

ENVIRONMENTAL SCAN

MANITOBA



March 2013

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Acronyms

GDP	Gross Domestic Product
HRSDC	Human Resources and Skills Development Canada

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About the E-Scan

At least twice a year, the Labour Market Information division of Service Canada, Western Canada and Territories Region, develops an Economic/Environmental Scan (E-Scan), a report that provides a general overview of the demographic, economic and labour market condition and trends for Manitoba. E-Scans are mainly intended to support regional Service Canada operations by identifying potential pressures on service and program delivery in the regions. However, they may also be of interest to those who seek to know more about the state of a provincial or regional economy and labour market. They are also used by Service Canada economists to help determine outlooks for industries and occupations.

Facts and statistics presented in this document reflect information available as of February 2013.

Key Points

General Overview

- Manitoba has shown its strength and resilience after largely avoiding the financial challenges common in other parts of Canada. The province currently enjoys record high employment and one of the lowest unemployment rates in the country.
- Manitoba's agricultural sector is expected to grow in the near term as it recovers from flooding and benefits from a growing demand for biofuel. The province's farmers experienced positive gains in 2012 in the wake of a drought that ravaged the U.S., and resulted in an increase to grain prices.
- Manitoba's construction industry will continue to grow as demand for housing in Winnipeg is expected to experience further growth for the next two years. A number of billion-dollar capital projects will also drive the creation of thousands more construction jobs in Manitoba's north.
- Over the next two years, Manitoba's economy is expected to grow at varying rates. Although growth is expected in both years, the province will likely fall below the national average in 2013. The outlook for 2014 is more positive as Manitoba's economy picks up steam, largely due to an increased demand in the manufacturing sector and construction industry.

Regional, Provincial and Local Labour Market Conditions

- Except for one flat year in 2009, employment growth in Manitoba has remained steady around 1% since 2007. During the last 5 years, growth was driven by the construction industry (5.9%) and in non-commercial services (1.9%).
- The strongest growth in employment since 2007 has been in the 55 and over age group as many older workers chose to defer retirement during the recession. Meanwhile, those under 25 years of age experienced a net loss during the same period.
- Over the next five years, employment demand will be highest for jobs requiring completion of high school and jobs requiring a post-secondary degree or diploma. Fewer than 9% of opportunities will be available to those that have not completed high school.
- Immigrant populations in Manitoba climbed since 2007 and are now responsible for the majority of the province's labour growth. Net out-migration to other areas of the country continues to be high.
- Aboriginals' unemployment rate (12%) remains double the provincial average (5.3%). Increasing the participation rate among Aboriginals could help to reduce labour shortages.
- 90% of Manitobans speak only English while 9% speak both official languages. A reliance on immigration for economic growth has resulted in the province having a higher than average percentage of non-official languages as a mother tongue.

Introduction

The purpose of the Environmental Scan is to outline the major trends and issues facing Canada and Manitoba that will influence the economic and social environment in the current and future years. The document provides timely, evidence-based information to support the business planning process. It is divided into two main parts: the first part of the document includes a general overview of the economic context and some employment outlook information; the second part provides perspective on the regional, provincial and local labour market. Some terms and definitions are featured on page 11 in the appendices.

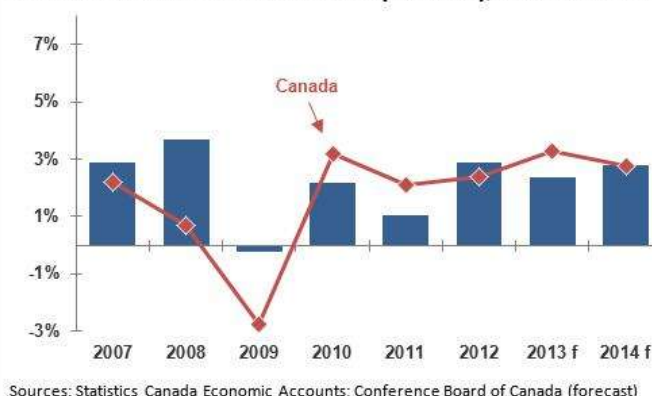
Section 1: General Overview / Economic Context

Manitoba's economy continues to show signs of strength and resilience, having largely averted financial challenges experienced in other provinces, and the world at large. Indeed, employment has increased steadily over the past several years, reaching record levels in 2012. Going forward, the outlook for the province is equally positive. Although economic growth is expected to slow somewhat in 2013, employment levels are projected to remain at record highs over the next two years. Moreover, Manitoba's Gross Domestic Product (GDP) is expected to pick up steam next year, growing by nearly 3.0% over 2013. Meanwhile, the province's unemployment rate is forecast to remain among the lowest in Canada, falling below 5.0% by 2016.

The positive outlook can be attributed to a strengthening of the province's key industries, notably manufacturing, agriculture and mineral extraction. In the coming years, it is expected that the province's manufacturing sector will experience steady employment gains, as global demand for aerospace technology and transportation equipment increases. Furthermore, it is projected that the province's agri-food manufacturing industries should experience growth – as demand for food products continues to increase worldwide.

Chart 1

Annual percentage change in Manitoba's Gross Domestic Product between 2007 and 2014 (forecast), in 2002 dollars



Related to growth in agri-food manufacturing, Manitoba's agricultural sector is also expected to grow in the near-term, having overcome challenges related to severe flooding in past years. An ever-increasing global population is projected to place greater strain on agricultural commodity prices, which should help to bolster the industry. Moreover, the use of agricultural products in the production of biofuels in the United States and Europe should further strengthen the sector.

Manitoba's mining sector is also likely to experience growth in the future, and is projected to play an increasingly important role in the provincial economy. Global demand for mineral commodities has driven exploration in the province, which has resulted in the confirmation of rich deposits of zinc, nickel and copper. Added to this, mining companies are currently exploring the possibility that there may be other valuable deposits in the province, such as uranium, potash and diamonds. Meanwhile, gold mining

continues, with companies investing heavily in future projects. Indeed, Hudbay Minerals is expected to contribute some \$700 million toward its Lalor Lake site, where the company will build a new concentrator and one of the largest gold and zinc mines nationwide.

Other industries will also greatly contribute to the Manitoba economy going forward. In particular, the province's construction industry is expected to grow considerably, hiring thousands of Manitobans in the short to medium term. Demand for housing in the Winnipeg area is expected to experience further growth, while the continued development of major hydroelectric projects in the province's north will require thousands of workers. Since 2010, nearly \$10 billion has been committed to a number of large-scale projects currently in development, including the \$5.6-billion Keeyask generating station and the \$3.3-billion Bipole III transmission line.

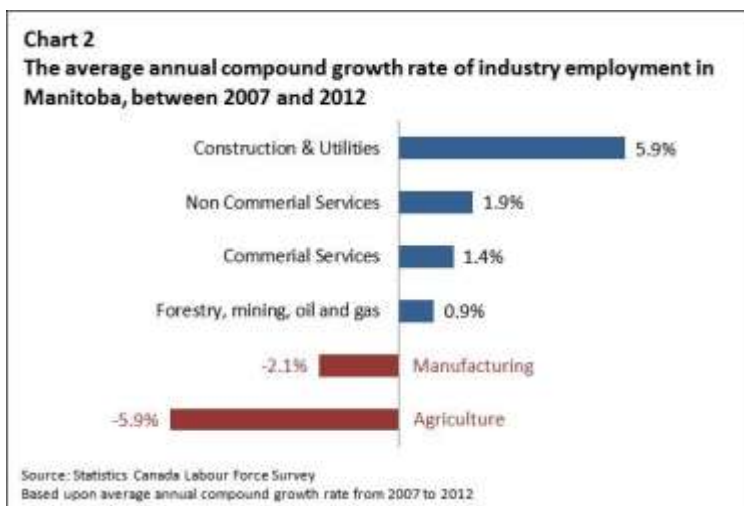
Although the economic outlook for the province remains generally positive, Manitoba is also expected to face some challenges over the next few years. In particular, hiring in the province's large public service sector is likely to be limited as both the provincial and federal governments continue to cope with large deficits. Nevertheless, this trend is projected to reverse in the longer-term, when government spending is anticipated to increase significantly¹.

Overall, Manitoba continues to perform well and show signs of strength. Although the province's economy is expected to slow somewhat this year, GDP should pick up steam in 2014. As a result, Manitoba's labour market is likely to remain strong going forward, posting employment gains and falling unemployment rates that will continue to be among the lowest in Canada.

Section 2: Regional, Provincial and Local Labour Market Condition

Employment by Sector

Construction and utilities led all industries in employment expansion between 2007 and 2012, posting an annual growth rate of almost 6%. Non-commercial services (education, health, and public administration) expanded nearly 2% over the same period, while employment in commercial services – which range from trade to food and accommodation – increased almost 1.5%. Jobs in resource extraction grew slightly over the last five years, recovering as Manitoba replaces decommissioned mining operations with newer ones and the province's oil and gas sector expands.



Between 2007 and 2012, the province's goods-producing sector was held back from stronger growth due to poor showings in key industries. While forecasts for the manufacturing sector are generally positive, the predicted recovery has not yet materialized. The number of positions in manufacturing dropped between 2007 and 2012 as demand in this industry is tied to the United States' slow economic recovery. Agriculture's significant decline (-5.9%) is symptomatic of a downward trend that has persisted for

¹ The Conference Board of Canada, Provincial Outlook Long-Term Economic Forecast for Manitoba, March 2013

decades. However, an ongoing recovery from two consecutive years of flooding, combined with strong crop prices, indicates a possible revitalization in the sector.

Table 1
Change in employment by industry in Manitoba between 2007 and 2012

	2012	2007	% Share 2012	Growth rate*
Total, all industries	630.1	598.6	100.0%	1.0%
Goods-producing sector	142.8	144.3	22.7%	-0.2%
Agriculture	21.3	28.9	3.4%	-5.9%
Forestry, fishing, mining, quarrying, oil and gas	6.8	6.5	1.1%	0.9%
Utilities	7.7	5.4	1.2%	7.4%
Construction	44.0	33.5	7.0%	5.6%
Manufacturing	63.0	69.9	10.0%	-2.1%
Services-producing sector	487.3	454.3	77.3%	1.4%
Trade	93.8	90.4	14.9%	0.7%
Transportation and warehousing	36.8	34.9	5.8%	1.1%
Finance, insurance, real estate and leasing	34.7	35.4	5.5%	-0.4%
Professional, scientific and technical services	28.8	25.5	4.6%	2.5%
Business, building and other support services	20.2	17.4	3.2%	3.0%
Educational services	47.8	46.7	7.6%	0.5%
Health care and social assistance	94.6	79.5	15.0%	3.5%
Information, culture and recreation	24.0	24.2	3.8%	-0.2%
Accommodation and food services	40.3	37.7	6.4%	1.3%
Other services	28.5	25.0	4.5%	2.7%
Public administration	37.8	37.6	6.0%	0.1%

Source: Statistics Canada Labour Force Survey

*Based upon average annual compound growth rate from 2007 to 2012

Employment by Age

Between 2007 and 2012, the strongest growth in employment has been in the 55 and over age group, while the weakest occurred among those under 25 years old. Since 2007, Manitoba's older population exerted downward pressure on the labour market as the recession compelled many to remain in the work force. As a result, the province's youth employment experienced a net loss over the last five years. The trend was reinforced by the 5.2 percentage point increase in the over 55 participation rate since 2007, while all other groups' rates fell (for the 15-24 year old group, the rate dropped 3.6 percentage points and for the 25-54 year old group, it dropped 0.1 percentage point).

Between 2007 and 2012, both sexes saw labour force growth of 1%. Representation of female workers saw a slight increase amidst the 2009 recession; however, the labour force has returned to ratios generally seen over the last decade, where males represent nearly 54% of the labour force.

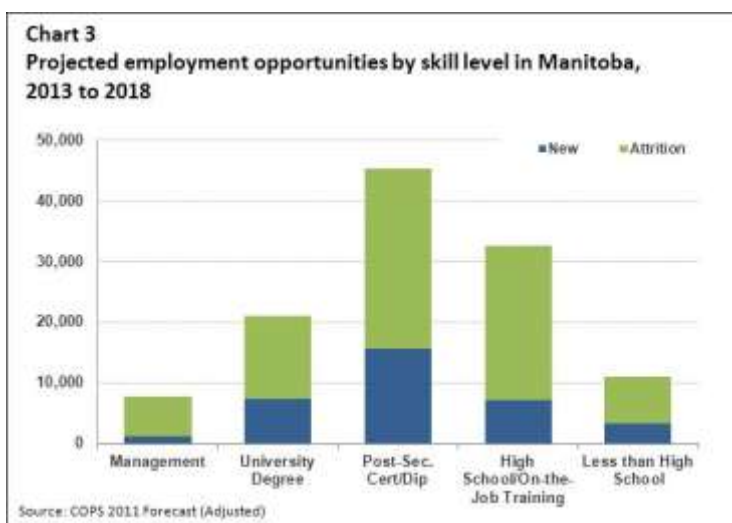
Non-Standard Employment

Between 2007 and 2012, employment growth in temporary jobs was slightly higher than in permanent ones. Over the last five years, males have taken on roles in the labour market typically dominated by females. Male employment has expanded in temporary, seasonal, term as well as contract positions, as the 2009 recession forced some males to broaden their job searches. This trend began to taper off in 2012.

Part-time and full-time jobs increased over the last 5 years, while the number of self-employed in Manitoba shrank by 1.1%. If this downward trend continues, the province will likely see self-employment reach a low not seen since the 1980s.

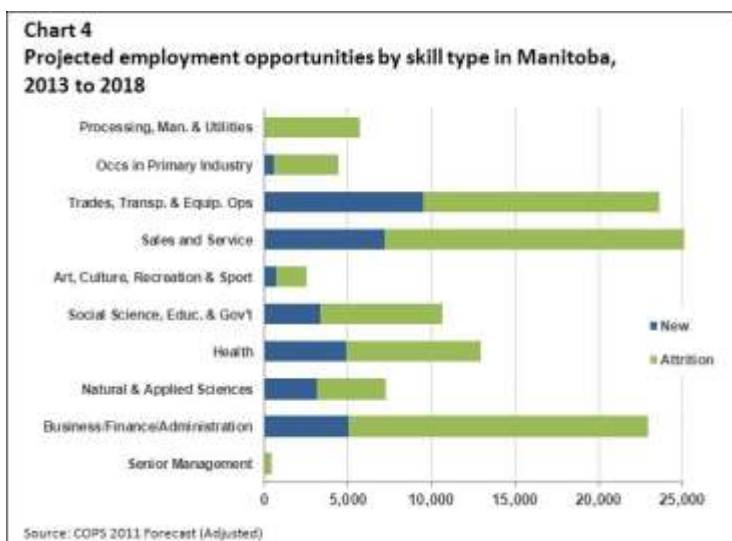
Job Opportunities by Skill Level

Demand will be greatest for higher-skilled occupations that require a post-secondary or university education, or management experience. In fact, 63% of all job openings over the next five years will require these qualifications. Meanwhile, jobs that require a high-school diploma or on the job training will still make up nearly 28% of demand. The outlook for those without high-school credentials is less positive. Less than 9% of opportunities will be for occupations that require less than high school completion.



Job Opportunities by Skill Type

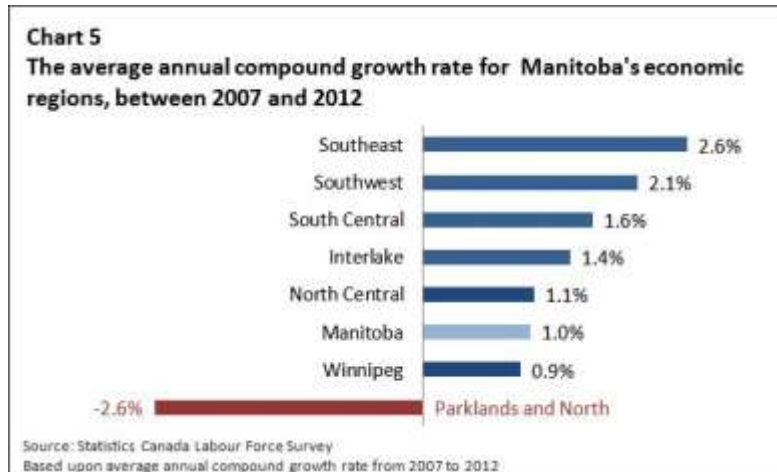
Over the next five years, employment opportunities will be dominated by three skill types in Manitoba. Sales and service will lead, representing nearly 25% of projected openings. Business, finance, and administrative occupations will represent 20% of opportunities, as will trades, transportation and equipment operators. The smallest growth is expected in senior management positions.



While attrition will create the majority of projected employment opportunities in all skill types over the next five years, it will be especially high in senior management as well as primary industry occupations. Meanwhile, all projected opportunities in processing, manufacturing and utilities will be due to attrition.

Local Labour Market Condition

Between 2007 and 2012, Manitoba's positive employment trend was mirrored in all but one of its economic regions. Employment increased near the provincial average in Winnipeg, while southern economic regions saw the largest gains. The Southeast experienced the highest average employment growth, increasing over 2% between 2007 and 2012. Population growth in the region was nearly double the provincial rate and, concurrently, employment in construction, education, health care, and finance increased. The enormous and sparsely populated Parklands and North



and North economic region shed jobs at an annual rate of 2.6% during the period. This region is heavily dependent upon capital projects and mining. As several area mines approach the end of their service lives, the labour force will likely experience more difficulties until numerous northern projects pick up speed and operations are expanded at newer sites such as the Lalor Lake and Reed mines.

Interprovincial Migration

Manitoba is a province that suffers from net-outmigration to other provinces. Over 2011/2012, the province lost over 4,600 residents to other regions. Resource-rich Alberta draws the largest number (5,273), while Ontario's size attracts nearly as many (4,914). Combined, British Columbia and Saskatchewan drew in over 5,000 Manitobans last year. As labour markets in western provinces tighten, this trend is expected to continue.

Labour Market Outcomes for Client Segments

Immigrants/Newcomers

Landed and non-landed immigrants comprise a significant amount of Manitoba's labour force. Between 2007 and 2013, the province's total immigrant population rose from 15.6% of the population to nearly 18%. In fact, during this time, Manitoba's new immigrant population has increased faster than any other demographic group, at nearly 11% per year. Since 2007, nearly 54% of the province's overall labour growth is attributable to landed immigrants.

Aboriginal Workers

Since 2007, their position in the labour market has worsened for Manitoba's Aboriginal population. Between 2007 and 2013, the Aboriginal unemployment rate has increased to nearly 12%, more than twice the non-Aboriginal rate. Although the Aboriginal labour force is growing at a similar pace to their population, a lagging employment rate shows they are generally experiencing difficulty in integrating the labour market, where the level of education and the level of experience tend to dictate outcomes.

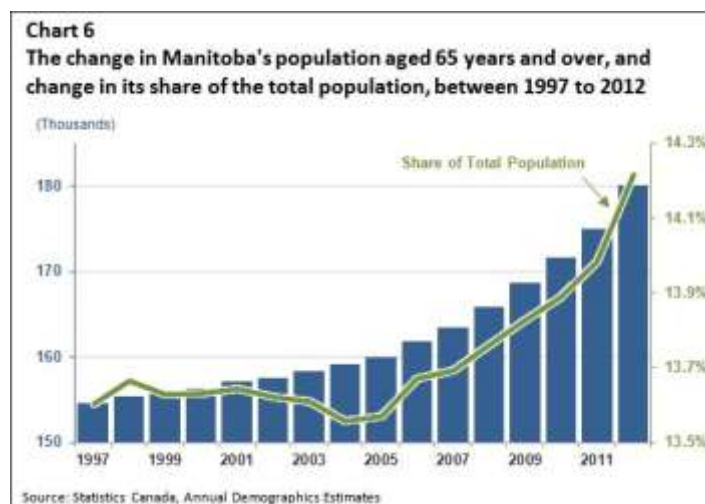
Older Workers

In 2012, workers aged 55 and over made up nearly 20% of Manitoba's labour force, an increase over 2007 when they made up just over 16%. Compared to other age groups, workers 55 and over dominated employment growth and saw average yearly gains five times larger than the provincial average. Indeed, employment among this age group expanded by nearly 22,000 between 2007 and 2012, reaching the highest levels on record.

An increasing number of older workers have remained in the workforce due to the 2009 recession as evidenced by their primary sources of income. While government transfers persist as their largest source of primary income, remaining virtually unchanged over this period, income from employment saw an increase.

Senior Workers

Manitoba's senior population has grown at a steady rate over the past 15 years, increasing from 154,500 in 1997 to over 180,000 in 2012. Although the proportion of seniors 65 and over has remained in the 13% to 14% range over the last 15 years, the segment is expected to see larger representation in coming years as more and more baby boomers enter this age category.



Workers with Disability

Much like BC and Saskatchewan, Manitoba's rate of disability is higher than the national average of 14.6%. In 2006, 15.7% of Manitoba's population self-identified as having some type of disability, while Alberta (13.6%) and the Territories (Nunavut 6.6%, Northwest Territories 8.6%, Yukon 13%) had lower rates of disability.

Among people aged 15 to 64 years, the unemployment rate for Manitoba's disabled population was nearly twice as high as the non-disabled population. Also, far fewer disabled persons participated in the labour market. In fact, the labour force involvement of those with a disability was a mere 65.8% compared to 82.6% for the non-disabled population.

Youth Labour Force

While Manitoba's youth enjoyed a decrease in their unemployment rate from 2011 (11.6%) to 2012 (11.0%), the rate is still more than twice the provincial average. Meanwhile, since 2007, youth have participated in the labour market at a falling rate, as older workers have chosen to remain working during recessionary times. Manitoba's youth have responded with increased engagement in their studies. The percentage of 18-year-olds with secondary school diplomas in 2010/2011 was 75%, up from 71% in 2006/2007. Although graduation rates in the province have increased over the last five years, Manitoba's rate remains lower than the national average of 83%.

Official Language Minority Communities

In 2011, 90% of Manitoba's population had knowledge of English only, while nearly 9% were fluent in both official languages. Those who spoke only French or a non-official language represented below 2% of the population. Due to its reliance on immigration as a means of labour force growth, Manitoba has a higher than average percentage of non-official languages as a mother tongue (22.4% compared to 20.6% nationally). This is especially true outside of Winnipeg, where many immigrants settle. In Manitoba's less populous cities, there are fewer who can speak both official languages, while non-official languages have a higher representation.

Conclusion

Although Manitoba's economy is expected to slow down in 2013, the outlook remains strong going forward. Between 2007 and 2012, all regions except for the largely unpopulated north saw growth and the province enjoys one of the lowest unemployment rates in the country.

Demographically, Manitoba will likely see challenges as its aging workforce exits the labour market in increasing numbers. As more of the labour force reaches retirement age, openings resulting from attrition are expected to be the source of the majority of job opportunities over the next five years.

To fill these openings, over the next ten years, demand is expected to increase for high-skilled workers, while jobs requiring less than a high-school education is forecasted to shrink to less than one in ten. Fortunately, post-secondary enrollment has increased rapidly over the last five years. Still, as a province that suffers from net-outmigration and an Aboriginal population that has not been fully integrated in the labour force, Manitoba will continue to rely heavily on immigration as a means of augmenting economic growth.

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

Prepared by: Service Canada, Western Canada and Territories Region, Manitoba
For further information, please contact the LMI team at: Imi-imt@workingincanada.gc.ca
For information on Statistics Canada products, please visit the Statistics Canada Web site at:
www.statcan.gc.ca

Appendices

Appendix A: Glossary of Terms

Aboriginal Identity Population – Refers to individuals who reported identifying with at least one Aboriginal group, i.e. First Nations people, Métis or Inuit and/or who reported being a Treaty Indian or a Registered Indian as defined by the Indian Act of Canada and/or who reported they were members of an Indian Band or First Nation.

Average Annual Compound Growth Rate – The average year-on-year growth rate of a given indicator over a number of years. Although indicators seldom change at a constant rate, the compound annual return smoothes out figures by assuming constant change.

Employed - Persons who worked during the Labour Force Survey reference week.

Gross Domestic Product (GDP) – Refers to the total value of the goods and services produced in Canada or in a province or territory, often referred to as a global measure of economic activity.

Immigrant Population – Refers to persons residing in Canada who were born outside of Canada, excluding temporary foreign workers, Canadian citizens born outside Canada and those with student or working visas.

Labour Force – Refers to the total number of individuals 15 years of age and over who are either employed or unemployed in the week prior to a given survey such as the Labour Force Survey or the Canadian Census.

Non-Standard Employment – Refers to employment other than permanent full-time work, including part-time, temporary, and self-employment.

Older Workers – Refers to workers aged 55 and over.

Participation Rate – The labour force expressed as percentage of the population 15 years of age and over.

Seniors Population – Refers to persons aged 65 and over.

Unemployed – Refers to persons who were without work and were available for work during the Labour Force Survey reference week.

Unemployment Rate – The unemployed expressed as a percentage of the labour force.

Workers with Disability – Refers to persons who self-identify as having a physical condition, a mental condition, or a health problem, that reduces the amount or the kind of activity that they are able to do. These include difficulty hearing, seeing, communicating, walking, climbing stairs, bending, learning or doing any similar activities.