



# Sectoral Outlook

2007-2009

## Outaouais

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2007-2009

Outaouais



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## Table of Contents

<b>Summary</b> . . . . .	4
<b>Introduction</b> . . . . .	6
<b>Notes on Methodology</b> . . . . .	7
<b>Part 1: Overview</b> . . . . .	9
Description of the Area . . . . .	9
Economic Environment . . . . .	9
Labour Market Indicators . . . . .	10
<b>Part 2: Sectoral Outlook</b> . . . . .	13
Overview . . . . .	13
Primary Sector . . . . .	14
Manufacturing Sector . . . . .	15
Consumer-Related Manufacturing . . . . .	17
Resource-Related Manufacturing . . . . .	18
Investment-Related Manufacturing . . . . .	19
Construction Industry . . . . .	19
Service Sector . . . . .	20
Consumer Services . . . . .	21
Production Services . . . . .	22
Public and Parapublic Services . . . . .	24
<b>List of Tables</b>	
<b>1</b> Main Labour Market Indicators - 2003-2005 . . . . .	11
<b>2</b> Breakdown of Employment for Selected Industry Groups . . . . .	13
<b>3</b> Breakdown and Employment Outlook in the Primary Sector . . . . .	14
<b>4</b> Breakdown and Employment Outlook in the Manufacturing Sector . . . . .	16
<b>5</b> Breakdown and Employment Outlook in Consumer Services . . . . .	20
<b>6</b> Breakdown and Employment Outlook in Production Services . . . . .	22
<b>7</b> Breakdown and Employment Outlook in Public and Parapublic Services . . . . .	24

## Summary

This is a summary portrait of the demographic, economic and sectoral outlook for the Outaouais region for 2007–2009.

### Demographic outlook

The total population of the Outaouais was 347,214 in 2006, with over 82% of these people residing in the Quebec part of the Ottawa–Gatineau census metropolitan area (CMA). The number of people living in the Outaouais region has increased by 24,444 since 2001. According to the projections of the Institut de la statistique du Québec (ISQ), the population should grow by 19.3% over the years 2001–2026, compared with 9.3% in Quebec as a whole. This forecast is based primarily on positive net migration of +3,318 in 2005–2006.

### Economic outlook

The Outaouais, especially its urban component, operates in the broader economic environment that takes in the whole Ottawa area. Moreover, nearly 40% of Outaouais residents cross over to the Ontario shore to work each day.

In all respects, the economy of the Outaouais is, first and foremost, a tertiary one; its defining economic activity, in terms of employment, is public administration. The primary sector remains relatively marginal, and manufacturing shows little diversity, being concentrated largely in resource processing industries.

The strong Outaouais economy, which is firmly anchored in the Ottawa–Carleton socio-economic orbit, has benefited from sustained population growth over the past decade, which favours labour market development in the region. These long-term assets are supplemented by the heavy local concentration of the federal government apparatus, constituting an advantage for the region in terms of stability. This government presence has enabled the Outaouais to weather economic slowdowns in the past. Over the 2007–2009 forecast period, employment is expected to grow at an average annual rate of 0.9%.

### Sectoral outlook

#### Primary sector

The primary sector is poorly developed and accounts for a mere 1.7% of overall employment in the Outaouais. Employment is divided, for all practical purposes, between farming and logging. The logging industry has posted job losses in recent months, and the outlook for the next few years is rather depressing. Growth is likely to be negative in the forest sector and relatively stable in farming.

#### Secondary sector

The manufacturing sector accounts for 5.7% of employment, compared with 16.4% Quebec-wide. Wood product and paper manufacturing constitute the basis of the region's manufacturing activities, representing approximately 42% of employment in this sector. However, growth prospects for these industries between now and 2009 are not good, in contrast to the forecasts for food and beverages, printing, and especially computer products, which round out the manufacturing structure.

Construction has enjoyed remarkable growth in the Outaouais. Nearly 13,400 workers on average, all trades combined, have worked in this industry over the last few years, with the number of jobs peaking at a record 15,600 in 2006. After several good years, the construction sector, especially residential construction, is expected to lose steam. Employment growth should be slightly negative over the 2007–2009 period in both the Outaouais and Quebec as a whole.

## Tertiary sector

The service sector dominates the landscape in the Outaouais, with an average of 151,800 jobs in 2004–2006. Within this sector, public and parapublic services are in the lead, with 40.2% of total employment. Consumer services are also well represented in the regional economy, with a 26.2% share of the workforce, while production services account for only 18.5% of regional employment.

Services will continue to thrive in the Outaouais over the next few years. Average annual growth of 1.1% is forecast for the 2007–2009 period. However, the advance will be led by consumer and production services, with annual rates of 1.4% and 1.7%, respectively. Annual growth of less than 1% is expected in government services because of the anticipated slowdown in the public administration sector.

## 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

### Population and area

The total population is expected to grow by 19.3% from 2001 to 2026, compared with 9.3% for the whole of Quebec

The Outaouais region is located in southwestern Quebec, between Abitibi to the northwest, the Laurentians to the east and Ontario to the south, across the natural boundary of the Ottawa River. The region covers an area of 30,761 square kilometres and abounds in lakes, rivers and green spaces, many of which, although suitable for recreation and tourism activities, are as yet untapped, and hence present significant recreation and tourism potential. The Outaouais region includes four regional county municipalities (MRCs)—Pontiac, La Vallée-de-la-Gatineau, Papineau and Les Collines-de-l'Outaouais—in addition to the new city of Gatineau, the result of the merger of the five municipalities that made up the former Outaouais Urban Community (OUC).

The total population of the Outaouais was 347,214 in 2006, with nearly 82% of these people living in the Quebec part of the Ottawa–Gatineau census metropolitan area (CMA). For several years, the population has been growing at a fast pace. In fact, the number of people living in the Outaouais region has increased by 24,444 since 2001, primarily as a result of positive net migration of +3,318 in 2005–2006 (including positive net migration of 1,107 from Ontario and 931 from the other regions of Quebec). This recent influx of people is largely responsible for the population growth posted in the Outaouais region, which now accounts for 4.5% of the total population of Quebec.

According to the projections of the Institut de la statistique du Québec (ISQ), the total population is expected to grow by 19.3% from 2001 to 2026, compared with 9.3% for the whole of Quebec. If the trend holds (2000 edition, scenario A), the Outaouais will have 385,576 inhabitants in 2026. However, this forecast already appears to be outdated, given the high net in-migration and the consequent population growth.

### Economic environment

40% of Outaouais residents cross the river to Ontario each day to work

The Outaouais, in particular its urban core, forms part of a larger economic entity that encompasses the entire Ottawa area. Integration into this wider market applies to both economic activity and the labour market, and nearly 40% of Outaouais residents cross the river to Ontario each day to work.

In all respects, the economy of the Outaouais is, first and foremost, a tertiary one. The region's defining economic activity, in terms of employment, remains public administration, whereas in Quebec manufacturing predominates. Another characteristic of the Outaouais region is the fact that it can be broken down into two distinct parts, in terms of both the profile of the population and the type of economic activities carried out.

The development outlook for the Outaouais as a whole is encouraging

The Outaouais region will need to focus on diversifying its economy even further, particularly in the vast recreation and tourism sector, and finding ways to share the region's prosperity more equally among all its population, both urban and rural

The urban milieu is characterized by a diversified economy built around the service sector, in which public administration, trade, and health care and social assistance predominate. In the rural periphery, the economic base consists essentially of extraction and processing of natural resources, particularly logging, but also farming. These differences have significant repercussions on labour market indicators and even on income levels among the residents of the two geographical entities. Setting aside regional indicators, which are generally very positive on all counts, the employment situation in the Papineau, Pontiac and La Vallée-de-la-Gatineau MRCs is somewhat more precarious. In addition, by comparison with the urban milieu, the Outaouais' hinterland economy is characterized by greater job insecurity, a higher proportion of seasonal work, lower incomes and a marked dependency among residents on transfer payments. Even though labour market indicators converged and improved between 1996 and 2001, much remains to be done to bring performance into line with that of the urban core.

Nonetheless, the development outlook for the Outaouais as a whole is encouraging. Over the next few years, growth is expected to continue, but at a slower rate. Public administration and residential construction should slacken somewhat, for they cannot hope to maintain the pace of recent years indefinitely; a certain levelling-off is therefore expected in these two sectors. In contrast, better times are in the offing for the high-tech sector, where growth will resume, albeit at a more modest rate than in the past.

In the coming years, the Outaouais region will need to focus on diversifying its economy even further, particularly in the vast recreation and tourism sector, and finding ways to share the region's prosperity more equally among all its population, both urban and rural.

## Labour market indicators

For several years, the Outaouais has seen its working-age population expand considerably. In 2004–2006, the average adult population was estimated to be 279,200, and it grew by 2.2% between 2004 and 2006. The Outaouais, Laurentides, Lanaudière and Laval regions were the only regions to post growth higher than 1.5% for their population aged 15 and over during the 2004–2006 period.

Table 1  
**Main Labour Market Indicators - 2004-2006**  
 Outaouais Region

	2004	2005	2006	2004-2006
Population 15+ ('000)	273	279.6	285.1	279.2
Labour force ('000)	185	192.6	197.7	191.8
Employed ('000)	171	179.3	185.9	178.7
Unemployed ('000)	14	13.3	11.8	13.0
Unemployment rate (%)	7.6%	6.9%	6.0%	6.8%
Participation rate (%)	67.8%	68.9%	69.3%	68.7%
Employment rate (%)	62.6%	64.1%	65.2%	64.0%

Source: Statistics Canada, Labour Force Survey  
 Compilations by Service Canada

The Outaouais is a region that seems to attract Ontarians

The Outaouais is a region that seems to attract Ontarians. For several years, the region has enjoyed positive net migration (moves in and out) from the neighbouring province, as well as from the other regions of Quebec. Various explanations can be advanced to account for this phenomenon: the vigour of the labour market, as well as other factors such as lower property prices and a more ompetitive daycare program than in Ontario, proximity to attractive nature areas, renowned recreation and tourism facilities and attractions, or, quite simply, the quality of life.

Labour market participation in the Outaouais rose substantially over the past year. The region's labour force totalled an average of 191,800 during 2004-2006, increasing by 3.4% over this brief period. Since the labour force grew faster than the working-age population, the participation rate rose to 69.3% in 2006, up from 67.8% in 2004. The good performance of the economy, especially in such sectors as construction, public administration, high technology and recreational tourism, has had a positive effect on the expectations and participation of Outaouais residents in the labour market.

The Outaouais unemployment rate dropped significantly to an average of 6.8% for the 2004–2006 period

A record average of 178,700 people were employed in the Outaouais region in 2004–2006, with a peak of 185,900 employed in 2006, the highest number ever recorded in the region. This record level reflects a significant jump in employment of 4.3% between 2004 and 2006, made up of 10,500 full-time and 4,400 part-time jobs. Full-time jobs accounted for 83% of total employment in the region. The number of part-time jobs, however, is rising at a much faster rate.

The employment rate, which measures the ability of a country or region to create jobs and thus incomes for its citizens, averaged 64.0% over the 2004–2006 period in the Outaouais, a significant increase of two percentage points over 2004. The rise in the employment rate reflects the fact that employment in the region grew at a faster rate than the working-age (15+) population (4.3% vs 2.2%).

The Outaouais unemployment rate dropped significantly to an average of 6.8% for the 2004–2006 period. Within the period, a slight drop of 1.6 percentage points was recorded between 2004 and 2006. This positive result is entirely due to employment growth in 2006 rather than to changes in the labour force. The provincial unemployment rate was 8% in 2006.

## Part 2: Sectoral outlook

### Overview

Unlike the Quebec economy, which is much more diversified, that of the Outaouais is dependent on services for its development. In fact, services represent 151,800 jobs in western Quebec, or 84.9% of total employment. By way of comparison, the service share of the Quebec economy is 76.3%, a significant spread of almost nine percentage points. Public and parapublic services are by far the leading category, with 40.2% of total employment.

Table 2  
**Breakdown of Employment for Selected Industry Groups**  
 Outaouais Region

	Average 2004-2006		2007-2009		
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
All Industries	341.3	100.0%	100.0%	0.9%	1.0%
Primary	4.8	1.4%	2.6%	-1.1%	-0.3%
Manufacturing	33.9	9.9%	16.4%	0.5%	0.6%
Construction	13.6	4.0%	4.7%	-0.6%	-0.6%
Services	289.1	84.7%	76.3%	1.0%	1.3%
Consumer Services	101.1	29.6%	27.4%	1.3%	1.1%
Production Services	81.2	23.8%	24.5%	1.7%	1.9%
Public and Parapublic Services	106.8	31.3%	24.4%	0.4%	0.8%

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

Natural resource extraction industries generate relatively few jobs and are characterized by fluctuating employment levels. Agriculture has been shedding workers ever since the early 1990s. In the manufacturing sector, traditional primary processing industries (wood products, pulp and paper), broadly requiring less expertise, are more predominant than in Quebec as a whole. Construction, in spite of a slackening in recent months, has shown unsurpassed vigour for the last three years.

## Primary sector

The primary sector is quite important for a number of local communities, most of which are located in the Pontiac and La Vallée-de-la-Gatineau MRCs

The primary sector is poorly developed in the Outaouais. The 3,100 or so jobs inventoried represent a mere 1.7% of total employment, as opposed to 2.6% for all of Quebec. Jobs are split between farming and logging. Though accounting for only a small proportion of total employment, the primary sector is nonetheless quite important for a number of local communities, most of which are located in the Pontiac and La Vallée-de-la-Gatineau MRCs.

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

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Primary Sector	4.8	1.4%	2.6%	-1.1%	-0.3%
Agriculture	2.9	0.9%	1.6%	-0.6%	-0.5%
Forestry and Logging	1.4	0.4%	0.5%	-2.3%	-2.7%
Fishing, Hunting and Trapping	0.0	0.0%	0.1%	0.0%	0.4%
Mining	0.4	0.1%	0.4%	-0.7%	2.1%

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

The number of farmers, especially those specializing in dairy production, has declined over the years. Farmers are aging and there are not enough replacement workers to offset retirements, not to mention the fact that the high cost of transferring a business to a new farmer often acts as a deterrent. In addition, beef and dairy producers have been making frantic efforts to boost productivity, which has had an impact on revenue.

Agriculture employs few workers in the Outaouais, apart from the farmers themselves and their families. An average of 1,300 people were listed as working in this industry in 2004–2006, and there are no grounds for expecting any real growth in farm employment between now and 2009. Only 0.7% of Outaouais workers are employed in agriculture.

The Outaouais forest industry has gone through some hard times over the past three years. There have been labour disputes, arduous negotiations with Aboriginal communities over resource access, protected area set-asides that will decrease the amount of forest land, high stumpage rates and, finally, the Coulombe Commission report on the future of Quebec forests and the Chief Forester's recommendation that there be a 20% reduction in allowable cut for the Outaouais region.

The year 2006 was particularly hard on the logging and haulage sectors in the Outaouais. Several hundred jobs were lost and many communities, especially in Pontiac and La Vallée-de-la-Gatineau, have been put in jeopardy by the closing of wood processing facilities. These closures affected not only salaried workers, but also a number of self-employed workers under contract to major logging enterprises or paper mills for harvesting and transporting wood.

Given the current uncertainty surrounding such matters as the implementation of the Coulombe report, negative growth is forecast in the forest industry until at least 2009, the end of the forecast period.

## **Manufacturing**

In contrast to Quebec as a whole, the manufacturing industry in the Outaouais is not very diversified

Manufacturing accounts for 5.7% of total employment in the Outaouais, compared with 16.4% in Quebec. Moreover, in contrast to Quebec as a whole, the manufacturing industry in the Outaouais is not very diversified. However, growth in the manufacturing sector as a whole should be about 0.3% in each of the next three years, with weaker performance in some sectors being offset by better results in others. Over the same time span, manufacturing employment is projected to advance by 0.6% for Quebec as a whole.

Table 4

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

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Manufacturing Sector	33.9	9.9%	16.4%	0.5%	0.6%
Consumer-Related Manufacturing	13.3	3.9%	6.2%	0.5%	0.0%
Food, Beverages and Tobacco	4.8	1.4%	2.1%	1.0%	0.6%
Textile Mills and Textile Product Mills	0.4	0.1%	0.5%	-0.8%	-1.5%
Leather Clothing and Products	1.0	0.3%	1.0%	-1.4%	-2.0%
Printing and Related Activities	2.5	0.7%	0.9%	0.5%	0.6%
Furniture and Related Products	1.7	0.5%	1.0%	-0.4%	-0.4%
Miscellaneous Manufacturing	2.8	0.8%	0.7%	1.1%	1.6%
Resource-Related Manufacturing	9.4	2.8%	3.9%	-1.4%	-0.7%
Wood Product Manufacturing	2.5	0.7%	1.5%	-1.3%	-1.5%
Paper Manufacturing	2.9	0.8%	1.0%	-1.2%	-1.2%
Petroleum/Coal Products Manufacturing	0.3	0.1%	0.1%	0.0%	1.6%
Non-Metallic Mineral Product Manufacturing	2.6	0.8%	0.5%	-2.3%	0.4%
Primary Metal Manufacturing	1.2	0.3%	0.9%	0.0%	0.5%
Investment-Related Manufacturing	11.2	3.3%	6.3%	1.6%	1.8%
Chemical Products	1.1	0.3%	0.9%	1.9%	0.8%
Plastics and Rubber Prod.	1.3	0.4%	1.0%	2.3%	0.7%
Fabricated Metal Prod. Manufacturing	2.8	0.8%	1.1%	1.8%	2.1%
Machinery Manufact.	1.9	0.5%	0.8%	1.6%	2.1%
Computer and Electronic Product Manufacturing	1.8	0.5%	0.6%	2.7%	2.7%
Electrical Equip., Appliance and Component Manufact.	1.0	0.3%	0.4%	0.0%	1.1%
Transportation Equip. Manufacturing	1.4	0.4%	1.4%	0.7%	2.7%

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

## Consumer-related manufacturing

Demographics and the healthy outlook for the Outaouais economy will favour this industry over the next few years

There were 3,700 jobs in consumer-related manufacturing industries, chiefly in food and beverage manufacturing and in printing and related activities, which, together, accounted for 2,500 jobs. The consumer-related manufacturing category has one of the most positive outlooks for employment growth in the Outaouais manufacturing sector. The other sector experiencing strong growth is investment-related manufacturing, which posted 1,700 jobs, 800 of which were in computer and electronic products.

Resource-related manufacturing captures the largest share of jobs in the region: 4,800 positions, or approximately 47% of all manufacturing employment. Wood product and paper manufacturing are the backbone of manufacturing industries in the Outaouais. However, little is to be expected of this segment of the manufacturing sector in the next few years. In the best of scenarios, resource-related manufacturing employment will remain unchanged; however, there will most likely be jobs losses and plant closures. Given the difficulties facing the Quebec pulp and paper industry, a 4.6% decline in employment in this sector is expected in 2007–2009. Employment in the resource-related manufacturing sector overall should drop by 1.9% during the same period.

Average annual job growth of 1.8% is projected in consumer-related manufacturing for the 2007–2009 period. Factors influencing this growth include the marked population increase in the Outaouais region and the rise in demand for various processed consumer products.

The food processing sector employed 1,300 people in 2004–2006. This industry has interesting growth potential in a region where the population and the market for food products are constantly swelling. Certain economic sectors nourish the agri-food industry: accommodation and food services, retail trade in food and beverages, and prepared foods. Demographics and the healthy outlook for the Outaouais economy will favour this industry over the next few years. Employment growth of 2.5% is forecast for 2007–2009.

The printing and related support activities industry employed an average of 1,200 people in the Outaouais region over the 2004–2006 period. Demand for printed products can be expected to grow, given the massive federal government presence in the Outaouais and in the entire National Capital Region, as well as the presence of a translation and language technology industry in Outaouais. Employment in this sector should grow by 2.0% annually between now and 2009.

## Resource-related manufacturing

The situation in the resource-related manufacturing sector is critical. Job growth prospects in the wood products and paper manufacturing sectors are not good.

Almost one in five manufacturing jobs in the Outaouais depends on wood processing. The industry had a very tough year in 2005 in terms of operations and employment. Five plants and sawmills, all in the region's periphery, ceased operations, resulting in a net loss of 540 jobs, broken down as follows:

- Tembec sawmill in Mansfield-et-Pontefrac: 209 jobs
- Cobodex Brunet sawmill in Fasset: 95 jobs
- Lauzon Distinctive Hardwood Flooring in Maniwaki: 70 jobs
- Atlas sawmill (Commonwealth Plywood) in Gracefield: 45 jobs
- Domtar Forest Products in Grand-Remous: 120 jobs

From 2004–2006, an average of 2,200 people were employed in the Outaouais wood products sector. However, zero employment growth is expected for the 2007–2009 forecast period.

The Outaouais has seven pulp and paper enterprises operating eight mills, making the region the fourth largest producer in Quebec. The region's pulp and paper industry (newsprint and cardboard) underwent a profound transformation in the 1980s and 1990s. Major technological changes were introduced to boost productivity, cut unit costs and meet the new environmental standards set by the Quebec government. Obsolete equipment was replaced by new, more efficient equipment to respond to increased international competition. One regional paper mill even built a de-inking plant that uses wood chips instead of logs. Other companies have modernized their production processes by introducing thermo-mechanical pulping.

However, in spite of these changes, the longer-term future of this industry is far from assured, whether in the Outaouais or elsewhere in the country. A number of mills have closed in Quebec and Ontario, and there may be further closures in 2007. Paper manufacturers blame these closures on the surge in the Canadian dollar, foreign competition and the rise in production and energy costs. Job losses could be seen in the pulp and paper industry in the very short term. In the longer term, there may even be mill closures, especially if the Canadian dollar remains high in relation to the US dollar. In 2004–2006, the Outaouais pulp and paper industry employed an average of 2,100 people. For the 2007–2009 forecast period, employment is expected to decline by 4.6%.

Longer-term future of this industry is far from assured, whether in the Outaouais or elsewhere in the country

## Investment-related manufacturing

There is little in the way of investment-related manufacturing in the Outaouais. The average job total is 1,700, the majority in computer and electronic product manufacturing. It is in these investment-related activities that the difference in manufacturing development between Quebec and the Outaouais emerges most clearly. In 2004–2006, this segment accounted for 1,700 jobs or 1% of total employment in the region, as opposed to 6.3% for Quebec as a whole. Over the 2007–2009 forecast period, as the new economy gains strength, this manufacturing subsector should enjoy a respectable annual growth rate of 3.6%, compared with 1.8% in Quebec.

The high-tech industry was sorely tried by the burst of the stock market bubble in 2000–2001 and the ensuing corporate restructuring. Now, though, the worst is over, and activity has resumed, especially in telecommunications, and employment in this key sector of the economy of the Ottawa–Gatineau CMA is picking up. According to the Ottawa Centre for Research and Innovation (OCRI), there were 1,740 enterprises and 76,100 workers in the metropolitan area in December 2005. This growth, however, was primarily limited to high-tech SMEs.

Electrical and electronic equipment manufacturing will benefit from this generalized resurgence in the high-tech industry. In the course of 2004–2006, the Outaouais posted an average of 800 jobs. This sector remains a safe bet and employment is expected to rise over the next few years. Forecast annual employment growth for 2007–2009 is 6.9%.

## Construction

Since 2006 there have been signs of a slackening of activity in construction

The construction industry has enjoyed healthy growth on both the Quebec and Ontario shores in recent years. In 2004–2006, some 13,400 workers on average, all trades and professions combined, were employed in this industry, with a peak of 15,600 workers in 2006.

It is estimated that nearly 4,000 people work at Ontario construction sites. In the Outaouais, the building sector workforce represents, on average, 7.5% of total employment, compared with 4.7% Quebec-wide.

However, since 2006 there have been signs of a slackening of activity in construction, especially in the residential sector, and according to data from the Canada Mortgage and Housing Corporation (CMHC), the number of housing starts was down. Likewise, there was an increase in the number of finished but unoccupied condominiums in the Outaouais, a sign that the resale market is tightening somewhat.

The largest construction project in the region is the almost \$685 million mega-project involving the new transmission interconnection with Ontario. Other projects include the Choweiri & Rawashdeh residential development project in Gatineau (\$500 million), the Highway 50 completion project extending to 2010; the extension of the Masson/Angers highway (\$322.5 million); the Brigil residential projects at Le Château Golf (\$60 million) and Chemin Vanier in Aylmer (\$190 million); McConnell/Lamarée Boulevard (\$55 million); a PWGSC office building (\$34.5 million); the Papineauville residential development project (\$30 million); a residential building at Cité du Jardin (\$29 million); the renovation of office towers in Édifice Fontaine (\$15 million); the renovation of the Saint-Joseph Boulevard shopping mall (\$9 million); and repairs to Chemin Lépine (\$7 million). A lot of construction sites are required in order to provide jobs for the 13,400 workers in this sector, 4,000 of whom already work in Ontario. Nevertheless, negative employment growth of 0.6% is expected in 2007–2009 in both the Outaouais and in Quebec.

## Service sector

The broad service sector dominates the Outaouais economy. There were on average 151,800 jobs during 2004–2006. Within the service sector, public and parapublic services lead the pack with 40.2% of total employment. Consumer services are also well represented in the region's economy, with a share of 26.2% of the workforce. Lastly, production services account for only 18.5% of Outaouais jobs. In Quebec, the distribution of employment among the major service categories is much more balanced.

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

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer Services	101.1	29.6%	27.4%	1.3%	1.1%
Retail Trade	46.2	13.5%	12.8%	1.3%	1.2%
Information, Culture and Recreation	14.4	4.2%	4.4%	1.8%	1.1%
Accommodation and Food Services	24.8	7.3%	5.7%	1.2%	1.0%
Other Services	15.7	4.6%	4.4%	1.0%	1.0%

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

## Consumer services

Retail trade is a major industry in the Outaouais, employing an average of 20,900 people in 2004–2006

Consumer services, those economic activities that depend in large part on spending by individuals, account for just over one job in four in the Outaouais, as elsewhere in Quebec. Given the strong population growth forecast in the region, this sector can be expected to continue to flourish and provide new jobs. For the 2007–2009 forecast period, annual employment growth of 1.4% is projected in this sector, which employs 46,800 people, compared with growth of 1.1% in Quebec.

Retail trade is a major industry in the Outaouais, employing an average of 20,900 people in 2004–2006. This sector has grown rapidly over the past two decades, as new shopping malls have been built and superstores opened. This investment has had the effect of boosting employment on the Quebec side and significantly curbing the flight of business to Ontario.

Over the 20-year period from 1986 to 2006, the population of the Outaouais rose by more than 30%. This rapid growth had a significant impact on the consumption of goods and services in the area, and the housing crisis which, until recently, plagued the entire Ottawa–Gatineau CMA prompted many Ontarians to cross the Ottawa River in search of more affordable accommodation. For all of these reasons, employment in retail trade is forecast to grow by about 1.2% per year between now and 2009.

This industrial category employed an average of 8,500 people over the 2004–2006 period. It now accounts for 4.7% of total regional employment, even outstripping Quebec on this score. Tourism in the Outaouais is flourishing, with more visitors spending more money, and an appreciable increase in business events and conventions has also been noted. Over the years, the Outaouais has developed tourist attractions and built major tourism facilities. Examples are the Canadian Museum of Civilization, the hot-air balloon festival, the Lac Leamy casino, Gatineau Park, and Winterlude, to name but a few. The region has also become a popular destination among Quebec tourists.

Nor should the attraction of Canada's capital, Ottawa, be overlooked; year after year, it draws some 6 million visitors to its attractions, events, museums and numerous festivals. The unswerving efforts of the Association touristique de l'Outaouais to improve services to tourists should sustain this development trend and continue to create new jobs. Employment is expected to grow by 2.0% annually between 2007 and 2009.

The accommodation and food services industry in the Outaouais has been thriving for a number of years, employing an average of nearly 10,900 people in 2004–2006. The accommodation supply has greatly expanded, with the opening of such hotels as the Manoir du Casino, the Château Logue Resort in Maniwaki and the Lac Leamy Hilton, with its new convention centre.

About 82% of the workforce in this sector are employed in food services. For the hotel and restaurant sector as a whole, growth of about 1.9% a year is projected.

## Production services

Production services account for only 18.5% of total employment in the Outaouais, compared with 24.5% in Quebec as a whole. These figures are a fair reflection of the divergence in the development of manufacturing between this region and Quebec generally. Production services are those economic activities which, for the most part, support the broad range of processing industries. However, in the Outaouais processing activities are poorly developed, largely traditional and above all lacking in diversity.

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

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Production Services	81.2	23.8%	24.5%	1.7%	1.9%
Utilities	2.9	0.8%	0.8%	1.0%	1.3%
Wholesale Trade	9.8	2.9%	3.8%	1.5%	1.2%
Transportation and Warehousing	14.0	4.1%	4.6%	1.5%	0.8%
Finance, Insurance, Real Estate and Rental and Leasing	22.5	6.6%	5.6%	0.7%	0.5%
Prof., Scientific and Technical Services	19.7	5.8%	6.2%	2.8%	3.7%
Mgmt of Companies, Enterprises, Admin. and Support and Other	12.3	3.6%	3.5%	2.5%	3.3%

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

Wholesale trade represents almost 2% of total employment in the Outaouais region. Employment in wholesale trade has dipped in recent years, but a turnaround is expected in this trend because this sector offers good business potential for suppliers of goods to enterprises. On average, nearly 3,300 people were employed in this sector in 2004–2006, which accounted for approximately 1.9% of all jobs in the Outaouais. For 2007–2009, average annual growth in this type of economic activity should reach 1.0%, compared with 1.2% in Quebec.

Growth in the professional, scientific and technical services industry was spectacular until the slowdown that began in 1999. The number of jobs fell from 9,300 in 1999 to 5,900 in 2004, only to bounce back to 8,500 in 2006. The level of activity in this volatile sector is affected by economic conditions and large-scale construction projects. The 2001–2002 stock market crash in high-technology securities, especially in telecommunications, hastened the shakeout. Now, though, employment recovery is well under way in the technology sector, as revealed in surveys conducted by the Ottawa Centre for Research and Innovation.

IP telephony, microelectronics, telecommunications, software, photonics and engineering are particularly promising areas for people working in professional, scientific and technical services. This whole service sector will continue to develop and grow in the Outaouais region and in the Ottawa–Gatineau CMA.

Outaouais companies such as Provance Technologies (network management), CML Emergency Services (911 communication systems), Eedo Knowledge (software engineering) and Dessau-Soprin (multidisciplinary engineering) have emerged as leaders in their respective fields. Through their innovation and research, these and other similar firms are contributing to the development of the Outaouais region. Employment should grow by an average of 3.0% over the next three years.

In 2002–2003, the technology debacle had a significant impact on the management of companies, administrative support and other support services industry, which has since made a remarkable recovery. Employment levels are up and are expected to hold steady, especially in administrative services and business support. In 2004–2006 the sector employed 7,800 people, representing 4.4% of total regional employment. For 2007–2009, average annual employment growth is estimated at 2.8%, which is close to the 3.3% growth forecast province wide.

## Public and parapublic services

This major economic sector is the keystone of the Outaouais economy, since it comprises the driving economic forces at the heart of the region's economy and prosperity

In both the short and medium terms, the Outaouais will fare better than Quebec in terms of teaching jobs. This is attributable to the demographic situation

Some 71,900 residents of the Outaouais worked in public and parapublic services in 2004–2006, representing over 40% of the total labour force, as opposed to 24.4% province wide. This major economic sector is the keystone of the Outaouais economy, since it comprises the driving economic forces at the heart of the region's economy and prosperity. Of these services, it is public administration, particularly the federal government apparatus, that provides the most jobs for local residents.

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

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Gov. and Parapublic Serv.	106.8	31.3%	24.4%	0.4%	0.8%
Educational Services	22.7	6.7%	6.6%	-0.3%	-0.1%
Ambulatory Health Care and Hospitals	26.2	7.7%	6.4%	1.4%	1.3%
Other Health Care and Social Assistance	18.5	5.4%	5.6%	1.2%	2.0%
Federal Public Administration	5.9	1.7%	1.9%	-0.1%	0.0%
Prov. and Territorial Public Administration	26.6	7.8%	2.1%	-0.5%	-0.4%
Local, Municipal, Regional and Other Public Admin.	7.0	2.0%	1.8%	-0.3%	0.4%

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

The educational services, major industrial category, is the fifth largest in the region and employed about 12,300 people in 2004–2006, which represents 6.9% of all jobs. In both the short and medium terms, the Outaouais will fare better than Quebec in terms of teaching jobs. This is attributable to the demographic situation: the population has grown by an average of 1.47% annually since 2001 in the region, compared with only 0.68% in Quebec during the same period. New elementary schools and one high school have been built in the Outaouais in recent years, something decidedly rare in the rest of Quebec. With the new education reforms in the elementary sector taking effect in September 2006, some people in educational circles are still talking openly of a shortage.

To staff teaching positions, especially in English, science and mathematics, school boards are having to hire specialists without degrees in education. Needs are also acute in higher education. The region is home to two CEGEPs and a regional branch of the University of Quebec. Forecast annual growth in educational services is 1.3% between now and 2009. Quebec as a whole is likely to see a shrinkage of 0.1% for the same period.

The Outaouais region has some 20,200 people working in health care and social assistance. The region has always had trouble hiring and retaining professionals in health care, nursing and medical technology. Competition from the neighbouring province and from other regions of Quebec for these scarce qualified resources is intense.

This ceaseless quest has sharpened since the early 1990s, when there was a drive to regain the clientele that had become accustomed to crossing the Ottawa River for health care. Even recently, statistics show that almost 700 women from the Outaouais gave birth in Ontario. Average annual employment growth of 1.7% between now and 2009 is projected in the health care and social assistance sector.

Public administration remains far and away the leading employer in the Outaouais. In 2004–2006, there were nearly 39,500 people working in this area, 32,700 of them in the federal public service. In Quebec, public administration as a whole accounts for only 5.8% of total employment, compared with 22.1% in the Outaouais.

In the Outaouais region, the federal public administration employs 32,700 people, out of a total of 71,000 province wide. This represents 46% of all federal government employment in Quebec, an indication of the significance of the public service as a driver of the economy. Nevertheless, growth in public and parapublic services in general has come to an end. The forecast is actually for negative growth (-0.1%) for the 2007–2009 horizon in public administration at the three levels of government.

In the Outaouais region, the federal public administration employs 32,700 people, out of a total of 71,000 province wide

The clean-up of public finances that took place in 1995–1998 had no lasting adverse effect on employment in the Outaouais. However, recent announcements by the federal government about the restructuring and administrative modernization of departments may have an impact, though it is still too early to quote exact figures for the fallout from these measures. In addition, the decentralization of the public service and the relocating of certain activities are starting to cause concern in the region. Already, as a result of certain changes, some jobs have been transferred to other parts of the country, such as Hamilton and British Columbia. Regional employment growth in the federal government apparatus will be negative over the next few years. However, replacement needs will be considerable in all areas of activity.

The provincial government workforce numbered 3,000 over the 2004–2006 period. The provincial sector is not greatly developed in the Outaouais region and accounts for less than 2% of total employment. However, the Quebec government's review of the role of government and its plans to revise its administrative procedures may eventually have repercussions on employment. Zero growth is predicted for 2007–2009, compared with negative growth of 0.4% in Quebec as a whole.

Employment in local government has been erratic since 2000. Municipal administrations nevertheless employed an average of 3,800 people in 2004–2006 (2.1% of total employment in the region). Growth should average 1.0% over the next few years, compared with 0.4% province wide.