

Sectoral Outlook

2010-2012



Gaspésie—Îles-de-la-Madeleine



Service
Canada

2010–2012 Sectoral Outlook – Gaspésie–Îles-de-la-Madeleine

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Summary

According to the 2006 Census, the population of the Gaspésie–Îles-de-la-Madeleine region was 94,350 people. This is a 2.7% decrease from the previous census. Since 2006, net migration has increased, and the birth rate has risen, but the region is still dealing with a population decline. The latest forecasts from the Institut de la statistique du Québec (ISQ) indicates that the regional population will further shrink by a further 1.3% between now and 2031.

The population is aging, a trend that will accelerate in the future. As there are fewer young people, and families have left the region to find work, the gradual arrival of retirement-age baby boomers means that by 2031, seniors will make up more than a third of the population (25% in Quebec). Consequently, the working-age population is shrinking and aging. The majority is aged 45 and older.

Economic outlook

With a predominantly natural resource-based economy, the Gaspésie–Îles-de-la-Madeleine region is in a precarious situation. In addition to resource depletion, competition from economies with cheap labour, the rising Canadian dollar against the U.S. currency, higher energy costs, the lack of specialized labour and the aging population pose major challenges.

Despite a strong economic performance in recent years, the region accounts for less than 0.9% of the province's jobs even though it makes up 1.3% of the population. For a few years, the working-age population has appeared to stabilize, but the average age is higher. With an employment rate of 44%, a labour force participation rate of 52.8% and an unemployment rate of nearly 17%, the region posted the worst labour market indicators in the province.

Regional businesses are expected to feel the effects of the recession and the moderate recovery in the global economy until 2011. Consequently, weak U.S. demand for wood and shellfish, and the rising Canadian dollar are eroding the profit margins of companies in these sectors. Businesses dependent on foreign tourism could feel the combined effects of the reduced income of U.S. consumers and a stronger Canadian dollar. Measures to shrink public debt could reduce household disposable income and impact consumer services (retail trade, food services, culture, recreation and personal services).

For the next few years, wind farm construction and wind farm-related manufacturing and subcontracting will generate significant activity that will keep employment near the exceptional 2008 level. The health care and social assistance sectors will follow the upward provincial trend, but given the regional demographic context, it will not be as significant.

The regional outlook is leaning towards a modest improvement in employment, slightly above the expected growth for the province as a whole. For 2010–2012, employment is expected to grow by 0.7% annually (1% for Quebec).

Sectoral outlook

In spite of the relative importance of the service sector in the regional economy, primary industry activities still form its base. Marine and forest resource harvesting are of prime importance, generating processing activities that employ a comparable number of people.

Primary sector

The primary sector accounts for 7.4% of the region's total employment with activities concentrated mainly in the forestry and fishing sub-sectors. Natural resource extraction is seasonal, and overall employment fluctuates widely in the course of the year.

Owing to the weak economic recovery in the U.S., the rising Canadian dollar and international competition, the outlook for the fishing industry appears bleak. These troubles are compounded by marketing problems and weak competitiveness because of the industry's heavy reliance on labour.

Regional mining operations have almost disappeared. Drilling for petroleum and gas, and extracting alumina may revitalize the sector, but progress remains slow, and job creation may only occur at the end of the outlook period.

After a strong growth period spurred by favourable economic conditions, the forest industry has entered a restructuring phase, which may last for some time. In fact, structural problems coupled with economic troubles (slowdown in the U.S. housing market and a rising Canadian dollar) have exacerbated the crisis in the industry, and problems may persist beyond 2011.

Secondary sector

There is little in the way of manufacturing (6.9% of regional employment), which is mainly concentrated in two industries: wood products and seafood products. Until the end of 2011, they will remain stable or decrease. For 2012, wood product manufacturing might see an upturn. Owing to their relative importance, these two industries will negatively impact the entire manufacturing outlook. Again, the slow economic recovery, the considerable competition from countries with cheap labour, the rising Canadian dollar and increased energy costs are at the root of the ongoing difficulties faced by these enterprises.

However, because of investments in the manufacture of wind farm components in response to Hydro-Québec's



two calls for tender for the purchase of wind energy, some industries will fare better.

Tertiary sector

By 2012, the service sector will see modest growth. Demographic decline and reduced government spending will limit job creation in the areas that are the most sensitive to consumer spending and in public and parapublic services. In the latter category, health care and social assistance will fare quite well, though not as well as in Quebec overall. Wind power generation will make production services the strongest sub-sector.



Introduction

Each year, Service Canada issues medium-term employment forecasts by both industry and by occupation for Quebec as a whole and for each of its economic regions. The results of these analyses are published in a series of studies intended to provide a comprehensive overview of recent labour market developments and outlooks in Quebec and its various regions.

We hope this series of documents will interest people who are seeking labour market guidance and those who help them, including parents, educational staff and employment assistance service workers. It should also interest businesses and employer associations that want to identify human resources management issues in their industries.

This document is made up of two sections. The first part provides a synopsis of the labour market in the region, including an overview of economic developments and key labour market indicators. The second part presents sectoral outlooks by industrial groups catalogued according to the North American Industry Classification System (NAICS).



Notes on methodology

Employment estimates

Employment estimates by industry are based on data from Statistics Canada's Labour Force Survey (LFS), as this is the only reliable and ongoing source that follows employment developments in both Quebec and the regions. Since the employment level in some industries is very low in a number of economic regions, other sources of data—mainly of an administrative nature—have sometimes been used because LFS figures in these industries are unreliable. In addition, three-year (2007-2008-2009) averages are included in the statistical tables to provide a more reliable indication of employment levels.

The employment outlooks have been established for a three-year period, from 2010 to 2012. They were developed in winter 2009-2010 in co-operation with Service Canada economists working in Quebec's regions. We would also like to thank the Canadian Occupational Projection System (COPS) team, without whom we would not have had access to many of the analysis and forecasting tools that were used to carry out this study.

Industrial groups

The industrial analysis presented in this study is based on an aggregation using NAICS. Here, we provide a brief overview of the composition of each of these groups. Precise definitions of the industries are available in the NAICS published by Statistics Canada.

Primary sector

- 11 Agriculture, Forestry, Fishing and Hunting
- 21 Mining and Oil and Gas Extraction

Manufacturing sector

- 31–33 Manufacturing

When relevant, following groups are also presented.

Consumer-related manufacturing

- 311 Food Manufacturing
- 312 Beverage and Tobacco Product Manufacturing
- 313 Textile Mills
- 314 Textile Product Mills
- 315 Clothing Manufacturing
- 316 Leather and Allied Product Manufacturing
- 323 Printing and Related Support Activities
- 337 Furniture and Related Product Manufacturing
- 339 Miscellaneous Manufacturing

Resource-related manufacturing

- 321 Wood Product Manufacturing
- 322 Paper Manufacturing
- 324 Petroleum and Coal Products Manufacturing
- 327 Non-Metallic Mineral Product Manufacturing
- 331 Primary Metal Manufacturing

Investment-related manufacturing

- 325 Chemical Manufacturing
- 326 Plastics and Rubber Products Manufacturing
- 332 Fabricated Metal Product Manufacturing
- 333 Machinery Manufacturing
- 334 Computer and Electronic Product Manufacturing
- 335 Electrical Equipment, Appliance and Component Manufacturing
- 336 Transportation Equipment Manufacturing



Construction

23 Construction

Consumer services

44–45 Retail Trade

51 Information and Cultural Industries

71 Arts, Entertainment and Recreation

72 Accommodation and Food Services

81 Other Services (except Public Administration)

Production services

22 Utilities

41 Wholesale Trade

48–49 Transportation and Warehousing

52 Finance and Insurance

53 Real Estate and Rental and Leasing

54 Professional, Scientific and Technical Services

55 Management of Companies and Enterprises

56 Administrative and Support, Waste Management and Remediation Services

Public and parapublic services

61 Educational Services

62 Health Care and Social Assistance

91 Public Administration



Part 1 – Overview

Description of the area

The Gaspésie–Îles-de-la-Madeleine economic region chiefly encompasses an immense peninsula of 20,100 square kilometres that juts into the Gulf of St. Lawrence, in the eastern reaches of Quebec. It also encompasses the Magdalen Islands, which are located 215 km southeast of the Gaspé coastline and measure only 200 square kilometres in total area. The peninsula coincides with the boundaries of the following five regional county municipalities: La Haute-Gaspésie, La Côte-de-Gaspé, Le Rocher-Percé, Bonaventure and Avignon. The Magdalen Islands form the equivalent territory of Les Îles-de-la-Madeleine.

The population of the Gaspésie–Îles-de-la-Madeleine region was 94,350 in 2006. It is down 2.7% from the previous census and has decreased by 10.5% over 10 years. Net migration, which was negative between 1996 and 2003, greatly improved but did not, however, become positive. Since 2006, despite an increase in births, the area has been experiencing a negative natural increase (more deaths than births). The region is therefore facing a shrinking population, and immigration, which is nearly non-existent, cannot stop this trend. According to the ISQ forecasts, the population will continue to decline at an approximate rate of 1.3% between now and 2031. However, improved net migration will stave off a decrease until 2023, so that the greatest decreases in population will occur mainly between 2024 and 2031.

In 2006, seniors made up 17.4% of the population (14% in Quebec). In 10 years, the proportion of persons 65 years and older increased from 13% to 17%. Coupled with a low birth rate and a high out-migration of workers in the 1990s, the gradual arrival of retirement-age baby boomers suggests that in 2031, seniors will make up 38% of the population (25% in Quebec). This trend is more pronounced at the regional level owing to young people leaving the area and a higher in-migration of the 45-to-64 age group. Consequently, the working-age population (aged 20 to 64) is shrinking and aging, with the group aged 46 to 64 making up the largest group. Given that labour market participation is generally lower among older individuals, the aging population could slow growth in the labour force and in employment.

Economic environment

In the early 1990s, the regional economy underwent major structural changes and modified economic conditions that resulted in significant job losses. The recession of 1991–1992 drastically reduced employment in all sectors of the regional economy. Also at the start of the decade, the fishing and seafood product preparation and packaging industries were hit hard by the moratorium on the groundfish fishery.

There were many shutdowns in the manufacturing sector in the late 1990s. These closings were a great shock to the region and wrought havoc on the regional industrial base. Hard times continued with the end of Noranda mining operations in Murdochville and the cancellation of a gloss paper plant modernization project at the start of the new millennium. The closing of the Smurfit-Stone paperboard mill in New Richmond was the last in a series of closings of large plants owned by multinational companies.

Wind power development has revitalized the regional economy. The manufacturing of some wind farm components, the construction of wind farms, their maintenance and operations have resulted in significant job creation.

Wind power development has revitalized the regional economy. The construction of a number of wind farms, the presence in the area of a rotor blade manufacturer and the development of wind energy-related activities in other companies have stimulated the labour market. The construction of wind farms stemming from Hydro-Québec's second call for tenders to purchase wind energy will maintain employment in this sector until 2015. A new plant manufacturing electric converters may even be opened in New Richmond by the end of 2010. The maintenance and operation of wind farms have resulted in many jobs being created in production services. Other farms to come will increase their number.



Despite the economic activity created by the development of the wind energy industry, a number of economic and social difficulties remain, limiting opportunities for regional economic growth. The regional economic base lacks diversity and has a strong seasonal component. Regional businesses are quite far away from their markets and distribution centres. In addition, the region must deal with an aging and declining population, poor labour market indicators, levels of education lower than the Quebec average and a low personal disposal income per capita.

Since the low point of 1992, the local labour market has created jobs at an average rate of 1.0% per year. Consequently, the region has recovered from job losses following the recession in 1991 and the groundfish moratorium. This performance is especially noteworthy, as employment increased despite a significant decline in the population. Nevertheless, the annual growth was much lower than the Quebec average of 1.4%. As a result, the gap has been widening and, although the region has 1.3% of Quebec's working-age population, it holds only 0.9% of jobs. These figures reflect the weakness of the region's economy. The labour market indicators paint a less-than-enviable picture of employment in the region, which ranked last in the province for all labour market indicators.

Labour market indicators

In spite of the recession, overall employment in 2009 was relatively positive.

In spite of the recession, overall employment in 2009 was relatively positive. Of course, there were 1,300 fewer people employed than in 2008, but the 35,100 employed was similar to the 2007 figure, and 1,800 more than the average for 2004–2006. The impact of the recession had a greater effect on labour force participation. In fact, it appears that the poor economic climate discouraged the unemployed from looking for work, causing a drop in the number of unemployed and the unemployment rate. The aging of the regional population is being felt in the labour market. In fact, half of the labour force was over 45 years of age and accounted for the same percentage of employment. In the province, this proportion was 40%.

Table 1

Key Labour Market Indicators, 2007–2009				
Gaspésie–Îles-de-la-Madeleine Region				
	2007	2008	2009	2007–2009
Population 15+ ('000)	80,900	80,800	80,800	80,800
Labour force ('000)	42,300	44,000	41,600	42,600
Employed ('000)	35,000	36,400	35,100	35,500
Unemployed ('000)	7,300	7,600	6,500	7,100
Unemployment rate (%)	17.3	17.3	15.9	17.0
Participation rate (%)	52.3	54.4	51.5	52.8
Employment rate (%)	43.3	45.0	43.5	44.0

Source: Statistics Canada, Labour Force Survey
Data compiled by Service Canada

Population 15 years of age and over

In 2009, the population aged 15 years and older was 80,800, a number similar to the previous year. After dropping dramatically for seven consecutive years (1994–2003), and losing 7% of its workforce, it posted modest gains (annual average growth rate of 0.5%) until 2008. The growth in the last few years has been positive for the regional labour market, as it helped to stabilize the pool of potential workers.

However, a breakdown of the estimates by age group shows that only the workforce aged 45 and over is increasing. This reflects the fact that over the past decade, the structure of the working-age population has undergone significant changes: the 45-plus age group is

now the largest contingent (64%). The causes for the aging of the working-age population are many: the overall birth rate is lower than the Quebec average, net migration shows a high level of out-migration in the 15-to-29 age group and a very high level of in-migration in the 45-to-64 age group, and the labour market has few job openings for graduates with specialized post-secondary degrees.

Labour force

There were 41,600 people in the regional labour force in 2009. This constitutes a significant year-over-year decrease of 5.5% (-2,400). As a result, the participation rate dropped markedly to 51.5%, a decrease of nearly 3 percentage points year over year. Across Quebec, the participation rates have been increasing since the late 1990s and have exceeded the levels of the late 1980s. The provincial participation rate was 65.3% in 2009. The participation rate of the Gaspésie–Îles-de-la-Madeleine region was the lowest in Quebec and the second lowest in Canada. The participation rate in 2008 was the highest level since the start of this time series (1987).

The 45-to-64 age group now accounts for 50% of the labour market. This shift has had an impact on the regional labour market.

An analysis of the labour force by age group shows that there has been a shift in the workforce to the 45-to-64 age group. In fact, this group, which accounted for about 30% of the labour force in 1997, now accounts for 50%. Aging occurred faster here than in the province as a whole. In Quebec, this group represents only 39%, compared with 30% in 1997.

An older labour force has consequences for the regional labour market. On the one hand, participation among the 55-plus age group generally tends to drop for health reasons or due to an interest in taking more time off. On the other hand, their professional and technical skills may no longer be in tune with new market needs.

The number of women in the labour force fell to 20,200. Women now account for 48.6% of the labour force. There has been a 7 percentage point increase in 20 years.

Employed and unemployed

In 2009, the number of employed was 35,100, a decrease of 3.6% (-1,300) year over year. The employment level in 2008 was the highest on record since the early 1990s, and the second highest level since the data started being published. Across Quebec, there were 37,500 fewer people employed, a decrease of 1.0%.

The employment rate or the employment/population ratio gives us an idea of the number of working-age people in the region with a job. In 2009, the regional employment rate was 43.5%. That is 1.6 percentage points lower than in 2008, and much lower than the Quebec rate of almost 60%.

In 2009, the 45-to-64 age group held 16,400 jobs in the region or 48% of jobs, which represents an increase of 30% over 10 years. The regional workforce has therefore aged in the past decade; those aged 45 and over now hold 50% of the jobs, as opposed to less than 30% in 1999. This significant numerical rise among the 45-plus age group results chiefly from the effects of an aging population on the age group structure.

Another sign of the recession is that the number of people working full time fell by 7% to 28,300, which accounts for 80.6% of workers. With 1,500 fewer full-time jobs in this period, the highest drop was among women (-10%), while part-time employment increased by 13% to 6,800.

Because there was a greater decline in the labour force than in employment, the number of unemployed decreased by 1,100 in spite of the recession. This is a fairly typical trend in hard economic times. In fact, when faced with these difficulties, many unemployed withdraw from the labour force because they think that they have little chance of finding work. There were 6,500 people on average looking for employment in 2009. The unemployment rate was 15.9%, 1.8% lower than in 2008. That is the lowest unemployment



rate since Labour Force Survey estimates started being published. The regional unemployment rate remains the highest in Quebec and the fourth highest in Canada.



Part 2: Sectoral outlook

Overview

Industrial structure

A brief look at the region's industrial base shows that the service sector predominates. With a weight greater than 80%, service sector activities seem to play an even larger role here than in the province overall. As the primary and manufacturing sectors are highly seasonal in the region, some industries operate only three or four months of the year, and their job numbers fluctuate widely depending on the time of year. During peak periods when economic activity is at its maximum, the relative weight of these two sectors can account for one quarter of regional employment.

Table 2

Employment Breakdown and Outlook for Selected Industry Groups					
Gaspésie–Îles-de-la-Madeleine Region					
	Average for 2007–2009			2010–2012	
	Level ('000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
All Industries	35.5	100.0%	100.0%	0.7%	1.0%
Primary	2.6	7.4%	2.4%	0.0%	0.3%
Manufacturing	2.4	6.9%	14.0%	0.3%	0.4%
Construction	1.8	5.0%	5.4%	1.2%	1.3%
Services	28.6	80.6%	78.2%	0.8%	1.1%
Consumer services	10.7	30.0%	27.6%	0.6%	1.0%
Production services	5.9	16.7%	26.0%	1.1%	1.6%
Public and parapublic services	12.0	33.8%	24.7%	0.8%	0.8%

Source: Service Canada, Quebec Region
 Historical estimates based on Statistics Canada's Labour Force Survey
 (see Notes on Methodology)

Since the start of the 1990s, the size of the primary sector has been continually decreasing to the service sector's advantage.

The primary sector accounts for just over 7.4% of total employment in the region, three times the percentage for Quebec overall. Its size has steadily declined nearly four percentage points since the early 1990s. The harvesting of natural resources, particularly marine and forest resources, plays an important role and generates comparable resource processing activities.

Accounting for 6.9% of employment, manufacturing is under-represented in the region and has decreased in the past few years. Its share of employment was approximately 9.5% until the late 1990s. Seafood product preparation and packaging and wood product manufacturing account for nearly two thirds of the activity in this sector.

As is the case elsewhere in Quebec, the largest share of regional jobs is in the service sector. Jobs in this sector are found mainly in retail trade, educational services, accommodation, food services, health care and social assistance. Because of its size, the service sector largely determines the region's employment growth rate.



Outlook

The deep economic recession that just ended resulted in a marked deterioration in labour market conditions in the economies of all OECD member countries, which posted sharp decreases in economic activity. As a result, in 2009, the gross domestic product of OECD member countries decreased by 3.3%. For eurozone countries, the decrease was 4.1%, and in the United States, it reached 2.4%. In Canada, economic activity fell by 2.7%.

Economic recovery has been slow, and a number of clouds persist on the horizon. The various countries have implemented economic recovery measures that have almost all run their course and whose economic impact will soon come to an end. Although private-sector investments will have to pick up the slack, not all the conditions for private-sector investment are in place: industries have excess production capacity, and investor confidence is low.

In the United States, the job market was particularly hard hit. Job creation remains weak and has fluctuated erratically since the beginning of 2010. This should have an impact on the incomes and consumption of goods and services of our main trading partner. Canadian exports bound for the United States and firms that rely heavily on U.S. tourists will suffer as a result. Furthermore, lower demand for Canadian goods has kept prices low.

Owing to the high levels of debt of some European countries, the prospects for economic recovery appear more precarious across the Atlantic than in North America. However, given the low trade volume between Canada and Europe, the situation in Europe is of little consequence to the Canadian economy. If the problems in Europe worsen, confidence could waver, and the prospects of global recovery could be called into question. For the time being, troubles in Europe have been somewhat good news for Canadian exporters, as they have propped up the U.S. dollar, considered a safe haven in relation to other currencies. Financial uncertainty caused by European sovereign debt has caused investors to seek safe havens for their investments to protect themselves against a financial crisis or highly depressed markets.

The rising Canadian dollar in relation to the U.S. greenback has reduced the competitiveness of Canadian companies and lowered exports. Tourism-dependant firms have also been affected by fluctuations in the Canadian dollar. Throughout 2009, the value of the Canadian dollar rose to reach near parity with the U.S. dollar in early 2010. In spite of the recent drop in the value of the Canadian dollar, forecasts indicate that it will rise to near parity by the end of 2010 and then gradually dip to \$0.93 by the end of 2011.

The wood product manufacturing and seafood product preparation and packaging industries may continue to bear the brunt of declining U.S. demand and a strong Canadian dollar.

Companies in the region may continue to feel the effects of the recession and the slow recovery of the U.S. economy. Weak U.S. demand is harmful to export companies in the region. Market prices are eroding their profit margins. The strong Canadian dollar also makes Canadian goods less competitive than those from developing countries. This is particularly the case for companies in the wood product manufacturing and seafood product preparation and packaging industries.

Governments have increased deficits to stimulate the economy and mitigate the effects of the recession. Federal and provincial debt increased sharply. In the short term, governments will have to limit their spending and implement tax measures that may curb household consumer spending. In its most recent budget, the government of Quebec also announced an increase in the QST, a gas tax, a new contribution for health care services, as well as an increase in electricity rates. The reduction in public and household consumer spending may have an impact on consumer service companies (retail trade, food services, culture, recreation and personal services). The return to balanced budgets by governments could also result in a reduction in the overall size of the public service, causing job losses in the region.

The region's population is shrinking, which will result in reduced demand for products and services in the region. In addition to consumer service businesses, which will have fewer customers, the public administration sector will also see a reduction in its client base. As



The shrinking and aging population will reduce the volume and change the needs of customers of service sector companies, which will have to adapt.

the population ages, the demand for products and services could change, which may create new business opportunities for companies and careers for workers.

The shrinking and aging working-age population is a major issue for the regional labour market. The Gaspésie–Îles-de-la-Madeleine region posted the highest unemployment rate in Quebec, and a high proportion of its population is no longer active in the labour force. In spite of this, the region has a large pool of potential workers, while other regions will be faced with a dwindling number of workers in the future.

Projected employment growth for 2010–2012 is 0.7%, which is expected to lead to 750 new jobs, mainly in the service sector. This growth rate is lower than the Quebec average of 1%. However, given the relative stability of the region's population, this is a very significant rate of employment growth, which should remain relatively steady over the next three years. For Quebec as a whole, 118,500 new jobs are forecast, that is, twice as many in 2012 as in 2010.

Primary sector

Nearly 75% of the jobs in this sector are concentrated in two industries: forestry/logging and fishing. Crop and animal production account for a small portion of activity in the sector. Animal production includes aquaculture-related activities (aquatic plants, shellfish, fish farming, etc).

Mining now accounts for only a tiny share of employment in the sector. In the early 1990s, because of copper mining in Murdochville, mining employed an average of 1,300 workers per year. Since the closure of the copper mine in 1999, there are approximately 400 people working in the sector, half of whom mine salt on the Magdalen Islands. Some workers hold jobs outside the region.

Since the early 1990s, the primary sector has been steadily declining in terms of employment. The forestry and logging industry has posted outstanding employment growth until just recently. Since 2006, its employment has decreased.

Because of the highly seasonal nature of natural resource harvesting activities, employment in this sector fluctuates widely depending on the time of year. At the July peak, it can account for nearly 15% of employment, while during the slowest time of year, it may account for only 5%. In the 2007–2009 period, there were about 2,600 jobs in the primary sector on average annually. That is not representative of the number of people who worked in the sector, but rather an estimate of the average number of annual jobs that the sector generated through its activities.



Table 3

Employment Breakdown and Outlook in the Primary Sector					
Gaspésie–Îles-de-la-Madeleine Region					
	Average for 2007–2009			2010–2012	
	Level (‘000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole primary sector	2.6	7.4%	2.4%	0.0%	0.3%
Agriculture	0.5	1.3%	1.6%	0.6%	-0.3%
Forestry and logging	0.8	2.2%	0.4%	0.4%	0.0%
Fishing, hunting and trapping	1.0	2.9%	0.0%	-0.9%	1.9%
Mining	0.4	1.0%	0.4%	0.8%	2.5%

Source: Service Canada, Quebec Region
 Historical estimates based on Statistics Canada's Labour Force Survey
 (see Notes on Methodology)

For 2010–2012, the projected employment growth for the entire primary sector is nil. The shaky global economic recovery, the strong Canadian dollar and the state of fishery resources are negative factors for both principal industries in the sector, and they will limit the overall growth outlook for the primary sector.

Agriculture

Crop and animal production (not including aquaculture) account for about 85% of the jobs in the regional agricultural industry. According to the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec, farming is mainly concentrated in three areas: horticulture (chiefly market gardening and vegetable crops), beef cattle and dairy cattle. Family workers hold nearly two thirds of the jobs. There are approximately 275 small farms where extensive agriculture is practised in the Gaspé–Îles-de-la-Madeleine region.

Inexpensive farmland of good agricultural and environmental quality is available in the region. The establishment of new small family farms and the expansion of existing farms will create new jobs in the industry.

Aquaculture activities employ about 15% of agricultural workers. This industry is still in its infancy, and the quantities produced do not generate many jobs yet. In Quebec and in the region, mussel farming is the largest sub-sector, and it has experienced strong growth because of enhanced production techniques. In fact, production has been increasing by 25% to 30% a year. Most of the regional production is sold on the domestic market. The production from the Magdalen Islands is sold to producers on Prince Edward Island, the main provincial producer of mussels.

Quebec and the Gaspésie–Îles-de-la-Madeleine region are small players in the mussel market. However, there has been a sharp increase in demand in Canada and the United States, the region's main export market, and access to new production sites in Prince Edward Island is limited, so this could benefit producers in the region. Commercialization (processing and marketing) will be the mussel industry's main challenge in the coming years.

In the short and medium terms, the aquaculture industry is expected to expand in the region and in other Quebec maritime regions. Through Canada Economic Development, the Société de développement de l'industrie maricole received a \$4-million loan to create the Aqua-Mer investment fund. The loan may generate investments in the region and job



creation in this industry. Farmed-scallop production continues to develop and should create a few jobs between now and 2012.

Growth forecasts for 2010–2012 for agriculture (including aquaculture) are somewhat positive (0.6%) because of the growth potential of organic farming and traditional regional and aquaculture products.

Forestry and logging

Logging takes place almost everywhere on the Gaspé Peninsula, and about 20% of the forests are privately owned. There is no logging on the Magdalen Islands. Logging accounts for 2.2% of regional jobs, compared with 0.4% in the province. From the end of the 1990s to 2004, in spite of several setbacks, such as reductions in the allowable cut, the closing of a pulp and paper mill and the softwood lumber dispute, employment levels increased (35%), but since 2006 have slipped again.

In the early 2000s, the region was subject to a 20% reduction in the allowable cut on two separate occasions. The first reduction was partly offset by the redistribution of wood from the Gaspésie pulp and paper mill, which closed in 1999, and thus did not affect employment levels.

Socio-economic players in the region turned to silviculture to provide employment for workers laid off in the wake of mill closings or slowdowns. This initiative helped to maintain a high level of employment in the first decade of the new millennium.

The Canada–U.S. softwood lumber dispute did not appear to have too much of an effect on employment. Strong U.S. demand for softwood continued, and the rising Canadian dollar against the greenback did not overly reduce the competitiveness of the Quebec forestry industry.

In 2008, application of the findings from the Coulombe Report (Bill 71) resulted in another reduction in the allowable cut. The second reduction occurred when the wood product manufacturing industry was grappling with serious economic setbacks (a slowdown in U.S. construction, a dwindling Quebec pulp and paper industry and a rising Canadian dollar), which led to a decline in demand for Quebec wood (for further details, see the section on resource related-manufacturing).

The current economic climate is unfavourable to a quick recovery in the wood product manufacturing industry, and by extension, to a recovery in logging activities. The financial crisis has limited access to financing for modernization and industrial diversification projects. The recovery in housing starts in the United States has been very slow, thus keeping softwood lumber prices low. In addition, the Canadian dollar remains almost at par with the U.S. dollar and may remain high until the end of 2011. However, as employment is at its lowest level, a slight upturn of 0.4% is expected for the last year of the 2010–2012 outlook. In Quebec, employment is expected to remain stable (0%).

Fishing

Commercial fishing employs nearly 3% of workers and provides almost as many jobs in fish and shellfish processing plants (for further information, see section on consumer-related manufacturing). Activities are seasonal, and the season is shorter because of the decline in groundfish stocks in the early 1990s. In fact, the groundfish fishery has been replaced by the valuable shellfish (crab and lobster) fishery, which has resulted in a shorter fishing period for fisher-helpers, as the shellfish season is shorter.

In 2009, the region's combined commercial fisheries¹ accounted for approximately 77% of the total landed volume and value of Quebec's entire fishing industry (\$118.3 million). The

¹ For Fisheries and Oceans Canada, the Gaspé marine sector includes the municipalities of the Bas-St-Laurent economic region, namely, the municipalities between Le Bic and Les Méchins. The Magdalen Islands are a separate sector. For the purposes of this section, the term Gaspé or Gaspésie–Îles-de-la-Madeleine refers to a geographic entity that is larger than that considered in the other sections.



Gaspé industry accounted for 65% of the landed volumes and 50% of the value. Approximately 12% of Quebec's total landed volume is carried out in the Magdalen Islands. This represents \$37 million, or 27% of Quebec's total landed value.

Shrimp is by far the main species landed in the Gaspé (55% of total landed volume), and it generates more than one third of the landed value in Quebec and about 37% of landed value in the region. Shrimp is not fished in the Magdalen Islands.

Lobster accounts for about a third of landed value and represents 7.5% of total landed volume in the Gaspésie–Îles-de-la-Madeleine region. This species represents 70% of total landed value in the Magdalen Islands.

Crab ranks second both in terms of landed volume (about 18%) and value (26%). The groundfish fishery generates only 9% of landed value and a similar proportion of landed volume.

Recently, the fishing industry has been hit by hard times. The 2008 and 2009 seasons were particularly difficult for shellfish (lobster, crab and shrimp) fishers. U.S. demand for shellfish, considered luxury products and usually enjoyed in restaurants, has fallen.

The fishing industry has been experiencing hard times. The 2008 and 2009 seasons were particularly difficult for shellfish (lobster, crab and shrimp) fishers. The price of fuel accounts for about 12% of the operating costs of some fishing businesses, so sharp increases in the price of a barrel of oil have eaten away a fair share of their profits. On that subject, 2009 proved less disastrous for fishers.

The recession has resulted in reduced demand for shellfish, which are primarily considered luxury products and usually enjoyed in restaurants, and market prices have dropped significantly. The strong Canadian dollar against the greenback has had repercussions on the competitiveness of Quebec seafood products. In addition, as the selling price on U.S. markets is in U.S. dollars, conversion to Canadian currency has further diminished the price offered by seafood product processors to fishers.

Owing to the resource conservation measures implemented (minimum harvest size and licence retirement), lobster quotas remain stable. In 2009, however, minimum harvest size had a negative impact on lobster fishers in the region, as the market was flooded with small lobsters from the Maritimes. In contrast to Quebec lobster fishers, their Maritime counterparts are not subject to a minimum harvest size. The presence of the small-sized lobsters brought down prices on the Quebec market.

In 2009, crab fishers fared relatively well. Although prices were down, supply was abundant. Crab just recently entered a downward phase in the species' natural cycle. Over the next few years, the biomass should continue to gradually decline until it reaches a low. The next few years will be bleak for the crab industry. In this respect, 2010 was a particularly disastrous year for fishers in the region's largest fishing area, faced with a 63% reduction in the total allowable catch of snow crab.

Despite abundant stocks, the shrimp fishery has not had any good seasons. Landing prices remain low, resulting in razor-thin profit margins for shrimp fishing businesses. The shrimp industry is dealing with low market prices resulting from oversupply and stiff competition. However, in light of the situation of the other two shellfish, shrimp fishing looks as though it may fare better in the years to come.

There has been no cod fishing since 2009 as a result of the third moratorium on cod fishing in the southern St. Lawrence. Fisheries and Oceans Canada did not indicate how long the moratorium would last. Some 120 fishers have been affected to varying degrees by this measure.

The outlook for 2010–2012 indicates few chances for improved profitability in this sector. The industry's troubles will continue, and it may take some time to implement the proposed measures to mitigate the crisis, such as lowering production costs, improving marketing and commercialization and building on new environmental (eco-labelling) and health (Omega 3) trends. The resurgence of consumer spending by U.S. households is taking longer than expected, which should limit the demand for seafood products and keep prices



low until 2011. For these reasons, negative employment growth of about 0.9% is forecast for the fishing industry.

Mining and oil and gas extraction

About the only mining in the region consists of salt extraction on the Magdalen Islands, where the Seleine mine employs about 200 workers. Since 2008, a limestone quarry has been in operation in Gaspé, and the conglomerate is shipped to Florida. Several projects are being developed and could result in a significant increase in employment in this industry. However, as their completion is uncertain or may occur beyond the outlook period, they have not been factored into the employment outlook.

After conducting exploration projects in 2008 and drilling operations in 2009, Pétrolia is apparently ready to tap an oil deposit near Gaspé and continue its activities in the region. Pétrolia would like to produce 5% of Quebec's petroleum consumption by 2014. Junex has already recovered light crude oil and natural gas from its Galt wells. The estimated reserves appear considerable, and work is still under way. In the coming years, exploration projects and drilling operations are expected to continue, and petroleum production could begin between now and the end of 2012. Some 50 people work in oil extraction either in or outside the region.

Exploration Orbite plans to extract one tonne of alumina from an aluminous clay deposit in the region and is expected to employ about 30 people in 2011. This number may triple if the extraction process proves successful.

By the end of 2010, Exploration Orbite will complete construction on its pilot plant in Cap-Chat. In 2011, the company intends to extract a tonne of alumina from the aluminous clay deposit at Grande-Vallée. The Alouette aluminum smelter, a financial partner, will purchase alumina from the pilot plant. By the start of 2011, the company is expected to employ about 30 people. When the extraction process has been tried and tested, a commercial plant will take over from the pilot plant and may create more than 100 jobs. However, the second phase is not included in the current forecast.

In the 2010–2012 period, employment growth should be positive (0.8%) in the mining, oil and gas extraction industry owing to aluminous clay extraction activities and those involving exploration of petroleum and hydrocarbon production capacity. If these activities make it to the commercial phase, employment gains will be more significant.

Manufacturing sector

The manufacturing sector accounts for 6.9% of regional employment, compared with 14.0% province-wide. The sector's activities consist mainly of harvesting natural resources, either from the forest or ocean. Seafood product preparation and packaging and wood product manufacturing companies employ 70% of the workers in the manufacturing sector.

As has been the case across the province, the size of the manufacturing sector has been decreasing over the past two decades. In the early 1990s, the sector accounted for over 12% of employment in the region.

For 2010–2012, the employment growth outlook for the manufacturing sector is a modest 0.3% increase annually, almost identical to the rate for Quebec. This weak employment growth is partly due to problems in the food, beverage and tobacco product manufacturing industry (seafood product preparation and packaging) which, because of its size (54%), has a strong impact on total employment growth in the manufacturing sector.

Consumer-related manufacturing

Consumer-related manufacturing, which accounts for 4.1% of employment, is under-represented compared with its percentage of employment in Quebec as a whole (5.2%). According to our estimates, about 1,500 people work in companies in this sub-sector, which in the past employed more regional workers. In fact, the average number of jobs during the 1990–1992 period was approximately 2,300.



The food and drink industry employed over 86% of workers in this sub-sector, mostly in fish and shellfish processing and packaging plants. There was a decrease in employment in this industry group in the most recent period. In the early 1990s, this industry alone employed over 2,000 people. After that, employment dropped steadily until it stabilized at around 1,500 in the late 1990s, and then started to drop again in 2001. The replacement of the groundfish fishery, which has a long fishing season and value-adding processing activities, with a shellfish fishery, which has a shorter harvesting season and involves less processing, has reduced the number of jobs in this industry.

The operations of these businesses are seasonal and extend from the opening to the closing of the various fishing seasons. The operations of businesses that specialize in a single species are usually much shorter. Very few plants have succeeded in diversifying their production enough to operate year-round. For the past two years, several plants have been trying to extend their operating period by purchasing products from the Maritime provinces or the United States.

Fish and shellfish processing and packaging plants must come to grips with the rising Canadian dollar and increased competition from Asia and South America on the fish and shellfish export markets.

Fish and shellfish processing and packaging plants must come to grips with the strong Canadian dollar and increased competition from Asia and South America on the fish and shellfish export markets.

In the 1990s, Canada ranked second in the world for fish and shellfish export value; however, it has since fallen to seventh place. Resource depletion and strong growth in aquaculture production in Asia are the reasons for this drop. According to Statistics Canada, the percentage of Quebec imports in fish, shellfish and mollusks, and other aquatic invertebrates from Asian countries jumped from about 30% to 50% in 10 years. In that period, annual imports from China and Vietnam grew 15% and 41%, respectively. In South America, Chile, with an annual average growth rate of over 50%, increased its share from less than 1% to 16%.

Over this period, Quebec exports from fish and shellfish processing and packaging plants gradually shifted to one major market. Until the beginning of the 2000s, exports were shipped to three markets: the United States (60%), Japan (20%) and Europe (15%). The U.S. market now receives more than 80% of the exports of Quebec plants. Japan, the second market of destination, receives just 6% and Europe 8%. The concentration of exports to the U.S. market has compounded the pressure resulting from a strong Canadian dollar on the regional seafood processing industry.

The industry's problems are exacerbated by weak domestic demand, which cannot offset shrinking foreign markets. Competition from low-wage countries, heavy reliance on the U.S. market, where economic growth may be weak over the next few years, and the high exchange rate are factors reducing the profitability of seafood product processing companies.

Consequently, employment levels are expected to remain stable for 2010–2012. Stepped-up development of secondary and tertiary resource processing activities and the processing of new species may give job growth a slight boost. Narrow profit margins for processors and the seasonal nature of processing operations may inhibit investment in upgrades or R&D.



Table 4

Employment Breakdown and Outlook in the Manufacturing Sector					
Gaspésie–Îles-de-la-Madeleine Region					
	Average for 2007–2009			2010–2012	
	Level (‘000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Manufacturing sector	2.4	6.9%	14.0%	0.3%	0.4%
Consumer-related manufacturing	1.5	4.1%	5.2%	0.0%	-0.1%
Food, beverages and tobacco	1.3	3.6%	2.0%	0.0%	0.9%
Printing and related activities	0.1	0.2%	0.7%	N/A	-1.6%
Miscellaneous manufacturing	0.1	0.3%	0.6%	N/A	0.6%
Resource-related manufacturing	0.5	1.3%	3.0%	1.6%	0.1%
Wood products	0.4	1.0%	1.0%	2.0%	0.4%
Non-metallic mineral products	0.1	0.2%	0.4%	1.3%	1.5%
Investment-related manufacturing	0.5	1.4%	5.8%	0.8%	1.0%
Plastics and rubber products	0.2	0.6%	0.9%	1.1%	0.4%
Machinery	0.1	0.4%	0.6%	N/A	1.0%
Transportation equipment	0.1	0.3%	1.4%	1.3%	1.1%

Source: Service Canada, Quebec Region

Historical estimates based on Statistics Canada's Labour Force Survey
(see Notes on Methodology)

N/A The estimate is not applicable owing to a lack of significant data.

Resource-related manufacturing

Resource-related manufacturing employs slightly fewer workers in the region than it does in the province: 1.3% compared with 3.0%. Throughout the 1990s, this industry group posted higher employment growth than the other two manufacturing sub-sectors and expanded in size. At the end of the 1980s, it accounted for almost 1,300 jobs. Spurred on by the wood product manufacturing industry, the number of jobs in the sub-sector was nearly 1,600 on average in the 2002–2004 period. However, restructuring in the paper manufacturing industry resulted in falling employment in the paper processing industry in the late 1990s and the closing of the Gaspésia Paper mill. In 2005, faced with declining North American demand for paperboard, Smurfit-Stone permanently shut down the last pulp and paper mill in the region. Wood product manufacturing plants are the main employers and account for over 78% of jobs in this industry.

At the start of 2006, the decrease in the number of housing starts, the strength of the loonie against the U.S. dollar, and then the slowdown in the U.S. economy resulted in lower demand for wood, which until then had resisted the Canada–U.S. softwood lumber dispute and imposed trade tariffs. After reaching employment highs, the number of workers in the wood product manufacturing industry started to fall.

The wood product manufacturing industry is facing an unfavourable environment that is eroding profitability. On the one hand, the decrease in allowable cut of the primary softwood species, imposed as per the findings in the Coulombe Report and the



The reduction in the allowable cut, thus limiting supply to plants, weak U.S. residential construction and the strength of the Canadian dollar have adversely affected the wood product manufacturing industry.

calculations done by the Chief Forester, has limited the supply available to plants for the next few years. However, decreased cutting activities from 2008 to 2010 give manufacturers some flexibility for the upcoming years. The closing of a number of paper mills means wood product manufacturing plants no longer have the same market for their wood chips.

On the other hand, the weak U.S. residential construction industry will have an impact on the demand for softwood and the prices paid. The high exchange rate between the Canadian and U.S. dollars will also affect the profitability of plants. The United States is the primary export market for wood products.

Since the industry first started faltering, the region has seen many of its sawmills close and, consequently, the current employment level is very low. Over the next three years, employment growth in the wood product manufacturing industry is expected to be positive (2.0%), but it will occur mainly in the last year of the forecast period. With growth expected to increase modestly at 0.4% over the entire period, growth in employment will be lower in Quebec.

Investment-related manufacturing

In the last few years, there has been increased investment-related manufacturing in the region's economy. Accounting for 1.4% of employment, compared with 5.8% for Quebec as a whole, investment-related manufacturing is still a small player in the regional economy. The distance from major transportation networks is one of the reasons there are so few businesses established in the region. During the 2007–2009 period, investment-related manufacturing employed an average of about 500 people. The rise in employment in recent years is attributable to a wind turbine blade manufacturing plant (LM Wind Power) that was built to meet the demand for wind turbines in response to calls for tender issued by Hydro-Québec for the purchase of wind power. Two other small enterprises have set up shop in the region in the wake of the development of the wind farm niche.

For 2010–2012, employment in this industry group will increase by 0.8%. German wind turbine manufacturer Repower has decided to manufacture a portion of its wind turbine components in the region. Rotor blades will be supplied by LM Wind Power, and the electric converters will be manufactured by a company that is to be located in New Richmond. This project is expected to create over 100 jobs. Wind farm construction projects will continue until 2015.

Construction industry

In the 2007–2009 period, construction employed about 1,800 people in the Gaspésie–Îles-de-la-Madeleine region, accounting for 5.0% of jobs, similar to the rate for Quebec overall (5.4%).

After a prolonged slump during the 1990s, modest employment growth was recorded during the recent period. Since 2003, the construction sector has experienced a high level of activity in the region. In fact, according to the Quebec construction commission (CCQ),² the number of hours worked has increased steadily since then.

According to the Quebec construction commission (CCQ), the number of hours worked remained high in 2009, and this is expected to continue.

Between 1996 and 2002, the region recorded an annual average of 2.4 million hours worked. Since 2003, this average has been sustained at nearly 4 million hours. In 2008, it jumped to 5 million for the first time in more than 30 years. Civil engineering and highway construction projects, especially those linked to wind farms, and road and infrastructure work, are largely responsible for the strong regional performance. Approximately 25% of the hours worked were done in another region.

The CCQ also reported that the number of hours worked in the region remained high in 2009 and is expected to stay that way for a number of years to come. All sectors, except

² The CCQ issues statistics based on the Bas-St-Laurent and Gaspésie–Îles-de-la-Madeleine regions. Therefore, when the term “region” is used in this section, it denotes a geographic entity larger than the Gaspésie–Îles-de-la-Madeleine region.



industrial construction, have posted higher rates of activity. Growth has been particularly strong in civil engineering and highway construction.

In the coming years, activities associated with the first call for tenders for 1,000 MW of wind power issued by Hydro-Québec will continue, and the start of operations associated with the second call for tenders and infrastructure work are expected to increase the number of hours worked in civil engineering and highway construction. The building of five wind farms following Hydro-Québec's second call for tenders will help to sustain civil engineering and highway construction activities until 2014.

Employment growth in residential construction is harder to predict. Demand for housing is down as a result of the declining population. However, recently published data show that the region's housing stock (both owned and rented) requires major repairs. The vacancy rate in a number of towns is very low. However, the CCQ predicts that residential construction will follow a downward trend in the coming years.

Consequently, for the 2010–2012 period, an annual growth rate of 1.2% is expected for the construction industry in the Gaspésie–Îles-de-la-Madeleine region. This growth is very similar to that for the province as a whole (1.3%).

Service sector

The service sector is responsible for 87% of employment growth in the region. Two out of five jobs will be in the health care and social assistance sector.

The service sector accounts for nearly 28,600 jobs in the region. Hence, about four out of five people (80.6%) work in the service sector. This is slightly higher than the Quebec rate of 78.2%. This sector has been very dynamic in recent years and has been the engine of job creation in the region. The growth rates have been very high in the public and parapublic services and production services sub-sectors. Nevertheless, the recession put a slight damper on growth in production services, particularly in the transportation and warehousing, and finance and insurance industries.

The service sector will account for 87% of employment growth, or more than its share of jobs in the region (80%). Production services, including professional, scientific and technical services; and transportation and warehousing, will post strong performances. Because of its size and strong growth, the health care and social assistance industry will account for 40% of new jobs. Educational services will see a 2.7% reduction in its number of jobs. In total, 37% of projected employment will be created in public administration. Despite a shrinking and aging regional population, consumer services will post a growth rate similar to the average rate for industries in the region because of increased revenues. For the 2010–2012 period, the entire service sector will post an annual growth rate of 0.8%.

Consumer services

Employing on average 10,700 people annually, consumer services is the second largest sub-sector. Accounting for 30.0% of regional employment, consumer services exceeds the Quebec rate of 27.6%. The continued development of the recreational tourism industry has boosted spending by tourists and favours businesses in the consumer services sub-sector. However, fewer tourists from the United States and eurozone countries may visit because of the strong Canadian dollar.

On the whole, employment in the consumer services sub-sector will grow at the same rate as employment in all of the region's industries combined. The Quebec service sector will benefit from population growth and a sharp increase in revenues, which will result in stronger growth than in the region (1.1%). The increase in government debt could lead to higher government levies in the form of tax measures (higher sales taxes, utility rates and user fees) that may reduce household spending.

Retail trade

Among the four largest industries that make up consumer services, retail trade is by far the most significant. It accounts for 15.5% of all regional jobs, three percentage points above the overall rate for Quebec.



Workers coming from other regions of Quebec and tourists, as well as increased consumption and higher revenues, will stimulate growth in retail trade.

After posting declines as a result of the recession in 1991 and the first moratorium on the groundfish fishery in 1993, the retail trade industry began to flourish again in the late 1990s. The average annual growth rate of approximately 4% is higher than the growth of all industries. The region's population has declined significantly in the last decade and, therefore, the industry's performance appears relatively good. This growth could be attributable to a rise in household disposable income and an increase in tourism-related activities. Recent statistics refer to an increase in net migration among persons in the 54-plus age group. For the region, they represent a significant influx of generally affluent consumers.

Overall employment growth in retail trade is expected to be 0.6% for 2010–2012. The regional labour market will create many new jobs, which will drive up income and consumption. Tourism will continue to grow, and a portion of spending by tourists will stimulate job creation in retail trade. Large wind farm construction projects will attract a significant number of workers to the region, thus increasing the number of regional consumers. Government tax measures to lower deficits may reduce household disposable income, but these effects will most probably only be felt in the medium term.

Table 5

Employment Breakdown and Outlook in Consumer Services					
Gaspésie–Îles-de-la-Madeleine Region					
	Average for 2007–2009			2010–2012	
	Level ('000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer services	10.7	30.0%	27.6%	0.6%	1.0%
Retail trade	5.5	15.5%	12.4%	0.6%	0.9%
Information, culture and recreation	1.0	2.8%	4.5%	0.6%	1.0%
Accommodation and food services	2.5	7.0%	6.2%	0.5%	1.0%
Other Services	1.7	4.7%	4.6%	0.8%	1.3%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey
(see Notes on Methodology)

Information, culture and recreation

With 1,000 people employed, the information, culture and recreation industry accounts for roughly 3% of jobs in the region. Most activity is related to tourism and therefore seasonal. Publishing, broadcasting, telecommunications, Internet service provision, and the film and video industries provide relatively few jobs in the region. Almost 90% of the jobs in this industry are in arts, entertainment and recreation. This industry accounts for 4.5% of provincial jobs.

Employment in the information, culture and recreation industry is expected to grow by 0.6% over the next three years. Heritage institutions have experienced many difficulties related to the short operating period and annual maintenance expenses of the facilities. Establishments specializing in recreational and cultural activities have fared better owing to increased interest in this type of activity and lower maintenance expenses. Decreasing demographics will limit growth in industry activities.



Accommodation and food services

With more than 2,500 jobs, the accommodation and food services industry ranked second among the consumer services industries. It accounts for 7.0% of regional employment, slightly higher than the provincial rate (6.2%).

Improved tourist offerings and a longer tourist season have had a positive impact on the accommodation and food services industry.

Accommodation and food services experienced considerable growth in the recent period. This may be partly attributable to improved tourism offerings, which resulted in increased foreign tourism and efforts made to extend the tourism season. As is the case for retail trade, this industry benefits from the presence of numerous workers on large wind energy construction sites.

The forecast for 2010–2012 calls for a growth rate of 0.5%. Development projects and plans to extend tourist offerings will continue. They include international cruises, which should have a positive impact on employment duration and growth. However, the strong loonie has reduced the competitiveness of Canadian destinations in relation to rival vacation spots, which might prompt Quebec vacationers and other Canadian tourists to opt for an international destination. Coupled with a very modest economic recovery in Europe and the U.S., the strong Canadian dollar might deter Americans and Europeans from including Canadian destinations in their travel plans.

Other consumer services

Other consumer services (repair and maintenance, personal and laundry services, social organizations and private households) account for about 4.7% of regional employment, a percentage similar to that in Quebec (4.6%). Employment in this industry fell during the early 2000s. Despite developments in personal care and social advocacy, growth has been limited in this industry because of the region's declining population. In addition, now that the Quebec government provides financial assistance for home care supplied by social economy enterprises, and there is a subsidized daycare network, some jobs have shifted to the social assistance segment.

For the 2010–2012 period, this industry will post a modest increase, just over half the rate for the province as a whole (0.8% per year). Growth will be mainly in the repair and maintenance, and personal services industries. Higher disposable income resulting from an improved labour market in addition to an aging population will increase demand for personal services.

Production services

In the region, the production services sub-sector provides 5,900 jobs, or 16.7% of employment, a major share of economic activity. However, this percentage is much lower than that of Quebec as a whole (26.0%).

The production services sub-sector has posted much higher growth than the majority of other sub-sectors: professional, scientific and technical services is one of the industries that performed very well.

Average employment growth in this sub-sector since the end of the recession in 1991 has been much higher than in most other industries. The strongest growth was recorded in the management of companies and enterprises, administrative support and other services, and professional, scientific and technical services. The transportation and warehousing industry also posted a solid performance, while wholesale trade and utilities posted negative employment growth figures.

For 2010–2012, employment is expected to increase at a rate (1.1%) slightly higher than that for all sectors combined in the region (0.7%). However, this growth will be less than the Quebec average (1.6%). Job growth in the transportation and warehousing industry will be bolstered by a recovery in operations associated with the transport of wind power components and by the economic recovery. Utilities and professional, scientific and technical services are growing because of work related to the construction of a number of wind farms (research, consulting, power line installation, etc). Work related to the two calls for tender from wind power suppliers is expected to be completed by 2014. In the medium term, regional stakeholders will attempt to break into the expanding markets of Ontario and the eastern United States.



Table 6

Employment Breakdown and Outlook in Production Services					
Gaspésie–Îles-de-la-Madeleine Region					
	Average for 2007–2009			2010–2012	
	Level (‘000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Production services	5.9	16.7 %	26.0 %	1.1 %	1.6 %
Utilities	0.4	1.2%	0.9%	0.8 %	1.2 %
Wholesale trade	0.2	0.7%	4.0%	0.0 %	1.5 %
Transportation and warehousing	1.7	4.7%	4.6%	1.5 %	1.5 %
Finance, insurance, real estate and rental and leasing	1.4	3.8%	5.9%	0.6 %	1.4 %
Professional, scientific and technical services	1.2	3.4%	6.9%	1.6 %	2.0 %
Management of companies and enterprises, administrative support and other services	1.0	2.9%	3.7%	0.8 %	1.2 %

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey
(see Notes on Methodology)

Public and parapublic services

Public and parapublic services account for approximately 33% of the region's jobs, compared with 25% for Quebec.

Public and parapublic services employ some 12,000 people in the region and account for 33.8% of jobs. The percentage of employment in the sub-sector, compared with total employment, is much higher in the region than in Quebec, where it is 24.7%. Health care and social assistance provide employment for more than half the employed working in the sub-sector. Almost 22% of the workers are employed in educational services, and a similar percentage work in public administration jobs.

During the recent period, there were increases in the numbers of people employed in several sub-sector areas, particularly in health care and in provincial, local, municipal, regional and other administrations. In other areas of the sub-sector, such as educational services and federal public administration, decreases in employment were instead reported.

The projected growth rate for 2010–2012 will be 0.8%, a rate similar to that for Quebec.

Educational services

Educational services accounted for approximately 2,600 workers in 2007–2009. About 7.3% of those employed were teachers, a slightly higher proportion than that in the province as a whole.

The number of people working in educational services has fallen since the early 1990s. Part of this decrease can be attributed to declining enrolment resulting from the region's shrinking population. In 1997, employment in education began to rise again; however, the number of jobs has been falling for a few years. This growth was due to the development of adult education, the introduction of full-time kindergarten and a school daycare system.



Table 7

Employment Breakdown and Outlook in Public and Parapublic Services					
Gaspésie–Îles-de-la-Madeleine Region					
	Average for 2007–2009			2010–2012	
	Level (‘000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Public and parapublic services	12.0	33.8 %	24.7 %	0.8 %	0.8 %
Educational services	2.6	7.3 %	6.7%	-0.3%	0.3 %
Ambulatory health care and hospitals	4.1	11.5 %	6.5%	1.2 %	1.4 %
Other health care and social assistance	2.7	7.5%	5.6%	1.5 %	1.8%
Federal government public administration	0.3	0.9%	2.1%	-0.3%	-0.4%
Provincial and territorial public administration	1.5	4.1%	1.9%	-0.2%	-0.4%
Local, municipal, regional and other public administration	0.8	2.3%	1.8%	0.6 %	0.5 %

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey
(see Notes on Methodology)

Regionally, the determination and action of the Quebec government to increase the education levels of the population have also helped to maintain school board workforces. Demographic factors will limit opportunities for growth in the coming years. Nevertheless, the need to maintain the quality of service that all students receive, coupled with public pressure, will limit the school system's ability to adjust the size of its workforce in response to declining enrolment.

The outlook for 2010–2012 is a modest downward trend. The gradual reduction in class sizes between now and 2013 proposed in the "Action Strategy on Student Retention and Success" and the measures contained in the "Conditions for Greater Success – Action Plan to Promote Success for Students with Handicaps, Social Adjustments or Learning Disabilities" could stabilize the workforce in educational services. In addition, the increased birth rate in recent years is another positive factor that would limit the workforce decline in the medium term.

Health care and social assistance

Health care and social assistance employ 6,800 people in the region, accounting for 19% of jobs, which is significantly greater than the weight of this industry in Quebec, where it accounts for 12% of employment. This gap is caused largely by the nature of the jobs in this industry. Because they are mostly year-round jobs, calculating an annual average in a region where a large number of jobs are seasonal gives them more statistical significance.

During the first half of the 1990s, this industry's workforce increased steadily. Growth was much stronger in nursing and social assistance than in ambulatory health care and hospitals. Budget cuts in the mid-1990s in the health care system led to job losses (elimination of certain positions, early retirements, etc.) in hospitals, ambulatory health care and nursing and residential care facilities.

Demand in health care and social assistance is on the rise, primarily owing to the aging population. In the coming years, employment needs are expected to be higher.



Demographic factors influence demand in health care and social assistance. Consequently, the region's aging population exerts a strong influence on care needs. The population is indeed shrinking, and as a result is more dispersed throughout the region. Recently, through the financial assistance for home care supplied by social economy enterprises and preschool daycares, the social assistance workforce has expanded. These factors should continue to play a role in the years to come.

Employment growth rates of 1.2% for ambulatory health care and hospitals and 1.5% for other types of health care and social assistance are forecast for 2010–2012. These growth rates are slightly lower than those for Quebec overall. The shrinking population is the cause for less robust growth in these regional sectors compared with the provincial rates.

Public administration

For the 2007–2009 period, there were 2,600 jobs (7.4%) on average in public administration. For most of the first decade of the 2000s, employment was trending downwards. Since 2006, this industry has experienced growth led by the provincial public service and, to a lesser extent, the municipal public service. The number of jobs in public administration, which fell by about 8%, returned to the record level set in the late 1990s. The opening of a number of client service centres (Services Québec, SAAQ, Revenu Québec, CSST and QPIP) is the reason for this growth. The opening in 2010 of a detention centre for sexual offenders in Percé will create a few additional jobs.

In spite of all this, new investments in education and health care will continue to limit the growth in public administration for the next few years. In addition, government deficits resulting from economic measures put in place to lessen the effect of the recession will lead to reduced government spending. For 2010–2012, overall employment in public administration is expected to remain stable.

The reconfiguration of the Quebec public service has had an impact on the distribution of jobs in the public sector. The transfer of revenues to the municipalities, and the increased importance of the regional conference of elected officers (CRÉ) in regional development should continue to have a positive impact on employment in local, municipal and regional public administration, which will remain the only industry of public administration that will experience growth.