



Now and Tomorrow
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Canadian Occupational Projection System

Industrial Summaries – Service Industries 2011-2020

Labour Market Research and Forecasting
Policy Research Directorate
Strategic Policy and Research Branch

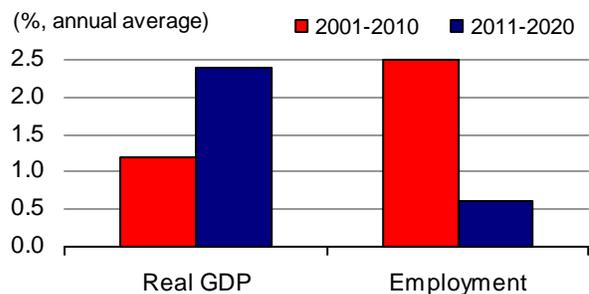
Research • Recherche

Utilities (NAICS 2211; 2212; 2213)

This industry comprises establishments primarily engaged in operating electric, gas and water utilities. These establishments generate, transmit, control and distribute electric power; distribute natural gas; treat and distribute water and operate sewer and related systems (such as steam and air conditioning systems). They generally operate through a permanent infrastructure of lines, pipes, treatment and processing facilities. Electric power generation, transmission and distribution are by far the most important of the three segments, accounting for 83% of the industry production. The industry is mostly oriented towards the domestic market and is very sensitive to changes in industrial production and construction activities. It employed 148,300 workers in 2010, with 79% in electric power generation, transmission and distribution, 11% in natural gas distribution, and 10% in water, sewage and other systems. Employment is concentrated in Ontario (40%), Quebec (22%), Alberta (12%) and British Columbia (10%). The workforce benefits from much higher wages than the national average, partly attributable to a high unionization rate. Major occupations include: electrical trade and telecommunication occupations (NOC 724); stationary engineers and power station and system operators (NOC 735); and civil, mechanical, electrical and chemical engineers (NOC 213).

After recording a strong performance in the 1990s, production growth in utilities has been somewhat slower over the last decade, primarily reflecting the difficulties of the manufacturing sector since the early 2000s. From 2001 to 2008, output growth in the industry was largely supported by solid increases in non-residential investment (infrastructure and commercial buildings). After falling in 2009 as a result of the economic downturn, output partly recovered in 2010 driven by a rebound in construction activities and industrial production. On average, real GDP grew at an annual rate of 1.2% over the past ten years, significantly below the pace of growth recorded for the overall economy. Growth in employment, however, was much faster, mostly attributable to the creation of 30,200 jobs between 2006 and 2008. This substantial jump in employment was largely driven by strong labour demand in electric and gas utilities within the province of Ontario. After falling in line with production in 2009, employment partly recovered in 2010. The resulting growth in the number of workers averaged a solid 2.5% annually over the past ten years.

Real GDP and Employment Growth Rates in Utilities



Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

The long-term outlook is fairly optimistic for the utilities industry, particularly in terms of output growth, which will be driven by massive investments anticipated in utility projects across Canada. These include: the recent approval of the Lower Churchill Falls hydro plant, which will eventually export electricity to other Atlantic Provinces and Eastern United States; the production of more electric power in Northern Quebec through the Plan du Nord; massive investments in Ontario to convert coal-burning plants to more environmentally friendly modes of generating electricity; and the increased use of wind in Manitoba to produce electricity. The industry is also expected to benefit from the replacement of some ageing facilities in the energy sector and in municipal services. The resulting growth in real GDP is projected to average 2.4% annually over the next ten years, a substantial acceleration from the previous decade. In contrast, employment growth is projected to slow to an average rate of 0.6% annually, as new technologies in this very capital intensive industry are expected to lead to a strong recovery in productivity growth.

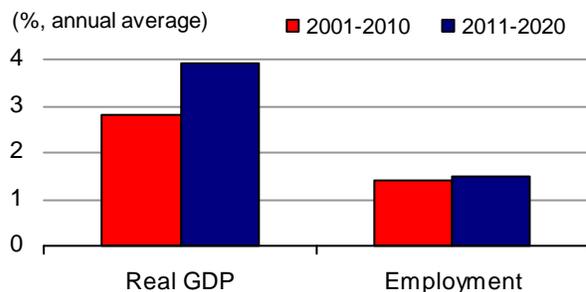
Wholesale Trade (NAICS 4111-4191)

This industry comprises establishments primarily engaged in wholesaling merchandise, and providing related logistic, marketing and support services. The wholesaling process is generally an intermediate step in the distribution of merchandise in large quantities to retailers, businesses and institutions. Machinery, equipment and supplies are the most important segment within the industry, accounting for 28% of employment in 2010. Other key segments include building material and supplies (17% of employment), miscellaneous wholesaler (16%), food and beverages (14%), personal and household goods (13%), and motor vehicles and parts (8%). Growth in wholesale trade is primarily driven by household consumption and business investment. The industry employed 628,900 workers in 2010, mainly concentrated in Central Canada, with Ontario and Quebec accounting for 40% and 24% of the workforce, respectively. Major occupations include: sales representatives in wholesale trade (NOC 641); technical sales specialists in wholesale trade (NOC 622); and sales, marketing and advertising managers (NOC 061).

Wholesale trade was one of the healthiest industries in the country between 2000 and the end of the economic expansion in 2007. GDP grew at an annual average rate of 4.2% during that period, well above the all industry average, leading to the creation of 78,200 jobs. This strong performance was primarily driven by solid growth in consumer spending, a robust new housing market, and vigorous increases in business capital spending in machinery and equipment. However, the industry was severely affected by the economic downturn of 2008 and 2009, more particularly by much slower growth in consumer spending and a sizeable drop in business investment in non-residential structures and machinery and equipment. The industry GDP fell in 2008 and 2009, down by 0.7% and 6.3%, respectively, the most severe drop since the recession of 1981-1982. Surprisingly, employment grew by 9,300 during those two years, likely reflecting labour hoarding. As the economic recovery unfolded in mid-2009, production in the industry turned around dramatically. Indeed, GDP rebounded by a strong 5.4% in 2010, while employment fell marginally, down by 2,900. On average, real GDP grew at an annual rate of 2.8% during the past ten years, while employment increased by 1.4% annually.

Over the next decade, the industry will benefit from the faster pace of growth projected in business investment in both non-residential structures and machinery equipment. Moreover, growth in consumer spending and new housing investment, which are projected to increase at a slower pace due to demographic changes, will continue to support activity in the industry. Besides demographic changes, firms in wholesale trade will be facing additional challenges over the longer-term, such as increased competition from e-commerce and other direct-to-customer operations by manufacturers that bypass the middleman. Growth in real GDP is projected to strengthen to an average annual rate of 3.9% during the next decade, while employment is projected to increase by 1.5% annually. The faster rate of increase in production is expected to be met by additional gains in productivity.

Real GDP and Employment Growth Rates in Wholesale Trade



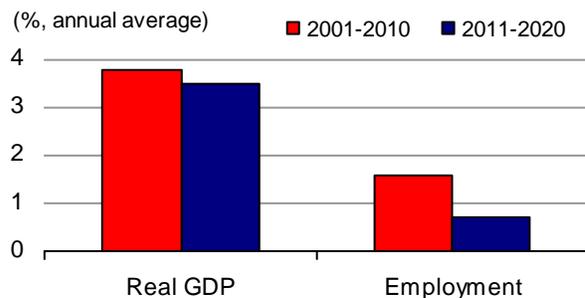
Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

Retail Trade (NAICS 4411-4543)

This industry comprises establishments primarily engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The retailing process is the final step in the distribution of merchandise in small quantities to the general public. Food and beverage stores are the most important segment within the industry, accounting for 26% of employment in 2010. Other key segments include general merchandise stores (14% of employment), clothing stores (11%), and motor vehicle and parts dealers (10%). The industry is closely linked to the wholesale trade industry and is essentially supported by consumer spending in Canada. With a total of 2.1 million workers in 2010, it was the largest employer across the economy. The workforce is characterized by a strong concentration of young workers (31% of workers are aged between 15 and 24) and by the second largest share of part-time employees (36%), after accommodation and food services. Employment is distributed proportionately to population: 37% in Ontario, 24% in Quebec, 14% in British Columbia, and 25% in the remaining provinces. Major occupations include: retail salespersons and sales clerks (NOC 642); managers in retail trade (NOC 062); and cashiers (NOC 661).

Retail trade has been one of the fastest growing industries in Canada in the past decade, along with construction and computer system design services. The industry GDP grew at an average annual rate of 4.5% between 2000 and the end of the economic expansion in 2007, about two times faster than the overall economy, and close to 300,000 new jobs were created. Rising personal disposable income, higher personal net wealth, lower interest rates, and the substantial improvement in labour market conditions are the main factors that fuelled growth in the industry during that period. However, in 2008 and 2009, production and employment in the industry was affected by the substantial deterioration in domestic economic conditions, although the negative impact was less severe than in many other industries, primarily because personal disposable income continued to grow during the recession, albeit at a very sluggish pace. In 2010, improving labour market conditions and the recovery in consumer confidence, combined with stronger income growth, led to a firm rebound of 3.9% in production and to the creation of 28,500 new jobs. On average, real GDP and employment rose at average annual rates of 3.8% and 1.6% respectively in the past ten years.

Real GDP and Employment Growth Rates in Retail Trade



Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

Over the next decade, the industry will benefit from the projected increase in consumer spending, mainly supported by higher personal disposable income and the improvement in labour market conditions. However, the pace of growth in the industry GDP is projected to slow relative to the previous decade. This primarily reflects the adverse impact of population aging on household expenditures. Indeed, as income generally declines after retirement, personal expenditures also tend to decline. With baby-boomers accounting for 30% of the population, their gradual retirement from the labour market will progressively reduce the pace of growth in total consumer spending, including durable and semi-durable goods sold by retailers. Beside demographics changes, the industry will be facing other key challenges, such as the rise in cross-border shopping to the U.S. (amplified by the strength of the Canadian dollar) and increased competition from e-commerce and other direct-to-customer operations by manufacturers. As a result, real GDP is projected to grow at an average annual rate of 3.5% in the next ten years, while employment is projected to increase at a slower pace of 0.7% annually due to additional gains in productivity.

Transportation and Warehousing Services (NAICS 4811-4931)

This industry comprises establishments primarily engaged in transporting passengers and goods, warehousing and storing goods, and providing services to those establishments. The modes of transportation are road (trucking, transit and ground passenger), rail, water, air, and pipeline. National post office and courier establishments are also included in this industry. Truck transportation is the most important segment, accounting for 28% of the industry production in 2010. Other key segments include support activities for transportation (19% of production), postal and courier services (11%), transit and ground passenger transportation (11%), air transportation (10%), and rail transportation (9%). The industry is closely linked to the primary, manufacturing and trade industries and is essentially driven by the state of both the Canadian and U.S. economies, more particularly domestic and international trade of goods and tourism activities. It employed 805,700 workers in 2010, with 31% in truck transportation, 19% in transit and ground passenger transportation, 17% in postal and courier services, 14% in support activities, and 8% in air transportation. Employment is concentrated in Ontario (38%), Quebec (21%), British Columbia (15%) and Alberta (13%). Major occupations include: motor vehicle and transit drivers (NOC 741); mail and message distribution occupations (NOC 146); and longshore workers and material handlers (NOC 745).

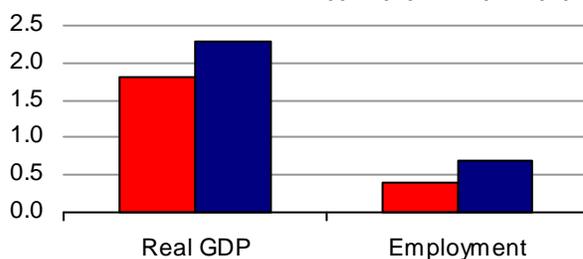
Transportation and warehousing services recorded a strong performance during the 1990s, partly driven by the free trade agreements, strong growth in exports spurred by higher U.S. demand, and much improved international competitiveness brought by the lower Canadian dollar. However, the performance of the industry weakened substantially from 2001 to 2003 with the sharp slowdown in economic growth in North America and the adverse impact of the terrorist attacks of September 11th on the passenger transportation, particularly airlines. The industry GDP growth rebounded strongly between 2004 and the end of

the economic expansion in 2007 due to stronger economic growth in both Canada and the United States and renewed confidence in air travel. During that four-year period, GDP grew at an average rate of 3.5% per year, while employment increased by a total of 28,500. However, the severe deterioration in North American and global economic conditions in 2008 and 2009 brought a sharp contraction in activity, as the industry GDP fell by 4.4% in 2009 (the largest drop since the recession of 1990-1991). The decline in output was accompanied by the loss of 32,700 jobs (the largest decline since the recession of 1981-1982). As the North American economic recovery began to unfold in mid-2009, activity in the industry turned around. Production increased by 4.0% in 2010, but employment continued to decline as 10,500 jobs were lost. On average, real GDP grew at an annual rate of 1.8% over the past ten years, while employment advanced by 0.4% annually.

Over the next decade, the industry will benefit from the projected expansion in economic activity in Canada and the United States. Higher personal disposable income, rising personal net wealth, the improvement in labour market conditions, and higher corporate profits will help support growth in consumer spending and business activities, which in turn, will boost activity in transportation and warehousing services, particularly in the truck and air transportation segments of the industry. As a result, real GDP and employment growth are projected to strengthen to average annual rates of 2.3% and 0.7% respectively over the next ten years. The slower pace of growth in employment relative to GDP reflects additional gains anticipated in productivity.

Real GDP and Employment Growth Rates in Transportation and Warehousing Services

(%, annual average) ■ 2001-2010 ■ 2011-2020



Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

Finance, Insurance, Real Estate and Leasing Services (NAICS 5211-5269; 5311-5331)

This industry comprises establishments primarily engaged in financial transactions or in facilitating financial transactions (such as banks, insurance carriers and brokerage agencies) and establishments primarily engaged in selling and buying real estate for others or renting and leasing various tangible or intangible assets. Finance and insurance is the most important segment in terms of employment, accounting for 71% of all workers in the industry. While banks and insurance firms participate in international markets, the industry as a whole is heavily reliant on the performance of the domestic economy, particularly on household expenditures and investment in residential and non-residential structures: the domestic-oriented real estate and leasing segment contributes to two-thirds of the industry GDP. Overall, the industry employed 1.1 million workers in 2010, with 49% in finance and banking, 22% in insurance, 22% in real estate and 7% in leasing services. Employment is largely concentrated in Ontario (45%), Quebec (22%) and British Columbia (13%). Major occupations include: auditors, accountants and investment professionals (NOC 111); finance and insurance clerks (NOC 143); insurance and real estate sales occupations and buyers (NOC 623); and finance and insurance administrative occupations (NOC 123).

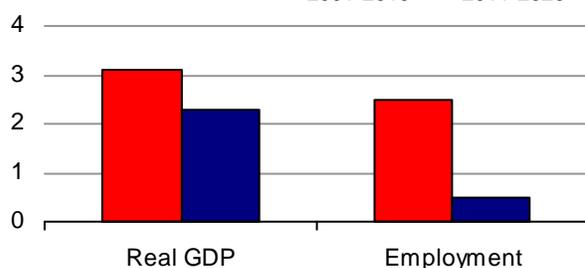
The industry has faced various challenges in the past decade, including growing regulatory requirements, the development of new and more complex credit products, various outsourcing pressures to remain competitive, and the emergence of untapped market for global banking such as China. In the finance and insurance industry, the changing nature of fraud has forced financial institutions to continuously evolve and adapt to the ever changing dangers posed by technological development to protect customer databases. Moreover, the industry has been largely resilient to the sharp fluctuations in various economic factors,

such as the substantial appreciation of the Canadian dollar and cyclical changes in foreign and domestic demand, which have significantly impacted many other export- and domestic-oriented industries over the past decade. For example, during the severe recession of 2008-2009, both the industry GDP and employment continued to expand, albeit less rapidly. As a result, the healthy performance of the industry has helped to support the Canadian economy in that period of economic difficulties. On average, real GDP grew at an annual rate of 3.1% in the past ten years, fuelled by the strong growth in the real estate market and mortgage lending, while employment grew by 2.5% annually.

Over the next decade, the industry will continue to benefit from the improvement in corporate profits and further growth in domestic demand, albeit at a much slower pace than in the previous decade. In addition to slower output growth, job creation in the industry is expected to be restrained by technological changes, including the increasing use of e-banking and online housing services. New technologies will generate additional productivity gains and, thus, lead to slower growth in labour demand. However, the increasing number of retired baby boomers should have a positive impact on employment in the industry, as many of them will be looking to move into smaller homes and will also need help in retirement or investment planning. These factors should contribute to offset some of the adverse impact of technological changes on labour demand. As a result, real GDP is projected to grow at an average annual rate of 2.3% over the next ten years, while employment is projected to increase at an average pace of 0.5% annually.

Real GDP and Employment Growth Rates in Finance, Insurance, Real Estate, Leasing

(%, annual average) ■ 2001-2010 ■ 2011-2020



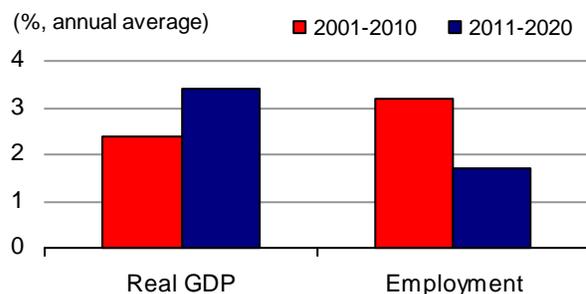
Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

Professional Business Services (NAICS 5411; 5412; 5413; 5414)

This industry comprises establishments that provide highly specialized business services. It is composed of four segments: legal services; accounting, tax preparation, bookkeeping and payroll services; architectural, engineering and related services; and specialized design services. Architectural, engineering and related services represent the largest segment, accounting for about half of production. The industry strongly relies on the performance of the domestic economy and is largely driven by business activities and corporate profits. Although it is mostly oriented on the domestic market, the industry is also sensitive to foreign economic conditions since the clientele comes from various businesses, some of which are heavily reliant on foreign demand. It employed 637,000 workers in 2010, with 42% in architectural, engineering and related services, 25% in legal services, 24% in accounting, tax preparation, bookkeeping and payroll services and 9% in specialized design services. Employment is largely concentrated in Ontario (41%) and Quebec (21%). The workforce is characterized by a high level of education and a significant proportion of self-employed (32%). Major occupations include: auditors, accountants and investment professionals (NOC 111); judges, lawyers and Quebec notaries (NOC 411); and civil, mechanical, electrical and chemical engineers (NOC 213).

Professional business services posted solid gains in production and employment between 2000 and 2008, driven by solid growth in corporate profits and government expenditures. The industry largely benefited from the growing number of firms across the economy that chose to outsource non essential processes in order to remain focused on their core activities. Solid increases in residential and non-residential investment also contributed to foster growth in the industry, particularly in architectural and engineering services where employment surged by 76,000 (+42%) from 2001 to 2008. After recording a small decline during the recession in 2009, the industry's output partly recovered in 2010, largely driven by renewed growth in business confidence and a substantial rebound in construction activities which led to further job creation in architectural and engineering services. On average, real GDP and employment increased at annual rates of 2.4% and 3.2% respectively in the last ten years, largely exceeding the performance of the overall economy.

Real GDP and Employment Growth Rates in Professional Business Services



Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

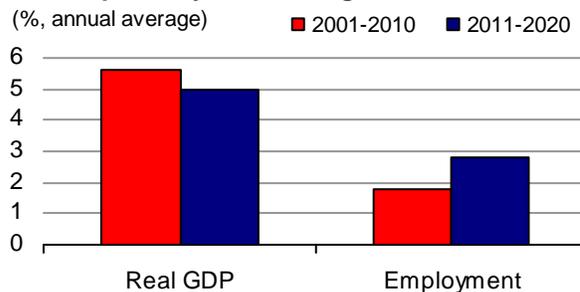
Over the next decade, the industry will continue to benefit from the growing trend among businesses towards outsourcing corporate functions in order to increase operation efficiency, particularly in the good-producing industries. Although tighter government spending could limit the demand for professional services, various merger and acquisition deals across a broad range of industries are expected to drive demand for legal and accounting services, while faster growth in capital spending should lead to increased demand for engineering services. The resulting growth in real GDP is projected to average 3.4% annually over the next ten years, a notable acceleration from the previous decade. In contrast, employment growth is projected to slow at an average rate of 1.7% annually. An anticipated recovery from previously dismal productivity growth and increasing difficulties in finding and retaining qualified personnel are likely to constrain growth in employment. Rising competition brought by new technologies, which facilitate communication with clients, is also expected to undermine previous locally-focused business models and increase offshoring of some services, notably accounting services.

Computer Systems Design Services (NAICS 5415)

This industry comprises establishments primarily engaged in providing information technologies expertise (such as writing, modifying, testing and supporting software, including the creation of Internet home pages); planning and designing computer systems that integrate hardware, software and communication technologies; providing on-site management and operation of clients' computer and data processing facilities. It excludes the development and retailing of computer hardware and packaged software. The industry strongly relies on the performance of the domestic economy, particularly business investment and government expenditures. It is also characterized by a relatively high degree of exposure to trade for a service industry, with almost 20% of its revenues coming from exports, mainly from the United States, making it sensitive to the investment environment south of the border. The industry employed 286,000 workers in 2010, largely concentrated in Ontario (47%) and Quebec (26%). The workforce is characterized by a high level of education and a significant proportion of self-employed (31%). Major occupations include: computer and information systems professionals (NOC 217); technical occupations in computer and information systems (NOC 228); and managers in engineering, architecture, science and information systems (NOC 021).

Driven by the rapid pace of computer technology adoption in businesses and governments, this industry grew rapidly in the 1990s, with employment quadrupling in ten years and production recording double-digit growth. Production continued to grow quickly from 2000 to 2007, driven by the strong performance of the Canadian economy and solid gains in corporate profits, before increasing at a much slower rate during the recession of 2008 and 2009 as business investment in technology, often considered as discretionary spending, fell significantly. On average, real GDP in the industry grew at an impressive annual rate of 5.6% over the last decade, the fastest pace of growth among the 33 industries covered by COPS. Employment increased at a slower pace of 1.8% annually, partly reflecting the need to reduce costs and increase productivity in the face of rising competition from low-cost countries, particularly from India.

Real GDP and Employment Growth Rates in Computer Systems Design Services



Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

Over the next decade, computer system design services should continue to lead most industries in terms of production and employment growth, as demand is supported by rapid technological changes. Indeed, although the market is maturing, new types of electronic devices, such as smart phones and mobile tablets, are creating new opportunities for the industry. Consumers and businesses now own multiple electronic devices and are increasingly asking for compatibility, transferability and access to their content from any of those devices. The industry will also continue to benefit from the growing number of firms across the economy that choose to outsource IT work in order to remain focused on their core activities. The projected strength in the Canadian dollar, however, will continue to make foreign IT services cheaper for Canadian companies and could restrain growth in the industry. On average, real GDP is projected to expand at an annual rate of 5.0% over the next ten years, a slight slowdown relative to the previous decade but still the fastest pace of growth among all 33 COPS industries. In contrast, employment is projected to increase at a faster pace than during the previous decade, averaging a solid 2.8% annual growth, the fastest pace of job creation after the mining industry.

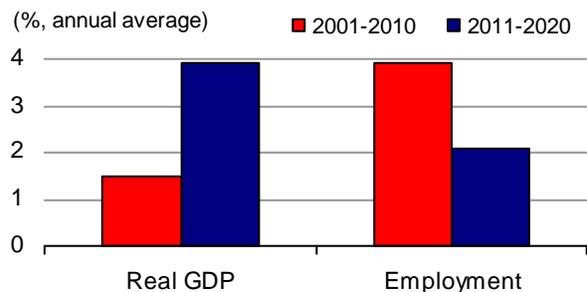
Other Professional Services (NAICS 5416; 5417; 5418; 5419)

This industry comprises establishments that provide highly specialized services and it is composed of four segments: management, scientific and technical consulting; scientific research and development; advertising and public relations; and other professional, scientific and technical services (including photographic, translation and veterinary services). Similarly to the professional business services industry, this industry provides services to business clients and is therefore highly dependent on business activities and corporate profits. It employed 343,000 workers in 2010, with 43% in management, scientific and technical consulting, 24% in other professional and scientific services, 21% in advertising and public relations, and 12% in scientific research and development. Employment is largely concentrated in Ontario (43%) and Quebec (26%). The workforce is characterized by a high level of education and a significant proportion of self-employed (45%). Major occupations include: human resources and business service professionals (NOC 112); policy and program officers, researchers and consultants (NOC 416); and writing, translating and public relations professionals (NOC 512).

Following the economic slowdown of the early 2000s, production and employment growth in other professional services was driven by solid increases in corporate profits and government expenditures. The industry largely benefited from the growing trend in outsourcing management, scientific and advertising services, as many firms displaced non-essential processes in order to increase their efficiency. Indeed, more complex business practices, major restructuring in the forestry and manufacturing sectors, and the increasing demand for more innovative products contributed to foster growth in management consulting and scientific research and development services, leading to the creation of 87,500 jobs (+37%) in the industry between 2000 and 2008. After contracting slightly during the recession in 2009, output partly recovered in 2010, driven by renewed growth in business confidence and business discretionary spending, which led to further job creation in the industry. On average, real GDP grew at an annual rate of 1.5% in the last ten years, while employment increased at a much faster pace of 3.9% annually. This reflects the fact that the industry is primarily engaged in activities in which human capital is the major input since the production process is almost exclusively dependent on worker skills and expertise.

Over the next decade, the industry will continue to benefit from business demand for advice on planning and logistics, implementation of new technologies, and compliance with workplace safety, environmental and employment regulations. Increasing globalization, continued trends towards outsourcing and mergers, and the intensification of research and development activities are also expected to support demand for various consulting and scientific services. The resulting growth in real GDP is projected to average 3.9% annually over the next ten years, a substantial acceleration from the previous decade. In contrast, employment growth is projected to slow at an average rate of 2.1% annually. An anticipated recovery in productivity and increasing difficulties in finding and retaining qualified personnel are expected to constrain growth in employment. As for the professional business services industry, rising competition brought by new technologies, which facilitate communication with clients, has also undermined previous locally-focused business models and increased offshoring of some services, notably consulting and advertising.

Real GDP and Employment Growth Rates in Other Professional Services



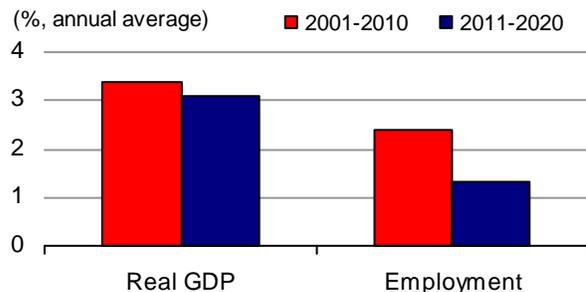
Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

Management, Administrative and Other Support Services (NAICS 5511; 5611-5619; 5621-5629)

This industry is composed of three segments: management of companies and enterprises (including security holdings and head offices); administrative and support services (such as record keeping, employment placement, document preparation, call centres, collection agencies, travel arrangement, and security, janitorial and landscaping activities); and waste management and remediation services (such as the collection, treatment and disposal of waste material). Overall, the industry is heavily reliant on the performance of the domestic economy, particularly business activities and profitability as it is primarily engaged in activities that support the day-to-day operations of other organizations. It employed 672,000 workers in 2010 with administrative and support services being the largest employer, accounting for 95% of all workers. Employment is largely concentrated in Ontario (42%), Quebec (21%), British Columbia (14%) and Alberta (11%). The workforce is characterized by much lower wages than the national average and by a significant proportion of self-employed (25%). Major occupations include: cleaners (NOC 666); security guards and related occupations (NOC 665); and library, correspondence and related information clerks (NOC 145).

Management, administrative and other support services have been the fourth fastest growing industry in the services sector between 2000 and the end of the economic expansion in 2008, posting average annual growth of 4.6% in real GDP and 2.5% in employment, faster than the services and all industry averages. All segments of the industry contributed to the increase in output and employment, reflecting the solid performance of the Canadian economy during that period as most of the services are provided to a large range of businesses and, to a lesser extent, households. However, with the start of the recession in late 2008, activity in the industry began to weaken. Production fell by 3.5% in 2009, the first drop since the recession of 1990-1991, and it was accompanied by the loss of 30,100 jobs. As the economic recovery unfolded in mid-2009, the industry performance began to improve, but at a moderate pace because of the high degree of uncertainty about near-term economic prospects. The output rose by 1.6% in 2010 and about half of the jobs lost in 2009 were re-gained. As a result, real GDP and employment grew at average annual rates of 3.4% and 2.4% respectively in the past ten years.

Real GDP and Employment Growth Rates in Management and Administrative Services



Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

Over the next decade, the industry will continue to be driven by the performance of the domestic economy, particularly business activities and the corporate financial situation. It is also expected to benefit from the growing trend among businesses towards outsourcing management, administrative and other support functions in order to increase operation efficiency, notably in the good-producing industries. Real GDP is projected to continue to expand at a solid pace, averaging 3.1% annually. In contrast, growth in employment is projected to slow significantly from the previous decade, down to an average annual rate of 1.3%, as the increase in production is expected to be met to a greater extent by additional gains in productivity.

Information, Culture and Recreation Services (NAICS 5111-5191; 7111-7139)

This industry is composed of two segments: information and cultural activities (such as book, newspaper and software publishing, motion picture and record production, telecommunications and broadcasting, data processing and hosting, Internet publishing and web search portals) and arts, entertainment and recreation activities (such as cinemas, performing arts and spectator sports establishments, museums and historic sites, amusement parks and casinos). While employment is evenly split between the two segments, the information and cultural segment accounts for a much larger share of production (80% in 2010) as it is less labour intensive (telecommunications services alone account for almost half of the industry GDP but less than one fifth of employment). The industry is heavily reliant on the performance of the domestic economy and is particularly sensitive to changes in discretionary expenditures. It employed 766,000 workers in 2010, largely concentrated in Ontario (42%), Quebec (23%) and British Columbia (18%). Given the wide variety of activities, major occupations in the industry include a mix of: creative and performing artists (NOC 513); athletes, coaches, referees and related occupations (NOC 525); writing, translating and public relations professionals (NOC 512); library, correspondence and related information clerks (NOC 145); computer and information systems professionals (NOC 217); and electrical trades and telecommunications occupations (NOC 724).

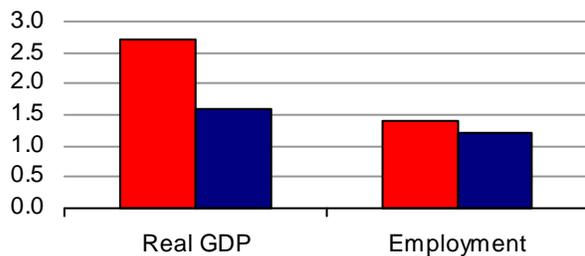
Production and employment in the industry grew quickly from the mid-1990s to the early 2000s, largely driven by the information and cultural segment as Internet, satellite and new cable services became available. By 2002, the market had matured and following the IT bust, the industry experienced much slower growth in terms of output and job creation. From 2004 to 2007, solid increases in household disposable income and corporate profits, combined with rapid developments in wireless technologies, stimulated demand for new services and contributed to accelerate growth in the industry.

The recession of 2008 and 2009, however, significantly affected discretionary expenditures on information, cultural and recreation services, leading to anaemic growth in production and slight declines in employment. On average, real GDP and employment grew at annual rates of 2.7% and 1.4% respectively in the past ten years. While output growth was largely driven by the information and cultural segment due to the rapid expansion of telecommunications services, job creation mostly occurred in the more labour intensive arts, entertainment and recreation segment.

Over the next decade, production growth in the industry is projected to be driven by the gradual recovery in discretionary spending, faster increases in business investment (including information and communications technologies) and massive retirements of baby-boomers who should have more time to spend on recreational activities. The pace of growth, however, will be restrained by slower growth projected in consumer spending, partly due to weaker increases in the working-age population and the reduction in household debt to more sustainable levels. The strength of the Canadian dollar is also expected to continue to reduce Canada's competitiveness as a location for the production of American movies and TV series, while electronic piracy will keep adding pressures on software, music and movie producers. The resulting growth in real GDP is projected to slow to an annual average of 1.7% during the next ten years, while employment is expected to keep growing at a similar pace than during the last decade (1.2%), reflecting the fact that many components of the industry are highly labour intensive.

Real GDP and Employment Growth Rates in Information, Culture and Recreation

(%, annual average) ■ 2001-2010 ■ 2011-2020



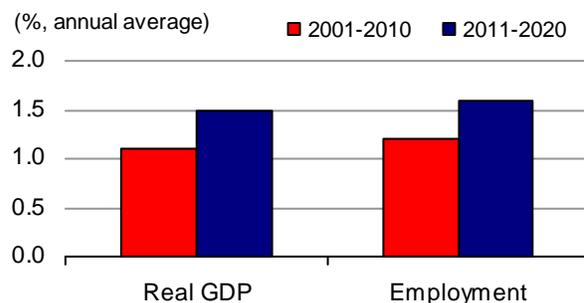
Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

Accommodation and Food Services (NAICS 7211-7213; 7221-7224)

This industry comprises establishments primarily engaged in providing short-term lodging and complementary services to travellers and vacationers in facilities such as hotels, resorts, motels, and bed and breakfast accommodations. It also comprises establishments engaged in preparing meals, snacks and beverages for immediate consumption on and off the premises. Food is the most important segment, accounting for 64% of production in 2010. Accommodation and food services are closely linked to tourism activities, both from the domestic and foreign sides. Consequently, the industry is particularly sensitive to fluctuations in the value of the Canadian dollar against other currencies and to changes in domestic and foreign income, labour market conditions and travelling costs. The industry employed 1.1 million workers in 2010, largely concentrated in food services (82%) and distributed proportionally to provincial population. The industry is characterized by much lower wages than the national average and by the largest concentration of part-time workers in the economy, accounting for 42% of its workforce. Food services also provide many young people with their first jobs as about one in two workers are aged between 15 and 24. Major occupations include: occupations in food and beverage service (NOC 645); food counter attendants, kitchen helpers and related occupations (NOC 664); chefs and cooks (NOC 624); and managers in food service and accommodation (NOC 063).

After posting substantial growth in the late 1990s, the industry faced various difficulties during the first few years of the past decade, including the U.S. recession, the events of September 11, and the unexpected outbreak of the Severe Acute Respiratory Syndrome that affected Toronto during the spring of 2003. These events had a depressing effect not only on foreign travel to Canada, but also on domestic travel within the country. As a result, real GDP began to grow at a much slower rate and even fell in 2003 for the first time since the recession of the early 1990s. The industry GDP rebounded strongly in 2004 but the pace of growth in output slipped back to an anaemic average of 1.1% annually over the four subsequent years, partly reflecting the substantial decline in foreign tourism, particularly from the United States because of the strong appreciation of the Canadian dollar. Moreover, GDP fell severely in 2009, down by 2.8%. The industry began to recover in 2010, partly boosted by the Winter Olympic Games. Better labour market conditions, faster growth in personal income, the recovery in consumer and business confidence, and improved business profitability also contributed to increase activity in the industry in 2010. On average, real GDP and employment grew at annual rates of 1.1% and 1.2% respectively over the last ten years.

Real GDP and Employment Growth Rates in Accommodation and Food Services



Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

Over the next decade, the industry is expected to continue to be primarily driven by improvements in household income and business profitability, supporting increased spending on accommodation and food services. However, growth in the industry is expected to be constrained by rising food prices and the desire of households to reduce their debt by increasing savings. An encouraging development is that increased foreign tourism from emerging markets, such as China and India, should also help to support the industry as more people are becoming wealthy enough to travel. This should contribute to offset some of the weakness in foreign travel to Canada from the United States due to the elevated Canadian dollar. The industry will also be stimulated by the rising number of retiring baby-boomers who will have more time to spend on travel and tourism activities. As a result, real GDP and employment growth are projected to strengthen to an average annual rate of 1.5% and 1.6% respectively over the next ten years.

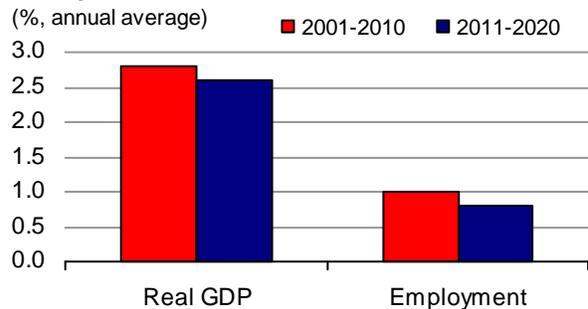
Repair, Personal and Household Services (NAICS 8111-8114; 8121-8129+8141; 8131-8139)

This industry is the aggregation of the three following segments: repair and maintenance (such as on motor vehicles, electronic equipment, industrial machinery and household goods); personal and laundry services (such as hair care, photo finishing and dry cleaning) and private household services (employing individuals such as cooks, maids, gardeners and baby-sitters); religious, civic and professional organizations (supporting religious, social and political causes). Religious, civic and professional services is the most important segment in terms of production, accounting for 42% of the industry GDP in 2010, while the remaining output is evenly split between repair and maintenance (30%) and personal, laundry and private household services (28%). The industry is highly reliant on growth in personal income, business activities and profitability. It employed a total of 754,000 workers in 2010, including 41% in personal, laundry and private household services, 34% in repair and maintenance, and 24% in religious, civic and professional organizations. Employment is distributed proportionally to population: 38% in Ontario, 22% in Quebec, 14% in British Columbia, and 26% in the remaining provinces. The workforce is characterized by lower wages than the national average and by a strong concentration of self-employed (31%). Major occupations include: technical occupations in personal services (NOC 627); automotive service technicians (NOC 732); childcare and home support workers (NOC 647); and other occupations in personal service (NOC 648).

The industry's output has grown at a healthy pace between 2000 and the end of the economic expansion in 2008, reflecting solid gains in household income, healthy labour market conditions and strong business activity and profitability. After recording a small decline in 2009 due to lower demand for repair, maintenance, personal, laundry and household services, production in the industry fully recovered in 2010, largely driven by the gradual improvement in domestic economic conditions and renewed consumer and business confidence. On average, real GDP grew at an annual rate of 2.8% over the last decade, with 60% of the increase coming from the religious, civic and professional organizations industry. During that period, however, employment fluctuated considerably, resulting in an average modest increase of 1.0% annually. The largest job gains were recorded in personal, laundry and household services, followed by religious, civic and professional organizations.

Over the next decade, growth in the industry is expected to be primarily supported by improving labour market conditions and further growth in household income, as well as higher business activities and profitability. Population aging is also expected to foster demand, notably for private household services. As a result, the average annual rates of growth in real GDP and employment are projected to remain relatively unchanged over the next ten years, at 2.6% and 0.8%, respectively.

Real GDP and Employment Growth Rates in Repair, Personal and Household Services



Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

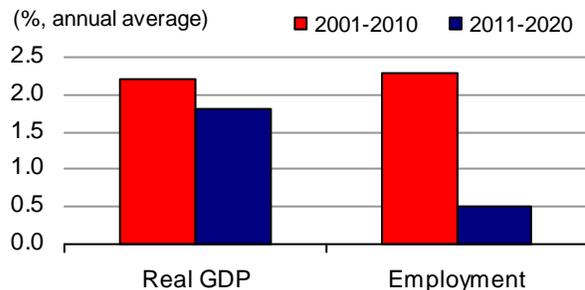
Educational Services (NAICS 6111; 6112; 6113; 6114-6117)

This industry comprises establishments primarily engaged in providing instructions and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as elementary and secondary schools, colleges, universities and various training centres (business schools and computer and management training; technical and trade schools; fine arts, athletic instruction and language schools). These establishments may be privately owned and operated, either for profit or not, or they may be publicly owned and operated. Elementary and secondary schools account for the largest share of employment within the industry (61%), followed by universities (20%), and colleges (8%). The industry is mainly driven by demographic factors and largely sensitive to government expenditures in education programs. It employed 1.2 million workers in 2010, distributed proportionately to population: 40% in Ontario, 21% in Quebec, 14% in British Columbia, 11% in Alberta, and 14% in the remaining provinces. The workforce is characterised by a relatively high share of part-time employees (25%) and a strong concentration of women in elementary and secondary schools (73%). Major occupations include: secondary and elementary school teachers and educational counsellors (NOC 414); university professors and assistants (NOC 412); childcare and home support workers (NOC 647); and college and other vocational instructors (NOC 413).

Educational services posted above average growth in output and employment over the last decade, reflecting significant growth in public spending within the education system. Universities showed the fastest pace of job creation (+52%) from 2001 to 2010 due to strong increases in post-secondary enrolment. Solid employment gains were also recorded in primary and secondary schools, as the echo-boom generation (the children of the baby-boomers) continued to support demand for elementary and secondary education. On average, real GDP and employment grew at annual rates of 2.2% and 2.3% respectively in the past ten years. Educational services continued to expand during the recession of 2008 and 2009, partly reflecting the fact that during bad economic times, youth usually stay in school longer or return to school in response to poorer job opportunities.

Over the next decade, population aging is expected to be the main factor leading to slower output and employment growth in educational services. Indeed, the slight decline projected in population aged from 5 to 25 is expected to restrain growth in the overall level of enrolment, particularly in secondary and post-secondary establishments. However, the growing demand for higher educated and skilled workers should continue to push up the enrolment rates in colleges and universities in Canada and help to offset the negative impact of demographic changes on overall enrolment. As a result, total school enrolment is expected to continue to increase over the next ten years, albeit at a slower pace than in the previous decade. Real GDP and employment in educational services are projected to grow at average annual rates of 1.8% and 0.5%, respectively. Growth in GDP will largely be met by significant gains in productivity brought by labour-saving developments, partly induced by provincial deficit reduction programs, the increasing use of e-learning applications, and the gradual shift of the student population towards post-secondary schools, where the number of students per teacher is higher.

Real GDP and Employment Growth Rates in Educational Services



Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

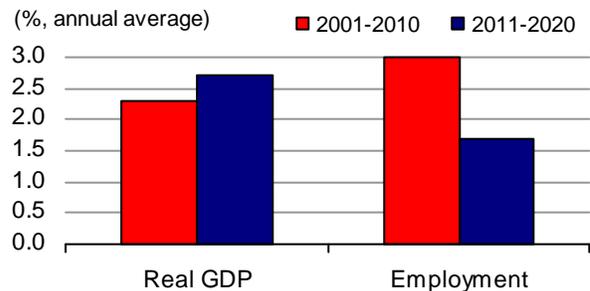
Health Care and Social Assistance (NAICS 6211-6219; 6221-6223; 6231-6239; 6241-6244)

This industry comprises establishments primarily engaged in providing health care by diagnosis and treatment, providing residential care for medical and social reasons, and providing social assistance such as counselling, welfare, child protection, community housing and vocational rehabilitation. It is composed of four segments: ambulatory health care services (23% of the industry employment in 2010); hospitals (35%); nursing and residential care facilities (17%); and social assistance (25%). The industry is mainly driven by demographic changes in Canada and very sensitive to government expenditures in health and social programs. It is essentially immune from business cycles as the demand for health care continues to increase in both good and bad economic times. With a total of 2.0 million workers in 2010, the industry was the second largest employer across the economy, after the retail trade industry. The workforce is characterized by a high level of education and a significant concentration of part-time workers (25%). Employment is distributed proportionately to population: 35% in Ontario, 25% in Quebec, 13% in British Columbia, 11% in Alberta, and 16% in the remaining provinces. Major occupations include: assisting occupations in support of health services (NOC 341); nurse supervisors and registered nurses (NOC 315); other technical occupations in health care (NOC 323); psychologists, social workers and counsellors (NOC 415); and physicians, dentists and veterinarians (NOC 311).

Health care and social assistance posted solid growth in output and employment over the last decade, mainly driven by stronger increases in public health care funding in response to the growing demand from an aging population. In addition to demographic changes, more expensive technologies and increased reliance on high-priced drugs have also contributed to boost health care costs. This led many provincial governments to reform their public health care system, notably by relying further on primary care prevention. Consequently, in-hospital stays and residential care beds have been substituted for home care services. Furthermore, limited training seats for health professionals, along with difficult working conditions and an ageing workforce, constrained labour supply and led to labour shortages in the industry. This resulted in increased funding and the creation of additional training seats, particularly in nursing. On average, real GDP and employment grew at annual rates of 2.3% and 3.0% respectively over the last ten years, more rapidly than in the overall economy. As in previous recessions, production and employment continued to grow at a solid pace during the recession of 2008 and 2009, regardless of the deterioration in domestic economic conditions.

Over the next decade, population aging will keep driving labour demand and health care costs up, compelling provincial governments to increase health care funding. The commitment of many provinces to reduce wait times for surgeries will ensure that this industry continues to expand at a healthy pace. Real GDP growth is projected to accelerate slightly relative to the previous decade, averaging 2.7% annually over the next ten years. Employment growth, however, is projected to slow significantly, averaging 1.7% per year, but still exceeding the pace of job creation projected for the overall economy. Slower job creation mainly reflects the fact that deficit reduction objectives in provinces are expected to force healthcare providers to develop and implement new labour-saving ways of delivering services.

Real GDP and Employment Growth Rates in Health Care and Social Assistance



Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).

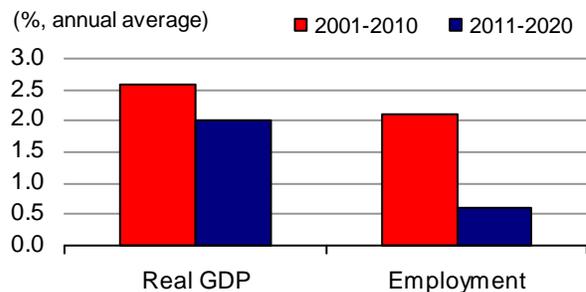
Public Administration (NAICS 9111-9119; 9121-9129; 9131-9139; 9141; 9191)

This industry comprises establishments primarily engaged in activities of a governmental nature at the federal, provincial, territorial, regional, municipal and local levels. It covers legislative activities, taxation, national defence, public order and safety, immigration services, foreign affairs and international assistance, and the administration of government programs. The industry includes not only public servants and bureaucrats, but also members of the Canadian armed forces, policemen and firefighters. The federal administration accounts for the largest share of employment within the industry (41%), followed by provincial and territorial administrations (29%), and local, municipal and regional administrations (29%). Overall, public administration employed 956,000 workers in 2010, distributed proportionately to population: 39% in Ontario, 25% in Quebec, 12% in British Columbia, 9% in Alberta, and 15% in the remaining provinces and territories. The workforce benefits from much higher wages than the national average, partly attributable to high unionization rates (67%). Major occupations include: police officers and firefighters (NOC 626); administrative and regulatory occupations (NOC 122); policy and program officers, researchers and consultants (NOC 416); and administrative support clerks (NOC 144).

After experiencing a difficult period during the 1990s because of large budget deficits, public administration posted above average growth in output and employment in the following decade, as the federal and provincial fiscal situation improved markedly. From 2001 to 2010, real GDP and employment grew continuously, averaging annual rates of 2.6% and 2.1% respectively, markedly faster than for the overall economy and pretty much in line with the growth rates of the whole services sector. Over that period, the industry created a total of 182,000 jobs, with the fastest pace of growth in federal administration (+38%), followed by provincial (+21%) and municipal (+10%) administrations. During the recession of 2008-2009, the various programs put in place by the federal and provincial governments in order to stimulate the economy helped to maintain growth in real GDP and employment in public administration. However, lower tax revenues and increased government spending resulted in large fiscal deficits across all levels of governments.

The return to deficit reduction programs has significantly changed the long-term outlook for public administration, lowering projected output growth, and more particularly, employment growth in a substantial way. Federal and provincial governments have announced plans to curtail growth in program spending, holding it below inflation for several years in order to get back to fiscal balance. As a result, real GDP growth is projected to slow at an average annual rate of 2.0% over the next ten years. The slowdown in employment growth is projected to be even more pronounced, with annual rate averaging only 0.6%, less than one third of the growth recorded in the previous decade.

Real GDP and Employment Growth Rates in Public Administration



Sources: Statistics Canada (historical) and HRSDC 2011 COPS industrial scenario (projections).