

GOAL 7: LABOUR FORCE PARTICIPATION

New Brunswick will have a labour force participation rate equal to or higher than the national rate by 2028.

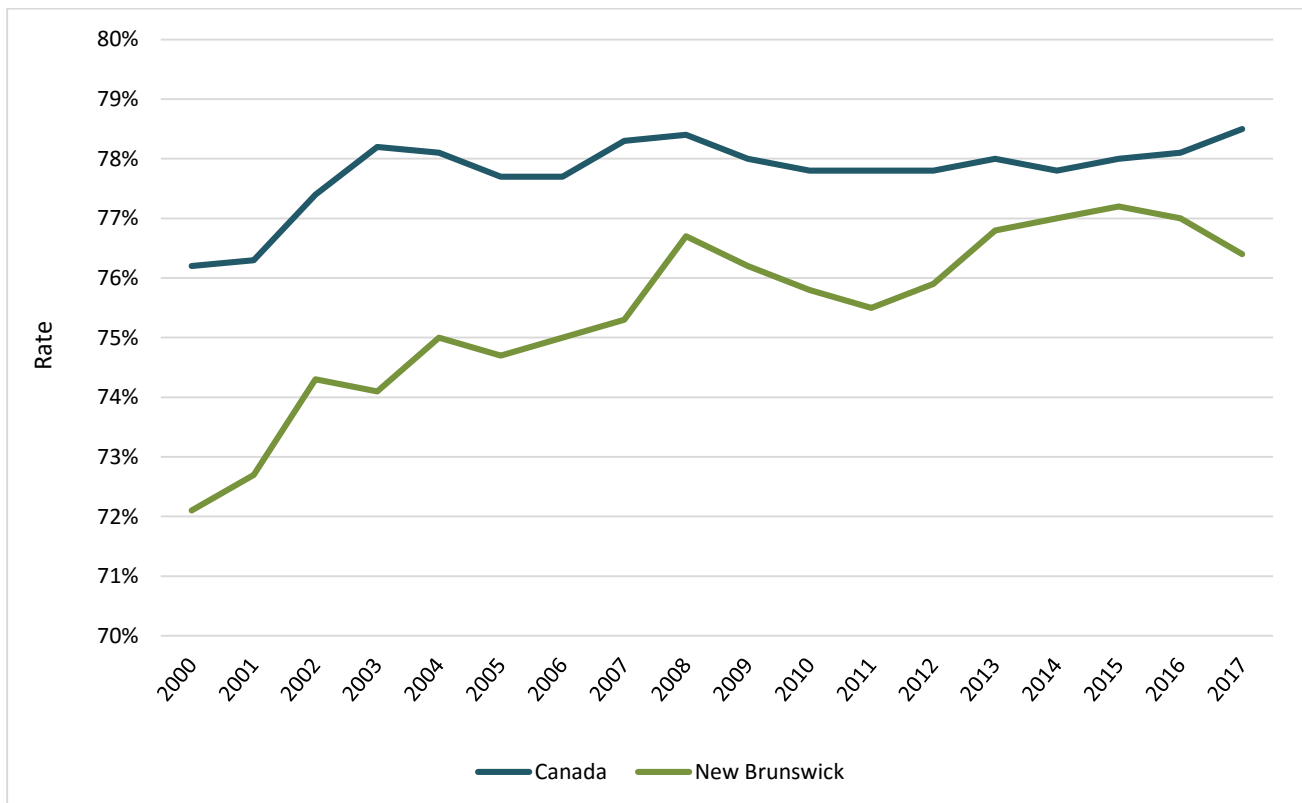
Status: NOT PROGRESSING

Current Situation

Increasing labour force participation could introduce more permanent workers into New Brunswick's labour market while increasing overall employment rates for the province. If New Brunswick follows Nova Scotia's labour force goal, it will aim to achieve a labour force participation rate (for ages 15 to 64) equal to or higher than the Canadian rate by 2028.

Over the past decade, New Brunswick's labour force has seen an upward trend in participation, which reached its highest point (77.2%) in 2015. At that time, the gap between New Brunswick's and Canada's labour force participation rates was only 0.8 percentage points—the smallest of the 2000-2017 study period. However, New Brunswick's participation rate has recently diverged from the national rate. While the province's 2017 rate of 76.4% is only slightly less than the 2015 level, the 2017 Canadian rate reached 78.5%, an all-time high for the study period. Because of this growth in national labour force participation, the gap between the provincial and Canadian rates has increased to over 2 percentage points.

Figure 1: Labour Force Participation Rate (Ages 15-64)



Data: Figure 1	Canadian Labour Force Participation Rate	New Brunswick Labour Force Participation Rate
2000	76.2%	72.1%
2001	76.3%	72.7%
2002	77.4%	74.3%
2003	78.2%	74.1%
2004	78.1%	75.0%
2005	77.7%	74.7%
2006	77.7%	75.0%
2007	78.3%	75.3%
2008	78.4%	76.7%
2009	78.0%	76.2%
2010	77.8%	75.8%
2011	77.8%	75.5%
2012	77.8%	75.9%
2013	78.0%	76.8%
2014	77.8%	77.0%
2015	78.0%	77.2%
2016	78.1%	77.0%
2017	78.5%	76.4%

Source: Statistics Canada, CANSIM Table 282-0002: Labour force characteristics by sex and detailed age group, annual (x 1,000)

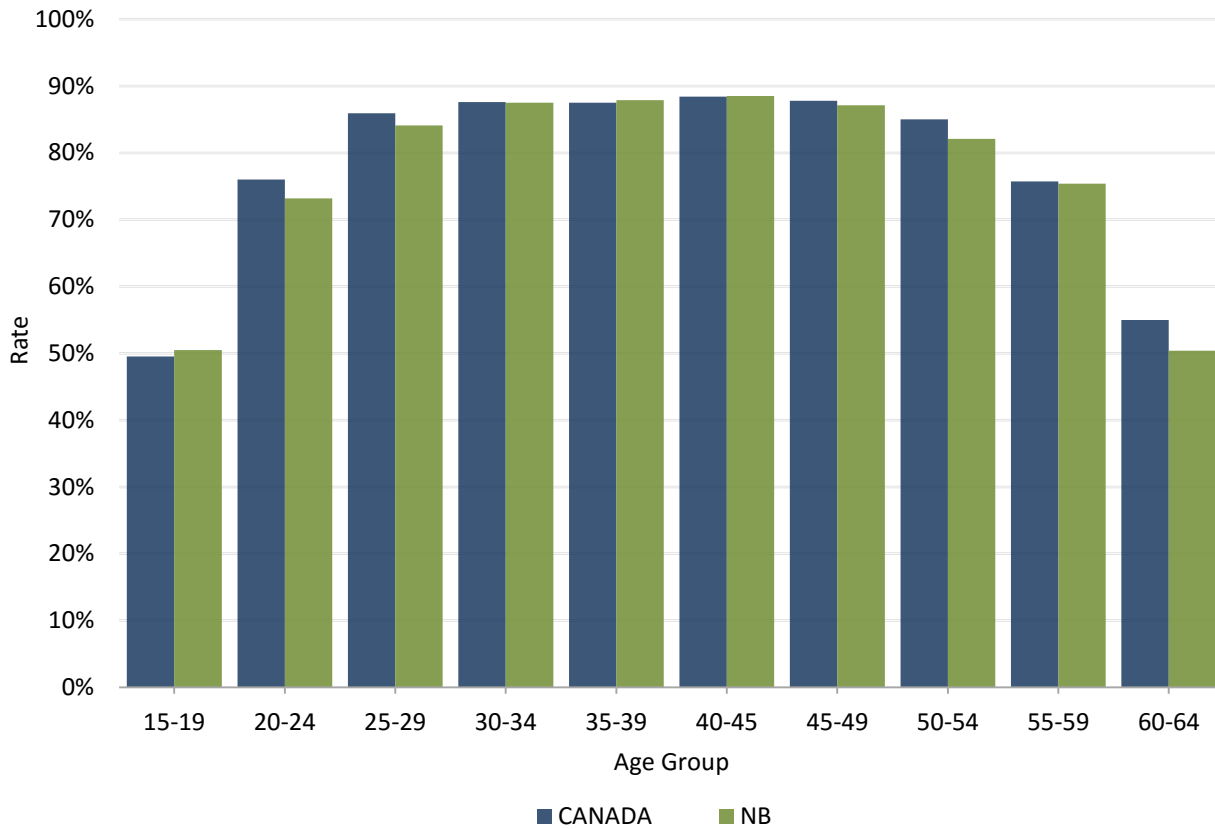
What This Means

The *participation rate* refers to the active portion of an economy’s labour force. In other words, the term applies to the portion of the working-age population that is working or is actively seeking work. Because it refers only to those of working age, an economy's labour force participation rate is affected by the age demographics of its population. Due primarily to an aging Maritime population, the participation rate in New Brunswick has been declining since 2015. If the differences between New Brunswick's and Canada's demographic compositions persist, it is unlikely that New Brunswick will be able to achieve a labour force participation rate as high as the Canadian rate. However, as the Canadian population ages, it is possible that the gap between the provincial and national rates may close.

DEEP DIVE

Looking closely at different age segments of the population suggests that New Brunswick's lagging participation rate cannot be wholly explained by an aging population. Of the working-age population (ages 15-64), those under the age of 25 (predominantly students) and over the age of 55 (nearing retirement) are less likely to be employed or looking for work. Those between the ages of 25 and 54 are considered "prime-age" workers—because they are less likely to be students or retired, members of this age group tend to show higher labour force participation rates. Yet, participation rates are dropping even among New Brunswick's prime-age workers. The difference between the age compositions of New Brunswick's population and the Canadian population may account for part of the gap between their labour force participation rates. However, it does not explain the entirety of the gap. As shown in Figure 2, when the working-age population is divided into 5-year age groups, New Brunswick's participation rates are lower than Canada's in every category except three: ages 15-19, ages 35-39, and ages 40-45.

Figure 2: Participation Rate, by 5-Year Age Groups (2017)



Data: Figure 2	Canadian Labour Force Participation Rate	New Brunswick Labour Force Participation Rate
Ages 15-19	49.5%	50.5%
Ages 20-24	76.0%	73.2%
Ages 25-29	85.9%	84.1%
Ages 30-34	87.6%	87.5%
Ages 35-39	87.5%	87.9%
Ages 40-45	88.4%	88.5%
Ages 45-49	87.8%	87.1%
Ages 50-54	85.0%	82.1%
Ages 55-59	75.7%	75.4%
Ages 60-64	55.0%	50.4%

Source: Statistics Canada, CANSIM Table 282-0002: Labour force characteristics by sex and detailed age group, annual (x 1,000)

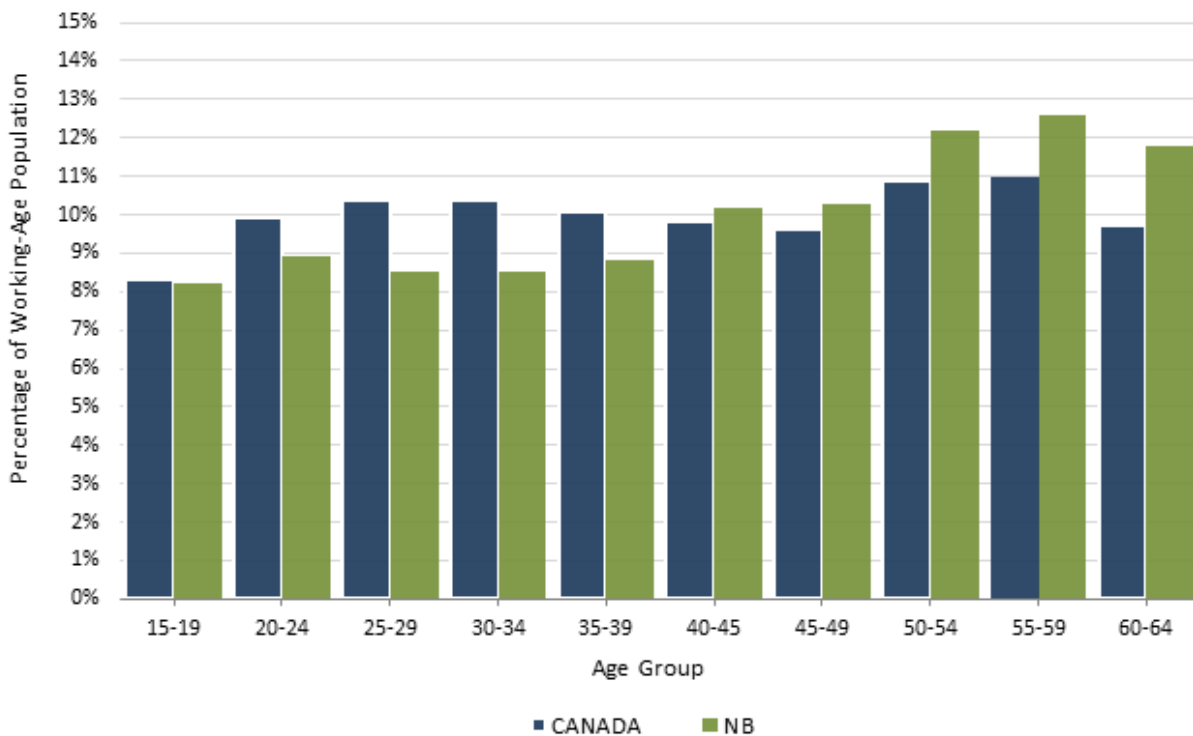
On average, the population of New Brunswick is older than the population of Canada. As a result, the proportion of New Brunswick's labour force aged 50 years or older (37%) is larger than that of Canada (32%), while the percentage of the province's labour force aged 25-49 (46%) is smaller than the Canadian average (50%) (see Figure 3). The Canadian groups aged 50-64 show lower participation rates than their younger cohorts, and New Brunswick groups aged 50-64 have participation rates even lower than those of Canada. A

larger share of New Brunswick's population belongs to the age demographic associated with low labour force participation, leaving a smaller portion of the population to the age groups with higher participation rates.

What This Means

In a scenario where New Brunswickers of all ages are just as likely as their Canadian peers to participate in the labour force, New Brunswick's participation rate would presumably still be lower than the Canadian average because the province houses an older population. However, it appears that certain prime-age groups in New Brunswick are less likely to work than their Canadians peers, further contributing to the participation gap between the province and Canada as a whole.

Figure 3: Working-Age Population Composition (2017)

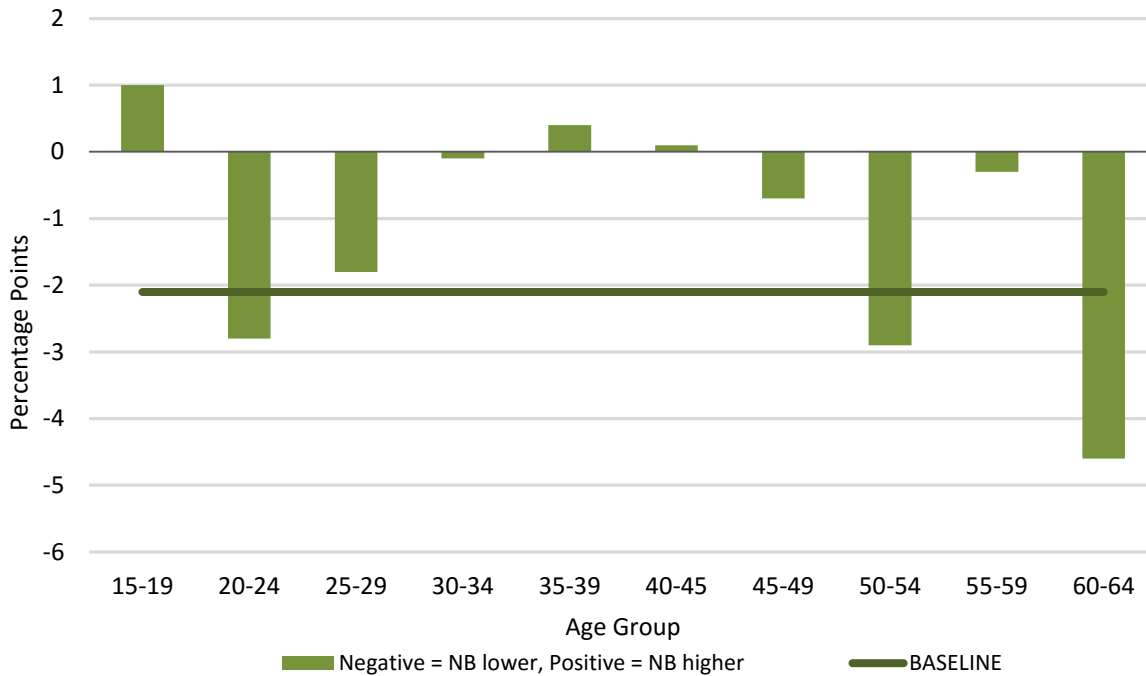


Data: Figure 3	Canadian Working-Age Population	New Brunswick Working-Age Population
Ages 15-19	8.3%	8.2%
Ages 20-24	9.9%	8.9%
Ages 25-29	10.4%	8.5%
Ages 30-34	10.4%	8.5%
Ages 35-39	10.1%	8.8%
Ages 40-44	9.8%	10.2%
Ages 45-49	9.6%	10.3%
Ages 50-54	10.9%	12.2%
Ages 55-59	11.0%	12.6%
Ages 60-64	9.7%	11.8%

Source: Statistics Canada, CANSIM Table 282-0002: Labour force characteristics by sex and detailed age group, annual (x 1,000)

Dividing the labour force into comparable 5-year age groups allows for the control of age differences. A comparison of New Brunswick's and Canada's working-age groups shows that New Brunswick's participation rates are generally lower than the Canadian average, although the gaps between the groups aged 15-49 are smaller than for those aged 50 and over. In New Brunswick, those aged 15-19 and 35-39 show higher participation rates than the corresponding Canadian groups. However, as mentioned earlier, those aged 50 or more show participation rates lower than the Canadian average.

Figure 4: Gap Between NB and Canadian Participation Rates, by Age Group (2017)



Data: Figure 4	Labour Participation Rate Gap (NB Rate less Canadian Rate)
Ages 15-19	1.00%
Ages 20-24	-2.80%
Ages 25-29	-1.80%
Ages 30-34	-0.10%
Ages 35-39	0.40%
Ages 40-44	0.10%
Ages 45-49	-0.70%
Ages 50-54	-2.90%
Ages 55-59	-0.30%
Ages 60-64	-4.60%

Source: Statistics Canada, CANSIM Table 282-0002: Labour force characteristics by sex and detailed age group, annual (x 1,000)
 *Baseline: 2012 Gap: -2.21%

Looking forward, it is possible that the Canadian participation rate will begin to decline as the national population ages (if immigration levels do not increase enough to make up for this effect). An aging national population could close the gap between New Brunswick's and Canada's labour force participation rates—though, a smaller gap due to a falling participation rate nation-wide would not necessarily be a "win" for New Brunswick. Currently, however, New Brunswick is not on track to meet the suggested goal of matching the Canadian labour force participation rate.

Changes to the Indicator, Baseline or Target

- The participation rate measures the total labour force (comprised of those who are employed and unemployed) in relation to the size of the working-age population. In other words, the labour force participation rate is the share of the working-age population that is working or looking for work (Statistics Canada 71-222-X).
- This indicator was measured using the participation rate of the population aged 15-64 rather than 15 and older. The 15-64 age limit excludes the participation rates of retired individuals. Moreover, because this is a comparison against the national average, the differences in the age composition of New Brunswick's population (I.e., a larger share older than 65) would require participation rates for younger cohorts that are more than the national average. This is not considered to be the intent of the goal.
- The baseline for Figure 4 is set at the 2012 gap (1.9%) between the provincial and national participation rates. The target represents the closing of this gap by 2028.