

Canadian Downsizing and Economic Trends

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Economic Indicators

National Statistics

TNS Canada’s **Consumer Confidence Index** dropped 4.5 points from 98.9 in June to 94.4 in July. **The Expectations Index** dropped for the fourth consecutive month. It declined 1.6 points in July, ending the month at 104.2.

Employment rose by 93,000 in June, pushing the unemployment rate down 0.2 percentage points to 7.9 percent. This is the first time the rate has been below the 8 percent mark since January 2009.

The Conference Board of Canada’s **Help-Wanted Index** rose 5.7 percentage points to 96.1 in May after declining in April. The index is based on the seasonally adjusted number of new jobs posted online during the month across 79 Canadian job-posting websites. The board’s indicator of market tightness also increased in May – its first increase in seven months. The measure represents the number of registered unemployed individuals for every job posted online.

The seasonally adjusted annual rate of **housing starts** was 189,300 units in June, according to Canada Mortgage and Housing Corporation.

Manufacturing sales increased for the eighth time in nine months, advancing 0.4 percent to \$44.8 billion in May. The motor vehicle and parts industries were the primary contributors to the higher sales.

Merchandise exports rose 5.2 percent in May while imports increased 5.7 percent. Canada posted a **trade deficit** with the world of \$503 million in May, up from a deficit of \$330 million in April.

Human Resource & Labour Trends

Labor Shortage Problem Expected to Grow in Coming Years

Although the economy is still struggling to create jobs, there are some fields that can’t find enough qualified workers. Two examples are health care and mining.

Glen Hodgson, chief economist at the Conference Board of Canada, predicts that within about three years, this shortage will be serious and widespread.

One reason is that Canada’s economy is healthier than most, but probably a bigger one is

a rush to the exits that's expected among the huge group of 2.9 million Baby-Boom-generation workers who are over 55 and eyeing retirement. As a result, the unemployment rate will be approaching 6 percent within three years, estimates Hodgson. That's close to the record low of 5.8 percent we saw before the recession hit in late 2008.

And this scenario is not just one person's opinion. The Toronto-Dominion Bank's long-term economic forecast predicts that unemployment will fall rapidly over the next

few years, averaging just 6.5 percent by 2013 and 6.1 percent in the following two years. Unfortunately, a big part of this change doesn't come from job gains. In fact, employment in the next five years will grow more slowly than it did during the prosperous pre-recession years: at an average annual pace of just 1.5 percent, down from the 1.8 percent we saw in the period from 2004 through 2008, according to calculations from Derek Burleton, deputy chief economist at Toronto-Dominion.

Downsizing Announcements

Bell Aliant, Halifax, NS, is cutting some of its operations in Atlantic Canada in a bid to reduce costs. One representative of the union that represents Bell Aliant's Atlantic workers, the Communications, Energy and Paperworkers Atlantic Communications Council, said one of the three centres closing is in New Brunswick and that 250 workers would be laid off there. Phil Briffett, the union's vice-chair for Atlantic Canada, said Bell Aliant's announcement could mean hundreds of job losses.

CBC News, July 15, 2010

The Calgary Parking Authority, Calgary, AB, will shift to ParkPlus in its downtown parkades, which will create layoffs for 33 full-time and part-time parking attendants. Starting in August with the convention centre parkade, the city-owned agency will phase out the facility's attendants and security entry-exit arms, replacing them with the same computerized system used for surface lots and street parking. The affected workers have been warned of the

changes, but haven't yet received layoff notices, Dale Fraser, the agency's general manager, said. The cuts will be complete by November and partially offset by the hiring of six parkade security guards. The savings will amount to \$300,000 this year, and \$800,000 in each subsequent year, Fraser said.

The Calgary Herald, July 9, 2010

Merck, Whitehouse Station, NJ, is closing its Merck Frosst Centre in Kirkland, Quebec. About 180 researchers will lose their jobs as a result. The facility will close its doors before the end of the year, with some employees being offered jobs with Merck elsewhere in Canada, though how many new jobs will be available is not yet known. The layoffs are part of a global restructuring program at the company following its merger with Schering-Plough. The changes involve consolidation of research and manufacturing operations, including the closure of eight labs.

The Barrie Examiner, July 9, 2010