



## 5 Minutes for Business

### The Top 3 Issues in the Federal Election: Jobs, Jobs, and Jobs

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Jobs are always a top issue in a federal election, but with this shaky economy, it's fast becoming the number one priority. Opposition parties have made much of the recent bad news: in the first quarter, Canada's GDP shrank by 0.6%, exports tumbled 5.6% and corporate profits fell by 14% as the drop in oil prices slammed the Canadian economy.

And yet the Canadian labour market has held up well, adding an average of 20,000 jobs per month since the beginning of 2015. In fact, Canada added a rip-roaring 59,000 jobs in May. What gives? Where are these jobs coming from in the midst of economic despair?

Our regional differences are as stark as ever. Energy-rich provinces once drove job creation while the manufacturing sector of Central Canada lagged behind. Now lower oil prices and a weaker Loonie have flipped the numbers. Still, the outlook is very mixed.

There are now 25,000 fewer jobs in the Alberta oil patch, but there is good reason to believe that the worst is behind us. Firstly, oil prices have stabilized around the \$60 range and are headed slightly higher. The market no longer fears a drop to \$20 [as Citibank had predicted](#). Secondly, oil sands projects require huge upfront investments, but once those are made, they can go on producing for years with relatively low costs. And they need to keep operating continuously: most can't be shut down without damaging the equipment. Thirdly, new investments are on-track with 10 new oil sands projects scheduled to start this year and 7 set for 2016 with total capacity over 300,000 barrels per day, according to [Oil Sands Review](#). These are probably safe because once they're partially paid for, "you don't stop a project mid-cap-ex". Some exploration and drilling activity has been scaled back, but job losses should ease.

In manufacturing, the outlook is much improved and the parties have all pledged support for the sector, which is certainly welcome. The challenge is that manufacturers are increasing production by investing in capital and new technologies: they're becoming more efficient and more competitive. As a result, we'll see an impressive resurgence in manufacturing and exports, but it may not translate into big job gains.

The political parties are missing the big picture by focusing so much on jobs in manufacturing and natural resources because together they account for just 11% of the labour force. The overwhelming majority (78%) of Canadian employment is in the service sector and recently it's been the fastest growing part of our economy.

Services are a poorly understood grab bag of different occupations. It's sometimes perceived as low-paying because it includes retail and restaurants, but there are also scientists, engineers, lawyers and financiers.

Over the past year, Canada's fastest job growth is in sectors like business and support services (up 4.5% compared to last year), education (up 4.1%), finance and insurance (up 3.5%) and professional, scientific and technical (up 1.7%), while retail has barely budged (0.3%). And the gains in high-end services employment are spread right across the country.

With the election just around the corner, we would love to hear a politician say: "we need highly specialized skills to compete and succeed in the service economy. That's why we must invest in Canadian education and training to make it the best in the world."

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