



# Sectoral Outlook

2007-2009

## Mauricie

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2007-2009

Mauricie



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## Summary

The area's population totalled 255,000 in 2001, down 2.3% from 1996 (1.4% increase in Quebec). All regional county municipalities, or MRCs, saw declines, except for the Les Chenaux MRC, which posted a very slight increase. Institut de la statistique du Québec (ISQ) projections call for a further 2% decrease between 2001 and 2011, as compared to a 5% increase in Quebec, which accentuates the decline in region's demographic weight.

The manufacturing industry's presence is stronger in the Mauricie region than in the rest of Quebec. From 2004 to 2006, the sector accounted for 18.5% of all jobs in the region, compared with 16.4% in the province as a whole. The region has succeeded in diversifying its economy and becoming less dependent on the traditional sectors, having relied on them for a long time. The industries are unevenly scattered over the area. The service sector is primarily located in Trois-Rivières and Shawinigan, complete with big-box retailing and educational and health services. The Maskinongé and Les Chenaux MRCs are characterized by a large agriculture sector, and the La Tuque area and Mékinac MRC, by a large forestry sector.

The Mauricie region's economy took many people by surprise in 2005 with a strong labour market performance. In 2006, the manufacturing sector held its own in Mauricie, unlike the province as a whole. Mauricie's manufacturing industry exports a great deal to the United States, which has shown signs of some slowing. Since the cost of energy and the value of the dollar remain high, it is expected that it will be a few more quarters before this sector recovers. Finally, employment is going in opposite directions, depending on the industry sector.

Employment in the primary sector is expected to decline between now and 2009, largely because of more modern equipment and mechanization, as well as global pressures, not only for agriculture but also forestry. The forest industry has to adapt and change in the Mauricie region, with a reduction of just under 16.0% in the allowable cut for the 2008–2013 period. If hardwood trees are included, this reduction comes to slightly under 10%.

Under the current circumstances, the outlook for the manufacturing sector is not good. Certain traditional sub-sectors (clothing, wood, paper, furniture, primary metal manufacturing) are facing difficult times because of the strength of the Canadian dollar, rising oil prices and competition from emerging countries. However, business startups in the aerospace sector, rubber industry and specialized component machining manufacturing add diversity, and therefore more stability to the regional economy. However, these emerging niches are at the development stage, with all the market is risky.

The region's construction industry prospered once again. Data from the Canada Mortgage and Housing Corporation (CMHC) indicate that the number of construction permits has been rising since 2002 in the Mauricie region. Investments in 2006 were the highest ever since 1997, up more than 16% over 2005. Given the outlook for 2007, the Commission de la construction du Québec (CCQ) expects that construction in the Mauricie–Bois-Francs region will be relatively stable in 2007. All the same, there are not many major construction projects planned for the region between 2007 and 2009. Thus, we expect a 0.7% drop in activity and jobs in the region's construction sector between 2007 and 2009.

Beyond the purely economic factors, the Mauricie region must contend with a declining population. The last Statistics Canada Census data, from 2001, indicate a 2.3% drop in the region's population, compared to a 1.4% increase for the province as a whole. The decreasing population should start slowing growth in the service sector. We expect an annual average increase of 1.0%, compared to 1.3% for the province as a whole by 2009. Moreover, demand should be rising in the health care sector because of the aging population. It should be noted that the relative proportion of people aged 65 and over is larger in the Mauricie region than in any other part of Quebec.

All in all, we expect employment to rise by 0.7% on average annually from 2007 to 2009, which should be less than for the province as a whole, where the annual average increase should be 1.0% over the same period. By comparison, employment rose an average of 1.0% annually in the past five years in the region.

## Introduction

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

This document deals with sectoral outlooks. A second document, to be published at a later date, will provide occupational outlooks.

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

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

## Notes on methodology

### Estimated employment levels

The employment estimates by industry are based on Statistics Canada's Labour Force Survey (LFS), as this tool is the only reliable source that follows employment developments in both Quebec and the regions. Since the employment level in some industries is very low in a number of economic regions, other sources of data—mainly of an administrative nature—have sometimes been used because LFS figures in these industries are unreliable. In addition, three-year (2004-2005-2006) averages are included in the statistical tables to provide a more reliable indication of employment levels.

The employment outlooks have been established for a three-year period, from 2007 to 2009. They were developed in winter 2006–2007 in co-operation with Service Canada economists working in Quebec's regions and with the help of the Canadian Occupational Projection System (COPS), without which we would not have had access to the many analysis and forecasting tools that were used to carry out this study.

### Industrial groups

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

#### Primary sector

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

#### Manufacturing sector

- 31-33 Manufacturing

When relevant, following groups are also presented.

#### Consumer-related manufacturing

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

- Resource-related manufacturing
  - 321 Wood Product Manufacturing
  - 322 Paper Manufacturing
  - 324 Petroleum and Coal Products Manufacturing
  - 327 Non-Metallic Mineral Product Manufacturing
  - 331 Primary Metal Manufacturing
- Investment-related manufacturing
  - 325 Chemical Manufacturing
  - 326 Plastics and Rubber Products Manufacturing
  - 332 Fabricated Metal Product Manufacturing
  - 333 Machinery Manufacturing
  - 334 Computer and Electronic Product Manufacturing
  - 335 Electrical Equipment, Appliance and Component Manufacturing
  - 336 Transportation Equipment Manufacturing
- Construction
  - 23 Construction
- Consumer services
  - 44-45 Retail Trade
  - 51 Information and Cultural Industries
  - 71 Arts, Entertainment and Recreation
  - 72 Accommodation and Food Services
  - 81 Other Services (except Public Administration)
- Production services
  - 22 Utilities
  - 41 Wholesale Trade
  - 48-49 Transportation and Warehousing
  - 52 Finance and Insurance
  - 53 Real Estate and Rental and Leasing
  - 54 Professional, Scientific and Technical Services
  - 55 Management of Companies and Enterprises
  - 56 Administrative and Support, Waste Management and Remediation Services
- Public and Parapublic Services
  - 61 Educational Services
  - 62 Health Care and Social Assistance
  - 91 Public Administration

## Part 1: Overview

### Description of the area

The Trois-Rivières CMA is the largest urban agglomeration in the area, with 137,507 inhabitants, or close to 50% of the region's population

The Mauricie Service Canada Centre (MSCC) serves the Mauricie economic region. The MSCC has four satellite offices—Trois-Rivières, Louiseville, La Tuque and Shawinigan—where main processing centre is located. The region is located on the north shore of the St. Lawrence River, between two large economic hubs: Quebec City and Montreal. More than 69.0% of the population is concentrated in the two large merged cities of Trois-Rivières and Shawinigan. The Trois-Rivières CMA is the largest urban agglomeration in the area, with 137,507 inhabitants, or close to 50% of the region's population. This does not include the city of Bécancour, which had 11,051 inhabitants in 2001. Two Aboriginal reserves are also located in the area, namely, Obedjiwan, with a population of 1,666, and Weymontachi, with a population of 1,042.

### Economic environment

The strength of the Canadian dollar is hurting the Mauricie region's export firms

The Mauricie region's economy took many people by surprise in 2005 with a strong labour market performance. In 2006, the manufacturing sector did not decline in the Mauricie region, bucking the overall provincial trend. Mauricie's manufacturing industry exports a lot to the United States, which has been hit by a slight economic slowdown. Since energy costs and the loonie remain high, this sector is not expected to rebound for a few more quarters. Moreover, employment is moving in opposite directions, depending on the industry sector. Finally, the construction sector has not been able to keep up the pace on the employment front and, just as in 2005, the downward trend held steady in this sector in the region.

The past few years were marked by a major hike in oil prices because of the natural disasters in the United States and the geopolitical context in the Middle East, as well as the rise in the Canadian dollar against the greenback. In 2002, the loonie was worth less than 62 cents US and, in May 2006, it was nearing the 89-cent-US mark. A number of economists are calling for the dollar to remain high because of the strength of the Canadian economy, tight controls on the public purse strings, and the high price of oil. The strength of the Canadian dollar is hurting the Mauricie region's export firms, given that, as we indicated, almost all export trade<sup>1</sup> is with the United States. Furniture manufacturing and pulp and paper mills and wood products, which are major industries in the Mauricie region, are losing their competitive edge with every fluctuation in the value of the Canadian dollar.

<sup>1</sup> According to the Institut de la Statistique du Québec (ISQ), nearly 99.0% of Mauricie exports went to the United States in 2002.

The area has to deal  
with a shrinking  
population

In March, for the sixth year in a row, the Bank of Canada left its key interest rate unchanged after deciding that economic growth and inflation were meeting its expectations. The overnight rate has been at 4.25% since May 2006. Barring a sharper than expected slowdown in the American economy, the gradual improvement in Canada's economic outlook would suggest that the overnight rate will remain at its current level throughout 2007. The Bank of Canada believes that core inflation will remain near 2% until 2008. One of the difficulties it faces is reconciling the expansion in the Western provinces with that in the rest of the country.

Mauricie's economic conditions aside, the area has to deal with a shrinking population. The latest Statistics Canada Census showed that the overall region's population declined by 2.3%, as against a 1.4% increase in Quebec. According to census data, this was the first time the region's population had ever dropped. In addition, the region's relative share has ebbed since 1981, falling from 3.9% to 3.5% at the 2001 Census. The Shawinigan and La Tuque areas are the hardest hit by this phenomenon. The lower birth rate, compared with Quebec's, combined with the migration of young adults has been holding back population growth in the Mauricie region.

However, the latest ISQ data indicate a reversal in this trend. Although long-term forecasts indicate a 6.4% drop in the population from 2001 to 2026, there was a slight growth spurt from 2003 to 2005. This cannot be accounted for by natural increases (deaths vs. births), because since 2001, the death rate has been higher than the birth rate. On top of having the lowest birth rate in the province, the region also has the greatest proportion of people aged 65 and over of all of Quebec's economic regions. The reversal in this trend can be explained, among other things, by positive net migration to the Mauricie region during that period for all cohorts, except for 20-to-29-year-olds, who are still posting a negative net migration.

## Labour market indicators

The working-age population consists of people aged 15 and over. From 2000 to 2002, the region saw a decline in the working-age population. The situation seems to have been improving since then, with growth indicated for the last four years. On average, there were 216,400 people aged 15 and over in 2006, a 0.5% increase over the previous year. This situation can be explained by the reversal in the demographic trend mentioned in the previous section. The robustness of the labour market over the last few years may have motivated people to move back to the region or to migrate to Mauricie for other reasons. However, in the long term, population aging will lower the numbers of the working-age population. According to the latest census, the population 45 and over expanded by 13.0% from 1996 to 2001, and the 0-to-24-year-old cohort shrank by almost 10.0% in the same period.

After a rise in 2005, the region's labour force shrank in 2006, with 5,400 people leaving the labour market. In the past year, 123,600 people were employed or looking for work. Not since 2002 has there been a lower annual average labour force pool.

In that context, the participation rate lost close to 3.0 percentage points and posted an average rate of 57.1% in the past year. The following table shows the various labour market indicators in the region and in Quebec.

Table 1  
**Key Labour Market Indicators - 2004–2006**  
Mauricie Region

	2004	2005	2006	2004-2006
Population 15 + ('000)	214.1	215.3	216.4	215.3
Labour force ('000)	126.1	129.0	123.6	126.2
Employed ('000)	112.4	116.2	112.6	113.7
Unemployed ('000)	13.7	12.7	11.0	12.5
Unemployment rate (%)	10.9%	9.8%	8.9%	9.9%
Participation rate (%)	58.9%	59.9%	57.1%	58.6%
Employment rate (%)	52.5%	54.0%	52.0%	52.8%

Source: Statistics Canada's Labour Force Survey  
Compilations by Service Canada

We are forecasting 0.7% average annual employment growth for 2007 to 2009.

This is lower than the projected 1.0% annual employment gain in the province as a whole for the same period. By comparison, in the last five years, regional employment grew by an average of 1.0% annually

The number of people employed fell by 3,600 in the region in 2006 from the previous year. With 112,600 people employed, this represented a decrease of 3.1%. By the same token, 2005 had the largest number of people employed in the region since 1987. On average, for 2005, 116,200 people were employed. Full-time employment increased by 3.9% while full-time employment fell by 3.1% in 2006.

The surge in employment in 2005 seems to have taken many people by surprise in the region. This favourable outcome is mainly attributable to a first-rate performance by the service sector. The performance was not repeated in 2006, when the manufacturing sector was at a standstill. On the construction side, after three solid years, the sector appears to be losing steam. The strong performance in the residential sector in the metropolitan area has certainly helped. No repeat of this performance is expected during the next forecast period, between 2007 and 2009. The next section on the changes in employment by industry provides additional details.

Nonetheless, the number of unemployed shrank by 1,700 people in 2006, falling from 12,700 to 11,000, in the Mauricie region. The unemployment rate fell 1.0 percentage point to an average of 8.9% in the past year. However, there is no reason to gloat since this drop is mainly attributable to a significant increase in the population not in the labour force, which was at its largest in a decade.

We are forecasting 0.7% average annual employment growth for 2007 to 2009. This is lower than the projected 1.0% annual employment gain in the province as a whole for the same period. By comparison, in the last five years, regional employment grew by an average of 1.0% annually. It is expected that over 750 new jobs will be created annually in the period under review. In addition, there will be replacements due to retirements, which will add significantly to the number of new job opportunities.

## Part 2: Sectoral outlook

### Overview

The industries are unevenly distributed in the area

The manufacturing industry's presence is stronger in the Mauricie region than in Quebec as a whole. According to the following table, the sector accounted for 18.5% of all jobs in the region, compared with 16.4% in the province as a whole. The industries are unevenly distributed in the area. The service sector is primarily located in Trois-Rivières and Shawinigan, complete with big-box retailing and educational and health services. The Maskinongé and Les Chénoux MRCs are characterized by a large agriculture sector, and the La Tuque area and Mékinac MRC, by a large forestry sector. The following table shows the breakdown of employment by industry group in the Mauricie region.

Table 2  
**Employment Breakdown and Outlook by Industry**  
Mauricie Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
All industries	113.7	100.0%	100.0%	0.7%	1.0%
Primary	3.4	3.0%	2.6%	-1.5%	-0.3%
Manufacturing	21.0	18.5%	16.4%	-0.4%	0.6%
Construction	6.0	5.3%	4.7%	-0.7%	-0.6%
Services	83.5	73.4%	76.3%	1.0%	1.3%
Consumer Services	33.6	29.5%	27.4%	1.1%	1.1%
Production Services	21.3	18.7%	24.5%	1.4%	1.9%
Public and Parapublic Services	28.7	25.2%	24.4%	0.5%	0.8%

Source: Service Canada – Quebec Region  
Historical estimates based on Statistics Canada's Labour Force Survey

Only the service sector is expected to grow, with an annual average increase in employment of 1.0%

Employment levels in the primary and construction sectors are expected to drop in the 2007–2009 period, both in the region and the province. In the Mauricie region, the manufacturing sector will also experience declining employment levels in the coming years.

For the period under review, only the service sector is expected to grow, with an annual average increase in employment of 1.0%. Changes in employment will vary by industry for different reasons. The next section provides a closer look at the development of the Mauricie region's main industries.

## Primary sector

The primary sector accounted for an average of 3.0% of all jobs between 2004 and 2006. Agriculture is the predominant industry, providing approximately 2,000 jobs in the region. The number of workers in this sector has been steadily declining for several years. This is largely attributable to the modernization of equipment and mechanization of agriculture and forestry operations, compounded by global pressures, both in agriculture and forestry.

There are about 1,000 farms run by approximately 1,600 farmers engaged in 28 different types of production ; three quarters of the farms are in the Maskinongé and Les Chenaux MRCs

The agriculture industry is still the nucleus for economic development in certain parts of the region. There are about 1,000 farms run by approximately 1,600 farmers engaged in 28 different types of production<sup>2</sup>; three quarters of the farms are in the Maskinongé and Les Chenaux MRCs. The main outputs by order of importance are: milk, hogs and pigs, poultry and cattle. Various structural changes will continue to affect employment levels in this sector. Firstly, the consolidation of production units favours large-scale farms over the smaller, traditional farms and the replacement of manual labour with technology. Secondly, producers are faced with the increasingly difficult issue of farm succession. The amount of capital required to start up or purchase a business in this industry is preventing young people from taking over. Lastly, property assessments of production units (which are steadily rising) are putting producers in financially untenable positions.

The mad cow crisis in Canada made life difficult for beef producers, depriving them of substantial revenues in the last two years. For example, even though it is now back in business, the Rompré farm in St Anne de la Pérade fell victim to this crisis. The largest beef producer in Quebec and eastern Canada, this farm was forced to declare bankruptcy in 2005. With an annual production of 12,000 head of cattle, the farm was responsible for almost 10.0% of the province's beef cattle. Although the mad cow crisis has finally been brought under control, the American border still remains closed to cattle older than 30 months, including cull cows. However, the US Department of Agriculture plans to soften these rules. The end of the moratorium on swine production in Quebec has not by any account resolved the crisis in this industry. However, it could lead to the development of a few new facilities in the region.

<sup>2</sup> *L'agriculture et la forêt privée en Mauricie*, Fédération de l'UPA de la Mauricie.

According to our latest forecasts, the number of people employed in agriculture is expected to continue to slide from 2007 to 2009, compared to this industry's overall situation in Quebec. However, the expected 1.0% average annual decline would be less than the historical decline of beyond 4.0%.

Table 3  
**Employment Breakdown and Outlook in the Primary Sector**  
 Mauricie Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Primary Sector	3.4	3.0%	2.6%	-1.5%	-0.3%
Agriculture	2.1	1.8%	1.6%	-1.0%	-0.5%
Forestry and Logging	1.1	1.0%	0.5%	-2.9%	-2.7%
Fishing, Hunting and Trapping	0.0	0.0%	0.1%	0.0%	0.4%
Mining	0.1	0.1%	0.4%	0.0%	2.1%

Source: Service Canada – Quebec Region  
 Historical estimates based on Statistics Canada's Labour Force Survey

In the next three years, the industry will have to adjust to the new rules and, in Mauricie, deal with a reduction of slightly under 16.0% in allowable cut between 2008 and 2013

The last few years have not been easy for the logging industry, especially because of the softwood lumber dispute with the United States. The conflict may have been settled, but the crisis that shook up the sector is not over. Access to the US market will either be more limited or export duties will have to be paid. However, with the adoption of the new Forest Act and other legislative provisions on forestry issues in the wake of the 2005 Coulombe Report, the industry is not yet out of the woods. In the next three years, the industry will have to adjust to the new rules and, in Mauricie, deal with a reduction of slightly under 16.0% in allowable cut between 2008 and 2013. If hardwood trees are included, this reduction comes to slightly under 10%<sup>3</sup>.

To mitigate the effects of this decision, the Conférence régionale des Élus (CRÉ) [regional conference of elected representatives] in the Mauricie region tabled an action plan in June 2005 to diversify and improve industry practices. The plan focusses on three important phases: timber management, harvesting and processing. In addition, the transfer of responsibility for the Forest Resources Development Program in 2004–2005 to the CRÉ will make it possible to prioritize activities based on the area's resources and needs.

<sup>3</sup> The head forester suggests a reduction of 16% for the region, L'Hebdo du St-Maurice, December 16, 2006.

For 2007 to 2009, the number of employed in this industry is expected to hold steady. Measures to rationalize plants and personnel and increase productivity have yet to be introduced. These adjustments are now crucial in the context of a soaring Canadian dollar and rising supply costs.

## **Manufacturing sector**

The region now has a more diversified economy and is less dependent on the traditional sectors, having relied on them for a long time

Under the circumstances, the prospects are not good for the manufacturing sector, contrary to those for Quebec as a whole, with an average annual drop of 0.4% from 2007 to 2009. Some of the sub sectors are struggling because of the strength of the Canadian dollar, the hike in oil prices and competition from developing countries. This section provides a few more details about the region's main manufacturing industries.

The region now has a more diversified economy and is less dependent on the traditional sectors, having relied on them for a long time. The start-up of companies connected to the aerospace industry, rubber product manufacturing and specialized component machining manufacturing has enabled the region to diversify and stabilize the local economy. Manufacturing accounts for 21,000 workers, or 18.5% of total employment, compared with 16.4% for the province as a whole. The following table shows the results for the Mauricie region's largest industry sectors in terms of employment.

Table 4

**Employment Breakdown and Outlook in the Manufacturing Sector**  
 Mauricie Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Manufacturing Sector	21.0	18.5%	16.4%	-0.4%	0.6%
Consumer-Related Manufacturing	6.1	5.4%	6.2%	-0.3%	0.0%
Food, Beverages and Tobacco	1.7	1.5%	2.1%	1.3%	0.6%
Textile Product Mills	0.1	0.1%	0.5%	0.0%	-1.5%
Clothing and Leather Manufacturing	0.8	0.7%	1.0%	-7.8%	-2.0%
Printing and Related Support Activities	0.9	0.8%	0.9%	1.2%	0.6%
Furniture and Related Products	2.0	1.8%	1.0%	-0.6%	-0.4%
Miscellaneous Manufacturing	0.6	0.6%	0.7%	1.2%	1.6%
Resource-Related Manufacturing	10.1	8.9%	3.9%	-2.0%	-0.7%
Wood Product Manufacturing	3.1	2.7%	1.5%	-0.7%	-1.5%
Paper Manufacturing	3.9	3.4%	1.0%	-1.3%	-1.2%
Petroleum and Coal Products Manufacturing	0.1	0.1%	0.1%	0.0%	1.6%
Non-Metallic Mineral Product Manufacturing	0.7	0.6%	0.5%	-0.8%	0.4%
Primary Metal Manufacturing	2.4	2.1%	0.9%	-1.8%	0.5%
Investment-Related Manufacturing	4.8	4.2%	6.3%	2.2%	1.8%
Chemical Products	0.5	0.5%	0.9%	0.0%	0.8%
Rubber and Plastics	0.3	0.3%	1.0%	7.7%	0.7%
Fabricated Metal Products	1.4	1.2%	1.1%	2.4%	2.1%
Machinery Manufacturing	0.9	0.8%	0.8%	2.3%	2.1%
Computer and Electronic Product Manufacturing	0.5	0.4%	0.6%	2.2%	2.7%
Electrical Equip, Appliance and Component Manufact.	0.2	0.2%	0.4%	1.1%	1.1%
Transportation Equipment Manufacturing	0.9	0.8%	1.4%	2.0%	2.7%

Source: Service Canada – Quebec Region

Historical estimates based on Statistics Canada's Labour Force Survey

Furniture manufacturing was one of the top-ranking industries in the Maskinongé MRC. From 1990 to 2000, this industry's share of employment skyrocketed from 16.3% to 41.2% in the area, thanks to major players which have been there more than 15 years

Food manufacturing employs approximately 1,700 people in the region. In the last few years, the industry has been evolving to keep up with new consumer trends. Local delicacies have become popular in recent years, spurring many new manufacturers to open businesses, more often cottage industries than mass-production establishments, to meet the demand for new consumer products. Companies such as Les bières de la Nouvelle-France, the Le trou du diable microbrewery, Massibec, Les Sources St-Élie and Produits de nos grands-mères are growing and becoming known outside the region.

For 2007 to 2009, the average annual growth rate is expected to be 1.3%, which is higher than in Quebec (0.6%). According to MAPAQ, Mauricie's status as a resource region provides a key economic lever for the development of food processing.

Until recently, furniture manufacturing has had some prosperous years thanks to favourable economic conditions and low exchange rates. At its lowest point in 2002, the loonie was worth less than 62 cents US, but by May 2006, it was nearing 89 cents US. This industry has grown considerably in the region, employing some 2,000 workers from 2004 to 2006. Furniture manufacturing was one of the top-ranking industries in the Maskinongé MRC. From 1990 to 2000, this industry's share of employment skyrocketed from 16.3% to 41.2% in the area,<sup>4</sup> thanks to major players which have been there more than 15 years. In addition, some 60 SMEs are in this industrial cluster in the MRC.

Current conditions are less favourable. Construction is expected to slow down in the Mauricie region, the economy is slowing in the US, the value of the dollar should remain higher than in the past, and China is becoming an increasingly formidable competitor. As well, the furniture industry is having difficulty getting hardwood supplies, and being forced to turn to imports, which also reduces its competitiveness.

To mitigate current economic conditions, Quebec's furniture industry has innovated by creating a research chair at the Institut de recherche sur les PME at the University of Quebec in Trois-Rivières (UQTR). The chair's mission is to develop, transfer and implement knowledge, practices, skills and technology in the furniture industry. According to the industry's main stakeholders, regional businesses will have to raise quality standards, offer a wider range of products, be more innovative and provide more customized products if they are to be more competitive, rather than compete on a cost basis.

Our previous projections indicated an average annual decrease of 0.8%. Despite the efforts made, we still expect a drop of 0.6% between 2007 and 2009.

<sup>4</sup> Le secteur industriel du meuble dans la MRC de Maskinongé: Un bref historique, Jocelyn Morneau, PhD Études québécoises.

In 2003, the Mauricie region led all others in Quebec, with nearly 15.0% of Quebec's paper shipments and six pulp, paper and paperboard mills

The Centre intégré en pâtes et papiers (CIPP) de Trois-Rivières, which has to work very closely with companies in its sector, should play a key role in training skilled labour and in pulp and paper research, both regionally and internationally

Employment in wood product manufacturing averaged 3,100 workers over the past three years. According to the Ministère des Ressources naturelles, de la Faune et des Parcs (MRNFP), the number of direct jobs in the wood product industry in 2002 made the Mauricie region the fourth largest employer in the industry, with 34% of these jobs coming specifically from the wood product manufacturing sector<sup>5</sup>.

A drop in production and downsizing are expected in the years ahead. The almost 16.0% reduction in allowable cut, the slowdown in residential construction and problems in paper manufacturing are all contributing factors to our pessimistic outlook for this industry.

Our projections for 2007–2009 indicate a 0.7% average annual employment decline for the region, compared with a 1.5% drop for the province. Despite the settlement of the softwood lumber dispute with the US, the industry's difficulties persist. The fibre supply remains limited and more expensive.

Paper manufacturing, which provides 3,900 jobs, or 3.4% of regional employment, is the largest industry in the manufacturing sector. In 2003, the Mauricie region led all others in Quebec, with nearly 15.0%<sup>6</sup> of Quebec's paper shipments and six pulp, paper and paperboard mills. Production costs, along with resource availability, seem to be a concern for all the mills. Manufacturers are doing everything they can to reduce production costs in order to remain competitive. For instance, in early 2007, Kruger confirmed a major investment of \$200M in its Trois-Rivières plant. The multi-year project involved building a de-inking facility using a new technology that would produce two categories of pulp, which would completely replace mechanical pulp. Moreover, at the same time, Kruger also announced a short-term plan to rationalize, which should reduce staff at the Trois-Rivières plant from 1,200 to less than 1,050. The new Centre intégré en pâtes et papiers (CIPP) in Trois-Rivières, a joint effort with the Trois-Rivières CEGEP's Centre collégial en transfert de technologie spécialisée en pâtes et papiers and the University of Quebec in Trois-Rivières' Centre de recherche en pâtes et papiers is now up and running, and designed to help ease these concerns. The Centre intégré en pâtes et papiers (CIPP) de Trois-Rivières, which has to work very closely with companies in its sector, should play a key role in training skilled labour and in pulp and paper research, both regionally and internationally. The CIPP's efforts are focused on developing new pulp and paper manufacturing processes and value-added products while at the same time reducing production costs.

<sup>5</sup> *Portrait forestier de la région de la Mauricie* (04), MRNFP, April 2004.

<sup>6</sup> Institut de la statistique du Québec, *Statistiques principales de l'activité manufacturière par sous-secteur du SCIAN*, Mauricie, 2003.

The outlook for primary metal manufacturing in the region is negative

Many analysts are forecasting paper mill closures in Quebec in the coming years. Demand for paper is no longer what it was, given changing consumer trends and the increasing popularity of electronic information. For instance, print runs for US dailies fell by 7.6% in the first seven months of 2006<sup>7</sup>, a trend that is expected to continue. Almost all newspapers provide Internet news services. Moreover, the rise in online media is depriving newspapers of advertising revenue. Forest supply is also a concern. One example is Kruger's Wayagamack division, which could face a drop in forest supplies on the North Shore. The wood from this area is the mill's only woodchip source. Also, Kruger managed to take over Gérard Crête et Fils and its two active sawmills in the Mauricie region.

For 2007–2009, we are projecting a 1.3% drop in average annual employment in this sub-sector. Since the pulp and paper industry has an aging workforce, retirements will provide a few job opportunities. However, in view of the outlook until 2009, not all departing workers will be replaced, largely on account of efforts to reduce production costs and the drop in demand for newsprint.

The outlook for primary metal manufacturing in the region is negative. Alcan has yet to outline a replacement plan for its Shawinigan plant, which employs almost 500 workers. The plant uses Soderberg potrooms, components of a manufacturing process that will have to be eliminated no later than 2015 because of new environmental standards. The Shawinigan plant is unique in that it produces complex alloys and is thus not likely to close in the short term. Quite recently, labour and management were working on replacing the smelter by a processing plant. Alcan has set up a \$2M fund to review diversification projects.

In early 2006, Corus announced that it was halting its \$40 million modernization project. The company, which had been trying to sell its aluminum division since 2002, was delaying modernization plans because of economic conditions. The company finally sold its Trois-Rivières plant to Aleris International. Aleris may be taken over by another buyer in 2007. For now, it plans to divest its production of aluminum packaging foil at its Trois-Rivières plant in the short term.

<sup>7</sup> Appendix, Quarterly Forest Industry Monitor, Natural Resources Canada, Canadian Forest Service, 3rd quarter 2006, page 5.

More and more, the primary metal manufacturing industry is operating in a global market. China has become a major producer, which has boosted demand for the raw material, alumina. As well, in China, the cost of production is much lower than elsewhere. For now, global supply still exceeds demand, and Export Development Canada (EDC) estimates that Canadian companies can expect some instability for most base metals over the next 12 to 18 months<sup>8</sup>. In this regard, Norsk Hydro in Bécancour, the world's largest primary magnesium plant, announced that it would close in 2007. The company, located in the Trois-Rivières census metropolitan area, employed more than 350 people, 60% of whom live in the Mauricie region.

For 2007–2009, we are projecting a significant decrease of 1.8% in average annual employment, as against a 0.5% increase in the province. The industry's future could ride on secondary and tertiary manufacturing projects involving metals such as aluminum and magnesium. The Centre intégré de fonderie et de métallurgie (CIFM) in Trois-Rivières could help in this regard. The primary metal manufacturing sector employed 2,400 people in the region on average in 2004–2006.

Investment-related manufacturing accounted for 4,800 workers in the region in 2004–2006, or 4.2% of total employment. As in Quebec, this is expected to be the only manufacturing sector to grow over the next three years in the Mauricie region. Almost every segment of the sector should take part in this growth. Transportation equipment manufacturing should continue to gain ground, despite the bankruptcy of Symphony Aviation, which expected to be able to create approximately 150 jobs. Of course, the situation at Premier Aviation is quite different. This company has more than 150 employees, and does maintenance work and paint jobs for large aircraft. Its clients include WestJet, CargoJet, First Air and Air Canada Technical Services. The company is short of staff, and expects to double its production staff over the next three years. Although this industry is cyclical, it should benefit from favourable global economic conditions over the next few years. Because this niche is still under development in the region, it is apt to be affected by economic fluctuations.

<sup>8</sup> Global Export Forecasts, EDC Economics, January 2007, page 6.

Current economic conditions seem to be lined up in favour of fabricated metal products manufacturing in the Mauricie region, which involves a number of SMEs

The June 2006 closure of Bandag was a blow to plastics and rubber products manufacturing. Moreover, construction of the future manufacturer's plant for Dayco car parts in Trois-Rivières was put on the back burner. Investment so far in this project comes to \$9M, and was expected to total \$35M and create 400 jobs. The steering hoses manufacturer expects to keep its accommodations in the Trois-Rivières industrial motel—which it has completely taken over with one hundred employees—for another year. The unstable nature of the automobile industry is forcing the company to review its business plan and to consider manufacturing other parts. EDC estimates that automobile exports should fall by 5% in 2007. Other companies, such as Placeteco and Delastek Composite in Shawinigan, could help boost the sector's prospects. Although the percentage growth in employment for the sector is forecast to be high from 2007 to 2009, it depends on a low volume of jobs. Moreover, current economic conditions seem to be lined up in favour of fabricated metal products manufacturing in the Mauricie region, which involves a number of SMEs, including Marmen. This company, in addition to working in the wind sector, is in full expansion in Quebec, and growing in a niche that is fully compatible with the region. Its clients include power, iron and steel, aluminum and magnesium manufacturing, pulp and paper and aviation companies. The company is continuously hiring, and has more than 500 employees in the region.

According to our latest projection for 2007 to 2009, investment-related manufacturing is expected to post average annual growth of 2.2%, compared with 1.8% province-wide.

## Construction industry

The construction industry employed an average of 6,000 workers in the region from 2004 to 2006, accounting for 5.3% of total employment. This was a good run for construction in the region. The Canadian Mortgage and Housing Corporation (CMHC) indicates that construction permits have been on the rise since 2002 in the Mauricie region. Investments were at their highest level in 2006 since 1997, up more than 16% over 2005. The commercial sector made a big jump (more than 50%) between 2005 and 2006, reaching a record level since 1997. The institutional and government sector also grew (more than 20%) and the residential sector gained approximately 12%. Only the industrial construction sector lost steam in 2006 (down by more than 25%). For the province as a whole, industrial construction entered a new zone of turbulence in 2006 according to the Commission de la construction du Québec (CCQ), which expects a relatively stable picture for construction in 2007 in the Mauricie-Bois-Francs region<sup>9</sup>.

<sup>9</sup> Perspectives 2007, Commission de la construction du Québec, December 2006, page 15.

We expect a 0.7% drop in activities and jobs in the construction sector in the Mauricie region between 2007 and 2009

Without a doubt, the most important projects in the region over the past few years have been the new hydro-electric power plants on the St Maurice River in Haute Mauricie. The Chute Allard and Rapide des Cœurs projects will have required investments totalling \$700 million between 2005 and 2008. To date, the weekly average number of workers has been slightly over the 500 mark. Another major project, a hydroelectric plant, assessed at close to \$180M, is under way at La Tuque. It is also slated for completion in 2008. The refit of the Laviolette Bridge, which started in 2004, is still under way. Upon completion, in 2008, more than \$100M will have been invested in this project. Work has also started on the grounds of the Hippodrome de Trois-Rivières. The Attractions Hippiques and the Société des salons de jeux du Québec projects, assessed in total at more than \$45M, will completely transform the site by the end of 2007.

Nonetheless, few other major projects are planned for the Mauricie region between 2007 and 2009. The main projects that could start during this period are the La Tuque bypass, which will cost \$70M, a de-inking facility at the Kruger plant in Trois-Rivières, at a cost of \$200M, the Hines Group's recreational tourism project in Lac Mékinac, estimated at \$200 M and an arena with an Olympic-sized ice surface in Shawinigan, at a total cost of approximately \$15M. Preliminary work for the refit of the Gentilly 2 nuclear plant and the addition of storage capacity will start as well, but the work itself will only begin in 2011. Finally, the "Trois-Rivières sur Saint-Laurent" project should be starting up in anticipation of the celebrations for the city's 375th anniversary in 2009, but it is still too soon to assess its impact. We expect a 0.7% drop in activities and jobs in the construction sector in the Mauricie region between 2007 and 2009.

## **Service sector**

### **Consumer services**

Consumer services include the economic sectors that rely in large part on consumer spending. This sector accounted for 29.5% of all jobs in the region, which is higher than for Quebec as a whole (27.4%). Retail trade was by far the largest group, with 14.9% of all jobs, followed by accommodation and food services (6.6%), other services (5.3%) and information, culture and recreation (2.8%).

Table 5  
**Employment Breakdown and Outlook in Consumer Services**  
Mauricie Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer Services	33.6	29.5%	27.4%	1.1%	1.1%
Retail Trade	16.9	14.9%	12.8%	1.2%	1.2%
Information, Culture and Recreation	3.2	2.8%	4.4%	1.3%	1.1%
Accommodation and Food Services	7.5	6.6%	5.7%	1.2%	1.0%
Other Services	6.0	5.3%	4.4%	0.8%	1.0%

Source: Service Canada – Quebec Region  
Historical estimates based on Statistics Canada's Labour Force Survey

In the 2004–2006 period, employment in retail trade averaged 16,900 workers. There were numerous investments in food stores and pharmacies throughout the area in 2005 and 2006. Over the next few years, interest rates are expected to remain relatively low and stable, which should promote steady growth. The increase in disposable income resulting from the positive employment outlook and higher salaries in the region and the province will be good for this industry for a few more years.

We are projecting average annual growth of 1.2% for 2007–2009, the same as for Quebec. The population decline projected for the region may put a damper on this industry group in the longer term.

The industry's performance is attributable in part to the distinctive style of some of its establishments

From 2004 to 2006, the accommodation and food services industry employed about 7,500 people, on average. The industry's performance is attributable in part to the distinctive style of some of its establishments. The Sacacomie Hotel, Le Florès Inn and Le Baluchon Inn now offer a wider range of services thanks to major investments. Downtown revitalization projects, such as the one in Trois-Rivières, have generated many business opportunities in this industry. Major cultural events attract a large number of tourists year in and year out. The Mondial de la poésie and the Grand Prix in Trois-Rivières, the Festival du théâtre de rue in Shawinigan, the Classique Internationale de canots in Haute-Mauricie and the Festival Western de Saint-Tite are all major traffic builders for the region in summer.

Major upcoming projects are bound to stimulate job creation in this industry. The recreational tourism development at Lac Mékinac, the construction of a new hotel, the Balcer, in Trois-Rivières, the Les Bières de la Nouvelle-France de Saint-Alexis-des-Monts microbrewery and inn, which is expected to open in 2007, and the major refit of the Hippodrome de Trois-Rivières (see the section on the construction sector) will also help expand the number of tourism products available and foster the region's development.

Finally, the region also has special attractions such as La Mauricie National Park and 80 outfitters, almost 70 of which are in Haute-Mauricie. They have recently adapted their services to satisfy demand, and have expanded beyond their traditional hunting and fishing activities. The quality of accommodations has also greatly improved.

Our projections indicate that employment will increase by an average of 1.2% annually from 2007 to 2009. Growth will be more substantial than in the province as a whole (1.0%).

The region has been putting a lot of effort into developing its unique character by launching new cultural products

Information, culture and recreation employed 3,200 people, on average, from 2004 to 2006. The region has been putting a lot of effort into developing its unique character by launching new cultural products. Success stories include La Cité de l'Énergie, whose Kosmogonia show will be almost entirely revamped in 2007. The history of the city of Trois-Rivières is also being promoted, in large part thanks to the modernization of the old part of Trois-Rivières and tours at the former Trois-Rivières prison. The pulp and paper interpretation centre showcases the industrial past of the Mauricie region.

On the recreation side, in Shawinigan, a new stadium is planned and Melville Island Park has been redeveloped. A new arena and new products at the Hippodrome de Trois-Rivières will also help the sector. In essence, average annual employment growth in this industry should be 1.3% for the region, compared to 1.1% for the province as a whole for 2007–2009.

## Production services

Production services averaged 21,300 workers in the Mauricie region from 2004 to 2006, accounting for 18.7% of employment, less than it does in Quebec as a whole (24.5%). Growth seen in recent years is expected to continue in the region between 2007 and 2009 at an average annual rate of 1.4%. This is lower than the average annual rate for the province, which should stand at 1.9% during the same period.

Table 6  
**Employment Breakdown and Outlook in Production Services**  
 Mauricie Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Production Services	21.3	18.7%	24.5%	1.4%	1.9%
Utilities	2.4	2.1%	0.8%	1.6%	1.3%
Wholesale Trade	2.7	2.3%	3.8%	1.4%	1.2%
Transportation and Warehousing	4.9	4.3%	4.6%	1.3%	0.8%
Finance, Insurance, Real Estate and Rental and Leasing	4.4	3.8%	5.6%	0.4%	0.5%
Prof. Scientific and Technical Services	3.8	3.4%	6.2%	1.4%	3.7%
Management of Cies, Enterprises, Admin. and Support and Other	3.2	2.8%	3.5%	2.5%	3.3%

Source: Service Canada – Quebec Region  
 Historical estimates based on Statistics Canada's Labour Force Survey

This industry enjoyed favourable economic conditions in the past few years

Wholesale trade employed 2,700 individuals in the Mauricie region, accounting for 2.3% of all jobs, which is lower than in Quebec (3.8%). Despite the region's robust economic performance in recent years, the manufacturing sector did not follow suit, and wholesale trade felt the impact. Nonetheless, employment growth should reach 1.4% for the 2007–2009 period, higher than for the province as a whole (1.2%). The strong Canadian dollar will make it possible to buy more production equipment and machinery from the United States, which should further fuel this sector. The only dark shadow is the performance of the construction industry, which should be weaker than over the past few years.

Financial services were in second place in the production sector, with 4,400 jobs on average for the 2004–2006 period. The sector's share of employment (3.8%) was smaller than it was in Quebec (5.6%) owing to the concentration of financial activities in large urban centres, such as Quebec City and Montreal. Growth in the past five years in the Mauricie region has been due to the diversification of financial products and favourable economic conditions. The employment outlook is much weaker for 2007–2009, with growth expected to average 0.4% annually. Electronic financial services have gained popularity at the cost of jobs, mainly in the areas farther from the major urban centres.

The transportation and warehousing sector dominated the production service sector in the Mauricie region, with an average 4,900 jobs for the 2004–2006 period, which represented 4.3% of total employment, compared to 4.6% for the province overall. This industry enjoyed favourable economic conditions in the past few years. A \$10 million investment in the Trois-Rivières port generated new contracts. Alouette established its distribution centre for northeastern North America in Trois-Rivières. In addition, the Kruger Wayagamack plant has been receiving woodchips from North Shore sawmills by water since late 2005. The 2007–2009 outlook is brighter than it is for Quebec, with 1.3% average annual employment growth in the region, compared with 0.8% in the province. The Port of Trois-Rivières should see higher volumes, highway links have been improved, the region is well positioned from a geographic point of view, and the major construction projects, although fewer, will have an impact.

Professional, scientific and technical services employed 3,800 people in the Mauricie region, accounting for 3.4% of total employment, compared with 6.2% in Quebec. The vigorous employment growth of the past few years, stemming from favourable economic conditions, is expected to slow down, while remaining positive. For 2007–2009, we are forecasting average annual growth of 1.4%, compared with 3.7% in the province. The large corporations in this sector are mainly located in the Montreal and Quebec City metropolitan areas, which explains in part the significant employment growth gap between the Mauricie region and the province. However, the difference could shrink if there were a significant increase in spending on infrastructure and civil engineering projects in the region.

## Public and parapublic services

Continued growth in the health sector will mitigate other job losses in public and parapublic services

Public and parapublic services employed 28,700 people in the region on average in 2004–2006, or 25.2% of all jobs. We are forecasting slight growth in employment, averaging 0.5% per year for 2007–2009, compared with a 0.8% gain in the province. Continued growth in the health sector will mitigate other job losses in public and parapublic services.

Table 7  
**Employment Breakdown and Outlook in Public and Parapublic Services**  
Mauricie Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Gov. and Parapublic Serv.	28.7	25.2%	24.4%	0.5%	0.8%
Educational Services	7.5	6.6%	6.6%	-0.2%	-0.1%
Ambulatory Health Care Services and Hospitals	7.4	6.5%	6.4%	1.1%	1.3%
Other Health Care and Social Assistance	7.5	6.6%	5.6%	1.8%	2.0%
Federal Public Admin.	2.0	1.8%	1.9%	-1.0%	0.0%
Provincial and Territorial Admin.	2.5	2.2%	2.1%	-0.9%	-0.4%
Local, Mun. Regional and Other Admin.	1.8	1.6%	1.8%	-0.3%	0.4%

Source: Service Canada - Quebec Region  
Historical estimates based on Statistics Canada's Labour Force Survey

Following a period of sizable job growth in the 1990s, educational services employed an average of 7,500 people from 2004 to 2006. The growth recorded in the past few years is not expected to last. The sector's workforce is expected to decrease by an average of 0.2% annually from 2007 to 2009. According to the latest data for the Mauricie region<sup>10</sup>, the number of pre-school, primary and secondary students should fall by more than 6% between 2007 and 2009. The number of college students could increase by more than 4%. All employment opportunities will stem from retirements. According to a study conducted in the Mauricie region in 2005, nearly 300 teachers at all school levels will be eligible for retirement in the next three years. For 2007–2009 our outlook for the Mauricie region is very close to that for Quebec as a whole.

<sup>10</sup> *Prévision de l'effectif des commissions scolaires francophones composant la région administrative Centre-du-Québec (17), au secteur des jeunes, en formation générale et à temps plein*, Ministère de l'Éducation, du Loisir et du Sport, March 8, 2006 and Direction de la recherche, des statistiques et des indicateurs, Système prévisionnel SIPEEC, Spring Edition 2006.

It should be noted that the Mauricie region has the greatest number of people 65 and over in the province

From 2004 to 2006, health and social services was the second largest sector in the region, employing 14,900 people, on average, right behind retail trade (16,900). Population aging is bolstering this industry. It should be noted that the Mauricie region has the greatest number of people 65 and over in the province. We amended last year's projections upwards. In addition to the investments made to increase direct services to patients, the Mauricie region now has a new training and services centre and an agreement with the University of Montreal for developing resources in the region. Ellis College will also provide health care training. This will make it easier to supply the missing resources for the region. However, it may still be difficult to find the specialized labour in the region, which will continue to slow the development of this industry compared to the province overall.

Public administration accounted for 6,300 workers on average in the region in 2004–2006, or 5.5% of all jobs, which is lower than in the province as a whole (5.8%). The past few years have not been negative in terms of the number of people employed in this sector, but we are inclined to believe that the trend will be reversed in 2007–2009, in part because of attrition. Public servants are getting older, and not everyone who retires will be replaced. We expect a 0.7% drop in the number of workers annually between 2007 and 2009, whereas for the province as a whole, the situation should remain fairly neutral. Municipal mergers will help participating localities to reduce their labour costs in the medium term, thus limiting growth in this sector. In reviewing their programs and services, provincial and federal governments are not likely to increase the size of their workforces. The increase in Internet transactions between governments and the public will also reduce the number of hirings over the next few years.