

Budget Address

2013 - 2014

NORTHWEST TERRITORIES

BUDGET PAPERS

A ♦ Economic Review

February 7, 2013

ECONOMIC REVIEW

Outlook

The economy of the Northwest Territories (NWT) continues its struggle to recover from the global economic recession of 2008 and 2009. From 2007 to 2012 real gross domestic product (GDP) declined by 25 per cent and is forecast to increase by 0.2 per cent from 2012 to 2013. Employment has not returned to its pre-recession level and is not expected to do so in 2013.

The NWT economy depends heavily on international trade – in 2011, international exports were nearly one-third of NWT GDP, despite having declined 32 per cent from 2007 to 2011. Decreasing international exports is one of the main reasons for the decrease in real GDP. International trade is expected to remain well below pre-recession levels in 2013 and remains subject to downside risks. These risks include the ongoing economic malaise in Europe, and the volatility of global financial markets and commodity 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 NWT economy.

The economic recovery is taking longer in the NWT than in any other Canadian province or territory, and it is likely that the NWT's real GDP will remain below its pre-recession level for some time. Real GDP is expected to increase in the short term as new mineral resource projects are constructed and become operational. Pending regulatory approval, several significant mineral resource projects are expected to be developed and become operational over the next five to ten years, and 2012 saw a substantial increase in petroleum exploration in the Sahtu region.

Economic Outlook

Indicator	2008	2009	2010	2011	2012e	2013f
Gross Domestic Product, Chained (2007\$) millions	4,280	3,637	3,711	3,521	3,529	3,535
<i>Per cent change</i>	-9.0	-15.0	2.0	-5.1	0.2	0.2
Total Investment, Chained (2007\$) millions	1,572	1,093	1,206	1,087	1,183	1,367
<i>Per cent change</i>	-20.4	-30.5	10.3	-9.9	8.9	15.5
Household Expenditure, Chained (2007\$) millions	1,298	1,288	1,307	1,323	1,302	1,308
<i>Per cent change</i>	2.4	-0.8	1.5	1.2	-1.6	0.5
Government Expenditure, Chained (2007\$) millions	1,536	1,638	1,751	1,768	1,798	1,805
<i>Per cent change</i>	0.4	6.6	6.9	1.0	1.7	0.4
Exports, Chained (2007\$) millions	2,742	2,458	2,663	2,470	2,480	2,453
<i>Per cent change</i>	-12.4	-10.4	8.3	-7.2	0.4	-1.1
Imports, Chained (2007\$) millions	2,949	2,902	3,277	3,222	3,308	3,465
<i>Per cent change</i>	-8.0	-1.6	12.9	-1.7	2.7	4.7
Employment (resident), number of persons	22,700	21,300	21,500	22,700	22,600	22,600
<i>Per cent change</i>	-3.0	-6.2	0.9	5.6	-0.4	0.0
Average Weekly Earnings, Dollars	1,090	1,145	1,191	1,245	1,295	1,332
<i>Per cent change</i>	4.0	5.0	4.1	4.5	4.0	2.9
CPI (All Items), Yellowknife, 2002=100	115.2	115.9	117.9	121.6	124.4	127.0
<i>Per cent change</i>	4.0	0.6	1.7	3.1	2.3	2.1

e: estimate

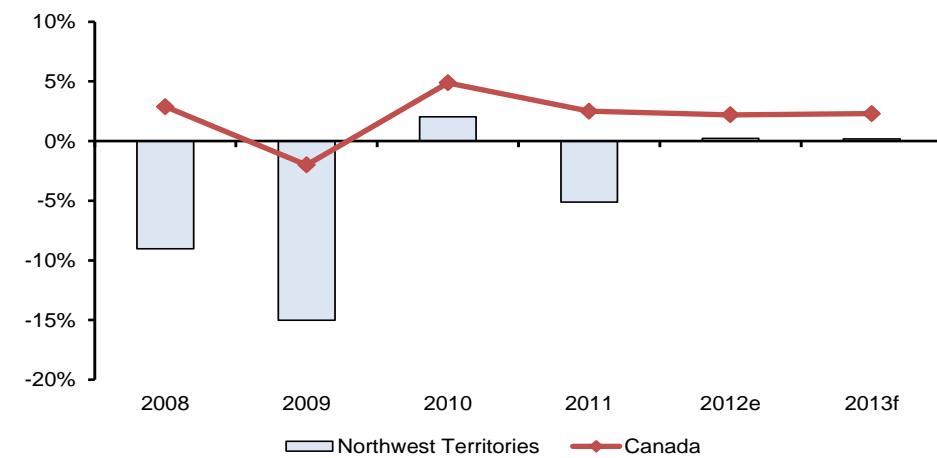
f: forecast

Source: Statistics Canada and the NWT Bureau of Statistics

2011 Economic Performance

Recovering from the global financial and economic crisis has been an ongoing challenge for the NWT economy. Real GDP (the inflation-adjusted value of all goods and services produced) is estimated to have fallen by 25.2 per cent from its pre-recession level in 2007 to 2011. Real GDP decreased by 5.1 per cent in 2011 and recent estimates indicate a modest increase of 0.2 per cent in 2012.

Real Gross Domestic Product, Annual Change, NWT and Canada



e: estimate

f: forecast

Source: NWT Bureau of Statistics and Statistics Canada

The economic decline was led by a 40.7 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 mine management decisions, including planned and unplanned slow-downs and temporary shut-downs. A new diamond mine, Gahcho Kué, could begin production as early as 2015 or 2016. 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.

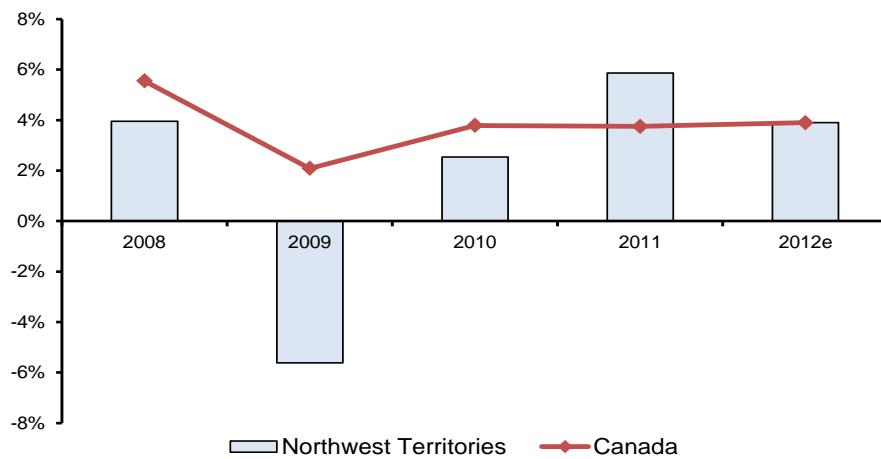
The NWT economy is integrated with the national and global economies. The largest private sector component of the territorial economy is the non-renewable resource sector where prices are established on world markets and NWT resources are shipped to global markets. The United States economy grew by an estimated 2.1 per cent in 2012 and modest growth is anticipated for 2013. Economic hardships continue in Europe, with Euro area economies having contracted by an estimated 0.5 per cent in 2012 and growth of less than 1.0 per cent anticipated for 2013. In China and India, growth has slowed somewhat more than expected in 2012, but Asia is expected to remain the growth leader, expanding over 2 percentage points faster than the rest of the world in 2013.

The Bank of Canada is projecting Canadian real GDP growth of 2.2 per cent in 2012, followed by growth of 2.3 and 2.4 per cent in 2013 and 2014, respectively. Household spending is expected to remain moderate to strong over 2012 and 2013, due in part to favourable interest rates, and Canadians will continue to carry high levels of household debt. Therefore, changes in economic variables such as increasing interest rates or a weakening housing sector could result in negative impacts on the Canadian economy. Business investment is expected to remain strong. The strong Canadian dollar will continue 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 5.4 per cent in the first nine months of 2012 over the same period of 2011, indicating that personal income likely also grew in 2012. At the national level, where consumer expenditures account for over 55 over cent of GDP, personal disposable income increased 3.8 per cent in 2011.

Annual Percentage Change in Personal Disposable Income, NWT and Canada



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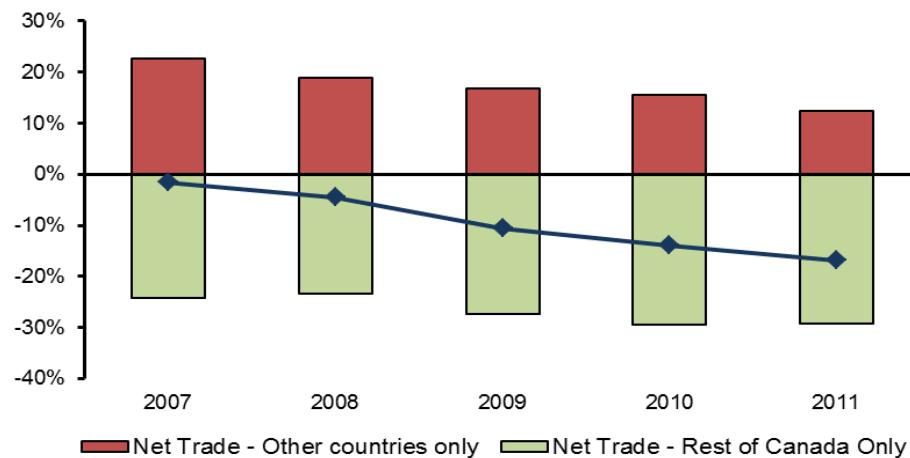
Source: Statistics Canada and NWT Finance

Trade

The NWT economy depends on trade with other countries and with the rest of Canada. The NWT exports natural resources to international markets and imports goods and services, mainly from southern Canada, to support industry and personal consumption. The trade surplus with other countries, relative to real GDP, has been declining since 2007. Over the same time the NWT's trade deficit with the rest of Canada has been growing, resulting in an increasing trade deficit. In 2007, the NWT's trade deficit was 1.6 per cent of GDP; the trade surplus to other countries was 22.7 per cent of GDP and the trade deficit with the rest of Canada was 24.3 per cent of GDP. In 2011 NWT's trade surplus with other countries had decreased by 51.9 per cent from 2007, while the NWT trade deficit with the rest of Canada had risen 5.8 per cent. The NWT's declining trade

surplus with other countries and increasing trade deficit with other Canadian provinces and territories resulted in the NWT having a net trade deficit equal to 16.9 per cent of GDP in 2011.

NWT Trade Balance, per cent of GDP



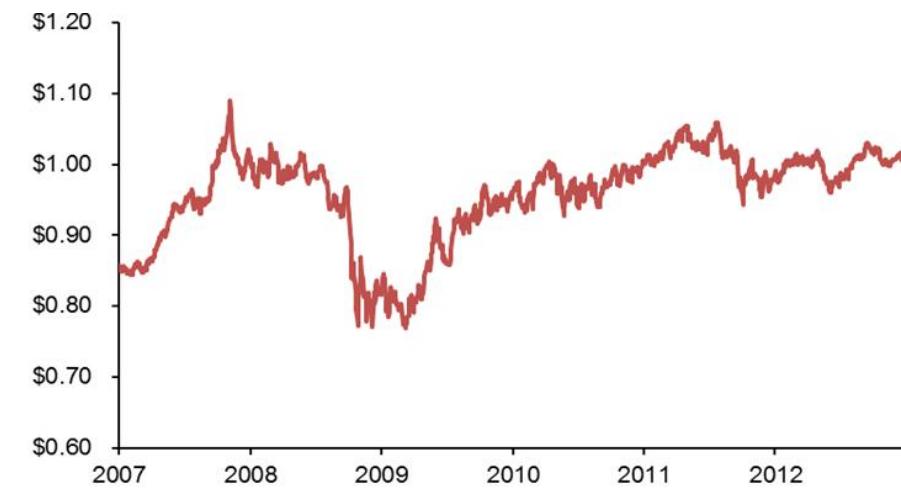
Source: Statistics Canada and NWT Finance

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 currency conversion. This is offset to the extent that 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\$1.00 in 2012, a 1.1 per cent decrease from the 2011 average of US\$1.01.

US/Canada Exchange Rate

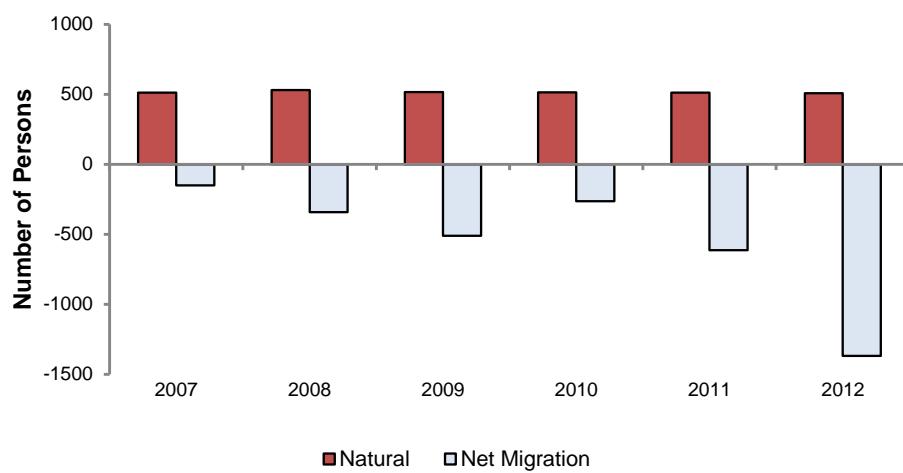


Source: Bank of Canada

Population

The NWT population was estimated to be 43,349 persons on July 1, 2012, a decrease of 863 persons, or 2.0 per cent, from July 1, 2011. Three factors account for population change: natural change, interprovincial migration and international migration. Between July 1, 2011 and July 1, 2012 natural population change consisted of 706 births and 199 deaths, resulting in a net increase of 507 persons. Inter-provincial migration accounted for 1,501 persons moving into the NWT from the rest of Canada, while 2,992 persons moved out, leaving a net loss of 1,491 persons. Internationally, there was a net in-migration of 121 persons.

Change in the NWT Population



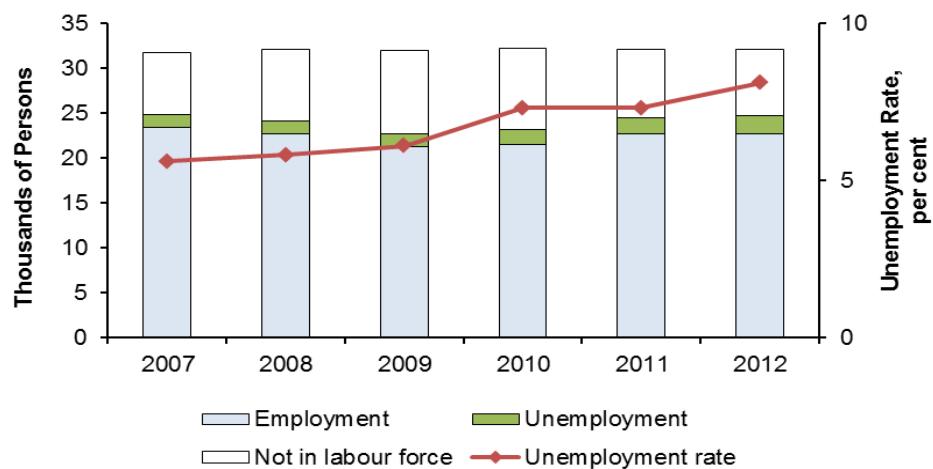
Source: NWT Bureau of Statistics

Labour

NWT employment in 2012 was 22,700 persons, unchanged from 2011, and 800 persons below the 2007 pre-recession maximum. Employment is forecast to remain unchanged in 2013. The labour force participation rate is the share of the population 15 years of age and older currently employed or actively seeking employment. In 2012 the participation rate was 76.9 per cent, an increase from 76.3 per cent in 2011 but below the 2007 participation rate of 73.8 per cent.

The increase in the participation rate from 2011 to 2012 led to a corresponding increase in the unemployment rate from 7.3 per cent in 2011 to 8.1 per cent in 2012 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

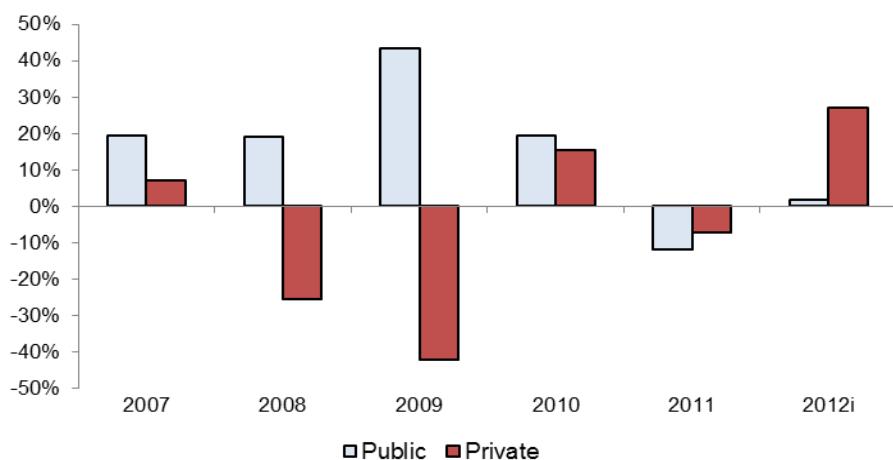


Source: Statistics Canada

Investment

Total capital expenditure intentions for 2012 are 21 per cent above estimated 2011 capital expenditures. 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 expected 34.4 per cent increase in mining and oil & gas extraction industries expenditures from \$587 million in 2011 to \$789 million in 2012. Capital expenditures by the public sector, having ramped up during the recession as an element of the GNWT's economic stimulus program, are estimated to have stabilized 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 Percentage Change in NWT Public and Private Capital Expenditures

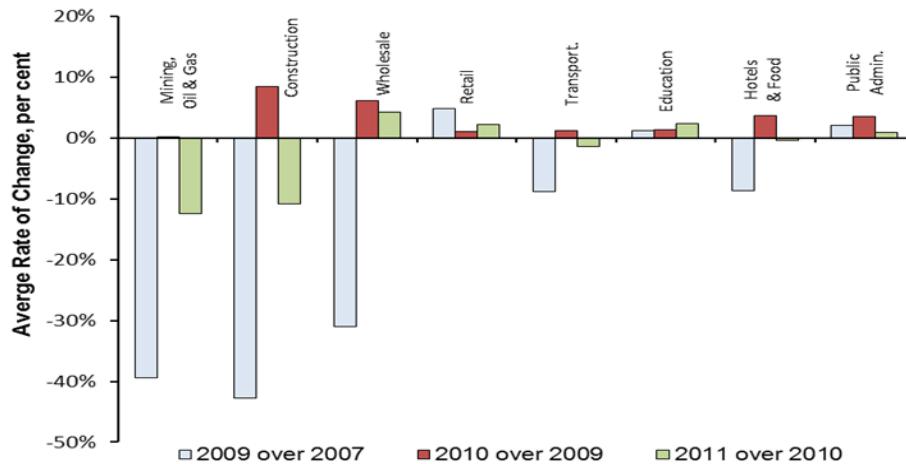


i: intentions

Source: NWT Bureau of Statistics and Statistics Canada

Economic Performance by Sector

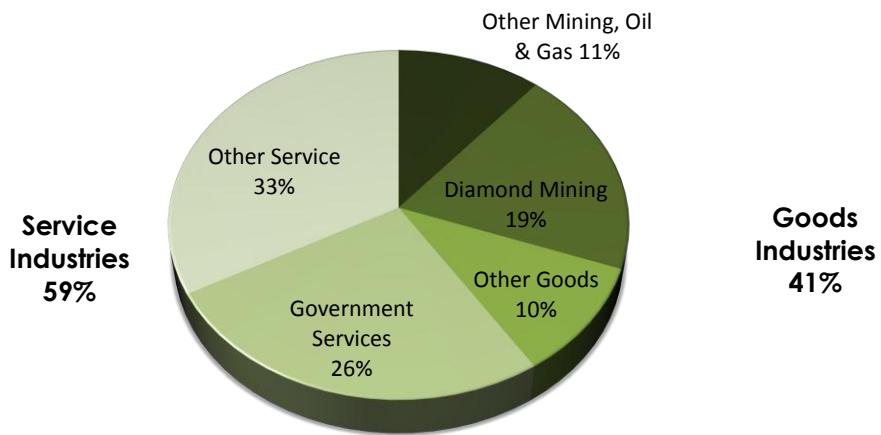
Real Growth Rates of Selected NWT Industries



Source: Statistics Canada and NWT Finance

The structure of the NWT economy changed between 2008 and 2009, shifting towards the production of services. In 2008, goods-producing industries accounted for 54 per cent of the NWT economy; by 2009 that share had fallen to 41 per cent. This reflects the slow-down in goods-producing industries, which occurred in the NWT as a result of the global economic downturn.

Structure of the NWT Economy, 2009



Source: Statistics Canada. The latest available data is 2009.

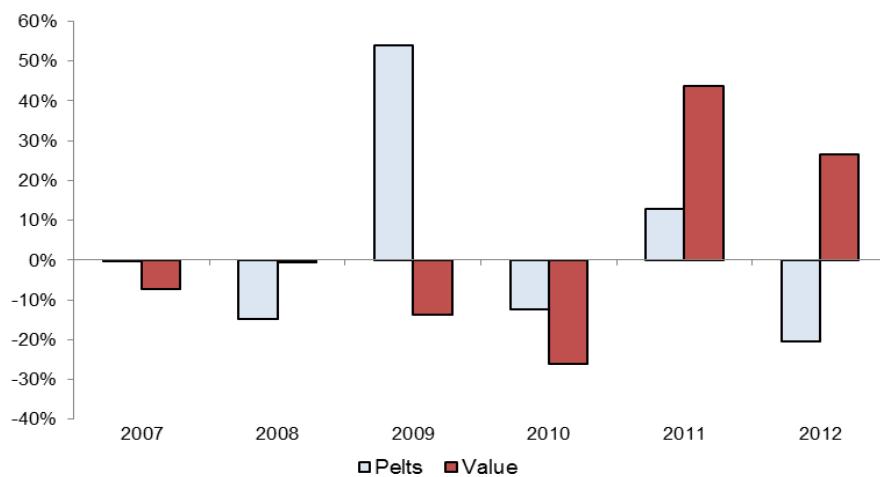
Goods-Producing Industries

The goods-producing sector accounted for 41 per cent of NWT GDP in 2009, compared to about 28 per cent of Canada's economy. Resource extraction industries dominate the goods-producing sector in the NWT. Diamond mining was responsible for 19 per cent of 2009 GDP, while other mining, oil and gas accounted for 11 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 ended June 30, 2012, nearly 25 thousand NWT pelts were sold, a decline of 20.4 per cent from previous year; however, the value of fur sales was \$1.51 million, an increase of 26.5 per cent from the previous year, reflecting higher prices per pelt.

Annual Percentage Change in the Number and Value of NWT Pelts



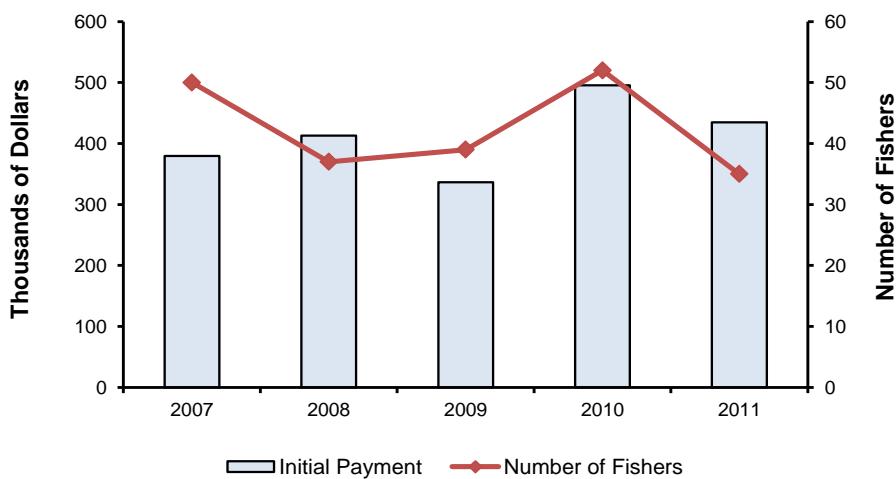
Source: NWT Bureau of Statistics

Commercial Fishing

The commercial fishery in the territory is a small but valued part of the economy. Fish exported from the NWT 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 \$496,000 in 2010 to \$435,000 in 2011, while the weight delivered declined 6 per cent from 385,000 kilograms in 2010 to 360,000 kilograms in 2011.

NWT Export Fishery: Sales and Number of Fishers



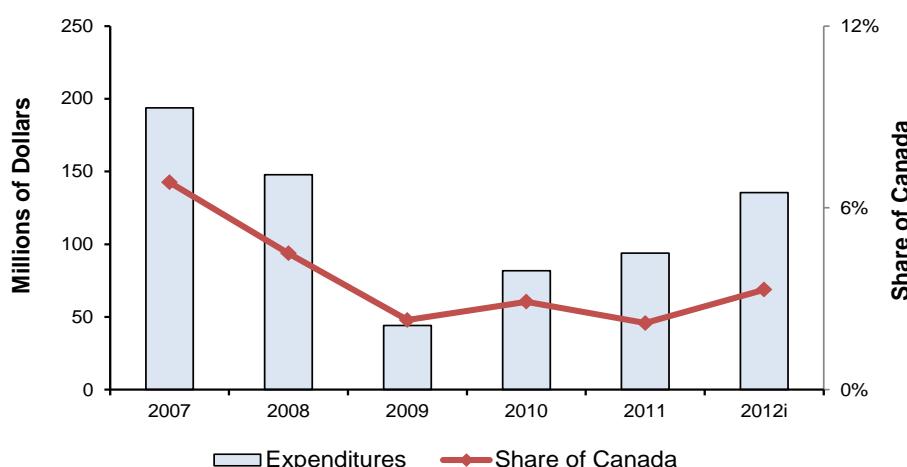
Source: Freshwater Fish Marketing Corporation

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. Revised spending intentions for 2012 indicate that exploration and deposit appraisal expenditures increased to an estimated \$135.5 million, up 44.5 per cent from 2011. NWT 2012 exploration and deposit appraisal expenditures are estimated to have been 3.3 per cent of the Canadian total, up from 2.2 per cent in 2011.

Based on revised 2012 intentions, NWT mineral exploration and deposit appraisal expenditures have nearly recovered to 2008 levels.

NWT Mineral Exploration Expenditures



i: revised intentions
Source: Natural Resources Canada

Precious Metals and Rare Earths

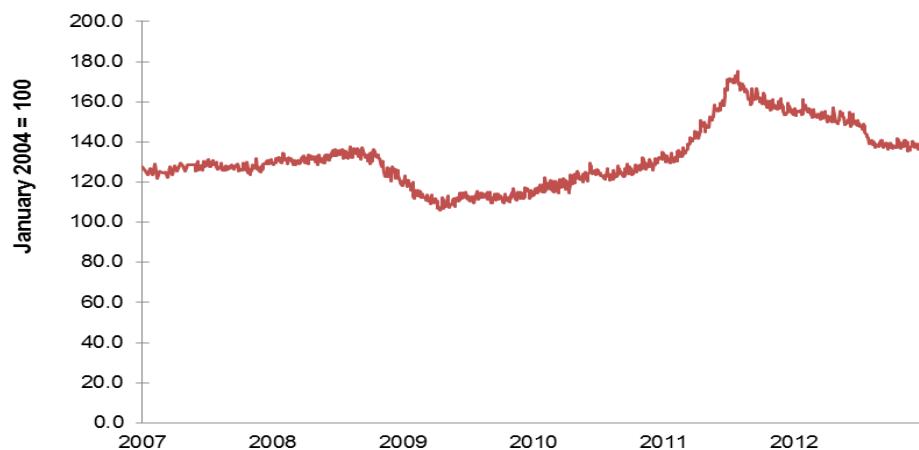
Precious metals include gold and silver. Rare earths are a group of 17 elements used in the high-tech sector, from advanced military technology to mobile phones and hybrid cars. After many decades of gold mining in the territory, the last gold mine shut down in 2004. However, increasing prices have led 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. A fourth proposed mine, Gahcho Kué, could begin production as early as 2015 or 2016.

Ownership of the NWT's diamond mines changed significantly during 2012. Anglo American finalized its acquisition of De Beers, which includes the Snap Lake mine and the proposed Gahcho Kué mine. Harry Winston announced its planned purchase of BHP Billiton's majority interest in the Ekati diamond mine and Rio Tinto, the majority owner of Diavik, continues to search for a potential buyer of Diavik. It is unclear how the changing ownership of the NWT's diamond mines may affect future operations.

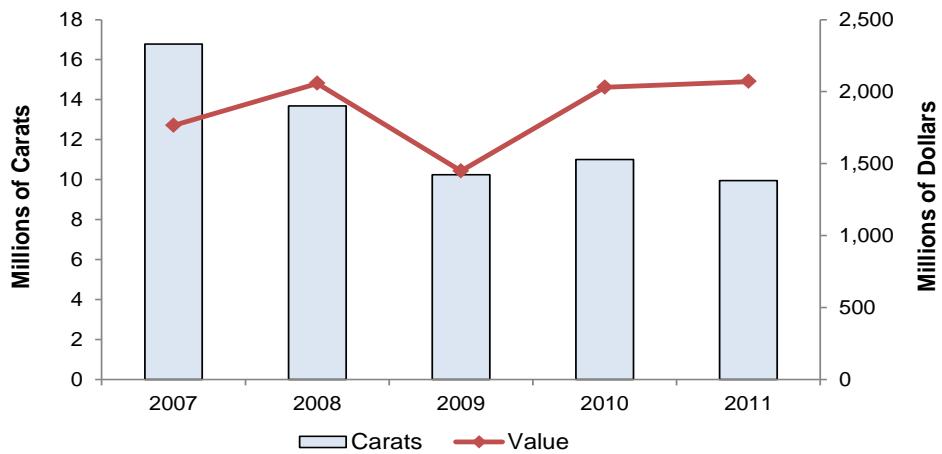
Polished Diamond Price Index



Source: PolishedPrices.com

In 2011, carat production at NWT diamond mines declined by 9.6 per cent from 2010. During the same period, the volume of ore processed declined by 1.9 per cent, reflecting a decline in ore grade consistent with the projected mine life cycles. As a result of higher prices in 2011, diamond production by value rose to \$2.07 billion from \$2.03 billion in 2010, an increase of 2.0 per cent.

NWT Diamond Shipments: Weight and Value



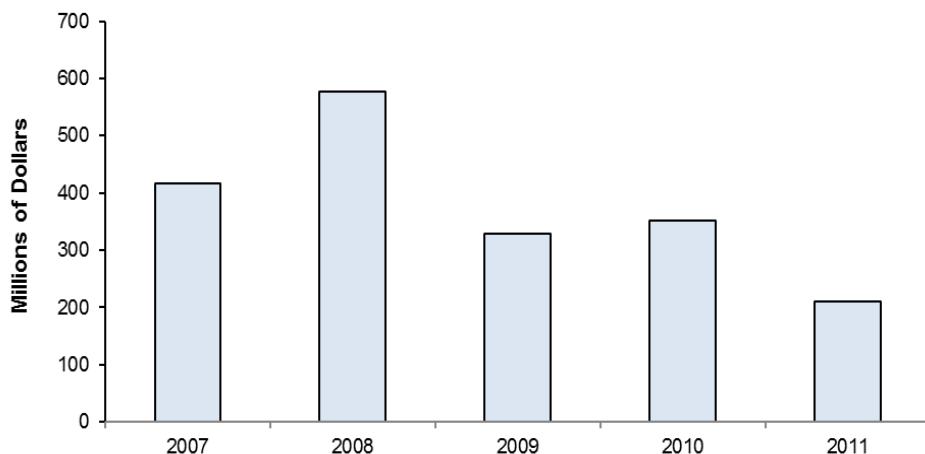
Source: NWT Bureau of Statistics and NWT Finance

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. Expenditures on oil and gas activities in the NWT decreased from \$351 million in 2010 to \$210 million in 2011, a decline of 40 per cent.

Despite the recent declines in expenditures on oil and gas production, exploration activity in the NWT is expected to increase in the near-term. The Canol shale formation, in the Sahtu region, is currently under exploration by multiple energy companies and is estimated to hold more than two billion barrels of oil. This exploration is expected to be worth more than \$600 million over the next five years.

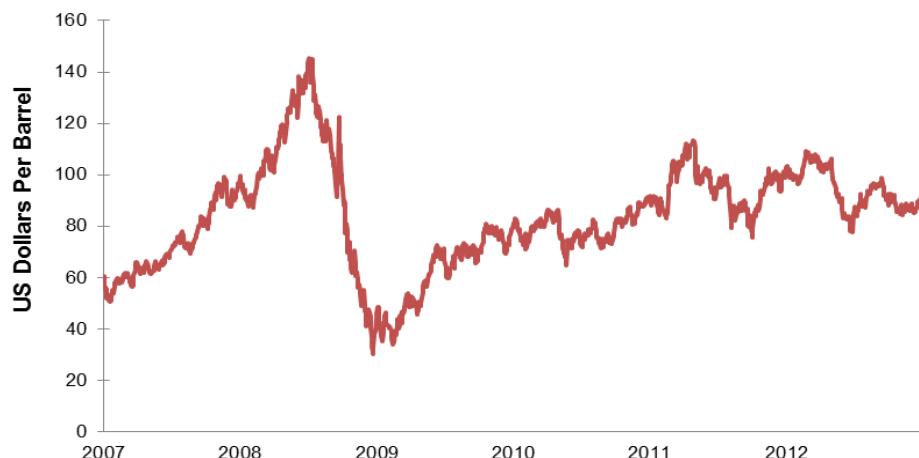
Net Cash Expenditures by the Petroleum Industry: NWT and the Arctic Islands



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 but have since recovered. Oil prices were relatively stable in 2012, with the average price declining only 0.9 per cent from 2011 to 2012.

Price of Oil: US Dollars per Barrel



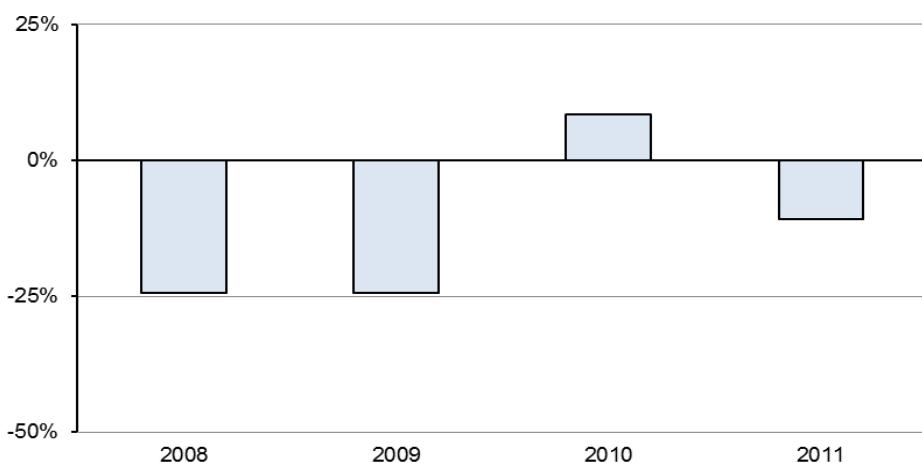
Cushing West Texas Intermediate Spot Price
Source: U.S. Energy Information Administration

Construction

The construction industry includes residential construction, non-residential construction, and engineering services. The construction sector accounted for 8.3 per cent of the territory's 2009 GDP, the latest year for which data are available.

Construction activity decreased 10.9 per cent from 2010 to 2011; it remains 44.7 per cent below 2007 levels. From 2010 to 2011 residential construction declined 13.6 per cent, non-residential construction decreased 36.8 per cent and oil and gas engineering construction fell by 49.9 per cent.

Annual Percentage Change in the Value of Construction Activity, chained (2007) dollars

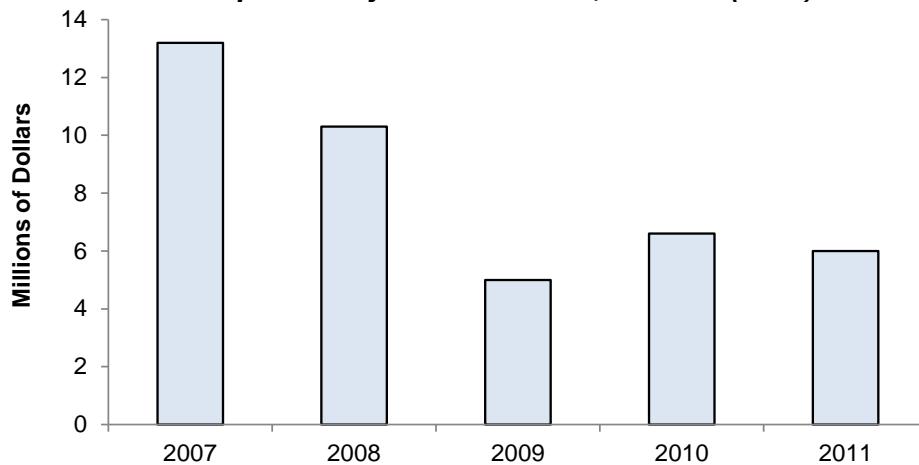


Source: NWT Bureau of Statistics and Statistics Canada

Manufacturing

The NWT manufacturing sector includes businesses such as food processors, cement and concrete producers, and jewellery artisans. The value of sales, in chained (2007) dollars, by manufacturers decreased 9.1 per cent from 2010 to 2011.

Value of NWT Shipments by Manufacturers, chained (2007) dollars



Source: NWT Bureau of Statistics

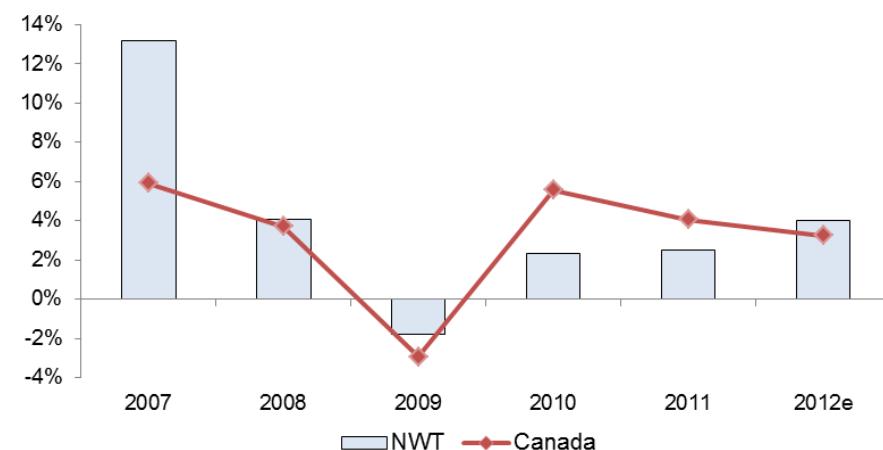
Service Industries

Service industries accounted for 59.1 per cent of NWT GDP in 2009, compared to 72.4 per cent 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

NWT retail trade sales increased by an estimated 4.0 per cent from 2011 to 2012 and estimated 2012 sales were 7.2 per cent above the 2008 pre-recession high. National retail sales increased by an estimated 3.2 per cent from 2011 to 2012 and have fully recovered from the recession, with a gain of 10.1 per cent from 2008 to 2012.

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



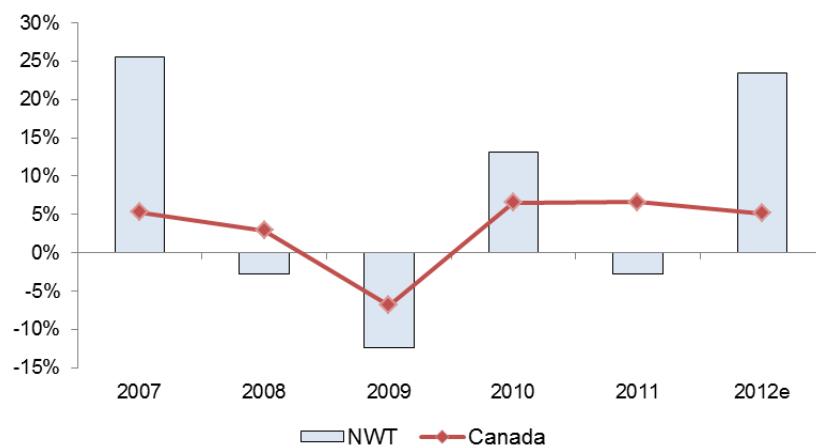
e: 2012 estimate based on January - September 2012
Source: NWT Bureau of Statistics and Statistics Canada

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 increased by an estimated 23.4 per cent from 2011 to 2012 and surpassed its 2007 pre-recession peak by 15.6 per cent. By comparison, wholesale trade in Canada increased by 5.2 per cent from 2011 to 2012.

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



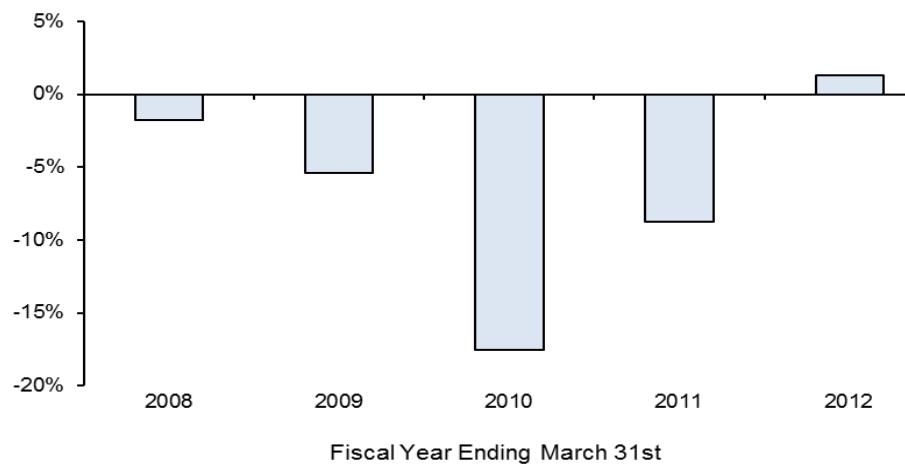
e: 2012 estimate based on January - September 2012
 Source: NWT Bureau of Statistics and Statistics Canada

Tourism

Tourism is an important part of the territory's economy with large untapped potential. Total spending by visitors reached \$99.5 million during the fiscal year ended March 31, 2012, an increase of 1.3 per cent from the previous year, despite a 1.2 per cent decrease in the number of visitors. This increase follows four consecutive years of declining visitor spending, and was driven by increases in spending by hunters, anglers, those visiting for general touring, aurora viewing and those visiting family and friends. These increases were partially offset by declines in spending by visitors seeking other outdoor adventures and business travellers.

Over the period 2007-08 to 2011-12 there was a 19.1 per cent decline in the total number of visitors to the NWT, including notable declines in those visiting to hunt, fish, general touring and for business travel. However, over the same period the NWT saw increased visits by those participating in other outdoor adventures and aurora viewing and those visiting family and friends. The total effect was a decline of 27.8 per cent in visitor expenditures.

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



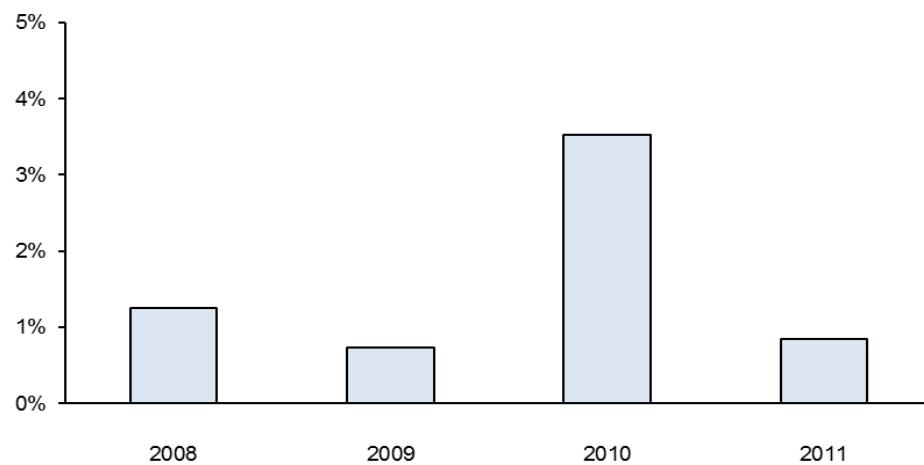
Source: NWT Industry, Tourism and Investment

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 increased by 0.8 per cent. From 2007 to 2011 public sector expenditures increased by 6.5 per cent.

Annual Percentage Change in Public Sector Expenditures, chained (2007) 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 that 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 intended to be measured against a baseline value, which is the average value of the indicator from 2005 to 2007. However, due to revisions made to Statistics Canada data, some pre-2007 data is not currently available; therefore, the majority of performance indicators are being measured against 2007 rather than baseline average for the years 2005 to 2007. These differences are noted.

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

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

In 2011 NWT real GDP was 25.2 per cent below its 2007 level.

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 2011 productivity was 24.0 per cent below its 2007 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 and economic outcomes.

In 2011 new investment was 45.0 per cent below its 2007 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 2011 employment income was 9.7 per cent above its 2007 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 2005-2007 average 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 2012 the employment rate, at 70.7 per cent, was below its 2005-2007 average 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.

The NWT's 2012 population was 0.7 per cent below its 2007 value.

Indicator 7 – Economic Linkages

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

Indicator 7a – Level of imports

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

In 2011 the inflation-adjusted value of imports was 0.5 per cent above its 2007 value.

Indicator 7b – Wholesale and retail sales

Wholesale sales are 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.

The estimated value of 2012 wholesale sales, in nominal dollars, was 32.9 per cent above its 2005-2007 average value.

The estimated value of 2012 retail sales, in nominal dollars, was 22.5 per cent above its 2005-2007 average value.

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 represents a leakage of potential consumer expenditures from the NWT economy.

In 2010 non-resident NWT labour earnings rose from an average of \$319 million from 2005 to 2007 to \$362 million, which represents an increased loss to the NWT economy of \$43 million, less the \$860,000 retained in payroll tax.

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 2011 the value of support activities for agriculture and forestry was 33.9 per cent above its 2007 value.

Oil & gas engineering construction: in 2011 the value of oil & gas engineering construction was 42.7 per cent below its 2008 value (2007 data are suppressed by Statistics Canada to meet the confidentiality requirements of the *Statistics Act*).

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 are collected through the Census of Population. The most recently available employment data from the 2006 Census is for 2005. This indicator will be calculated when the full 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

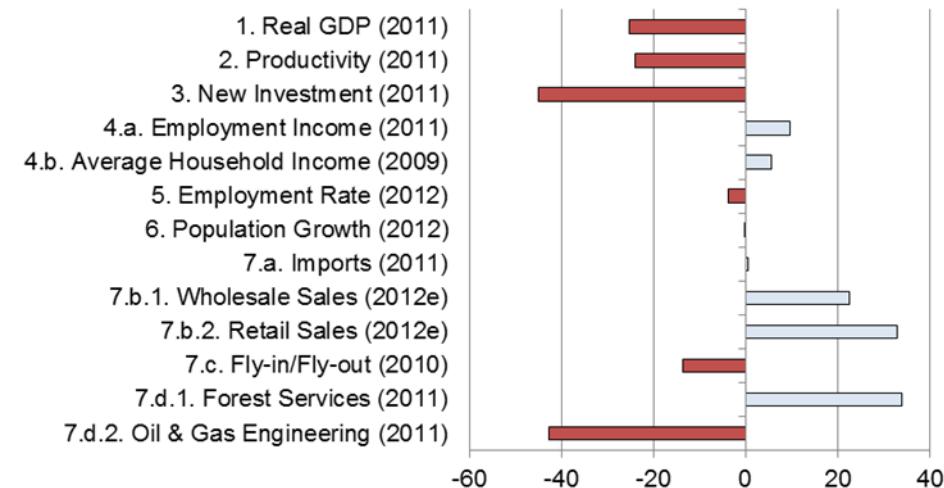
The NWT economy has been particularly hit hard by the financial and economic downturn of 2008 and 2009. Of the thirteen primary and sub-indicators measured currently, seven indicators increased in value, while the remaining six have decreased.

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 has been 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, per cent change from 2007 to most recent year



e: estimated

Source: Statistics Canada, NWT Bureau of Statistics and NWT Finance