

# Newfoundland and Labrador Environmental Scan 2022

## DEMOGRAPHICS

In 2021, **521,000** people lived in Newfoundland and Labrador, a decrease of -0.2% from 2020 to 2021. Newfoundland and Labrador represents 1.4% of Canada's total population.

Average age of the **non-Indigenous** population in Newfoundland and Labrador is **43.8** versus **37.0** in the **Indigenous population** (Census 2016).

The proportion of seniors aged 65+ is projected to increase from 23.1% in 2021 to 30.1% in 2031.



In 2021, individuals aged 55 and over accounted for 45.4% of the working-age population. By 2031, that proportion could exceed 50%.

The proportion of youth (15-24) is projected to decline from 10.6% in 2021 to 9.9% in 2031.



The majority of youth work in environments that prevent teleworking, led by retail trade, and accommodation and food services. Nearly half (48% in 2021) of youth employment is part-time in nature.

In 2021, the **Indigenous** labour force consisted of 23,900 people, of which 19,700 were employed. The unemployment rate is notably higher amongst Indigenous people compared to the general population.



99.4% of Newfoundlanders and Labradorians identified English as their **first language** (2016 Census), while 0.4% identified the province's other official language, French. Only 0.1% identified a first language that was neither English nor French.

In 2020-21, 900 **newcomers** arrived to Newfoundland and Labrador along with 3,400 international students. The size of the newcomer labour force in the province was 2,700 in 2021, and 2,400 newcomers were employed. The labour market participation rate and employment rate for recent immigrants is notably higher than the rates for population as a whole.



In 2017, there were 33,600 **persons with disabilities** aged 25 to 64 participating in the Newfoundland and Labrador labour force. Persons with disabilities in Newfoundland and Labrador were less likely to participate in the labour market than at the national level. Over one-third of survey participants with a long-term condition or disability reported experiencing temporary or permanent job loss, or reduced hours during the pandemic.

## LABOUR MARKET CONDITIONS

In 2021...



**Employment** rebounded sharply (2.9%)



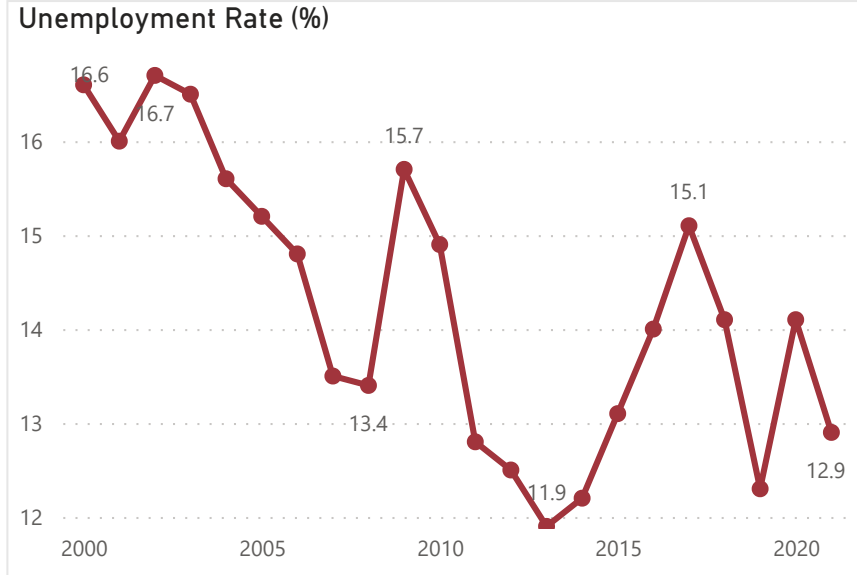
**Unemployment** declined significantly (-6.9%)



**Participation Rate** rose substantially (55.9% to 56.7%)



**Employment Rate** recovered (48.0% to 49.4%)



- The unemployment rate climbed in 2020 to 14.1%, as the COVID-19 pandemic impacted the economy. Employment fell by 13,000 in 2020, with full-time work experiencing virtually all of the loss. Males represented 80% of the decline.

- 2021 brought signs of recovery, adding 6,100 jobs over the previous year, lowering the unemployment rate. Employment gains were in full-time positions. Public health restrictions remained in place throughout the year, preventing a full rebound for hard-hit industries such as accommodation and food services.

## ECONOMIC CONDITIONS

### Newfoundland and Labrador's Economic Drivers in 2021



**Retail Spending**

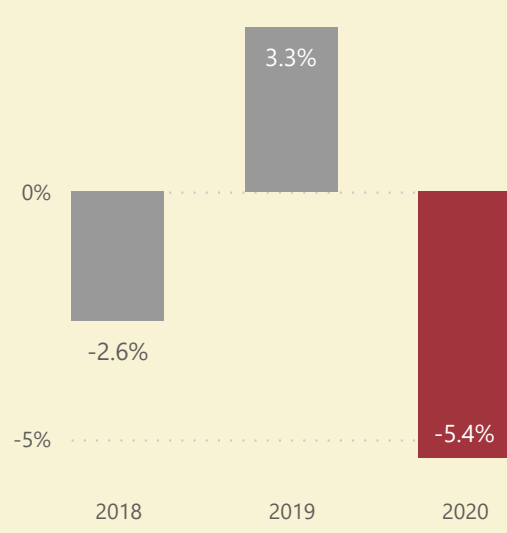


**Rebound in non-residential investment**



**Stronger Commodity Prices**

### GDP Growth Rate



### Reviewing 2021...

- The Conference Board of Canada (CBCO) reports that real GDP in the province increased by 3.1% in 2021, not fully recouping the steep loss in 2020 caused by the COVID-19 pandemic and low oil prices.

- Retail spending and non-residential investment were stronger than in 2020. In addition, higher prices for crab, oil, and minerals were key factors behind economic growth. However, lower oil production and multiple waves of COVID-19 acted as headwinds against a full recovery from the downturn of 2020.

- Public health restrictions of varying degrees were in effect throughout 2021, dampening activity in tourism, restaurants, personal services, and a number of other industries. Through the year, a widespread COVID-19 vaccination campaign has resulted in the province having one of the highest vaccination rates in the world.

### Risks to the Newfoundland and Labrador Economy in 2022

- While the provincial economy has started to rebound from the pandemic, there exists a risk of a future wave of COVID-19 that could hamper growth, particularly affecting businesses that rely on travel and tourism, restaurants, arts and entertainment.
- The higher prices for energy products since the start of 2022 has translated into increased costs for food and other items. This places considerable limits on consumer spending beyond the bare necessities, restricting economic growth if it persists.
- Interest rates are widely anticipated to rise throughout 2022 as a means to control inflation. Higher rates could have a negative impact in the province for those with high household debt. Any increase in rates results in higher mortgage payments and other financial pressures, potentially leading to increased personal and business bankruptcies.

## PROVINCIAL ISSUES



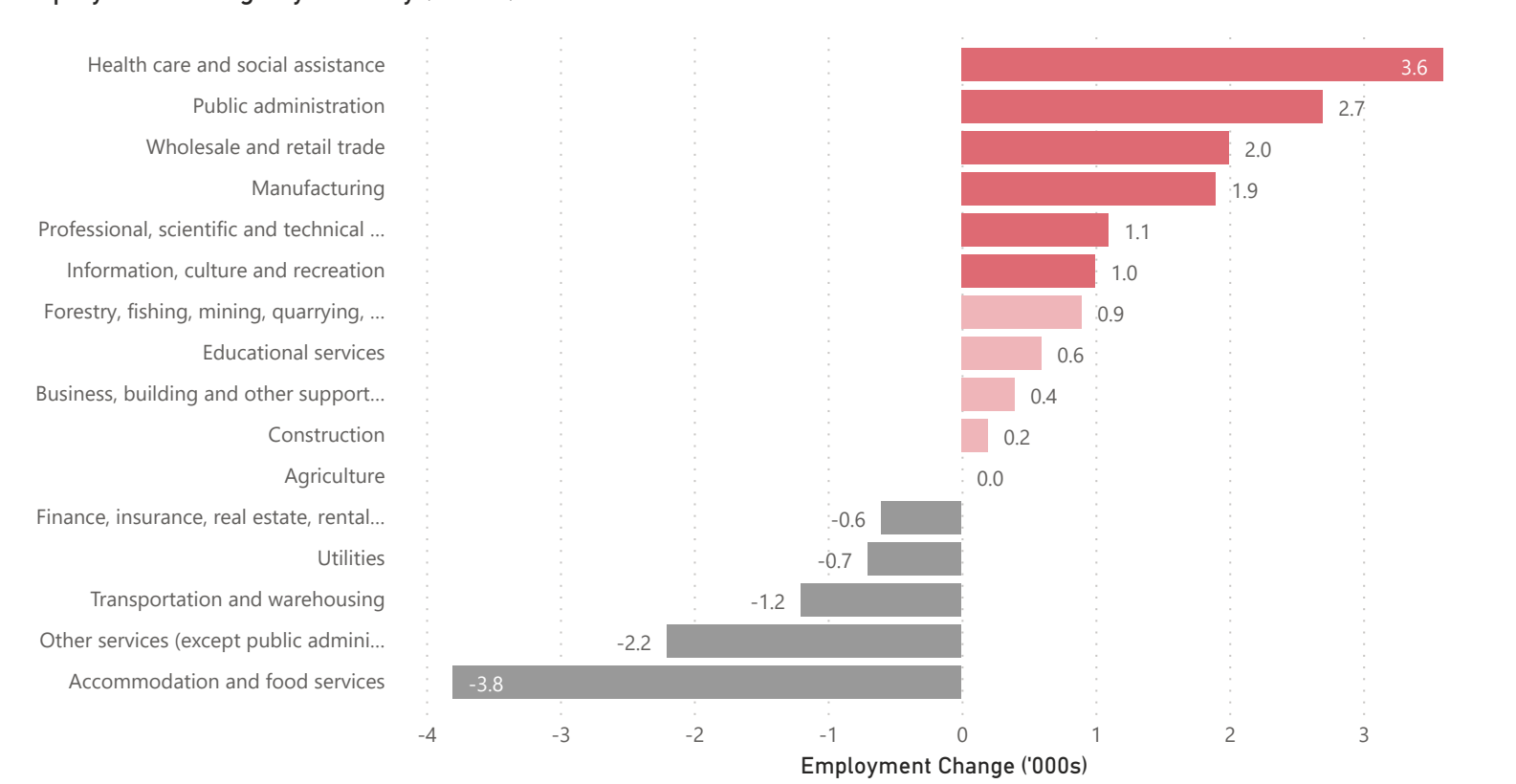
- Newfoundland and Labrador has the oldest population in the country, and is aging faster than any other province. Furthermore, outmigration among younger groups has been a long-term issue, particularly in rural areas. Increased levels of immigration have become a key focus, but still need to rise significantly.

- The issue of climate change has become a key concern throughout most of the world. The issue for this province is how it can transition from an oil-dependent economy into one that capitalizes on green opportunities. Considerable emphasis will be required to allow for a just transition among its workforce to be able to work in new, green jobs and industries.

- Despite a lower projected deficit of \$351 million in the 2022-23 provincial budget, fiscal challenges remain of high importance. As a share of GDP, the province's net debt remains the highest in the country. Deficits are expected through 2026. Debt financing consumes a large share of provincial expenses, creating a greater challenge in meeting the demand for health care, education and other essential needs.

## INDUSTRY TRENDS

### Employment Change by Industry (NAICS) in 2021



- Health care and social assistance reached a record employment high in 2021. An aging population has been a key contributor to increased health care demands.

- Following a downturn in 2020 due to COVID-19 shutdowns, wholesale and retail trade employment rebounded in 2021, assisted by pent-up consumer demand and higher disposable income.

- Despite considerable growth in 2021 over the previous year, key tourism indicators such as occupancy rates and non-resident visits remain an industry that remained well below pre-COVID conditions. While a focus on attracting residents to vacation in NL helped weather the tough conditions, it was not enough to counter the low level of non-resident visitors stemming from public health restrictions. This has particularly impacted employment in accommodation and food services, as well as transportation.

## REGIONAL ECONOMIC CONDITIONS

- All of the province's economic regions experienced an employment gain over 2020, mainly in full-time positions. However, employment has not returned to the pre-pandemic levels of 2019 in any economic region.

- Employment growth in the Avalon Peninsula was led by a strong gain in public administration, while accommodation and food services had 3,400 fewer jobs than in 2019.

- Despite employment growth in the South Coast-Burin Peninsula and Notre Dame-Central-Bonavista Bay region, transportation and warehousing fell to its lowest employment level on record going back to 2006.

- Despite higher employment, the West Coast-Northern Peninsula-Labrador region was the only one to have its unemployment rate rise in 2021. This was because the labour force grew at a faster rate than employment.

### Employment Change by Economic Region in 2021

