



T ransportation

As defined by Industry Canada, the transportation and warehousing industry involves all transportation of goods and people, by all modes of transportation (road, rail, water, air and pipeline). The industry also includes warehousing and storage as well as Canada Post and courier businesses.

The industry is a major employer, accounting for up to 10% of all employment.

The industry is closely linked with NWT development. Supplying remote communities, moving workers and materials to job sites and getting products to market all require transportation.

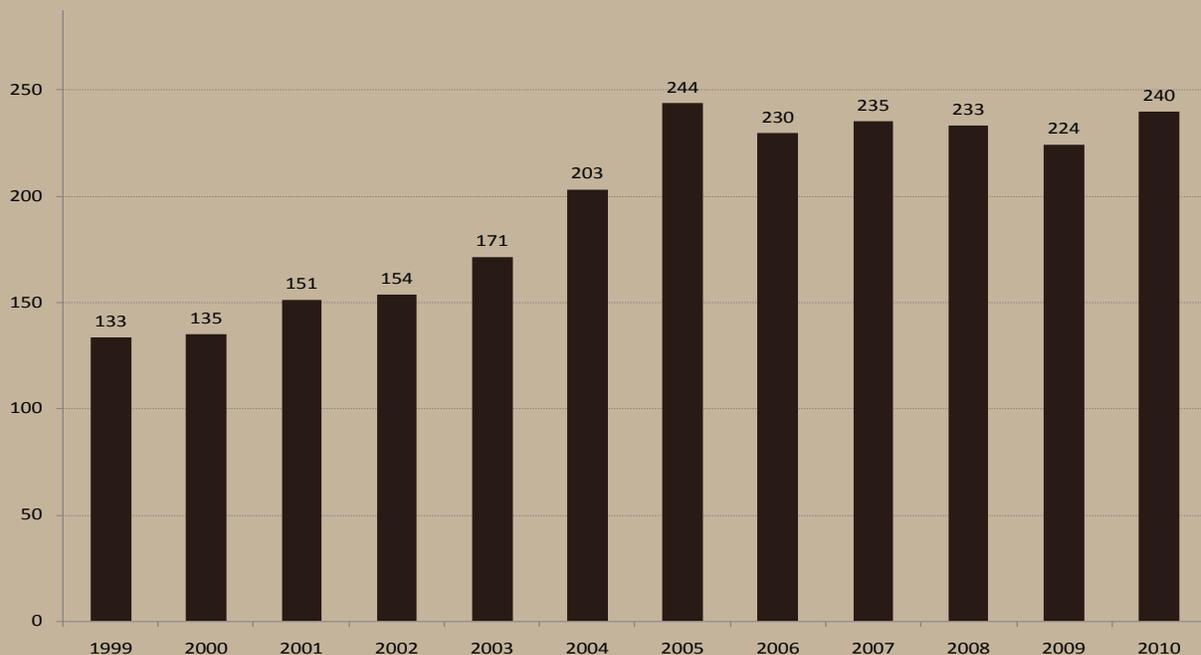
The industry has met this challenge through a combination of investment and innovation.

Many businesses within the industry are structured as

networks, with operations, sales and workers distributed over an extensive geographic area.

Chart 1 plots the industry's Gross Domestic Product (GDP), which increased 80% between December 1999 and December 2005. Since 2005, industry activity has remained relatively static.

Chart 1: Transportation GDP Since 1999 (Millions 2002 Chained \$)



Source: NWT Bureau of Statistics



NWT Transportation Industry Investment

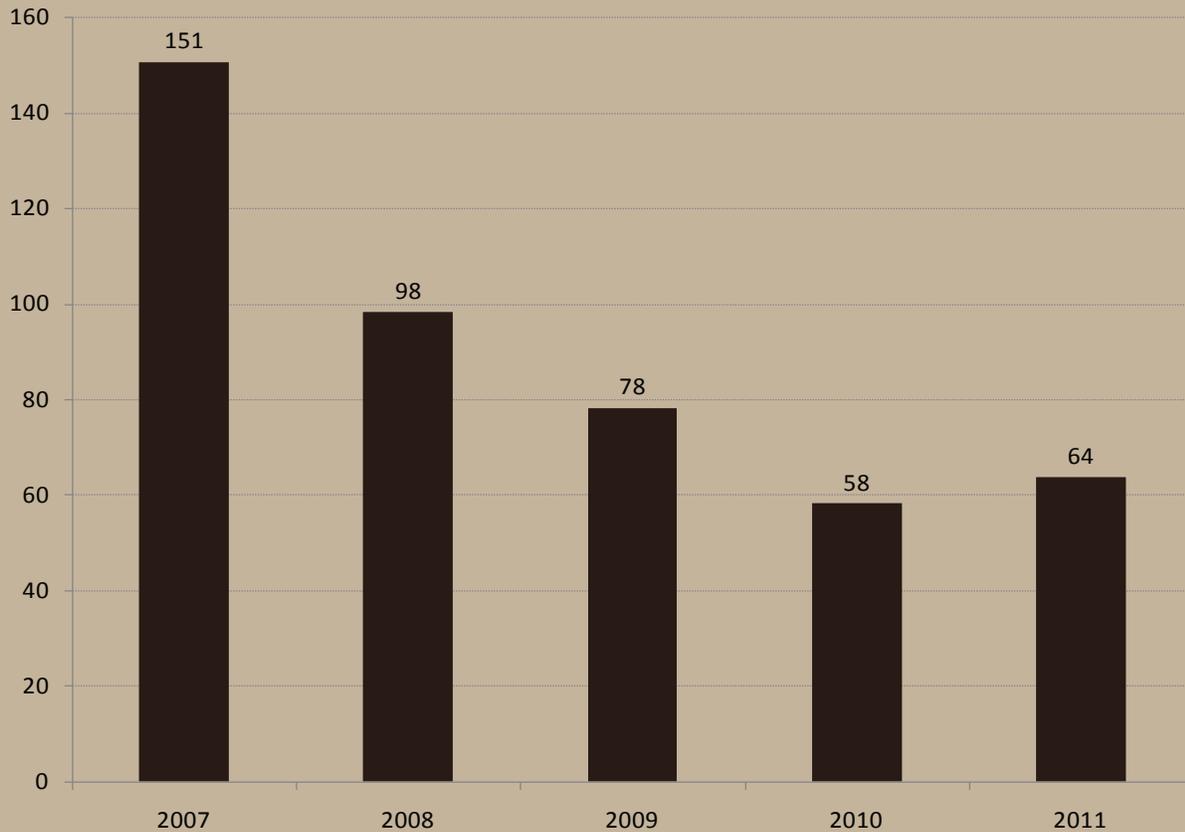
Investment

Businesses invest in order to expand or maintain sales. Investment is a measure of potential, as well as businesses' perceptions of the future. If businesses see growth potential, they will invest in new equipment or physical expansion. As shown in Chart 2,

investment in transportation has been decreasing since 2007, a period which coincides with reduced sales. Since 2007, the transportation and warehousing sector has reduced investment in the NWT by \$87 million. Or -58% over 5 years.

In 2011, planned investment in the transport and warehouse businesses was \$64 million. Investment in the industry has been declining as a percentage of the NWT total, down to 5% from 8% in 2007.

Chart 2 : Transportation and Warehousing - Capital and Repair Expenditures (\$ Millions)



Source: NWT Bureau of Statistics



Contributions of Transportation sub-sectors

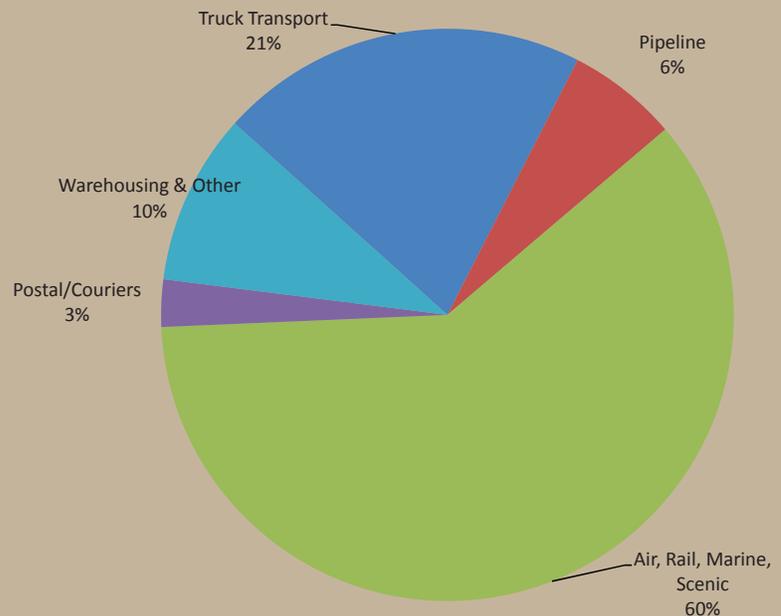
Chart 3 plots breaks down industry activity into 5 groups. Statistics Canada combines air, rail, marine and “scenic” businesses into one group, which combined represents 60% of the industry.

The second largest group is trucking, accounting for 21% of the NWT industry.

Pipelines currently represent 6%, but their share has been declining.

Warehousing and other businesses account for the remaining 10%.

Chart 3: Industry Distribution



Source: ITI Estimate



Photo: Dan Westman

Photo purchased by ITI



Transport Employment and Outlook

Chart 4: Monthly Transport and Warehouse Industry Employment



Source: NWT Bureau of Statistics

The industry is one of the NWT's largest employers, directly accounting for over 10% of employment. The industry showed considerable growth over 2000-2003, which coincided with the development of Diavik Diamond Mines. Employment continued to increase at a steady pace until 2008. Since 2008, however, industry employment has declined by more than 400 jobs.

Industry employment tends to be seasonal, peaking during June, July and August. Employment is lowest over winter months, with the exception of February, a peak month for mine and community re-supply.

Future growth will be impacted by resource development, population and investment trends. As such, industry employment is expected to remain near current levels over the next few years.