

# Choosing a Fiscal Strategy: Our Changing Demographics and Labour Markets

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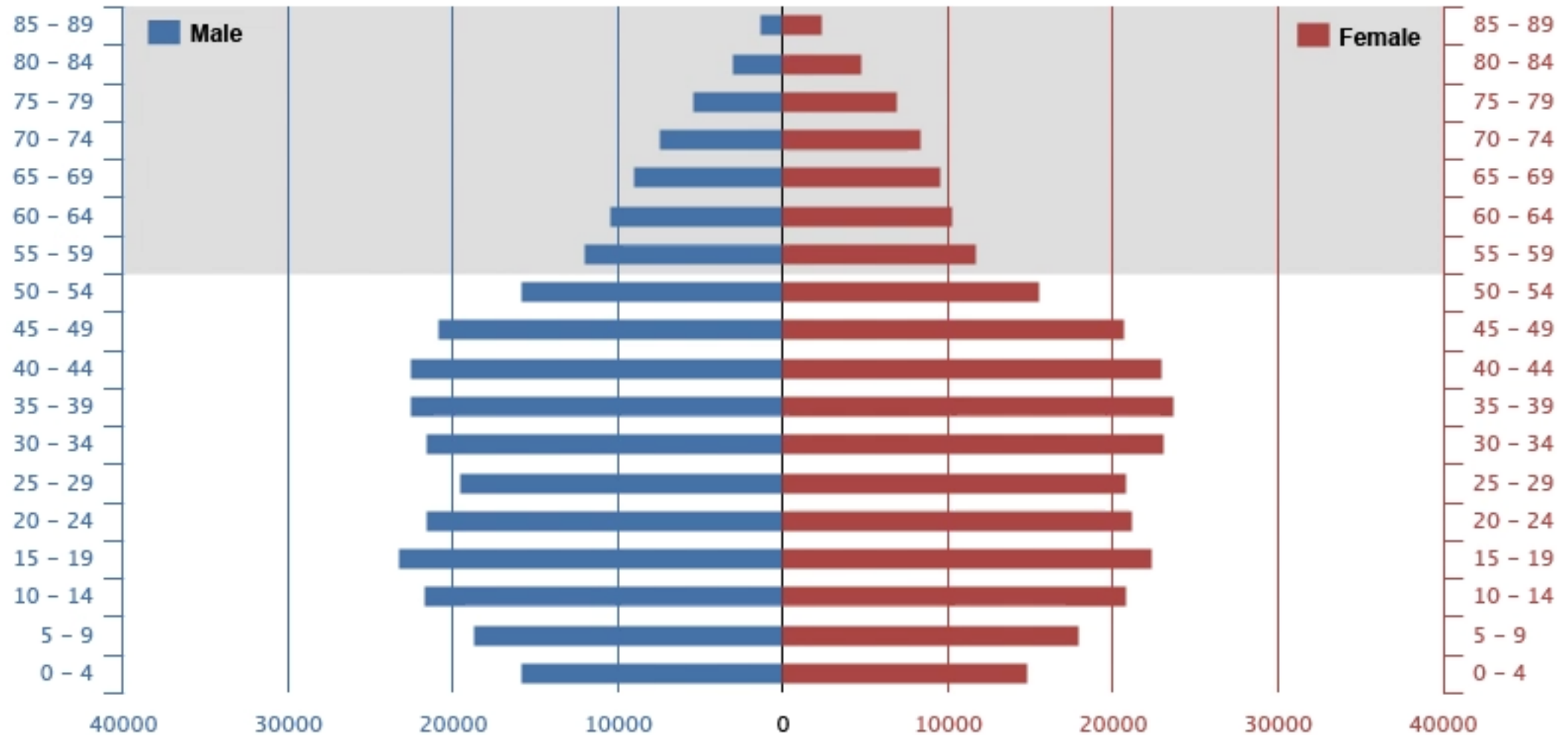


Adapt or “Carry on Regardless”

# Demographics

# Demographic Picture

## Newfoundland and Labrador Population Pyramid 1996



# Demographic Highlights

- **523,790 Q1 2019 vs 527,609 Q1 2018 ↓ We're unique.**  
(STC Table 17-10-0009-01)
- **Change = (Births – Deaths) + Net Migration**  
$$= (4300 - 5260) + \{ \text{Interprov}(6062 - 10472) + \text{International}(1559) \}$$
- **Births and fertility rate: 1.33 in 2017 and dropping.**  
Quebec: 1.53, CA: 1.5, China: 1.62, 2.11 is replacement rate
- **# of those 70-74 = # 10-14 and % women about the same in each group.**
- **Rural glacial demographic melt continues and will probably accelerate. Summer communities.**

# Demographic Implications

- Some non-sustainable rural communities including financing infrastructure through debt.
- Urbanization with epicenter St. John's CMA.
- Potential labour shortages since as employment demand falls supply shrinks faster as quits/leavers are greater than new entrants.
- Negative tax and expenditure implications in real terms related to individuals.  $T \downarrow > G \downarrow$
- As construction jobs  $\downarrow$  outmigration  $\uparrow$ .
- Public sector contraction would hasten the decline

# Labour Markets

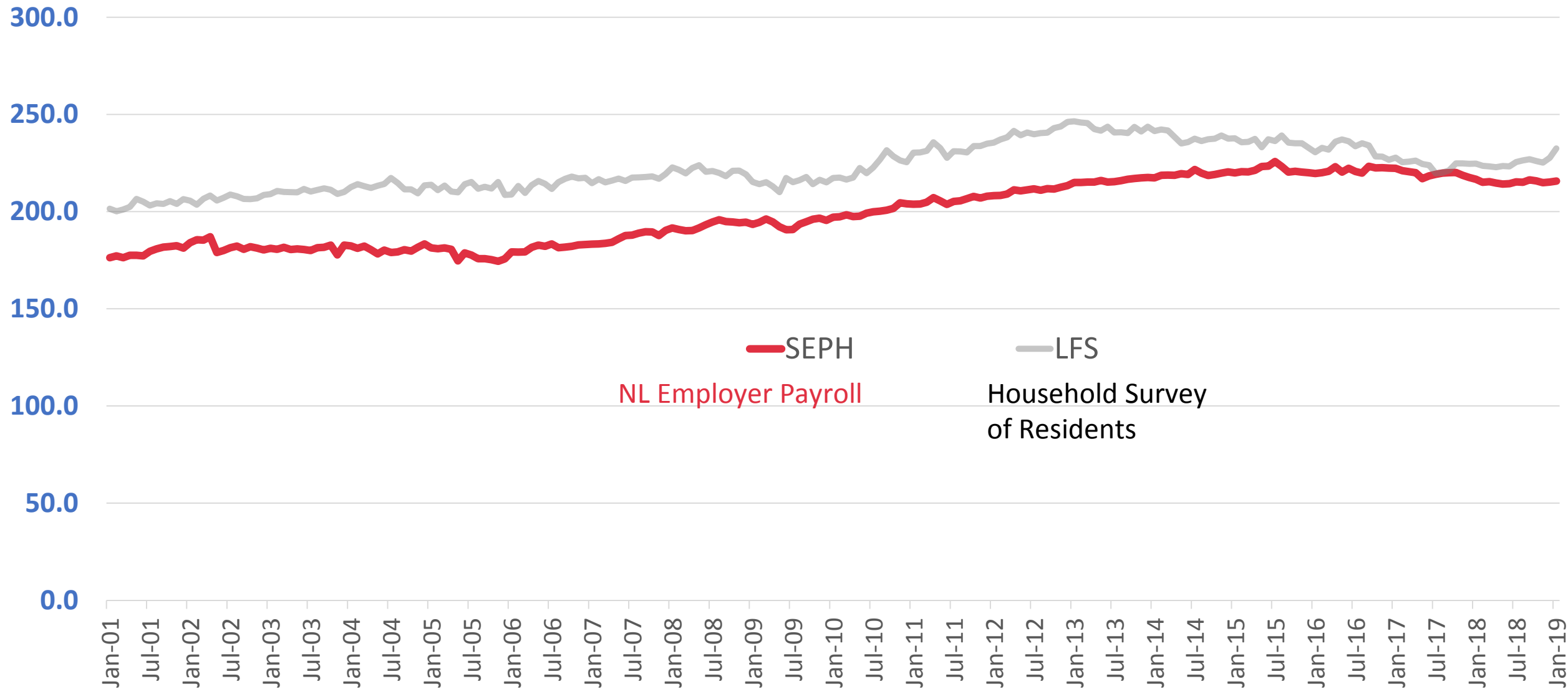
# Evolutionary Labour Markets

- Aging and ratio of age of leavers to new entrants increasing and much greater than one (1.33).
- From “Goods Producing” to “Service Producing”
  - Fish harvesting and processing to oil development and production.
- Greater investment in human capital: much more educated.
- Much greater participation by women.
- Higher real wages.
- More full-year work.

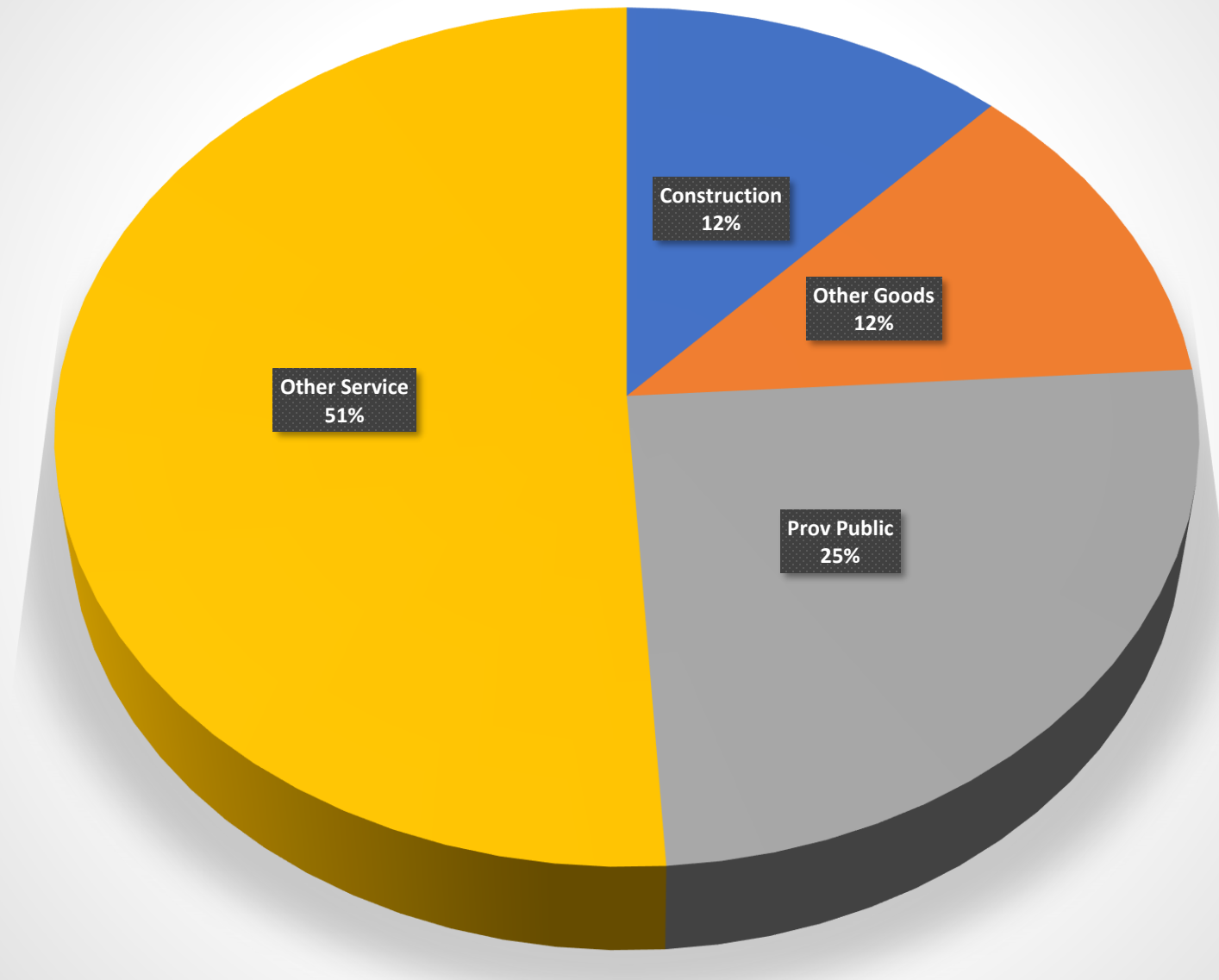
# Some implications

- Less reliance on EI
- Less need for government summer “job creation” projects but ....
- Goods producing jobs from seasonal (fish processing, road construction) to more cyclical (large project development)
- Living standards have increased as ideal involves economic family with 2 good paying jobs with or without children.
- Downward nominal wage rigidity but real wages fall through inflation.
- Gender employment ratio reversals
- Falling employment levels and increased labour shortages.

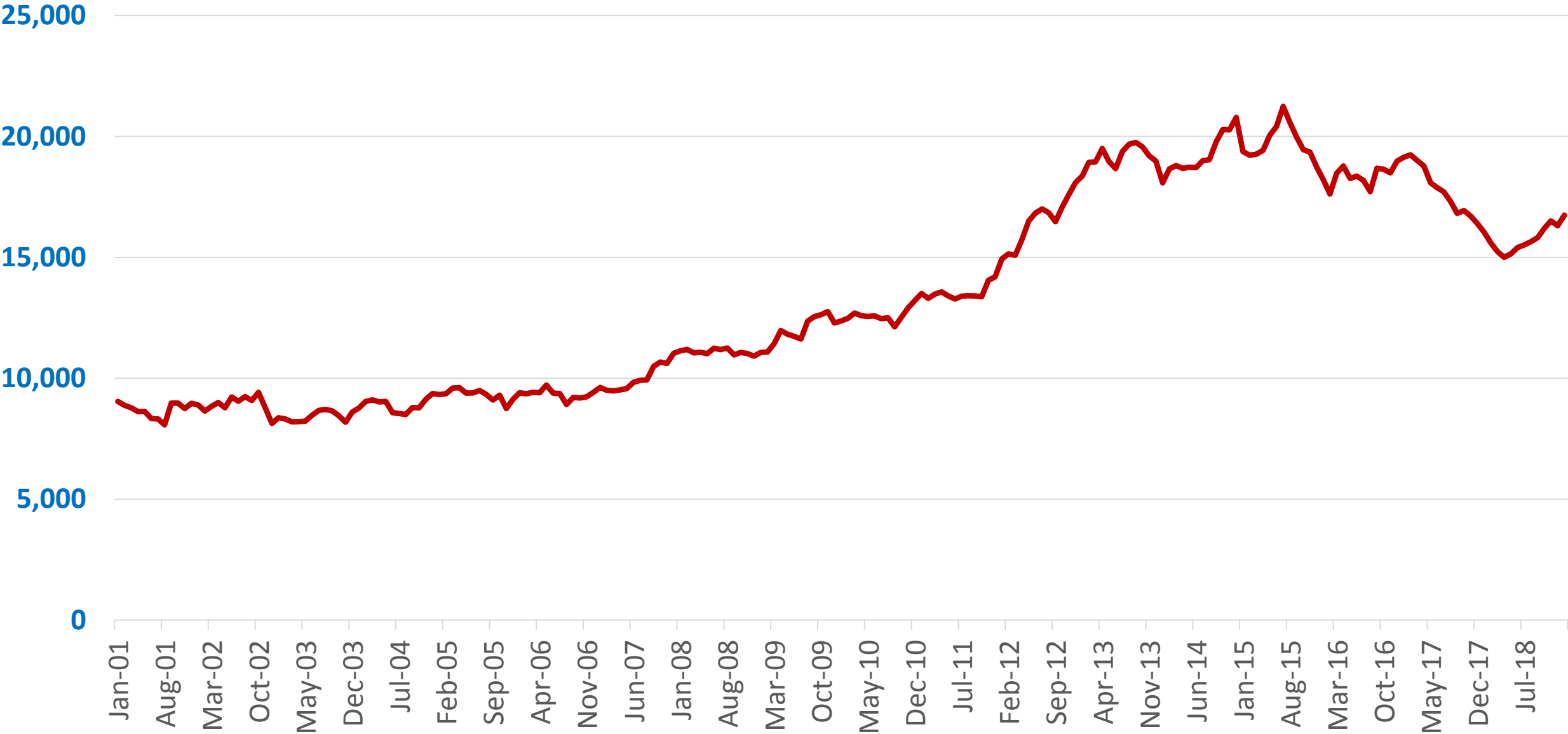
# Tales of Two Employment Series for NL



# Industry Distribution of Paid Jobs in 2016



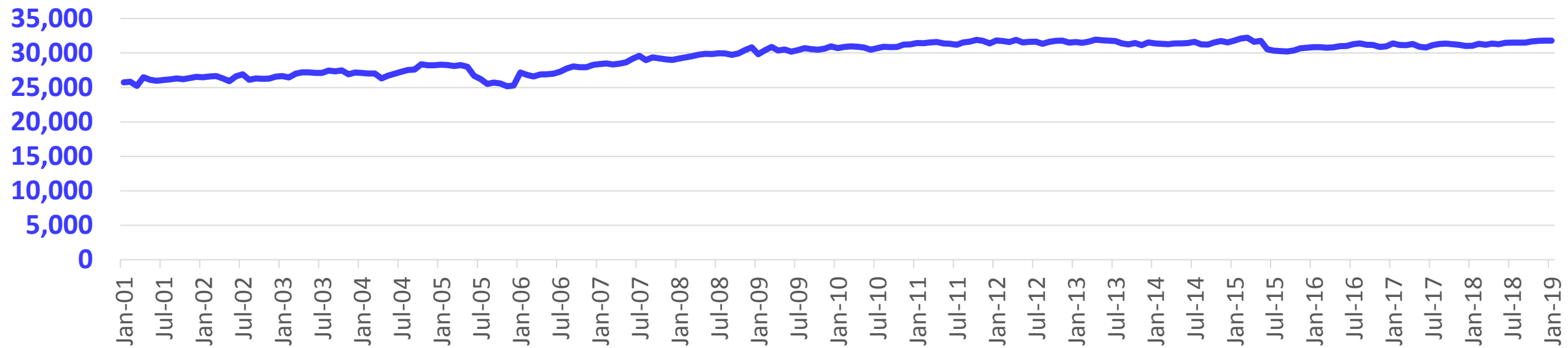
# Construction



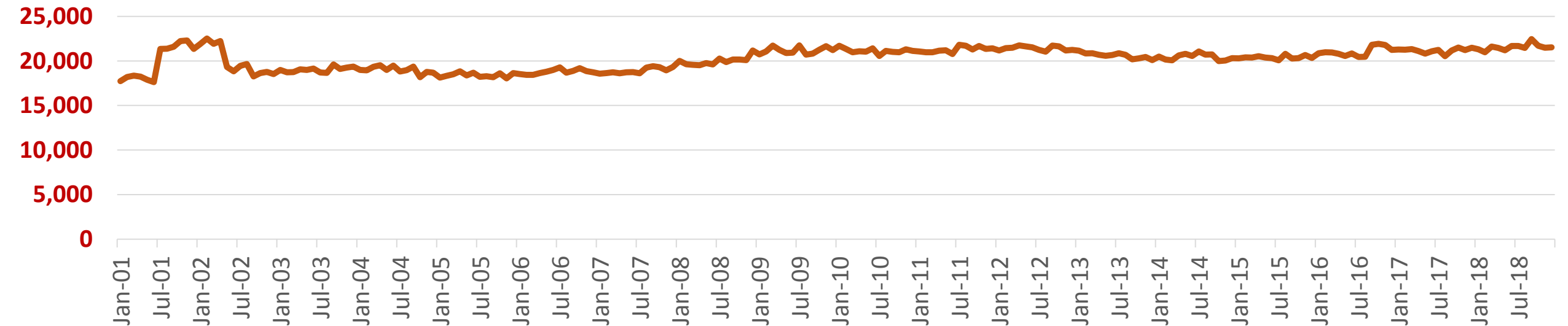
# Retail Trade



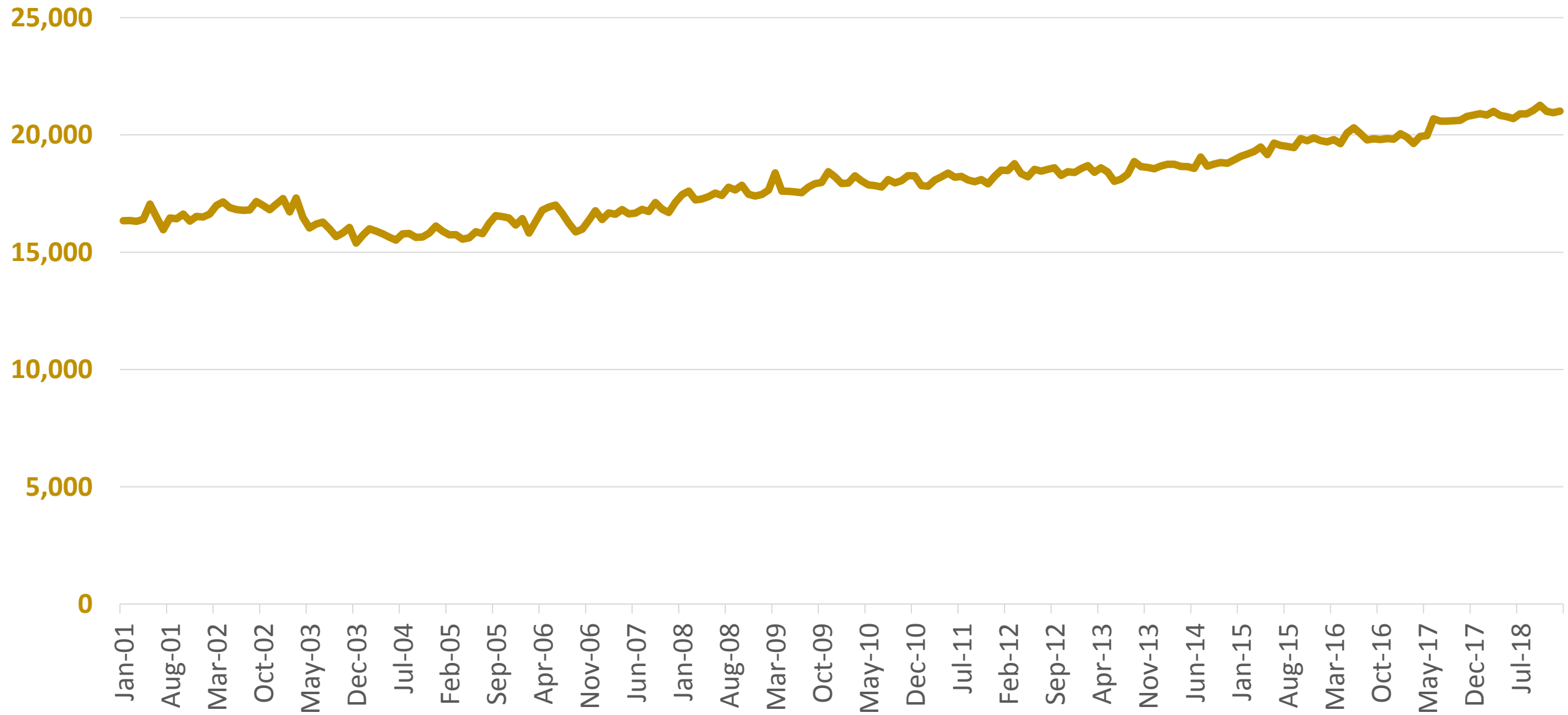
## Health and Social Services



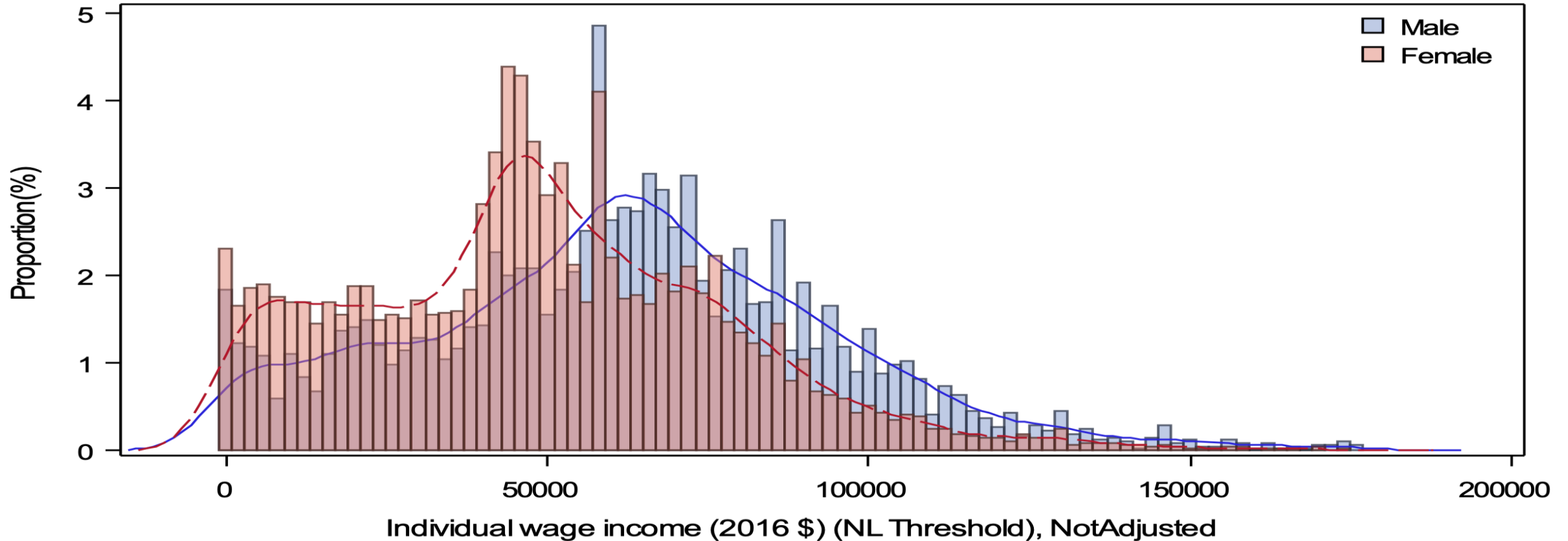
## Education Services



# Public Administration



# **2016 wage income, Newfoundland and Labrador** **All ages Provincial Public Administration (912), All Zones, by Gender**



Note: The 10th percentile was \$17700 for Male and \$9500 for Female.

Note: The median was \$62300 for Male and \$47600 for Female.

Note: The 90th percentile was \$105100 for Male and \$86400 for Female.

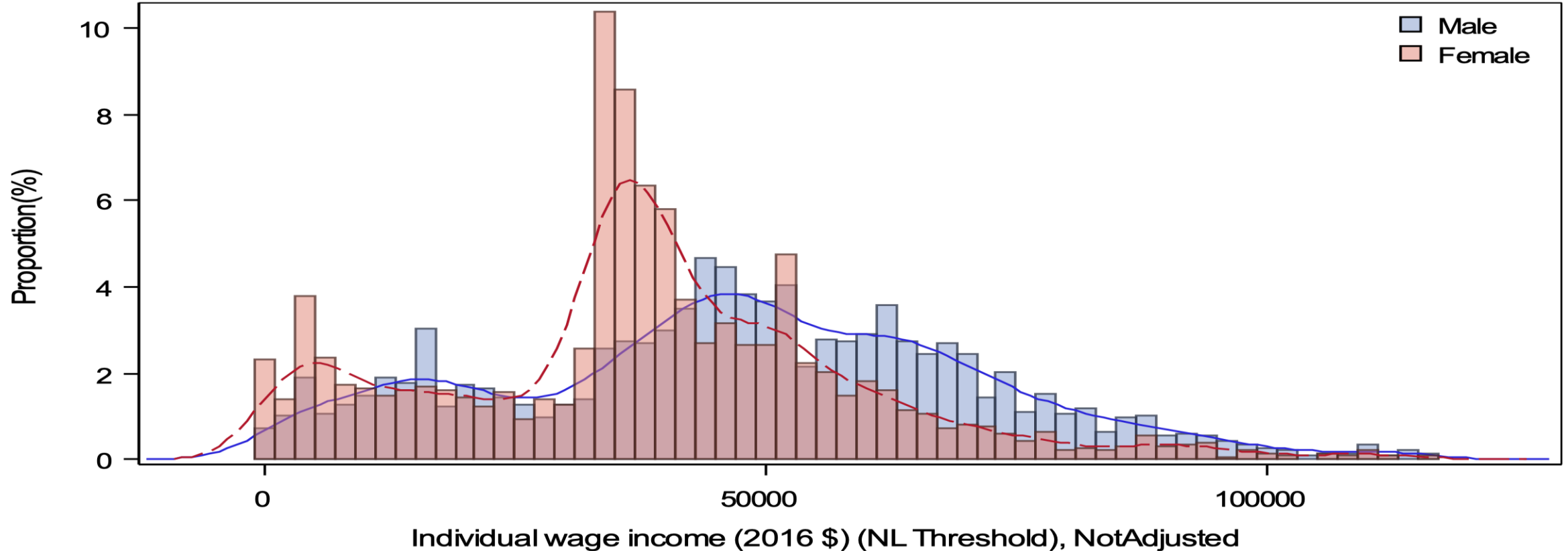
Note: The top 1% and zero incomes were excluded from the figure.

Note: There were 10580 core-age (25-54) individuals, of which 6680 were female and 3900 were males

Note: Total count all ages in Provincial Public Administration (912) 14795 All Zones

Source: Statistics Canada, T1 Family File, 2000 and 2016.

# **2000 wage income, Newfoundland and Labrador** **All ages Provincial Public Administration (912), All Zones, by Gender**



Note: The 10th percentile was \$14000 for Male and \$7300 for Female.

Note: The median was \$48200 for Male and \$37400 for Female.

Note: The 90th percentile was \$80500 for Male and \$64300 for Female.

Note: The top 1% and zero incomes were excluded from the figure.

Note: There were 6885 core-age (25-54) individuals, of which 2805 were female and 4080 were males

Note: Total count all ages in Provincial Public Administration (912) 8475 All Zones

Source: Statistics Canada, T1 Family File, 2000 and 2016.

# Observations & Expectations

## Observations

- Rural/urban demographic dynamics continues and profile remains.
- Increasing outmigration.
- Private sector is adjusting and contracting.
- Construction jobs in Alberta at risk! Wage rates above local equilibrium levels.
- Provincial public sector growing financed by borrowing and letting real wages fall as wage freezes are coupled with inflation.

## Expectations

- Outmigration will increase.
- Major decrease in construction activity and traditional fishing.
- Fewer benefits for workers and local businesses from offshore oil development and production. (standardization and digitization)
- “Foreign” capital and control with some local “overseers” and some franchise owners.
- Government contraction in medium term due to higher debt charges and non-sustainable expenditures/capita levels.

