

# ENVIRONMENTAL SCAN

## ATLANTIC REGION



**July 2013**

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## Acronyms

<b>APEC</b>	Atlantic Provinces Economic Council
<b>GDP</b>	Gross Domestic Product
<b>FPSOs</b>	Floating Production, Storage and Offloading Vessels
<b>IMF</b>	International Monetary Fund
<b>NB</b>	New Brunswick
<b>NL</b>	Newfoundland and Labrador
<b>NS</b>	Nova Scotia
<b>PEI</b>	Prince Edward Island
<b>PWD</b>	Persons with Disabilities
<b>WEO</b>	World Economic Outlook

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## About the E-Scan

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

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

## Key Points

### General Overview

- The global economy is projected to improve during 2013, as the factors underlying soft global activity are expected to subside. A further strengthening is expected in 2014.
- Economic growth in Canada is projected at 1.8% in 2013 and at 2.3% in 2014.
- According to the Conference Board of Canada, the pace of growth in Atlantic Canada has been slow, but real Gross Domestic Product (GDP) growth is forecast to improve moderately in 2013 still remaining below the national average.
- **Newfoundland and Labrador's** rich supply of energy resources is helping to transform the province into a hotbed of economic activity in the Atlantic region. The pace of economic growth in the province was relatively slow in 2012. A better outlook is expected in 2013, and the province is projected to lead economic growth in the region again.
- The **Prince Edward Island** economy has been growing at a slow but steady pace in recent years. With no mega projects on the horizon, economic growth should continue to be moderate on the Island.
- The start of natural gas production from Deep Panuke and expected improvements in both the global and US economies are expected to help boost **Nova Scotia's** economy in 2013 and 2014. The signing of the Irving Shipbuilding contract has also helped to improve the economic outlook for the province over the near term.
- With a firmer US economic growth and an expected increase in potash production, economic growth is projected to improve for **New Brunswick** leading up to 2014.
- Labour market pressures are expected to intensify in Newfoundland and Labrador and Nova Scotia in the coming years due in part to mega projects activity.

### Regional, Provincial and Local Labour Market Conditions

- Population growth was slow in Atlantic Canada in 2011-2012, compared to the previous year. The populations of NS, NB and NL remained relatively stable, while PEI's population grew by a mere 0.3%. In addition to slow population growth, Atlantic Canada's population is older.
- Labour market conditions improved in the Atlantic region over the last three decades. Both the labour force and employment have been rising, reaching new all-time highs in 2012.
- Employment has been growing, albeit at a slower pace compared to the national average. Employment growth was flat in the goods-producing sector, while service-sector employment has been growing at a modest pace.
- NL and PEI recorded the strongest employment growth in the region over the recovery period (2010-2012).
- Women experienced an increase in their share of employment in all provinces and employment is now evenly distributed between men and women in the region.
- The employment share of older workers has been increasing and has now surpassed the proportion of youth (15-24 years) employed in the Atlantic region.
- Youth (15-29 years) now represent less than 20% of the region's entire population, as compared to approximately 28% in 1980.
- Aboriginal people were among the hardest hit groups during the 2008-2009 economic downturn; their participation rates declined and unemployment rates increased.
- Net interprovincial migration was negative for all Atlantic provinces for the year ended June 30, 2012. The top two destinations for Atlantic Canadians were Ontario and Alberta. Youth (15-29 years) accounted for about 77% of the net interprovincial migratory losses in the region.
- In NL, finding skilled workers to fill labour demands is a growing challenge due to major project activity and out-migration. Construction at Long Harbour is expected to end in 2013, but activity at the Muskrat Falls and Hebron projects is expected to ramp up in the coming months. Also, potential

development of new mining fields in Labrador could intensify the search for skilled workers in the province.

## Introduction

The purpose of the Environmental Scan is to outline the major trends and issues facing Canada and Atlantic Canada that will influence the economic and social environment in the current and future years. The document provides, evidence-based information to support the business planning process; it is divided into three main parts. The first part of the document includes a general overview of the Canada economic context and some employment outlook information; the second part provides perspective on the regional, provincial and local labour market. Some terms and definitions are featured on page 24.

## Section 1: General Overview / Economic Context

Global economic momentum was soft in 2012. Economic recovery in the US remained modest, with a potential for significant near-term federal government fiscal consolidation in 2013. The sovereign debt and banking crisis in the euro area weighed on consumer and business confidence dragging down economic activity in the region.

*Global growth is projected to increase during 2013, as the factors underlying soft global activity are expected to subside. However, this upturn is projected to be more gradual than in the October 2012 World Economic Outlook (WEO) projections. If crisis risks do not materialize and financial conditions continue to improve, global growth could be stronger than projected. However, downside risks remain significant, including renewed setbacks in the euro area and risks of excessive near-term fiscal consolidation in the United States.<sup>1</sup>*

Against the softening of global growth, the International Monetary Fund (IMF) has downwardly revised the economic outlook for real GDP growth in the advanced economies to 1.3% in 2012 and 1.4% in 2013. A further strengthening to 2.2% is projected for 2014.

The Canadian economy has been resilient in the face of recent global adverse economic conditions. However, uncertainty and weaker global growth have weighed on commodity prices, significantly impacting the pace of economic growth in the country. The Canadian economy is expected to advance by 2.0% in 2012, about 0.6 percentage points lower than the previous year. In the January 2013 WEO update, economic growth in Canada is projected at 1.8% in 2013 and 2.3% in 2014.

According to the Federal Department of Finance, the Canadian economy has more than recovered the output that was lost during the recession and has experienced the strongest employment growth in the G-7 over the recovery period. In 2012, employment expanded by about 1.2% or 201,500 new jobs compared to the previous year. On average, employment has expanded annually by 1.4% since 2009. The private sector has been the primary driver of new job creation, with over 90% of all new jobs being full-time positions and more than two thirds in high-wage industries.

The pace of growth in Atlantic Canada has been slow. According to the Conference Board of Canada, economic growth in the region has been averaging well below 1% in 2011-2012, with the exception of

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<sup>1</sup> Source: World Economic Outlook, January 23, 2013

Newfoundland and Labrador (which is still benefiting from robust private investment). Real GDP growth is forecast to improve moderately (between 1.8% and 2.7%) in 2013 for all of the provinces.

Employment has been growing in Atlantic Canada, albeit at a slower pace compared to the national average. Prior to the 2008 global recession, employment expanded on an annual rate by 1.3% in the region; this was about 0.5 percentage points lower than the rest of the country. On average, post-recession (2010-2012) employment recovered by 0.6% in the region. But this was a much slower pace compared to the 1.4% growth experienced nationally. In the last ten years, the average annual rate of employment growth was only 0.7% in the region.

### Population Trends

Population growth was low in Atlantic Canada in 2011-2012, compared to the previous year. The populations of NS, NB and NL remained relatively stable, while PEI's population grew by a mere 0.3%.

In addition to slow growth, Atlantic Canada's population has a high proportion in the older age categories. Population aging is the result of two trends, declining fertility rates and the increase in life expectancy. The region's populations have aged more rapidly in the past 30 years, due to declining fertility rates and out-migration of youth. As evident in Table 2, the median ages for all Atlantic provinces were well above the national average.

Table 1 Population Estimates*, Age Distribution and Median Age as of July 1, 2012					
Province	Population (#)	0-14 years (%)	15-64 years (%)	65 years & over (%)	Median Age (Years)
Canada	34,880,491	16.2	68.9	14.9	40.0
Newfoundland and Labrador	512,659	14.8	68.6	16.6	44.2
Prince Edward Island	146,105	15.7	67.9	16.4	42.6
Nova Scotia	948,695	14.5	68.4	17.2	43.4
New Brunswick	755,950	15.0	68.1	17.0	43.4

Source: Statistics Canada, 2012 Annual Demographic Estimates

\*Preliminary postcensal estimates

PEI had the lowest median age in the region, and 15.7% of the province's population was under 15 years of age, the highest proportion in the Atlantic region. In contrast, NS had one of the oldest populations in Canada as a whole, with a median age of 43.4 years (second only to NL).

The impact of aging will be severely felt in the labour market. As the baby boomers begin to approach retirement age, if there are fewer new entrants, the pool of labour required to run the economy will begin to shrink. Labour market pressures resulting from an older and shrinking workforce would have significant implications for economic capacity and growth in the region.

## Section 1.1: Newfoundland and Labrador

Economic conditions were moderate in **Newfoundland and Labrador (NL)** in 2012. Lower metal prices combined with a decrease in oil production, due to planned maintenance in the oil industry, have served to reduce the pace of economic growth in the province. However, the outlook is better in 2013 and the province is expected to again lead economic growth in the Atlantic region. Offshore oil production is

expected to rebound as the SeaRose and Terra Nova FPSOs (Floating Production Storage and Offloading Vessels) are scheduled for a full year of production this year.

NL's rich supply of energy resources is helping to transform the province into a hotbed of economic activity in the Atlantic region. The oil and gas industry is one of the main fiscal drivers of the provincial economy and represents over 30% of GDP, providing gainful employment for approximately 5,000 people. The province produces nearly one third of Canada's conventional light crude and is home to four producing offshore oilfields.

Construction of the \$14-billion Hebron Gravity-Based Structure (GBS) in Bull Arm officially started in October 2012. The project is expected to help ensure continuity of production in NL's offshore while contributing significantly to provincial royalties, research and development activity, and employment and business opportunities. Vale expects to commence production at the \$4-billion Long Harbour nickel processing plant by late 2013, while the \$7.4-billion Muskrat Falls Hydro Development has received official approval. The Atlantic Provinces Economic Council's (APEC's) Major Projects Inventory for 2013 has identified 113 projects totalling \$54 billion for NL.

Finding workers for major projects activity in NL is a growing challenge. According to APEC, the tightness in NL's workforce has driven up average wages by nearly 25% over the last five years. In addition to creating labour market pressures, major project activity is contributing to the higher-than-average income gains in the province.

## Section 1.2: Prince Edward Island

The **Prince Edward Island (PEI)** economy has been growing at a slow but steady pace in recent years, and moderate GDP growth is projected for 2013 and 2014. According to the Conference Board, a recovery in the fishing industry, growth in agriculture and good performances in the manufacturing sector should help offset the pullback in public sector spending.

In a recent Throne Speech, the province emphasized a shift in the government's focus to stimulate economic activity within the private sector to continue to accelerate growth. A plan to modernize the provincial tax system by implementing a Harmonized Sales Tax (HST) is expected to improve economic performance and subsequently help to build a stronger and more competitive economy that will generate more high-paying jobs in the years ahead.

There are no mega projects on the horizon for PEI. The largest projects identified in the APEC's 2012 Major Projects Inventory for PEI are the current and future phases of the province's wind energy plan, which is estimated at about \$760 million. A total of 44 projects have been identified for the province, with an estimated total value of about \$1.8 billion.

On-going restructuring in both the federal and provincial governments is expected to weigh down employment growth in the province over the near term.

## Section 1.3: Nova Scotia

According to the Conference Board of Canada, economic growth in **Nova Scotia (NS)** has been moderate in recent months. Growth was slow in 2012 due to weaknesses in public and business investments, poor export performance and a decline in new housing starts. Nevertheless, the economy is



projected to perform much better in 2013, with the start of natural gas production from the Deep Panuke oil field helping to partially offset the slowdowns from the Sable gas platform. Improvements in both the global and US economies are expected to help boost exports heading into 2014.

The signing of the Irving Shipbuilding contract has helped to improve the outlook for the province over the near term. The \$33-billion shipbuilding project is expected to create good jobs and economic growth for the province, with some of the benefits coming in as early as 2014. APEC has identified 156 major projects totaling \$ 40 billion for NS, up by 23% from the previous year.

## Section 1.4: New Brunswick

According to the Conference Board of Canada, the **New Brunswick (NB)** economy has struggled in the last few years. Economic growth was weak in 2012, due to contraction in consumer demand, poor export performance and weak public and private investment. There are indications of a better outlook ahead for the province, with a modest economic growth projected leading up to 2014. Lumber exports are expected to fare better with continued improvements to the US economy, and potash production is expected to increase.

APEC's Major Projects Inventory identified 75 projects for the province, with an estimated total value of \$18.9 billion. The largest of these projects are the \$4-billion nuclear plant and the \$1.7-billion expansion to PotashCorp's mine and processing plant in Sussex. These projects and other mining activities are expected to help offset the continued lull in public and private sector investment, leading to a modest rebound in economic growth.

According to the Conference Board, the healthier growth will help generate new jobs and significantly lower the unemployment rate in 2013 and 2014.

## Section 2: Regional, Provincial and Local Labour Market Condition

### Employment by Sector

Employment growth in the Atlantic region was flat in the goods-producing sector with notable declines in manufacturing, agriculture, and forestry and fishing industries. However, expansions in the mining, oil and gas, and construction industries have helped to sustain employment close to 2002 levels.

Service-sector employment has been growing but at a modest pace over the same period. Employment contracted in trades, transportation and business services industries, but all other industries in the services-producing sector recorded positive growth rates over the last ten years.

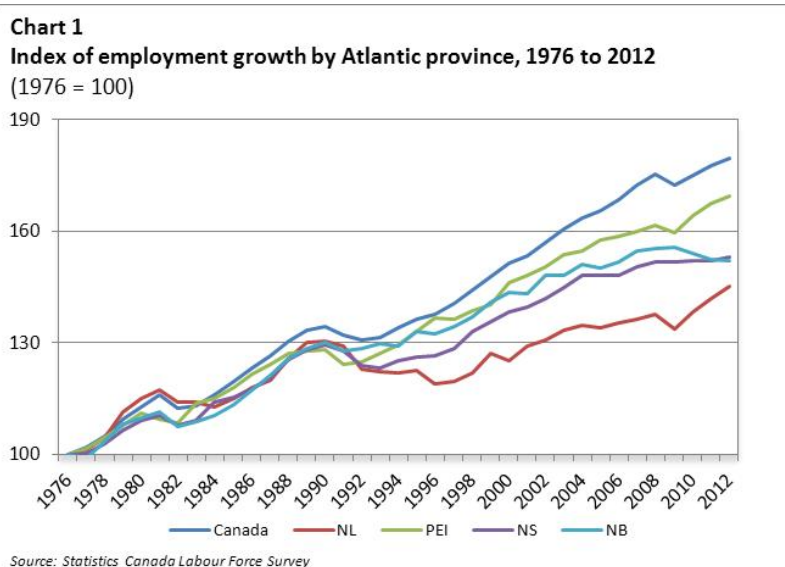
As shown in Chart 1, the gap in the pace of employment growth has widened in the region. NL (2.8%) and PEI (2.0%) recorded the strongest employment growth during the recovery period (2010-2012). New investments in mining and energy industries facilitated the improvements in the labour market conditions for NL, while PEI's steady job growth was partly influenced by growth in the services-producing sector and expansions in technology-intensive industries.

On average, employment has contracted by 0.8% annually in NB since 2009. The province was hardest hit by the 2008 global economic downturn, with job losses in manufacturing and services to businesses (including call centres closures). Also, there were notable job losses in public administration and construction, resulting from reduced government spending on programs, fewer major projects investment and the end of other construction projects.

Employment has grown only slightly in NS during the recovery period. Over the longer-term, the province has experienced a drop in manufacturing employment, including the closure of large steel and mining operations in Cape Breton early in the decade. In addition, structural changes occurred within goods-producing industries, such as pulp and paper production, and fiscal challenges within public administration have contributed to a weak employment performance in NS.

### Employment by Age and Gender

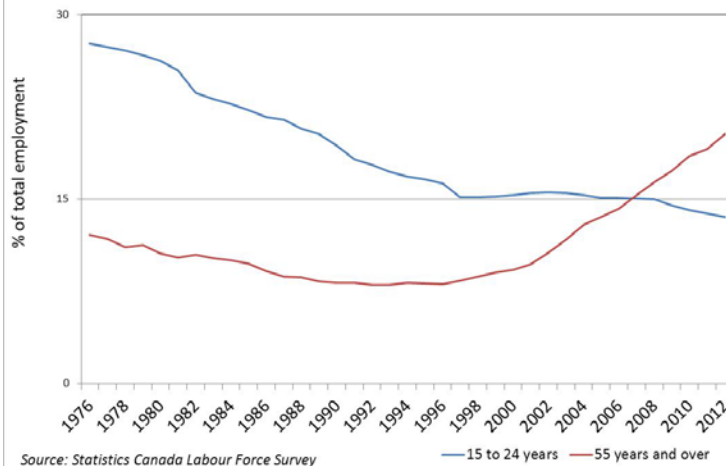
Since the 2008 global recession, employment declined for all major age groups in the region, except for older workers (those aged 55 years and over). As shown in Chart 2, the employment share of this age group has increased and has now surpassed the proportion of youth (15-24 years) employed in the Atlantic region. In 2012, older workers accounted for 20% of total employment, an all-time high for the region, while youth (15-24 years) accounted for only 14% of employment, the lowest level since 1976.



In 2012, the prime working age group (25-54 years) accounted for 66% of total employment. The employment share of this age cohort has been decreasing, since reaching an all-time high of 76% in 1999.

Women experienced an increase in their share of employment in all provinces and employment is now evenly distributed between men and women in the region. This is a sharp contrast to three decades ago when women accounted for only 35% of the employed labour force in the Atlantic. The trend is also slightly better than the national rate, where women now make up about 48% of total employment.

**Chart 2**  
Share of employment - youth & older workers in the Atlantic region 1976 to 2012



## Labour Market Conditions

There have been some improvements in the labour market conditions for the Atlantic region, over the last three decades. Both the labour force and employment have been rising, reaching new all-time highs in 2012. Prior to the 2008 economic recession, the unemployment rate improved to a single digit, decreasing to reach its lowest level on record in 2007, at 9.1%. The unemployment rate is back up to double digits (10.9% in NL and in PEI, 11.2% in NB and 9.0% in NS as of July 2013).

The Atlantic region participation rate has been traditionally lower than the national average, with the exception of PEI, where the participation rate continued to rank among the highest in the country. However, labour market optimism in the region was relatively high during the recovery period, as the percentage of those employed or actively looking for work reached an all-time high and have remained unchanged at 63%, since 2007.

In 2012, about 37% of persons of working age did not participate in the labour market. This has remained fairly unchanged in the last decade. Only 7% of those who did not participate in the labour force wanted to work. The vast majority did not participate in the labour market either because they did not want to work or were unavailable for work during this period. Among those who wanted to work, 12% were discouraged workers; this is down from 24% a decade earlier. During this period, the proportion of those who did not work because of schooling increased by 6 percentage points to 22%. Illnesses, family and personal responsibilities and awaiting recall were some of the other reasons why people could not work.

The unemployment rate edged down to 12.5% in NL, the lowest it has ever been. The Conference Board of Canada expects the unemployment rate in NL to continue to improve, reaching a new low by 2014 of 11.9%. Although the province's participation rate continued to rank lowest in the region, it has been trending upwards, reaching a new all-time high in 2012 at 61.6%.

Labour market conditions have been fairly stable in PEI. Both the unemployment and participation rates were relatively unchanged in the last three years. But the Island's participation rate remained among the highest in the country. The unemployment rate is projected to improve to 10.8% in 2013 and 10.2% by 2014.

The unemployment rate steadily rose to 9% in NS by 2012. The province's unemployment rate declined during the five-year pre-recession period, to reach an all-time low of 7.7% in 2008. Since then, it has steadily edged back up, hovering around 9% during the recovery period. The Conference Board of

Canada has projected further improvements in the unemployment rate for NS at 8.7% in 2013 and 8.1% in 2014. In 2012, the participation rate was ranked second best behind PEI at 64.1%, up slightly compared to the previous year.

Province	Population	2011	2012	Change*
Newfoundland and Labrador	All	12.7	12.5	-0.2
	Males	14.6	13.8	-0.8
	Females	10.5	11	0.5
Prince Edward Island	All	11.3	11.3	-
	Males	13.2	12.9	-0.3
	Females	9.4	9.7	0.3
Nova Scotia	All	8.8	9	0.2
	Males	9.9	10.1	0.2
	Females	7.7	7.8	0.1
New Brunswick	All	9.5	10.2	0.7
	Males	11.2	12.1	0.9
	Females	7.8	8.3	0.5

Source: Statistics Canada Labour Force Survey, Historical Review 2012  
\*Change in percentage points

The unemployment rate in NB had remained in the single digit since reaching its lowest level on record at 7.5% in 2007. Since then, NB's unemployment has increased steadily, again reaching double digits in 2012 for the first time since 2003. The unemployment rate in NB is expected to improve to 7.3% in 2013 and 6.8% in 2014. The participation rate improved slightly in 2012, but it remained more than a percentage point lower than its all-time high level recorded in 2008.

## Labour Market Outcomes for Client Segments

### *Immigrants/Newcomers*

There were 79,900 immigrants of working age in Atlantic Canada in 2012, representing approximately 4% of those 15 years of age and older in the region. Overall, labour market outcomes for immigrants in the Atlantic region compare favourably with the outcomes for those born in Canada. However, significant differences exist in the labour outcomes between recently-arrived immigrants (those who landed 5 or less years earlier) and those who landed more than 5 years earlier.

The unemployment rate for all landed immigrants in the region remained consistently lower than the rate for those born in Canada. But this has been increasing over the years, reaching a new high of 8.7% in 2012. The unemployment rates for those who landed more than 5 years earlier were significantly lower than the Atlantic average, while the unemployment rate for recent immigrants has been higher (12.6% in 2012).

In 2012, at 60.3%, the participation rate for all immigrants in the region was lower than the rate for those born in Canada (66.7%). This is due to a lower participation rate among immigrants who arrived more than 10 years earlier (55.7%). The participation rates for recent immigrants (66.5%) and those who landed 5-10 years earlier (75.3%) were higher than the regional average of 63.5%.

The unemployment rate for all immigrants is lower in NB at 7.9% and highest in PEI at 12.5%. Also, the participation rate for all immigrants is highest in NB at 60.6% and lowest in PEI at 59.3%.

### ***Aboriginal Workers***

The Aboriginal population accounts for a small, but growing share of the Atlantic region's total population. According to the 2006 Census, 67,000 individuals in Atlantic Canada identified themselves as Aboriginal, up 35,980 or 86% compared to ten years prior.

By comparison, the region's non-Aboriginal population declined by close to 4% during the same period. High birth rates, an increase in life expectancy, and an increasing trend toward self-identification by Aboriginal peoples may have contributed to the significant growth in the Aboriginal population.

Aboriginal peoples were among the hardest hit groups during the recent economic downturn in 2009; their participation rates declined and unemployment rates increased. According to the Labour Force Survey (LFS), almost 62% of Aboriginal peoples in the region participated in the labour market in 2010, slightly below the rate for non-Aboriginals (63%). The average unemployment rate for the Aboriginal population (19%) in the Atlantic region was significantly higher than the rate for their non-Aboriginal counterparts (10%). As with the non-Aboriginal population, unemployment rates among Aboriginal peoples are highest among youth (15-24 years).

There were some improvements in the labour market outcomes for Aboriginal peoples in 2011. Their participation rate increased to 64% and their unemployment rate decreased to 14.9%.

### ***Senior Workers***

Atlantic Canada's population is aging. The senior population has been growing for more than 40 years and make up the fastest growing age group in the region. In 2012, those 65 years of age and older accounted for over 19% of the region's entire working-age population.

According to Statistic Canada's population projections, all provinces are projected to record increases in the share of seniors as a proportion of the total population between 2011 and 2036. NL is projected to have the highest share of seniors relative to its overall population, while Alberta is projected to have the lowest.

The labour force participation rate for seniors in the Atlantic region has more than doubled in the last ten years. In 2012, participation rates of seniors ranged from a high of almost 14% in PEI to a low of 9% in NL. Just fewer than 13% of seniors in NS and about 10% of seniors in NB participated in the labour force. Nationally, the participation rate for seniors was 12.6%.

A significantly higher share of seniors work part-time compared to individuals under 65 years of age. Almost 38% of seniors in Atlantic Canada worked part-time in 2012 as compared to 16% of individuals in the 15 to 64 age group.

### ***Workers with a Disability***

Participation in the labour market is an important part of life for people seeking independence and long-term financial security. For Persons with Disabilities (PWD), participation in the labour market can be challenging as they can face several additional barriers compared to persons without a disability.

There were noticeable differences between the labour force participation of people with and without disabilities in Atlantic Canada. In 2006, there were 230,920 PWD in the region between the ages of 15 and 64 who could have participated in the labour force. Of this group, 116,500 or 50% were in the labour force.

While there was a significant gap in participation rates between PWDs and the population without a disability, there was a more modest gap in their unemployment rates. In 2006, the annual average unemployment rate was approximately two percentage points higher for PWDs (13% versus 11%).

Unemployment rates for PWDs ranged from a high of approximately 23% in NL to a low of close to 11% in NB.

### ***Youth Labour Force***

The youth population in Atlantic Canada has been steadily declining in the last 30 years. In 2012, youth (15-24 years) represented about 15% of the region's working age population as compared to approximately 21% in 1990. Forecasts for the next 20 years show a continued decrease in the number of youth in the region.

Though the labour force participation rates of youth in Atlantic Canada have been traditionally higher than those of the entire region, they have been decreasing since the 2008 economic recession. The youth participation rate in 2012 was highest in PEI at 67% and lowest in NL at 61.3%.

The 2008 economic downturn resulted in an increase in the unemployment rates for youth in the region. In 2012, the youth unemployment rate dropped in NL to its lowest levels since 1990, but the province still had the highest youth unemployment rate in the region at 18.9%. NB's youth unemployment rate was the lowest in the region at 17.5% in 2012, but has been rising since 2007.

### ***Interprovincial Migration***

Population growth at the provincial and territorial level results not only from natural increase and net international migration, but also from population movements between Canada's provinces and territories. During the year 2011-2012, the population of Atlantic Canada remained relatively stable as the gains made in international migration were almost completely offset by interprovincial migratory losses.

According to Statistics Canada Annual Demographic estimates, net interprovincial migration was negative for all Atlantic provinces for the year ending June 30, 2012. Proportionally, PEI recorded the largest interprovincial net migratory losses in the region. The interprovincial net migration loss was about 1% of the PEI population and about 0.3% for the rest of the provinces in the Atlantic region. Youth (15-29 years) accounted for about 77% of the net interprovincial migratory losses in the region.

The top two destinations for Atlantic Canadians were Ontario and Alberta. Close to 60% of out-migrants left the region for these two provinces between July 1, 2011 and June 30, 2012. A fairly similar proportion of in-migrants, 55%, originated from Alberta and Ontario over the same period.

## Conclusion

Economic growth is expected to improve in the next two years, as momentum builds in key sectors in the Atlantic region. Major projects activity in NL and NS are expected to help keep economic growth at a modest pace in 2013, leading up to 2014. Continued improvements to both the US and global economies are expected to positively impact the NB economy in the next two years.

Labour market conditions have improved over the years and a modest employment growth is forecast for all provinces in the region over the next two years. The unemployment rates are expected to fall to single digits in NS and NB, a new all-time low is expected in NL, and PEI's unemployment rate is expected to improve to pre-recession levels by 2014.

Although conditions in the labour market are forecast to continue to improve in the near-term, a number of issues are expected to present significant challenges for stakeholders in the labour market. The aging of the population, net interprovincial migratory losses, industrial restructuring and emerging technology intensive industries are some of the key challenges that will affect both the quality and quantity of skills required in the Atlantic labour market.

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

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## Appendices

### Local Labour Market Conditions – Newfoundland and Labrador

#### General Overview

In 2012, the unemployment rate hit a new low of 12.5%. Employment growth (+5,100) was slightly stronger than the notable increase in labour force size. Full-time gains (+6,800) considerably outweighed a slight decline in part-time work (-1,700). Compared to other provinces, only Alberta had a stronger rate of job growth in 2012.

#### Employment by Sector

The goods-producing and services-producing sectors both grew at a similar rate. Service-sector employment reached a record high. Health care and social assistance grew to a record level. Professional, Scientific and Technical Services also reached a new high in 2012. Major projects in mining and oil and gas are key drivers behind the growth in this industry. Public administration declined after reaching a record high in 2011 as fiscal restraint measures were underway. Construction surpassed 2011's record employment levels. A key factor in this was the ongoing construction of the Long Harbour nickel processing facility, with approximately 4,000 workers on site at its peak in 2012.

#### Employment by Age and Gender

Both genders experienced employment growth, with the gain being slightly stronger for males (+3,400). Males had a stronger increase in full-time work (+4,600), outweighing a loss in part-time employment (-1,300). For females, full-time work grew to a lesser extent (2,100), while part-time work was relatively unchanged.

Those 55 years and older have experienced the strongest gains (+3,700), as the province's quickly aging population moves people into the group from the core labour force age (25-54 years).

The youth labour force (15-24 years) had a relatively strong year. Gains were made in employment and labour force size (+900), despite a drop in the population. Over the past year, the unemployment rate for youth dropped from 20.8% to 18.9%.

For those 25 to 54 years of age, labour force and employment levels remained relatively unchanged over the past year, while the population continued its declining trend (-4,100). Full-time job gains (+1,900) were offset by part-time losses (-1,900). The number of younger workers entering the core age labour force continues to be outweighed by those moving into the 55 and older group as they age.

#### Interprovincial Migration

Even if NL experienced record employment levels and the presence of multiple mega-projects, net out-migration exists in the province (primarily to Alberta). This is more pronounced outside the St. John's Census Metropolitan Area (CMA). Net interprovincial migration was positive in NL during the recession, but it again turned negative as the economy improved in Western Canada.

The province is becoming more urban in nature as people move from smaller communities to the St. John's CMA. St. John's is an area of growth, has a diverse economy and experiences the greatest direct employment benefit from the oil & gas boom. The smallest communities are feeling the deepest



population losses. Younger age groups are moving away from smaller rural areas, leaving these communities with a larger aging population.

In general, NL outside the CMA, is experiencing population losses as it experiences natural population declines, greater losses than the CMA from interprovincial migration, and considerable out-migration to the CMA.

**Table 3**  
**Change in employment by industry in Newfoundland and Labrador between 2011 and 2012**

	2012	2011	% Share 2012	Change from 2011	Growth Rate
<b>Total, all industries</b>	<b>230,500</b>	<b>225,400</b>	<b>100.0%</b>	<b>5,100</b>	<b>2.3%</b>
<b>Goods-producing sector</b>	<b>50,100</b>	<b>48,900</b>	<b>21.7%</b>	<b>1,200</b>	<b>2.5%</b>
Agriculture	1,600	2,000	0.7%	-400	-20.0%
Forestry, fishing, mining, quarrying, oil and gas	14,500	15,300	6.3%	-800	-5.2%
Forestry and logging with support activities	700	900	0.3%	-200	-22.2%
Fishing, hunting and trapping	3,600	3,800	1.6%	-200	-5.3%
Mining, quarrying, and oil and gas extraction	10,200	10,600	4.4%	-400	-3.8%
Utilities	2,900	2,200	1.3%	700	31.8%
Construction	19,800	18,900	8.6%	900	4.8%
Manufacturing	11,300	10,600	4.9%	700	6.6%
Durables	3,400	2,900	1.5%	500	17.2%
Non-durables	7,900	7,700	3.4%	200	2.6%
<b>Services-producing sector</b>	<b>180,400</b>	<b>176,400</b>	<b>78.3%</b>	<b>4,000</b>	<b>2.3%</b>
Trade	35,000	38,600	15.2%	-3,600	-9.3%
Wholesale trade	4,400	5,600	1.9%	-1,200	-21.4%
Retail trade	30,500	33,000	13.2%	-2,500	-7.6%
Transportation and warehousing	10,900	10,500	4.7%	400	3.8%
Finance, insurance, real estate and leasing	9,100	7,800	3.9%	1,300	16.7%
Finance and insurance	5,600	5,200	2.4%	400	7.7%
Real estate and leasing	3,500	2,700	1.5%	800	29.6%
Professional, scientific and technical services	9,700	8,700	4.2%	1,000	11.5%
Business, building and other support services	7,000	5,700	3.0%	1,300	22.8%
Educational services	18,600	17,900	8.1%	700	3.9%
Health care and social assistance	36,700	35,300	15.9%	1,400	4.0%
Information, culture and recreation	7,300	7,600	3.2%	-300	-3.9%
Accommodation and food services	13,700	12,600	5.9%	1,100	8.7%
Other services	13,600	11,800	5.9%	1,800	15.3%
Public administration	18,800	19,900	8.2%	-1,100	-5.5%

Source: Statistics Canada Labour Force Survey (Annual Averages)

Note: Totals may not add due to rounding.

## Local Labour Market Conditions – Prince Edward Island

### General Overview

Labour market conditions in Prince Edward Island (PEI) improved in 2012. Increased participation by the older workforce (i.e., persons 55 years and over) lifted the Island labour force to 82,000, which was an all-time high for the province. Employment, at 72,800, was also at an all-time high, although the entire increase was in part-time work. Employment growth has been respectful over the past decade, having averaged 1.2% on an annual basis. This was about the national average of 1.4% and highest among the Atlantic provinces. The unemployment rate averaged 11.3% in 2012 and was unchanged compared to the previous year.

### Employment by Sector

Employment gains in 2012 were largely generated in the services-producing sector. Goods-sector employment declined slightly, due in large part to lower employment in forestry and fishing, and manufacturing. The manufacturing industry has experienced challenges in recent years following the 2009 recession. The value of manufactured food products in PEI (largely comprised of processed potatoes and fish products) was down due to weakened demand from U.S. restaurants, and non-food manufactured products (which includes aerospace and shipbuilding) experienced a 7-year low in 2011. On the upside, agriculture employment in 2012 is shown to have increased by 8.1%, which can be somewhat attributed to higher crop production that year, particularly in potatoes and grains.

Service-sector employment expanded by 1.7% in 2012 and much of the gain was concentrated in two industries: health care and social assistance (+700) and professional, scientific and technical services (+500). The health care industry in the province has been growing at a consistent and steady pace over the past decade, due in part to infrastructure spending and hospital expansions, as well as policy initiatives focusing on recruitment and retention of health care professionals. Growth in professional, scientific and technical services reflects, in part, on-going investment and growth in the province's bioscience cluster, as well as in information technology. There were minor employment declines in various industries that somewhat limited growth in this sector in 2012, namely trade, educational services, and public administration.

### Employment by Age and Gender

The employment base in PEI is evenly distributed between men and women; however, there are differences in their respective employment compositions. Men comprised about 54% of all full-time jobs in 2012, while nearly two-thirds of all part-time positions were employed by women. The age composition of the Island's employment base in 2012 was as follows: the majority, or 64%, were between the ages of 25-54 years (core-age group); 21% fell into the older worker category (55 years and over); and the remainder, 15%, were youth (persons 15-24 years of age). The relative age composition of youth and older workers has shifted over the past twenty years, at which time, youth made up 18% of the Island's employment base and older workers 11%.

### Interprovincial Migration

PEI attracted fewer immigrants in 2011-2012, with 1,379 immigrants moving to the province compared to 2,609 the previous year. With the exception of 2009-2010, the province experienced net interprovincial migratory losses. In 2011-2012, the province lost about 1,250 people to other provinces and most (70%) were youth (15-29 years).

**Table 4**  
**Change in employment by industry in Prince Edward Island between 2011 and 2012**

	2012	2011	% Share 2012	Change from 2011	Growth rate %
<b>Total, all industries</b>	72.8	72	100%	0.8	1.1%
<b>Goods-producing sector</b>	17.4	17.6	23.9%	-0.2	-1.1%
Agriculture	4	3.7	5.5%	0.3	8.1%
Forestry, fishing, mining, quarrying, oil and gas	3	3.2	4.1%	-0.2	-6.3%
Forestry and logging with support activities	0.2	0.2	0.3%	0	0.0%
Fishing, hunting and trapping	2.2	2.7	3.0%	-0.5	-18.5%
Mining, quarrying, and oil and gas extraction	0.7	0.3	1.0%	0.4	133.3%
Utilities	0.4	0.3	0.5%	0.1	33.3%
Construction	5	5.1	6.9%	-0.1	-2.0%
Manufacturing	5	5.2	6.9%	-0.2	-3.8%
Durables	1.6	1.9	2.2%	-0.3	-15.8%
Non-durables	3.4	3.4	4.7%	0	0.0%
<b>Services-producing sector</b>	55.3	54.4	76.0%	0.9	1.7%
Trade	9.7	10	13.3%	-0.3	-3.0%
Wholesale trade	1.3	1.2	1.8%	0.1	8.3%
Retail trade	8.4	8.8	11.5%	-0.4	-4.5%
Transportation and warehousing	2.5	2.2	3.4%	0.3	13.6%
Finance, insurance, real estate and leasing	2.6	2.6	3.6%	0	0.0%
Finance and insurance	1.7	1.8	2.3%	-0.1	-5.6%
Real estate and leasing	0.9	0.8	1.2%	0.1	12.5%
Professional, scientific and technical services	3.5	3	4.8%	0.5	16.7%
Business, building and other support services	2.4	2.4	3.3%	0	0.0%
Educational services	5.9	6.2	8.1%	-0.3	-4.8%
Health care and social assistance	9.7	9	13.3%	0.7	7.8%
Information, culture and recreation	2.6	2.7	3.6%	-0.1	-3.7%
Accommodation and food services	5.5	5.5	7.6%	0	0.0%
Other services	3.2	3	4.4%	0.2	6.7%
Public administration	7.7	7.8	10.6%	-0.1	-1.3%

Source: Statistics Canada Labour Force Survey (Annual Averages)

Note: Totals may not add due to rounding.

## Local Labour Market Conditions – Nova Scotia

### General Overview

The province experienced a slight employment decline during the 2009 recession year and while employment gains have been made in each year since, overall progress has been slow. Employment increased by 2,700 (0.6%) in 2012 from 2011's level. Although this exceeded the annual average employment growth rate for the last five years (0.3%), it is less than that for the last 10 years (0.8%).

The improvement in employment numbers since 2009 is seen in part-time positions only. The number of part-time jobs since the recession year has grown by 6,900, while full-time positions in the provincial labour market have declined by 2,700.

### Employment by Sector

Both the goods-producing and services-producing sectors have recorded losses in full-time employment since 2009. In the goods-producing sector, full-time job losses were concentrated mainly in the primary industries and manufacturing, particularly in pulp and paper products. In the service sector, retail trade saw the largest reduction in full-time jobs during the 2009-2012 period. Lesser declines have also taken place within business, building & other support services, public administration, real estate & leasing, and transportation & warehousing.

Within the goods-producing sector, part-time job gains were made in manufacturing and in the primary industries since 2009. The service sector added part-time jobs in accommodation & food, health care & social assistance and in information, culture & recreation.

### Employment by Age and Gender

Since 2009, older workers, aged 45-64, make up the largest proportion of employed workers. This occurred in 2008 among males and in 2010 among females.

In 2012, women accounted for slightly more than half the number of jobs in Nova Scotia (NS). Men held most of the full-time jobs (53.9%), while women maintained the majority of part-time jobs in all age groups (67.4%), except for those aged 65 and over. The number of people working past age 65 has increased almost 300% since 2000 and more than 100% since 2007. The greatest increase is among females working full-time (+1,200).

### Interprovincial Migration

Between July 1, 2011 and June 30, 2012, Nova Scotia experienced a net outflow of 3,008 migrants, the largest outflow since 2006-2007. About 20% were youth aged 18-24 and 41% were aged 25-64. The largest number of persons leaving the province in 2011-2012 went to Ontario (33%), followed by Alberta (28.7%) and New Brunswick (NB) (12%).

**Table 5**  
**Change in employment by industry in Nova Scotia between 2011 and 2012**

	2012	2011	% Share 2012	Change from 2011	Growth rate
<b>Total, all industries</b>	<b>455,500</b>	<b>452,800</b>	<b>100.0%</b>	<b>2,700</b>	<b>0.6%</b>
<b>Goods-producing sector</b>	<b>85,000</b>	<b>84,400</b>	<b>18.7%</b>	<b>600</b>	<b>0.7%</b>
Agriculture	6,000	5,200	1.3%	800	15.4%
Forestry, fishing, mining, quarrying, oil and gas	11,400	11,200	2.5%	200	1.8%
Forestry and logging with support activities	2,300	2,500	0.5%	-200	-8.0%
Fishing, hunting and trapping	4,700	6,500	1.0%	-1,800	-27.7%
Mining, quarrying, and oil and gas extraction	4,400	2,200	1.0%	2,200	100.0%
Utilities	4,200	4,000	0.9%	200	5.0%
Construction	31,200	31,100	6.8%	100	0.3%
Manufacturing	32,300	32,900	7.1%	-600	-1.8%
<b>Services-producing sector</b>	<b>370,500</b>	<b>368,300</b>	<b>81.3%</b>	<b>2,200</b>	<b>0.6%</b>
Trade	71,600	77,500	15.7%	-5,900	-7.6%
Wholesale trade	12,600	14,800	2.8%	-2,200	-14.9%
Retail trade	59,000	62,600	13.0%	-3,600	-5.8%
Transportation and warehousing	20,200	20,700	4.4%	-500	-2.4%
Finance, insurance, real estate and leasing	23,900	23,000	5.2%	900	3.9%
Finance and insurance	17,000	15,500	3.7%	1,500	9.7%
Real estate and leasing	6,900	7,500	1.5%	-600	-8.0%
Professional, scientific and technical services	25,400	23,800	5.6%	1,600	6.7%
Business, building and other support services	20,300	20,900	4.5%	-600	-2.9%
Educational services	38,700	35,900	8.5%	2,800	7.8%
Health care and social assistance	69,500	68,100	15.3%	1,400	2.1%
Information, culture and recreation	18,600	20,100	4.1%	-1,500	-7.5%
Accommodation and food services	31,400	28,300	6.9%	3,100	11.0%
Other services	21,100	19,000	4.6%	2,100	11.1%
Public administration	29,700	31,100	6.5%	-1,400	-4.5%

Source: Statistics Canada Labour Force Survey (Annual Averages)

Note: Totals may not add due to rounding.

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## Local Labour Market Conditions – New Brunswick

### General Overview

Economic growth has been weak since the recession hit the province in 2009. The province's labour market is still struggling following the recent global economic recession. NB's economy relies heavily on export markets, especially trade with the United States.

The slow pace of economic recovery in the US is having an impact on the province's industrial exports, and conditions in the labour market. The province lost jobs for the third consecutive year in 2012 (-600), although not as steeply as in 2011. The jobs lost in 2012 were all part-time, while the jobs lost the previous year were all full-time.

### Employment by Sector

Close to 80% of all jobs were in the services-producing industries in 2012. The trades and health care and social assistance industries were the two biggest employers in the province, both accounting for approximately 15% of all jobs in NB.

The goods-producing sector accounted for 21% of all employed people in the province in 2012, with manufacturing the largest industry in the sector.

Between 2011 and 2012, employment decreased by 5,000 in the goods-producing sector. The construction industry lost 3,000 jobs due to the weak economy, fewer major projects and the end of other construction projects. The manufacturing industries recorded a loss of 2,000 jobs. This was partly due to the relatively strong Canadian dollar and the weak US economy.

Meanwhile, employment was up by 4,500 in 2012. The most significant job losses were in the services to businesses sector (which includes call centres with many closures over the past few years); the public administration sector (due to fiscal restraint in both the provincial and federal governments); manufacturing (due in part to the Canadian dollar and weak US economy); and construction (due to reduced government spending programs, and fewer major projects and the end of other construction projects).

**Table 6**  
**Change in employment by industry in New Brunswick between 2011 and 2012**

	2012	2011	% Share 2012	Change from 2011	Growth rate
<b>Total, all industries</b>	<b>351,400</b>	<b>352,000</b>	<b>100%</b>	<b>- 600</b>	<b>- 0.2%</b>
<b>Goods-producing sector</b>	<b>74,700</b>	<b>79,800</b>	<b>21.3%</b>	<b>- 5,100</b>	<b>- 6.4%</b>
Agriculture	4,100	5,100	1.2%	- 1,000	-19.6%
Forestry, fishing, mining, quarrying, oil and gas	11,900	10,300	3.4%	1,600	15.5%
Utilities	4,000	4,300	1.1%	- 300	- 7.0%
Construction	24,900	28,100	7.1%	- 3,200	- 11.4%
Manufacturing	29,700	31,900	8.5%	- 2,200	-6.9%
<b>Services-producing sector</b>	<b>276,800</b>	<b>272,300</b>	<b>78.8%</b>	<b>45,00</b>	<b>1.7%</b>
Trade	54,300	53,800	15.5%	500	0.9%
Transportation and warehousing	17,300	17,500	4.9%	- 200	-1.1%
Finance, insurance, real estate and leasing	17,300	17,100	4.9%	200	1.2%
Professional, scientific and technical services	15,300	15,900	4.4%	- 600	-3.8%
Business, building and other support services	16,300	17,000	4.6%	- 700	-4.1%
Educational services	27,100	25,300	7.7%	1,800	7.1%
Health care and social assistance	53,100	50,400	15.1%	2,700	5.4%
Information, culture and recreation	13,000	12,200	3.7%	800	6.6%
Accommodation and food services	22,400	21,500	6.4%	900	4.2%
Other services	16,200	15,400	4.6%	800	5.2%
Public administration	24,400	26,200	6.9%	- 1,800	-6.9%

Source: Statistics Canada Labour Force Survey (Annual Averages)

Note: Totals may not add due to rounding

## Employment by Age and Gender

Both genders lost an equal number of jobs between 2011 and 2012 (-300 jobs each); however, females gained full-time jobs (+1,500). Full-time employment was unchanged for males and both genders lost part-time jobs (-300 for males and -1,900 for females).

The youth population continued to decline in 2012 in NB. There was a slight decrease in employment among those aged between 15 and 24 years (-700). Meanwhile, employment rose slightly for adults aged 25 years and over (+200). However, employment decreased for those aged between 25 and 54 years (-3,300). Males accounted for about three quarters of those job losses.

There were more people employed among those aged 55 years of age and older (+3,500). Males recorded the strongest growth within that age group (+2,600).

## Interprovincial Migration

During the fiscal year 2011-2012, NB showed a net out-migration of 2,182 people. Of those, more than 900 were aged between 20 and 24 years old. This was the biggest outflow recorded by the province since 2006-2007.

## Appendix A: Glossary of Terms

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

**Employed** – persons who worked during the Labour Force Survey reference week.

**Labour Force** – the total number of individuals 15 years of age and over who are either employed or unemployed in the week prior to the Census.

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

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

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