Federal Presence in Newfoundland and Labrador

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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

[Graph showing the difference between provinces' share of federal employment and share of national population over five-year averages from 1981 to 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

Year
0 1,000 2,000 3,000 4,000 5,000 6,000 7,000 8,000 9,000 10,000 11,000 12,000 13,000 14,000 15,000 16,000 17,000 18,000 19,000 20,000
81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05
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

Year

$0
$10,000
$20,000
$30,000
$40,000
$50,000
$60,000

CA
NL

Memorial University of Newfoundland

Harris Centre
The Leslie Harris Centre of Regional Policy and Development
Figure 20

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

![Bar chart showing Federal Government Capital Expenditures for Newfoundland and Labrador, adjusted for inflation, in 1992 dollars. The x-axis represents the years from 1981 to 2003, and the y-axis represents millions of dollars. The bars are colored blue and the chart is set against a grey background.](chart_image)
Figure 27
Federal Government Capital Expenditure:
Newfoundland and Labrador as a Percent of Total

Year:
- 81
- 82
- 83
- 84
- 85
- 86
- 87
- 88
- 89
- 90
- 91
- 92
- 93
- 94
- 95
- 96
- 97
- 98
- 99
- 00
- 01
- 02
- 03

Percentage:
- 0%
- 1%
- 2%
- 3%
- 4%
- 5%
- 6%
- 7%
- 8%
- 9%
Figure 28
Figure 29
Federal Government Subsidies to Business:
Newfoundland and Labrador as a Percent of the National Total
Figure 30


Millions of Dollars: $0, $200, $400, $600, $800, $1,000, $1,200
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