rest of Canada. Over the last five years, total trade between other countries and the rest of Canada has been in near balance. In 2010, NWT trade with other countries was in surplus by 26.4 per cent of GDP and trade with the rest of Canada was in deficit by 22.6 per cent of GDP. The net NWT trade balance in 2010 was 3.9 per cent, an increase of 0.7 per cent of GDP in 2009.

**NWT Trade Balance, per cent of GDP**



Source: Statistics Canada and NWT Finance

**Exchange Rate**

The value of the Canadian dollar in international exchange markets has a direct effect on the health of the NWT economy. A strengthening Canadian dollar means that territorial businesses that export their production get paid less after the currency conversion. This is offset to the extent that capital equipment and other capital goods are imported from outside Canada. The effects are reversed when the Canadian dollar declines; businesses get paid more for their products after currency conversion while foreign imports cost more.

The Canadian dollar averaged US\$1.01 in 2011, a 4.2 per cent increase from the 2010 average of US\$0.97.

**US/Canada Exchange Rate**

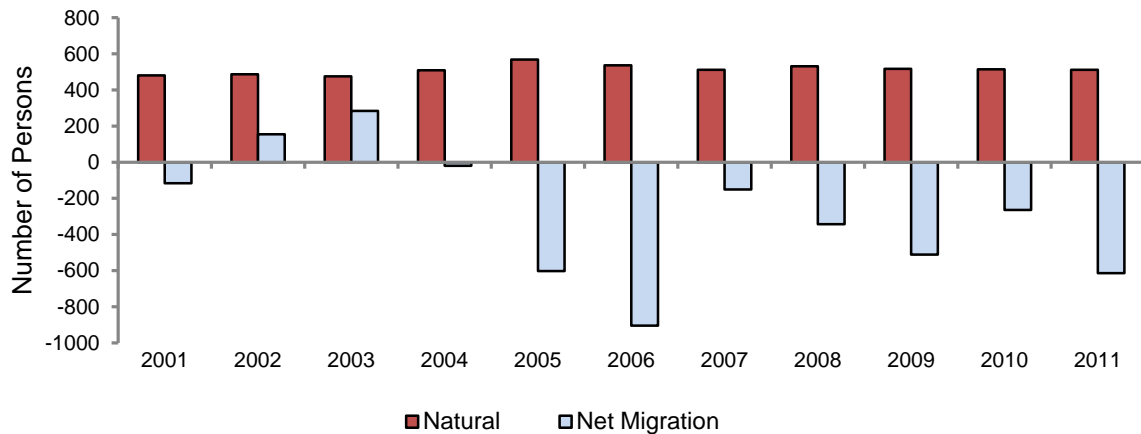


Source: Bank of Canada

## Population

The NWT population was estimated to be 43,675 persons on July 1, 2011, a decrease of 155 persons, or 0.4 per cent, from July 1, 2010. Three factors account for population change: natural change, interprovincial migration and international migration. Between July 1, 2010 and July 1, 2011 natural population change consisted of 730 births and 218 deaths, resulting in a net increase of 512 persons. Inter-provincial migration accounted for 2,325 persons moving into the NWT from the rest of Canada, while 2,988 persons moved out, leaving a net loss of 663 persons. Internationally, there was a net out-migration of 4 persons.

### Change in the NWT Population



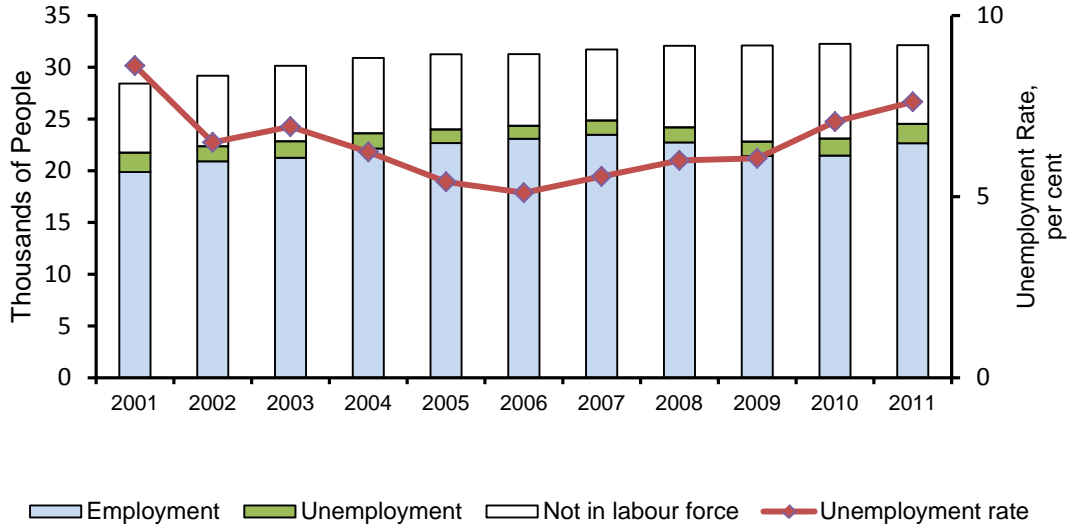
Source: NWT Bureau of Statistics

## Labour

NWT employment in 2011 averaged 22,700 persons, an increase of 1,200 from 2010; however, it remained 700 persons below the 2007 pre-recession maximum. Employment is forecast to reach 23,500 in 2013 and exceed its 2007 level. The labour force participation rate is the share of the population 15 years of age and older currently employed or actively seeking employment. In 2011 the participation rate averaged 76.3 per cent, an increase from 71.7 per cent in 2010 but below the 78.4 per cent reached in 2007.

The increase in the participation rate from 2010 to 2011 led to a corresponding increase in the average unemployment rate from 7.1 per cent in 2010 to 7.6 per cent in 2011 as more people entered the labour market than were able to secure employment. The average 2007 unemployment rate was 5.6 per cent.

**NWT Labour Force Characteristics**

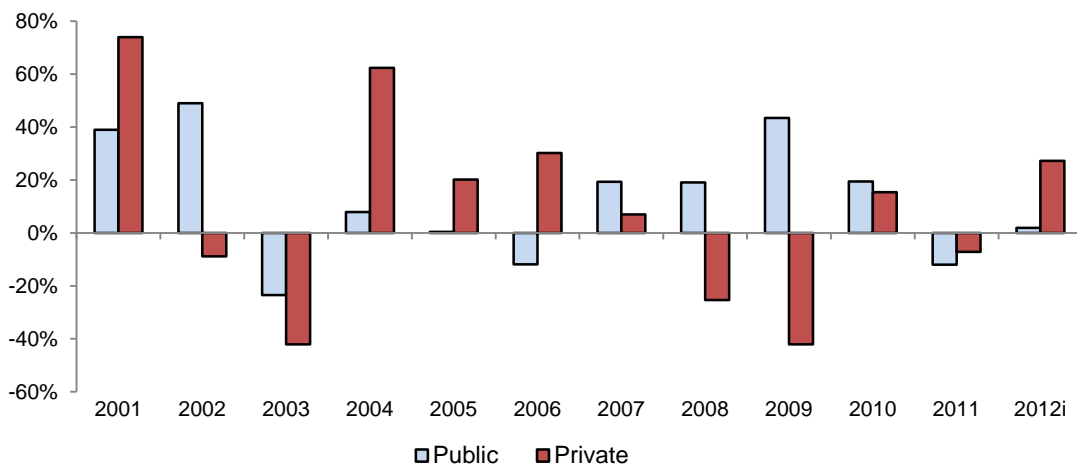


Source: NWT Bureau of Statistics and Statistics Canada

**Investment**

Total capital expenditure intentions for 2012 are 21 per cent above estimated capital expenditures in 2011. Private sector capital expenditures are expected to increase from \$849 million in 2011 to \$1,080 million in 2012, an increase of 27.3 per cent. The main reason for the increase in private sector capital expenditures is the mining and oil & gas extraction industries, whose expenditures are expected to rise from \$587 million in 2011 to \$789 million in 2012, an increase of 34.4 per cent. Capital expenditures by the public sector, having been ramped up during the recession as an element of the GNWT's economic stimulus program, will stabilize at \$299 million in 2012, an increase of 1.9 per cent from \$293 million in 2011, but below the 2010 peak of \$333 million.

**Annual Change in NWT Public and Private Capital Expenditures**



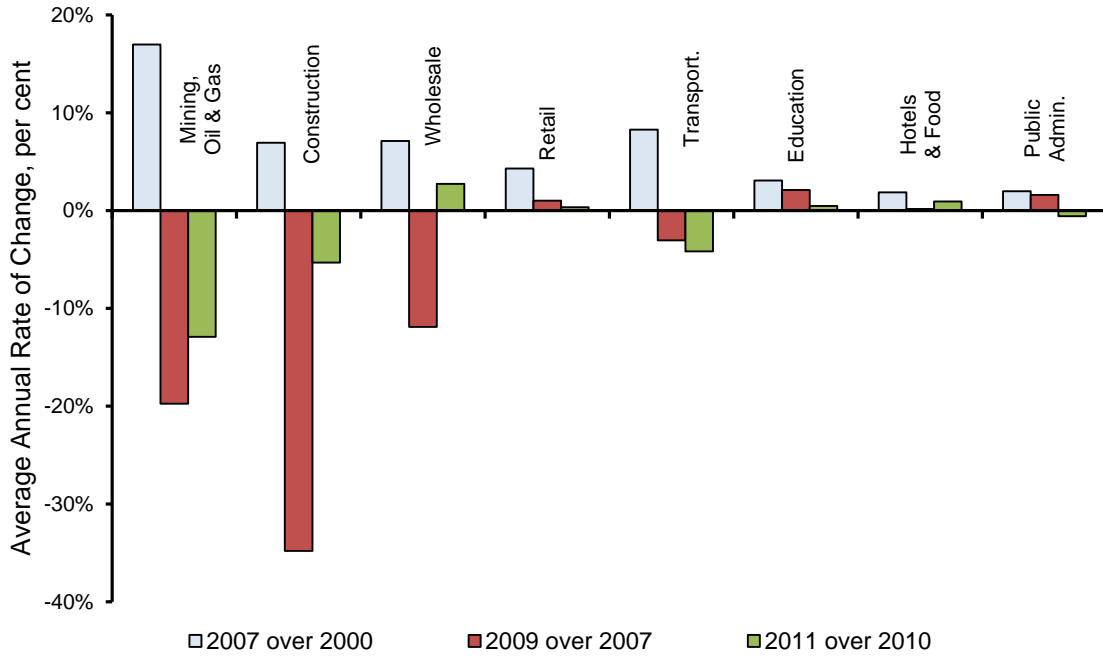
i: intentions

Source: NWT Bureau of Statistics and Statistics Canada



## Economic Performance by Sector

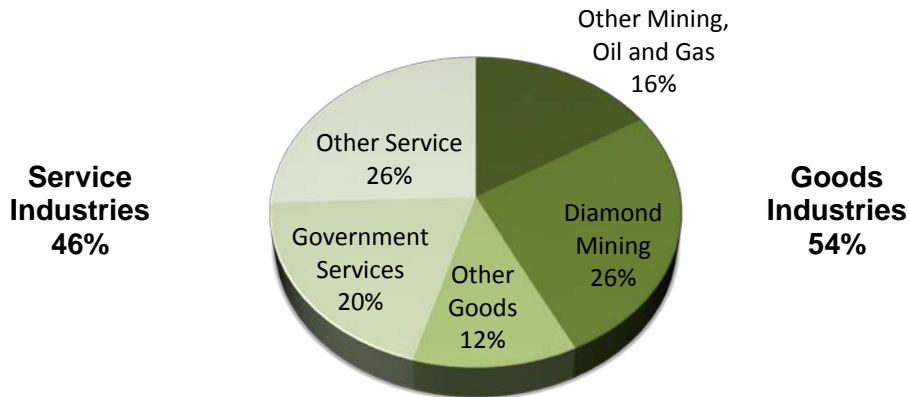
### Real Growth Rates of Selected NWT Industries



Source: Statistics Canada and NWT Finance

The NWT economy is almost evenly balanced between goods-producing industries and service-producing industries. Goods-producing industries require more capital investment per unit of output and are more sensitive to fluctuations in global financial and credit markets. Service-producing industries are more labour intensive and accounted for over 80 per cent of territorial employment in 2011.

### Structure of the NWT Economy, 2008



Source: NWT Bureau of Statistics and Statistics Canada. The latest available data is 2008.

## Goods-Producing Industries

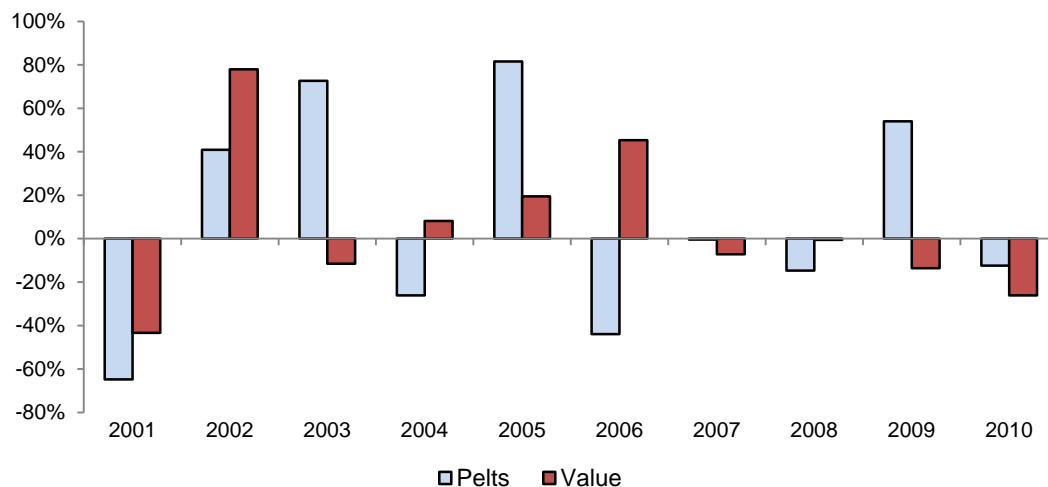
The goods-producing sector accounted for 54 per cent of NWT GDP in 2008, compared to about 33 per cent of Canada’s economy. Resource extraction industries dominate the goods-producing sector in the NWT. Diamond mining was responsible for 26 per cent of 2008 GDP and other mining, oil and gas accounted for 16 per cent. The remainder is comprised of renewable resources, construction, utilities and manufacturing activities.

### *Fur Harvest*

Trapping remains an important source of income for many people in the NWT, especially in smaller communities. For the year ending June 30, 2010, the value of fur sales was \$831 thousand, a decline of 26 per cent from the previous year.

However, fur auction results for early 2012 indicate very strong prices. The average price of marten has risen to \$110.90 per pelt, an increase of 47 per cent, and the average price of muskrat increased 84 per cent to \$7.87 per pelt. Marten and muskrat account for over three quarters of the value of NWT fur sales.

### *Annual Percentage Change in the Number and Value of NWT Pelts*



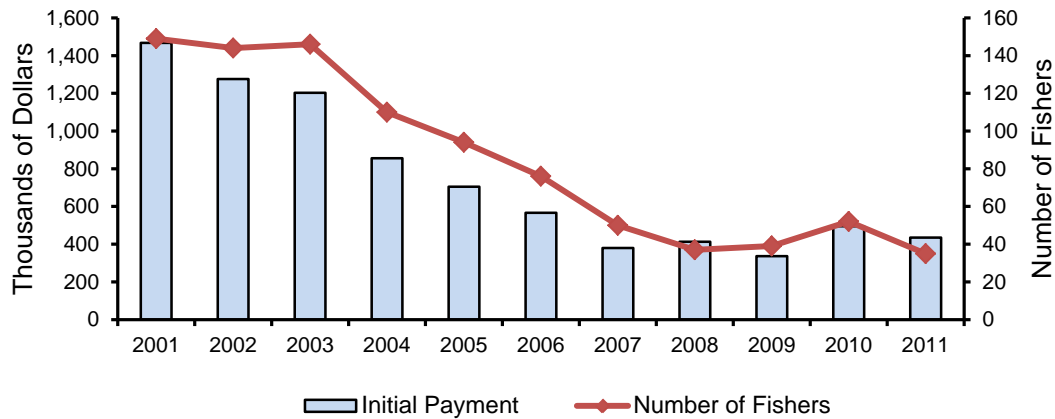
Source: NWT Bureau of Statistics

### *Commercial Fishing*

The commercial fishery in the territory is a small but valued part of the economy. Fish exported from the Territories are marketed through the Freshwater Fish Marketing Corporation, a federal Crown corporation mandated to market fish harvested in Northwestern Ontario, the three prairie provinces and the NWT.

Initial payments to NWT fishers – on a delivery-point, net-of-freight basis – declined 12 per cent from \$496 thousand in 2010 to \$435 thousand in 2011, while the weight delivered declined 6 per cent from 385 thousand kilograms in 2010 to 360 thousand kilograms in 2011.

### NWT Export Fishery: Sales and Number of Fishers



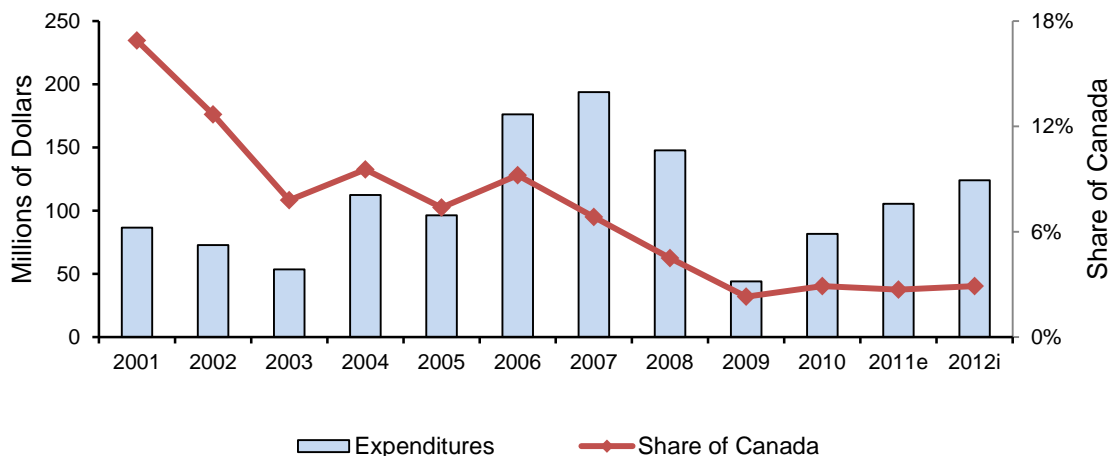
Source: Freshwater Fish Marketing Corporation

### Exploration and Deposit Appraisal

Exploration expenditures include a range of mineral exploration activities, including field work, overhead costs, engineering, economic and pre-construction feasibility studies, and environmental and land access costs. Exploration expenditures in 2011 are estimated to have been \$105.4 million, an increase of 29 per cent from 2010. Exploration and deposit appraisal expenditures rose nationally by almost 42 per cent. NWT exploration expenditures as a share of total Canadian spending declined from 2.9 per cent in 2010 to 2.7 per cent in 2011.

Based on 2012 intentions, NWT mineral exploration and deposit appraisal expenditures will nearly recover to 2008 levels; however, there is a shift in resource composition. In 2012 diamond exploration will represent only one-third of expenditure intentions down from two-thirds in 2008. Exploration and deposit appraisal for other minerals, including rare earth metals, will increase to 40 per cent of the NWT total in 2012 from 6 per cent in 2008, overtaking diamond exploration for the first time.

### NWT Mineral Exploration Expenditures



e: estimated

i: intentions

Source: Natural Resources Canada

## ***Precious Metals and Rare Earths***

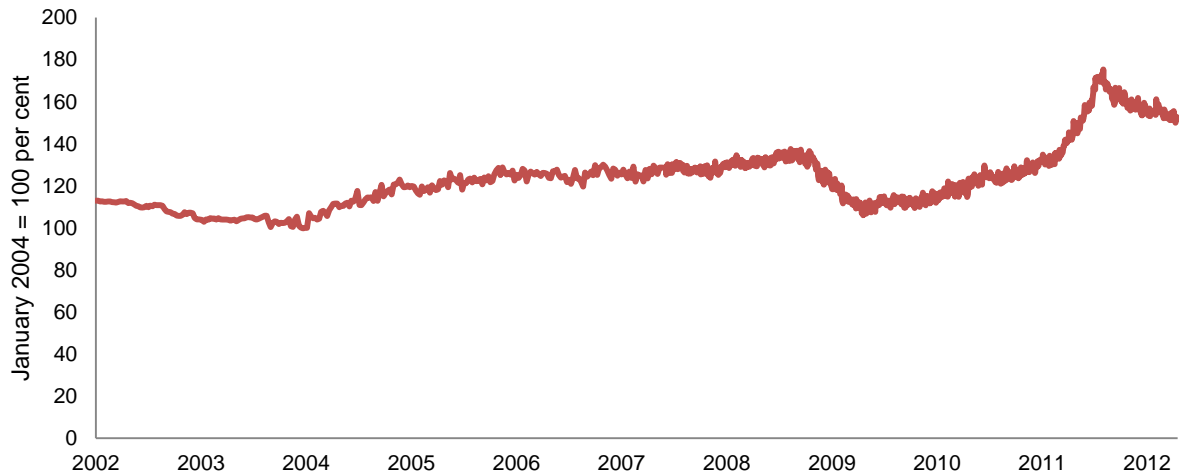
Precious metals include gold and silver. Rare earths are a group of 17 elements used in the renewable and hi-tech sectors. After many decades of gold mining in the territory, the last gold mine shut down in 2004. However, increasing prices have led to new exploration activity. The global demand for rare earths has resulted in considerable new exploration activity in the NWT, including Avalon Rare Metals Inc.'s Nechalacho rare earths deposit at Thor Lake.

## ***Diamond Mining***

The main driver of the NWT economy is the diamond mining industry, with three producing diamond mines: Ekati opened in 1998; Diavik opened in 2003; and Snap Lake opened in 2008. The owners of a fourth proposed mine, Gahcho Kué, are targeting first production in 2017.

The global diamond industry has recovered from the 2008 recession, but many of the main producers have announced strategic reviews of their diamond operations, including BHP Billiton, owner of 80 per cent of the Ekati diamond mine, and Rio Tinto, owner of 60 per cent of Diavik. Anglo American expects to finalize its acquisition of De Beers, which includes the Snap Lake mine, in late 2012.

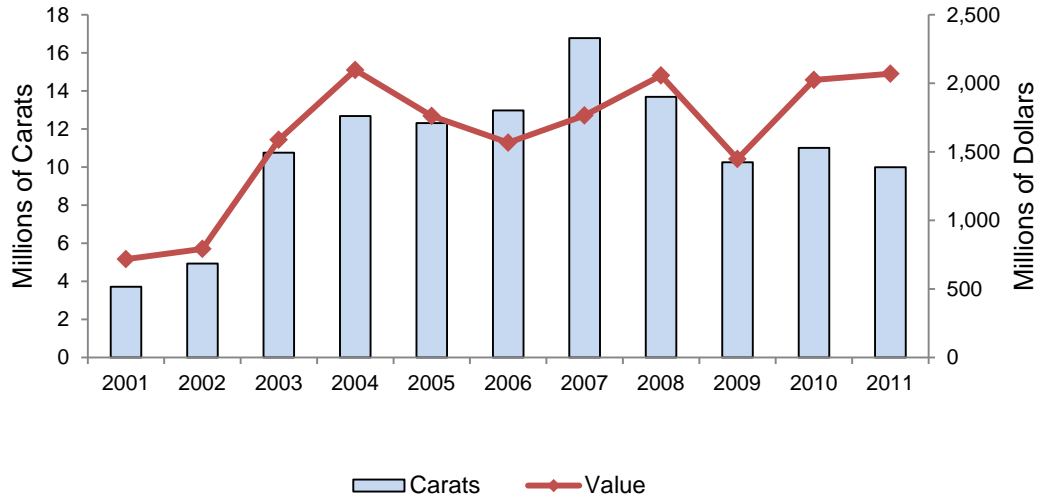
## ***Polished Diamond Price Index, Overall***



Source: PolishedPrices.com

In 2011, carat production at NWT diamond mines declined by 9 per cent from 2010. During the same period, the volume of ore processed declined by 2 per cent and the average grade of ore, in terms of carats per tonne processed, declined by 6 per cent, consistent with the projected mine life cycles. As a result of higher prices in 2011, total diamond production by value rose to \$2.07 billion from \$2.03 billion in 2010, an increase of 2.2 per cent.

### ***NWT Diamond Shipments: Weight and Value***

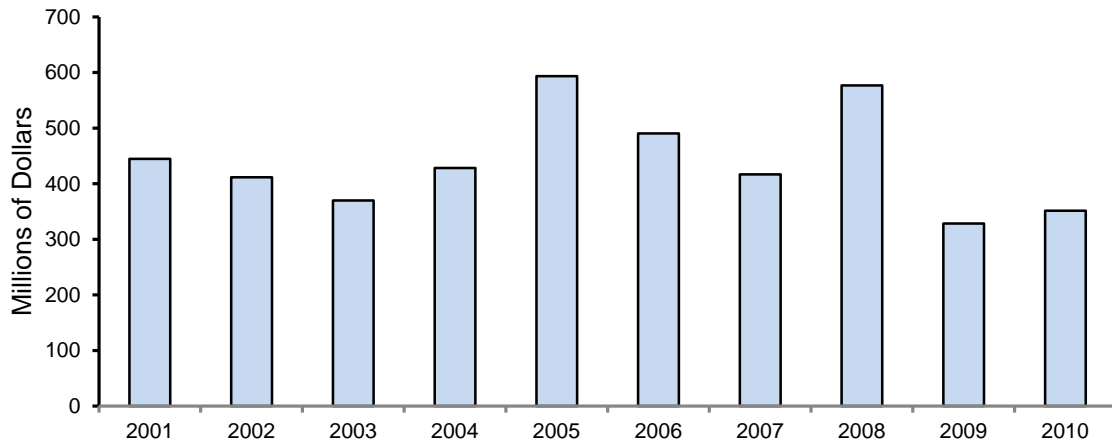


Source: NWT Bureau of Statistics and NWT Finance

### ***Oil and Gas***

Oil and gas production in the NWT is in decline due to the depletion of active reserves. Growth in production requires new discoveries and new field development to replace depleted wells. Expenditures on oil and gas activities in the NWT increased 7 per cent from \$328 million in 2009 to \$351 million in 2010.

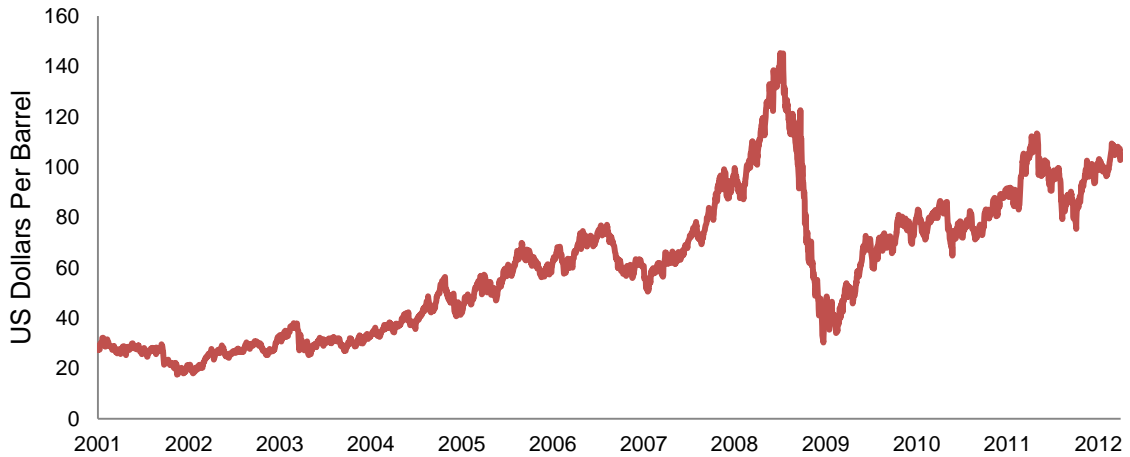
### ***Net Cash Expenditures by the Petroleum Industry: NWT and the Arctic Islands***



Source: Canadian Association of Petroleum Producers

Crude oil prices peaked on July 3, 2008 at US\$145 per barrel before collapsing to US\$40 at the beginning of 2009. Since that time prices have recovered. Average oil prices increased 20 per cent from 2010 to 2011, averaging US\$94.86 per barrel in 2011. The price reached an annual high of US\$113.39 per barrel on April 29, 2011.

**Price of Oil: US Dollars per Barrel**



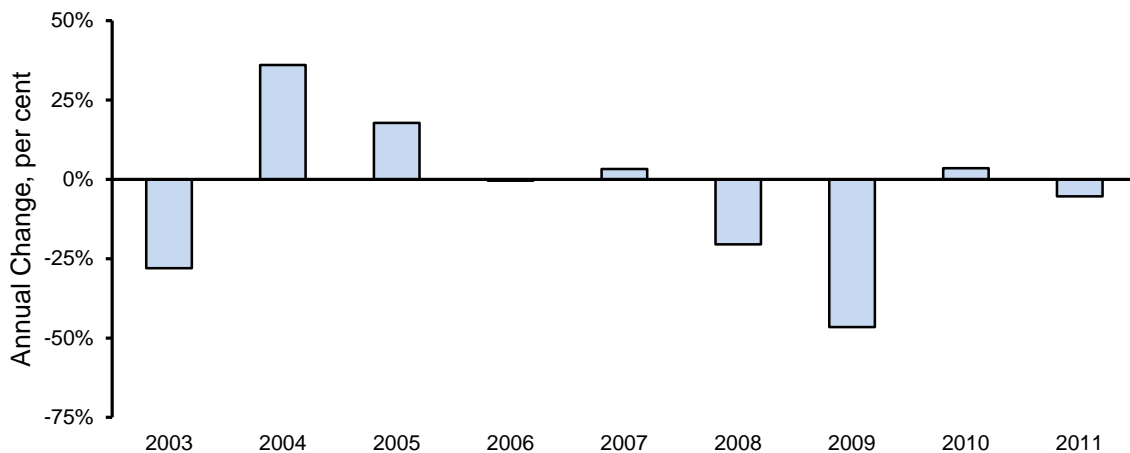
Cushing West Texas Intermediate Spot Price  
Source: U.S. Energy Information Administration

**Construction**

The construction industry includes residential construction, non-residential construction, and engineering services. The construction sector accounted for 10.4 per cent of the territory’s 2008 GDP, the latest year for which data are available. Almost half of the value of construction was other engineering construction, and one-fifth was oil and gas engineering construction. Residential and non-residential construction together accounted for less than 12 per cent of total construction.

Construction activity decreased 5.3 per cent from 2010 to 2011; it remains 59.3 per cent below 2007 levels. From 2010 to 2011 residential construction declined 5.9 per cent, non-residential construction decreased 37.4 per cent and oil and gas engineering construction fell by 50.0 per cent.

**Annual Percentage Change in the Value of Construction Activity, chained (2002) dollars**



Source: NWT Bureau of Statistics and Statistics Canada

### Manufacturing

The NWT manufacturing sector includes businesses such as food processors, cement and concrete producers, and jewellery artisans. The value of sales by manufacturers increased 1.7 per cent from 2010 to 2011 to \$9.3 million, the first increase since 2005.

#### Value of NWT Shipments by Manufacturers



Source: NWT Bureau of Statistics

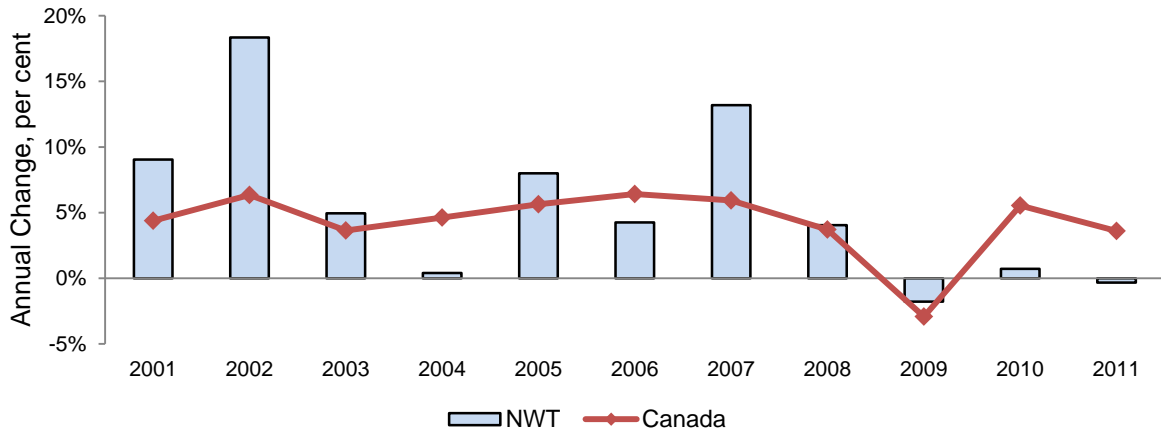
### Service Industries

Service industries accounted for 45.7 per cent of NWT GDP in 2008, compared to two-thirds nationally. The service sector includes industries such as wholesalers, banks, retailers, hotels and the public sector (schools, hospitals, police and fire services, federal and territorial governments, and local and Aboriginal governments).

### Retail Trade

Retail trade sales decreased 0.3 per cent from 2010 to 2011 and are 1.4 per cent below the 2008 pre-recession high. National retail sales increased 3.6 per cent from 2010 to 2011 and have fully recovered from the recession, with a 6.1 per cent increase from 2008 to 2011.

#### Annual Percentage Change in the Value of Retail Trade, NWT and Canada



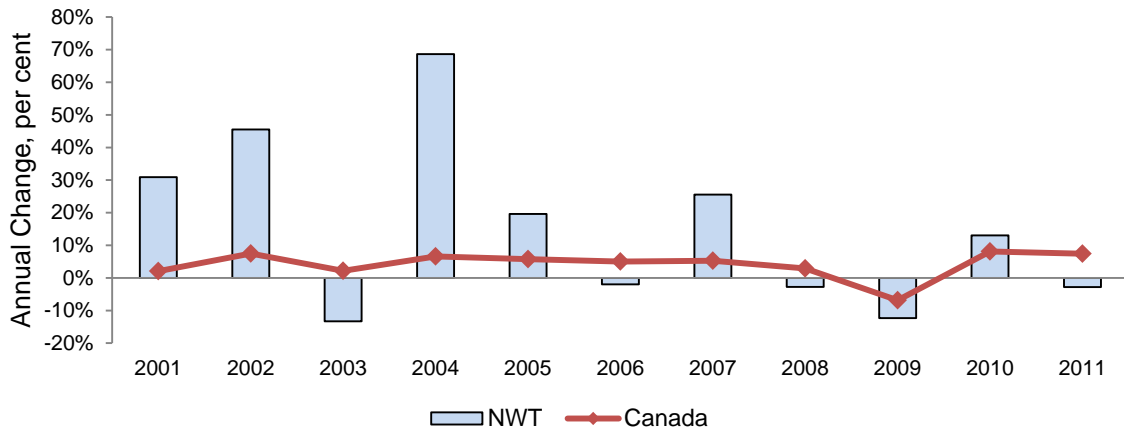
Source: NWT Bureau of Statistics and Statistics Canada

### Wholesale Trade

Wholesalers distribute merchandise to retailers, businesses, and institutional customers, including the supply of equipment and capital goods. The sector is strongly influenced by capital investment and business activity.

Wholesale trade in the NWT decreased 2.8 per cent from 2010 to 2011. In 2011, wholesale trade was 9.6 per cent below its pre-recession level of 2007. By comparison, wholesale trade in Canada had fully recovered from the recession having increased 11.3 per cent from 2007 to 2011, and 7.4 per cent from 2009 to 2011.

#### Annual Percentage Change in the Value of Wholesale Trade, NWT and Canada

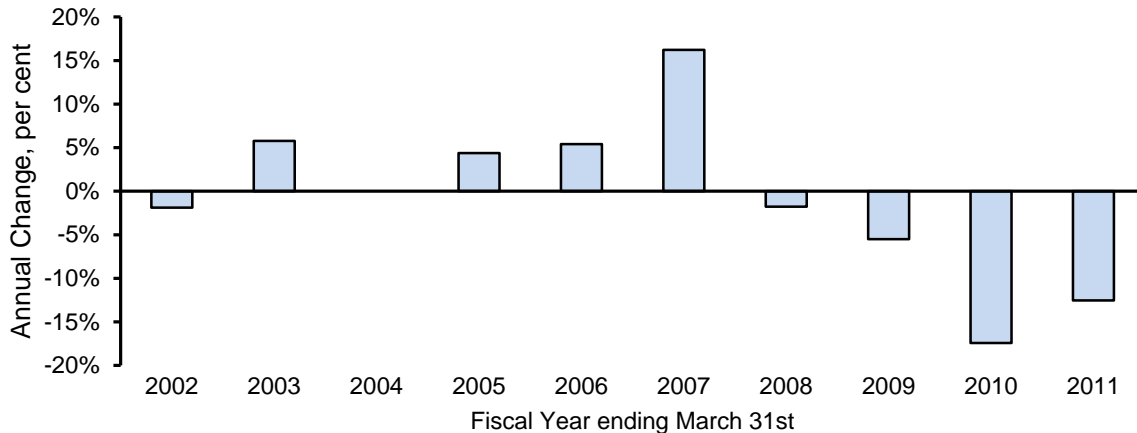


Source: Statistics Canada

### Tourism

Tourism is an important part of the territory’s economy, with large untapped potential. Total spending by visitors peaked in 2007 at \$140 million before falling in each of the following four years, for a total decrease of 33.0 per cent from 2007 to \$94 million in 2011.

#### Annual Percentage Change in Total Expenditures by All Travellers to the NWT



Source: NWT Industry, Tourism and Investment

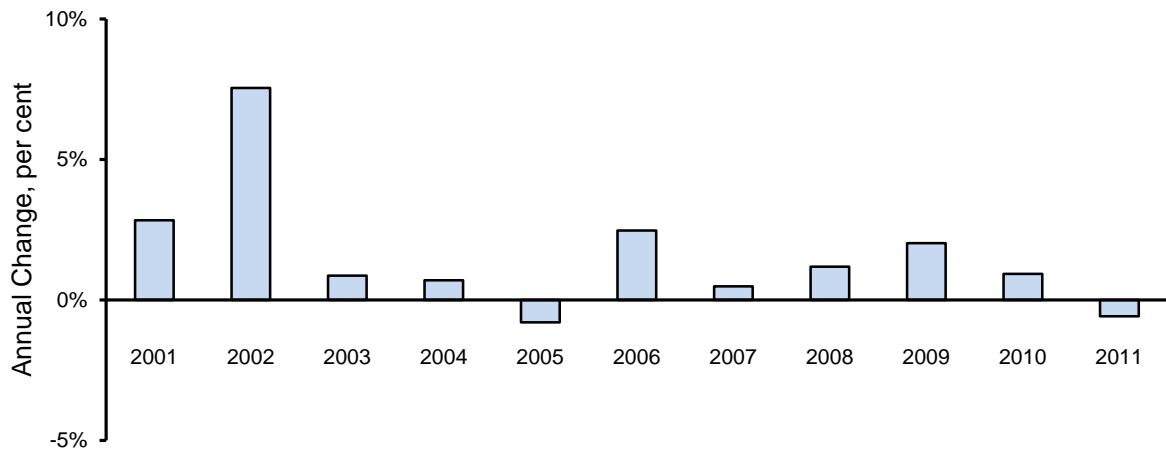


### ***Public Administration***

Public administration includes all levels of government in the NWT (federal, territorial, local, and Aboriginal). This includes the courts, policing and correction services, fire protection, defence and public administration but excludes the health, social services and education sectors.

From 2010 to 2011 public administration expenditures decreased by 0.6 per cent, reflecting an end to the territorial government's fiscal response to the recession and a return to lower capital investments.

### ***Annual Percentage Change in Public Sector Expenditures, chained (2002) dollars***



Source: Statistics Canada

## Macroeconomic Performance Indicators

The Government of the Northwest Territories' *Macroeconomic Policy Framework*, designed to guide its investment and policy decisions, includes performance indicators to monitor the health of the economy over time. These indicators were designed to go beyond typical measurements of economic performance or growth by capturing broader measures of economic well-being such as improvements in the quality of life, the capacity of communities, and the protection of the environment.

The performance indicators are measured against a baseline value, which is the average value of the indicator from 2005 to 2007.

After the development of the framework, the global economy underwent the most intense financial and economic shock since the Great Depression. The NWT economy, with its critical linkages to the world trade system, was particularly vulnerable to the global economic downturn. The NWT economic recovery has been unbalanced and sluggish, as measured by the performance indicators.

### ***Indicator 1 – The size and growth of the total economy***

GDP is the most comprehensive measure of the economy. However, GDP does not measure the non-money economy and cannot measure social well-being.

In 2010 NWT GDP was 14.6 per cent below its baseline value.

### ***Indicator 2 – Productivity***

Productivity is a key performance measure. It is related to increased profitability, lower costs and sustained competitiveness. Increasing productivity can promote economic growth. Productivity can be increased through labour force training, technological change and changing the labour/capital mix. Higher levels of productivity can provide higher wages and salaries and higher profits.

In 2010 productivity was 11.8 per cent below its baseline value.

### ***Indicator 3 – New investment***

New investment is a leading indicator of economic growth that measures how well the economy can be expected to do in the future. New investment undertaken by the private sector focuses on direct spending on buildings, equipment and machinery with the expectation of a positive return on the investment. Public sector investment largely focuses on health, education and infrastructure; these investments seek to achieve beneficial social outcomes.

In 2010 new investment was 30.4 per cent below its baseline value.

### ***Indicator 4 – Income***

Income growth provides evidence that people are benefitting from economic growth and is an important element in realizing the vision of self reliant people in the NWT. Two similar, but distinct measures of income are identified for measurement:

**Indicator 4a – Employment income**

Employment income measures the sum of all income earned through employment by NWT residents and is directly tied to jobs.

In 2010 total compensation for all jobs was 14.2 per cent above its baseline value.

**Indicator 4b – Average household income**

Average household income provides information about the quality and distribution of jobs among Northerners. In 2009 average household income was 5.5 per cent above its baseline value.

**Indicator 5 – Employment rate**

The employment rate measures the extent to which NWT residents are directly participating and benefiting from economic growth. It measures the share of people 15 years of age and older who are employed.

In 2011 the employment rate, at 70.5 per cent, was below its baseline value of 73.5 per cent.

**Indicator 6 – Population growth**

Population growth measures a response to economic growth and provides a base for further growth through diversification. Population changes reflect the health of the population, the robustness of the medical support system, and the economic or lifestyle incentives for people to immigrate to the NWT or to emigrate from the NWT. A growing population serves as a growing consumer market for local businesses.

In 2011 population rose 0.7 per cent from its baseline value.

**Indicator 7 – Economic Linkages**

Developing linkages between different industries contributes to economic growth and diversification. Four measures of strength of economic linkages were identified.

**Indicator 7a – Level of imports**

Imports of goods and services measure the size of existing NWT markets for inputs that already exist based on the established economic base.

In 2010 the inflation-adjusted value of imports was 9.1 per cent below its baseline value of \$2.9 billion at \$2.8 billion.

**Indicator 7b – Wholesale and retail sales**

Wholesale sales is an indicator of linkages at the production level, where producers purchase inputs from NWT suppliers or where they purchase post-production services such as transportation and communication services from NWT companies. Higher retail sales can support linkages to higher construction and transportation activity and create opportunities for more retail businesses.

In 2011 the value of wholesale sales was 7.7 per cent above its baseline.

In 2011 the value of retail sales, at \$695 million, was 12.7 per cent above its baseline value of \$618 million.

#### ***Indicator 7c – Fly-in/Fly-out labour***

Measuring the dependence on fly-in labour highlights the capacity of the NWT resident labour force to meet the demand for workers. It depends on whether there are sufficient workers with the required skills available at the employment location. It also measures a leakage of potential consumer expenditures within the NWT economy.

In 2010 non-resident NWT labour earnings rose from a \$319 million baseline to \$362 million, which represents a 13.6 per cent increased loss to the NWT economy.

#### ***Indicator 7d – Growth of resource sector service industries***

Specialized service sectors providing support to NWT resource industries are a principal engine of growth and diversification for the economy. Two service industries are measured.

Support activities for agriculture and forestry: In 2010 the value of support activities for agriculture and forestry was 37.7 per cent above its baseline value.

Oil & gas engineering construction: In 2010 the value of oil & gas engineering construction was 89.0 per cent below its baseline value.

#### ***Indicator 8 – Diversification***

Diversification of the economy can be measured by GDP by industry, growth by sector and employment by industry. Data to support this measure is collected through the Census of Population. The most recent census data available is the 2006 census. This indicator will be calculated when the results of the 2011 census are released in 2013.

#### ***Indicator 9 – Environmental status and trends***

See the *NWT State of the Environment Report*.

### **Summary of Findings**

The years following the 2005-07 baseline reference period have been challenging because of the global financial crisis and economic slowdown. Of the thirteen primary and sub-indicators measured currently, seven indicators decreased in value and six increased.

Separating the effects of the 2008 global recession from general trends in the overall NWT economy is impossible. However, the NWT economy has demonstrated a low level of resiliency in responding to the recession given that many indicators have not yet returned to their pre-recession levels and the pace of recovery is slower than in other provinces and territories.

One contributing factor to the low level of resiliency is the composition and openness of the NWT economy, with people and capital free to move to more favourable provinces when faced with economic challenges at home.

The challenge for the GNWT is to identify and advance investment opportunities that will generate sustainable benefits in the context of the global economic environment in which NWT businesses compete.

***Macroeconomic Indicators of Progress, 2012, Change from Baseline***

