



Environmental Scan

Saskatchewan

2015



KEY HIGHLIGHTS

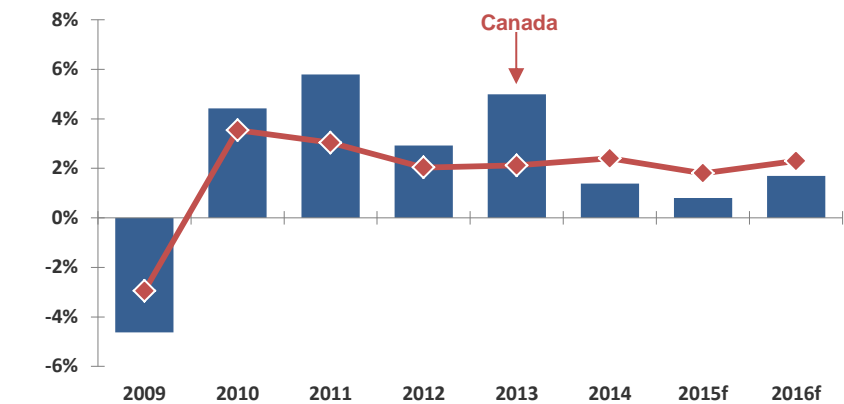
- Economic growth slowed in the second half of 2014 due in large part to reduced output in the agricultural sector and because of falling oil prices.
- Provincial employment growth also slowed in 2014, but Saskatchewan still boasts the lowest unemployment rate in the country.
- Saskatchewan's economy is forecast to decelerate even further in 2015. The Conference Board of Canada expects Saskatchewan to post GDP growth of 0.8% this year, down from a forecasted 1.3% in 2014.
- Strong activity both in residential and non-residential construction over the last number of years has pushed employment much higher in Saskatchewan's construction industry – employment grew at an average annual rate of 8% between 2009 and 2014.
- Higher-skilled occupations will account for nearly two-thirds of all new job openings in the province from 2014 to 2019.
- During the past five years, Regina-Moose Mountain Economic Region led all other Saskatchewan regions in job gains, adding nearly 25,000 new jobs.
- Interprovincial migration to Saskatchewan has slowed the last few years, but the province is still attracting more people than it is losing to other provinces.
- From 2009 to 2014, Saskatchewan's immigrant labour force grew at an average annual rate of 12.4%.
- During the last five years, employment in the 55 and over age group advanced by 4.5% per year – far outpacing the 1.7% growth rate for the entire working age population during this period.

GENERAL OVERVIEW/ECONOMIC CONTEXT

Saskatchewan's economy slowed in 2014 following several years of relatively strong growth. Plunging crude oil prices and lower production in agriculture put a damper on the provincial economy last year. In recent years though, economic expansion in the province has been driven by exports and capital investment. And although provincial employment growth also slowed considerably in 2014, Saskatchewan still boasts one of the strongest labour markets in the country. Employment in Saskatchewan was up by 5,600 in

2014, or approximately 1%. Over the past year, Saskatchewan's job gains were all full-time work, while part-time positions decreased slightly compared to 2013 levels. Moreover, the province's unemployment rate fell to a record low 3.8% on an annual basis in 2014, well below the national average of 6.9%.

Year-over-year percentage change in Saskatchewan's Gross Domestic Product between 2009 and 2016 (forecast), in 2007 dollars



Sources: Statistics Canada Economic Accounts; Conference Board of Canada (forecast)

Saskatchewan's agriculture industry struggled in 2014 after a banner year in 2013. In general, crop production returned closer to historical averages in 2014 as farmers cut back on seeded acreage because of excess crop inventory from 2013. In addition, flooding in parts of southern Saskatchewan in early July, and continued wet conditions during harvest, negatively impacted crop quality and yields. Agricultural production is expected to bounce back in 2015, although grain and oilseed prices are lower due to excess global supply. Meanwhile, Saskatchewan livestock farmers, particularly beef producers, are benefitting from a lower Canadian dollar and record high prices for cattle.

The near term outlook for Saskatchewan's mining, quarrying, oil and gas industry is mixed. It's clear that falling oil prices during the second half of 2014 are negatively affecting the province. Reduced profits are forcing producers to curtail capital spending and drilling plans, leading to layoffs in the oil patch. On the positive side, this slowing activity in the oil and gas industry should be partly offset by growth in industries such as metallic and non-metallic mining. The potash industry is beginning to show signs of improvement as global demand for potash appears to be stabilizing, while demand for uranium is also expected to pick up in 2015. Japan is slated to restart some of their nuclear reactors this year and new nuclear power plants are expected come on stream in China. Moreover, Cameco recently signed a contract with India to supply them with more than 3,000 tonnes of uranium during the next five years.

Construction activity in Saskatchewan has been brisk over the past few years. Housing demand and major capital investments, particularly in mining, have precipitated demand for tradespeople in the province. Indeed, employment in the construction industry has increased an average of 8.0% per year since 2009. However, residential housing demand appears to be slowing. Home sales in the province were down during the first quarter of 2015 and Canada Mortgage and Housing Corporation is forecasting housing starts in Saskatchewan to decline by nearly 12% this year. In contrast, non-residential construction activity should remain strong in 2015 with work continuing on a number of mine projects and on public infrastructure builds such as the new Regina Bypass project.

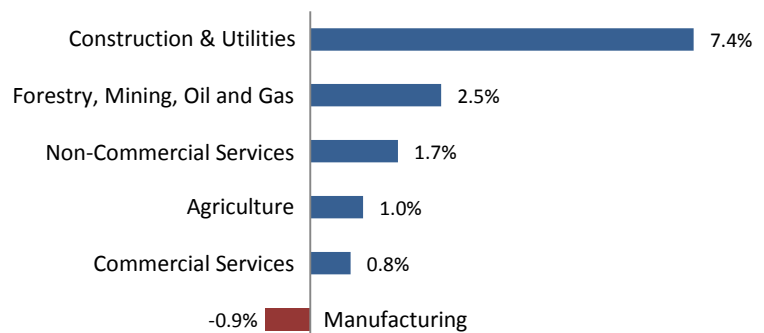
Saskatchewan's economy is forecast to slow even further in 2015. The Conference Board of Canada expects Saskatchewan to post GDP growth of just 0.8% this year, followed by 1.7% growth in 2016. While growth is expected to remain positive due to increased production in potash, metal mining, and agriculture, lower oil prices and reduced capital spending will drag down economic expansion. Saskatchewan's domestic economy will likely suffer as a result of low oil prices, which could negatively impact the labour market. All told, the Conference Board of Canada expects the Saskatchewan labour market to shed over 4,000 jobs this year. Employment in Saskatchewan during the first quarter of 2015 is down 1.2% compared to the fourth quarter of 2014.

REGIONAL, PROVINCIAL AND LOCAL LABOUR MARKET CONDITIONS

Employment by sector

Employment continued to trend up in Saskatchewan during 2014, giving way to a thirteenth consecutive year of increased employment. Although year-over-year employment growth of 1% was considerably lower than in 2013, Saskatchewan's labour market still outpaced most of Canada. In fact, the province had the second highest employment growth rate in Canada last year, trailing only Alberta. Over the past five years, employment has grown at an annual rate of 1.7%. During this time, growth was particularly strong in the province's goods-producing sector, increasing by an average of 3.1% per year.

The average annual compound growth rate of industry employment in Saskatchewan, between 2009 and 2014



Source: Statistics Canada Labour Force Survey

Employment growth in the goods-producing sector has been driven primarily by gains in the construction industry. Employment in the construction industry grew at a remarkable annual rate of 8% between 2009 and 2014. These gains reflect strong investment both in non-residential and residential construction over the course of the last number of years. Increased activity in the non-residential construction industry has been the result of ongoing work on new mining projects such as K+S's Legacy potash mine near Moose Jaw, as well as expansions at existing mines. Publically funded infrastructure projects – such as upgrades to highways, new bridges, and water and wastewater systems – are also driving demand for tradespeople.

Employment in the province's services-producing sector was essentially flat in 2014. As a result, employment growth in the sector averaged just 1.1% per year over the past five years. Employment gains in non-commercial services were propelled by the educational services and health care industries between 2009 and 2014. In the commercial services sector, employment growth over the past five years has been driven primarily by two key industries: transportation and warehousing (+3.6% per year) and professional, scientific, and technical services (+3.5% per year).

Change in employment by industry in Saskatchewan between 2009 and 2014

	2014	2009	% Share 2014	Five Year Growth Rate
Total, all industries (000's)	570.9	525.8	100.0%	1.7%
Goods-producing sector	164.4	141.1	28.8%	3.1%
Agriculture	44.2	42.0	7.7%	1.0%
Forestry, fishing, mining, quarrying, oil and gas	28.0	24.7	4.9%	2.5%
Utilities	6.1	5.3	1.1%	2.9%
Construction	57.2	38.9	10.0%	8.0%
Manufacturing	28.9	30.2	5.1%	-0.9%
Services-producing sector	406.5	384.7	71.2%	1.1%
Trade	83.8	83.8	14.7%	0.0%
Transportation and warehousing	29.2	24.5	5.1%	3.6%
Finance, insurance, real estate and leasing	30.0	28.5	5.3%	1.0%
Professional, scientific and technical services	26.4	22.2	4.6%	3.5%
Business, building and other support services	12.8	12.6	2.2%	0.3%
Educational services	43.5	38.4	7.6%	2.5%
Health care and social assistance	73.5	67.0	12.9%	1.9%
Information, culture and recreation	16.5	19.2	2.9%	-3.0%
Accommodation and food services	36.1	32.1	6.3%	2.4%
Other services	24.8	26.4	4.3%	-1.2%
Public administration	30.1	29.8	5.3%	0.2%

Source: Statistics Canada Labour Force Survey annual estimates by North American Industry Classification System

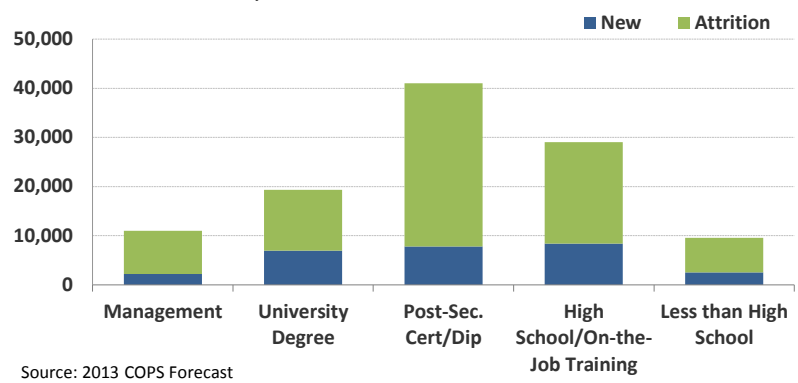
Job opportunities by skill level

Labour demands are expected to be the greatest for higher-skilled occupations (those requiring management or post-secondary education or training). In fact, higher-skilled occupations will account for nearly two-thirds of all new job openings in the province from 2014 to 2019.

Demand will also remain high for jobs requiring high school graduation or on-the-job training. This is due in part both to the large employment base and to turnover within lower-skilled jobs in

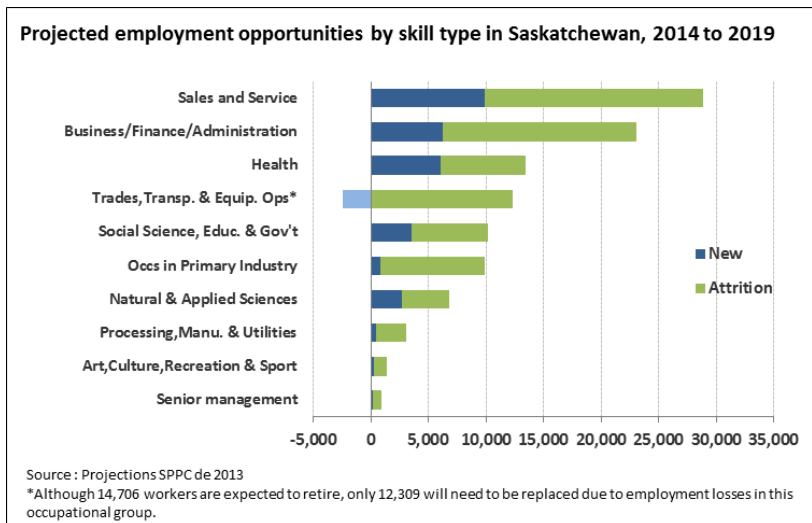
industries such as retail and accommodation and food services. Meanwhile, less than 9% of new employment opportunities in the next five years will be in occupations that require less than a high school education.

Projected employment opportunities by skill level in Saskatchewan, 2014 to 2019



Job opportunities by skill type

The nearly 110,000 job openings anticipated in Saskatchewan between 2014 and 2019 will be spread across all skill types. The employment outlook is particularly good for sales and service occupations (26.2%); business, finance and administrative occupations (21.0%); and health occupations (12.2%). Employment demand in these three skill types alone could result in over 65,000 job openings through the forecast period. Not surprisingly, these represent three of the largest occupational skill types in Saskatchewan and replacement demand will be steady as workers retire.



In contrast, relatively few job openings are expected for art, culture, recreation, and sport occupations and for processing, manufacturing and utilities occupations. The fewest number of opportunities are expected in the select ranks of senior management, with less than 1,000 job openings over the forecast period.

Local labour market conditions

Over the past five years, employment in Saskatchewan has expanded at an average rate of 1.7% per year. However, job creation was far from uniform across the province during this time. Over the last number of years, Saskatchewan’s strong economy has attracted international and inter-provincial migrants to the province, particularly to larger urban centers.

	2014	2009	Growth rate
Saskatchewan (000's)	570.9	525.8	1.7%
Regina-Moose Mountain	181.6	157.1	2.9%
Swift Current-Moose Jaw	52.7	52.5	0.1%
Saskatoon-Biggar	197.5	177.0	2.2%
Yorkton-Melville	39.5	40.4	-0.4%
Prince Albert and Northern	99.7	98.8	0.2%

Source: Statistics Canada Labour Force Survey

Since 2009, Regina-Moose Mountain led all other Saskatchewan regions in job gains, adding nearly 25,000 new jobs. This represents average annual growth of 2.9%. Saskatoon-Biggar also posted impressive average annual employment growth (+2.2%) over the same period.

Meanwhile, Yorkton-Melville economic region performed poorly, losing 1,000 jobs in the five year period between 2009 and 2014.

Interprovincial migration

Saskatchewan does not have a strong track record of attracting new residents. During the late 1990s and into the years leading up to 2007, the province's population steadily declined. Limited job opportunities resulted in Saskatchewan losing many of its young people to other provinces, especially to neighbouring Alberta. However, this trend reversed starting in 2007 when Saskatchewan's economy gained momentum. And even though interprovincial migration to Saskatchewan has slowed the last few years, the province is still attracting more people than it is losing to other provinces. For the one year period ending June 30, 2014, Saskatchewan posted positive net interprovincial migration of just over 1,200 people; one of only three provinces to attract more people than it lost during that time frame. Most migrants have settled in Saskatchewan's larger urban centres, resulting in strong population growth.

LABOUR MARKET OUTCOMES FOR CLIENT SEGMENTS

Immigrants/newcomers

Saskatchewan's immigrant workforce, though still relatively small, is a key contributor to the provincial economy. Increasing levels of immigration to Saskatchewan over the past five years has been vital in propelling labour force expansion. Between 2009 and 2014, the immigrant labour force grew at a rate of 12.4% annually, and new immigrants (those in Canada less than five years) increased 20.2% per year. By comparison, the Canadian-born labour force grew at a rate of just 0.1% per year over the same period. By 2014, immigrants accounted for nearly 11% of Saskatchewan's total labour force.

Aboriginal workers

In 2011, the unemployment rate for Saskatchewan's Aboriginal population stood at 16.9%, over three times that of the non-Aboriginal population (4.6%). The unemployment rate among Saskatchewan's Aboriginal population was higher than the national rate (15%), as well as being the highest among western provinces.

Aboriginal people are becoming more active in the Saskatchewan labour market. Still, the Aboriginal labour force participation rate is well below the rate for the non-Aboriginal population (56.3% vs. 71.1% in 2011).

Employment prospects for Saskatchewan's Aboriginal people improve dramatically with higher educational attainment. In 2011, the employment rate was just 25.4% among Aboriginal people with less than a high school diploma, significantly lower than the rate for non-Aboriginal people with the same education level (45.2%). However, the employment gap between Aboriginal and non-Aboriginal people closes dramatically when comparing people with a post-secondary education. In 2011, the employment rate was 70.3% among Aboriginal people with a post-secondary education, compared to 75.8% for the non-Aboriginal population.

Older workers

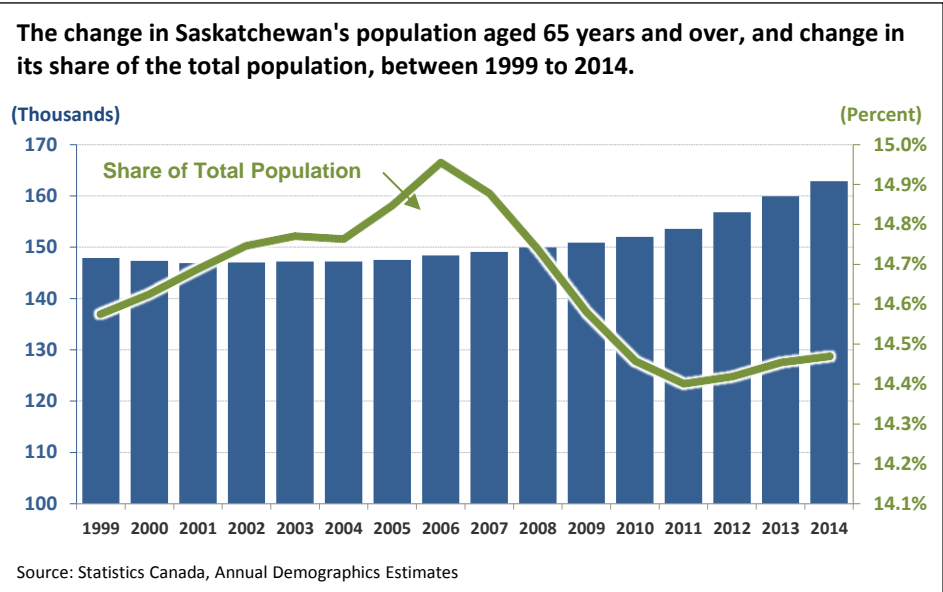
Saskatchewan's annual rate of employment growth over the past five years was not evenly distributed among age groups. Between 2009 and 2014, employment in the 55 and over age group advanced by 4.5% per year, far outpacing the 1.7% growth rate for the entire working age population during this period. In contrast, employment for prime aged workers (25 to 54 years) increased by an average of just 1.4% per year. Strong employment growth in the 55 and over age cohort can be attributed both to an aging population and to higher labour force participation among older workers. And this trend is expected to continue in the future as the

provincial population ages. The main industries employing Saskatchewan’s older workers are agriculture, trade, and health care and social assistance.

Seniors

The number of people aged 65 and older is rising in Saskatchewan, although their share of the total population decreased slightly from 2009 to 2014. This is primarily due to Saskatchewan’s strong economy attracting more job seekers in the prime working age group (25 to 54 years).

Not surprisingly, the proportion of older workers remaining employed past the age of 65 is increasing. The labour force participation rate for those 65 years and older in Saskatchewan increased from 15.2% in 2009 to 20.0% in 2014.



People with disabilities

Like BC and Manitoba, Saskatchewan has a higher rate of disability than the national average of 13.7%. In 2012, 15% of Saskatchewan’s population self-identified as having some type of disability, while Alberta (12.5%), Nunavut (6.9%), and Northwest Territories (8.2%) had lower rates of disability.

The labour force participation rate among Saskatchewan’s disabled population was 65.1% in 2012; considerably higher than the national average of 53.6%. However, the participation rate for Saskatchewan’s disabled population remained well below the rate for the non-disabled population (83.1%). Furthermore, the unemployment rate for Saskatchewan’s disabled population was much higher than for the non-disabled population (6.9% vs. 5.4%).

Youth labour force

Saskatchewan’s youth population, aged 15 to 24, was down slightly in 2014 compared to 2009 (-0.6%). However, there has been an even bigger drop in youth participation in the labour market during the same period. Saskatchewan had a youth labour force participation rate of 66.8% in 2014, down from 70.5% in 2009. Meanwhile, youth unemployment stood at 7.4% in 2014 – down from a rate of nearly 10% in 2009 and significantly below the corresponding national rate of 13.5%.

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

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