



The State of Small Business and Entrepreneurship

Atlantic Canada 2005



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

Canada



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THE STATE OF SMALL BUSINESS AND ENTREPRENEURSHIP, ATLANTIC CANADA – 2005

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Atlantic Canada Opportunities Agency (ACOA)
Policy and Programs Branch
P.O. Box 6051
Moncton, New Brunswick
E1C 9J8

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A COMMITMENT TO SUSTAINABLE DEVELOPMENT

At ACOA, we believe that a healthy environment is essential to the development of a strong, growing and sustainable economy. We are committed to protecting the environment of this region by promoting sustainable businesses and communities in Atlantic Canada and by setting an example in the environmental management of ACOA's own operations.



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THE STATE OF SMALL BUSINESS AND ENTREPRENEURSHIP, ATLANTIC CANADA – 2005



Message from the Honourable Joseph McGuire, Minister for the Atlantic Canada Opportunities Agency

Entrepreneurs are the very foundation of Atlantic Canada's economy, creating more than 60 per cent of all new jobs in our region. In order to help grow and meet the needs of our entrepreneurs, comprehensive and accurate research is essential.

This sixth edition of *The State of Small Business and Entrepreneurship in Atlantic Canada* looks at trends in small business and entrepreneurship. It highlights small business development by geography, industrial sector and size of firm. It also looks at the changing profile of self-employment in light of age, gender and level of education.

Over the years, the Atlantic Canada Opportunities Agency (ACOA) has used this type of research to address evolving economic issues in Atlantic Canada and to help plan for the region's economic future.

Since 2000, ACOA has focused on supporting crucial community infrastructure, university and private sector research & development, and export and trade initiatives, among many other initiatives.

I am pleased to present the sixth edition of *The State of Small Business and Entrepreneurship in Atlantic Canada*. I am confident that this research will provide all our region's stakeholders with an effective and valuable insight into our dynamic region.

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EXECUTIVE SUMMARY

As we go about our daily routines, small businesses, defined as those that employ fewer than 100 people, are all around us. We see them in malls, operating out of homes and along the main streets of every town. But of what importance are these small businesses to our lives in Atlantic Canada? Surely they make our lives more convenient and provide valued goods and services, and many of our friends and family may work in them, but how do they fit into the big picture of the regional economy? For elected representatives, business people, policy makers and interested citizens alike, these are questions worth exploring.

This edition of *The State of Small Business and Entrepreneurship* looks at trends in small business and entrepreneurship over the period 1989-2000. It highlights small business trends by geography, industrial sector and size of firm. It looks at the changing profile of self-employment in light of age, gender and level of education.

This report contains detailed information that will be of interest to many readers and each chapter concludes with a summary of key trends. When all of the findings are looked at collectively, however, some key themes emerge. These can be summarized as follows.

SMALL BUSINESSES ARE BIG BUSINESS IN ATLANTIC CANADA. Of the approximately 88,000 businesses in Atlantic Canada, 95% employ fewer than 100 people and are considered small businesses.

While small businesses are often ideally positioned to react quickly to emerging market trends and opportunities, there are challenges as well. For example, as the knowledge-based economy continues to grow in importance, so does the need for ongoing training and development of managers and employees to remain competitive. However, investments in training and business skills development often present a considerable challenge to the small business owner. Not only are the resources often not available for this investment, but the owner may not even perceive the need for such training, or may not view it as a worthwhile investment. As well, it is often difficult for owners and key employees in small businesses to be away from the business for any length of time to pursue training and development. How the skill development needs of small businesses can best be met is an area that must be explored.

The importance of small firms to Atlantic Canada's economy is perhaps best illustrated by the contribution they make to job creation. More than 60% of all employment created in Atlantic Canada over the past decade occurred in small firms with fewer than 100 employees. In fact, smaller firms (fewer than 20 employees) generated a greater proportion of employment over this period than did medium-sized and large firms with more than 100 employees.

HIGH ENTRIES – HIGH EXITS: The average annual entry rate of new businesses in Atlantic Canada from 1990-2000 was 18.2%. When one considers that the business entry rate for Canada averaged 14.5% during this period, Atlantic Canada asserts itself as being a very entrepreneurial region.

Unfortunately, Atlantic Canada also exhibits a much higher exit rate at 18.0% compared to Canada at 13.8%. In the mid-1990s, the number of business exits in Atlantic Canada actually exceeded the number of entries, resulting in an overall decline in the number of businesses. Although the region subsequently returned to a situation where entries exceed exits, the margin is not a wide one, as business growth weakened again in the latter part of the decade. This highlights the need to consider programs and support mechanisms which not only support high levels of entries, but also mitigate exits.

THE PROFILE OF THE ENTREPRENEUR IS EVOLVING: More Atlantic Canadians are pursuing entrepreneurship. In 2000, the self-employed represented 13.4% of total employment in the region or 137,300 people, an increase of almost 20,000 individuals compared to a decade earlier. To look at it another way, self-employment has increased almost 17%, whereas overall employment has increased only 9%.

A new face of entrepreneurship is also emerging. For one thing, that face is more likely than ever to be female. For example, 36% of self-employed people in Atlantic Canada in 2000 were female, up from 31% in 1989. With 66% of the growth in self-employment over the last decade attributable to females, it seems likely that the trend towards women in business will continue. With roughly one-half of the region's population being female, it is not hard to see that women in business will represent an increasingly more powerful lever for economic development, particularly if this trend is effectively supported and accelerated.

The self-employed tend to be well educated. The 2001 Census indicates that more than half the self-employed have at least some form of post-secondary education, with 19% possessing a bachelor's degree or higher. Interestingly, the highest rates of self-employment growth are occurring for those that have a university degree. This trend towards better-educated entrepreneurs is even more pronounced among females, a promising circumstance in light of the growth among female entrepreneurs generally. Overall, the linkage between entrepreneurship and education would seem to support the notion that fostering entrepreneurship can begin within the education system.

It is interesting to note that more than 90% of the rise in self-employment that took place between 1989 and 2000 can be accounted for by those who are self employed with no paid help. It is encouraging that so many Atlantic Canadians are willing and able to create their own employment. However, it raises the question of whether greater economic benefits could be generated if these one-person operations could be fostered and enabled to grow, thus creating more jobs for others.

DEMOGRAPHIC CHALLENGES: Not only is the population of Atlantic Canada declining, but a large part of this decline is attributable to the out-migration of young people, most of them well educated. (The number of Atlantic Canadians aged 15-29 has declined by over 20% in a ten-year period, which translates into a loss of over 115,000 young people). Neither can the region yet look to new immigrants to reverse this trend, with Atlantic Canada attracting only a small portion of newcomers.

The rural nature of Atlantic Canada must also be considered. With 46% of Atlantic Canadians living in rural areas versus a Canadian figure of 20%, approaches to development must be carefully balanced and implemented to reflect and, indeed, capitalize on this aspect of life in Atlantic Canada.

BACKGROUND AND INTRODUCTION

As background to this report, it is important to have an understanding of Atlantic Canada's economy and its performance over the course of the 1990s, in particular its demographic and economic circumstances during this period. The following discussion provides this overview and serves as an introduction to *The State of Small Business and Entrepreneurship, Atlantic Canada – 2005*.

Previous editions documented the contributions of small businesses and entrepreneurship to economic development and growth in the region. The current edition provides further analysis of the evolution of firms (Chapter 1) and small business employment (Chapter 2) in Atlantic Canada during the 1989 to 2000 period, and looks at trends in self-employment (Chapter 3).

Economic Overview of Atlantic Canada¹

Atlantic Canada is composed of the four eastern-most provinces of Canada, namely Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick. These four provinces cover nearly 505,000 square kilometres or 5.5% of Canada's total land area.

Population

Atlantic Canada's economic performance is influenced by its demography and geography, including slow population growth, few large urban centres, and a significant number of widely dispersed small communities. As seen in table B.1, Atlantic Canada's population stood at approximately 2.3 million people in 2001, representing 7.6% of the national total. Over the past decade, the region's population fell by 1.6%, while Canada's population increased by 9.9%. The loss of population in Atlantic Canada was due to a decline in Newfoundland and Labrador (-9.8%), as the number of people in Prince Edward Island (4.3%), Nova Scotia (0.9%), and New Brunswick (0.8%) increased during the 1990s.

¹ All data used in the following sections are taken from Statistics Canada.

Table B.1

Population

Atlantic Canada, Canada, and Atlantic Provinces
1991-2001

Region	Population distribution 1991		Population distribution 2001		Net change in population	
	(000)s	%	(000)s	%	(000)s	%
NL	568.5	2.1	512.9	1.7	-55.5	-9.8
PEI	129.8	0.5	135.3	0.5	5.5	4.3
NS	899.9	3.3	908.0	3.0	8.1	0.9
NB	723.9	2.7	729.5	2.4	5.6	0.8
Atlantic Canada	2,322.1	8.5	2,285.7	7.6	-36.4	-1.6
Canada	27,296.9	100.0	30,007.1	100.0	2,710.2	9.9

Source: Census of Canada

The decline in Atlantic Canada's population was largely due to out-migration, especially of young, better-educated people leaving the region in search of employment. Another contributing factor to the region's weak population performance was its difficulty in attracting immigrants. In 2000, Atlantic Canada was the destination for only 1.4% of new immigrants to Canada.

Table B.2 provides an urban-rural distribution of the population for Atlantic Canada, Canada, and each Atlantic province. While Atlantic Canada's population was mainly urban (53.9%) in 2001 with the exception of Prince Edward Island, a significant portion of the region's population lived in rural areas (46.1%), compared to a much smaller share (20.3%) of the Canadian population. Since a large proportion of Atlantic Canada's population is located in rural areas, there is a lack of population density required to sustain a large and diversified set of economic activities.

Table B.2

Urban-Rural PopulationAtlantic Canada, Canada, and Atlantic Provinces
1991-2001

Region/Urban-Rural	Population distribution 1991		Population distribution 2001		Net change in population	
	(000)s	%	(000)s	%	(000)s	%
NL - Urban	304.5	53.6	296.2	57.7	-8.3	-2.7
NL - Rural	264.0	46.4	216.7	42.3	-47.3	-17.9
NL - Total	568.5	100.0	512.9	100.0	-55.5	-9.8
PEI - Urban	51.8	39.9	60.7	44.8	8.9	17.1
PEI - Rural	78.0	60.1	74.6	55.2	-3.3	-4.3
PEI - Total	129.8	100.0	135.3	100.0	5.5	4.3
NS - Urban	481.5	53.5	507.0	55.8	25.5	5.3
NS - Rural	418.4	46.5	401.0	44.2	-17.4	-4.2
NS - Total	899.9	100.0	908.0	100.0	8.1	0.9
NB - Urban	345.2	47.7	367.9	50.4	22.7	6.6
NB - Rural	378.7	52.3	361.6	49.6	-17.1	-4.5
NB - Total	723.9	100.0	729.5	100.0	5.6	0.8
Atlantic Canada - Urban	1,183.0	50.9	1,231.8	53.9	48.8	4.1
Atlantic Canada - Rural	1,139.1	49.1	1,053.9	46.1	-85.2	-7.5
Atlantic Canada - Total	2,322.1	100.0	2,285.7	100.0	-36.4	-1.6
Canada - Urban	20,906.9	76.6	23,908.2	79.7	3,001.3	14.4
Canada - Rural	6,390.0	23.4	6,098.9	20.3	-291.1	-4.6
Canada - Total	27,296.9	100.0	30,007.1	100.0	2,710.2	9.9

Source: Census of Canada

Reflecting a shift in population from rural areas to the region's large urban centres, Atlantic Canada's rural population declined over the past decade (-7.5%), as did Canada's (-4.6%). Losses in rural population occurred in each Atlantic province, especially in Newfoundland and Labrador (-17.9%) due to the decline in the groundfishery. In Atlantic Canada, 97% of communities² (837 out of 867) have a population of less than 10,000 individuals. The majority of these communities rely heavily on resource industries³, both primary and processing activities, for employment, accounting for almost all non-government employment in some of these communities.

² In the census, communities are known as census subdivisions or municipalities.

³ Resource industries are defined as the agriculture, fishing and hunting, forestry, and mining and oil and gas extraction sectors.

The number of people living in urban areas in Atlantic Canada increased during the 1990s (4.1%), although growth was below the national average (14.4%). The urban population increased in all provinces except Newfoundland and Labrador (-2.7%). As observed in table B.3, population growth in Halifax (12.1%), Moncton (9.6%), and Fredericton (8.9%) was strong over the past decade.

Table B.3
**Population in Census Metropolitan Areas (CMA)
 and Census Agglomerations (CA)**
 Atlantic Canada
 1991-2001

CMA-CA	Population distribution 1991		Population distribution 2001		Net change in population	
	(000)s	%	(000)s	%	(000)s	%
Halifax	320.5	26.0	359.2	28.2	38.7	12.1
Moncton	107.4	8.7	117.7	9.3	10.3	9.6
Fredericton	74.7	6.1	81.3	6.4	6.6	8.9
Summerside	15.1	1.2	16.2	1.3	1.1	7.4
Charlottetown	54.8	4.4	58.4	4.6	3.6	6.5
Kentville	24.1	2.0	25.2	2.0	1.1	4.5
Truro	42.7	3.5	44.3	3.5	1.6	3.7
St. John's	171.8	13.9	172.9	13.6	1.1	0.6
Edmundston	22.2	1.8	22.2	1.7	0.0	-0.1
Saint John	125.8	10.2	122.7	9.6	-3.2	-2.5
New Glasgow	38.7	3.1	36.7	2.9	-1.9	-5.0
Campbellton	17.2	1.4	16.3	1.3	-0.9	-5.3
Gander	12.0	1.0	11.3	0.9	-0.8	-6.5
Bathurst	25.7	2.1	23.9	1.9	-1.8	-7.0
Cape Breton	120.1	9.7	109.3	8.6	-10.8	-9.0
Grand Falls-Windsor	21.1	1.7	19.0	1.5	-2.1	-9.8
Corner Brook	28.6	2.3	25.7	2.0	-2.8	-9.8
Labrador City	11.4	0.9	9.6	0.8	-1.8	-15.4
Total	1,233.9	100.0	1,271.9	100.0	38.0	3.1

Source: Census of Canada

Table B.4 looks at population by age in Atlantic Canada and Canada between 1991 and 2001. Atlantic Canada's population is older than the national average, as the region had a lower proportion of individuals aged 14 years and under (18.0%) in 2001 and a higher percentage of people aged 45-54 (15.5%) and 55 years and over (23.6%). Population change was negative in Atlantic Canada during the 1990s for people aged less than 45 years, with significant declines for the 0-14 and 15-29 age groups. This situation contrasted with Canada, which only experienced a decline for those aged between 15 and 29 years.

Table B.4

Population by Age

Atlantic Canada and Canada
1991-2001

Region/Age	Population distribution 1991		Population distribution 2001		Net change in population	
	(000)s	%	(000)s	%	(000)s	%
Atlantic Canada - 0-14	492.9	21.2	410.5	18.0	-82.3	-16.7
Atlantic Canada - 15-29	561.4	24.2	446.2	19.5	-115.2	-20.5
Atlantic Canada - 30-44	564.6	24.3	535.6	23.4	-29.0	-5.1
Atlantic Canada - 45-54	241.6	10.4	354.5	15.5	113.0	46.8
Atlantic Canada - 55+	461.7	19.9	538.8	23.6	77.2	16.7
Atlantic Canada - Total	2,322.1	100.0	2,285.7	100.0	-36.4	-1.6
Canada - 0-14	5,692.6	20.9	5,725.5	19.1	33.0	0.6
Canada - 15-29	6,206.1	22.7	5,907.3	19.7	-298.7	-4.8
Canada - 30-44	6,862.4	25.1	7,198.4	24.0	335.9	4.9
Canada - 45-54	2,966.2	10.9	4,419.3	14.7	1,453.1	49.0
Canada - 55+	5,569.6	20.4	6,756.6	22.5	1,187.0	21.3
Canada - Total	27,296.9	100.0	30,007.1	100.0	2,710.2	9.9

Source: Census of Canada

Gross Domestic Product (GDP)

According to table B.5, economic growth in Atlantic Canada trailed the national average over most of the past decade. GDP growth in the region averaged 2.0% during the 1990s, with only Prince Edward Island (2.7%) performing as well as Canada (2.7%) due to the construction of the Confederation Bridge in the mid-1990s. During the latter part of the decade, and especially in Newfoundland and Labrador, the Atlantic Canadian economy grew strongly, on the strength of increased investment in the region. The emergence of Atlantic Canada’s oil and natural gas sector provided a significant boost to the region, with large projects such as Hibernia, Terra Nova, and Sable Island coming on stream.

Table B.5

Net Change in Gross Domestic Product (GDP) at 1997 prices
Atlantic Canada, Canada, and Atlantic Provinces
1990-2000 (%)

Region	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Average
NL	0.1	0.4	-1.5	0.8	4.3	2.3	-4.6	1.2	5.4	5.5	5.2	1.7
PEI	0.6	-0.3	2.7	1.2	4.9	6.4	3.0	0.4	4.6	4.2	1.9	2.7
NS	-0.3	-0.9	1.4	1.0	0.4	1.7	0.6	4.3	3.7	5.5	3.1	1.9
NB	-0.6	0.0	1.6	2.9	2.1	3.2	0.7	1.2	3.7	6.2	2.1	2.1
Atlantic Canada	-0.2	-0.3	0.9	1.6	2.1	2.6	-0.4	2.4	4.1	5.7	3.1	2.0
Canada	0.2	-2.1	0.9	2.3	4.8	2.8	1.6	4.2	4.1	5.5	5.2	2.7

Source: Provincial Economic Accounts

The economies of Atlantic Canada and Canada are structurally different, as seen in table B.6. In 2000, 28.5% of economic activity in Atlantic Canada was situated in goods-producing industries, compared to 33.0% in Canada. The main difference was found in the manufacturing sector, which was significantly smaller in Atlantic Canada (11.7%) than in Canada (18.9%), as the sector is more developed and less resource-based outside the Atlantic region. Conversely, services-producing industries were more important in Atlantic Canada (71.5%) than Canada (67.0%) at the end of the past decade, as the public sector⁴ in Atlantic Canada (23.7%) was larger than the national average (16.1%) in 2000.

⁴ The public sector is defined as the education, health care and social assistance, and public administration industries.

Table B.6
GDP by Industry Distribution
 Atlantic Canada and Canada
 2000 (%)

Industry	Canada	Atlantic Canada
Agriculture, forestry, fishing and hunting	2.5	3.7
Mining and oil and gas extraction	3.6	4.3
Utilities	2.8	3.0
Construction	5.1	5.8
Manufacturing	18.9	11.7
Goods-producing sector	33.0	28.5
Trade	11.0	10.9
Transportation and warehousing	4.9	4.6
Information and cultural industries	3.8	4.0
Finance, insurance, real estate and management of companies	19.3	18.5
Professional, scientific and technical services	4.3	2.6
Administrative and support services	2.1	1.5
Arts, entertainment and recreation	0.9	0.6
Accommodation and food services	2.4	2.5
Other services	2.3	2.4
Education	4.7	5.8
Health care and social assistance	5.8	7.7
Public administration	5.6	10.2
Services-producing sector	67.0	71.5
Total	100.0	100.0

Source: Provincial GDP by Industry

Resource industries remain an important part of Atlantic Canada's economy, with primary and associated processing activities accounting for almost half of the output in the region's goods-producing sector. These industries are expected to continue to stimulate economic activity in Atlantic Canada, as offshore energy development, new mineral discoveries, aquaculture, and ocean industries represent continued utilization of the region's natural resources.

Exports

Table B.7 examines exports of goods and services in Atlantic Canada and Canada over the past decade. Totalling more than \$22 billion, foreign exports of goods and services in Atlantic Canada represented 36.0% of GDP in 2000, a significantly higher share than in 1989 (22.6%), but lower than in Canada (45.6%). In all Atlantic provinces, foreign exports were larger than inter-provincial exports in 2000, a situation which differed from earlier in the decade, when inter-provincial exports were dominant in all provinces except Newfoundland and Labrador. East-west trading patterns in Atlantic Canada were eclipsed by foreign trade over the course of the 1990s.

Table B.7
Exports of Goods and Services
 Atlantic Canada, Canada, and Atlantic Provinces
 1989-2000

Region/GDP(Exports)	GDP (Exports) distribution 1989		GDP (Exports) distribution 2000		Net change in GDP (Exports)	
	\$ millions	%	\$ millions	%	\$ millions	%
NL - Foreign exports	2,795	31.1	5,899	42.4	3,104	111.1
NL - Inter-provincial exports	1,071	11.9	2,085	15.0	1,014	94.7
NL - GDP at market prices	8,995	100.0	13,922	100.0	4,927	54.8
PEI - Foreign exports	305	14.8	1,035	30.7	730	239.3
PEI - Inter-provincial exports	632	30.7	883	26.2	251	39.7
PEI - GDP at market prices	2,059	100.0	3,366	100.0	1,307	63.5
NS - Foreign exports	2,586	15.9	6,953	28.2	4,367	168.9
NS - Inter-provincial exports	3,425	21.0	5,269	21.4	1,844	53.8
NS - GDP at market prices	16,306	100.0	24,658	100.0	8,352	51.2
NB - Foreign exports	3,454	26.3	8,441	42.0	4,987	144.4
NB - Inter-provincial exports	3,937	30.0	6,135	30.5	2,198	55.8
NB - GDP at market prices	13,128	100.0	20,085	100.0	6,957	53.0
Atlantic Canada - Foreign exports	9,140	22.6	22,328	36.0	13,188	144.3
Atlantic Canada - Inter-provincial exports	9,065	22.4	14,372	23.2	5,307	58.5
Atlantic Canada - GDP at market prices	40,488	100.0	62,031	100.0	21,543	53.2
Canada - Foreign exports	168,936	25.7	490,688	45.6	321,752	190.5
Canada - Inter-provincial exports	147,523	22.4	217,665	20.2	70,142	47.5
Canada - GDP at market prices	657,728	100.0	1,076,577	100.0	418,849	63.7

Source: Provincial Economic Accounts

Foreign exports of goods and services in Atlantic Canada increased by 144.3% between 1989 and 2000, significantly higher than the region's growth in GDP (53.2%). Over the same period, growth in Atlantic Canada's inter-provincial exports (58.5%) also trailed the region's rise in foreign exports. A similar situation occurred in Canada and across the region during the 1990s. Canadian foreign exports grew by 190.5% over the past decade, ahead of the growth in Atlantic Canada.

The top foreign commodity exports in Atlantic Canada are presented in table B.8. Foreign exports of commodities in Atlantic Canada were highly concentrated, as the 15 largest export products represented nearly 85% of all foreign shipments from the region in 2000. Natural resource products dominated the region's exports, as refined petroleum (19.3%), paper (12.9%), fish products (11.8%), crude oil and natural gas (8.4%), and lumber (6.0%) were the largest commodity exports in Atlantic Canada in 2000.

Table B.8
Foreign Exports of Commodities
Atlantic Canada
1992-2000

Commodities	Foreign exports distribution 1992		Foreign exports distribution 2000		Net change in foreign exports	
	\$ millions	%	\$ millions	%	\$ millions	%
Refined petroleum	960.9	14.2	3,302.1	19.3	2,341.3	243.7
Paper	1,294.0	19.1	2,212.1	12.9	918.1	71.0
Fish products	1,142.5	16.9	2,021.3	11.8	878.8	76.9
Crude oil and natural gas	49.0	0.7	1,431.2	8.4	1,382.1	2819.3
Lumber	178.9	2.6	1,018.9	6.0	840.0	469.6
Pulp	697.6	10.3	917.2	5.4	219.6	31.5
Tires	460.8	6.8	792.0	4.6	331.2	71.9
Fish	367.3	5.4	656.5	3.8	289.2	78.8
Iron ore	108.1	1.6	596.7	3.5	488.6	452.0
Frozen vegetables	111.3	1.6	418.0	2.4	306.7	275.5
Non-metallic minerals	236.0	3.5	265.9	1.6	29.8	12.6
Electricity	87.9	1.3	254.6	1.5	166.8	189.8
Veneer, plywood and wood products	31.2	0.5	222.5	1.3	191.3	613.6
Railroad equipment and parts	3.1	0.0	208.8	1.2	205.7	6534.6
Aquaculture products	47.7	0.7	157.8	0.9	110.1	231.0
Sub-total (top 15 commodities)	5,776.2	85.3	14,475.6	84.6	8,699.4	150.6
Others	995.8	14.7	2,634.1	15.4	1,638.3	164.5
Total (All commodities)	6,772.0	100.0	17,109.7	100.0	10,337.6	152.7

Source: Canadian International Merchandise Trade

Between 1992 and 2000, export growth in the region was led by strong increases in shipments of refined petroleum, crude oil and natural gas, lumber, and iron ore. Other export products also did well over this period, with strong growth in shipments of railroad equipment and parts, veneer, plywood and wood products, frozen vegetables, aquaculture products, and electricity.

The composition of Canada's main commodity exports differed from Atlantic Canada, as seen in table B.9. Canadian commodity exports were more diversified, as the 15 largest export products only represented 54.3% of all foreign shipments in 2000. Commodity exports in Canada were also less dependent on natural resources, as motor vehicles (16.3%), telecommunications equipment (3.3%), aerospace products and parts (2.7%), and computers (1.6%) were important export products in 2000. Apart from crude oil and natural gas, export expansion between 1992 and 2000 mainly occurred among non-resource products, led by strong growth in telecommunications equipment, plastic products, aerospace products and parts, rubber products, and motor vehicle gasoline engines and parts.

Table B.9
Foreign Exports of Commodities
 Canada
 1992-2000

Commodities	Foreign exports distribution 1992		Foreign exports distribution 2000		Net change in foreign exports	
	\$ millions	%	\$ millions	%	\$ millions	%
Motor vehicles	25,950.1	16.8	62,665.7	16.3	36,715.6	141.5
Crude oil and natural gas	11,749.9	7.6	40,133.1	10.4	28,383.3	241.6
Paper	8,159.9	5.3	13,670.3	3.5	5,510.4	67.5
Lumber	7,116.1	4.6	12,899.2	3.3	5,783.1	81.3
Telecommunications equipment	1,355.5	0.9	12,560.3	3.3	11,204.8	826.6
Aerospace products and parts	3,059.5	2.0	10,386.7	2.7	7,327.3	239.5
Pulp	5,067.6	3.3	9,886.6	2.6	4,819.0	95.1
Refined petroleum	3,008.6	1.9	8,009.8	2.1	5,001.2	166.2
Aluminum	3,281.5	2.1	6,775.1	1.8	3,493.6	106.5
Computers	3,215.3	2.1	6,326.7	1.6	3,111.4	96.8
Non-ferrous metals (except Aluminum)	3,915.2	2.5	5,506.1	1.4	1,590.9	40.6
Motor vehicle gasoline engines and parts	1,773.2	1.1	5,467.1	1.4	3,693.9	208.3
Rubber	1,666.8	1.1	5,277.4	1.4	3,610.7	216.6
Semiconductors	2,988.3	1.9	4,883.7	1.3	1,895.4	63.4
Plastic	971.3	0.6	4,684.4	1.2	3,713.1	382.3
Sub-total (top 15 commodities)	83,278.7	53.9	209,132.4	54.3	125,853.7	151.1
Others	71,251.9	46.1	176,231.4	45.7	104,979.6	147.3
Total (All commodities)	154,530.5	100.0	385,363.8	100.0	230,833.3	149.4

Source: Canadian International Merchandise Trade

As observed in table B.10, the United States remained the most important market for goods produced in Atlantic Canada, as its share of the region's exports increased from 62.4% in 1992 to 82.2% in 2000. Almost all of the growth in Atlantic Canada's commodity exports between 1992 and 2002 was to the United States, while smaller markets such as China and Brazil also did well over this period.

Table B.10

Foreign Exports of Commodities by Destination

Atlantic Canada

1992-2000

Destination	Foreign exports distribution 1992		Foreign exports distribution 2000		Net change in foreign exports	
	\$ millions	%	\$ millions	%	\$ millions	%
United States (U.S.)	4,223.9	62.4	14,064.8	82.2	9,840.9	233.0
Japan	355.9	5.3	482.7	2.8	126.8	35.6
United Kingdom (U.K.)	382.5	5.6	320.6	1.9	-61.8	-16.2
Germany	220.0	3.2	273.5	1.6	53.4	24.3
Italy (includes Vatican City State)	143.7	2.1	191.1	1.1	47.4	33.0
Brazil	76.3	1.1	174.6	1.0	98.3	128.9
France (includes Monaco, French Antilles)	188.9	2.8	137.4	0.8	-51.5	-27.2
China	15.0	0.2	133.4	0.8	118.4	787.7
Netherlands	174.2	2.6	126.4	0.7	-47.8	-27.5
Belgium	94.6	1.4	125.9	0.7	31.3	33.1
Sub-total	5,875.1	86.8	16,030.5	93.7	10,155.4	172.9
Others	897.0	13.2	1,079.2	6.3	182.2	20.3
Total (All countries)	6,772.0	100.0	17,109.7	100.0	10,337.6	152.7

Source: Canadian International Merchandise Trade

In table B.11, Atlantic Canada's commodity exports were mainly destined for the northeastern region (68.5%) of the United States in 2000. Despite the high concentration of shipments to this area of the country, the destination of Atlantic Canada's exports to the United States became more diversified in the 1990s, as the northeastern region's share of exports was even larger (76.0%) in 1992. Exports increased strongly to all regions of the United States between 1992 and 2000, especially the southeastern region, as demand for Atlantic Canada's products expanded to the western and southern parts of the country over the course of the past decade.

Table B.11

Foreign Exports of Commodities to the United States

Atlantic Canada

1992-2000

Region	Foreign exports distribution 1992		Foreign exports distribution 2000		Net change in foreign exports	
	\$ millions	%	\$ millions	%	\$ millions	%
Northeastern	3,211.5	76.0	9,630.5	68.5	6,419.0	199.9
Northwestern	92.8	2.2	351.5	2.5	258.7	278.8
Southwestern	338.2	8.0	1,230.1	8.7	891.9	263.8
Southeastern	410.9	9.7	2,493.4	17.7	2,082.5	506.8
Others	170.6	4.0	359.3	2.6	188.7	110.6
Total (United States)	4,223.9	100.0	14,064.8	100.0	9,840.9	233.0

Source: Canadian International Merchandise Trade

Northeastern: Connecticut, Delaware, District of Columbia, Illinois, Indiana, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Wisconsin.

Northwestern: Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, Oregon, South Dakota, Washington, Wyoming.

Southwestern: Arkansas, Arizona, California, Colorado, Louisiana, Nevada, New Mexico, Oklahoma, Texas, Utah.

Southeastern: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia.

Others: Alaska, Hawaii, Puerto Rico, U.S. Virgin Islands, unspecified U.S. states.

Labour Market

Table B.12 examines net employment change in Atlantic Canada, Canada, and the Atlantic provinces during the 1990s. As with GDP, employment growth in Atlantic Canada trailed the national average for most of the past decade, with the exception of a strong performance in the 1998-2000 period due to improved economic conditions in the region. During the 1990s, employment in Atlantic Canada grew by an average of 0.8%, with only Prince Edward Island (1.5%) registering growth above the Canadian average (1.3%).

Table B.12

Net Change in Employment

Atlantic Canada, Canada, and Atlantic Provinces

1990-2000 (%)

Region	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Average
NL	0.6	-1.4	-5.4	-0.8	0.2	1.1	-3.8	1.2	2.6	5.5	-0.1	0.0
PEI	-0.2	-2.7	0.4	1.7	1.8	3.4	2.8	0.5	2.0	1.5	5.2	1.5
NS	1.2	-1.4	-2.8	-0.7	1.5	1.0	0.3	1.6	3.8	2.4	2.7	0.9
NB	1.2	-1.8	1.0	1.5	-0.4	3.2	-1.2	1.5	2.3	3.3	1.8	1.1
Atlantic Canada	1.0	-1.6	-2.0	0.1	0.6	1.9	-0.9	1.4	2.9	3.3	2.0	0.8
Canada	0.8	-1.8	-0.7	0.8	2.0	1.9	0.8	2.3	2.7	2.8	2.6	1.3

Source: Labour Force Survey

Various labour market indicators⁵ for Atlantic Canada and Canada are presented in table B.13. By the end of the past decade, Atlantic Canada's labour market had surpassed the levels attained prior to the recession of the early 1990s, as the region's unemployment rate declined and its participation and employment rates increased over the period. In 2000, Atlantic Canada's unemployment rate stood at its lowest level since the early 1980s, while the region's participation and employment rates attained their highest levels since 1976.

Table B.13

Labour Market Indicators

Atlantic Canada and Canada

1990-2000 (%)

Indicators/Region	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Unemployment rate - Atlantic Canada	12.7	14.0	15.0	15.3	14.9	13.3	13.7	13.9	12.9	11.7	11.2
Unemployment rate - Canada	8.1	10.3	11.2	11.4	10.4	9.4	9.6	9.1	8.3	7.6	6.8
Unemployment rate - Gap	4.6	3.6	3.8	4.0	4.5	3.8	4.1	4.8	4.6	4.1	4.4
Participation rate - Atlantic Canada	60.2	59.5	58.6	58.5	58.4	58.3	57.8	58.5	59.4	60.2	60.6
Participation rate - Canada	67.1	66.5	65.7	65.4	65.2	64.9	64.7	64.9	65.1	65.6	65.9
Participation rate - Gap	-6.9	-7.0	-7.1	-6.8	-6.8	-6.6	-6.9	-6.4	-5.7	-5.4	-5.3
Employment rate - Atlantic Canada	52.6	51.2	49.8	49.6	49.7	50.5	49.9	50.4	51.7	53.2	53.8
Employment rate - Canada	61.7	59.7	58.4	58.0	58.4	58.8	58.5	59.0	59.7	60.6	61.4
Employment rate - Gap	-9.1	-8.4	-8.5	-8.4	-8.7	-8.3	-8.6	-8.6	-8.0	-7.4	-7.6

Source: Labour Force Survey

⁵ The unemployment rate is defined as the number of unemployed individuals actively looking for work divided by the labour force, those either employed or unemployed. The participation rate is defined as the labour force divided by the population aged 15 years and over. The employment rate is defined as the number of employed individuals

Despite still trailing the national average in all three indicators, Atlantic Canada closed the gap between itself and Canada during the 1990s. While the unemployment rate gap improved only slightly, the differences in the participation and employment rates had narrowed noticeably by the end of the decade.

As seen in table B.14, most people in Atlantic Canada worked in the services-producing sector (76.6%) in 2000, with a smaller proportion of employment (23.4%) found in the goods-producing sector. In 2000, Atlantic Canadians were mainly employed in the trade (17.3%), health care and social assistance (12.5%), manufacturing (10.5%), education (7.4%), and public administration (6.8%) industries.

Table B.14
Employment by Industry
 Atlantic Canada
 1989-2000

Industry	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Agriculture	20.3	2.2	18.7	1.8	-1.6	-7.9
Forestry, fishing, mining, oil and gas	48.9	5.2	46.1	4.5	-2.8	-5.7
Utilities	10.8	1.1	8.9	0.9	-1.9	-17.6
Construction	63.0	6.7	58.9	5.8	-4.1	-6.5
Manufacturing	113.8	12.1	107.1	10.5	-6.7	-5.9
Goods-producing sector	256.7	27.3	239.8	23.4	-16.9	-6.6
Trade	165.2	17.6	177.4	17.3	12.2	7.4
Transportation and warehousing	49.0	5.2	54.3	5.3	5.3	10.8
Finance, insurance, real estate and leasing	43.7	4.7	44.7	4.4	1.0	2.3
Professional, scientific and technical services	25.3	2.7	37.4	3.7	12.1	47.8
Management and administrative services	17.1	1.8	37.2	3.6	20.1	117.5
Information, culture and recreation	30.5	3.2	38.6	3.8	8.1	26.6
Accommodation and food services	55.7	5.9	66.5	6.5	10.8	19.4
Other services	48.8	5.2	53.3	5.2	4.5	9.2
Education	69.4	7.4	75.8	7.4	6.4	9.2
Health care and social assistance	102.1	10.9	128.1	12.5	26.0	25.5
Public administration	76.2	8.1	70.0	6.8	-6.2	-8.1
Services-producing sector	682.7	72.7	783.2	76.6	100.5	14.7
Total	939.5	100.0	1,023.0	100.0	83.5	8.9

Source: Labour Force Survey

All of the growth in employment during the 1990s occurred in the services-producing sector (14.7%), led by increases in management and administrative services (117.5%), professional, scientific and technical services (47.8%), information, culture and recreation (26.6%), health care and social assistance (25.5%), and accommodation and food services (19.4%). Employment declined in all goods industries (-6.6%) between 1989 and 2000, as resource depletion and mechanization rendered employment in resource industries much more vulnerable during this period.

While continuing to benefit from a strong resource sector, Atlantic Canada's economy is undergoing a transition from a primarily resource-dependent economy to one that is increasingly knowledge-based, driven by innovation, technology, and growth in non-resource sectors. Strong employment growth over the past decade in management and administrative services (call centres), professional, scientific, and technical services (information technology), information, culture and recreation (software publishing, telecommunications), and accommodation and food services (tourism) illustrates the diversification of the Atlantic Canadian economy.

As illustrated in table B.15, Canada had a smaller percentage of its workforce in the services-producing sector (74.1%) in 2000 than did Atlantic Canada, with the main differences due to lower shares of employment in the trade and public sectors. Nationally, sectors such as finance, insurance, real estate and leasing, professional, scientific and technical services, and information, culture and recreation accounted for a higher proportion of employment than in Atlantic Canada. The increased importance of the goods-producing sector in Canada (25.9%) resulted mainly from a larger manufacturing sector (15.3%), while the resource industries had a lower share of employment nationally (4.4%) than in Atlantic Canada (6.3%).

Table B.15
Employment by Industry
 Canada
 1989-2000

Industry	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Agriculture	452.2	3.5	372.6	2.5	-79.6	-17.6
Forestry, fishing, mining, oil and gas	308.2	2.4	283.0	1.9	-25.2	-8.2
Utilities	136.7	1.1	116.4	0.8	-20.3	-14.9
Construction	811.8	6.3	815.6	5.5	3.8	0.5
Manufacturing	2,129.7	16.4	2,280.2	15.3	150.5	7.1
Goods-producing sector	3,838.5	29.6	3,867.8	25.9	29.3	0.8
Trade	2,054.3	15.8	2,318.1	15.5	263.8	12.8
Transportation and warehousing	664.3	5.1	779.8	5.2	115.5	17.4
Finance, insurance, real estate and leasing	815.6	6.3	867.0	5.8	51.4	6.3
Professional, scientific and technical services	554.6	4.3	945.9	6.3	391.3	70.6
Management and administrative services	310.1	2.4	546.2	3.7	236.1	76.1
Information, culture and recreation	524.7	4.0	665.5	4.5	140.8	26.8
Accommodation and food services	744.5	5.7	960.6	6.4	216.1	29.0
Other services	618.3	4.8	695.8	4.7	77.5	12.5
Education	832.9	6.4	974.8	6.5	141.9	17.0
Health care and social assistance	1,230.7	9.5	1,526.4	10.2	295.7	24.0
Public administration	797.9	6.1	761.7	5.1	-36.2	-4.5
Services-producing sector	9,147.9	70.4	11,041.9	74.1	1,894.0	20.7
Total	12,986.4	100.0	14,909.7	100.0	1,923.3	14.8

Source: Labour Force Survey

As in Atlantic Canada, most of the employment growth in Canada during the 1990s occurred in the services-producing sector (20.7%), with strong growth in management and administrative services (76.1%), professional, scientific and technical services (70.6%), accommodation and food services (29.0%), information, culture and recreation (26.8%), and health care and social assistance (24.0%). Unlike the decline experienced in Atlantic Canada, employment in the goods-producing sector increased nationally (0.8%) over the past decade, led by growth in the manufacturing sector (7.1%).

In table B.16, the majority of employed individuals in Atlantic Canada (62.2%) had some form of post-secondary education in 2000, with 16.5% possessing a university bachelor's degree or higher. Only 18.9% of those employed had not received a high school diploma in 2000. All of the employment growth in Atlantic Canada between 1990 and 2000 occurred among those who had a high school diploma or higher levels of education, with the strongest growth observed for those with a post-secondary certificate or diploma or a university degree.

Table B.16

Employment by Education
Atlantic Canada and Canada
1990-2000

Region/Education	Employment distribution 1990		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Atlantic Canada - 0 - 8 years	81.1	8.6	44.6	4.4	-36.5	-45.0
Atlantic Canada - Some high school	196.3	20.7	148.6	14.5	-47.7	-24.3
Atlantic Canada - High school graduate	185.7	19.6	193.0	18.9	7.3	3.9
Atlantic Canada - Some post-secondary	76.4	8.1	87.1	8.5	10.7	14.0
Atlantic Canada - Post-secondary certificate or diploma	288.3	30.4	381.0	37.2	92.7	32.2
Atlantic Canada - Bachelor's degree	82.3	8.7	111.6	10.9	29.3	35.6
Atlantic Canada - Above bachelor's degree	38.3	4.0	57.2	5.6	18.9	49.3
Atlantic Canada - Total	948.5	100.0	1,023.0	100.0	74.5	7.9
Canada - 0 - 8 years	978.6	7.5	557.8	3.7	-420.8	-43.0
Canada - Some high school	2,531.0	19.3	1,959.3	13.1	-571.7	-22.6
Canada - High school graduate	2,979.1	22.8	3,151.9	21.1	172.8	5.8
Canada - Some post-secondary	1,273.9	9.7	1,463.8	9.8	189.9	14.9
Canada - Post-secondary certificate or diploma	3,436.4	26.3	4,839.8	32.5	1,403.4	40.8
Canada - Bachelor's degree	1,285.7	9.8	1,973.0	13.2	687.3	53.5
Canada - Above bachelor's degree	599.4	4.6	964.1	6.5	364.7	60.8
Canada - Total	13,084.0	100.0	14,909.7	100.0	1,825.7	14.0

Source: Labour Force Survey

Most of the people employed in Canada also had some form of post-secondary education (62.0%) in 2000, although a higher percentage had obtained a university degree (19.7%) than in Atlantic Canada. Conversely, 16.8% of employed Canadians had not obtained a high school diploma in 2000, a lower share than in Atlantic Canada. Over the course of the past decade, employment growth in Canada occurred mainly among those with a post-secondary certificate or diploma or a university degree, with growth higher than in Atlantic Canada.

CHAPTER ONE – GROWING SMALL BUSINESSES

Introduction

This chapter focuses on an analysis of firm dynamics in Atlantic Canada. The most recent data (1989-2000) available from Statistics Canada¹ have been used. The first part of the chapter looks at the number and growth rate of firms in various industries in both Canada and Atlantic Canada. The industries are divided into four basic sectors: goods-producing, trade, market services, and funded. Firms not fitting a specific industry are considered to be unclassified. This chapter also examines trends in business entries and exits, as well as the dynamics of firm size in Atlantic Canada.

Distribution of Firms² by Industry³

Table 1.1 looks at the distribution of firms in Atlantic Canada by industry over the 1989 to 2000 period. Despite the difficult economic conditions of the early 1990s, the number of firms in Atlantic Canada increased by 1,984 or 2.3% between 1989 and 2000, to stand at nearly 88,000 in 2000.

Most of the gains over this period occurred in the market services sector, with a 25.0% increase since 1989. A large increase in the number of firms in the business services industry (59.7%) was the main reason for the strong growth in this sector.

¹ The data have been drawn from *Employment Dynamics, Business Size and Life Status, Small Business and Special Surveys Division, Statistics Canada*, and from a special run of *Employment Dynamics*. The *Employment Dynamics* database is longitudinal and needs to be analyzed over a consistent time period (in this case, 1989 to 2000); therefore, the data reported in this issue of the *State of Small Business* are not directly comparable to previous editions of the publication.

² The definition of firm used in the first two chapters of the publication covers all private and public sector businesses or organizations that issue T4 slips to employees for taxation purposes. Both incorporated and unincorporated entities are included, but only if they issue T4 slips to employees. Non-employers are not included in the figures.

³ The Standard Industrial Classification (SIC) is used in chapters one and two.

Table 1.1
Distribution of Firms by Industry
 Atlantic Canada
 1989-2000

Industry	Number off firms 1989	% of total firms	Number of firms 2000	% of total firms	Net change in number of firms	% change in number of firms
Primary Industries	9,398	11.0	10,016	11.4	618	6.6
Mining (Oil & Natural Gas)	260	0.3	281	0.3	21	8.1
Manufacturing	4,248	5.0	5,249	6.0	1,001	23.6
Construction	9,603	11.2	9,406	10.7	-197	-2.1
Goods-producing	23,509	27.4	24,952	28.4	1,443	6.1
Wholesale Trade	4,685	5.5	5,252	6.0	567	12.1
Retail Trade	13,265	15.5	12,009	13.7	-1,256	-9.5
Trade	17,950	20.9	17,261	19.7	-689	-3.8
Transportation & Storage	3,475	4.1	3,961	4.5	486	14.0
Communication & Other Utility	502	0.6	598	0.7	96	19.1
Finance & Insurance	1,475	1.7	1,764	2.0	289	19.6
Real Estate & Insurance Agents	2,150	2.5	2,407	2.7	257	12.0
Business Services	3,999	4.7	6,388	7.3	2,389	59.7
Accommodation & Food	4,985	5.8	5,613	6.4	628	12.6
Market Services	16,586	19.3	20,731	23.6	4,145	25.0
Public Administration	1,473	1.7	1,729	2.0	256	17.4
Health & Other Services	22,261	26.0	22,257	25.4	-4	0.0
Funded Services	23,734	27.7	23,986	27.3	252	1.1
Unclassified	3,988	4.6	821	0.9	-3,167	-79.4
Total	85,767	100.0	87,751	100.0	1,984	2.3

Source: Employment Dynamics

Led by a strong increase in manufacturing (23.6%), the goods-producing sector grew solidly (6.1%) over the period. Two of the largest industries, retail trade and construction, both experienced declines in the number of firms between 1989 and 2000.

In terms of overall business growth, Atlantic Canada lagged behind Canada as a whole. Table 1.2 indicates that the number of firms in Canada rose by 8.2% between 1989 and 2000, above the 2.3% increase for Atlantic Canada.

In Canada, growth was strongest in the market services sector (34.6%), with a large increase in the business services industry (67.9%). Despite growth in manufacturing (13.3%) and mining (31.9%), the number of firms in the goods-producing sector fell (-0.5%) in Canada due to a large decline in the primary industries (-10.1%). Firms in retail trade and construction also declined during the period.

Table 1.2
Distribution of Firms by Industry
 Canada
 1989-2000

Industry	Number of firms 1989	% of total firms	Number of firms 2000	% of total firms	Net change in number of firms	% change in number of firms
Primary Industries	75,528	8.3	67,934	6.9	-7,594	-10.1
Mining (Oil & Natural Gas)	5,111	0.6	6,743	0.7	1,632	31.9
Manufacturing	54,463	6.0	61,689	6.2	7,226	13.3
Construction	109,727	12.0	107,295	10.9	-2,432	-2.2
Goods-producing	244,829	26.8	243,661	24.7	-1,168	-0.5
Wholesale Trade	51,266	5.6	61,534	6.2	10,268	20.0
Retail Trade	141,563	15.5	131,252	13.3	-10,311	-7.3
Trade	192,829	21.1	192,786	19.5	-43	0.0
Transportation & Storage	31,256	3.4	41,780	4.2	10,524	33.7
Communication & Other Utility	4,279	0.5	5,876	0.6	1,597	37.3
Finance & Insurance	25,072	2.7	31,174	3.2	6,102	24.3
Real Estate & Insurance Agents	35,274	3.9	37,222	3.8	1,948	5.5
Business Services	74,061	8.1	124,315	12.6	50,254	67.9
Accommodation & Food	59,013	6.5	67,731	6.9	8,718	14.8
Market Services	228,955	25.1	308,098	31.2	79,143	34.6
Public Administration	12,041	1.3	15,069	1.5	3,028	25.1
Health & Other Services	192,824	21.1	214,113	21.7	21,289	11.0
Funded Services	204,865	22.4	229,182	23.2	24,317	11.9
Unclassified	41,424	4.5	13,630	1.4	-27,794	-67.1
Total	912,902	100.0	987,357	100.0	74,455	8.2

Source: Employment Dynamics

Table 1.3 distributes the net change in the number of firms by province and industry. With the exception of Newfoundland and Labrador, each Atlantic province experienced a gain in the number of firms over the 1989 to 2000 period. Newfoundland and Labrador had a loss of 1,089 firms, with most of the decline occurring in retail trade and health and other services. All provinces experienced large increases in firms in business services and manufacturing.

Table 1.3
Net Change in Number of Firms
 By Province and Industry
 1989-2000

	NL	PEI	NS	NB	Total
Primary Industries	-92	-288	626	372	618
Mining (Oil & Natural Gas)	15	5	0	1	21
Manufacturing	174	119	424	284	1,001
Construction	-101	79	-307	132	-197
Goods-producing	-4	-85	743	789	1,443
Wholesale Trade	33	48	297	189	567
Retail Trade	-417	-4	-561	-274	-1,256
Trade	-384	44	-264	-85	-689
Transportation & Storage	10	53	100	323	486
Communication & Other Utility	27	13	23	33	96
Finance & Insurance	43	40	116	90	289
Real Estate & Insurance Agents	14	61	80	102	257
Business Services	450	205	946	788	2,389
Accommodation & Food	159	8	223	238	628
Market Services	703	380	1,488	1,574	4,145
Public Administration	0	31	140	85	256
Health & Other Services	-252	154	321	-227	-4
Funded Services	-252	185	461	-142	252
Unclassified	-1,152	-153	-899	-963	-3,167
Total	-1,089	371	1,529	1,173	1,984

Source: Employment Dynamics

Entries and Exits of Firms

The number of businesses started each year, or entries, is an important indicator of economic growth in a region. However, firms leaving the economy, or exits, must also be considered to calculate a net increase or decrease in the number of firms during a given year. Exits are not due solely to business failure: some businesses are sold or consolidated with other businesses; seasonal firms can operate for a few years, then remain dormant for awhile before starting up again; others, especially smaller businesses, come to a natural end with some owners choosing to retire or take positions in other businesses.

Business entries often increase during poor economic times, due to a lack of employment alternatives. A large number of entries contributes to overall economic growth in a region. However, both a small number of business entries and a large number of business exits can also indicate an overall healthy economy. As the demand for labour in other firms increases, people may choose to not start a business, or may end their business to accept a position at an existing firm to earn a higher wage.

Table 1.4 looks at the annual average entry and exit rates⁴ over the 1990-2000 period for Atlantic Canada, Canada, and each of the Atlantic provinces. While the average entry rate for Atlantic Canada (18.2%) is higher than the national rate (14.5%), the region's average exit rate (18.0%) is also substantially higher than the Canadian rate (13.8%). These trends are observed in each of the Atlantic provinces.

Table 1.4
Average Annual Entry and Exit Rates for Businesses
Canada, Atlantic Canada and Provinces
1990-2000 (%)

Region	Entry rate	Exit rate	Retention rate
NL	21.8	22.2	-0.4
PEI	19.1	18.6	0.5
NS	17.2	16.7	0.5
NB	16.4	16.0	0.4
Atlantic Canada	18.2	18.0	0.2
Canada	14.5	13.8	0.7

Source: Special run of Employment Dynamics

Atlantic Canada generated new businesses at a greater rate than the national average, however, high exit rates indicate that business survival in the region remained problematic. The region's average retention rate⁵ for firms during the 1990s (0.2%) was lower than the Canadian rate (0.7%). Each Atlantic province posted a lower retention rate than the national average over the past decade.

⁴ An entry rate is defined as the ratio of the number of new businesses entering the economy in a given year divided by the number of firms in existence at the beginning of the year. An exit rate is defined as the ratio of the number of businesses leaving the economy in a given year divided by the number of firms in existence at the beginning of the year.

⁵ The retention rate is defined as the difference between the entry rate and the exit rate, and a positive (negative) number indicates a net gain (loss) of firms over the period.

Table 1.5 examines annual entry rates on a regional basis over the period 1990-2000. Entry rates in Atlantic Canada declined over the course of the decade, reaching a low of 14.0% in 2000. Canadian entry rates also fell during this period, although the decline was more gradual.

Table 1.5
Trends in Business Entry Rates
 Canada, Atlantic Canada and Provinces
 1990-2000 (%)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Average
NL	29.8	26.1	24.7	23.5	20.6	20.8	19.1	20.5	20.6	18.1	16.1	21.8
PEI	21.2	21.6	16.9	16.5	21.0	20.1	19.0	19.9	20.9	19.5	13.7	19.1
NS	19.0	18.7	17.7	17.4	17.4	16.8	16.3	18.4	17.0	17.1	13.2	17.2
NB	19.4	17.1	16.1	15.8	16.8	16.7	15.6	15.5	17.3	16.2	13.4	16.4
Atlantic Canada	22.0	20.3	18.9	18.4	18.3	18.1	17.0	18.1	18.3	17.2	14.0	18.2
Canada	16.7	14.8	14.3	14.2	14.5	14.5	14.8	15.1	14.4	13.2	12.7	14.5

Source: Special run of Employment Dynamics

While Newfoundland and Labrador had the highest average entry rate during the 1990s, entry rates in the province declined considerably over the earlier part of the period, as the economy underwent significant restructuring. Entry rates in the other Atlantic provinces experienced a more moderate decline over this period.

Table 1.6 looks at annual exit rates on a regional basis over the past decade. The Atlantic Canadian exit rate remained relatively unchanged through the 1990s, while the Canadian exit rate showed a declining trend. After increasing through the mid-part of the decade, exit rates in Newfoundland and Labrador declined in the latter part of the period. While exit rates remained steady in Nova Scotia and New Brunswick, they increased in Prince Edward Island over the course of the 1990s.

Table 1.6
Trends in Business Exit Rates
 Canada, Atlantic Canada and Provinces
 1990-2000 (%)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Average
NL	23.4	23.1	22.1	22.9	23.8	23.7	24.5	20.4	21.1	19.0	20.5	22.2
PEI	15.9	16.2	18.6	16.0	16.2	21.4	21.2	18.3	19.4	20.0	20.9	18.6
NS	16.6	17.3	16.6	15.9	16.2	17.4	18.6	16.0	15.7	16.1	17.3	16.7
NB	17.5	16.6	15.5	14.8	15.0	16.1	17.1	14.8	14.6	16.2	17.3	16.0
Atlantic Canada	18.5	18.5	17.9	17.4	17.8	18.9	19.8	16.8	16.9	17.1	18.3	18.0
Canada	15.2	15.5	14.1	13.9	13.6	14.1	14.7	12.5	12.8	12.2	12.9	13.8

Source: Special run of Employment Dynamics

Table 1.7 shows the annual net change in the number of firms in Atlantic Canada between 1990 and 2000. Growth in the number of firms in Atlantic Canada fell from 3.4% in 1990 to a decline of 2.8% in 1996. Business declines were experienced in the mid-part of the decade across Atlantic Canada, especially in Newfoundland and Labrador, as difficult economic conditions led to a significant loss of firms in the province. As the Atlantic Canadian economy strengthened, firm growth in the region resumed in 1997, before weakening again in the latter part of the decade. Nationally, although gains in the number of firms slowed in the mid-part of the 1990s, business growth remained steady throughout the period.

Table 1.7
Net Change/Turnover in Number of Firms
 Atlantic Canada
 1990-2000

Year	Number of firms previous year	Number of entries in year	Number of exits in year	Net change in number of firms	% change in number of firms
1990	85,767	18,834	15,881	2,953	3.4
1991	88,720	18,029	16,398	1,631	1.8
1992	90,351	17,099	16,138	961	1.1
1993	91,312	16,795	15,866	929	1.0
1994	92,241	16,908	16,412	496	0.5
1995	92,737	16,758	17,531	-773	-0.8
1996	91,964	15,619	18,205	-2,586	-2.8
1997	89,378	16,149	15,059	1,090	1.2
1998	90,468	16,526	15,332	1,194	1.3
1999	91,662	15,802	15,692	110	0.1
2000	91,772	12,809	16,830	-4,021	-4.4

Source: Special run of Employment Dynamics

Table 1.8 looks at the distribution of firms by size in Atlantic Canada between 1989 and 2000. Small firms, defined as those with less than 100 employees, represented 94.8% of all businesses in Atlantic Canada in 2000, a level that has remained steady since 1989. The proportion of smaller firms, defined as those with less than 20 employees, fell somewhat over this period, from 89.4% of all firms in 1989 to 88.4% in 2000.

Table 1.8
Distribution of Firms by Size
 Atlantic Canada
 1989-2000

Firm Size (# of employees)	Number of firms 1989	% of total firms	Number of Firms 2000	% of total firms	Net change in number of firms	% change in number of firms
Less than 20	76,657	89.4	77,615	88.4	958	1.2
20 to 49	3,524	4.1	3,719	4.2	195	5.5
50 to 99	1,509	1.8	1,831	2.1	322	21.3
Small firms	81,690	95.2	83,165	94.8	1,475	1.8
100 and over	4,077	4.8	4,586	5.2	509	12.5
Total	85,767	100.0	87,751	100.0	1,984	2.3

Source: Employment Dynamics

The number of small firms increased by 1.8% during the 1989 to 2000 period, slightly below the overall rate of growth (2.3%). Over the past decade, 74.3% of the net increase in the number of businesses in Atlantic Canada was due to small firms. Similar results were observed for Canada, although the growth of small firms was stronger over the period.

The number of small firms increased in each Atlantic province during this time, with the exception of Newfoundland and Labrador. In Newfoundland and Labrador, net business declines over the past decade were due to a significant drop in the number of firms employing less than 20 people in the province.

Summary

- The number of firms in Atlantic Canada increased by 2.3 % between 1989 and 2000, compared to the Canadian increase of 8.2 %.
- In Atlantic Canada, large increases in firms were observed in business services and manufacturing, while the number of businesses declined in retail trade and construction. These same trends were observed for Canada.
- With the exception of Newfoundland and Labrador, each Atlantic province experienced a gain in the number of firms over this period.
- Atlantic Canada generated new businesses at a greater rate than the national average, however, high exit rates indicate that business survival in the region remained problematic.
- Atlantic Canada's average retention rate for firms during the 1989 to 2000 period (0.2%) was lower than the national average (0.7%).
- Small firms, defined as those with less than 100 employees, represented 94.8% of all businesses in Atlantic Canada in 2000, a level that has remained steady since 1989.
- The number of small firms increased in each Atlantic province, with the exception of Newfoundland and Labrador.

CHAPTER TWO – THE DYNAMICS OF JOB CREATION

Overview

This chapter looks at employment¹ trends for firms in Atlantic Canada over the past decade. The first part of the chapter examines gross employment creation in Atlantic Canada by firm size, indicating where job creation occurred over the 1989 to 2000 period. The distribution and net change in employment according to firm size and industry are covered in the remaining sections of the chapter, for Atlantic Canada, Canada, and each Atlantic province.

Employment Creation

Table 2.1 examines gross employment creation² by new and existing firms in Atlantic Canada over the 1989 to 2000 period. More than 60% of all employment created in Atlantic Canada over this period occurred in small firms. Smaller firms, those employing less than 20 employees, generated a greater proportion of employment (43.2%) over this period than medium-sized and large firms with more than 100 employees (39.1%).

When looking at just new firms entering the economy, these same trends are even more pronounced. Over 70% of gross employment created by new firms in Atlantic Canada during the 1989 to 2000 period was in small businesses, with over one-half of new employment (54.5%) generated by smaller firms.

¹ *Employment figures used in this chapter are taken from the Employment Dynamics database and are measured in average labour units (ALUs). Employment (ALUs) for each business in the database is estimated by dividing the appropriate average annual earnings figure (given the firm's industry, employment-size class, and province) obtained from Statistics Canada's Survey of Employment, Payroll, and Hours, into the firm's total payroll derived from T4 slips. ALUs represent the average number of persons employed in a business during a given year, making no distinction between full-time and part-time employees.*

² *Gross employment creation is defined as the number of newly employed people in the economy over a given period of time, and does not include the number of individuals who have lost their jobs over this same period due to business restructuring or closure. Gross employment created by new firms refers to the number of people hired in new businesses entering the economy, while gross employment created by all firms refers to new employment created by both new and existing firms.*

Table 2.1
Employment Creation by Size of Firm
 Atlantic Canada
 1989-2000

Firm size (# of employees)	% of employment created by new firms	% of employment created by all firms
Less than 20	54.5	43.2
20 to 49	10.0	10.6
50 to 99	6.7	7.1
Small firms	71.3	60.9
100 and over	28.7	39.1
Total	100.0	100.0

Source: Employment Dynamics

Employment Distribution by Size of Firm

The distribution of employment by firm size is presented in tables 2.2-2.7, for Atlantic Canada, Canada, and each Atlantic province.

ATLANTIC CANADA

In 2000, 39.1% of employment in Atlantic Canada was in small firms, up slightly from 37.5% in 1989. Employment increased in importance among all types of small firms over the period, especially among smaller firms, rising from 22.4% to 23.3% of total employment in 2000.

Table 2.2
Employment Distribution by Size of Firm
 Atlantic Canada
 1989-2000

Firm size (# of employees)	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Less than 20	190.0	22.4	211.1	23.3	21.2	11.2
20 to 49	76.7	9.0	83.1	9.2	6.4	8.4
50 to 99	51.1	6.0	61.1	6.7	10.0	19.5
Small firms	317.7	37.5	355.3	39.1	37.6	11.8
100 and over	530.6	62.5	552.5	60.9	21.9	4.1
Total	848.4	100.0	907.8	100.0	59.4	7.0

Source: Employment Dynamics

Employment in small firms increased 11.8% or by 37,600 individuals over the period, ahead of the overall increase in employment of 7.0%. Growth was strongest among firms employing 50 to 99 people (19.5%).

CANADA

Employment in small firms represented 40.1% of all employment in Canada in 2000, slightly above the rate in Atlantic Canada. The proportion of employment in smaller firms increased during the period, from 21.4% to 22.0% of total employment in 2000.

Table 2.3
Employment Distribution by Size of Firm

Canada
1989-2000

Firm size (# of employees)	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Less than 20	2,504.3	21.4	2,944.3	22.0	440.0	17.6
20 to 49	1,213.5	10.4	1,412.4	10.6	198.9	16.4
50 to 99	832.3	7.1	1,001.1	7.5	168.8	20.3
Small firms	4,550.1	38.9	5,357.8	40.1	807.7	17.8
100 and over	7,159.7	61.1	8,007.0	59.9	847.3	11.8
Total	11,709.7	100.0	13,364.8	100.0	1,655.1	14.1

Source: Employment Dynamics

Employment growth in small firms in Canada was stronger (17.8%) over this period when compared to Atlantic Canada. Total employment growth was also stronger (14.1%). As in Atlantic Canada, the largest growth in employment occurred in firms employing 50 to 99 people (20.3%).

NEWFOUNDLAND AND LABRADOR

Due to economic restructuring during the 1989 to 2000 period, employment in small firms in Newfoundland and Labrador became more important over the period, representing 39.8% of all employment in the province in 2000.

Table 2.4
Employment Distribution by Size of Firm
 Newfoundland and Labrador
 1989-2000

Firm size (# of employees)	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Less than 20	39.1	22.2	42.2	24.5	3.1	7.9
20 to 49	14.0	8.0	17.0	9.9	3.0	21.7
50 to 99	9.4	5.4	9.4	5.5	0.0	0.1
Small firms	62.5	35.6	68.7	39.8	6.2	9.8
100 and over	113.3	64.4	103.9	60.2	-9.4	-8.3
Total	175.9	100.0	172.6	100.0	-3.2	-1.8

Source: Employment Dynamics

While total employment in the province fell (-1.8%) over the period, employment in small firms increased by 9.8%. The only growth in employment during the 1990s in Newfoundland and Labrador occurred in firms employing fewer than 50 people, as employment declined significantly in medium-sized and large organizations employing more than 100 people (-8.3%).

PRINCE EDWARD ISLAND

In 2000, employment in small firms represented more than one-half of all employment (51.6%) in Prince Edward Island, up from 48.6% in 1989. Employment in small firms grew by 30.7% during the period, ahead of the overall gain in employment of 23.1%. Although significant growth occurred in all types of businesses, the largest increase was observed in firms employing between 20 and 49 people (61.2%).

*Table 2.5***Employment Distribution by Size of Firm**

Prince Edward Island

1989-2000

Firm size (# of employees)	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Less than 20	14.5	31.2	17.7	31.0	3.2	22.2
20 to 49	4.8	10.4	7.8	13.7	3.0	61.2
50 to 99	3.2	6.9	4.0	7.0	0.7	23.2
Small firms	22.5	48.6	29.5	51.6	6.9	30.7
100 and over	23.9	51.4	27.7	48.4	3.8	16.0
Total	46.4	100.0	57.1	100.0	10.7	23.1

Source: Employment Dynamics

NOVA SCOTIA

Small business employment in Nova Scotia represented 37.7% of all employment in the province in 2000, up from 36.5% in 1989. Employment in small firms grew by 10.2% in Nova Scotia during the 1989 to 2000 period, while total employment only increased by 6.6%.

*Table 2.6***Employment Distribution by Size of Firm**

Nova Scotia

1989-2000

Firm size (# of employees)	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Less than 20	74.7	21.1	82.8	22.0	8.1	10.8
20 to 49	31.8	9.0	32.8	8.7	1.0	3.3
50 to 99	22.5	6.4	26.5	7.0	4.0	17.8
Small firms	129.0	36.5	142.1	37.7	13.1	10.2
100 and over	224.4	63.5	234.7	62.3	10.3	4.6
Total	353.4	100.0	376.8	100.0	23.4	6.6

Source: Employment Dynamics

NEW BRUNSWICK

Employment in small firms in New Brunswick represented 38.2% of total employment in 2000, unchanged from 1989. Employment in small firms grew by 11.0% during the 1990s, slightly above the overall increase of 10.5%. Growth was strongest in businesses employing between 50 and 99 people (32.5%).

*Table 2.7***Employment Distribution by Size of Firm**

New Brunswick
1989-2000

Firm size (# of employees)	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Less than 20	61.7	22.6	68.5	22.7	6.8	11.0
20 to 49	26.1	9.6	25.5	8.5	-0.6	-2.3
50 to 99	15.9	5.8	21.1	7.0	5.2	32.5
Small firms	103.7	38.0	115.0	38.2	11.4	11.0
100 and over	169.0	62.0	186.2	61.8	17.2	10.2
Total	272.7	100.0	301.3	100.0	28.6	10.5

Source: Employment Dynamics

Employment Distribution by Industry

Tables 2.8-2.13 examine the distribution of employment by industry for Atlantic Canada, Canada, and each Atlantic province. Employment trends in various industries during the 1989 to 2000 period are identified.

ATLANTIC CANADA

In 2000, 24.0% of total employment in Atlantic Canada was found in the market services sector, up from 21.6% in 1989. Employment in the market services sector increased by 19.2% between 1989 and 2000, representing nearly 60% of the net increase in employment in the region over this period. Growth in this sector was driven by the business services industry (75.4%).

The funded sector had 36.0% of total employment in 2000, down from 37.4% in 1989. Despite a large decline in public administration employment (-13.2%), employment in the funded sector increased by 3.1% over the past decade, on the strength of significant gains in health and other services (21.0%)³. Employment in the goods-producing sector increased by 4.7% over this period, due to a strong gain in the primary industries (42.9%).

³ *The health and other services industry mainly comprises the education and health and social services sectors.*

Table 2.8
Distribution of Employment by Industry
 Atlantic Canada
 1989-2000

Industry	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Primary Industries	17.6	2.1	25.1	2.8	7.5	42.9
Mining (Oil & Natural Gas)	11.5	1.4	11.1	1.2	-0.4	-3.2
Manufacturing	110.4	13.0	110.8	12.2	0.4	0.3
Construction	41.3	4.9	42.2	4.7	0.9	2.1
Goods-producing	180.8	21.3	189.2	20.8	8.4	4.7
Wholesale Trade	40.9	4.8	44.2	4.9	3.3	7.9
Retail Trade	121.7	14.3	127.3	14.0	5.6	4.6
Trade	162.6	19.2	171.4	18.9	8.8	5.4
Transportation & Storage	28.9	3.4	30.3	3.3	1.5	5.1
Communication & Other Utility	31.8	3.8	32.5	3.6	0.7	2.2
Finance & Insurance	29.8	3.5	35.5	3.9	5.7	19.2
Real Estate & Insurance Agents	12.9	1.5	11.2	1.2	-1.7	-13.5
Business Services	29.0	3.4	50.9	5.6	21.9	75.4
Accommodation & Food	50.6	6.0	57.7	6.4	7.1	14.0
Market Services	183.0	21.6	218.1	24.0	35.1	19.2
Public Administration	166.4	19.6	144.4	15.9	-22.0	-13.2
Health & Other Services	150.9	17.8	182.6	20.1	31.8	21.0
Funded Services	317.2	37.4	327.0	36.0	9.8	3.1
Unclassified	4.7	0.6	2.0	0.2	-2.7	-56.7
Total	848.4	100.0	907.8	100.0	59.4	7.0

Source: Employment Dynamics

CANADA

On a national basis, 28.1% of all employment in the country in 2000 was found in the market services sector, a higher proportion than in Atlantic Canada (24.0%), as employment in business services remained more important in Canada (8.6%) than in Atlantic Canada (5.6%). With growth of 27.9% during this period, employment gains in the market services sector represented almost half of the net increase in employment in Canada over this period. Employment growth was strongest in business services (72.3%) and accommodation and food services (22.8%).

Employment in the funded sector represented 29.8% of all employment in Canada in 2000, a significantly lower share than in Atlantic Canada (36.0%), as employment in public administration and health and other services had a larger share of total employment in Atlantic Canada. Funded sector employment increased by 9.7% between 1989 and 2000, due to gains in health and other services (14.8%).

Table 2.9
Distribution of Employment by Industry
 Canada
 1989-2000

Industry	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Primary Industries	152.5	1.3	187.3	1.4	34.8	22.8
Mining (Oil & Natural Gas)	217.9	1.9	190.1	1.4	-27.8	-12.8
Manufacturing	2,048.2	17.5	2,231.4	16.7	183.1	8.9
Construction	569.9	4.9	572.3	4.3	2.4	0.4
Goods-producing	2,988.6	25.5	3,181.0	23.8	192.5	6.4
Wholesale Trade	629.2	5.4	796.9	6.0	167.6	26.6
Retail Trade	1,456.1	12.4	1,615.9	12.1	159.8	11.0
Trade	2,085.3	17.8	2,412.7	18.1	327.4	15.7
Transportation & Storage	411.7	3.5	477.7	3.6	66.0	16.0
Communication & Other Utility	304.2	2.6	331.6	2.5	27.4	9.0
Finance & Insurance	546.6	4.7	654.1	4.9	107.5	19.7
Real Estate & Insurance Agents	242.0	2.1	205.4	1.5	-36.6	-15.1
Business Services	665.5	5.7	1,146.7	8.6	481.3	72.3
Accommodation & Food	764.3	6.5	938.3	7.0	174.1	22.8
Market Services	2,934.2	25.1	3,753.9	28.1	819.7	27.9
Public Administration	1,757.2	15.0	1,833.7	13.7	76.5	4.4
Health & Other Services	1,870.9	16.0	2,147.7	16.1	276.7	14.8
Funded Services	3,628.2	31.0	3,981.4	29.8	353.2	9.7
Unclassified	73.5	0.6	35.8	0.3	-37.7	-51.3
Total	11,709.7	100.0	13,364.8	100.0	1,655.1	14.1

Source: Employment Dynamics

Employment in the trade sector also increased (15.7%) over the past decade, as did employment in the goods-producing sector (6.4%) due to growth in manufacturing (8.9%) and the primary industries (22.8%). Manufacturing continued to have a larger share of total employment in Canada (16.7%) than in Atlantic Canada (12.2%) in 2000.

NEWFOUNDLAND AND LABRADOR

Employment growth in market services (18.5%) was the only significant gain in employment in the province between 1989 and 2000, with the largest increase seen in business services (41.5%).

As a result of a large decline in public administration employment (-32.6%), employment in the funded sector fell by 10.8% since 1989. However, employment in health and other services (30.9%) increased significantly during this period. In the province's goods-producing sector, employment fell by 6.8%, due to declines in manufacturing (-10.9%) and construction (-6.1%).

Table 2.10
Distribution of Employment by Industry
Newfoundland and Labrador
1989-2000

Industry	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Primary Industries	2.2	1.3	2.5	1.4	0.3	11.5
Mining (Oil & Natural Gas)	4.2	2.4	4.3	2.5	0.1	2.3
Manufacturing	20.5	11.6	18.3	10.6	-2.2	-10.9
Construction	7.5	4.3	7.0	4.1	-0.5	-6.1
Goods-producing	34.4	19.6	32.1	18.6	-2.3	-6.8
Wholesale Trade	7.8	4.4	9.1	5.3	1.3	16.9
Retail Trade	25.4	14.5	25.7	14.9	0.3	1.2
Trade	33.2	18.9	34.8	20.2	1.6	4.9
Transportation & Storage	4.8	2.7	6.2	3.6	1.3	27.6
Communication & Other Utility	5.5	3.1	7.0	4.0	1.5	27.6
Finance & Insurance	6.0	3.4	6.1	3.5	0.1	1.6
Real Estate & Insurance Agents	2.3	1.3	1.7	1.0	-0.6	-26.5
Business Services	5.9	3.3	8.3	4.8	2.4	41.5
Accommodation & Food	8.6	4.9	10.0	5.8	1.4	15.6
Market Services	33.2	18.8	39.3	22.7	6.1	18.5
Public Administration	48.7	27.7	32.8	19.0	-15.8	-32.6
Health & Other Services	25.5	14.5	33.3	19.3	7.9	30.9
Funded Services	74.1	42.1	66.2	38.3	-8.0	-10.8
Unclassified	1.0	0.6	0.3	0.2	-0.7	-67.9
Total	175.9	100.0	172.6	100.0	-3.2	-1.8

Source: Employment Dynamics

PRINCE EDWARD ISLAND

Between 1989 and 2000, employment growth in Prince Edward Island occurred across many industries, with the largest gain observed in the market services sector (48.1%). Growth was strongest in business services (162.2%) and accommodation and food services (69.5%).

Despite a decline in public administration employment (-1.1%), employment in the funded sector increased by 10.9% since 1989, due to large gains in health and other services (33.9%). Increases were also seen in trade (6.9%) and the goods-producing sector (33.9%).

Table 2.11
Distribution of Employment by Industry
 Prince Edward Island
 1989-2000

Industry	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Primary Industries	2.4	5.2	3.3	5.7	0.9	36.6
Mining (Oil & Natural Gas)	0.2	0.5	0.5	0.9	0.3	132.2
Manufacturing	5.0	10.7	6.0	10.5	1.0	21.0
Construction	2.6	5.6	3.8	6.7	1.2	47.5
Goods-producing	10.2	21.9	13.6	23.8	3.4	33.9
Wholesale Trade	2.3	4.9	2.4	4.1	0.1	3.2
Retail Trade	6.5	13.9	7.0	12.2	0.5	8.2
Trade	8.7	18.9	9.3	16.4	0.6	6.9
Transportation & Storage	1.5	3.2	1.2	2.0	-0.3	-21.7
Communication & Other Utility	1.5	3.2	1.3	2.3	-0.1	-10.0
Finance & Insurance	1.4	2.9	2.1	3.6	0.7	52.9
Real Estate & Insurance Agents	0.6	1.2	0.6	1.1	0.1	8.8
Business Services	1.0	2.1	2.5	4.4	1.6	162.2
Accommodation & Food	4.5	9.8	7.7	13.5	3.2	69.5
Market Services	10.4	22.4	15.4	27.0	5.0	48.1
Public Administration	11.1	23.9	11.0	19.2	-0.1	-1.1
Health & Other Services	5.7	12.3	7.7	13.4	1.9	33.9
Funded Services	16.8	36.2	18.6	32.6	1.8	10.9
Unclassified	0.0	0.0	0.1	0.2	0.1	-
Total	46.4	100.0	57.1	100.0	10.7	23.1

Source: Employment Dynamics

NOVA SCOTIA

More than half of the net employment increase in Nova Scotia over the 1989 to 2000 period was due to growth in the market services sector (15.9%), led by a significant gain in business services employment (65.0%).

*Table 2.12***Distribution of Employment by Industry**

Nova Scotia
1989-2000

Industry	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Primary Industries	6.7	1.9	10.8	2.9	4.1	61.3
Mining (Oil & Natural Gas)	1.9	0.5	2.4	0.6	0.5	26.2
Manufacturing	45.6	12.9	43.7	11.6	-1.9	-4.1
Construction	17.6	5.0	17.4	4.6	-0.2	-1.1
Goods-producing	71.9	20.3	74.4	19.8	2.6	3.6
Wholesale Trade	16.8	4.8	18.5	4.9	1.7	10.0
Retail Trade	53.0	15.0	56.0	14.9	3.0	5.6
Trade	69.8	19.8	74.5	19.8	4.6	6.6
Transportation & Storage	10.8	3.1	12.2	3.2	1.4	13.0
Communication & Other Utility	17.3	4.9	15.4	4.1	-1.9	-11.0
Finance & Insurance	12.5	3.5	16.0	4.2	3.5	28.2
Real Estate & Insurance Agents	6.2	1.8	5.8	1.5	-0.4	-7.1
Business Services	12.5	3.5	20.6	5.5	8.1	65.0
Accommodation & Food	21.5	6.1	23.6	6.3	2.1	9.9
Market Services	80.8	22.9	93.6	24.8	12.8	15.9
Public Administration	81.8	23.1	75.9	20.2	-5.9	-7.2
Health & Other Services	47.2	13.3	57.5	15.3	10.4	22.0
Funded Services	129.0	36.5	133.5	35.4	4.5	3.5
Unclassified	2.0	0.6	0.8	0.2	-1.2	-58.9
Total	353.4	100.0	376.8	100.0	23.4	6.6

Source: Employment Dynamics

Even though public administration employment declined (-7.2%), employment increased in the funded sector by 3.5% between 1989 and 2000, on the strength of large gains in health and other services (22.0%). Employment increased in the goods-producing sector by 3.6% over the same period, due to large increases in mining (26.2%) and the primary industries (61.3%).

NEW BRUNSWICK

Most of the net employment increase in New Brunswick during the 1989 to 2000 period was due to strong employment growth in the province's market services (19.0%) and funded (11.7%) sectors. The largest gains were observed in the business services (100.6%) and health and other services (15.9%) industries. Employment growth also occurred in the province's goods-producing (7.3%) and trade (3.8%) sectors.

Table 2.13
Distribution of Employment by Industry
 New Brunswick
 1989-2000

Industry	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Primary Industries	6.2	2.3	8.5	2.8	2.3	36.7
Mining (Oil & Natural Gas)	5.1	1.9	3.8	1.3	-1.3	-24.9
Manufacturing	39.4	14.4	42.8	14.2	3.4	8.6
Construction	13.7	5.0	14.0	4.6	0.3	2.1
Goods-producing	64.4	23.6	69.1	22.9	4.7	7.3
Wholesale Trade	14.0	5.1	14.2	4.7	0.2	1.3
Retail Trade	36.8	13.5	38.6	12.8	1.8	4.8
Trade	50.8	18.6	52.8	17.5	1.9	3.8
Transportation & Storage	11.8	4.3	10.8	3.6	-0.9	-7.9
Communication & Other Utility	7.5	2.8	8.8	2.9	1.2	16.4
Finance & Insurance	9.9	3.6	11.3	3.7	1.4	13.8
Real Estate & Insurance Agents	3.8	1.4	3.1	1.0	-0.7	-19.3
Business Services	9.7	3.6	19.5	6.5	9.8	100.6
Accommodation & Food	15.9	5.8	16.4	5.4	0.5	2.9
Market Services	58.7	21.5	69.8	23.2	11.2	19.0
Public Administration	24.8	9.1	24.7	8.2	-0.2	-0.7
Health & Other Services	72.5	26.6	84.1	27.9	11.6	15.9
Funded Services	97.3	35.7	108.8	36.1	11.4	11.7
Unclassified	1.4	0.5	0.8	0.2	-0.7	-46.6
Total	272.7	100.0	301.3	100.0	28.6	10.5

Source: Employment Dynamics

Summary

- Over 60% of gross employment created in Atlantic Canada over the 1989 to 2000 period occurred in small firms.
- Over 70% of gross employment created by new firms in Atlantic Canada was in small businesses.
- Employment in small firms in Atlantic Canada increased 11.8% over this period, ahead of the overall increase in employment of 7.0%.
- In all Atlantic provinces and Canada, small business employment increased at a faster rate than total employment over the 1989 to 2000 period.
- Led by growth in the business services industry, employment in the market services sector increased significantly in Atlantic Canada during this period. A similar trend was observed in all Atlantic provinces and Canada.
- Within the funded sector, employment in the health and other services industry increased significantly in all Atlantic provinces and Canada, while employment in public administration declined in all areas except Canada.
- Atlantic Canada's share of employment in the market services sector remained lower than the national average, while the region continued to have a greater proportion of employment in the funded sector than Canada.

CHAPTER THREE – TRENDS IN SELF-EMPLOYMENT

Introduction

Chapter three examines trends in self-employment¹ by gender in Atlantic Canada during the 1989 to 2000 period. The first part of the chapter looks at the types of self-employment in Atlantic Canada, Canada, and the Atlantic provinces, and their evolution over the past decade. An analysis of self-employment in Atlantic Canada according to industry, age, and level of education is provided in subsequent sections, along with comparisons to national totals.

Employment by Class of Worker

Table 3.1 examines employment in Atlantic Canada during the 1989 to 2000 period by class of worker. In 2000, there were 137,300 self-employed individuals in Atlantic Canada, representing 13.4% of total employment in the region. The majority of the self-employed in Atlantic Canada (7.9% of total employment) were non-employers (no paid help), with only a small percentage (0.1%) having unpaid family workers.

Table 3.1
Employment by Class of Worker
Atlantic Canada
1989-2000

Class of worker	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Employees	821.8	87.5	885.6	86.6	63.8	7.8
Self-Employed	117.5	12.5	137.3	13.4	19.8	16.9
With paid help	52.7	5.6	54.9	5.4	2.2	4.2
No paid help	62.5	6.7	80.6	7.9	18.1	29.0
Unpaid family worker	2.3	0.2	1.4	0.1	-0.9	-39.1
Total	939.5	100.0	1,023.0	100.0	83.5	8.9

Source: Labour Force Survey

¹ Unless otherwise indicated, the data used in this chapter are drawn from Statistics Canada's Labour Force Survey. Individuals in self-employment are defined as working owners of an incorporated or unincorporated business, farm, or professional practice. Both employers (with paid help) and non-employers (no paid help) are included in this definition. Certain individuals who do not have a business (e.g. baby-sitters, newspaper carriers) and those who work without pay in a family-owned business (unpaid family workers) are also considered to be self-employed.

The number of self-employed individuals in Atlantic Canada increased by 16.9% over the period, ahead of the overall rate of increase in employment (8.9%). Most of the growth in self-employment in the region (29.0%) was found among non-employers. This result confirms the labour market trends observed during the 1990s, where economic restructuring led to the outsourcing of work and more flexible work arrangements.

In table 3.2, similar employment trends occurred in Canada. The self-employed represented 16.2% of total employment in Canada in 2000, a higher percentage than in Atlantic Canada (13.4%), with non-employers constituting the majority (10.3%) of the self-employed. Over the 1989 to 2000 period, self-employment in Canada increased by 34.3%, ahead of growth in total employment (14.8%). National growth in self-employment was stronger than in Atlantic Canada (16.9%), and was almost entirely due to a large gain (64.6%) among non-employers.

Table 3.2
Employment by Class of Worker
 Canada
 1989-2000

Class of worker	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Employees	11,183.1	86.1	12,488.3	83.8	1,305.2	11.7
Self-Employed	1,803.4	13.9	2,421.4	16.2	618.0	34.3
With paid help	795.5	6.1	840.0	5.6	44.5	5.6
No paid help	934.5	7.2	1,538.1	10.3	603.6	64.6
Unpaid family worker	73.5	0.6	43.3	0.3	-30.2	-41.1
Total	12,986.4	100.0	14,909.7	100.0	1,923.3	14.8

Source: Labour Force Survey

As seen in table 3.3, self-employment grew faster than total employment during the period in all Atlantic provinces except Prince Edward Island. In Newfoundland and Labrador, the only employment growth in the province over this period was in self-employment. With the exception of Prince Edward Island, most of the growth in self-employment over the past decade occurred among non-employers.

Table 3.3
Percentage Change in Employment by Class of Worker
Atlantic Provinces
1989-2000 (%)

Class of Worker	Nfld	PEI	NS	NB	Total
Employees	-2.6	21.0	8.7	11.6	7.8
Self-Employed	13.4	4.6	17.0	22.9	16.9
With paid help	-15.2	15.9	9.6	6.3	4.2
No paid help	37.1	-1.6	23.8	42.8	29.0
Unpaid family worker	0.0	-60.0	-25.0	-40.0	-39.1
Total	-0.8	17.5	9.8	12.9	8.9

Source: Labour Force Survey

Table 3.4 looks at self-employment as a percentage of total employment in Atlantic Canada, Canada, and the Atlantic provinces, from 1989 to 2000. Self-employment increased in importance across Atlantic Canada and Canada over the past decade, with the exception of a general decline in Prince Edward Island. Despite this decline, Prince Edward Island was the only province in Atlantic Canada to have a higher rate of self-employment than the national average during the 1990s.

Table 3.4
Self-Employment as a Percentage of Total Employment
Atlantic Canada, Canada, and Atlantic Provinces
1989-2000 (%)

Region	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Nfld	11.2	11.6	12.9	12.9	14.0	14.5	13.7	13.2	13.5	15.0	13.1	12.8
PEI	19.9	19.0	18.9	19.6	19.3	19.0	18.5	17.7	17.6	19.2	19.1	17.7
NS	13.1	13.1	12.6	12.8	13.7	13.5	14.1	15.1	15.6	15.2	14.7	13.9
NB	11.3	12.0	12.5	12.3	12.5	12.3	12.6	13.6	14.6	14.0	13.1	12.4
Atlantic Canada	12.5	12.8	13.0	13.1	13.7	13.6	13.8	14.4	15.0	15.0	14.1	13.4
Canada	13.9	14.1	14.7	15.0	15.8	15.5	15.7	16.1	17.1	17.2	16.9	16.2

Source: Labour Force Survey

Through most of the decade, the rise in self-employment mirrored the gradual recovery in employment following the recession of the early 1990s, with firms creating less permanent employment and increasing their use of contract work. However, toward the end of the decade, self-employment declined in all Atlantic provinces and Canada, reflecting the stronger economic growth and increased hiring of permanent workers by firms across Canada.

Table 3.5 looks at employment by class of worker and gender in Atlantic Canada during the 1989 to 2000 period. A higher percentage of males (16.4%) than females (10.1%) were self-employed in Atlantic Canada in 2000. While a large proportion of self-employed women (7.1%) were non-employers, employers (with paid help) comprised a significant portion (7.7%) of male self-employment.

Table 3.5
Employment by Class of Worker and Gender
 Atlantic Canada
 1989-2000

Gender/ Class of Worker	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Males - Employees	447.3	84.6	451.2	83.6	3.9	0.9
Males - Self-employed	81.7	15.4	88.5	16.4	6.8	8.3
With paid help	44.1	8.3	41.6	7.7	-2.5	-5.7
No paid help	36.8	7.0	46.5	8.6	9.7	26.4
Unpaid family worker	0.0	0.0	0.0	0.0	0.0	0.0
Males - Total	528.9	100.0	539.7	100.0	10.8	2.0
Females - Employees	374.5	91.2	434.5	89.9	60.0	16.0
Females - Self-employed	35.9	8.7	48.9	10.1	13.0	36.2
With paid help	8.4	2.0	13.4	2.8	5.0	59.5
No paid help	24.6	6.0	34.2	7.1	9.6	39.0
Unpaid family worker	1.8	0.4	1.0	0.2	-0.8	-44.4
Females - Total	410.5	100.0	483.4	100.0	72.9	17.8

Source: Labour Force Survey

Self-employment for both males (8.3%) and females (36.2%) grew faster than total employment for their respective genders during the period. While all of the growth in male self-employment (26.4%) occurred among non-employers, increases for females were seen for both types of self-employed, with the largest gain (59.5%) observed among employers.

As seen in table 3.6, similar trends in self-employment according to gender occurred in Canada. A larger proportion of males (19.5%) than females (12.4%) were self-employed in Canada in 2000, higher than the corresponding rates in Atlantic Canada. Most self-employed women were non-employers (8.7%) in 2000, while employers represented a significant proportion (7.6%) of self-employed males.

Table 3.6
Employment by Class of Worker and Gender

Canada
1989-2000

Gender/ Class of Worker	Employment distribution 1989		Employment distribution 2000		Net change in employment	
	(000)s	%	(000)s	%	(000)s	%
Males - Employees	6,044.8	82.9	6,480.7	80.5	435.9	7.2
Males - Self-employed	1,242.5	17.1	1,568.5	19.5	326.0	26.2
With paid help	631.5	8.7	611.9	7.6	-19.6	-3.1
No paid help	596.2	8.2	943.1	11.7	346.9	58.2
Unpaid family worker	14.8	0.2	13.6	0.2	-1.2	-8.1
Males - Total	7,287.3	100.0	8,049.3	100.0	762.0	10.5
Females - Employees	5,138.3	90.2	6,007.6	87.6	869.3	16.9
Females - Self-employed	560.9	9.8	852.8	12.4	291.9	52.0
With paid help	164.0	2.9	228.1	3.3	64.1	39.1
No paid help	338.2	5.9	595.0	8.7	256.8	75.9
Unpaid family worker	58.7	1.0	29.7	0.4	-29.0	-49.4
Females - Total	5,699.1	100.0	6,860.4	100.0	1,161.3	20.4

Source: Labour Force Survey

The number of self-employed males (26.2%) and females (52.0%) in Canada rose faster than total employment for each gender during the period. Unlike the situation in Atlantic Canada, growth in self-employment for both genders occurred mainly among non-employers. For all types of employment, growth in Canada was superior to that in Atlantic Canada, with the exception of female employers.

Self-Employment by Industry²

Table 3.7 examines self-employment trends by industry in Atlantic Canada during the 1989 to 2000 period. Most self-employed workers in Atlantic Canada were found in the services-producing sector (70%) in 2000, with large shares in trade (15.3%), other services (13.9%), and health care and social assistance (9.1%). In the goods-producing sector, the self-employed worked mainly in the forestry, fishing, and mining industries (12.8%) and in construction (9.2%).

Table 3.7
Self-Employment by Industry
 Atlantic Canada
 1989-2000

Industry	Self-employment distribution 1989		Self-employment distribution 2000		Net change in self-employment	
	(000)s	%	(000)s	%	(000)s	%
Agriculture	10.2	8.7	6.7	4.9	-3.5	-34.3
Forestry, fishing, mining, oil and gas	17.2	14.6	17.6	12.8	0.4	2.3
Manufacturing	4.4	3.7	4.2	3.1	-0.2	-4.5
Construction	13.0	11.1	12.6	9.2	-0.4	-3.1
Utilities	0.0	0.0	0.0	0.0	0.0	0.0
Goods-producing sector	44.9	38.2	41.2	30.0	-3.7	-8.2
Transportation and warehousing	6.5	5.5	8.6	6.3	2.1	32.3
Trade	21.0	17.9	21.0	15.3	0.0	0.0
Finance, insurance, real estate and leasing	3.7	3.1	6.2	4.5	2.5	67.6
Professional, scientific and technical services	5.5	4.7	10.3	7.5	4.8	87.3
Management and administrative services	2.8	2.4	6.4	4.7	3.6	128.6
Information, culture and recreation	1.6	1.4	3.7	2.7	2.1	131.3
Accommodation and food services	4.3	3.7	6.1	4.4	1.8	41.9
Other services	15.8	13.4	19.1	13.9	3.3	20.9
Education	0.8	0.7	1.8	1.3	1.0	125.0
Health care and social assistance	8.6	7.3	12.5	9.1	3.9	45.3
Public administration	0.0	0.0	0.0	0.0	0.0	0.0
Services-producing sector	72.7	61.9	96.2	70.1	23.5	32.3
Total	117.5	100.0	137.3	100.0	19.8	16.9

Source: Labour Force Survey

All of the growth in self-employment in Atlantic Canada over the past decade occurred in the services-producing sector (32.3%), with the largest gains observed in information, culture and recreation (131.3%), management and administrative services (128.6%), education (125.0%),

² The North American Industry Classification System (NAICS) is used in this chapter.

and professional, scientific and technical services (87.3%). Self-employment in the goods-producing sector fell (-8.2%) during the 1990s due to a large decline in agriculture (-34.3%).

As seen in table 3.8, Canada had a slightly higher percentage of self-employed people in the services-producing sector (72.4%) in 2000 than in Atlantic Canada (70.1%). Canada had higher shares of self-employment in professional, scientific and technical services, management and administrative services, and information, culture and recreation than in Atlantic Canada, while having lower shares in the trade and other services industries. Nationally, the number of self-employed people in agriculture and construction was significant in 2000, with a very low percentage of self-employed workers in forestry, fishing, and mining, a situation which differed from Atlantic Canada.

Table 3.8
Self-Employment by Industry
Canada
1989-2000

Industry	Self-employment distribution 1989		Self-employment distribution 2000		Net change in self-employment	
	(000)s	%	(000)s	%	(000)s	%
Agriculture	312.4	17.3	249.0	10.3	-63.4	-20.3
Forestry, fishing, mining, oil and gas	45.5	2.5	48.7	2.0	3.2	7.0
Manufacturing	90.2	5.0	92.7	3.8	2.5	2.8
Construction	220.8	12.2	277.3	11.5	56.5	25.6
Utilities	0.0	0.0	0.0	0.0	0.0	0.0
Goods-producing sector	669.3	37.1	667.7	27.6	-1.6	-0.2
Transportation and warehousing	75.4	4.2	141.7	5.9	66.3	87.9
Trade	296.9	16.5	317.3	13.1	20.4	6.9
Finance, insurance, real estate and leasing	77.6	4.3	130.9	5.4	53.3	68.7
Professional, scientific and technical services	152.5	8.5	326.7	13.5	174.2	114.2
Management and administrative services	69.0	3.8	160.4	6.6	91.4	132.5
Information, culture and recreation	63.7	3.5	96.0	4.0	32.3	50.7
Accommodation and food services	73.4	4.1	98.0	4.0	24.6	33.5
Other services	177.4	9.8	237.6	9.8	60.2	33.9
Education	19.3	1.1	45.4	1.9	26.1	135.2
Health care and social assistance	128.2	7.1	199.6	8.2	71.4	55.7
Public administration	0.0	0.0	0.0	0.0	0.0	0.0
Services-producing sector	1,134.1	62.9	1,753.6	72.4	619.5	54.6
Total	1,803.4	100.0	2,421.4	100.0	618.0	34.3

Source: Labour Force Survey

As in Atlantic Canada, all of the increase in self-employment in Canada during the 1989 to 2000 period was due to growth in the services-producing sector (54.6%), with the largest gains in education (135.2%), management and administrative services (132.5%), and professional, scientific and technical services (114.2%). Self-employment in the goods-producing sector fell slightly (-0.2%) over the same period, due to a large decline in agriculture (-20.3%).

Table 3.9³ examines self-employment in Atlantic Canada by industry and gender during the 1989 to 2000 period. While almost all self-employed females (90.2%) were found in the services-producing sector in 2000, male self-employment was split between the services-producing (59.0%) and goods-producing (41.1%) sectors. Self-employed females mainly worked in other services, health care and social assistance, and trade in 2000, while males had large shares of self-employment in forestry, fishing and mining, trade, construction, and professional, scientific and technical services.

For both genders, growth in self-employment during the 1989 to 2000 period mainly occurred in the services-producing sector. The strongest growth for males was found in professional, scientific and technical services and information, culture and recreation, while the biggest gains for females were in management and administrative services, health care and social assistance, and other services.

³ Some figures in the table were too small to be expressed (e.g. 0.0), resulting in no percentage change in self-employment being reported for the 1989-2000 period.

Table 3.9
Self-Employment by Industry and Gender
 Atlantic Canada
 1989-2000

Gender/Industry	Self-employment distribution 1989		Self-employment distribution 2000		Net change in self-employment	
	(000)s	%	(000)s	%	(000)s	%
Agriculture	7.9	9.7	5.4	6.1	-2.5	-31.6
Forestry, fishing, mining, oil and gas	16.4	20.1	15.8	17.9	-0.6	-3.7
Manufacturing	3.5	4.3	3.3	3.7	-0.2	-5.7
Construction	12.5	15.3	11.9	13.4	-0.6	-4.8
Utilities	0.0	0.0	0.0	0.0	0.0	0.0
Males - Goods-producing sector	40.4	49.4	36.4	41.1	-4.0	-9.9
Transportation and warehousing	5.9	7.2	7.2	8.1	1.3	22.0
Trade	13.2	16.2	12.8	14.5	-0.4	-3.0
Finance, insurance, real estate and leasing	2.5	3.1	4.2	4.7	1.7	68.0
Professional, scientific and technical services	4.4	5.4	8.0	9.0	3.6	81.8
Management and administrative services	1.9	2.3	2.9	3.3	1.0	52.6
Information, culture and recreation	0.5	0.6	2.5	2.8	2.0	400.0
Accommodation and food services	2.6	3.2	3.1	3.5	0.5	19.2
Other services	5.5	6.7	6.6	7.5	1.1	20.0
Education	0.0	0.0	0.0	0.0	0.0	0.0
Health care and social assistance	2.3	2.8	3.9	4.4	1.6	69.6
Public administration	0.0	0.0	0.0	0.0	0.0	0.0
Males - Services-producing sector	41.2	50.4	52.2	59.0	11.0	26.7
Males - Total	81.7	100.0	88.5	100.0	6.8	8.3
Agriculture	2.1	5.8	1.4	2.9	-0.7	-33.3
Forestry, fishing, mining, oil and gas	0.3	0.8	1.2	2.5	0.9	300.0
Manufacturing	0.5	1.4	0.5	1.0	0.0	0.0
Construction	0.0	0.0	0.0	0.0	0.0	0.0
Utilities	0.0	0.0	0.0	0.0	0.0	0.0
Females - Goods-producing sector	4.5	12.5	4.8	9.8	0.3	6.7
Transportation and warehousing	0.0	0.0	1.1	2.2	1.1	-
Trade	7.6	21.2	8.2	16.8	0.6	7.9
Finance, insurance, real estate and leasing	0.0	0.0	1.8	3.7	1.8	-
Professional, scientific and technical services	0.6	1.7	2.0	4.1	1.4	233.3
Management and administrative services	0.0	0.0	2.9	5.9	2.9	-
Information, culture and recreation	0.0	0.0	0.7	1.4	0.7	-
Accommodation and food services	1.6	4.5	2.9	5.9	1.3	81.3
Other services	10.4	29.0	12.5	25.6	2.1	20.2
Education	0.6	1.7	0.9	1.8	0.3	50.0
Health care and social assistance	6.0	16.7	8.6	17.6	2.6	43.3
Public administration	0.0	0.0	0.0	0.0	0.0	0.0
Females - Services-producing sector	31.4	87.5	44.1	90.2	12.7	40.4
Females - Total	35.9	100.0	48.9	100.0	13.0	36.2

Source: Labour Force Survey

Self-Employment by Age

Table 3.10 examines self-employment by age in Atlantic Canada during the 1989 to 2000 period. Most of the self-employed (39.3%) in the region were between 30 and 44 years of age in 2000, with a significant component (29.5%) in the 45-54 age group. Individuals in self-employment were older than the general population, as youths⁴ comprised only a small percentage (12.5%) of all self-employed people in 2000.

Table 3.10
Self-Employment by Age
 Atlantic Canada
 1989-2000

Age	Self-employment distribution 1989		Self-employment distribution 2000		Net change in self-employment	
	(000)s	%	(000)s	%	(000)s	%
15-29	21.6	18.4	17.1	12.5	-4.5	-20.8
15-19	7.1	6.0	4.9	3.6	-2.2	-31.0
20-24	4.9	4.2	3.9	2.8	-1.0	-20.4
25-29	9.5	8.1	8.3	6.0	-1.2	-12.6
30-44	50.9	43.3	54.0	39.3	3.1	6.1
45-54	25.0	21.3	40.5	29.5	15.5	62.0
55+	20.2	17.2	25.8	18.8	5.6	27.7
Total	117.5	100.0	137.3	100.0	19.8	16.9

Source: Labour Force Survey

Growth in self-employment mainly occurred in the older age groups, with large gains among 45-54 year-olds (62.0%) and those aged 55 years and over (27.7%). Self-employment decreased for youths during the 1990s (-20.8%), mirroring the general decline in the youth population over this period.

In table 3.11, these same trends were observed for Canada. The majority of the self-employed in 2000 were found in the 30-44 (40.5%) and 45-54 (28.2%) age groups, however, the share of self-employed youth was lower in Canada (10.7%) than in Atlantic Canada (12.5%). Growth in self-employment was strongest in the 45-54 age group (68.3%) and among those aged 55 years and over (45.0%), as self-employment youth declined (-14.6%) during this period.

⁴ Youths are defined as individuals between 15 and 29 years of age.

Table 3.11
Self-Employment by Age
 Canada
 1989-2000

Age	Self-employment distribution 1989		Self-employment distribution 2000		Net change in self-employment	
	(000)s	%	(000)s	%	(000)s	%
15-29	302.3	16.8	258.1	10.7	-44.2	-14.6
15-19	74.6	4.1	55.6	2.3	-19.0	-25.5
20-24	63.2	3.5	60.8	2.5	-2.4	-3.8
25-29	164.5	9.1	141.6	5.8	-22.9	-13.9
30-44	751.5	41.7	981.4	40.5	229.9	30.6
45-54	406.3	22.5	684.0	28.2	277.7	68.3
55+	343.3	19.0	497.9	20.6	154.6	45.0
Total	1803.4	100.0	2421.4	100.0	618.0	34.3

Source: Labour Force Survey

Table 3.12 looks at self-employment by age and gender for Atlantic Canada over the past decade. Self-employed females were more youthful than males in 2000, as the percentage of female youths (16.8%) and those aged 30-44 (40.1%) were both higher than the corresponding percentage for males. For both genders, most of the growth in self-employment over the past decade occurred among those aged 45 years and over. However, female self-employment increased among younger age groups, specifically those between 20 and 44 years of age, while it declined for males.

Table 3.12
Self-Employment by Age and Gender
 Atlantic Canada
 1989-2000

Gender/Age	Self-employment distribution 1989		Self-employment distribution 2000		Net change in self-employment	
	(000)s	%	(000)s	%	(000)s	%
Males - 15-29	12.0	14.7	8.9	10.1	-3.1	-25.8
15-19	3.1	3.8	2.2	2.5	-0.9	-29.0
20-24	2.7	3.3	1.9	2.1	-0.8	-29.6
25-29	6.2	7.6	4.9	5.5	-1.3	-21.0
Males - 30-44	35.3	43.2	34.6	39.1	-0.7	-2.0
Males - 45-54	18.7	22.9	26.5	29.9	7.8	41.7
Males - 55+	15.7	19.2	18.4	20.8	2.7	17.2
Males - Total	81.7	100.0	88.5	100.0	6.8	8.3
Females - 15-29	9.5	26.5	8.2	16.8	-1.3	-13.7
15-19	4.1	11.4	2.8	5.7	-1.3	-31.7
20-24	2.0	5.6	2.1	4.3	0.1	5.0
25-29	3.3	9.2	3.3	6.7	0.0	0.0
Females - 30-44	15.6	43.5	19.6	40.1	4.0	25.6
Females - 45-54	6.4	17.8	13.7	28.0	7.3	114.1
Females - 55+	4.3	12.0	7.4	15.1	3.1	72.1
Females - Total	35.9	100.0	48.9	100.0	13.0	36.2

Source: Labour Force Survey

Self-Employment by Education⁵

Table 3.13 examines education trends among the self-employed in Atlantic Canada between 1991 and 2001. In 2001, the majority of the self-employed in Atlantic Canada (58.9%) had some form of post-secondary education, with 19.1% having obtained a university bachelor's degree or higher. Some 26.1% of self-employed Atlantic Canadians in 2001 had not achieved a high school diploma or its equivalent.

⁵ The data in this section are drawn from the Census of Canada, and differ slightly from the self-employment numbers provided elsewhere in this chapter. The main methodological difference between the figures relates to the treatment of individuals who do not own a business and work in private households (e.g. child care, cleaning). While considered self-employed in the Labour Force Survey, these people are classified as paid workers in the Census. A second difference relates to unpaid family workers, who are categorized separately and not included among the self-employed in the Census.

Table 3.13
Self-Employment by Education
 Atlantic Canada
 1991-2001

Education	Self-employment distribution 1991		Self-employment distribution 2001		Net change in self-employment	
	(000)s	%	(000)s	%	(000)s	%
Less than Grade 9	12.7	15.2	8.0	8.0	-4.7	-37.1
Some high school (grades 9-13)	18.3	21.9	18.1	18.1	-0.2	-1.1
High school graduate	9.0	10.7	10.6	10.6	1.6	18.2
Trades certificate or diploma	4.3	5.1	4.3	4.3	0.0	0.3
Some post-secondary	6.7	8.0	8.1	8.1	1.5	21.7
Post-secondary certificate or diploma	21.0	25.0	31.7	31.7	10.7	51.0
University bachelor's degree or higher	11.8	14.1	19.1	19.1	7.3	61.5
Total	83.8	100.0	100.0	100.0	16.2	19.3

Source: Census of Canada

Most of the growth in self-employment in Atlantic Canada between 1991 and 2001 occurred among the most highly educated, with strong gains for those with a university bachelor's degree or higher (61.5%) and a post-secondary certificate or diploma (51.0%). The only significant decline in self-employment over the period was experienced by those with less than a grade nine education (-37.1%).

As seen in table 3.14, the self-employed in Canada were slightly more educated than those in Atlantic Canada, with 60.5% having some form of post-secondary education in 2001, including 22.5% possessing a university bachelor's degree or higher. Canada also had a lower percentage of self-employed (22.2%) without a high school diploma than did Atlantic Canada (26.1%) in 2001. As in Atlantic Canada, the strongest gains in self-employment in Canada over this period were registered among the most highly educated, with the only decline seen for those with less than a grade nine education.

Table 3.14
Self-Employment by Education
 Canada
 1991-2001

Education	Self-employment distribution 1991		Self-employment distribution 2001		Net change in self-employment	
	(000)s	%	(000)s	%	(000)s	%
Less than grade 9	155.9	11.1	113.7	6.1	-42.2	-27.1
Some high school (grades 9-13)	270.6	19.2	298.9	16.1	28.3	10.5
High school graduate	179.5	12.8	237.7	12.8	58.2	32.4
Trades certificate or diploma	77.5	5.5	85.0	4.6	7.4	9.6
Some post-secondary	132.3	9.4	176.5	9.5	44.2	33.4
Post-secondary certificate or diploma	336.4	23.9	531.1	28.5	194.7	57.9
University bachelor's degree or higher	253.6	18.0	418.4	22.5	164.8	65.0
Total	1,405.8	100.0	1,861.2	100.0	455.4	32.4

Source: Census of Canada

Table 3.15 examines gender and educational characteristics for self-employed workers in Atlantic Canada between 1991 and 2001. Self-employed females in Atlantic Canada were more highly educated than males, with 67.6% of females having some form of post-secondary education in 2001, versus 54.7% of males. Conversely, females (18.1%) had a lower percentage of self-employed workers without a high school diploma than did males (30.0%) in 2001. For both genders, self-employment growth over the period occurred mainly among the most highly educated, with the only significant decline observed for those with less than a grade nine education.

Table 3.15
Self-Employment by Education and Gender
 Atlantic Canada
 1991-2001

Gender/Education	Self-employment distribution 1991		Self-employment distribution 2001		Net change in self-employment	
	(000)s	%	(000)s	%	(000)s	%
Males - Less than grade 9	11.1	17.7	6.9	10.3	-4.2	-37.7
Males - Some high school (grades 9-13)	14.1	22.5	13.3	19.7	-0.8	-5.8
Males - High school graduate	6.3	10.0	6.9	10.3	0.7	10.9
Males - Trades certificate or diploma	3.5	5.5	3.3	4.9	-0.2	-4.3
Males - Some post-secondary	4.8	7.7	5.4	8.0	0.6	12.5
Males - Post-secondary certificate or diploma	14.1	22.5	19.2	28.5	5.1	36.6
Males - University bachelor's degree or higher	8.8	14.1	12.3	18.2	3.5	39.1
Males - Total	62.7	100.0	67.4	100.0	4.7	7.5
Females - Less than grade 9	1.6	7.6	1.1	3.3	-0.5	-32.8
Females - Some high school (grades 9-13)	4.2	19.8	4.8	14.8	0.6	14.7
Females - High school graduate	2.7	12.8	3.6	11.2	0.9	35.1
Females - Trades certificate or diploma	0.8	3.9	1.0	3.1	0.2	21.2
Females - Some post-secondary	1.9	9.0	2.7	8.4	0.9	44.9
Females - Post-secondary certificate or diploma	6.9	32.6	12.5	38.2	5.6	80.8
Females - University bachelor's degree or higher	3.0	14.3	6.8	21.0	3.8	127.0
Females - Total	21.1	100.0	32.6	100.0	11.4	54.1

Source: Census of Canada

Table 3.16 looks at self-employment in Atlantic Canada by education and age between 1991 and 2001. The younger self-employed had higher education levels than their older counterparts, as 60% of the 15-29 age group and nearly 65% of the 30-44 age group had some form of post-secondary education in 2001, versus 50% of those aged 55 years and older. At the opposite end, more than 35% of those aged 55 years and older had not obtained a high school diploma in 2001, compared to less than 25% of those aged less than 45 years.

For all age groups except 15-29 year-olds, most of the increase in self-employment between 1991 and 2001 occurred among those who had earned a post-secondary certificate or diploma and a university bachelor's degree or higher, while individuals with less than a grade nine education declined during this period. Among youths, self-employment fell across all levels of education, with the largest declines observed for those who had not completed a high school education.

Table 3.16
Self-Employment by Education and Age
 Atlantic Canada
 1991-2001

Age/Education	Self-employment distribution 1991		Self-employment distribution 2001		Net change in self-employment	
	(000)s	%	(000)s	%	(000)s	%
Less than grade 9	1.0	9.3	0.2	2.8	-0.8	-78.4
Some high school (grades 9-13)	2.7	24.8	1.7	21.7	-1.0	-37.7
High school graduate	1.4	12.4	1.1	14.3	-0.2	-17.8
Trades certificate or diploma	0.3	2.8	0.1	1.3	-0.2	-67.2
Some post-secondary	1.3	11.8	1.1	14.6	-0.2	-12.1
Post-secondary certificate or diploma	3.2	29.0	2.5	32.1	-0.7	-21.5
University bachelor's degree or higher	1.1	10.0	1.0	13.2	-0.1	-6.4
Total - 15-29	10.9	100.0	7.8	100.0	-3.2	-29.1
Less than grade 9	3.5	9.2	1.7	4.3	-1.8	-52.5
Some high school (grades 9-13)	7.2	19.1	6.0	15.8	-1.2	-16.1
High school graduate	4.4	11.6	4.7	12.2	0.3	6.9
Trades certificate or diploma	1.8	4.8	1.3	3.4	-0.5	-29.2
Some post-secondary	3.3	8.6	3.2	8.3	-0.1	-2.6
Post-secondary certificate or diploma	11.1	29.3	13.9	36.3	2.8	25.6
University bachelor's degree or higher	6.5	17.3	7.5	19.7	1.0	15.0
Total - 30-44	37.7	100.0	38.2	100.0	0.5	1.4
Less than grade 9	3.5	17.8	2.5	8.3	-0.9	-26.4
Some high school (grades 9-13)	4.8	24.5	5.5	17.9	0.7	15.5
High school graduate	2.0	10.1	3.0	9.8	1.1	54.0
Trades certificate or diploma	1.3	6.6	1.5	5.0	0.2	18.8
Some post-secondary	1.2	6.4	2.4	7.9	1.2	95.6
Post-secondary certificate or diploma	4.2	21.7	9.5	31.2	5.3	126.5
University bachelor's degree or higher	2.5	13.0	6.1	19.8	3.5	140.7
Total - 45-54	19.4	100.0	30.6	100.0	11.2	57.5
Less than grade 9	4.8	30.2	3.6	15.3	-1.2	-24.8
Some high school (grades 9-13)	3.7	23.3	4.9	21.0	1.2	33.8
High school graduate	1.3	8.2	1.8	7.6	0.5	39.3
Trades certificate or diploma	0.9	5.7	1.4	6.0	0.5	55.8
Some post-secondary	0.9	5.8	1.4	6.2	0.5	56.5
Post-secondary certificate or diploma	2.5	15.9	5.8	24.6	3.2	129.3
University bachelor's degree or higher	1.7	10.8	4.5	19.4	2.8	166.8
Total - 55+	15.7	100.0	23.4	100.0	7.7	48.7

Source: Census of Canada

Summary

- In 2000, the self-employed represented 13.4% of total employment in Atlantic Canada, lower than the national average (16.2%). The majority of the self-employed in the region were non-employers.
- Self-employment in Atlantic Canada rose by 16.9% during the 1989 to 2000 period, above overall employment growth (8.9%) in the region, but below the national increase (34.3%) in self-employment.
- Over the period, most of the growth in self-employment in Atlantic Canada and Canada occurred among non-employers, confirming recent labour market trends regarding the outsourcing of work and more flexible work arrangements.
- Apart from Prince Edward Island, self-employment increased in importance across Atlantic Canada and Canada over the past decade, with its recent decline due to strong economic growth and increased hiring of permanent workers by firms across Canada.
- A higher percentage of males (16.4%) than females (10.1%) was self-employed in Atlantic Canada in 2000. Women were mainly non-employers, while a significant proportion of men were employers. Similar trends were observed for Canada.
- In Atlantic Canada, growth in male self-employment during the 1989 to 2000 period occurred among non-employers, while the largest gains for females were among employers. This situation differed from that of Canada.
- Most of the self-employed in Atlantic Canada worked in the services-producing sector in 2000, mainly in trade, other services, and health care and social assistance, with large components in forestry, fishing, and mining, and in construction. The industry composition of self-employment varied from the national average.
- All of the growth in self-employment in Atlantic Canada over the past decade occurred in the services-producing sector, similar to the national average.
- While almost all self-employed females worked in the services-producing sector in 2000, male self-employment was split between the services-producing and goods-producing sectors.

- In both Atlantic Canada and Canada, the self-employed were older than the general population, as youths comprised only a small percentage of total self-employment. Most of the self-employed were in the 30-44 and 45-54 age groups.
- Growth in self-employment in Atlantic Canada and Canada was strongest in the older age groups, as youth self-employment declined during this period.
- Self-employed females in Atlantic Canada were more youthful than males during the 1989 to 2000 period. Female self-employment increased among younger age groups (e.g. 20-44 years of age), while it declined for males.
- The majority of the self-employed in Atlantic Canada had some form of post-secondary education in 2001, with 19.1% having obtained a university bachelor's degree or higher. The corresponding figures for Canada were above those in the region.
- Most of the growth in self-employment in Atlantic Canada between 1991 and 2001 occurred among the most highly educated, with the only significant decline experienced by those with less than a grade nine education. These same trends were observed for Canada.

ACOA OFFICES

HEAD OFFICE

Blue Cross Centre
644 Main Street, P.O. Box 6051
Moncton, NB E1C 9J8
Toll free : 1-800-561-7862
Telephone : (506) 851-2271
Fax : (506) 851-7403

NEW BRUNSWICK

570 Queen Street, 3rd Floor
P.O. Box 578
Fredericton, NB E3B 5A6
Toll free: 1-800-561-4030
Telephone: (506) 452-3184
Fax: (506) 452-3285

NEWFOUNDLAND AND LABRADOR

John Cabot Building, 11th Floor
10 Barter's Hill,
P.O. Box 1060, Station 'C'
St. John's, NL A1C 5M5
Toll free: 1-800-668-1010
Telephone: (709) 772-2751
Fax: (709) 772-2712

NOVA SCOTIA

1801 Hollis Street, Suite 600
P.O. Box 2284, Station Central
Halifax, NS B3J 3C8
Toll free: 1-800-565-1228
Telephone: (902) 426-6743
Fax: (902) 426-2054

PRINCE EDWARD ISLAND

Royal Bank Building, 3rd Floor
100 Sydney Street, P.O. Box 40
Charlottetown, PE C1A 7K2
Toll free: 1-800-871-2596
Telephone: (902) 566-7492
Fax: (902) 566-7098

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Sydney, NS E1S 2Z7
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Fax: (902) 564-3825