



The Province of Prince Edward Island

# Employment Trends and Data

Poverty Reduction Action Plan Background

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[www.princeedwardisland.ca/poverty-reduction](http://www.princeedwardisland.ca/poverty-reduction)

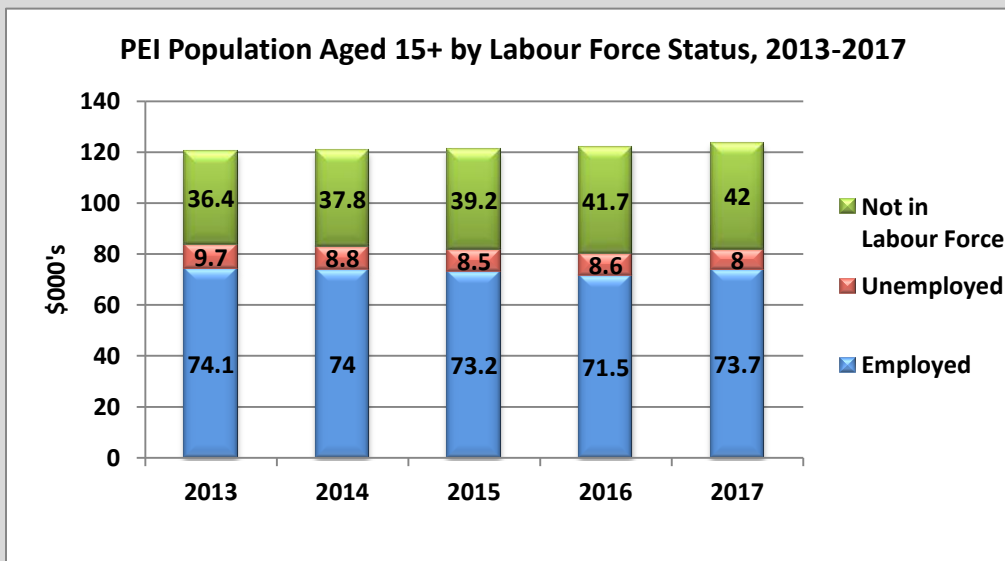


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## SUMMARY

Employment plays a critically important role in poverty prevention and reduction. Prince Edward Island’s diverse and growing economy has long enabled large numbers of Islanders to participate in the workforce and to gain access to at least part-year employment, and associated income support programs. Because of this, a relatively low number and share of Islanders are in severe low income, but a larger number and share are in moderate low income.

Over the past five years (according to Statistics Canada’s Labour Force Survey), key employment indicators among most cohorts of Islanders – the size of the labour force, the participation rate, and the employment rate – peaked in 2013, fell in 2015 and 2016, and recovered significantly, but not fully, in 2017. The number and rate of unemployed fell throughout the period. Two population groups, female youth and seniors, ended the decade on a high point.



Labour Market Indicators, PEI 2013-2017					
	2013	2014	2015	2016	2017
Participation Rate	69.7%	68.7%	67.6%	65.8%	66%
Employment Rate	61.6%	61.4%	60.5%	58.7%	59.6%
Unemployment Rate	11.6%	10.6%	10.4%	10.7%	9.8%

Looking to the future, strong economic growth and tight labour supply promise to support poverty reduction.



To fully realize this promise, it will be essential to increase not only the quantity, but also the quality of jobs available.

Higher skill content, more hours, longer season or year-round work, higher wages, and good working conditions are all important to help more Islanders avoid or escape poverty. In parallel, it is important to ensure that Islanders have opportunities to gain or upgrade their skills and experience so that they can fill and hold those jobs.

## LABOUR DEMAND AND SUPPLY TRENDS

Employment outcomes in Prince Edward Island are based on a combination of:

- **labour market demand** (the number of jobs available); and
- **labour market supply** (the number of people working or looking for work).

Both of these have seen a similar trend in recent years: a peak in 2013; a gradual decline from 2014 to 2016; and a strong improvement in 2017.

- Employment peaked at 74,100 in 2013, fell to 71,500 by 2016, then rose strongly to 73,700 in 2017. This positive trend continues: during the first three months of 2018, employment has averaged 75,200, reaching all-time highs for this point in the year.
- The labour force has followed a similar pattern, peaking at 83,800 in 2013, dropping to 80,200 in 2016, and then rising to 81,700 in 2017.
- Since the number of jobs increased by 2,200 in 2017, and the number of workers increased by 1,500, this resulted in a drop in the number of unemployed workers, to 8,000. This is the lowest number in 30 years, since 1988.
- The 8,000 unemployed workers in 2017 translated into an unemployment rate of 9.8 percent, the lowest annual rate in 40 years, since 1978.

These are very positive trends with regard to the quantity of jobs. Looking ahead, continued strong **demand** for workers seems likely. Economic growth is forecast to slow slightly from the 2.2 percent achieved in 2017, but is expected to stay solid in 2018 and 2019.

Meanwhile, the **supply** of workers may be tight in the future. Baby boomers are continuing to move into their senior years. The supply of prime working age Islanders, aged 16 to 64, depends on several factors, including immigration from other countries, the movement of Islanders to and from other provinces, and the extent to which Islanders participate in the labour force. These factors interact with each other, with stronger economic growth and competitive opportunities encouraging Islanders to stay in the province and to take part in the labour force.

Labour market supply has generally followed a similar pattern to the demand trends outlined above.



- The total working age population, defined as the population aged 15 and older, has grown steadily over time, and stood at 123,700 in 2017. However, over the past five years, all net growth has taken place among seniors, as baby boomers began to turn 65 in 2012:
  - The population of prime working age peaked at 97,200 in 2012, then bottomed out at 95,100 in 2015. Fuelled by strong immigration from other countries, it then grew to 96,200 in 2017. Looking ahead, further growth is expected.
  - The population of seniors has grown steadily, from less than 20,000 a decade ago, to 27,500 in 2017.
- The size of the labour force depends partly on the demographic profile of the population and partly on the extent to which each group participates in the workforce. While many factors play a role, age and gender are particularly important.
  - As Islanders turn 65, they are more likely to stay in the workforce than in the past. Their labour force participation rate has almost doubled in the past decade, from one in ten to almost one in five.
  - Meanwhile, the labour force participation rate by Islanders aged 15 to 64 peaked in 2013 at over 82%, then declined steadily to less than 80% in 2017. In part, this may reflect that many working age newcomers to PEI are still in the process of settling in and becoming integrated into the workforce.
  - By gender, labour force participation dropped more among females than males from 2013 to 2017, down 4.4 percentage points versus 2.9.
  - The result of these various factors was that the labour force peaked at 83,800 in 2013, then fell to 80,200 in 2016 before recovering to 81,700 in 2017. Seniors accounted for all net growth during 2013-17, with declines in the under-65 and female workforces. The recovery in 2017 took place in both genders and across most age groups.

## QUALITY OF EMPLOYMENT

In considering poverty reduction, it is important to look both at the **quantity** of jobs and the **quality** of jobs. The quality of employment includes the balance of full-time and part-time work, full-year versus seasonal work, wage levels, and the distribution across industry sectors and occupations. In this regard, there is a mix of positive and less positive trends.

- Full-time jobs are making up a growing share of the total, at 84 percent in 2017, up from 82.3 percent in 2013. This equated to 61,900 full-time jobs in 2017, up 2,600 from 2016, and 11,900 part-time jobs, down 300 from 2016.
- According to census data, there has been slight improvement in the share of full-time year-round jobs over the past decade, from 46 percent in 2005 to 48 percent in 2015. Conversely, seasonal work fell from 47 to 46 percent. Year-round part-time work accounted for the balance, at 6 percent in 2005 and



7 percent in 2015. Prince Edward Island's economy is, however, still more seasonal than the Canadian average, of 54 percent full-time year-round, 8 percent part-time year-round, and 38 percent seasonal.

- Average wages in the province have also been rising over time, but are lower than in other provinces. In January 2018, the average wage across all sectors was \$838, or 84% of the national average wage of \$996. This spread existed within most industry sectors, with only educational and health services at 95% or more of the national average.
- The mix of jobs and job growth is also a factor. During mid-2017, strong tourism growth led to particularly rapid job growth in the areas of retail trade and food and accommodations, both of which have relatively lower average wages. As a result, the average wage across the economy peaked at \$833 in September 2016 before dipping to a low of \$813 in July 2017. With strong manufacturing and construction growth in recent months, the average wage recovered and grew to a high of \$850 by the end of 2017.

Educational attainment and its fit with the skill levels of available jobs are also key factors in the capacity of employment to reduce poverty, and are discussed in a separate backgrounder.

## EMPLOYMENT RATE TRENDS

The **employment rate** is the statistic that brings together all of the above factors (number of jobs, size of the population and the groups within it, and extent to which Islanders participate in the workforce). It measures the percentage of the total population that is employed.

In keeping with the trends outlined above, this measure peaked in 2013 at 61.6 percent, dropped to 58.7 percent in 2016, and climbed again to 59.6 percent in 2017. While an improvement, the 2017 rate is still slightly lower than for most of the previous decade. Looking at specific population groups, this improvement was concentrated among female youth and seniors.

- The employment rate for youth aged 15-24 peaked in 2011 at 59.9 percent, dropped, and then saw steady growth, reaching 59.6 percent in 2017. This improvement was entirely concentrated among young women, whose employment rate rose throughout the period from 59.1 percent in 2008 to 63.1 percent in 2017. Conversely, the employment rate among young males dropped over the period from 59.6 percent in 2008 to a low of 52 percent in 2012 before recovering to 55.9 percent in 2017 – still over 7 percent lower than among young women.
- The employment rate for seniors also saw steady growth each year, growing from 9.1 percent in 2008 to 16.7 percent a decade later in 2017.
- Among the prime working-age population aged 25 to 64, the employment rate peaked in 2013 and 2014, fell in 2015 and 2016, and rose again in 2017. Despite this improvement, no age group in either gender attained the peak employment rate it had reached earlier in the decade.