

Perspective

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SERVICE SECTOR SPECIAL

The service sector: A mosaic

What does the future hold for the service sector?



Desjardins
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DESJARDINS GROUP



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NOTE TO READERS: In this text, the symbols **M** and **B** are used respectively to refer to millions and billions of dollars.

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EDITORIAL

Services: More than just support for the primary and secondary sectors

Difficult to define, the service sector is often viewed as a catch-all category for everything other than exploitation of natural resources, construction or manufacturing. However, considering it accounts for roughly 70% of Québec's GDP, it is much more than an afterthought or a foil for the primary and secondary sectors.

Services enjoyed spectacular growth throughout the 20th century, a trend that continues to this day, fuelled by increased demand, technological advances, labour specialization and growing trade, among other things. Over three quarters of Québec jobs are attributable to this segment of the economy.

However, despite its importance, this sector is not always viewed in a favourable light, accused of offering low-quality jobs, paying sub-par wages and having unstable businesses. But the fact is that it has both more low-quality and high-quality jobs than the Québec average, according to data from the Institut de la statistique du Québec (ISQ). As for wages, the average weekly pay in 2011 was just 6% lower than for Québec workers overall, a gap that is less pronounced than some would suggest. And from 2002 to 2011, average weekly earnings rose slightly more in the service sector than in Québec overall.

Often labelled as fragile, service firms are said to have a poor survival rate. However, after nine years, seven out of the sector's fifteen industries have a survival rate above the Québec average, seven are below and one is the same. It is therefore wrong to generalize and say that the odds of survival are poor in the service sector.

From 2002 to 2011, service employment grew faster than total employment in Québec. This trend was observed all across the country except in Newfoundland and Labrador and Saskatchewan, where natural resource activities eclipsed all the others. Even Alberta, in the throes of an oil boom since the middle of the decade, saw faster-than-average job growth in services.

In Québec, business services, or driving services (depending on the classification used), led the way in growth from 2002 to 2011. Professional, scientific and technical services, which include accounting, law and architecture firms as well as scientific research and development services, grew at the fastest clip.

However, while they enjoyed spectacular growth in the 2000 decade, services are not invincible. They were the hardest hit during the last recession but have largely recovered since, creating three times as many jobs between the lows of July 2009 and May 2012 as they had lost during the downturn.

The service sector will not become yesterday's news any time soon, since it is expected to continue growing. According to Emploi-Québec, 97% of the 316,000 jobs that will be created between 2010 and 2020 will be in services. That said, the pace will be less buoyant than in previous decades, tempered by slower demographic and economic growth, combined with an aging labour pool. So while the role of this sector will expand in the economy, it will do so modestly.

François Dupuis
Vice-President and Chief Economist

THE ECONOMIC SITUATION

Services to grow modestly in 2012

Amid an uncertain economic climate, modest growth can be expected for both the service sector and the economy overall in 2012. The global context is not conducive to a sudden improvement in conditions that would benefit Québec, with the result that real GDP growth will be just 1.5% or even less.

There are too many uncertainties for Québec to expect a spectacular employment and GDP performance this year. The situation in Europe, namely concerns about the financial troubles of some countries, periodically raises the spectre of a euro zone breakup or market collapse. Although the possibility of a severe, protracted recession is sometimes raised, economists are not expecting this to happen. Admittedly, this instability makes it difficult for businesses to move forward.

Our southern neighbour's great start to 2012 lost some of its momentum in the spring, especially on the job front, so it's safe to say that U.S. demand for our products and services is not likely to pick up by leaps and bounds.

In Québec, the job market got off to a rocky start this year as a result of the 61,000 jobs that disappeared in the fourth quarter of 2011. However, the losses have been largely recouped, eliminating the threat hanging over both the labour market and consumption. In this regard, household confidence indices have rebounded to more reassuring levels, which coincides with improvements on the employment front. The combination of these two indicators will shore up demand for goods as well as services.

The real estate sector will remain fairly buoyant, driven by strong housing starts and sales of existing homes since the beginning of the year. Related services (e.g. sales, financing) will benefit from all this action.

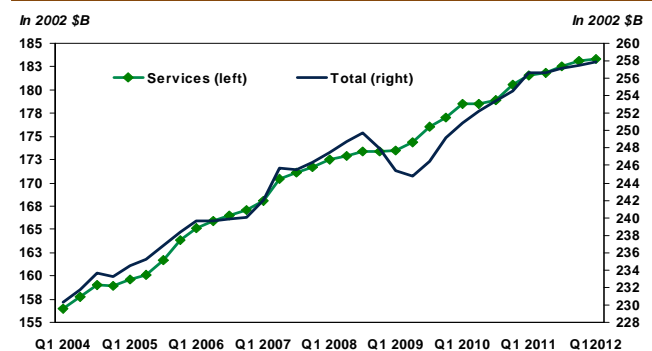
The feverish activity in infrastructure and mining will sustain demand, particularly for professional, scientific and technical services (e.g. engineering, architecture, laboratories) and financial institutions that finance the activities of service firms involved in such projects. Add to that hotel and food services, notably in Côte-Nord and Nord-du-Québec.

Since the economy is just holding its own in the U.S. and struggling in the euro zone, service exports to these destinations will slow. However, exports to Western Canada will pick up, as real GDP will largely outpace Québec's in Alberta (3.5%), Saskatchewan (2.8%) and British Columbia (2.5%). Ontario remains Québec's largest trade partner and its GDP is slated to grow by 1.8%, which is less than GDP growth out West. Québec's service exports, in particular those associated with professional, scientific and technical services, are therefore projected to grow only slightly in 2012.

In addition to cyclical factors, we must also consider the underlying trends in the Québec economy, for example, the aging of the population, which will continue. Although demand for workers will not suddenly increase in health care and social assistance, it will not wane either. The population's needs are growing, and this will play in favour of this industry.

The service sector's growth has hardly slowed, if at all, in the last few years (graph 1), despite sometimes challenging economic times. Although the rhythm of the Québec economy is slower this year, services should once again grow, albeit modestly.

**Graph 1 – GDP by industry (2002 \$B):
Service sector continues to grow, albeit modestly**



Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

Joëlle Noreau
Senior Economist

SERVICE SECTOR

The service sector: A mosaic

The service sector is everywhere in the economy and has been the driving force behind most of Québec's GDP and employment for many years. Perceived as constantly growing, this sector has many facets, much like a mosaic. However, it increasingly appears to be composed not of ceramic pieces but of colour-changing pixels. Although elusive in its own way, we can still try to understand its prominence in the economy and dispel some myths about its fragility.

MUCH MORE THAN A MERE EXTENSION OF PRIMARY AND SECONDARY INDUSTRIES

The service sector is not always viewed in a positive light. It is often considered as a form of support or even a necessary evil needed to back other activities. Yet services are the foundation of any economy. Trade, which has existed since time immemorial, is a good example.

The very nature of service activities gives it a special character. How do you transfer or stock a legal argument, a real estate sales service, a survey or a haircut? This elusiveness has led to a poorly defined image and the perception that this sector is unproductive and incapable of creating wealth. However, technological innovations and improvements by companies to boost efficiency and help them refocus on their core business have changed things.

The line between goods and services is not as clearly defined as before. For example, services (research, marketing, management and training of plant and sales employees, distribution, transportation, financing, insurance, Internet presence, and so on) are inseparable from the sale of goods. Without sales, there is no need to produce. Moreover, the service sector sometimes spawns a manufacturing company (spin-off) to apply and put the newly developed technologies into production. This happens especially when applied research is conducted in research centres, whose activities are classified as professional, scientific and technical services. The dematerialization of the economy has also changed things: the advent of online newspapers is a perfect example of a dilemma that is cropping up more and more often: is it still a good or is it now a service?

A study conducted by the Ministère du Développement économique, de l'Innovation et de l'Exportation (MDEIE) in the mid 1990s on the shift to a service economy,¹ attempted to explain the reasons for this change. The answers drew on previous work done by the Economic Council of Canada

(ECC). Initially, the ECC found "an increased demand for services that are used as inputs in the design of a good or of another service." Then there is technological progress, which has allowed for better use of capital assets (e.g. computer hardware) and the elimination of certain types of jobs (for instance, newspapers no longer employ typesetters) but also the creation of countless new tasks (still using the example of newspapers: the Webmaster). Meanwhile, the emergence of a growing number of new technologies has made some tasks more complex, requiring companies to specialize and outsource certain operations. This adjustment largely explains the growth of business services and the consulting industry in the last 30 or 40 years. Outsourcing by manufacturers to the service sector and among service firms themselves has stimulated employment and business in this sector.

Other factors have also fuelled the service sector's expansion. Among them, the MDEIE mentions trade liberalization, which has multiplied opportunities for service firms: consider transportation, customs clearance and support services at airports and ports. Then, of course, there is the rising demand for consumer services. For the study period (1966 to 1995), the MDEIE reports that "consumers are spending more of their additional disposable income on services than on goods." Meanwhile, the increased presence of women in the labour market has not only given households more purchasing power but boosted demand for services previously assumed by families, for example, food services, childcare, personal care, entertainment and leisure.

Finally, the increase in the standard of living has led to a surge in demand for public services such as hospital insurance, Medicare and social assistance. The implementation and use of these government programs has fuelled job creation, both to meet demand and to administer the programs. In short, many factors contributed to the growth of the service sector in the 20th century and continue to do so today.

SERVICES: A PROMINENT PLACE

Table 1 provides an at-a-glance look at the service sector's important role in the economy. In 2011, it accounted for more than two thirds (70.9%) of Québec's real GDP, over three quarters of the jobs in the province (78.6%) and 41.1% of capital assets (2012 forecast). Over 75% of wages and salaries paid last year were to workers in service industries.

Table 1 – The service sector at a glance (2011)

70.9% of real GDP	\$182.3B
78.6% of jobs	3,106,400 jobs
41.4% of capital assets	\$29,081B (2012 projection)
76.1% of salaries and wages in Québec	\$116.9B

Sources: Statistics Canada and Institut de la statistique du Québec

The sector has become an increasingly large part of the economy in the last decade, for several reasons. First, because of the factors just discussed, and second, because of the opening left by the shrinking primary sector (hefty job losses in the forestry and agriculture industries) and secondary sector (mainly manufacturing).

EMPLOYMENT: AN INTERESTING METRIC TO MEASURE THE SERVICE SECTOR'S PROGRESS

Employment and GDP have been moving in tandem for some time now, attesting to the vitality of the service sector, which seems to have grown exponentially between 1960 and 2000. The MDEIE study found that the steady expansion of the tertiary sector² was accompanied by a decreasing proportion of workers in the primary and secondary sectors. As such, between 1966 and 1995, the number of jobs in services grew 2.4% annually while remaining virtually unchanged in the secondary sector (construction, manufacturing, etc.) and falling an average of 1.5% every year in the primary sector.

In 2011, service industries accounted for 3.1 million jobs, or 78.6% of total employment in Québec, compared with 73.7% in 2002 and 76.0% in 2006. In comparison, the manufacturing sector's share fell from 18.2% in 2002 to 12.3% in 2011.

In the last decade, i.e. since 2002, Québec employment has grown by 10.9%. However, it has shrunk by 9.5% in the goods-producing industries, mainly due to the 25% decline in manufacturing jobs between 2002 and 2011. During the same period, the number of service workers rose roughly 18.2% according to Statistics Canada's Labour Force Survey. It is therefore clear that the service sector's share of employment has continued to grow.

TOP SECTORS

Which sectors have made the most progress in the last decade? A breakdown of the data according to the North American Industry Classification System (NAICS) shows that professional, scientific and technical services, which comprise, among others, accounting, legal and architectural firms, and scientific research and development services, heads the list, with employment gains of 48.3%, i.e. an increase from 205,000 to 304,100 jobs between 2002 and 2011 (table 2). The runner up, in percentage, is wholesale trade (29.0%), followed closely, still in percentage, by real estate and rental and leasing (25.2%). In fourth place is health care and social assistance (24.8%), which is not surprising given the aging of the population and rising demand. Finally, employment growth in accommodation and food services is estimated at 22.6%.

However, while some service industries have made great strides, others have not. Certain categories of workers grew less than the service sector overall and the provincial average during this period. This is especially true of retail trade (10.4%), information, culture and recreation (6.0%) and "other services, except public administration" (includes vehicle repair and maintenance, personal care, pet care, funeral services and others), which picked up by 2.7%. This growth is analyzed in greater detail in the second article on pages 11 to 16.

SECTOR HEAVYWEIGHTS

As we have said, the service sector is a mosaic. To make it easier to grasp, the sector is broken down into industry groups. Leading the way is health and social assistance with over half a million workers, who accounted for 15.6% of service jobs in 2002, a figure that grew to 16.5% in 2011. For comparison, that same year, more people were employed in this industry than in manufacturing (511,700 vs. 487,400).

Table 2 – Number of people employed by service industry in Québec

	<i>In '000s</i>		<i>Change 2002–2011</i>
	<i>2002</i>	<i>2011</i>	<i>In %</i>
Overall goods- and service- producing industries	3,564.7	3953.6	10.9
Service sector	2,628.8	3106.4	18.2
Wholesale trade	121.9	157.2	29.0
Retail trade	441.0	486.7	10.4
Transportation and warehousing	155.5	178.3	14.7
Finance and insurance	147.7	165.9	12.3
Real estate and rental and leasing	47.2	59.1	25.2
Professional, scientific and technical services	205.0	304.1	48.3
Business, building and other support services	124.3	145.1	16.7
Educational services	236.8	275.0	16.1
Health care and social assistance	409.9	511.7	24.8
Information, culture and recreation	155.6	164.9	6.0
Accommodation and food services	205.8	252.4	22.6
Other services, except public administration	165.6	170.1	2.7
Public administration	212.5	235.9	11.0

Source: Statistics Canada, Labour Force Survey

The second-largest industry is retail trade, with 486,700 jobs in 2011 and 15.7% of all service jobs. This group has lost the top spot it held in 2002 to health care and social assistance. Despite the influx of major U.S. retail chains in Québec throughout the 2000s, employment growth in this industry was slower than the service sector average.

The third-largest industry in terms of workers is professional, scientific and technical services (9.8% of total services). Nearly 100,000 jobs were created here in just a decade, which is good news since wages are high in this industry, as we will see later. Moreover, between 2002 and 2011, professional, scientific and technical services moved from fifth to third place, ahead of educational services, which stood in fourth place last year, with 8.9% of total service jobs. Despite a drop in the number of students in elementary school, hiring picked up in the 2000s as schools sought out professionals dedicated to academic success. Meanwhile, it should be noted that the education community goes far beyond the elementary, secondary and post-secondary school system; there are also dance, music, sports, language and other schools. It is therefore not surprising that employment has grown over time.

DOES THE SERVICE SECTOR OFFER LOW-QUALITY JOBS?

The service sector has a reputation for offering low-quality jobs. But is this true? To find out, we used statistics compiled by the Institut de la statistique du Québec (ISQ) to compare industries. These statistics refer to employees only, in other words, they exclude self-employed workers and working students. In the latter case, the idea was “to consider only those whose principal activity is working.” In 2011, 31.2% of service jobs were rated as low quality, compared with the provincial average of 30.3% (table 3). Next, 36.3% were rated as average quality, versus the provincial average of 38.3%. However, 32.5% of service jobs were considered high quality, compared with the provincial average of 31.5%.

Table 3 – Breakdown of number of jobs by quality, Québec

	<i>Units</i>	<i>1997</i>	<i>2002</i>	<i>2008</i>	<i>2011</i>
Overall		2,380.0	2,685.8	2,862.0	2,908.4
Low quality ¹	%	38.0	35.2	31.4	30.3
Average quality ²	%	36.5	38.3	38.6	38.3
High quality ³	%	25.6	26.5	30.0	31.5
Service sector		1,699.9	1,914.8	2,142.7	2,230.0
Low quality ¹	%	38.2	35.5	32.4	31.2
Average quality ²	%	34.7	36.6	36.5	36.3
High quality ³	%	27.0	28.0	31.0	32.5

1: This level includes: involuntary part-time employment and jobs paying less than \$15 per hour that either require unskilled labour, are held by overqualified workers, are unstable or are full-time (41 hours and more).

2: This level includes: jobs that require skilled labour and that pay less than \$15 per hour and jobs that pay \$15 or more per hour and that either require unskilled labour, are held by overqualified workers, are unstable or are full time (41 hours and more).

3: This level includes: stable jobs that require skilled labour, are voluntary part time or full time (30-40 hours) and pay \$15 or more per hour.

Source: Institut de la statistique du Québec

What we see is that there is no uniformity in the service sector. It has both more low-quality and high-quality jobs than the provincial average. What's more, the former has decreased since 1997 while the latter has increased during the same period, in both the service sector and for jobs overall in Québec.

In 2011, the following sectors offered high-quality employment: professional, scientific and technical services (47.9%), public administration (including federal, provincial and municipal governments), finance, insurance, real estate and leasing (45.8%), educational services (44.3%), health care and social assistance (43.3%), and information, culture and recreation (36.0%). Here, as in the service sector overall, there is no consistency and care should be taken not to generalize when interpreting the statistics.

SERVICES: WHERE PART-TIME EMPLOYMENT RULES?

The service sector is often associated with part-time employment but the fact is that only 25% of the jobs are in this category. Over the past 10 years, the share of full-time employment has remained fairly steady at around 77%, meaning that more than three quarters of the jobs are full time. And contrary to popular belief, the share of part-time work has not increased significantly during this time.

That said, the past is not a predictor of the future. Given that the number of older workers (55+) in the labour market is expected to grow in the years ahead, part-time employment could increase in services if this group insists on a shorter work day or week. The phenomenon merits tracking and the hypothesis that part-time work will increase remains to be proven. Although the labour force participation and employment rates of the 55+ group have been gradually rising since 1997, the share of part-time jobs has not changed significantly on the service side. It will be interesting to see how this develops in a context where workers are being encouraged to remain in the workforce longer.

LOW-PAYING JOBS?

The service sector has a reputation for paying below-average wages. According to the Survey of Employment, Payrolls and Hours, which only takes paid employees into account, in 2011, average weekly earnings in the service sector were only 6% lower than in Québec overall. However, these statistics do not include self-employed workers, be they business owners or freelancers.

The survey presents aggregate data and once again, no sweeping conclusions can be made. A ranking in descending order shows that many sectors offer good pay that is higher than the provincial average. Professional, scientific and technical services lead the way (\$1,115.30), followed by information and cultural industries (\$1,044.34), finance and insurance (\$1,013.27), public administration (\$1,001.11), management of companies and enterprises (\$996.49), wholesale trade (\$930.48) and educational services (\$856.68).

From 2002 to 2011, the average weekly earnings of Québec employees rose 25.6%. At 26.5%, the increase was slightly higher in the service sector, where seven industries recorded above-average wage growth: waste management and remediation services (34.9%), a growing sector, wholesale trade (34.0%), "other services, except public administration" (32.6%), health care and social assistance (30.8%), professional, scientific and technical services (29.9%), arts, entertainment and recreation (29.8%), finance and insurance (28.3%), and real estate and rental and leasing (26.7%).

This ranking is not surprising given the rapid development of environmental services, the booming wholesale trade in the 2000s, the strong demand for health care, the sharp growth in the insurance industry, and the vibrant real estate sector.

NO PRODUCTIVITY GAINS?

The service sector also has a reputation for poor productivity and for contributing little to productivity gains, which are often associated with the acquisition of new machinery in the primary and secondary sectors or the revamping of production processes. Recent work by the Ministère des Finances on this topic, which was published in the last provincial budget,³ shows that productivity gains are not the exclusive domain of manufacturing, mining, agriculture and forestry.

The fact is that between 2003 and 2010, four sectors accounted for most of the productivity gains in Québec (table 4 on page 9). Manufacturing held the lion's share with 42.9% but most of the gains (56.3%) were attributable to services and three specific activities. Wholesale trade led the way with

23.3% during this period, mainly due to investments in physical capital. Retail trade, in turn, contributed 20.6%, while this percentage was estimated at 12.5% for transportation and warehousing. It is believed that innovation and investments in physical capital contributed almost equally to the gains in these last two sectors.

However, over a longer period (1997–2010), Statistics Canada reports that in Québec, the goods-producing industries achieved greater productivity gains than the service sector, which averaged 0.6% annually. Meanwhile, in its 2011 report, the Centre for Productivity and Prosperity (HEC Montréal) reckons that between 1997 and 2007 “labour productivity growth in Québec and Ontario was thus generated basically by the service sector.”

What we see from these figures is that performance varies by year. However, these statistics nevertheless challenge the preconceived notion that the service sector is a drag on Québec’s productivity gains.

A POOR SURVIVAL RATE?

A recent analysis by the MDEIE of business survival rates can be used to temper some of the judgments made about the service sector. The average one-year survival rate in Québec is 75.4%. The vast majority of service businesses have almost the same or an even higher rate. The exception is “public administrations,” which also comprise private enterprises and non-profit organizations whose activities are included in the services offered by the public administration sector (e.g. snow removal).

The five-year rate is above the provincial average (35.0%) for most service industries (table 5) except for accommodation and food services (29.6%), information and cultural industries (30.2%), arts, entertainment and recreation (31.8%), and finance and insurance (33.8%).

Table 4 – Principal industries and sources of productivity gains in Québec, 2003–2010
(in 2010 CA\$ per capita, unless indicated otherwise)

	<i>Investment</i>	<i>Innovation</i>	<i>Total gains by sector</i>	<i>In % of total</i>
Manufacturing	47	1,176	1,223	42.9
Wholesale trade	677	-16	661	23.2
Retail trade	318	267	586	20.6
Transportation and warehousing	244	110	355	12.5
Other industries	1,169	-1,145	24	0.8
Total	2,455	393	2,848	100.0

Sources: Statistics Canada and Ministère des Finances du Québec, 2012–2013 Budget, Budget Plan, section B

Lastly, after nine years, the average business survival rate in Québec is 21.6%. The rate is higher for seven of the fifteen service industries identified, lower for seven and about the same for one. It is therefore an exaggeration to say that the entire service sector has a poor survival rate when in fact a good number of businesses make it.

Table 5 – Survival rates of Québec service firms (%)

	<i>Years in business</i>	
	5	9
Wholesale trade	37.2	24.0
Retail trade	33.5	20.4
Transportation and warehousing	39.2	24.5
Information and cultural industries	30.2	18.4
Finance and insurance	33.8	18.9
Real estate and rental and leasing	41.4	25.3
Professional, scientific and technical services	38.5	23.4
Management of companies and enterprises	48.3	32.3
Administrative and support, waste management and remediation services	37.7	21.3
Educational services	41.0	25.6
Health care and social assistance	48.7	38.6
Arts, entertainment and recreation	31.8	19.6
Accommodation and food services	29.6	15.3
Other services, except public administration	34.7	20.6
Public administration	38.5	14.9
Total	35.0	21.6

Compilation: Ministère du Développement économique, de l'Innovation et de l'Exportation, Economic Analysis, 2009.

Sources: Statistics Canada, Small Business Special Survey Division, personalized data produced as part of the Longitudinal Employment Analysis Program (LEAP).

A LIGHTWEIGHT ON THE TRADE FRONT?

The service sector is no slouch on the trade front. That said, according to the ISQ's economic accounts, exports of services still lag behind goods on both the international and interprovincial levels (table 6).

Table 6 – Exports according to Québec's economic accounts

In \$M	2004	2007	2010
Exports of goods and services	139,802	154,174	142,793
To other countries	88,964	94,223	81,587
Goods	76,643	81,424	68,634
Services	12,321	12,799	12,953
To other provinces	50,838	59,951	61,206
Goods	31,373	34,644	32,716
Services	19,465	25,307	28,490

Source: Institut de la statistique du Québec, economic accounts

However, the gap in value of exports of goods and services is less pronounced in interprovincial trade. As such, the value of services exported outside Canada accounted for 15.9% of total exports in 2010. In trade with the other provinces, Québec service exports accounted for 46.6% of total exports. The province exported \$12.9 billion of services abroad that same year, with professional, scientific and technical services leading the way (about \$5 billion). Interprovincial exports of services totalled \$28.5 billion, with professional, scientific and technical services accounting for the lion's share. Just over 58% were destined for Ontario.

The situation is somewhat different on the import side. In international trade, the value of services is less than that of goods, mirroring the export situation. The big difference lies in interprovincial trade, where imports of services have exceeded goods for the last two years.

In 2010, the value of services imported from abroad was \$14.8 billion, or 14.2% of total imports. At the interprovincial level, the figure was \$32.1 billion, or 51.8% of total interprovincial imports (table 7). What we see is that the value of services imported from other provinces is at least twice as high as that of services imported from other countries.

What kind of services does Québec import? Finance, insurance and real estate head the list for both international and interprovincial imports, followed by professional, scientific and technical services, again the same on both fronts.

Table 7 – Imports according to Québec's economic accounts

In \$M	2004	2007	2010
Imports of goods and services	144,026	165,106	167,838
From other countries	88,494	103,175	105,845
Goods	77,090	89,538	91,000
Services	11,404	13,637	14,845
From other provinces	55,532	61,931	61,993
Goods	31,456	32,030	29,897
Services	24,076	29,901	32,096

Source: Institut de la statistique du Québec, economic accounts

These figures show that when it comes to trade, the service sector is doing just fine.

IS THE SERVICE SECTOR DULL?

There's nothing dull about it. Because it comprises so many different industries, we have to be careful not to make generalizations. As we have seen from this overview, the sector is becoming an increasingly big part of the Québec economy and is much more than a mere extension of the primary and secondary activities it is called on to support. It is a mosaic whose shades change over time as some activities grow in importance and others fall by the wayside. Contrary to popular belief, the service sector does not only have low-quality jobs, although the proportion is slightly greater than the provincial average. The fact is that it also has a greater proportion of high-quality jobs. Nor is the average weekly earnings much different than in Québec overall, as some would have us believe. This sector can also contribute to productivity gains, and as business survival rates show, it does not hold the record for most bankruptcies. Finally, just because services are less tangible than goods where trade is concerned does not mean that their contribution is trivial. Services are not a necessary evil; they occupy an important place in the economy and are long overdue for recognition.

Joëlle Noreau
 Senior Economist

¹ MDEIE, *La tertiarisation de l'économie*, November 1996, 20 pages.

² The tertiary sector includes the service sector, to which utilities such as power transmission, gas supply and sewer systems are added.

³ Government of Québec, Ministère des Finances, *Budget 2012-2013, Budget Plan*, section B, 5.1 Changes in standard of living and productivity in Québec, pp. B.62 to B.69.

SERVICE SECTOR

What does the future hold for the service sector?

The service sector has grown rapidly over the past decade, but how much longer can it keep up the pace? If it sustains the momentum as it has for almost a century now, we can assume it will continue to provide more and more jobs. After accounting for 78.6% of all workers in 2011, can its role in the economy become any bigger? How will this sector look 10 years down the road? Will the trends of the past decade simply continue, and if so, what are they? These are the questions Perspectives will attempt to answer.

LOOKING AT THE PARTS OF THE WHOLE

As we said in the previous article, the service-producing sector is not uniform. Taken as a whole, we can gain but a vague idea of the inner workings of this sector, which is sometimes portrayed in an unfavourable light across the board when in fact its shortcomings apply to just a handful of industries. This is why this economic driver needs to be broken down into smaller parts to obtain a clearer picture.

To this end, we analyzed two different breakdowns (table 8). The first, used for many years and still employed today by Service Canada for its sectoral employment outlook, defines three service categories: production services, consumer services and public and parapublic services.

The second breakdown is used by the Ministère du Développement économique, de l'Innovation et de l'Exportation (MDEIE) for its regional studies. It is not used for the same purposes as Service Canada's and has three service categories: driving services, household services and utilities.

Significantly, both Service Canada and the MDEIE include utilities (production, transmission and distribution of electricity, natural gas distribution and sewer systems) in their calculations, whereas Statistics Canada and the Institut de la statistique du Québec (ISQ) leave this industry out of the broad category of services when calculating GDP, classifying it in the manufacturing sector instead.

Table 8 – North American Industry Classification System (NAICS) sector classification based on two different breakdowns

Service Canada		Ministère du Développement économique, de l'Innovation et de l'Exportation	
	NAICS		NAICS
Production services	22 - Utilities 41 - Wholesale trade 48-49 - Transportation and warehousing 52-53 and 55 - Finance, insurance, real estate and rental and leasing 54 - Professional, scientific and technical services 56 - Administrative and support, waste management and remediation services	Driving services	41 - Wholesale trade 51 - Information and cultural industries 52-53 and 55 - Finance, insurance, real estate and rental and leasing 54 - Professional, scientific and technical services 56 - Administrative and support, waste management and remediation services 71 - Arts, entertainment and recreation
Consumer services	44-45 - Retail trade 51 - Information and cultural industries 71 - Arts, entertainment and recreation 72 - Accommodation and food services 81 - Other services, except public administration	Household services	44-45 - Retail trade 48-49 - Transportation and warehousing 72 - Accommodation and food services 81 - Other services, except public administration
Public and parapublic services	61 - Educational services 62 - Health care and social assistance 91 - Public administration	Public services	22 - Utilities 61 - Educational services 62 - Health care and social assistance 91 - Public administration

Sources: Service Canada, Ministère du Développement économique, de l'Innovation et de l'Exportation, and Desjardins, Economic Studies

It is interesting to note (table 9) that both methods of analysis use three categories that are divided fairly similarly (between 31.7% and 34.7% of services) and no category has a significantly heavier weighting than the other two. We will look at this aspect more closely later.

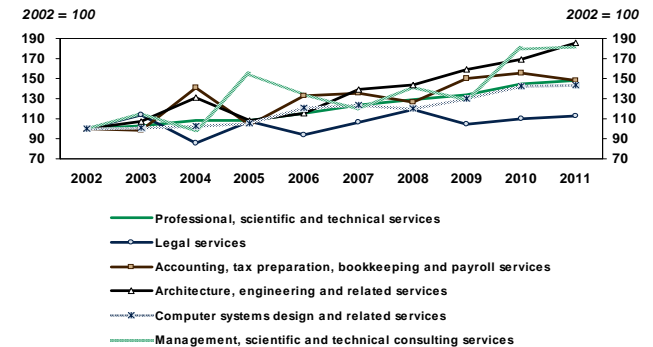
There are no significant differences between the two breakdowns. It isn't hard to figure out what production, consumer and public and parapublic services encompass. On the MDEIE side, the driving services category makes us think of the ripple effect it can have on other activities and hence of added value.

THE LEADERS OF THE DECADE

Table 9 shows employment growth between 2002 and 2011. As such, jobs in the tertiary sector, which encompasses a wide range of services as well as utilities, grew by 18.1%. This compares favourably to the 10.9% overall employment growth in Québec during the same period. The leader is Service Canada's production services (25.4%) and its MDEIE counterpart, driving services (24.4%). This is hardly surprising since these two groups overlap, with almost exactly the same industries.

Table 10 shows the leaders in this category. Nothing unexpected here since these top industries were already identified in the first article. However, what is interesting are the details. Thus, professional, scientific and technical service jobs grew by almost 50% in 10 years, fuelled by architec-

Graph 2 Professional, scientific and technical services post enviable growth



Sources: Statistics Canada and Desjardins, Economic Studies

tural, engineering and related services (85.1%) (graph 2), which rose from 32,800 in 2002 to 60,700 in 2011. Groups of 15,000 workers and less were not included since their annual data tends to fluctuate sharply. Second place goes to management, scientific and technical consulting services, with gains of 81.5% (from 18,400 to 33,400 jobs during the same period), followed by accounting, tax preparation, bookkeeping and payroll services (48.0%) in third place. At 43.3%, computer systems design and related services ranked fourth, forming the largest contingent with 76,100 jobs in 2011.

Table 9 – Two breakdowns of employment in the tertiary sector* in 2011 in Québec

	In %	In '000s	Change 2002-2011	
			In %	In %
Service Canada				
Production services	33.2	1,040.7	25.4	
Consumer services	34.2	1,074.2	11.0	
Public and parapublic	32.6	1,022.6	19.0	
Total	100	3,137.5	18.1	
MDEIE				
Driving services	31.7	995.9	24.4	
Household services	34.7	1,087.6	12.4	
Public services	33.6	1,054.0	18.6	
Total	100	3,137.5	18.1	

* In 2011, the tertiary sector included services (3,106,400 jobs) and utilities (31,400) (e.g. electricity production and transmission, gas supply and water and sewage services).

Sources: Statistics Canada and Desjardins, Economic Studies

Table 10 – Jobs: Production services

	2011 In '000s	Change 2002-2011 In %
Professional, scientific and technical services	304.1	48.3
Wholesale trade	157.2	29.0
Administrative and support, waste management and remediation services	144.6	17.4
Finance, insurance and rental:	225.0	15.4
- Real estate and leasing	59.1	25.2
- Finance and insurance	165.9	12.3
- Management of companies and enterprises	n.a.	n.a.
Transportation and warehousing:	178.4	14.7
- Transportation	148.8	20.7
- Warehousing (including couriers)	29.6	-8.1
Utilities	31.4	6.1

Sources: Statistics Canada, Service Canada, and Desjardins, Economic Studies

On the real estate front, the hot housing market has certainly boosted employment. For example, in the early 2000s (2000 to 2002) sales of existing homes averaged 45,500 units, compared with 78,800 between 2009 and 2011, enough to stimulate demand for brokers, lenders and anyone else involved in this market.

WHO'S THE WINNER IN CONSUMER SERVICES?

Of the three major groups identified by Service Canada, consumer services grew the slowest in terms of jobs between 2002 and 2011, advancing 11.9%, which is still higher than the average increase in Québec over the same period. A ranking by sub-sector places accommodation and food services in the lead with an increase of 22.6%, followed by arts, entertainment and recreation (13.1%) and retail trade (10.4%) (table 11).

Table 11 – Jobs: Consumer services

	2011 In '000s	Change 2002–2011 In %
Accommodation and food services	252.4	22.6
Arts, entertainment and recreation	80.5	13.1
Retail trade	486.6	10.4
Other services, except public administration	170.1	2.7
Information and cultural industries	84.5	0.1

Sources: Statistics Canada, Service Canada, and Desjardins, Economic Studies

In accommodation and food services, it bears mentioning that food services and drinking establishments accounted for about 83% of jobs in 2011. For the 2002-2011 period, the number of workers in limited-service eating places rose from 48,200 to 82,000, boosting employment by 70.1% in this industry alone. After stagnating from 1987 to 2002, jobs have been growing here every year since 2003, even during the recession. Full-service restaurants, which hired slightly more than 100,000 people in 2011, have seen the number of jobs grow 7.9% since 2002. Traveller accommodation, which accounted for 37,200 jobs in 2011, advanced 21.6%, which is not negligible.

PUBLIC AND PARAPUBLIC SERVICES ARE CERTAINLY HOLDING THEIR OWN

Public and parapublic service jobs were up 19.0% between 2002 and 2011 and 18.6% if utilities (electricity production and transmission, gas distribution, and water and sewage services) are excluded. This growth is higher than the provincial average, which was affected by the sharp decline in manufacturing (25.0% of its jobs disappeared between 2002 and 2011), dragging down the labour market's entire performance.

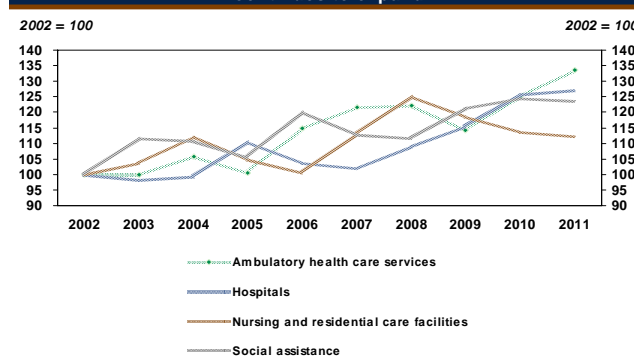
Table 12 – Jobs: Public and parapublic services

	2011 In '000s	Change 2002–2011 In %
Health care and social services	511.7	24.8
Educational services	275.0	16.1
Public administration	235.9	11.0

Sources: Statistics Canada, Service Canada, and Desjardins, Economic Studies

It's no surprise to find health care and social assistance leading the way in terms of growth. Posting an increase of 24.8% (table 12), this sector is divided into three broad groups: ambulatory health care services (doctors', dentists' and other practitioners' offices), which accounted for 17.9% of the jobs in this sector, hospitals (38.5%), and social assistance (30.1%). Jobs in these groups rose 33.5%, 27% and 23.6% respectively from 2002 to 2011 (graph 3). Breaking them down further and focusing on social assistance, we find that employment in child daycare services has grown rapidly, i.e. by 65.5% during the period analyzed, reaching 89,700 last year.

Graph 3 Employment in health care and social assistance continues to expand

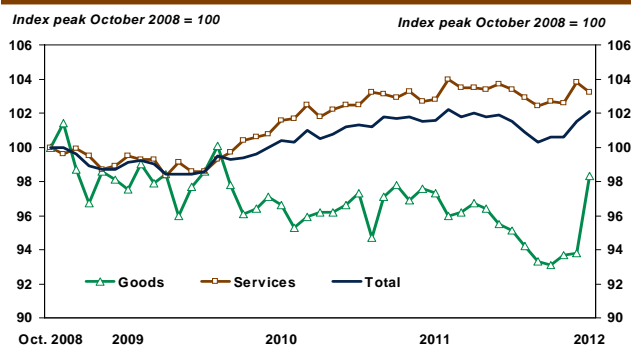


Sources: Statistics Canada and Desjardins, Economic Studies

WILL THE LONG UNBROKEN STRING OF GAINS CONTINUE?

The service sector seems to be destined for an uninterrupted run of employment gains. But is it a sure thing? This sector is not recession-proof as we saw not long ago when 49,900 jobs were lost between the start of the recession in October 2008 and the employment trough in July 2009. By comparison, 14,000 jobs were shed in the goods-producing sector. However, it has more than compensated for the losses since then (170,200 jobs created between July 2009 and May 2012) (graph 4).

Graph 4 Change in employment since the 2008 recession: Services are outperforming goods



Sources: Statistics Canada and Desjardins, Economic Studies

Still, it is not infallible. It would be surprising to see jobs grow at the same pace during the 2010 decade as they did in the last one. First, Québec's GDP will not be as strong as it was between 2002 and 2012: its potential has been revised downward for a number of reasons, including a population that is both aging and expanding at a slower pace. Second, the greying of the population will make it harder to hire new workers, and what's more, retiring boomers will have to be replaced, leaving a smaller recruitment pool to fill new positions.

Finally, the service sector's share of total employment will continue to expand, albeit at a slower pace than in the last 10 years. The manufacturing sector's decline is not as precipitous as it was from 2002 to 2008, leaving services with less of a share to capture in total employment than it did during that six-year period. In this regard, there is no rule as to how far it can fall, but the biggest losses seem to be behind us. There is strong competition between sectors and businesses have figured out how to deal with currency fluctuations. Admittedly, employment growth will not be spectacular but forecasters are not calling for another slump like the one we recently went through.

Meanwhile, the primary sector (agriculture, hunting, fishing, forestry and mining) is booming, partly because of high metal prices. As well, the forest industry, still entrenched in Québec, will enjoy a resurgence as the prices of forestry resources firm up during the decade. Obviously, employment will not grow faster in the primary and secondary sectors than in services, but massive losses are not projected either. As such, the increase in service jobs will continue to inflate the sector's share of the Québec labour market, which was 78.6% in 2011 and in all likelihood will reach somewhere around 80% by 2020.

IN THE MEDIUM TERM

While it is interesting to look at the long-term future of services, which is what we do at the end of this article, it also makes sense to look at what the medium term holds in store. What factors will drive service employment up or down in the next two or three years? Where production services are concerned, demand and employment will grow despite the cloud forming over the sector.

Wholesale trade depends on economic conditions, retail sales and the health of the industrial sectors. The medium-term outlook for 2012 to 2016 is about 1.7% in Québec, compared with 1.6% from 2004 to 2011. This last figure includes the 2008–2009 recession, which slowed the cruising speed for the entire period. With real GDP growth of 1.7% predicted for 2012 to 2016, the outlook is more good than bad. That said, some wholesale trade industries will fare better than others during this period. For example, as the U.S. housing industry recovers, demand will pick up for forestry products. And provided metal prices remain high and mining is running at full tilt, both the mining sector and the machinery industry will benefit. And they won't be the only ones: transportation and warehousing will also be bolstered by this activity, which reigns in Nord-du-Québec, Abitibi and Côte-Nord. However, the petrochemicals and refining industry, a sub-sector of wholesale trade, has been in decline since the late 2000s and will not fare as well. Lastly, the unbridled consumption witnessed in the previous decade is expected to slow, which in turn will slow employment growth upstream of wholesale trade, although gains are still expected.

The trend is also positive in transportation and warehousing, which will get a boost from increased trade with foreign countries and the rest of Canada as a result of the mining boom, the predicted recovery of the forestry sector and the growing efforts made to promote public transit. However, the pitfalls could come from many sources; for example, the loonie surging and remaining well over par for several quarters would dampen trade, as would a severe downturn in the U.S. economy, a sharp drop in metal prices or a collapse in the housing market this side of the border—all scenarios that were not retained for the foreseeable future.

The outlook for the financial and insurance and real estate sectors is positive. Canada's financial institutions are increasingly eyeing markets outside Québec, but the fact is that a number of activities are growing right here and will require more and more staff. These include retirement fund planning and management as well as trust and estate management. On the real estate front, activity is not quite as frenetic as when this sector was playing catch-up in the 2000s. However, the market is not expected to slump and will require agents and intermediaries between sellers, buyers, builders, lenders and others.

Professional, scientific and technical services will also pick up and some activities will be in high demand. In fact, Service Canada reckons that employment will grow twice as fast in this sector as in the economy overall. Hiring will be driven by major infrastructure projects (e.g. repairs in cities and highway rehabilitation projects, hydroelectric projects, new construction in Nord-du-Québec) that will require the expertise of architectural, engineering and related services firms. Other factors will also stimulate hiring. The go-green wave will require more specialists, whether for eco-product design (design before the production of goods or services), waste management or climate change prevention (epidemiology, changes in agricultural crops or others, riverbank erosion, etc.) and extreme weather management (tornadoes, floods, etc.). The development of biotechnology and nanotechnology will also spur demand for new workers as will the application of new communication methods (namely, IP technology), which will require workers for IT system design and related services.

LIMITED GROWTH IN STORE FOR CONSUMER SERVICES

Of the three main categories, consumer services (or household services, depending on the classification) have grown the slowest in the past decade. The vitality of this group depends on how fast the population grows and on its income. Based on these two factors alone, the future looks more subdued in the medium term. Québec's population will grow at a slower pace between 2011 and 2016 (3.5%) than it did between 2006 and 2011 (4.2%) according to ISQ's base scenario published in 2009. But there will be growth. The outlook for disposable income also leaves to be desired. First, the cost of living will increase between 2011 and 2016, and sooner or later, so will interest rates. Still, employment in consumer services will not decline, far from it—the growth will simply be more modest than it was between 2002 and 2011.

On the arts and entertainment side, performing arts, sports entertainment and related services have fuelled most of the gains in recent years. Can this growth continue? Will households spend more on entertainment? It's hard to say.

As for information and cultural industries, most of the action lately has been in the information industry, bolstered by software publishing. The cultural industry's growth has been especially robust in the area of pay and specialty TV. As well, mobile applications seem to have a bright future in store based on recent developments in this sphere of activity. Forecasts are hard to come by for this constantly changing industry, which will try to hold on to its gains. The tourism industry's efforts to showcase culture should also spur activity here. In fact, according to a report submitted to the Minister of Tourism in May 2011, emerging products in cultural tourism offer growth potential.

Finally, for accommodation and food services, we need to consider that households will not necessarily have as much disposable income, as mentioned earlier. Although foreign tourism can be counted on to shore up demand, it can't do it alone. A good part of the spending on accommodation and food services depends on Quebecers, whose hands will be increasingly tied (cost of living increases, higher interest rates, increasing reliance on retirement income, and so on) and who in turn will tighten their purse strings. Employment is not expected to shrink in this sector but we should be prepared for more modest growth.

OPPOSING TRENDS IN PUBLIC AND PARAPUBLIC SERVICES

This large sector has three very different categories. First, there are public administrations, whose payroll will probably shrink in the years ahead as budget balancing, the partial non-replacement of retiring workers and the desire to contain administrative expenses all contribute to limiting or even decreasing the number of civil servants.

In parallel, the health care and social assistance sector is projected to expand, fuelled by rising demand. The reasons the health care industry will continue to grow have been widely discussed in forums and the media, making it unnecessary to repeat the arguments put forth to explain the anticipated increase in employment here. The sector will continue to create jobs in the short and medium terms. This is a difficult activity to relocate and in this sense, pressing demand and proximity play in favour of the industry.

The gains will not be as strong in the education sector, mainly because of demographic factors that will translate into lower enrollment in high schools and colleges in particular.

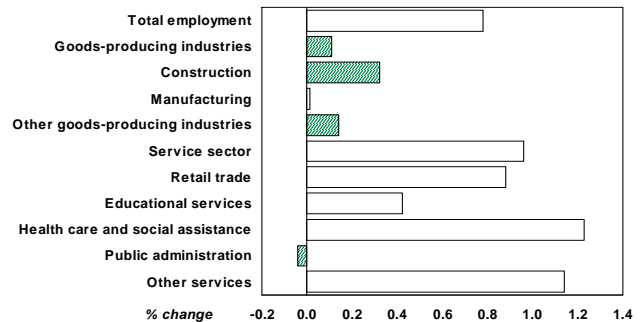
IF THE TREND CONTINUES...

Based on work done by Emploi-Québec¹ on the long-term employment outlook here at home, the province will have to fill 1.4 million positions between 2010 and 2020. Of this number, 316,000 will be new jobs while the remainder (1.1 million) will be vacancies left by retiring boomers. Emploi-Québec reckons that 97% of the new jobs will be generated by the service sector, with the greatest number created between 2010 and 2015 (221,000), and the rest (95,000) between 2016 and 2020.

Graph 5 illustrates the average change in employment by industry from 2010 to 2020. It is immediately apparent that services outpace the goods-producing sector, and in terms of speed, health care and social assistance comes out on top, not surprising given the greying of the population.

The second-fastest growth will be in “other services.”² Retail will also perform well and hire at a brisk pace; however, one senses that job creation could be slower than during the previous decade since the tax cuts by the federal government (GST lowered from 7% to 5% and tax cuts) and the provincial government (in particular, household tax cuts) will no longer be around to spur consumption.

Graph 5 Average annual change in employment by sector from 2010 to 2020



Sources: Emploi-Québec and CETECH estimates

The education sector will not be left behind, but it’s easy to see that the needs will be less pressing here because of the aging population. That said, growing enrollment in primary schools, assistance for students with learning difficulties and continuing education will more than offset the factors that would cause a decline in enrollment. Finally, public administrations (federal, provincial and municipal) are not expected to create jobs.

SERVICES HAVE A FUTURE

Based on all these elements, employment in the service sector will grow in the short, medium and long terms although at a less hectic pace than during the first decade of the 2000s. Moderate economic growth, an aging population and changes in the labour market, which will be more in replacement than job creation mode, are some of the factors that will drive the sector’s expansion. Still, not everyone will come out on top and some industries will have to work hard to keep employment at the same level as today. While services definitely have a future in the Québec economy and will even grow slightly, the job gains will be increasingly tenuous.

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¹ Emploi-Québec, *Le marché du travail au Québec, Perspectives à long terme 2011–2020*, September 2011, 44 pages.

² “Other services” according to the classification used by Emploi-Québec in its forecasts comprise: transportation and warehousing, finance, insurance, real estate and leasing, professional, scientific and technical services, business, building and other support services, information, culture and recreation, accommodation and food services, and other services.

INTERPROVINCIAL SHOWCASE

The service sector: Scoring points from coast to coast

The service sector is a big part of the economy everywhere in the country. That said, statistical averages hide disparities in the role it plays in the economy and in the number of jobs it creates. This article looks at whether the surge in commodity prices has taken a toll on service jobs in the provinces.

WHAT GDP REVEALS

Not surprisingly, services account for more than half of the provinces' real GDP. However, the spread among the provinces ranges from 60% to 79% depending on the prevalence of other activities (natural resource extraction, manufacturing, etc.). In 2011, the national average was 71.5% (table 13). Nova Scotia topped the list, with services accounting for 79.0% of its GDP that same year. This is nothing new because this figure was already 74.0% in 2002 and has continued to grow ever since. Prince Edward Island came in second with 76.9%, followed by British Columbia (76.5%), Ontario (75.3%), New Brunswick (74.8%) and Manitoba (74.0%). Québec placed seventh (70.9%), which is explained by the fact that manufacturing plays a bigger role in this province than elsewhere in the country.

Lagging behind were Alberta (61.9%), Saskatchewan (61.2%) and Newfoundland and Labrador (60.1%), probably because their key industries revolve around oil extraction and other resources (natural gas, potash, etc.).

Table 13 – Relative importance of the service sector in 2011

	<i>As a % of GDP</i>
Canada	71.5
Newfoundland and Labrador	60.1
Prince Edward Island	76.9
Nova Scotia	79.0
New Brunswick	74.8
Québec	71.0
Ontario	75.3
Manitoba	74.0
Saskatchewan	61.2
Alberta	61.9
British Columbia	76.5

Sources: Statistics Canada and Desjardins, Economic Studies

EMPLOYMENT IN THE SERVICE SECTOR

On the employment front, the service sector's share of total jobs is greater than its contribution to GDP. As such, the national average was 78% in 2011. Nova Scotia, already at the head of the pack in terms of GDP, led the way with 81.3% that same year (table 14). The smallest share of service employment

Table 14 – Relative importance of service jobs

	<i>In %</i>	
	2002	2011
Canada	74.6	78.0
Newfoundland and Labrador	79.5	78.3
Prince Edward Island	73.9	75.6
Nova Scotia	78.6	81.3
New Brunswick	77.3	77.4
Québec	73.7	78.6
Ontario	73.5	78.9
Manitoba	75.6	76.5
Saskatchewan	74.2	73.9
Alberta	72.2	72.5
British Columbia	80.1	80.3

Sources: Statistics Canada and Desjardins, Economic Studies

went to Alberta (72.5%), followed closely by Saskatchewan (73.9%). Last year, service jobs accounted for more than 80% of total jobs in only two provinces—Nova Scotia (81.3%) and British Columbia (80.3%).

In the last decade, the share of service jobs in the Canadian economy advanced from 74.6% to 78% on average. This trend was also observed in Québec and Ontario. However, during this period, i.e. between 2002 and 2011, the share of service employment barely budged in New Brunswick, Alberta and British Columbia, although fluctuations were observed throughout the decade. Meanwhile, it fell slightly in Newfoundland and Labrador and Saskatchewan, which is not surprising since this was the period when commodity prices rose.

FASTER OR SLOWER THAN THE ECONOMY OVERALL?

As we saw on pages 5 to 16, between 2002 and 2011, service jobs in Québec grew faster than employment overall. This was also the case for the national average (table 15). Employment grew 13.1% in Canada and 18.2% in the service sector. This trend was largely broad-based with the exception of Newfoundland and Labrador, where overall growth (8.6%) outpaced services (6.9%), an understandable situation given the oil boom, and Saskatchewan, where the difference was, however, less pronounced (respectively 11.9% and 11.5%).

Table 15 – Service employment growth, 2002–2011

	In %	
	Total jobs	Service jobs
Canada	13.1	18.2
Newfoundland and Labrador	8.6	6.9
Prince Edward Island	11.3	13.8
Nova Scotia	7.1	10.8
New Brunswick	2.8	2.9
Québec	10.9	18.2
Ontario	11.7	19.9
Manitoba	10.0	11.4
Saskatchewan	11.9	11.5
Alberta	24.9	25.5
British Columbia	16.5	16.9

Sources: Statistics Canada and Desjardins, Economic Studies

THE LEADING SECTORS

In Canada, the service industry that employs the most people is health and social assistance, followed by retail trade. This order is virtually the same across the country except in Alberta and British Columbia, where it is reversed.

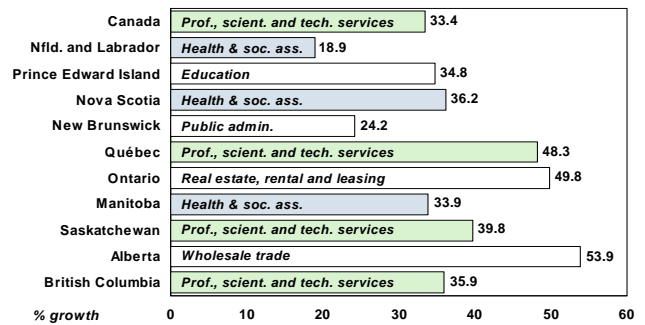
Professional, scientific and technical services rank third nationwide. This is also the case in Québec, Ontario, Alberta and British Columbia. In this last case, accommodation and food services also rank third with professional, scientific and technical services.

Third place goes to educational services in Saskatchewan, Manitoba and Nova Scotia, and to public administrations in Newfoundland and Labrador, Prince Edward Island and New Brunswick.

WHO ARE THE GROWTH LEADERS?

Which industries experienced the fastest employment growth from 2002 to 2011? In percentage, the answer is professional, scientific and technical services, at 33.4%, followed closely by real estate at 32.6% (graph 6). Professional, scientific and technical services also led the way in Québec (48.3%), Saskatchewan (39.8%) and British Columbia (35.9%).

Graph 6 Service employment grew fastest between 2002 and 2011



Sources: Emploi-Québec and CETECH estimates

However, for many provinces, health care and social assistance grew the fastest. This is especially true of Newfoundland and Labrador (18.9%), Nova Scotia (36.2%, tied with professional and technical services at 36.0%) and Manitoba (33.9%).

Finally, the others stand out in their own way. In Prince Edward Island, educational services enjoyed the fastest growth (34.8%) while in New Brunswick it was public administrations (24.2%, whereas overall growth was only 2.8%). In Ontario, real estate and rental and leasing stole the show (49.8%), although the increase in professional, scientific and technical services was also significant (27.5%). Lastly, in Alberta, wholesale trade surged 53.9% during this time (a gain of about 32,000 jobs).

As we can see, services do not occupy the same place in every provincial economy, just as service jobs have not grown in the same way since 2002. While it may look like employment in this sector has advanced at break-neck speed right across the country, the fact is that in some places, its share has not changed since the early 2000s. In this regard, we can say that the surge in commodity prices took its toll, even causing jobs in the service sector to shrink in some provinces. However, once these prices come back down, will services become the drivers of job creation in all the provinces?

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