



NORTHERN ECONOMIC AND LABOUR MARKET TRENDS REPORT

Executive Summary

November 2016



The full report can be downloaded at: www.kcdc.ca

The link to the full report is: <http://kcdc.ca/economicandlabourmarkettrendsreport.pdf>

The purpose of the Northern Economic and Labour Market Trends report is to provide an update to statistical information about the economy and workforce of Northern Saskatchewan. It has been created at the request of the Ministry of Economy and is intended to fill an information gap that has been present since the publication of the last Northern Training Needs Assessment in 2011-12.

This report looks at the population, education, employment, and economy of Northern Saskatchewan. It also provides some comparisons between our region and the three Canadian northern territories – areas with similar demographics and geography. Economic development initiatives in the three territories are examined in order to provide examples for consideration as we move forward.

The report makes observations about education and training as well as general observations about overall economic development. These observations are based on the statistics for occupational demand and economic growth provided.

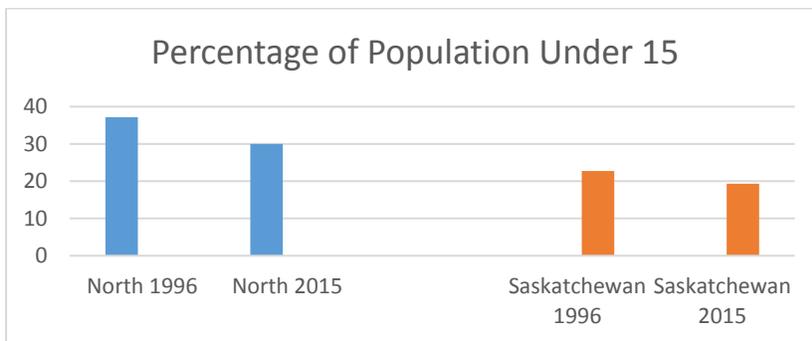
The hope is that this document will be useful for planning and discussion purposes by northern communities, educational institutions, industry, and government. Business owners and workers will also find the information useful as they plan strategies and career moves. This Executive Summary provides a snapshot of the content of the report.



Our population is still young and growing, but the demographics are changing. Between 2010 and 2015 we grew from 35,819 residents to 39,212 – a rate of 9.5%. During the same period, the Saskatchewan population grew 7.8%.

In the longer term, however, our percentage of youth population is decreasing while the percentage of elders is increasing. Figure ES 1 shows that the percentage of youth in our population has declined from 37.2% to 30%. We still have a higher percentage of youth than Saskatchewan at 19.3%.

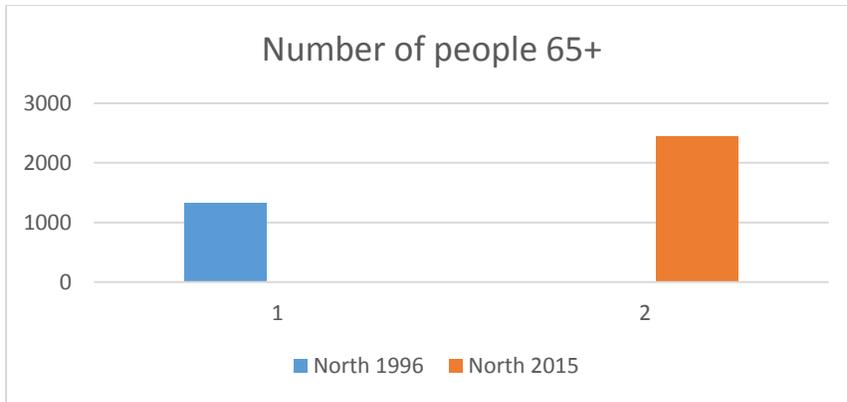
Figure ES 1



Source: Saskatchewan Covered Population 2015, Prepared by PHU, Jan 2016; prepared by KCDC 2016

At the same time as youth make up a large proportion of our population, the percentage and number of elders in our population is growing as well. Figure ES 2 shows we had 1,320 people 65 and over in 1996 and in 2015 had 2,448 - a growth of 1,128 – almost double the number of people 65 and over. In terms of percentage of population, the north's people 65 and over grew by 2 full percentage points, while Saskatchewan's grew by 0.1.

Figure ES 2



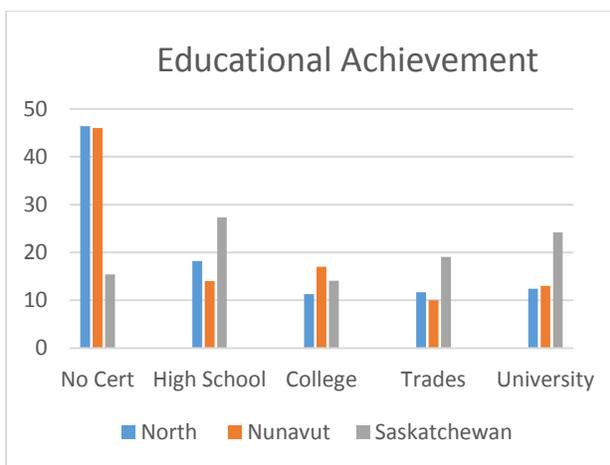
Source: Saskatchewan Covered Population 2015, Prepared by PHU, Jan 2016; prepared by KCDC 2016

The high proportion of youth in our population gives us challenges in terms of expanding education and training to meet the growing numbers, and creating economic growth that can keep up with the youth entering the workforce. The increasing number of seniors means that we must also be aware of the need for health services and living supports required for this group.

We have over 80% Indigenous population. Only 2 other regions in Canada have as high an indigenous population as N SK. These regions are Nunavut and Nunavik, QC. Indigenous people in our regions are primarily First Nation or Metis. Various services for First Nation, Metis, and non-Indigenous groups are offered through separate entities, which can complicate communication and jurisdictional responsibilities. These factors can make economic growth more difficult in numerous industrial sectors.

It is a relatively well known fact that our **education levels are lower than those in Saskatchewan.** A higher proportion of our population has no certificate, and we have a lower percentage of high school, college, and university grads. The N SK educational profile more closely resembles that of Nunavut than Saskatchewan as illustrated by figure ES 3 below.

Figure ES 3

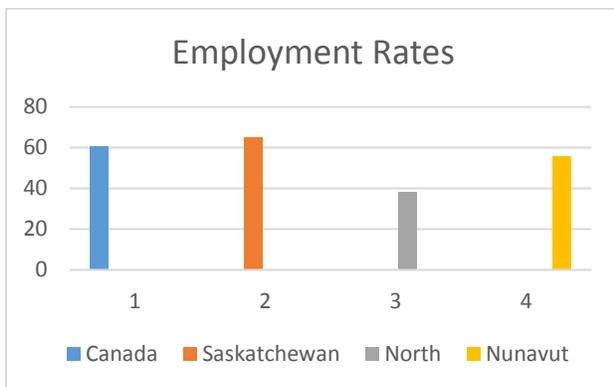


Source: Statistics Canada 2011 NHS Health profile Catalogue no. 82-288-XWE, prepared by PHU, 2014; Conference Board of Canada – Education and Skills in the Territories, September, 2014. Prepared by KCDC, 2016

Lower educational levels are linked to lower employment and incomes. In N SK, this means that residents do not have the qualifications to fill some of the employment opportunities that come available. It also means that residents have less mobility in terms of seeking and finding employment outside the region.

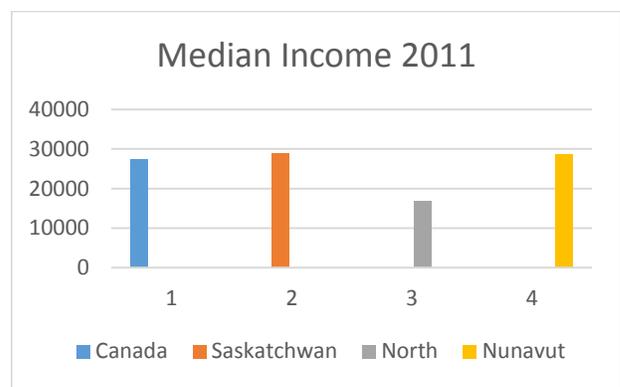
However, education is not the sole reason northerners have less employment and income than residents of other Canadian regions. Figure ES 4 compares employment rates in Canada, Saskatchewan, and Nunavut. As expected, Saskatchewan and Canada have higher employment rates than N SK. However, Nunavut, with basically the same educational profile as our region, has a substantially higher employment rate at 55.8% of the workforce compared to N SK at 38.4%. Figure ES 5 compares incomes, and shows that Canada, Saskatchewan, and Nunavut all have higher median incomes than N SK. Nunavut's is \$28,580 while ours is \$16,860.

Figure ES 4



Source: Statistics Canada 2011 NHS Catalogue np 99-014-X2011016 and 99-011-X20111007. Prepared by PHU, Dec 2015 Div 18 used as NorthSK; Nunavut Annual Labour Force StatsUpdate 2011, Nunavut Bureau of Statistics, Feb 2012, Prepared by KCDC 2016

Figure ES 5

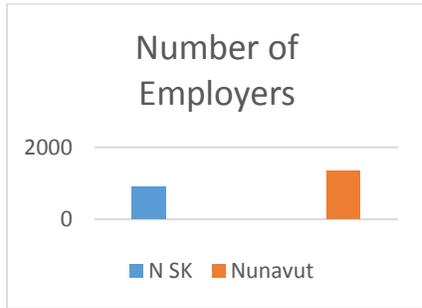


Source: Statistics Canada 2011 NHS Profile Catalogue no. 82-288-XWE, prepared by PHU, May 2014; Source: Statistics Canada, Income Statistics Division, Special Tabulations. Prepared by: Nunavut Bureau of Statistics, October 15, 2015; Compiled and prepared by KCDC, 2016

Given that education rates are similar in Nunavut and N SK, yet employment rates and income are quite different, what other factors besides education effect northerners' ability to be employed? Answers can be found in analyzing the economy of our region and comparing it to others.

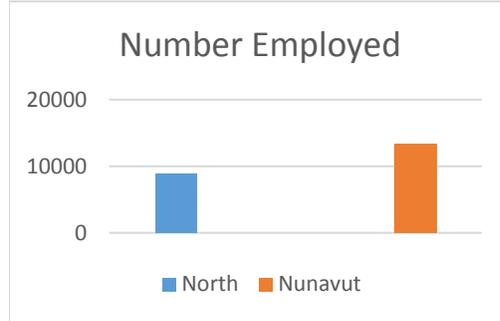
One way of looking at the economy is by comparing the number of establishments or potential employers in a region. Numbers of employers can translate roughly to job opportunities. When comparing N SK (population 39,212) to Nunavut (population 36,500), we see that we have a **lower number of employers** (902 in N SK and 1,351 in Nunavut) as shown in Figure ES 6.

Figure ES 6



Source: Sask Trends Monitor from Statistics Canada data June 2016; prepared by KCDC 2016

Figure ES 7

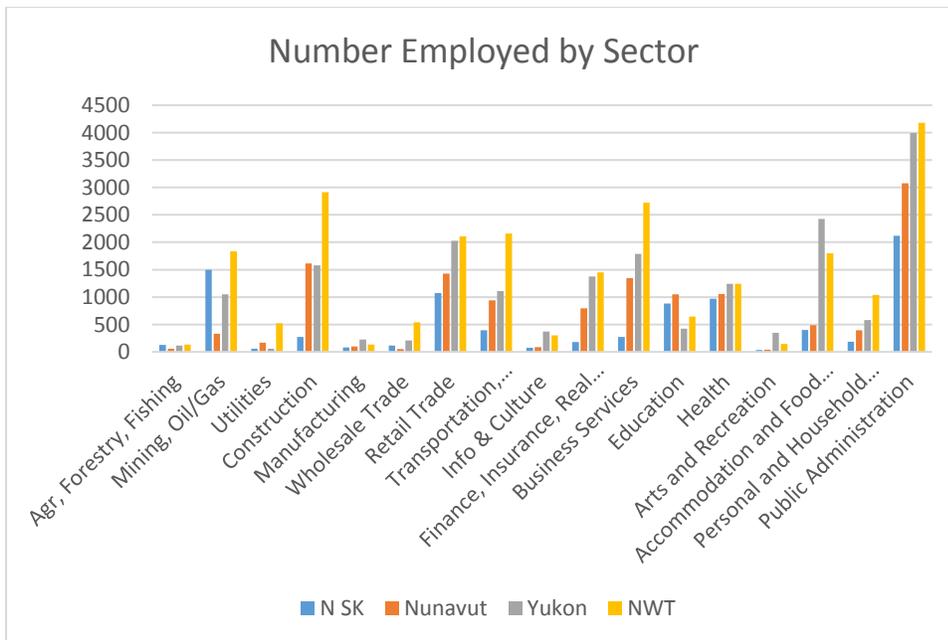


Source – Employment data - Sask Trends Monitor from Stats Canada Data, Population data – Sask Covered population, Prepared by PHU, Stats Canada, Note population data are for 2015, employment data are for June 2016, Prepared by KCDC 2016

The actual number of people working in Nunavut is greater than in N SK. Figure ES 7 show that Nunavut has an estimated 13,000 people working while N SK has an estimated 9,000. We have a **lower number of people employed**.

Why is the N SK economy smaller than that of other regions with similar populations? On comparing economic sectors, we find that N SK has sectors that are relatively underdeveloped compared with the three northern territories as shown in Figure ES 8.

Figure ES 8



Source – Sask Trends Monitor from Stats Canada Data June 2016, Prepared by KCDC 2016

While we have **greater employment in Mining than Nunavut and that similar to Yukon**, the only other sectors in which we have comparable employment are in the government funded sectors of Education

and Health. **All other sectors are lower**, most notably Construction; Finance, Insurance, and Real Estate; Business Services; Accommodation and Food Services; and Public Administration.

In comparing economies of N SK to the three northern Territories, it is important to note that each Territory is a Federal jurisdiction, with associated funding from the Federal government. The enhanced levels of funding are most likely reflected by the larger numbers of employees in Public Administration. In addition to more activity in the Public Sector in the territories, distance is a factor. Employees in the sector can service N SK from outside the region while territorial government residency policies and distance make this practice more difficult in the territories. In the Yukon, NWT, and Nunavut wages paid to Public Sector employees would then be spent in other sectors raising the levels of activity in Retail Trade; Business Services; and Finance, Insurance, and Real Estate.

Although not captured in Figure ES 8 which only indicates the occupations of people living in N SK, **our economy overall is affected negatively by the drain of money to other regions**. We lose the value of the jobs in mining that are held by people who live outside our region. We also lose the value of money spent on goods and services obtained from other regions by northern individuals or companies. In addition we lose the value of the wages and business purchases of northern companies forced by necessity to locate offices and personnel outside the region for efficiency and proximity to decision makers and markets.

Capital investment in N SK was at a low level in June 2016 when the data were gathered. There has been **little recent capital investment in the region**, which means **construction projects are few**. This can be seen in the low number of construction employees. To a large extent, **the current low capital expenditure is reflective of the low price of N SK's primary commodity: uranium**. The small number of workers in construction during a slow period for mining also indicates a low activity level in other sectors which could attract investment and drive construction.

To a large extent, **the N SK economy is reflective of the efforts made in economic development over the last 35+ years**. Since the discovery of the high grade uranium deposits the **primary focus has been on building human resource and business capacity to meet the needs of the Mining sector**. This focus has been correct and effective: northern workers have been successful in securing positions at the northern sites, and northern owned businesses provide a large portion of the services to the operations. Inadvertently, **this success also enabled the slow erosion of development efforts** and supports in other sectors. Consequently, relatively little was done to support growth in small sectors such as wild rice and value added forestry. **Our current economic profile with relatively strong activity in only Mining, Education, and Health reflects this history**.

The occupations at which we are employed in N SK reflect the active sectors. **Jobs related to Education, Health, and Mining dominate our workforce**. Professions that require residency in the community in which one works are well represented while those that can work in the north but reside elsewhere are not. Following is the list of the top 10 occupations in N SK with numbers employed in 2011.

Figure ES 9

Occupation	# Working	Rank
Elementary and Secondary Teachers, College Instructors, Early Childhood Educators, Other Instructors	1215	1
Light Duty Cleaners and Janitors	590	2
Underground Miners and Drillers and Mine and Drill Labourers	445	3
Accounting Technicians, General Office Support, Reception, Data Entry, Accounting Clerks, Payroll Clerks, Library, Shipper/Receiver, Dispatcher	430	4
Retail Sales	410	5
Teacher Assistants	260	6
Heavy Equipment Operators	220	7
Construction Trades Helpers and Labourers, Public Works Labourers	210	8
Registered Nurses	205	9
Process Operators, Power Engineers, Processing Labourers	200	10

Source - Sask Trends Monitor from NHS Table 99-012-X2011051; Prepared by KCDC, 2016

Note – actual numbers employed today will be affected by hiring and layoffs since 2011.

Projections can be made for future vacancies in occupations based on the number of people employed by multiplying that number by the Replacement Rate (number of people who retire). In Saskatchewan, the average rate is 2.4% per year. In addition, labour required by major projects can be added. Using that formula, and considering that no major projects are projecting a need for teachers, we can estimate that approximately 145 new Teachers will be required over the next 5 years in N SK. **Section 2.4 of this report provides vacancy projections for the major occupations in our region, and Section 2.41 provides observations related to training.**

It should be noted that some activities related to the N SK economy are not recognized by the standard statistic capture practices. **Sustenance activities such as hunting and fishing to put food on the table are not tracked**, and work for cash payment such as mushroom picking may not be included either. There is a value to these practices that needs to be considered as we recognize that any contribution to our economy is a benefit.

Notwithstanding these activities however, lower education levels and our underdeveloped economy give N SK a double challenge: training residents to access jobs, and developing the economy to create new jobs.

Our high youth population makes overall growth challenging. Calculating youth entering the workforce at 600 per year against retirement at 240 per year, we will have to create 360 new jobs or export that many workers just to keep at our current rate of employment. If we want to achieve the same employment rate as the rest of Saskatchewan over 10 years, we would need to add an additional 700 jobs per year. In total **we need to add around 1000 jobs per year, export that many workers, or a combination of the two.**

It would make sense to **strengthen and grow the regional economy** while at the same time providing **training that will qualify northerners for work both inside and outside the region.** To ensure the best

chance of success, a **strategic approach** is warranted. Two linked strategies may work best: one for economic development, and one for human resource development.

Examples of **approaches to strategic economic development** in similar regions can be found in the 3 northern territories. Common elements in strategy development include:

- using an approach that identifies sectors targeted for growth and initiatives within
- efforts to attract private sector investment as a major driver of economic growth
- government interventions and support for targeted sectors through programs or tax incentives
- territorial plans refined at the community level by local input
- outcomes and indicators defined

It is harder to find examples of **strategic human resource development** that focus on preparation for employment both within and outside a region. In addition, issues of northern residents' mobility and willingness to relocate must be taken into consideration. More research is needed, but initially it appears that elements of strategic human resource development could be:

- analysis of numbers entering workforce
- analysis of northern, provincial, and national labour requirements
- targeting promotion of careers in demand occupations
- development of marketing strategies for northern workers
- northern plan refined at local level by local input
- outcomes and indicators defined

Government assistance at the federal or provincial level does not need to be extensive to develop strategies and take action. It would not benefit the region for residents to wait for these levels of government to initiate the development, although their involvement would be welcome.

The Northern Labour Market Committee (NLMC) may have the reach necessary for strategy development. The structure of the NLMC with its sector sub committees could work very well for the creation of economic and human resource development strategies. The NLMC open membership structure could involve the necessary groups such as local government, business, industry, education, and service agencies.

Today, although our major economic sector, Mining, is in slowdown there are many examples of initiatives that are benefitting our economy. These examples are present both in the development of the northern economy and in the export of northern workers. Three of the initiatives are: development of the Ile a la Crosse and Wollaston fishing industries and reintroduction of local processing; and Kitsaki Projects Ltd. contracting to do powerline work outside N SK and using northern workers.

Development of human resource and economic strategies could encourage more such projects. The overall goal of the strategies would be to create enough cumulative activity to positively affect the employment rate and income of northern residents. As we **build strategic sectors and give residents the skills they need to be successful**, we should be able to see over time a growing economy and more opportunity for northern residents.