

Federal Presence in Newfoundland and Labrador

Dr. James Feehan
Professor of Economics

September 14, 2006

I. Introduction

- A Phase I report was released in November 2005
- This Final Report incorporates and elaborates on the results of Phase I and adds:
 - Federal government business enterprises
 - Federal offices
 - Federal government capital expenditures
 - Federal support for businesses
- Excludes personal and intergovernmental transfers (An appendix does provide a brief summary)
- Approach:
 - Absolute levels
 - Comparative with the national levels
 - Primary reliance on Statistics Canada data
- Objective: to inform the debate

II: Background on NL's Economy

- NL has persistently high unemployment, double digit and well above the national rate
- Fisheries closures since 1992 have been very disruptive
- Severe out-migration, causing the population to fall
- Despite oil boom, unemployment remains high and challenges remain

III: Federal Employment

- Federal Government employment
 - Overall
 - Military
 - Executives
- Federal Government Business Enterprises employment

Figure 7
Federal Government Employment
Newfoundland and Labrador, 1981-2005

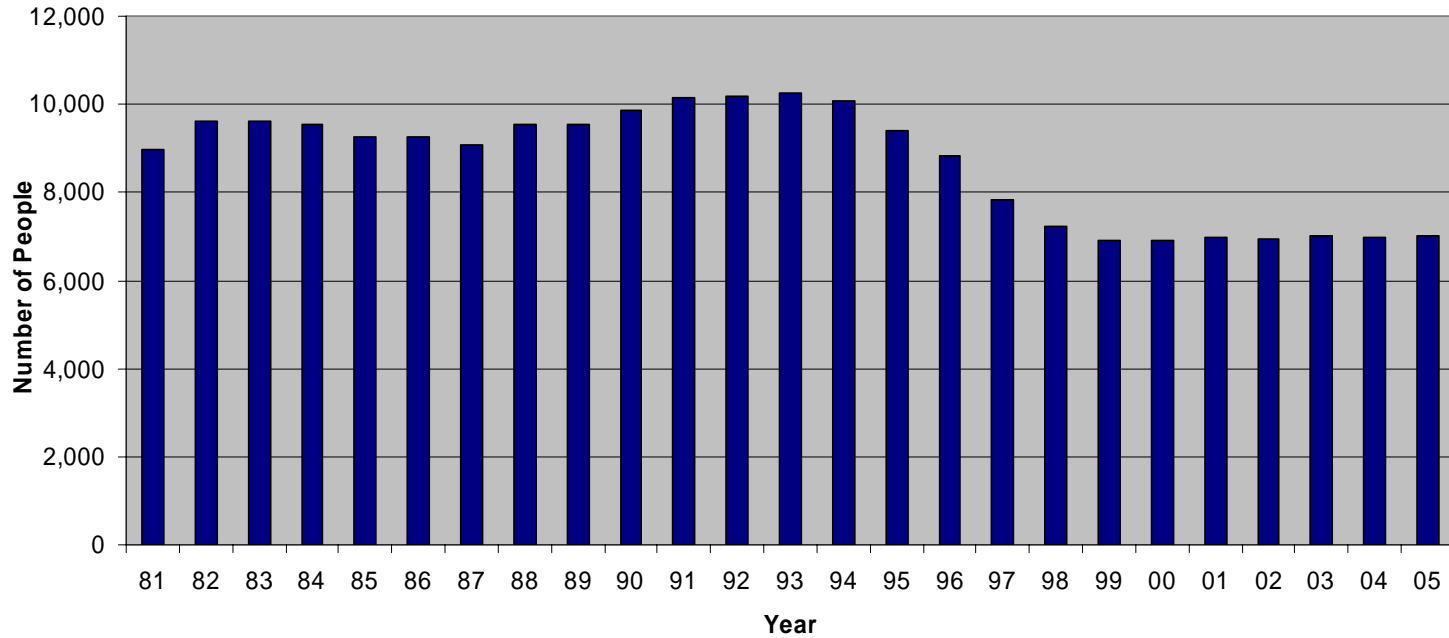


Figure 9
Federal Government Employment in Newfoundland & Labrador
as a Percentage of Total Federal Employment, 1981 - 2005

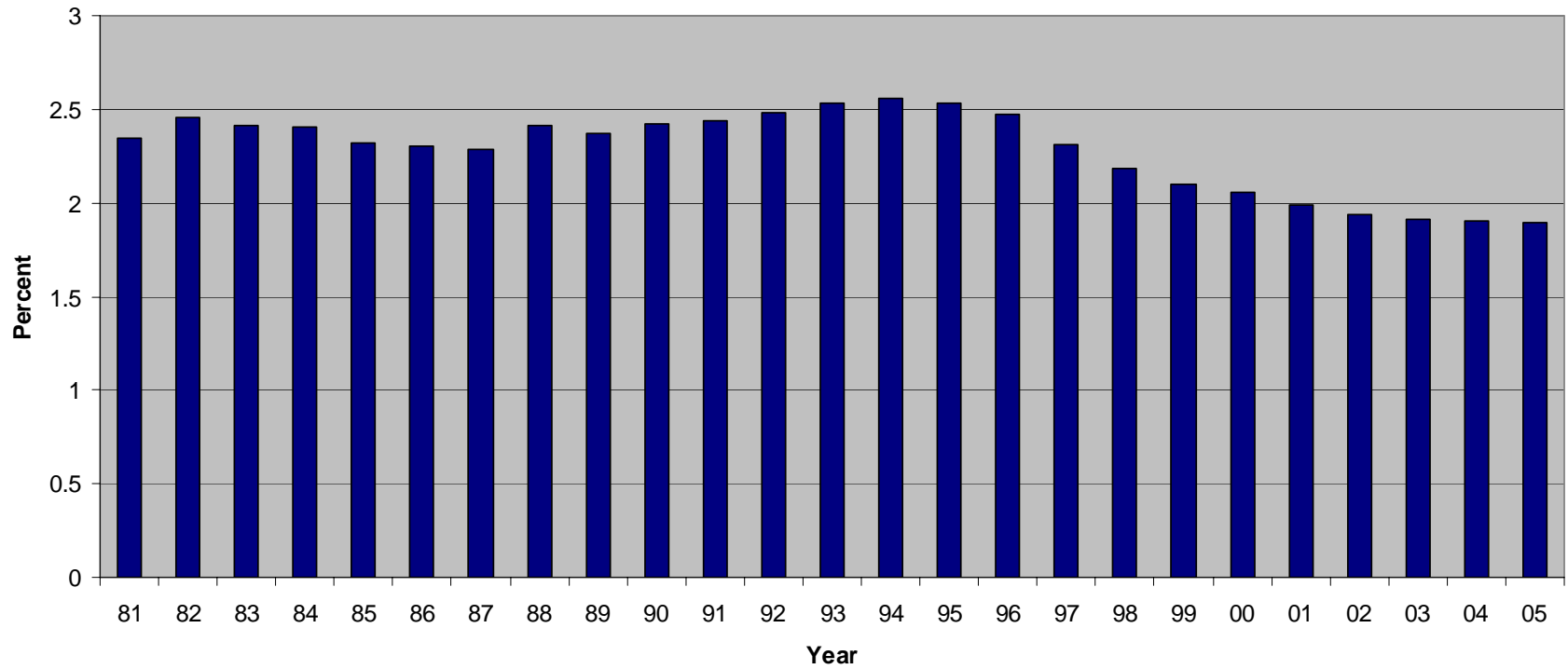
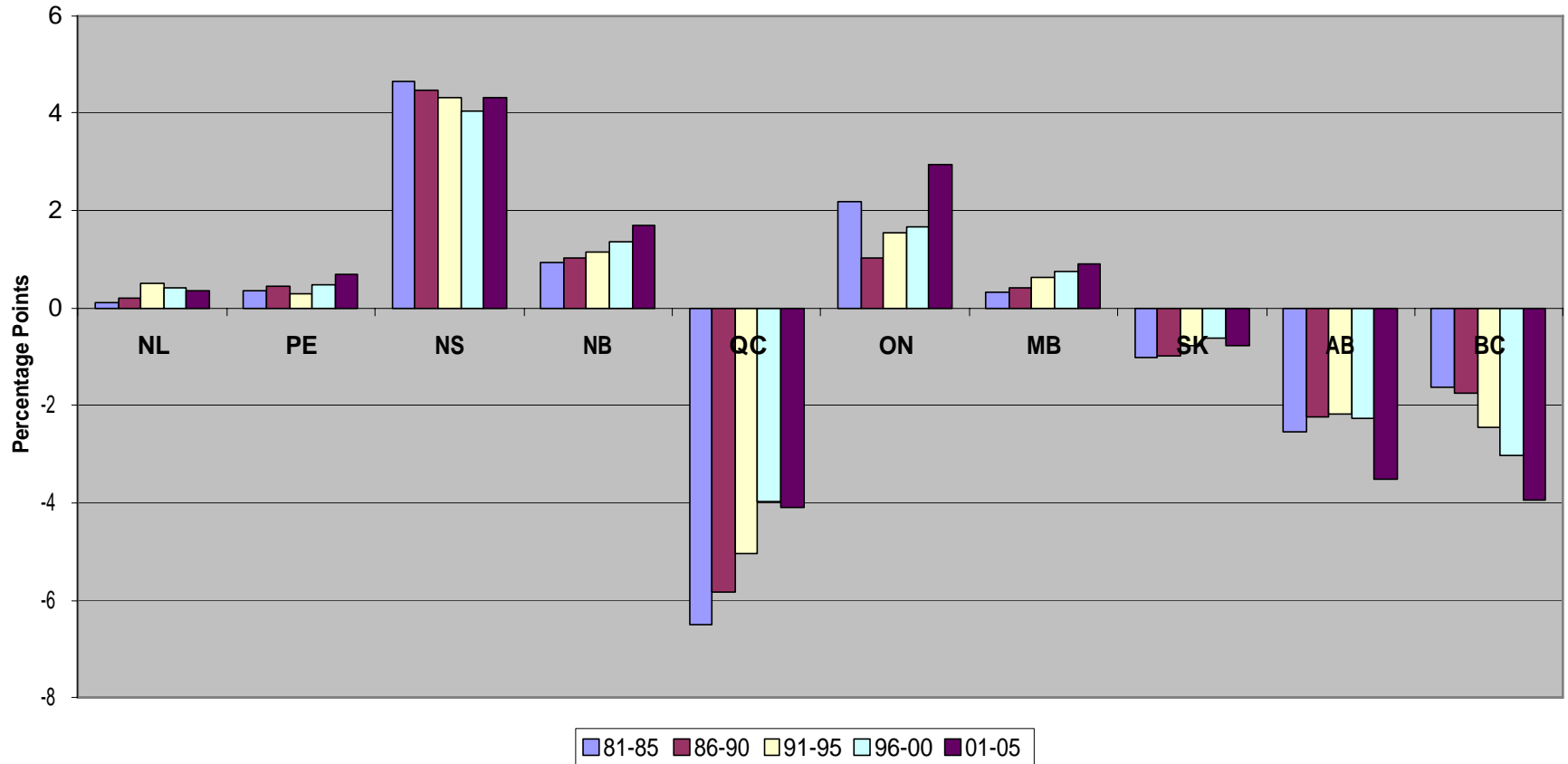


Figure 10
Difference between Provinces' Share of Federal Employment
and Share of National Population, 5 year averages, 1981-2005



The Military

Figure 11
Military Personnel, Newfoundland & Labrador, 1981-2005

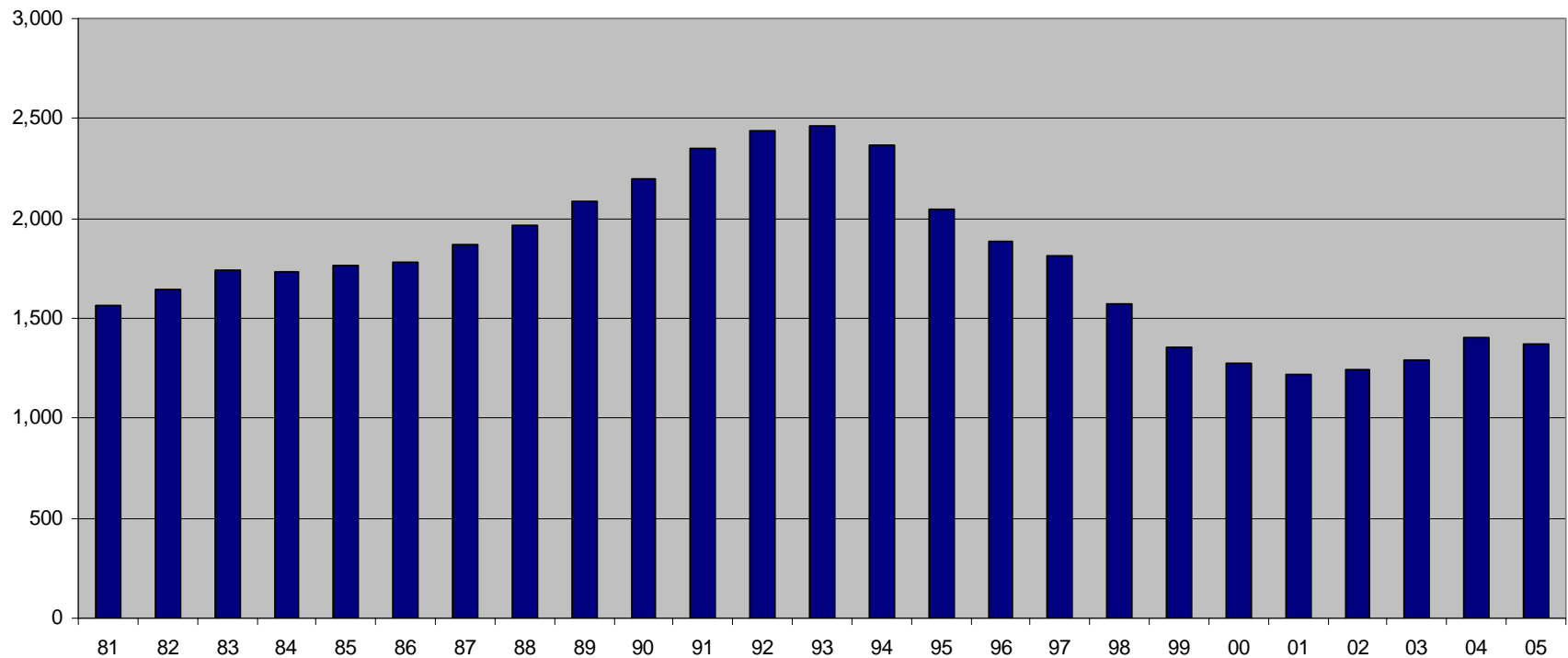
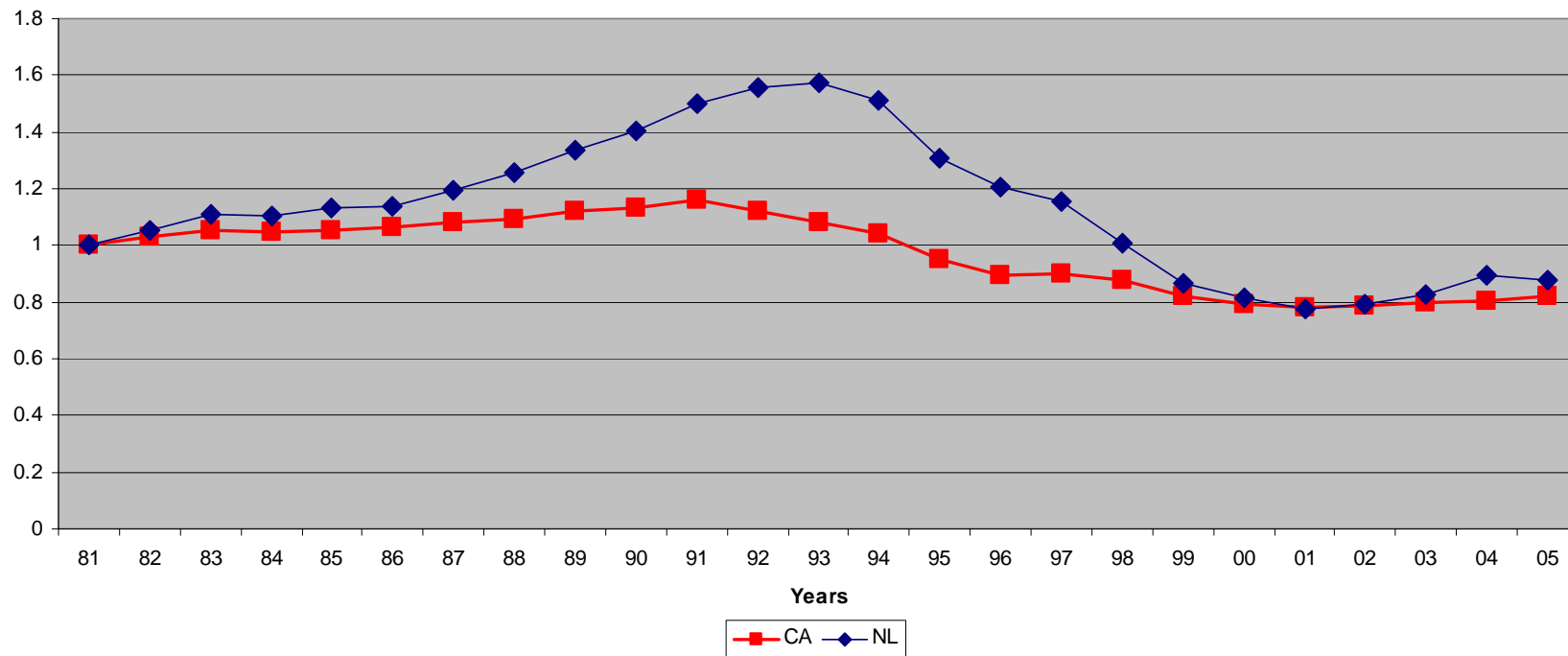


Figure 12
Military Personnel, Newfoundland & Labrador and Canada
Normalized, 1981 - 2005



Executive Positions

- In 2004, only 76 positions (2 more than PEI) and fewer than the other provinces.
- Next is NB with 127.
- NS has 290
- NL's share of executive positions: 0.8%

Federal Government Business Enterprises

Figure 13
Employment in Federal Government Business Enterprises:
Newfoundland and Labrador

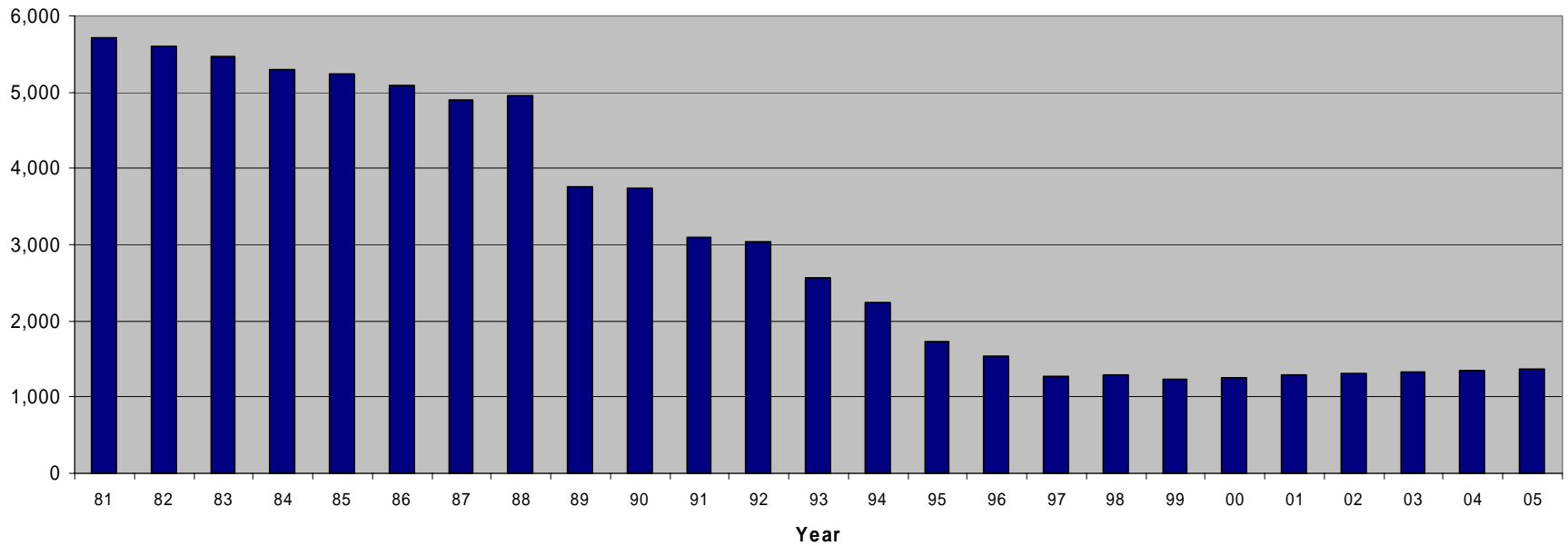
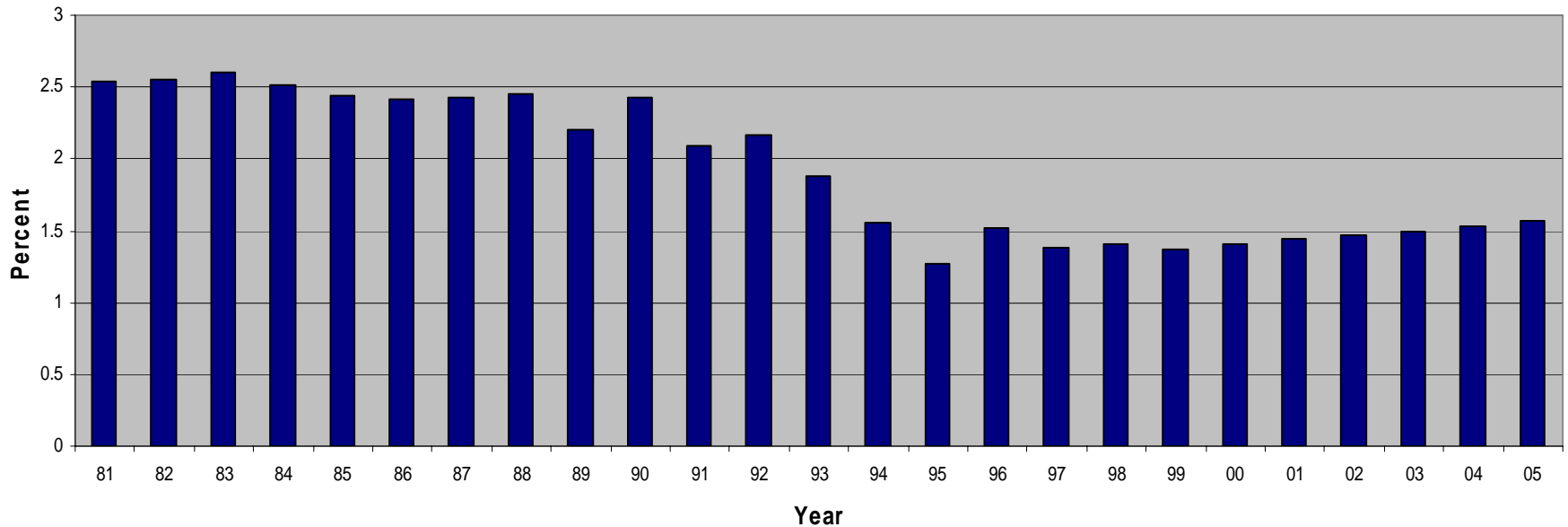


Figure 14
Employment in Federal Business Enterprises in Newfoundland
and Labrador as a Percent of National Total: 1981-2005



IV: Federal Offices

This chapter provides:

- a discussion of the issue of office closures and downsizing
- a snapshot of federal offices in NL by name of dept./agency, showing number of offices and staff;
- a breakdown of the number of federal offices across provinces
- a listing of offices with a national mandate by location

V: Wages and Salaries

Spending on wages and salaries

- Federal government employees
- Employees of federal government business enterprises
 - Trends reflect trends in employment

Figure 15
Wages & Salaries of Federal Government Employees: Newfoundland & Labrador
(Adjusted for Inflation) in 1992 Dollars

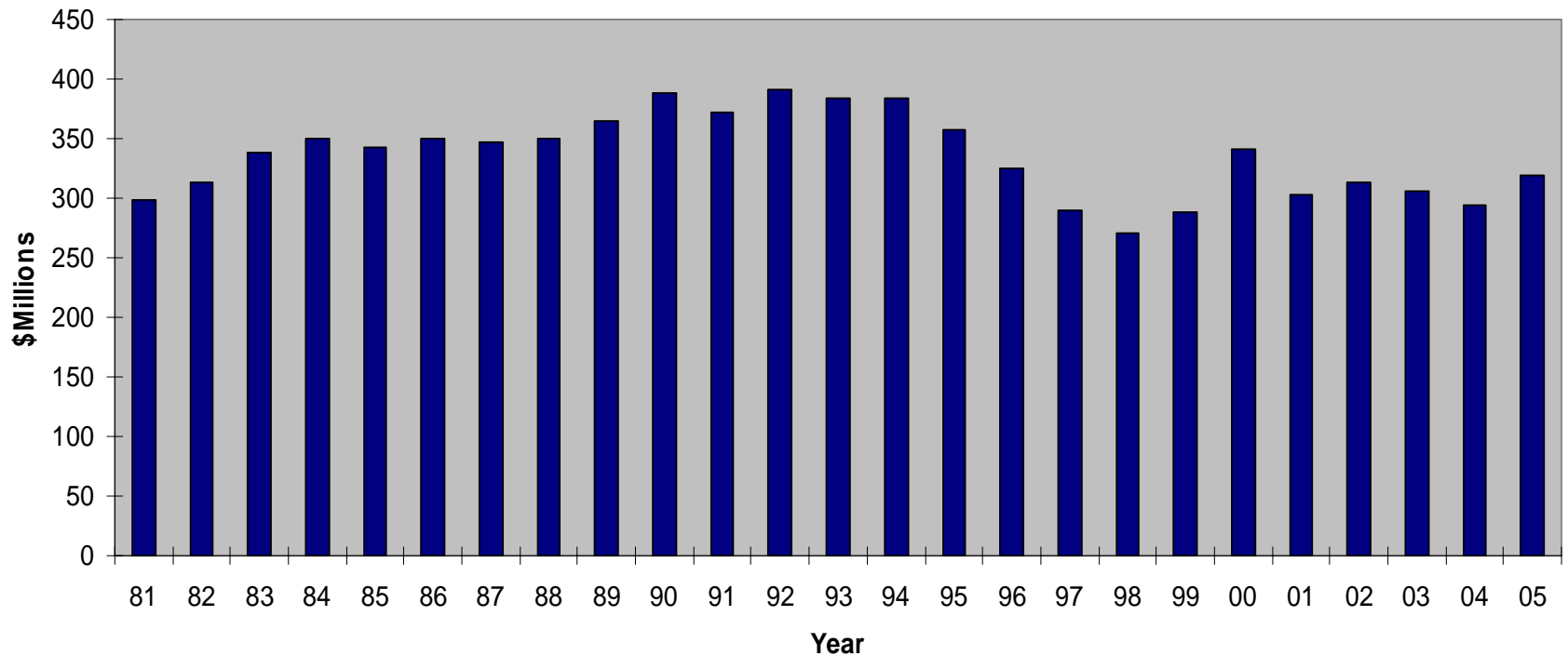


Figure 16
Federal Wages as a Percent of Total Income
Newfoundland and Labrador and Canada, 1981 - 2004

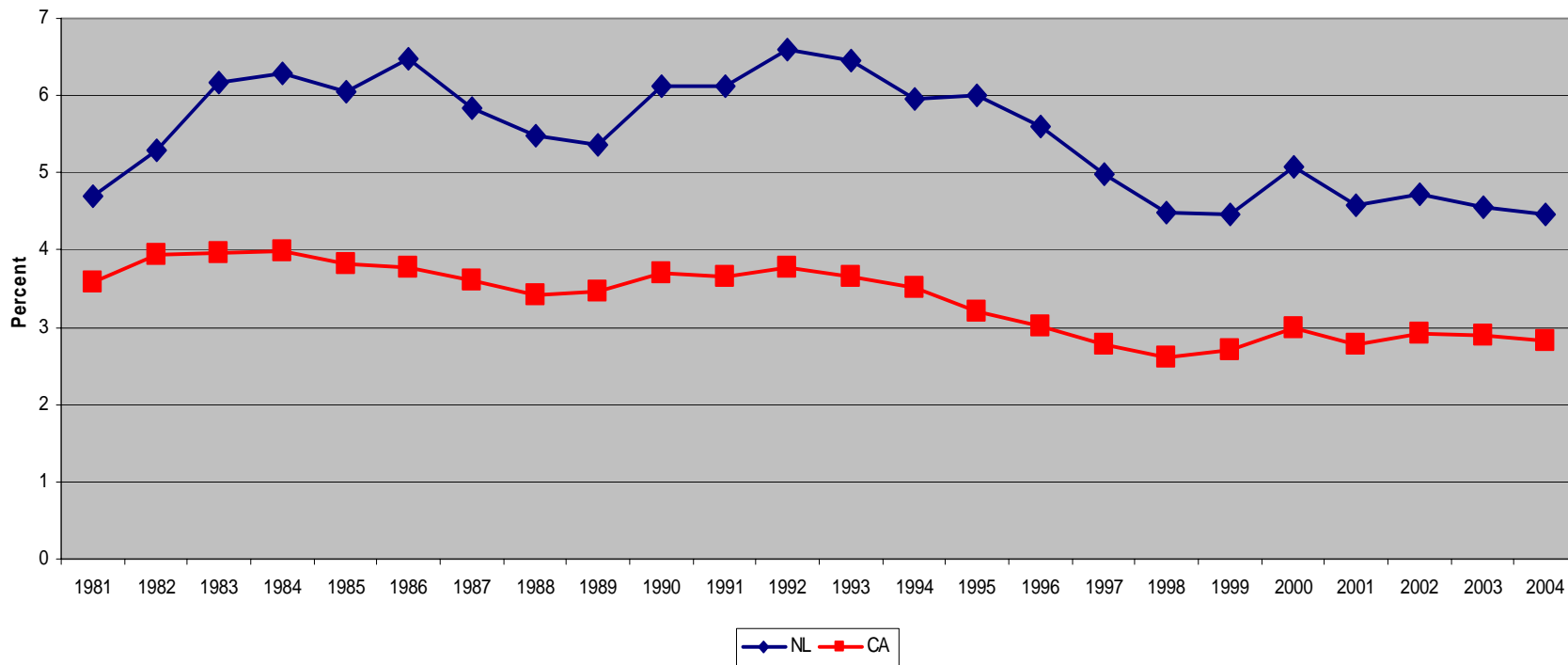


Figure 18
Federal Government Wages and Salaries in Newfoundland and Labrador
as a Percent of National Total

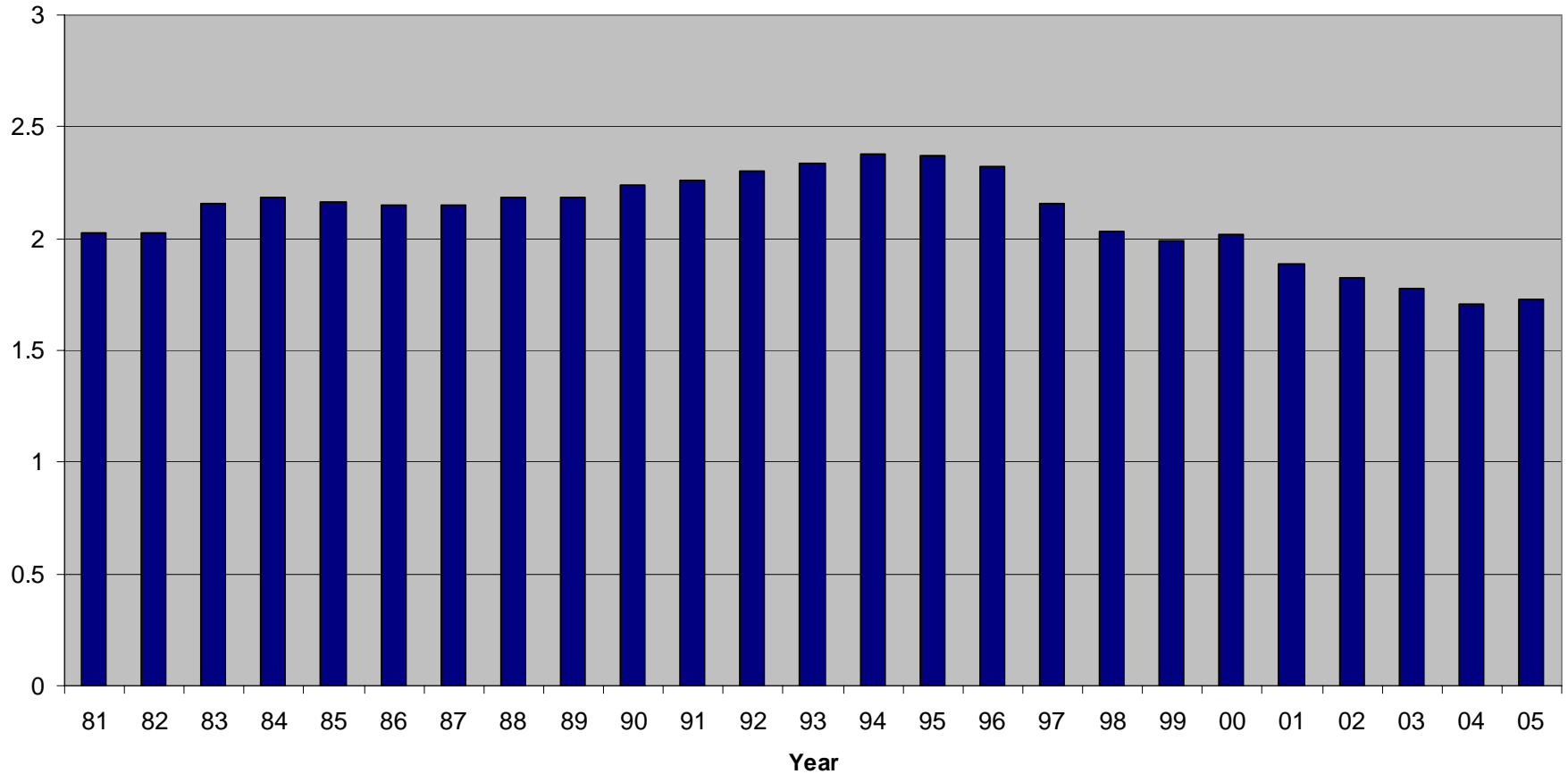


Figure 19
Federal Government Wages & Salaries per Federal Government Employee:
Newfoundland & Labrador and Canada (Adjusted for Inflation), 1992 Dollars

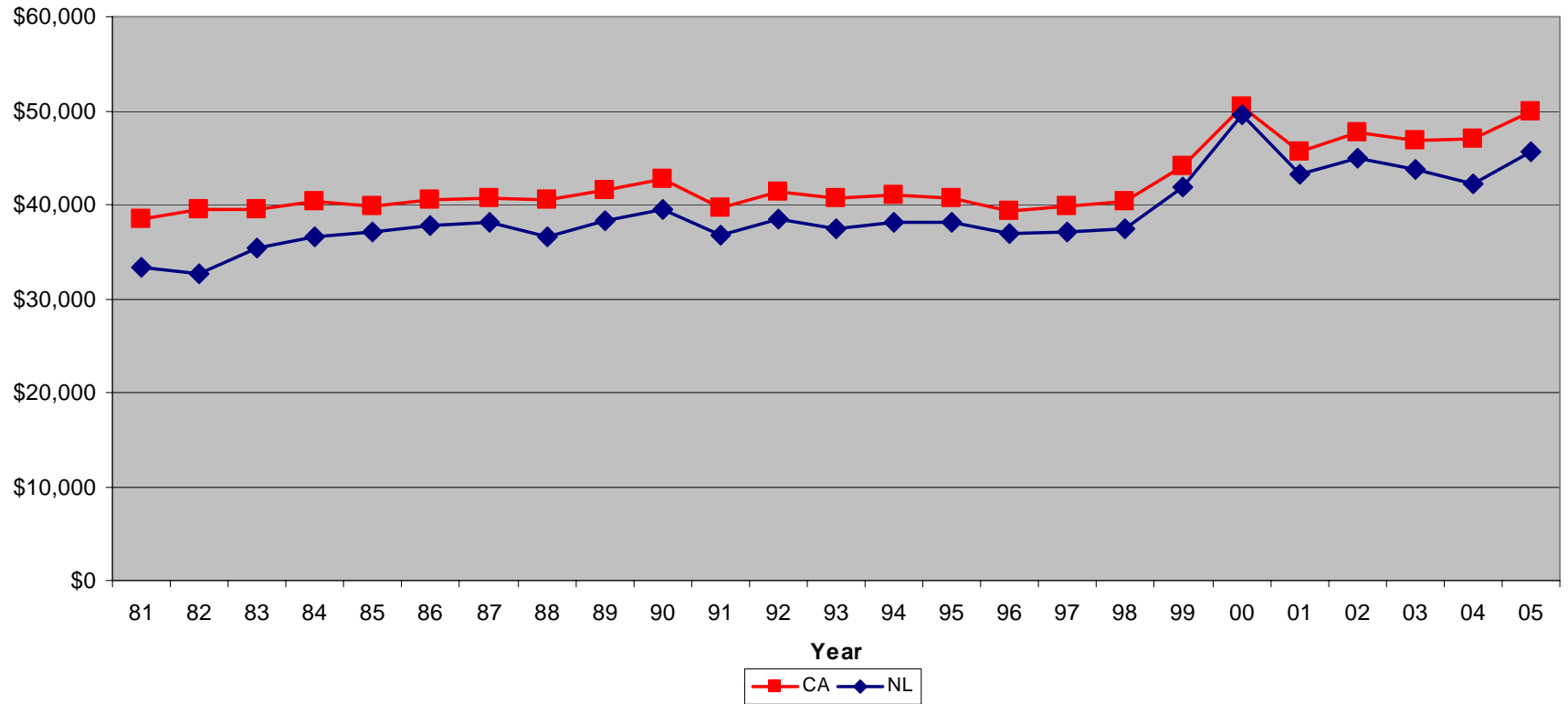


Figure 20

Wages and Salaries in Federal Government Business Enterprises:
Newfoundland and Labrador, (adjusted for inflation) in 1992 Dollars

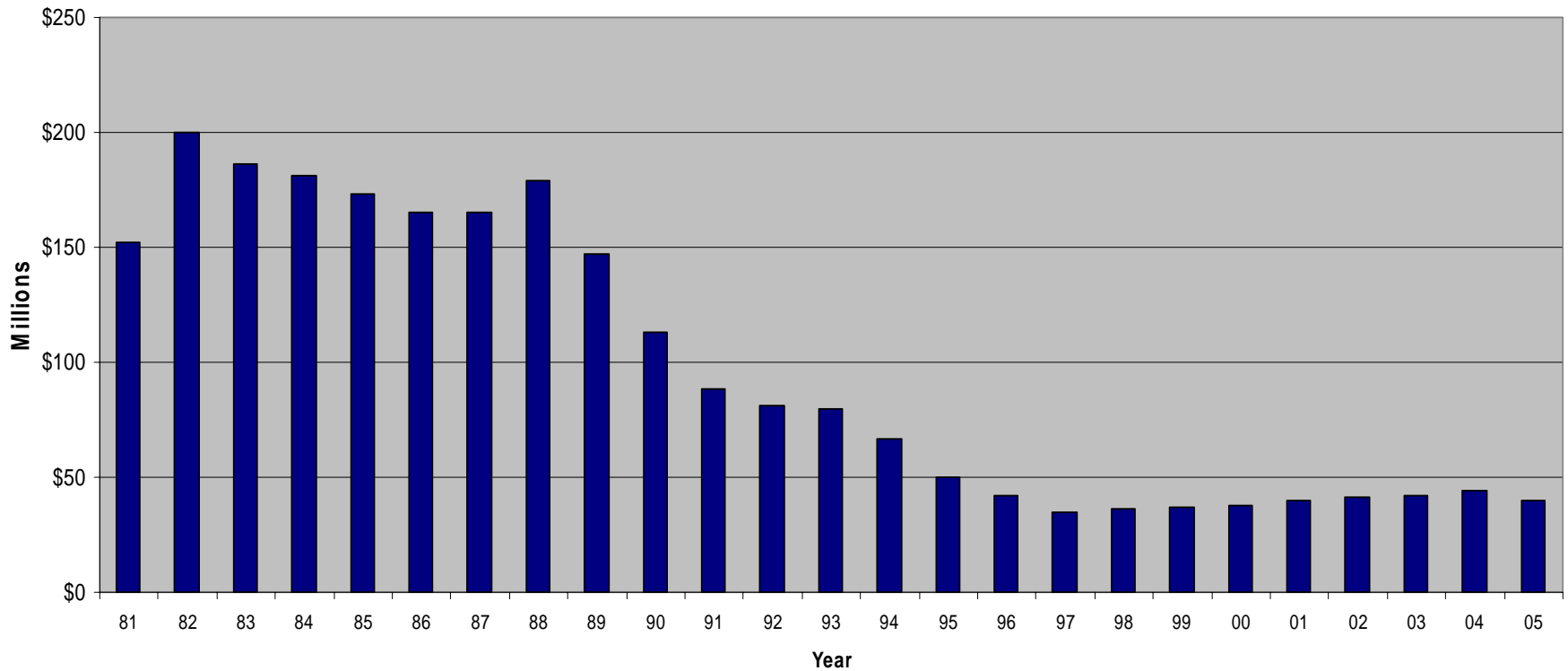


Figure 21
Wages and Salaries in Federal Government Business Enterprises:
Newfoundland and Labrador as a Percent of Total

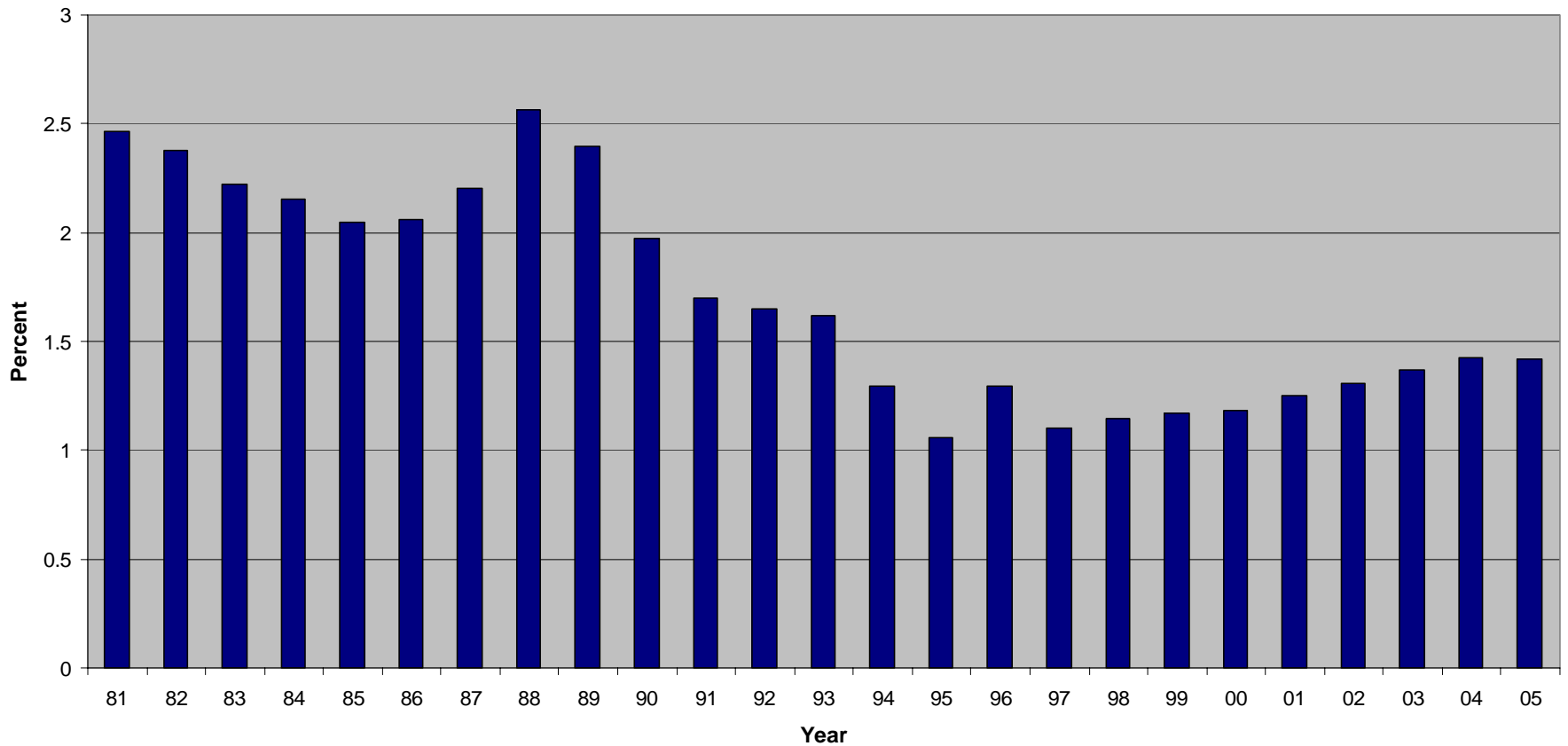
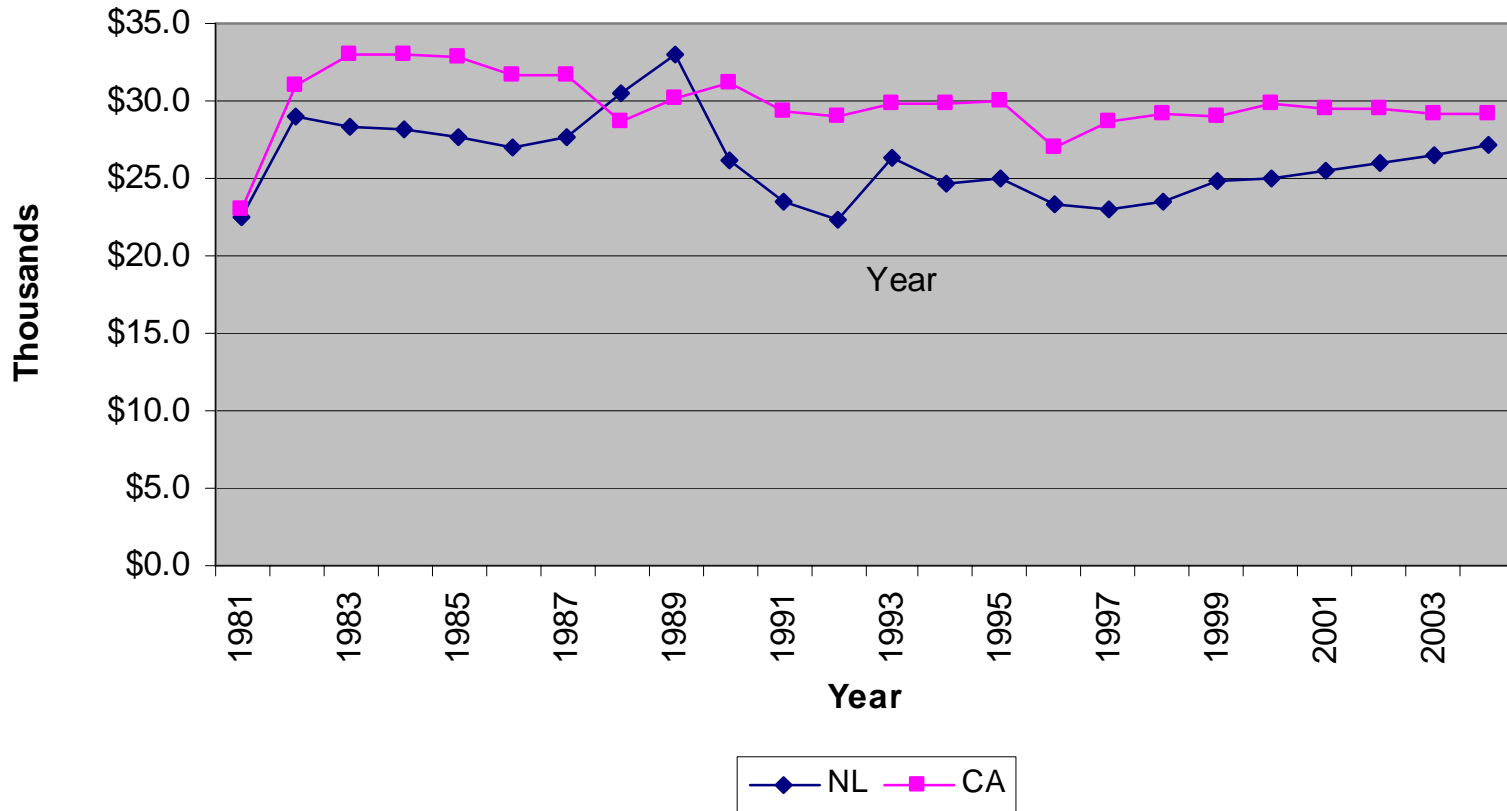


Figure 22
Wages and Salaries per Employee in federal Government Business Enterprises, (Adjusted for Inflation) 1992 Dollars



VI: Spending on Goods and Services, Capital Expenditures, and Subsidies and Capital Transfers

Spending on Goods and Services = fed'l gov't current spending
(excluding wages & salaries)

Capital Expenditures = fed'l gov't spending on capital

Subsidies and Capital Transfers = assistance to businesses
(including gov't businesses)

Figure 23
Federal Net Current Expenditure on Goods and Services (excluding Wages & Salaries)
Newfoundland and Labrador, (Adjusted for Inflation) 1992 Dollars

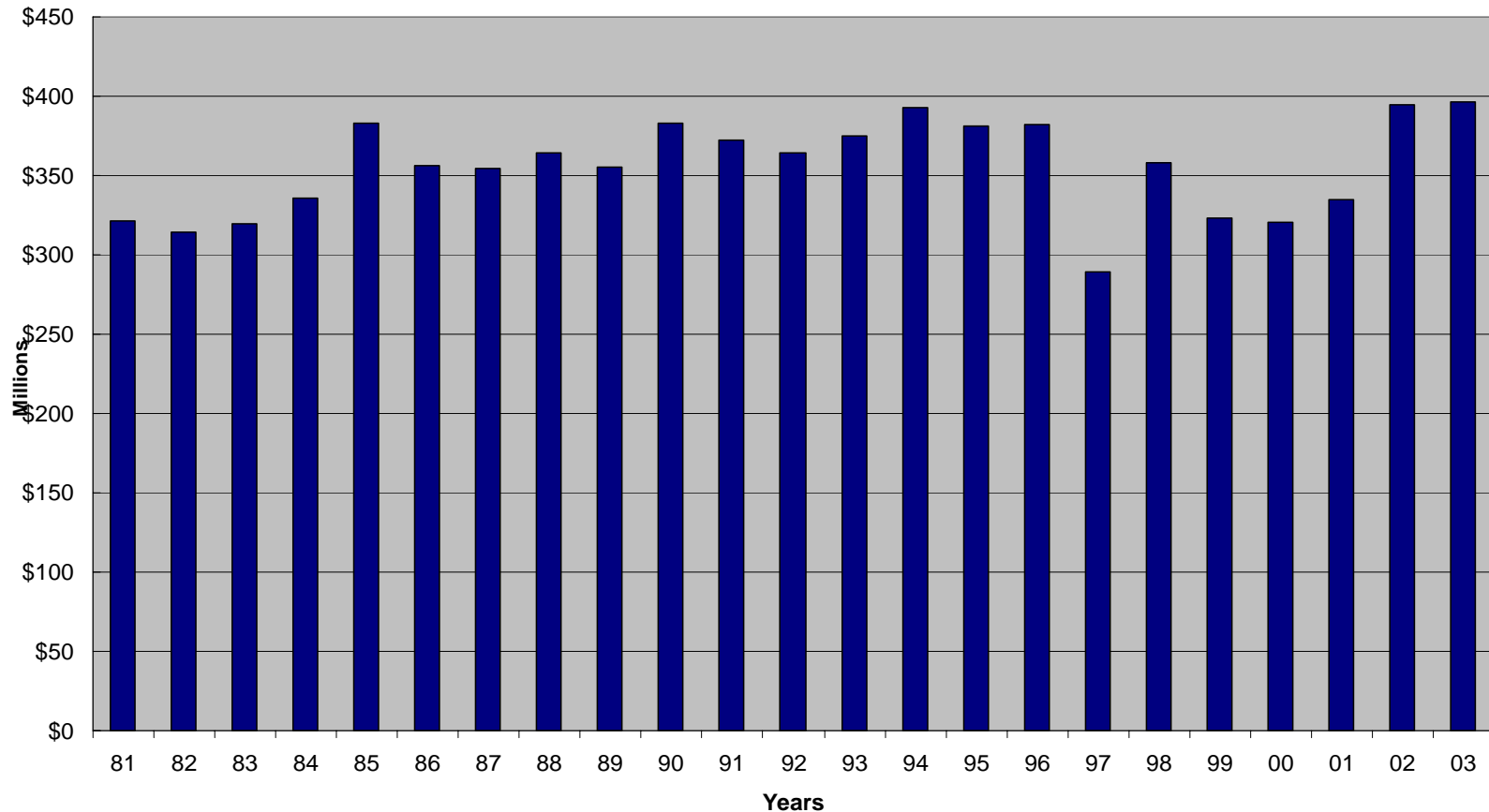


Figure 24
Federal Net Current Expenditure on Goods and Services
Newfoundland & Labrador and Canada, Normalized, 1981-2003

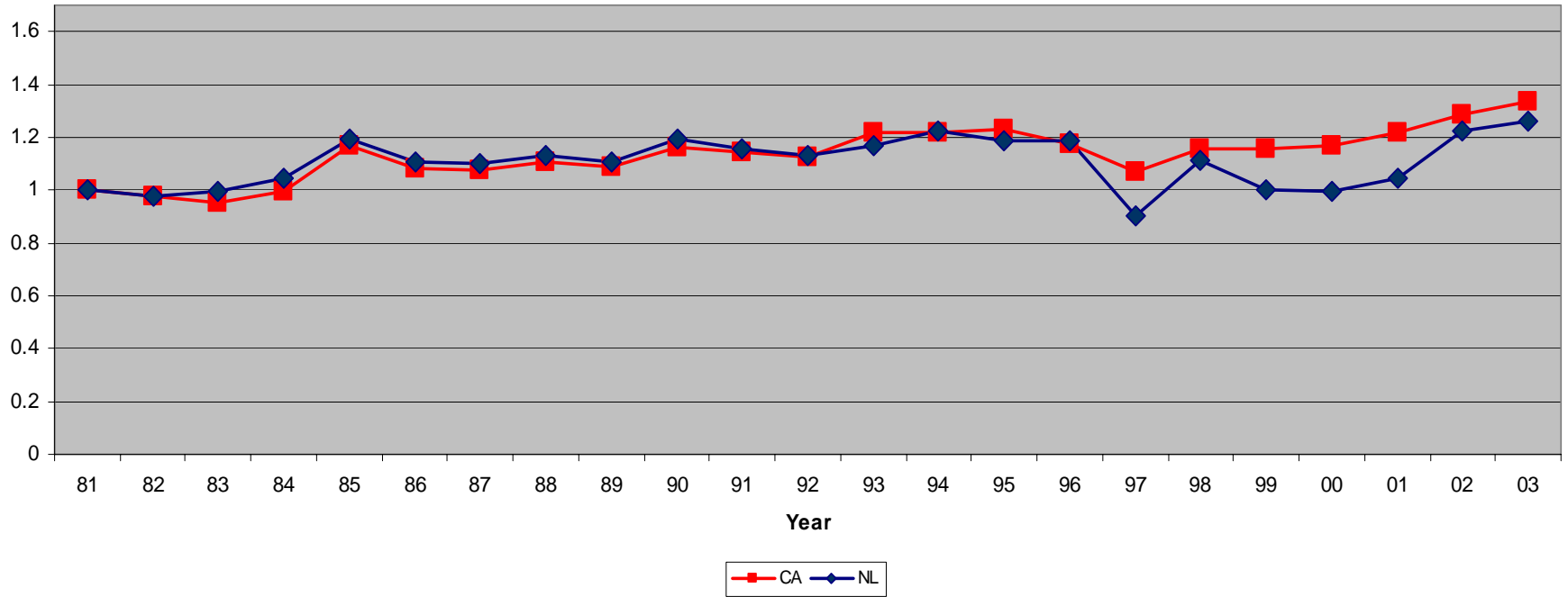


Figure 25

Federal Net Current Expenditure on Goods and Services (other than wages and salaries): Newfoundland and Labrador as a Proportion of National Total
(Adjusted for Inflation) 1992 Dollars

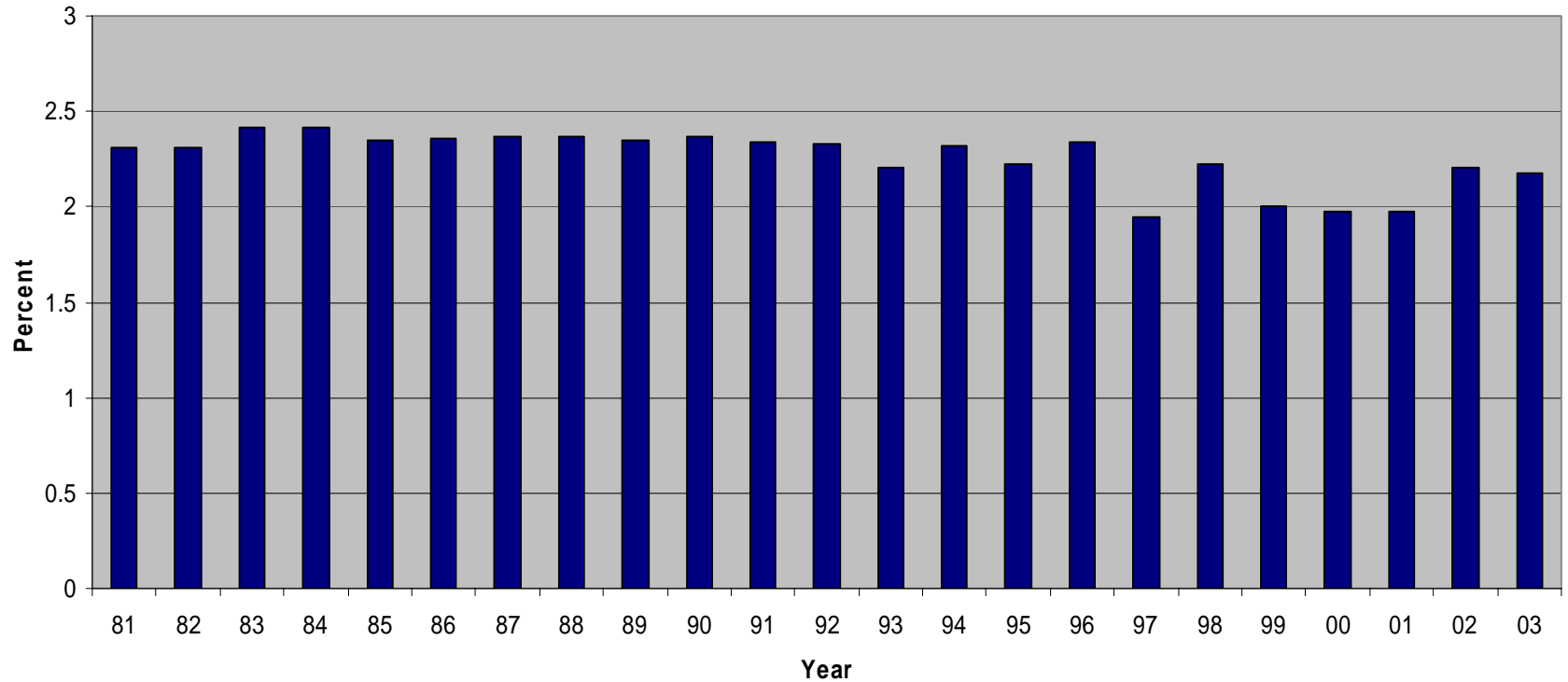


Figure 26
Federal Government Capital Expenditures: Newfoundland and Labrador, (adjusted for Inflation) 1992 Dollars

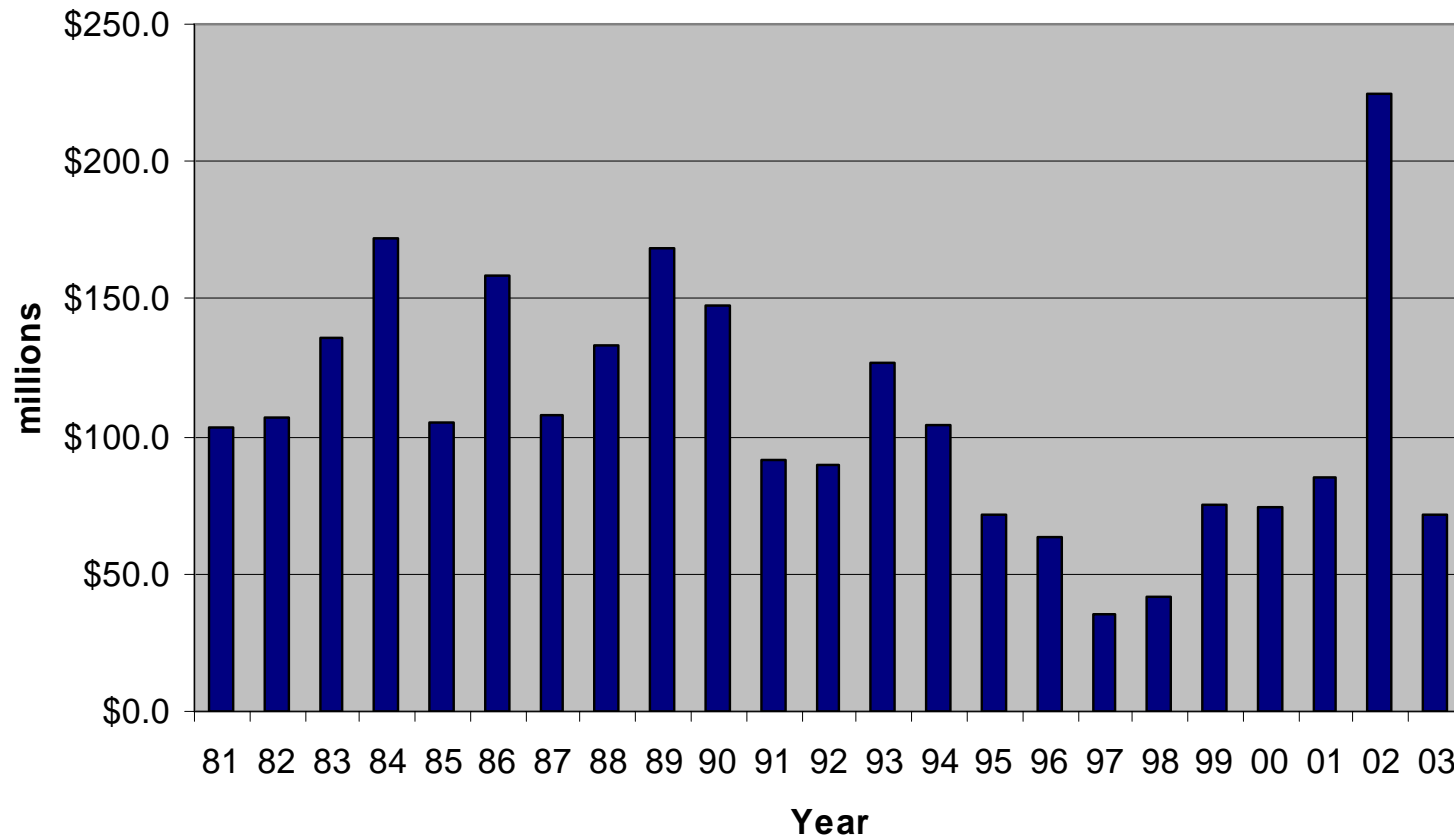


Figure 27
Federal Government Capital Expenditure:
Newfoundland and Labrador as a Percent of Total

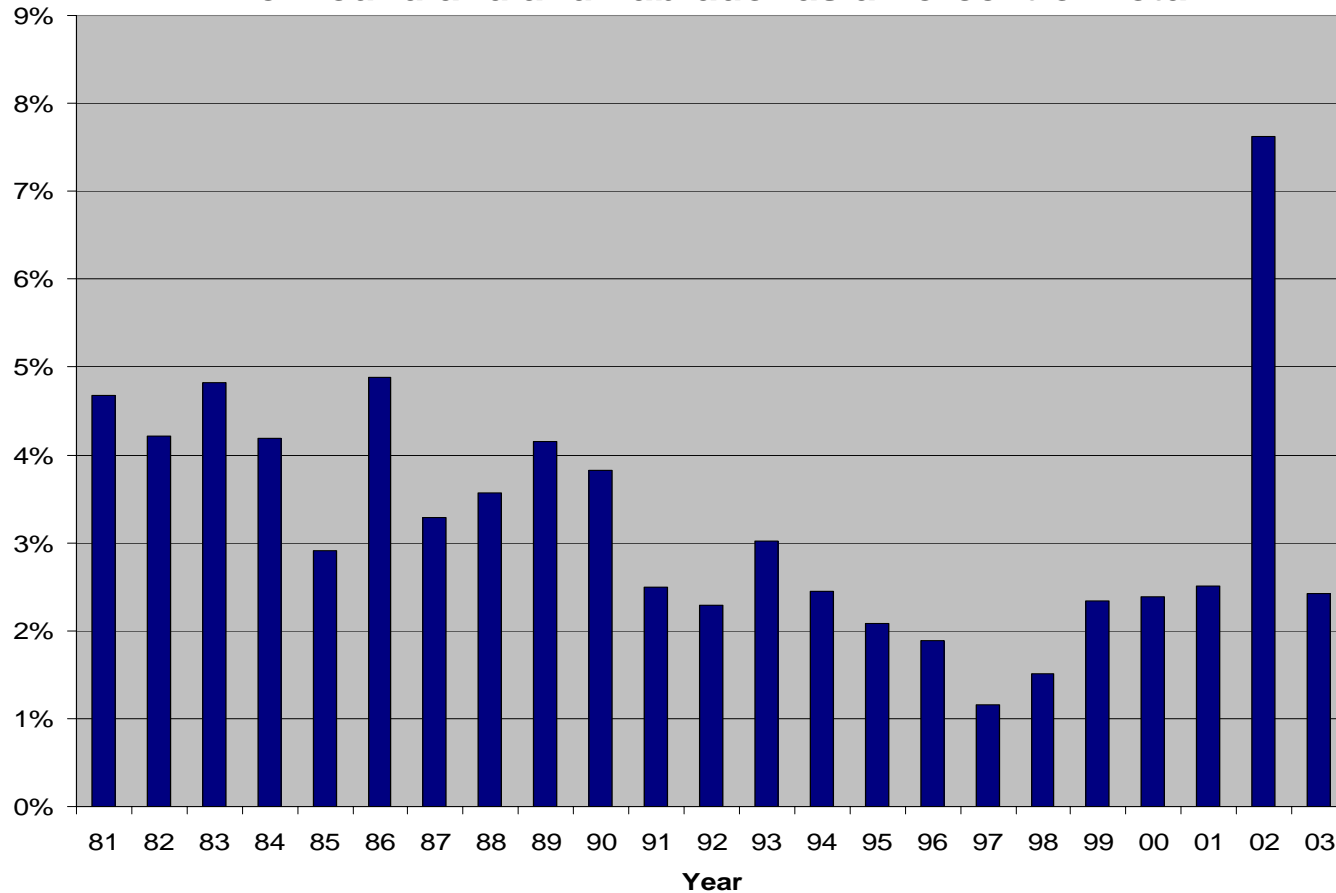


Figure 28
Federal Government Subsidies to Business: Newfoundland and Labrador, (Adjusted for Inflation) 1992 Dollars

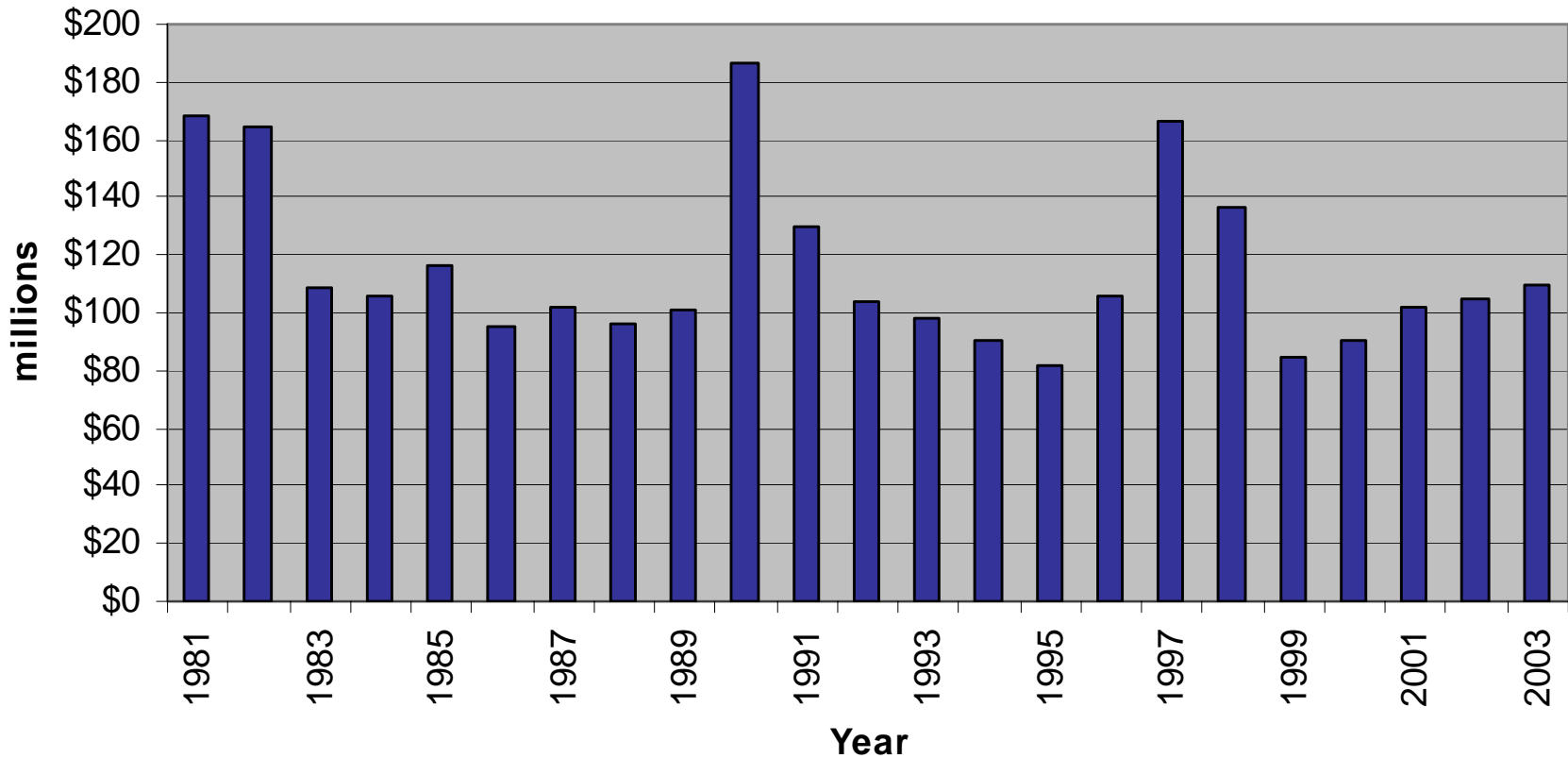


Figure 29
Federal Government Subsidies to Business:
Newfoundland and Labrador as a Percent of the National Total

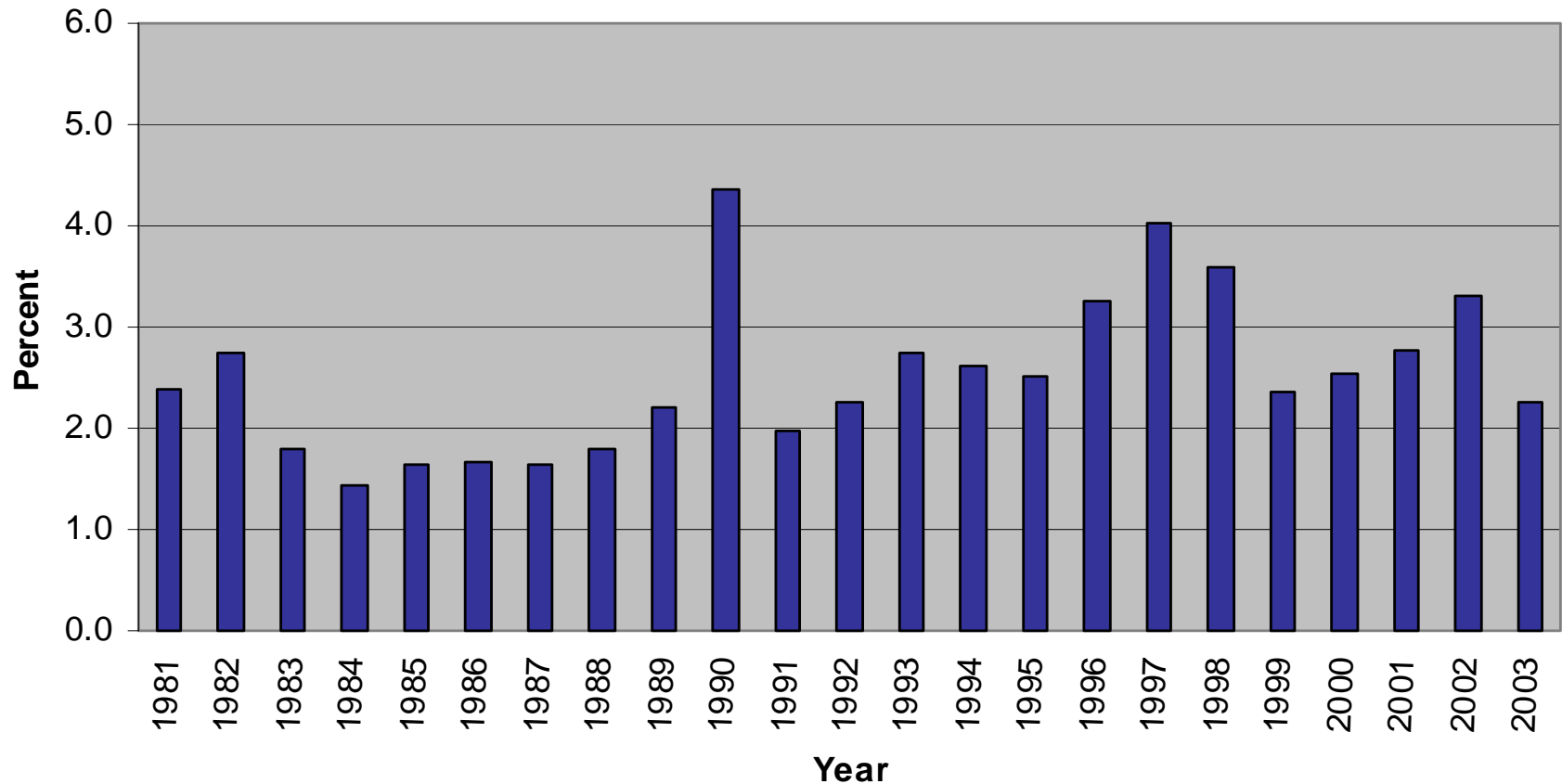


Figure 30
Federal Government Capital Transfers to Corporations and
Government Business Enterprises: Newfoundland and Labrador,
(Adjusted for Inflation) 1992 Dollars

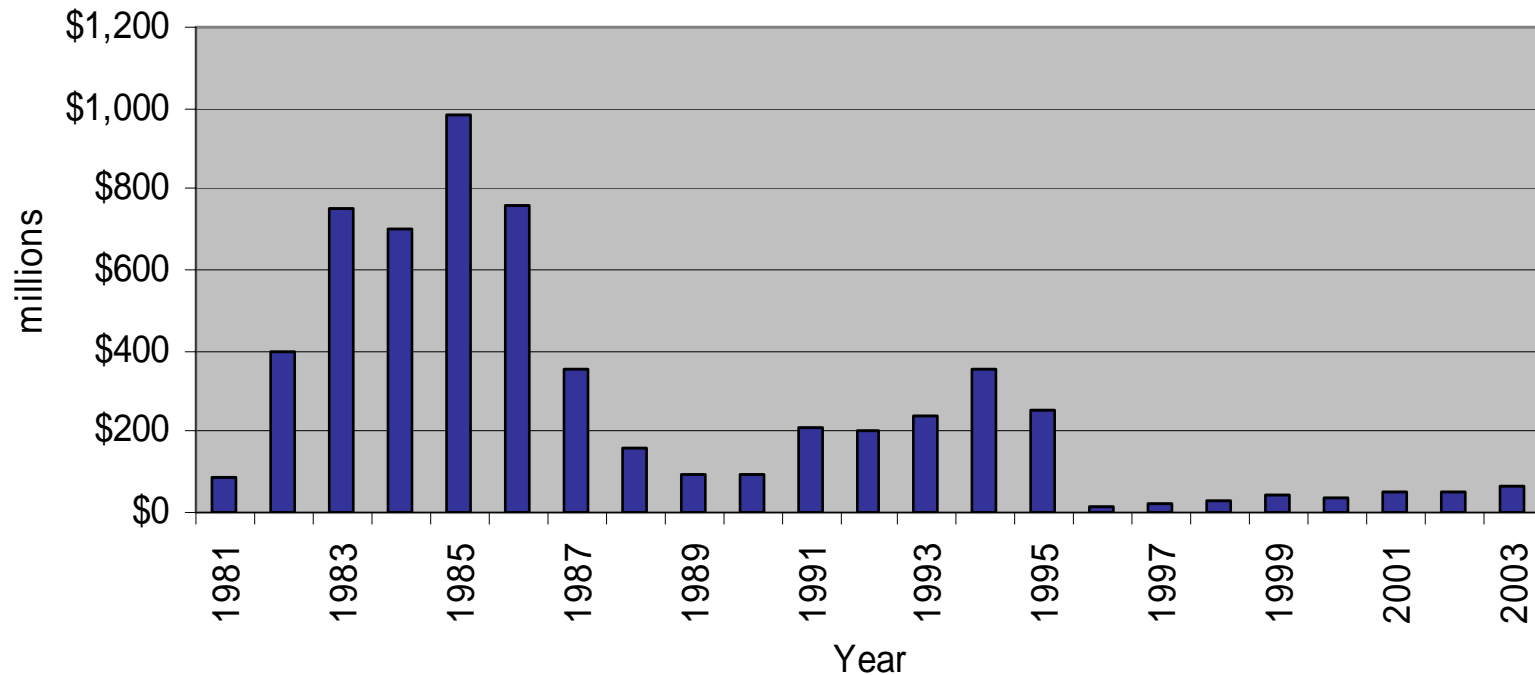
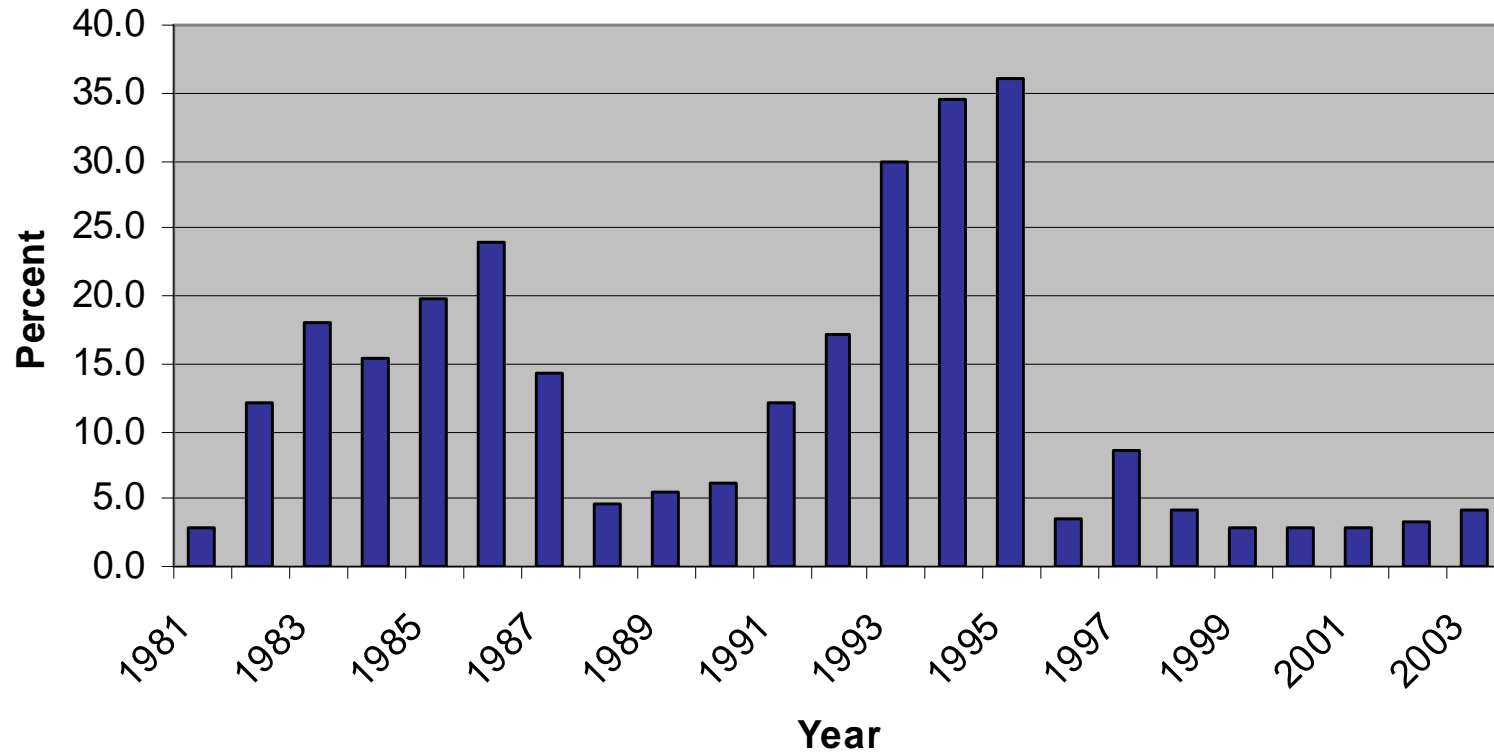


Figure 31
Federal Government Capital Transfers to Corporations and Government Business Enterprises: Newfoundland and Labrador as a Percent of the National Total



Conclusions (1)

- This report has examined federal presence in a physical sense: employees, the offices and the spending. It has not dealt with “policy presence,” i.e., the policy decisions that affect this province’s social and economic well-being.
- There has been a substantial reduction in employment in the federal government directly and in its business enterprises. Declines have been relatively greater than for the federal public sector nationally.
- Downgrading of and closures of offices seem to reflect an “Atlantic region” conceptualization
- Two outstanding facts of the employment picture
 - very low numbers of federal government executive positions and
 - the extremely meager military presence.

Conclusions (2)

- The employment losses were reflected in payments of wages and salaries.
- Less pronounced declines in the percentages of federal government spending on goods and services and on capital works during the latter few years of the 1990s and the first couple of years thereafter. The shares of such spending tend to be consistent with the province's population.
- Payments of the subsidies to businesses are modestly above the province's share of the national population.
- Capital transfers to businesses have been substantial with local benefits highly concentrated in the first half of 1990 through assistance for the development of Hibernia.

Conclusions (3)

- The overall conclusion: the most significant decline in federal presence has been the disproportionate reduction in jobs and the associated office downgrades and closures.

Appendix: Transfer Payments (Intergovernmental and Personal) from the Federal Government to Newfoundland and Labrador

Figure A-1
Federal Government Transfers to Persons per Capita: Newfoundland and Labrador,
(Adjusted for Inflation) 1992 Dollars

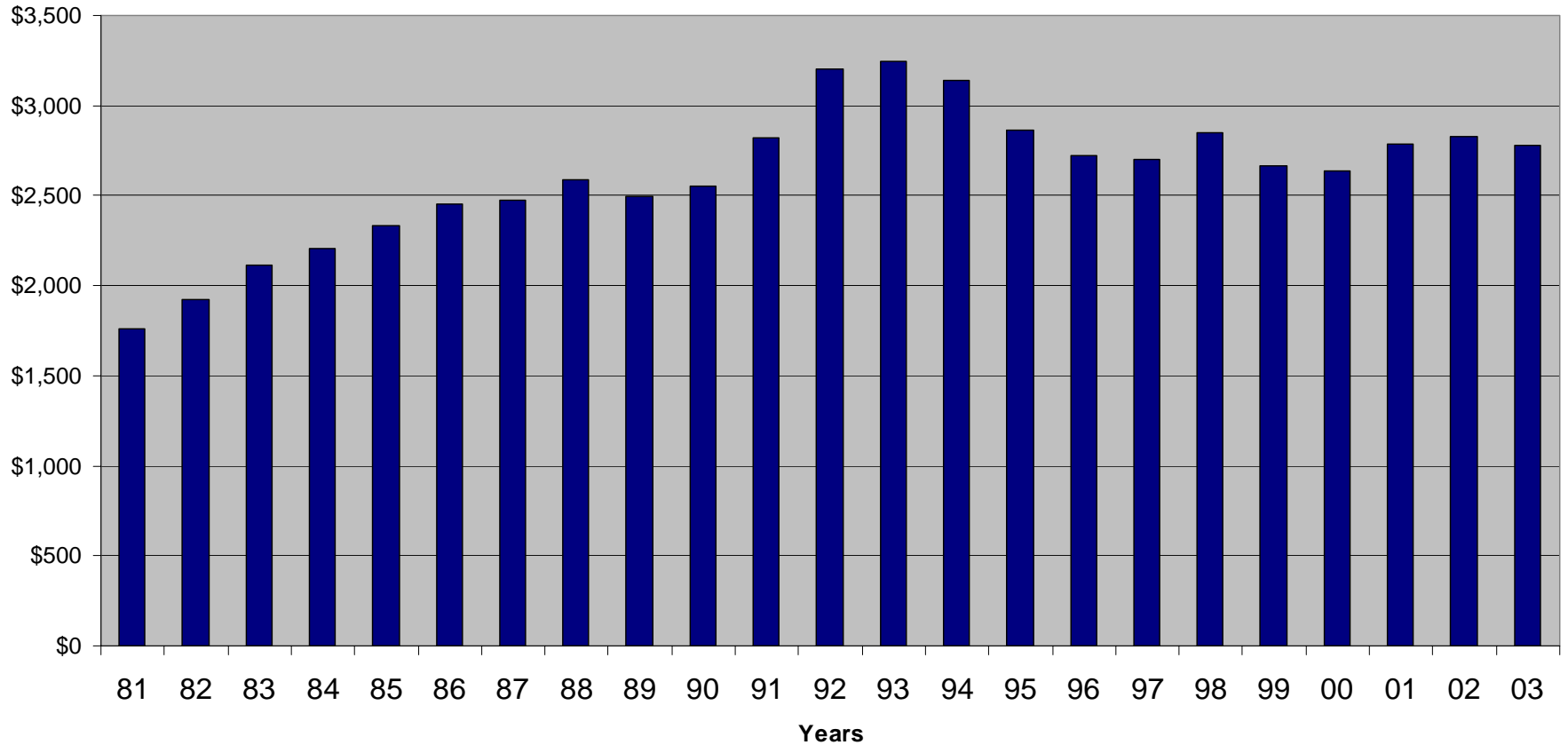


Figure A-2
Federal Government Transfers to Provincial & Local Government per Capita:
Newfoundland and Labrador, (Adjusted for Inflation) 1992 Dollars

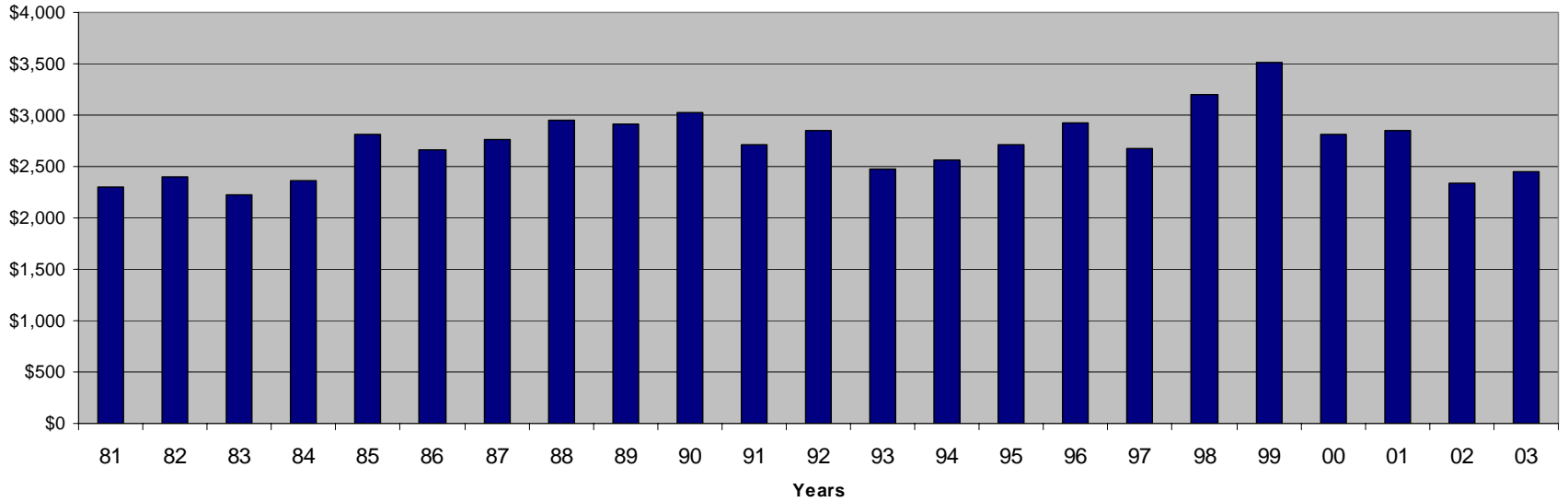


Figure A-3
Federal Government Transfer Payments to Persons and Provincial & Local Governments, per
Capita, 1981 & 2003 (Adjusted for Inflation) 1992 Dollars

