

# LABOUR MARKET OBSERVER

## Commentary on Labour Market Performance in Newfoundland and Labrador

### FEBRUARY 2018

Though some would characterize this winter as being a relatively mild one in the Province, conditions have been harsher in the labour market.

**Table 1** summarizes data from the February 2018 release of the Labour Force Survey (LFS). Patterns in the Newfoundland and Labrador labour market remain relatively consistent with trends observed over recent months and commented on in previous editions of the CARE *Labour Market Observer*.

**Table 1: Labour market characteristics, NL**

	Feb-18	Jan-18	Change		% Change	
			Feb-17 to Feb-18	Jan-18 to Feb-18	Feb-17 to Feb-18	Jan-18 to Feb-18
Population	444,700	444,900	-700	-200	-0.2	0.0
Labour force	260,300	262,100	-3,100	-1,800	-1.2	-0.7
Employment	223,900	225,300	-1,400	-1,400	-0.6	-0.6
Unemployment	36,400	36,800	-1,700	-400	-4.5	-1.1
Unemployment rate (%)	14.0	14.0	-0.5	0.0	-	-
Participation rate (%)	58.5	58.9	-0.6	-0.4	-	-
Employment rate (%)	50.3	50.6	-0.3	-0.3	-	-

*Source: CANSIM Table 2820087- Labour force survey estimates (LFS), by sex and age group (15 years and older), seasonally adjusted and unadjusted, monthly (Persons unless specified)*

The labour force decreased by 3,100 persons (1.2%) between February 2017 and February 2018 and decreased by 1,800 persons (0.7%) since January 2018. The level of employment was 1,400 (0.6%) lower than in February 2017 and compared to January 2018. There were 1,700 (4.5%) fewer unemployed people in February 2018 compared to Feb 2017 and 400 (1.1%) fewer compared to January 2018. The unemployment rate was unchanged between January and February 2018 at 14% and compared to 14.5% in February 2017. Lower unemployment may seem a promising development in the labour market but when considered alongside declining employment and a shrinking labour force, the picture is not so promising. The reduction in the unemployment level appears largely due to individuals exiting the Province's labour force which could be for several reasons (e.g. retirement, moving out of province, entering education/training programs, etc.). Overall, the drop in unemployment shown in Table 1 cannot be taken as indicative of improvement in labour market conditions and job prospects in NL.

### EMPLOYMENT BY INDUSTRY

There were statistically significant changes between January 2018 and February 2018 in only four sectors, Employment fell in agriculture, forestry, fishing and hunting (-1,200), construction (-1,100), and manufacturing (-1,700) but increased in health care and social assistance (+900). Improvement in employment levels is evident for more sectors when looking at February 2018 compared to the same month in the previous year. Between February 2017 and February 2018, there were statistically significant increases in employment in: construction (2,200); accommodation and food services (1,700); and, transportation and warehousing (1,400). Over this same period however, there were statistically significant decreases in employment in: wholesale and retail trade (3,200); and professional, scientific and technical services (1,900). Changes in other sectors between January and February 2018 and between February 2017 and February 2018 were not statistically significant meaning that any observed differences in the data were likely due to different samples of people being surveyed at these times.

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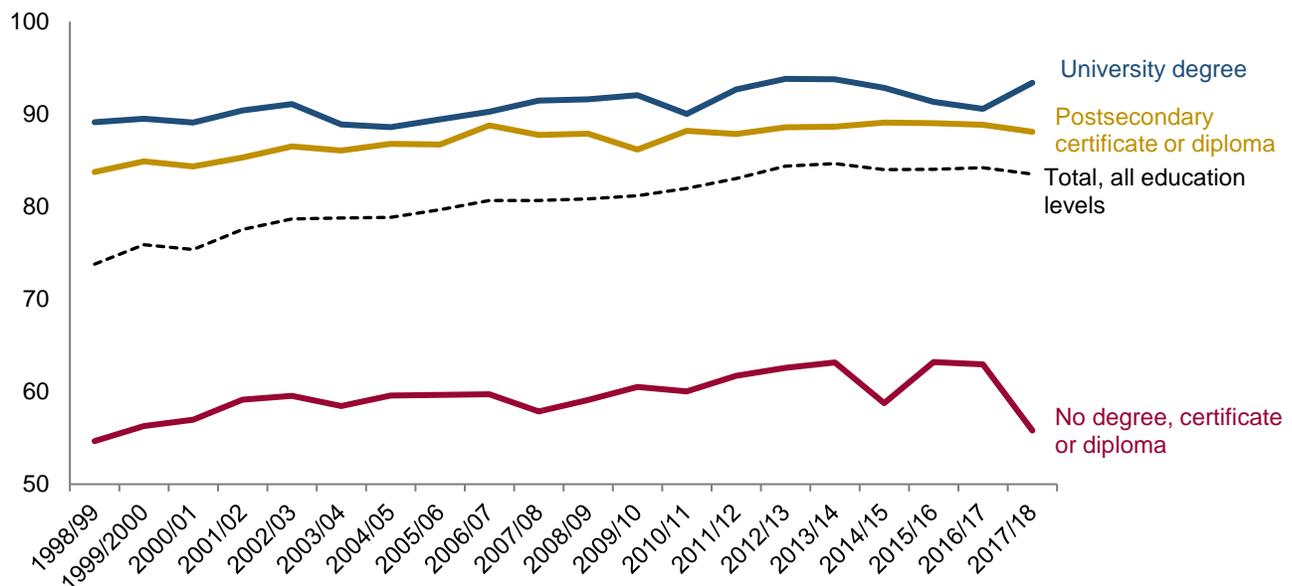
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## LABOUR MARKET OUTCOMES BY LEVEL OF EDUCATION

It is commonly agreed that education and employment outcomes (including earnings and securing employment) are positively related, with higher levels of education thought to result in better labour market returns, all else equal. Like the rest of Canada, levels of educational attainment in NL have been increasing over time however, there are still some noticeable differences between the Province and the national figures on educational attainment. In February 2018, according data from the LFS, nearly 35% of people in Canada aged 25 to 54 years had a university degree whereas just under 21% of those in NL had a university degree. A greater percentage of people in NL had a post-secondary certificate or diploma (49.2%) compared to all of Canada (36.4%). The percentage of 25 to 54 year olds without a degree, certificate or diploma (i.e. achieved lower than high school diploma) was over 10% in NL compared to 7.2% across the country as a whole.

There are notable differences in some of the key labour market indicators by education level. The data in **Figures 1 and 2** below are for 25-54 year olds in NL only. **Figure 1** shows 12-month (Mar-Feb) average participation rates for different levels of educational attainment since 1998/99. Participation rates are higher for those with higher levels of education with those holding a university degree being the highest. The participation rate in Feb 2018 was almost 95% amongst degree-holders and more than 87% for those holding a post-secondary diploma or certificate, but was only just over 50% for those with lower educational attainment than a high school diploma. The participation rate for the lowest educated group declined noticeably around 2014/15 and over the past year (Mar 2017 to Feb 2018), the average participation rate for this group was 55.8%.

**Figure 1: Participation rates by education, 25-54 year olds**



Source: Statistics Canada. Table 282-0004 - LFS, by educational attainment, sex and age group, annual (persons unless otherwise noted)  
 Note: 12-month average for March-February

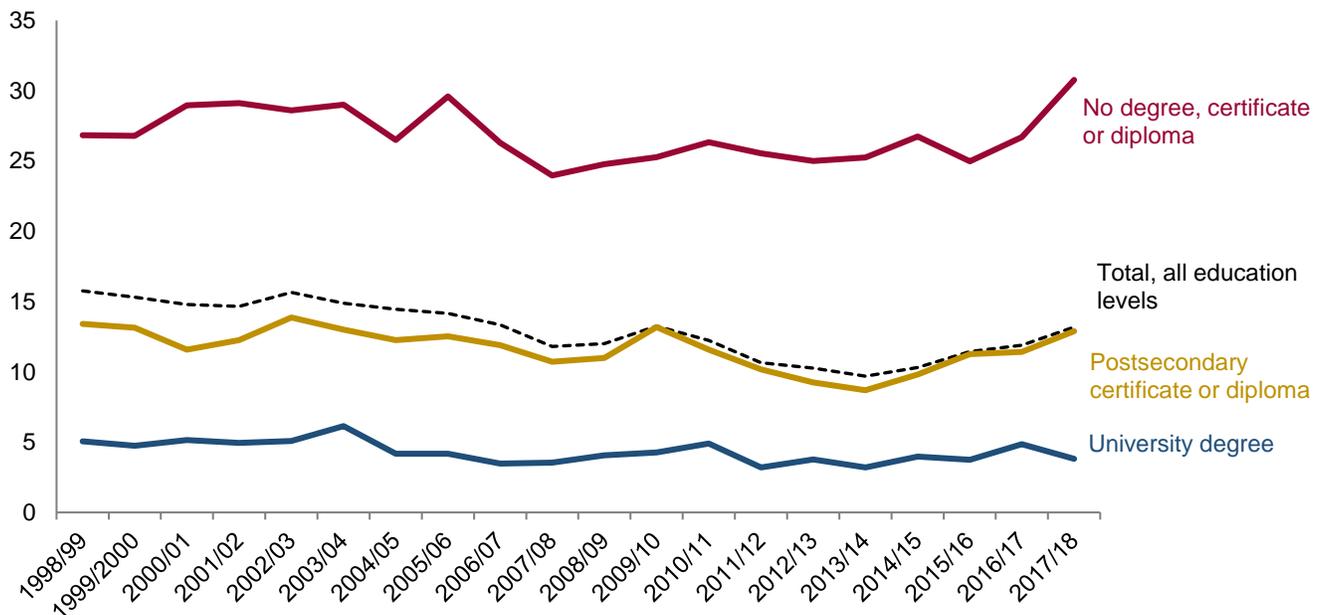
There are also marked differences in unemployment rates across educational levels for, too. **Figure 2** shows 12-month (Mar-Feb) average unemployment rates by educational attainment since 1998/99. Again, university degree-holders appear to fare better overall, having the lowest unemployment rates (3.5% in Feb 2018) and those with less than a high school diploma having, by far, the highest unemployment rates (37% in Feb 2018). The overall unemployment rate and the rate for those holding a post-secondary certificate or diploma are very close, as this group comprises a large proportion (51% in Feb 2018) of the labour force in the province. For those with a post-secondary certificate or diploma, unemployment was lowest around 2013/14 with an average rate of 8.7%

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between Mar 2013 and Feb 2014. The highest unemployment rate in Figure 1 for this group was 13.9% for 2012/13. The unemployment rate was highest for those degree-holders in 2003/04 at 6.1%. The unemployment rate for the group with the lowest level of educational attainment exhibits greater variability over the period shown in **Figure 2**, ranging from 24% in 2007/08 to 30.8% in 2017/18, suggesting that this group is more prone to the effects of changes in the economic conditions on their employment prospects.

**Figure 2: Unemployment rates by education, 25-54 year olds**



Source: Statistics Canada. Table 282-0004 - LFS, by educational attainment, sex and age group, annual (persons unless otherwise noted)  
 Note: 12-month average for March-February

The differences in participation rates and unemployment rates between groups with different levels of educational attainment help to illustrate that there are potential returns to investments in human capital in the form of better labour market outcomes. Of course, there are other factors that can affect individuals’ labour market experiences, especially for young people making their first transitions from full-time education to the labour market, including their degree subject area, work experience, occupation and industry. Other labour market outcomes, including [wages and hours](#), are also of great interest to see how overall labour market experiences vary for different groups.

While education is not a cure-all for the challenges facing the economy, in loose labour markets especially, having suitable formal qualifications can help to improve people’s likely outcomes. [For society and the economy as a whole](#), higher levels of education are also associated with increased innovation, lower crime rates and better health outcomes. For government, employers, educators and individuals, it is important to consider how the qualifications and skills of those in the labour force, and those looking to enter the labour force, might be developed to ensure a good fit with labour market demand. A longer term perspective about investments in education and training is also important for equipping the labour force with the skills and knowledge needed to help facilitate growth in other sectors and to avoid skill shortages and gaps when economic conditions improve.

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