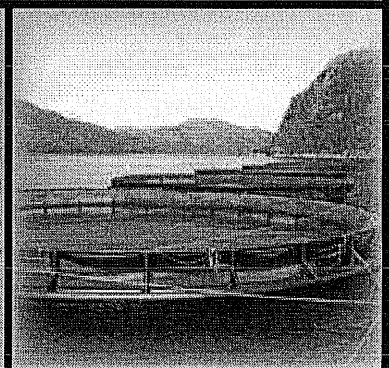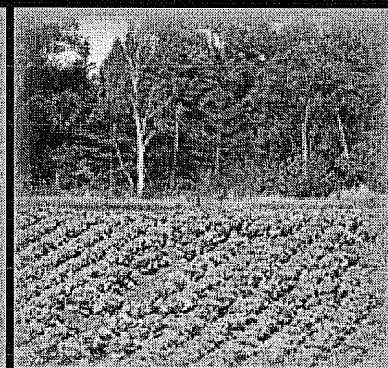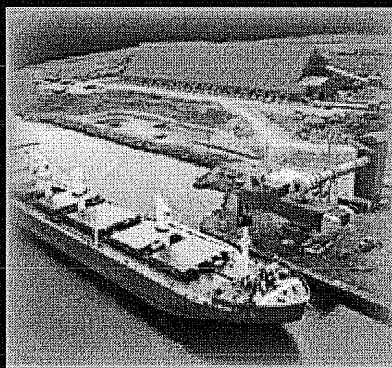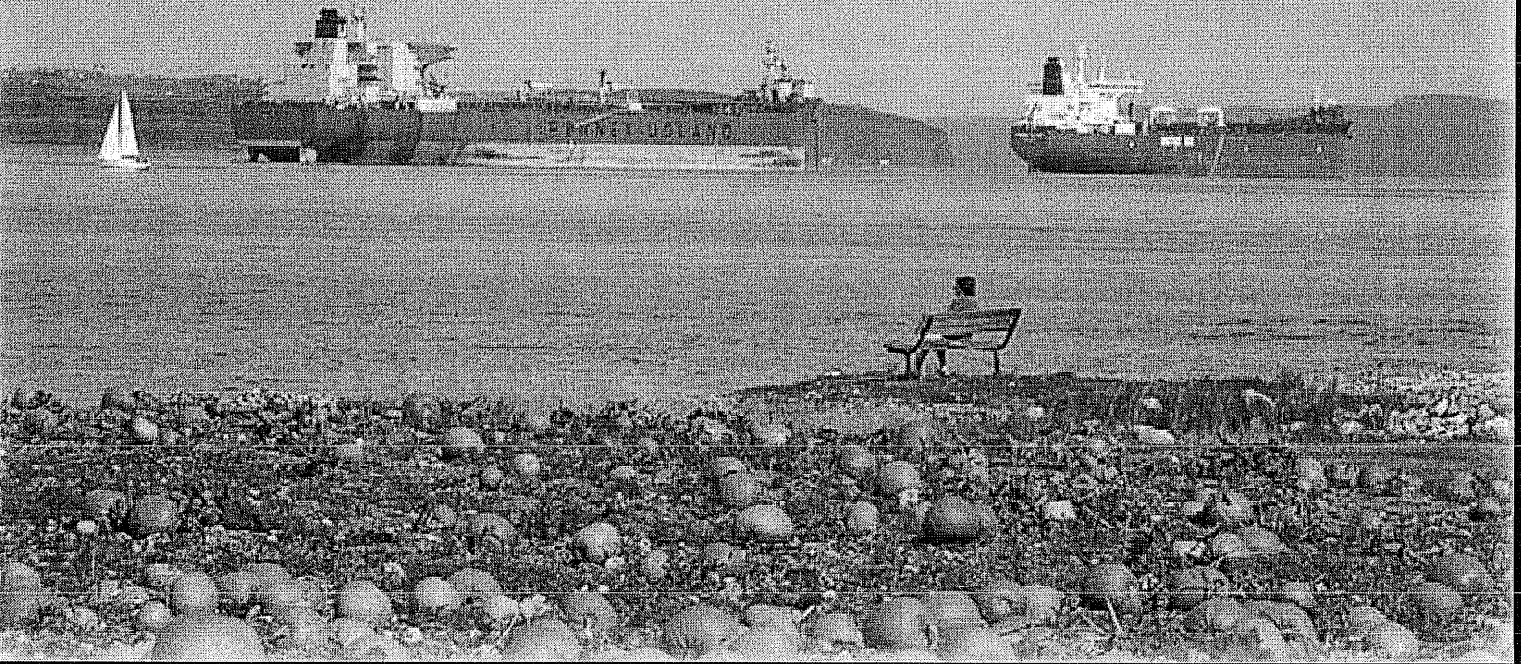1 **Q. Referring to page 11 of Ms. McShane's direct testimony, please provide the**
2 **documents referred to in Footnotes 3 through 6.**
3
4 A. Government of Newfoundland and Labrador, *The Economic Review,* October 2006 is
5 Attachment A.
6
7 The Conference Board of Canada, *Provincial Outlook 2006, Long-Term Economic*
8 *Forecast*, March 2006 is Attachment B.
9
10 The Conference Board of Canada, *Provincial Outlook 2007, Long-Term Economic*
11 *Forecast*, February 2007 is Attachment C.
12
13 Consensus Economics, *Consensus Forecasts*, February 12, 2007 is provided in the
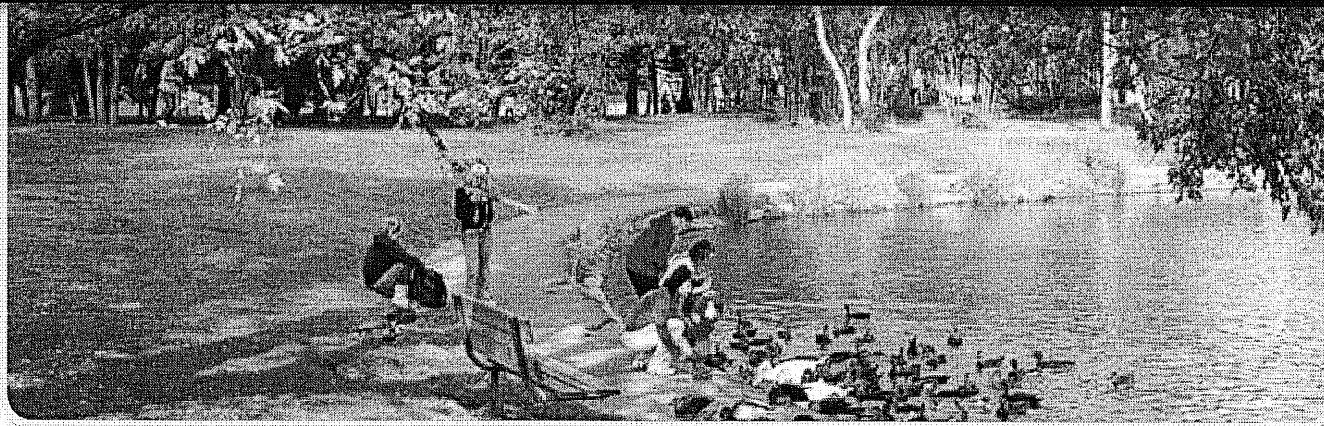14 response to CA-NP-263 as Attachment C.

Newfoundland and Labrador
The Economic Review, **October 2006**

The Economic Review 2006

Newfoundland Labrador

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Bowring Park

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United States

Growth in the U.S. economy slowed during the second and third quarters of 2006. Faltering residential investment slowed overall growth despite continued strength in consumer spending, exports and non-residential business investment. After growing by 5.6% in the first quarter, GDP growth slowed to 2.6% at annualized rates in the second quarter and 1.6% in the third quarter.

Labour markets continued to improve, however, the rate of monthly job gains slowed, averaging 137,000 per month during the first nine months compared to 165,000 per month during 2005. With job gains exceeding labour force growth, the unemployment rate declined to 4.6% in September, down from 4.9% at the end of 2005.

The Federal Reserve Board (Fed) continually raised interest rates from June 2004 to June 2006 with 17 successive 0.25 percentage point increases as the U.S. economy expanded and labour markets improved. However, since June it has become evident that weakness in housing is slowing overall economic growth and, with inflation remaining in check, the Fed put further rate increases on hold.

The U.S. current account deficit continued to increase during the first three quarters of this year and is expected to rise to 7% of GDP in 2006—driven by high oil prices and strong domestic demand. Despite the high deficit, the U.S. dollar managed to hold its own against major currencies during the first three quarters of 2006.

It is expected that weakness in the housing sector will keep real GDP growth near 2.0% in the final quarter of 2006 and into the first half of 2007 as the economy experiences a mid-business cycle slowdown. However, past depreciation of the U.S. dollar and strong global economic activity should help U.S. exports. Also, solid balance sheets and strong corporate profits should keep business investment strong. These positive factors should more than offset declining housing investment and possible weakness in big ticket consumer purchases. Overall, U.S. economic growth is expected to average roughly 3.0% in 2006 and 2.6% in 2007.

Canada

The Canadian economy continued to grow in the first nine months of 2006—real GDP increased by 3.6% and 2.0% in the first and second quarters respectively and is estimated to have grown by roughly 2.0 to 2.5% in the third quarter. Economic growth was led by gains in consumer spending and business investment while de-

Real GDP Growth
Canada and the United States
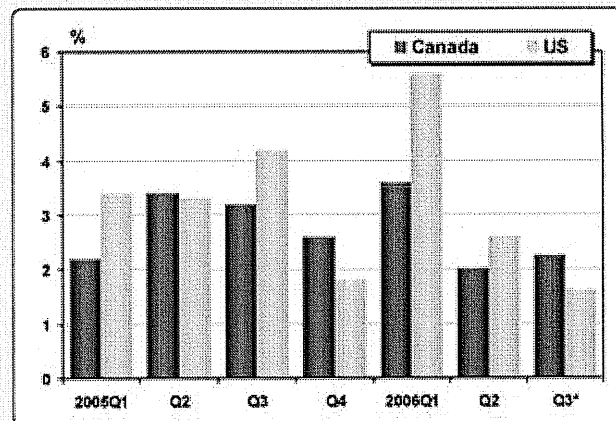
Statistics Canada; BEA
* Canadian growth rate is estimated

clines in residential investment and exports weakened growth.

Labour markets continued to improve with employment up by 2.0% during the first nine months of this year compared to the same period in 2005. The seasonally adjusted unemployment rate was 6.4% in September down from 6.6% at the beginning of the year.

With the unemployment rate near 30 year lows and the economy operating near full capacity, the Bank of Canada steadily raised the overnight rate from 2.5% in September 2005 to 4.25% in May of this year. However, in recent months with the U.S. economy slowing, exports stalling and core inflation steady, the Bank suspended any further rate increases.

The Canadian dollar exhibited modest appreciation during the first 10 months of 2006. Interest rate increases and strong mineral and oil prices continued to support the dollar. As of the end of October, the Canadian dollar was hovering near 89 cents U.S., up from roughly 86.5 cents at the start of the year. The Canadian dollar is expected to remain in the 85 to 90 cent U.S. range in the coming quarters, supported by high commodity prices.

Most forecasters currently expect real GDP growth to average 2.8% in 2006 and 2.5% in 2007. A slowing U.S. economy and a high Canadian dollar will slow export demand and negatively impact growth in Central and Eastern Canada, particularly in Ontario and Quebec, but booming commodity markets and preparations for the 2010 Vancouver Olympics should keep growth strong in the Western provinces.

1

Little Bay Islands

Real Gross Domestic Product (GDP) is expected to grow by 3.0% in 2006, down from the 6.2% forecast in March 2006. The downward revision is due to lower than expected oil production, in particular, lower production from the Terra Nova oil field. Economic growth this year will stem mainly from gains in mineral exports and higher consumer spending. Some stimulus is also being provided by higher provincial government spending.

Investment is forecast to decline by 6.9% in 2006 to $4.0 billion—both construction and machinery and equipment spending are expected to be lower this year. The end of the development phase of both the White Rose oil project and the Voisey's Bay mining project are largely responsible for the decline in investment. Despite the overall decline in investment, construction activity was positively impacted by a significant increase in provincial government infrastructure spending. Furthermore, the absolute level of investment in the province remains at a historically high level. In fact, capital investment in 2006 is expected to be the third highest level ever recorded.

Consumer spending growth continued in 2006. Retail sales (which account for about 55% of consumer spending) totalled $3.9 billion in the first eight months of this year, an increase of 2.1% compared to the same period in 2005. Growth stemmed mostly from an increase in sales by department and general merchandise stores. Car sales were a constraint on overall retail sales growth this year. The number of new cars sold in the province in the first eight months of 2006 was down by 5.0% in comparison to the year earlier level.

Real exports are expected to increase by 5.3% this year due mainly to higher mineral shipments. Real exports of mineral products are forecast to increase by over 45% as Voisey's Bay records almost a full year of production. (Production was shut down for two months due to a labour dispute.) A small gain in oil exports is also expected, however, the first full year of White Rose oil production was largely offset by a lengthy shutdown of the Terra Nova facility for modifications and repair (see Oil and Gas, page 6, for further details).

Labour Markets
Employment is currently forecast to increase by 0.4% in 2006 to average close to 215,000. The labour force is also expected to increase but not as much as employment, leading to a decline in the unemployment rate. The unemployment rate is expected to average

Economic Indicators
(Annual % change unless otherwise indicated)

	2005	2006f	2007f	2008f	2009f
Gross Domestic Product					
Nominal	10.8	9.4	3.8	0.0	-1.5
Real	0.4	3.0	5.7	0.5	0.2
Personal Income					
Nominal	3.9	4.0	3.3	3.0	3.4
Real	1.2	1.8	1.5	1.1	1.4
Personal Disposable Income					
Nominal	3.1	4.0	3.3	2.8	3.2
Real	0.5	1.8	1.5	0.9	1.3
Retail Sales					
Nominal	2.2	2.1	2.3	2.3	3.3
Real	-1.1	0.1	1.4	1.3	2.2
Housing Starts	-13.0	-12.8	-9.4	-2.4	0.8
Employment	-0.1	0.4	1.1	1.5	1.4
Labour Force	-0.7	0.2	0.5	0.6	0.7
Unemployment Rate (%)	15.2	15.1	14.6	13.8	13.2
Population	-0.6	-0.8	-0.7	-0.3	-0.2

f: forecast, Department of Finance, October 2006
Department of Finance, Statistics Canada

15.1% in 2006, a 0.1 percentage point drop compared to 2005.

Employment in the first nine months of the year averaged 215,400, 0.2% higher than in the same period of 2005. Employment in the first part of the year was negatively impacted by the completion of construction of the White Rose and Voisey's Bay projects which began winding down in late summer/early fall of last year; the closure of the Stephenville newsprint mill in October 2005; and weakness in the fishing industry. Employment in both August and September increased compared to the same months in 2005 and employment growth for the remaining months is expected to be positive.

The average number of persons either working or looking for work (labour force) totalled 254,200 in the first nine months of 2006, essentially unchanged from the same period of 2005. The combination of slight growth in employment and unchanged labour force resulted in a drop in the unemployment rate of 0.1 percentage points to 15.4%.

Wages continued to increase this year. Average weekly earnings (including overtime) increased by 5.1% in the first seven months of 2006. Labour income totalled just over $4 billion in the first half of the year, 4.2% higher than the same period of 2005[1]. The increase in labour income reflects the higher weekly earnings. After adjusting for inflation, labour income grew by 1.8%. Total personal income is forecast to grow by 4.0% this year (1.8% in real terms).

Prices

On a year-over-year basis, the CPI (Consumer Price Index) averaged 2.1% higher in the first nine months of 2006. In the first eight months of the year inflation was driven primarily by higher energy prices which increased by an average of 10.7% in the January to August period. However, in September, energy prices fell by 7.5% relative to September 2005 reflecting falling crude oil prices. The impact of declining energy prices is evident in the all-items index which increased by only 0.2% in September compared to September 2005 (see chart).

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[1] The stated estimate of labour income removes the provincial government's special payment of $1.953 billion to the teachers' pension plan from supplementary labour income.
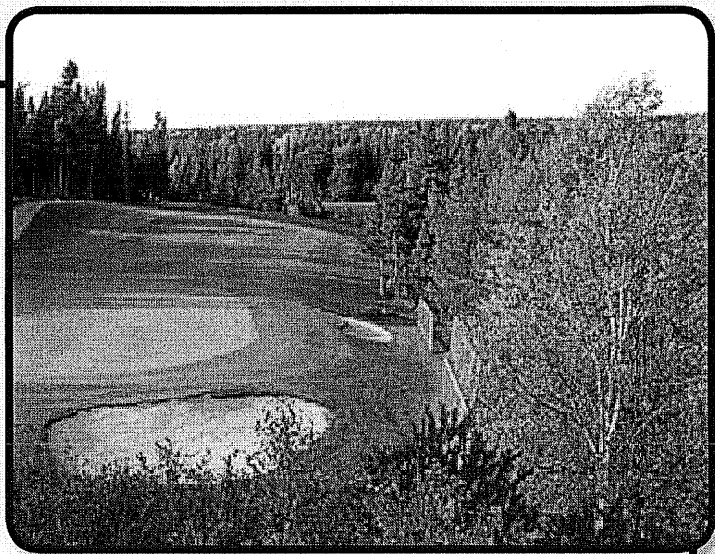
Terra Nova National Park in early fall

2007 and Beyond

Production schedules of major projects will continue to have a significant influence on economic growth over the next several years. Real GDP is expected to post strong growth in 2007 as Terra Nova oil production rebounds from an extended downtime period this year and Voisey's Bay production increases. Voisey's Bay output was negatively impacted this year by a two month labour dispute. GDP growth is expected to be weak in 2008 and 2009, premised primarily on the assumption that oil production from Terra Nova begins to decline as reserves are drawn down. This offsets gains elsewhere in the economy. The commencement of development of other major projects (such as Hebron or Lower Churchill) which are not currently included in the economic forecast could substantially improve the economic outlook.

Inflation Rate
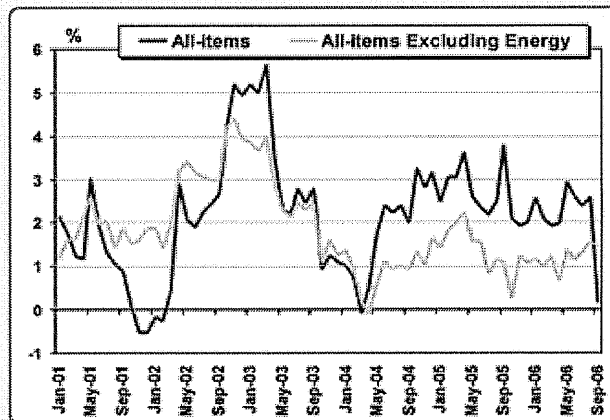
Statistics Canada; Department of Finance
Note: Depicts percentage change from the same month of the previous year.

Capelin processing

The fishing industry faced challenging conditions in 2006. Soft markets; the continued strength of the Canadian dollar; and higher input costs, particularly fuel, caused difficulties for all fishery sectors. Total landings are expected to fall to about 315,000 tonnes in 2006, a decline of 3.6% and the total value of landings is expected to decrease by 9.3% to $418 million.

Groundfish landings are expected to decline by almost 30% this year, primarily as a result of lower landings of yellowtail flounder and American plaice. The value of groundfish landings is also expected to fall substantially.

Pelagic landings in 2006 are expected to rise by about 3% primarily due to higher landings of capelin. An increased capelin quota resulted in a harvest of about 39,500 tonnes this year, up almost 5,000 tonnes over 2005.

Shellfish landings are expected to increase by 1.4% this year as a result of higher catches of crab, shrimp and clams. However, the value of shellfish landings is expected to fall by over 14% because of lower prices for both crab and shrimp.

The entire crab quota was caught this year in comparison to only 90% last year. Landings were approximately 47,000 tonnes, about 7% higher than 2005 levels, however, crab prices were weak this year. The average Canadian price for five to eight ounce crab sections fell to $3.51 per pound from $4.31 in 2005 and $5.85 in 2004. As a result of lower market prices, average harvesting prices declined by almost 34% to $0.96 per pound. Consequently, the value of crab landings fell to about $100 million compared to $140 million last year.

Shrimp landings are expected to rise by almost 3% this year as the entire quota is expected to be taken. Soft markets and high input costs have been negatively affecting fleet economics, however, high catch rates and sharing arrangements between harvesters to reduce costs are allowing harvesters to remain viable. On a positive note, the Autonomous Tariff Rate Quota, which allows shrimp to be sold to the European Union under a 6% tariff instead of the usual 20%, is expected to increase by 3,000 tonnes to 10,000 tonnes for the 2006 season, which will improve returns to shrimp producers.

The seal market remained strong in 2006 with about 300,000 seals taken. Prices to harvesters rose to a record $105 per pelt this year from about $56 in 2005, resulting in a substantial increase in landed value. Landed value rose to $33 million from $15.7 million last year.

Aquaculture production is expected to increase to 9,500 tonnes from 8,100 in 2005. Higher production is due to increased salmon and mussel production. The province has experienced renewed interest in aquaculture in 2006 with the arrival of a new enterprise, Cooke Aquaculture Inc., and the expansion of existing companies.

Value of Fish Landings
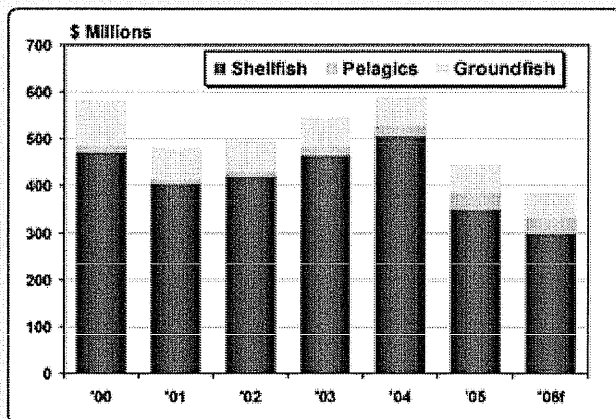
Department of Fisheries and Aquaculture; f: forecast

Aur Resources Inc.

The value of mineral shipments is expected to total about $2.6 billion in 2006, almost double the value recorded in 2005, due mainly to increased shipments by Voisey's Bay Nickel Company Ltd.

Voisey's Bay

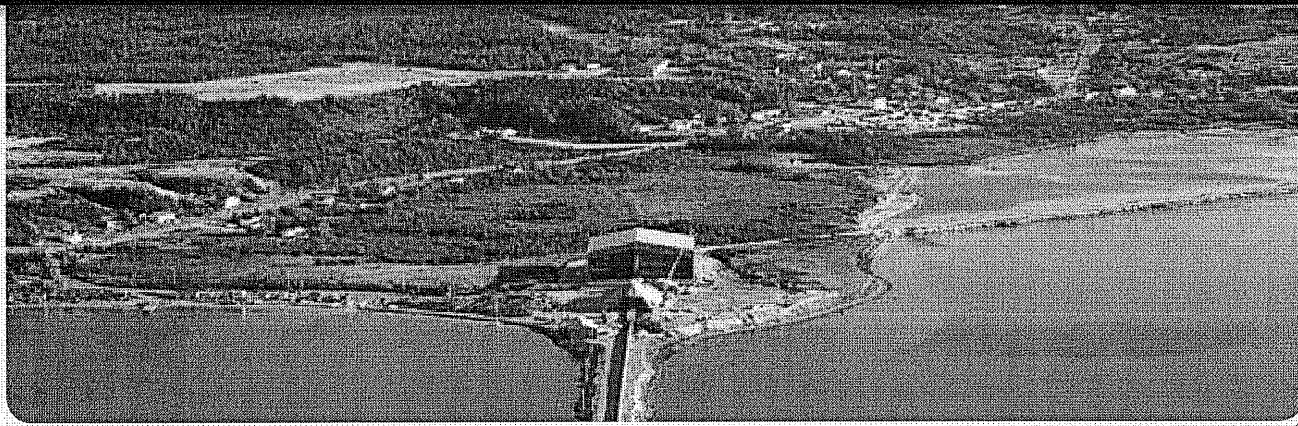The Voisey's Bay mine began production of concentrate in September 2005 and recorded nearly a full year of production in 2006. A strike at the site shut down production for two months of this year. Despite the strike, the company expects to ship over $1 billion worth of metal concentrate in 2006—which now represents almost half the value of provincial mineral shipments. The Voisey's Bay project is forecast to generate about 850 person years of employment in 2006.

Iron Ore

Iron ore now comprises just over 50% of the total value of provincial mineral shipments. Iron ore shipments are expected to total over 21 million tonnes this year, an increase of 7.5% relative to 2005. The value of shipments is expected to increase 6.4% to almost $1.4 billion, mainly as a result of greater volume.

Major expenditures at the IOC mine in Labrador City saw upgrades in both ore transportation and production. A two-year project to upgrade the concentrator was completed in July 2006, five months ahead of schedule and substantially below budget. The project will boost overall concentrate production by 500,000 tonnes per year. In the first nine months of 2006, IOC produced 11.8 million tonnes of iron ore, up 2.3% compared to the same period of 2005.

In 2006, Wabush Mines approved expenditures of more than $18 million in capital projects. The mine is forecast to ship about 5.3 million tonnes of product in 2006, representing a 4.4% increase over 2005.

Exploration

Mining exploration expenditures are expected to total approximately $79 million in 2006, up from $49 million in 2005. This increase is attributed to a rise in exploration for uranium, nickel and iron ore. The number of claims staked in the province in 2006 is expected to be approximately 50,000, just ahead of the 42,000 staked in 2005. There are currently more than 120,000 claims in good standing.

New Developments

Aur Resources commenced development of its Duck Pond project, located in central Newfoundland, in December 2004. The company plans to mine 1,800 tonnes of ore per day and process the ore in a flotation mill, producing an average of 41 million pounds of copper, 76 million pounds of zinc, 536,000 ounces of silver and 4,100 ounces of gold annually over a seven-year mine life. The mine will begin production in the fourth quarter of 2006, and once operational, employ about 168 people annually.

Value of Mineral Shipments
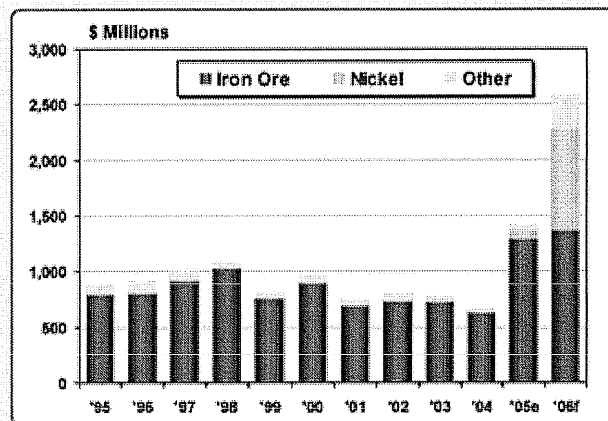
Department of Natural Resources; e: estimate; f: forecast
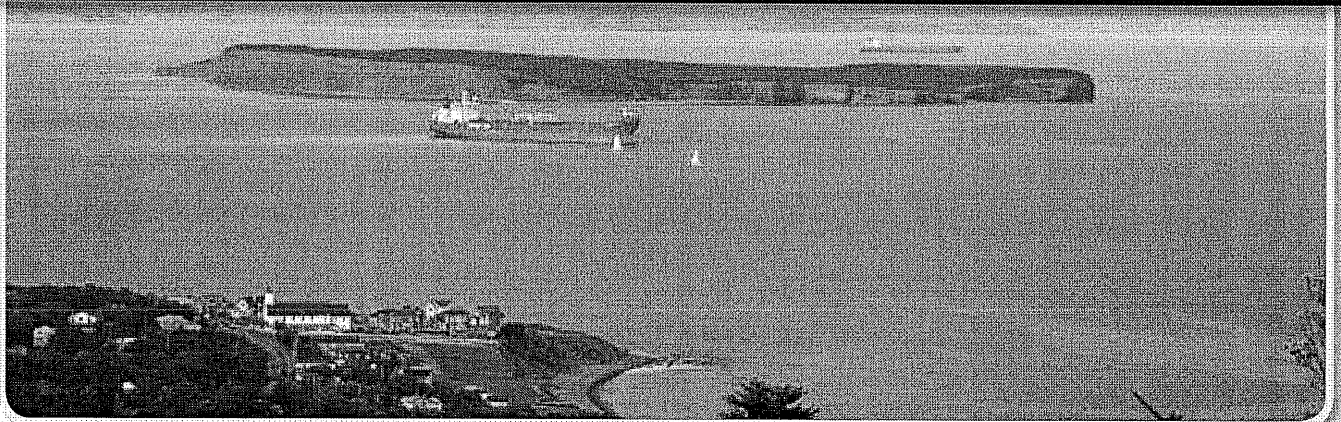
One oil tanker (foreground) anchored in Conception Bay while another heads offshore

Offshore Production

Oil production is expected to reach 112.9 million barrels in 2006[2], representing growth of 1.4% over 2005. While production growth in 2006 is positive, it is lower than the 17.5% increase which had been expected earlier in the year as a result of extended downtime at Terra Nova and lower than expected production at Hibernia.

Despite the rather marginal volume increase, the rise in production value was quite significant (see chart). The value of oil production is forecast to increase by 12.0% to $8.2 billion primarily as a result of higher crude prices. The price of Brent crude is expected to average US$64.75 in 2006 in comparison to US$54.47 in 2005.

Hibernia

In June 2006, the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) increased its

Value of Oil Production

Department of Finance; f: forecast

[2] All 2006 annual oil production estimates are Department of Finance forecasts.

reserve estimates for the Hibernia field. Total reserves are now estimated at 1,244 million barrels, representing an increase of 379 million barrels over the previous estimate. The upward revision is the result of increased oil-in-place potential, primarily in the southern area of the Hibernia reservoir, and higher recovery efficiencies in all areas. The C-NLOPB received an application from Hibernia Management and Development Company in May (supplementary information received in July) to develop the southern area of the reservoir—a decision on the application is expected before year end.

The Hibernia platform has a design capacity of approximately 230,000 barrels of crude oil production per day (bpd)—the maximum annual production rate for the platform under C-NLOPB regulations is 220,000 bpd. However, 2006 production is being constrained by existing water and gas handling capacities. In the first nine months of this year, production averaged 177,041 bpd representing a 10.1% decline from 196,903 bpd for the same period in 2005. As a result, the estimated annual 2006 production from Hibernia has been revised down to 66.0 million barrels from expectations of 70.5 million barrels held earlier in the year.

Cumulative production at Hibernia, from first oil in November 1997 up to the end of September 2006, was 504 million barrels—leaving approximately 740 million barrels of reserves yet to be extracted.

Terra Nova

The Terra Nova FPSO suspended production in early May, six weeks before a scheduled 90-day retrofit, after a mechanical failure of the gearbox on its second main power generator—its other main power generator experienced similar difficulties in February. Most of the retrofit work, which is now complete, took place at the Keppel Verolme shipyard in Rotterdam.
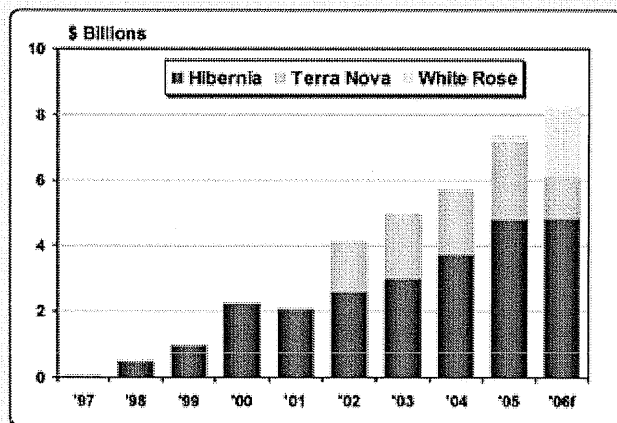
The $225 million FPSO retrofit included:
1. installation of a 40-bed Additional Living Quarters (ALQ) module to enable future monitoring and maintenance to be done on an on-going basis;
2. repair of the gear boxes attached to the two main power generators;
3. cleaning, inspection, and recoating of the hull with anti-fouling paint to prevent marine growth;
4. inspection of vessel thrusters;
5. improvement of gas compression system;
6. modification of ship side valves; and
7. regulatory inspections.

Work completed locally included construction of the ALQ module at Bull Arm and fabrication of a 185 tonne lower turret cover plate in Marystown. In addition, approximately 160 local engineering, technical support and other service personnel accompanied the FPSO to Rotterdam to perform maintenance and modifications while en route.

The FPSO arrived back at the field on September 25 and, at the time of writing, the process of reconnecting the vessel to the subsea equipment was underway. Production is expected to re-start in early November and it is expected to take up to two months to reach maximum production targets of 110,000 to 120,000 barrels per day. As a result of the extended downtime, anticipated 2006 production is now 17.6 million barrels, significantly lower than the 26.7 million barrels that was expected at the beginning of the year. The work undertaken is expected to improve reliability to the 90% range on a sustained basis, up from its previous level of around 80%.

Cumulative production at Terra Nova, from first oil in January 2002 up to the end of September 2006, was 173 million barrels—leaving approximately 181 million barrels to be extracted.

White Rose
Production from the White Rose field totalled 21.9 million barrels in the first nine months of this year and annual production is now expected to total 29.3 million barrels in 2006, its first full-year of operation. A sixth production well, which is expected to come on stream at the end of this year, is expected to increase reservoir production capacity to 125,000 bpd. Husky Energy, the project operator, announced in October 2006 that plans are being put in place to improve FPSO efficiency and increase throughput capacity to 140,000 bpd during a scheduled turnaround next summer. The current approved annual average production rate is 100,000 bpd and any annual production increase in excess of
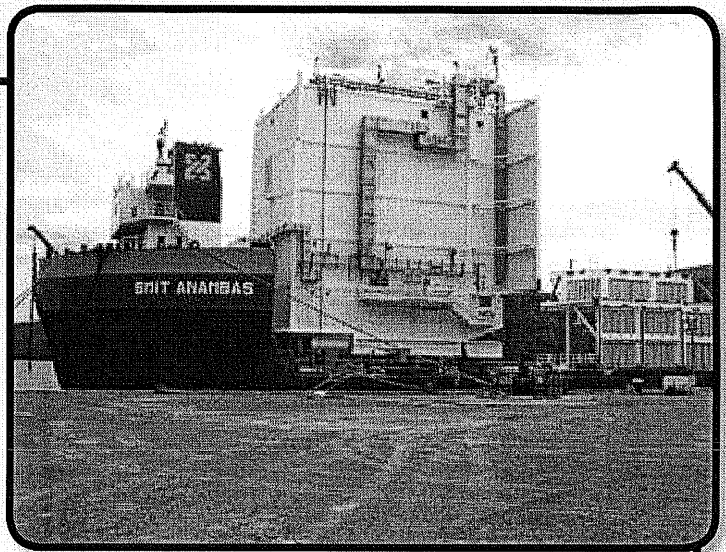
Additional Living Quarters and the Starboard Lifeboat Enclosure loaded onto a barge in Bull Arm

this amount is subject to regulatory approval by the C-NLOPB.

Hebron
Negotiations between the provincial government and the Hebron consortium reached an impasse in early April 2006. Chevron Canada is the designated project operator and has a 28% stake in the project; ExxonMobil Canada has the greatest ownership stake at 37.9%; Petro-Canada has 23.9%; and Norsk Hydro Canada Oil & Gas 10.2%.

The C-NLOPB upwardly revised its reserve estimates for the Hebron complex in June 2006. The Hebron complex, which includes the Hebron, Ben Nevis, and West Ben Nevis fields, is now estimated to have 731 million barrels of proven and probable oil resources based on the Board's latest geologic, petrophysical and reservoir simulation studies—this represents an increase of 317 million barrels over the previous estimate making it the province's second largest field.

EXPLORATION HIGHLIGHTS

► $798 million in outstanding exploration commitments
► average of 2-3 wells per year expected over the next five years
► C-NLOPB issued three separate Calls for Bids in 2006
   • 3 parcels in the Jeanne d'Arc Basin (area of current oil production)
   • 5 parcels in the Western Newfoundland and Labrador offshore region
   • 3 parcels in the Sydney Basin (off the province's Southwest Coast)*

* This is the 1st time that lands have been available for bidding in the Sydney Basin following the resolution of the land claims dispute between Newfoundland and Labrador and Nova Scotia in April 2002.
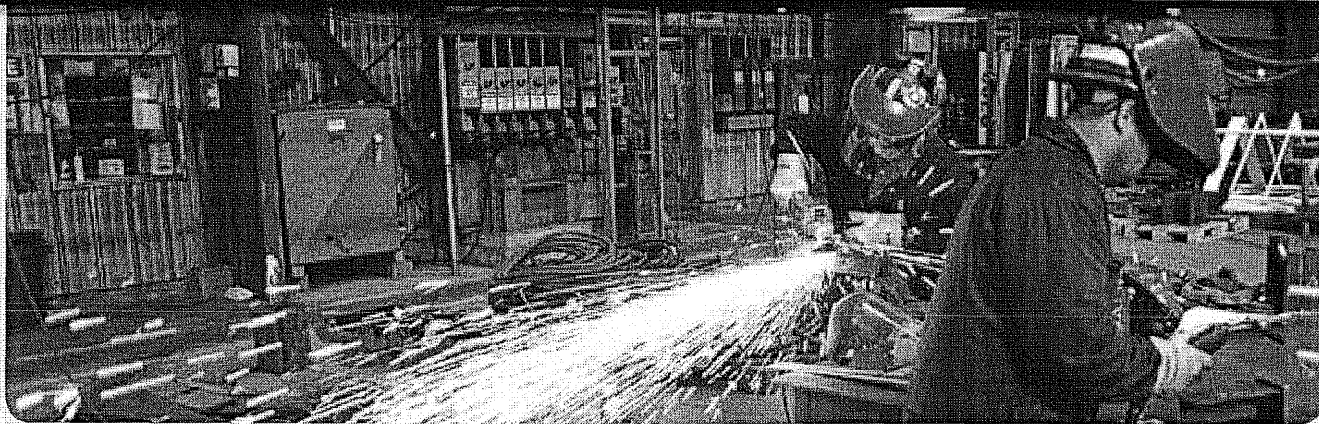
Steel fabrication

The manufacturing industry directly accounted for 6.6% of GDP and 7.8% of total employment in the province in 2005. Most of Newfoundland and Labrador's manufacturing sector stems from resource based industries, such as fishing and forestry. The fabrication of metal products and refining of crude oil also contribute significantly to the manufacturing sector.

In 2006, the fish processing industry was negatively impacted by lower fish landings, lower prices for processed products in the U.S. market, and a higher Canadian dollar. The newsprint industry recorded a significant drop in shipments, mainly due to the closure of Abitibi Consolidated's Stephenville mill in October 2005. The oil refining sector benefitted from higher oil prices while the fabrication of metal products experienced weakness mainly due to the completion of work on the White Rose project.

As a result of these factors, the value of manufacturing shipments decreased by 9.1% in the first eight months of 2006 to about $1.4 billion compared to the same period in 2005. The value of non-durable goods (which includes both fish products and newsprint) decreased by 8.5% to $1.07 billion and the value of durable goods shipments declined by 10.8% to $324 million. A drop in the value of seafood products was the main factor behind the decline in the value of non-durable goods. The value of seafood products decreased by 15.2%. The value of fabricated metal shipments, which accounted for about 53% of durable shipments last year, declined by 37.5% in the first eight months of 2006, with metal fabrication for the White Rose project now complete. Manufacturing shipment data from Statistics Canada for both newsprint and oil refining is confidential. However, it is believed that the value of newsprint shipments fell significantly while the value of refined petroleum has risen.

Manufacturing employment declined by 6.3% or 1,100 person years in the first nine months of 2006, largely the result of declines in paper manufacturing and fabricated metal product employment. Excluding these two industries, manufacturing employment remained flat in the January to September 2006 period, compared to the same period in 2005.

Manufacturing investment is expected to exceed $130 million in 2006, representing a 15.4% increase over 2005. Expenditures associated with machinery and equipment are expected to comprise the majority of spending in 2006 (about 92% of the total). This is consistent with spending in previous years, when spending on machinery and equipment comprised more than 60% of total spending in all but one year since 1990.

Investment in Manufacturing

$ Millions

■ Construction ▓ Machinery & Equipment

'91 '92 '93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05 '06i
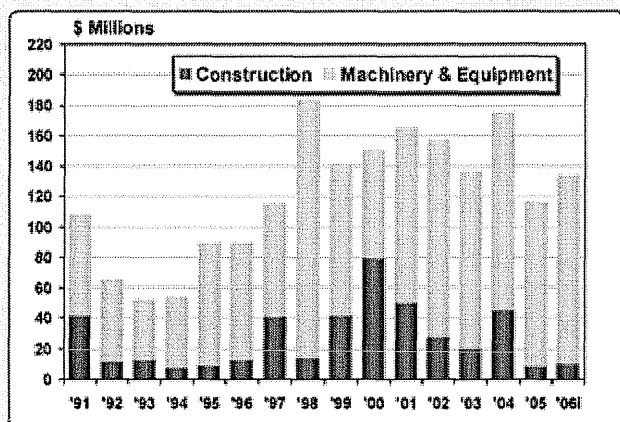
Statistics Canada; Department of Finance; i: Investment Intentions

Cape Bonavista Lighthouse

Year-to-date trends suggest 2006 provincial tourism activity will increase over 2005 levels. Preliminary figures indicate that non-resident visitors could reach 497,800 in 2006, representing a 6% increase over 2005. Despite this overall increase, some rural areas experienced a decrease in activity—as evidenced by mixed results in accommodation occupancy and site/facility visitation—due to a decline in non-resident automobile visits and slowing resident traffic.

Total tourism spending in the province (both resident and non-resident) is estimated at about $838 million. Industry revenues have increased steadily in recent years, driven by growth in non-resident visits.

Preliminary data indicates that 419,600 non-resident visitors travelled to the province in the January to September 2006 period. This represents growth of 5.9% over the same period in 2005, and an increase of 10.9% over the same period of 2004. Growth in non-resident visitation continues to be fuelled primarily by tourists travelling by air and cruise ships.

Non-resident airline visits rose by about 13% during the first three quarters of this year. This growth is mainly due to a more competitive airline industry with consumers taking advantage of attractive seat sales and travel packages. It is also consistent with a busy convention year—the number of delegates travelling to conventions in the St. John's area is expected to be up by about 4% relative to 2005, with over 26,000 convention delegates expected in 2006.

Cruise ship passenger visits are expected to increase to about 40,000 in 2006, representing an increase of about 11% over 2005 levels and an increase of 57% relative to 2004. There are 110 port calls expected for the 2006

season which, if all are realized, would represent an increase of 13 port calls over the 2005 cruise season.

A 6% decline was recorded in the number of non-resident tourists travelling to the province by automobile in the January to September period. This is not altogether unexpected given high gas prices. The decrease in automobile travellers may also be part of a longer-term shift in consumer travel patterns as people take shorter, more frequent vacations and prefer air to auto travel, especially for destinations which are further away.

The marginal improvement in gas prices since mid summer, combined with increased marketing may give both residents and non-residents incentive to travel around the province during the Fall 2006 season. A new extension pilot project has been undertaken this year in the Discovery Trail (Bonavista Peninsula) region. This pilot project involves provincial sites and facilities, as well as other private operators, extending the closing dates to October 30th. The success of this initiative will be evaluated at the end of 2006.

Non-resident Tourists by Mode

(000s)

Legend: Auto, Air, Cruise

'98 '99 '00 '01 '02 '03 '04 '05 '06f
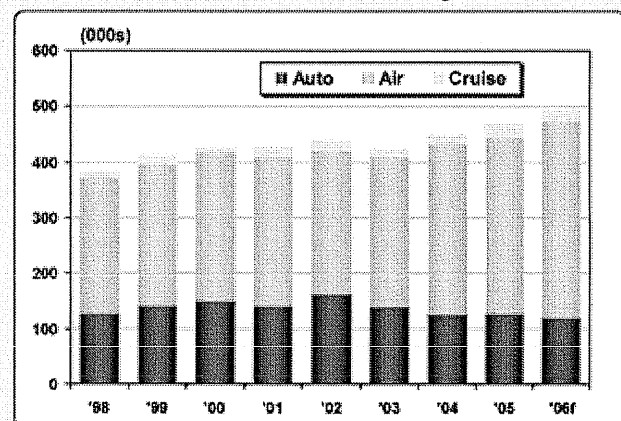
Department of Tourism, Culture and Recreation; CANAL
f: forecast

Construction of Riverhead Waste Water Treatment Facility—St. John's

Total construction investment is expected to decline by 7.6%, or $240.3 million, to $2.9 billion in 2006. While investment is expected to be lower than 2005, it is still very high in a historical context—being the second highest level recorded in the past couple of decades. This year's decline in construction investment is due to lower expenditures by the mining and oil and gas sectors. Although expenditures in mining and oil and gas remain substantial, spending is lower this year than 2005 as both the Voisey's Bay mine and the White Rose oil project moved from the development to the production stages last year.

Non-residential Construction
Non-residential construction investment is expected to total $1.9 billion this year, down $232.1 million or 10.7% from 2005's level. In recent years, the mining and oil and gas sectors have accounted for about two-thirds of this spending. While there were no mega projects under development during 2006, Aur Resources

continued construction of its Duck Pond mine in central Newfoundland and producing companies continued to invest heavily to improve productivity (e.g., Terra Nova FPSO retrofit).

In addition to activity in the mining and oil and gas sectors, there are a number of other significant non-residential projects currently underway in the province including many projects in the public sector. Public sector construction investment is expected to increase by about 13% this year as governments, particularly the provincial government, address infrastructure needs. Projects in the public sector include the St. John's harbour clean-up project; construction of a long-term care facility in Corner Brook; and a number of road improvement projects throughout the province.

Residential Construction
According to Statistics Canada's *Private and Public Investment in Canada, Intentions–2006*, released in March 2006, total residential construction is expected to decline by 0.8% to $983.7 million in 2006. Residential investment totalled $452.5 million in the first six months of 2006, a 1.5% increase over the same period in 2005. The impact of fewer housing starts has been tempered by the construction of higher valued homes, higher spending on cottages and conversions, and steady renovation expenditures. Housing starts declined by 12.2% in the first half of the year and are currently forecast to decline by 12.7% for the year as a whole. Housing starts declined last year, and are expected to fall again this year, as pent-up demand from the mid to late 1990s has been largely satisfied and interest rates have edged upwards.

Construction employment averaged 12,300 in the first nine months of 2006, essentially unchanged from the same period in 2005.

Construction Investment

$ Billions

Legend: Non-Residential, Residential

'91 '92 '93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05 '06f
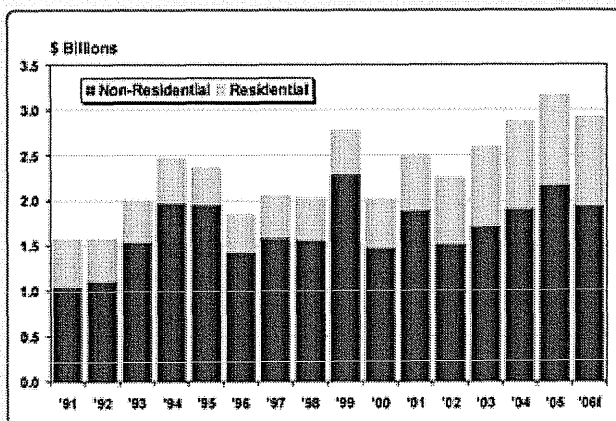
Statistics Canada; f: forecast

Pure Labrador Products

Newsprint

The newsprint industry is cyclical by nature, however, the past several years have been particularly challenging due to a significant contraction in North American newsprint demand. North American demand totalled 10.4 million tonnes in 2005, a decline of 20.4% from its 2000 level. In response to this rapid decline in demand, producers have been reducing capacity by closing many of their higher cost mills. As a result, North American capacity has been reduced from its peak of 16.7 million tonnes in 1999 to 13.3 million tonnes in 2005. While the removal of this excess capacity has put upward pressure on newsprint prices, it remains to be seen whether the reductions will prove sufficient to stabilize the market. The price of newsprint is expected to average US$680 per metric tonne in 2006, an increase of 11.5% over its 2005 level. Unfortunately for Canadian producers, the bulk of the price increase is being offset by the appreciation of the dollar and prices are only expected to rise by 3.9% in Canadian dollar terms.

Abitibi-Consolidated closed several newsprint mills across the country in recent years as a result of poor market conditions. The Stephenville newsprint mill was closed in October 2005, with the company also citing high energy costs and fibre supply constraints as major reasons for the closure. The closure of the Stephenville mill removed approximately one quarter of the province's newsprint capacity. As a result, provincial newsprint shipments fell to 439,973 tonnes in the first three quarters of 2006—representing a 26% decline from the same period in 2005.

Lumber

The volume of lumber production is expected to increase by just over 5% in 2006 to 130 million board feet. However, the estimated value of production is expected to decline by around 16% as lower prices more than offset the volume increase. Lumber prices are expected to average US$330 per thousand board feet in 2006, down from US$387 in 2005 as a result of reduced North American housing starts.

Farm Cash Receipts

Total farm cash receipts increased by 0.6% in the first six months of 2006 to $42.6 million. Dairy production, which accounts for more than 40% of total farm cash receipts, was up 6.8% to $18.3 million. The dairy industry continues to experience significant growth as a result of increases to the province's industrial milk quota—production increased to 13.3 million litres in 2005-06 (August-July) from 7.5 million litres the previous year. Egg production, which accounts for about 14% of total receipts, was down 9.6% in the first six months of 2006 to $6.0 million. Most other categories exhibited little change from levels in the previous year.

PURE LABRADOR

Labrador Preserves Company of Forteau, which produces a variety of gourmet spreads and syrups—including cloudberry (bakeapple), lingonberry (partridgeberry) and blueberry—has recently ventured into the New England market in a major way. Four gourmet food chains (Whole Foods Market, Russo's Quality Fruits and Vegetables, The Brown Jug, and Formaggio Kitchen) in three New England states (Massachusetts, Rhode Island, and New Hampshire) have agreed to carry the PURE LABRADOR product line. PURE LABRADOR products are made from the finest wild berries grown on the pristine, pollution-free barrens and marshes of Labrador. Labrador Preserves Company uses the most modern equipment available, while maintaining the integrity of the original taste. This process captures the essence of the old fashioned recipes handed down through generations from the original settlers of the Labrador Straits in the 17th century.

Labrador Preserves now employs eight full-time workers and plans to increase its workforce to 25 full-time positions over the next two years. Currently, 80% of production is marketed within the province with the remainder being exported to mainland markets. Further expansion into Canadian and U.S. markets is a cornerstone of the company's business plan—sales are projected to increase by 40% in 2007 and another 50% in 2008, at which time the company expects to be marketing approximately 60% of its product outside the province.

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Introduction

Newfoundland and Labrador has always had a strong attachment to the ocean, and through our rich maritime history we have amassed a tremendous amount of knowledge. Newfoundlanders and Labradorians have applied that knowledge to the field of ocean technology and our expertise is being recognized internationally. Ocean technology developed in this province allows fishers to find and catch fish more efficiently; provides added safety to mariners and offshore workers; provides more accurate weather forecasting; and enables those at sea to communicate with one another and with those onshore.

The Ocean Technology Sector

The ocean technology sector facilitates the use and monitoring of the ocean and coastal resources by developing, producing or adding value to products and/or services based primarily on technological and business innovation. This sector consists of companies and organizations involved in a range of technologies and applications including communication, navigation, simulation, remote sensing, fish harvesting and processing, and remotely-operated vehicles.

The Newfoundland and Labrador ocean technology sector consists of 52 companies, two-thirds of which generate more than 90% of their revenue from ocean activities, and 11 public sector organizations. Most of the companies have been in business for 6-15 years and have developed a wide range of technological competencies, including:

▶ integrated navigation and control systems;
▶ acoustical, optical, electromagnetic sensors, transducers and related instrumentation;
▶ specialized radars and other remote sensing systems;
▶ robotics and intelligent systems;
▶ numerical and physical hydrodynamic testing; and
▶ simulation.

Growth in the ocean technology sector, both worldwide and within Newfoundland and Labrador, has historically outpaced general industrial growth. In Newfoundland and Labrador, over the past five years, revenue growth has averaged 18% per year, and company projections indicate strong future growth.

Employment and Sales Revenue in the Ocean Technology Sector (Private Sector)		
	Employment	Sales Revenue
2001	880	$116.9 million
2005	1,470	$229.6 million

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Total annual sales for Newfoundland and Labrador ocean technology companies were $229.6 million in 2005, almost doubling from $116.9 million in 2001. Total private sector employment also increased from 880 employees in 2001 to 1,470 in 2005.

Of the new firms that joined the province's ocean technology sector since 2001, most are considered "core" companies, with more than half of their operational focus concentrated on innovative activity and ocean technology markets. Many of these firms trace their origins to research and development programs conducted at Memorial University, the Marine Institute and the National Research Council's Institute for Ocean Technology.

Core companies are primarily focused on international export sales in niche markets with more than 90% of their business coming from international exports. Europe represents the largest market for these companies. For all other ocean technology firms in this province, Atlantic Canada is the primary sales market.

These ocean technology firms are supported by a world-class collection of research facilities and support agencies that employ a further 268 people, and have combined operating budgets of approximately $35 million. These agencies include: the National Research Council's Institute of Ocean Technology, C-CORE, the Centre for Marine Simulation, the Offshore Safety and Survival Centre, the Centre for Sustainable Aquatic Resources, the Centre for Aquaculture and Seafood Development, the Ocean Sciences Centre, the Ocean Engineering Research Centre, and the Canadian Centre for Fisheries Innovation among others.

New Activities in 2006

The New England market has been the primary focus for the ocean technology sector for the Department of Innovation, Trade and Rural Development in 2006. In January of this year, Premier Williams led a group of ten local companies on an ocean technology mission to New England. This was followed by a second mission in May at which point three memoranda of understanding (MOU) were signed, representing partnerships of government, academia and industry. The first MOU was between the province and the State of Rhode Island, the second linked the Marine Institute of Memorial University and the University of Rhode Island, and the third partnered OceansAdvance Inc. with the Marine and Oceanographic Technology Network (MOTN). A third mission to New England occurred in September
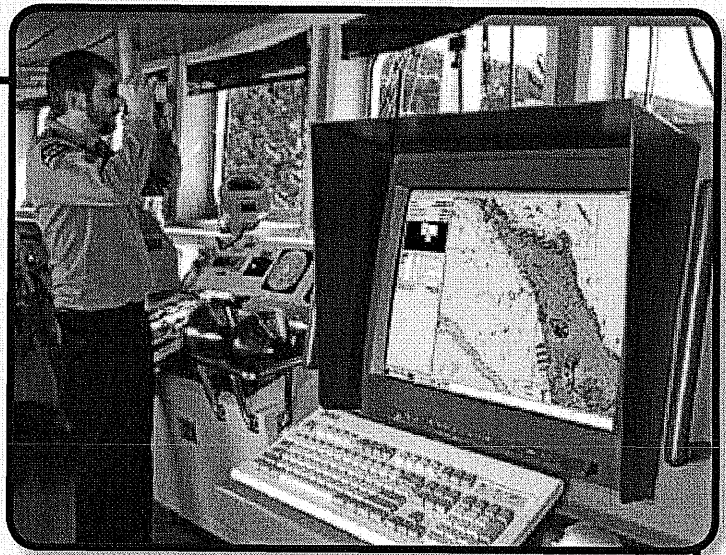
ICAN, a marine navigation and surveillance solutions company based in St. John's, stands poised with the marine experience and technical know-how to develop digital navigation applications for the world.

2006 to coincide with the Oceans 2006 trade show and conference in Boston.

This year also saw the launch of the "SmartBay" project in Placentia Bay, which is led by the Canadian Centre for Marine Communications (CCMC). Funded through Canada's Ocean Action Plan, the objective of this project is to establish and demonstrate Canadian technology to allow more effective and efficient decision making in support of vessel traffic safety, and integrated oceans management in one of Canada's busiest waterways. One of the goals of SmartBay is to allow end users immediate and easy access to real-time information about the marine environment in which they operate and this is accomplished through a web interface: www.smartbay.ca

Ocean Technology Strategy
Given Newfoundland and Labrador's world-class infrastructure and our proven capabilities, there is opportunity for the province to establish itself not only as the Canadian centre of excellence in ocean technology, but also as an international leader in this rapidly expanding sector. To support the continuing growth of this important sector, the Department of Innovation, Trade and Rural Development is developing an updated Ocean Technology Strategy. Newfoundland and Labrador is the only province to have implemented a strategy to develop its ocean technology base into a competitive advantage. The primary objectives of this strategy are to increase the level of economic activity in the province by expanding, developing or attracting ocean and offshore technology industries, supporting ocean and offshore industry research activities, and related government operational activities.

Submitted by:
Department of Innovation, Trade and Rural Development

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The Conference Board of Canada
Provincial Outlook 2006, Long-Term Economic Forecast
March 2006

The Conference Board of Canada
Insights You Can Count On

Provincial Outlook 2006

Long-term
Economic
Forecast

ECONOMIC PERFORMANCE AND TRENDS

The Conference Board of Canada
Insights You Can Count On

Provincial Outlook Long-term Economic Forecast 2006
by *The Conference Board of Canada*

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Preface

The *Provincial Outlook Long-term Economic Forecast 2006* was prepared by Marie-Christine Bernard, Associate Director, under the general direction of Paul Darby, Vice-President and Chief Economist.

The report examines the long-term economic outlook for the provinces, including gross domestic product (GDP), output by industry and labour market conditions. At the end of the report, there is a forecast for Canadian economic indicators and a comparison of GDP by province and industry.

The Provincial Outlook Long-term Forecast is updated annually using the Conference Board's large econometric model of the provincial economies.

The publication can be accessed on-line at www.e-library.ca and for clients subscribing to e-Data at www.conferenceboard.ca/edata.htm. For more information, please contact our information specialist at (613) 526-3280 or 1-866-711-2262, or e-mail contactcboc@conferenceboard.ca.

Contents

Marie-Christine Bernard

Profound Demographic Changes Weigh On Potential Growth

NATIONAL OVERVIEW

Canada seems poised to enjoy the good times ahead. High commodity prices, a relatively good fiscal stance, low inflation and the lift to purchasing power resulting from a strong currency have benefited many sectors in the economy. In particular consumer spending and business investment have surged over the past three years allowing real gross domestic product (GDP) to advance at a healthy clip despite the significant drag caused by a deteriorating trade balance. Total government spending has posted steady and strong gains recently, as federal transfers to the provinces have seen generous increases, helping cover the quickly expanding costs of health care. Residential investment too has added fuel to the fire, although this boom is expected to be snuffed out quickly as home construction realigns with demographic demand. Over the next five years (2006–10), the Canadian economy is expected to advance by an average growth pace of 3 per cent, slower than the 3.3 per cent growth attained between 1995 and 2005 but nonetheless at a pace above the underlying potential of the economy. Demographic factors suggest that economic growth will advance more and more slowly over the long term, with economic growth averaging 2.3 per cent over 2011 to 2020. The economy is expected to manage growth of 2.1 per cent per year over the last five years of the forecast, still not a bad result considering the weak population growth and the effects of a much older society.

Although the forecast is promising, we need to be aware of a number of potential snags that could significantly alter the near-term growth path. Of most concern is the question of whether the United States will manage to smoothly navigate the large imbalances that plague its economy. The presence of a hefty federal government deficit is overshadowed by the global imbalance evidenced by a huge current account deficit. Moreover,

American consumers, who represent roughly 20 per cent of the world economy, are highly leveraged on real estate prices that some consider arbitrarily high. Oil prices have also continued their ascent recently, this time propelled by a heating geopolitical situation. While the U.S. and world economies seem to have adjusted to higher energy prices, price softening would be a welcome relief to help dissolve some of the structural difficulties faced by the U.S. economy.

Demographic factors suggest that economic growth will advance more and more slowly over the long term.

Assuming that the U.S. and world economies do steer their way through the troubles ahead, Canada's outlook is positive. The Canadian economy has survived numerous structural adjustments on the domestic and international stage, including fiscal reform, the high-tech wreck, the development of multinational trading blocs, corporate malfeasance and globalization. More recently, Canadian manufacturers have been scrambling to adjust to what amounted to a reduction in sales prices of more than 30 per cent, the result of the rapid acceleration in the value of our currency. While adjustments are not complete, the manufacturing sector has done surprisingly well over the transition, undergoing heavy retooling and layoffs that finally, over 2004 and 2005, produced excellent growth in labour productivity.

And while there has been poor growth in manufacturing employment recently, Canada has not been lacking in new jobs. This is especially true in Alberta, where high energy prices have led to frenzied investment and construction activity in the oil patch. Elevated commodity prices have resulted in increased economic activity for many resource sectors, while British Columbia is undergoing a construction boom, in part due to preparation for

the 2010 Olympics. The situation has resulted in low unemployment, higher wages and changing migration flows as central and eastern Canadians migrate west, especially to Alberta, looking for better job opportunities.

While energy and commodity prices are assumed to have peaked, they are forecast to remain strong over the forecast, partly because of the steady growth in demand coming from China and other developing nations. Elevated oil prices will support ongoing development of Canada's massive oil sands reserves; other resource sectors, with some notable exceptions, will also benefit from the profitable situation brought about by high world prices. Central Canada too will face better prospects as the Canadian dollar stabilizes and eases modestly in the near term. This will provide a break for the manufacturing sector, which must remain lean and innovative to compete in the global environment. More balanced regional performances will help lift real GDP growth by 3.1 per cent in 2006, while growth will remain strong at about 3 per cent over the near term as the economy reaches its full potential.

International immigration is expected to rise from about 230,000 in recent years to 300,000 by 2025.

Beyond 2010 the Canadian economy will experience a deceleration in growth that is expected to continue through the remainder of the forecast horizon. Slower population growth and the effects of an aging population will restrain labour force growth and heavily influence income and spending patterns. With the first members of the large baby-boom cohort about to celebrate sixty, the labour market is on the verge of a massive wave of retirement that will only accelerate over the next 20 years. Even with optimistic immigration assumptions, this will result in sharp slowing in the labour force that will weaken growth in GDP. However, economic growth can be rescued by heavy investment in machinery and equipment and technology, and by utilizing more highly skilled workers and using more innovative production processes. To some extent, all of these things are already happening and the pace of productivity growth has been improving. Over the long term, strong labour productivity—getting more output per worker—is a key assumption behind our long-term forecast.

The most striking development over the long term will be the aging of the Canadian population. The postwar baby boom came to an end in the mid 1960s, and the fertility rate has been much lower since then. Consequently, the age distribution of the population will change considerably as the baby-boom generation progresses up the population pyramid. This will be particularly noticeable beyond 2010, when the share of the population over 65 climbs steeply. The assumption is made that a strong and growing level of immigration will shore up overall population growth. International immigration is expected to rise from about 230,000 in recent years to 300,000 by 2025. Thanks to strong net immigration, Canadian population growth will be sustained over the long term, with growth easing modestly from its current pace of 0.9 per cent to an average just above 0.7 per cent over 2021–25.

Higher immigration will not suffice to offset the dominant aging of the baby boom, with the most important implication arising as a growing constraint on labour force growth. The pressure is not immediate, as a strong economic performance in recent years has enticed people to re-enter the job market. In particular, relief came as the result of an extraordinary jump in the participation of women in the 55–59 age cohort. This change was brought about by the aging of women who through their working lives have exhibited higher labour force participation than have earlier generations. These developments provide temporary relief to the effects of the aging population on the labour force, but the overall participation rate will start to ease in the next decade as baby boomers begin to leave the labour force. This will lead to a dramatic slowing in overall labour force growth and will result in a shortage of workers, in particular skilled workers, to replace the increasing number of retirees.

Several changes will occur in the marketplace to address the rising pressures. The tightening labour market is assumed to produce high real wage growth, which in turn will lead firms to substitute capital for labour wherever feasible. Therefore, although growth in investment will slow as the technology sector matures, it will still remain robust over the next 20 years, and labour productivity will improve dramatically. Moreover, some workers eligible to retire will remain in the workforce to take advantage of higher real wages. The net result will be an unemployment rate that shrinks steadily, averaging

just below 5.5 per cent over the last five years of the forecast, and labour productivity that reaches growth of close to 2 per cent annually beyond 2010.

The aging population will bring many more challenges and changes to the long-term outlook. One of the more significant challenges will be the additional burden on the health-care system and thus on public finances. Particular pressure will be added in the latter years of the forecast as costs rise significantly for the 75+ age group. In addition, the changing age structure will shrink the market for single-detached family dwellings through the entire forecast period. Conditions will change somewhat with a recovery in the number of people aged 0–14 beginning around 2012, as the grandchildren of the baby boom arrive in heavy numbers. Provincial governments will once again feel the pressure of a surge in elementary school enrolment in the later years of the long-term forecast.

Other important structural changes over the long term include an ever-shrinking role for producers of raw materials but a real increase in the prices of certain raw materials, including crude oil and forest products, as they become scarce. Financial markets will come under pressure as baby boomers move from the high-saving pre-retirement years to become low-saving senior citizens. Consumption of durable items such as autos and household furnishings will slow, while consumption of services will continue to expand, especially after 2020. For further details on the challenges that the Canadian economy will face over the next 20 years, see the full edition of *Canadian Outlook: Long-term Forecast*, 2006 Edition.

PROVINCIAL OVERVIEW

Ontario, Alberta, Manitoba and British Columbia will post the strongest economic growth over the long term, while real GDP in the remainder of the country will average just 1.8 per cent, compounded annually, from 2005 to 2025. (See Chart 1.) In the top two spots, Alberta and Ontario are expected to do particularly well. Economic growth in Alberta in 2006 is expected to comfortably surpass 4 per cent for the third consecutive year. The energy sector will remain one of the main driving forces in Alberta over the forecast as the province benefits from rising oil prices, several multi-billion-dollar investment projects, an immense non-conventional oil supply and better extraction technology. Alberta's oil sands are expected to generate close to $100 billion in investment by 2025. Over the longer term,

Chart 1
Long-term Growth Rankings
(GDP, annual average growth)
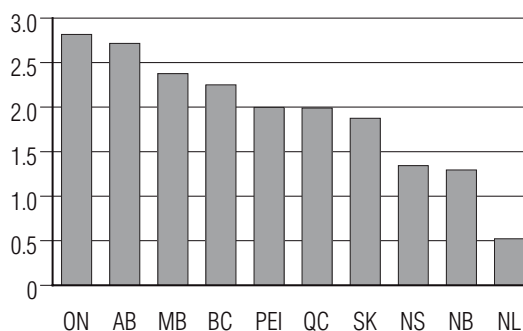
Sources: The Conference Board of Canada; Statistics Canada.

with a significant number of Canada's aging citizens expected to move to British Columbia and Prince Edward Island, population and service sector output will grow in these provinces. Thanks to oil projects and development at Voisey's Bay, Newfoundland and Labrador will post the strongest real GDP growth in 2006. Nonetheless, continued population decline and the depletion of oil reserves will severely slow growth in the province's overall economy in the last 15 years of the forecast, enough to leave the average growth rate much weaker than in any other province over the entire forecast. At first glance, the wedge of 2.3 percentage points separating the fastest and slowest growing provinces may not seem significant, but it becomes quite large when compounded over more than 20 years.

The movement of population within and between provinces is expected to continue to be from smaller to larger centres.

The key factors influencing the long-term performance of an economy are population growth, labour force productivity and investment patterns. Population growth will vary considerably from province to province, though all provinces will be dealing with a declining natural rate of increase. Moreover, although significant advances in communication technology have lessened the importance of location for many industries, the movement of population within and between provinces is expected to continue to be from smaller to larger centres, and net international migration will favour the larger provinces. These trends will lead to declining population in three provinces—Newfoundland and Labrador, Nova Scotia,

and New Brunswick—over the entire forecast period. The sluggish population prospects will lead to a faster aging of the population in these Atlantic provinces. This profound demographic change will result in fewer people of working age and therefore to weaker economic growth. But even if firmer productivity gains will mitigate the demographic effects on real GDP growth, real economic growth will average less than 1 per cent over 2011–25 in all Atlantic provinces except Prince Edward Island. However, with productivity gains, real GDP per capita will continue to make advances, albeit at a slower pace, over the next 20 years.

A gradual global movement away from protectionism in agriculture markets is expected to enhance Canada's export potential.

Estimates of potential output have been generated for all provinces by taking into account growth in potential employment, the capital stock and total factor productivity. Detailed demographic analysis, an essential determinant of potential output, has been conducted for each province, taking into account the unique population characteristics of each over the long term. One clear result emerges from these estimates of potential output: potential output growth will decelerate in every province over the next 20 years. This general finding is attributable mainly to an aging population, which will dampen growth in the labour force considerably in the last decade of the forecast.

AGRICULTURE

Canada's agriculture industry has been adapting to ongoing structural changes. Lower transportation subsidies have changed the cost structure for grain farmers in the Prairies since the mid 1990s, resulting in greater concentration of ownership, changes to the crop mix and higher value-added products at home. As livestock producers take advantage of economies of scale, production in this industry too has become increasingly concentrated. At the same time, the international agriculture subsidy war is forcing lower subsidy jurisdictions to be more efficient. A gradual global movement away from protectionism in agriculture markets is expected to further enhance Canada's export potential. As a relatively low cost producer, Canada is generally on a sound footing heading into the future.

Agricultural output will be shaped over the long term by developments in global demand and supply. The key factor determining demand will be population growth. The United Nations expects world population to grow from 6.5 billion in 2005 to 7.9 billion by 2025; over that span, Canadian exports are expected to shift to non-traditional, high population-growth markets. Moreover, upward pressure on agricultural commodity prices is expected to come from constraints on food supply and, by extension, on the supply of global arable land. This in turn is expected to spur productivity-enhancing research and development, including a greater reliance on genetically modified food. In addition, a growing Mexican middle class, combined with greater Canadian access to the Mexican market under the North American Free Trade Agreement, will result in increased pork exports. China represents another potentially strong export market for Canadian producers, especially in light of China's recent acceptance into the World Trade Organization and its emerging status as an economic superpower. Consequently, growth in Canadian agricultural output is expected to exceed global population growth, with average annual compound growth of 2 per cent over 2005–25.

FISHING

Fisheries on the east and west coasts are expected to face supply constraints over the long term. Mollusks and crustaceans have dominated the east coast industry in recent years; but, while these species are more profitable than groundfish, on balance they generate fewer jobs. The east coast groundfish industry has shown few signs of improvement and appears to be far from a measurable recovery. Recent studies by the federal government indicate that cod stocks have not recovered since the moratorium on cod fishing was imposed in 1992 and that the fish are scrawnier than before, likely due to adaptations in breeding. The drop in sea temperature in the Scotian Shelf has increased the population of pelagics such as herrings, which eat cod eggs, making the recovery difficult. The recovery of groundfish species like haddock and cod is also related to environmental factors and difficult to predict. Though the cod moratorium has been lifted, it is unlikely that cod stocks will be returning to their levels of the late 1980s.

The slump in the groundfish industry forced fishermen to turn to crustaceans, such as crab, lobster and shrimp. The stocks of these species are also dwindling. Total allowable catch for crab was reduced in recent years by the Department of Fisheries. Lobster landings also declined, continuing to follow a downward trend over time. An expected drop in the sea temperature will limit growth in east coast fishery over the forecast period. Meanwhile, the traditional west coast fishery is battling lower stocks, although it is unclear whether this phenomenon is temporary or permanent. As well, the Canadian fishing industry is combating public stigma towards new technological developments in aquaculture (fish farms), especially with respect to farmed salmon.

The medium-term outlook for fishing shows modest opportunities, with average growth of less than 1 per cent per year expected between 2005 and 2015.

Continued growth of the aquaculture industry (which is classified under agriculture) is expected to buttress long-term job creation, but Canadian producers will face stiff competition from warm-water aquaculture producers, particularly in South America. In the near term, the aquaculture industry must contend with studies that criticize the way it operates and which adversely compare the quality of its products to those of wild fish. A recent U.S. study concluded that farm-raised Atlantic salmon contain pollutants and toxins and that their consumption should be limited.

The medium-term outlook for fishing shows modest opportunities, with average growth of less than 1 per cent per year expected between 2005 and 2015. Over the remainder of the forecast, growth will be quite limited. Years of struggle have caused young Canadians to shy away from the profession, and newer technology requires fewer human resources. Although the restraint shown by the federal government in applying catch restrictions is expected to bear fruit over the long term, there is too much uncertainty surrounding the industry to predict a dramatic recovery. All told, average annual compound growth of 0.1 per cent per year is expected over the last decade of the forecast.

FORESTRY

In the long term, both demand and supply-side constraints will make the forestry sector one of Canada's weakest industries. The sector will continue to make gains over the medium term, growing at an average annual compound rate of 1.2 per cent from 2005 to 2010. However, the sector is expected to contract at an average rate of 0.5 per cent over 2011 to 2025.

Sustainable development, once believed to be an issue for the next decade, has already begun to affect the sector. Effective in April 2005, Quebec announced sweeping changes in its forest management policies, which reduced the annual allowable cut (AAC) by up to 20 per cent in some regions.

On the west coast, the industry is buzzing about the mountain pine beetle infestation, trying to determine the long-term implications of this disaster. There is definitely some ambiguity around this issue, given that the duration and level of destruction are influenced by many different factors, including weather and soil conditions. However, some things are clear. The province has been responding to the infestation by increasing the AAC in regions where the destruction has been rampant. Because trees remain commercially viable for only a few years after they are killed by the beetle, the British Columbia Ministry of Forests has allowed higher cut levels to harvest these dead trees and to attempt to isolate infestation areas. With supply limited, near-term increases will need to be offset with decreases in the long term. Further, with approximately 30 per cent of British Columbia's timber supply coming from the lodgepole pine and the current infestation expected to kill about 80 per cent of this supply, the sector will face serious restructuring issues in the years to come.

Not particular to any region in the country are the demand issues that will affect the sector in the long term. The aging of the population will cause a deceleration in household formation rates, which, when coupled with decelerating population growth, will dampen the outlook for housing in Canada and the United States. Declining housing starts will in turn lead to weak lumber demand.

MINING

The mining sector will grow at an average annual compound rate of 2.2 per cent over 2005 to 2025. The mining sector is divided into four industry sub-groupings: metals, non-metallic minerals, mineral fuels, and services to the mining sector. Growth will vary somewhat for the four categories over the long term.

Over the first part of the forecast, the metal mining sector will continue to benefit from elevated metal prices, driven in part by seemingly insatiable demand from China. High prices are driving a flurry of exploration activity across the country and resulting in the reopening of operations once mothballed. Uranium has been faring particularly well, with the depletion of worldwide stocks leading to new projects and exploration ventures. Over 2005 to 2014, metal mining is expected to post average annual compound gains of 1.9 per cent. However, tighter global environmental restrictions on new mine development and the discovery of more cost-effective mines in other parts of the world will limit metal mining to just 1 per cent growth, compounded annually, over 2015 to 2025.

Thanks mainly to the continued development of diamond mines in the Northwest Territories and Nunavut, non-metal mining will grow by 2.9 per cent from 2005 to 2025. Canada is expected to become the third largest diamond producer in the world. Snap Lake is scheduled to begin production in 2007, and the Victor project in northern Ontario is slated to open in 2008. Further, De Beers Canada recently filed an application to construct and operate a mine at Gahcho Kue, which is assumed to begin production in 2010.

Long-term prospects for potash demand are also good, as the gradual erosion of soil nutrients will result in more intensive use of fertilizers. Potash Corporation of Saskatchewan holds a large proportion of the world's potash supply, so increased demand for fertilizer in an industry already operating at close to capacity is a boon for that province's non-metal mining industry.

On the energy front, events during the past couple of years have shown how a tight supply–demand situation for key commodities can quickly send prices skyward and governments scrambling to secure reliable sources. Global spare capacity for crude oil continues to be worryingly tight, and this is reflected in energy prices. The billions of dollars of investment slated to increase capacity in Canada's oil sands will be but a drop in the bucket in light of the rate at which developing economies, such as China and India, are expected to consume oil. Even for industrialized economies like the United States, oil and natural gas demand are set to continue at an unwavering pace unless significant steps are put in place to curb demand. Just to satisfy expected global demand, billions of dollars will need to be poured into oil exploration and development by member states of the Organization of the Petroleum Exporting Countries (OPEC) and in the Caspian region.

The West Texas Intermediate (WTI) price of crude oil will lose some steam over the medium term.

The small cushion of spare production capacity, currently estimated at 1 to 2 million barrels per day, will remain over the medium term, as will the risk to oil exports from geopolitically sensitive regions such as the Middle East. The Conference Board expects world oil prices to reflect the tight global supply and demand situation and associated geopolitical risks in the near and medium term, but these should dissipate in the long term. Crude oil demand growth is forecast to be especially strong in developing countries, whose share of world oil consumption will increase from the current 38 per cent to 49 per cent by 2030. The West Texas Intermediate (WTI) price of crude oil will lose some steam over the medium term to reach US$43 by 2010 and will then resume climbing as new sources become more difficult to discover and exploit. By 2025, the WTI will reach an equilibrium price of US$62 per barrel.

Energy investment will forge ahead as many oil sands mining and development projects start producing oil over the medium and long term. As such, Alberta remains a hotbed of energy investment. The decline in the conventional oil supply will continue but will be offset by oil sands development in the west and some offshore production in Newfoundland. Bad luck encountered by some energy companies in offshore Nova Scotia over the past couple of years will dampen the investment outlook in that province. Quebec will lead the nation in hydroelectric development, with some major projects already under construction or about to begin, and some longer term projects planned after 2010.

Natural gas spot prices are affected more significantly than oil by supply and demand fundamentals in North America. The tight natural gas situation will not reverse itself in the short or medium term. On an energy-content basis, oil and natural gas prices are assumed to converge as a significant portion of industrial users in the United States can switch between the fuels. In Canada, conventional production is forecast to continue declining over the medium and long terms, especially in Alberta, with the maturing of the Western Canadian Sedimentary Basin. Gas extracted through unconventional methods is not expected to make up the loss from conventional production in the near or medium term.

While a record number of natural gas wells were once again drilled in Canada in 2005, production is forecast to remain stable in the very near term but to decline over the medium and long term, especially in Alberta. Most new wells are shallow and are being depleted faster than new reserves can be found, and Alberta's natural gas fields, the source of 75 per cent of Canada's natural gas supply, no longer have the huge reserves needed to meet growing North American demand.

Most new natural gas wells are shallow and are being depleted quickly.

Canadian energy investment will be dominated over the medium and long term by commitments to develop Alberta's vast oil sands. Technical improvements to the extraction process have made this development profitable at projected world oil prices. The outlook is somewhat at risk as both skilled labour and building materials are in high demand and low supply. Significant funds will also be committed to exploration and development of offshore resources on Canada's east coast, especially offshore Newfoundland. An upside risk to the forecast is presented by the prospect—currently remote and speculative—of west coast exploration projects.

Pipeline projects will also form a significant part of the energy investment outlook as new production capacity coming out of the oil sands will need to be transported to new and existing markets. Billions will be spent on expansions to existing systems in Western Canada. This includes the $7-billion pipeline in the Mackenzie Valley that will transport Mackenzie and Beaufort gas south to Alberta and the U.S. market.

MANUFACTURING

Canadian manufacturers are facing the perfect storm. Higher energy and raw material prices have raised costs while the stronger Canadian dollar has lowered the prices many manufacturers receive. Furthermore, intensified competition from low-wage countries such as China and India has put downward pressure on product prices globally. In an effort to increase cash flow and invest strategically in this new industrial era, manufacturers will focus on reducing operating costs over the forecast period.

Intensified competition from low-wage countries has put downward pressure on product prices globally.

These recent developments have combined to restrain growth in manufacturing activity to a modest 2.3 per cent in 2005. Manufacturing output is expected to accelerate gradually over the medium term as manufacturers adapt and become more efficient. As such, manufacturing output is forecast to increase by an average compound growth rate of 3.9 per cent from 2005 to 2010. Over the longer term, the manufacturing sector will post the highest average growth rate among Canada's major industry groupings, growing by an annual average compound rate of 3.4 per cent from 2005 to 2025. The strongest performers will be manufacturers of transportation equipment (aerospace and motor vehicles), furniture, primary metals, electrical, machinery, petroleum and coal, and chemicals.

CONSTRUCTION

Canada's non-residential real estate market entered the recent slowdown in a relatively balanced state. Burned by past excesses, non-residential developers have taken a much more cautious approach than they took over most of the 1990s. The recent revival in economic activity has helped lower vacancy rates for commercial, industrial and office space, especially in key urban centers. Consequently, growth in non-residential investment outside the energy sector is recovering, with growth expected to average 3.7 per cent over 2006–10.

A decline in the pace of overall GDP growth will also ease the pace at which capital outlays are made over the long term. Growth in non-energy, non-residential construction will average 2.4 per cent annually from 2011 to 2025.

Growing energy needs have prompted Canadian utilities to consider medium-term investment projects. There will be numerous power projects in Quebec over the forecast period. On top of the ongoing capital initiatives, Hydro-Québec may move ahead with the $2-billion Eastmain 1-A and Prince Rupert River diversion capital development. Hydro-Québec will also purchase 3000 megawatts (MW) of wind power from companies throughout the province between 2005 and 2012. This $3-billion investment in new wind-power capacity will be made by individual companies. On a more speculative note, a liquid natural gas terminal in the eastern part of the province may also be constructed before the end of the decade at a cost of over $700 million. Over the longer term, additional hydroelectric projects may go ahead in Quebec. Between 2011 and 2015, a $5-billion, 1500 MW hydroelectric development could get under way on the Romaine River in the Mingan region. Over the following five years, another $5-billion, 1500 MW project is anticipated on the Petit Mécatina River in the Mingan region. Finally, a huge $10-billion development on the à la Baleine River could become a reality sometime in the decade after 2020. As a result, the outlook includes additional spending of between $10 billion and $15 billion by Hydro-Québec on three new generation projects, in addition to a $4-billion facility on the Churchill River in Labrador. Ontario will also heavily invest in the electricity sector over the next several years to refurbish idle nuclear reactors, develop new natural gas-fired generating plants and generate power from wind.

Housing starts have exceeded the 200,000 mark for years running, at levels significantly above demographic requirements.

Pipeline projects will also form a major part of the energy investment outlook. Multiple billions will be spent on expansions to existing systems in Western and Atlantic Canada. The outlook also includes a multibillion-dollar pipeline in the Mackenzie Valley to ferry Mackenzie and Beaufort gas south to Alberta and the U.S. market. The

utility projects, plus significant oil sands and offshore oil and gas investment over the forecast period, play a noticeable part in the long-term investment profile.

When structural changes in the economy suppressed employment and income growth during the 1990s, housing markets experienced paltry growth. Building activity was well below household formation levels as would-be market entrants doubled-up, remained in family homes longer or sought cheaper rent in subdivided existing housing units. A combination of pent-up demand, strong employment growth and low borrowing costs has sparked a housing boom over recent years that far exceeded the most optimistic expectations. Housing starts have exceeded the 200,000 mark for years running, at levels significantly above demographic requirements. While the frenzied activity is continuing, there are growing signs that the market is getting saturated. Still-low financing rates are expected to allow new home construction to ease to levels more in line with demographic requirements. From a peak of close to 220,000 units expected in 2005, starts are forecast to slide to about 143,000 units in 2025. As a result of stronger immigration assumptions, new housing requirements are higher than in last year's long-term outlook.

SERVICE SECTOR

The shift in the age structure of the population is expected to boost domestic demand for services over the long term. With continued improvement in global communication technology, a significant portion of these services will be imported. Consequently, total imports of services are expected to outpace service exports, increasing the services trade deficit substantially.

However, domestic service industries will also benefit from increased demand in the long term. Manufacturing is expected to drive growth in the transportation, wholesale trade and business services industries. The trend toward outsourcing of key business processes will continue, ensuring steady growth in consulting services. The financial services industry is expected to post strong growth over the forecast, as more senior citizens will require wealth management services. At the same time, demand for housing will wane, so the real estate sector is expected to suffer lower demand for services. Overall, service sector output is forecast to increase by 2.3 per cent over 2005–25, compounded annually.

Output of government-provided services is not expected to rise strongly over the next five years as many provinces face significant budgetary deficits. The latest round of provincial government budgets set forth plans to adjust spending to the fiscal realities faced by the various jurisdictions in Canada. Governments at the provincial level have put the squeeze on spending projections in order to achieve surpluses over the next two to five years. There are exceptions: British Columbia and Alberta will use elevated resource royalty revenues to generate strong surpluses in the near term. Growth in public output is expected to rise by an annual average of 2.6 per cent from 2005 to 2010. After 2010, public sector output will continue to expand at a slow pace, averaging 2.1 per cent at compound annual rates from 2011 to 2025.

NEWFOUNDLAND AND LABRADOR

Newfoundland and Labrador is expected to lag behind all other provinces in real GDP growth over the long term, advancing at an average annual compound growth rate of 0.5 per cent from 2005 to 2025. A declining population is the key driver underlying this weak outlook. Steady net out-migration, combined with a low and declining natural rate of population increase, will perpetuate the population decline that began in 1994. Further, the national trend of an aging population will be amplified in Newfoundland and Labrador, constraining labour force growth and putting pressure on provincial government spending.

Newfoundland and Labrador will lag behind all other provinces in real GDP growth over the long term.

During the last 10 years, the province's economy has by turns been stimulated and shielded by several factors. These include major natural-resource-driven business investment and construction, production start-ups, public spending and tax cuts, high commodity prices and strong global demand. However, some of these factors will soon cease and others will ease, resulting in a possible slowdown in economic growth beyond 2006. Furthermore, high energy prices and a strong Canadian dollar will continue to challenge the province's struggling manufacturing sector. At the same time, the provincial government will face significant

pressure to refrain from running fiscal deficits, with much greater effort needed to reduce its massive debt-to-GDP ratio—the largest in the country.

PRINCE EDWARD ISLAND

Prince Edward Island will experience respectable long-term growth, thanks to a positive demographic outlook. The Island will lead the Atlantic Provinces in GDP growth, averaging 2 per cent compounded annually over 2005 to 2025. Solid gains in the food processing and aerospace industries will help propel manufacturing, which is expected to outperform the other goods-producing sectors.

Prince Edward Island will lead the Atlantic Provinces in GDP growth, averaging 2 per cent compounded annually.

Population growth will benefit from positive net interprovincial migration, reinforcing the province's image as a retirement haven for Atlantic Canadians. Prince Edward Island will post the highest average population growth rate in the Atlantic region, a demographic trend that will help sustain consumption growth in the long term. Growth in the consumption of services will be particularly strong, as an aging population tends to purchase relatively more services, such as health care and travel.

Overall, compounded real economic growth will advance by an average of 2.4 per cent per year in the medium term (2005 to 2010) but weakening demographic fundamentals will help limit growth to 1.8 per cent over the long term (2011 to 2025).

NOVA SCOTIA

The Nova Scotia economy is anticipated to advance by an average of 1.3 per cent annually from 2005 to 2025, ranking it eighth among the ten provinces. Manufacturing activities are expected to expand by an average of 2.4 per cent over 2005–25, but growth in most of the domestic industries is expected to soften during the forecast. In particular, the production of mineral fuels will drop by an average of 5.6 per cent annually over the forecast period as exploration activities

lose momentum, with miners shifting their attention from the Scotian shelf to the west coast and the territories. The reduction of exploration activities will slow growth in mining services to an average of 0.4 per cent over the forecast, compared with 17.6 per cent between 1995 and 2004. ExxonMobil, one of the biggest petroleum players in Nova Scotia, abandoned half of its exploration licenses in 2004 as more holes turned up dry. This has created anxiety among other offshore explorers and led to a loss of over $422 million in exploration commitments. The uninspiring finding rate could lead to further evaporation of the $1.15 billion in exploratory licenses the province is counting on between now and 2012. This could kill prospects on the Scotian Shelf just when energy prices are at their best.

Nova Scotia will face a number of fundamental demographic challenges over the forecast period. First, the average age of the population will gradually increase as the baby boomers inch closer to retirement. The aging of the baby boomers will put enormous strain on the province's fiscal prospects. While more spending on facilities and services will be required for health and long-term care for the baby boomers, the aging of the population will slow economic growth and thus the government's revenue-generating capacity. A compositional shift in consumer spending will also result as people buy fewer durable goods and consume more services, especially in the last five years of the forecast. Second, low fertility rates and negative interprovincial migration will slow population growth in the province.

Nova Scotia will face a number of fundamental demographic challenges over the forecast period.

Weak demographic fundamentals are expected to dominate the population outlook, exerting a profound impact on the province's labour market and the economy. Overall, economic growth is projected to reach an average of 2 per cent over 2005–10 and to decelerate to 1.4 per cent over the next five years. The consequences of the demographic change will add to the slowing of the economy in the last decade of the forecast. Growth in real GDP is expected to average 0.9 per cent between 2016 and 2020 and 0.8 per cent during the last five years of the forecast.

NEW BRUNSWICK

Real GDP is projected to grow at a relatively slow average rate of 1.3 per cent from 2005 to 2025 in New Brunswick, for ninth rank among the ten provinces. Weaknesses in construction and metal mining will limit overall economic growth as the province grapples with the completion of megaprojects and the closing of the Brunswick mine in 2008. Forestry will also add to the slow pace of economic growth as inadequate silviculture spending stalls increases in total annual allowable cut, and structural changes in market conditions stifle demand for pulp and paper.

The New Brunswick government is going ahead with the multi-million dollar refurbishment of the Point Lepreau nuclear plant.

In the medium term, however, the construction industry will be propped up by capital spending on health-care facilities, municipal infrastructure and border crossings. Work is under way between Grand Falls and Woodstock to complete the twinning of the Trans-Canada Highway (TCH) in the province. Brun-Way Group, the consortium working on this section of the highway, will also operate, maintain and rehabilitate the TCH between the Quebec border and Longs Creek, and between Woodstock and the U.S. border. Work on these projects, worth $400 million, intensified in early 2005. Site preparation has also begun on Irving Oil's much-anticipated $750-million liquefied natural gas project at the Canaport terminal near St. John, a project expected to engage more than 500 construction workers for nearly three years. The provincial government is also going ahead with the multi-million dollar refurbishment of the Point Lepreau nuclear plant. Site preparation and engineering work began in mid 2005 and full-scale construction of storage facilities for the nuclear waste should begin early in 2006. In the long term, sturdy growth in manufacturing should offset weak construction and mining activities, allowing the overall economy to expand during the entire forecast period.

Weak demographic dynamics will dominate the outlook over the long term. One notable factor will be a rise in the average age of the population. As the proportion of those older than 65 increases, consumption

patterns will change for both government and consumers. Spending on health care will have to rise significantly to meet the changing needs of the aging population. In addition, rising net international immigration will be largely offset by a net outflow of people to other parts of Canada. Finally, New Brunswick's fertility rate, one of the lowest in the country, will be a drag on population growth. Total population is projected to shrink every year over the forecast.

The weakening population outlook will have significant consequences for the province's labour market and overall economic growth. The Conference Board expects growth in real GDP to decelerate from an annual average of 2 per cent in the first six years of the forecast to 1.1 per cent over 2011–20 and still further to 0.8 per cent from 2021 to 2025.

QUEBEC

With favourable financing conditions whipping up consumer appetites for new homes and big-ticket items over the last two years, the Quebec economy has been relatively successful in overcoming the dampening effects of an appreciating Canadian dollar. Even as the export-sensitive manufacturing sector shed jobs, reorganized production plans and made very little gains, overall provincial real GDP growth at market prices averaged close to 2.5 per cent over 2004–05. Quebec's real GDP at market prices is expected to progress by an average of 2.7 per cent from 2006 to 2010 and by a moderate 1.8 per cent compound annual rate over the last 15 years of the outlook, in line with potential growth, as demographic changes weigh on economic prospects.

Housing starts will fall steadily from 50,767 units in 2005 to about 12,345 units in 2025.

Economic growth will slow over the long term as aging baby boomers and a low fertility rate weaken population growth to a compound annual rate of only 0.3 per cent between 2011 and 2025, reducing consumer expenditures and housing demand. The proportion of people aged 65 and older will increase substantially over the entire forecast period, by nearly 10 percentage points to 22.2 per cent, while the number of young

people under the age of 20 will shrink from 1,718,966 in 2005 to 1,582,696 in 2025. Housing starts will fall steadily from 50,767 units in 2005 to about 12,345 units in 2025 as demographic factors weaken the number of new households and the need for new housing. Real export growth, the pillar of robust economic activity in the late 1990s, will gradually decelerate over the long term because of slowing U.S. growth and a Canadian currency averaging around US$0.82. The telecommunications, transportation equipment, biotechnology, and metal and alloy sectors are expected to be some of the positive contributors to the trade outlook over the next 20 years.

ONTARIO

Ontario's economic performance softened in 2005. Weaker residential investment dampened overall investment growth despite a slight rebound in non-residential investment and ongoing strength in machinery and equipment. While the domestic economy performed well again in 2005, bolstered by strong consumer spending and government spending, the trade sector continued to be a cause of drag on the overall performance of the economy. Softening net exports subtracted 0.8 percentage points from the bottom line, resulting in growth of real GDP at market prices of 2.4 per cent.

Although the strong Canadian dollar and high energy prices will continue to challenge the heart of Ontario's manufacturing sector, the provincial economy is expected to put together a better performance this year, with real GDP climbing by 2.9 per cent. Led by ongoing strength in consumer spending and business investment, the domestic economy is expected to post solid growth once again in 2006. The export sector will continue to adjust to the high Canadian dollar, but strong global demand led by the U.S. economy will strengthen export performance in 2006.

The Ontario economy is forecast to grow strongly over the medium term thanks to sustained U.S. economic growth and solid domestic demand. The major downside risks to the medium-term outlook are the volatility of the high-flying Canadian dollar, energy prices, and Ontario's public finances. The Ontario economy will be among the strongest in Canada over the long term, expanding by a compound annual rate of 2.8 per cent over 2005–25.

The Ontario government's plan to eliminate the structural deficit as outlined in the 2005 budget appears difficult to achieve. The government's plan depends on the freezing of non-health, non-education spending and a significant reduction in health-care spending growth. Historical spending patterns, record financial investments by the federal government, and pressures to reduce wait times make it highly unlikely that the government will be able to meet its financial targets. As such, real government spending on goods and services is expected to grow by a compound annual rate of 2.8 per cent over 2005 to 2010.

Potential output growth is estimated to grow by 2.8 per cent per year on average from 2005 to 2014 and 2.6 per cent over 2015 to 2025. Two key factors will reduce the economy's capacity to expand. First, the proportion of retirees in the population will rise considerably, constraining long-term potential labour force growth. Second, the growth of total factor productivity (TFP) is expected to slow as the forecast wears on, as it is assumed that the current pace of technological change will ease toward the end of the current decade.

MANITOBA

Manitoba is expected to enjoy a relatively healthy economy over the next 20 years, in good part due to a diversifying and expanding manufacturing sector, solid employment growth, and strong government spending. The economy is expected to grow by an average annual compound growth rate of 2.4 per cent over 2005–25.

Despite short-term challenges in the cattle industry, Manitoba's agriculture outlook remains healthy over the forecast period.

Manitoba's long-term economic health will slow interprovincial out-migration and strengthen immigration. Both of these factors will help offset a declining natural rate of increase. As a result, the population growth rate will hold steady over the forecast period. However, the low fertility rate of baby boomers will result in an aging population plus a sharp deceleration in labour force growth. The aging of the population

will further strain an already overburdened health-care sector, forcing the government to devote a greater share of its spending to this area.

Manufacturing will remain the strongest component of output over 2005–25, with growth of 3.7 per cent, compounded annually. Despite short-term challenges in the cattle industry, Manitoba's agriculture outlook remains healthy over the forecast period, with an annual compound growth rate of 2 per cent.

SASKATCHEWAN

Saskatchewan's economic growth is expected to be strong for the remainder of this decade, but it will cool off in the long term as demographic changes take hold. The province's real GDP is forecast to grow at 2 per cent annually between 2005 and 2015, and by 1.5 per cent per year between 2016 and 2025. Taken together, this yields an average of 1.9 per cent growth per year over the entire forecast period of 2005–25, ranking Saskatchewan seventh among Canada's provinces and well below the national average of 2.4 per cent.

Saskatchewan will face a number of fundamental changes over the next 20 years.

Saskatchewan will face a number of fundamental changes over the next 20 years. First, the average age of the population will gradually increase. This will put an enormous strain on the province's health-care sector and force the government to increase spending to rebuild and maintain its health-care resources. Second, the aging of the population will result in a structural change in consumption, as an older population is expected to spend less on durable goods and more on services, especially in the last five years of the outlook. Third, a relatively high fertility rate will be more than offset by steady interprovincial out-migration, resulting in slower total population growth.

Manufacturing will remain the strongest component of output over 2005–25, with growth of 3.4 per cent, compounded annually. Saskatchewan's agricultural outlook remains relatively healthy, with an annual com-

pound growth rate of 1.6 per cent expected over the entire forecast period. Finally, mining promises to post solid growth for the remainder of this decade, led by uranium and potash extraction, with average annual growth of 2.1 per cent between 2005 and 2015 and a slowdown to 1.6 per cent over 2016–25.

ALBERTA

The Alberta economy will advance solidly over 2005 to 2025, expanding by a compound average annual rate of 2.7 per cent, with the energy sector remaining a driving force. Sustained high oil prices, an immense non-conventional oil supply and continually improving extraction technology have shifted the focus of the energy market to oil sands production. Long-term prospects for the non-conventional oil industry in Alberta are very favourable. About $53 billion in activities related to the oil sands have already been proposed by several major energy players for 2005–15, while an additional $7 billion in oil-sands-related development is slated for the remainder of the outlook. About $24 billion has been spent in the sector since 1995.

Long-term prospects for the non-conventional oil industry in Alberta are very favourable.

Natural gas spot prices are affected by supply and demand fundamentals in North America. Weather-related events in the United States were priced in early in 2005 and were further exacerbated by the severe supply shock following hurricanes Katrina and Rita. The tight natural gas situation will not reverse itself in the short or medium term. Although the number of wells being drilled for natural gas is being kept elevated by drilling for coal bed methane, production of natural gas is expected to decline over the forecast, especially in Alberta, with the maturing of the Western Canadian Sedimentary Basin. Most wells being drilled are shallow and are depleted faster than new reserves can be found. Gas extracted through unconventional methods is not expected to make up the loss from conventional production in the near or medium term.

While the long-term forecast for the province is favourable, an aging population will take its toll on output. Total population growth is projected to weaken over the forecast, dampening demand for consumer goods and housing. However, record resource revenues and the positive job market will continue to attract businesses and job seekers, boosting Alberta's population growth outlook relative to that of other provinces. Overall, economic growth is expected to reach an average annual compound rate of 3.4 per cent during the first decade of this century (2000–09), before weaker demographic conditions slow the economy to average annual growth of 2.5 per cent over 2010 to 2025, in line with underlying potential output growth.

BRITISH COLUMBIA

Real GDP in British Columbia is forecast to grow at a compound annual rate of 2.3 per cent over 2005–25. After rebounding strongly in both 2004 and 2005, the economy is expected to maintain a healthy pace over the medium term. The export sector will be stimulated by stronger global demand, especially from the United States and Asia, and the domestic sector will continue to build momentum with increased interprovincial migration. Large-scale infrastructure investment and a host of projects in preparation for the 2010 Olympics will keep activity healthy in the province's construction sector over the medium term. Government coffers are benefiting from the strong economic performance, and the government expects a budget surplus of around $1.6 billion in the 2005–06 fiscal year. The provincial government is forecasting further budget surpluses over the medium term and should therefore become a positive force in the economy after a few years of tepid growth.

The export sector will be stimulated by stronger global demand, especially from the United States and Asia.

Demographic changes will moderate economic growth in British Columbia over the long term. Population growth will slow over the forecast period, even with a return to positive net interprovincial migration, as the aging of

the baby boomers dramatically changes the province's age profile. This shift will also slow growth in domestic demand, with consumer spending patterns and housing activity undergoing the most pronounced changes. While sluggish, population growth will nevertheless be higher than in most other provinces, with a compound annual rate of 0.9 per cent from 2005 to 2025.

Over the near term, the outlook is quite positive for forestry, the province's key resource sector, as the sector is benefiting from expedited lumber harvests to combat the mountain pine beetle infestation and reductions in Quebec's annual allowable cut. However, the long-term outlook is not quite as upbeat, as the forecast incorporates the fallout expected once the pine beetle epidemic peaks, which will lead to a decline in real forestry output. Further, the reduction in housing demand likely to result from an aging North American population will lead to a corresponding drop in demand for wood products. Although worldwide demand for wood is expected to pick up gradually over the forecast period, the challenge for British Columbia will be to respond to the increased demand while facing a shrinking timber supply.

Newfoundland and Labrador

Newfoundland and Labrador is expected to lag behind all other provinces in real gross domestic product (GDP) growth over the long term, advancing at an average annual compound growth rate of 0.5 per cent from 2005 to 2025. A declining population is the key driver underlying this weak outlook. Steady net out-migration, combined with a low and declining natural rate of population increase, will perpetuate the population decline that began in 1994. Further, the national trend of an aging population will be amplified in Newfoundland and Labrador, constraining labour force growth and putting pressure on provincial government spending.

High energy prices and a strong dollar will challenge the province's struggling manufacturing sector.

During the last 10 years, the province's economy has by turns been stimulated and shielded by several factors. These include major natural-resource-driven business investment and construction, production start-ups, public spending and tax cuts, high commodity prices and strong global demand. However, some of these factors will soon cease and others will ease, resulting in a possible slowdown in economic growth beyond 2006. (See Chart 1.) Furthermore, high energy

prices and a strong Canadian dollar will continue to challenge the province's struggling manufacturing sector. At the same time, the provincial government will face significant pressure to refrain from running fiscal deficits, with much greater effort needed to reduce its massive debt-to-GDP ratio—the largest in the country.

DEMOGRAPHIC PATTERNS

As population trends are a key determinant of consumer spending and potential output growth, demographic projections play an important part in long-term economic forecasting. The province faces a difficult demographic scenario: a falling natural rate of increase, high levels of out-migration and a rising average age will cause the population to decrease at an average annual compound growth rate of 0.5 per cent from 2005 to 2025. (See Table 1.) Total population is expected to fall from 515,656 in 2005 to 465,045 in 2025.

After reaching a record 8,522 in 1997, net interprovincial out-migration averaged 3,826 from 1998 to 2004. The slowdown is attributed to construction of oil megaprojects, which continue to bring jobs to rural areas of the province as well as to St. John's. Net interprovincial out-migration is expected to continue to fall over the forecast period, averaging about 1,307 annually over 2005 to 2014 and 509 annually from 2015 to
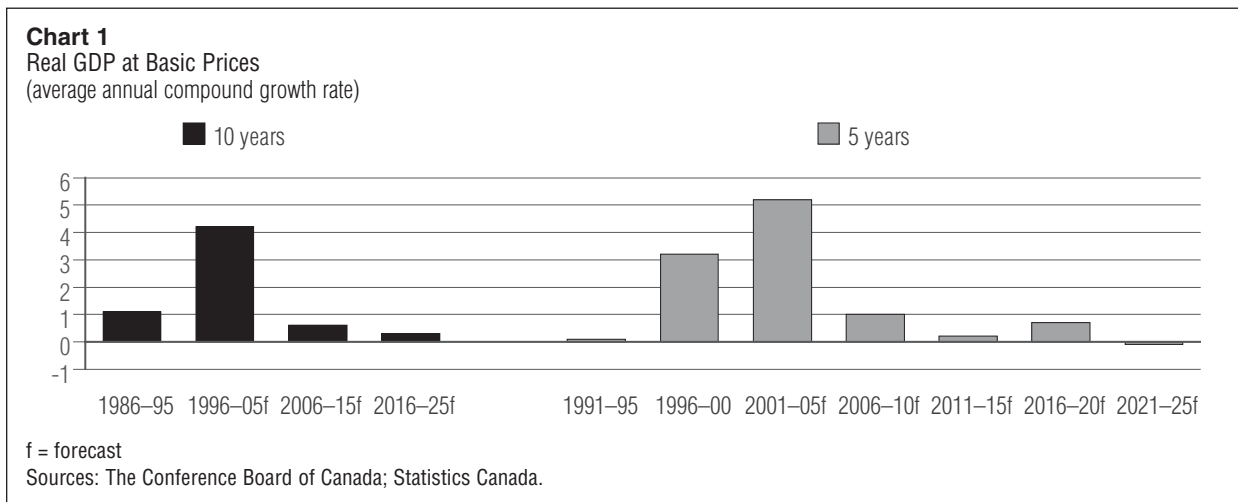
Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

■ 10 years   ■ 5 years

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population declining	Newfoundland and Labrador's population is expected to decline by an average rate of 0.5 per cent over 2005 to 2025.
Provincial out-migration continues	Newfoundland and Labrador's net inter-provincial out-migration will continue, averaging 1,039 people per year over the forecast period.
International migration stable	Net international migration will remain steady, averaging 292 people per year over the forecast period.
Fertility rate	The fertility rate in Newfoundland and Labrador is 1.3, well below the replacement rate of 2.1.
Natural rate reduces population	The natural rate of increase is expected to draw down on population over the forecast period, as the rate of deaths increases and the rate of births decreases.

Sources: The Conference Board of Canada; Statistics Canada.

province's population. The 25-to-34 age group, which makes up 12.5 per cent of the population in 2005, will account for only 6.6 per cent of the population by 2025. This is particularly distressing as this is the age cohort most likely to have children. Their departure will result in a decline in the birth rate. Newfoundland's low fertility rate of 1.3 children born to each woman of childbearing age (compared with 1.51 for Canada as a whole) puts even more downward pressure on the natural rate of increase. The number of deaths in the province has already begun to exceed the number of births—a development that will turn into a trend over the forecast period.

Another important factor affecting Newfoundland's long-term demographic outlook is the impending retirement of the baby-boom generation. This is a problem facing all of Canada, but the falling birth rate and high rate of out-migration of young people will exacerbate the situation in Newfoundland. The change in the age distribution of the population over 2005 to 2025 will be quite remarkable. (See Chart 3.) The baby boomers will be retiring in force from 2011 to 2015. By the end of the forecast period, with a significant proportion of baby boomers gone from the labour force, Newfoundland's working-age population will be much lower. Specifically, the number of people aged from 15 to 64 represents 71.2 per cent of the population in 2005; by 2025 this number will shrink to 61.2 per cent. At the same time, the proportion of the population 65 years of age and older will increase from 12.9 per cent in 2005 to 27.3 per cent in 2025—well above the national share of 20.2 per cent.

2025. (See Chart 2.) But unlike the slowdown in the late 1990s, this easing of net interprovincial losses will happen more because of a reduced population base than as a result of positive economic factors.

The steady net out-migration is especially troubling since it is primarily young, well-educated residents who leave in search of improved employment opportunities in other provinces. This tendency will lead to an unfavourable shift in the age distribution of the

Chart 2
Net Interprovincial Migration
(persons)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

The Conference Board of Canada

Chart 3
Population Increases in Older Age Cohorts
(number of people)
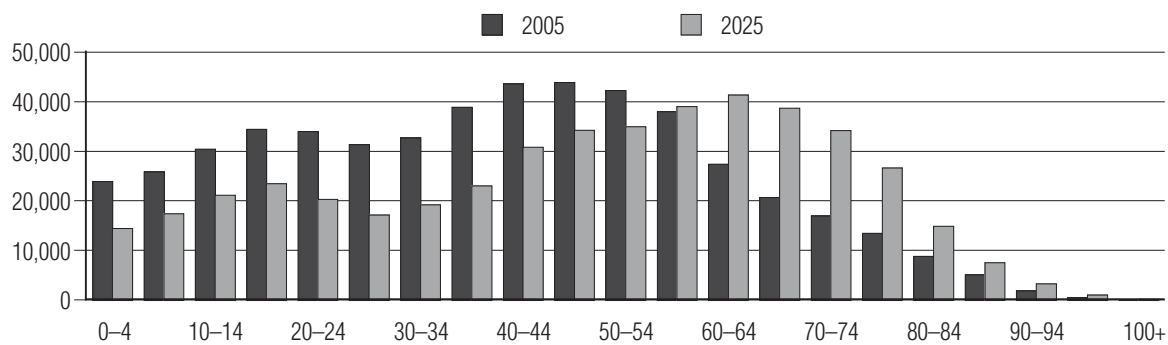
Sources: The Conference Board of Canada; Statistics Canada.

Strong natural resource development over the last ten years has lifted the province's labour force participation rate substantially, from 52.4 in 1997 to 58.9 in 2005. As this development plateaus over the short term, the participation rate is expected to peak at close to 59.7 around 2010 and then gradually to decline over the remainder of the long term. Consequently, the labour force is expected to remain largely unchanged over 2005 to 2010. Thereafter, the completion of various megaproject developments will lead to a decline in the participation rate at the same time as the demographic situation becomes acute. As a result of these factors, the labour force will deteriorate more quickly, shrinking at a compound rate of 0.9 per cent over the remainder of the forecast.

PRODUCTIVITY AND POTENTIAL OUTPUT

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. Potential output is not directly measured and, as such, the Conference Board uses a structural production function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential output. With this assumption, our estimate of potential output depends on potential employment, capital and trend total factor productivity (TFP).

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity.

When operating at economic capacity, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. It is expected that unemployment resulting from workers in transition will decline over the forecast. This will occur as the average age of the labour force will increase, and older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to labour potential.

The completion of megaprojects will lower the participation rate exactly when the demographic situation becomes acute.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems and early retirement. Consequently, the overall participation rate is expected to decline sharply over the next 20 years as a significant share of baby boomers move into their retirement years. On balance, the negative effects of

declining participation rates will largely outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output will decline over the long term. Overall, labour's annual contribution to potential output growth is, on average, expected to be almost nil over the near term, turning negative in 2008.

Labour's annual contribution to potential output growth is, on average, expected to be almost nil over the near term.

The value of productive capital is the second factor of production required to calculate potential output. Instead of relying on a measure of potential or optimal capital stock, the Conference Board assumes that productive capital is accurately measured and that the level of capital available in the economy at any time is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 0.6 per cent per year from 2005 to 2014 and by 0.1 per cent per year from 2015 to 2025.

The technical efficiency in which capital and labour are utilized to produce output is measured by TFP. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contribute to the productive capacity of the economy.

TFP fluctuates considerably over the business cycle. The reasons for this are wide ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce, helping to maintain growth in TFP. The contribution of TFP to growth in potential will remain in line with recent historical performance, also contributing roughly 0.7 per cent to growth annually over the forecast horizon.

When actual real GDP diverges from potential output, an economy is said to have an output gap. Prior to 1998, Newfoundland and Labrador's economy performed almost consistently under potential, resulting in a sizable output gap. Thanks in large part to Hibernia oil production and construction relating to the Terra Nova offshore oil project, the province's economy grew much faster than potential between 1998 and 2000. From 2002 to 2005, oil, hydro and mining development boosted economic growth above potential growth for the most part. (See Chart 4.) Over the medium term, average real GDP growth of only 1.2 per cent will result in a widening of the output gap once again. Economic growth is expected to moderate even further over the remainder of the long term, and to start contracting around 2021. As a result, inflationary pressures are forecast to remain relatively subdued over the forecast horizon. The consumer price index is projected to average 1.8 per cent from 2011 to 2025.

Chart 4
Actual versus Potential GDP Growth
(percentage change)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

AGGREGATE DEMAND

CONSUMPTION

The demographic shifts expected over the long term will also be felt in the province's household sector. The unfolding of this process will change not just the pace of growth of consumption expenditures but also the type of spending that occurs. Equally important, demographic change is expected to significantly affect the trend in savings. The life cycle theory of consumption predicts that since households either save less or draw down their savings during the retirement phase of life, population aging will cause a decline in the savings rate.

While demographic change will maintain the goods–services balance in total consumption spending, it is expected to contribute to a deceleration in the pace of growth in consumption outlays. Declining population combined with a quickly growing elderly segment will reduce the pace of expansion in consumption spending. As such, the average annual compound rate of nominal consumer spending growth is forecast to ease from 3.2 per cent over 2005–10 to 2.6 per cent from 2015 to 2025. The savings rate will rise over the near term, peaking at 2.6 per cent in 2008. It will then gradually ease over the rest of the forecast period, reaching 0.9 per cent in 2025.

EMPLOYMENT AND INCOME

With the construction of megaprojects like White Rose and Voisey's Bay, there will be average annual compound employment growth of 0.5 per cent from 2005 to 2010. Afterward, however, the winding down of construction at these large projects will mean a drop in employment growth. (See Chart 5.) In 2005, the unemployment rate in Newfoundland stood at 15.2 per cent. This rate should decline fairly steadily over the forecast period, reaching 12.9 per cent in 2025. The rate will drop because of the shrinking labour force, not because of employment growth.

Long-term demographic shifts will change the pace of consumption growth plus the type of spending that occurs.

Fuelled by employment gains over the medium term, nominal personal disposable income will advance by an average annual compound growth rate of 3.5 per cent from 2005 to 2010. As a result of falling employment, disposable income will continue to post weak growth over the remainder of the forecast, averaging 2.5 per cent, compounded annually. With the weak employment outlook during this period, labour income growth will be poor. However, given the rising number of elderly people, disposable income growth will get some support from an increase in transfer payments and pension income.

Chart 5
Employment
(average annual compound growth rate)
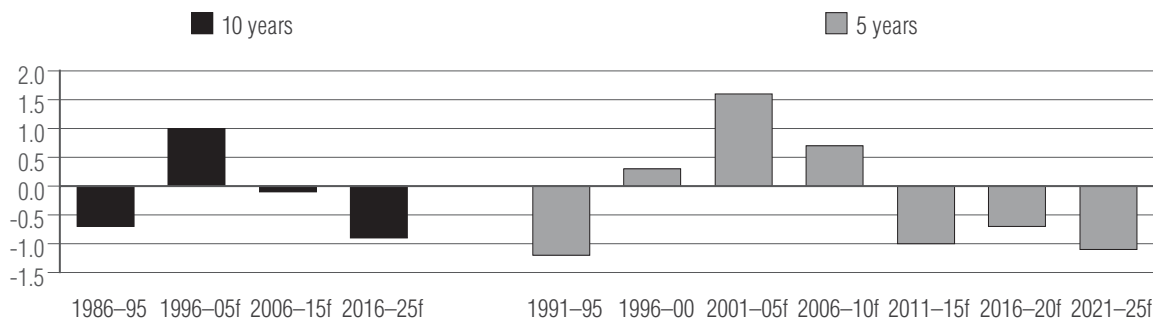
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

INVESTMENT

The investment profile in Newfoundland and Labrador has been driven by large natural resource projects, with offshore oil projects a big source of investment. Construction of the White Rose offshore oil project is now complete and production under way. The Hebron offshore oil project has been delayed indefinitely, although our forecast assumes that construction could begin in 2010. The offshore Newfoundland region has received quite a bit of attention recently, as a number of energy companies have bought up land leases and exploration rights in various basins, so another offshore oil project could begin in the next 20 years.

With few new large projects on the horizon after 2010, investment spending on average will decline slightly.

Several scenarios have been proposed over the last four years to develop the hydroelectric capacity of the Lower Churchill River in Labrador. First, preliminary negotiations with Hydro-Québec from 1998 to 2000 for a $12-billion development came up empty. In late 2000, the Newfoundland government alternatively proposed a smaller, $4-billion plan that did not require a close partnership with the province of Quebec. A third option proposed, including Gull Island and Muskrat Falls, involved the government of Newfoundland and Labrador, Newfoundland and Labrador Hydro, and Alcoa, an American aluminum producer. The economic viability

of the hydroelectric expansion and the development of aluminum-processing facilities in Newfoundland and Labrador are presently under review. Since the feasibility study is not yet completed and negotiations between the interested parties are continuing, the second option, a $4-billion development of the Lower Churchill River, is incorporated in our long-term outlook, with construction anticipated from late 2007 to 2011.

The construction of the Voisey's Bay mine and mill concentrator is now complete, with shipments of ore under way. This project has provided a big boost to non-residential non-energy investment spending in the last few years. At the end of this decade, the construction of the Voisey's Bay hydromet processing facility at Argentia should begin, at a cost of $800 million.

With construction investment at the major project sites tapering off last year, non-residential investment spending is forecast to decrease by 15.9 per cent in 2006. Total nominal non-residential investment spending is expected to grow by an average annual compound rate of 3.9 per cent from 2005 to 2010. With few new large projects on the horizon after 2010, investment spending on average will decline slightly from 2011 to 2025.

On the residential front, an aging population will severely limit new housing demand. As a result, housing starts are expected to decline by a compound annual average of 11.8 per cent from 2005 to 2025.
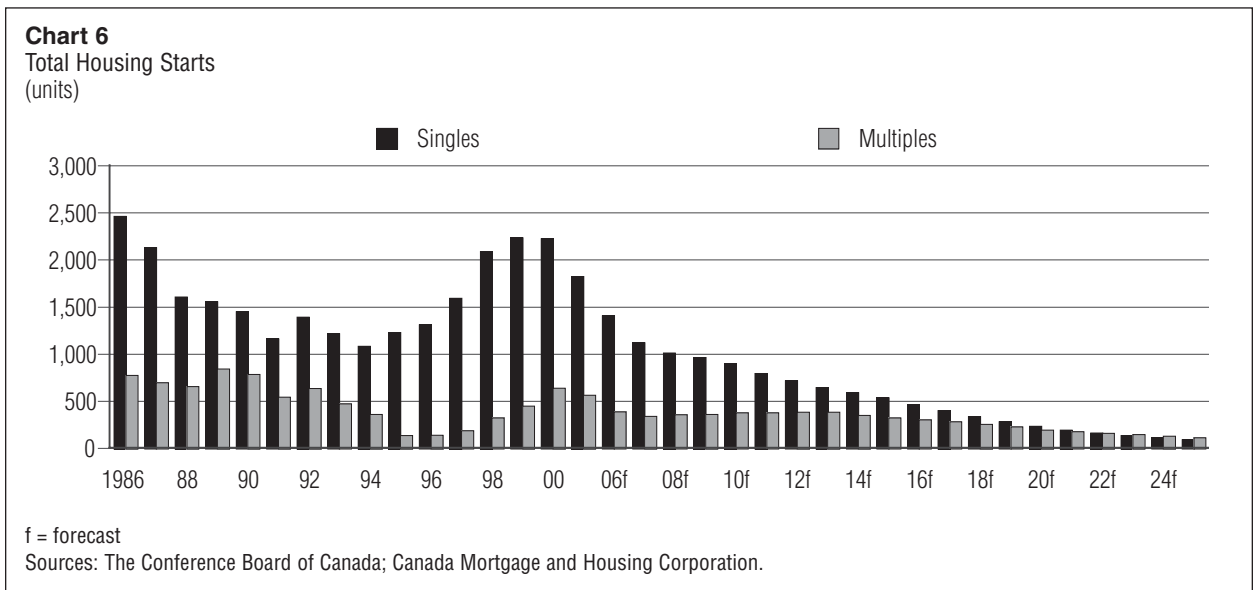
Chart 6
Total Housing Starts
(units)

f = forecast
Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation.

(See Chart 6.) This trend will dominate residential investment spending over the long term, falling by an average compound growth rate of 1.9 per cent from 2005 to 2025.

GOVERNMENT

The provincial government of Newfoundland and Labrador faces a serious financial imbalance and the challenge of major financial restoration. However, several positive developments offer a measure of comfort. Chief among these is the new Atlantic accord reached between the province and the federal government, which will allow petroleum revenues to be retained by the province without reduction in equalization payments over the next eight years. In addition, a new equalization and health-care agreement has secured additional transfer payments. Together these developments have given the fiscal prospects of the province a much needed lift.

While the accrual deficit appears on a downward path over the medium term, the province's net debt as a share of GDP remains staggering.

The estimated deficit of $492 million for fiscal year 2005–06 stands at an alarming 2.4 per cent of GDP. For 2005–06, revenues are budgeted to increase by 3.5 per cent alongside conservative oil price assumptions. The biggest surprise is on the spending side, with total program and capital spending pegged to increase

by 5.5 per cent. Unsurprisingly, health care received the biggest boost (7 per cent increase), but other spending is pegged to increase by 4.6 per cent. Looking further ahead, deficits are projected at $307 million in 2006–07 and $384 million in 2007–08.

While the accrual deficit appears on a downward path over the medium term, the province's net debt as a share of GDP remains staggering—just over 60 per cent in 2004–05. With net debt totalling $11.5 billion dollars, if the negotiated $2-billion lump sum transfer payment expected from the federal government were used directly against the debt, the province would remain with the highest debt-to-GDP ratio in the country. Consequently, the province's fiscal situation remains a serious problem and challenge going forward. With these factors in mind, nominal government spending on goods and services is forecast to grow by an average compound growth rate of 3.5 per cent from 2005 to 2025.

INDUSTRY ANALYSIS

The goods sector of the provincial economy is not expected to grow on average from 2005 to 2025. Among the primary sectors, metal mining will provide the lion's share of stimulus to total mining output, while mineral fuels output will fall over the forecast period. Based on the weakness in mineral fuel output, total mining is expected to fall at an annual compound rate of 1.7 per cent over the 2005-to-2025 forecast period. (See Chart 7.)

Chart 7
Real Mining Output
(average annual compound growth rate)

■ 10 years   ■ 5 years

1976–85 1986–95 1996–05f 2006–15f 2016–25f   1991–95 1996–00 2001–05f 2006–10f 2011–15f 2016–20f 2021–25f
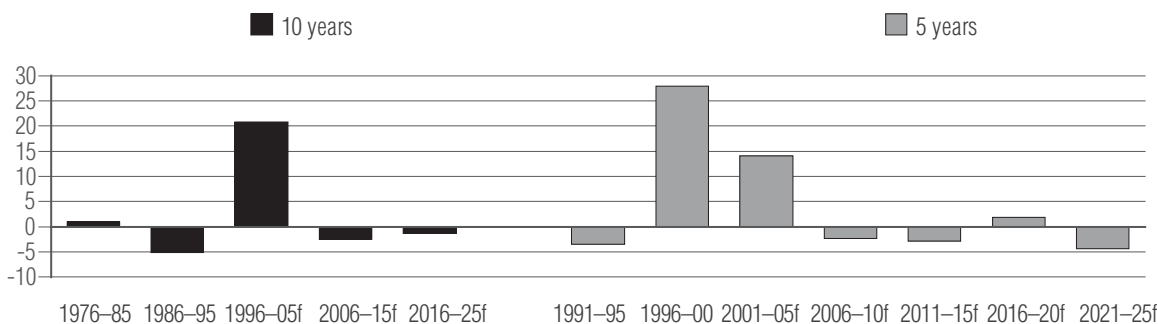
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Oil from Hibernia helped Newfoundland's economy grow phenomenally from the start of production in late 1997 through 2000. Although offshore oil development failed to make much headway in 2001, mineral fuel expansion grew by leaps and bounds in 2002. Growth continued in 2003, albeit at a much more muted pace, when Hibernia and Terra Nova obtained approval to increase their maximum daily production. Production of first oil from White Rose will boost mineral fuel output in 2006, but this new output will not be enough to keep total output from falling at an annual compound rate of 5.6 per cent from 2005 to 2010. In the longer term, the depletion of reserves by 2015 will cause some operations to wind down. Thus, compound annual mineral fuel output will fall by 5.5 per cent from 2011 to 2025 .

Over the long term, falling population will constrain growth in the services sector.

Total real mining output will be boosted by production at the Voisey's Bay nickel–copper–cobalt deposit. Construction of the open pit mine and mill/concentrator processing plant at the site is now complete, with production under way. Fuelled by this project and strong global demand, real metal mining output is forecast to grow by an annual average of 4.7 per cent from 2005 to 2025.

The fishing industry in Newfoundland and Labrador has rebounded since the collapse of the cod fishery in the early 1990s. The recovery has been bolstered by diversification into shellfish, specifically crab and shrimp. The cod industry, however, received another damaging blow in 2003, when Ottawa closed much of the cod fishery around Newfoundland. This affected some 4,000 Atlantic fishermen, about 900 of whom depended heavily on the cod fishery. The fishing industry is expected to expand overall at an annual compound rate of 0.5 per cent over the forecast period.

Over the long term, falling population will constrain growth in the services sector to an average annual compound rate of 0.9 per cent. With the increased retirement of baby boomers during the second half of the forecast, public administration spending will reflect demand for non-commercial services, including health care and social services. However, growth in non-commercial services output will be somewhat tempered by the shrinking population. In all, non-commercial services will grow by an average of 1.1 per cent from 2005 to 2025. Natural resource production will be the principal driver behind wholesale trade growth, which is expected to average 2.8 per cent per year from 2005 to 2010 before slowing to an annual compound pace of 0.9 per cent over the rest of the forecast.

Prince Edward Island

OVERVIEW

Prince Edward Island will experience respectable long-term growth, thanks to a positive demographic outlook. The Island will lead the Atlantic provinces in growth of gross domestic product (GDP), averaging 2 per cent compounded annually over 2005 to 2025. Solid gains in the food processing and aerospace industries will help propel manufacturing, which is expected to outperform the other goods-producing sectors.

Population growth will benefit from positive net interprovincial migration, reinforcing the province's image as a retirement haven for Atlantic Canadians. Prince Edward Island will post the highest average population growth rate in the Atlantic region, a demographic trend that will help sustain consumption growth in the long term. Growth in the consumption of services will be particularly strong, as an aging population tends to purchase relatively more services, such as health care and travel.

Prince Edward Island will post the highest average population growth rate in the Atlantic region, a demographic trend that will help sustain consumption growth.

Overall, compounded real economic growth will advance by an average of 2.4 per cent per year in the medium term (2005 to 2010) but weakening demographic fundamentals will help limit growth to 1.8 per cent over the long term (2011 to 2025). (See Chart 1.)

DEMOGRAPHIC PATTERNS

Population on the Island is projected to rise from 137,826 in 2005 to 159,199 in 2025, for an average annual compound growth rate of 0.7 per cent. Over the medium term, the province will post modest population

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)
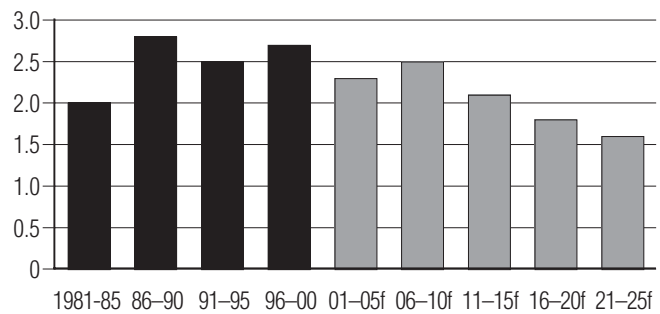
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

gains, with an average compound growth rate of 0.4 per cent expected from 2005 to 2010. Population growth is expected to gain momentum over the longer term as the baby boomers begin to retire. Additionally, good employment prospects and quality-of-life considerations should provide incentives for younger residents to remain on the island. Overall, these two factors are expected to result in compounded annual population growth of 0.8 per cent from 2011 to 2025.

The main driver behind the Island's upbeat population forecast is interprovincial migration. Net interprovincial migration, 273 in 2005, is expected to make steady gains, reaching 1,190 people a year in 2025. Over the forecast period, net interprovincial migration will add a total of 18,848 people to the Island's population, an average of 898 people per year.

Also helping to brighten the demographic outlook is an expected boost from international migration. In 2005, net international immigration will number 187 people. Going forward, growth is anticipated to stabilize with average net immigration of 75 people per year. Therefore, net international immigration is expected to boost the population of the island by 1,654 people over the forecast period.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population maintains growth	Prince Edward Island's population is expected to grow at an annual average rate of 0.7 per cent over 2005 to 2025, but the average age of the population will steadily increase.
Provincial migration ramps up	After a poor showing in the last few years, Prince Edward Island's net interprovincial migration will gain momentum, averaging 898 people per year over the forecast period.
International migration stabilizes	After contributing an exceptional 273 people in 2005, net international migration will slow to 175 people in 2025.
Fertility rate	The fertility rate in Prince Edward Island is 1.49, well below the replacement rate of 2.1.
Natural increase in the population	The natural rate of increase is expected to draw down population growth as the number of deaths will begin outpacing the number of births in 2022.

Sources: The Conference Board of Canada; Statistics Canada.

Dampening the demographic projection for the province is the fact that the number of women of prime childbearing age in the province will decline over the forecast period. Compounding the problem of this decline is the fact that the Island's fertility rate is only 1.49, well below the replacement rate of 2.1. The decline in women of childbearing age and the relatively low fertility rate will make it impossible to sustain current population through natural increase (births minus deaths) in the long term.

Another pronounced trend in the Island's demographic situation is the rising number of seniors. The population of those aged 65 and over is expected to make strong gains by 2025. (See Chart 2.) Despite advances in medical technology that have increased life expectancy, an older population inevitably implies an increase in the death rate. An increasing death rate can be expected to have a detrimental affect on total population growth.

Annual compound growth in the labour force on the Island will outpace population growth during the first half of the forecast. But, as the average age of the population rises over the last half of the forecast, growth in the labour force will fall below total population growth. Although labour force growth is expected to slow to an annual compound rate of 0.4 per cent from 2015 to 2025, the Island will still outpace the other Atlantic provinces, which are anticipating negative compounded labour force growth.

Helping the slowdown in labour force growth is the downward trend in the participation rate. The participation rate on Prince Edward Island is 68.4 per cent in 2005. However, as the aging workforce retires and more Atlantic Canadians choose the Island as a retirement destination, the participation rate is expected to decline, reaching 64.8 by the end of the forecast.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation.

Chart 2
Population Increases in Older Age Cohorts
(number of people)
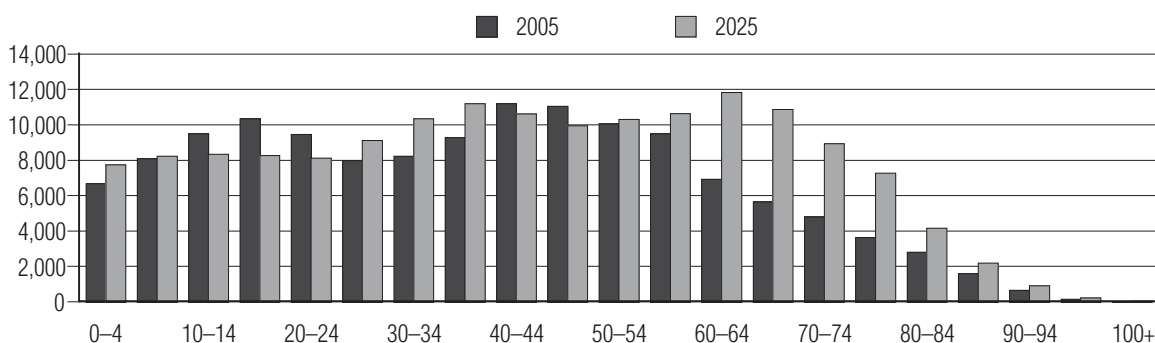
Sources: The Conference Board of Canada; Statistics Canada.

Potential output cannot be directly measured; as such, the Conference Board uses a structural production function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential output. With this assumption, our estimate of potential output is dependent on potential employment, capital and trend total factor productivity (TFP).

Natural rate of unemployment is expected to trend slowly downward, positively contributing to labour potential.

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. Under these conditions, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would persist with some people in transition between jobs and others preferring not to work at the current wage. It is expected that unemployment resulting from workers in transition will decline over the forecast. This will occur as there will be an increase in the average age of the labour force, and older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to labour potential.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems or early retirement. Consequently, the overall participation rate is expected to decline sharply over the next 20 years as a significant share of baby boomers move into their retirement years. On balance, the negative effect resulting from declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment.

Therefore, labour's contribution to potential output will decline steadily over the long term. Overall, labour's annual contribution to potential output growth will average 0.5 per cent over 2005 to 2010 and then will decline to an average of 0.3 over the remainder of the forecast.

The value of Prince Edward Island's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock; instead, we assume that productive capital is accurately measured and that the level of capital available in the economy at any moment is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 0.5 per cent per year over 2005–25.

The technical efficiency with which capital and labour are utilized to produce output is measured by TFP. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contributed to the productive capacity of the economy.

Labour's annual medium-term contribution to potential output growth will average 0.5 per cent.

TFP fluctuates considerably over the business cycle. The reasons for this are wide-ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott

filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce, helping to maintain growth in TFP. The contribution of TFP to growth in potential will remain in line with recent historical performance, contributing roughly 1 per cent to growth annually over the forecast horizon.

The output gap will remain more-or-less closed over the 2011–25 period.

When actual real GDP diverges from potential output, an economy is said to have an output gap. Over the medium term, average real GDP growth of 2.4 per cent will result in a significant narrowing of the output gap that opened earlier in the decade, with closure expected around 2010. Economic growth over the remainder of the long-term forecast is expected to hold close to growth in potential output—that is, to trend slowly downward to 1.7 per cent by 2025. (See Chart 3.) The output gap will remain more-or-less closed over the 2011–25 period and, therefore, will not contribute excessively to inflationary pressures over the forecast horizon.

EMPLOYMENT AND INCOME

Given the stable long-term economic outlook for the Island, employment will continue to make yearly gains, but the momentum is expected to soften. Employment will post a strong gain of 2 per cent in 2005 but

is anticipated to slow to an average gain of 1.1 per cent over the rest of the medium term. Employment will slow further in the long term, averaging annual compound growth of 0.4 per cent over 2011 to 2025. In the long term, a large share of employment growth is expected to come from the service sector, driven by increased demands brought about by the aging population.

These moderate gains in employment, together with the declining labour force, imply a tightening in labour market conditions as the reduction in the growth of labour supply aligns more closely with demand. This tightening will cause the unemployment rate to fall marginally throughout the forecast. The Island's unemployment rate was a relatively low 10.9 per cent in 2005; it is expected to decline only marginally to 10.8 per cent by 2025, remaining the second highest in the country. (See Chart 4.)

Nominal consumer spending is forecast to grow by a compound annual average of 3.8 per cent.

Two important factors are expected to boost personal disposable income growth over the forecast. First, investment in education and innovation is expected to lead to productivity gains. This will boost gains in wages and salaries per employee. Second, with the population aging, non-salary income, such as pension payments, will rise over the final years of the forecast, boosting household income. Subsequently, personal disposable income is expected to rise at a compounded annual average of 3.9 per cent over the forecast period.

AGGREGATE DEMAND

CONSUMPTION

As the strongest population growth in the Atlantic region will be on Prince Edward Island, the province will also have the strongest consumer spending growth. Nominal consumer spending is forecast to grow by a compound annual average of 3.8 per cent over the forecast. Increased competition from the mainland and reduced transportation costs, thanks to the Confederation Bridge, will help keep consumer prices on par with those in the other Maritime provinces, especially for retail goods.
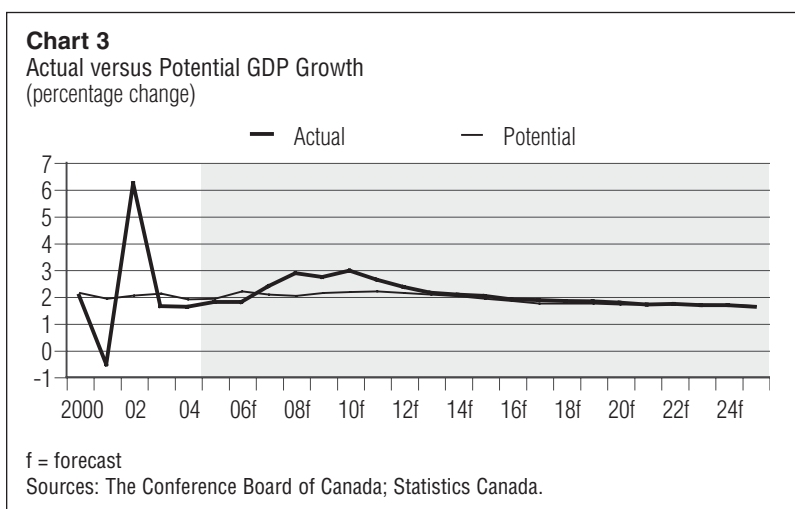
Chart 3
Actual versus Potential GDP Growth
(percentage change)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Over the long term, the rising share of older people in the population will result in a change in the structure of consumer spending. Older people tend to purchase relatively more services, such as health care and travel, and fewer durable goods. From 2011 to 2025, nominal spending on goods will grow by an average annual compound rate of 3.5 per cent, while spending on services other than rent will grow by 4.6 per cent annually. As a result, the share of goods in total consumer spending will drop from 49.8 per cent in 2005 to 45.5 per cent in 2025.

INVESTMENT

Total nominal investment spending in Prince Edward Island is expected to be strong from 2005 through 2025. Growth in food processing, high-tech manufacturing and the tourism industry is expected to help compound growth in non-residential investment reach 4.7 per cent annually over the forecast period. Machinery and equipment investment will benefit from a strong manufacturing sector. Overall, investment in machinery and equipment is expected to grow at an average annual compound rate of 4.4 per cent over the forecast period.

Total nominal investment spending is expected to be strong from 2005 through 2025.

The growing number of immigrants calling the Island home will help keep housing starts high over the first half of the forecast. Housing starts will average 688 units from 2005 to 2014. As seniors continue to age and move into smaller homes and apartments during the last half of the forecast, multiple housing units will post strong gains, boosting average housing starts to 720 units per year. Overall, residential investment will grow at an average annual compound rate of 3.3 per cent over the forecast period.

GOVERNMENT

Public finances continue to be a source of concern in the medium term, with the provincial government battling a considerable budgetary deficit. With prudent expense projections in the next few years, government finances are expected to become healthier. While the other provinces in the Atlantic region face a stagnant or even declining population, positive demographics

Chart 4
Unemployment Rate
(percentage)

Legend: Gap | PEI | Canada
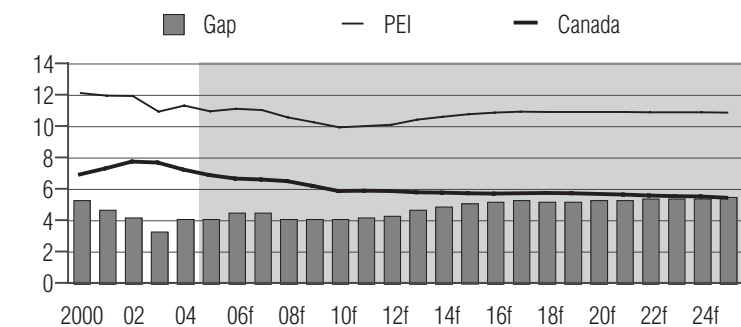
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

may provide some relief to the provincial government. On the down side, even though a positive demographic trend will provide a larger tax base, the fact is that a larger proportion of this population will be elderly, and they will put a drain on provincial coffers through increased expenditures on health care. The growing demand for health care will put upward pressure on budget spending in the long term. As a result, nominal spending on government goods and services will expand at a compound rate of 4.4 per cent annually over 2005 to 2025.

INDUSTRY ANALYSIS

Manufacturing output is expected to grow at a compound rate of 2.6 per cent per year from 2005 to 2025. (See Chart 5.) This growth will be led by food-processing and aerospace. Innovation and improved farming practices will help sustain the agriculture industry in the medium term. In the long term, agricultural growth may be constrained by limits in the amount of arable land. Overall, agricultural output is expected to expand at 1.5 per cent, compounded annually, over 2005 to 2025.

Agricultural growth may be constrained by limits in the amount of arable land.

The expansion in manufacturing activities and the stable growth in agricultural output will yield stable results for wholesale trade on the Island. Wholesale activities are expected to expand by an annual compound

Chart 5
Real Manufacturing Output
(average annual compound growth rate)

■ 10 years   ☐ 5 years

	10 years				5 years					
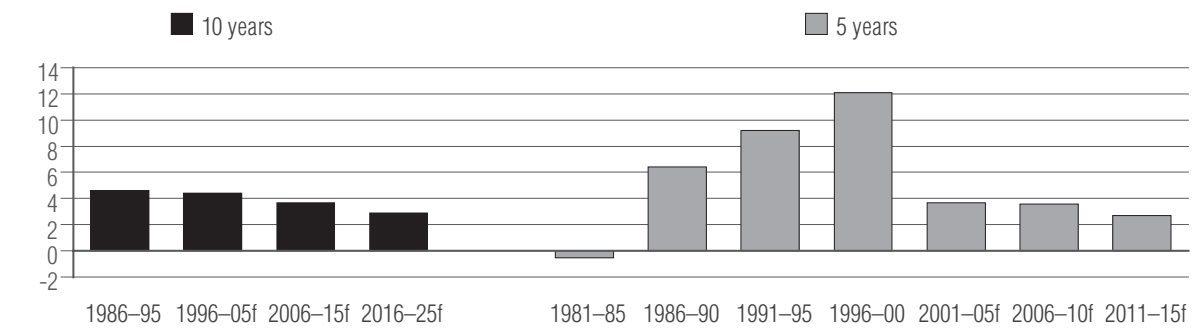
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

average of 2.3 per cent per year throughout the forecast. Most of the processed foods and agricultural output go across the Confederation Bridge, so steady growth in the manufacturing, agricultural and wholesale trade will boost activity in the Island's cargo and truck firms. Real transportation output is expected to grow at a compound rate of 1.4 per cent per year over the forecast period.

Prince Edward Island has long been a favoured destination for tourists from Canada, New England and Japan. Over the last decade, the reduced travel time made possible by the Confederation Bridge has rapidly expanded the number of visitors. This has helped boost investment spending in the tourism industry, resulting in more accommodations, meeting spaces and golf courses. The province is now considered a premium golf destination and should profit from the growing popularity of this sport. However, the tourism industry faced a number of challenges in the last two years, the most pronounced being the high level of the Canadian dollar. Despite the recent challenges, tourism growth

is expected to be solid in the long term, helping boost compound growth in the commercial service sector to 2.1 per cent over the forecast. Solid consumer spending and a strong tourism sector also will help drive retail trade to compound annual growth of 2.4 per cent.

As baby boomers across Canada retire, Prince Edward Island will see a rise in net interprovincial migration and tourism. This will shift the composition of consumption from goods to services, especially in the last five years of the forecast. Leisure services will gain the most from this shift, as the baby-boomer retirees are expected to be wealthier than previous generations of retirees. With an increased share of older people in the population, services related to health care will also increase significantly. The output of non-commercial services, including health care, will expand at a compound rate of 2.1 per cent annually over the forecast. Overall, the service sector will experience average compound growth of 1.9 per cent per year from 2005 to 2025.

Nova Scotia

OVERVIEW

The Nova Scotia economy is anticipated to advance by an average of 1.3 per cent annually from 2005 to 2025, ranking it eighth among the ten provinces. Manufacturing activities are expected to expand by an average of 2.4 per cent over 2005–25, but growth in most of the domestic industries is expected to soften during the forecast. In particular, the production of mineral fuels will drop by an average of 5.6 per cent annually over the forecast period as exploration activities lose momentum, with miners shifting their attention from the Scotian shelf to the west coast and the territories. The reduction of exploration activities will slow growth in mining services to an average of 0.4 per cent over the forecast, compared with 17.6 per cent between 1995 and 2004. ExxonMobil, one of the biggest petroleum players in Nova Scotia, abandoned half of its exploration licenses in 2004 as more holes turned up dry. This has created anxiety among other offshore explorers and led to a loss of over $422 million in exploration commitments. The uninspiring finding rate could lead to further evaporation of the $1.15 billion in exploratory licenses the province is counting on between now and 2012. This could kill prospects on the Scotian Shelf just when energy prices are at their best.

The reduction of exploration activities will slow growth in mining services to an average of 0.4 per cent over the forecast.

Nova Scotia will face a number of fundamental demographic challenges over the forecast period. First, the average age of the population will gradually increase as the baby boomers inch closer to retirement. The aging of the baby boomers will put enormous strain on the province's fiscal prospects. While more spending on facilities and services will be required for health and long-term care for the baby boomers, the aging of the population will slow economic growth and

thus the government's revenue-generating capacity. A compositional shift in consumer spending will also result as people buy fewer durable goods and consume more services, especially in the last five years of the forecast. Second, low fertility rates and negative inter-provincial migration will slow population growth in the province.

Weak demographic fundamentals are expected to dominate the population outlook, exerting a profound impact on the province's labour market and the economy. Overall, economic growth is projected to reach an average of 2 per cent over 2005–10 and to decelerate to 1.4 per cent over the next five years. The consequences of the demographic change will add to the slowing of the economy in the last decade of the forecast. Growth in real gross domestic product (GDP) is expected to average 0.9 per cent between 2016 and 2020 and 0.8 per cent during the last five years of the forecast. (See Chart 1.)

DEMOGRAPHIC PATTERNS

The most prominent demographic trend in Nova Scotia throughout the forecast will be the slowdown in population growth. (See Table 1.) The provincial population, which stood at 936,890 in 2005, is projected

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)
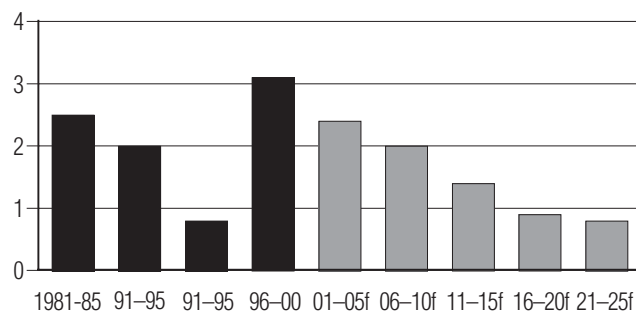
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population declines	Nova Scotia's population is expected to decline by an annual average rate of 0.1 per cent over 2005–25 along with steadily increases in the average age of the people.
Interprovincial migration restrains population growth	Nova Scotia will continue to lose its young people to other provinces. It will lose 649 people annually in excess of those who will migrate there from other parts of Canada.
International migration to the rescue	Net international migration will remain positive, rising from 894 people in 2005 to 1,101 in 2025.
Fertility rate	Nova Scotia's fertility rate of 1.38 is well below the replacement rate of 2.1.
Natural Increase	The number of deaths is going to outpace births starting in 2005; natural increase will not make any contributions to population growth over the long term.

Sources: The Conference Board of Canada; Statistics Canada.

This drop will reflect weakness in most of the key drivers of population growth: the natural increase in population (the difference between births and deaths), net interprovincial migration (the difference between people arriving from other provinces and those leaving for other parts of Canada) and net international migration (the difference between people immigrating to Nova Scotia from other countries and those emigrating).

The natural increase in the population, which has been steeply decelerating since 1961, will actually become negative from 2005 onward—sooner than originally anticipated—largely because of a low fertility rate. The aging of the baby boomers will also add to the decline in the natural rate of increase in the long run. As the baby boomers progress into their senior years throughout the forecast period, the proportion of the population aged 65 years and older will swell. (See Chart 2.) Even with improved health care, this increase will be accompanied by a steady increase in deaths, outpacing the number of births in the province over the long term. While this process unfolds, the percentage of women in their childbearing years (age 15 to 44) will decrease from 40.8 per cent in 2005 to 33.9 per cent in 2025. Partly as a result, the fertility rate will plateau at 1.38, well below the replacement rate of 2.1, and it is unlikely that the key determinants of the fertility rate such as child care costs, income, availability of birth control, and female participation in the labour force will change over the next 20 years in favour of larger families. Taken together, these factors will be responsible for a steady decline in the number of births in the province.

to lose an average of 452 persons per year and to drop to 934,628 by 2010. Continuing to deteriorate, the headcount will decline by an average of 0.1 per cent from 2011 to 2020 and by 0.2 per cent during the last five years of the forecast. This will reduce the number of Nova Scotians to 913,880, representing a decrease of 23,424 people over the forecast.

Chart 2
Population Increases in Older Age Cohorts
(number of people)
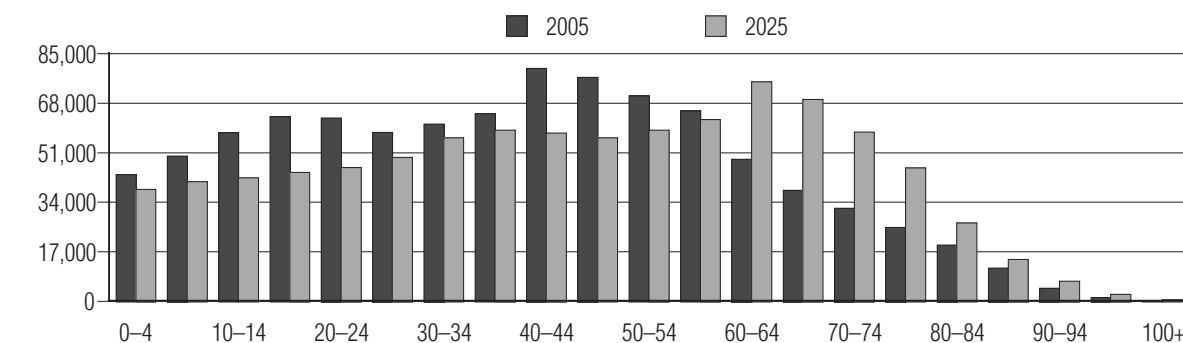
Sources: The Conference Board of Canada; Statistics Canada.

Population growth will be weighed down further throughout the forecast by the steady outflow of Nova Scotians to other parts of Canada. The province will continue to be a net loser on the interprovincial migration front, losing 13,619 more people than will immigrate from other parts of Canada—an average of 649 annually over the forecast period. (See Chart 3.) Because many of the Nova Scotians migrating to other parts of Canada will be in younger age cohorts, the dependency ratio (the ratio of the non-working population to the working population) will rise.

The only good news influencing the provincial population is the positive net inflow of migrants from other countries. A total of 17,899 more people will immigrate to Nova Scotia than will leave for other countries during the forecast period. Nevertheless, total population will fall, since the declines in the natural increase and net interprovincial migration will outweigh the positive inflow of international migrants.

LABOUR FORCE

The labour force, defined as the product of the source population (the population aged 15 and over) and the participation rate, will grow more slowly between 2005 and 2011 and will decline thereafter. Growth in the source population is expected to decelerate from an average 0.4 per cent over 2005–10 to 0.1 per cent in the next half decade. Between 2016 and 2025, the source population will decline by an average of 0.2 per cent annually. In contrast, the female participation rate is expected to rise through the medium term, pushing the overall participation rate to a peak of 64.3 per cent by 2009.

The relatively strong increase in the participation rate will push growth in the labour force ahead of the source population between 2005 and 2009. However, growth in the labour force is expected to weaken after 2009, when the declining participation rate adds its weight to the source population. Thus the labour force is projected to increase by an average of 0.5 per cent over 2005–09, before declining by an average of 0.4 per cent from 2010 to 2020. It will decline even faster in the last five years of the forecast, by an average of 0.8 per cent, as the participation rate retreats below its 1997 level of around 59.6 per cent.

Chart 3
Nova Scotia's Migration Profile
(in thousands of persons)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is a measure of the highest level of activity that can be sustained in an economy over a period of time if all inputs of production are fully and efficiently utilized, without surpassing its capacity limits and igniting inflation. The Conference Board uses a structural Cobb-Douglas production function, in which the mix of labour, capital and total factor productivity (TFP) are modelled to produce an estimate of potential output. This estimate depends on potential inputs of labour and capital, and trend total factor productivity, or the technical efficiency with which labour and capital are combined to produce the output.

The workforce available when the economy is operating at full capacity (potential labour force) is used to derive the contribution of labour to potential output. When operating at full economic capacity, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. It is expected that unemployment resulting from workers in transition will decline over the forecast. The average age of the labour force is expected to increase over the long term, and older workers are not as likely to quit their jobs to look for another. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to potential labour.

The overall participation rate is expected to decline sharply over the forecast horizon as the baby boomers retire.

On the other hand, the aging labour force will detrimentally affect potential labour through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems or early retirement. Consequently, the overall participation rate is expected to decline sharply over the forecast horizon as a significant share of baby boomers move into their retirement years.

On balance, the negative impact of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output will decline steadily over the long term. Overall, labour's annual contribution to potential output growth averaged 0.6 per cent over 2000–04, but it is projected to slow throughout the medium term and to turn negative starting in 2012.

The value of productive capital, the second factor in the production process, is assumed to be accurately measured, and the level of capital in the economy at any time is assumed to be all that is available to contribute to potential output. For the purpose of estimating productive capital in the economy, total public and private capital, excluding residential assets, are aggregated. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth is projected to average 0.5 per cent per year over the 2005–25 period.

Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because Conference Board estimates of the capital stock do not take into account residential assets, as these do not contribute to the productive capacity of the economy. TFP fluctuates considerably over the business cycle. The reasons for this are wide ranging, but they include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effect of these short-term movements on potential output, a Hodrick-Prescott filter is used to smooth out the TFP to produce its trend values. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to maintain growth in TFP by continually investing in productivity-enhancing technologies and the skills development of their workforce. The contribution of TFP to potential growth will remain in line with recent historical performance, averaging roughly 1 per cent annually over the forecast horizon.

In the long term, the economy is expected to perform close to its potential and thus alleviate concerns for inflationary pressures.

When real GDP diverges from potential output, an economy is said to have an output gap. Early in this decade, significant growth in mining activities in the provincial economy helped to spur growth of the economy above its potential. Since the mining industry peaked in 2002, the economy has tended to fluctuate around its potential. In the long term, the economy is expected to perform close to its potential and thus alleviate concerns for inflationary pressures. (See Chart 4.) The consumer price index is projected to remain well within the Bank of Canada's target range, averaging 1.9 per cent over the forecast horizon.

EMPLOYMENT AND INCOME

In line with the expected slowdown in economic activities, employment growth will ease over the course of the forecast. After a moderate gain of 0.8 per cent per annum over 2005–10, growth in employment is projected to decline by an average of 0.5 per cent over the remainder of the forecast.

Reflecting the moderate medium-term employment gains, Nova Scotia's unemployment rate is expected to fall steadily to reach 6.6 per cent by 2013, representing a decrease of 2.2 percentage points from its 2004 level. After 2013, job losses in the economy will gain momentum; however, the unemployment rate will remain stable around 6.7 per cent in the next ten years, as the declines in the labour force exceed the number of job losses. Thus, Nova Scotians leaving for better prospects in other parts of the country will minimize the pool of people available to work and thus keep the unemployment rate in check. By the end of the forecast, the unemployment rate is projected to reach 6.6 per cent, about 1.2 per cent higher than the national average.

Nova Scotia's unemployment rate is expected to fall steadily to 6.6 per cent by 2013

The declining unemployment rate, a sign of a tighter labour markets, and expected productivity gains will boost wages and salaries in the province. (See Chart 5.) Growth in wages and salaries per employee is forecast to average 2.9 per cent per year from 2005 to 2020 and 3.1 per cent during the last five years of the forecast. Federal transfers to the baby boomers will also kick in during these years. In spite of the wage gains and federal transfers to seniors, growth in total personal disposable income in the province is projected to be moderate as the number of wage earners declines in the province. Accounting for inflation, annual growth of real personal disposable income is expected to average 1.8 per cent in the medium term, and to edge down to 1 per cent from 2011 to 2025.

AGGREGATE DEMAND

The changing structure of Nova Scotia's population is expected to influence consumer spending over the next 20 years. Total growth in consumer spending

Chart 4
Actual versus Potential GDP Output
(percentage change)
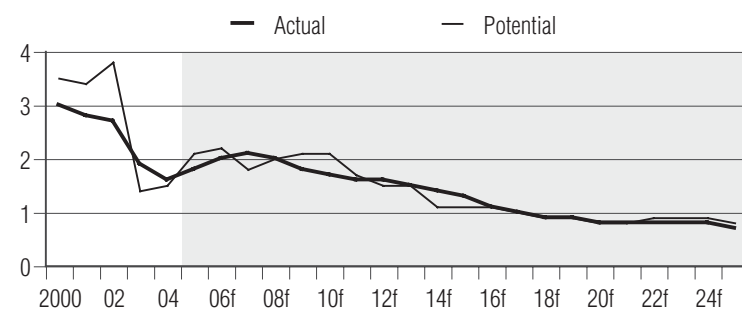
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

should ease, and a change in expenditure patterns can also be expected as the population ages. As the baby boomers enter their retirement years, growth in consumer spending for services will continue to ease but will still outstrip growth in spending for goods.

Among the consequences of declining and aging population will be a reduction of housing starts. Empty-nest seniors will trade in their family-size homes for smaller accommodations, shifting demand away from single dwelling units to multiple units. Furthermore, a much smaller cohort will replace the large number of people currently in their prime homebuying years. As a result of the demographic change, housing starts are projected to decline over the forecast, from 4,699 units in 2004 to 592 units by the end of 2025, representing a drop of 87.4 per cent, or an average decline of 9.4 per cent annually over the entire forecast. This will limit the expansion in residential construction investment.

Chart 5
Nova Scotia's Tight Labour Market
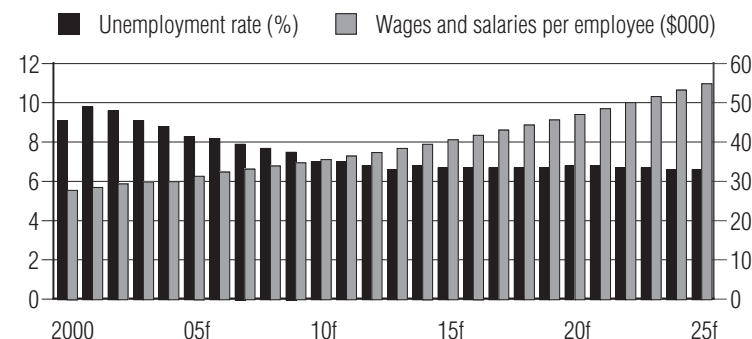
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Non-residential construction investment is expected to undergo a roller coaster ride through the forecast, with continued fluctuations in offshore exploration and drilling. In the short term, Anadarko is progressing on the construction of a $650-million liquefied natural gas plant. The three-year project, which began early in 2005, will bring over 700 construction jobs to Bear Head. There is speculation that El Paso Corporation of Houston will invest over $2 billion to build a subsea pipeline to carry gas to the northeastern United States; approval has been given to build another natural gas plant in New Brunswick. Over the next ten years, growth in non-residential construction investment will be sustained by the $220-million expansion and modernization of the Halifax International airport and the $350-million retirement home and commercial center development by the Sisters of Charity in Halifax.

The government will have to be fiscally disciplined to keep the province from escalating net debt.

Intense construction activity is expected at the end of the decade, as EnCana starts work on the Deep Panuke natural gas project after its economic viability is assured. Associated closely with this gas project is the expansion of the Maritimes & Northeast Pipeline. These projects will bolster growth in non-residential construction investment by an average of 5.8 per cent over 2010–13. Once Deep Panuke starts producing natural gas, growth in non-residential construction investment will slow to an average of 2.5 per cent per year over the remainder of the forecast.

With a weakening economy generating minimal revenues, the government will have to be fiscally disciplined to keep the province from escalating net debt, which currently stands at $11.4 billion. As the forecast progresses, the government will reduce certain areas of responsibility to meet critical services like education and health care. The baby boomers in their senior years will put pressure on government to increase spending on health care. With the labour market tightening in the long term, government will have to boost spending on education to increase innovation and labour productivity. Though spending on health care and education will increase throughout the forecast, spending restraint in other areas will limit the contribution of government spending to economic growth. Growth in government spending on

goods and services in real terms will average 2.5 per cent annually over 2005–10 before decelerating to an average of 1.7 per cent through the remainder of the forecast.

INDUSTRY ANALYSIS

The strongest sector in the economy over the forecast period will be manufacturing—particularly in areas dealing with pharmaceutical products and medical equipment and aircraft components. Food processing and tire and auto parts will also stimulate growth in the manufacturing sector, which will advance by 3.8 per cent in the first six years of the forecast. In the long term, wind turbines could be manufactured in Amherst by Renewable Energy Services to support the reduction of greenhouse gas emissions as mandated by the Kyoto Protocol. But not all segments of the industry will expand during the forecast period. Fluctuations in the offshore oil and gas industry will hurt the production of fabricated metals. More significantly, advances in technology and the media will hurt the pulp and paper industry, as demand for paper is expected to drop dramatically over the long term. The weaknesses in these sectors combined with the impact of an aging population slowing demand for manufactured goods are expected to have a dampening effect on the industry. These will combine to bring manufacturing growth to 1.9 per cent during the last decade and a half of the forecast.

The lifespan of the Sable Island project could be 10 years less than anticipated.

Sable Island offshore gas production has slowed considerably, and the partners have announced their third downward revision to reserves, pegging it at 63 per cent less gas than initially estimated. This has fuelled speculation that the lifespan of the project could be 10 years less than the 25 years originally projected. Deep Panuke, the second gas field to be developed, is also facing some fundamental challenges. The downward revision of reserve estimates to 28.3 billion cubic meters from initial estimates of between 74 to 99 billion cubic meters jeopardizes the viability of Deep Panuke as a stand-alone project. Owners have downsized the project by 50 per cent, calling for the production of 200 million cubic metres of gas per day.

Gas production, expected to begin sometime in 2012, will peak a year afterward, but growth in mineral fuel will decline with the fast depletion of gas from the larger Sable field. Overall mining output will drop by 2 per cent over the forecast.

Cod stocks have not recovered since the moratorium on cod fishing was imposed.

The outlook is subdued for other industries. Fishing, which thrived in Nova Scotia until the late 1980s, will face some difficult challenges over the forecast. Unfavourable sea temperatures have limited the production of plankton, forcing pelagic-like herrings to eat cod eggs. Recent studies by the federal government indicate that cod stocks have not recovered since the moratorium on cod fishing was imposed. Stocks of other fish species are also on the decline, and lobster carapace has been slashed. The fishing industry will advance by only 0.4 per cent annually over the forecast, in contrast to average growth of 14.7 per cent per annum from 1988 to 1991. Weak housing starts, at home and south of the border, and low demand for pulp and paper are expected to dampen growth to a meagre 0.2 per cent per annum in the forestry sector over the forecast.

Transfers to seniors and increases in wages and salaries per employee will sustain demand for consumer goods, helping retail trade to advance by an average of 1.7 per cent per year over the forecast period. Services, particularly those tailored to the needs of the aging population, plus improvements to education to enhance productivity, will also progress steadily, helping non-commercial services to advance by an average of 1.6 per cent per year over the course of the forecast.

New Brunswick

OVERVIEW

Real gross domestic product (GDP) is projected to grow at a relatively slow average rate of 1.3 per cent from 2005 to 2025 in New Brunswick, for ninth rank among the ten provinces. Weaknesses in construction and metal mining will limit overall economic growth as the province grapples with the completion of megaprojects and the closing of the Brunswick mine in 2008. Forestry will also add to the slow pace of economic growth as inadequate silviculture spending stalls increases in total annual allowable cut, and structural changes in market conditions stifle demand for pulp and paper.

Spending on health care will have to rise significantly to meet the changing needs of the aging population.

In the medium term, however, the construction industry will be propped up by capital spending on health-care facilities, municipal infrastructure and border crossings. Work is under way between Grand Falls and Woodstock to complete the twinning of the Trans-Canada Highway (TCH) in the province. Brun-Way Group, the consortium working on this section of the highway, will also operate, maintain and rehabilitate the TCH between the Quebec border and Longs Creek, and between Woodstock and the U.S. border. Work on these projects, worth $400 million, intensified in early 2005. Site preparation has also begun on Irving Oil's much-anticipated $750-million liquefied natural gas project at the Canaport terminal near St. John, a project expected to engage more than 500 construction workers for nearly three years. The provincial government is also going ahead with the multimillion-dollar refurbishment of the Point Lepreau nuclear plant. Site preparation and engineering work began in mid 2005 and full-scale construction of storage facilities for the nuclear waste should begin early in 2006. In the long term, sturdy growth in manufacturing should offset weak construction and mining activities, allowing the overall economy to expand during the entire forecast period.

Weak demographic dynamics will dominate the outlook over the long term. One notable factor will be a rise in the average age of the population. As the proportion of those older than 65 increases, consumption patterns will change for both government and consumers. Spending on health care will have to rise significantly to meet the changing needs of the aging population. In addition, rising net international immigration will be largely offset by a net outflow of people to other parts of Canada. Finally, New Brunswick's fertility rate, one of the lowest in the country, will be a drag on population growth. Total population is projected to shrink every year over the forecast.

The weakening population outlook will have significant consequences for the province's labour market and overall economic growth. The Conference Board expects growth in real GDP to decelerate from an annual average of 2 per cent in the first six years of the forecast to 1.1 per cent over 2011–20 and still further to 0.8 per cent from 2021 to 2025. (See Chart 1).

DEMOGRAPHIC PATTERNS

Over the long term, demographic fundamentals are among the key factors that influence the outlook for an economy. The structure and composition of population have a significant influence on the labour force, which is a key ingredient in determining potential output. Furthermore, the demographic profile of the population strongly affects consumer spending patterns.

A weak population forecast will have profound implications for the New Brunswick outlook.

A trend with profound implications for the New Brunswick outlook over the forecast period is reflected in the weak population forecast. (See Table 1.) The province's population reached its peak of 752,420 people in 1997, and population growth has stalled since then. After 2005, the population will shrink every year,

with the rate of decline increasing toward the end of the forecast. By the end of the forecast period, the total population will stand at 709,421—41,782 fewer people than in 2004, representing an average decline of 0.3 per cent per annum. This weak demographic outlook will limit overall economic gains.

Two key assumptions underlie New Brunswick's dismal population outlook. First, the natural increase in population (that is, the excess of births over deaths) will continue to decline, a result of the aging of the population. As throughout Canada, the average age of the population is rising dramatically. Currently 39 years, the average age within the province will hit 49 years by the end of the forecast. As the baby boomers move up the population pyramid, the proportion aged 65 and over will swell over the next 20 years. (See Chart 2.) The movement of the population into the older age cohorts will ultimately lead to a rise in the number of deaths, despite advances in medical care.

Limited job opportunities will lead workers, especially younger people, to leave the province in search of better prospects.

The province's aging population will also constrain the number of births over the forecast period, as a smaller proportion of women will replace women currently in their childbearing years (between 15 and 44 years old). Those women currently comprise 41.3 per cent of the total female population in New Brunswick. When, by 2025, this proportion declines to 31.5 per cent, the number of births in the province will drop as well. Magnifying the birth problem is a low fertility rate. New Brunswick's fertility rate, 1.39, is one of the lowest in the country and far below the replacement rate of 2.1. The rising number of deaths and the declining number of births will convert the natural rate of increase into a natural rate of decrease after 2010.

A second major reason for expecting the population to decline in New Brunswick is the province's weak migration profile. Limited job opportunities will lead workers, especially younger people, to leave the province in search of better prospects. During the next

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population declines	New Brunswick's population is expected to decline by an annual average rate of 0.3 per cent over 2005–25 along with steady increases in the average age of the people.
Interprovincial migration restrains population growth	New Brunswick will continue to lose its young people to other provinces. It will lose 1,160 people annually in excess of those who will migrate there from other parts of Canada.
International migration remain positive but still low	Net international migration will remain positive, with the province receiving a total of 5,324 people over the forecast.
Fertility rate	New Brunswick's fertility rate of 1.39 is well below the replacement rate of 2.1.
Natural increase	The natural increase (deaths minus births) will weigh on population growth once the number of deaths outpaces the number of births in 2010.

Sources: The Conference Board of Canada; Statistics Canada.

six years, the province is expected to lose an average of 1,160 people more per year than it gains in immigration from other parts of the country. As the pool of young New Brunswickers shrinks, losses from net migration is projected to slow to 1,017 over 2011–15 and to 902 during the last decade of the forecast. (See Chart 3.)

Chart 2
Population Increases in Older Age Cohorts
(number of people)

■ 2005　□ 2025

[Bar chart showing population by age cohort from 0–4 to 100+, with y-axis from 0 to 70,000. Cohorts include 0–4, 10–14, 20–24, 30–34, 40–44, 50–54, 60–64, 70–74, 80–84, 90–94, 100+]
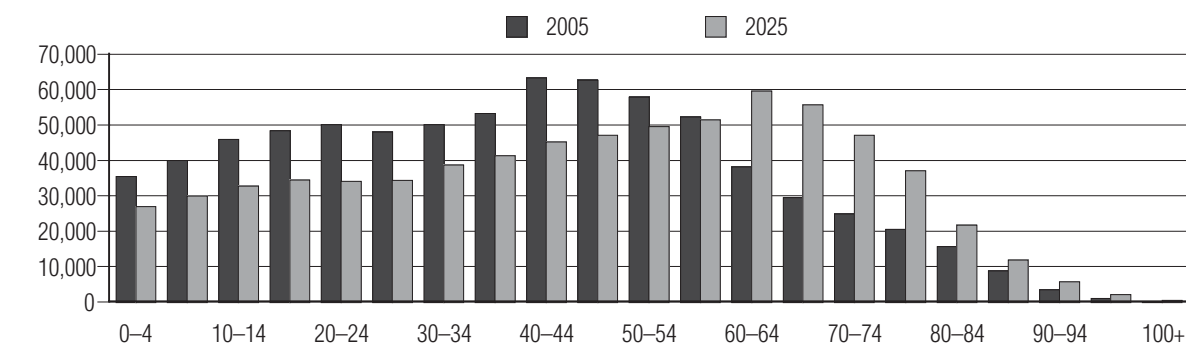
Sources: The Conference Board of Canada; Statistics Canada.

LABOUR FORCE

New Brunswick's shrinking population will have a dramatic impact on the province's labour market. A steady exodus, especially of younger people, and the province's low fertility rate will limit growth in the source population. It is expected to start decelerating in 2006 and to turn negative during the last 13 years of the forecast. On the other hand, an increase in the female participation rate, mainly in older age cohorts, will gradually increase the overall participation rate. The overall participation rate will peak at 64.5 per cent in 2009, and then stall over 2010–11.

As the participation rate and the source population increase during the medium term, so will the labour force, which will expand by an average of 0.4 per cent per year in the first six years of the forecast. From 2012 to 2025, both the source population and the participation rate will decline, as increasing female participation ends and there are more people aged 65 and over. The overall participation rate will trend down to 59.7 per cent by 2025, 4.5 percentage points below the national average. After peaking in 2012, the source population will decline each year to the end of the forecast. The sum of these forces will cause the labour force to decline by 0.7 per cent per annum over the last decade and a half of the forecast to reach 358,452 people, the lowest since 1998.

The natural rate of unemployment is expected to trend slowly downward over the forecast period.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is a measure of the highest level of activity that can be sustained in an economy over a period of time if all inputs of production are fully and efficiently utilized, without surpassing its capacity limits and igniting inflation. The Conference Board uses a structural Cobb-Douglas production function, in which the mix of labour, capital and total factor productivity (TFP) are modelled to produce an estimate of potential output. This estimate depends on potential inputs of labour and capital, and trend total factor productivity, or the technical efficiency with which labour and capital are combined to produce the output.

The workforce available when the economy is operating at full capacity (potential labour force) is used as a measure of the contribution of labour to potential output.

Chart 3
New Brunswick's Migration Profile
(in thousands of persons)

■ Net interprovincial migration　□ Total net migration
■ Net international migration

[Bar chart showing migration figures for periods 1981–85, 86–90, 91–95, 96–00, 01–05f, 06–10f, 11–15f, 16–20f, 20–25f, with y-axis from -1.8 to 0.6]
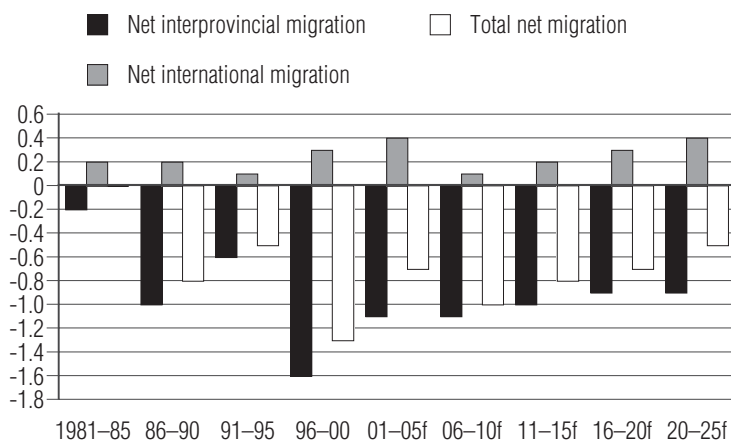
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

When operating at full economic capacity, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. It is expected that unemployment resulting from workers in transition will decline over the forecast. The average age of the labour force is expected to increase over the long term, and older workers are not as likely to quit their jobs to look for another. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to potential labour.

On the other hand, the aging labour force will detrimentally affect potential labour through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems or early retirement. Consequently, the overall participation rate is expected to decline sharply over the forecast horizon as a significant share of baby boomers move into their retirement years.

Labour's annual contribution to potential output growth is projected to turn negative starting in 2011.

On balance, the negative impact of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output will decline steadily over the long term. Overall, labour's annual contribution to potential output growth averaged 0.6 per cent over 2000–04, but it is projected to slow throughout the medium term and to turn negative starting in 2011.

The value of productive capital, the second factor in the production process, is assumed to be accurately measured, and the level of capital in the economy at any time is all that is available to contribute to potential output. For the purpose of estimating productive capital in the economy, total public and private capital, excluding res-

identical assets, are aggregated. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth is projected to average 0.4 per cent per year over the 2005–25 period.

Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because Conference Board estimates of the capital stock do not take into account residential assets, as these do not contribute to the productive capacity of the economy. TFP fluctuates considerably over the business cycle. The reasons for this are wide-ranging but they include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effect of these short-term movements on potential output, a Hodrick-Prescott filter is used to smooth out the TFP to produce its trend values. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to maintain growth in TFP by continually investing in productivity-enhancing technologies and the skills development of their workforce. The contribution of TFP to growth in potential will remain in line with recent historical performance, averaging roughly 1.1 per cent annually over the forecast horizon.

In the long term, the economy is expected to perform close to its potential.

When actual real GDP diverges from potential output, an economy is said to have an output gap. Since 2002, significant investment in the provincial economy has helped spur growth of the economy above its potential and the gap is expected to remain until 2006. In the following three years, the economy is projected to grow somewhat below its potential in line with more limited investment. In the long term, the economy is expected to perform close to its potential and thus alleviate concerns

for inflationary pressures. (See Chart 4.) The consumer price index is projected to remain well within the Bank of Canada's target range, averaging 2 per cent over the forecast horizon.

EMPLOYMENT AND INCOME

Reflecting the sobering outlook for population and the labour force, the job market will present challenges to New Brunswickers. Only Newfoundland and Labrador will have less job creation than New Brunswick during the entire forecast. Following average gains of 0.7 per cent during the first six years of the forecast, growth in employment is projected to start declining slowly at the beginning of the next decade, with the rate of decline increasing to 0.9 per cent toward the end of the forecast period as the economy weakens.

However, the slowdown in employment gains will not increase the proportion of unemployed in the province. With subdued job prospects, youth will tend to migrate to other parts of Canada, weakening labour force growth. The unemployment rate will decline throughout the medium term and to rest at 8 per cent from 2014 to 2018. Afterward, the unemployment rate will edge down slightly to reach 7.4 per cent in 2025, the third highest among the provinces.

In spite of the sluggish employment outlook, growth in personal disposable income is expected to be steady over the forecast period. Two key factors underlie this assumption. First, increased productivity and tight labour markets are expected to lead to solid wage increases in the province. (See Chart 5.) Growth in wages and salaries

per employee is forecast to increase from an average of 2.6 per cent per year over 2005–10 to an average of 2.9 per cent during the following decade. A further increase of 3.2 per cent is expected in the last five years of the forecast. A second factor boosting personal disposable income is the contribution of transfer payments, which are projected to increase toward the end of the forecast as the baby boomers retire.

AGGREGATE DEMAND

The changing demographic profile will have a profound impact on government and consumer spending in New Brunswick over the forecast. Real consumer spending is projected to grow by an average of 1.8 per cent over 2005–10, before cooling off to 1.1 per cent during the next decade and 0.8 per cent during the last five years of the forecast. As the forecast progresses, the underlying demographic structure of the province will shift consumer expenditure patterns. The retiring baby boomers will gradually consume more services, such as health care, travel and leisure, and fewer durable goods. Thus, over the forecast period, the growth in real consumption of services other than rent will outperform the gains in real consumption of goods by an average of just over 1 percentage point.

As the forecast progresses, the underlying demographic structure of the province will shift consumer expenditure patterns.

Housing starts are projected to decline throughout the forecast, partly because of the exodus of younger people who tend to buy new houses, but also because a smaller age cohort will replace the larger cohort of empty-nest baby boomers. The surplus of resale homes likely to arise when the baby boomers trade their single-family homes for smaller units will dampen construction. After reaching a peak of 4,489 units in 2003, housing starts will plummet throughout the forecast to reach 344 units by 2025, representing a decline of 91.3 per cent from the beginning of the forecast, or an average of 11 per cent per year.

Reflecting the decline in housing starts, investment in residential construction is expected to soften over the forecast. In particular, as the Bank of Canada increases interest rates to more sustainable levels and there is little pent-up

Chart 4
Actual versus Potential GDP Growth
(percentage change)
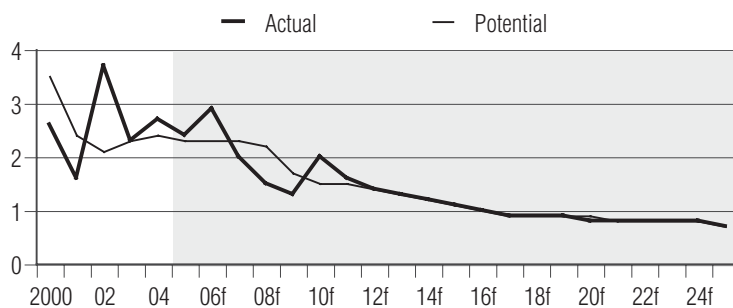
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

demand for new homes, growth in residential construction investment will weaken markedly to 0.4 per cent per annum in the first six years of the forecast, compared to growth of 15 per cent in 2000–04. Growth is projected to decline by an average of 0.7 per cent per year from 2011 to 2015 and to head down further by 2.2 per cent over the remainder of the forecast as the declining population dampens investment in construction of new houses.

Non-residential construction investment activity will be brisk in the first three years of the forecast.

In contrast, non-residential construction investment activity will be brisk in the first three years of the forecast. Work on the $400-million Trans-Canada Highway, scheduled for completion in 2007, hit high gear in 2005. On top of that, Irving Oil has begun work to upgrade its Canaport terminal at a cost of $750 million, starting in the spring of 2005. The provincial government is also refurbishing the only nuclear plant in the Atlantic Region at a cost not yet determined. Site preparation and engineering work began in August 2005; construction of nuclear waste storage facilities is slated to begin early in 2006. These projects are expected to lift growth in non-residential investment by an average of 10.7 per cent per year from 2005 to 2007. With no significant project for the next two years, growth will plummet by an average of 14.4 per year. In 2010, Maritime and Northeast Pipelines is expected to expand its lateral pipeline capacity to carry the expected gas flow from the Deep Panuke's gas field in Nova Scotia to Canadian and U.S markets. Overall non-residential investment is forecast to grow by an average of 3.6 per cent over the last 15 years of the forecast.

Government spending on goods and services is expected to remain steady over the forecast. In the medium term, government spending on goods and services will be boosted by 4 per cent thanks to various municipal infrastructure projects plus frontline spending on education, health and long-term care. In the long term, the provincial government will face debt management issues as it tries to boost productivity through human capital development and to meet the rising needs of the aging population. Government spending on goods and services will remain steady in the long term, growing by an average of 3.5 per cent over 2011–25.

Chart 5
New Brunswick's Tight Labour Market
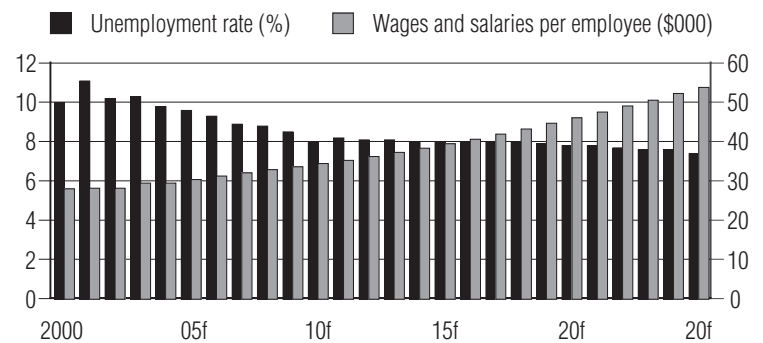
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

INDUSTRY ANALYSIS

The province's forestry sector will face some challenges over the forecast period. A report prepared by Jaakko Pöyry for the government of New Brunswick points to the need for substantial spending on silviculture to increase the annual allowable cut in 35 years. Competing needs from the health-care and education sectors will make it difficult for the government to meet these forest management requirements over the forecast period. Even if the government tries to implement the recommended practices, the gestation period is too long for any benefit to be reaped over the forecast period. Even though lumber exports experienced decent growth in the last few years in tandem with a rapidly expanding housing market south of the border, long-term prospects are more tempered as advances in technology are expected to limit the use of pulp and paper. To make matters worse, U.S. housing starts are projected to weaken over the forecast period. Growth in the forestry sector will be muted over 2005 to 2014 and will decline by an average of 0.9 per cent over the last decade of the forecast.

The mining sector will undergo significant adjustment after the Brunswick mine closes in 2008.

The mining sector will also undergo significant adjustment after the Brunswick mine closes in 2008. The closure will have dire consequences for the Brunswick smelter, which gets more than half its feedstock from the mine. The plant is to shut down for three month every

summer until it closes in four years. Mining output growth is projected to decline by an average 0.8 per cent over the entire forecast period, making this one of the weakest industries in the province.

The manufacturing sector is expected to shore up growth in the provincial economy in the medium term, expanding by an average of 3.3 per cent, but growth will taper off towards the end of the forecast. In particular, the expected slowdown in the forestry sector will have a profound impact on some manufacturers in the long term. In addition, McCain Foods is shifting attention to emerging economies in East Asia as diet conscious North Americans are shying away from high-carbohydrate foods. Further, limited stocks will reduce the operations of fish-processing plants in the province. Put together, manufacturing growth is projected to decelerate to 1.6 per cent from 2011 to 2025, less than half the expected growth in the medium term.

In line with the expansion in the manufacturing sector, growth in transportation is expected to reach 2 per cent in the medium term before decelerating to 0.5 per cent for the remainder of the forecast. Crumbling housing starts are expected to reduce mortgage financing, one of the sources of growth for the financial industry. This will limit expansion in the finance and real estate sector. To make matters worse, growth in the finance, insurance and real estate industry will slow to 1.3 per over the forecast period as the baby boomers start to draw down their savings to finance their retirement and health care. Spending on public administration and defence will also be limited, as the slowing economy will fail to generate adequate revenue to support government programs. Overall growth in the service-producing sectors is projected to advance meagrely by 1.3 per cent throughout the forecast, compared to 3.3 per cent over 1998–2004.

Quebec

OVERVIEW

With favourable financing conditions whipping up consumer appetites for new homes and big-ticket items over the last two years, the Quebec economy was relatively successful in overcoming the dampening effects of an appreciating Canadian dollar. Even as the export-sensitive manufacturing sector shed jobs, reorganized production plans and made very little gains, overall provincial real gross domestic product (GDP) growth at market prices averaged close to 2.5 per cent over 2004–05. Quebec's real GDP at market prices is expected to progress by an average of 2.7 per cent from 2006 to 2010 and by a moderate 1.8 per cent compound annual rate over the last 15 years of the outlook, in line with potential growth, as demographic changes weigh on economic prospects. (See Chart 1.)

Economic growth will slow over the long term as aging baby boomers and a low fertility rate weaken population growth to a compound annual rate of only 0.3 per cent between 2011 and 2025, reducing consumer expenditures and housing demand. The proportion of people aged 65 and older will increase substantially over the entire forecast period, by nearly 10 percentage points to 22.2 per cent, while the number of young people under the age of 20 will shrink from 1,718,966 in 2005 to 1,582,696 in 2025. Housing starts will fall steadily from 50,767 units in 2005 to about 12,345 units in 2025 as demographic factors weaken the number of new households and the need for new housing. Real export growth, the pillar of robust economic activity in the late 1990s, will gradually decelerate over the long term because of slowing U.S. growth and a Canadian currency averaging around US$0.82. The telecommunications, transportation equipment, biotechnology, and metal and alloy sectors are expected to be some of the positive contributors to the trade outlook over the next 20 years.

Chart 1
Real GDP at Market Prices, Quebec
(average annual compound growth rate, 5 years)
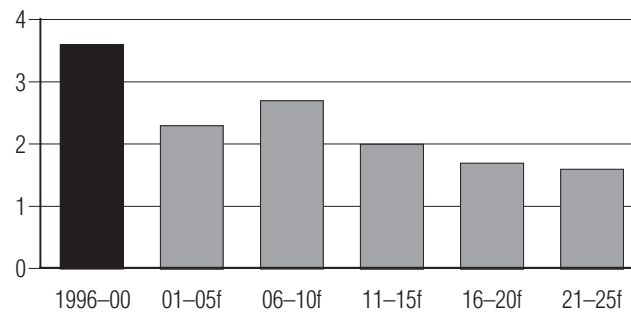
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

DEMOGRAPHIC PATTERNS

Demographic factors are a critical determinant of the long-term prospects of an economy. The most important demographic trends for Quebec over the next 20 years will be slowing population growth, rising immigration levels, and the aging of the baby-boom generation. (See Table 1.) With an increase in the average age of Quebecers, population growth is expected to drop from 0.5 per cent in the first decade of this century to 0.3 per cent over the last 15 years of the forecast period. Quebec's population, estimated at 7,579,394 in 2005, will reach about 8,136,925 by 2025, an increase of just under 558,000. The slowdown in population growth in Quebec will be more pronounced than that of the rest of Canada, and will resemble growth in several Western European countries.

Important changes in population structure will influence potential output growth and consumer expenditures. The proportion of people aged 65 and older will increase substantially between 2005 and 2025, from 13.7 per cent to 22.2 per cent. Baby boomers, currently in the 40–59 age group, represent 31.1 per cent of the total population, with the heaviest concentration in the

Table 1
Key Demographic Assumptions

Components	Assumptions
Population	Quebec's population growth will decelerate over the next 20 years, advancing by an annual average rate of 0.4 per cent as the average age of the population steadily moves up.
Migration	Over the long term, on a net basis, an average of just under 28,000 people will settle in Quebec. Interprovincial migration will be negative over the forecast but international migration will intensify.
Fertility rate	The fertility rate in Quebec is 1.47, well below the replacement rate of 2.1.
Natural increase in the population	The share of population growth coming from natural increase is projected to fall; the number of deaths will even outpace births in 2016.

Sources: The Conference Board of Canada; Statistics Canada.

40–44 age cohort. They will move into the 60–79 age range by the end of the forecast period, with a high concentration in the 60–64 range. Also contributing to the overall aging of the population is an expected drop in the proportion of people aged between 15 and 19, from 6.1 per cent to 5 per cent between 2005 and 2025. These movements will dominate demographic projections for Quebec. (See Chart 2.)

Population growth is determined by three factors: births, deaths and net migration. The population projections in the current outlook assume a fertility rate of

1.47 births per woman, which is well below the replacement rate of 2.1. This low fertility rate and the aging of the population will lower the birth rate. With the death rate expected to increase because of the larger number of older people, the natural rate of increase in the population (births minus deaths) is projected to decline steadily over the next 20 years, with the number of deaths exceeding births starting in 2016.

The weak natural rate of population increase will be partly offset by a net positive inflow of migrants over the forecast horizon. While a net outflow of roughly 10,770 people per year to other provinces is projected between 2005 and 2025, average annual net international migration to Quebec is forecast to rise steadily, from around 34,860 in 2005 to 44,077 by 2025. (See Chart 3.) In light of the unfolding demographic picture and the stated aims of policy-makers, the Conference Board anticipates a gradual rise in international immigration over the long term that is much more pronounced than our estimates in last year's long-term provincial forecast. With the natural rate of increase in the population rapidly slipping, net immigration will become virtually the only driving force behind population growth in the province in the latter part of the long term forecast. Since most immigrants are of working age, growth in the population of labour force age (15 years and over) will generally exceed that of total population.

Nevertheless, growth in the source population is projected to decrease from 1.1 per cent annually in 2005 to only 0.3 per cent in 2025 as baby boomers gradually retire and the relatively smaller baby-bust generation makes up a greater share of the labour force. In addition,

Chart 2
Population Increases in Older Age Cohorts
(number of people)
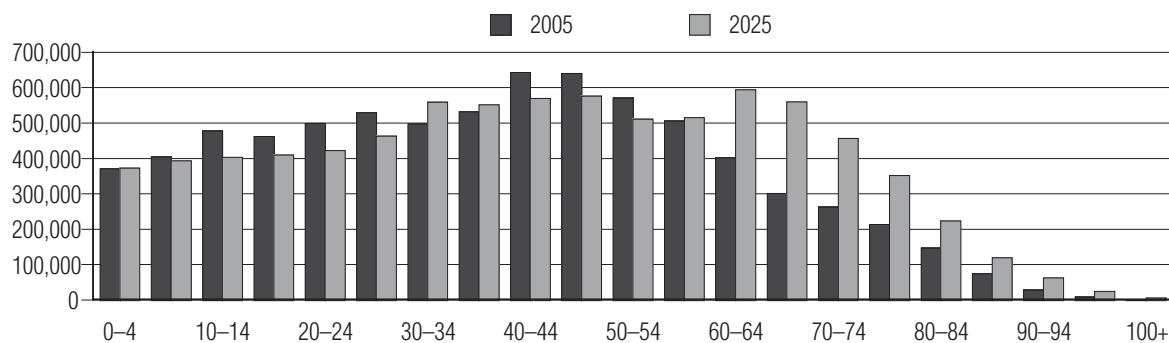
Sources: The Conference Board of Canada; Statistics Canada.

with a higher concentration of the population in older age groups (which typically exhibit lower participation rates), and a peak in female labour force participation, the overall workforce participation rate is expected to level off at 66.6 per cent in 2009. The combination of a falling participation rate and weaker growth in the source population will lead to a deceleration in labour force growth. Average annual compound growth in the labour force will decline from 1.7 per cent in 2000–05 to virtually no growth between 2006 and 2025. This important drop in labour force growth will hurt potential output growth.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. The difference between real GDP and the economy's potential output is called the output gap. Weak economic growth in the early 1990s resulted in a wide output gap. A surge in growth is estimated to have eliminated this gap by 2000.

Strong capital spending is expected to help sustain the average growth rate of potential output in 2006–10.

Once an economy eliminates the output gap, its future non-inflationary growth is limited by the growth of potential output. Estimated potential output growth in Quebec has increased from 1.6 per cent in the first half of the 1990s to 2.8 per cent over 1996–2005. (See Chart 4.) Strong capital spending is expected to help sustain the average growth rate of potential output at 2.6 per cent in 2006–10. Growth in potential output is then expected to fall by one percentage point to 1.7 per cent in the last 15 years of the forecast.

The potential output of an economy cannot be observed. It must be calculated on the basis of estimates of total factor productivity (TFP) and the supply of key factors of production: the capital stock and the labour force. TFP reflects the efficiency with which all factors of production are combined to generate final output. This forecast assumes that TFP growth will average 1.1 per cent over 2001–10 and 0.8 per cent

Chart 3
Net International Migration, Quebec
(annual average in thousands)
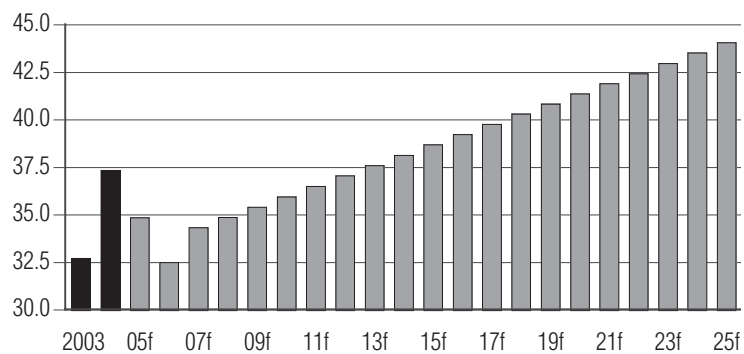
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

over the last 15 years of the forecast. TFP growth will decline in spite of significantly higher labour productivity growth and will reflect slower increases in the capital stock as the pace of technological change eases. The net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The annual contribution of capital to potential output growth is expected to increase from an average of 36.3 per cent over 2006–10 to about 55.8 per cent over the last 10 years of the forecast.

Labour's contribution to potential output is based on the "natural rate of unemployment," which is defined as the lowest rate of unemployment that can coexist with stable wage inflation. Given structural imbalances in the labour market and normal job-search time, the unemployment rate consistent with "full

Chart 4
Actual versus Potential GDP Growth
(percentage change)
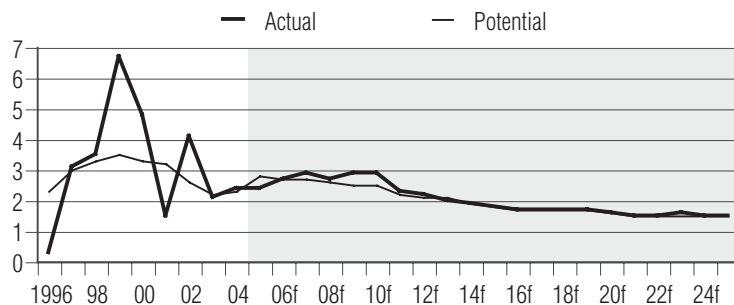
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

employment" cannot be zero. This situation is further complicated by the existence of various income support programs (unemployment insurance and welfare), labour market regulations (such as the minimum wage), and the degree of unionization. With these structural factors taken into account, it is possible to derive the natural rate of unemployment as well as the economy's "potential level of employment." Research by the Conference Board of Canada suggests that the natural rate of unemployment is currently 7.8 per cent for Quebec. This rate is assumed to decline to 7.1 per cent over the forecast period, mainly because of reduced income supports for the unemployed and a more educated workforce. Although lowering the natural rate of unemployment improves the prospects for potential output growth, its effect is more than offset by the dampening effect of slower population growth on labour force expansion. The expected decline in labour force growth will gradually lower the annual contribution of labour to potential output growth from a positive contribution in 2005 to a negative contribution starting in 2016.

The province's inflation rate is projected to remain well within the Bank of Canada's accepted target range.

Over the 1990s, the output gap was significant. However, real GDP has outgrown potential consistently since 1997, by enough to close the output gap by 2000. After a slowdown in 2001, the economy kicked back vigorously in 2002, with 4.1 per cent growth. The economy lost momentum in 2003 as growth slumped to 2.1 per cent, but growth bounced back moderately to an average of 2.4 per cent in 2004–05. Growth will average 2.8 per cent over the balance of the decade as the economy reaches its capacity limits. For the remainder of the forecast period, growth is expected to be roughly in line with potential. As such, Quebec will see average growth of 2 per cent from 2011 to 2015. Afterward, growth will slow, averaging 1.6 per cent annually over the last decade of the forecast period. The province's inflation rate, as measured by increases in the consumer price index, is projected to remain well within the Bank of Canada's accepted target range, averaging 2.2 per cent over the last 15 years of the forecast period.

AGGREGATE DEMAND

CONSUMPTION

Despite the challenges involved in predicting household behavior over the long term, it can be reasonably assumed that as a cohort of households ages, it will in general assume the spending habits of the cohort preceding it. Current spending patterns suggest that, contrary to earlier predictions, population aging will not immediately cause consumption patterns to shift further in favour of services. Data from the 2003 survey of household spending show that the services share of total consumption spending is highest for the youngest (under-35) cohort and oldest (over-74) cohorts but relatively low for households aged 55 to 74. The age range of the baby boomers is now 40 to 59, which means that as household heads, they are concentrated in the 35–44, 45–55 and 55–64 cohorts. By 2025 their age range will be 59 to 78, placing them largely in the 55–64 and 65–74 household cohorts. This means that as a group, their spending habits will resemble the patterns of households presently in this cluster. Thus, given the large size of the boomer generation, consumption spending is unlikely to shift further in favour of services until after 2020, when the baby boomers start to enter the over-74 age cohort.

While demographic change will maintain the goods–services balance in total consumption spending, it is expected to contribute to a deceleration in the pace of growth in consumption outlays. Despite stronger wage growth associated with the departure of baby boomers from the labour force after 2010, slower overall population growth combined with a quickly growing elderly segment will help to trim the pace of expansion in consumption spending. As such, the average annual compound rate of expenditure growth is forecast to ease from 2.7 per cent over the 2006–10 period to 1.8 per cent between 2011 and 2015. Beyond 2015, growth will continue to slow, averaging 1.5 per cent during the last five years of the forecast. As for savings, the rate will rise gradually over the rest of this decade, peaking at 1.2 per cent over 2008–09. It will then ease slightly over the rest of the forecast period, averaging 0.7 per cent.

The gradual slowing projected for the labour market will also contribute to the slowdown in consumption. Employment growth is expected to ease from 2.1 per cent between 1996 and 2005 to slightly negative growth

of 0.1 per cent over the last 15 years of the forecast. However, employment growth will slightly edge out labour force growth, allowing for a decline in the unemployment rate from 8.3 per cent in 2005 to 6.4 per cent by 2025.

RESIDENTIAL INVESTMENT

The housing market has experienced tremendous growth in the past few years. As mortgage costs crawl up and pent-up demand is satisfied, housing starts will retreat, with the supply of new homes more in line with demographic needs. Recent Conference Board of Canada research suggests that there will be between 25,000 and 30,000 new households annually in the province in the next few years. Housing starts are expected to retreat from 50,767 units in 2005 to 39,759 units in 2006, and residential construction will continue to lose momentum over the remainder of the decade as household formation wanes. Since the typical baby boomer already owns a house, and since the group will be followed by a cohort with far fewer homebuyers, the number of housing starts is projected to slide gradually to 30,724 units by 2010 and finally to 12,345 units by 2025. (See Chart 5.) Projected real residential investment reflects this housing outlook, with average annual growth falling from 11.7 per cent over 2001–05 to –2.5 per cent between 2006 and 2010. Demographic requirements and household formation indicate that residential investment will fall by an average annual compound growth rate of 2.1 per cent over 2011 to 2025.

NON-RESIDENTIAL INVESTMENT

For non-residential investment, the outlook is quite different, with a number of projects stimulating construction over the forecast horizon. Real non-residential investment is expected to increase by a compound annual growth rate of 4.9 per cent from 2003 to 2007. The pace will remain relatively strong, averaging 2.6 per cent annually in the last 10 years of the forecast. The non-residential investment outlook in Quebec over the long term will be dominated by Hydro-Québec's capital developments.

There will be numerous power projects in Quebec over the forecast period.

There will be numerous power projects in Quebec over the forecast period, with a number of investment projects included in Hydro-Québec's latest five-year strategic plan. On top of the numerous ongoing capital initiatives, Hydro-Québec may move ahead with the $2-billion Eastmain 1-A and Prince Rupert River diversion capital development. At this time, however, with continuing negotiations to settle lands issues, there is some uncertainty as to a definite construction start date. Continuing development of the Péribonka, Eastmain 1 and Chute-Allard-Rapides-des-Coeurs hydro-generating projects will also contribute to the construction outlook over the medium-term forecast. TransCanada Énergie is also investing $500 million in Bécancours to develop a natural

Chart 5
Total Housing Starts
(units)
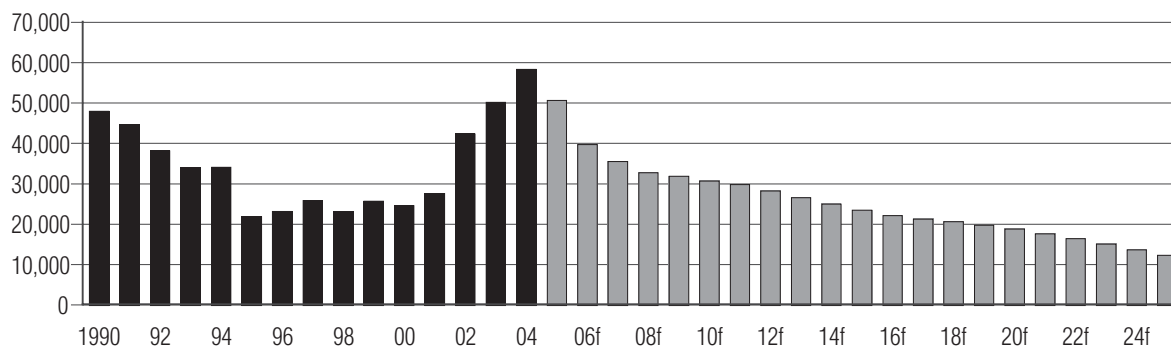
f = forecast
Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation.

gas power plant between mid 2004 and early 2007. Hydro-Québec will also purchase 3000 megawatts (MW) of wind power from various companies throughout the province between 2005 and 2012. This $3-billion investment in new wind power capacity will be made by individual companies. On a more speculative note, a natural gas liquid terminal in the eastern part of the province may also be constructed before the end of the decade at a cost of over $700 million.

Over the longer term, additional hydroelectric projects of more speculative nature have been included in the investment outlook for the province. Between 2011 and 2015, a $5-billion hydroelectric development for 1500 MW could get under way on the Romaine River in the Mingan region. Over the following five years, another $5-billion project for 1500 MW of electricity is anticipated on the Petit Mécatina River in the Mingan region as well. Finally, the huge $10-billion development on the à la Baleine River could become a reality sometime in the decade after 2020.

A number of sectors besides energy will also be expanding. Intrawest Corporation, which has massively invested in the province in the last few years, will continue the expansion of its Mont Tremblant ski resort at a cost of $1 billion over the next decade.

Business investment in machinery and equipment is expected to perform well over the long term.

The fastest growing component of aggregate demand, business investment in machinery and equipment, is expected to perform very well over the long term. Businesses will continue to invest in high-tech machinery to remain competitive in more open international markets. The telecommunications industry has overcome difficulties following the Y2K spending frenzy, and exports of technological products jumped by double-digit growth in 2005. Average annual compound growth in machinery and equipment investment will slow from 5.9 per cent over 2006–15 to a still respectable 4.4 per cent between 2016 and 2025.

FISCAL OUTLOOK

The Quebec government is in a constant struggle to avoid running fiscal deficits. The government is expected to balance the books in fiscal 2005–06 but

a budgetary shortfall is predicted the following year. Over 2005–09, real government spending on goods and services will increase by an annual compound growth rate of 2.1 per cent. With rising health care costs over the longer term, the provincial government has little room to cut taxes further, so this outlook does not incorporate any provincial fiscal relief.

With the aerospace industry recovering its footing, exports in Quebec are expected to advance by 4.2 per cent in 2005.

In the long term, our forecast for government spending on goods and services will be driven by opposing factors: weaker revenue growth and fiscal capacity and the spending growth required by rapid increases in the number of people aged over 65. Therefore, government spending on goods and services will average 1.5 per cent between 2011 and 2025.

TRADE PROSPECTS

Export-oriented manufacturing industries in Quebec made strong gains between 1996 and 2000 in tandem with a booming U.S. economy. When U.S. demand turned anemic in 2001, however, the trade sector suffered deeply. In addition, the rapid appreciation of the Canadian dollar between 2003 and 2005 affected competitiveness and real export gains. Real exports from Quebec grew only moderately, by an annual compound growth rate of 1.8 per cent, over 2003–05, compared with compound growth of 7.8 per cent from 1996 to 2000.

News reports of plant closures and relocations to lower-wage countries have made headlines repeatedly over the last few years in Quebec. Central Canada, the heartland of the manufacturing industry, has suffered from the rapid rise of the Canadian dollar. As if that were not enough, higher energy costs have been plaguing manufacturers. With the important aerospace industry recovering its footing, exports in Quebec are expected to advance by 4.2 per cent in 2005. Most layoffs and production cutbacks are already in place, so the export-oriented manufacturing sector should start to see more certain gains in the forecast period. In addition, sound economic prospects south of the border and a Canadian dollar retreating to just below US$0.81 will also support the near-term outlook. The United States is expected to experience real GDP growth of 3.1 per cent in 2006. More

importantly, the hike of 7.1 per cent in U.S. machinery and equipment investment in 2006 will provide numerous opportunities. Exports of office equipment, telecommunication products, and machinery and equipment will benefit from this expansion. Overall exports are expected to rise by 3.7 per cent in 2006.

The aerospace industry rebounded in 2005, with year-to-date exports of airplanes and airplane components nearly 15 per cent higher in the first three quarters of the year than over the same period in 2004. This has helped strengthen trade prospects: aerospace is the most important export sector, contributing up to 10 per cent of all exported goods. However, even as new orders flowed in 2005 for its 70-plus-seat aircraft, Bombardier confirmed plans to reduce its workforce in Montréal and abroad. With a low backlog of orders, the transportation giant announced plans to suspend production of its 50-seat CRJ200 in January 2006, leaving 430 workers out of a job. Demand for regional jets has been slower than for business jets. Bombardier will also build a new parts-manufacturing plant in Mexico in 2006, but it is not yet known whether jobs will be lost in Canada as a result. Even as momentum is building for the new CSeries line of airplanes, Bombardier must secure orders from major airlines before moving ahead with the project. But if Bombardier is able to go forward with its CSeries jets, about 5,000 new assembly jobs will be created in the Montréal area—half at Bombardier and half with suppliers—together with a minimum of 3,000 component-building jobs. Bombardier forecasts a need for 5,800 aircraft from 100 to 149 seats in the next 20 years, either to replace an inventory of 4,080 older models or to answer growing demand for 1,720 new units. While the

immediate situation for the aerospace industry is not what it was just a few years ago, longer term prospects are quite favourable, as Bombardier is well positioned to benefit from international demand for smaller and more fuel-efficient jets. The company continues to adapt its aircraft production line to remain competitive in global markets.

While the immediate situation for the aerospace industry is not what it was just a few years ago, longer term prospects are quite favourable.

Total export growth will subside to an average of 2.9 per cent per year in the last 15 years of the forecast period. The contribution of net exports to GDP growth over the long term will be limited as exporters will have to contend with a Canadian currency hovering around US$0.82 and a moderation in U.S. economic growth. Overall, the United States is expected to record average annual real GDP growth of 3.2 per cent between 2005 and 2010, with growth slowing to an average of 2.7 per cent from 2011 to 2020 and 2.5 per cent over the last five years of the forecast. The manufacturing sector will also contribute strongly to the advance in exports, particularly in the telecommunications, transportation equipment, biotechnology, and metal and alloys sectors.

Imports are expected to post relatively robust growth over the forecast period because of the high import content of machinery and equipment investment. Real imports are forecast to increase at an average annual compound rate of 3.6 per cent between 2005 and 2010, and 2.9 per cent over the last 15 years of the forecast.

Ontario

OVERVIEW

Ontario's economic performance softened in 2005. Weaker residential investment dampened overall investment growth despite a slight rebound in non-residential investment and ongoing strength in machinery and equipment. While the domestic economy performed well again in 2005, bolstered by strong consumer spending and government spending, the trade sector continued to be a cause of drag on the overall performance of the economy. Softening net exports subtracted 0.8 percentage points from the bottom line, resulting in growth of real gross domestic product (GDP) at market prices of 2.4 per cent.

Although the strong Canadian dollar and high energy prices will continue to challenge the heart of Ontario's manufacturing sector, the provincial economy is expected to put together a better performance this year, with real GDP climbing by 2.9 per cent. Led by ongoing strength in consumer spending and business investment, the domestic economy is expected to post solid growth once again in 2006. The export sector will continue to adjust to the high Canadian dollar, but strong global demand led by the U.S. economy will strengthen export performance in 2006.

The Ontario economy is forecast to grow strongly over the medium term thanks to sustained U.S. economic growth and solid domestic demand. The major downside risks to the medium-term outlook are the volatility of the high-flying Canadian dollar, energy prices, and Ontario's public finances. The Ontario economy will be among the strongest in Canada over the long term, expanding by a compound annual rate of 2.8 per cent over 2005–25. (See Chart 1.)

The Ontario economy will be among the strongest in Canada over the long term.

The Ontario government's plan to eliminate the structural deficit as outlined in the 2005 budget appears difficult to achieve. The government's plan depends on the freezing of non-health, non-education spending and a significant reduction in health-care spending growth. Historical spending patterns, record financial investments by the federal government, and pressures to reduce wait times make it highly unlikely that the government will be able to meet its financial targets. As such, real government spending on goods and services is expected to grow by a compound annual rate of 2.8 per cent over 2005 to 2010.

Potential output growth is estimated to grow by 2.8 per cent per year on average from 2005 to 2014 and 2.6 per cent over 2015 to 2025. Two key factors will reduce the economy's capacity to expand. First, the proportion of retirees in the population will rise

Chart 1
Real GDP at Market Prices
(average annual compound growth rate)

■ 10 years   ■ 5 years

Period	Value
1986–95	2.3
1996–05f	3.5
2006–15f	3.0
2016–25f	2.5
1991–95	1.4
1996–00	4.7
2001–05f	2.4
2006–10f	3.3
2011–15f	3.0
2016–20f	2.5
2021–25f	2.5

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

considerably, constraining long-term potential labour force growth. Second, the growth of total factor productivity (TFP) is expected to slow as the forecast wears on, as it is assumed that the current pace of technological change will ease toward the end of the current decade.

DEMOGRAPHIC PATTERNS

One of the key determinants of the long-term outlook for Ontario is the demographic projection. Emerging population trends are a crucial factor in the calculation of potential output and the forecasting of future spending patterns. The principal features of Ontario's demographic outlook are the aging of the population, the slowing natural rate of population growth, and the increase in international immigration as a share of the total population. (See Table 1.)

The age structure of Ontario's population will shift dramatically over the forecast horizon.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population maintains growth	Ontario's population is expected to grow at an annual average rate of 1.1 per cent over 2005 to 2025, but the average age of the population will steadily increase.
Provincial migration stabilizes	Ontario's net interprovincial migration will stabilize over the long term, averaging almost 3,200 people per year over the forecast period.
International migration to pick up speed	Net international migration will drive population growth, rising from 115,033 people in 2005 to 138,664 people in 2025.
Fertility rate	The fertility rate in Ontario is 1.48, well below the replacement rate of 2.1.
Natural rate reduces gains	The natural rate of increase will not add to population growth as the number of deaths grows faster than births over the long term.

Sources: The Conference Board of Canada; Statistics Canada.

The age structure of Ontario's population will undergo a dramatic shift over the 2005 to 2025 period. (See Chart 2.) The population aged 65 and over, which is estimated to have accounted for 12.9 per cent of the population in 2005, will rise in importance over the outlook, comprising 18.6 per cent of the population by 2025. This shift is primarily the result of the aging of the postwar baby-boom population. Baby boomers are currently aged 40–59, with the largest segment of the cohort between 40 and 44 years old. This cohort will move on to the 55–74 age bracket by the end of the

forecast, with a concentration in the 60–64 range. The aging of the population is one of the key features of the current outlook; its implications for overall growth in the economy and the composition of that growth are far-reaching.

The natural rate of increase in Ontario's population (the excess of births over deaths) is expected to decline steadily over the forecast horizon, falling from 37,400 in 2005 to 23,447 in 2025. This is partly owing to the gradual decline in the birth rate throughout the forecast, as

Chart 2
Population Increases in Older Age Cohorts
(number of people)
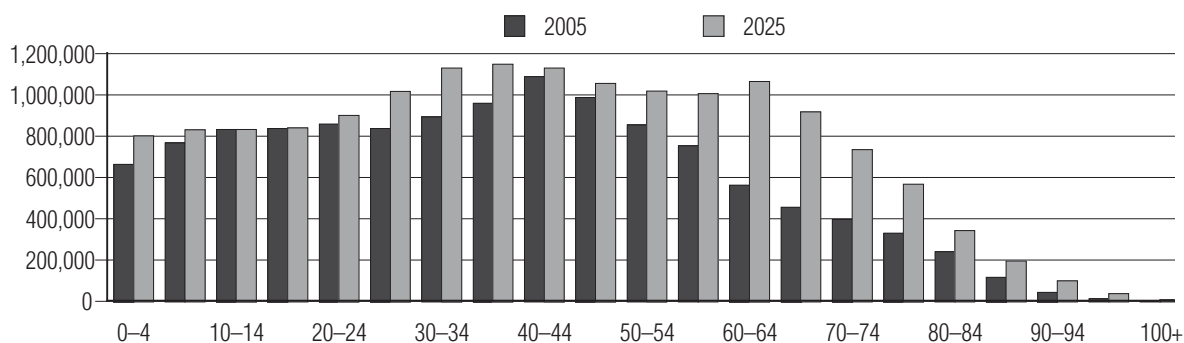
Sources: The Conference Board of Canada; Statistics Canada.

the population ages and is replaced by a smaller child-bearing cohort. In contrast, the death rate is expected to climb steadily throughout the forecast period. Although improved health care and nutrition have increased life expectancy, the rapid aging of the population will cause the number of deaths to increase by 1.9 per cent per year on average during 2005–25. In comparison, the annual average number of births is expected to increase by 0.9 per cent.

Population growth in Ontario is expected to grow by 1.1 per cent from 2005 to 2025.

The forecast assumes that population growth will be supported by an increase in net immigration. Net international immigration for Ontario is expected to increase gradually from 104,051 in 2005 to 138,664 in 2025. With the natural rate of increase in the population slipping, net international immigration to Ontario is projected to account for approximately 85 per cent of the total annual increase in the province's population by the end of the forecast period. Conversely, as older people continue to leave the province for more temperate retirement locations, annual interprovincial outflows will increase, reducing net interprovincial migration gradually over the forecast period—from an average 3,670 over 2005–14 to 2,700 over 2015–25. (See Chart 3.)

In total, the projected decline in the natural rate of population growth over the long term will be offset by the increase in net immigration. Consequently, population growth in Ontario is expected to grow at a modest rate over the forecast period; compound annual population growth is projected to be 1.1 per cent from 2005 to 2025. However, the aging of the population will lead to a pronounced slowing in the growth rate of the population of labour force age. Annual labour force growth is expected to slow from 1.4 per cent over 2005–14 to 0.7 per cent from 2015 to 2025.

POTENTIAL OUTPUT AND PRODUCTIVITY

The long-term economic forecast for Ontario is based on the concept of potential output—that is, the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. Potential output is not directly measured and, as such, the Conference Board uses a structural production function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential output. With this assumption, our estimate of potential output depends on potential employment, capital and trend total factor productivity (TFP).

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity.

Chart 3
Net Interprovincial Migration
(persons)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Under these conditions, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. Unemployment resulting from workers in transition is expected to decline over the forecast. This will occur as there will be an increase in the average age of the labour force, and older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to gradually trend downward over the forecast period, positively contributing to labour potential.

Unemployment resulting from workers in transition is expected to decline over the forecast.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems and early retirement. The overall participation rate is expected to decline sharply over the next 20 years as a significant share of baby boomers move into their retirement years. On balance, the negative effects of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output growth will decline steadily over the long term.

The value of Ontario's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock. Instead, we assume that productive capital is accurately measured and that the level of capital available in the economy at any time is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount

of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will remain steady, with an average of about 1.1 per cent per year over the 2005–25 period.

The technical efficiency with which capital and labour are utilized to produce output is measured by TFP. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output that are not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contribute to the productive capacity of the economy.

TFP fluctuates considerably over the business cycle. The reasons for this are wide ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce, helping to maintain growth in TFP. The contribution of TFP to growth in potential will remain in line with recent historical performance, also contributing roughly 1.1 per cent to growth annually over the forecast horizon.

Over the medium term, the economy will expand at a real average rate of 3.2 per cent.

When actual real GDP diverges from potential output, an economy is said to have an output gap. Over the medium term, the economy will expand at a real average rate of 3.2 per cent, slightly outpacing estimates of potential growth. As a result, the output gap that opened earlier in the decade will narrow, closing in 2010. Economic growth over the remainder of the long-term forecast is

expected to stay close to growth in potential output—that is, to trend down slightly over the 2010–25 period. (See Chart 4.) The output gap will remain more-or-less closed over this period and, therefore, will not contribute excessively to inflationary pressures over the forecast horizon. As such, the consumer price index is projected to remain well within the Bank of Canada's accepted target range, averaging 2.3 per cent over the last 15 years of the forecast period.

AGGREGATE DEMAND

CONSUMPTION

The demographic shifts expected over the long term will also be felt in the household sector. The unfolding of this process will change not just the pace of growth of consumption expenditures, but also the type of spending that occurs.

In line with the pattern of potential output, employment growth will decelerate in the outer years of the forecast, shrinking to an average 0.8 per cent over 2015–25, compared with an average annual increase of 1.5 per cent from 2005 to 2014. However, even this lower growth pace will be enough to keep the labour market very tight over the long term, with the unemployment rate standing at 5.4 per cent in 2025. This tightness in the province's labour market will lead to relatively healthy increases in average wage growth throughout the forecast.

While demographic change will maintain the goods–services balance in total consumption spending, it is expected to contribute to a deceleration in the pace of growth in consumption outlays. Despite stronger

wage growth associated with the boomer-driven labour shortage after 2010, slower overall population growth combined with a quickly growing elderly segment will help to trim the pace of expansion in consumption spending. As such, the average annual compound rate of expenditure growth is forecast to ease from 3 per cent over the 2005–14 period to 2.4 per cent from 2015 to 2015. The savings rate will rise gradually over the short term, peaking at 2.4 per cent in 2008. It will then gradually ease over the rest of the forecast period, reaching 1.9 per cent in 2025.

INVESTMENT

Housing construction has been booming in recent years, with total starts peaking at close to 85,000 units over 2003 and 2004—the highest levels since the late 1980s. Although housing starts are expected to remain strong over the near term, total housing starts are expected to ease over the medium term and to decline slightly over the 2015–25 period. As the preferences of an aging population shift toward lower maintenance residences, significant declines in single housing starts are expected over the long term. (See Chart 5.) Meanwhile, the demand for multiple housing dwellings is expected to increase. By 2025, it is estimated that 68 per cent of all new construction will be of multiples, compared with 50 per cent in 2005.

Real residential investment will follow a relatively slow growth path over the long term, increasing by an average of 2.2 per cent.

Real residential investment will follow a relatively slow growth path over the long term, increasing by an average of 2.2 per cent over 2005 to 2025. Growth will be held back by soft investment for new housing, expected to increase by an average 1.2 per cent growth. Consumers' housing budgets will be more focused on altering, renovating and improving the existing housing stock to suit an aging population. As such, average annual spending on existing homes is expected to grow by 3.1 per cent.

After gaining momentum during 1996–99, non-residential investment declined over 2000–03 as the lower use of production capacity meant that industries were able to respond to demand without a great deal of investment in construction. As industrial capacity

Chart 4
Actual versus Potential GDP Growth
(percentage change)
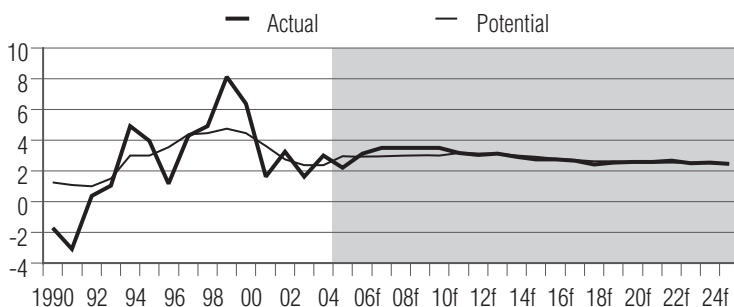
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Chart 5
Total Housing Starts
(units)
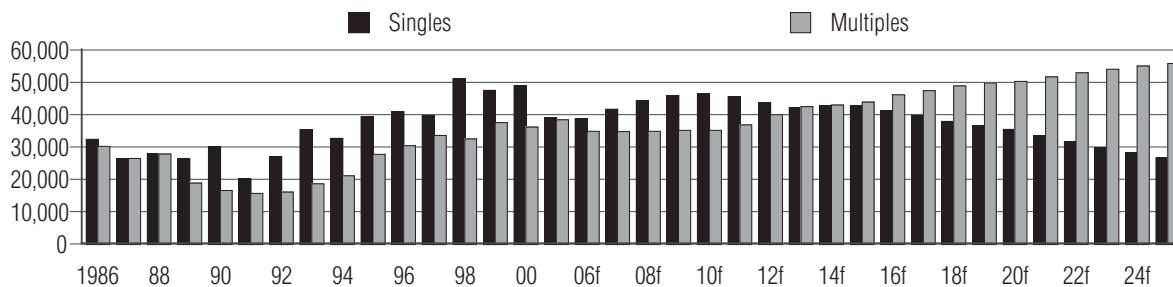
■ Singles   ■ Multiples

f = forecast
Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation.

utilization rates increase over the short term, businesses will be encouraged to invest in new commercial and industrial space. As a result, non-residential investment is expected to recover somewhat over the medium term, rising on average by 3.5 per cent over 2005–10. With the subsequent easing of overall economic growth, non-residential construction is expected to moderate, growing by an average compound growth rate of 2.5 per cent from 2011 to 2025.

The explosive growth of investment spending on machinery and equipment in Ontario over the last decade is transforming the economy. The strong growth is mainly attributable to spending on computers, which is expected to persist in the medium term. As a result, investment in machinery and equipment is projected to be the spending growth leader over the entire forecast horizon. Growth in machinery and equipment investment will be fuelled in the medium term by a push to remain competitive in the rapidly expanding, low-inflation, more open international marketplace. Moreover, as much of the machinery and equipment used in Ontario is imported, the stronger Canadian dollar is providing every incentive for businesses to upgrade sooner rather than later. Consequently, investment in machinery and equipment is forecast to remain strong over the medium term, increasing by average annual compound growth of 6.6 per cent from 2005 to 2010.

With most of the restructuring in place and with a maturing in semiconductor technology, growth in machinery and equipment investment will ease off to a still-respectable 4.7 per cent from 2011 to 2025. As the pace of computer technology growth slows, the service life of the average new computer is expected

to stabilize and perhaps even lengthen, meaning that Ontario companies will not have to replace their computer equipment as often as they do today. However, the need to invest will remain strong, as firms in Ontario will face labour shortages in the latter years of the current outlook with the gradual retirement of the baby boomers.

Increased demand from an aging population for health-care services will put pressure on the provincial government to invest in health infrastructure. Along with construction of hospitals and other medical facilities will come heavy spending on machinery and equipment. Moreover, technological developments are expected to increase the pressure to invest as Ontario's aging baby boomers demand state-of-the-art medical technology.

GOVERNMENT

Ontario's most recent fiscal diagnosis has shown an improvement in financial wellness, with deficits for both the 2004–05 and 2005–06 fiscal years revised upwards. Deficits projected beyond fiscal year 2005–06 remain as in the 2005 Budget. According to the latest fiscal update, the goal to eliminate the structural deficit inherited from the previous government remains on target for 2008–09. This goal is to be achieved by significant spending restraint and cost containment, but with no new significant revenue measures. Exactly how this will be achieved is unclear, especially given the health-care aspirations outlined in the 2005 Budget. Therefore, considerable upward spending risk exists as the provincial government moves along the path to financial wellness. The government has already succumbed to raising taxes with the introduction of the Ontario Health Premium and the elimination of electricity subsidies. Further, the deficit elimination framework depends on the freezing

of non-health, non-education spending and a significant reduction in health-care spending growth. Historical spending patterns, record financial investments by the federal government, and pressures to reduce wait times make it highly unlikely that the government will be able to meet its financial targets.

The revised fiscal budget assumes that the government will be able to shift successfully to a dramatically lower profile for health-care spending and fundamentally freeze other non-education spending beginning in fiscal year 2005–06. According to the provincial government's most recent budget, total program spending is projected to increase by an average of 3 per cent over fiscal years 2005–06 to 2008–09. Moreover, health-care spending is pegged to increase by an average of only 4.2 per cent. In 2004–05, the government set a budget growth target of 5.5 per cent, a rate far lower than the 11.8 per cent growth in actual health-care spending that year. By 2007–08, the province expects the growth rate to fall to 3.8 per cent—a rate the Conference Board of Canada believes will be hard to achieve. This level of austerity in health care, not to mention other sectors such as social services, will be very difficult to reach. Therefore, eliminating Ontario's structural deficit before fiscal year 2008–09 remains a major challenge.

TRADE

The large appreciation of the Canadian dollar over the last three years has provided a major blow to Ontario's manufacturing-intensive export sector. Manufacturers, especially those industries requiring significant labour input, are struggling to restructure their businesses in an effort to remain competitive. And, while jobs continue to be shed, it seems clear that manufacturers are for the most part intent on staying in Ontario, remaining competitive by investing heavily in productivity enhancing machinery and equipment. Looking ahead, the trade sector is expected to contribute once again to real GDP growth over the medium term. However, the contribution of net exports to GDP growth will be limited as exporters face moderating U.S. economic growth.

Manufacturers are for the most part intent on staying in Ontario.

Total exports are projected to grow an average annual compound rate of 3.6 per cent over 2005–14 and then to ease to a pace of 3 per cent from 2015 to 2025. Slower U.S. real GDP growth, combined with a strong Canadian dollar averaging around US$0.82 throughout the forecast, will be largely responsible for weighing down export activity. (See Chart 6.) While growth in exports will be much softer than the average growth of 6.1 per cent recorded in the 1990s, exports will continue to grow as a share of total GDP throughout the forecast period—rising to 75 per cent in 2025 from 68 per cent in 2005.

While a strong Canadian currency has helped to elevate imports, growth will be eased by weaker consumer imports as the pace of household spending slows over the long term. Hence, like exports, imports are projected to increase at a decreasing rate over the forecast period, with growth easing from an average annual compound rate of 3.7 per cent over 2005–14 to 2.8 per cent from 2015 to 2025.

Chart 6
Real Exports
(average annual compound growth rate)

■ 10 years   ■ 5 years

| | 1986–95 | 1996–05f | 2006–15f | 2016–25f | 1991–95 | 1996–00 | 2001–05f | 2006–10f | 2011–15f | 2016–20f | 2021–25f |

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.
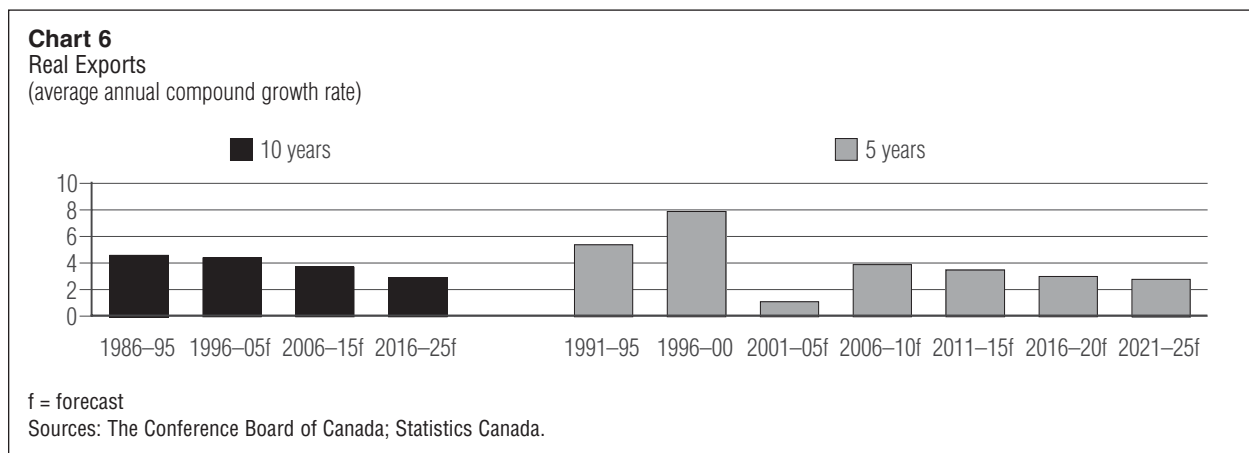
Manitoba

OVERVIEW

Manitoba is expected to enjoy a relatively healthy economy over the next 20 years, in good part due to a diversifying and expanding manufacturing sector, solid employment growth, and strong government spending. The economy is expected to grow by an average annual compound growth rate of 2.4 per cent over 2005–25. (See Chart 1.)

Manitoba's long-term economic health will slow interprovincial out-migration and strengthen immigration. Both of these factors will help offset a declining natural rate of increase. As a result, the population growth rate will hold steady over the forecast period. However, the low fertility rate of baby boomers will result in an aging population plus a sharp deceleration in labour force growth. The aging of the population will further strain an already overburdened health-care sector, forcing the government to devote a greater share of its spending to this area.

Manufacturing will remain the strongest component of output over 2005–25, with growth of 3.7 per cent, compounded annually. Despite short-term challenges in the cattle industry, Manitoba's agriculture outlook remains healthy over the period, with an annual compound growth rate of 2 per cent.

DEMOGRAPHIC PATTERNS

Demographic trends play an important role in long-term economic forecasting. The growth and changing age structure of the population are major determinants of the structure of the labour force, which is an essential component of potential output. Moreover, the demographic profile of the population strongly affects overall demand, influencing the relative strengths and weaknesses of various economic sectors.

The aging of Manitoba's population will slow its natural rate of increase after 2016–17.

A province's population profile is determined by three factors: the natural rate of increase (births minus deaths), interprovincial migration and international immigration. (See Table 1.) The aging of Manitoba's population will slow its natural rate of increase after 2016–17 and will lead to an increase in the death rate, even with increases in life expectancy. At the same time, the number of births in the province will decline after 2011–12 as baby boomers exit their prime child-bearing years. A fertility rate below the replacement rate will further compound the issue. Manitoba's women of childbearing age are assumed to give birth to an

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population	Manitoba's population is expected to grow at an annual average rate of 0.7 per cent over 2005 to 2025, but the average age of the population will steadily increase.
Migration	Net interprovincial migration will continue to decline over the next 20 years, losing on average 1,728 people per year but net international migration will jump from an average of 5,519 people in 2005 to 6,789 people in 2025.
Fertility rate	The fertility rate in Manitoba is 1.81, second highest among the provinces but below the replacement rate of 2.1.
Natural increase in the population	The natural increase (deaths minus births) is expected to go up until 2016 and then begin to decline, adversely affecting population growth.

Sources: The Conference Board of Canada; Statistics Canada.

average of 1.81 children over the forecast period—one of Canada's highest provincial fertility rates but short of the replacement rate of 2.1.

Manitoba's population movements between 2005 and 2025 provide graphic evidence of the aging population. (See Chart 2.) The key demographic factor behind this phenomenon is the baby-boom generation, which in 2005 spans the ages 40 to 59 and represents almost 28 per cent of Manitoba's population. A substantial portion of the baby boomers will be in their retirement years by the end of the forecast. In fact, by 2025, the 65-and-over age cohort is expected to constitute approximately 18 per cent of the total population. This will have major consequences for the economy.

The continuous outflow of its population to other provinces will also have a negative impact on Manitoba's population growth. (See Chart 3.) On the bright side, net interprovincial migration should become less negative over the forecast period, as growth in the manufacturing and high-tech sectors are expected to generate more employment opportunities. After an average annual loss of 2,327 persons to interprovincial migration between 2005 and 2015, Manitoba is estimated to lose 1,329 persons annually over 2015–25.

Historically, most new Canadian immigrants choose to live in major urban centers, largely those in Ontario, Quebec and British Columbia. This means that few international immigrants move into smaller provinces, such as Manitoba. However, this tendency may be changing. For the same reasons that are expected to entice more of Manitoba's residents to stay in the province, a greater number of immigrants are forecast to come to Manitoba. On average, 5,800 international immigrants per year are expected over 2005–15, and Manitoba is forecast to attract an average of 6,400 international immigrants per year between 2016 and 2025.

Strengthening of international immigration to Manitoba throughout the forecast period will more than offset the outflow of interprovincial migrants. Consequently, the province can expect to gain an average

Chart 2
Population Increases in Older Age Cohorts
(number of people)
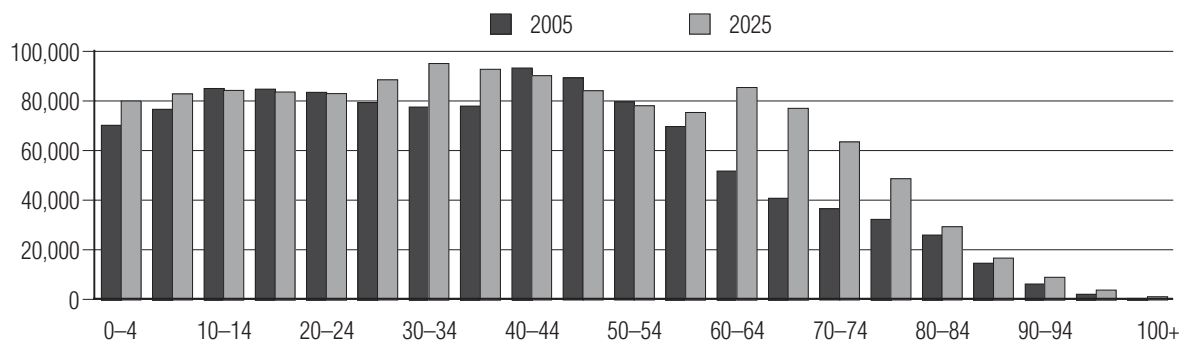
Sources: The Conference Board of Canada; Statistics Canada.

Chart 3
Net Interprovincial Migration
(number of people)
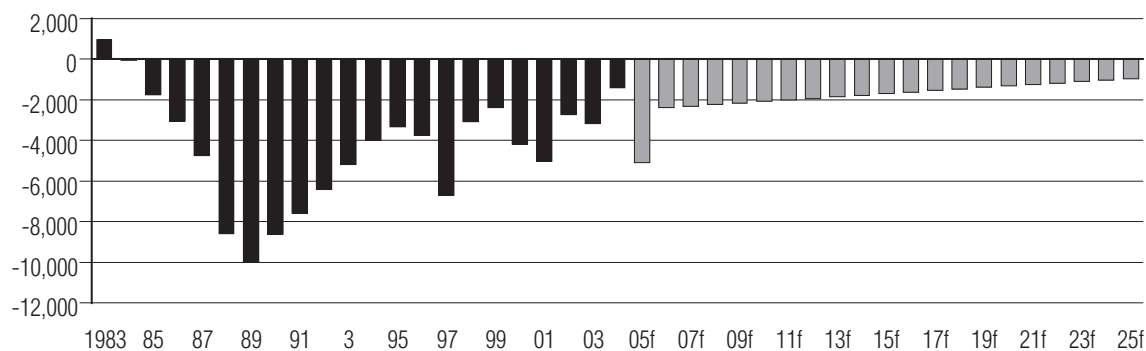
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

of 3,600 persons per year on a net basis over 2005–15 and an average of 4,900 persons per year on a net basis in the last decade of the forecast. This positive net migration will help offset the slowing of the natural rate of increase, resulting in a steady population growth rate throughout the forecast period. The annual compound growth rate for total population in Manitoba is forecast to be 0.7 per cent over 2005–25, raising total population from 1.177 million in 2005 to 1.349 million by the end of 2025 and maintaining Manitoba's status as the country's fifth largest province.

LABOUR FORCE

Labour force growth is determined by changes in the working-age population—that is, the number of people aged 15 and over—and movements in the participation rate. Because the fertility rate in Manitoba is below the replacement rate, average annual compound growth of the working age population is expected to soften over the long term, growing by 0.8 per cent over 2005–15 and by 0.7 per cent from 2016 to 2025. The labour force participation rate is expected to remain fairly steady throughout the first decade of the forecast before declining slightly during the latter half. More baby boomers will be retiring, and there will be an easing of the number of women entering the labour force. Combined with weaker population growth, lower participation rates will translate into compound annual labour force growth of 0.8 per cent from 2005 to 2015 and 0.3 per cent between 2016 and 2025.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. Potential output is not directly measured and, as such, the Conference Board uses a structural production function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential output. With this assumption, our estimate of potential output depends on potential employment, capital and trend total factor productivity (TFP).

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. When operating at economic capacity, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. It is expected that unemployment resulting from workers in transition will decline over the forecast. This will occur as there will be an

increase in the average age of the labour force, and older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to labour potential.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems and early retirement. Consequently, the overall participation rate is expected to decline sharply over the next 20 years as a significant share of baby boomers move into their retirement years. On balance, the negative effects of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's average annual contribution to potential output will decline steadily over the long term—from 0.5 per cent between 2005 and 2015 to 0.2 per cent between 2016 and 2025.

Actual real GDP growth is expected to be close in line with potential growth over the long term.

The value of Manitoba's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock; instead, we assume that productive capital is accurately measured and that the level of capital available in the economy at any time is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 0.6 per cent per year over the 2005–25 period.

The technical efficiency with which capital and labour are utilized to produce output is measured by TFP. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this

calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contribute to the productive capacity of the economy.

TFP fluctuates considerably over the business cycle. The reasons for this are wide ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce, helping to maintain growth in TFP. The contribution of TFP to growth in potential will remain in line with recent historical performance, also contributing roughly 1.2 per cent to growth annually over the forecast horizon.

When actual real GDP diverges from potential output, an economy is said to have an output gap. Manitoba's historical dependence on primary industries, especially agriculture, has caused wider swings in actual growth than is normal for a developed economy. Actual real GDP growth is expected to be close in line with potential growth over the long term. (See Chart 4.) Actual GDP is expected to grow at an average of 2.5 per cent over the forecast period.

AGGREGATE DEMAND

CONSUMPTION

Nominal spending on consumer-related goods and services will be relatively strong over the long term, with annual compound growth of 3.9 per cent over 2005–25. As the baby boomers approach and reach retirement age, they will gradually spend more of their disposable income on services, such as health care and travel, especially after 2020, and less on durable goods, such as cars and large appliances. Specifically, the proportion of total consumption expenditures on services (excluding rent) is expected to increase from 34 per cent in 2005 to 39.9 per cent by 2025, while the proportion of total consumption expenditures on goods is expected to fall

from 48.2 per cent in 2005 to 44.7 per cent in 2025. The share taken by the third and final component of consumer spending—consumer spending on rent, which includes imputed and paid rent—is forecast to fall slightly, from 17.9 per cent in 2005 to 15.4 per cent in 2025. This shift will occur largely because the younger cohorts, with lower rates of home ownership, will shrink over the forecast period.

INVESTMENT

In recent years, most of the private non-residential investment spending on non-energy projects in Manitoba has been concentrated in the manufacturing sector. This expansion has fuelled several industries, including agri-food, aerospace and transportation equipment. The provincial aerospace industry, which has grown into one of the largest in the nation, promises to be a force within Manitoba's manufacturing sector well into the next decade. This diversification better positions the province to withstand shocks to individual industries. It is evident from the stable outlook for the province: private non-residential investment spending on non-energy projects is forecast to grow annually by 3.9 per cent (nominal) over 2005–15 and by 4.7 per cent from 2016 to 2025.

Non-residential investment spending in the province will be driven in part by four large-scale hydroelectric power projects by Manitoba Hydro scheduled for construction over the first half of the forecast period. The first project is the $900-million, 200 megawatt Wuskwatim generating station near Nelson House. With most legislative approvals for the project in place, construction of the project is forecast to end in 2011. Three other project proposals are the $1-billion, 600 megawatt Gull generating station, scheduled for 2010–15; the $200-million, 100 megawatt Notigi generating station, scheduled for 2009–14; and the 1380 megawatt Conawapa generating station—the largest hydroelectric project ever built in northern Manitoba,—scheduled for 2011–18. Some risks are associated with the timing of the projects and they may not go ahead as proposed.

Another energy project is the St. Leon Wind Energy Project: plans call for the building of 63 wind turbines by the end of 2005, with total capacity of 99 megawatts. It will be the largest wind farm project in Canada.

Chart 4
Actual versus Potential GDP Growth
(percentage change)
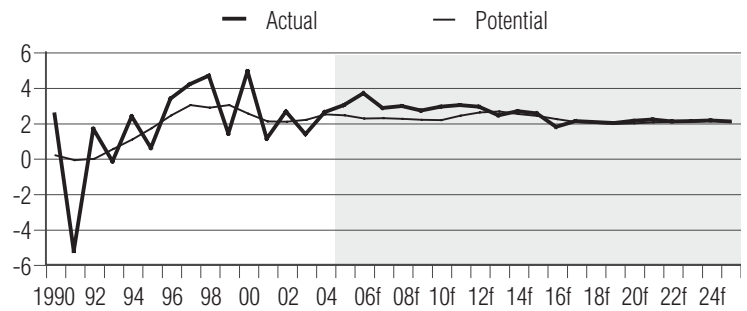
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

In addition to energy projects, several other construction projects will contribute to robust growth of non-residential investment spending during the medium term. A new terminal at the Winnipeg International Airport, to be completed in 2009 at a cost of $350 million, will also fuel the outlook. In addition, the $270-million Canadian Museum for Human Rights planned over 2006–09 and a $145-million investment by Inco Ltd. in its facilities in Thompson have also been proposed. In total, private non-residential investment spending on energy projects is expected to grow at an annualized rate of 12.3 per cent (nominal), compounded annually, between 2005 and 2015 and actually to fall by 4.6 per cent from 2016 to 2025 once the hydro projects are completed.

The St. Leon Wind Energy Project will be the largest wind farm project in Canada.

Government investment spending is also anticipated to post strong growth over the forecast period. The primary focus will be in health care, with the construction of new hospitals, the conversion of old hospitals to long-term care facilities and the purchase of new equipment. Meanwhile, public spending on primary and secondary education will decline as the echo generation—the children of the baby boomers—leave high school. Mitigating this negative pressure is the need for spending on post-secondary education to expand to keep pace with increased demand, as more members of the echo generation enrol in college and university. The provincial government will also need to spend money on upgrading and

improving Manitoba's infrastructure, such as sewage systems, waterlines and roads. Overall public and private non-residential investment is forecast to grow at 6.0 per cent (nominal), compounded annually, between 2005 and 2015 and at 2.8 per cent between 2016 and 2025.

Growth in private residential investment is expected to be fairly robust over the forecast period.

Growth in private residential investment is expected to be fairly robust over the forecast period. Private investment in residential construction is expected to advance by 5.3 per cent (nominal), compounded annually, between 2005 and 2015 and 4.6 per cent between 2016 and 2025. Total housing starts are expected to grow by 1.1 per cent, compounded annually, from 2005 to 2015 and then to decline by 0.1 per cent from 2016 to 2025. Housing starts are expected to average roughly 4,913 units per year over 2005–25. Stagnant growth in total housing starts reflects the structural change that will take place within the housing sector. Most elderly people opt to live in apartment buildings or retirement homes; as the province's population ages, the demand for multi-family dwellings will increase, while the demand for single-family dwellings will decline. Because of this, a greater proportion of total housing starts will be multi-family dwellings. (See Chart 5.) Indeed, multi-family dwellings are expected to comprise 29.1 per cent of total housing starts in Manitoba by 2025, compared to 21.8 per cent in 2005.

GOVERNMENT

Manitoba's provincial government successfully tackled its deficit with budget cuts in the early 1990s. The effort paid off with ten consecutive balanced budgets, beginning in the 1995–96 fiscal year. In 1999 began what is expected to be a period of sustained long-term growth in government spending. In fact, the annual compound growth rate of nominal government spending on goods and services—a respectable 3.7 per cent from 1995 to 2004—is projected to be strong throughout the forecast, at 4.6 per cent from 2005 to 2025. Much of the spending will be directed toward health care to meet the demands of the aging population. This expenditure growth will be financed in part by the federal government through significant increases in transfer payments, particularly the Canada Health and Social Transfer. The increase in federal transfers will also enable the provincial government to increase spending with little or no fiscal belt-tightening.

INDUSTRY ANALYSIS

Manitoba was exclusively an agri-food and central shipping centre for many years, but the province has successfully expanded its manufacturing sector to include aerospace, information technology and telecommunications, transportation equipment, farm equipment and machinery, health care products, apparel, and wood processing and building products. The province's manufacturing sector is becoming more diversified every year, and it will play an increasingly significant role in Manitoba's output growth moving forward. (See Chart 6.)
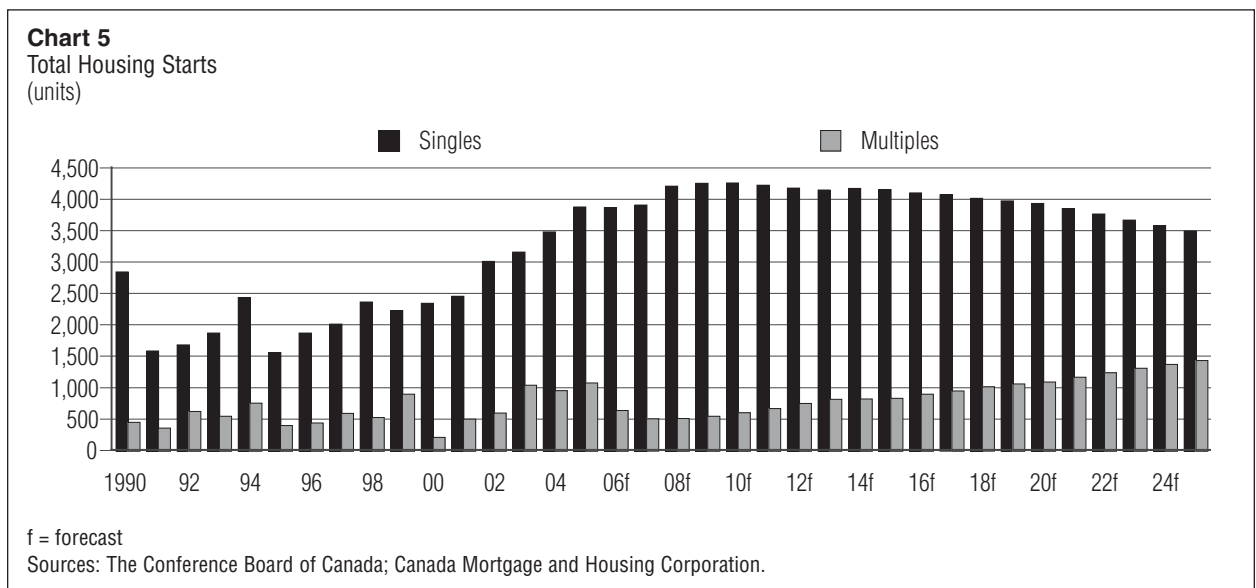
Chart 5
Total Housing Starts
(units)

f = forecast
Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation.

Chart 6
Real Manufacturing Output
(average annual compound growth rate)

■ 10 years   ■ 5 years

| | 1976–85 | 1986–95 | 1996–05f | 2006–15f | 2016–25f | | 1991–95 | 1996–00 | 2001–05f | 2006–10f | 2011–15f | 2016–20f | 2021–25f |
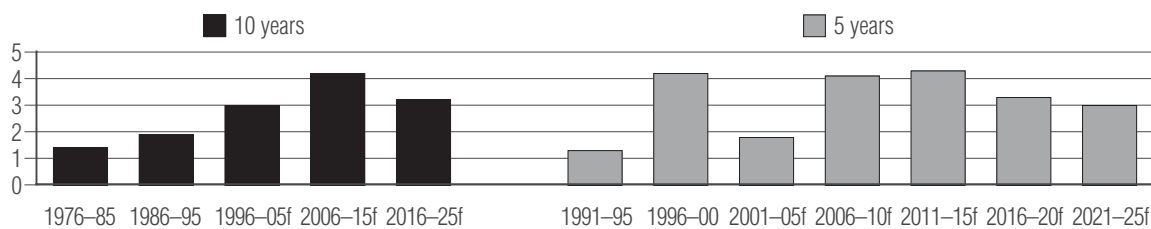
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Manitoba is at the northern end of the Mid-Continent Trade Corridor, which runs through the Midwestern United States to Mexico, and potentially further south. Trade within the corridor has increased substantially since the North American Free Trade Agreement (NAFTA) came into effect in 1994. NAFTA has been a boon to the province's manufacturers, promoting further investment in the sector. As a result, manufacturing is expected to grow by 4.2 per cent, compounded annually, over 2005–15 and 3.1 per cent between 2016 and 2025.

The long-term growth potential remains strong for Manitoba's meat and poultry industry.

Although Manitoba has successfully diversified its economy, agriculture remains an important component. It constituted about 16 per cent of total output in the goods-producing sector in 2005. Manitoba's agriculture industry is expected to post annual compound growth of 2 per cent over the entire 2005–25 forecast. There has been short-term volatility in Canadian agriculture, especially in exports, following the discovery of mad cow disease in a Canadian cow, but a few underlying trends will emerge over the next 20 years. First, with world population growing from 6.5 billion in 2005 to 7.9 billion by 2025 (according to United Nations estimates), world food demand will increase and exert increasing pressure on agricultural commodity prices.

Second, as incomes rise in the developing world and more people are able to afford meat products, demand is expected to rise. Concerns surrounding food safety will continue to challenge the agriculture sector over the medium term, but improved monitoring programs, testing procedures and health policy guidelines such as animal feed restrictions are expected to gradually reduce trade impediments related to food safety. Furthermore, continued trade liberalization, such as the elimination of Mexican import tariffs, is expected to give Canadian meat producers, especially pork producers, increased access to foreign markets. Consequently, the long-term growth potential remains strong for Manitoba's meat and poultry industry. This is especially true for the hog sector, which has seen tremendous growth in recent years. Growth in the sector is being encouraged by increased slaughter capacity in the province. To meet the needs of these large-scale plants, the number of hogs produced in the province will have to increase over the next few years.

Overall, goods-producing industries in Manitoba will grow by 3.1 per cent, compounded annually, over 2005–25, while the service sector as a whole is expected to grow by only 2.1 per cent. Of the service-producing industries, wholesale and retail trade is expected to grow by 2.6 per cent; public sector output by 2.1 per cent; commercial services by 2 per cent; non-commercial services by 2.2 per cent; and transportation, storage and communication by 2.2 per cent—all at annualized rates—over the 2005–25 forecast period.

Saskatchewan

OVERVIEW

Saskatchewan's economic growth is expected to be strong for the remainder of this decade, but it will cool off in the long term as demographic changes take hold. The province's real gross domestic product (GDP) is forecast to grow at 2 per cent annually between 2005 and 2015, and by 1.5 per cent per year between 2016 and 2025. (See Chart 1.) Taken together, this yields an average of 1.9 per cent growth per year over the entire forecast period of 2005–25, ranking Saskatchewan seventh among Canada's provinces and well below the national average of 2.4 per cent.

A relatively high fertility rate will be more than offset by steady interprovincial out-migration.

Saskatchewan will face a number of fundamental changes over the next 20 years. First, the average age of the population will gradually increase. This will put an enormous strain on the province's health care sector and force the government to increase spending to rebuild and maintain its health-care resources. Second, the aging of the population will result in a structural change in consumption, as an older population is expected to spend less on durable goods and more on services, especially in the last five years of the outlook. Third, a relatively

high fertility rate will be more than offset by steady interprovincial out-migration, resulting in slower total population growth.

Manufacturing will remain the strongest component of output over 2005–25, with growth of 3.4 per cent, compounded annually. Saskatchewan's agricultural outlook remains relatively healthy, with an annual compound growth rate of 1.6 per cent expected over the entire forecast period. Finally, mining promises to post solid growth for the remainder of this decade, led by uranium and potash extraction, with average annual growth of 2.1 per cent between 2005 and 2015 and a slowdown to 1.6 per cent over 2016–25.

DEMOGRAPHIC PATTERNS

Demographic patterns play a crucial role in determining the long-term potential output of an economy. (See Table 1.) The growth and changing age structure of the population influence movements in the labour force, which is a key component of potential output. Age structure also plays an important role in the aggregate demand of an economy by influencing the relative strengths and weaknesses of various sectors of the economy.

According to the most recent estimates, 995,391 people lived in Saskatchewan in 2005, making it the sixth most populous province in Canada. Using trends in the
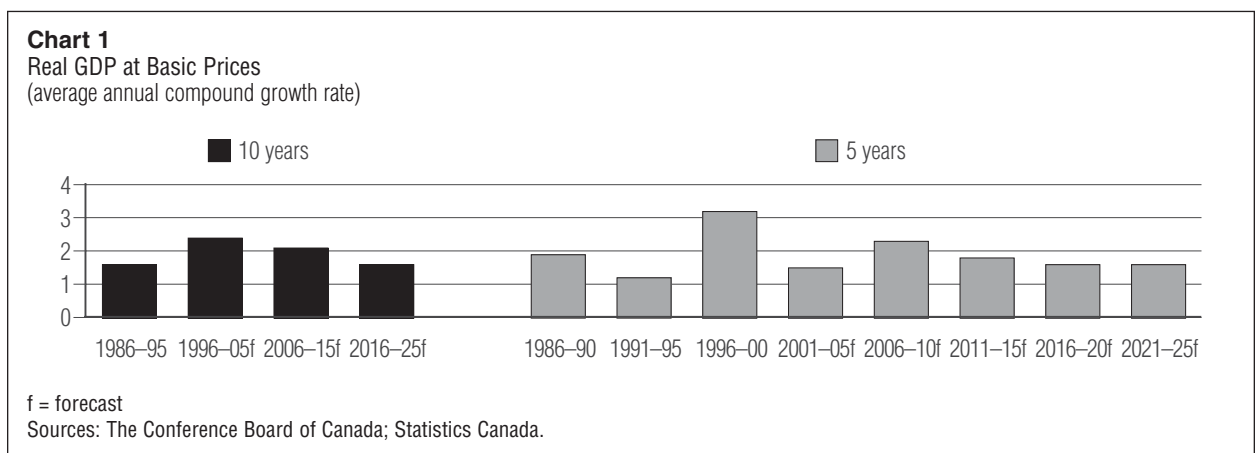
Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

province's natural rate of increase (births minus deaths), net interprovincial migration and net international immigration, Saskatchewan's population is expected to increase to 1,015,025 by 2025. This translates into an annual compound population growth rate of only 0.1 per cent over the forecast period.

The unique demographic profile that resulted from the baby boom (1947–1966), followed by the baby bust (1967–1979) and the baby-boom echo (1980–1995) is best illustrated by the movements in Saskatchewan's different age cohorts between 2005 and 2025. (See Chart 2.) The predominant feature in 2005 is the bulge around the 39–59 age group, corresponding to the baby boomers. This cohort currently represents 26.8 per cent of the province's total population. By 2025, a substantial portion of this generation will be in their retirement years. In fact, the 65-and-over age cohort is expected to increase from 14.8 per cent of the total population in 2005 to 21.2 per cent by 2025. This will have a major impact on Saskatchewan's economy.

The baby boomers (1947–1966) currently represent 26.8 per cent of the province's total population.

Although Saskatchewan has the highest fertility rate of all 10 Canadian provinces—1.83 children per woman of child-bearing age, according to the most recent estimates—it still falls short of the replacement rate of 2.1. (See Chart 3.) Compounding this is the trend for many young women to leave the province before they

Table 1
Key Demographic Assumptions

Components	Assumptions
Population	Saskatchewan's population is expected to grow at an annual average rate of 0.1 per cent over 2005 to 2025; the average age of the population will steadily increase.
Provincial migration remains negative	Saskatchewan's net interprovincial migration will continue to decline, losing on average 1,899 people per year over the forecast period.
International migration to pick up speed	Net international migration will will rise from 790 people in 2005 to 955 people in 2025.
Fertility rate	The fertility rate in Saskatchewan is 1.83, the highest among the provinces but below the replacement rate of 2.1.
Natural increase	The natural rate of increase is projected to dwindle over the forecast period, adversely affecting population growth.

Sources: The Conference Board of Canada; Statistics Canada.

have children. As a result of these two factors, the natural rate of increase is expected to fall steadily over the forecast period.

The emigration of Saskatchewan residents to other parts of Canada, most significantly to Alberta, continues to drain the province of vital human resources. Except for six years between 1974 and 1985, when net interprovincial migration was positive, more residents have left the province than moved to Saskatchewan from

Chart 2
Population Increases in Older Age Cohorts
(number of people)
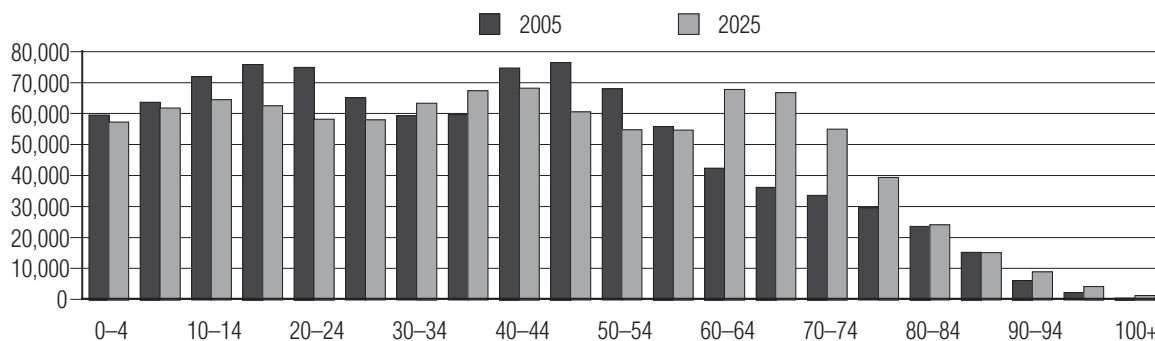
Sources: The Conference Board of Canada; Statistics Canada.

Chart 3
Provincial Fertility Rates, 2002
(children per woman of child bearing age)

Province	Rate
Newfoundland	1.3
Prince Edward Island	1.5
Nova Scotia	1.4
New Brunswick	1.4
Quebec	1.45
Ontario	1.47
Manitoba	1.8
Saskatchewan	1.82
Alberta	1.68
British Columbia	1.4

(scale: 0 0.2 0.4 0.6 0.8 1.0 1.2 1.4 1.6 1.8 2.0)
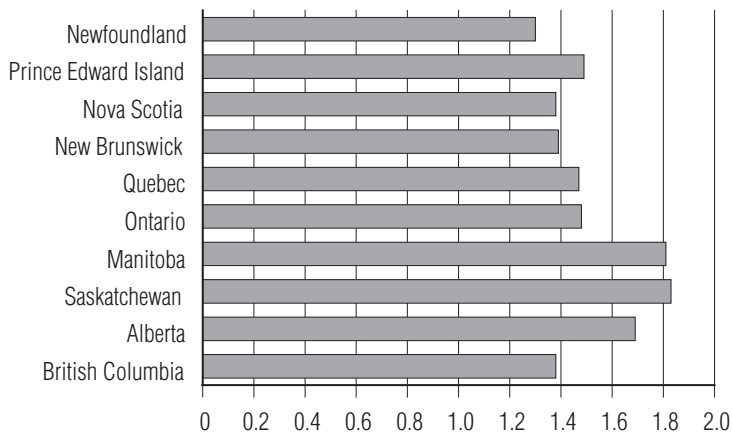
Sources: The Conference Board of Canada; Statistics Canada.

another province in every year since 1961. This fore-cast paints a similar picture. It is anticipated that net provincial out-migration will continue for the entire forecast period, with an average annual net exodus of roughly 2,650 between 2005 and 2025.

The final component of Saskatchewan's population growth is net international migration. Saskatchewan can expect to attract an average of 777 immigrants per year more than the number of people leaving the province for other countries during the forecast period. This is a very small proportion of the total number of immi-grants entering Canada; most international immigrants choose to live in the major cities of Quebec, Ontario and British Columbia. Although Saskatchewan is cur-rently home to 3.1 per cent of the Canadian population, over the forecast period it is expected to receive less than one per cent of all immigrants to Canada.

LABOUR MARKET OUTCOME

The aging of the population will have a profound effect on the evolution and structure of the labour force. For example, the 15–24 age cohort—a primary source of new workers—currently represents 15.2 per cent of the Saskatchewan's total population; by the end of the forecast it will comprise only 11.9 per cent. In contrast, the 55–64 age cohort—the oldest cohort still in their prime working years—which currently represents 9.9 per cent of the total population, will contain 12.1 per cent of the total by the end of the forecast. Moreover, as the

population ages, labour force growth will slow: the labour force is not expected to make any gains in the last 15 years of the outlook.

Total employment will inch up by an average of 0.3 per cent between 2005 and 2015 and decline by an average of 0.2 per cent between 2016 and 2025. Overall, total employment in Saskatchewan is expected to reach 495,002 in 2025. Despite weak employment growth in the province, the unemployment rate is projected to experience a steady decline from 5.1 per cent in 2005 to 3.6 per cent in 2025, placing Saskatchewan in sec-ond-best place among the provinces in 2025 and well below the national average. (See Chart 4.)

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain with-out surpassing its capacity limits and igniting inflation. Potential output is not directly measured and, as such, the Conference Board uses a structural production func-tion to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical effi-ciency are modelled to produce potential output. With this assumption, our estimate of potential output depends on potential employment, capital and trend total factor productivity (TFP).

Net provincial out-migration will continue for the entire forecast period, with an average annual net exodus of roughly 2,650 between 2005 and 2025.

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. When operating at economic capacity, the labour force participation rate is at its structural peak and unem-ployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. It is expected that unemployment resulting from workers in transition will decline over the forecast. This will occur as there will be an increase in the average age of the labour force, and older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to labour potential.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems and early retirement. Consequently, the overall participation rate is expected to remain steady over the medium term and to decline after 2008 as a significant share of baby boomers move into their retirement years. Overall, labour's annual contribution to potential output growth is, on average, expected to be 0.2 per cent between 2005 and 2014, but it will actually be negative starting in 2015.

The value of Saskatchewan's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock, but assumes instead that productive capital is accurately measured and that the level of capital in the economy at any time is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 0.7 per cent per year over the 2005–25 period.

The technical efficiency with which capital and labour are utilized to produce output is measured by TFP. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this

Chart 4
Unemployment Rate
(percentage)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contributed to the productive capacity of the economy.

TFP fluctuates considerably over the business cycle. The reasons for this are wide ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce, helping to maintain growth in TFP. The contribution of TFP to growth in potential will remain in line with recent historical performance, also contributing roughly 1.1 per cent to growth annually over the forecast horizon.

Potential output growth is expected to be slightly higher in the first half of the forecast than in the second half, when the downward trend in labour force growth will begin to dominate gains in labour productivity. Potential output is estimated to grow by 2 per cent from 2005 to 2015 and to slow to 1.7 per cent over the remainder of the forecast.

Actual GDP growth and potential output rarely converge over the course of a business cycle. Saskatchewan has historically been more dependent on the volatile primary resource industries, especially agriculture, causing wider swings in actual growth than is normal for most developed and diversified economies. When actual GDP growth and potential GDP growth diverge, there is said to be an output gap. Economic growth is expected to be closely in line with above potential in the last 15 years of the forecast. (See Chart 5.)

AGGREGATE DEMAND

CONSUMPTION

Slowing employment growth will result in more sluggish consumer spending throughout the forecast period. Nominal consumer spending is projected to grow by 3.2 per cent, compounded annually, between 2005 and 2025, compared to growth of 4.4 per cent between 2000 and 2004.

More importantly, the composition of consumer spending will change radically. As the baby boomers age, their purchases of durable goods, such as cars and large appliances, will decrease, and their spending on services, especially health care and tourism, will increase. Thus, consumer spending on goods, which represented roughly 48.7 per cent of total consumption in 2005, is projected to ease gradually to 45.8 per cent by 2025. In contrast, the proportion of total consumption on services (excluding rent) is expected to climb from 33.2 per cent in 2005 to 39.3 per cent by 2025. The share of consumer spending on rent, which

includes imputed and paid rent, is forecast to fall from 18.1 per cent in 2005 to 14.9 per cent in 2025. This is largely because the province's younger cohorts, the primary source of new demand for housing and rental apartments, will decrease in relative size over the forecast period.

The change in the composition of spending will also slow growth in retail sales. Retail sales are projected to average 4.3 per cent nominal growth, compounded annually, over 2005–15, then to grow by 3.7 per cent over 2016–25.

INVESTMENT

Weakening population growth is projected to hold back residential investment. A significant proportion of Saskatchewan's younger generation—the age cohorts most likely to form households—are expected to leave the province for other parts of Canada. On top of this, aging baby boomers will vacate their single-dwelling units and move into retirement homes, stifling the resale market with excess homes. Overall, private investment in residential construction will soften, with an average annual compound growth rate of 1.6 per cent over the entire forecast period.

A significant proportion of Saskatchewan's younger generation are expected to leave the province for other parts of Canada.

After averaging almost 3,085 starts in 2005, the province is expected to have less than 1,300 new homes in 2025. Moreover, as the population ages throughout the forecast period, the housing sector will undergo a compositional change. Since older individuals generally prefer to live in multiple housing units such as apartments and retirement homes, it is anticipated that the proportion of total starts for multiple-unit dwellings will gradually rise. The ratio of multiple and single dwellings will change over the forecast period: 38.5 per cent of all housing units were multiple-unit dwellings in 2005; in 2025 this number is expected to be 65.3 per cent.

Over the long term, most of the non-energy, non-residential construction will come from government investment. Government investment spending will rise over the forecast period, particularly in health care,

Chart 5
Actual versus Potential GDP Growth
(percentage change)
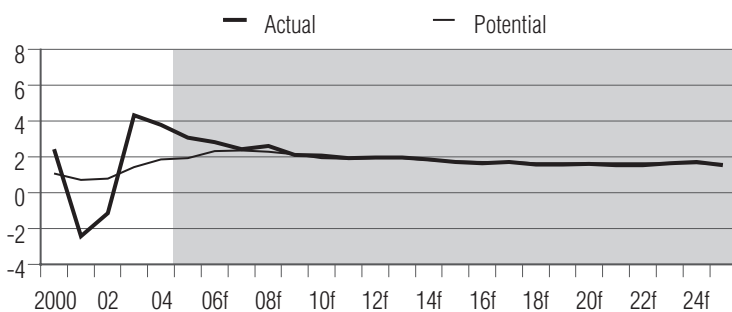
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

largely in response to increased demand by the aging baby boomers. This sector will require new hospitals, long-term care facilities, and new and upgraded equipment. Meanwhile, spending on post-secondary education will have to expand to keep pace with increased enrolment from the echo generation. Furthermore, significant repairs on roads, sewers, water mains, and general infrastructure will be required during the forecast period. Overall, private and public non-residential investment will advance by an average of 4 per cent per year in nominal terms between 2005 and 2025. At the same time, investment in machinery and equipment will also expand by a relatively strong average of 4.8 per cent per year.

GOVERNMENT

The first half of the 1990s was a difficult period for Saskatchewan's government. When the 1990–91 recession led to a dramatic increase in the province's deficit, the government increased taxes and cut expenditures. From 1992 to 1997, nominal government spending on goods and services averaged a mere 1 per cent annual growth. To make matters worse, reduced transfers from the federal government exacerbated provincial austerity. Painful budgets were the norm throughout the decade. Government spending has now rebounded while revenue streams remain strong. In 1994, Saskatchewan became the first province to restore a positive budgetary balance. Since the 1994–95 fiscal year, the government of Saskatchewan has delivered ten straight balanced budgets and another surplus is anticipated in 2005–06.

Since the 1994–95 fiscal year, the government of Saskatchewan has delivered ten straight balanced budgets.

Government spending on goods and services is expected to increase by 4 per cent in nominal terms, compounded annually, over the entire 2005–25 forecast. Much of this new spending will be directed toward health care to meet the demands of an aging population. The expenditure program to repair Saskatchewan's social safety net will be sponsored in part by the federal government through a significant increase in transfer payments, primarily through the Canada Health and Social Transfer.

Personal income taxes paid by the average family have dropped since 1999, with provincial and federal tax reform. The province has now completed the Tax Reform Strategy announced in the 2000 budget. As well, the small business corporation income tax rate was reduced from 8 per cent to 6 per cent in July 2001 and will soon drop to 5 per cent. These changes to tax policy should help foster growth in the oil, natural gas and mining sectors. The provincial government's reduction in royalty and taxation rates for new oil and natural gas production and its mining incentive package will help increase activity in these key sectors.

The pressures placed on the government's social programs by aging baby boomers are expected to lead to a fiscal balance of close to zero over the entire forecast period, as excess provincial funds will be channelled into further spending on health care. In the latter half of the forecast period, when the echo generation have all entered their prime childbearing years, increased government spending on education will be required, especially to hire teachers and to provide education resources for primary and secondary schools.

INDUSTRY ANALYSIS

Since the elimination of the Crow rate subsidy on Western Canadian grains in 1995, Saskatchewan's agri-food industry has become increasingly important for farmers as an alternative to shipping grain. The increased efficiency resulting from the removal of this subsidy has delivered positive results for farmers, helping to re-establish agriculture as one of the most important sectors in the province. Agriculture's share of Saskatchewan's economy will improve over the long term, thanks to increasing global food demand plus the federal government's Agricultural Policy Framework, which puts more emphasis on innovation and technology. If world population expands from 6.5 billion in 2005 to 7.9 billion by 2025, as expected by the United Nations, world food demand will increase and upward pressure will be placed on agricultural prices. After the recent reopening of the U.S. border, exports of live bovine animals under 30 months of age are expected to rise dramatically in the near term. The agriculture sector is expected to grow at an average annualized rate of 1.8 per cent between 2005 and 2015 and to level off to average growth of 1.3 between 2016 and 2025. (See Chart 6.)

Chart 6
Real Output, Key Industries
(average annual compound growth rate)

■ Agriculture   ■ Manufacturing   □ Mining

```
12.0
10.0
 8.0
 6.0
 4.0
 2.0
    0
-2.0
-4.0
-6.0
-8.0
     1981–85 86–90 91–95 96–00 01–05f 06–10f 11–15f 16–20f 21–25f
```

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

chloride and clays. The metal mining industry in Saskatchewan is forecast to grow by an average of 3.2 per cent, compounded annually, between 2005 and 2025.

Record potash prices are keeping the non-metal mining sector strong in the near future. PotashCorp of Saskatchewan, the largest potash producer in the world, accounts for about 25 per cent of global potash production and holds roughly 72 per cent of unused global capacity. By conservative estimates, PotashCorp could supply global demand for potash at current levels for several hundred years. As a result of the increased price of potash, PotashCorp has ramped up production dramatically, and the medium-term outlook for non-metal mining in Saskatchewan is strong, with annualized growth of 2.3 per cent over 2005–25. However, natural gas is a large component in the production of potash; therefore, production could be limited by fluctuations in the price of natural gas and by natural gas reserves.

A secondary benefit of Saskatchewan's strong agriculture sector will be reaped by its manufacturing sector. Since it has become too expensive to ship grain vast distances, the most cost-effective alternative has become to ship it within the province to agri-food processors. The result has been significant growth in the agri-food industry, a major component of the province's manufacturing sector. Partly as a result of this shift to agri-food production, real manufacturing output is projected to grow by an annual compound rate of 3.4 per cent over 2005–25.

Over the forecast period, growth of 1.9 per cent per year is expected overall for the mining industry, which includes metal mining, non-metal mining and mineral fuels. Leading the way, Saskatchewan's metal mining sector is expected to enjoy solid growth over the long term. Continued strength in Saskatchewan's uranium production and positive prospects for the world-wide uranium industry provide the foundation for this robust outlook. Saskatchewan, the largest uranium-producing region in the world, currently accounts for approximately 25 per cent of annual world uranium production. The uranium resources in the province are estimated to be sufficient for more than 40 years at current rates of production. Other minerals produced in Saskatchewan include salt, sodium sulphate, calcium

By conservative estimates, PotashCorp could supply global demand for potash at current levels for several hundred years.

Dramatic market forces will be needed to stimulate growth in mineral fuels mining in the coming years, largely because of reduced oil resources. More than 80 per cent of Saskatchewan's oil reserves have already been discovered, and a large part of these reserves can be retrieved only through expensive enhanced oil-recovery methods. One project in Weyburn, for example, will inject 95 million cubic feet of carbon dioxide per day into an oil field, boosting production by more than 50 per cent to 30,000 barrels a day and extending the life of the field by 25 years. Although the Conference Board expects the price of oil to average around US$52 per barrel over the forecast period in nominal terms, it is unlikely that large investment will be made to extract the remaining oil and gas resources underneath Saskatchewan. The province's mineral fuels industry is forecast to grow by an average of 1.5 per cent, compounded annually, between 2005 and 2025.

Alberta

OVERVIEW

The Alberta economy will advance solidly over 2005 to 2025, expanding by a compound average annual rate of 2.7 per cent, with the energy sector remaining a driving force. Sustained high oil prices, an immense non-conventional oil supply and continually improving extraction technology have shifted the focus of the energy market to oil sands production. Long-term prospects for the non-conventional oil industry in Alberta are very favourable. About $53 billion in activities related to the oil sands have already been proposed by several major energy players for 2005–15, while an additional $7 billion in oil-sands-related development is slated for the remainder of the outlook. About $24 billion has been spent in the sector since 1995.

Long-term prospects for the non-conventional oil industry in Alberta are very favourable.

Natural gas spot prices are affected by supply and demand fundamentals in North America. Weather-related events in the United States were priced in early in 2005 and were further exacerbated by the severe supply shock following hurricanes Katrina and Rita. The tight natural gas situation will not reverse itself in the short or medium term. Although the number of wells being drilled for natural gas is being kept elevated by

drilling for coal bed methane, production of natural gas is expected to decline over the forecast, especially in Alberta, with the maturing of the Western Canadian Sedimentary Basin (WCSB). Most wells being drilled are shallow and are depleted faster than new reserves can be found. Gas extracted through unconventional methods is not expected to make up the loss from conventional production in the near or medium term.

While the long-term forecast for the province is favourable, an aging population will take its toll on output. Total population growth is projected to weaken over the forecast, dampening demand for consumer goods and housing. However, record resource revenues and the positive job market will continue to attract businesses and job seekers, boosting Alberta's population growth outlook relative to that of other provinces. Overall, economic growth is expected to reach an average annual compound rate of 3.4 per cent during the first decade of this century (2000–09), before weaker demographic conditions slow the economy to average annual growth of 2.5 per cent over 2010 to 2025, in line with underlying potential output growth. (See Chart 1.)

DEMOGRAPHIC PATTERNS

Demographic patterns play a crucial role in determining the long-term potential output of an economy. (See Table 1.) The growth and changing age structure of the population influence movements in the labour

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population growth decelerates	As the population ages over the forecast, population growth in Alberta is expected to slow from a compound rate of 1.4 per cent in this decade to 0.9 per cent over 2010 to 2025.
Provincial migration decelerates	After significant net interprovincial migration in the latter half of the 1990s to the early part of the current decade, migration will moderate to an average 4,432 over the last 15 years of the forecast.
International migration	Average net international migration to Alberta is forecast to average 11,445 over 2011–25.
Fertility rate	The fertility rate in Alberta is projected to be 1.69 over the forecast period, less than the replacement rate of 2.1 needed to maintain long-term population stability by natural means.
Natural increase in the population	The natural rate of increase in the population (births minus deaths) is projected to fall steadily starting in 2010–11.

Sources: The Conference Board of Canada; Statistics Canada.

As the population ages over the forecast, population growth in Alberta is expected to slow from a compound rate of 1.7 per cent in the 1990s to 1.4 per cent over 2000 to 2009 and to 0.9 per cent over 2010 to 2025. Alberta's population, estimated to have reached 3,229,133 in 2005, should reach 3,875,403 by 2025.

The share of the population aged 65 and older will increase substantially by 2025. (See Chart 2.) Baby boomers in 2005 composed the 40–59 age cohort, with the heaviest concentration aged between 40 and 44. By 2015, they will represent the 50–65 cohort, with a high concentration in the 50–54 range. This shift in the demographic profile will have dramatic consequences for the Alberta economy.

Population growth is influenced by births, deaths and net migration. The fertility rate for the province, defined as the average number of births per woman, is projected to remain constant at 1.69 over the forecast period, less than the replacement rate of 2.1 needed to maintain long-term population stability by natural means. The low fertility rate and the aging population will reduce the birth rate; so, with the death rate expected to increase slightly because of the larger number of older people, the natural increase in the population (births minus deaths) is projected to fall steadily through to 2025. (See Chart 3.)

Ongoing expansion in the energy sector will draw a steady flow of workers from other provinces, while the province's favourable tax regime will continue to provide an added incentive for out-of-province businesses

force, an essential component of potential output. The age structure also plays an important role in determining the aggregate demand of an economy by influencing the relative strengths and weaknesses of various sectors of the economy.

Chart 2
Population Increases in Older Age Cohorts
(number of people)
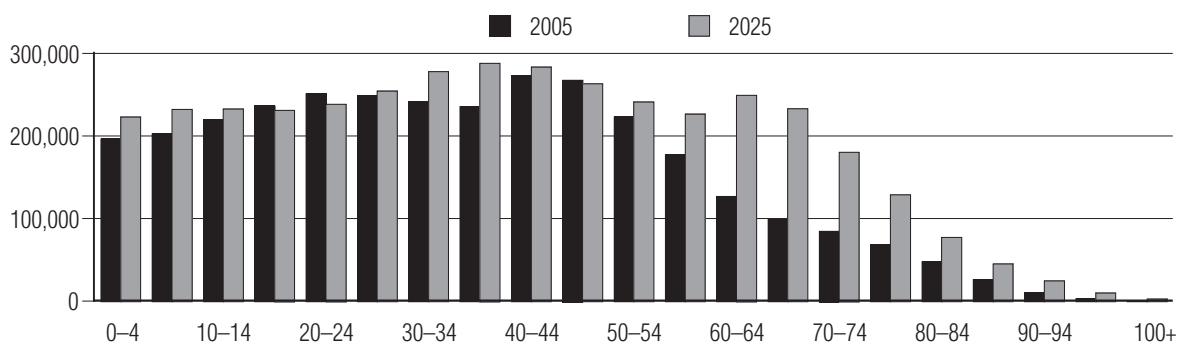
Sources: The Conference Board of Canada; Statistics Canada.

Chart 3
Natural Increase in Population
(thousands)

■ Births (lhs)　　■ Deaths (lhs)　　— Natural increase (rhs)
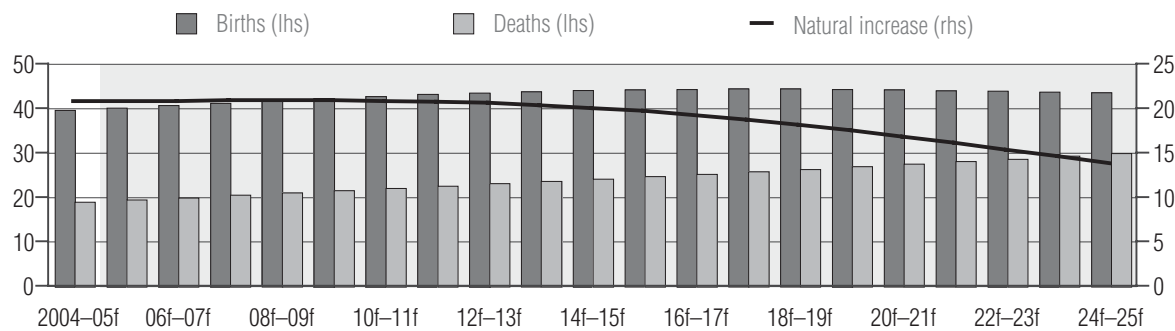
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

and workers to relocate to Alberta. Thus, the weak natural rate of population increase will be partly offset by a net positive inflow of migrants to Alberta over the forecast horizon. Alberta's net annual interprovincial migration averaged 26,348 people over 1996 to 2000 and remained elevated at 16,063 people on average over 2001 to 2005 as weaker economic activity in other parts of the country fuelled migration into Alberta. Net interprovincial migration will moderate to an annual average of 6,785 over 2006–10 and to 4,432 over the last 15 years of the forecast. Average annual net international migration to Alberta is also forecast to slow, from 11,120 over 2001–05 to 10,370 over 2006–10, and then to pick up to average 11,445 over the rest of the forecast. (See Chart 4.)

Growth of the source population (those over 15 years of age) has generally exceeded that of the total population in Alberta. This pattern will continue, partly because most people immigrating to Alberta are of working age, with the largest share in the 15–29 age cohort. Nonetheless, growth in the source population is expected to slow from an average annual compound rate of 1.7 per cent from 2001 to 2010 to 1 per cent in the last 15 years of the forecast. This slowdown follows the national trend but maintains a growth pace marginally greater than that of most other provinces.

The labour force participation rate has increased steadily with the influx of women into the labour force. After averaging 73.3 per cent over 2001 to 2010, it is forecast to decrease gradually to 71.7 per cent by 2020 and to reach 70.2 per cent by 2025 as female labour force participation reaches a plateau and as a growing

share of the source population retires. Added to weaker source population growth, the falling participation rate will restrict labour force growth over the forecast period. From an average annual compound growth rate of 1.9 per cent during 2001–10, labour force growth will retreat to 0.7 per cent annually from 2011 to 2025. This deceleration in labour force growth will dampen potential output growth.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. Potential output is not directly measured and as such, the Conference Board uses a structural production

Chart 4
Immigration
(number of persons)

■ International　　■ Net interprovincial
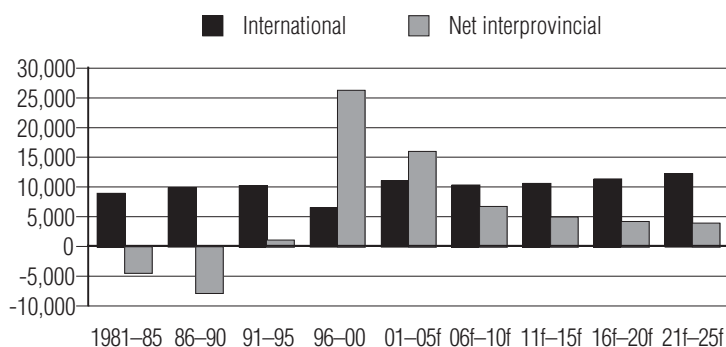
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential output. With this assumption, our estimate of potential output is dependent on potential employment, capital and trend total factor productivity (TFP).

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. When operating at economic capacity, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people would be in transition between jobs and others would prefer not to work at the current wage. Unemployment resulting from workers in transition is expected to decline over the forecast. This is because of two factors: there will be an increase in the average age of the labour force, and older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to slowly trend downward over the forecast period, positively contributing to labour potential.

The natural rate of unemployment is expected to slowly trend downward over the forecast period.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems or early retirement. Consequently, the overall participation rate is expected to decline sharply over the next 20 years as a significant share of baby boomers move into their retirement years. On balance, the negative effect of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output will decline steadily over the long term. Overall, labour's

annual contribution to potential output growth is, on average, expected to be 0.4 per cent between 2005 and 2025.

The value of Alberta's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock, instead, we assume that productive capital is accurately measured and that the level of capital in the economy at any moment is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 1.4 per cent per year over the 2005–25 period.

The technical efficiency with which capital and labour are utilized to produce output is measured by TFP. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contribute to the productive capacity of the economy.

TFP fluctuates considerably over the business cycle. The reasons for this are wide ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce, helping to maintain growth in TFP. The contribution of TFP to growth in potential will remain in line with recent historical performance, also con-

tributing roughly 0.9 per cent to growth annually over the forecast horizon.

When actual real gross domestic product (GDP) diverges from potential output, an economy is said to have an output gap. Over the medium term, average real GDP growth in Alberta of 3.1 per cent will result in a significant narrowing of the output gap that opened earlier in the decade. (See Chart 5.) Economic growth over the remainder of the long-term forecast is expected to hold close to growth in potential output—that is, to trend slowly downward to 2.2 per cent by 2025. The output gap will remain more or less closed over 2011–25 and, therefore, will not contribute excessively to inflationary pressures over the forecast horizon. The consumer price index in the province is projected to remain well within the Bank of Canada's accepted target range, averaging 2.2 per cent over the last 15 years of the forecast period.

KEY INDUSTRIAL SECTORS

CRUDE OIL

Events during the past couple of years have shown how a tight supply and demand conditions for key energy commodities can quickly send prices skyward and governments scrambling to secure reliable sources. Global spare capacity for crude oil has been worryingly tight, and this has been reflected in energy prices. The billions of dollars of investment slated to increase capacity in Canada's oil sands will be but a drop in the bucket in view of the rate at which developing economies, such as China and India, are expected to consume oil. Even for industrialized economies like the United States, demand for oil and natural gas is set to continue at an unwavering pace unless significant steps are taken to curb demand. Just to satisfy expected global demand, billions of dollars will be needed for oil exploration and development by member states of the Organization of the Petroleum Exporting Countries (OPEC) and in the Caspian region. The small cushion of spare production capacity, currently estimated at 1 to 2 million barrels per day (mmbd), will remain over the forecast, as will the risk to exports from geopolitically sensitive regions such as the Middle East. The Conference Board expects world oil prices to reflect the tight global supply–demand situation and associated geopolitical risks. The West Texas Intermediate (WTI) price of crude oil will lose some steam over the medium term, sinking to US$43 by 2010, but it will then resume climbing

as new sources become scarcer to exploit. By 2025, the WTI will reach an equilibrium price of US$62 per barrel.

Security of the energy supply will continue to affect both short- and long-term oil prices. The immediate outlook is clouded by continued tensions in the Middle East, Nigeria, Venezuela and Russia, and by China's voracious appetite for crude oil and supply rebuilding in the United States. On the other hand, environmental concerns and a shift to more energy-efficient and renewable sources of energy are likely to dampen oil demand from industrialized countries.

Security of the energy supply will continue to affect both short- and long-term oil prices.

Energy trade will continue to expand rapidly over the forecast period as interdependence intensifies between energy consumers and producers. Consumption will continue to outpace production, forcing governments that import oil and gas to deal more proactively with energy security. For example, the security of fuel transportation through international sea lanes and pipelines are being scrutinized, while types and origins of fuel sources will need to be diversified.

Recent technological developments in exploration and production have increased recoverable reserves and prolonged the life of existing fields. These will enable conventional oil production from sources outside OPEC to remain strong until 2010, when production will start to taper off, except in the transition economies. Oil

Chart 5
Actual versus Potential GDP Growth
(percentage change)
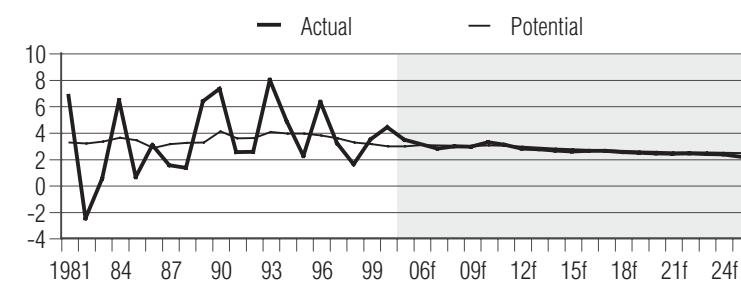
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Table 2
International Crude Oil Supply and Demand
(millions of barrels per day)

	2004	2010	2020	2030	2004–2030*
Demand					
OECD North America	24.9	26.9	29.1	30.6	0.8
United States and Canada	22.9	24.6	26.2	27.2	1.0
Mexico	2.0	2.3	2.9	3.4	2.0
OECD Europe	14.5	15.0	15.4	15.7	0.3
OECD Pacific	8.3	8.6	8.7	8.8	0.3
OECD Asia	7.5	7.6	7.8	7.9	0.4
OECD Oceania	0.8	0.9	0.9	1.0	1.2
OECD Total	*47.7*	*50.5*	*53.2*	*55.1*	*0.6*
Transition Economies	4.4	4.9	5.6	6.2	1.3
Russia	2.6	2.9	3.3	3.5	1.2
China	6.2	8.7	11.2	13.1	2.9
India	2.6	3.3	4.3	5.2	2.8
Other Asia	5.4	6.6	8.3	9.9	2.3
Latin America	4.7	5.4	6.5	7.5	1.9
Africa	2.6	3.3	4.5	5.7	3.0
Middle East	5.4	6.5	8.1	9.4	2.2
Miscellaneous	3.1	3.1	3.1	3.2	0.3
Total World Demand	**82.1**	**92.5**	**104.9**	**115.4**	**1.3**
Supply					
OECD North America	13.6	14.4	12.6	10.8	−0.9
United States and Canada	9.7	10.5	8.8	7.4	−1.1
Mexico	3.8	3.9	3.7	3.4	−0.5
OECD Europe	6.0	4.4	3.1	2.3	−3.7
OECD Pacific	0.6	0.5	0.4	0.4	−1.4
OECD Total	20.2	19.3	16.1	13.5	−1.5
Transition Economies	11.4	14.5	15.6	16.4	1.4
Russia	9.2	10.7	10.9	11.1	0.7
Developing Countries	15.2	17.7	17.6	16.3	0.3
NON-OPEC Total	*46.8*	*51.5*	*49.3*	*46.2*	*0.0*
NON-OPEC (share of world supply)	*0.57*	*0.56*	*0.47*	*0.40*	
OPEC Middle East	22.8	26.6	35.3	44.0	2.6
OPEC Other	9.6	10.3	12.1	13.2	1.3
OPEC TOTAL	*32.4*	*36.9*	*47.4*	*57.2*	*2.2*
OPEC (share of world supply)	*0.39*	*0.40*	*0.45*	*0.50*	
Non-Conventional Oil	*2.2*	*3.1*	*6.5*	*10.2*	*6.1*
Total World Supply	**82.1**	**92.5**	**104.9**	**115.4**	**1.3**

*Average annual growth rate.
Note: The shaded area represents forecast data.
Sources: The Conference Board of Canada; International Energy Agency; World Energy Outlook 2005.

production in the transition economies, notably Russia and the Caspian area, will grow rapidly, especially until about 2010. Although non-OPEC conventional supply will not rise fast enough to meet demand pressures afterward, non-conventional oil production, predominately from Canada's oil sands, will play an important role in offsetting a decline in conventional production. According to the International Energy Agency's (IEA) *World Energy Outlook 2005*, world oil demand is projected to rise by an additional 33 mmbd over 2004–30 to 115.4 mmbd, while production will rise by the same amount. (See Table 2.) As a point of comparison, growth in oil demand from 2004 to 2030 will average 2.1 per cent versus an average growth of 1.6 per cent over the period 1971–2003. This demand forecast assumes that recent industry trends, including the introduction and use of energy-efficient methods, will continue at the same pace as in recent years. Fossil fuels will continue to provide the overwhelming bulk of the world's energy needs over the forecast, with oil remaining the single largest fuel in the global primary energy mix. (See Chart 6.)

Increases in demand will vary by region, with the share of world oil consumption in industrialized countries declining from 58 per cent to 48 per cent by 2030. Most of the growth within these countries will be in the transportation sector, where oil is still expected to face little competition. Almost half the growth in oil demand in industrialized nations will occur in the United States, as car ownership per capita continues to rise. Oil will remain a secondary fuel for power generation, and its share will decline marginally in all regions. Industrial, commercial and residential demand for oil will increase at a moderate pace, with all the growth originating in countries outside the Organization for Economic Co-operation and Development (OECD). However, the international environmental agreement reached in Kyoto in December 1997 may pose a downside risk to projected increases in oil demand in the industrialized countries over the next decade, as there is a push to produce more energy from renewable resources such as hydro and wind.

The share of world oil consumed by developing countries is anticipated to increase from its current 33 per cent to 44 per cent by 2030. Especially in developing countries without natural gas distribution systems, more incremental energy demand is being met by oil. Oil demand in developing nations is expected to rise at an average annual

Chart 6
Global Primary Energy Mix: 2030
(per cent)

- Oil — 34
- Coal — 23
- Natural gas — 24
- Nuclear — 5
- Biomass — 10
- Other — 4

Source: International Energy Agency: World Energy Outlook 2005.
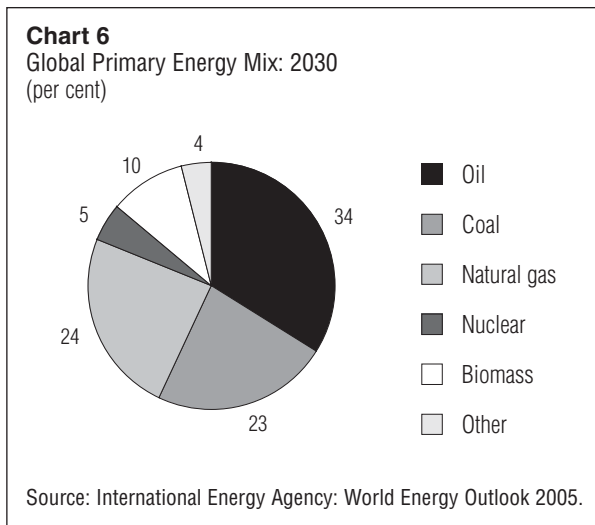
rate of about 2.5 per cent. Half the growth in oil demand in developing economies will take place in Asia, led by an increase of 6.9 mmbd in China and 2.6 mmbd in India. Robust oil demand is also expected outside Asia, particularly in South America and Africa.

Although demand will grow steadily over the forecast period, the U.S. Geological Survey contends that worldwide reserves are not running dry. Furthermore, the IEA believes that existing oil reserves should be adequate to satisfy expected requirements over the forecast period. Proven global oil reserves currently exceed the cumulative production projected in the forecast, but additional reserves will need to be moved more quickly into the proven category so that production will not peak too early. Exploration will need to be emphasized. World oil production is expected to increase from 82.1 mmbd in 2004 to 92.5 mmbd by 2010 and 115.4 mmbd by 2030. Higher production is expected from OPEC. Non-OPEC conventional production is expected rise in the next few years, mainly with surging production in Russia and the transition economies. However, this output will taper off after 2010 with the maturing of existing and older fields, especially in OECD countries. Non-conventional production, on the other hand, from Canada's oil sands and Venezuela, will surge by an average 6.1 per cent over 2004–30. Significant investment in a host of major oil sands projects in Alberta will play a major role in spurring non-conventional oil output during that time.

Because the vast Persian Gulf resources can be produced at a lower cost than can resources outside OPEC, production by OPEC countries, especially in the Middle East, is expected to increase more rapidly

than in other regions over the long term. Once non-OPEC production has been accounted for, OPEC members will be able to satisfy world demand by raising production from 32.4 mmbd in 2004 to 36.9 mmbd in 2010 and 57.2 mmbd by 2030. Accordingly, OPEC's share of world oil supply is expected to increase from 39 per cent in 2004 to 50 per cent by 2030. OPEC's market share could be lower if its policies to reduce production quotas are successful in limiting production and driving prices higher. This would stimulate non-OPEC production of conventional and non-conventional oil and encourage capacity increases of alternative energy technologies.

Significant new investment will be needed in OPEC countries as the world turns to them to satisfy crude oil demand. Until recently it was generally acknowledged that OPEC members with large reserves and relatively low costs for expanding production capacity can accommodate sizeable increases in demand. Recent events may have proven otherwise. While it is assumed that investment will be forthcoming, it will lag demand, keeping production from satisfying demand fast enough and resulting in real price pressures. These factors will put upward pressure on the long-term WTI price of crude oil.

NATURAL GAS

Spot prices for natural gas often move in the same direction as oil prices in North America. This has been especially true over the past two years. The North American natural gas market is heavily integrated, and a significant network of pipelines exists between Canada and the United States. The United States consumes significant amounts of natural gas and Canada exports 62 per cent of its natural gas production to the United States, so any supply or demand shock for natu-

ral gas that originates in the United States is immediately reflected in Canadian prices. About 12 per cent of U.S. factories can switch between fuels. As a result, if the price of oil rises faster than that of natural gas, or vice versa, demand for the cheaper fuel will increase, putting upward pressure on that price.

Historically the spot price of natural gas has averaged US$5 less than an equivalent amount of crude oil.

Historically, in terms of energy content equivalence, the spot price of natural gas has averaged US$5 less than an equivalent amount of crude oil. That is, until very recently. With the supply shock originating in the U.S. Gulf coast resulting from damage caused by hurricanes Katrina and Rita in late August and September, the spot price of natural gas spiked well beyond that for crude oil to reach an average of US$78.84 per equivalent barrel of oil in October—about US$16 more than oil. By comparison, during the first half of 2005, the spot price of natural gas averaged US$12.69 less than a barrel of WTI on an energy content equivalence. Over the forecast, prices for oil and natural gas, in terms of energy content, should converge. (See Chart 7.)

The tight natural gas situation will not reverse itself in the short or medium term. Although a record number of natural gas wells will once again be drilled in Canada this year, production is forecast to decline over the forecast period. Most wells that are being drilled are shallow and are being depleted faster than new reserves can be found. In fact, Alberta's natural gas fields, the source of 75 per cent of Canada's natural gas supply, no longer have the huge reserves needed to meet the growing North American demand. According to the National Energy Board's (NEB) energy market assessment, *Looking Ahead to 2010: Natural Gas Markets in Transition*, a tight balance between natural gas supply and demand will continue over the medium term. This will cause natural gas prices to remain high, and there will be significant daily swings until new supply can be established or consumption reduced. Efforts are being made to increase Canada's supply of natural gas over the longer term. This can be accomplished by increasing the import capacity for liquid natural gas as well as by developing frontier and unconventional sources, such as natural gas from coal bed methane. Although

Chart 7
Oil and Natural Gas Prices: Energy Content Equivalence
(U.S.$ per barrel)

— WTI (Oil)   — Henry Hub (natural gas)

f = forecast
Sources: The Conference Board of Canada; EIA.
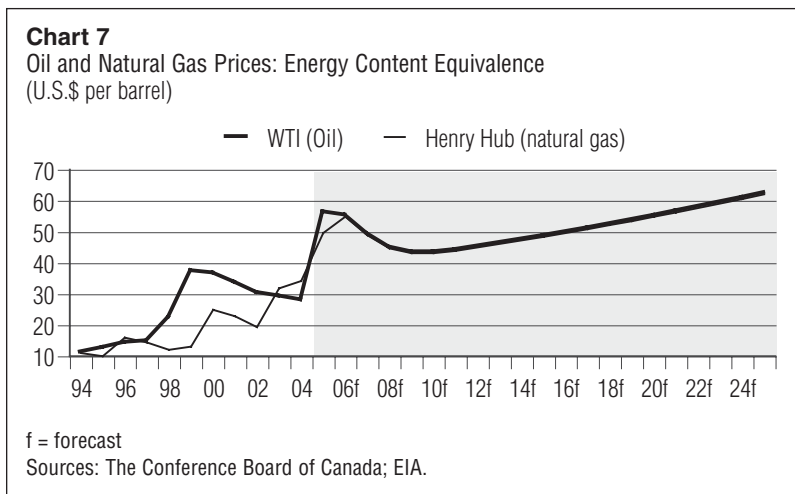
production of coal bed methane is still in its infancy, a steadily increasing portion of natural gas wells being drilled are for the purpose of extracting methane from coal seams.

Domestic gas demand is also projected to rise in Canada, from 2.4 trillion cubic feet (tcf) in 2000 to 3.3 tcf by 2025, according to the NEB's publication *Canada's Energy Future: Scenarios for Supply and Demand to 2025*. Natural gas now accounts for about 27 per cent of Canadian energy consumption. Trade between Canada and the United States will continue to play an important role in satisfying U.S. demand for natural gas. Exports to the United States will grow by an average annual rate of 1.6 per cent over 2001–25 period.

Canada is expected to remain a net exporter of oil until the end of the forecast period.

According to the NEB, natural gas remains abundant in Canada. As of year-end 2004, Canada's ultimate resource potential, a combination of discovered and undiscovered resources, stood at 14.2 trillion cubic metres (tcm). However, about one-half of the natural gas resources in Canada are located in the WCSB, and about half of that amount has already been produced, mostly in Alberta. The WCSB also contains unconventional sources of natural gas, such as coal bed methane. About 2.7 tcm of undiscovered unconventional natural gas sources exists in the WCSB.

The size and ultimate resource potential of Canada's natural gas resource base is only an estimate, and considerable uncertainty surrounds frontier regions and unconventional sources. In the WCSB, technology and exploration advances have helped to improve resource estimates. However, recent drilling and production data suggest that the WCSB is maturing, forcing estimates of natural gas production in Alberta to be revised downward over the medium and long term.

Recently, Canadian exports of natural gas have been strong. Over the long term, natural gas exports are expected to decline at an average annual compound rate of almost 0.2 per cent between 2006 and 2025, largely because of declining natural gas production from the WCSB.

Domestic gas prices are projected to rise further by a compound annual rate of 1.8 per cent over 2006 to 2025, while export prices will increase by 2.2 per cent, reflecting the downward trend in natural gas production from the WCSB.

OIL AND GAS PRODUCTION

Increases in nominal crude oil prices, new technology and fiscal arrangements have accelerated the development of the oil sands in western Canada. Alberta has four significant oil sands deposits: Athabasca, Cold Lake, Peace River and Wabasca. The potential of this resource is huge, with an estimated 50 tcm of ultimate recoverable resources, only a negligible fraction of which has been produced. About 12 per cent of the resource is estimated to be recoverable, a volume similar to the proven conventional oil reserves in Saudi Arabia. The cost of production has declined substantially from $24.50 per barrel in the early 1980s, and by between $15 and $20 per barrel since 1997. However, the cost of diluents, needed to thin bitumen for transportation, has skyrocketed and will remain high over the medium term. The potential exists, however, to lower operating costs for mining and upgrading to below $10 per barrel over the long term. Nevertheless, skyrocketing natural gas prices, planned and unplanned maintenance and escalating start-up costs related to expansions have made the cost of producing a barrel vary widely in recent years.

Canada is expected to remain a net exporter of oil until the end of the forecast period, as domestic demand will remain weaker than production. Oil sands production is expected to surge over the next 20 years, while conventional and heavy oil will steadily decline. The recent decline of conventional oil production and reserves has been more than offset by advances in production of synthetic crude and bitumen from the oil sands. Numerous oil sands mining and upgrading projects currently in the works or on the horizon will ensure that synthetic crude oil production in Canada makes up 48 per cent of all crude by 2015. Heavy blend (blended heavy oil and bitumen) will make up 37 per cent. Meanwhile light conventional crude oil will fall from 27 per cent to 15 per cent, according to the NEB's *Canada's Oil Sands: Opportunities and Challenges to 2015*.

There is upside risk associated with the long-term real GDP outlook for mineral fuel mining: since the NEB report was published in 2004, there have been numerous announcements of capacity expansions at significant oil sands mining projects.

Despite decreasing rates of production of natural gas and of heavy, light and medium crude oil from the WCSB, significant increases in synthetic and bitumen production will allow total mineral fuels output in Alberta to rise at a compound average annual rate of 3.3 per cent from 2006 to 2015 and by a further 1.9 per cent from 2016 to 2025.

INVESTMENT PROFILE

The investment profile for primary energy will be dominated over the medium to long term by the development of the vast oil sands deposits in Alberta. (See Chart 8.) Almost $64 billion in oil sands, heavy oil mining and extraction activities is projected over the forecast, with close to $24 billion already spent in the sector since 1995 and more than 60 projects announced since 1996.

Long-term prospects for the non-conventional oil industry in Alberta are favourable. Technical improvements in the extraction process have made development of the oil sands very profitable at current oil prices, and federal government changes to improve the tax and royalty system for oil sands production are expected to continue investment spending over the forecast period.

Chart 8
Investment Expenditure in Alberta's Oil Sands
($ billions)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Still, potential downside risks exist for investment in the oil sands, largely growing out of uncertainty over the effects of the Kyoto Protocol.

A host of projects are on the horizon in the oil sands, with a few companies making the bulk of the investment commitment. For example, both Suncor and Syncrude will be investing billions in increasing upgrading capacity at its existing projects. Suncor plans to reach an upgrading capacity of 0.5 mmbd by 2012 through its multi-year, $5.9-billion Voyageur mining project. Suncor has also announced its intention to invest $1.0 billion from 2005 to 2007 in its existing Firebag in-situ mining project in order to increase in-situ bitumen production.

Investment for primary energy will be dominated by the development of the vast oil sands

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Syncrude expects to be upgrading 0.5 mmbd by 2015 through its multi-phase Aurora mining project. Significant cost overruns for the third part of Syncrude's four-phase Aurora mine and upgrader expansion will cost the company an extra $2 billion. The entire project could cost the company upwards of $10 billion.

Shell has also entered the oil sands and upgrading game through its Albian Oil Sands Project (AOSP). The project currently produces about 155,000 barrels per day (bd) of synthetic crude at the Scotford upgrader. A number of expansions at the mine and upgrader will occur in the medium term to bring production to 290,000 bd by the end of the decade; the long-term production goal is to reach 500,000 bd. In total, the AOSP will cost more than $6 billion. Shell has also recently proposed almost $5 billion in new investment over 2006–09 for its so-called Carmon Creek mining project in the smaller Peace River oil sands deposit, although this is still quite speculative.

Construction of Canadian Natural Resources' $10-billion, three-phase Project Horizon oil sands mining and upgrading project started this year and is set to ramp up significantly in 2006. The project, 70 kilometres north of Fort McMurray, Alberta, is expected to produce over 200,000 bd of synthetic crude oil by 2012.
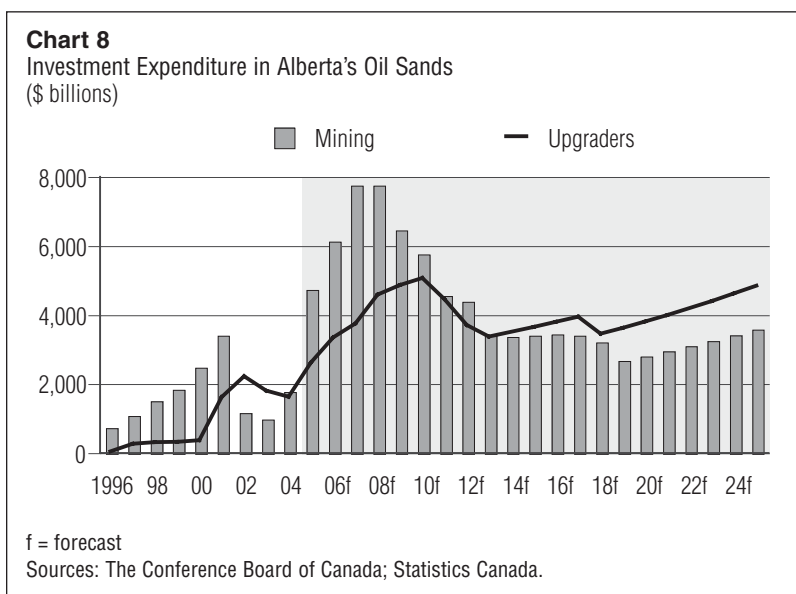
Non-residential investment spending growth in the province, which includes energy investment, advanced solidly by 8.3 per cent annually over 1996–2005 and is expected to advance by 4.5 per cent in the last 20 years of the forecast, compounded annually. Total current dollar public and private investment in machinery and equipment increased at a compound annual rate of 11.4 per cent in 1996–2005 and will rise by 5.3 per cent annually over the following 20 years.

AGGREGATE DEMAND

Conditions suggest that job creation will fare relatively well in the province over the long term, advancing slightly more than the national pace over most of the forecast. Employment opportunities are anticipated to be abundant over the near term, with booming consumer demand and an expanding energy sector. Employment growth advanced solidly at an average annual compound rate of 2.4 per cent over 2001–05. However, as labour force growth begins to wane, so too will employment growth. Total employment growth is expected to decelerate, posting average annual compound growth of 1.6 per cent over 2006–10 before declining to 0.7 per cent over 2011 to 2025.

There are challenges involved in predicting household behaviour over long periods, but it can be reasonably assumed that as a cohort of households ages it will generally assume the spending habits of the cohort preceding it. Current spending patterns suggest that, contrary to earlier predictions, population aging will not immediately cause consumption spending patterns to shift further in favour of services over goods. Data from the 2003 survey of household spending shows that the services share of total consumption spending is highest for the youngest (under-35) cohort and oldest (over-75) cohorts, but relatively low for households aged 55 to 74.

The age range of the baby boomers is now 40 to 59, which means that as household heads, they are concentrated in the 35–44, 45–55 and 55–64 cohorts. By 2025, their age range will be 59 to 78, placing them largely in the 55–64 and 65–74 household cohorts. This means that, as a group, their spending habits will resemble the patterns of households presently in this cluster. Thus, given the large size of the boomer generation, consumption spending is unlikely to shift further in favour of services until after 2020, when baby boomers start to enter the over-74 age cohort.

While demographic change will maintain the goods–services balance in total consumption spending, it is expected to contribute to a deceleration in the pace of growth in consumption outlays. Despite stronger wage growth associated with the boomer-driven labour shortage after 2010, slower overall population growth combined with a quickly growing elderly segment will help to trim the pace of expansion in consumption spending. As such, the average annual compound rate of expenditure growth in Alberta is forecast to ease from 4.8 per cent over 2006–10 to 4.1 per cent over the last 15 years of the forecast. As for savings in the province, the rate will flatten over the forecast, averaging 4 per cent over 2006 until 2025.

Energy prices skyrocketed again in 2005, and surging resource revenues have allowed the provincial government to retire its debt much sooner than anticipated. This will permit the provincial government to increase its spending on goods and services. Sustained high energy prices anticipated in the near and medium term will keep energy revenues strong. With an excellent fiscal situation, total nominal government spending on goods and services will rise by an average annual rate of 5.2 per cent over 2006 to 2010 and by 4.8 per cent over the last 15 years of the outlook.

British Columbia

OVERVIEW

Real gross domestic product (GDP) in British Columbia is forecast to grow at a compound annual rate of 2.3 per cent over 2005–25. (See Chart 1.) After rebounding strongly in both 2004 and 2005, the economy is expected to maintain a healthy pace over the medium term. The export sector will be stimulated by stronger global demand, especially from the United States and Asia, and the domestic sector will continue to build momentum with increased inter-provincial migration. Large-scale infrastructure invest-ment and a host of projects in preparation for the 2010 Olympics will keep activity healthy in the province's construction sector over the medium term. Government coffers are benefiting from the strong economic per-formance, and the government expects a budget surplus of around $1.6 billion in the 2005–06 fiscal year. The provincial government is forecasting further budget surpluses over the medium term and should therefore become a positive force in the economy after a few years of tepid growth.

Demographic changes will moderate economic growth in British Columbia over the long term. Population growth will slow over the forecast period, even with a return to positive net interprovincial migration, as the aging of the baby boomers dramatically changes the province's age profile. This shift will also slow growth in domestic demand, with consumer spending patterns and housing activity undergoing the most pronounced changes. While sluggish, population growth will nevertheless be higher than in most other provinces, with a compound annual rate of 0.9 per cent from 2005 to 2025.

Over the near term, the outlook is quite positive for forestry, the province's key resource sector, as the sector is benefiting from expedited lumber harvests to combat the mountain pine beetle infestation and reductions in Quebec's annual allowable cut. However, the long-term outlook is not quite as upbeat, as the forecast incorpo-rates the fallout expected once the pine beetle epidemic peaks, which will lead to a decline in real forestry out-put. Further, the reduction in housing demand likely to result from an aging North American population will lead to a corresponding drop in demand for wood prod-ucts. Although worldwide demand for wood is expected to pick up gradually over the forecast period, the challenge for British Columbia will be to respond to the increased demand while facing a shrinking timber supply.

DEMOGRAPHIC PATTERNS

The long-term outlook for British Columbia is largely determined by demographic developments. (See Table 1.) Dominating the story over the forecast

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Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

■ 10 years   ■ 5 years

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

horizon will be a slower rate of population growth and the aging of the population. Compound annual population growth over the forecast is expected to be 0.9 per cent, increasing British Columbia's total population from 4.24 million in 2005 to 5.04 million in 2025. This will represent one of the strongest provincial population growth rates in the country over most of the forecast period. Nonetheless, even this level of population growth is a marked deceleration from the average annual growth of 2.2 per cent from 1990 to 2000.

Over the long term, the age distribution of the population will become increasingly skewed toward older age cohorts, with the share of the population aged 65 and over expected to increase from 13.9 per cent in 2005 to 22.2 per cent by the end of 2025. Behind the change is the aging of British Columbia's sizeable baby-boom population, which currently accounts for approximately one-third of the provincial total. In 2005, baby boomers ranged in age from 40 to 59, with the largest concentration in the 40–44 age cohort. As baby boomers continue to age, the population's age profile will alter dramatically. (See Chart 2.)

With an aging population and with increases in the number of deaths outpacing growth in the number of births, there will be a decline in the province's natural rate of increase (defined as the number of births minus the number of deaths). Though advances in medical technology should extend life expectancy, an increasingly larger senior population will ultimately increase the death rate. The annual number of deaths in the province is expected to jump by approximately 50 per cent over the long term, from 32,112 in 2005–06 to 47,336

in 2024–25. With the number of births in the province expected to increase by only 8.2 per cent over the same period, from 39,945 to 43,340, the natural rate of increase will decline.

Over the forecast horizon, a smaller cohort will replace the women currently in their prime childbearing years. The problem posed by a shrinking population of women of childbearing age will be amplified by

Table 1
Key Demographic Assumptions

Components	Assumptions
Population maintains growth	British Columbia's population is expected to grow at an annual average rate of 0.9 per cent over 2005 to 2025, but the average age of the population will steadily increase.
Provincial migration stabilizes	After oscillating over the last few years, British Columbia's net interprovincial migration will stabilize, averaging 8,848 people per year over the forecast period.
International migration to pick up speed	Net international migration will help drive population growth, rising from 32,995 people in 2005 to 33,465 people in 2025.
Fertility rate too low	The fertility rate in British Columbia is 1.38, well below the replacement rate of 2.1.
Natural rate reduces gains	The natural rate of increase is expected to draw down population growth as the number of deaths will begin outpacing the number of births in 2020.

Sources: The Conference Board of Canada; Statistics Canada.

Chart 2
Population Increases in Older Age Cohorts
(number of people)

Sources: The Conference Board of Canada; Statistics Canada.

British Columbia's low fertility rate (that is, the average number of children born to a woman during her lifetime). At 1.38, the rate will fall well below the national fertility rate—and, more importantly, significantly below the standard replacement rate of 2.1.

Net interprovincial migration will be a significant source of population growth over the long term.

With growth in the number of deaths outstripping growth in the number of births, the annual natural rate of increase of the population is expected to drop from 8,623 in 2004 to –4,568 in 2025. This deterioration of the natural rate of increase will make migration a more important source of population growth. Net international immigration will account for most of the net inflow in level terms, averaging 24,656 people annually over 2004 to 2014 and increasing to an average of 27,162 people annually from 2015 to 2025.

Net interprovincial migration, a significant source of population growth during the first half of the 1990s, reversed itself in the latter half of the decade, when the economy in British Columbia performed more weakly than that of most other provinces. (See Chart 3.) With the robust performance of the Alberta economy, British Columbia's eastern neighbour has been the destination of choice for many British Columbia's migrants in search of employment, particularly people aged between 15 and 29. The net interprovincial outflows that began in 1998 ended in 2004, with more abundant employment

and economic prospects. Net interprovincial migration will be a significant source of population growth over the long term, with inflows expected to average almost 7,596 people per year from 2005 to 2014 and 9,986 from 2015 to 2025, when more of Canada's baby boomers make their move to British Columbia in search of a retirement destination with a temperate climate. Overall, total net international and interprovincial migration will average 27,744 from 2005 to 2014 and 31,338 from 2014 to 2025.

LABOUR FORCE

Labour force growth is determined by changes in the source population (aged 15 and over) and movements in the labour force participation rate. Over the course of the forecast, the number of net new entrants to the labour force will drop substantially, reflecting the aging of the baby boomers and the province's low fertility rate. Source population growth will post an average annual gain of 1.2 per cent from 2004 to 2014, and then drop to an average of 0.9 per cent growth from 2015 to 2025.

Labour force participation, which fell over most of the 1990s as a result of a sluggish labour market, is expected to show some improvement over the medium term. Although participation rates have nearly converged among younger males and females, a sizable gap still exists in the 55–64 age group. Hence the participation rate for older females is expected to continue making some gains over the medium term. Beginning in 2010, the participation rate will start to trend downward
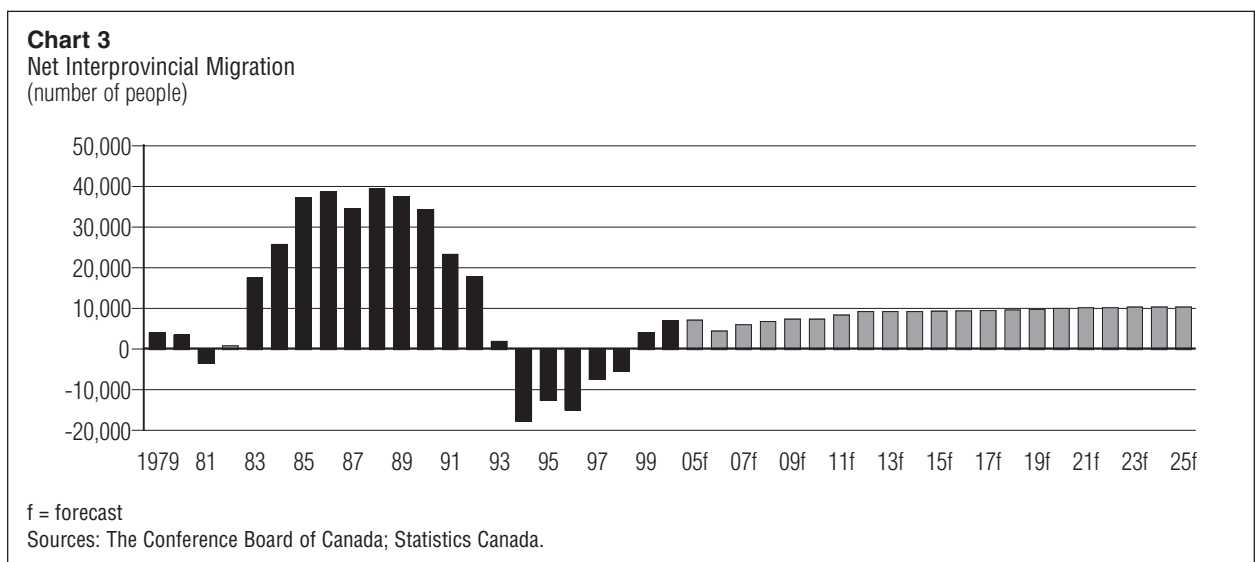
Chart 3
Net Interprovincial Migration
(number of people)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

as more of the population retires and as retirees from other parts of the country move to British Columbia. Overall, the participation rate is expected to increase from 65.6 per cent in 2005 to 66.5 per cent in 2009, and then to gradually weaken throughout the remainder of the forecast, reaching 61.6 per cent by 2025.

Together, the weaker source population growth and the lower participation rate are expected to result in compound annual labour force growth of 1.2 per cent from 2005 to 2014 and 0.3 per cent growth from 2015 to 2025.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of activity an economy can attain without surpassing its capacity limits and igniting inflation. Potential output is not directly measured and, as such, the Conference Board uses a structural production function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential output. With this assumption, our estimate of potential output is dependent on potential employment, capital and trend total factor productivity (TFP).

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. When operating at economic capacity, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. It is expected that unemployment resulting from workers in transition will decline over the forecast. This will happen with an increase in the average age of the labour force, as older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to slowly trend downward over the forecast period, positively contributing to labour potential.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems and early retirement. Consequently, the overall participation rate is expected to decline sharply over the next 20 years as a significant share of baby boomers move into their retirement years. On balance, the negative effects of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output will decline steadily over the long term. Overall, labour's annual contribution to potential output growth will average 0.8 per cent over 2005 to 2010 and will decline to an average of 0.3 over the remainder of the forecast.

The value of British Columbia's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock, but assumes that productive capital is accurately measured and that the level of capital in the economy at any time is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 0.8 per cent per year over 2005–25.

The technical efficiency in which capital and labour are utilized to produce output is measured by TFP. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contributed to the productive capacity of the economy.

TFP fluctuates considerably over the business cycle. The reasons for this are wide ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce, helping to maintain growth in TFP. The contribution of TFP to growth in potential will remain in line with recent historical performance, contributing roughly 1 per cent to growth annually over the forecast horizon.

When actual real GDP diverges from potential output, an economy is said to have an output gap. Over the medium term, average real GDP growth of 3.1 per cent will result in a significant narrowing of the output gap that opened earlier in the decade, with closure expected in around 2010. Economic growth over the remainder of the long-term forecast is expected to hold close to growth in potential output—that is, to trend slowly downward to 1.8 per cent by 2025. The output gap will remain more-or-less closed over the 2011–25-period and therefore will not contribute excessively to inflationary pressures over the forecast horizon.

Employment in British Columbia is expected to continue to outpace the national average over the medium term.

The impact of diminishing labour force growth on potential output will be cushioned to some extent by gains in productivity and strong growth in the capital stock. Overall, the average annual growth rate of potential output is expected to decline from 2.5 per cent from 2005 to 2014 to 1.9 per cent from 2015 to 2025. (See Chart 4.)

AGGREGATE DEMAND

Employment in British Columbia is expected to continue to outpace the national average over the medium term, posting average annual compound growth of 1.9 per cent from 2005 to 2010. Average annual compound employment growth will taper off from 2011 to 2025, to only 0.4 per cent. The unemployment rate is expected to average 5.6 per cent over the medium term, and gradually to decline to 5 per cent in 2025.

Over the medium term, baby boomers, now in their peak spending years, will continue to spend heavily on durable goods, such as cars and home furnishings. As this generation retires, their preferences will shift toward services, such as health care and travel, especially after 2020. Consequently, consumer spending on goods is expected to taper off, posting an average compound growth rate of 3.8 per cent from 2005 to 2014 and 3.5 per cent over 2015 to 2025. Overall, consumer spending is forecast to record compound growth of 4.3 per cent over 2005–14 and to decline slightly to 4 per cent from 2015 to 2025.

Total housing starts are forecast to decline gradually over the long term.

Demographic developments will naturally dictate the level of housing activity over the long term. Largely as a result of net interprovincial outflows, housing starts weakened over the last decade and dropped to their lowest level in more than two decades in 2000. However, the outflows have gradually decreased in recent years, and the housing market began to pick up steam. Positive net interprovincial migration combined with historically low mortgage rates have kept housing activity vigorous and are expected to keep activity at a high level throughout 2005. However, even with positive net interprovincial migration, total housing starts are forecast to decline gradually over the long term. (See Chart 5.) Multiple housing starts will fare much better than single-family dwellings, as housing for the influx of baby boomers will be concentrated in multiple units.

Overall, total starts are forecast to decline at an average annual compound rate of 1.9 per cent from 2005 to 2014 and at an average rate of 1.6 per cent from 2015 to 2025. Nominal investment spending on residential construction will grow by a healthy average annual rate of 4.1 per cent from 2005 to 2014 and 2.7 per cent over the last ten years of the forecast.

Nominal investment spending on non-residential construction has shown quite a bit of strength recently, and it is expected to continue to make solid gains over the medium term. The non-residential profile is expected to be strong thanks to many large public projects, including the Richmond–Airport–Vancouver Rapid Transit (RAV) system and various public infrastructure upgrades and new facilities in preparation for the 2010 Winter Olympics. As a result, investment in non-residential construction is expected to knock up a healthy compound annual growth rate of 5.9 per cent over 2005–10.

Investment in machinery and equipment is expected to grow robustly over the forecast period.

The expansion in business spending experienced recently and the strong Canadian dollar have led to a rebound in machinery and equipment investment. Investment in machinery and equipment is expected to grow robustly over the forecast period as businesses remain under pressure to become more globally competitive and strive to increase productivity. Compound annual growth in machinery and equipment is expected to be 5.6 per cent over 2005 to 2014 and 3.8 per cent from 2015 to 2025.

Chart 4
Actual versus Potential GDP Growth
(percentage change)
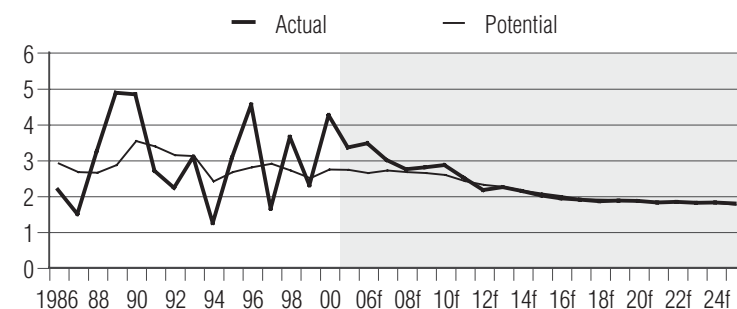
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

The fiscal outlook has improved significantly after several years in a deficit position. The provincial government is expected to deliver a surplus of around $1.6 billion in the 2005–06 fiscal year, with smaller surpluses expected in the two following years. This turnaround is a significant development for British Columbia, enabling the government to become a positive force on the economy over the medium and long terms. As such, fiscal policy is expected to become more expansionary over the medium term. In particular, government spending on services such as health care will increase as aging baby boomers place increased demand on the health-care system. During the last few years of the forecast, spending on education is anticipated to increase as new schools are built to accommodate the grandchildren of baby boomers. Nominal government spending on goods and services is expected to post an average annual growth rate of 4.9 per cent over 2005 to 2014 and 4.8 per cent from 2015 to 2025.

Chart 5
Total Housing Starts
(in units)
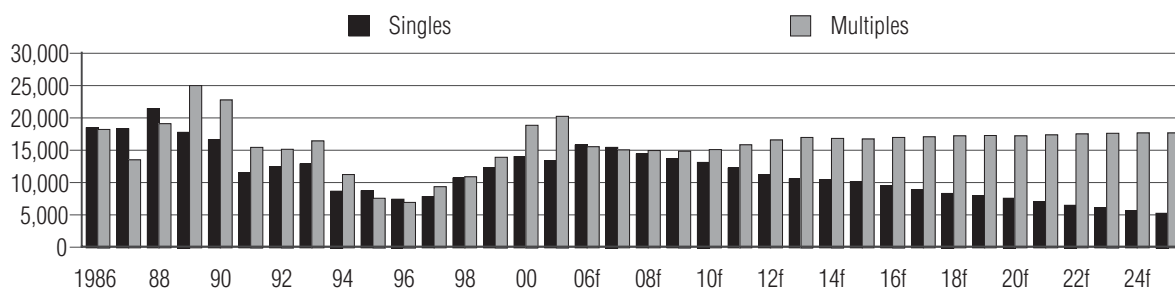
f = forecast
Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation.

INDUSTRY ANALYSIS

FORESTRY

In the short run, the outlook for British Columbia's forestry industry is quite positive. The sector is currently benefiting from increased harvest levels to combat the spread of the mountain pine beetle and reductions in Quebec's harvest levels. Growth will begin to taper off but will remain positive over the medium term as the North American housing market cools. Average annual compound growth in British Columbia's real forestry output is expected to be 2 per cent from 2005 to 2010.

The outlook over the long term is not favourable. Approximately 30 per cent of the province's timber supply is lodge-pole pine, and it is estimated that the mountain pine beetle will kill up to 80 per cent of this tree species. This will obviously have devastating effects on the industry, and harvest levels are expected to drop in the long term. The Conference Board's assumption when compiling the forecast is that harvest levels will begin to drop by 2012 because of a decline in the amount of commercially viable beetle-killed wood. This assumption leads to an industry contraction of 1 per cent over 2011 to 2025.

MANUFACTURING

British Columbia's largely resource-based manufacturing sector is dominated by the paper and wood product industries, which together account for nearly half of the province's total manufacturing shipments. Pulp and newsprint producers have faced challenging market conditions during the last two years as excess world supply resulted in significant price weakness. Additionally, firms have been plagued by the sky-high Canadian dollar. However, a reduction in overall industry capacity over the past two years as a result of plant closures, together with a revived U.S. economy, bode well for pulp and newsprint producers.

These industries will continue to play an important role over the long term, although there will be greater emphasis on value-added products for exports. First, the abundance of high-grade fibre in the province will allow the development of more specialized paper products. Second, lumber manufacturing will continue to develop markets for furniture components, doors and windows while continuing to diversify into engineered lumber products. As such, real manufacturing output will post average compound annual growth of 3.3 per cent from 2005 to 2014 and 2.3 per cent over 2015–25.

Table 1—Key Economic Indicators: Canada
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP at market prices (current $)	1,076,577	1,108,048	1,154,204	1,216,191	1,290,185	1,359,212	1,424,447	1,487,284	1,554,432	1,626,447	1,703,932	1,779,508	1,854,001
	9.6	2.9	4.2	5.4	6.1	5.4	4.8	4.4	4.5	4.6	4.8	4.4	4.2
GDP at basic prices (current $)	999,930	1,032,177	1,069,700	1,131,143	1,199,982	1,263,489	1,323,289	1,381,223	1,443,490	1,510,534	1,582,966	1,652,753	1,721,146
	9.9	3.2	3.6	5.7	6.1	5.3	4.7	4.4	4.5	4.6	4.8	4.4	4.1
GDP at basic prices (constant 1997 $)	943,737	959,620	991,870	1,013,899	1,045,297	1,074,318	1,107,566	1,141,553	1,175,255	1,209,823	1,246,278	1,279,827	1,312,469
	5.3	1.7	3.4	2.2	3.1	2.8	3.1	3.1	3.0	2.9	3.0	2.7	2.6
Consumer price index (1992=1.0)	1.135	1.164	1.190	1.223	1.246	1.274	1.299	1.324	1.351	1.378	1.407	1.436	1.466
	2.7	2.5	2.2	2.8	1.8	2.3	2.0	1.9	2.0	2.1	2.1	2.1	2.1
Implicit price deflator— GDP at basic prices (1997=1.0)	1.059	1.076	1.078	1.116	1.148	1.176	1.195	1.210	1.228	1.249	1.270	1.291	1.311
	4.4	1.5	0.3	3.5	2.9	2.5	1.6	1.3	1.5	1.7	1.7	1.7	1.5
Average weekly wages (level $)	657	667	676	683	695	716	735	756	777	798	820	844	870
	2.4	1.5	1.4	1.1	1.8	2.9	2.8	2.8	2.7	2.7	2.7	2.9	3.1
Personal income (current $)	840,382	876,471	899,282	930,093	970,198	1,016,742	1,068,745	1,117,971	1,167,486	1,217,924	1,268,786	1,319,323	1,373,892
	7.3	4.3	2.6	3.4	4.3	4.8	5.1	4.6	4.4	4.3	4.2	4.0	4.1
Personal disposable income (current $)	639,567	669,196	693,667	719,553	747,496	776,357	815,733	853,200	890,314	928,151	966,508	1,005,307	1,045,549
	7.3	4.6	3.7	3.7	3.9	3.9	5.1	4.6	4.3	4.2	4.1	4.0	4.0
Personal savings rate	4.7	5.2	3.5	2.4	1.4	−0.3	0.5	1.0	1.1	1.1	0.9	0.8	0.7
	16.3	10.2	−32.8	−31.5	−39.6	−118.6	283.2	111.1	11.1	−4.1	−20.1	−13.8	−4.4
Population (000s)	30,651	30,974	31,321	31,618	31,908	32,174	32,431	32,689	32,947	33,203	33,459	33,724	33,997
	0.9	1.1	1.1	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Labour force (000s)	15,844	16,112	16,579	16,954	17,183	17,358	17,649	17,945	18,189	18,391	18,571	18,734	18,873
	1.7	1.7	2.9	2.3	1.4	1.0	1.7	1.7	1.4	1.1	1.0	0.9	0.7
Employment (000s)	14,760	14,946	15,308	15,664	15,952	16,176	16,487	16,775	17,022	17,266	17,494	17,646	17,780
	2.6	1.3	2.4	2.3	1.8	1.4	1.9	1.7	1.5	1.4	1.3	0.9	0.8
Unemployment rate (percentage)	6.8	7.2	7.7	7.6	7.2	6.8	6.6	6.5	6.4	6.1	5.8	5.8	5.8
Retail sales (current $)	287,838	300,448	319,525	331,147	346,721	372,058	389,592	405,531	422,736	440,707	460,170	481,237	502,941
	6.0	4.4	6.3	3.6	4.7	7.3	4.7	4.1	4.2	4.3	4.4	4.6	4.5
Housing starts (units)	151,653	162,733	205,034	218,426	233,431	216,969	194,337	187,747	183,620	181,461	179,915	178,105	176,147
	1.1	7.3	26.0	6.5	6.9	−7.1	−10.4	−3.4	−2.2	−1.2	−0.9	−1.0	−1.1

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 1—Key Economic Indicators: Canada
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP at market prices (current $)	1,930,751	2,009,213	2,088,104	2,170,393	2,253,825	2,341,094	2,431,513	2,524,707	2,621,980	2,723,866	2,828,272	2,936,673	3,047,518
	4.1	4.1	3.9	3.9	3.8	3.9	3.9	3.8	3.9	3.9	3.8	3.8	3.8
GDP at basic prices (current $)	1,791,690	1,863,682	1,935,822	2,011,436	2,088,155	2,168,070	2,250,618	2,335,884	2,425,245	2,518,929	2,614,641	2,713,807	2,815,112
	4.1	4.0	3.9	3.9	3.8	3.8	3.8	3.8	3.8	3.9	3.8	3.8	3.7
GDP at basic prices (constant 1997 $)	1,345,493	1,377,928	1,409,301	1,441,105	1,472,245	1,503,110	1,534,940	1,567,183	1,599,848	1,633,808	1,667,710	1,702,697	1,737,343
	2.5	2.4	2.3	2.3	2.2	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0
Consumer price index (1992=1.0)	1.496	1.527	1.559	1.591	1.624	1.659	1.695	1.733	1.773	1.814	1.856	1.899	1.944
	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.2	2.3	2.3	2.3	2.3	2.3
Implicit price deflator— GDP at basic prices (1997=1.0)	1.332	1.352	1.374	1.396	1.418	1.442	1.466	1.490	1.516	1.542	1.568	1.594	1.620
	1.5	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Average weekly wages (level $)	898	928	959	992	1026	1062	1100	1139	1179	1220	1263	1307	1353
	3.3	3.3	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Personal income (current $)	1,431,230	1,490,043	1,551,305	1,614,390	1,679,186	1,746,875	1,817,774	1,892,017	1,969,098	2,049,418	2,132,874	2,219,109	2,308,909
	4.2	4.1	4.1	4.1	4.0	4.0	4.1	4.1	4.1	4.1	4.1	4.0	4.0
Personal disposable income (current $)	1,087,449	1,130,667	1,175,179	1,220,987	1,267,858	1,316,627	1,367,565	1,420,790	1,475,899	1,533,159	1,592,592	1,653,846	1,717,513
	4.0	4.0	3.9	3.9	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.8	3.8
Personal savings rate	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7
	-3.4	4.1	6.6	7.5	-0.9	-3.9	0.6	1.7	-0.7	-1.4	-3.0	-6.5	-5.0
Population (000s)	34,270	34,543	34,817	35,090	35,363	35,636	35,907	36,177	36,445	36,711	36,973	37,232	37,488
	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Labour force (000s)	18,995	19,108	19,214	19,305	19,382	19,448	19,505	19,558	19,611	19,662	19,711	19,757	19,800
	0.6	0.6	0.6	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2
Employment (000s)	17,912	18,020	18,130	18,218	18,287	18,344	18,403	18,460	18,519	18,578	18,632	18,683	18,736
	0.7	0.6	0.6	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Unemployment rate (percentage)	5.7	5.7	5.6	5.6	5.6	5.7	5.6	5.6	5.6	5.5	5.5	5.4	5.4
Retail sales (current $)	525,410	548,727	572,758	597,469	623,136	649,796	677,754	706,689	735,960	766,170	797,611	829,887	863,529
	4.5	4.4	4.4	4.3	4.3	4.3	4.3	4.3	4.1	4.1	4.1	4.0	4.1
Housing starts (units)	174,133	172,105	170,033	167,850	165,522	163,044	160,418	157,651	154,751	151,754	148,712	145,668	142,634
	-1.1	-1.2	-1.2	-1.3	-1.4	-1.5	-1.6	-1.7	-1.8	-1.9	-2.0	-2.0	-2.1

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 2—Key Economic Indicators: Newfoundland and Labrador
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP at market prices (current $)	13,914	14,246	16,559	18,199	19,432	20,420	22,542	22,909	23,099	23,647	24,366	25,255	25,472
	14.2	2.4	16.2	9.9	6.8	5.1	10.4	1.6	0.8	2.4	3.0	3.6	0.9
GDP at basic prices (current $)	12,566	12,876	15,065	16,634	17,810	18,698	20,723	21,001	21,104	21,563	22,190	22,975	23,083
	15.4	2.5	17.0	10.4	7.1	5.0	10.8	1.3	0.5	2.2	2.9	3.5	0.5
GDP at basic prices (constant 1997 $)	11,166	11,342	13,380	14,218	14,118	14,409	15,157	15,199	15,070	15,044	15,137	15,247	15,214
	5.9	1.6	18.0	6.3	-0.7	2.1	5.2	0.3	-0.9	-0.2	0.6	0.7	-0.2
Consumer price index (1992=1.0)	1.133	1.145	1.173	1.207	1.229	1.261	1.282	1.303	1.327	1.352	1.377	1.402	1.427
	3.0	1.1	2.4	2.9	1.8	2.6	1.7	1.7	1.8	1.9	1.9	1.8	1.8
Implicit price deflator— GDP at basic prices (1997=1.0)	1.125	1.136	1.124	1.171	1.262	1.298	1.367	1.382	1.400	1.433	1.466	1.507	1.517
	8.9	0.9	-1.0	4.1	7.8	2.8	5.4	1.1	1.3	2.3	2.3	2.8	0.7
Average weekly wages (level $)	566	574	588	604	622	637	654	674	693	709	722	736	752
	2.2	1.4	2.5	2.7	3.1	2.4	2.6	3.0	2.9	2.2	1.9	1.9	2.2
Personal income (current $)	11,126	11,585	11,882	12,409	12,852	13,370	13,927	14,402	14,895	15,453	15,956	16,379	16,743
	4.4	4.1	2.6	4.4	3.6	4.0	4.2	3.4	3.4	3.7	3.3	2.7	2.2
Personal disposable income (current $)	8,741	9,143	9,355	9,806	10,147	10,479	10,909	11,281	11,661	12,089	12,480	12,817	13,098
	4.3	4.6	2.3	4.8	3.5	3.3	4.1	3.4	3.4	3.7	3.2	2.7	2.2
Personal savings rate	0.6	1.5	-0.2	0.3	0.3	0.6	2.0	2.5	2.6	2.5	2.2	2.1	1.9
	-70.4	176.3	-114.4	251.1	-9.6	108.9	217.0	24.4	2.8	-2.8	-10.0	-8.3	-5.9
Population (000s)	529	523	520	519	518	516	513	511	509	507	505	502	500
	-1.0	-1.1	-0.6	-0.2	-0.2	-0.4	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Labour force (000s)	238	243	249	254	255	253	255	255	255	254	254	252	250
	-1.4	2.2	2.3	2.0	0.4	-0.7	0.6	0.2	-0.2	-0.1	-0.1	-0.6	-0.8
Employment (000s)	198	204	208	212	215	215	216	217	218	221	222	222	219
	-1.2	3.1	1.7	2.2	1.4	-0.2	0.8	0.4	0.4	1.3	0.6	0.0	-1.4
Unemployment rate (percentage)	16.7	16.0	16.5	16.4	15.6	15.2	15.0	14.8	14.3	13.1	12.5	11.9	12.5
Retail sales (current $)	4,760	5,201	5,407	5,736	5,755	5,918	6,065	6,237	6,441	6,684	6,921	7,142	7,324
	7.4	9.3	4.0	6.1	0.3	2.8	2.5	2.8	3.3	3.8	3.5	3.2	2.5
Housing starts (units)	1,459	1,788	2,419	2,692	2,870	2,396	1,802	1,471	1,374	1,334	1,283	1,177	1,108
	6.4	22.5	35.3	11.3	6.6	-16.5	-24.8	-18.3	-6.6	-3.0	-3.8	-8.3	-5.9

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 2—Key Economic Indicators: Newfoundland and Labrador
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP at market prices (current $)	25,474	25,958	26,838	27,519	28,183	28,898	29,559	30,169	30,579	30,933	31,228	31,672	32,083
	0.0	1.9	3.4	2.5	2.4	2.5	2.3	2.1	1.4	1.2	1.0	1.4	1.3
GDP at basic prices (current $)	22,973	23,340	24,099	24,661	25,204	25,786	26,306	26,773	27,041	27,248	27,386	27,664	27,903
	–0.5	1.6	3.3	2.3	2.2	2.3	2.0	1.8	1.0	0.8	0.5	1.0	0.9
GDP at basic prices (constant 1997 $)	14,889	15,008	15,289	15,467	15,577	15,619	15,762	15,847	15,849	15,818	15,767	15,757	15,752
	–2.1	0.8	1.9	1.2	0.7	0.3	0.9	0.5	0.0	–0.2	–0.3	–0.1	0.0
Consumer price index (1992=1.0)	1.450	1.474	1.499	1.526	1.553	1.581	1.610	1.639	1.670	1.702	1.732	1.765	1.798
	1.6	1.6	1.7	1.8	1.8	1.8	1.8	1.8	1.9	1.9	1.8	1.9	1.9
Implicit price deflator— GDP at basic prices (1997=1.0)	1.543	1.555	1.576	1.594	1.618	1.651	1.669	1.689	1.706	1.723	1.737	1.756	1.771
	1.7	0.8	1.4	1.2	1.5	2.0	1.1	1.2	1.0	1.0	0.8	1.1	0.9
Average Weekly Wages (level $)	769	788	808	828	848	868	891	915	939	964	990	1016	1043
	2.3	2.4	2.5	2.5	2.4	2.4	2.6	2.7	2.7	2.7	2.7	2.6	2.6
Personal income (current $)	17,041	17,453	18,022	18,554	19,054	19,518	20,078	20,650	21,212	21,786	22,372	22,966	23,577
	1.8	2.4	3.3	3.0	2.7	2.4	2.9	2.8	2.7	2.7	2.7	2.7	2.7
Personal disposable income (current $)	13,330	13,646	14,068	14,465	14,838	15,186	15,600	16,024	16,441	16,865	17,298	17,736	18,186
	1.8	2.4	3.1	2.8	2.6	2.3	2.7	2.7	2.6	2.6	2.6	2.5	2.5
Personal savings rate	1.8	1.8	1.8	1.8	1.7	1.6	1.5	1.5	1.4	1.3	1.2	1.1	0.9
	–6.5	–2.7	–0.2	–0.2	–4.1	–6.1	–3.8	–3.6	–5.3	–6.4	–7.9	–11.1	–11.2
Population (000s)	498	496	494	491	489	487	484	481	478	475	472	469	465
	–0.5	–0.4	–0.4	–0.5	–0.5	–0.5	–0.5	–0.6	–0.6	–0.6	–0.7	–0.7	–0.7
Labour force (000s)	248	246	245	243	240	238	236	234	231	229	227	224	221
	–0.8	–0.8	–0.7	–0.8	–0.8	–0.9	–0.9	–1.0	–1.0	–1.0	–1.0	–1.1	–1.2
Employment (000s)	213	211	212	212	210	207	206	204	202	200	197	195	193
	–2.6	–1.1	0.4	–0.1	–0.8	–1.4	–0.6	–0.8	–1.0	–1.1	–1.2	–1.2	–1.1
Unemployment rate (percentage)	14.1	14.4	13.4	12.8	12.7	13.1	12.8	12.7	12.7	12.8	12.9	12.9	12.9
Retail sales (current $)	7,471	7,675	7,948	8,207	8,455	8,688	8,967	9,250	9,523	9,799	10,084	10,371	10,668
	2.0	2.7	3.6	3.2	3.0	2.7	3.2	3.2	2.9	2.9	2.9	2.8	2.9
Housing starts (units)	1,036	950	866	771	690	600	517	435	378	330	288	248	210
	–6.4	–8.4	–8.8	–11.0	–10.5	–13.0	–13.8	–16.0	–13.1	–12.6	–12.8	–13.9	–15.1

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 3—Key Economic Indicators: Prince Edward Island
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP at market prices (current $)	3,364	3,434	3,736	3,849	3,998	4,157	4,306	4,478	4,668	4,853	5,046	5,235	5,431
	6.5	2.1	8.8	3.0	3.9	4.0	3.6	4.0	4.2	4.0	4.0	3.7	3.7
GDP at basic prices (current $)	3,033	3,140	3,378	3,476	3,610	3,746	3,871	4,022	4,191	4,355	4,526	4,690	4,860
	6.4	3.5	7.6	2.9	3.9	3.7	3.4	3.9	4.2	3.9	3.9	3.6	3.6
GDP at basic prices (constant 1997 $)	2,809	2,800	2,972	3,027	3,082	3,143	3,199	3,273	3,364	3,452	3,551	3,639	3,720
	2.0	−0.3	6.2	1.8	1.8	2.0	1.8	2.3	2.8	2.6	2.8	2.5	2.2
Consumer price index (1992=1.0)	1.117	1.146	1.177	1.219	1.245	1.279	1.300	1.319	1.341	1.366	1.392	1.417	1.444
	4.1	2.6	2.7	3.5	2.2	2.7	1.7	1.5	1.7	1.8	1.9	1.8	1.9
Implicit price deflator— GDP at basic prices (1997=1.0)	1.080	1.121	1.136	1.148	1.172	1.192	1.210	1.229	1.246	1.261	1.275	1.289	1.306
	4.4	3.8	1.3	1.0	2.0	1.7	1.5	1.5	1.4	1.2	1.1	1.1	1.4
Average weekly wages (level $)	467	469	479	475	477	488	500	513	526	539	551	565	581
	0.8	0.5	2.2	−0.8	0.4	2.3	2.5	2.6	2.5	2.4	2.3	2.6	2.7
Personal income (current $)	3,045	3,119	3,264	3,319	3,464	3,614	3,765	3,920	4,080	4,240	4,405	4,577	4,765
	6.9	2.4	4.7	1.7	4.4	4.3	4.2	4.1	4.1	3.9	3.9	3.9	4.1
Personal disposable income (current $)	2,420	2,475	2,602	2,634	2,750	2,851	2,969	3,091	3,215	3,340	3,470	3,607	3,752
	6.8	2.3	5.1	1.2	4.4	3.7	4.1	4.1	4.0	3.9	3.9	4.0	4.0
Personal savings rate	1.9	0.6	1.0	−2.4	−2.7	−2.6	−0.9	−0.4	−0.3	−0.3	−0.6	−0.7	−0.8
	−41.2	−67.2	58.4	−342.7	−12.0	4.6	64.6	58.0	26.1	−20.5	−67.2	−28.6	−12.1
Population (000s)	136	137	137	137	138	138	138	139	139	140	141	142	143
	0.2	0.1	0.2	0.2	0.4	0.0	0.3	0.4	0.4	0.5	0.6	0.7	0.8
Labour force (000s)	71	72	73	74	75	76	77	78	79	79	80	80	81
	1.9	1.1	1.5	1.1	1.3	1.6	0.7	1.3	0.9	0.8	0.6	1.0	0.8
Employment (000s)	63	64	65	66	67	68	68	69	70	71	72	72	73
	4.4	1.3	1.6	2.2	0.8	2.0	0.6	1.4	1.5	1.1	1.0	0.9	0.7
Unemployment rate (percentage)	12.1	11.9	11.9	10.9	11.3	10.9	11.1	11.0	10.5	10.2	9.9	10.0	10.1
Retail sales (current $)	1,274	1,325	1,369	1,383	1,385	1,436	1,463	1,518	1,580	1,644	1,714	1,794	1,877
	6.6	4.0	3.4	1.0	0.1	3.7	1.9	3.7	4.1	4.0	4.3	4.7	4.6
Housing starts (units)	710	675	775	814	919	966	657	613	589	589	649	681	690
	15.3	−4.9	14.8	5.0	12.9	5.2	−32.0	−6.7	−3.9	0.0	10.2	4.9	1.3

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 3—Key Economic Indicators: Prince Edward Island
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP at market prices (current $)	5,618	5,810	6,001	6,194	6,408	6,625	6,851	7,083	7,322	7,576	7,831	8,087	8,361
	3.4	3.4	3.3	3.2	3.5	3.4	3.4	3.4	3.4	3.5	3.4	3.3	3.4
GDP at basic prices (current $)	5,020	5,184	5,346	5,510	5,695	5,881	6,074	6,271	6,476	6,694	6,912	7,129	7,361
	3.3	3.3	3.1	3.1	3.4	3.3	3.3	3.3	3.3	3.4	3.3	3.1	3.3
GDP at basic prices (constant 1997 $)	3,796	3,871	3,946	4,017	4,089	4,160	4,233	4,305	4,376	4,449	4,522	4,595	4,668
	2.0	2.0	1.9	1.8	1.8	1.7	1.7	1.7	1.6	1.7	1.6	1.6	1.6
Consumer price index (1992=1.0)	1.469	1.495	1.521	1.548	1.576	1.606	1.636	1.668	1.700	1.733	1.768	1.805	1.841
	1.8	1.8	1.7	1.8	1.8	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.0
Implicit price deflator— GDP at basic prices (1997=1.0)	1.322	1.339	1.355	1.372	1.393	1.414	1.435	1.457	1.480	1.505	1.529	1.551	1.577
	1.2	1.3	1.2	1.3	1.5	1.5	1.5	1.5	1.6	1.7	1.6	1.5	1.7
Average weekly wages (level $)	597	614	632	652	671	692	714	736	760	784	809	834	860
	2.7	2.9	2.9	3.0	3.0	3.1	3.1	3.2	3.2	3.2	3.2	3.1	3.1
Personal income (current $)	4,954	5,155	5,361	5,577	5,794	6,026	6,268	6,521	6,786	7,062	7,346	7,639	7,947
	4.0	4.1	4.0	4.0	3.9	4.0	4.0	4.0	4.1	4.1	4.0	4.0	4.0
Personal disposable income (current $)	3,898	4,053	4,210	4,374	4,538	4,714	4,897	5,087	5,287	5,494	5,707	5,926	6,156
	3.9	4.0	3.9	3.9	3.8	3.9	3.9	3.9	3.9	3.9	3.9	3.8	3.9
Personal savings rate	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.1	-1.1	-1.1	-1.2	-1.2	-1.3	-1.4
	-10.4	-1.9	1.0	1.8	-5.3	-7.1	-3.4	-2.5	-4.0	-4.7	-5.5	-7.6	-5.7
Population (000s)	144	145	146	148	149	150	152	153	154	155	157	158	159
	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8
Labour force (000s)	82	82	83	84	84	84	84	85	85	85	85	86	86
	0.8	0.8	0.7	0.7	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Employment (000s)	73	74	74	74	75	75	75	75	76	76	76	76	77
	0.4	0.6	0.5	0.6	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Unemployment rate (percentage)	10.4	10.6	10.7	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.8
Retail sales (current $)	1,960	2,047	2,136	2,228	2,321	2,421	2,524	2,631	2,741	2,855	2,972	3,093	3,220
	4.4	4.5	4.3	4.3	4.2	4.3	4.3	4.2	4.2	4.1	4.1	4.1	4.1
Housing starts (units)	711	738	747	756	758	756	748	737	723	706	685	664	644
	3.0	3.8	1.2	1.2	0.3	-0.3	-1.1	-1.5	-1.9	-2.4	-2.9	-3.1	-3.0

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 4—Key Economic Indicators: Nova Scotia
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP at market prices (current $)	24,651	25,938	27,182	28,875	29,964	31,354	32,629	33,835	35,030	36,331	37,676	38,973	40,136
	6.9	5.2	4.8	6.2	3.8	4.6	4.1	3.7	3.5	3.7	3.7	3.4	3.0
GDP at basic prices (current $)	22,474	23,594	24,635	26,193	27,197	28,418	29,527	30,582	31,628	32,775	33,966	35,085	36,062
	7.3	5.0	4.4	6.3	3.8	4.5	3.9	3.6	3.4	3.6	3.6	3.3	2.8
GDP at basic prices (constant 1997 $)	20,867	21,578	22,400	22,706	23,048	23,536	24,047	24,487	24,984	25,496	26,029	26,478	26,886
	3.5	3.4	3.8	1.4	1.5	2.1	2.2	1.8	2.0	2.1	2.1	1.7	1.5
Consumer price index (1992=1.0)	1.142	1.163	1.198	1.239	1.261	1.293	1.318	1.339	1.363	1.388	1.415	1.440	1.467
	3.5	1.9	3.0	3.4	1.8	2.6	1.9	1.6	1.8	1.9	1.9	1.8	1.9
Implicit price deflator— GDP at basic prices (1997=1.0)	1.077	1.094	1.100	1.153	1.180	1.207	1.228	1.249	1.266	1.285	1.305	1.325	1.341
	3.7	1.5	0.6	4.9	2.3	2.3	1.7	1.7	1.4	1.5	1.5	1.5	1.2
Average weekly wages (level $)	547	551	560	565	576	597	610	626	642	658	673	690	709
	1.7	0.8	1.6	1.0	1.9	3.6	2.3	2.5	2.6	2.4	2.3	2.6	2.7
Personal income (current $)	22,360	23,191	23,862	24,713	25,579	26,767	27,921	28,979	30,033	31,123	32,146	33,176	34,267
	4.4	3.7	2.9	3.6	3.5	4.6	4.3	3.8	3.6	3.6	3.3	3.2	3.3
Personal disposable income (current $)	17,527	18,214	18,761	19,467	20,130	20,936	21,820	22,646	23,456	24,296	25,088	25,902	26,729
	4.2	3.9	3.0	3.8	3.4	4.0	4.2	3.8	3.6	3.6	3.3	3.2	3.2
Personal savings rate	2.3	3.4	0.7	0.0	–1.1	–0.5	0.5	1.0	1.1	1.0	0.8	0.6	0.5
	–39.8	50.2	–78.3	–99.1	–16853.8	54.4	200.2	104.6	8.9	–5.7	–23.3	–22.0	–16.9
Population (000s)	934	933	934	936	937	937	936	936	935	935	935	934	934
	0.1	–0.1	0.1	0.2	0.1	0.0	–0.1	0.0	0.0	0.0	0.0	–0.1	–0.1
Labour force (000s)	452	460	467	475	484	485	490	492	495	497	497	499	497
	1.4	1.7	1.5	1.6	2.0	0.1	1.0	0.6	0.5	0.4	0.1	0.2	–0.2
Employment (000s)	411	415	422	431	442	444	449	454	457	460	463	464	463
	2.0	1.0	1.7	2.1	2.4	0.6	1.2	0.9	0.7	0.7	0.6	0.2	0.0
Unemployment rate (percentage)	9.1	9.8	9.6	9.1	8.8	8.3	8.2	7.9	7.7	7.5	7.0	7.0	6.8
Retail sales (current $)	8,956	9,278	9,840	10,015	10,297	10,691	11,071	11,440	11,854	12,301	12,752	13,251	13,751
	4.0	3.6	6.1	1.8	2.8	3.8	3.6	3.3	3.6	3.8	3.7	3.9	3.8
Housing starts (units)	4,432	4,092	4,970	5,096	4,717	4,699	3,952	3,014	2,776	2,741	2,700	2,586	2,476
	4.3	–7.7	21.5	2.5	–7.4	–0.4	–15.9	–23.7	–7.9	–1.3	–1.5	–4.2	–4.3

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 4—Key Economic Indicators: Nova Scotia
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP at market prices (current $)	41,335	42,432	43,562	44,717	45,897	47,115	48,366	49,611	50,865	52,222	53,636	55,035	56,478
	3.0	2.7	2.7	2.7	2.6	2.7	2.7	2.6	2.5	2.7	2.7	2.6	2.6
GDP at basic prices (current $)	37,070	37,968	38,892	39,841	40,815	41,808	42,818	43,819	44,831	45,937	47,084	48,199	49,350
	2.8	2.4	2.4	2.4	2.4	2.4	2.4	2.3	2.3	2.5	2.5	2.4	2.4
GDP at basic prices (constant 1997 $)	27,293	27,599	27,914	28,211	28,493	28,758	29,008	29,250	29,491	29,748	30,008	30,264	30,504
	1.5	1.1	1.1	1.1	1.0	0.9	0.9	0.8	0.8	0.9	0.9	0.9	0.8
Consumer price index (1992=1.0)	1.493	1.519	1.546	1.573	1.600	1.631	1.662	1.696	1.732	1.769	1.809	1.847	1.889
	1.8	1.8	1.7	1.7	1.7	1.9	1.9	2.0	2.1	2.1	2.2	2.1	2.2
Implicit price deflator— GDP at basic prices (1997=1.0)	1.358	1.376	1.393	1.412	1.432	1.454	1.476	1.498	1.520	1.544	1.569	1.593	1.618
	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.5	1.5	1.6	1.6	1.5	1.6
Average Weekly Wages (level $)	729	750	772	796	820	846	872	900	928	957	988	1019	1051
	2.8	2.9	2.9	3.0	3.1	3.1	3.1	3.2	3.2	3.2	3.2	3.1	3.1
Personal income (current $)	35,397	36,488	37,624	38,784	39,962	41,199	42,466	43,778	45,130	46,533	47,990	49,458	50,979
	3.3	3.1	3.1	3.1	3.0	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Personal disposable income (current $)	27,574	28,400	29,245	30,110	30,984	31,899	32,835	33,802	34,796	35,825	36,893	37,966	39,076
	3.2	3.0	3.0	3.0	2.9	3.0	2.9	2.9	2.9	3.0	3.0	2.9	2.9
Personal savings rate	0.4	0.4	0.4	0.4	0.3	0.2	0.1	0.1	0.0	-0.1	-0.2	-0.3	-0.4
	-19.1	-9.4	-3.4	-1.9	-19.5	-31.9	-31.5	-40.5	-93.2	-1540.8	-121.6	-73.2	-37.2
Population (000s)	933	932	931	930	929	928	927	925	923	921	919	917	914
	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3
Labour force (000s)	496	494	492	490	487	483	480	476	472	468	464	460	456
	-0.3	-0.4	-0.4	-0.5	-0.6	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8	-0.9	-0.9
Employment (000s)	463	461	459	457	454	451	447	444	440	437	433	430	426
	-0.1	-0.5	-0.4	-0.5	-0.6	-0.7	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8
Unemployment rate (percentage)	6.6	6.8	6.7	6.7	6.7	6.7	6.7	6.8	6.8	6.7	6.7	6.6	6.6
Retail sales (current $)	14,257	14,752	15,259	15,779	16,316	16,877	17,454	18,047	18,646	19,264	19,913	20,565	21,246
	3.7	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.3	3.3	3.4	3.3	3.3
Housing starts (units)	2,338	2,210	2,102	1,968	1,813	1,643	1,458	1,268	1,098	952	817	701	592
	-5.6	-5.5	-4.9	-6.4	-7.9	-9.4	-11.3	-13.1	-13.4	-13.3	-14.1	-14.3	-15.5

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 5—Key Economic Indicators: New Brunswick
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP at market prices (current $)	20,077	20,757	21,102	22,417	23,231	24,295	25,342	26,266	27,163	28,070	29,084	30,040	30,948
	5.4	3.4	1.7	6.2	3.6	4.6	4.3	3.6	3.4	3.3	3.6	3.3	3.0
GDP at basic prices (current $)	18,299	18,922	19,092	20,286	20,995	21,922	22,834	23,636	24,412	25,196	26,085	26,897	27,654
	5.4	3.4	0.9	6.3	3.5	4.4	4.2	3.5	3.3	3.2	3.5	3.1	2.8
GDP at basic prices (constant 1997 $)	17,323	17,602	18,262	18,680	19,183	19,642	20,211	20,620	20,932	21,213	21,638	21,974	22,272
	2.6	1.6	3.7	2.3	2.7	2.4	2.9	2.0	1.5	1.3	2.0	1.6	1.4
Consumer price index (1992=1.0)	1.128	1.147	1.186	1.226	1.244	1.273	1.295	1.317	1.341	1.366	1.393	1.419	1.449
	3.3	1.7	3.4	3.4	1.4	2.4	1.8	1.6	1.8	1.9	1.9	1.9	2.1
Implicit price deflator—GDP at basic prices (1997=1.0)	1.056	1.075	1.046	1.086	1.094	1.116	1.130	1.146	1.166	1.188	1.205	1.224	1.242
	2.7	1.8	−2.7	3.9	0.8	2.0	1.2	1.5	1.7	1.8	1.5	1.5	1.4
Average weekly wages (level $)	573	578	588	603	612	624	640	657	675	693	708	726	747
	5.1	1.0	1.7	2.5	1.5	2.0	2.5	2.7	2.7	2.7	2.2	2.6	2.8
Personal income (current $)	17,440	17,926	18,304	18,898	19,444	20,106	21,011	21,825	22,587	23,383	24,130	24,866	25,669
	4.8	2.8	2.1	3.2	2.9	3.4	4.5	3.9	3.5	3.5	3.2	3.0	3.2
Personal disposable income (current $)	13,732	14,204	14,539	15,040	15,419	15,844	16,548	17,188	17,780	18,396	18,981	19,576	20,195
	4.1	3.4	2.4	3.4	2.5	2.8	4.4	3.9	3.4	3.5	3.2	3.1	3.2
Personal savings rate	4.9	6.0	3.6	3.1	1.0	−1.0	−0.5	0.0	0.1	0.1	−0.2	−0.3	−0.4
	−23.3	22.6	−40.9	−12.9	−66.6	−193.1	50.1	110.1	186.2	−45.4	−319.0	−103.0	−28.3
Population (000s)	751	750	750	751	751	751	750	750	749	747	746	745	743
	0.0	−0.1	0.0	0.1	0.0	0.0	−0.1	−0.1	−0.1	−0.2	−0.2	−0.2	−0.2
Labour force (000s)	368	372	382	383	388	388	392	395	396	397	397	398	396
	1.6	1.0	2.7	0.3	1.4	−0.2	1.2	0.7	0.4	0.2	0.0	0.1	−0.4
Employment (000s)	331	331	343	344	351	350	356	360	362	363	365	365	364
	1.7	−0.2	3.7	0.2	2.0	0.0	1.6	1.0	0.5	0.5	0.5	−0.1	−0.3
Unemployment rate (percentage)	10.0	11.1	10.2	10.3	9.8	9.6	9.3	8.9	8.8	8.5	8.0	8.2	8.1
Retail sales (current $)	7,282	7,498	7,787	7,827	7,963	8,477	8,874	9,178	9,489	9,827	10,171	10,548	10,938
	4.5	3.0	3.9	0.5	1.7	6.5	4.7	3.4	3.4	3.6	3.5	3.7	3.7
Housing starts (units)	3,079	3,462	3,862	4,489	3,947	4,056	3,145	2,587	2,370	2,299	2,218	1,958	1,810
	10.9	12.4	11.6	16.2	−12.1	2.8	−22.5	−17.7	−8.4	−3.0	−3.5	−11.7	−7.6

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 5—Key Economic Indicators: New Brunswick
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP at market prices (current $)	31,912	32,874	33,838	34,836	35,789	36,764	37,776	38,763	39,803	40,913	41,995	43,105	44,268
	3.1	3.0	2.9	2.9	2.7	2.7	2.8	2.6	2.7	2.8	2.6	2.6	2.7
GDP at basic prices (current $)	28,465	29,266	30,062	30,895	31,681	32,474	33,291	34,082	34,925	35,831	36,698	37,579	38,506
	2.9	2.8	2.7	2.8	2.5	2.5	2.5	2.4	2.5	2.6	2.4	2.4	2.5
GDP at basic prices (constant 1997 $)	22,568	22,834	23,086	23,321	23,539	23,750	23,960	24,162	24,364	24,562	24,757	24,944	25,130
	1.3	1.2	1.1	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.7
Consumer price index (1992=1.0)	1.476	1.503	1.531	1.559	1.587	1.617	1.649	1.682	1.716	1.753	1.791	1.831	1.870
	1.9	1.9	1.8	1.8	1.8	1.9	2.0	2.0	2.0	2.1	2.1	2.2	2.1
Implicit price deflator— GDP at basic prices (1997=1.0)	1.261	1.282	1.302	1.325	1.346	1.367	1.389	1.411	1.433	1.459	1.482	1.507	1.532
	1.6	1.6	1.6	1.7	1.6	1.6	1.6	1.5	1.6	1.8	1.6	1.6	1.7
Average weekly wages (level $)	768	791	816	841	868	896	925	955	987	1019	1052	1086	1121
	2.9	3.0	3.1	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.2	3.2
Personal income (current $)	26,498	27,322	28,180	29,058	29,955	30,897	31,871	32,874	33,904	34,976	36,076	37,182	38,328
	3.2	3.1	3.1	3.1	3.1	3.1	3.2	3.1	3.1	3.2	3.1	3.1	3.1
Personal disposable income (current $)	20,826	21,459	22,109	22,774	23,451	24,160	24,891	25,643	26,413	27,214	28,035	28,858	29,710
	3.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.9	3.0
Personal savings rate	-0.5	-0.6	-0.5	-0.5	-0.6	-0.7	-0.7	-0.8	-0.8	-0.9	-1.0	-1.1	-1.2
	-20.4	-5.0	0.2	1.4	-10.2	-12.9	-6.7	-5.3	-7.6	-8.1	-8.9	-11.5	-8.8
Population (000s)	742	740	738	736	733	731	728	726	723	720	716	713	709
	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5
Labour force (000s)	395	393	391	388	386	383	379	376	373	369	366	362	358
	-0.4	-0.5	-0.5	-0.6	-0.7	-0.8	-0.8	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0
Employment (000s)	363	361	359	357	355	352	349	347	344	341	338	335	332
	-0.3	-0.5	-0.5	-0.6	-0.7	-0.7	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9	-0.9
Unemployment rate (percentage)	8.1	8.0	8.0	8.0	8.0	8.0	7.9	7.8	7.8	7.7	7.6	7.6	7.4
Retail sales (current $)	11,334	11,733	12,144	12,566	13,005	13,465	13,942	14,428	14,916	15,422	15,942	16,464	17,006
	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.3	3.3
Housing starts (units)	1,655	1,493	1,331	1,185	1,044	919	814	716	627	543	469	399	344
	-8.6	-9.8	-10.8	-11.0	-11.9	-12.0	-11.4	-12.0	-12.4	-13.4	-13.6	-15.0	-13.8

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 6—Key Economic Indicators: Quebec
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP at market prices (current $)	225,153	230,995	243,251	253,421	266,692	279,426	292,350	304,183	317,157	331,458	346,416	359,873	373,495
	6.7	2.6	5.3	4.2	5.2	4.8	4.6	4.0	4.3	4.5	4.5	3.9	3.8
GDP at basic prices (current $)	209,526	215,028	225,487	235,593	247,781	259,358	271,143	281,948	293,899	307,158	321,056	333,299	345,642
	6.9	2.6	4.9	4.5	5.2	4.7	4.5	4.0	4.2	4.5	4.5	3.8	3.7
GDP at basic prices (constant 1997 $)	201,334	204,317	212,710	217,061	222,352	227,685	233,641	240,213	246,520	253,425	260,581	266,375	272,031
	4.5	1.5	4.1	2.0	2.4	2.4	2.6	2.8	2.6	2.8	2.8	2.2	2.1
Consumer price index (1992=1.0)	1.106	1.132	1.155	1.184	1.207	1.235	1.259	1.283	1.309	1.335	1.363	1.391	1.420
	2.4	2.4	2.0	2.5	1.9	2.3	2.0	1.9	2.0	2.0	2.1	2.1	2.1
Implicit price deflator— GDP at basic prices (1997=1.0)	1.041	1.052	1.060	1.085	1.114	1.139	1.160	1.174	1.192	1.212	1.232	1.251	1.271
	2.3	1.1	0.7	2.4	2.7	2.2	1.9	1.1	1.6	1.7	1.7	1.6	1.5
Average weekly wages (level $)	610	617	630	639	651	667	683	702	721	742	763	785	810
	1.3	1.1	2.1	1.5	1.8	2.5	2.4	2.7	2.8	2.8	2.8	2.9	3.2
Personal income (current $)	187,153	194,727	199,687	207,741	216,110	225,594	236,940	247,237	257,629	268,099	278,739	288,672	299,412
	7.1	4.0	2.5	4.0	4.0	4.4	5.0	4.3	4.2	4.1	4.0	3.6	3.7
Personal disposable income (current $)	139,209	145,412	151,875	158,587	163,655	169,468	178,259	185,934	193,541	201,200	209,065	216,582	224,358
	6.2	4.5	4.4	4.4	3.2	3.6	5.2	4.3	4.1	4.0	3.9	3.6	3.6
Personal savings rate	3.8	4.3	4.2	3.4	1.9	−0.5	0.6	1.1	1.2	1.2	0.9	0.8	0.7
	12.6	12.1	−2.5	−19.9	−42.3	−123.4	230.9	89.6	9.1	−4.7	−19.8	−15.6	−7.4
Population (000s)	7,353	7,392	7,440	7,486	7,537	7,579	7,614	7,650	7,684	7,714	7,742	7,773	7,804
	0.4	0.5	0.6	0.6	0.7	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4
Labour force (000s)	3,717	3,772	3,907	3,991	4,028	4,056	4,123	4,182	4,225	4,253	4,278	4,288	4,291
	1.4	1.5	3.6	2.2	0.9	0.7	1.7	1.4	1.0	0.7	0.6	0.2	0.1
Employment (000s)	3,402	3,440	3,568	3,624	3,687	3,721	3,788	3,844	3,890	3,940	3,980	3,991	4,000
	2.5	1.1	3.7	1.6	1.7	0.9	1.8	1.5	1.2	1.3	1.0	0.3	0.2
Unemployment rate (percentage)	8.5	8.8	8.7	9.2	8.5	8.3	8.1	8.1	7.9	7.4	7.0	6.9	6.8
Retail sales (current $)	65,245	67,956	72,099	75,326	78,518	84,901	88,701	92,141	95,950	99,916	104,289	108,778	113,402
	5.1	4.2	6.1	4.5	4.2	8.1	4.5	3.9	4.1	4.1	4.4	4.3	4.3
Housing starts (units)	24,695	27,682	42,452	50,289	58,448	50,767	39,759	35,573	32,832	31,929	30,724	29,875	28,287
	−4.1	12.1	53.4	18.5	16.2	−13.1	−21.7	−10.5	−7.7	−2.8	−3.8	−2.8	−5.3

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 6—Key Economic Indicators: Quebec
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP at market prices (current $)	387,068	401,060	415,133	429,638	444,272	460,007	475,929	492,254	508,822	526,100	543,712	561,603	579,907
	3.6	3.6	3.5	3.5	3.4	3.5	3.5	3.4	3.4	3.4	3.3	3.3	3.3
GDP at basic prices (current $)	357,915	370,551	383,208	396,313	409,539	423,734	438,006	452,668	467,577	483,136	498,926	514,880	531,184
	3.6	3.5	3.4	3.4	3.3	3.5	3.4	3.3	3.3	3.3	3.3	3.2	3.2
GDP at basic prices (constant 1997 $)	277,464	282,670	287,673	292,518	297,346	302,240	307,235	312,037	316,778	321,586	326,533	331,516	336,374
	2.0	1.9	1.8	1.7	1.7	1.6	1.7	1.6	1.5	1.5	1.5	1.5	1.5
Consumer price index (1992=1.0)	1.451	1.482	1.514	1.546	1.579	1.613	1.649	1.686	1.724	1.762	1.802	1.844	1.887
	2.2	2.2	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3
Implicit price deflator— GDP at basic prices (1997=1.0)	1.290	1.311	1.332	1.355	1.377	1.402	1.426	1.451	1.476	1.502	1.528	1.553	1.579
	1.5	1.6	1.6	1.7	1.7	1.8	1.7	1.8	1.7	1.8	1.7	1.6	1.7
Average weekly wages (level $)	835	863	892	923	955	988	1023	1059	1096	1135	1174	1215	1258
	3.1	3.3	3.4	3.5	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Personal income (current $)	310,249	321,500	333,176	345,157	357,446	370,458	383,935	397,732	411,998	426,815	442,216	457,913	474,124
	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.5	3.5
Personal disposable income (current $)	232,092	240,195	248,482	256,982	265,665	274,814	284,263	293,914	303,866	314,181	324,888	335,764	346,971
	3.4	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.3	3.3
Personal savings rate	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.8	0.7	0.7	0.7	0.6	0.6
	-6.9	2.1	5.8	6.8	-1.6	-4.3	0.0	1.0	-1.4	-2.4	-3.9	-8.1	-6.3
Population (000s)	7,834	7,864	7,893	7,921	7,948	7,975	8,001	8,027	8,051	8,075	8,097	8,117	8,137
	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Labour force (000s)	4,288	4,288	4,287	4,282	4,276	4,266	4,256	4,244	4,231	4,219	4,206	4,192	4,177
	-0.1	0.0	0.0	-0.1	-0.2	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Employment (000s)	4,006	4,007	4,009	4,005	3,998	3,992	3,986	3,974	3,963	3,951	3,939	3,926	3,912
	0.1	0.0	0.1	-0.1	-0.2	-0.1	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Unemployment rate (percentage)	6.6	6.6	6.5	6.5	6.5	6.4	6.4	6.3	6.3	6.4	6.3	6.4	6.3
Retail sales (current $)	118,003	122,862	127,849	132,977	138,321	143,938	149,762	155,654	161,605	167,746	174,143	180,638	187,370
	4.1	4.1	4.1	4.0	4.0	4.1	4.0	3.9	3.8	3.8	3.8	3.7	3.7
Housing starts (units)	26,672	25,064	23,538	22,230	21,336	20,665	19,833	18,847	17,721	16,473	15,136	13,747	12,345
	-5.7	-6.0	-6.1	-5.6	-4.0	-3.1	-4.0	-5.0	-6.0	-7.0	-8.1	-9.2	-10.2

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 7—Key Economic Indicators: Ontario
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP at market prices (current $)	440,983	453,743	478,233	493,625	516,368	541,155	567,375	594,554	624,482	656,270	690,199	723,346	756,413
	7.8	2.9	5.4	3.2	4.6	4.8	4.8	4.8	5.0	5.1	5.2	4.8	4.6
GDP at basic prices (current $)	406,465	418,062	440,487	456,916	477,016	499,394	523,243	548,283	576,082	605,701	637,425	668,047	698,453
	7.8	2.9	5.4	3.7	4.4	4.7	4.8	4.8	5.1	5.1	5.2	4.8	4.6
GDP at basic prices (constant 1997 $)	396,658	403,822	416,888	424,218	436,940	446,846	460,393	476,060	492,313	509,196	526,665	542,934	559,209
	6.1	1.8	3.2	1.8	3.0	2.3	3.0	3.4	3.4	3.4	3.4	3.1	3.0
Consumer price index (1992=1.0)	1.142	1.177	1.201	1.233	1.256	1.284	1.311	1.337	1.366	1.396	1.427	1.458	1.491
	2.9	3.1	2.0	2.7	1.9	2.2	2.1	2.0	2.1	2.2	2.2	2.2	2.2
Implicit price deflator— GDP at basic prices (1997=1.0)	1.025	1.035	1.056	1.077	1.092	1.118	1.136	1.152	1.170	1.189	1.210	1.230	1.249
	1.6	1.0	2.0	2.0	1.3	2.4	1.7	1.3	1.6	1.7	1.7	1.7	1.5
Average weekly wages (level $)	706	719	728	734	744	762	777	798	821	845	866	891	919
	2.5	1.9	1.2	0.9	1.4	2.3	2.0	2.8	2.8	2.9	2.5	2.9	3.1
Personal income (current $)	347,773	360,990	370,067	381,306	395,483	414,312	435,578	456,685	478,470	500,690	523,116	545,815	570,570
	8.1	3.8	2.5	3.0	3.7	4.8	5.1	4.8	4.8	4.6	4.5	4.3	4.5
Personal disposable income (current $)	265,329	274,554	284,269	293,951	303,713	314,456	330,260	346,213	362,433	379,001	395,796	413,049	431,148
	8.7	3.5	3.5	3.4	3.3	3.5	5.0	4.8	4.7	4.6	4.4	4.4	4.4
Personal savings rate	7.5	6.9	5.0	3.9	2.7	1.0	1.7	2.2	2.4	2.3	2.1	2.0	1.9
	16.5	-8.3	-27.1	-22.9	-30.7	-62.5	69.5	31.1	4.9	-2.1	-9.6	-6.5	-2.6
Population (000s)	11,660	11,866	12,070	12,233	12,373	12,499	12,635	12,778	12,923	13,069	13,216	13,369	13,526
	1.5	1.8	1.7	1.3	1.1	1.0	1.1	1.1	1.1	1.1	1.1	1.2	1.2
Labour force (000s)	6,170	6,327	6,498	6,673	6,775	6,855	6,975	7,115	7,242	7,351	7,448	7,553	7,651
	2.6	2.5	2.7	2.7	1.5	1.2	1.8	2.0	1.8	1.5	1.3	1.4	1.3
Employment (000s)	5,814	5,925	6,035	6,209	6,317	6,400	6,533	6,665	6,788	6,907	7,023	7,111	7,194
	3.2	1.9	1.9	2.9	1.7	1.3	2.1	2.0	1.8	1.8	1.7	1.3	1.2
Unemployment rate (percentage)	5.8	6.4	7.1	6.9	6.8	6.6	6.3	6.3	6.3	6.0	5.7	5.9	6.0
Retail sales (current $)	111,501	114,294	120,992	125,122	129,086	136,846	143,060	149,350	156,244	163,366	171,001	179,377	188,107
	6.6	2.5	5.9	3.4	3.2	6.0	4.5	4.4	4.6	4.6	4.7	4.9	4.9
Housing starts (units)	71,521	73,282	83,597	85,180	85,114	77,491	73,513	76,537	79,293	81,116	81,759	82,516	83,661
	6.4	2.5	14.1	1.9	-0.1	-9.0	-5.1	4.1	3.6	2.3	0.8	0.9	1.4

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 7—Key Economic Indicators: Ontario
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP at market prices (current $)	791,227	826,551	861,868	898,791	936,446	975,142	1,015,848	1,057,615	1,101,835	1,148,301	1,196,047	1,245,915	1,297,245
	4.6	4.5	4.3	4.3	4.2	4.1	4.2	4.1	4.2	4.2	4.2	4.2	4.1
GDP at basic prices (current $)	730,559	763,061	795,433	829,444	864,169	899,658	936,930	975,238	1,016,006	1,058,894	1,102,847	1,148,686	1,195,853
	4.6	4.4	4.2	4.3	4.2	4.1	4.1	4.1	4.2	4.2	4.2	4.2	4.1
GDP at basic prices (constant 1997 $)	576,249	592,834	608,840	625,336	641,947	657,244	673,871	691,013	708,573	727,138	745,332	764,198	783,085
	3.0	2.9	2.7	2.7	2.7	2.4	2.5	2.5	2.5	2.6	2.5	2.5	2.5
Consumer price index (1992=1.0)	1.525	1.559	1.594	1.629	1.666	1.703	1.742	1.785	1.828	1.875	1.922	1.971	2.021
	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.4	2.4	2.5	2.5	2.5	2.5
Implicit price deflator— GDP at basic prices (1997=1.0)	1.268	1.287	1.306	1.326	1.346	1.369	1.390	1.411	1.434	1.456	1.480	1.503	1.527
	1.5	1.5	1.5	1.5	1.5	1.7	1.6	1.5	1.6	1.6	1.6	1.6	1.6
Average weekly wages (level $)	949	981	1013	1048	1083	1120	1158	1198	1239	1281	1325	1370	1417
	3.3	3.4	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Personal income (current $)	597,105	624,061	651,831	680,595	710,290	740,922	773,220	807,068	842,521	879,640	918,133	958,178	1,000,177
	4.7	4.5	4.4	4.4	4.4	4.3	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Personal disposable income (current $)	450,390	470,021	490,036	510,741	532,031	553,907	576,888	600,908	625,993	652,175	679,295	707,444	736,914
	4.5	4.4	4.3	4.2	4.2	4.1	4.1	4.2	4.2	4.2	4.2	4.1	4.2
Personal savings rate	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.9	1.9	1.9
	−2.1	1.2	2.5	3.0	−0.3	−1.4	0.3	0.8	−0.1	−0.5	−1.0	−2.4	−1.5
Population (000s)	13,684	13,843	14,003	14,165	14,328	14,491	14,655	14,820	14,985	15,151	15,316	15,481	15,645
	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Labour force (000s)	7,741	7,823	7,904	7,976	8,041	8,102	8,159	8,214	8,269	8,324	8,377	8,429	8,481
	1.2	1.1	1.0	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6
Employment (000s)	7,285	7,362	7,439	7,509	7,571	7,620	7,677	7,733	7,793	7,855	7,911	7,967	8,025
	1.3	1.1	1.0	0.9	0.8	0.6	0.7	0.7	0.8	0.8	0.7	0.7	0.7
Unemployment rate (percentage)	5.9	5.9	5.9	5.9	5.8	5.9	5.9	5.8	5.8	5.6	5.6	5.5	5.4
Retail sales (current $)	197,347	206,792	216,380	226,274	236,579	247,115	258,240	269,753	281,510	293,700	306,341	319,411	333,145
	4.9	4.8	4.6	4.6	4.6	4.5	4.5	4.5	4.4	4.3	4.3	4.3	4.3
Housing starts (units)	84,786	85,764	86,729	87,386	87,397	87,007	86,442	85,883	85,245	84,586	83,923	83,267	82,600
	1.3	1.2	1.1	0.8	0.0	−0.4	−0.6	−0.6	−0.7	−0.8	−0.8	−0.8	−0.8

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 8—Key Economic Indicators: Manitoba
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP at market prices (current $)	34,045	35,042	36,705	38,031	40,211	42,142	44,255	46,201	48,192	50,314	52,447	54,818	57,273
	6.5	*2.9*	*4.7*	*3.6*	*5.7*	*4.8*	*5.0*	*4.4*	*4.3*	*4.4*	*4.2*	*4.5*	*4.5*
GDP at basic prices (current $)	31,563	32,405	33,740	35,116	37,283	39,035	40,972	42,758	44,590	46,551	48,520	50,703	52,960
	6.3	*2.7*	*4.1*	*4.1*	*6.2*	*4.7*	*5.0*	*4.4*	*4.3*	*4.4*	*4.2*	*4.5*	*4.5*
GDP at basic prices (constant 1997 $)	30,381	30,743	31,533	31,970	32,765	33,712	34,862	35,805	36,804	37,745	38,788	39,891	40,995
	4.5	*1.2*	*2.6*	*1.4*	*2.5*	*2.9*	*3.4*	*2.7*	*2.8*	*2.6*	*2.8*	*2.8*	*2.8*
Consumer price index (1992=1.0)	1.181	1.212	1.231	1.253	1.278	1.314	1.342	1.367	1.392	1.420	1.450	1.480	1.510
	2.5	*2.7*	*1.5*	*1.8*	*2.0*	*2.8*	*2.2*	*1.8*	*1.8*	*2.0*	*2.1*	*2.1*	*2.0*
Implicit price deflator—GDP at basic prices (1997=1.0)	1.039	1.054	1.070	1.098	1.138	1.158	1.175	1.194	1.212	1.233	1.251	1.271	1.292
	1.7	*1.5*	*1.5*	*2.6*	*3.6*	*1.8*	*1.5*	*1.6*	*1.5*	*1.8*	*1.4*	*1.6*	*1.6*
Average weekly wages (level $)	593	597	604	609	632	660	677	695	716	735	752	772	794
	4.3	*0.6*	*1.1*	*0.9*	*3.8*	*4.4*	*2.6*	*2.7*	*3.0*	*2.7*	*2.3*	*2.7*	*2.8*
Personal income (current $)	28,363	29,398	30,087	30,910	32,153	33,650	35,267	36,717	38,180	39,682	41,156	42,668	44,370
	5.3	*3.7*	*2.3*	*2.7*	*4.0*	*4.7*	*4.8*	*4.1*	*4.0*	*3.9*	*3.7*	*3.7*	*4.0*
Personal disposable income (current $)	22,104	23,048	23,631	24,310	25,210	26,220	27,492	28,622	29,745	30,897	32,032	33,214	34,494
	4.6	*4.3*	*2.5*	*2.9*	*3.7*	*4.0*	*4.9*	*4.1*	*3.9*	*3.9*	*3.7*	*3.7*	*3.9*
Personal savings rate	4.9	4.9	2.4	1.6	0.6	-1.0	-0.6	-0.1	0.0	0.0	-0.2	-0.4	-0.4
	2.6	*-0.7*	*-49.9*	*-34.6*	*-62.4*	*-270.1*	*40.3*	*89.0*	*160.0*	*-123.8*	*-2379.3*	*-60.7*	*-15.3*
Population (000s)	1,147	1,150	1,155	1,160	1,169	1,177	1,184	1,191	1,198	1,205	1,212	1,220	1,228
	0.4	*0.3*	*0.4*	*0.5*	*0.7*	*0.7*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.7*	*0.7*
Labour force (000s)	581	584	598	600	608	610	619	627	633	639	645	651	655
	1.4	*0.5*	*2.4*	*0.5*	*1.3*	*0.3*	*1.4*	*1.4*	*1.0*	*0.9*	*0.9*	*0.8*	*0.7*
Employment (000s)	552	554	567	571	576	580	590	598	605	611	617	624	630
	2.2	*0.5*	*2.4*	*0.6*	*1.0*	*0.7*	*1.7*	*1.4*	*1.1*	*1.0*	*1.1*	*1.0*	*1.0*
Unemployment rate (percentage)	5.0	5.0	5.1	5.0	5.3	4.9	4.6	4.6	4.5	4.5	4.3	4.1	3.9
Retail sales (current $)	9,337	9,878	10,570	10,953	11,692	12,667	13,378	13,894	14,454	15,036	15,646	16,327	17,058
	4.5	*5.8*	*7.0*	*3.6*	*6.7*	*8.3*	*5.6*	*3.9*	*4.0*	*4.0*	*4.1*	*4.4*	*4.5*
Housing starts (units)	2,560	2,963	3,617	4,206	4,440	4,961	4,510	4,424	4,725	4,808	4,867	4,902	4,937
	-18.3	*15.7*	*22.1*	*16.3*	*5.6*	*11.7*	*-9.1*	*-1.9*	*6.8*	*1.8*	*1.2*	*0.7*	*0.7*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 8—Key Economic Indicators: Manitoba
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP at market prices (current $)	59,545	62,009	64,412	66,531	68,991	71,569	74,218	77,061	80,050	83,057	86,161	89,403	92,710
	4.0	4.1	3.9	3.3	3.7	3.7	3.7	3.8	3.9	3.8	3.7	3.8	3.7
GDP at basic prices (current $)	55,031	57,285	59,469	61,371	63,613	65,952	68,346	70,932	73,664	76,405	79,226	82,168	85,166
	3.9	4.1	3.8	3.2	3.7	3.7	3.6	3.8	3.9	3.7	3.7	3.7	3.6
GDP at basic prices (constant 1997 $)	41,951	43,011	44,052	44,804	45,711	46,613	47,502	48,473	49,496	50,491	51,521	52,590	53,652
	2.3	2.5	2.4	1.7	2.0	2.0	1.9	2.0	2.1	2.0	2.0	2.1	2.0
Consumer price index (1992=1.0)	1.538	1.566	1.597	1.628	1.659	1.694	1.729	1.765	1.804	1.842	1.880	1.922	1.964
	1.9	1.9	1.9	1.9	1.9	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2
Implicit price deflator—GDP at basic prices (1997=1.0)	1.312	1.332	1.350	1.370	1.392	1.415	1.439	1.463	1.488	1.513	1.538	1.562	1.587
	1.5	1.5	1.4	1.5	1.6	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6
Average weekly wages (level $)	817	842	869	897	927	957	989	1022	1056	1091	1128	1165	1204
	3.0	3.0	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Personal income (current $)	46,095	47,876	49,757	51,603	53,581	55,659	57,810	60,094	62,486	64,950	67,524	70,199	72,988
	3.9	3.9	3.9	3.7	3.8	3.9	3.9	3.9	4.0	3.9	4.0	4.0	4.0
Personal disposable income (current $)	35,784	37,119	38,513	39,892	41,357	42,890	44,477	46,153	47,905	49,706	51,585	53,534	55,563
	3.7	3.7	3.8	3.6	3.7	3.7	3.7	3.8	3.8	3.8	3.8	3.8	3.8
Personal savings rate	-0.5	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5
	-11.3	3.2	9.2	11.8	-2.8	-8.1	0.5	2.8	-1.4	-3.3	-5.6	-11.4	-6.8
Population (000s)	1,237	1,246	1,255	1,264	1,273	1,282	1,292	1,301	1,311	1,321	1,330	1,340	1,349
	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Labour force (000s)	659	663	666	669	671	673	675	677	680	682	684	686	689
	0.6	0.5	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3
Employment (000s)	634	638	643	643	645	647	648	650	653	655	657	659	661
	0.6	0.7	0.7	0.0	0.3	0.3	0.2	0.3	0.4	0.3	0.3	0.3	0.3
Unemployment rate (percentage)	3.9	3.7	3.5	3.9	3.9	4.0	4.1	4.1	3.9	4.0	4.0	4.0	4.0
Retail sales (current $)	17,786	18,541	19,325	20,097	20,928	21,791	22,685	23,617	24,567	25,533	26,540	27,577	28,657
	4.3	4.2	4.2	4.0	4.1	4.1	4.1	4.1	4.0	3.9	3.9	3.9	3.9
Housing starts (units)	4,974	5,002	4,992	5,011	5,027	5,037	5,042	5,035	5,027	5,009	4,985	4,961	4,936
	0.7	0.6	-0.2	0.4	0.3	0.2	0.1	-0.1	-0.2	-0.4	-0.5	-0.5	-0.5

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 9—Key Economic Indicators: Saskatchewan
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP at market prices (current $)	33,811	33,275	34,289	36,443	40,542	42,441	44,285	45,915	47,649	49,450	51,405	53,377	55,418
	9.9	–1.6	3.0	6.3	11.2	4.7	4.3	3.7	3.8	3.8	4.0	3.8	3.8
GDP at basic prices (current $)	31,924	31,430	32,696	34,773	38,449	40,220	41,938	43,454	45,074	46,760	48,598	50,436	52,335
	11.1	–1.5	4.0	6.4	10.6	4.6	4.3	3.6	3.7	3.7	3.9	3.8	3.8
GDP at basic prices (constant 1997 $)	28,901	28,290	28,065	29,215	30,254	31,148	31,980	32,722	33,540	34,232	34,923	35,577	36,260
	2.4	–2.1	–0.8	4.1	3.6	3.0	2.7	2.3	2.5	2.1	2.0	1.9	1.9
Consumer price index (1992=1.0)	1.167	1.203	1.237	1.265	1.293	1.323	1.348	1.374	1.401	1.431	1.461	1.490	1.519
	2.6	3.1	2.8	2.3	2.2	2.3	1.8	1.9	2.0	2.1	2.1	2.0	1.9
Implicit price deflator— GDP at basic prices (1997=1.0)	1.105	1.111	1.165	1.190	1.271	1.291	1.311	1.328	1.344	1.366	1.392	1.418	1.443
	8.5	0.6	4.9	2.2	6.8	1.6	1.6	1.3	1.2	1.6	1.9	1.9	1.8
Average weekly wages (level $)	580	592	595	602	615	638	657	675	693	711	727	746	765
	3.4	2.1	0.5	1.1	2.3	3.7	2.9	2.7	2.7	2.7	2.2	2.6	2.6
Personal income (current $)	23,166	23,704	24,188	25,051	26,948	27,601	28,773	29,842	30,929	31,985	32,955	33,956	35,042
	3.6	2.3	2.0	3.6	7.6	2.4	4.2	3.7	3.6	3.4	3.0	3.0	3.2
Personal disposable income (current $)	18,188	18,649	19,128	19,940	21,548	21,905	22,812	23,657	24,506	25,330	26,096	26,901	27,735
	3.8	2.5	2.6	4.2	8.1	1.7	4.1	3.7	3.6	3.4	3.0	3.1	3.1
Personal savings rate	–0.9	–1.7	–4.0	–4.2	0.1	–4.3	–4.0	–3.5	–3.3	–3.4	–3.6	–3.8	–3.9
	–315.0	–97.4	–131.0	–4.3	101.2	–8467.7	5.7	13.9	3.1	–1.6	–7.1	–4.3	–2.1
Population (000s)	1,009	1,001	997	995	995	995	995	996	997	997	998	999	1,000
	–0.6	–0.7	–0.5	–0.2	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Labour force (000s)	499	489	497	504	507	511	516	520	523	524	525	525	525
	–0.5	–2.1	1.5	1.5	0.6	0.8	1.0	0.8	0.5	0.2	0.2	0.0	0.0
Employment (000s)	474	461	468	475	480	485	490	496	500	503	504	504	505
	0.4	–2.7	1.7	1.5	1.0	1.1	1.1	1.2	0.8	0.6	0.2	0.1	0.1
Unemployment rate (percentage)	5.2	5.8	5.7	5.7	5.3	5.1	5.0	4.7	4.5	4.1	4.0	3.9	3.7
Retail sales (current $)	8,359	8,726	9,389	9,858	10,259	11,279	11,854	12,257	12,707	13,152	13,597	14,104	14,624
	5.1	4.4	7.6	5.0	4.1	9.9	5.1	3.4	3.7	3.5	3.4	3.7	3.7
Housing starts (units)	2,513	2,381	2,963	3,315	3,781	3,085	2,949	2,740	2,671	2,640	2,652	2,567	2,513
	–18.6	–5.3	24.4	11.9	14.1	–18.4	–4.4	–7.1	–2.5	–1.2	0.5	–3.2	–2.1

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 9—Key Economic Indicators: Saskatchewan
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP at market prices (current $)	57,466	59,495	61,473	63,453	65,703	67,925	70,253	72,657	75,149	77,739	80,428	83,241	86,004
	3.7	3.5	3.3	3.2	3.5	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.3
GDP at basic prices (current $)	54,238	56,117	57,939	59,764	61,858	63,910	66,055	68,275	70,583	72,983	75,470	78,069	80,611
	3.6	3.5	3.2	3.1	3.5	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.3
GDP at basic prices (constant 1997 $)	36,952	37,624	38,254	38,865	39,514	40,113	40,728	41,366	41,989	42,621	43,300	44,020	44,682
	1.9	1.8	1.7	1.6	1.7	1.5	1.5	1.6	1.5	1.5	1.6	1.7	1.5
Consumer price index (1992=1.0)	1.548	1.579	1.609	1.640	1.672	1.707	1.742	1.780	1.818	1.857	1.896	1.937	1.980
	2.0	2.0	1.9	1.9	1.9	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2
Implicit price deflator— GDP at basic prices (1997=1.0)	1.468	1.491	1.515	1.538	1.565	1.593	1.622	1.650	1.681	1.712	1.743	1.773	1.804
	1.7	1.6	1.5	1.5	1.8	1.8	1.8	1.8	1.8	1.9	1.8	1.8	1.7
Average weekly wages (level $)	786	809	832	858	884	912	940	970	1001	1032	1065	1099	1133
	2.7	2.8	3.0	3.1	3.1	3.1	3.1	3.2	3.2	3.2	3.2	3.2	3.1
Personal income (current $)	36,175	37,326	38,532	39,778	41,093	42,465	43,907	45,413	46,979	48,609	50,305	52,058	53,873
	3.2	3.2	3.2	3.2	3.3	3.3	3.4	3.4	3.4	3.5	3.5	3.5	3.5
Personal disposable income (current $)	28,594	29,474	30,388	31,331	32,324	33,358	34,443	35,574	36,749	37,968	39,235	40,542	41,893
	3.1	3.1	3.1	3.1	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Personal savings rate	-4.0	-4.0	-3.9	-3.9	-3.9	-4.0	-4.0	-4.0	-4.0	-4.0	-4.1	-4.1	-4.2
	-1.8	0.0	0.7	1.0	-0.7	-1.2	-0.3	-0.1	-0.5	-0.7	-1.0	-1.7	-1.2
Population (000s)	1,001	1,002	1,004	1,005	1,006	1,007	1,008	1,009	1,010	1,011	1,012	1,012	1,013
	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Labour force (000s)	524	524	524	523	522	521	520	518	517	516	515	515	514
	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Employment (000s)	506	506	505	504	504	502	501	500	499	498	497	496	495
	0.1	0.0	-0.1	-0.2	-0.1	-0.3	-0.3	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2
Unemployment rate (percentage)	3.5	3.4	3.5	3.5	3.5	3.5	3.6	3.5	3.6	3.6	3.6	3.6	3.6
Retail sales (current $)	15,156	15,702	16,268	16,851	17,477	18,126	18,811	19,517	20,233	20,970	21,737	22,526	23,343
	3.6	3.6	3.6	3.6	3.7	3.7	3.8	3.8	3.7	3.6	3.7	3.6	3.6
Housing starts (units)	2,438	2,339	2,220	2,084	1,956	1,823	1,717	1,635	1,562	1,490	1,421	1,352	1,286
	-3.0	-4.1	-5.1	-6.1	-6.1	-6.8	-5.8	-4.8	-4.4	-4.6	-4.6	-4.8	-5.0

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 10—Key Economic Indicators: Alberta
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP at market prices (current $)	144,746	151,591	150,205	170,275	186,858	201,987	211,833	221,425	231,502	241,650	253,442	264,978	277,928
	23.7	4.7	–0.9	13.4	9.7	8.1	4.9	4.5	4.6	4.4	4.9	4.6	4.9
GDP at basic prices (current $)	139,001	148,613	144,028	163,620	180,226	194,949	204,396	213,627	223,345	233,127	244,548	255,659	268,160
	24.7	6.9	–3.1	13.6	10.1	8.2	4.8	4.5	4.5	4.4	4.9	4.5	4.9
GDP at basic prices (constant 1997 $)	116,040	118,321	120,507	124,371	129,659	135,642	140,700	145,507	150,115	154,056	158,232	162,579	167,524
	6.5	2.0	1.8	3.2	4.3	4.6	3.7	3.4	3.2	2.6	2.7	2.7	3.0
Consumer price index (1992=1.0)	1.174	1.201	1.242	1.297	1.315	1.341	1.368	1.395	1.425	1.456	1.487	1.518	1.552
	3.5	2.3	3.4	4.4	1.4	2.0	2.1	1.9	2.2	2.2	2.2	2.1	2.2
Implicit price deflator— GDP at basic prices (1997=1.0)	1.197	1.256	1.195	1.316	1.390	1.437	1.453	1.468	1.488	1.513	1.545	1.572	1.601
	17.1	4.9	–4.9	10.1	5.6	3.4	1.1	1.1	1.3	1.7	2.1	1.7	1.8
Average weekly wages (level $)	674	692	703	711	734	769	798	820	844	871	893	917	943
	3.1	2.7	1.6	1.2	3.1	4.9	3.7	2.8	2.9	3.2	2.5	2.7	2.9
Personal income (current $)	89,126	97,944	101,020	105,172	112,362	119,370	126,534	132,716	138,696	144,640	150,927	157,156	163,872
	9.8	9.9	3.1	4.1	6.8	6.2	6.0	4.9	4.5	4.3	4.3	4.1	4.3
Personal disposable income (current $)	67,795	75,618	78,431	81,738	87,093	91,905	97,302	102,070	106,624	111,151	115,958	120,777	125,754
	9.6	11.5	3.7	4.2	6.6	5.5	5.9	4.9	4.5	4.2	4.3	4.2	4.1
Personal savings rate	4.5	9.5	6.7	5.1	5.7	3.5	3.7	4.3	4.4	4.3	4.1	4.0	4.0
	45.0	113.3	–29.9	–22.8	11.0	–39.4	7.4	14.6	2.8	–0.8	–4.7	–3.1	–1.3
Population (000s)	2,997	3,051	3,108	3,153	3,196	3,241	3,283	3,322	3,358	3,394	3,430	3,466	3,503
	1.7	1.8	1.9	1.4	1.4	1.4	1.3	1.2	1.1	1.1	1.1	1.1	1.1
Labour force (000s)	1,666	1,709	1,765	1,810	1,844	1,859	1,900	1,935	1,963	1,988	2,013	2,035	2,055
	1.8	2.6	3.2	2.6	1.9	0.8	2.2	1.8	1.4	1.3	1.2	1.1	1.0
Employment (000s)	1,584	1,630	1,671	1,717	1,758	1,787	1,827	1,861	1,889	1,914	1,940	1,961	1,984
	2.7	2.9	2.5	2.8	2.4	1.7	2.2	1.9	1.5	1.3	1.3	1.1	1.2
Unemployment rate (percentage)	5.0	4.6	5.3	5.1	4.6	3.9	3.8	3.8	3.7	3.7	3.6	3.7	3.5
Retail sales (current $)	31,738	34,560	37,663	39,318	43,372	48,596	51,683	53,857	56,122	58,447	61,135	64,026	67,009
	7.8	8.9	9.0	4.4	10.3	12.0	6.4	4.2	4.2	4.1	4.6	4.7	4.7
Housing starts (units)	26,266	29,174	38,754	36,171	36,270	37,986	32,679	30,237	27,555	25,435	24,768	23,739	22,812
	3.2	11.1	32.8	–6.7	0.3	4.7	–14.0	–7.5	–8.9	–7.7	–2.6	–4.2	–3.9

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 10—Key Economic Indicators: Alberta
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP at market prices (current $)	290,403	302,816	315,499	329,614	342,950	357,637	372,221	387,532	403,831	420,997	438,572	456,807	475,015
	4.5	4.3	4.2	4.5	4.0	4.3	4.1	4.1	4.2	4.3	4.2	4.2	4.0
GDP at basic prices (current $)	280,178	292,116	304,303	317,926	330,770	344,915	358,921	373,649	389,366	405,929	422,865	440,421	457,927
	4.5	4.3	4.2	4.5	4.0	4.3	4.1	4.1	4.2	4.3	4.2	4.2	4.0
GDP at basic prices (constant 1997 $)	172,152	176,527	180,724	185,548	189,554	194,480	198,694	203,183	207,807	212,650	217,584	222,697	227,638
	2.8	2.5	2.4	2.7	2.2	2.6	2.2	2.3	2.3	2.3	2.3	2.3	2.2
Consumer price index (1992=1.0)	1.585	1.619	1.654	1.689	1.725	1.762	1.802	1.842	1.884	1.928	1.972	2.017	2.063
	2.2	2.2	2.1	2.1	2.1	2.2	2.2	2.2	2.3	2.3	2.3	2.3	2.3
Implicit price deflator—	1.627	1.655	1.684	1.713	1.745	1.773	1.806	1.839	1.874	1.909	1.943	1.978	2.012
GDP at basic prices *(1997=1.0)*	1.7	1.7	1.8	1.8	1.8	1.6	1.9	1.8	1.9	1.9	1.8	1.8	1.7
Average weekly wages (level $)	973	1004	1040	1077	1114	1152	1193	1238	1282	1328	1376	1425	1476
	3.1	3.3	3.5	3.5	3.4	3.5	3.6	3.7	3.6	3.6	3.6	3.6	3.6
Personal income (current $)	170,942	178,201	185,978	193,984	202,090	210,818	219,746	229,349	239,251	249,566	260,308	271,446	282,916
	4.3	4.2	4.4	4.3	4.2	4.3	4.2	4.4	4.3	4.3	4.3	4.3	4.2
Personal disposable income (current $)	130,970	136,349	142,068	147,936	153,862	160,217	166,709	173,673	180,835	188,271	196,002	203,996	212,216
	4.1	4.1	4.2	4.1	4.0	4.1	4.1	4.2	4.1	4.1	4.1	4.1	4.0
Personal savings rate	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9
	-1.1	0.5	1.2	1.4	-0.2	-0.6	0.1	0.4	0.0	-0.2	-0.5	-1.1	-0.8
Population (000s)	3,539	3,575	3,610	3,645	3,680	3,714	3,747	3,781	3,813	3,845	3,876	3,907	3,937
	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8
Labour force (000s)	2,074	2,090	2,106	2,120	2,133	2,146	2,157	2,168	2,179	2,190	2,201	2,211	2,221
	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Employment (000s)	2,003	2,020	2,035	2,051	2,062	2,076	2,085	2,095	2,106	2,117	2,128	2,139	2,148
	1.0	0.8	0.7	0.8	0.5	0.7	0.4	0.5	0.5	0.5	0.5	0.5	0.4
Unemployment rate (percentage)	3.4	3.3	3.4	3.3	3.3	3.3	3.4	3.4	3.4	3.3	3.3	3.3	3.3
Retail sales (current $)	70,136	73,384	76,851	80,419	84,080	88,010	92,040	96,335	100,666	105,139	109,803	114,614	119,569
	4.7	4.6	4.7	4.6	4.6	4.7	4.6	4.7	4.5	4.4	4.4	4.4	4.3
Housing starts (units)	21,957	21,242	20,564	19,977	19,475	18,995	18,630	18,263	17,916	17,589	17,282	16,989	16,700
	-3.7	-3.3	-3.2	-2.9	-2.5	-2.5	-1.9	-2.0	-1.9	-1.8	-1.7	-1.7	-1.7

White area represents forecast data.

All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 11—Key Economic Indicators: British Columbia
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP at market prices (current $)	131,296	134,178	137,999	145,395	156,266	164,607	172,016	179,700	187,447	196,155	205,383	214,524	222,601
	8.6	*2.2*	*2.8*	*5.4*	*7.5*	*5.3*	*4.5*	*4.5*	*4.3*	*4.6*	*4.7*	*4.5*	*3.8*
GDP at basic prices (current $)	120,719	123,460	126,383	133,108	143,241	150,785	157,410	164,386	171,429	179,419	187,917	196,222	203,419
	8.9	*2.3*	*2.4*	*5.3*	*7.6*	*5.3*	*4.4*	*4.4*	*4.3*	*4.7*	*4.7*	*4.4*	*3.7*
GDP at basic prices (constant 1997 $)	113,958	115,800	119,990	122,711	127,900	132,159	136,711	140,788	144,612	148,612	152,830	156,626	159,977
	4.5	*1.6*	*3.6*	*2.3*	*4.2*	*3.3*	*3.4*	*3.0*	*2.7*	*2.8*	*2.8*	*2.5*	*2.1*
Consumer price index (1992=1.0)	1.133	1.152	1.179	1.204	1.228	1.253	1.278	1.302	1.329	1.357	1.385	1.415	1.442
	1.8	*1.7*	*2.3*	*2.2*	*2.0*	*2.0*	*1.9*	*1.9*	*2.1*	*2.1*	*2.1*	*2.2*	*1.9*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.059	1.066	1.053	1.085	1.120	1.141	1.151	1.168	1.185	1.207	1.230	1.253	1.272
	4.2	*0.6*	*-1.2*	*3.0*	*3.3*	*1.9*	*0.9*	*1.4*	*1.5*	*1.8*	*1.8*	*1.9*	*1.5*
Average weekly wages (level $)	657	658	660	667	677	696	716	736	756	777	796	818	843
	1.9	*0.1*	*0.3*	*1.0*	*1.5*	*2.9*	*2.8*	*2.8*	*2.7*	*2.8*	*2.4*	*2.8*	*3.0*
Personal income (current $)	107,660	110,444	113,322	116,818	121,856	128,159	134,646	141,062	147,185	153,613	160,010	166,532	173,369
	6.1	*2.6*	*2.6*	*3.1*	*4.3*	*5.2*	*5.1*	*4.8*	*4.3*	*4.4*	*4.2*	*4.1*	*4.1*
Personal disposable income (current $)	81,908	85,044	88,095	90,976	94,570	98,825	103,745	108,708	113,385	118,303	123,201	128,297	133,453
	5.8	*3.8*	*3.6*	*3.3*	*4.0*	*4.5*	*5.0*	*4.8*	*4.3*	*4.3*	*4.1*	*4.1*	*4.0*
Personal savings rate	-1.5	-1.4	-3.6	-5.1	-6.8	-7.1	-6.2	-5.6	-5.5	-5.5	-5.8	-5.9	-6.0
	29.3	*5.6*	*-158.7*	*-41.8*	*-34.4*	*-3.9*	*13.5*	*9.4*	*2.0*	*-1.0*	*-4.4*	*-2.7*	*-1.2*
Population (000s)	4,037	4,073	4,111	4,147	4,191	4,237	4,276	4,313	4,350	4,387	4,424	4,463	4,504
	0.7	*0.9*	*0.9*	*0.9*	*1.1*	*1.1*	*0.9*	*0.9*	*0.9*	*0.9*	*0.9*	*0.9*	*0.9*
Labour force (000s)	2,079	2,082	2,144	2,190	2,219	2,260	2,302	2,345	2,378	2,407	2,434	2,454	2,470
	0.7	*0.2*	*2.9*	*2.2*	*1.3*	*1.8*	*1.9*	*1.9*	*1.4*	*1.2*	*1.1*	*0.8*	*0.7*
Employment (000s)	1,930	1,922	1,960	2,014	2,060	2,123	2,169	2,211	2,243	2,276	2,308	2,333	2,348
	1.9	*-0.4*	*2.0*	*2.8*	*2.3*	*3.1*	*2.2*	*1.9*	*1.5*	*1.4*	*1.4*	*1.1*	*0.7*
Unemployment rate (percentage)	7.2	7.7	8.6	8.1	7.2	6.0	5.8	5.7	5.7	5.5	5.2	4.9	5.0
Retail sales (current $)	38,435	40,719	43,265	44,421	47,217	49,971	52,133	54,302	56,486	58,863	61,402	64,267	67,150
	5.7	*5.9*	*6.3*	*2.7*	*6.3*	*5.8*	*4.3*	*4.2*	*4.0*	*4.2*	*4.3*	*4.7*	*4.5*
Housing starts (units)	14,418	17,234	21,625	26,174	32,925	33,617	31,371	30,551	29,434	28,570	28,295	28,103	27,854
	-11.6	*19.5*	*25.5*	*21.0*	*25.8*	*2.1*	*-6.7*	*-2.6*	*-3.7*	*-2.9*	*-1.0*	*-0.7*	*-0.9*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 11—Key Economic Indicators: British Columbia
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP at market prices (current $)	231,469	240,511	249,375	258,633	268,315	278,182	288,856	299,936	311,245	323,090	335,275	347,959	361,134
	4.0	3.9	3.7	3.7	3.7	3.7	3.8	3.8	3.8	3.8	3.8	3.8	3.8
GDP at basic prices (current $)	211,390	219,498	227,388	235,681	244,394	253,200	262,737	272,672	282,839	293,499	304,429	315,780	327,577
	3.9	3.8	3.6	3.6	3.7	3.6	3.8	3.8	3.7	3.8	3.7	3.7	3.7
GDP at basic prices (constant 1997 $)	163,535	166,989	170,313	173,574	176,816	180,058	183,398	186,773	190,108	193,550	196,997	200,531	204,081
	2.2	2.1	2.0	1.9	1.9	1.8	1.9	1.8	1.8	1.8	1.8	1.8	1.8
Consumer price index (1992=1.0)	1.472	1.501	1.532	1.563	1.594	1.628	1.662	1.699	1.738	1.778	1.818	1.860	1.903
	2.1	2.0	2.1	2.0	2.0	2.1	2.1	2.2	2.3	2.3	2.3	2.3	2.3
Implicit price deflator— GDP at basic prices (1997=1.0)	1.293	1.314	1.335	1.358	1.382	1.406	1.433	1.460	1.488	1.516	1.545	1.575	1.605
	1.7	1.7	1.6	1.7	1.8	1.7	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Average weekly wages (level $)	868	897	927	959	991	1023	1059	1096	1133	1172	1212	1253	1295
	3.1	3.3	3.4	3.4	3.3	3.3	3.5	3.5	3.4	3.4	3.4	3.4	3.4
Personal income (current $)	180,669	188,272	196,167	204,320	212,636	221,320	230,540	240,252	250,174	260,441	271,172	282,235	293,750
	4.2	4.2	4.2	4.2	4.1	4.1	4.2	4.2	4.1	4.1	4.1	4.1	4.1
Personal disposable income (current $)	138,906	144,627	150,493	156,558	162,726	169,142	175,939	183,092	190,383	197,906	205,770	213,859	222,256
	4.1	4.1	4.1	4.0	3.9	3.9	4.0	4.1	4.0	4.0	4.0	3.9	3.9
Personal savings rate	-6.0	-6.0	-6.0	-5.9	-6.0	-6.0	-6.0	-6.0	-6.0	-6.0	-6.1	-6.1	-6.2
	-0.9	0.2	0.7	0.9	-0.3	-0.7	0.0	0.1	-0.2	-0.4	-0.6	-1.0	-0.7
Population (000s)	4,545	4,587	4,628	4,670	4,711	4,753	4,794	4,835	4,876	4,917	4,957	4,997	5,037
	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8
Labour force (000s)	2,487	2,504	2,517	2,531	2,542	2,551	2,558	2,567	2,574	2,579	2,586	2,593	2,597
	0.7	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.3	0.3	0.2
Employment (000s)	2,366	2,380	2,394	2,405	2,413	2,422	2,430	2,437	2,444	2,450	2,456	2,461	2,468
	0.8	0.6	0.6	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.3
Unemployment rate (percentage)	4.9	4.9	4.9	5.0	5.1	5.1	5.0	5.0	5.0	5.0	5.0	5.1	5.0
Retail sales (current $)	70,189	73,400	76,687	80,087	83,594	87,231	91,110	95,153	99,166	103,270	107,578	111,985	116,573
	4.5	4.6	4.5	4.4	4.4	4.4	4.4	4.4	4.2	4.1	4.2	4.1	4.1
Housing starts (units)	27,566	27,304	26,943	26,482	26,025	25,599	25,216	24,832	24,454	24,076	23,706	23,341	22,978
	-1.0	-0.9	-1.3	-1.7	-1.7	-1.6	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 12—Gross Domestic Product at Basic Prices by Industry (1997 $)—Newfoundland and Labrador
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	41	54	55	52	53	54	55	57	58	59	60	61	62
	4.3	30.3	2.6	-4.7	2.0	1.8	2.1	2.4	1.7	1.7	1.6	1.6	1.6
Forestry	102	94	88	101	89	87	88	89	90	91	91	92	93
	-6.6	-7.5	-6.6	15.1	-11.6	-2.6	0.8	1.0	1.2	1.1	0.8	0.8	0.6
Fishing & trapping	219	222	226	223	250	246	252	255	260	264	268	270	272
	-0.4	1.4	1.9	-1.5	12.2	-1.5	2.1	1.5	1.8	1.6	1.5	0.9	0.6
Mining	1,324	1,212	2,287	2,653	2,466	2,562	3,155	3,040	2,743	2,474	2,285	2,141	2,077
	42.4	-8.5	88.8	16.0	-7.1	3.9	23.2	-3.6	-9.8	-9.8	-7.6	-6.3	-3.0
Manufacturing	851	829	837	925	976	1,003	1,014	1,047	1,082	1,119	1,156	1,184	1,207
	4.2	-2.5	0.9	10.5	5.5	2.8	1.1	3.2	3.4	3.4	3.4	2.4	2.0
Construction	587	681	656	671	742	707	613	597	600	670	771	891	822
	-12.2	15.9	-3.7	2.3	10.7	-4.8	-13.2	-2.7	0.6	11.6	15.2	15.6	-7.8
Utilities	441	413	440	413	406	422	444	459	472	484	496	506	517
	-2.5	-6.5	6.6	-6.2	-1.7	4.2	5.1	3.2	3.0	2.4	2.4	2.1	2.1
Goods-producing industries	3,566	3,504	4,589	5,037	4,982	5,082	5,622	5,543	5,305	5,160	5,127	5,145	5,050
	10.2	-1.7	30.9	9.8	-1.1	2.0	10.6	-1.4	-4.3	-2.7	-0.6	0.4	-1.9
Transportation, warehousing & information	898	910	968	991	1,000	1,029	1,096	1,087	1,057	1,041	1,039	1,036	1,028
	6.3	1.4	6.3	2.4	0.9	3.0	6.4	-0.8	-2.7	-1.6	-0.2	-0.2	-0.8
Wholesale & retail trade	1,108	1,173	1,220	1,249	1,269	1,314	1,335	1,361	1,389	1,425	1,454	1,476	1,486
	5.0	5.8	4.0	2.4	1.6	3.5	1.6	1.9	2.1	2.6	2.0	1.5	0.7
Finance, insurance & real estate	1,747	1,813	1,903	1,948	2,010	2,061	2,093	2,125	2,157	2,187	2,212	2,227	2,238
	-0.3	3.8	4.9	2.4	3.2	2.5	1.5	1.5	1.5	1.4	1.2	0.7	0.5
Community, business & personal service	2,630	2,743	2,831	2,870	2,870	2,921	2,981	3,033	3,094	3,147	3,204	3,248	3,285
	1.7	4.3	3.2	1.4	0.0	1.8	2.0	1.8	2.0	1.7	1.8	1.4	1.1
Public administration & defence	1,062	1,065	1,100	1,150	1,140	1,163	1,183	1,204	1,221	1,237	1,254	1,268	1,280
	0.9	0.2	3.3	4.5	-0.9	2.0	1.7	1.7	1.4	1.4	1.4	1.1	1.0
Service-producing industries	7,445	7,703	8,021	8,208	8,289	8,488	8,688	8,809	8,918	9,037	9,163	9,254	9,318
	2.1	3.5	4.1	2.3	1.0	2.4	2.4	1.4	1.2	1.3	1.4	1.0	0.7
All industries	11,166	11,342	13,380	14,218	14,118	14,409	15,157	15,199	15,070	15,044	15,137	15,247	15,214
	5.9	1.6	18.0	6.3	-0.7	2.1	5.2	0.3	-0.9	-0.2	0.6	0.7	-0.2

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 12—Gross Domestic Product at Basic Prices by Industry (1997 $)—Newfoundland and Labrador
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture	63	64	65	65	66	67	68	69	70	71	72	73	74
	1.7	1.5	1.5	1.4	1.3	1.4	1.3	1.4	1.2	1.4	1.4	1.3	1.3
Forestry	93	93	93	93	93	93	92	91	90	89	88	87	86
	0.4	0.2	0.1	0.1	-0.2	-0.6	-0.6	-0.9	-1.1	-1.3	-1.1	-1.4	-1.6
Fishing & trapping	273	275	275	276	276	276	276	276	276	276	276	276	276
	0.5	0.4	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Mining	1,818	1,913	1,979	2,002	2,050	2,107	2,165	2,174	2,109	2,000	1,873	1,798	1,732
	-12.5	5.2	3.4	1.2	2.4	2.8	2.7	0.4	-3.0	-5.2	-6.3	-4.0	-3.6
Manufacturing	1,232	1,257	1,282	1,306	1,330	1,353	1,376	1,400	1,423	1,447	1,471	1,494	1,518
	2.0	2.0	2.0	1.9	1.8	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6
Construction	695	611	673	691	656	569	558	547	540	533	526	518	511
	-15.5	-12.0	10.2	2.7	-5.1	-13.3	-1.9	-2.0	-1.4	-1.3	-1.3	-1.4	-1.5
Utilities	528	539	583	630	648	660	671	683	694	705	717	728	739
	2.2	2.1	8.1	8.1	2.9	1.8	1.7	1.7	1.7	1.6	1.6	1.6	1.5
Goods-producing industries	4,702	4,751	4,950	5,064	5,120	5,125	5,207	5,241	5,203	5,121	5,023	4,975	4,936
	-6.9	1.0	4.2	2.3	1.1	0.1	1.6	0.6	-0.7	-1.6	-1.9	-1.0	-0.8
Transportation, warehousing & information	987	993	1,011	1,018	1,023	1,021	1,029	1,031	1,026	1,016	1,005	999	995
	-4.0	0.6	1.8	0.7	0.5	-0.2	0.8	0.2	-0.5	-0.9	-1.1	-0.5	-0.4
Wholesale & retail trade	1,489	1,501	1,523	1,542	1,557	1,566	1,583	1,599	1,612	1,626	1,638	1,651	1,662
	0.2	0.8	1.5	1.2	1.0	0.6	1.1	1.0	0.8	0.8	0.8	0.8	0.7
Finance, insurance & real estate	2,251	2,260	2,265	2,269	2,272	2,276	2,285	2,292	2,300	2,315	2,329	2,339	2,348
	0.6	0.4	0.2	0.2	0.1	0.2	0.4	0.3	0.3	0.7	0.6	0.4	0.4
Community, business & personal service	3,321	3,352	3,379	3,402	3,423	3,440	3,458	3,473	3,488	3,511	3,534	3,547	3,557
	1.1	1.0	0.8	0.7	0.6	0.5	0.5	0.4	0.4	0.7	0.6	0.4	0.3
Public administration & defence	1,292	1,303	1,314	1,325	1,335	1,344	1,354	1,364	1,373	1,383	1,392	1,400	1,406
	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.5
Service-producing industries	9,340	9,410	9,492	9,556	9,611	9,647	9,708	9,759	9,799	9,850	9,897	9,936	9,969
	0.2	0.7	0.9	0.7	0.6	0.4	0.6	0.5	0.4	0.5	0.5	0.4	0.3
All industries	14,889	15,008	15,289	15,467	15,577	15,619	15,762	15,847	15,849	15,818	15,767	15,757	15,752
	-2.1	0.8	1.9	1.2	0.7	0.3	0.9	0.5	0.0	-0.2	-0.3	-0.1	0.0

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 13—Gross Domestic Product at Basic Prices by Industry (1997 $)—Prince Edward Island
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	126	91	117	117	120	117	120	123	126	128	131	133	135
	−8.1	−27.7	27.8	0.5	2.2	−2.2	2.2	2.8	2.1	1.9	1.8	1.7	1.6
Forestry	13	11	12	14	12	12	12	12	12	12	12	12	12
	11.9	−17.2	10.9	16.0	−18.2	0.0	0.9	1.0	1.3	1.2	1.1	0.8	0.7
Fishing & trapping	59	61	63	54	51	50	51	52	53	53	54	55	55
	9.8	2.4	3.4	−14.4	−4.9	−2.2	2.0	1.5	1.8	1.6	1.4	1.0	0.8
Mining	4	2	2	2	2	2	2	2	2	2	2	2	2
	−45.8	−55.7	35.1	−30.2	0.2	0.9	2.0	0.6	0.5	0.7	0.8	0.8	0.8
Manufacturing	336	325	368	373	383	403	415	431	447	464	482	498	513
	6.5	−3.3	13.2	1.5	2.5	5.3	3.0	3.8	3.8	3.8	3.9	3.3	3.0
Construction	149	159	166	164	158	174	163	156	163	166	173	180	185
	2.6	7.2	4.4	−1.3	−4.0	10.6	−6.7	−4.4	4.6	2.2	3.8	4.1	3.1
Utilities	34	36	35	37	37	38	39	41	43	44	46	47	48
	−1.4	5.7	−1.2	4.3	−0.5	3.4	3.5	4.7	4.6	3.5	3.5	2.9	2.4
Goods-producing industries	721	685	764	761	761	796	801	816	845	870	899	927	951
	2.3	−5.1	11.5	−0.3	0.0	4.6	0.7	1.8	3.5	3.0	3.3	3.0	2.6
Transportation, warehousing & information	179	186	199	201	203	213	215	219	224	229	235	239	243
	4.2	3.8	7.0	1.1	1.0	4.8	1.1	1.7	2.5	2.2	2.5	1.9	1.7
Wholesale & retail trade	311	316	335	347	353	365	371	381	392	403	414	426	438
	6.7	1.6	5.9	3.5	2.0	3.2	1.6	2.7	2.9	2.8	2.8	2.9	2.8
Finance, insurance & real estate	531	549	585	603	627	646	659	673	687	702	718	731	742
	−0.8	3.4	6.5	3.2	3.9	3.0	2.1	2.0	2.1	2.2	2.2	1.8	1.4
Community, business & personal service	699	710	733	750	768	764	783	806	828	852	879	902	923
	2.5	1.5	3.3	2.3	2.3	−0.5	2.5	3.0	2.8	2.8	3.2	2.6	2.3
Public administration & defence	373	369	366	378	380	372	380	389	398	407	416	425	435
	0.8	−1.2	−0.7	3.3	0.5	−2.1	2.1	2.4	2.2	2.3	2.3	2.2	2.2
Service-producing industries	2,093	2,129	2,218	2,280	2,331	2,359	2,408	2,468	2,529	2,593	2,662	2,724	2,780
	2.1	1.8	4.2	2.8	2.3	1.2	2.1	2.5	2.5	2.5	2.7	2.3	2.1
All industries	2,809	2,800	2,972	3,027	3,082	3,143	3,199	3,273	3,364	3,452	3,551	3,639	3,720
	2.0	−0.3	6.2	1.8	1.8	2.0	1.8	2.3	2.8	2.6	2.8	2.5	2.2

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 13—Gross Domestic Product at Basic Prices by Industry (1997 $)—Prince Edward Island

(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture	137	140	142	144	146	149	151	153	155	157	159	162	164
	1.8	1.7	1.7	1.6	1.5	1.5	1.4	1.5	1.3	1.5	1.4	1.4	1.5
Forestry	13	13	12	12	12	11	11	10	9	8	7	7	6
	0.6	-0.1	-0.7	-1.8	-2.9	-3.3	-5.9	-8.2	-8.8	-9.7	-10.2	-10.8	-11.9
Fishing & trapping	56	56	56	56	56	56	56	56	56	56	56	56	56
	0.6	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Mining	2	2	2	2	2	2	2	2	2	2	2	2	2
	0.8	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Manufacturing	526	538	552	564	575	586	596	607	617	627	637	647	657
	2.5	2.4	2.6	2.3	1.9	1.9	1.8	1.7	1.7	1.6	1.6	1.6	1.5
Construction	192	198	204	209	213	217	221	224	227	229	231	233	235
	3.5	3.5	2.7	2.6	2.2	1.9	1.5	1.4	1.3	1.0	0.9	0.7	0.7
Utilities	49	51	52	53	54	54	56	57	57	58	60	61	62
	2.4	2.2	2.0	2.0	1.8	1.7	2.0	1.8	1.4	1.9	1.8	1.7	1.7
Goods-producing industries	974	997	1,019	1,040	1,058	1,076	1,092	1,108	1,123	1,138	1,153	1,167	1,182
	2.5	2.3	2.3	2.0	1.7	1.7	1.5	1.5	1.3	1.3	1.3	1.3	1.2
Transportation, warehousing & information	246	249	252	255	257	259	261	263	265	266	268	270	272
	1.4	1.2	1.2	1.0	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.6
Wholesale & retail trade	449	460	471	481	491	502	512	523	534	545	555	566	577
	2.5	2.5	2.2	2.2	2.1	2.1	2.1	2.1	2.0	2.0	1.9	1.9	1.9
Finance, insurance & real estate	751	761	771	780	792	803	815	826	837	849	861	873	885
	1.3	1.3	1.4	1.1	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Community, business & personal service	942	960	979	997	1,018	1,038	1,059	1,080	1,101	1,123	1,146	1,168	1,190
	2.1	2.0	2.0	1.9	2.0	2.0	2.0	2.0	1.9	2.0	2.0	2.0	1.9
Public administration & defence	444	454	464	474	484	494	505	516	527	538	550	561	573
	2.2	2.2	2.1	2.1	2.2	2.1	2.2	2.2	2.2	2.2	2.2	2.1	2.0
Service-producing industries	2,833	2,885	2,937	2,987	3,042	3,095	3,151	3,207	3,263	3,322	3,380	3,439	3,497
	1.9	1.8	1.8	1.7	1.8	1.8	1.8	1.8	1.7	1.8	1.7	1.8	1.7
All industries	3,796	3,871	3,946	4,017	4,089	4,160	4,233	4,305	4,376	4,449	4,522	4,595	4,668
	2.0	2.0	1.9	1.8	1.8	1.7	1.7	1.7	1.6	1.7	1.6	1.6	1.6

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 14—Gross Domestic Product at Basic Prices by Industry (1997 $)—Nova Scotia
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	224	206	213	214	221	225	231	238	243	248	252	256	261
	8.0	-8.2	3.3	0.5	3.3	1.9	2.6	3.0	2.2	1.9	1.8	1.7	1.6
Forestry	150	172	179	177	184	190	192	195	198	201	203	205	207
	6.8	14.6	3.8	-1.0	4.0	3.0	1.3	1.5	1.5	1.5	1.1	0.9	0.8
Fishing & trapping	251	304	284	273	237	227	232	235	239	243	247	249	251
	-0.7	21.4	-6.8	-3.9	-12.9	-4.4	2.3	1.3	1.7	1.5	1.6	1.0	0.8
Mining	581	589	623	533	534	511	500	485	470	450	432	410	396
	120.2	1.2	5.8	-14.4	0.2	-4.4	-2.2	-2.9	-3.1	-4.4	-4.0	-5.1	-3.3
Manufacturing	2,128	2,087	2,222	2,184	2,223	2,327	2,401	2,482	2,597	2,686	2,780	2,858	2,919
	-0.2	-1.9	6.5	-1.7	1.8	4.7	3.2	3.4	4.7	3.4	3.5	2.8	2.1
Construction	1161	1271	1222	1322	1318	1264	1251	1206	1175	1185	1215	1255	1281
	-14.4	9.5	-3.9	8.2	-0.3	-4.1	-1.1	-3.6	-2.6	0.8	2.6	3.3	2.1
Utilities	500	518	571	535	546	549	568	587	605	623	642	657	671
	0.2	3.6	10.2	-6.3	2.2	0.6	3.4	3.3	3.2	3.0	3.0	2.4	2.1
Goods-producing industries	4,995	5,147	5,313	5,237	5,264	5,293	5,375	5,427	5,528	5,635	5,771	5,890	5,985
	3.0	3.0	3.2	-1.4	0.5	0.6	1.5	1.0	1.8	1.9	2.4	2.1	1.6
Transportation, warehousing & information	1,803	1,894	1,978	2,011	2,060	2,081	2,105	2,127	2,158	2,190	2,230	2,257	2,275
	7.1	5.1	4.4	1.7	2.4	1.0	1.2	1.1	1.4	1.5	1.8	1.2	0.8
Wholesale & retail trade	2,392	2,459	2,589	2,674	2,769	2,864	2,944	3,014	3,088	3,168	3,238	3,308	3,371
	4.6	2.8	5.3	3.3	3.6	3.4	2.8	2.4	2.5	2.6	2.2	2.2	1.9
Finance, insurance & real estate	4,367	4,593	4,825	4,973	5,127	5,276	5,392	5,491	5,599	5,715	5,820	5,904	6,002
	2.8	5.2	5.0	3.1	3.1	2.9	2.2	1.8	2.0	2.1	1.8	1.4	1.7
Community, business & personal service	4,993	5,221	5,383	5,474	5,480	5,617	5,764	5,910	6,050	6,184	6,323	6,434	6,533
	2.7	4.6	3.1	1.7	0.1	2.5	2.6	2.5	2.4	2.2	2.3	1.8	1.5
Public administration & defence	2,244	2,197	2,255	2,281	2,293	2,363	2,413	2,462	2,506	2,549	2,591	2,629	2,664
	-0.6	-2.1	2.7	1.2	0.5	3.1	2.1	2.0	1.8	1.7	1.7	1.4	1.3
Service-producing industries	15,799	16,365	17,031	17,413	17,729	18,201	18,617	19,004	19,401	19,805	20,202	20,532	20,845
	3.0	3.6	4.1	2.2	1.8	2.7	2.3	2.1	2.1	2.1	2.0	1.6	1.5
All industries	20,867	21,578	22,400	22,706	23,048	23,536	24,047	24,487	24,984	25,496	26,029	26,478	26,886
	3.5	3.4	3.8	1.4	1.5	2.1	2.2	1.8	2.0	2.1	2.1	1.7	1.5

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 14—Gross Domestic Product at Basic Prices by Industry (1997 $)—Nova Scotia
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture	265	269	274	279	283	288	292	297	301	306	311	315	320
	1.7	1.7	1.7	1.7	1.7	1.6	1.5	1.6	1.5	1.5	1.6	1.5	1.6
Forestry	208	210	211	212	213	213	212	210	207	204	201	198	194
	0.8	0.8	0.5	0.7	0.4	-0.1	-0.3	-1.2	-1.3	-1.5	-1.4	-1.8	-1.9
Fishing & trapping	253	254	254	255	255	255	256	256	256	256	256	256	256
	0.6	0.3	0.3	0.1	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Mining	383	359	341	335	336	338	339	340	341	342	343	344	346
	-3.2	-6.4	-4.9	-1.8	0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Manufacturing	2,988	3,059	3,133	3,202	3,260	3,324	3,376	3,426	3,476	3,524	3,574	3,620	3,665
	2.4	2.4	2.4	2.2	1.8	1.9	1.6	1.5	1.4	1.4	1.4	1.3	1.2
Construction	1322	1310	1309	1299	1282	1249	1233	1211	1192	1176	1159	1143	1124
	3.2	-0.9	-0.1	-0.8	-1.3	-2.6	-1.3	-1.8	-1.5	-1.4	-1.4	-1.4	-1.6
Utilities	686	699	712	724	735	746	757	768	779	790	800	811	821
	2.1	2.0	1.8	1.7	1.6	1.4	1.5	1.5	1.4	1.4	1.3	1.3	1.2
Goods-producing industries	6,105	6,160	6,235	6,305	6,366	6,412	6,465	6,507	6,551	6,597	6,644	6,686	6,726
	2.0	0.9	1.2	1.1	1.0	0.7	0.8	0.7	0.7	0.7	0.7	0.6	0.6
Transportation, warehousing & information	2,304	2,316	2,331	2,344	2,355	2,363	2,369	2,371	2,374	2,379	2,384	2,387	2,389
	1.3	0.5	0.6	0.6	0.5	0.3	0.3	0.1	0.1	0.2	0.2	0.1	0.1
Wholesale & retail trade	3,432	3,485	3,532	3,580	3,628	3,673	3,720	3,767	3,812	3,860	3,907	3,953	3,999
	1.8	1.5	1.4	1.4	1.3	1.2	1.3	1.3	1.2	1.2	1.2	1.2	1.2
Finance, insurance & real estate	6,084	6,159	6,232	6,303	6,367	6,434	6,490	6,544	6,597	6,656	6,718	6,785	6,853
	1.4	1.2	1.2	1.1	1.0	1.1	0.9	0.8	0.8	0.9	0.9	1.0	1.0
Community, business & personal service	6,611	6,689	6,762	6,825	6,892	6,959	7,016	7,079	7,142	7,209	7,276	7,343	7,399
	1.2	1.2	1.1	0.9	1.0	1.0	0.8	0.9	0.9	0.9	0.9	0.9	0.8
Public administration & defence	2,700	2,734	2,766	2,798	2,830	2,860	2,892	2,925	2,958	2,991	3,023	3,054	3,083
	1.3	1.3	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	0.9
Service-producing industries	21,132	21,383	21,623	21,851	22,072	22,290	22,488	22,687	22,884	23,095	23,309	23,522	23,723
	1.4	1.2	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9
All industries	27,293	27,599	27,914	28,211	28,493	28,758	29,008	29,250	29,491	29,748	30,008	30,264	30,504
	1.5	1.1	1.1	1.1	1.0	0.9	0.9	0.8	0.8	0.9	0.9	0.9	0.8

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 15—Gross Domestic Product at Basic Prices by Industry (1997 $)—New Brunswick
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	297	362	373	357	378	383	392	404	413	420	428	435	442
	10.4	21.7	3.2	-4.3	5.9	1.1	2.5	3.0	2.1	1.9	1.8	1.6	1.7
Forestry	331	384	406	434	444	442	448	454	461	467	471	474	476
	-4.4	16.1	5.7	6.9	2.4	-0.5	1.4	1.4	1.5	1.4	0.8	0.6	0.5
Fishing & trapping	89	93	101	76	84	84	85	86	88	89	90	91	91
	2.7	5.3	8.2	-24.4	10.2	-0.6	1.8	1.3	1.6	1.4	1.1	0.9	0.7
Mining	266	257	231	256	234	237	242	246	248	206	170	166	168
	-4.9	-3.7	-9.8	10.7	-8.5	1.1	2.2	1.3	1.1	-16.9	-17.7	-2.3	1.3
Manufacturing	2,732	2,651	2,877	2,847	2,965	3,045	3,144	3,244	3,388	3,496	3,610	3,684	3,754
	6.7	-3.0	8.5	-1.0	4.1	2.7	3.2	3.2	4.4	3.2	3.3	2.0	1.9
Construction	1126	1006	1030	1186	1259	1348	1440	1395	1243	1151	1168	1190	1193
	1.4	-10.7	2.4	15.1	6.1	7.1	6.8	-3.1	-10.9	-7.4	1.5	1.9	0.2
Utilities	605	601	548	549	540	548	569	590	611	630	650	664	677
	-8.3	-0.7	-8.8	0.2	-1.7	1.4	3.9	3.7	3.6	3.1	3.1	2.2	2.0
Goods-producing industries	5,447	5,354	5,567	5,706	5,905	6,087	6,320	6,420	6,453	6,460	6,587	6,704	6,802
	2.5	-1.7	4.0	2.5	3.5	3.1	3.8	1.6	0.5	0.1	2.0	1.8	1.5
Transportation, warehousing & information	1,639	1,718	1,789	1,825	1,883	1,983	2,030	2,060	2,076	2,088	2,123	2,142	2,160
	5.3	4.8	4.1	2.1	3.2	5.3	2.4	1.5	0.8	0.6	1.7	0.9	0.8
Wholesale & retail trade	1,852	1,931	1,994	2,030	2,106	2,124	2,174	2,228	2,278	2,332	2,386	2,432	2,477
	5.8	4.2	3.3	1.8	3.7	0.8	2.4	2.5	2.2	2.4	2.3	2.0	1.8
Finance, insurance & real estate	2,900	3,052	3,246	3,374	3,500	3,606	3,672	3,742	3,817	3,892	3,964	4,017	4,065
	2.5	5.2	6.4	3.9	3.8	3.0	1.8	1.9	2.0	2.0	1.9	1.3	1.2
Community, business & personal service	3,812	3,902	4,003	4,035	4,075	4,116	4,237	4,354	4,459	4,558	4,664	4,738	4,804
	1.1	2.4	2.6	0.8	1.0	1.0	2.9	2.8	2.4	2.2	2.3	1.6	1.4
Public administration & defence	1,671	1,675	1,717	1,774	1,782	1,806	1,847	1,885	1,918	1,951	1,983	2,009	2,033
	0.9	0.3	2.5	3.3	0.4	1.4	2.2	2.1	1.8	1.7	1.6	1.3	1.2
Service-producing industries	11,874	12,278	12,748	13,039	13,347	13,635	13,960	14,269	14,549	14,822	15,120	15,339	15,539
	2.7	3.4	3.8	2.3	2.4	2.2	2.4	2.2	2.0	1.9	2.0	1.4	1.3
All industries	17,323	17,602	18,262	18,680	19,183	19,642	20,211	20,620	20,932	21,213	21,638	21,974	22,272
	2.6	1.6	3.7	2.3	2.7	2.4	2.9	2.0	1.5	1.3	2.0	1.6	1.4

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 15—Gross Domestic Product at Basic Prices by Industry (1997 $)—New Brunswick
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture	451	458	467	475	483	490	499	506	514	521	530	538	547
	1.9	1.7	1.8	1.8	1.6	1.6	1.7	1.5	1.5	1.5	1.6	1.6	1.6
Forestry	478	479	479	479	478	475	473	468	462	456	450	444	436
	0.4	0.2	0.0	0.0	-0.2	-0.6	-0.6	-1.0	-1.2	-1.4	-1.2	-1.5	-1.7
Fishing & trapping	92	92	92	93	93	93	93	93	93	93	93	93	93
	0.5	0.3	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Mining	170	173	175	178	180	183	185	188	190	193	195	198	200
	1.3	1.5	1.5	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.2	1.2
Manufacturing	3,824	3,896	3,971	4,039	4,101	4,165	4,227	4,287	4,352	4,406	4,459	4,507	4,557
	1.9	1.9	1.9	1.7	1.5	1.6	1.5	1.4	1.5	1.2	1.2	1.1	1.1
Construction	1192	1184	1175	1163	1153	1143	1135	1127	1119	1110	1101	1090	1083
	-0.1	-0.7	-0.7	-1.0	-0.9	-0.8	-0.7	-0.7	-0.7	-0.8	-0.8	-0.9	-0.7
Utilities	691	703	714	725	735	744	754	763	772	781	790	799	807
	2.0	1.8	1.6	1.5	1.4	1.2	1.3	1.3	1.2	1.2	1.1	1.1	1.0
Goods-producing industries	6,898	6,986	7,074	7,152	7,223	7,294	7,365	7,432	7,502	7,560	7,618	7,668	7,723
	1.4	1.3	1.3	1.1	1.0	1.0	1.0	0.9	0.9	0.8	0.8	0.7	0.7
Transportation, warehousing & information	2,178	2,192	2,202	2,212	2,221	2,228	2,236	2,243	2,253	2,260	2,265	2,268	2,273
	0.8	0.6	0.5	0.4	0.4	0.3	0.4	0.3	0.4	0.3	0.2	0.2	0.2
Wholesale & retail trade	2,521	2,561	2,598	2,634	2,672	2,708	2,746	2,783	2,818	2,855	2,890	2,924	2,958
	1.8	1.6	1.4	1.4	1.4	1.3	1.4	1.4	1.3	1.3	1.2	1.2	1.1
Finance, insurance & real estate	4,115	4,158	4,200	4,240	4,278	4,314	4,347	4,380	4,412	4,448	4,484	4,524	4,564
	1.2	1.0	1.0	1.0	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.9	0.9
Community, business & personal service	4,868	4,927	4,981	5,031	5,074	5,117	5,155	5,193	5,228	5,269	5,310	5,351	5,388
	1.3	1.2	1.1	1.0	0.9	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.7
Public administration & defence	2,057	2,079	2,100	2,121	2,141	2,159	2,179	2,199	2,219	2,240	2,259	2,277	2,294
	1.2	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.7
Service-producing industries	15,739	15,917	16,081	16,238	16,385	16,525	16,664	16,799	16,931	17,071	17,208	17,345	17,476
	1.3	1.1	1.0	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8
All industries	22,568	22,834	23,086	23,321	23,539	23,750	23,960	24,162	24,364	24,562	24,757	24,944	25,130
	1.3	1.2	1.1	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.7

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 16—Gross Domestic Product at Basic Prices by Industry (1997 $)—Quebec

(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	2,373	2,697	2,646	2,864	2,978	3,007	3,092	3,167	3,227	3,292	3,364	3,438	3,521
	-12.9	13.6	-1.9	8.2	4.0	1.0	2.8	2.4	1.9	2.0	2.2	2.2	2.4
Forestry	1,384	1,425	1,420	1,513	1,564	1,455	1,426	1,450	1,476	1,504	1,518	1,528	1,538
	26.0	3.0	-0.3	6.5	3.4	-7.0	-2.0	1.7	1.8	1.9	0.9	0.7	0.6
Fishing & trapping	67	76	81	68	101	100	101	101	102	103	104	105	106
	5.7	12.5	6.6	-15.5	48.2	-0.7	0.9	0.2	0.9	0.8	1.2	0.9	0.7
Mining	1,518	1,439	1,455	1,464	1,438	1,330	1,376	1,401	1,448	1,484	1,508	1,531	1,552
	-3.1	-5.2	1.1	0.6	-1.8	-7.5	3.5	1.8	3.4	2.5	1.7	1.5	1.3
Manufacturing	48,046	46,740	47,215	46,635	47,084	48,442	50,180	52,326	54,558	56,914	59,369	61,606	63,794
	9.8	-2.7	1.0	-1.2	1.0	2.9	3.6	4.3	4.3	4.3	4.3	3.8	3.6
Construction	9284	9728	10611	11316	12354	12419	12244	12084	11597	11863	12133	12086	12113
	9.6	4.8	9.1	6.6	9.2	0.5	-1.4	-1.3	-4.0	2.3	2.3	-0.4	0.2
Utilities	7,957	7,623	7,861	7,909	7,844	8,194	8,543	8,905	9,274	9,649	10,039	10,334	10,600
	0.6	-4.2	3.1	0.6	-0.8	4.5	4.3	4.2	4.1	4.0	4.0	2.9	2.6
Goods-producing industries	70,628	69,728	71,290	71,770	73,364	74,948	76,962	79,434	81,682	84,809	88,036	90,629	93,223
	7.7	-1.3	2.2	0.7	2.2	2.2	2.7	3.2	2.8	3.8	3.8	2.9	2.9
Transportation, warehousing & information	17,230	18,121	18,899	18,994	19,404	19,995	20,306	20,754	21,154	21,690	22,273	22,697	23,092
	4.2	5.2	4.3	0.5	2.2	3.0	1.6	2.2	1.9	2.5	2.7	1.9	1.7
Wholesale & retail trade	21,839	22,860	24,705	25,762	26,977	28,589	29,451	30,311	31,205	32,120	33,068	33,904	34,701
	6.1	4.7	8.1	4.3	4.7	6.0	3.0	2.9	2.9	2.9	2.9	2.5	2.4
Finance, insurance & real estate	33,370	34,110	36,115	36,918	38,114	39,181	39,931	40,728	41,578	42,261	42,919	43,373	43,847
	1.0	2.2	5.9	2.2	3.2	2.8	1.9	2.0	2.1	1.6	1.6	1.1	1.1
Community, business & personal service	45,915	46,992	48,803	50,338	51,038	51,601	53,143	54,773	56,351	57,653	59,070	60,265	61,379
	2.5	2.3	3.9	3.1	1.4	1.1	3.0	3.1	2.9	2.3	2.5	2.0	1.8
Public administration & defence	12,272	12,596	13,153	13,409	13,565	13,613	13,958	14,323	14,659	15,001	15,326	15,617	15,898
	2.3	2.6	4.4	1.9	1.2	0.4	2.5	2.6	2.3	2.3	2.2	1.9	1.8
Service-producing industries	130,627	134,679	141,676	145,421	149,098	152,979	156,788	160,889	164,947	168,726	172,655	175,856	178,918
	2.9	3.1	5.2	2.6	2.5	2.6	2.5	2.6	2.5	2.3	2.3	1.9	1.7
All industries	201,334	204,317	212,710	217,061	222,352	227,685	233,641	240,213	246,520	253,425	260,581	266,375	272,031
	4.5	1.5	4.1	2.0	2.4	2.4	2.6	2.8	2.6	2.8	2.8	2.2	2.1

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 16—Gross Domestic Product at Basic Prices by Industry (1997 $)—Quebec
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture	3,605	3,692	3,777	3,864	3,953	4,048	4,145	4,249	4,351	4,455	4,562	4,667	4,779
	2.4	2.4	2.3	2.3	2.3	2.4	2.4	2.5	2.4	2.4	2.4	2.3	2.4
Forestry	1,551	1,565	1,575	1,587	1,594	1,602	1,613	1,610	1,600	1,590	1,589	1,584	1,578
	0.9	0.9	0.6	0.8	0.4	0.5	0.7	-0.2	-0.6	-0.6	-0.1	-0.3	-0.4
Fishing & trapping	107	107	107	107	107	107	108	108	108	108	108	108	108
	0.5	0.3	0.1	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Mining	1,568	1,583	1,599	1,616	1,632	1,647	1,662	1,678	1,693	1,711	1,729	1,746	1,764
	1.0	0.9	1.1	1.0	1.0	0.9	0.9	0.9	0.9	1.1	1.1	1.0	1.0
Manufacturing	66,019	68,137	70,187	72,038	73,841	75,710	77,653	79,616	81,475	83,254	85,194	87,142	89,192
	3.5	3.2	3.0	2.6	2.5	2.5	2.6	2.5	2.3	2.2	2.3	2.3	2.4
Construction	11991	11880	11770	11899	12129	12267	12292	12197	12208	12380	12426	12447	12276
	-1.0	-0.9	-0.9	1.1	1.9	1.1	0.2	-0.8	0.1	1.4	0.4	0.2	-1.4
Utilities	10,874	11,138	11,433	11,661	11,896	12,124	12,364	12,591	12,897	13,157	13,402	13,651	13,894
	2.6	2.4	2.6	2.0	2.0	1.9	2.0	1.8	2.4	2.0	1.9	1.9	1.8
Goods-producing industries	95,715	98,102	100,448	102,772	105,152	107,505	109,836	112,047	114,331	116,655	119,009	121,346	123,590
	2.7	2.5	2.4	2.3	2.3	2.2	2.2	2.0	2.0	2.0	2.0	2.0	1.8
Transportation, warehousing & information	23,499	23,841	24,144	24,412	24,718	25,000	25,303	25,583	25,848	26,124	26,422	26,722	27,007
	1.8	1.5	1.3	1.1	1.3	1.1	1.2	1.1	1.0	1.1	1.1	1.1	1.1
Wholesale & retail trade	35,453	36,211	36,921	37,638	38,361	39,068	39,808	40,521	41,209	41,920	42,620	43,325	44,010
	2.2	2.1	2.0	1.9	1.9	1.8	1.9	1.8	1.7	1.7	1.7	1.7	1.6
Finance, insurance & real estate	44,321	44,782	45,215	45,609	45,950	46,364	46,788	47,221	47,631	48,033	48,470	48,932	49,423
	1.1	1.0	1.0	0.9	0.7	0.9	0.9	0.9	0.9	0.8	0.9	1.0	1.0
Community, business & personal service	62,401	63,378	64,317	65,189	65,993	66,866	67,780	68,655	69,455	70,249	71,105	71,990	72,857
	1.7	1.6	1.5	1.4	1.2	1.3	1.4	1.3	1.2	1.1	1.2	1.2	1.2
Public administration & defence	16,185	16,466	16,737	17,008	17,282	17,547	17,829	18,119	18,414	18,715	19,015	19,311	19,596
	1.8	1.7	1.6	1.6	1.6	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.5
Service-producing industries	181,859	184,678	187,334	189,855	192,304	194,845	197,508	200,100	202,557	205,041	207,633	210,280	212,893
	1.6	1.5	1.4	1.3	1.3	1.3	1.4	1.3	1.2	1.2	1.3	1.3	1.2
All industries	277,464	282,670	287,673	292,518	297,346	302,240	307,235	312,037	316,778	321,586	326,533	331,516	336,374
	2.0	1.9	1.8	1.7	1.7	1.6	1.7	1.6	1.5	1.5	1.5	1.5	1.5

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 17—Gross Domestic Product at Basic Prices by Industry (1997 $)—Ontario
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	3,709	3,673	3,760	3,800	4,000	4,040	4,154	4,254	4,335	4,422	4,519	4,623	4,730
	-8.5	-1.0	2.4	1.0	5.3	1.0	2.8	2.4	1.9	2.0	2.2	2.3	2.3
Forestry	1,004	932	963	1,064	995	1,005	1,020	1,037	1,057	1,077	1,091	1,102	1,112
	22.0	-7.2	3.3	10.5	-6.5	1.0	1.5	1.7	1.9	1.9	1.3	1.0	0.9
Fishing & trapping	20	22	21	19	16	16	16	16	16	16	16	16	16
	-1.3	10.1	-2.1	-11.8	-17.0	0.4	0.3	0.1	0.1	0.1	1.2	0.9	0.7
Mining	3,094	3,201	3,211	3,136	3,393	3,406	3,481	3,534	3,572	3,610	3,650	3,682	3,711
	5.6	3.5	0.3	-2.3	8.2	0.4	2.2	1.5	1.1	1.1	1.1	0.9	0.8
Manufacturing	89,790	85,869	88,709	88,661	92,322	93,273	96,751	100,941	105,550	110,435	115,645	120,539	125,586
	8.3	-4.4	3.3	-0.1	4.1	1.0	3.7	4.3	4.6	4.6	4.7	4.2	4.2
Construction	18544	19953	21017	21875	21763	21886	22296	23548	24806	25841	26723	27440	28327
	3.4	7.6	5.3	4.1	-0.5	0.6	1.9	5.6	5.3	4.2	3.4	2.7	3.2
Utilities	9,881	9,967	10,054	9,777	9,888	10,254	10,587	10,950	11,311	11,661	12,019	12,446	12,864
	-0.1	0.9	0.9	-2.8	1.1	3.7	3.3	3.4	3.3	3.1	3.1	3.6	3.4
Goods-producing industries	126,043	123,617	127,736	128,331	132,376	133,879	138,304	144,280	150,647	157,062	163,663	169,848	176,346
	6.3	-1.9	3.3	0.5	3.2	1.1	3.3	4.3	4.4	4.3	4.2	3.8	3.8
Transportation, warehousing & information	31,997	33,987	35,149	35,884	36,688	37,329	38,265	39,418	40,636	41,823	42,994	44,221	45,439
	6.2	6.2	3.4	2.1	2.2	1.7	2.5	3.0	3.1	2.9	2.8	2.9	2.8
Wholesale & retail trade	46,135	47,389	49,666	51,957	54,638	57,042	58,847	60,858	62,927	65,028	67,180	69,256	71,277
	7.5	2.7	4.8	4.6	5.2	4.4	3.2	3.4	3.4	3.3	3.3	3.1	2.9
Finance, insurance & real estate	83,188	88,185	91,333	92,932	96,189	98,997	101,100	103,392	105,643	108,114	110,839	113,343	115,710
	6.1	6.0	3.6	1.8	3.5	2.9	2.1	2.3	2.2	2.3	2.5	2.3	2.1
Community, business & personal service	89,897	91,249	93,378	94,783	96,398	98,602	101,969	105,501	109,109	113,058	117,161	120,769	124,274
	5.7	1.5	2.3	1.5	1.7	2.3	3.4	3.5	3.4	3.6	3.6	3.1	2.9
Public administration & defence	19,165	19,492	19,944	20,548	20,923	21,528	22,180	22,884	23,624	24,383	25,098	25,769	26,436
	2.8	1.7	2.3	3.0	1.8	2.9	3.0	3.2	3.2	3.2	2.9	2.7	2.6
Service-producing industries	270,383	280,302	289,471	296,104	304,835	313,498	322,362	332,053	341,939	352,406	363,273	373,358	383,135
	6.0	3.7	3.3	2.3	2.9	2.8	2.8	3.0	3.0	3.1	3.1	2.8	2.6
All industries	396,658	403,822	416,888	424,218	436,940	446,846	460,393	476,060	492,313	509,196	526,665	542,934	559,209
	6.1	1.8	3.2	1.8	3.0	2.3	3.0	3.4	3.4	3.4	3.4	3.1	3.0

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 17—Gross Domestic Product at Basic Prices by Industry (1997 $)—Ontario
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture	4,838	4,950	5,063	5,180	5,299	5,427	5,557	5,691	5,827	5,967	6,116	6,263	6,413
	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.5	2.4	2.4
Forestry	1,119	1,126	1,132	1,138	1,143	1,145	1,149	1,149	1,148	1,146	1,145	1,144	1,142
	0.7	0.6	0.5	0.6	0.4	0.2	0.3	0.0	−0.1	−0.1	−0.1	−0.1	−0.2
Fishing & trapping	16	16	16	16	16	17	17	17	17	17	17	17	17
	0.5	0.3	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Mining	3,741	3,775	3,815	3,864	3,910	3,956	4,004	4,045	4,088	4,138	4,190	4,235	4,281
	0.8	0.9	1.0	1.3	1.2	1.2	1.2	1.0	1.1	1.2	1.3	1.1	1.1
Manufacturing	130,829	136,077	141,235	146,578	151,876	156,761	162,137	167,678	173,244	179,151	184,852	190,822	196,742
	4.2	4.0	3.8	3.8	3.6	3.2	3.4	3.4	3.3	3.4	3.2	3.2	3.1
Construction	29205	30052	30906	31642	32311	32928	33612	34358	35091	35815	36567	37348	38145
	3.1	2.9	2.8	2.4	2.1	1.9	2.1	2.2	2.1	2.1	2.1	2.1	2.1
Utilities	13,300	13,730	14,098	14,494	14,905	15,311	15,740	16,158	16,504	16,943	17,398	17,867	18,335
	3.4	3.2	2.7	2.8	2.8	2.7	2.8	2.7	2.1	2.7	2.7	2.7	2.6
Goods-producing industries	183,049	189,726	196,265	202,912	209,460	215,546	222,215	229,094	235,918	243,176	250,285	257,696	265,075
	3.8	3.6	3.4	3.4	3.2	2.9	3.1	3.1	3.0	3.1	2.9	3.0	2.9
Transportation, warehousing & information	46,756	48,000	49,184	50,427	51,708	52,797	54,012	55,267	56,555	57,962	59,285	60,673	62,022
	2.9	2.7	2.5	2.5	2.5	2.1	2.3	2.3	2.3	2.5	2.3	2.3	2.2
Wholesale & retail trade	73,398	75,429	77,320	79,238	81,168	82,962	84,898	86,849	88,785	90,793	92,763	94,806	96,855
	3.0	2.8	2.5	2.5	2.4	2.2	2.3	2.3	2.2	2.3	2.2	2.2	2.2
Finance, insurance & real estate	118,251	120,671	123,023	125,429	127,922	130,184	132,636	135,151	137,827	140,655	143,390	146,261	149,179
	2.2	2.0	1.9	2.0	2.0	1.8	1.9	1.9	2.0	2.1	1.9	2.0	2.0
Community, business & personal service	127,944	131,471	134,832	138,421	142,075	145,440	149,053	152,830	156,879	161,135	165,374	169,703	174,079
	3.0	2.8	2.6	2.7	2.6	2.4	2.5	2.5	2.6	2.7	2.6	2.6	2.6
Public administration & defence	27,123	27,808	28,488	29,180	29,887	30,588	31,329	32,094	32,880	33,688	34,508	35,332	36,146
	2.6	2.5	2.4	2.4	2.4	2.3	2.4	2.4	2.4	2.5	2.4	2.4	2.3
Service-producing industries	393,472	403,380	412,847	422,696	432,759	441,971	451,928	462,191	472,927	484,234	495,320	506,774	518,282
	2.7	2.5	2.3	2.4	2.4	2.1	2.3	2.3	2.3	2.4	2.3	2.3	2.3
All industries	576,249	592,834	608,840	625,336	641,947	657,244	673,871	691,013	708,573	727,138	745,332	764,198	783,085
	3.0	2.9	2.7	2.7	2.7	2.4	2.5	2.5	2.5	2.6	2.5	2.5	2.5

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada, Statistics Canada; Canada Mortgage and Housing Corporation.

Table 18—Gross Domestic Product at Basic Prices by Industry (1997 $)—Manitoba
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	1,741	1,470	1,524	1,706	1,602	1,461	1,618	1,670	1,710	1,748	1,784	1,822	1,858
	15.0	−15.6	3.6	12.0	−6.1	−8.8	10.8	3.2	2.4	2.2	2.1	2.1	2.0
Forestry	60	66	71	73	80	83	84	85	87	89	90	90	91
	10.1	8.5	8.7	2.6	8.9	4.0	1.6	1.7	1.9	1.8	1.2	0.8	0.7
Fishing & trapping	8	7	7	6	6	6	6	6	6	6	6	6	6
	46.4	−9.2	−2.8	−11.5	−2.9	0.9	1.3	0.4	1.3	0.9	0.9	0.9	0.6
Mining	675	624	573	506	544	542	560	572	580	587	594	602	609
	22.6	−7.6	−8.1	−11.7	7.5	−0.3	3.3	2.2	1.4	1.2	1.3	1.3	1.2
Manufacturing	3,894	3,856	3,941	3,905	4,063	4,254	4,411	4,587	4,777	4,977	5,189	5,412	5,635
	9.5	−1.0	2.2	−0.9	4.1	4.7	3.7	4.0	4.2	4.2	4.3	4.3	4.1
Construction	1203	1407	1426	1458	1535	1546	1644	1681	1761	1788	1865	2016	2190
	−7.1	16.9	1.3	2.3	5.3	0.7	6.3	2.3	4.8	1.5	4.3	8.1	8.7
Utilities	1,022	1,020	967	870	953	1,122	1,141	1,178	1,220	1,261	1,303	1,342	1,389
	4.8	−0.2	−5.1	−10.1	9.6	17.7	1.7	3.3	3.5	3.4	3.3	3.0	3.5
Goods-producing industries	8,604	8,449	8,509	8,523	8,782	9,014	9,463	9,780	10,141	10,455	10,831	11,291	11,779
	8.2	−1.8	0.7	0.2	3.0	2.6	5.0	3.3	3.7	3.1	3.6	4.2	4.3
Transportation, warehousing & information	3,099	3,199	3,271	3,339	3,499	3,561	3,672	3,756	3,850	3,932	4,031	4,153	4,274
	5.7	3.2	2.3	2.1	4.8	1.8	3.1	2.3	2.5	2.1	2.5	3.0	2.9
Wholesale & retail trade	3,637	3,805	4,021	4,159	4,331	4,763	4,946	5,089	5,234	5,382	5,526	5,668	5,813
	3.3	4.6	5.7	3.4	4.1	10.0	3.8	2.9	2.8	2.8	2.7	2.6	2.6
Finance, insurance & real estate	5,878	6,066	6,347	6,480	6,649	6,793	6,898	7,015	7,139	7,263	7,400	7,513	7,611
	2.8	3.2	4.6	2.1	2.6	2.2	1.5	1.7	1.8	1.7	1.9	1.5	1.3
Community, business & personal service	6,935	7,135	7,306	7,444	7,437	7,514	7,731	7,951	8,167	8,381	8,608	8,820	9,016
	2.0	2.9	2.4	1.9	−0.1	1.0	2.9	2.8	2.7	2.6	2.7	2.5	2.2
Public administration & defence	2,278	2,176	2,215	2,228	2,238	2,258	2,323	2,386	2,445	2,504	2,564	2,620	2,675
	4.5	−4.5	1.8	0.6	0.4	0.9	2.8	2.7	2.5	2.4	2.4	2.2	2.1
Service-producing industries	21,827	22,381	23,160	23,650	24,155	24,890	25,571	26,197	26,835	27,463	28,129	28,773	29,388
	3.2	2.5	3.5	2.1	2.1	3.0	2.7	2.4	2.4	2.3	2.4	2.3	2.1
All industries	30,381	30,743	31,533	31,970	32,765	33,712	34,862	35,805	36,804	37,745	38,788	39,891	40,995
	4.5	1.2	2.6	1.4	2.5	2.9	3.4	2.7	2.8	2.6	2.8	2.8	2.8

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 18—Gross Domestic Product at Basic Prices by Industry (1997 $)—Manitoba
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture	1,895	1,935	1,978	2,017	2,060	2,103	2,149	2,194	2,238	2,287	2,335	2,387	2,439
	2.0	2.1	2.2	2.0	2.1	2.1	2.2	2.1	2.0	2.2	2.1	2.2	2.2
Forestry	91	92	92	92	91	91	90	89	88	87	86	85	83
	0.4	0.2	0.0	0.0	-0.2	-0.6	-0.6	-1.0	-1.2	-1.4	-1.2	-1.5	-1.7
Fishing & trapping	6	6	6	6	6	6	6	6	6	6	6	6	6
	0.5	0.3	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Mining	616	625	635	644	654	663	673	683	693	704	715	724	731
	1.2	1.4	1.5	1.6	1.5	1.4	1.5	1.5	1.5	1.6	1.7	1.2	1.0
Manufacturing	5,862	6,136	6,407	6,633	6,844	7,079	7,322	7,542	7,766	7,991	8,230	8,485	8,747
	4.0	4.7	4.4	3.5	3.2	3.4	3.4	3.0	3.0	2.9	3.0	3.1	3.1
Construction	2238	2275	2311	2244	2285	2289	2274	2326	2382	2438	2493	2549	2606
	2.2	1.7	1.6	-2.9	1.8	0.2	-0.7	2.3	2.4	2.3	2.3	2.2	2.2
Utilities	1,429	1,469	1,502	1,549	1,598	1,635	1,674	1,757	1,872	1,924	1,969	2,015	2,061
	2.9	2.8	2.2	3.2	3.1	2.3	2.4	5.0	6.5	2.8	2.3	2.3	2.3
Goods-producing industries	12,139	12,538	12,931	13,185	13,538	13,867	14,188	14,598	15,045	15,437	15,835	16,251	16,673
	3.1	3.3	3.1	2.0	2.7	2.4	2.3	2.9	3.1	2.6	2.6	2.6	2.6
Transportation, warehousing & information	4,372	4,499	4,620	4,683	4,770	4,860	4,952	5,041	5,133	5,230	5,332	5,445	5,558
	2.3	2.9	2.7	1.4	1.9	1.9	1.9	1.8	1.8	1.9	2.0	2.1	2.1
Wholesale & retail trade	5,951	6,085	6,214	6,333	6,462	6,585	6,713	6,845	6,974	7,104	7,232	7,365	7,495
	2.4	2.3	2.1	1.9	2.0	1.9	1.9	2.0	1.9	1.9	1.8	1.8	1.8
Finance, insurance & real estate	7,714	7,839	7,969	8,052	8,149	8,260	8,358	8,454	8,557	8,670	8,793	8,920	9,044
	1.3	1.6	1.7	1.0	1.2	1.4	1.2	1.1	1.2	1.3	1.4	1.4	1.4
Community, business & personal service	9,217	9,435	9,648	9,823	10,006	10,199	10,387	10,569	10,754	10,951	11,162	11,376	11,580
	2.2	2.4	2.3	1.8	1.9	1.9	1.8	1.8	1.8	1.8	1.9	1.9	1.8
Public administration & defence	2,731	2,788	2,843	2,900	2,958	3,015	3,076	3,139	3,204	3,271	3,339	3,406	3,473
	2.1	2.1	2.0	2.0	2.0	1.9	2.0	2.1	2.1	2.1	2.1	2.0	2.0
Service-producing industries	29,984	30,645	31,293	31,791	32,345	32,919	33,486	34,047	34,623	35,226	35,857	36,512	37,151
	2.0	2.2	2.1	1.6	1.7	1.8	1.7	1.7	1.7	1.7	1.8	1.8	1.8
All industries	41,951	43,011	44,052	44,804	45,711	46,613	47,502	48,473	49,496	50,491	51,521	52,590	53,652
	2.3	2.5	2.4	1.7	2.0	2.0	1.9	2.0	2.1	2.0	2.0	2.1	2.0

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 19—Gross Domestic Product at Basic Prices by Industry (1997 $)—Saskatchewan
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	2,949	1,835	1,534	1,987	2,112	2,078	2,180	2,233	2,273	2,314	2,358	2,398	2,437
	1.6	−37.8	−16.4	29.5	6.3	−1.6	4.9	2.4	1.8	1.8	1.9	1.7	1.6
Forestry	101	123	144	161	179	171	172	174	176	178	180	182	184
	−25.5	22.2	16.4	11.9	11.5	−5.0	1.0	1.1	1.2	1.3	1.0	1.0	0.9
Fishing & trapping	1	1	1	1	0	0	0	0	0	0	0	0	0
	11.3	10.0	−9.0	−11.0	−65.9	1.6	1.7	1.3	1.6	1.3	0.9	0.9	0.6
Mining	3,863	3,872	3,587	3,773	3,847	3,915	4,020	4,173	4,353	4,421	4,475	4,540	4,608
	1.7	0.2	−7.4	5.2	1.9	1.8	2.7	3.8	4.3	1.6	1.2	1.4	1.5
Manufacturing	2,142	2,243	2,278	2,282	2,557	2,651	2,727	2,829	2,939	3,056	3,178	3,292	3,420
	10.7	4.7	1.6	0.2	12.1	3.7	2.9	3.7	3.9	4.0	4.0	3.6	3.9
Construction	1536	1566	1496	1469	1539	1627	1674	1666	1691	1713	1725	1752	1792
	−1.4	1.9	−4.5	−1.8	4.7	5.7	2.9	−0.5	1.5	1.3	0.7	1.6	2.3
Utilities	842	737	719	710	713	740	762	782	803	826	850	871	891
	−0.4	−12.4	−2.4	−1.3	0.4	3.7	3.0	2.7	2.6	2.9	2.9	2.5	2.3
Goods-producing industries	11,434	10,379	9,760	10,384	10,947	11,181	11,536	11,857	12,234	12,509	12,767	13,035	13,331
	2.3	−9.2	−6.0	6.4	5.4	2.1	3.2	2.8	3.2	2.2	2.1	2.1	2.3
Transportation, warehousing & information	2,697	2,847	2,880	2,977	3,115	3,204	3,264	3,321	3,386	3,435	3,483	3,530	3,590
	9.6	5.6	1.2	3.4	4.6	2.8	1.9	1.7	2.0	1.4	1.4	1.4	1.7
Wholesale & retail trade	3,056	3,141	3,325	3,428	3,565	3,970	4,078	4,178	4,281	4,380	4,478	4,566	4,647
	4.2	2.8	5.9	3.1	4.0	11.3	2.7	2.4	2.5	2.3	2.3	1.9	1.8
Finance, insurance & real estate	4,609	4,750	4,943	5,009	5,136	5,242	5,327	5,397	5,484	5,573	5,669	5,745	5,817
	0.9	3.1	4.0	1.4	2.5	2.1	1.6	1.3	1.6	1.6	1.7	1.3	1.3
Community, business & personal service	5,579	5,627	5,747	5,935	5,989	6,056	6,222	6,380	6,529	6,676	6,833	6,978	7,124
	1.6	0.9	2.1	3.3	0.9	1.1	2.7	2.5	2.3	2.2	2.4	2.1	2.1
Public administration & defence	1,604	1,631	1,654	1,690	1,711	1,723	1,762	1,800	1,835	1,869	1,903	1,933	1,962
	−1.8	1.7	1.4	2.2	1.2	0.7	2.2	2.1	1.9	1.9	1.8	1.6	1.5
Service-producing industries	17,544	17,996	18,549	19,040	19,516	20,195	20,654	21,075	21,516	21,932	22,366	22,751	23,139
	2.7	2.6	3.1	2.6	2.5	3.5	2.3	2.0	2.1	1.9	2.0	1.7	1.7
All industries	28,901	28,290	28,065	29,215	30,254	31,148	31,980	32,722	33,540	34,232	34,923	35,577	36,260
	2.4	−2.1	−0.8	4.1	3.6	3.0	2.7	2.3	2.5	2.1	2.0	1.9	1.9

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 19—Gross Domestic Product at Basic Prices by Industry (1997 $)—Saskatchewan
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture	2,473	2,510	2,551	2,586	2,622	2,656	2,693	2,731	2,767	2,803	2,842	2,879	2,919
	1.5	1.5	1.6	1.4	1.4	1.3	1.4	1.4	1.3	1.3	1.4	1.3	1.4
Forestry	185	185	186	186	186	186	185	183	181	179	178	176	173
	0.6	0.4	0.3	0.1	0.0	-0.3	-0.5	-0.8	-1.0	-1.1	-0.9	-1.2	-1.4
Fishing & trapping	0	0	0	0	0	0	0	0	0	0	0	0	0
	0.5	0.3	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Mining	4,679	4,752	4,828	4,907	4,985	5,065	5,146	5,227	5,309	5,395	5,482	5,570	5,660
	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Manufacturing	3,546	3,678	3,808	3,938	4,067	4,194	4,326	4,460	4,596	4,722	4,863	5,015	5,161
	3.7	3.7	3.5	3.4	3.3	3.1	3.1	3.1	3.0	2.7	3.0	3.1	2.9
Construction	1819	1840	1857	1872	1886	1896	1911	1928	1946	1964	1983	2001	2019
	1.5	1.1	0.9	0.8	0.8	0.6	0.7	0.9	1.0	0.9	0.9	0.9	0.9
Utilities	911	931	946	963	980	997	1,014	1,030	1,042	1,059	1,076	1,094	1,111
	2.3	2.2	1.6	1.8	1.8	1.7	1.8	1.6	1.1	1.6	1.6	1.7	1.6
Goods-producing industries	13,614	13,898	14,176	14,452	14,727	14,995	15,275	15,560	15,841	16,122	16,424	16,735	17,045
	2.1	2.1	2.0	2.0	1.9	1.8	1.9	1.9	1.8	1.8	1.9	1.9	1.9
Transportation, warehousing & information	3,648	3,706	3,759	3,811	3,867	3,915	3,968	4,021	4,075	4,122	4,179	4,246	4,303
	1.6	1.6	1.4	1.4	1.5	1.2	1.4	1.3	1.3	1.2	1.4	1.6	1.4
Wholesale & retail trade	4,727	4,804	4,876	4,950	5,030	5,105	5,188	5,272	5,353	5,438	5,521	5,608	5,692
	1.7	1.6	1.5	1.5	1.6	1.5	1.6	1.6	1.6	1.6	1.5	1.6	1.5
Finance, insurance & real estate	5,908	5,990	6,062	6,124	6,199	6,262	6,318	6,385	6,448	6,517	6,594	6,681	6,750
	1.6	1.4	1.2	1.0	1.2	1.0	0.9	1.1	1.0	1.1	1.2	1.3	1.0
Community, business & personal service	7,273	7,415	7,542	7,659	7,794	7,912	8,024	8,144	8,256	8,375	8,503	8,642	8,753
	2.1	2.0	1.7	1.5	1.8	1.5	1.4	1.5	1.4	1.4	1.5	1.6	1.3
Public administration & defence	1,992	2,021	2,050	2,078	2,107	2,135	2,164	2,194	2,225	2,257	2,288	2,319	2,349
	1.5	1.5	1.4	1.4	1.4	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.3
Service-producing industries	23,549	23,937	24,289	24,623	24,997	25,328	25,663	26,016	26,358	26,709	27,086	27,495	27,847
	1.8	1.6	1.5	1.4	1.5	1.3	1.3	1.4	1.3	1.3	1.4	1.5	1.3
All industries	36,952	37,624	38,254	38,865	39,514	40,113	40,728	41,366	41,989	42,621	43,300	44,020	44,682
	1.9	1.8	1.7	1.6	1.7	1.5	1.5	1.6	1.5	1.5	1.6	1.7	1.5

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 20—Gross Domestic Product at Basic Prices by Industry (1997 $)—Alberta
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	3,276	2,719	2,134	2,563	2,843	2,874	3,004	3,098	3,163	3,220	3,282	3,341	3,397
	0.3	*-17.0*	*-21.5*	*20.1*	*10.9*	*1.1*	*4.5*	*3.1*	*2.1*	*1.8*	*1.9*	*1.8*	*1.7*
Forestry	346	365	350	363	353	336	341	346	352	358	362	365	368
	34.9	*5.4*	*-4.0*	*3.6*	*-2.6*	*-5.0*	*1.6*	*1.6*	*1.7*	*1.7*	*1.1*	*0.9*	*0.7*
Fishing & trapping	2	2	2	1	6	6	6	6	7	7	7	7	7
	31.0	*-5.8*	*0.1*	*-13.5*	*345.4*	*1.6*	*1.7*	*1.3*	*1.6*	*1.3*	*0.9*	*0.9*	*0.6*
Mining	20,488	19,311	18,667	19,402	20,090	20,008	20,570	21,336	22,239	23,279	24,260	25,081	25,946
	-0.1	*-5.7*	*-3.3*	*3.9*	*3.5*	*-0.4*	*2.8*	*3.7*	*4.2*	*4.7*	*4.2*	*3.4*	*3.4*
Manufacturing	12,750	12,147	12,040	12,584	13,482	14,541	15,085	15,717	16,368	17,065	17,792	18,491	19,196
	17.2	*-4.7*	*-0.9*	*4.5*	*7.1*	*7.9*	*3.7*	*4.2*	*4.1*	*4.3*	*4.3*	*3.9*	*3.8*
Construction	9348	10200	9844	9933	10516	11649	12296	12794	13029	12431	11918	11615	11929
	19.3	*9.1*	*-3.5*	*0.9*	*5.9*	*10.8*	*5.6*	*4.1*	*1.8*	*-4.6*	*-4.1*	*-2.5*	*2.7*
Utilities	2,757	2,812	2,818	2,677	2,657	2,581	2,684	2,791	2,897	3,018	3,144	3,253	3,358
	1.2	*2.0*	*0.2*	*-5.0*	*-0.7*	*-2.9*	*4.0*	*4.0*	*3.8*	*4.2*	*4.2*	*3.4*	*3.2*
Goods-producing industries	48,967	47,555	45,855	47,523	49,947	51,995	53,986	56,090	58,057	59,379	60,764	62,152	64,201
	7.7	*-2.9*	*-3.6*	*3.6*	*5.1*	*4.1*	*3.8*	*3.9*	*3.5*	*2.3*	*2.3*	*2.3*	*3.3*
Transportation, warehousing & information	10,280	10,933	11,462	11,545	12,022	12,648	13,031	13,463	13,836	14,130	14,437	14,730	15,098
	7.7	*6.3*	*4.8*	*0.7*	*4.1*	*5.2*	*3.0*	*3.3*	*2.8*	*2.1*	*2.2*	*2.0*	*2.5*
Wholesale & retail trade	10,715	11,324	12,439	13,046	13,923	15,725	16,554	17,090	17,604	18,121	18,679	19,227	19,753
	6.4	*5.7*	*9.8*	*4.9*	*6.7*	*12.9*	*5.3*	*3.2*	*3.0*	*2.9*	*3.1*	*2.9*	*2.7*
Finance, insurance & real estate	18,550	19,852	21,393	21,987	22,911	23,600	24,196	24,783	25,408	26,046	26,714	27,448	28,177
	5.8	*7.0*	*7.8*	*2.8*	*4.2*	*3.0*	*2.5*	*2.4*	*2.5*	*2.5*	*2.6*	*2.7*	*2.7*
Community, business & personal service	22,956	24,567	26,139	27,004	27,693	28,358	29,344	30,302	31,257	32,252	33,332	34,553	35,664
	7.1	*7.0*	*6.4*	*3.3*	*2.6*	*2.4*	*3.5*	*3.3*	*3.2*	*3.2*	*3.3*	*3.7*	*3.2*
Public administration & defence	4,920	4,879	5,001	5,143	5,237	5,466	5,663	5,851	6,027	6,203	6,379	6,542	6,704
	2.5	*-0.8*	*2.5*	*2.8*	*1.8*	*4.4*	*3.6*	*3.3*	*3.0*	*2.9*	*2.8*	*2.6*	*2.5*
Service-producing industries	67,420	71,554	76,435	78,724	81,785	85,798	88,787	91,491	94,131	96,751	99,541	102,501	105,397
	6.4	*6.1*	*6.8*	*3.0*	*3.9*	*4.9*	*3.5*	*3.0*	*2.9*	*2.8*	*2.9*	*3.0*	*2.8*
All industries	116,040	118,321	120,507	124,371	129,659	135,642	140,700	145,507	150,115	154,056	158,232	162,579	167,524
	6.5	*2.0*	*1.8*	*3.2*	*4.3*	*4.6*	*3.7*	*3.4*	*3.2*	*2.6*	*2.7*	*2.7*	*3.0*

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 20—Gross Domestic Product at Basic Prices by Industry (1997 $)—Alberta
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture	3,455	3,514	3,574	3,634	3,696	3,755	3,819	3,880	3,942	4,005	4,069	4,138	4,205
	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.6	1.6	1.6	1.6	1.7	1.6
Forestry	371	373	374	375	374	372	370	366	362	356	352	346	340
	0.8	0.6	0.3	0.2	-0.2	-0.5	-0.6	-1.0	-1.3	-1.5	-1.3	-1.5	-1.8
Fishing & trapping	7	7	7	7	7	7	7	7	7	7	7	7	7
	0.5	0.4	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Mining	26,684	27,054	27,554	28,504	28,585	29,690	30,097	30,537	31,054	31,624	32,237	32,855	33,495
	2.8	1.4	1.8	3.5	0.3	3.9	1.4	1.5	1.7	1.8	1.9	1.9	1.9
Manufacturing	19,914	20,658	21,393	22,120	22,855	23,552	24,295	25,057	25,838	26,631	27,430	28,252	29,101
	3.7	3.7	3.6	3.4	3.3	3.0	3.2	3.1	3.1	3.1	3.0	3.0	3.0
Construction	12000	12236	12353	12645	12947	13300	13592	13981	14361	14732	15129	15541	15987
	0.6	2.0	1.0	2.4	2.4	2.7	2.2	2.9	2.7	2.6	2.7	2.7	2.9
Utilities	3,467	3,573	3,663	3,759	3,858	3,955	4,057	4,154	4,233	4,334	4,438	4,545	4,651
	3.2	3.1	2.5	2.6	2.6	2.5	2.6	2.4	1.9	2.4	2.4	2.4	2.3
Goods-producing industries	65,898	67,415	68,917	71,045	72,322	74,632	76,237	77,983	79,797	81,689	83,662	85,685	87,785
	2.6	2.3	2.2	3.1	1.8	3.2	2.2	2.3	2.3	2.4	2.4	2.4	2.5
Transportation, warehousing & information	15,434	15,738	16,026	16,384	16,656	17,013	17,309	17,621	17,955	18,310	18,667	19,042	19,421
	2.2	2.0	1.8	2.2	1.7	2.1	1.7	1.8	1.9	2.0	1.9	2.0	2.0
Wholesale & retail trade	20,296	20,830	21,372	21,918	22,452	22,999	23,554	24,144	24,714	25,298	25,877	26,473	27,049
	2.7	2.6	2.6	2.6	2.4	2.4	2.4	2.5	2.4	2.4	2.3	2.3	2.2
Finance, insurance & real estate	28,898	29,623	30,235	30,860	31,553	32,109	32,680	33,289	33,938	34,619	35,305	36,027	36,675
	2.6	2.5	2.1	2.1	2.2	1.8	1.8	1.9	1.9	2.0	2.0	2.0	1.8
Community, business & personal service	36,832	37,963	39,055	40,061	41,127	42,124	43,144	44,203	45,283	46,435	47,594	48,811	49,874
	3.3	3.1	2.9	2.6	2.7	2.4	2.4	2.5	2.4	2.5	2.5	2.6	2.2
Public administration & defence	6,869	7,032	7,192	7,353	7,516	7,677	7,845	8,017	8,193	8,372	8,552	8,732	8,908
	2.5	2.4	2.3	2.2	2.2	2.1	2.2	2.2	2.2	2.2	2.2	2.1	2.0
Service-producing industries	108,328	111,185	113,880	116,576	119,305	121,922	124,531	127,274	130,083	133,034	135,995	139,086	141,927
	2.8	2.6	2.4	2.4	2.3	2.2	2.1	2.2	2.2	2.3	2.2	2.3	2.0
All industries	172,152	176,527	180,724	185,548	189,554	194,480	198,694	203,183	207,807	212,650	217,584	222,697	227,638
	2.8	2.5	2.4	2.7	2.2	2.6	2.2	2.3	2.3	2.3	2.3	2.3	2.2

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 21—Gross Domestic Product at Basic Prices by Industry (1997 $)—British Columbia
(Forecast Completed: Dec. 13, 2005)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	1,083	1,278	1,271	1,342	1,359	1,435	1,465	1,502	1,529	1,557	1,586	1,615	1,642
	3.6	17.9	-0.6	5.6	1.2	5.6	2.1	2.5	1.8	1.8	1.9	1.8	1.7
Forestry	3,201	3,182	3,185	3,157	3,532	3,674	3,735	3,791	3,860	3,929	3,988	4,000	3,832
	-4.1	-0.6	0.1	-0.9	11.8	4.0	1.7	1.5	1.8	1.8	1.5	0.3	-4.2
Fishing & trapping	115	124	127	125	116	109	111	113	115	116	118	119	120
	14.7	8.0	2.4	-1.4	-7.5	-5.7	1.6	1.4	1.7	1.5	1.2	0.9	0.6
Mining	2,824	3,509	3,495	3,218	3,310	3,376	3,575	3,740	3,921	4,086	4,216	4,252	4,344
	0.3	24.3	-0.4	-7.9	2.9	2.0	5.9	4.6	4.8	4.2	3.2	0.8	2.2
Manufacturing	14,940	13,817	14,149	14,412	15,616	15,933	16,458	17,066	17,725	18,412	19,123	19,761	20,393
	16.6	-7.5	2.4	1.9	8.4	2.0	3.3	3.7	3.9	3.9	3.9	3.3	3.2
Construction	5632	5758	5897	6461	7037	7699	8285	8429	8422	8449	8491	8686	8830
	-1.4	2.2	2.4	9.6	8.9	9.4	7.6	1.7	-0.1	0.3	0.5	2.3	1.7
Utilities	2,591	2,054	2,351	2,285	2,249	2,444	2,543	2,648	2,755	2,864	2,976	3,074	3,168
	0.6	-20.7	14.5	-2.8	-1.6	8.7	4.1	4.1	4.0	3.9	3.9	3.3	3.1
Goods-producing industries	30,387	29,722	30,475	31,001	33,219	34,670	36,174	37,289	38,326	39,412	40,499	41,506	42,330
	7.0	-2.2	2.5	1.7	7.2	4.4	4.3	3.1	2.8	2.8	2.8	2.5	2.0
Transportation, warehousing & information	11,731	11,794	12,221	12,152	12,840	13,312	13,831	14,228	14,632	15,061	15,530	15,873	16,092
	6.6	0.5	3.6	-0.6	5.7	3.7	3.9	2.9	2.8	2.9	3.1	2.2	1.4
Wholesale & retail trade	12,231	12,914	13,679	14,152	15,043	15,828	16,307	16,830	17,308	17,829	18,350	18,880	19,369
	4.3	5.6	5.9	3.5	6.3	5.2	3.0	3.2	2.8	3.0	2.9	2.9	2.6
Finance, insurance & real estate	25,059	26,031	27,361	28,146	29,230	30,220	30,923	31,688	32,373	33,068	33,835	34,596	35,338
	1.8	3.9	5.1	2.9	3.9	3.4	2.3	2.5	2.2	2.1	2.3	2.2	2.1
Community, business & personal service	28,160	28,835	29,807	30,585	30,912	31,466	32,516	33,578	34,595	35,661	36,832	37,796	38,685
	3.8	2.4	3.4	2.6	1.1	1.8	3.3	3.3	3.0	3.1	3.3	2.6	2.4
Public administration & defence	6,236	6,307	6,330	6,729	6,842	6,924	7,146	7,361	7,563	7,766	7,970	8,160	8,350
	3.1	1.1	0.4	6.3	1.7	1.2	3.2	3.0	2.7	2.7	2.6	2.4	2.3
Service-producing industries	83,416	85,882	89,397	91,763	94,867	97,751	100,723	103,685	106,471	109,385	112,517	115,305	117,833
	3.6	3.0	4.1	2.6	3.4	3.0	3.0	2.9	2.7	2.7	2.9	2.5	2.2
All industries	113,958	115,800	119,990	122,711	127,900	132,159	136,711	140,788	144,612	148,612	152,830	156,626	159,977
	4.5	1.6	3.6	2.3	4.2	3.3	3.4	3.0	2.7	2.8	2.8	2.5	2.1

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 21—Gross Domestic Product at Basic Prices by Industry (1997 $)—British Columbia
(Forecast Completed: Dec. 13, 2005)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture	1,672	1,700	1,729	1,757	1,787	1,815	1,844	1,876	1,903	1,936	1,969	2,002	2,034
	1.8	1.7	1.7	1.6	1.7	1.6	1.6	1.7	1.5	1.7	1.7	1.7	1.6
Forestry	3,694	3,646	3,602	3,566	3,534	3,502	3,478	3,453	3,436	3,429	3,422	3,416	3,409
	–3.6	–1.3	–1.2	–1.0	–0.9	–0.9	–0.7	–0.7	–0.5	–0.2	–0.2	–0.2	–0.2
Fishing & trapping	120	120	121	121	121	121	121	121	121	121	121	121	121
	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Mining	4,440	4,539	4,633	4,698	4,785	4,885	4,965	5,073	5,185	5,302	5,423	5,546	5,673
	2.2	2.2	2.1	1.4	1.9	2.1	1.6	2.2	2.2	2.3	2.3	2.3	2.3
Manufacturing	21,025	21,634	22,222	22,805	23,352	23,914	24,461	25,009	25,547	26,077	26,617	27,151	27,689
	3.1	2.9	2.7	2.6	2.4	2.4	2.3	2.2	2.1	2.1	2.1	2.0	2.0
Construction	9014	9215	9399	9555	9710	9861	10031	10212	10382	10548	10721	10899	11080
	2.1	2.2	2.0	1.7	1.6	1.6	1.7	1.8	1.7	1.6	1.6	1.7	1.7
Utilities	3,268	3,365	3,447	3,534	3,625	3,714	3,808	3,899	3,972	4,067	4,166	4,266	4,366
	3.1	3.0	2.4	2.5	2.6	2.5	2.5	2.4	1.9	2.4	2.4	2.4	2.3
Goods-producing industries	43,232	44,220	45,153	46,036	46,914	47,813	48,709	49,644	50,547	51,481	52,439	53,401	54,372
	2.1	2.3	2.1	2.0	1.9	1.9	1.9	1.9	1.8	1.8	1.9	1.8	1.8
Transportation, warehousing & information	16,346	16,587	16,799	16,998	17,204	17,403	17,600	17,802	17,999	18,208	18,418	18,633	18,839
	1.6	1.5	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.2	1.2	1.2	1.1
Wholesale & retail trade	19,879	20,395	20,879	21,371	21,858	22,323	22,834	23,356	23,842	24,332	24,823	25,321	25,812
	2.6	2.6	2.4	2.4	2.3	2.1	2.3	2.3	2.1	2.1	2.0	2.0	1.9
Finance, insurance & real estate	36,101	36,757	37,433	38,082	38,749	39,433	40,111	40,802	41,522	42,257	42,985	43,752	44,548
	2.2	1.8	1.8	1.7	1.8	1.8	1.7	1.7	1.8	1.8	1.7	1.8	1.8
Community, business & personal service	39,617	40,476	41,305	42,148	42,954	43,756	44,608	45,422	46,235	47,087	47,922	48,789	49,657
	2.4	2.2	2.0	2.0	1.9	1.9	1.9	1.8	1.8	1.8	1.8	1.8	1.8
Public administration & defence	8,546	8,740	8,931	9,125	9,322	9,516	9,721	9,932	10,149	10,371	10,595	10,819	11,039
	2.3	2.3	2.2	2.2	2.2	2.1	2.2	2.2	2.2	2.2	2.2	2.1	2.0
Service-producing industries	120,489	122,955	125,347	127,724	130,088	132,431	134,875	137,315	139,747	142,255	144,744	147,315	149,895
	2.3	2.0	1.9	1.9	1.9	1.8	1.8	1.8	1.8	1.8	1.7	1.8	1.8
All industries	163,535	166,989	170,313	173,574	176,816	180,058	183,398	186,773	190,108	193,550	196,997	200,531	204,081
	2.2	2.1	2.0	1.9	1.9	1.8	1.9	1.8	1.8	1.8	1.8	1.8	1.8

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

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Provincial Outlook 2007, Long-Term Economic Forecast
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Forecast

ECONOMIC PERFORMANCE AND TRENDS

Provincial Outlook Long-Term Economic Forecast 2007
by *The Conference Board of Canada*

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Preface

The *Provincial Outlook Long-Term Economic Forecast 2007* was prepared by Marie-Christine Bernard, Associate Director, under the general direction of Paul Darby, Deputy Chief Economist.

The report examines the long-term economic outlook for the provinces, including gross domestic product (GDP), output by industry and labour market conditions. At the end of the report, there is a forecast for Canadian economic indicators and a comparison of GDP by province and industry.

The Provincial Outlook Long-Term Forecast is updated annually using the Conference Board's large econometric model of the provincial economies.

The publication can be accessed on-line at www.e-library.ca and for clients subscribing to e-Data at www.conferenceboard.ca/edata.htm. For more information, please contact our information specialist at 613-526-3280 or 1-866-711-2262 or e-mail contactcboc@conferenceboard.ca.

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Marie-Christine Bernard

Demographic Changes Take a Toll on Potential Growth

NATIONAL OVERVIEW

A short-lived hiccup in U.S. economic growth in 2007 underlies an excellent forecast for Canada going forward. Elevated commodity prices, a relatively good fiscal stance, low inflation and the lift to purchasing power resulting from a strong currency have benefited many sectors in the economy. Consumer spending and business investment in particular have surged over the past three years, allowing real gross domestic product (GDP) to advance at a healthy clip despite the significant drag caused by a deteriorating trade balance. Total government spending has posted steady and strong gains recently, as federal transfers to the provinces have seen generous increases, helping cover the quickly expanding costs of health care. Better-than-expected government revenues, through tax cuts and transfers, are being passed back to the consumer. Residential investment too has added fuel to the fire, although this boom is expected to come to an end soon as home construction realigns with demographic demand. Over the next five years (2006–10), the Canadian economy is expected to advance by an average growth pace of 3 per cent, slower than the 3.3 per cent growth attained between 1995 and 2005. Demographic factors suggest that economic growth will advance more and more slowly over the long term, averaging 2.6 per cent over 2011 to 2020. The economy is expected to manage growth of 2.1 per cent per year over the last 10 years of the forecast, still not a bad result considering weak population growth and the effects of a much older society.

Although the forecast is promising, we need to be aware of a number of potential snags that could significantly alter the near-term growth path. Of most concern is the question of whether the United States will manage to smoothly navigate the large imbalances that plague its economy. The presence of a hefty federal government deficit is overshadowed by the global imbalance evidenced by a huge current account deficit. Assuming that the U.S. and world economies do steer their way through the troubles ahead, Canada's outlook is positive. The Canadian economy has survived numerous structural adjustments on the domestic and international stage, including fiscal reform, the high-tech wreck, the development of multinational trading blocs, corporate malfeasance and globalization. More recently, Canadian manufacturers have been scrambling to adjust to what amounted to a reduction in sales prices of more than 30 per cent, the result of the rapid acceleration in the value of our currency. While adjustments are not complete, the manufacturing sector has done surprisingly well over the transition, undergoing heavy retooling and layoffs that finally produced excellent growth in labour productivity.

Demographic factors suggest that economic growth will advance more slowly over the long term.

And while there has been poor growth in manufacturing employment recently, Canada has not been lacking in new jobs. This is especially true in Alberta, where high energy prices have led to frenzied investment and construction activity in the oil patch. Elevated commodity prices have resulted in increased economic activity for many resource sectors, while British Columbia is undergoing a construction boom, in part due to preparation for the 2010 Olympics and infrastructure upgrades. The situation has resulted in low unemployment, higher wages and changing migration flows as central and eastern Canadians massively migrate west, especially to Alberta, looking for better job opportunities.

Energy and commodity prices are assumed to have peaked, but they are forecast to remain strong, partly because of the steady growth in demand from China and other developing nations. Elevated oil prices will

support ongoing development of Canada's massive oil sands reserves; other resource sectors, with some notable exceptions, will also benefit from the profitable situation brought about by high world prices. Central Canada too will face better prospects as the Canadian dollar stabilizes and eases modestly in the near term. This will provide a break for the manufacturing sector, which must remain lean and innovative to compete in the global environment. More balanced regional performances in 2008 will help lift real GDP growth by 3.3 per cent, while growth will remain strong at about 3 per cent over the remainder of the near term as the economy reaches its full potential.

Beyond 2010 the Canadian economy will experience a deceleration in growth that is expected to continue through the remainder of the forecast horizon. Slower population growth and the effects of an aging population will restrain labour force growth and heavily influence income and spending patterns. With the first members of the large baby-boom cohort reaching sixty, the labour market is on the verge of a massive wave of retirement that will only accelerate over the next 20 years. Even with optimistic immigration assumptions, this will result in a sharp slowing in the labour force that will weaken growth in GDP. However, economic growth can be rescued by heavy investment in machinery and equipment and technology, and by utilizing more highly skilled workers and using more innovative production processes. To some extent, all of these things are already happening and the pace of productivity growth has been improving. Over the long term, strong labour productivity—getting more output per worker—is a key assumption behind our long-term forecast.

The most striking development over the long term will be the aging of the Canadian population. The postwar baby boom came to an end in the mid 1960s, and the fertility rate has been much lower since then. Consequently, the age distribution of the population will change considerably as the baby-boom generation progresses up the population pyramid. This will be particularly noticeable beyond 2010, when the share of the population over 65 climbs steeply. The assumption is made that a strong and growing level of immigration will shore up overall population growth. International immigration is expected to rise from about 213,000 in recent years to an annual average of about 300,000 from 2019 to 2030. Thanks to strong net immigration, Canadian population growth will be sustained over the long term, with growth easing modestly from its current pace of 0.9 per cent to an average just above 0.7 per cent over 2026–30.

Financial markets will come under pressure as baby boomers become low-saving senior citizens.

Higher immigration will not suffice to offset the dominant aging of the baby boom, with the most important implication arising as a growing constraint on labour force growth. The pressure is not immediate, as a strong economic performance in recent years has enticed people to reenter the job market. In particular, relief came as the result of an extraordinary jump in the participation of women in the 55–59 age cohort. This change was brought about by the aging of women who through their working lives have exhibited higher labour force participation than have earlier generations. These developments provide temporary relief to the effects of the aging population on the labour force, but the overall participation rate will start to ease in the next decade as baby boomers begin to leave the labour force. This will lead to a dramatic slowing in overall labour force growth and will result in a shortage of workers, in particular skilled workers, to replace the increasing number of retirees.

Several changes will occur in the marketplace to address the rising pressures. The tightening labour market is assumed to produce high real wage growth, which in turn will lead firms to substitute capital for labour wherever feasible. Therefore, although growth in investment will slow as the technology sector matures, it will still remain robust over the next 25 years, and labour productivity will improve dramatically. Moreover, some workers eligible to retire will remain in the workforce to take advantage of higher real wages. The net result will be an unemployment rate that shrinks steadily, averaging just below 5.4 per cent over the last five years of the forecast, and labour productivity that reaches growth of just shy of 2 per cent annually beyond 2010.

The aging population will bring many more challenges and changes to the long-term outlook. One of the more significant challenges will be the additional burden on the health-care system and thus on public

finances. Particular pressure will be added in the latter years of the forecast as costs rise significantly for the 75+ age group. In addition, the changing age structure will shrink the market for single-detached family dwellings through the entire forecast period. Conditions will change somewhat with a recovery in the number of people aged 0–14 beginning around 2012, as the grandchildren of the baby boom arrive in heavy numbers. Provincial governments will once again feel the pressure of a surge in elementary school enrolment in the later years of the long-term forecast.

Other important structural changes over the long term include an ever-shrinking role for producers of raw materials but a real increase in the prices of certain raw materials, including crude oil and forest products, as they become scarce. Financial markets will come under pressure as baby boomers move from the high-saving pre-retirement years to become low-saving senior citizens. Consumption of durable items such as autos and household furnishings will slow, while consumption of services will continue to expand, especially after 2020. For further details on the challenges that the Canadian economy will face over the next 25 years, see the full edition of *Canadian Outlook: Long-Term Forecast, 2007 Edition.*

PROVINCIAL OVERVIEW

Ontario, Alberta, Manitoba and British Columbia will post the strongest economic growth over the long term, while real GDP in the remainder of the country will average just 1.7 per cent, compounded annually, from 2006 to 2030. In the top two spots, Alberta and Ontario are expected to do particularly well. While

Chart 1
Long-Term Growth Rankings
(GDP, annual average growth)

Sources: The Conference Board of Canada; Statistics Canada.

Ontario is going through a difficult time restructuring its export-oriented manufacturing sector, the long-term potential of the province is bright. Robust international migration will benefit the province, especially the service sector. The Alberta economy is firing on all cylinders, easily surpassing all other provinces, and total GDP growth is expected to hit 7 per cent in 2006. The economic outlook for 2007 remains healthy, with 5 per cent growth anticipated. The energy sector will remain one of the main driving forces in Alberta over the forecast as the province benefits from rising oil prices, several multibillion-dollar investment projects, an immense non-conventional oil supply and better extraction technology. Alberta's oil sands are expected to generate close to $100 billion in investment by 2030. Over the longer term, with a significant number of Canada's aging citizens expected to move to British Columbia and Prince Edward Island, population and service sector output will grow in these provinces. Thanks to oil projects and development at Voisey's Bay, Newfoundland and Labrador will post the strongest real GDP growth in 2007. Nonetheless, continued population decline and the depletion of oil reserves will severely slow growth in the province's overall economy in the last 15 years of the forecast, enough to leave the average growth rate much weaker than in any other province over the entire forecast. At first glance, the wedge of 2.6 percentage points separating the fastest and slowest growing provinces may not seem significant, but it becomes quite large when compounded over more than 25 years.

The key factors influencing the long-term performance of an economy are population growth, labour force productivity and investment patterns. Population growth will vary considerably from province to province, though all provinces will be dealing with a declining natural rate of increase. Moreover, although significant advances in communication technology have lessened the importance of location for many industries, the movement of population within and between provinces is expected to continue to be from smaller to larger centres, and net international migration will favour the larger provinces. These trends will lead to declining population in three provinces—Newfoundland and Labrador, Nova Scotia, and New Brunswick—over most of the forecast period. The sluggish population prospects will lead to a faster aging of the population in these Atlantic provinces. This profound demographic change will result in fewer people of working age and therefore to weaker economic growth. But even if firmer productivity gains will mitigate the
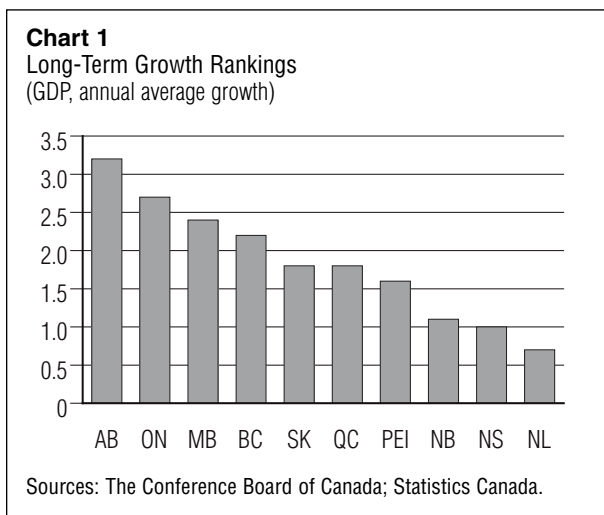
demographic effects on real GDP growth, real economic growth will be roughly two-thirds less over 2011–30 than in this decade in all Atlantic provinces except Prince Edward Island. However, with productivity gains, real GDP per capita will continue to make advances, albeit at a slower pace, over the next 25 years.

An aging population will dampen growth in the labour force considerably in the last decade of the forecast.

Estimates of potential output have been generated for all provinces by taking into account growth in potential employment, the capital stock and total factor productivity. Detailed demographic analysis, an essential determinant of potential output, has been conducted for each province, taking into account the unique population characteristics of each over the long term. One clear result emerges from these estimates of potential output: potential output growth will decelerate in every province over the next 25 years. This general finding is attributable mainly to an aging population, which will dampen growth in the labour force considerably in the last decade of the forecast.

AGRICULTURE

Canada's agriculture industry has been adapting to ongoing structural changes. Lower transportation subsidies have changed the cost structure for grain farmers in the Prairies since the mid 1990s, resulting in greater concentration of ownership, changes to the crop mix and higher value-added products at home. As livestock producers take advantage of economies of scale, production in this industry too has become increasingly concentrated. At the same time, the international agriculture subsidy war is forcing lower subsidy jurisdictions to be more efficient. A gradual global movement away from protectionism in agriculture markets is expected to further enhance Canada's export potential. As a relatively low cost producer, Canada is generally on a sound footing heading into the future.

Agricultural output will be shaped over the long term by developments in global demand and supply. The key factor determining demand will be population growth. The United Nations expects world population

to grow from 6.5 billion in 2005 to 8.2 billion by 2030; over that span, Canadian exports are expected to shift to non-traditional, high population-growth markets. Moreover, upward pressure on agricultural commodity prices is expected to come from constraints on food supply and, by extension, on the supply of global arable land. In addition, growing interest in grain-based alternative fuels will add to the upward pressure on grain prices. This in turn is expected to spur productivity-enhancing research and development, including a greater reliance on genetically modified food. In addition, a growing Mexican middle class, combined with greater Canadian access to the Mexican market under the North American Free Trade Agreement, will result in increased pork exports. China represents another potentially strong export market for Canadian producers, especially in light of China's recent acceptance into the World Trade Organization and its emerging status as an economic superpower. Consequently, growth in Canadian agricultural output is expected to exceed global population growth, with average annual compound growth of 1.9 per cent over 2006–30.

FISHING

Fisheries on the east and west coasts are expected to face supply constraints over the long term. Mollusks and crustaceans have dominated the east coast industry in recent years; but, while these species are more profitable than groundfish, on balance they generate fewer jobs. The east coast groundfish industry has shown few signs of improvement and appears to be far from a measurable recovery. Recent studies by the federal government indicate that cod stocks have not recovered since the moratorium on cod fishing was imposed in 1992 and that the fish are scrawnier than before, likely due to adaptations in breeding. The drop in sea temperature in the Scotian Shelf has increased the population of pelagics such as herrings, which eat cod eggs, making the recovery difficult. The recovery of groundfish species like haddock and cod is also related to environmental factors and difficult to predict. Though the cod moratorium has been lifted, it is unlikely that cod stocks will be returning to their levels of the late 1980s.

The slump in the groundfish industry forced fishermen to turn to crustaceans, such as crab, lobster and shrimp. The stocks of these species are also dwindling. Total allowable catch for crab was reduced in recent years

by the Department of Fisheries. Lobster landings also declined, continuing to follow a downward trend over time. An expected drop in the sea temperature will limit growth in east coast fishery over the forecast period. Meanwhile, the traditional west coast fishery is battling lower stocks, although it is unclear whether this phenomenon is temporary or permanent. As well, the Canadian fishing industry is combating public stigma toward new technological developments in aquaculture (fish farms), especially with respect to farmed salmon.

Continued growth of the aquaculture industry (which is classified under agriculture) is expected to buttress long-term job creation, but Canadian producers will face stiff competition from warm water aquaculture producers, particularly in South America. In the near term, the aquaculture industry must contend with studies that criticize the way it operates and which adversely compare the quality of its products to those of wild fish. A U.S. study concluded that farm-raised Atlantic salmon contain pollutants and toxins and that their consumption should be limited. The near-term outlook is not all grim for aquaculture in Atlantic Canada. Cooke Aquaculture Inc. will open nine new fish farms over 2007–09, tripling the production of farmed salmon in Newfoundland and Labrador.

The east coast groundfish industry appears to be far from a measurable recovery.

The medium-term outlook for fishing shows modest opportunities, with average growth of 1.4 per cent per year expected between 2006 and 2015. Over the remainder of the forecast, growth will be quite limited. Years of struggle have caused young Canadians to shy away from the profession, and newer technology requires fewer human resources. Although the restraint shown by the federal government in applying catch restrictions is expected to bear fruit over the long term, there is too much uncertainty surrounding the industry to predict a dramatic recovery. All told, average annual compound growth of –0.2 per cent per year is anticipated over the last 15 years of the forecast.

FORESTRY

The forestry sector in Canada will face serious supply and demand constraints in the long term, causing the industry to experience slow growth over the forecast. The industry, which accounted for approximately 2.3 per cent of total real output in the goods sector in 2005, will account for a mere 1 per cent by 2030. Overall, the sector is forecast to make slight gains in the short run, growing at an average annual compound rate of 0.9 per cent from 2006 to 2011, before contracting by an annual compound average of 1.1 per cent from 2012 to 2030.

The mountain pine beetle has destroyed some $40 billion worth of British Columbia's most valuable timber since the late 1990s.

The settlement of the softwood lumber agreement between Canada and the United States will provide Canadian exporters with some stability and will return US$4.4 billion in duties to Canadian companies. However, at the crux of the agreement is a sliding export tax that will be collected by the Canadian government. On the west coast, the industry continues to face a natural disaster in slow motion as the mountain pine beetle continues its infestation, which has already destroyed some $40 billion worth of the province's commercially valuable timber since the late 1990s. It is estimated that by 2013 the insect will have killed 80 per cent of the province's mature lodgepole pine, which accounts for nearly 30 per cent of British Columbia's timber supply. The province has been responding to the infestation by increasing the allowable annual cut (AAC) in regions where the destruction has been rampant. However, with supply limited, near-term increases will need to be offset with decreases in the long term. In 2005, Quebec initiated sustainable forest management by implementing a reduction of 20 per cent in the province's AAC; this has taken a major toll on the province's forest industry.

Demand-side issues will also affect the sector in the long term. The aging Canadian population will result in a deceleration in household formation rates; this, coupled with decelerating population growth, will dampen the

outlook for housing in Canada and the United States. Declining housing starts will in turn lead to weak lumber demand. Struggles in the pulp and paper industry will also inhibit growth in the industry. The sector, however, will receive some benefit from China's growing population. China has become the largest consumer of wood products in the world, as well as the largest importer of wood and wood fiber. The industry is also faced with the challenge of attracting labour as skill shortages become more acute within Canada; this will permeate every aspect of mill operations.

MINING

The mining sector is expected to post robust growth over the long term, growing beyond the national average GDP for the period. Growth will vary among the four industry sub-groupings: metals, non-metallic minerals, mineral fuels and services incidental to mining. The sector, however, will be propelled by strength in mineral-fuel mining. Overall, the mining sector will grow at an average annual compound rate of 2.7 per cent from 2006 to 2030.

Over the first part of the forecast, the metal mining sector will continue to benefit from elevated metal prices, driven in part by seemingly insatiable demand from China. High prices are driving a flurry of exploration activity across the country and resulting in the reopening of operations once mothballed. Growth in metal mining will also be stimulated by the opening of several new mines in Canada. Worldwide depletion of uranium stocks and improving prospects for growth in the nuclear electricity-generation sector will translate into improved growth for uranium production. Over 2006–15, metal mining is expected to grow by 1.8 per cent, compounded annually. Tighter global environmental restrictions on new mine development and the discovery of more cost-effective mines in other parts of the world, however, will limit real mining growth to a mere 0.3 per cent, compounded annually, from 2016 to 2030.

Driven primarily by the development of diamond mines in the Northwest Territories and in Nunavut, non-metal mining will grow by 2.4 per cent, compounded annually, from 2006 to 2030. Canada is expected to become the third largest diamond producer in the world. Snap Lake is scheduled to begin production in 2007, and the Victor project in northern Ontario is slated to open in 2008. Further, production at the Gahcho Kue

diamond mine in Canada's Northwest Territories—the largest new diamond mine now under development anywhere in the world—is assumed to commence in 2010.

Long-term prospects for potash demand are also good, as the gradual erosion of soil nutrients will result in more intensive use of fertilizers. Potash Corporation of Saskatchewan holds a large proportion of the world's potash supply, so increased demand for fertilizer, in an industry already operating at close to capacity, is a boon for that province's non-metal mining industry.

Global spare capacity for crude oil continues to be worryingly tight, and this is reflected in energy prices.

On the energy front, events during the past couple of years have shown how a tight supply–demand situation for key commodities can quickly send prices skyward and governments scrambling to secure reliable sources. Global spare capacity for crude oil continues to be worryingly tight, and this is reflected in energy prices. The billions of dollars of investment slated to increase capacity in Canada's oil sands will be but a drop in the bucket in light of the rate at which developing economies, such as China and India, are expected to consume oil. Even for industrialized economies like the United States, oil and natural gas demand are set to continue at an unwavering pace unless significant steps are put in place to curb demand. Just to satisfy expected global demand, there will be a need for billions of dollars to be poured into oil exploration and development by member states in the Organization of the Petroleum Exporting Countries (OPEC) and in the Caspian region.

The small cushion of spare production capacity, currently estimated at 1 to 2 million barrels per day, will remain constant over the medium term, as will the risk to oil exports from geopolitically sensitive regions such as the Middle East. The Conference Board expects world oil prices to reflect the tight global supply–demand situation and associated geopolitical risks in the near and medium terms, but these should dissipate in the long term. Crude oil demand growth is forecast to be especially strong in developing countries, whose share of world oil consumption will increase from the current 40 per cent to 50 per cent by 2030. The West Texas Intermediate (WTI) price of crude oil will lose some

steam over the medium term to reach US$42 (2005 dollars) by 2012 and will then resume climbing as new sources become more difficult to discover and exploit. By 2030, the WTI will reach an equilibrium price of US$55 per barrel.

Canadian energy investment will be dominated over the medium and long terms by the development of Alberta's vast oil sands. Recent announcements of expansions to existing projects and some new projects indicate that capital spending on plant, machinery, equipment and labour will surpass $100 billion over 2006–15. Approximately $30 billion has already been spent in the sector since 2000, and more than 60 projects have been announced since 1996. Technical improvements to the extraction process have made this development profitable at projected world oil prices. The outlook is somewhat at risk as both skilled labour and building materials are in high demand and low supply. Significant funds will also be committed to exploration and development of offshore resources on Canada's east coast, especially offshore Newfoundland. An upside risk to the forecast is presented by the prospect—currently remote and speculative—of west coast exploration projects.

The decline in the conventional oil supply will continue but will be offset by oil sands development in the west as well as offshore production in Newfoundland. Bad luck encountered by some energy companies in offshore Nova Scotia in recent years will dampen the investment outlook in that province. Quebec will lead the nation in hydroelectric development, with some major projects already under construction or about to begin, and some longer term projects planned after 2010.

Natural gas spot prices are affected more significantly than oil by supply and demand fundamentals in North America. The tight natural gas situation will not reverse itself in the short or medium term. On an energy-content basis, oil and natural gas prices should converge over time, as a greater portion of industrial users in the United States can switch between the fuels. In Canada, conventional production is forecast to continue declining over the medium and long terms, especially in Alberta, with the maturing of the Western Canadian Sedimentary Basin. Gas extracted through unconventional methods is not expected to make up the loss from conventional production in the near or medium term.

While the number of natural gas wells being drilled remained high in 2006, production is forecast to remain stable in the very near term but to decline over the medium and long terms, particularly in Alberta. Most new wells are shallow and are being depleted faster than new reserves can be found, and Alberta's natural gas fields, the source of 75 per cent of Canada's natural gas supply, no longer have the huge reserves needed to meet growing North American demand.

Manufacturing will post the highest average growth among Canada's major industry groupings.

Finally, pipeline projects will form a significant part of the energy investment outlook as new production capacity coming out of the oil sands will need to be transported to new and existing markets. In fact, over $25 billion will be invested in pipeline extensions between now and 2015 to provide capacity increases to meet export demand for mineral fuels. This includes the $7-billion pipeline in the Mackenzie Valley that will transport Mackenzie and Beaufort gas south to Alberta and the U.S. market, and the expansion of the Trans Mountain pipeline in 2007.

MANUFACTURING

Canadian manufacturers, especially those located in Central and Eastern Canada, have been suffering for the past few years. Higher energy and raw material prices have raised costs while the stronger Canadian dollar has lowered the prices many manufacturers receive. Furthermore, intensified competition from low-wage countries such as China and India has put downward pressure on product prices globally. In an effort to increase cash flow and invest strategically in this new industrial era, manufacturers will focus on reducing operating costs over the forecast period. Western Canada's manufacturing industry, greatly benefiting from the exceptional economic development in Alberta and stellar construction activity in British Columbia over the past few years, has outperformed the overall national average.

These recent developments combined to restrain growth in manufacturing activity to a paltry 0.8 per cent in 2006. Manufacturing output is expected to accelerate

gradually over the medium term as manufacturers adapt and become more efficient. As such, manufacturing output is forecast to increase by an average compound growth rate of 3.3 per cent from 2006 to 2010. Over the longer term, the manufacturing sector will post the highest average growth rate among Canada's major industry groupings, growing by an annual average compound rate of 3.1 per cent from 2006 to 2030. The strongest performers will be manufacturers of transportation equipment (aerospace and motor vehicles), furniture, primary metals, electrical, machinery, petroleum and coal, and chemicals.

CONSTRUCTION

Canada's non-residential real estate market is tighter, especially in Western Canada and Ontario. Vacancy rates have been coming down since 2003. Strong economic activity has helped lower vacancy rates for commercial, industrial and office space, especially in key urban centres. Consequently, growth in non-residential investment is recovering outside the energy sector, with growth expected to average 4.3 per cent over 2006–10. A decline in the pace of overall GDP growth will also ease the pace at which capital outlays are made over the long term. Growth in non-energy, non-residential construction will average 2.2 per cent annually from 2011 to 2030.

Growing energy needs have prompted Canadian utilities to consider medium-term investment projects. There will be numerous power projects in Quebec over the forecast period. Hydro-Québec remains committed to heavy investment in new and existing hydroelectric projects. The company has moved ahead with the 480MW, $2-million Eastmain-1 generating station, which has been under way since 2002 and should be completed by 2008. The $1-billion, 450MW Peribonka project, under construction since 2004, will also be in operation by 2008; and more than $5 billion will be spent between 2007 and 2012 on the construction of the Eastmain and La Sarcelle hydroelectric generating stations and the partial diversion of the Rupert River for hydroelectric purposes. Hydro-Québec will also purchase 3000 MW of wind power from companies throughout the province between 2005 and 2012. This $3-billion investment in new wind-power capacity will

be made by individual companies. On a more speculative note, a liquid natural gas terminal in the eastern part of the province may also be constructed before the end of the decade at a cost of $700 million.

Over the longer term, about 4700 MW of new capacity will be added if the Petite Mecatine and Grand-Baleine hydroelectric projects go ahead, at a combined cost of $15 billion. As a result, the outlook includes additional spending of between $10 billion and $15 billion by Hydro-Québec on these new projects, in addition to a $4-billion facility on the Churchill River in Labrador. Ontario will also invest heavily in the energy sector over the next several years to refurbish nuclear reactors, develop new natural-gas-fired generating plants, and generate power from wind.

Pipelines will also account for significant construction investment. Some $25 billion will be invested in pipeline extensions between now and 2015 to provide capacity increases to meet export demand for mineral fuels. Kinder Morgan is expected to begin expanding the capacity of its Trans Mountain pipeline in 2007. In addition, two competing projects to build a pipeline to deliver up to 400,000 barrels of crude per day from Fort McMurray or Edmonton to Kitimat, British Columbia, have been proposed by Kinder Morgan and Enbridge. This so-called Gateway pipeline carries a price tag of $4 billion. TransCanada Pipelines also wants to get into the business of transporting oil from the oil sands by way of the proposed Keystone Pipeline, which would be capable of moving 400,000 barrels per day of heavy oil from Hardisty, Alberta, to Wood River, Illinois, as early as 2009. This would be done through the conversion of a natural gas pipeline in Canada and the construction of a new pipeline from the Canada–U.S. border to Wood River. Plans are also on the table to build pipelines to transport imported diluents and condensates to the oil sands. Investment in pipeline infrastructure has gained renewed interest, as it will be necessary to deliver an additional 2 million barrels of crude per day by 2015 from the oil sands to new markets, mainly in the United States.

The utility projects, plus significant oil sands and offshore oil and gas investment over the forecast period, play a noticeable part in the long-term construction and investment profile.

When structural changes in the economy suppressed employment and income growth during the 1990s, housing markets experienced paltry growth. Building activity was well below household formation levels as would-be market entrants doubled up, remained in family homes longer or sought cheaper rent in subdivided existing housing units. A combination of pent-up demand, strong employment growth and low borrowing costs has sparked a housing boom over recent years that far exceeded the most optimistic expectations. Housing starts have exceeded the 200,000 mark for years running, at levels significantly above demographic requirements. While the frenzied activity is continuing, there are growing signs that the market is getting saturated. Still-low financing rates are expected to allow home construction to ease to levels more in line with demographic requirements. From a peak of close to 220,000 units expected in 2006, starts are forecast to slide to about 166,000 units in 2030. As a result of stronger immigration assumptions, anticipated new housing requirements are higher than in last year's long-term outlook.

Some $25 billion will be invested in pipeline extensions between now and 2015 to provide capacity increases to meet export demand for mineral fuels.

SERVICE SECTOR

The shift in the age structure of the population is expected to boost domestic demand for services over the long term. With continued improvement in global communication technology, a significant portion of these services will be imported. Consequently, total imports of services are expected to outpace service exports, increasing the services trade deficit substantially.

However, domestic service industries will also benefit from increased demand in the long term. Manufacturing is expected to drive growth in the transportation, wholesale trade and business services industries. The trend toward outsourcing of key business processes will continue, ensuring steady growth in consulting services. The financial services industry is expected to post strong growth over the forecast, as a growing number of senior citizens will require wealth management services. At the same time, demand for housing will wane, so the

real estate sector is expected to suffer lower demand for services. Overall, service sector output is forecast to increase by 2.3 per cent over 2006–30, compounded annually.

The public sector is expected to contribute to growth over the medium term as all provinces except Ontario and Prince Edward Island are out of deficit. Ontario is expected to achieve a budgetary surplus in 2009–10. Better income tax returns have boosted fiscal revenues and brightened the regional budgetary situation. Growth in public output is expected to rise by an annual average of 2.8 per cent from 2006 to 2010. After 2010, public sector output will continue to expand at a slow pace, averaging 2.2 per cent at compound annual rates from 2011 to 2030.

NEWFOUNDLAND AND LABRADOR

Newfoundland and Labrador is expected to lag behind all other provinces in real GDP growth over the long term, advancing at an average annual compound growth rate of 0.7 per cent from 2006 to 2030. A declining population is the key driver underlying this weak outlook. Steady net out-migration, combined with a low and declining natural rate of population increase, will perpetuate the population decline that began in 1994. Further, the national trend of an aging population will be amplified in Newfoundland and Labrador, constraining labour force growth and putting pressure on provincial government spending.

During the last 10 years, the province's economy has been stimulated and shielded by several factors. These include major natural-resource-driven business investment and construction, production start-ups, public spending and tax cuts, high commodity prices, and strong global demand. However, some of these factors will soon cease and others will ease, resulting in a possible slowdown in economic growth beyond 2007. Furthermore, high energy prices and a strong Canadian dollar will continue to challenge the province's struggling manufacturing sector. At the same time, the provincial government will face significant pressure to refrain from running fiscal deficits, with much greater effort needed to reduce its massive debt-to-GDP ratio—the largest in the country.

PRINCE EDWARD ISLAND

Prince Edward Island will experience reasonable long-term growth, thanks to a positive demographic outlook. The Island will lead the Atlantic provinces in GDP growth, averaging 1.6 per cent, compounded annually, over 2006 to 2030. The goods-producing sector will get a boost from manufacturing, which is forecast to grow at an average annual compound rate of 1.8 per cent. Solid gains in aerospace, food-processing, and the engine, turbine and power transmission equipment industries will help stimulate manufacturing over the long term. The utility sector will also energize the goods-producing sector, advancing by an average annual compound rate of 2.1 per cent over the forecast period.

The public sector is expected to contribute to growth over the medium term.

Population growth will benefit from positive net inter-provincial migration, reinforcing the province's image as a retirement haven for Atlantic Canadians. Prince Edward Island will post the highest average population growth rate in the Atlantic region, a demographic trend that will help sustain consumption growth in the long term. Growth in the consumption of services will be particularly strong, as an aging population tends to purchase relatively more services, such as health care and travel.

Overall, compounded real economic growth will advance by a healthy annual average of 2.1 per cent per year in the medium term (2006 to 2011), but weakening demographic fundamentals will help limit growth to 1.4 per cent over the long term (2012 to 2030).

NOVA SCOTIA

The Nova Scotia economy is anticipated to advance by an average of 1 per cent annually from 2006 to 2030, ranking it ninth among the 10 provinces. Growth in most of the domestic industries is expected to soften during the forecast period. In particular, the production of mineral fuels will drop by an average of 1.2 per cent annually as exploration activities lose momentum, with attention shifted from the Scotian Shelf to Western Canada and the Territories. The reduction of exploration activities will slow growth in mining services to an average of

1.9 per cent over the forecast, compared with 15.3 per cent between 1994 and 2005. ExxonMobil, one of the biggest petroleum players in Nova Scotia, abandoned half of its exploration licenses in 2004 as more holes turned up dry. This created anxiety among other off-shore explorers and led to a loss of over $650 million in exploration commitments at the end of 2006. The uninspiring finding rate could lead to further evaporation of the $917 million in exploratory licenses the province is counting on between now and 2012. This could kill prospects on the Scotian Shelf. Owners of the Sable Island natural gas project have also scaled back reserve estimates in the field, effectively reducing the life of the project by 10 years. The loss in momentum in offshore oil and gas activities does not bode well for the construction industry. Anadarko Petroleum has cancelled the $650-million liquefied natural gas plant it was proposing to build in the Cape Breton area because it could not secure a supply of natural gas for the project. This has dashed the hopes of construction workers counting on the project to compensate for the end of the housing boom.

Nova Scotia will face a number of fundamental demographic challenges over the forecast period. First, the average age of the population will gradually increase as the baby boomers inch closer to retirement. The aging of the baby boomers will put enormous strain on the province's fiscal prospects. While more spending on facilities and services will be required for health and long-term care for the baby boomers, the aging of the population will slow economic growth and thus the government's revenue-generating capacity. A compositional shift in consumer spending will also result as people buy fewer durable goods and consume more services. Second, low fertility rates and negative inter-provincial migration will slow population growth in the province.

Weak demographic fundamentals are expected to dominate the population outlook, exerting a profound impact on the province's labour market and the economy. Overall, economic growth is projected to reach an average of 1.9 per cent over 2006–10 and to decelerate to 1.1 per cent over the next decade. The consequences of the demographic change will further slow the economy in the last decade of the forecast. Growth in GDP is expected to average 0.5 per cent from 2021 to 2030.

NEW BRUNSWICK

Real GDP in New Brunswick is projected to grow at a relatively slow average rate of 1.1 per cent from 2006 to 2030, for eighth rank among the 10 provinces. Weaknesses in the construction and transportation sectors will limit overall economic growth as the province grapples with the completion of megaprojects. Forestry will also add to the slow pace of economic growth as the annual allowable cut continues to decline and structural changes in market conditions stifle demand for pulp and paper. Metal mining is the only industry expected to grow by more than 2 per cent over the entire forecast. A recent rally in metal prices has engendered exploration and drilling activities that are likely to yield better results. Two mines that were shut down in 1998 have now reopened, softening the blow of the impending shutdown of the Brunswick mines in 2008.

New Brunswick's total population is projected to shrink every year over the forecast.

In the medium term, however, the construction industry will be propped up by energy investments, as well as by capital spending on health-care facilities and municipal infrastructure. Work is underway on Irving Oil's $750-million liquefied natural gas project at the Canaport terminal near Saint John, a project expected to engage more than 500 construction workers for nearly three years. The provincial government is also going ahead with the multimillion-dollar refurbishment of the Point Lepreau nuclear plant. In another large venture, Irving Oil is planning to build a second refinery in New Brunswick that could cost as much as $5 billion.

Weak demographic dynamics will dominate the outlook over the long term. One notable factor will be a rise in the average age of the population. As the proportion of those older than 65 increases, consumption patterns will change for both government and consumers. Spending on health care will have to rise significantly to meet the changing needs of the aging population. In addition, rising net international immigration will be largely offset by a net outflow of people to other parts of Canada. Finally, New Brunswick's fertility rate, one of the lowest in the country, will be a drag on population growth. Total population is projected to shrink every year over the forecast.

The weakening population outlook will have significant consequences for the province's labour market and overall economic growth. The Conference Board expects growth in real GDP to decelerate from an annual average of 2.3 per cent in the first five years of the forecast to 1.1 per cent over 2011–20 and still further to 0.6 per cent from 2021 to 2030.

QUEBEC

With favourable financing conditions whipping up consumer expenditures over the last two years, the Quebec economy was relatively successful in overcoming the dampening effects of an appreciating Canadian dollar. Even as the export-sensitive manufacturing sector shed jobs, overall provincial real GDP growth at market prices averaged close to 2 per cent over 2005–06. Quebec's real GDP at market prices is expected to progress by an average of 2.4 per cent from 2006 to 2010 and by a moderate 1.7 per cent compound annual rate over the last 20 years of the outlook, in line with potential growth, as demographic changes weigh on economic prospects.

With the auto industry restructuring dramatically in response to dwindling U.S. vehicle sales, prospects are modest for manufacturers.

Economic growth will slow over the long term as the aging of baby boomers and a low fertility rate weaken population growth to a compound annual rate of only 0.5 per cent between 2016 and 2030, reducing consumer expenditures and housing demand. The proportion of people aged 65 and older will increase substantially over the entire forecast period, by more than 10 percentage points to 24.5 per cent, while the number of young people under the age of 20 will shrink from 1,711,849 in 2006 to 1,640,283 in 2030. Housing starts will fall steadily from 44,017 units in 2006 to about 18,687 units in 2030 as demographic factors weaken the number of new households and the need for new housing. Real export growth, the pillar of robust economic activity in the late 1990s, will gradually decelerate over the long term because of slowing U.S. growth and a Canadian currency averaging around US$0.84. The telecommunications, transportation equipment, biotechnology, and metal sectors are expected to be some of the contributors to the trade outlook over the next 25 years.

ONTARIO

The economic outlook for Ontario will remain tempered over the near term. Real GDP at market prices is expected to advance by 1.7 per cent in 2006 and by 2.4 per cent in 2007. The manufacturing industry is bracing for additional challenges, as weakening consumer demand south of the border will certainly not pull it out of the abyss. Manufacturing output defied the appreciation of the Canadian dollar over the past few years by making gains, but a sharp slowdown in the auto sector is expected to contract real manufacturing output in 2006. With the auto industry restructuring dramatically in response to dwindling U.S. vehicle sales, prospects are modest for manufacturers. Nevertheless, a solid performance by a number of industries—chemical, electrical equipment, machinery and equipment, and refined petroleum and coal products—should enable real total exports to post a better performance in 2007 than in 2006.

The trade sector will continue to weigh on economic growth as imports continue to grow firmly to satisfy the sturdy demand for machinery and equipment and consumer goods. The declining trade balance will chop 2 percentage points from GDP growth in 2006 and 0.6 percentage points in 2007. Stabilizing in 2008, the trade balance should make a small, positive contribution to the economy.

Strong domestic demand will continue to bolster economic activity. Business investment and consumer spending are expected to remain robust. Limited spare capacity in the commercial and industrial markets combined with moderate financing rates will continue to encourage investment in non-residential sectors. Furthermore, public spending commitments to upgrade energy and transportation infrastructure will support the near-term investment forecast.

Between 2008 and 2011, as prospects improve south of the border and the Canadian currency stabilizes to an average of US$0.854, Ontario should fare much better, with real GDP growth rebounding to 3.4 per cent. The Ontario economy will be among the strongest in Canada over the long term, trailing only Alberta and expanding by a compound annual rate of 2.7 per cent over 2006–30.

Potential output growth is estimated to grow by 2.9 per cent per year on average from 2006 to 2015 and 2.6 per cent over 2016 to 2030. Two key factors will reduce the economy's capacity to expand. First, the proportion of retirees in the population will rise considerably, constraining long-term potential labour force growth. Second, the growth of total factor productivity is expected to slow as the forecast wears on, as it is assumed that the current pace of technological change will ease.

MANITOBA

Manitoba is expected to enjoy a relatively healthy economy over the next 25 years, in good part thanks to a diversifying and expanding manufacturing sector, solid employment growth, and strong government spending. The economy is expected to grow by an average annual compound growth rate of 2.4 per cent over 2006–30.

Manitoba's long-term economic health will slow interprovincial out-migration and strengthen immigration.

Manitoba's long-term economic health will slow interprovincial out-migration and strengthen immigration. With both of these factors helping to offset a declining natural rate of population increase, the population growth rate will hold steady over the forecast period. However, the low fertility rate of baby boomers will result in an aging population plus a sharp deceleration in labour force growth. The aging of the population will further strain an already overburdened health-care sector, forcing the government to devote a greater share of its spending to this area.

Manufacturing will remain the strongest component of output over 2006–30, with growth of 3.2 per cent, compounded annually. Even with some short-term challenges in the cattle industry, Manitoba's agriculture outlook remains healthy over the period, with an annual compound growth rate of 2.4 per cent.

SASKATCHEWAN

Saskatchewan's economic growth is expected to be strong for the remainder of this decade, but it will cool off in the long term as demographic changes take hold.

The province's real GDP is forecast to grow at 2 per cent annually between 2006 and 2015, and by 1.7 per cent per year between 2016 and 2030. Taken together, this yields average growth of 1.8 per cent per year over the entire forecast period, ranking Saskatchewan fifth among Canada's provinces but well below the national average of 2.4 per cent.

Saskatchewan will face a number of fundamental changes over the next 25 years. First, the average age of the population will gradually increase. This will put an enormous strain on the province's health-care sector and force the government to increase spending to rebuild and maintain health-care resources. Second, the aging of the population will result in a structural change in consumption, as an older population is expected to spend less on durable goods and more on services, especially in the last five to ten years of the outlook. Third, a relatively high fertility rate will be more than offset by steady interprovincial out-migration, resulting in moderate population growth.

Manufacturing will remain the strongest component of output over 2006–30, with growth of 3.3 per cent, compounded annually. Saskatchewan's agricultural outlook remains relatively healthy, with an annual compound growth rate of 1.7 per cent expected between 2006 and 2015 and 1.4 per cent between 2016 and 2030. Finally, mining promises to post solid growth for the remainder of this decade, with average annual growth of 1.4 per cent over the entire forecast period.

ALBERTA

The Alberta economy will advance solidly over 2006 to 2030, expanding by a compound average annual rate of 3.2 per cent, and the energy sector will remain a driving force. Sustained high oil prices, an immense non-conventional oil supply and continually improving extraction technology have shifted the focus of the energy market to oil sands production. Long-term prospects for the non-conventional oil industry in Alberta are very favourable. About $67 billion in activities related to the oil sands has already been proposed by several major energy players for 2006–20, while an additional $27 billion in oil sands-related development is slated for the remainder of the outlook. About $28 billion has been spent in the sector since 1995.

Natural gas spot prices are affected by supply and demand fundamentals in North America. The tight natural gas situation will not reverse itself in the short or medium term. Although the number of wells being drilled for natural gas is being kept elevated by drilling for coal bed methane, production of natural gas is expected to decline over the forecast, especially in Alberta, with the maturing of the Western Canadian Sedimentary Basin (WCSB). Most wells being drilled are shallow and are depleted faster than new reserves can be found. Gas extracted through unconventional methods is not expected to make up the loss from conventional production in the near or medium term.

Production of natural gas is expected to decline over the forecast, especially in Alberta.

While the long-term forecast for the province is favourable, an aging population will take its toll on output. Total population growth is projected to weaken, dampening demand for consumer goods and housing. However, record resource revenues and the positive job market will continue to attract businesses and job seekers, boosting Alberta's population growth beyond that of other provinces. Overall, economic growth is expected to reach an average annual compound rate of 4.1 per cent during the first decade of this century before weaker demographic conditions slow the economy to average annual growth of 2.9 per cent over 2011 to 2030, in line with underlying potential output growth.

BRITISH COLUMBIA

Real GDP in British Columbia is forecast to grow at a compound annual rate of 2.2 per cent over 2006–30. After rebounding strongly from 2004 to 2006, the economy is expected to maintain a healthy pace over the medium term, expanding by a healthy compounded average of 3.1 per cent from 2006 to 2011. The export sector will be stimulated by stronger global demand, especially from the United States and Asia, and the domestic sector will continue to build momentum with increased interprovincial migration. Large-scale infrastructure investment and a host of projects in preparation for the 2010 Olympics will keep activity healthy in the province's construction sector over the medium term. Government coffers are benefiting from the strong

economic performance, and a budget surplus of around $2.15 billion is expected in the 2006–07 fiscal year. The provincial government is forecasting further budget surpluses over the medium term and should therefore become a positive force in the economy after a few years of tepid growth.

Demographic changes will moderate economic growth in British Columbia over the long term. Population growth will slow over the forecast period, even with positive net interprovincial migration, as the aging of the baby boomers dramatically changes the province's age profile. This shift will also slow growth in domestic demand, with consumer spending patterns and housing activity undergoing the most pronounced changes. While sluggish, population growth will be higher than in most other provinces, with a compound annual rate of 1.1 per cent from 2006 to 2030.

Over the near term, the outlook is quite positive for forestry, the province's key resource sector, as the sector is benefiting from expedited lumber harvests to combat the mountain pine beetle infestation and reductions in Quebec's annual allowable cut. However, the long-term outlook is not quite as upbeat, as the forecast incorporates a decline in real forestry output following the peak of the pine beetle epidemic. Further, the reduction in housing demand likely to result from an aging North American population will lead to a corresponding drop in demand for wood products. Although world-wide demand for wood is expected to pick up gradually over the forecast period, the challenge for British Columbia will be to respond to the increased demand in the face of a shrinking timber supply.

Newfoundland and Labrador

Newfoundland and Labrador is expected to lag behind all other provinces in real gross domestic product (GDP) growth over the long term, advancing at an average annual compound growth rate of 0.7 per cent from 2006 to 2030. A declining population is the key driver underlying this weak outlook. Steady net out-migration, combined with a low and declining natural rate of population increase, will perpetuate the population decline that began in 1994. Further, the national trend of an aging population will be amplified in Newfoundland and Labrador, constraining labour force growth and putting pressure on provincial government spending.

During the last 10 years, the province's economy has been stimulated and shielded by several factors. These include major natural-resource-driven business investment and construction, production start-ups, public spending and tax cuts, high commodity prices, and strong global demand. However, some of these factors will soon cease and others will ease, resulting in a possible slowdown in economic growth beyond 2007. (See Chart 1.) Furthermore, high energy prices and a strong Canadian dollar will continue to challenge the province's struggling manufacturing sector. At the same time, the provincial government will face significant pressure to refrain from running fiscal deficits, with much greater effort needed to reduce its massive debt-to-GDP ratio—the largest in the country.

DEMOGRAPHIC PATTERNS

As population trends are a key determinant of consumer spending and potential output growth, demographic projections play an important part in long-term economic forecasting. The province faces a difficult demographic scenario: a falling natural rate of increase, high levels of out-migration and a rising average age will cause the population to decrease at an average annual compound growth rate of 0.3 per cent from 2006 to 2030. Total population is expected to fall from 510,413 in 2006 to 472,439 in 2030.

Between 1994 and 1998, on average, the province lost 7,000 more people to other provinces per year than it received. After reaching a record –8,522 in 1997, net interprovincial migration averaged –4,005 from 1998 to 2005. The reduced loss is attributed to the construction of oil megaprojects and the development of the Voisey's Bay mine, which continue to bring jobs to rural areas of the province as well as to St. John's. Negative net interprovincial migration is expected to continue over the forecast period, averaging about –1,656 annually over the medium term (2007 to 2011) and –599 annually over the long term (2012 to 2030). Unlike the slowdown in the late 1990s, however, this easing of net interprovincial losses will occur because of a reduced population base rather than as a result of positive economic factors.

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

■ 10 years   ■ 5 years

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population declining	Newfoundland and Labrador's population is expected to decline by an average rate of 0.3 per cent over 2006 to 2030.
Provincial out-migration continues	Newfoundland and Labrador's will continue to lose people to other provinces; net inter-provincial migration will remain negative, averaging 946 people per year over the forecast period.
International migration stable	Net international migration will remain steady, averaging 464 people per year over the forecast period.
Fertility rate	The fertility rate in Newfoundland and Labrador is 1.32, well below the replacement rate of 2.1.
Natural rate reduces population	The natural rate of increase is expected to draw down on population over the forecast period, as the rate of deaths increases and the rate of births decreases.

Sources: The Conference Board of Canada; Statistics Canada.

A steady increase in international migration from 296 people in 2006 to 521 in 2030 will help to replenish the declining population. (See Chart 2.)

The steady net out-migration is especially troubling since it is primarily young, well-educated residents who leave in search of improved employment opportunities in other provinces. This tendency will lead to an unfavourable

Chart 2
Immigration
(thousands of persons)
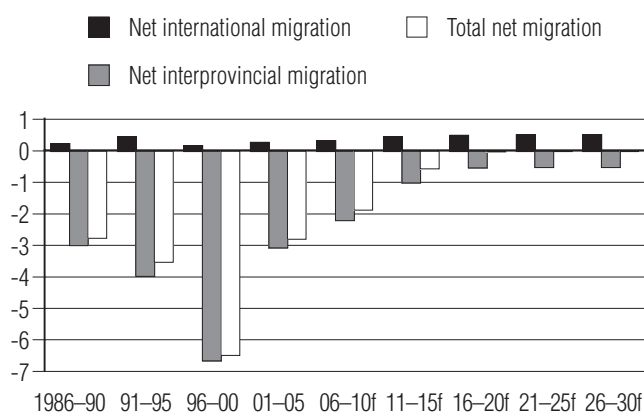
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

shift in the age distribution of the province's population. The 25-to-34 age group, which makes up 12.3 per cent of the population in 2006, will account for only 10.1 per cent of the population by 2030. This is particularly distressing, as this is the age cohort most likely to have children. Their departure will result in a decline in the birth rate. Newfoundland's low fertility rate of 1.32 children born to each woman of childbearing age (compared with 1.51 for Canada as a whole) puts even more downward pressure on the natural rate of increase. The number of deaths in the province has already begun to exceed the number of births—a development that will turn into a trend over the forecast period.

A steady increase in international migration will help to replenish the declining population.

Another important factor affecting Newfoundland's long-term demographic outlook is the impending retirement of the baby-boom generation. This is a problem facing all of Canada, but the falling birth rate and high rate of out-migration of young people will exacerbate the situation in Newfoundland. The change in the age distribution of the population over 2006–30 will be quite remarkable as the bulge representing baby boomers moves toward the tail end of the population distribution. (See Chart 3.) The baby boomers will be retiring in force from 2011 to 2015. By the end of the forecast period, with a significant proportion of this cohort gone from the labour force, Newfoundland's working-age population will be much lower. Specifically, the number of people aged 15 to 64 represents 71.4 per cent of the population in 2006; this number will shrink to 59.3 per cent by 2030. At the same time, the proportion of the population 65 years of age and older will increase from 13.4 per cent in 2006 to 29.3 per cent in 2030—well above the national share of 22.2 per cent.

Strong natural resource development over the last ten years has lifted the province's labour force participation rate substantially, from 52.5 in 1997 to 59 in 2006. The participation rate is expected to peak at 59.1 around 2007 and then gradually to decline over the remainder of the forecast. Consequently, the labour force is expected to remain largely unchanged in 2006 and 2007. Thereafter, the completion of various megaproject developments will lead to a decline in the participation rate at around the same time as the demographic

Chart 3
Population Increases in Older Age Cohorts
(number of people)

Legend: ■ 2006 ■ 2030f

X-axis: 0–4, 10–14, 20–24, 30–34, 40–44, 50–54, 60–64, 70–74, 80–84, 90–94, 100+
Y-axis: 0, 10,000, 20,000, 30,000, 40,000, 50,000
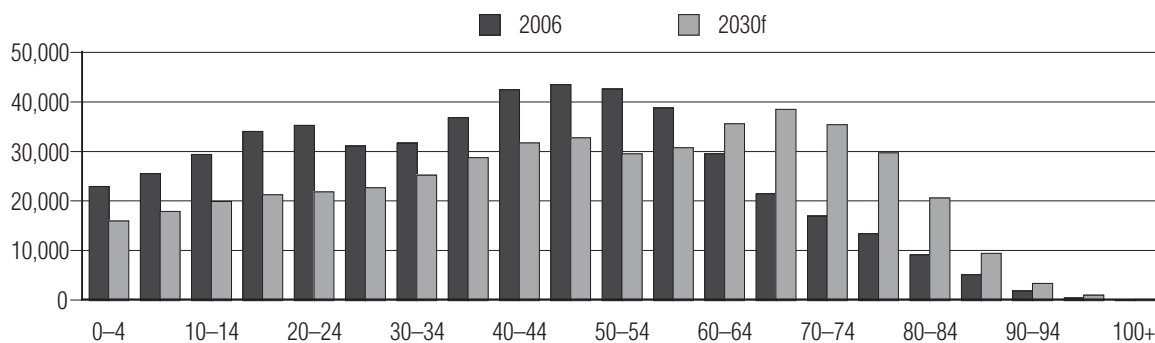
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

situation becomes acute. As a result of these factors, the labour force will deteriorate more quickly, shrinking at a compound rate of 0.9 per cent over the remainder of the forecast.

PRODUCTIVITY AND POTENTIAL OUTPUT

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. Potential output is not directly measured and, as such, the Conference Board uses a structural production function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential output. With this assumption, our estimate of potential output depends on potential employment, capital and trend total factor productivity (TFP).

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. Under these conditions, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer

not to work at the current wage. Unemployment resulting from workers in transition is expected to decline over the forecast. This will occur because the average age of the labour force will increase, and older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to labour potential.

The overall participation rate is expected to decline sharply over the next 25 years.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems and early retirement. Consequently, the overall participation rate is expected to decline sharply over the next 25 years as a significant share of baby boomers move into their retirement years. On balance, the negative effects of declining participation rates will largely outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output will decline over the long term. Overall, labour will depress potential output by an average of 0.1 percentage points from 2006 to 2011 and is projected to slide back even further over the remainder of the forecast.

The value of productive capital is the second factor of production required to calculate potential output. Instead of relying on a measure of potential or optimal

capital stock, the Conference Board assumes that productive capital is accurately measured and that the level of capital in the economy at any time is all that is available. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 1.2 percentage points per year over the medium term and 0.6 percentage points per year over the remainder of the long term.

Economic growth is expected to weaken over the remainder of the forecast.

The technical efficiency in which capital and labour are utilized to produce output is measured by TFP. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contribute to the productive capacity of the economy.

TFP fluctuates considerably over the business cycle. The reasons for this are wide-ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, to maintain growth in TFP, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce. The contribution of TFP to growth in potential will remain in line with recent historical performance, contributing roughly 0.4 percentage points to growth annually over the forecast horizon.

When actual real GDP diverges from potential output, an economy is said to have an output gap. Prior to 1998, Newfoundland and Labrador's economy performed almost consistently under potential, resulting in a sizable output gap. Thanks in large part to Hibernia oil production and construction relating to the Terra Nova offshore oil project, the province's economy grew much faster than potential between 1998 and 2000. From 2002 to 2007, oil, hydro and mining development boosted economic growth above potential growth for the most part. (See Chart 4.) These major investment projects will boost real GDP to an average annual compound growth rate of 4.3 per cent from 2006 to 2007 and will push the output gap into positive territory in 2007. Economic growth is expected to weaken over the remainder of the forecast, advancing by a mere 0.4 per cent, compounded annually. In fact, real GDP will contract between 2014–15 and 2021–25. In 2010, weak economic growth will push the gap back into the negative, and the gap will continue to widen over time. As a result, inflationary pressures are forecast to remain relatively subdued over the forecast horizon. The Consumer Price Index is projected to average 1.9 per cent from 2006 to 2011 and 1.8 per cent from 2012 to 2030.

AGGREGATE DEMAND

CONSUMPTION

The demographic shifts expected over the long term will also be felt in the province's household sector. The unfolding of this process will change not just the pace of growth of consumption expenditures but also the type of spending that occurs. Equally important, demographic change is expected to significantly affect the trend in savings. The life cycle theory of consumption predicts that since households either save less or draw down their savings during the retirement phase of life, population aging will cause a decline in the savings rate.

While demographic change will maintain the goods–services balance in total consumption spending, it is expected to contribute to a deceleration in the pace of growth in consumption outlays. Declining population combined with a quickly growing elderly segment will reduce the pace of expansion in consumption spending. As such, the average annual compound rate of nominal consumer spending growth is forecast to ease from 3.2 per cent over 2006–11 to 2.5 per cent from 2012 to 2030. The savings rate will be an astonishing 11.7 per cent in

2006 before sliding back to a more normal 1.5 per cent in 2007. The surge in personal savings in 2006 was caused by a one-time payment by the government to reduce the actuarial deficit of a pension plan sponsored by the government. Despite this anomaly, the average annual savings rate will be 1.2 per cent in the medium term before easing gradually over the forecast period, reaching a negative rate of 0.3 in 2030.

EMPLOYMENT AND INCOME

With the construction of megaprojects like White Rose and Voisey's Bay, there will be average annual compound employment growth of 0.7 per cent from 2006 to 2011. Afterward, however, the winding down of construction at these large projects will mean a drop in employment growth. In 2006, the unemployment rate in Newfoundland stood at 15 per cent, the highest in the country. This rate should decline fairly steadily over the forecast period, reaching 10.9 per cent in 2030. The unemployment rate will drop because of the shrinking labour force, not because of employment growth. (See Chart 5.)

Fuelled by employment gains over the medium term, nominal personal disposable income will advance by an average annual compound growth rate of 3.4 per cent from 2006 to 2011. In 2006, the pension payment made by the government is expected to help personal disposable income surge by 22.6 per cent. As a result of falling employment, disposable income will continue to post

Chart 4
Actual versus Potential GDP Growth
(percentage change)
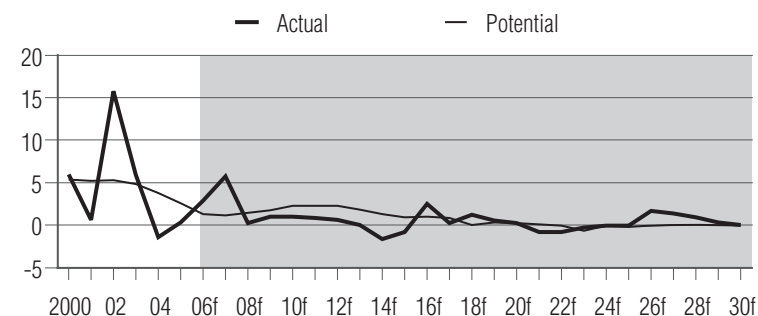
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

weak growth over the remainder of the forecast, averaging 2.5 per cent, compounded annually. With the weak employment outlook during this period, labour income growth will be poor. However, given the rising number of elderly people, disposable income growth will get some support from an increase in transfer payments and pension income.

INVESTMENT

The investment profile in Newfoundland and Labrador has been driven by large natural resource projects, with offshore oil projects a big source of investment. Construction of the White Rose offshore oil project is now complete and production underway. The Hebron offshore

Chart 5
Employment and Labour Force Growth and the Unemployment Rate
(percentage)
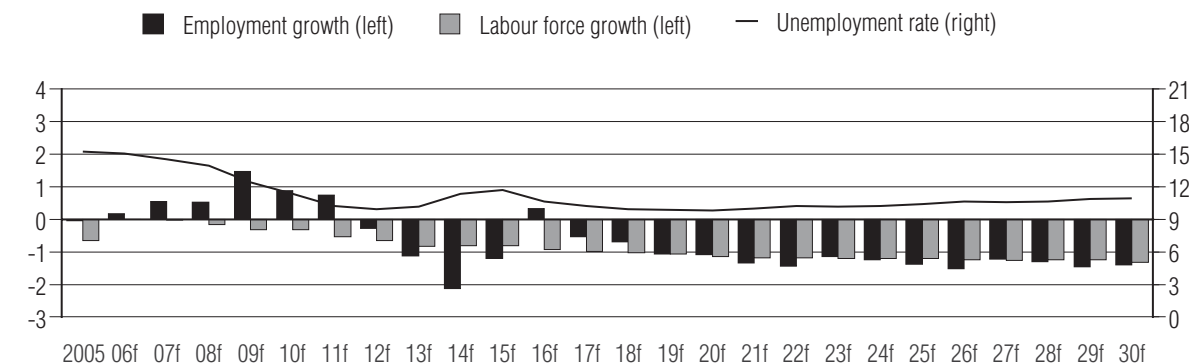
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

oil project has been delayed, although our forecast assumes that construction could begin in 2012 with production commencing in 2016. The offshore Newfoundland region has received quite a bit of attention recently, as a number of energy companies have bought up land leases and exploration rights in various basins, so another offshore oil project could begin in the next 25 years.

Several scenarios have been proposed over the last four years to develop the hydroelectric capacity of the Lower Churchill River in Labrador. First, preliminary negotiations with Hydro-Québec from 1998 to 2000 for a $12-billion development came up empty. In the spring of 2006, the government of Newfoundland and Labrador decided that it would lead the development of the project along with Newfoundland and Labrador Hydro. The major components of the project are the development of the Gull Island and Muskrat Falls sites and new transmission lines in Labrador and Quebec. Construction on the Gull Island site is anticipated to commence in 2009 and run until 2014, with construction at Muskrat Falls to follow. The project has the potential to supply electricity for 1.4 million homes annually after production begins in 2015. Overall, the total value of the projected is estimated to be $6 billion.

The construction of the Voisey's Bay mine and mill concentrator is now complete, with shipments of ore underway. This project has provided a big boost to non-residential non-energy investment spending in the last few years. At the end of this decade, the construction of

the Voisey's Bay hydromet processing facility in southern Newfoundland at Long Harbour should begin, at a cost of $800 million.

With construction investment tapering off at the major project sites, non-residential investment spending is forecast to decrease by 12.5 per cent in 2006 and to contract even further, by 3.2 per cent, in 2007. However, non-residential investment will rebound in the near term, growing at a compounded annual rate of 10.3 per cent from 2006 to 2011. With few new large projects on the horizon after 2011, non-residential investment is expected to grow at an annual compound rate of 1.3 per cent over the remainder of the forecast.

On the residential front, an aging population will severely limit new housing demand. As a result, housing starts are expected to decline by a compound annual average of 10.4 per cent from 2006 to 2030. (See Chart 6.) This trend will dominate residential investment spending over the long term, falling by an average compound growth rate of 2.4 per cent from 2006 to 2030.

GOVERNMENT

The provincial government of Newfoundland and Labrador faces a serious financial imbalance and the challenge of major financial restoration. However, several positive developments offer a measure of comfort. Chief among these is the new Atlantic Accord reached between the province and the federal government, which will allow

Chart 6
Total Housing Starts
(units)

f = forecast
Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation.
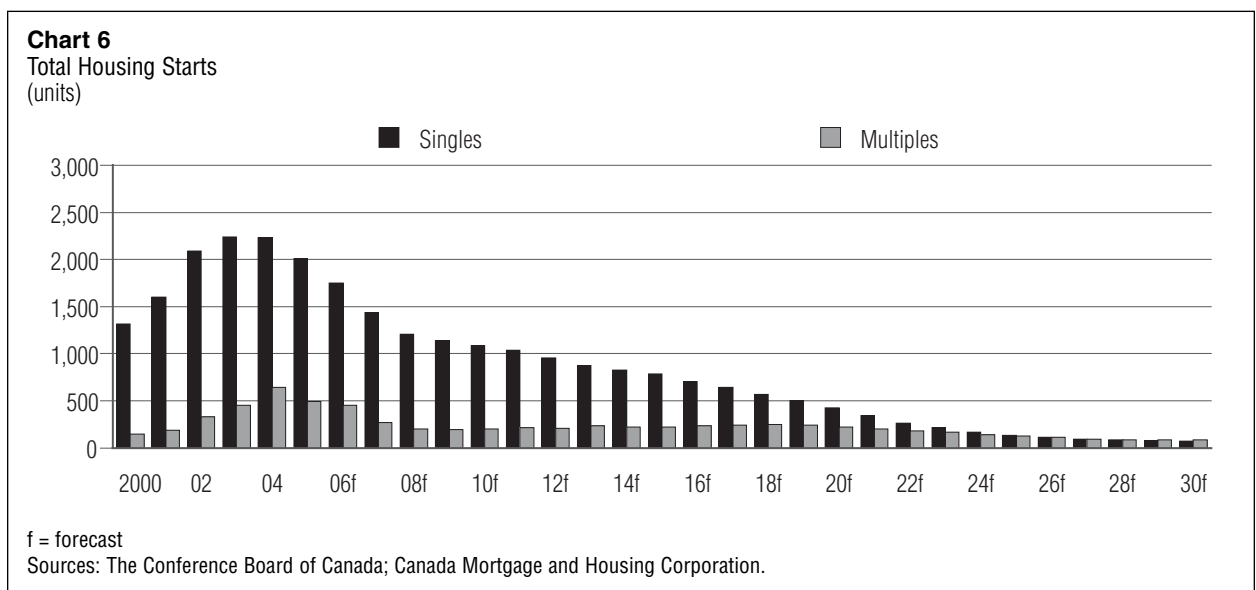
petroleum revenues to be retained by the province without reduction in equalization payments over the next eight years. In addition, a new equalization and health-care agreement has secured additional transfer payments. Together these developments have given a much needed lift to the fiscal prospects of the province.

Overall, revenues are not expected to post any growth in fiscal year 2006–07.

Stronger-than-anticipated revenues, mainly from oil, helped the government record a $76.5-million surplus for fiscal year 2005–06, a considerably healthier outlook than the projected deficit of $493 million. After initially expecting a surplus of $6.2 million for the fiscal year 2006–07, the province has revised its estimate downward to a $39.8-million deficit. Unforeseen delays in production at the Terra Nova and Hibernia offshore oil fields and the Voisey's Bay nickel mine resulted in significantly lower revenues than originally forecast. Overall, revenues are not expected to post any growth in fiscal year 2006–07. The biggest surprise is on the spending side, with total program expenditures projected to increase by 11.3 per cent.

Unsurprisingly, health care and education will receive the biggest boosts. While the accrual deficit appears to be on a downward path over the medium term, the province's net debt as a share of GDP is staggering—just over 55 per cent in 2005–06. With net debt totalling $11.9 billion dollars, the province's debt-to-GDP ratio remains the highest in the country. Consequently, the province's fiscal situation remains a serious problem and challenge going forward. With these factors in mind, nominal government spending on goods and services is forecast to grow by an average compound growth rate of 3.6 per cent from 2006 to 2030.

INDUSTRY ANALYSIS

The goods sector of the provincial economy is not expected to grow on average from 2006 to 2030. Among the primary sectors, metal mining will provide the lion's share of stimulus to total mining output in the near term. The depletion of reserves will be a major factor in the decline of mineral fuels output over the forecast. Overall,

the mining sector will weigh down overall growth in the goods sector; it is not expected to see any growth on an average annual compound basis over the entire forecast period.

Oil from Hibernia helped Newfoundland's economy grow phenomenally from the start of production in late 1997 through 2000. Although offshore oil development failed to make much headway in 2001, mineral fuel expansion grew by leaps and bounds in 2002. Growth continued in 2003, albeit at a much more muted pace, when Hibernia and Terra Nova obtained approval to increase their maximum daily production. Delays in production at the Terra Nova and Hibernia offshore oil fields dampened growth in mineral fuels output for 2006. With production at both sites expected to return to normal levels in 2007, mineral fuels output will surge ahead by 25.9 per cent. The production of first oil from White Rose will boost mineral fuels output in the short term, but this new output will not be enough to keep total output from falling at an annual compound rate of 0.8 per cent from 2006 to 2011. In the longer term, the depletion of reserves by 2015 will cause some operations to wind down. Thus, compound annual mineral fuels output from 2012 to 2030 will fall by 5.1 per cent.

Real metal mining output is forecast to grow by an annual average of 8.1 per cent from 2006 to 2011.

Total real mining output will be boosted by production at the Voisey's Bay nickel-copper-cobalt deposit. Construction of the open pit mine and mill/concentrator processing plant at the site is now complete, with production underway. Fuelled by this project and strong global demand, real metal mining output is forecast to grow by an annual average of 8.1 per cent from 2006 to 2011 before contracting by an annual compounded rate of 0.8 per cent from 2012 to 2030.

The fishing industry in Newfoundland and Labrador has rebounded since the collapse of the cod fishery in the early 1990s. The recovery has been bolstered by diversification into shellfish, specifically crab and shrimp. The cod industry, however, received another damaging blow in 2003, when Ottawa closed much of the cod fishery around Newfoundland. This affected some

4,000 Atlantic fishermen, about 900 of whom depended heavily on the cod fishery. The fishing industry is expected to expand overall at an annual compound rate of 0.4 per cent over the forecast period. Decisions being made by the provincial government about restructuring the bruised fishing industry could result in serious consequences for the industry; they constitute a downside risk.

Over the long term, falling population will constrain growth in the services sector to an average annual compound rate of 1 per cent. With the increased retirement of baby boomers during the second half of the forecast, public administration spending will reflect demand for non-commercial services, including health care and social services. However, growth in non-commercial services output will be somewhat tempered by the shrinking population. Overall, non-commercial services will grow by an average of 1.4 per cent from 2006 to 2030. Natural resource production will be the principal driver behind wholesale trade growth, which is expected to average 2.6 per cent per year from 2006 to 2011 before slowing to an annual compound pace of 0.6 per cent over the remainder of the forecast.

Prince Edward Island

OVERVIEW

Prince Edward Island will experience reasonable long-term growth, thanks to a positive demographic outlook. The Island will lead the Atlantic provinces in gross domestic product (GDP) growth, averaging 1.6 per cent, compounded annually, over 2006 to 2030. The goods-producing sector will get a boost from manufacturing, which is forecast to grow at an average annual compound rate of 1.8 per cent. Solid gains in aerospace, food-processing, and the engine, turbine and power transmission equipment industries will help stimulate manufacturing over the long term. The utility sector will also energize the goods-producing sector, advancing by an average annual compound rate of 2.1 per cent over the forecast period.

Population growth will benefit from positive net interprovincial migration, reinforcing the province's image as a retirement haven for Atlantic Canadians. Prince Edward Island will post the highest average population growth rate in the Atlantic region, a demographic trend that will help sustain consumption growth in the long term. Growth in the consumption of services will be particularly strong, as an aging population tends to purchase relatively more services, such as health care and travel.

Overall, compounded real economic growth will advance by a healthy annual average of 2.1 per cent per year in the medium term (2006 to 2011), but weakening demographic fundamentals will help limit growth to 1.4 per cent over the long term (2012 to 2030). (See Chart 1.)

DEMOGRAPHIC PATTERNS

Population on the Island is projected to rise from 138,388 in 2006 to 160,849 in 2030, for an average annual compound growth rate of 0.6 per cent. The province will post modest population gains over the medium term, with an average compound growth rate of 0.5 per cent expected from 2006 to 2011. Population growth is expected to gain momentum over the longer term as baby boomers begin to

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)
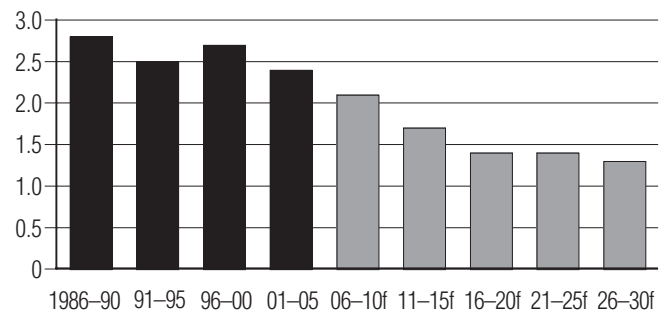
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

retire on the Island, especially those from Atlantic Canada. Additionally, good employment prospects and quality-of-life considerations should provide incentives for younger residents to remain in the province. Overall, these two factors are expected to result in compounded annual population growth of 0.7 per cent from 2012 to 2030.

Prince Edward Island will post the highest average population growth rate in the Atlantic region.

The main driver behind the Island's upbeat population forecast is interprovincial migration. (See Chart 2.) Net interprovincial migration, 205 in 2006, is expected to make steady gains, reaching 688 people a year in 2030. Over the forecast period, net interprovincial migration will add a total of 13,540 people to the Island's population, an average of 542 people per year. All other Atlantic provinces are expected to experience interprovincial emigration over the forecast period.

Also helping to brighten the demographic outlook is an expected boost from international migration. Net international immigration will number 250 people in 2006, and will increase to approximately 311 people per year by

Table 1
Key Demographic Assumptions

Components	Assumptions
Population maintains growth	Prince Edward Island's population is expected to grow at an annual average rate of 0.6 per cent over 2006 to 2030, but the average age of the population will steadily increase.
Provincial migration ramps up	After a poor showing in the last few years, Prince Edward Island's net interprovincial migration will gain momentum, averaging 542 people per year over the forecast period.
International migration stabilizes	After contributing 250 people in 2006, net international migration will grow to 311 people in 2030, averaging 291 people per year.
Fertility rate too low	The fertility rate in Prince Edward Island is 1.53, well below the replacement rate of 2.1.
Natural rate reduces gains	The natural rate of increase is expected to draw down population growth as the number of deaths will begin outpacing the number of births in 2024.

Sources: The Conference Board of Canada; Statistics Canada.

Chart 2
Prince Edward Island's Migration Profile
(thousands of persons)
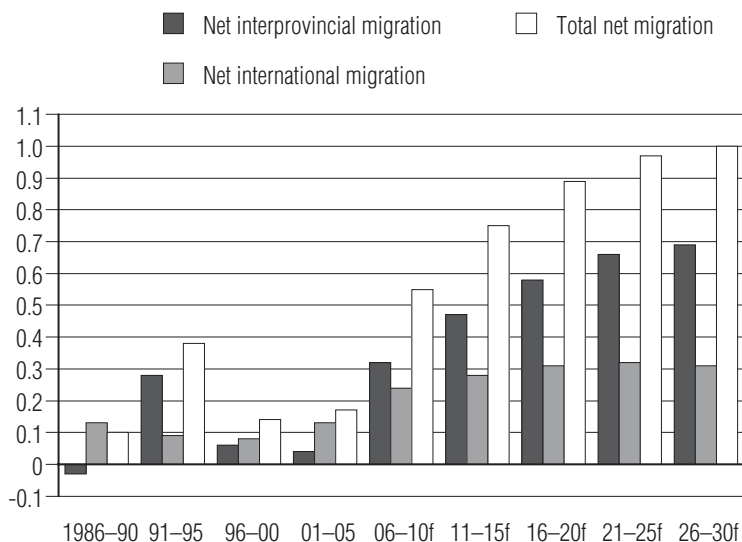
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

2030. Overall, net international immigration is expected to boost the population of the Island by 7,273 people over the forecast period.

Dampening the demographic projection for the province is the declining number of women of prime childbearing age over the forecast period. Compounding this problem, the Island's fertility rate is only 1.53, well below the standard replacement rate of 2.1. The decline in women of childbearing age and the relatively low fertility rate will make it impossible to sustain current population through natural increase (births minus deaths) in the long term.

The decline in women of childbearing age and the relatively low fertility rate will make it impossible to sustain current population through natural increase.

Another pronounced trend in the Island's demographic situation is the rising number of seniors. The proportion of those aged 65 and over is expected to increase from 14.3 per cent in 2006 to 25.4 per cent by 2030. (See Chart 3.) Despite advances in medical technology that have increased life expectancy, an older population inevitably implies an increase in the death rate. An increasing death rate can be expected to suppress total population growth.

Annual growth in the labour force on the Island will outpace population growth from 2006 to 2011. However, with the average age of the population rising over time, growth in the labour force will fall below total population growth beginning in 2012. Even with labour force growth expected to slow to an annual compound rate of 0.2 per cent from 2012 to 2030, the Island will outpace the other Atlantic provinces, which are anticipating negative compounded labour force growth.

Helping slow labour force growth is the downward trend in the participation rate. However, as the aging workforce retires and more Atlantic Canadians choose the

Chart 3
Population Increases in Older Age Cohorts
(number of people)

■ 2006   ☐ 2030f

Age cohorts (x-axis): 0–4, 10–14, 20–23, 30–34, 40–44, 50–54, 60–64, 70–74, 80–84, 90–94, 100+

y-axis: 0 to 12,000 (in increments of 2,000)
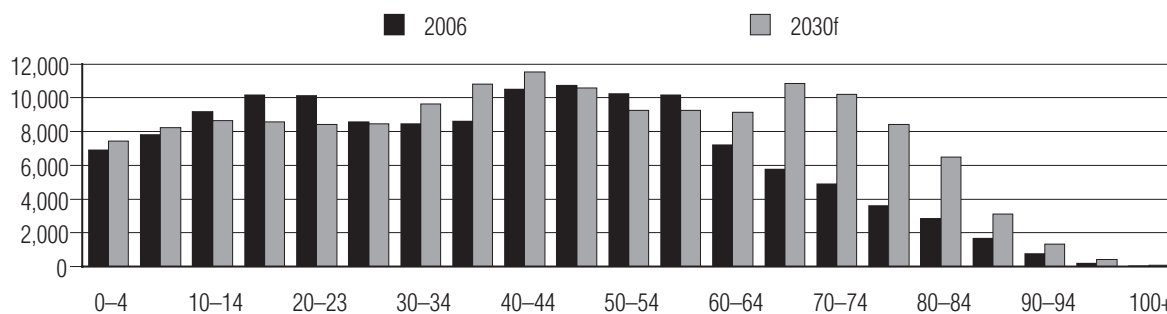
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Island as a retirement destination, the participation rate is expected to decline, reaching 62.1 by the end of the forecast.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. Potential output cannot be directly measured; as such, the Conference Board uses a structural production function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential output. With this assumption, our estimate of potential output is dependent on potential employment, capital and trend total factor productivity (TFP).

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. Under these conditions, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would persist with some people in transition between jobs and others preferring not to work at the current wage. Unemployment resulting from workers in transition is expected to decline over

the forecast. This will occur because there will be an increase in the average age of the labour force, and older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to labour potential.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems or early retirement. Consequently, the overall participation rate is expected to decline sharply over the next 25 years as a significant

Table 2
Key Determinants of Long Term Growth

Components	Assumptions
Labour force restrains potential	An aging population means that participation rates will fall, limiting labour's average annual contribution to potential output from 0.5 percentage points over the medium term to 0.1 percentage points over the long term.
Investment is important	Dwindling labour supplies will lead firms to invest in capital to remain competitive. The capital stock will contribute, on average, 0.6 percentage points to potential output.
Productivity slows	Productivity growth will slow as the share of the service sector increases. Productivity will contribute an average of 0.8 percentage points to potential output over the forecast.

Sources: The Conference Board of Canada; Statistics Canada.

share of baby boomers move into their retirement years. On balance, the negative effects of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output will decline steadily over the long term. Overall, labour's annual contribution to potential output growth will average 0.5 percentage points over 2006 to 2011 and will then decline to an average of 0.1 percentage points over the remainder of the forecast.

The value of Prince Edward Island's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock; instead, we assume that productive capital is accurately measured and that the level of capital available in the economy at any moment is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 0.6 percentage points per year over 2006–30.

Overall, labour's annual contribution to potential output growth will average 0.5 percentage points over 2006 to 2011 and will then decline.

The technical efficiency with which capital and labour are utilized to produce output is measured by TFP. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contribute to the productive capacity of the economy.

TFP fluctuates considerably over the business cycle. The reasons for this are wide-ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, to maintain growth in TFP, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce. The contribution of TFP to growth in potential will remain in line with recent historical performance, contributing roughly 0.8 percentage points to growth annually over the forecast horizon.

In the long run, the economy is expected to perform at close to its potential.

When actual real GDP diverges from potential output, an economy is said to have an output gap. Over the medium term, average real GDP growth of 2.1 per cent will result in a significant narrowing of the output gap that opened earlier in the decade, with closure expected in around 2010. In the long run, the economy is expected to perform at close to its potential and thus alleviate concerns for inflationary pressures. (See Chart 4.) The Consumer Price Index is expected to remain within the Bank of Canada's target range, averaging 1.9 per cent over the forecast horizon.

EMPLOYMENT AND INCOME

Given the stable long-term economic outlook for the Island, employment will continue to make yearly gains, but the momentum is expected to soften. Employment will post average robust growth of 0.8 per cent over the medium term before sliding back to average annual growth of 0.2 per cent from 2012 to 2030. Driven by increased demands brought about by the aging population, the service sector will account for nearly 63 per cent of all employment gains over the forecast period.

These moderate gains in employment, together with a relatively stable labour force, imply a tightening in labour market conditions as the reduction in the growth of labour supply aligns more closely with demand. This tightening will cause the unemployment rate to fall marginally throughout the forecast. The Island's unemployment rate was a relatively low 11 per cent in 2006; it is expected to decline only marginally to 10.5 per cent by 2030, remaining the second highest provincial rate in the country. (See Chart 5.)

Two important factors are expected to boost personal disposable income growth over the forecast. First, investment in education and innovation is expected to lead to productivity gains. This will boost gains in wages and salaries per employee. Second, with the population aging, non-salary income, such as pension payments, will rise over the final years of the forecast, boosting household income. Consequently, personal disposable income is expected to rise at a compounded annual average of 3.7 per cent over the forecast period.

AGGREGATE DEMAND

CONSUMPTION

As the strongest population growth in the Atlantic region will be on Prince Edward Island, the province will also have the strongest consumer spending growth. Nominal consumer spending is forecast to grow by a compound annual average of 3.8 per cent over the forecast. Increased competition from the mainland and reduced transportation costs, thanks to the Confederation Bridge, will help keep consumer prices on a par with those in the other Maritime provinces, especially for retail goods.

Consumer spending is forecast to grow by a compound annual average of 3.8 per cent.

Over the long term, the rising share of older people in the population will result in a change in the structure of consumer spending. Older people tend to purchase relatively more services, such as health care and travel, and fewer durable goods. From 2012 to 2030, nominal spending on goods will grow by an average annual compound rate of 3.2 per cent, while spending on services other than rent will grow by 5 per cent annually. As a

Chart 4
Actual versus Potential GDP Growth
(percentage change)
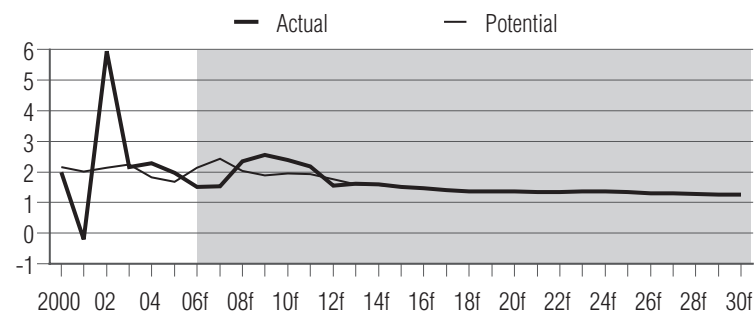
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

result, the share of services other than rent in total consumer spending will rise from 32.4 per cent in 2006 to 41.5 per cent in 2030.

INVESTMENT

Total nominal investment spending in Prince Edward Island is expected to be strong from 2006 through 2030. Growth in food processing, high-tech manufacturing and the tourism industry are expected to help compound growth in non-residential investment reach 4 per cent annually over the forecast period. Machinery and equipment investment will benefit from a relatively strong manufacturing sector and a robust utilities sector. Overall, investment in machinery and equipment is expected to grow at an average annual compound rate of 2.6 per cent over the forecast period.

Chart 5
Unemployment Rate
(per cent)
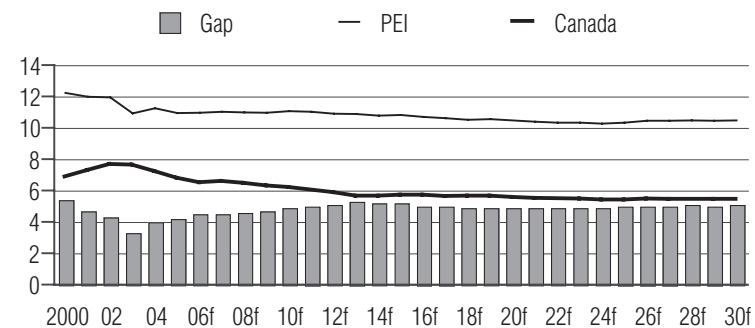
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

The growing number of immigrants calling the Island home will help keep housing starts high over the first half of the forecast. Starts will average 643 units from 2006 to 2015. Housing starts will decline to 593 units per year during the last half of the forecast, consistent with the national trend. Overall, housing starts are expected to decline by 5.8 per cent in Canada over the forecast horizon, but by only 4.7 per cent on the Island. As seniors continue to age and move into smaller homes and apartments during the last half of the forecast, multiple housing units will post strong gains, offsetting the decline in single housing starts. Multiple housing starts will average 165 units per year from 2006 to 2015, and will grow to an average of 271 units over the last 15 years of the forecast. In contrast, single housing starts are expected to decline substantially, from an average of 479 units for the first 10 years of the forecast to 322 units in the remaining years. (See Chart 6.)

GOVERNMENT

Public finances continue to be a source of concern in the medium term, with the provincial government battling a budgetary deficit estimated to be $12.5 million for fiscal year 2006–07. With prudent expense projections in the next few years, government finances are expected to become healthier. While the other provinces in the Atlantic region face a stagnant or even declining population, positive demographics may provide some relief to the provincial government. On the downside, even though a positive demographic trend will provide a larger tax base, the fact is that a larger proportion of this population will be elderly, and they will put a drain on provincial coffers through increased expenditures on health care. The growing demand for health care will put upward pressure on budget spending in the long term. As a result, nominal spending on government goods and services will expand at a compound rate of 4.4 per cent annually from 2006 to 2030.

INDUSTRY ANALYSIS

The utilities sector will lead growth in the goods-producing sector with an annual compound growth rate of 2.1 per cent over the forecast horizon. Many large-scale energy projects are under construction on the Island, and the province plans to attain all of its energy from renewable sources by 2015. The manufacturing sector will continue to support growth in the goods-producing industry, posting annual compound growth of 1.8 per cent from 2006 to 2030. This growth will be led by strength in aerospace, food-processing, and engine, turbine and power transmission equipment. Innovation and improved farming practices will help sustain the agriculture industry in the medium term. In the long term, agricultural growth may be constrained by limits in the amount of arable land. Overall, agricultural output is expected to expand at 1.5 per cent, compounded annually, over 2006 to 2030.

Even though a positive demographic trend will provide a larger tax base, a larger proportion of this population will be elderly.

The modest expansion in manufacturing activities and the stable growth in agricultural output will yield stable results for wholesale trade on the Island. Wholesale trade activities are expected to expand moderately by an annual compound average of 1.3 per cent per year through the entire forecast. The strongest sector in the economy over the period will be retail trade, which is expected to advance at an annual compound growth rate of 2.3 per cent. Solid consumer spending, a rising population, increases in wages and salaries per employee and a strong tourism sector will sustain demand for consumer goods, helping retail trade to advance.
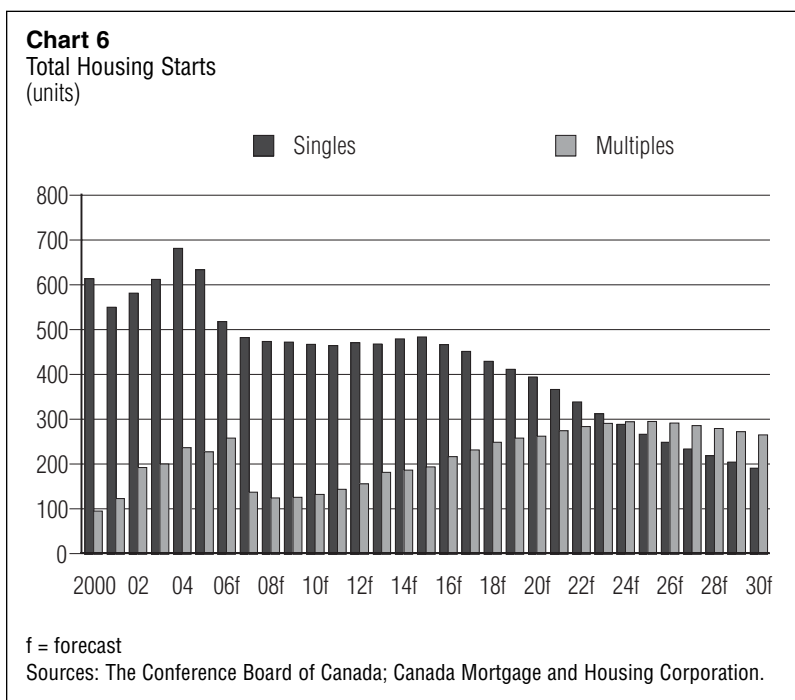
Chart 6
Total Housing Starts
(units)

Singles   Multiples

f = forecast
Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation.

Prince Edward Island has long been a favoured destination for tourists from Canada, New England and Japan. Over the last decade, the reduced travel time made possible by the Confederation Bridge has rapidly expanded the number of visitors. This has helped boost investment spending in the tourism industry, resulting in more accommodations, meeting spaces and golf courses. Now considered a premium golf destination, the province should profit from the growing popularity of this sport. However, the tourism industry has been on a bumpy ride over the last few years, primarily as a result of the high level of the Canadian dollar and elevated gasoline prices. Tourism, however, will get a boost from Sunwing Airlines, which started offering service to and from Toronto in June, and from the completion of the wharf in Charlottetown harbour, which is expected to stimulate cruise ship traffic. Additional provincial funding to Golf PEI over the next three years will also help lure tourists in an industry that has an economic impact of more than $90 million. Overall, tourism growth is expected to be solid in the long term, helping boost compound growth in retail sales to 4.3 per cent over the forecast, the highest among all Atlantic provinces.

As baby boomers retire across Canada, Prince Edward Island will see a rise in net interprovincial migration and tourism, contributing to growth in the service sector. This will shift the composition of consumption from goods to services, especially in the latter years of the forecast. The service sector is expected to outpace the goods-producing sector from 2017 until the end of the forecast. Leisure services will gain the most from this shift, as the baby-boomer retirees are expected to be wealthier than previous generations of retirees. With an increased share of older people in the population, services related to health care will also increase significantly. The output of non-commercial services, including health care, will expand at a compound rate of 2.1 per cent annually. Overall, the service sector will experience average compound growth of 1.6 per cent per year from 2006 to 2030, above the growth rate of 1.4 per cent expected for the goods-producing sectors.

Nova Scotia

OVERVIEW

The Nova Scotia economy is anticipated to advance by an average of 1 per cent annually from 2006 to 2030, ranking it ninth among the provinces. Growth in most of the domestic industries is expected to soften during the forecast period. In particular, the production of mineral fuels will drop by an average of 1.2 per cent annually as exploration activities lose momentum, with attention shifted from the Scotian shelf to Western Canada and the Territories. The reduction of exploration activities will slow growth in mining services to an average of 1.9 per cent over the forecast, compared with 15.3 per cent between 1994 and 2005. ExxonMobil, one of the biggest petroleum players in Nova Scotia, abandoned half of its exploration licenses in 2004 as more holes turned up dry. This created anxiety among other offshore explorers and led to a loss of over $650 million in exploration commitments at the end of 2006. The uninspiring finding rate could lead to further evaporation of the $917 million in exploratory licenses the province is counting on between now and 2012. This could kill prospects on the Scotian Shelf. Owners of the Sable Island natural gas project have also scaled back reserve estimates in the field, effectively reducing the life of the project by 10 years. The loss in momentum in offshore oil and gas activities does not bode well for the construction industry. Anadarko Petroleum Corp has cancelled the $650-million liquefied natural gas plant it was proposing to build in the Cape Breton area because it could not secure a supply of natural gas for the project. This has dashed the hopes of construction workers counting on the project to compensate for the end of the housing boom.

Nova Scotia will face a number of fundamental demographic challenges over the forecast period. First, the average age of the population will gradually increase as the baby boomers inch closer to retirement. The aging of the baby boomers will put enormous strain on the province's fiscal prospects. While more spending on facilities and services will be required for health and long-term care for the baby boomers, the aging of the population will slow economic growth and thus the government's revenue-generating capacity. A compositional shift in consumer spending will also result as people buy fewer durable goods and consume more services. Second, low fertility rates and negative interprovincial migration will slow population growth in the province.

Nova Scotia will face a number of fundamental demographic challenges over the forecast period.

Weak demographic fundamentals are expected to dominate the population outlook, exerting a profound impact on the province's labour market and the economy. Overall, economic growth is projected to reach an average of 1.9 per cent over 2006–10 and to decelerate to 1.1 per cent over the next decade. The consequences of the demographic change will further slow the economy in the last decade of the forecast. Growth in real gross domestic product (GDP) is expected to average 0.5 per cent from 2021 to 2030. (See Chart 1.)

DEMOGRAPHIC PATTERNS

Nova Scotia's population is expected to assume a bell-like shape over the forecast as international immigrants boost the head count at the beginning of the forecast while a rising death rate weighs down the head count toward the end of the forecast. Rising from 933,949 in 2007, the population is expected to increase yearly by an average of 449 persons in the following three years. The head count will grow faster, by an average of 0.1 per cent, or 605 persons per year, from 2011 to 2020 as more people immigrate from abroad. After reaching an all-time high of 941,517 by 2021, the province's population will begin to decline rapidly to reach 931,712 by the end of the forecast. This represents a loss of 0.1 per cent per annum between 2021 and 2030. The drop reflects weaknesses in most of the key drivers of population

growth: natural increase in population (the difference between births and deaths), net interprovincial migration (the difference between people arriving from other provinces and those leaving for other parts of Canada) and net international migration (the difference between people immigrating to Nova Scotia from other countries and those emigrating).

The only good news influencing the provincial population is the positive net inflow of migrants from other countries. A total of 41,430 more people will immigrate to Nova Scotia than will leave for other countries during the forecast period. At 1,158 in 2005, net international migration is projected to grow by an average of 3.3 per cent or 1,543 people per annum from 2006 to 2020. During the last decade of the forecast, growth in net international migration to the province is expected to slow to 0.1 per cent as competition to attract immigrants from abroad increases in developed countries and improved conditions in developing countries reduce the number of economic migrants.

A total of 41,430 more people will arrive than will leave for other countries during the forecast period.

The natural increase in the population, which has been steeply declining since 1961, will actually become negative from 2007 onward—sooner than originally anticipated—largely because of a low fertility rate. The aging of the baby boomers will also add to the slumping natural rate of increase in the long run. As the baby boomers progress into their senior years through the forecast period, the proportion of the population aged 65 years and older will swell from 14.5 per cent in 2006 to 27.3 per cent in 2030. (See Chart 2.) Even with improved health care, this will lead to a steady increase in deaths, which will outpace the number of births in the province over the long term. As this process unfolds, the percentage of women of childbearing age (15 to 44) will decrease from 40.3 per cent in 2006 to 32.8 per cent in 2030. The fertility rate will plateau at 1.38, well below the replacement rate of 2.1, and it is unlikely that the key determinants of the fertility rate—such as child care costs, income, availability of birth control, and female participation in the labour force—will change over the

Table 1
Key Demographic Assumptions

Components	Assumptions
Population growth declines	Nova Scotia's population is expected to increase until 2021 and then to decline gently in the last decade of the forecast.
Interprovincial migration restrains population growth	Nova Scotia will continue to lose young people to other provinces. It will lose 714 people more every year than will migrate there from other parts of Canada.
International migration to the rescue	Net international migration will remain strong, with the province receiving a total of 41,430 people over the forecast.
Fertility rate too low	Nova Scotia's fertility rate of 1.38 is well below the replacement rate of 2.1.
Natural rate of population increase reduces gains	The natural rate of Increase is expected to whittle down gains in international migration as deaths begin outpacing births in 2007.

Sources: The Conference Board of Canada; Statistics Canada.

next 25 years in favour of larger families. Taken together, these factors will be responsible for a steady decline in the number of births in the province.

Population growth will be constrained by the steady outflow of Nova Scotians to other parts of Canada throughout the forecast. The province will continue to be a net loser on the interprovincial migration front, losing 17,857 more people than will immigrate from other parts of

Chart 1
Real GDP Growth
(average percentage change, 1997 $)
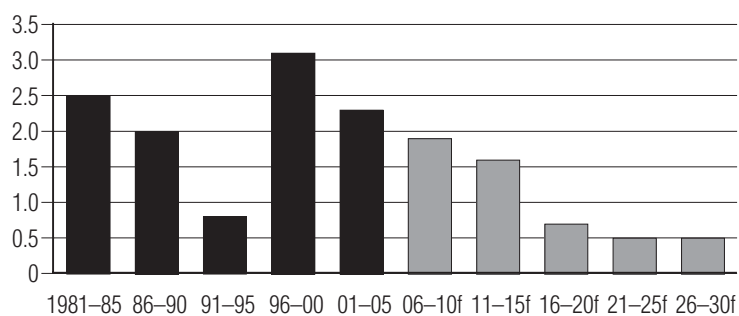
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Chart 2
Population Increases in Older Age Cohorts
(number of people)

■ 2006 ◻ 2030f

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.
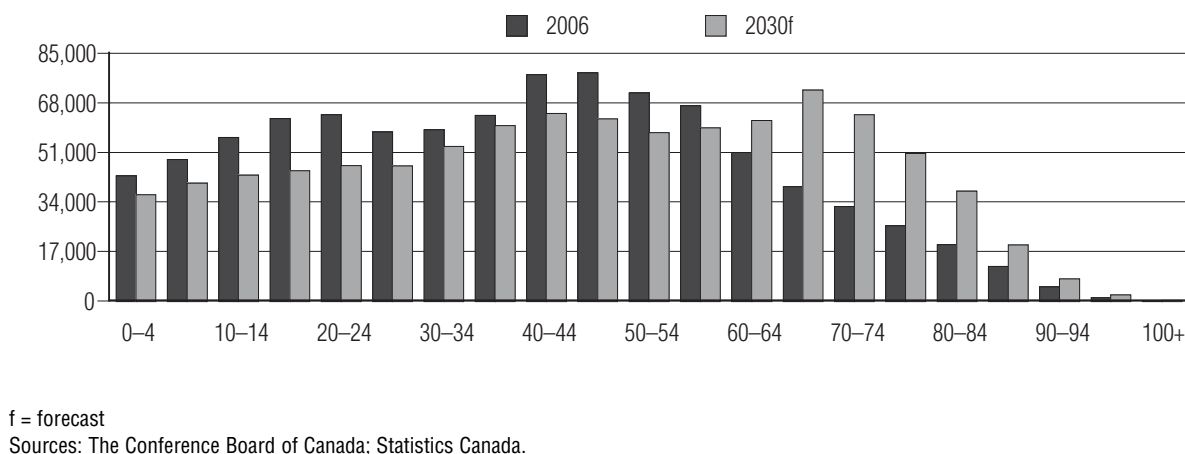
Canada—an average of 714 annually over the forecast period. (See Chart 3.) Because many of the Nova Scotians migrating to other parts of Canada will be in the younger age cohorts, the dependency ratio (the ratio of the non-working population to the working population) will rise.

The arrival of fewer international immigrants to the province and the departure of more Nova Scotians for other parts of Canada will add to the declining natural increase; as a result, the provincial population will decline steeply during the last nine years of the forecast.

Chart 3
Nova Scotia's Migration Profile
(thousands of persons)

■ Net interprovincial migration   ◻ Total net migration
◼ Net international migration

1981–85 86–90 91–95 96–00 01–05 06–10f 11–15f 16–20f 21–25f 26–30f

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

LABOUR FORCE

The labour force, defined as the product of the source population—the population aged 15 and over—and the participation rate, will grow more slowly between 2006 and 2011 and will decline thereafter. Growth in the source population is expected to decelerate from an average 0.3 per cent over 2006–15 and to come to a halt in the next decade and a half. In contrast, the participation rate has dropped since hitting an all-time high of 64.7 per cent in 2004 and is expected to continue to nose-dive through the long term to settle at 54.2 per cent by 2030.

The declining participation rate will whittle down all the gains in the source population and mute labour force growth in the first decade of the forecast. As growth in the source population comes to a halt between 2016 and 2030, and the participation rate continues to decline at an even faster pace, labour force growth will actually tumble, declining by 0.8 per cent in the last 15 years of the forecast.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is a measure of the highest level of activity that can be sustained in an economy over a period of time if all inputs of production are fully and efficiently utilized, without surpassing its capacity limits and igniting inflation. The Conference Board uses a structural Cobb-Douglas production function, in

which the mix of labour, capital and total factor productivity (TFP) are modelled to produce an estimate of potential output. This estimate depends on potential inputs of labour and capital, and trend total factor productivity, or the technical efficiency with which labour and capital are combined to produce the output.

The workforce available when the economy is operating at full capacity (potential labour force) is used to derive the contribution of labour to potential output. When operating at full economic capacity, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. Unemployment resulting from workers in transition is expected to decline over the forecast. This is because the average age of the labour force will increase over the long term, and older workers are not as likely to quit their jobs to look for another. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to potential labour.

The overall participation rate is expected to decline sharply over the forecast horizon.

On the other hand, the aging labour force will detrimentally affect potential labour through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems or early retirement. Consequently, with a significant share of baby boomers moving into their retirement years, the overall participation rate is expected to decline sharply over the forecast horizon.

On balance, the negative impact of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output will decline steadily over

the long term. Overall, labour's annual contribution to potential output growth averaged 0.4 percentage points over 2000–05, but it is projected to slow throughout the medium term and to turn negative starting in 2012.

The contribution of capital to potential output growth is projected to average 0.5 percentage points per year over the 2006–30 period.

The value of productive capital, the second factor in the production process, is assumed to be accurately measured, and the level of capital in the economy at any time is all that is available to contribute to potential output. For the purpose of estimating productive capital in the economy, total public and private capital, excluding residential assets, are aggregated. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth is projected to average 0.5 percentage points per year over the 2006–30 period.

Over history, total factor productivity is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because Conference Board estimates of the capital stock do not take into account residential assets, as these do not contribute to the productive capacity of the economy. TFP fluctuates considerably over the business cycle. The reasons for this are wide-ranging, but they include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effect of these short-term movements on potential output, a Hodrick-Prescott filter is used to smooth out the TFP to produce its trend values. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to maintain growth in TFP by continually investing in productivity-enhancing

technologies and the skills development of their work-force. The contribution of TFP to potential growth will remain in line with recent historical performance, aver-aging roughly 0.7 percentage points annually over the forecast horizon.

When actual real GDP diverges from potential out-put, an economy is said to have an output gap. Early in this decade, significant growth in mining activities in the provincial economy helped to spur growth of the economy above its potential. Since the mining industry peaked in 2001, the gap has tended to fluctuate around its potential. In the long term, the economy is expected to perform close to its potential and thus alleviate concerns for inflation-ary pressures. (See Chart 4.) The Consumer Price Index is projected to remain well within the Bank of Canada's target range, averaging 2 per cent over the forecast horizon.

EMPLOYMENT AND INCOME

In line with the expected slowdown in economic activi-ties, employment growth will ease over the course of the forecast. After a moderate gain of 0.3 per cent per annum over 2006–10, growth in employment is projected to decline by an average of 0.6 per cent over the remain-der of the forecast.

Reflecting the moderate medium-term employment gains, Nova Scotia's unemployment rate is expected to fall steadily to reach 6.6 per cent by 2013, representing a decrease of 1.9 percentage points from its 2005 level. After 2013, job losses in the economy will gain momen-tum; however, the unemployment rate will remain stable at around 6.7 per cent for the remainder of the forecast

as the declines in the labour force exceed the number of job losses. Thus, Nova Scotians leaving for better prospects in other parts of the country will minimize the pool of people available to work and keep the unemployment rate in check. By the end of the forecast, the unemploy-ment rate is projected to reach 6.6 per cent, about 1.2 per cent higher than the national average

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Nova Scotia's unemployment rate is expected to fall steadily to reach 6.6 per cent by 2013.

The declining unemployment rate, a sign of a tighter labour markets, and expected productivity gains will boost wages and salaries in the province. (See Chart 5.) Growth in wages and salaries per employee is forecast to average 2.7 per cent per year from 2006 to 2020 and 3 per cent during the last 10 years of the forecast. Federal transfers to the baby boomers will also kick in during these years. In spite of the wage gains and federal trans-fers to seniors, growth in total personal disposable income in the province is projected to be moderate as the number of wage earners declines in the province. Accounting for inflation, annual growth of real personal disposable income is expected to average 1.4 per cent in over the 2006–15 period and to edge down to 0.8 per cent from 2016 to 2030.

AGGREGATE DEMAND

The changing structure of Nova Scotia's population is expected to influence consumer spending over the next 25 years. Total growth in consumer spending should ease, and a change in expenditure patterns can also be expected as the population ages. As the baby boomers enter their retirement years, growth in consumer spend-ing for services will continue to ease but will still out-strip growth in spending for goods.

Among the consequences of declining and aging pop-ulation will be a reduction in housing starts. Empty-nest seniors will trade in their family-size homes for smaller accommodations, shifting demand away from single dwelling units to multiple units. Furthermore, a much smaller cohort will replace the large number of people currently in their prime homebuying years. As a result of the demographic change, housing starts are projected to decline over the forecast, from 5,047 units in 2006 to

Chart 4
Actual versus Potential GDP
(percentage change)
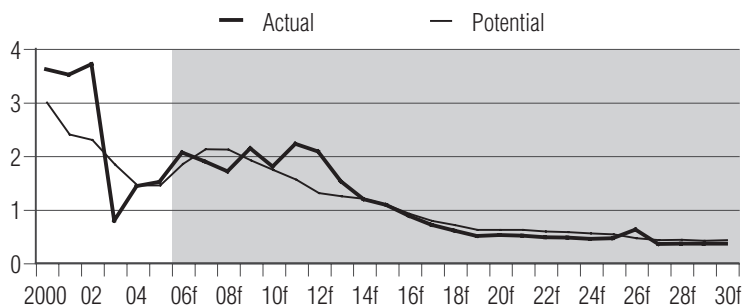
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

633 units by the end of 2030, representing a drop of 86.7 per cent, or an average decline of 7.8 per cent annually over the entire forecast. This will limit the expansion in residential construction investment.

Non-residential construction investment is expected to undergo a roller coaster ride throughout the forecast, with continued fluctuations in offshore exploration and drilling. Lack of natural gas supply has stalled the $650-million liquefied natural gas plant Anadarko proposed to build, dashing the hopes of 700 construction workers in job-starved Cape Breton. With the high downside risks associated with Anadarko's liquefied natural gas project, the Conference Board has chosen not to incorporate the $4-billion petrochemical and natural gas plant proposed by Keltic Petrochemical Ltd until all the ducks for the project fall in line.

The government will have to be fiscally disciplined to prevent the escalation of net debt.

Notwithstanding the lack of major investment in the Scotian Shelf, there is a mix of residential and commercial plaza developments keeping construction workers busy in the province. Banc Development Inc broke ground in the summer of 2006 on its ambitious $300-million retail and residential development at Rocky Lake, while Clayton Development is building a $400-million community with retail spaces near Russell Lake in Dartmouth. These projects, including major capital expenditures in the utility and manufacturing sectors and expansion and modernization of the Halifax International Airport, will help boost non-residential construction investment by 9.8 per cent over 2006–07.

After a brief respite in 2008, intense construction activity will begin in 2009: EnCana will begin the Deep Panuke natural gas project, on a much smaller scale than originally planned, once its economic viability is assured. Associated closely with this project is the expansion of the Maritimes & Northeast Pipeline. These projects will bolster growth in non-residential construction investment by an average of 4.5 per cent over 2009–13. After production begins at Deep Panuke, growth in non-residential construction investment will slow to an average of 2.3 per cent per year over the remainder of the forecast.

Chart 5
Nova Scotia's Tightening Labour Market
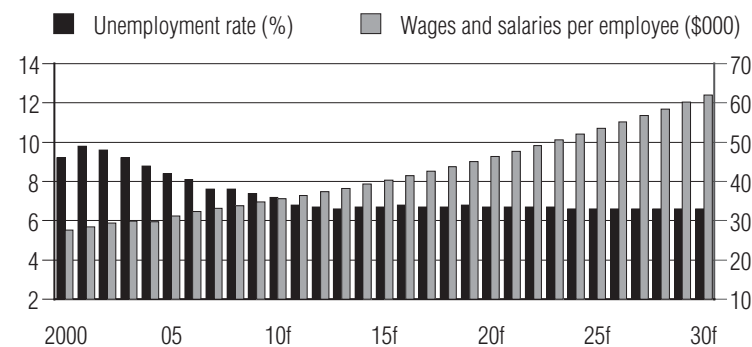
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

With a weakening economy generating minimal revenues, the government will have to be fiscally disciplined to prevent the escalation of net debt, currently $12.2 billion. As the forecast progresses, the government will reduce some expenditures to finance critical services, like education and health care. Increased spending on health care will be a response to pressure from the aging baby boomers, and spending will have to be boosted on education to increase innovation and labour productivity as the labour market tightens in the long term. Though spending on health care and education will increase throughout the forecast, spending restraint in other areas will limit the contribution of government spending to economic growth. Growth in government spending on goods and services in real terms will average 2.7 per cent annually over 2006–10 and decelerate to an average of 1.7 per cent through the remainder of the forecast.

INDUSTRY ANALYSIS

Nova Scotia's goods-producing industries will face significant challenges as growth averages only 0.8 per cent annually over the forecast period. Dimmed prospects for offshore energy investment are expected to slow the production of fabricated metals. Dwindling fish stocks after many years of overfishing will also hurt the food-processing sector. More significantly, demand for paper is expected to drop dramatically over the long term as a result of advances in technology and the media, hurting the pulp and paper industry. The weaknesses in these sectors, plus reduced demand for manufactured goods from

an aging population, are expected to dampen manufacturing, combining to bring manufacturing growth to 0.7 per cent during the last decade of the forecast. But there will be some bright spots in manufacturing: those engaged in producing pharmaceutical products and medical equipment are expected to do well.

Recent studies by the federal government indicate that cod stocks have not recovered since the moratorium on cod fishing was imposed.

Sable Island offshore gas production has slowed considerably, and the partners have reduced their estimate of total reserves in the fields, to a figure 63 per cent lower than initially estimated. This has fuelled speculation that the lifespan of the project could be 10 years less than the 25 years originally projected. Reserve estimates for Deep Panuke, the second gas field planned for development, have also been reduced to 28.3 billion cubic meters from initial estimates of between 74 and 99 billion cubic meters. The owners have downsized the project by 50 per cent, calling for the production of 200 million cubic metres of gas per day. Gas production, expected to begin sometime in 2011, will peak a year afterward, but growth in mineral fuel will decline with the fast depletion of gas from the larger Sable field. Overall mining output will drop by 0.5 per cent over the forecast.

The outlook is also subdued for other industries. Fishing, which thrived in Nova Scotia until the late 1980s, will face difficult challenges over the forecast. Unfavourable sea temperatures have limited the production of plankton, forcing herring to eat cod eggs. Recent studies by the federal government indicate that cod stocks have not recovered since the moratorium on cod fishing was imposed. Stocks of other fish species are also on the decline, and lobster carapace has been slashed. The fishing industry will advance by only 0.6 per cent annually over the forecast, in contrast to average growth of 14.7 per cent per annum from 1988 to 1991. Weak housing starts, at home and south of the border, and low demand for pulp and paper are expected to result in an average annual decline of 1 per cent in the forestry sector over the forecast.

With seniors, the largest bulk of the population, preoccupied with health issues rather than shopping, demand for consumer goods is expected to slow. Growth in domestic trade is expected to decelerate from an average of 3 per cent per annum from 2006–10 to a mere 1.2 per cent annually over the balance of the forecast. Services, particularly those tailored to the needs of the aging population, plus improvements in education to enhance productivity, will also progress steadily, helping non-commercial services to advance by an average of 1.6 per cent per year over the course of the forecast.

New Brunswick

OVERVIEW

Real gross domestic product (GDP) in New Brunswick is projected to grow at a relatively slow average rate of 1.1 per cent from 2006 to 2030, for eighth rank among the provinces. Weaknesses in the construction and transportation sectors will limit overall economic growth as the province grapples with the completion of megaprojects. Forestry will also add to the slow pace of economic growth as the annual allowable cut continues to decline and structural changes in market conditions stifle demand for pulp and paper. Metal mining is the only industry expected to grow by more than 2 per cent over the entire forecast. A recent rally in metal prices has engendered exploration and drilling activities that are likely to yield better results. Two mines that were shut down in 1998 have now reopened, softening the blow of the impending shutdown of the Brunswick mines in 2008.

Metal mining is the only industry expected to grow by more than 2 per cent over the entire forecast.

In the medium term, however, the construction industry will be propped up by energy investments, as well as by capital spending on health-care facilities and municipal infrastructure. Work is underway on Irving Oil's $750-million liquefied natural gas project at the Canaport terminal near Saint John, a project expected to engage more than 500 construction workers for nearly three years. The provincial government is also going ahead with the multimillion-dollar refurbishment of the Point Lepreau nuclear plant. In another large venture, Irving Oil is planning to build a second refinery in New Brunswick that could cost as much as $5 billion.

Weak demographic dynamics will dominate the outlook over the long term. One notable factor will be a rise in the average age of the population. As the proportion of those older than 65 increases, consumption patterns

will change for both government and consumers. Spending on health care will have to rise significantly to meet the changing needs of the aging population. In addition, rising net international immigration will be largely offset by a net outflow of people to other parts of Canada. Finally, New Brunswick's fertility rate, one of the lowest in the country, will be a drag on population growth. Total population is projected to shrink every year over the forecast.

New Brunswick's fertility rate will be a drag on population growth.

The weakening population outlook will have significant consequences for the province's labour market and overall economic growth. The Conference Board expects growth in real GDP to decelerate from an annual average of 2.3 per cent in the first five years of the forecast to 1.1 per cent over 2011–20 and still further to 0.6 per cent from 2021 to 2030. (See Chart 1.)

DEMOGRAPHIC PATTERNS

Over the long term, demographic fundamentals are among the key factors that influence the outlook for an economy. The structure and composition of population have a significant influence on the labour force, which is a key ingredient in determining potential output. Furthermore, the demographic profile of the population strongly affects consumer spending patterns.

A trend with profound implications for the New Brunswick outlook over the forecast period is reflected in the weak population forecast. (See Table 1.) Since reaching its peak of 752,420 people in 1997, the province's population has been declining as the result of a low fertility rate and the departure of more young people from the province for other parts of Canada. The number of people living in the province will continue to fall until Irving Oil begins work on its proposed second refinery

Chart 1
Real GDP Growth
(average annual compound growth rate)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population declines	New Brunswick's population is expected to decline by an annual average rate of 0.1 per cent over 2006–30, and there will be steady increases in the average age.
Interprovincial migration restrains population growth	New Brunswick will continue to lose its young people to other provinces. It will lose 774 more people annually than will migrate there from other parts of Canada.
International migration remains positive but still low	Net international migration will remain strong: the province will receive a total of 18,250 people over the forecast.
Fertility rate too low	New Brunswick's fertility rate of 1.41 is well below the replacement rate of 2.1.
Natural increase	The natural rate of increase is expected to whittle down gains in international migration as the number of deaths begins outpacing the number of births in 2009.

Sources: The Conference Board of Canada; Statistics Canada.

in 2009, helping to stem the constant losses in net interprovincial migration. The head count will shrink every year after the refinery project wraps up in 2011, with the rate of decline increasing toward the end of the forecast. By the end of the forecast period, total population will stand at 729,444, or 26,744 fewer people than in 2005, representing an average annual decline of 0.1 per cent. This weak demographic outlook will limit overall economic gains.

Two key assumptions underlie New Brunswick's dismal population outlook. First, the natural increase in population (that is, the excess of births over deaths) will continue to decline, actually becoming negative by 2009 with the aging of the population. As throughout Canada, the average age of the population is rising dramatically. Currently 39 years, the average age within the province will hit 46 by the end of the forecast. As the baby boomers move up the population pyramid, the proportion aged 65 and over will swell from 14.2 per cent in 2006 to 28.2 per cent in 2030. (See Chart 2.) The movement of the population into the older age cohorts will ultimately lead to a rise in the number of deaths, despite advances in medical care.

Limited job opportunities will lead workers, especially younger people, to leave the province.

The province's aging population will also constrain the number of births over the forecast period, as a smaller cohort will replace women currently in their childbearing years (between 15 and 44 years old). Those women comprise 40.3 per cent of the total female population in New Brunswick. When, by 2030, this proportion declines to 31.8 per cent, the number of births in the province will drop as well. Magnifying the birth problem is a low fertility rate. New Brunswick's fertility rate, 1.41, is one of the lowest in the country and far below the replacement rate of 2.1. The rising number of deaths and the declining number of births will convert the natural rate of increase into a natural rate of decrease after 2009.

A second major reason for expecting the population to decline in New Brunswick is the province's weak migration profile. Limited job opportunities will lead workers, especially younger people, to leave the province in search of better prospects after construction wraps up at Irving Oil's second refinery project in 2011. The province is expected to lose an average of 811 people more per year than it gains in immigration from other parts of the country from 2012 to the end of the forecast. (See Chart 3.)

LABOUR FORCE

New Brunswick's shrinking population will have a dramatic impact on the province's labour market. A steady exodus, especially of younger people, and the province's

The Conference Board of Canada

Chart 2
Population Increases in Older Age Cohorts
(number of people)
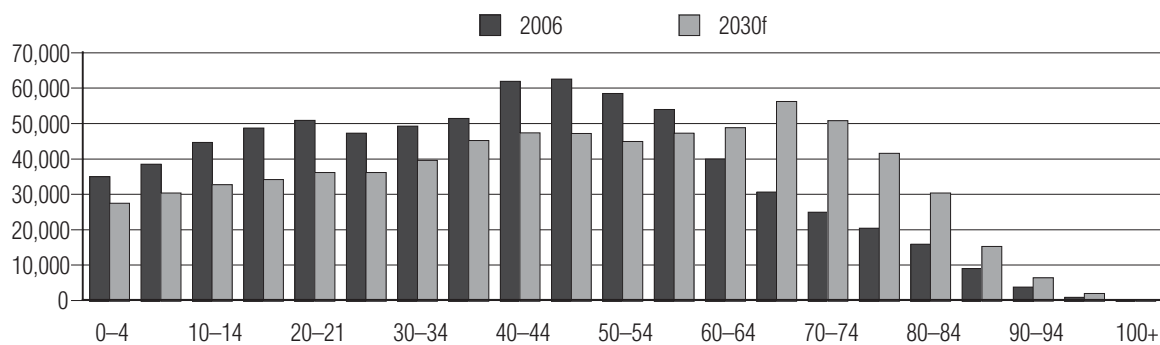
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

low fertility rate will limit growth in the source population over the long term. It is expected to start decelerating in 2011 and to turn negative during the last 14 years of the forecast. On the other hand, the participation rate is expected to deteriorate from its all-time high of 63.9 per cent in 2004, dropping to 54.3 per cent by 2030.

The labour force—defined as the product of the source population (the population aged 15 and over) and the participation rate—is expected to increase slowly over the medium term as growth in the source population offsets the declining participation rate. However, when growth in the source population decelerates and begins to turn negative by 2017, it will add to the declining participation rate to pull down growth in the labour force at a faster rate. The sum of these forces will cause the labour force to decline by 0.9 per cent per annum from 2012 to 2030 to reach 332,695 people, the lowest level since 1989.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is a measure of the highest level of activity that can be sustained in an economy over a period of time if all inputs of production are fully and efficiently utilized without surpassing its capacity limits and igniting inflation. The Conference Board uses a structural Cobb-Douglas production function, in which the mix of labour, capital and total factor productivity (TFP) are modelled to produce an estimate of potential output. This estimate depends on potential inputs of

labour, capital and trend total factor productivity, or the technical efficiency with which labour and capital are combined to produce the output.

The workforce available when the economy is operating at full capacity (potential labour force) is used as a measure of the contribution of labour to potential output. When operating at full economic capacity, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

Chart 3
Migration Profile, New Brunswick
(thousands of persons, average)
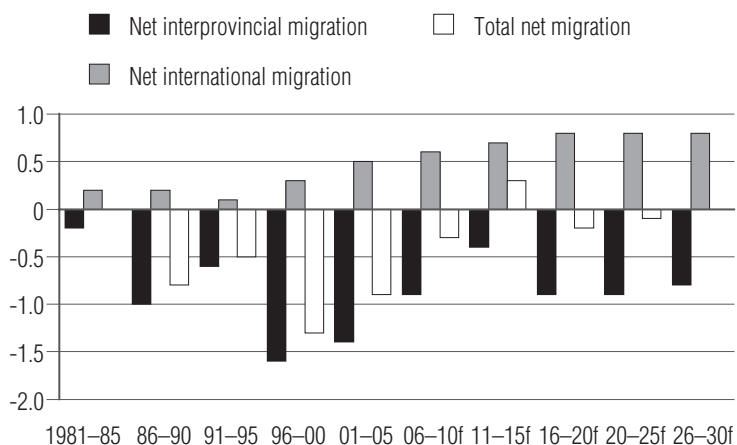
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. Unemployment resulting from workers in transition is expected to decline over the forecast because the average age of the labour force will increase over the long term, and older workers are not as likely to quit their jobs to look for another. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to potential labour.

The negative impact of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment.

On the other hand, the aging labour force will detrimentally affect potential labour through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems or early retirement. Consequently, the overall participation rate is expected to decline sharply over the forecast horizon as a significant share of baby boomers move into their retirement years.

On balance, the negative impact of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output will decline steadily over the long term. Overall, labour's annual contribution to potential output growth averaged 0.4 percentage points over 2000–05, but it is projected to slow throughout the medium term and to turn negative starting in 2012.

The value of productive capital, the second factor in the production process, is assumed to be accurately measured, as the level of capital in the economy at any time is assumed to be all that is available to contribute to potential output. For the purpose of estimating productive capital in the economy, total public and private capital, excluding residential assets, are aggregated. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth is projected to average 0.6 percentage points per year over 2006–30.

Over history, total factor productivity is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because Conference Board estimates of the capital stock do not take into account residential assets, as these do not contribute to the productive capacity of the economy. TFP fluctuates considerably over the business cycle. The reasons for this are wide-ranging but they include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effect of these short-term movements on potential output, a Hodrick-Prescott filter is used to smooth out the TFP to produce its trend values. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to maintain growth in TFP by continually investing in productivity-enhancing technologies and the skills development of their workforce. The contribution of TFP to growth in potential will average roughly 0.8 percentage points annually over the forecast horizon.

The contribution of capital to potential output growth is projected to average 0.6 percentage points per year over 2006–30.

When actual real GDP diverges from potential output, an economy is said to have an output gap. Significant investment in the provincial economy in 2003 and 2004 helped spur growth of the economy above its potential, but the economy performed below potential in 2005, when the elevated Canadian dollar forced manufacturers to cut back on production. New energy investment will help boost the economy's performance above its potential over 2006–11. In the long term, the economy is expected to perform at close to its potential and thus alleviate concerns for inflationary pressures. (See Chart 4.) The Consumer Price Index is projected to remain well within the Bank of Canada's target range, averaging 2 per cent over the forecast horizon.

EMPLOYMENT AND INCOME

Reflecting the sobering outlook for population and the labour force, the job market will present challenges to New Brunswickers. Only Newfoundland and Labrador will have less job creation than New Brunswick during the entire forecast. Following average gains of 0.7 per cent during the first five years of the forecast, growth in employment is projected to decline by 0.6 per cent per annum over 2011–20. During the last decade of the forecast, job losses will gain momentum, declining by an average of 1 per cent as the economy weakens.

In the medium term, a number of energy investments will help generate jobs, helping the unemployment rate to decline to 7.9 per cent in 2011. After the completion of the energy projects, the unemployment rate will swing up slightly to reach 8.1 per cent in 2016 as job gains slow. However, this upward swing will be temporary, as the slowdown in employment gains will not increase the proportion of unemployed in the province. With subdued job prospects, youth will tend to migrate to other parts of Canada, weakening labour force growth. The unemployment rate will continue to decline, resting at 7.6 per cent at the end of the forecast.

With subdued job prospects, youth will tend to migrate to other parts of Canada, weakening labour force growth.

In spite of the sluggish employment outlook, growth in personal disposable income is expected to be steady over the forecast period. Two key factors underlie this assumption. First, increased productivity and tight labour markets are expected to lead to solid wage increases in the province. (See Chart 5.) Growth in wages and salaries per employee is forecast to increase from an average of 2.2 per cent per year over 2006–10 to an average of 2.8 per cent during the following decade. A further increase of 3.1 per cent is expected in the last decade of the forecast. A second factor boosting personal disposable income is the contribution of transfer payments, which are projected to increase toward the end of the forecast as the baby boomers retire.

Chart 4
Actual versus Potential GDP Growth
(percentage change)
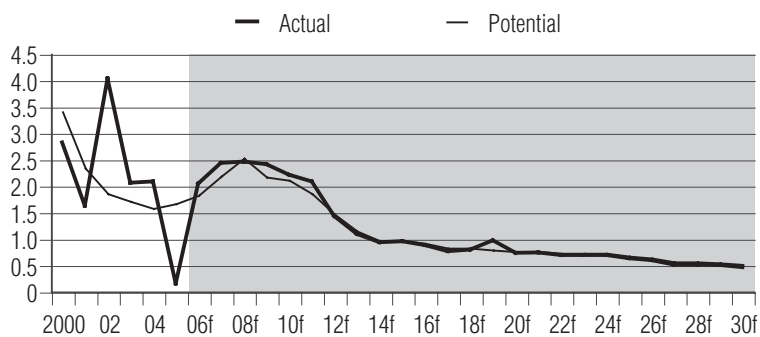
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

AGGREGATE DEMAND

The changing demographic profile will have a profound impact on government and consumer spending in New Brunswick over the forecast. Real consumer spending is projected to grow by an average of 2 per cent over 2006–10 before cooling off to 1.1 per cent during the next decade and 0.9 per cent during the last ten years of the forecast. As the forecast progresses, the underlying demographic structure of the province will shift consumer expenditure patterns. The retiring baby boomers will gradually consume more services, such as health care, travel and leisure, and fewer durable goods. Over the forecast period, the growth in real consumption of services other than rent will outperform the gains in real consumption of goods by an average of over 1.5 percentage points.

Chart 5
New Brunswick's Tight Labour Market
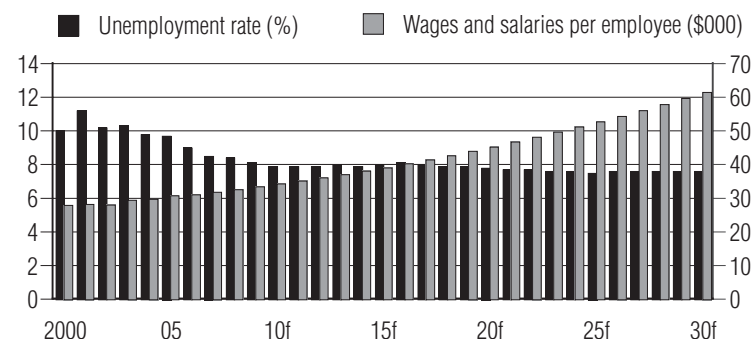
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Housing starts are projected to decline throughout the forecast, partly because of the exodus of younger people in their prime homebuying years, but also because a smaller age cohort will replace the larger cohort of empty-nest baby boomers. Construction will be dampened by the surplus of resale homes likely to arise when the baby boomers trade their single-family homes for smaller units. After reaching another record-breaking year in 2006, housing starts will plummet throughout the forecast to reach 633 units by 2030, representing a decline of 84 per cent from the beginning of the forecast, or an average of 7.1 per cent per year.

Reflecting the decline in housing starts, investment in residential construction is expected to soften. As a major factor, interest rates are expected to increase over the forecast and there is little pent-up demand for new homes. As a result, growth in residential construction investment will decline to 3.3 per cent per annum in the first five years of the forecast, compared to growth of 11.2 per cent in 2001–05. Growth is projected to decline further by an average of 0.1 per cent per year over the balance of the forecast as the declining population dampens investment in construction of new houses.

Housing starts will plummet to 633 units by 2030, or an average decline of 7.1 per cent per year.

In contrast, non-residential construction investment activity will be brisk in the first two years of the forecast. Work is progressing on Irving Oil's $750-million liquefied natural gas terminal at Canaport near Saint John. The provincial government is also refurbishing the only nuclear plant in the Atlantic region at a cost $1.4 billion. Detailed engineering work, which began in mid 2006, is being followed by construction of a number of facilities for the storage of radioactive materials to be removed from the reactor as part of the re-tubing exercise. Most of the contracts for these works have been awarded to local businesses. Approximately 1,500 people from a variety of vocations will be required for the construction phase, expected to last into 2008. These projects are expected to lift growth in non-residential investment by an average of 19.1 per cent per year in 2006 and 2007. As construction activities wrap up at the Point Lepreau site, Irving Oil will begin construction of a

second refinery that is expected to cost at least $5 billion and employ 5,000 workers over three years beginning in 2009. This project will have a moderate impact on growth in real construction output, as most of the investment will be for machinery and equipment. After the completion of these projects, growth in non-residential construction investment is expected to average 3.3 per cent per annum for the remainder of the forecast.

Growth in government spending on goods and services is expected to remain steady.

Growth in government spending on goods and services is expected to remain steady. It will average 4.1 per cent in the first five years of the forecast, thanks to various municipal infrastructure projects plus frontline spending on education, health and long-term care. In the long term, the provincial government will face debt-management issues as it tries to boost productivity through human capital development to meet the rising needs of the aging population. Government spending on goods and services will remain steady in the long term, growing by an average of 3.6 per cent over 2011–30.

INDUSTRY ANALYSIS

The province's forestry sector will face some challenges over the forecast period. A report prepared by Jaakko Pöyry for the government of New Brunswick points to the need for substantial spending on silviculture to increase the annual allowable cut in 35 years. Competing needs from the health-care and education sectors will make it difficult for the government to meet these requirements. Even if the government tries to implement the recommended practices, the gestation period is too long for any benefit to be reaped over the forecast period. Even though lumber exports have experienced decent growth in the last few years in tandem with a rapidly expanding housing market south of the border, long-term prospects are more tempered as advances in technology are expected to limit the use of pulp and paper. To make matters worse, U.S. housing starts are projected to weaken over the forecast period. Growth in the forestry sector will decelerate over 2006–13 and will decline by an average of 0.6 per cent over the remainder of the forecast.

Mining is the only sector that is expected to expand beyond 2 per cent over the entire forecast period. Buoyed by strong metal prices and growing demand from the emerging BRIC economies (Brazil, Russia, India, China), New Brunswick's mining industry has been awash with exploration and drilling activities this year. The high number of mineral claims in good standing—about 20,800 in 2006, compared with 13,000 in 2003—and favourable metal market conditions indicate that healthy near-term spending on mining services will continue.

Blue Note Mining is in the process of spending $48 million to activate the Caribou and Restigouche mines. These mines were shut down in 1998, when metal prices collapsed on the world market. After production begins in the spring of 2007, more than 270 people are expected to turn out 476 million pounds of zinc, 223 million pounds of lead and 5 million ounces of silver over five years. This is good news for the province as it faces the shutdown of the Brunswick mines in 2008.

Corridor Resources, a junior oil and gas company, is also expected to bring several wells into production in 2007, helping to lift gas production to 30 million cubic feet per day. Corridor is in the process of building a pipeline to join the main Maritimes & Northeast line to get the gas to the eastern seaboard market. Real mining output is projected to expand by an average of 9.7 per cent from 2006 to 2008, but the shutdown of the Brunswick mine will temporarily take steam out of the industry, forcing real mining output to decline by an average of 7 per cent in 2009 and 2010. Mining activities are expected to recover, growing by average of 1.7 per cent for the remainder of the forecast.

Benefiting from the ongoing energy investment, metal fabricators, production of machinery and equipment and other metal works are expected to help boost growth in the manufacturing sector to an average of 3.4 per cent from 2006 to 2010. However, growth in fabricated metal production will weaken after the refinery project is completed, adding weight to the slowdown in the production of pulp and paper and seafood processing. As a result, growth in the manufacturing industry will slow to an average of 1.9 per cent per annum over 2011–20 and to 1 per cent during the last decade of the forecast.

Growth in the finance, insurance and real estate industry will slow to 0.9 per cent.

In line with the expansion in the manufacturing sector, growth in transportation is expected to reach 2.1 per cent in the medium term before decelerating to 0.2 per cent for the remainder of the forecast. Crumbling housing starts are expected to reduce mortgage financing, one of the sources of growth for the financial industry. This will limit expansion in the finance and real estate sector. To make matters worse, growth in the finance, insurance and real estate industry will slow to 0.9 per cent over the forecast period as the baby boomers start to draw down savings to finance their retirement and health needs. Spending on public administration and defence will also be limited, as the slowing economy will fail to generate adequate revenue to support government programs. Overall growth in the service-producing sectors is projected to advance by a meagre 1.1 per cent throughout the forecast, compared to 2.9 per cent over 1998–2005.

Quebec

OVERVIEW

With favourable financing conditions whipping up consumer expenditures over the last two years, the Quebec economy was relatively successful in overcoming the dampening effects of an appreciating Canadian dollar. Even as the export-sensitive manufacturing sector shed jobs, overall provincial real gross domestic product (GDP) growth at market prices averaged close to 2 per cent over 2005–06. Quebec's real GDP at market prices is expected to progress by an average of 2.4 per cent from 2006 to 2010 and by a moderate 1.7 per cent compound annual rate over the last 20 years of the outlook, in line with potential growth, as demographic changes weigh on economic prospects. (See Chart 1.)

Economic growth will slow over the long term as the aging of baby boomers and a low fertility rate weaken population growth to a compound annual rate of only 0.5 per cent between 2016 and 2030, reducing consumer expenditures and housing demand. The proportion of people aged 65 and older will increase substantially over the forecast period, by more than 10 percentage points to 24.5 per cent, while the number of young people under the age of 20 will shrink from 1,711,849 in 2006 to 1,640,283 in 2030. Housing starts will fall steadily

from 44,017 units in 2006 to about 18,687 units in 2030 as demographic factors weaken the number of new households and the need for new housing. Real export growth, the pillar of robust economic activity in the late 1990s, will gradually decelerate over the long term because of slowing U.S. growth and a Canadian currency averaging around US$0.84. The telecommunications, transportation equipment, biotechnology, and metal sectors are expected to be some of the contributors to the trade outlook over the next 25 years.

DEMOGRAPHIC PATTERNS

Demographic factors are a critical determinant of the long-term prospects of an economy. The most important demographic trends for Quebec over the next 25 years will be slowing population growth, rising immigration levels, and the aging of the baby-boom generation. (See Table 1.) With an increase in the average age of Quebecers, population growth is expected to drop over the last 20 years of the forecast period. Quebec's population, estimated at 7,640,953 in 2006, will reach 8,642,346 by 2030, an increase of just above one million. The slowdown in population growth in Quebec will be more pronounced than in the rest of Canada and will resemble that of several Western European countries.

Important changes in population structure will influence potential output growth and consumer expenditures. The proportion of people aged 65 and older will increase substantially between 2006 and 2030, from 9.9 per cent to 24.5 per cent. Baby boomers, currently in the 40–59 age group, represent 31.1 per cent of the total population, with the heaviest concentration in the 45–49 age cohort. They will move into the 65–84 age range by the end of the forecast period, with a high concentration in the 65–69 range. Also contributing to the overall aging of the population is an expected drop in the proportion of people aged between 15 and 19, from 6.2 per cent to 5 per cent between 2006 and 2030. These movements will dominate demographic projections for Quebec. (See Chart 2.)

Chart 1
Real GDP at Market Prices, Quebec
(average annual compound growth rate; 5 years)
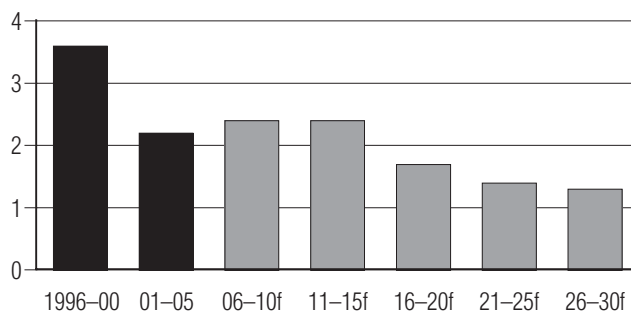
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Population growth is determined by three factors: births, deaths and net migration. The population projections in the current outlook assume a fertility rate of 1.48 births per woman, which is well below the replacement rate of 2.1. This low fertility rate and the aging of the population will lower the birth rate. With the death rate expected to increase because of the larger number of older people, the natural rate of increase in the population (births minus deaths) is projected to decline steadily over the next 25 years, with the number of deaths exceeding births starting in 2022.

The weak natural rate of population increase will be partly offset by a net positive inflow of migrants over the forecast horizon. While a net outflow of roughly 11,839 people per year to other provinces is projected between 2006 and 2030, average annual net international migration to Quebec is forecast to rise steadily, from around 34,400 in 2006 to 54,150 by 2030. (See Chart 3.) In light of the unfolding demographic picture and the stated aims of policy-makers, the Conference Board anticipates a gradual rise in international immigration over the long term, much more pronounced than our estimates in last year's long-term provincial forecast. With the natural rate of increase rapidly slipping, net immigration will become virtually the only driving force behind population growth in the province in the latter part of the long-term forecast. Since most immigrants are of working age, growth in the population of labour force age (15 years and over) will generally exceed that of total population.

Nevertheless, growth in the source population is projected to decrease from 1.1 per cent annually in 2006 to 0.4 per cent in 2030 as baby boomers gradually retire and

Table 1
Key Demographic Assumptions

Components	Assumptions
Population	Quebec's population growth will remain fairly constant at an annual average rate of 0.6 per cent until 2020, then decelerate, advancing by a annual average rate of 0.4 per cent over 2021–30.
Migration	Over the forecast period, on a net basis, an average of 38,471 people will settle in Quebec. Interprovincial migration will be negative over the forecast, but international migration will intensify.
Fertility rate	The fertility rate in Quebec is 1.48, well below the replacement rate of 2.1.
Natural increase in the population	The share of population growth from natural increase is projected to fall; the number of deaths will outpace births from 2022 on.

Sources: The Conference Board of Canada; Statistics Canada.

the smaller baby-bust generation makes up a greater share of the labour force. In addition, with a higher concentration of the population in older age groups (which typically exhibit lower participation rates), and a peak in female labour force participation, the overall workforce participation rate is expected to level off at 65.6 per cent in 2008. The combination of a falling participation rate and weaker growth in the source population will lead to a deceleration in labour force growth. Average annual compound growth in the labour force will decline from 1.7 per cent in 2000–05 to just 0.2 per cent between 2006 and 2030. This important drop in labour force growth will hurt potential output growth.

Chart 2
Population Increases in Older Age Cohorts
(number of people)
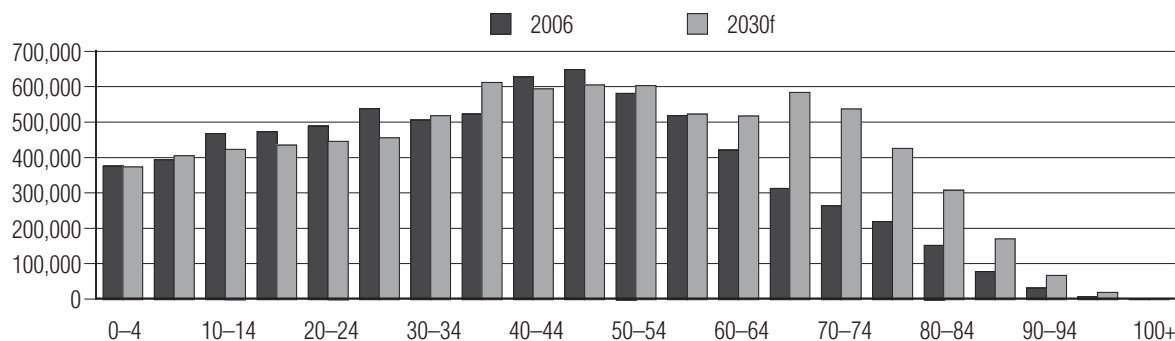
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Chart 3
Net International Migration
(annual average, thousands)
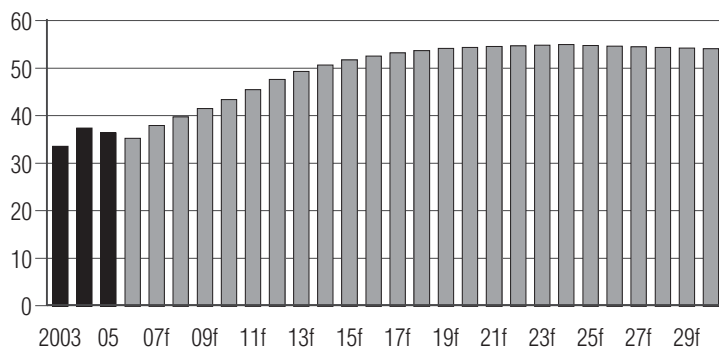
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. The difference between real GDP and the economy's potential output is called the output gap. Weak economic growth in the early 1990s resulted in a wide output gap. A surge in growth is estimated to have eliminated this gap by 2000.

Once an economy eliminates the output gap, its future non-inflationary growth is limited by the growth of potential output. Estimated potential output growth in Quebec increased from 1.6 per cent in the first half of the 1990s to 2.6 per cent over 1996–2005. (See Chart 4.) Strong capital spending is expected to help sustain the average growth rate of potential output at 2.3 per cent in 2006–10. Growth in potential output is then expected to fall to 1.7 per cent in the last 20 years of the forecast.

The potential output of an economy cannot be observed. It must be calculated on the basis of estimates of total factor productivity (TFP) and the supply of key factors of production: the capital stock and the labour force. TFP reflects the efficiency with which all factors of production are combined to generate final output. This forecast assumes that TFP growth will average 0.8 per cent over 2001–10 and that this trend will be maintained over the last 20 years of the forecast. The net capital stock is assumed to increase each year by the amount

of new investment, net of depreciation and discarded capital. The annual contribution of capital to potential output growth is expected to increase from an average of 42.5 per cent over 2006–10 to about 49.8 per cent over the last 20 years of the forecast.

GDP growth will average 2.4 per cent over the balance of the decade as the economy reaches its capacity limits.

Labour's contribution to potential output is based on the "natural rate of unemployment," which is defined as the lowest rate of unemployment that can coexist with stable wage inflation. Given structural imbalances in the labour market and normal job-search time, the unemployment rate consistent with "full employment" cannot be zero. This situation is further complicated by the existence of various income support programs (such as unemployment insurance and welfare), labour market regulations (such as the minimum wage), and the degree of unionization. With these structural factors taken into account, it is possible to derive the natural rate of unemployment as well as the economy's "potential level of employment." Conference Board of Canada research suggests that the natural rate of unemployment is currently 7.8 per cent for Quebec. This rate is assumed to decline to 6.4 per cent over the forecast period, mainly because of reduced income supports for the unemployed and a more educated workforce. Although lowering the natural rate of unemployment improves the prospects for potential output growth, its effect is more than offset by the dampening effect of slower population growth on labour force expansion. The expected decline in labour force growth will gradually lower the annual contribution of labour to potential output growth from a positive contribution in 2006 to a negative contribution starting in 2028.

Over the 1990s, the output gap was significant. However, real GDP has outgrown potential consistently since 1997, by enough to close the output gap by 2000. After a slowdown in 2001, the economy kicked back in 2002, with 2.6 per cent growth. Some momentum was lost in 2003 as growth slumped to just 2 per cent, but growth bounced back moderately to an average of 2.4 per cent in 2004–05. GDP growth will average 2.4 per cent over the balance of the decade as the economy reaches its capacity limits. For the remainder of the forecast period,

growth is expected to be roughly in line with potential. As such, Quebec will see average growth of 2.4 per cent from 2011 to 2015. Afterward, growth is forecast to slow, averaging 1.5 per cent annually over the last 15 years of the forecast period. Over the same period, the province's inflation rate, as measured by increases in the Consumer Price Index, is projected to remain well within the Bank of Canada's accepted target range, averaging 2.3 per cent.

AGGREGATE DEMAND

CONSUMPTION

Despite the challenges involved in predicting household behaviour over the long term, it can be reasonably assumed that cohorts will in general assume the spending habits of those that preceded them. Current spending patterns suggest that, contrary to earlier predictions, population aging will not immediately cause consumption patterns to shift further in favour of services. Data from the 2003 survey of household spending show that the services share of total consumption spending is highest for the youngest (under-35) and oldest (over-74) cohorts but relatively low for households aged 55 to 74. The age range of the baby boomers is now 40 to 59, which means that as household heads, they are concentrated in the 35–44, 45–55 and 55–64 cohorts. By 2030 their age range will be 64 to 83, placing them largely in the 60–69 and 70–79 household cohorts. This means that as a group, their spending habits will resemble the patterns of households presently in this cluster. Thus, given the large size of the boomer generation, consumption spending is unlikely to shift further in favour of services until after 2025, when the baby boomers start to enter the over-74 age cohort.

While demographic change will maintain the goods–services balance in total consumption spending, it is expected to contribute to a deceleration in the pace of growth in consumption outlays. Despite stronger wage growth associated with the departure of baby boomers from the labour force after 2010, slower overall population growth combined with a quickly growing elderly segment will help to trim the pace of expansion in consumption spending. As such, the average annual compound rate of expenditure growth is forecast to ease from 2.9 per cent over 2006–10 to 2.2 per cent between 2011 and 2015. Beyond 2016, growth will continue to slow, averaging 1.7 per cent during the last 15 years of

Chart 4
Actual versus Potential GDP Growth
(percentage change)
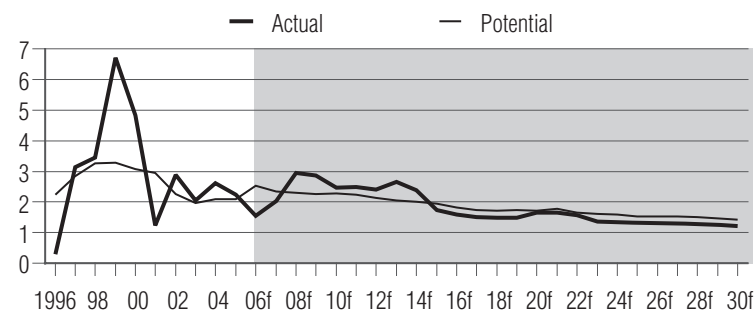
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

the forecast. As for savings, the rate will peak at 1.3 per cent in 2007. It will then ease slightly over the rest of the forecast period, averaging 0.6 per cent.

The gradual slowing projected for the labour market will also contribute to the slowdown in consumption. Employment growth is expected to ease from an annual average of 2 per cent between 1996 and 2005 to an annual average growth of 0.3 per cent over the forecast period. However, employment growth will slightly edge out labour force growth, allowing for a decline in the unemployment rate from 8.2 per cent in 2006 to 6.4 per cent by 2030.

RESIDENTIAL INVESTMENT

The housing market experienced tremendous growth from 2001 to 2004. As mortgage costs crawled up and pent-up demand was satisfied, housing starts retreated greatly in 2005, with the supply of new homes more in line with demographic needs. Recent Conference Board of Canada research suggests that there will be around 28,000 new households annually in the province in the next few years. Housing starts are expected to retreat again in 2006, from 44,017 units to 36,412 units in 2007, and residential construction will continue to lose momentum over the remainder of the decade. Since the typical baby boomer already owns a house, and since the group will be followed by a cohort with far fewer homebuyers, the number of housing starts is projected to slide gradually to 30,555 units by 2010 and finally to 18,687 units by 2030. (See Chart 5.) Projected real residential investment reflects this housing outlook, with average annual growth falling from 11.7 per cent over 2001–05 to –1.8 per cent between 2006 and 2010. Demographic requirements

Chart 5
Total Housing Starts
(units)
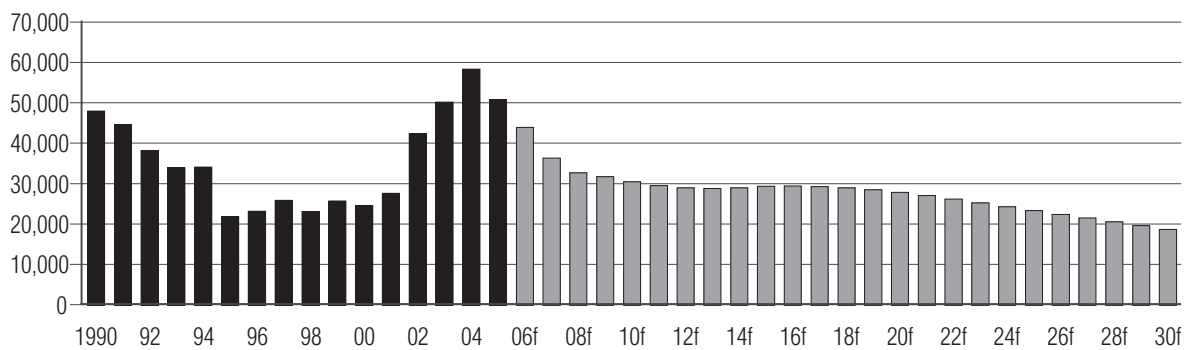
f = forecast
Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation.

and household formation indicate that residential investment will fall by an average annual compound growth rate of 0.5 per cent over 2011 to 2030.

NON-RESIDENTIAL INVESTMENT

Real non-residential investment is expected to decrease slightly in the short term, by an annual growth rate of 0.5 per cent in 2006–07. The outlook will change in 2008 with a number of projects stimulating construction over the forecast horizon. Non-residential investment is expected to increase by an average of 3.6 per cent in 2008 and 2009, and will go on growing at a good pace, averaging 1.4 per cent annually in the last 20 years of the forecast. The non-residential investment outlook in Quebec over the long term will be dominated by Hydro-Québec's capital developments.

There will be numerous power projects in Quebec over the forecast period, with a number of investment projects included in Hydro-Québec's latest five-year strategic plan. On top of ongoing capital initiatives, Hydro-Québec officially launched work on the construction of the Eastmain-1-A and La Sarcelle hydroelectric generating stations and the partial diversion of the Rupert River for hydroelectricity purposes. Continuing development of the Péribonka, Eastmain 1 and Chute-Allard-Rapides-des-Coeurs hydro-generating projects will also contribute to the construction outlook over the medium term forecast. Hydro-Québec will also purchase 3,000 megawatts (MW) of wind power from various companies in the province between 2005 and 2012. This $3-billion investment in

new wind power capacity will be made by individual companies. At the end of 2007, TransCanada will have invested a total of $500 million in Bécancours to develop a natural gas power plant. Together with Petro-Canada, TransCanada will also go forward with a $500-million investment for the construction of a liquefied natural gas terminal in Gros Cacouna over 2008 to 2010.

Business investment in machinery and equipment is expected to perform very well over the long term.

Over the longer term, additional hydroelectric projects of more speculative nature have been included in the investment outlook for the province. Between 2011 and 2015, a $5-billion hydroelectric development for 1500 MW could get under way on the Romaine River in the Mingan region. Over the following five years, another $5-billion project for 1500 MW of electricity is anticipated on the Petit Mécatina River in the Mingan region as well. Finally, the huge $10-billion development on the à la Baleine River could become a reality sometime in the decade after 2020.

A number of sectors besides energy will also be expanding. Intrawest Corporation, which has massively invested in the province in the last few years, will continue the expansion of its Mont Tremblant ski resort at a cost of $1 billion over the next decade.

The fastest growing component of aggregate demand, business investment in machinery and equipment, is expected to perform very well over the long term. Businesses will continue to invest in high-tech machinery to remain competitive in more open international markets. The telecommunications industry has overcome difficulties following the Y2K spending frenzy, and growth in exports of technological products jumped by double digits in 2005. Average annual compound growth in machinery and equipment investment will slow from 5.8 per cent over 2006–15 to a still respectable 3.7 per cent between 2016 and 2030.

FISCAL OUTLOOK

The Quebec government is in a constant struggle to avoid running fiscal deficits. Over 2006–10, real government spending on goods and services will increase by an annual compound growth rate of 2.2 per cent. With rising health-care costs over the longer term, the provincial government has little room to cut taxes further, so this provincial outlook does not incorporate any fiscal relief.

In the long term, our forecast for spending on government goods and services will be driven by opposing factors: slowing revenue growth and fiscal capacity and the spending growth required by rapid increases in the number of people aged over 65, and an increase in the number of schoolchildren after 2020. Therefore, real government spending on goods and services will average 1.6 per cent between 2011 and 2030.

TRADE PROSPECTS

Export-oriented manufacturing industries in Quebec made strong gains between 1996 and 2000 in tandem with a booming U.S. economy. When U.S. demand turned anemic in 2001, however, the trade sector suffered deeply. In addition, the rapid appreciation of the Canadian dollar between 2003 and 2006 affected competitiveness and real export gains. Real exports from Quebec grew only moderately, by an annual compound growth rate of 1.1 per cent, over 2003–05, compared with compound growth of 9.5 per cent from 1996 to 2000.

Plant closures and relocations to lower-wage countries have made headlines repeatedly over the last few years in Quebec. Central Canada, the heartland of the manufacturing industry, has suffered from the rapid rise of the Canadian dollar. As if that were not enough,

higher energy costs have been plaguing manufacturers. Threatened by fierce overseas competition, the paper industry is especially suffering from this conjuncture and is therefore experiencing significant downsizing. With mergers and modernization plans, more paper plants may shut down in the next several years.

With rising health-care costs over the longer term, the provincial government has little room to cut taxes further.

The aerospace industry rebounded in 2005, with real exports of airplanes and airplane components nearly 10 per cent higher than in 2004. This has helped strengthen trade prospects: aerospace is one of the most important export sectors, contributing to almost 20 per cent of all exported goods. However, Bombardier has been forced to reduce its workforce in Montréal and abroad, and exports of airplanes had a poor performance in 2006. With a low backlog of orders and the uncertain financial health of some of its American clients, the transportation giant suspended production of one regional jet at the beginning of 2006. The outlook for the aerospace sector has improved since then. In the last half of 2006, Bombardier obtained a contract, worth more than US$700 million, from Italian carrier My Way Airlines for 19 jets. Bombardier has also secured a large contract for $1.5 billion with Northwest Airlines for 36 CRJ900 planes; the order could rise to $5.2 billion if the company exercises all of its options. Except for airplane assembly, the aerospace sector is in good shape, with the export of airplane engines and parts up by nearly 20 per cent in the first ten months of 2006.

Bombardier must secure orders from major airlines before moving ahead with its next major initiative, the CSeries project. The company should make a final decision whether to go forward with the project early in 2007. If Bombardier is able to build its CSeries jets, about 5,000 new assembly jobs will be created in the Montréal area—half at Bombardier and half with suppliers—together with a minimum of 3,000 component-building jobs. Bombardier forecasts a need for 5,800 aircraft of between 100 and 149 seats in the next 20 years, either to replace an inventory of 4,080 older model units or to answer growing demand for 1,720 new units. While the

immediate situation for the aerospace industry is not what it was just a few years ago, longer term prospects are quite favourable, as Bombardier is well positioned to benefit from international demand for smaller and more fuel-efficient jets. The company continues to adapt its aircraft production line to remain competitive in global markets. Many smaller, internationally renowned aerospace companies that manufacture engines, parts or flight simulators also crank up Quebec's exports of aerospace products. In particular, robust requirements for military purposes south of the border, the hot energy sector and strong Asian demand have brightened the outlook for Bell Helicopter Textron; the Mirabel company intends to double its production within the next eight years.

Total export growth will subside to an average of 2.4 per cent per year in the last 20 years of the forecast period. The contribution of net exports to GDP growth will be limited over the long term as exporters will have to contend with a Canadian currency hovering around US$0.84 and a moderation in U.S. economic growth.

Overall, the United States is expected to record average annual real GDP growth of 2.9 per cent between 2005 and 2010, with growth slowing to an average of 2.8 per cent from 2011 to 2020 and 2.5 per cent over the last 10 years of the forecast. The manufacturing sector will also contribute strongly to the advance in exports, particularly in the telecommunications, transportation equipment, biotechnology, and metal and alloys sectors.

Imports are expected to post relatively robust growth over the forecast period.

Imports are expected to post relatively robust growth over the forecast period because of the high import content of machinery and equipment investment. Real imports are forecast to increase at an average annual compound rate of 3.5 per cent between 2005 and 2010, and 2.5 per cent over the last 20 years of the forecast.

Ontario

OVERVIEW

The economic outlook for Ontario will remain tempered over the near term. Real gross domestic product (GDP) at market prices is expected to advance by 1.7 per cent in 2006 and by 2.4 per cent in 2007. The manufacturing industry is bracing for additional challenges, as weakening consumer demand south of the border will certainly not pull it out of the abyss. Manufacturing output defied the appreciation of the Canadian dollar over the past few years by making gains, but a sharp slowdown in the auto sector is expected to contract real manufacturing output in 2006. With the auto industry restructuring dramatically in response to dwindling U.S. vehicle sales, prospects are modest for manufacturers. Nevertheless, a solid performance by a number of industries—chemical, electrical equipment, machinery and equipment, and refined petroleum and coal products—should enable real total exports to post a better performance in 2007 than in 2006.

The trade sector will continue to weigh on economic growth as imports continue to grow firmly to satisfy the sturdy demand for machinery and equipment and consumer goods. The declining trade balance will chop 2 percentage points from GDP growth in 2006 and 0.6 percentage points in 2007. Stabilizing in 2008, the trade balance should make a small, positive contribution to the economy.

Strong domestic demand will continue to bolster economic activity. Business investment and consumer spending are expected to remain robust. Limited spare capacity in the commercial and industrial markets combined with moderate financing rates will continue to encourage investment in non-residential sectors. Furthermore, public spending commitments to upgrade energy and transportation infrastructure will support the near-term investment forecast.

A solid performance by a number of industries should enable exports to post a better performance in 2007.

Between 2008 and 2011, as prospects improve south of the border and the Canadian currency stabilizes to an average of US$0.854, Ontario should fare much better, with real GDP growth rebounding to 3.4 per cent. The Ontario economy will be among the strongest in Canada over the long term, trailing only Alberta and expanding by a compound annual rate of 2.7 per cent over 2006–30. (See Chart 1.)

Potential output growth is estimated to grow by 2.9 per cent per year on average from 2006 to 2015 and 2.6 per cent over 2016 to 2030. Two key factors will reduce the economy's capacity to expand. First, the proportion of retirees in the population will rise considerably, constraining

Chart 1
Real GDP at Market Prices
(average annual compound growth rate)

■ 10 years   ■ 5 years
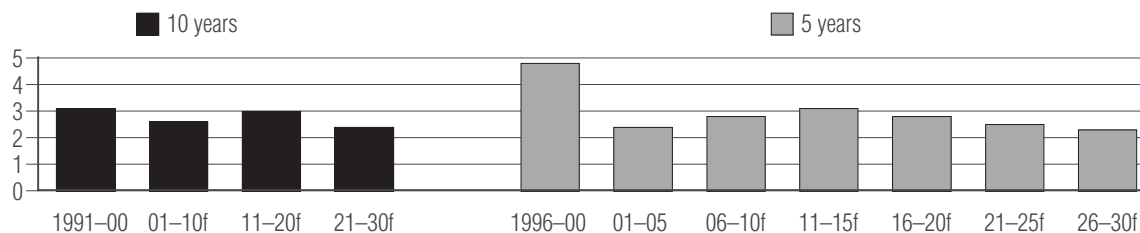
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

long-term potential labour force growth. Second, the growth of total factor productivity (TFP) is expected to slow as the forecast wears on, as it is assumed that the current pace of technological change will ease.

DEMOGRAPHIC PATTERNS

One of the key determinants of the long-term outlook for Ontario is the demographic projection. Emerging population trends are a crucial factor in the calculation of potential output and the forecasting of future spending patterns. The principal features of Ontario's demographic outlook are the aging of the population, the slowing natural rate of population growth, and the increase in international immigration as a share of the total population. (See Table 1.)

The age structure of Ontario's population will undergo a dramatic shift over the 2006-to-2030 period. (See Chart 2.) The population aged 65 and over, which is estimated to have accounted for 12.9 per cent of the population in 2006, will rise in importance over the outlook, comprising 20.6 per cent of the population by 2030. This shift is primarily the result of the aging of the postwar baby-boom population. Baby boomers are

currently aged 40–59, with the largest segment of the cohort between 40 and 44 years old. This cohort will move on to the 60–79 age bracket by the end of the forecast, with a concentration in the 65–69 range. The aging of the population is one of the key features of the current outlook; its implications for overall growth in the economy and the composition of that growth are far-reaching.

The decline in population growth over the long term will be offset by the increase in immigration.

The natural rate of increase in Ontario's population (the excess of births over deaths) is expected to decline steadily over the forecast horizon, falling from 41,101 in 2006 to 25,805 in 2030. This is partly owing to the gradual decline in the birth rate as the population ages and is replaced by a smaller childbearing cohort. In contrast, the death rate is expected to climb steadily throughout the forecast period. Although improved health care and nutrition have increased life expectancy, the rapid aging of the population will cause the number of deaths to increase by 1.8 per cent per year on average during 2006–30. In comparison, the annual average number of births is expected to increase by 0.9 per cent.

The forecast assumes that population growth will be supported by an increase in net immigration. Net international immigration for Ontario is expected to increase gradually from 113,510 in 2006 to 162,652 in 2030. With the natural rate of increase in the population slipping, net international immigration to Ontario is projected to account for approximately 84 per cent of the total annual increase in the province's population by the end of the forecast period. With solid economic potential in Alberta, the province will continue to face negative net interprovincial migration until 2010. Afterward, net interprovincial migration will favour Ontario, averaging 1,055 over 2011–20 and 1,671 over the last decade of the forecast. (See Chart 3.)

In total, the projected decline in the natural rate of population growth over the long term will be offset by the increase in net immigration. Consequently, modest population growth is expected in Ontario over the forecast period; compound annual population growth is projected to be 1.3 per cent from 2006 to 2030. However,

Table 1
Key Demographic Assumptions

Components	Assumptions
Population	Ontario's population is expected to grow at an annual average rate of 1.3 per cent over 2006 to 2030, and the average age of the population will steadily increase.
Provincial migration to turn around	Ontario's net interprovincial migration will remain negative until the end of the decade, then recover, averaging 1,363 people per year between 2011 and 2030.
International migration to pick up speed	Net international migration will drive population growth, rising from 113,510 people in 2006 to 162,652 people in 2030.
Fertility rate	The fertility rate in Ontario is 1.49, well below the replacement rate of 2.1.
Natural rate increase in the population	The natural rate of increase in the population (births minus deaths) will continue to rise until 2019–20, then to fall steadily until the end of the forecast.

Sources: The Conference Board of Canada; Statistics Canada.

Chart 2
Population Increases in Older Age Cohorts
(number of people)

Legend: ■ 2006 ■ 2030f

[Bar chart with y-axis from 0 to 1,400,000 in increments of 200,000, x-axis age cohorts: 0–4, 10–14, 20–24, 30–34, 40–41, 50–54, 60–64, 70–74, 80–84, 90–94, 100+]
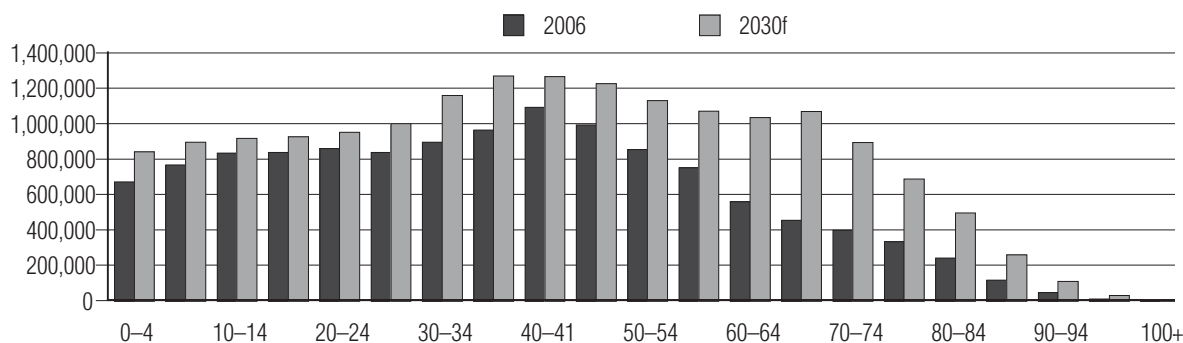
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

the aging of the population will lead to a pronounced slowing in the growth rate of the population of labour force age. Annual labour force growth is expected to slow from 1.5 per cent over 2006–15 to 1.3 per cent from 2016 to 2030.

POTENTIAL OUTPUT AND PRODUCTIVITY

The long-term economic forecast for Ontario is based on the concept of potential output—that is, the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. Potential output is not directly measured and, as such, the Conference Board uses a structural production function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form in which the mix of labour, capital and technical efficiency is modelled to produce potential output. With this assumption, our estimate of potential output depends on potential employment, capital and trend total factor productivity.

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. Under these conditions, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

Chart 3
Net Interprovincial Migration
(persons)
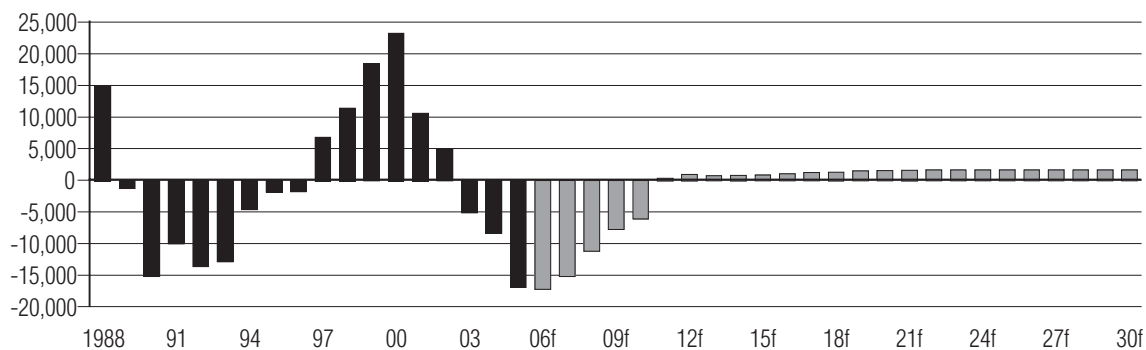
[Bar chart with y-axis from -20,000 to 25,000 in increments of 5,000, x-axis years from 1988 to 30f]

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. Unemployment resulting from workers in transition is expected to decline over the forecast. This will occur because there will be an increase in the average age of the labour force, and older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to trend gradually downward over the forecast period, contributing positively to labour potential.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems and early retirement. The overall participation rate is expected to decline sharply over the next 25 years as a significant share of baby boomers move into their retirement years. On balance, the negative effects of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output growth will decline steadily over the long term.

The overall participation rate is expected to decline sharply over the next 25 years as a significant share of baby boomers move into their retirement years.

The value of Ontario's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock. Instead, we assume that productive capital is accurately measured and that the level of capital available in the economy at any time is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will remain steady, with an average of about 1.1 percentage points per year over the 2006–30 period.

The technical efficiency with which capital and labour are utilized to produce output is measured by total factor productivity. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output that are not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contribute to the productive capacity of the economy.

Over the medium term, the economy will expand at a real average rate of 3 per cent.

TFP fluctuates considerably over the business cycle. The reasons for this are wide-ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to continually invest in productivity-enhancing technology and skills development of their workforce, helping to maintain growth in TFP. The contribution of TFP to growth in potential will be a little stronger than with recent historical performance, roughly 0.9 per cent annually over the forecast horizon.

When actual real GDP diverges from potential output, an economy is said to have an output gap. Over the medium term, the economy will expand at a real average rate of 3 per cent, slightly outpacing estimates of potential growth. As a result, the output gap that opened early in this decade will narrow, closing around 2011. Economic growth over the remainder of the long-term forecast is expected to stay close in potential output—that is, to trend down slightly over the 2012–30 period. (See Chart 4.) The output gap will remain more-or-less closed over the forecast horizon. As such, the Consumer Price Index

is projected to remain within the Bank of Canada's accepted target range, averaging 2.4 per cent between 2016 and 2030.

AGGREGATE DEMAND

CONSUMPTION

The demographic shifts expected over the long term will also be felt in the household sector. The unfolding of this process will change not just the pace of growth of consumption expenditures, but also the type of spending that occurs.

In line with the pattern of potential output, employment growth will decelerate in the outer years of the forecast, shrinking to an average 0.9 per cent over 2016–30, compared with an average annual increase of 1.6 per cent from 2006 to 2015. However, even this lower growth pace will be enough to keep the labour market very tight over the long term, with the unemployment rate standing at 5.4 per cent in 2030. This tightness in the province's labour market will lead to relatively healthy increases in average wage growth throughout the forecast.

The savings rate will rise gradually over the short term, peaking in 2018.

While demographic change will maintain the goods–services balance in total consumption spending, it is expected to contribute to a deceleration in the pace of growth in consumption outlays. Despite stronger wage growth associated with the boomer-driven labour shortage after 2010, slower overall population growth combined with a quickly growing elderly segment will help to trim the pace of expansion in consumption spending. As such, the average annual compound rate of expenditure growth is forecast to ease from 3.1 per cent over the 2006–15 period to 2.4 per cent from 2016 to 2030. The savings rate will rise gradually over the short term, peaking at 2.9 per cent in 2018. It will then gradually ease over the rest of the forecast period, reaching 1.1 per cent in 2030.

INVESTMENT

Housing construction has been booming in recent years, with total starts peaking at close to 85,000 units over 2003 and 2004—the highest levels since the late

Chart 4
Actual versus Potential GDP Growth
(percentage change)
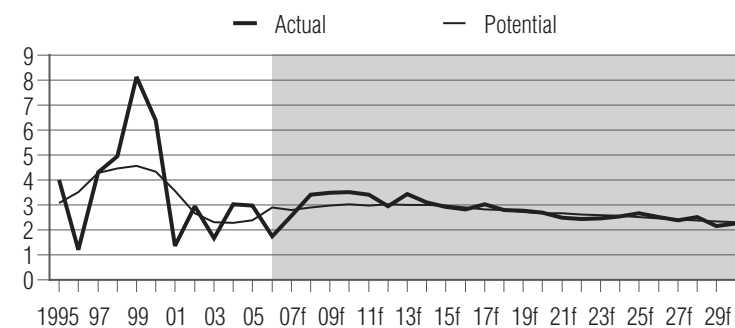
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

1980s. Although housing starts are well above demographic requirements in most provinces, as indicated by the number of new households Ontario is not facing such a situation at the moment. Strong international immigration into the province will continue to stimulate the residential sector. Therefore, housing starts are expected to remain relatively strong, averaging 79,600 units between 2006 and 2015 and increasing to an average of 89,600 units over the 2016–30 period. As the preferences of an aging population shift toward lower maintenance residences, significant declines in single housing starts are expected over the long term. (See Chart 5.) Meanwhile, the demand for multiple housing dwellings is expected to increase. By 2030, it is estimated that 73 per cent of all new construction will be of multiples, compared with 51 per cent in 2006.

Real residential investment will follow a relatively slow growth path over the long term, increasing by an average of 1.6 per cent over 2006 to 2030. Growth will be held back by soft investment for new housing, which will rise by an average of only 0.6 per cent. Consumer housing budgets will be more focused on altering, renovating and improving the existing housing stock to suit an aging population. As such, average annual spending on existing homes is expected to grow by 2.5 per cent.

After gaining momentum during 1996–99, non-residential investment declined over 2000–03 as the lower use of production capacity meant that industries were able to respond to demand without investing much in construction. As industrial capacity utilization rates increase over the short term, businesses will be encouraged to invest in new commercial and industrial space.

Chart 5
Total Housing Starts
(units)
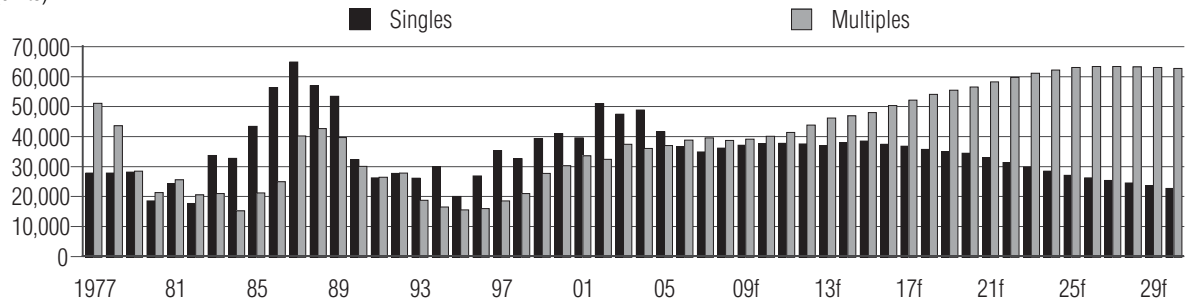
■ Singles   ▨ Multiples

f = forecast
Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation.

As a result, non-residential investment is expected to recover somewhat over the medium term, rising on average by 1.8 per cent over 2006–10. With the subsequent easing of overall economic growth, non-residential construction is expected to advance at a moderate pace, growing by an average compound growth rate of 2.1 per cent from 2016 to 2030.

The stronger Canadian dollar is providing every incentive for businesses to upgrade.

The explosive growth of investment spending on machinery and equipment in Ontario over the last decade is transforming the economy. The strong growth is mainly attributable to spending on computers, which is expected to persist in the medium term. As a result, investment in machinery and equipment is projected to be the spending growth leader over the entire forecast horizon. Growth in machinery and equipment investment will be fuelled in the medium term by a push to remain competitive in the rapidly expanding, low-inflation, more open international marketplace. Moreover, as much of the machinery and equipment used in Ontario is imported, the stronger Canadian dollar is providing every incentive for businesses to upgrade sooner rather than later. Consequently, investment in machinery and equipment is forecast to remain strong over the medium term, increasing by average annual compound growth of 7.1 per cent from 2006 to 2010.

With most of the restructuring in place and with a maturing in semiconductor technology, growth in machinery and equipment investment will ease to a

still-respectable 4.4 per cent from 2016 to 2030. As the pace of computer technology growth slows, the service life of the average new computer is expected to stabilize and perhaps even lengthen, meaning that Ontario companies will not have to replace their computer equipment as often as they do today. However, the need to invest will remain strong, as firms in Ontario will face labour shortages in the latter years of the current outlook with the gradual retirement of the baby boomers.

Increased demand from an aging population for health-care services will put pressure on the provincial government to invest in health infrastructure. Along with construction of hospitals and other medical facilities will come heavy spending on machinery and equipment. Moreover, technological developments are expected to increase the pressure to invest as Ontario's aging baby boomers demand state-of-the-art medical technology.

GOVERNMENT

New accounting practices helped Ontario realized a surplus in fiscal 2005–06. After two years of deficits, Ontario recorded a modest surplus of $298 million, a far cry from the $2.796-billion deficit forecast in the 2005–06 provincial budget. The fiscal turnaround is attributed to changes in accounting policies and higher-than-expected tax revenues. Higher personal and corporate tax revenues were the main reason that revenues for the fiscal year were $2.2 billion over the level projected in the 2005 budget.

Despite the boost in revenues, without the changes in accounting practices the government of Ontario would have recorded a modest $151 million deficit. Previously,

grants to hospitals, school boards and colleges—broader public sector (BPS) organizations—were reported as expenses in the relevant ministry. To eliminate double counting and match revenues to expenses, the grants plus (minus) the BPS organizations' operating surpluses (deficits) are now included as provincial ministry expenses. Expenses before consolidation were actually $898 million higher than expected in the 2005 Budget. However, consolidating the BPS organizations decreased the province's expenses by $459 million.

The Ministry of Finance has also exercised fiscal prudence by including a reserve fund of $1 billion in 2006–07 and $1.5 billion in 2007–08 and 2008–09 to protect the fiscal plan against unforeseen events. If the reserves are not required, the deficit is projected to be $900 million in 2006–07 and $700 million in 2007–08, and a surplus of $500 million is projected for 2008–09.

TRADE

The large appreciation of the Canadian dollar over the last three years has dealt a major blow to Ontario's manufacturing-intensive export sector. Manufacturers, especially those industries requiring significant labour input, are struggling to restructure their businesses in an effort to remain competitive. And while jobs continue to be shed, it seems clear that manufacturers are for the most part intent on staying in Ontario and remaining competitive by investing heavily in productivity-enhancing machinery and equipment. Looking ahead, the trade sector is expected to contribute once again to real GDP growth over the medium term. However, the contribution of net exports to GDP growth will be limited as exporters face moderating U.S. economic growth.

Total exports are projected to grow an average annual compound rate of 3.3 per cent over 2006–15 and then to ease to a pace of 3.1 per cent from 2016 to 2030. Slower U.S. real GDP growth, combined with a strong Canadian dollar averaging around US$0.84 throughout the forecast, will be largely responsible for weighing down export activity. (See Chart 6.) While growth in exports will be much softer than the average growth of 6.6 per cent recorded in the 1990s, exports will continue to grow as a share of total GDP throughout the forecast period— rising to 77 per cent in 2030 from 68 per cent in 2006.

The large appreciation of the Canadian dollar has dealt a major blow to Ontario's manufacturing-intensive export sector.

A strong Canadian currency has helped to elevate imports, but growth will be eased by weaker consumer imports as the pace of household spending slows over the long term. Hence, like exports, imports are projected to increase at a decreasing rate over the forecast period, with growth easing from an average annual compound rate of 3.7 per cent over 2006–15 to 3 per cent from 2016 to 2030.
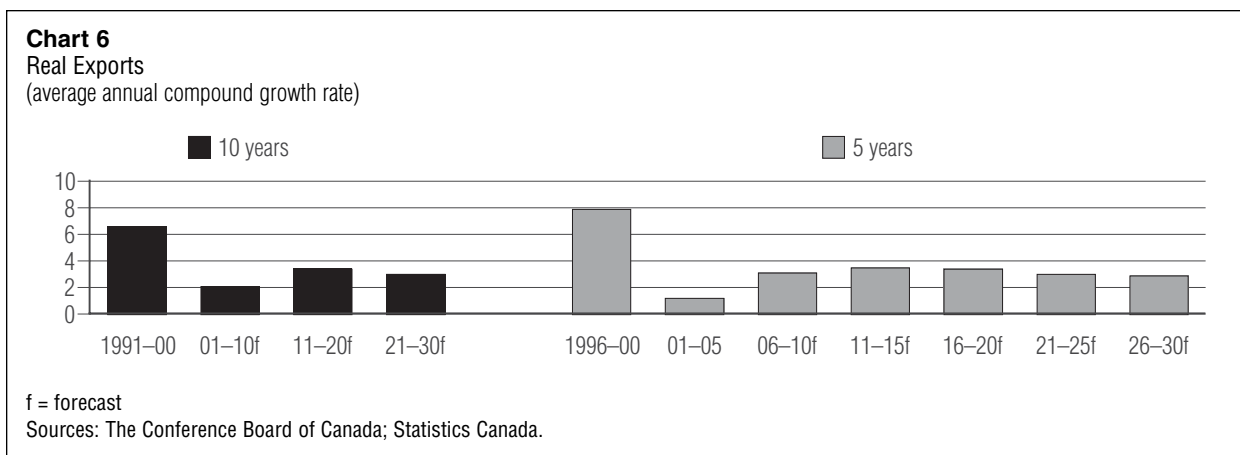
Chart 6
Real Exports
(average annual compound growth rate)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Manitoba

Manitoba is expected to enjoy a relatively healthy economy over the next 25 years, in good part thanks to a diversifying and expanding manufacturing sector, solid employment growth, and strong government spending. The economy is expected to grow by an average annual compound growth rate of 2.4 per cent over 2006–30. (See Chart 1.)

Manitoba's long-term economic health will slow interprovincial out-migration and strengthen immigration. With both of these factors helping to offset a declining natural rate of population increase, the population growth rate will hold steady over the forecast period. However, the low fertility rate of baby boomers will result in an aging population plus a sharp deceleration in labour force growth. The aging of the population will further strain an already overburdened health-care sector, forcing the government to devote a greater share of its spending to this area.

Manufacturing will remain the strongest component of output over 2006–30, with growth of 3.2 per cent, compounded annually. Even with some short-term challenges in the cattle industry, Manitoba's agriculture outlook remains healthy over the period, with an annual compound growth rate of 2.4 per cent.

DEMOGRAPHIC PATTERNS

Demographic trends play an important role in long-term economic forecasting. The growth and changing age structure of the population are major determinants of the structure of the labour force, which is an essential component of potential output. Moreover, the demographic profile of the population strongly affects overall demand, influencing the relative strengths and weaknesses of various economic sectors.

The aging of the population will further strain an already overburdened health-care sector.

A province's population profile is determined by three factors: the natural rate of increase (births minus deaths), interprovincial migration, and international immigration. (See Table 1.) The aging of Manitoba's population will slow its natural rate of increase after 2022–23 and will lead to an increase in the death rate, even with increases in life expectancy. At the same time, growth in the number of births in the province will weaken off after 2015–16 as the prime childbearing years end for baby boomers. A fertility rate below the replacement rate

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

■ 10 years   ■ 5 years

1981–90 91–00 01–10f 11–20f 21–30f   1996–00 01–05 06–10f 11–15f 16–20f 21–25f 26–30f
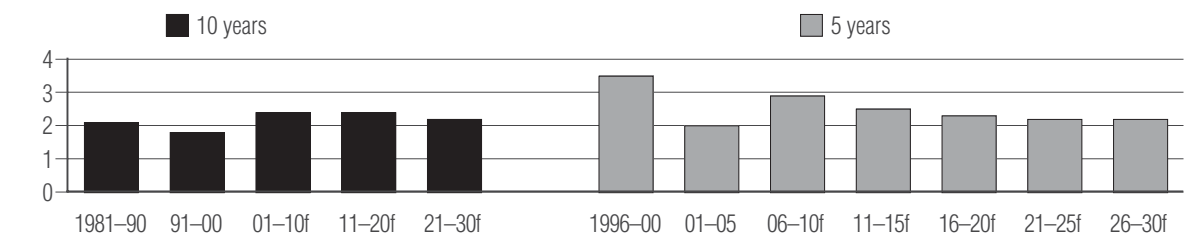
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

will further compound the issue. Manitoba's women of childbearing age are assumed to give birth to an average of 1.81 children over the forecast period—one of Canada's highest provincial fertility rates but short of the replacement rate of 2.1.

Manitoba's population movements between 2006 and 2030 provide graphic evidence of the aging population. (See Chart 2.) The key demographic factor behind this phenomenon is the baby-boom generation. A substantial portion of the baby boomers will be in their retirement years by the end of the forecast. In fact, by 2030, the 65-and-over age cohort is expected to constitute approximately 19.7 per cent of the total population. This will have major consequences for the economy.

The continuous population outflow to other provinces will also suppress Manitoba's population growth. (See Chart 3.) On the bright side, net interprovincial migration should become less negative over the forecast period as growth in the manufacturing and high-tech sectors, combined with government measure to retain and attract young people (such as the recently announced tuition tax credit), generate more employment opportunities and slow out-migration. After an average annual loss of 2,355 persons to interprovincial migration between 2006 and 2015, Manitoba is estimated to lose 1,191 persons annually over 2016–30.

Historically, most new Canadian immigrants choose to live in major urban centres, largely those in Ontario, Quebec and British Columbia. This means that few

international immigrants move into smaller provinces, such as Manitoba. However, this tendency may be changing. For the same reasons that are expected to entice more Manitoba residents to stay in the province, a greater number of immigrants are forecast to come into the province. On average, 8,939 international immigrants per year are expected over 2006–15, and Manitoba is forecast to attract an average of 10,859 international immigrants per year between 2016 and 2030.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population	Manitoba's population is expected to grow at an annual average rate of 0.9 per cent over 2006 to 2030, but the average age of the population will steadily increase.
Migration	Net interprovincial migration will continue to decline over the next 25 years, losing on average 1,656 people per year. But net international migration will jump from an average of 6,397 people in 2006 to 9,166 people in 2030.
Fertility rate	The fertility rate in Manitoba is 1.81, second highest among the provinces, but below the replacement rate of 2.1.
Natural increase in the population	The natural increase (deaths minus births) is expected to go up until 2023 and then to begin to decline, adversely affecting population growth.

Sources: The Conference Board of Canada; Statistics Canada.

Chart 2
Population Increases in Older Age Cohorts
(number of people)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Chart 3
Net Interprovincial Migration
(number of people)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Strengthening of international immigration to Manitoba throughout the forecast period will more than offset the outflow of interprovincial migrants. Consequently, the province can expect to gain an average of 7,452 persons per year on a net basis over 2006–15 and an average of 9,254 persons per year on a net basis in later years of the forecast. This positive net migration will help offset the slowing of the natural rate of increase, resulting in a steady population growth rate throughout the forecast period. The annual compound growth rate for total population in Manitoba is forecast to be 0.9 per cent over 2006–30, raising total population from 1.177 million in 2006 to 1.471 million by the end of 2030 and maintaining Manitoba's status as the country's fifth largest province.

LABOUR FORCE

Labour force growth is determined by changes in the working-age population—that is, the number of people aged 15 and over—and movements in the participation rate. Because the fertility rate in Manitoba is below the replacement rate, average annual compound growth of the working age population is expected to remain soft over the long term, growing by 1 per cent from 2006 to 2030. The labour force participation rate is expected to continue growing until 2011, to 69.9, before steadily declining to 65.9 by the end of the forecast. More baby boomers will be retiring, and there will be an easing in the number of women entering the labour force. Combined with modest population growth, lower participation rates will translate into compound annual labour force growth of 1 per cent from 2006 to 2015 and 0.6 per cent between 2016 and 2030.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. Potential output is not directly measured and, as such, the Conference Board uses a structural production function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential output. With this assumption, our estimate of potential output depends on potential employment, capital, and trend total factor productivity (TFP).

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. When operating at economic capacity, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. It is expected that unemployment resulting from workers in transition will decline over the forecast. This will occur because there will be an increase in the average age of the labour force, and older workers are not as likely to quit their jobs to look

for other work. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to labour potential.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems and early retirement. Consequently, the overall participation rate is expected to decline sharply over the next 25 years as a significant share of baby boomers move into their retirement years. On balance, the negative effects of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, the average annual contribution of labour to potential output will decline gently over the long term—from 0.5 per cent between 2006 and 2015 to 0.4 per cent between 2016 and 2030.

Over the long term, trend TFP growth is expected to be robust.

The value of Manitoba's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock; instead, we assume that productive capital is accurately measured and that the level of capital available in the economy at any time is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 1 per cent per year over the 2006–30 period.

The technical efficiency with which capital and labour are utilized to produce output is measured by total factor productivity. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at

basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contribute to the productive capacity of the economy.

TFP fluctuates considerably over the business cycle. The reasons for this are wide ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce, helping to maintain growth in TFP. The contribution of TFP to growth in potential will remain in line with recent historical performance, roughly 1 per cent annually over the forecast horizon.

When actual real GDP diverges from potential output, an economy is said to have an output gap. Manitoba's historical dependence on primary industries, especially agriculture, has caused wider swings in actual growth than is normal for a developed economy. Actual real GDP growth is expected to be close in line with potential growth over the long term. (See Chart 4.) Potential GDP is expected to grow at an average of 2.4 per cent over the forecast period.
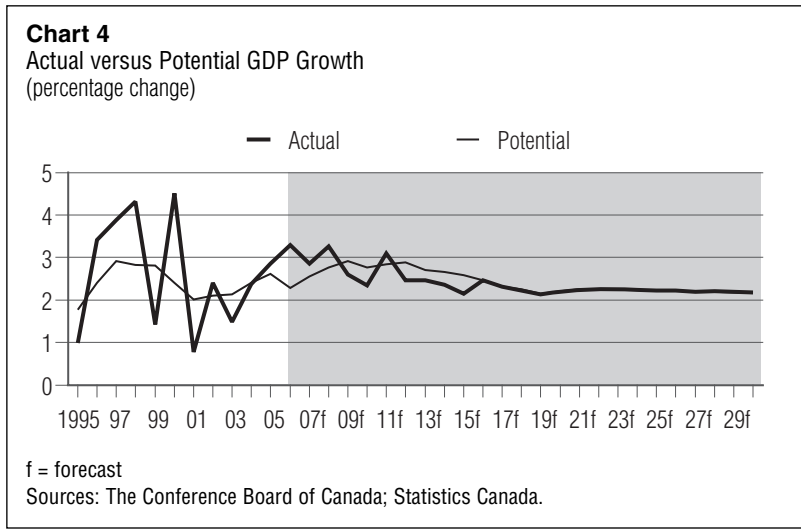
Chart 4
Actual versus Potential GDP Growth
(percentage change)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

AGGREGATE DEMAND

CONSUMPTION

Nominal spending on consumer-related goods and services will be relatively strong over the long term, with annual compound growth of 4.1 per cent over 2006–30. As the baby boomers approach and reach retirement age, they will gradually spend more of their disposable income on services, such as health care and travel, especially after 2025, and less on durable goods, such as cars and large appliances. Specifically, the proportion of total consumption expenditures on services (excluding rent) is expected to increase from 35 per cent in 2006 to 43 per cent by 2030, while the proportion of total consumption expenditures on goods is expected to fall from 47 per cent in 2006 to 40 per cent in 2030. The share taken by the third and final component of consumer spending—consumer spending on rent (which includes imputed and paid rent)—will remain unchanged at 18 per cent throughout the forecast period.

INVESTMENT

In recent years, most of the private non-residential investment spending on non-energy projects in Manitoba has been concentrated in the manufacturing sector. This expansion has fuelled several industries, including agri-food, aerospace and transportation equipment. The provincial aerospace industry, which has grown into one of the largest in the nation, promises to be a force within Manitoba's manufacturing sector well into the next decade. This diversification better positions the province to withstand shocks to individual industries. In the medium term, several large-scale projects will contribute to robust growth of non-residential investment spending, including a new terminal at the Winnipeg International Airport ($572 million, 2006–09) and Red River Floodway expansion (private share $533 million, 2005–09). Private non-residential investment spending on non-energy projects is forecast to grow annually by 5.8 per cent (nominal) over 2006–15 and by 4.8 per cent from 2016 to 2030.

Non-residential energy investment spending in the province will be driven by four large-scale hydroelectric power projects by Manitoba Hydro scheduled for construction over the first half of the forecast period. The first project is the $1-billion, 200-megawatt Wuskwatim generating station near Nelson House. The project received all regulatory approvals and got underway in August 2006.

The generating station is expected to be finished in six years. Three other project proposals are the $1-billion, 600-megawatt Gull generating station, scheduled for 2010–15; the $200-million, 100-megawatt Notigi generating station, scheduled for 2009–14; and the 1380-megawatt Conawapa generating station—the largest hydroelectric project ever built in northern Manitoba—scheduled for 2011–19. Some risks are associated with the timing of the projects and they may not go ahead as proposed. In total, private non-residential investment spending on energy projects is expected to grow at an annualized rate of 12.9 per cent (nominal), compounded annually, between 2006 and 2015 and to moderate to 0.7 per cent growth from 2016 to 2030 once the hydro projects are completed.

Non-residential energy investment spending in the province will be driven by four large-scale hydroelectric power projects.

Government investment spending is also anticipated to post strong growth over the forecast period. The primary focus will be in health care, with the construction of new hospitals, the conversion of old hospitals to long-term care facilities and the purchase of new equipment. Meanwhile, public spending on primary and secondary education will decline as the echo generation—the children of the baby boomers—leave high school. Mitigating this negative pressure is the need for spending on post-secondary education to expand to keep pace with increased demand, as more members of the echo generation enrol in college and university. The provincial government will also need to spend money on upgrading and improving Manitoba's infrastructure, such as sewage systems, waterlines and roads. Overall public and private non-residential investment is forecast to grow at 8.3 per cent (nominal), compounded annually, between 2006 and 2015 and at 3.2 per cent between 2016 and 2030.

Growth in private residential investment is expected to be fairly robust over the forecast period. Private investment in residential construction is expected to advance by 6.3 per cent (nominal), compounded annually, between 2006 and 2015 and 3.8 per cent between 2016 and 2030. Total housing starts are expected to grow by 2.2 per cent, compounded annually, from 2006 to 2015 and then to gain 0.6 per cent from 2016 to 2030. Housing starts are expected to average roughly 5,947 units per year over

2006–30. Over the forecast period a structural change will take place within the housing sector. Most elderly people opt to live in apartment buildings or retirement homes; as the province's population ages, the demand for multi-family dwellings will increase, while the demand for single-family dwellings will decline. Because of this, a greater proportion of total housing starts will be multi-family dwellings. (See Chart 5.) Indeed, multi-family dwellings are expected to comprise 56.5 per cent of total housing starts in Manitoba by 2030, compared to 32.1 per cent in 2006, while the share of single-family starts will decline to 43.5 per cent in 2030 from 67.9 per cent in 2006.

GOVERNMENT

Manitoba's provincial government successfully tackled its deficit with budget cuts in the early 1990s. The effort paid off with ten consecutive balanced budgets, beginning in the 1995–96 fiscal year. In 1999 began what is expected to be a period of sustained long-term growth in government spending. In fact, the annual compound growth rate of nominal government spending on goods and services—a respectable 4.4 per cent from 1996 to 2005—is projected to be strong throughout the forecast at 4.8 per cent from 2006 to 2030. Much of the spending will be directed toward health care to meet the demands of the aging population. This expenditure growth will be financed in part by the federal government through significant increases in transfer payments, particularly the Canada Health and Social Transfer. The increase in federal transfers will also enable the provincial government to increase spending with little or no fiscal belt-tightening.

INDUSTRY ANALYSIS

Manitoba was exclusively an agri-food and central shipping centre for many years, but the province has successfully expanded its manufacturing sector to include aerospace, information technology and telecommunications, transportation equipment, farm equipment and machinery, health care products, apparel, and wood processing and building products. The province's manufacturing sector is becoming more diversified every year, and it will play an increasingly significant role in Manitoba's output growth moving forward.

The annual compound growth rate of nominal government spending on goods and services is projected to be strong throughout the forecast.

Manitoba is at the northern end of the Mid-Continent Trade Corridor, which runs through the midwestern United States to Mexico, and potentially further south. Trade within the corridor has increased substantially since the North American Free Trade Agreement (NAFTA) came into effect in 1994. NAFTA has been a boon to the province's manufacturers, promoting further investment in the sector. As a result, manufacturing is expected to grow by 3. 5 per cent, compounded annually, over 2006–15 and 3.1 per cent from 2016 to 2030. (See Chart 6.)

Chart 5
Total Housing Starts
(units)
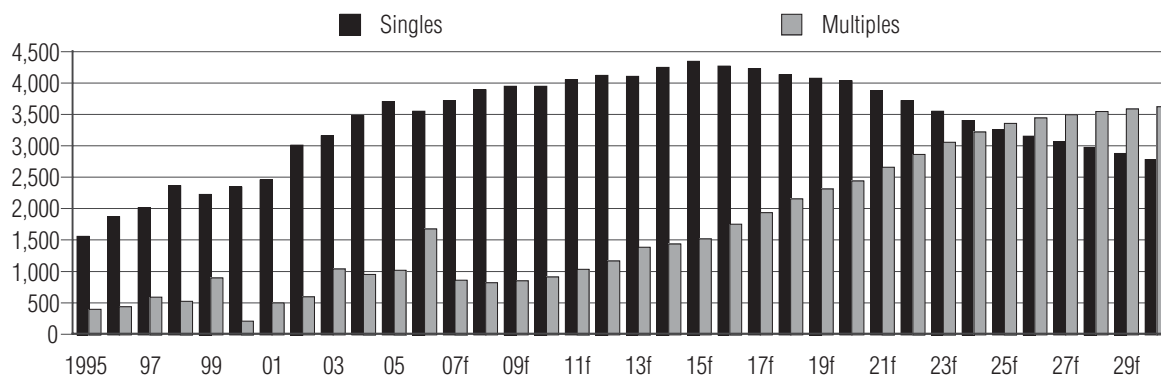
f = forecast
Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation.

Chart 6
Real Manufacturing Output
(average annual compound growth rate)

■ 10 years   ☐ 5 years

	1981–90	91–00	01–10f	11–20f	21–30f	1996–00	01–05	06–10f	11–15f	16–20f	21–25f	26–30f
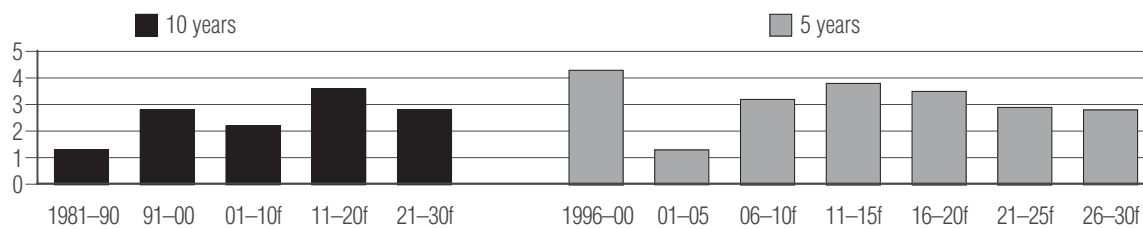
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Although Manitoba has successfully diversified its economy, agriculture remains an important component. It constituted about 16 per cent of total output in the goods-producing sector in 2006. Manitoba's agriculture industry is expected to post annual compound growth of 2.4 per cent over the entire 2006–30 forecast. There has been short-term volatility in Canadian agriculture, especially in exports, following the discovery of mad cow disease in Canada, but a few underlying trends will emerge over the next 25 years. First, with world population growing from 6.5 billion in 2005 to 8.2 billion by 2030 (according to United Nations estimates), world food demand will increase and exert increasing pressure on agricultural commodity prices. Second, as incomes rise in the developing world and more people are able to afford meat products, demand is expected to rise. Concerns surrounding food safety will continue to challenge the agriculture sector over the medium term, but improved monitoring programs, testing procedures and health policy guidelines such as animal feed restrictions are expected to gradually reduce trade impediments related to food safety. Furthermore, continued trade liberalization, such as the elimination of Mexican import tariffs, is expected to give Canadian meat producers, especially pork producers, increased access to foreign markets. Consequently, the long-term growth potential remains strong for Manitoba's meat and poultry industry. This is especially true for the hog sector, which has seen tremendous growth in recent years.

Agriculture constituted about 16 per cent of total output in the goods-producing sector in 2006.

Overall, goods-producing industries in Manitoba will grow by 2.9 per cent, compounded annually, over 2006–30, while the service sector as a whole is expected to grow by 2.2 per cent. Of the service-producing industries, commercial services are forecast to grow by 2.7 per cent; non-commercial services by 2.4 per cent; transportation, storage and warehousing by 2.3 per cent; and wholesale and retail trade and public sector output by 2.2 per cent—all at annualized rates—over the 2006–30 forecast period.

Saskatchewan

OVERVIEW

Saskatchewan's economic growth is expected to be strong for the remainder of this decade, but it will cool off in the long term as demographic changes take hold. The province's real gross domestic product (GDP) is forecast to grow at 2 per cent annually between 2006 and 2015, and by 1.7 per cent per year between 2016 and 2030. (See Chart 1.) Taken together, this yields average growth of 1.8 per cent per year over the entire forecast period, ranking Saskatchewan fifth among Canada's provinces but well below the national average of 2.4 per cent.

Manufacturing will remain the strongest component of output over 2006–30, with growth of 3.3 per cent.

Saskatchewan will face a number of fundamental changes over the next 25 years. First, the average age of the population will gradually increase. This will put an enormous strain on the province's health-care sector and force the government to increase spending to rebuild and maintain health-care resources. Second, the aging of the population will result in a structural change in consumption, as an older population is expected to spend less on durable goods and more on services, especially in the last five to ten years of the outlook. Third, a relatively high fertility rate will be more than offset by steady interprovincial out-migration, resulting in moderate population growth.

Manufacturing will remain the strongest component of output over 2006–30, with growth of 3.3 per cent, compounded annually. Saskatchewan's agricultural outlook remains relatively healthy, with an annual compound growth rate of 1.7 per cent expected between 2006 and 2015 and 1.4 per cent between 2016 and 2030. Finally, mining promises to post solid growth for the remainder of this decade, with average annual growth of 1.4 per cent over the entire forecast period.

DEMOGRAPHIC PATTERNS

Demographic patterns play a crucial role in determining the long-term potential output of an economy. (See Table 1.) The growth and changing age structure of the population influence movements in the labour force, which is a key component of potential output. Age structure also plays an important role in the aggregate demand of an economy by influencing the relative strengths and weaknesses of various sectors of the economy.

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population	Saskatchewan's population is expected to grow at an annual average rate of 0.2 per cent over 2006 to 2030; the average age of the population will steadily increase.
Provincial migration remains negative	Saskatchewan's net interprovincial migration will continue to decline, losing on average 2,529 people per year over the forecast period.
International migration to pick up speed	Net international migration will will rise from 1,014 people in 2005 to 1,802 people in 2030.
Fertility rate	The fertility rate in Saskatchewan is 1.83, the highest among the provinces, but below the replacement rate of 2.1.
Natural increase in the population	The natural rate of increase is projected to dwindle over the forecast period, adversely affecting population growth.

Sources: The Conference Board of Canada; Statistics Canada.

The unique demographic profile that resulted from the baby boom (1947–66), followed by the baby bust (1967–79) and the baby-boom echo (1980–95), is best illustrated by the movements in Saskatchewan's age cohorts between 2006 and 2030. (See Chart 2.) The predominant feature in 2005 is the bulge around the 39–59 age group, corresponding to the baby boomers. This cohort currently represents 28.9 per cent of the province's total population. By 2030, a substantial portion of this generation will be in their retirement years. In fact, the 65–and-over age cohort is expected to increase from 14.9 per cent of the total population in 2006 to 22.2 per cent by 2030. This will have a major impact on Saskatchewan's economy.

The emigration of Saskatchewan residents to other parts of Canada, most significantly to Alberta, continues to drain the province of vital human resources.

Although Saskatchewan has the highest fertility rate of all 10 Canadian provinces—1.86 children per woman of childbearing age, according to the most recent estimates—it still falls short of the replacement rate of 2.1. (See Chart 3.) In addition, many young women leave the province before they have children. As a result of these two factors, the natural rate of increase is expected to fall steadily after 2017–18.

The emigration of Saskatchewan residents to other parts of Canada, most significantly to Alberta, continues to drain the province of vital human resources. Except

According to the most recent estimates, 985,586 people lived in Saskatchewan in 2006, making it the sixth most populous province in Canada. Based on trends in the province's natural rate of increase (births minus deaths), net interprovincial migration and net international immigration, Saskatchewan's population is expected to increase to 1,049,691 by 2030. This translates into an annual compound population growth rate of only 0.2 per cent over the forecast period.

Chart 2
Population Increases in Older Age Cohorts
(number of people)
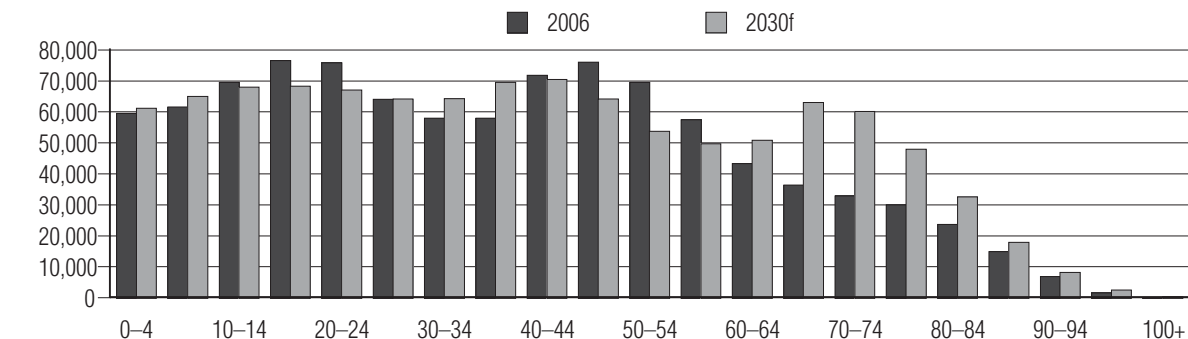
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

for six years between 1974 and 1985, when net inter-provincial migration was positive, more residents have left the province than moved to Saskatchewan from another province in every year since 1961. This forecast paints a similar picture. It is anticipated that net provincial out-migration will continue for the entire forecast period, with an average annual net exodus of roughly 2,500 between 2006 and 2030.

The final component of Saskatchewan's population growth is net international migration. Saskatchewan can expect to attract an average of 1,650 more immigrants per year than the number of people leaving the province for other countries during the forecast period. This is a very small proportion of the total number of immigrants entering Canada; most international immigrants choose to live in the major cities of Quebec, Ontario and British Columbia. Although Saskatchewan is currently home to 3.1 per cent of the Canadian population, over the forecast period it is expected to receive less than one per cent of all immigrants to Canada.

LABOUR MARKET OUTCOME

The aging of the population will have a profound effect on the evolution and structure of the labour force. For example, the 15–24 age cohort—a primary source of new workers—currently represents 15.4 per cent of the Saskatchewan's total population; by the end of the forecast it will comprise only 12.9 per cent. Moreover, as the population ages, labour force growth will slow, rising by an average of 0.3 per cent between 2006 and 2015 and declining by 0.1 per cent over the second half of the outlook.

Total employment will inch up by an average of 0.4 per cent between 2006 and 2015 and decline by an average of 0.1 per cent between 2016 and 2030. Overall, total employment in the province is expected to reach 502,888 in 2030. Despite weak employment growth, the unemployment rate is projected to experience a steady decline from 5 per cent in 2006 to 4.2 per cent in 2030, placing Saskatchewan in second-best place among the provinces in 2030 and well below the national average. (See Chart 4.)

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing

Chart 3
Provincial Fertility Rates, 2002–2003
(children per woman of child bearing age)
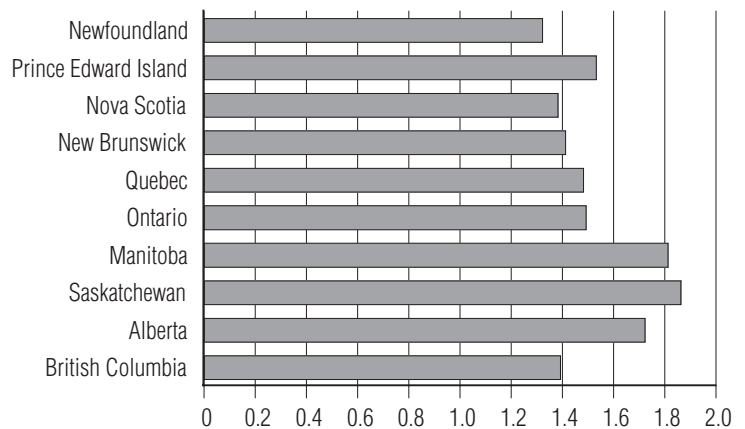
Sources: The Conference Board of Canada; Statistics Canada.

its capacity limits and igniting inflation. Potential output is not directly measured and, as such, the Conference Board uses a structural production function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential output. With this assumption, our estimate of potential output depends on potential employment, capital and trend total factor productivity (TFP).

Despite weak employment growth, the unemployment rate is projected to experience a steady decline.

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. Under these conditions, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. It is expected that unemployment resulting from workers in transition will decline over the forecast. This will occur because there will be an increase in the average age of the labour force, and

Chart 4
Unemployment Rate
(per cent)
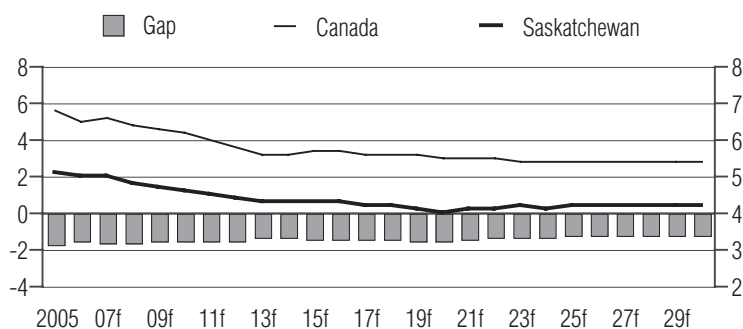
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to labour potential.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems and early retirement. Consequently, the overall participation rate is expected to remain steady over the medium term and to decline after 2011 as a significant share of baby boomers move into their retirement years. Overall, labour's annual contribution to potential output growth is, on average, expected to be 0.1 percentage points between 2006 and 2015 and slightly negative for the remainder of the forecast.

The value of Saskatchewan's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock, but assumes instead that productive capital is accurately measured and that the level of capital available in the economy at any time is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 1 percentage point per year over the 2006–30 period.

The technical efficiency with which capital and labour are utilized to produce output is measured by total factor productivity. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contribute to the productive capacity of the economy.

The natural rate of unemployment is expected to trend slowly downward over the forecast period.

TFP fluctuates considerably over the business cycle. The reasons for this are wide-ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be robust. With the growth in the number of workers dwindling, in order to maintain growth in TFP, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce. The contribution of TFP to growth in potential will remain in line with recent historical performance, contributing roughly 0.8 percentage points to growth annually over the forecast horizon.

Potential output growth is expected to be slightly higher in the first half of the forecast than in the second half, when the downward trend in labour force growth will begin to dominate gains in labour productivity. Potential output is estimated to grow by 2.2 per cent from 2006 to 2015 and to slow to 1.7 per cent growth over the remainder of the forecast.

Actual GDP growth and potential output rarely converge over the course of a business cycle. Saskatchewan has historically been more dependent on the volatile primary resource industries, especially agriculture, causing

wider swings in actual growth than is normal for most developed and diversified economies. When actual GDP growth and potential GDP growth diverge, there is said to be an output gap. Economic growth is expected to be closely in line with potential in the last 15 years of the forecast. (See Chart 5.)

AGGREGATE DEMAND

CONSUMPTION

Slowing employment growth will result in more sluggish consumer spending throughout the forecast period. Nominal consumer spending is projected to grow by 3.6 per cent, compounded annually, between 2006 and 2030.

More importantly, the composition of consumer spending will change radically. As the baby boomers age, their share of purchases of durable goods, such as cars and large appliances, will decrease, and their share of services, especially health care and tourism, will increase. Thus, consumer spending on goods, which represented roughly 47 per cent of total consumption in 2006, is projected to ease gradually to 40.7 per cent by 2030. In contrast, the proportion of total consumption of services (excluding rent) is expected to climb from 34.7 per cent in 2006 to 43 per cent by 2030. The share of consumer spending on rent, which includes imputed and paid rent, is forecast to fall from 18.3 per cent in 2006 to 16.3 per cent in 2030. This is largely because the province's younger cohorts, the primary source of new demand for housing and rental apartments, will decrease in relative size over the forecast period.

The change in the composition of spending will also slow growth in retail sales. Retail sales are projected to average 4.6 per cent nominal growth, compounded annually, over 2006–15, then to grow by 3.7 per cent over 2016–30.

INVESTMENT

Weakening population growth is projected to hold back residential investment. A significant proportion of Saskatchewan's younger generation—the age cohorts most likely to form households—are expected to leave the province for other parts of Canada. On top of this, aging baby boomers will vacate their single-dwelling units and move into retirement homes, stifling the resale market with excess homes. Overall, private

investment in residential construction will soften, with an average annual compound growth rate of 2.6 per cent over the entire forecast period.

After averaging almost 3,380 starts in 2006, the province is expected to have fewer than 2,000 new homes in 2030.

After averaging almost 3,380 starts in 2006, the province is expected to have fewer than 2,000 new homes in 2030. Moreover, as the population ages throughout the forecast period, the housing sector will undergo a compositional change. Since older individuals generally prefer to live in multiple housing units such as apartments and retirement homes, it is anticipated that the proportion of total starts for multiple-unit dwellings will gradually rise. The ratio of multiple and single dwellings will change over the forecast period: 32.9 per cent of all housing units were multiple-unit dwellings in 2006; in 2030 this number is expected to be 63.4 per cent.

Over the long term, most non-energy non-residential construction will come from government investment. Government investment spending will rise over the forecast period, particularly for health care, largely in response to increased demand by the aging baby boomers. This sector will require new hospitals, long-term care facilities, and new and upgraded equipment. Meanwhile, spending on post-secondary education will have to expand to keep pace with increased enrolment from the echo generation. Furthermore, significant repairs will be required during the forecast period on roads, sewers, water mains,

Chart 5
Actual versus Potential GDP Growth
(percentage change)
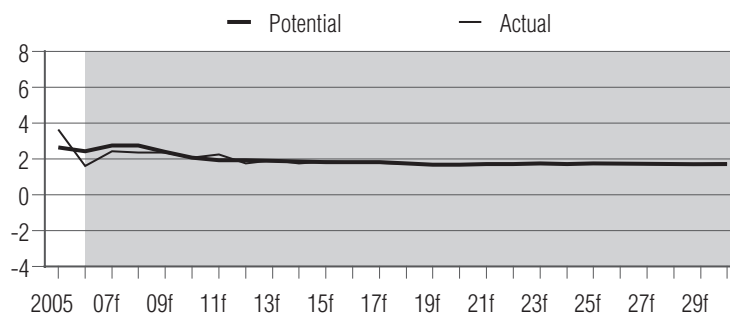
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

and general infrastructure. Overall, private and public non-residential investment will advance by an average of 4 per cent per year in nominal terms over the forecast period. At the same time, investment in machinery and equipment will also expand, by a relatively strong average of 4.7 per cent per year.

GOVERNMENT

The first half of the 1990s was a difficult period for Saskatchewan's government. When the 1990–91 recession led to a dramatic increase in the province's deficit, the government increased taxes and cut expenditures. From 1992 to 1997, annual growth in nominal government spending on goods and services averaged a mere 1 per cent. To make matters worse, reduced transfers from the federal government exacerbated provincial austerity. Painful budgets were the norm throughout the decade. Government spending has now rebounded while revenue streams remain strong. In 1994, Saskatchewan became the first province to restore a positive budgetary balance. Since the 1994–95 fiscal year, the government of Saskatchewan has delivered 10 straight balanced budgets, and another surplus is anticipated in 2006–07.

Changes to tax policy should help foster growth in the oil, natural gas and mining sectors.

Government spending on goods and services is expected to increase by 4.1 per cent in nominal terms, compounded annually, over the entire 2006–30 forecast. Much of this new spending will be directed toward health care to meet the demands of an aging population. The expenditure program to repair Saskatchewan's social safety net will be sponsored in part by the federal government through a significant increase in transfer payments, primarily through the Canada Health and Social Transfer.

Personal income taxes paid by the average family have dropped since 1999, with provincial and federal tax reform. The province has now completed the tax reform strategy announced in the 2000 budget. As well, the small business corporation income tax rate was reduced from 8 per cent to 6 per cent in July 2001 and will soon drop to 5 per cent. These changes to tax policy should help foster growth in the oil, natural gas and mining sectors.

The provincial government's reduction in royalty and taxation rates for new oil and natural gas production and its mining incentive package will help increase activity in these key sectors.

The pressures placed on the government's social programs by aging baby boomers are expected to lead to a fiscal balance of close to zero over the entire forecast period, as excess provincial funds will be channelled into further spending on health care. In the latter half of the forecast period, when the echo generation have all entered their prime childbearing years, increased government spending on education will be required, especially to hire teachers and to provide resources for primary and secondary schools.

INDUSTRY ANALYSIS

Since the elimination of the Crow rate subsidy on Western Canadian grains in 1995, Saskatchewan's agrifood industry has become increasingly important for farmers as an alternative to shipping grain. The increased efficiency resulting from the removal of this subsidy has delivered positive results for farmers, helping to re-establish agriculture as one of the most important sectors in the province. Agriculture's share of Saskatchewan's economy will improve over the long term, thanks to increasing global food demand plus the federal government's Agricultural Policy Framework, which puts more emphasis on innovation and technology. If world population expands from 6.5 billion in 2005 (latest available data) to 8.2 billion by 2030, as expected by the United Nations, world food demand will increase and upward pressure will be placed on agricultural prices. After the reopening of the U.S. border, exports of live bovine animals under 30 months of age rose dramatically; they are expected to remain strong in the near term as more countries return to more normalized trade conditions. Moreover, increasing interest in grain-based alternative fuels will support strong demand and elevated prices for grain producers, benefiting the industry. Elevated grain prices could have a negative impact on livestock producers, but this effect will be negligible in the long term. The agriculture sector is expected to grow at an average annualized rate of 1.7 per cent between 2006 and 2015 and to level off to average growth of 1.4 per cent between 2016 and 2030. (See Chart 6.)

A secondary benefit of Saskatchewan's strong agriculture sector will be reaped by its manufacturing sector. Since it has become expensive to ship grain vast distances, the most cost-effective alternative has become to ship it within the province to agri-food processors. The result has been significant growth in the agri-food industry, a major component of the province's manufacturing sector. Partly as a result of this shift to agri-food production, real manufacturing output is projected to grow by an annual compound rate of 3.3 per cent over 2006–30.

It is unlikely that large investments will be made to extract the remaining oil and gas resources underneath Saskatchewan.

Chart 6
Real Output, Key Industries
(average annual compound growth rate)

■ Agriculture   ■ Manufacturing   □ Mining

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Over the forecast period, growth of 1.4 per cent per year is expected overall for the mining industry, which includes metal mining, non-metal mining and mineral fuels. Continued strength in Saskatchewan's uranium production and positive prospects for the worldwide uranium industry provide the foundation for the robust outlook. Saskatchewan, the largest uranium-producing region in the world, currently accounts for approximately 25 per cent of annual world uranium production. The resources in the province are estimated to be sufficient for more than 40 years at current rates of production. Other minerals produced in Saskatchewan include salt, sodium sulphate, calcium chloride and clays. The metal mining industry in Saskatchewan is forecast to grow by an average of 0.7 per cent, compounded annually, between 2006 and 2030.

Record potash prices will keep the non-metal mining sector strong in the near future. PotashCorp of Saskatchewan, the largest potash producer in the world, accounts for about 25 per cent of global potash production and holds roughly 72 per cent of unused global capacity. By conservative estimates, PotashCorp could supply global demand for potash at current levels for several hundred years. As a result of the increased price of potash, PotashCorp has ramped up production dramatically, and the medium-term outlook for non-metal

mining in Saskatchewan is good, with annualized growth of 1.6 per cent over 2006–15. There is an upward risk to the non-metal mining output. Recent exploration results indicate good possibilities for diamond mining. Overall, non-metal mining is expected to advance by an average of 1.2 per cent over 2016–30.

Dramatic market forces will be needed to stimulate growth in mineral fuels mining in coming years, largely because of reduced oil resources. More than 80 per cent of Saskatchewan's oil reserves have already been discovered, and a large part of these reserves can be retrieved only through expensive enhanced oil-recovery methods. One project in Weyburn, for example, will inject 95 million cubic feet of carbon dioxide per day into an oil field, boosting production by more than 50 per cent to 30,000 barrels a day and extending the life of the field by 25 years. Although the Conference Board expects the price of oil over the forecast period to average around US$70 per barrel in nominal terms, it is unlikely that large investments will be made to extract the remaining oil and gas resources underneath Saskatchewan. The province's mineral fuels industry is forecast to grow by an average of 1.2 per cent, compounded annually, between 2006 and 2030.

Alberta

OVERVIEW

The Alberta economy will advance solidly over 2006 to 2030, expanding by a compound average annual rate of 3.2 per cent, and the energy sector will remain a driving force. Sustained high oil prices, an immense non-conventional oil supply and continually improving extraction technology have shifted the focus of the energy market to oil sands production. Long-term prospects for the non-conventional oil industry in Alberta are very favourable. About $67 billion in activities related to the oil sands has already been proposed by several major energy players for 2006–20, while an additional $27 billion in oil sands-related development is slated for the remainder of the outlook. About $28 billion has been spent in the sector since 1995.

Long-term prospects for the non-conventional oil industry in Alberta are very favourable.

Natural gas spot prices are affected by supply and demand fundamentals in North America. The tight natural gas situation will not reverse itself in the short or medium term. Although the number of wells being drilled for natural gas is being kept elevated by drilling for coal bed methane, production of natural gas is expected to decline over the forecast, especially in Alberta, with the maturing of the Western Canadian Sedimentary Basin (WCSB). Most wells being drilled are shallow and are depleted faster than new reserves can be found. Gas extracted through unconventional methods is not expected to make up the loss from conventional production in the near or medium term.

While the long-term forecast for the province is favourable, an aging population will take its toll on output. Total population growth is projected to weaken, dampening demand for consumer goods and housing. However, record resource revenues and the positive job market will continue to attract businesses and job seekers, boosting Alberta's population growth beyond that of other provinces. Overall, economic growth is expected to reach an average annual compound rate of 4.1 per cent during the first decade of this century before weaker demographic conditions slow the economy to average annual growth of 2.9 per cent over 2011 to 2030, in line with underlying potential output growth. (See Chart 1.)

DEMOGRAPHIC PATTERNS

Demographic patterns play a crucial role in determining the long-term potential output of an economy. The growth and changing age structure of the population influence movements in the labour force, an essential component of potential output. The age structure also plays an important role in determining the aggregate demand of an economy by influencing the relative strengths and weaknesses of various sectors of the economy.

Chart 1
Real GDP at Basic Prices
(per cent, average annual compound growth rate)
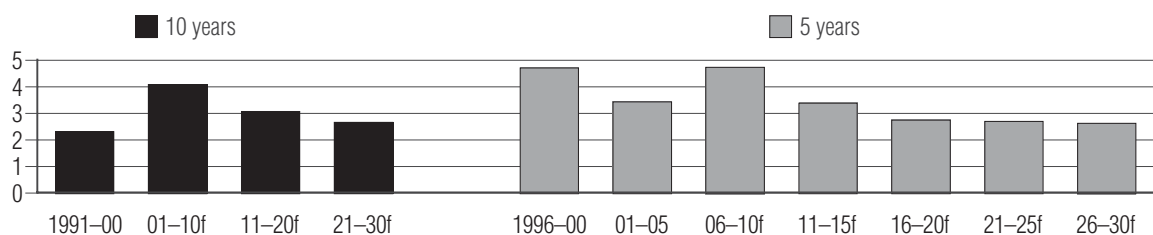
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

As the population ages, population growth in Alberta is expected to surge initially from a compound rate of 1.6 per cent from 1991 to 2000 to 1.9 per cent from 2001 to 2010. Population growth is then expected to slow to an average compound growth rate of 1.3 per cent over the remainder of the forecast period (2011–30). Alberta's population, estimated to have reached 3,332,812 in 2006, should reach 4,667,681 by 2030.

The share of the population aged 65 and older will increase substantially over the forecast period, from 10.5 per cent in 2006 to 19 per cent in 2030. (See Chart 2.) In 2006, baby boomers were in the 41–60 age cohort, with the heaviest concentration between ages 41 and 46. By 2021, they will represent the 56–75 range, with a high concentration in the 56–61 range. This shift in the demographic profile will have dramatic consequences for the Alberta economy.

Population growth is influenced by births, deaths and net migration. The fertility rate for the province, defined as the average number of births per woman, is projected to remain constant at 1.72 over the forecast period, less than the replacement rate of 2.1 needed to maintain long-term population stability by natural means. The low fertility rate and the aging population will reduce the birth rate; so, with the death rate expected to increase slightly because of the larger number of older people, the natural increase in the population (births minus deaths) is projected to fall steadily through to 2030. (See Chart 3.)

Table 1
Key Demographic Assumptions

Components	Assumptions
Population growth decelerates	As the population ages, population growth in Alberta is expected to slow from an annual compound rate of 1.9 per cent in this decade to 1.5 per cent over 2011–20 and 1.1 per cent in 2021–30.
Provincial migration decelerates	Significant net interprovincial migration will continue in Alberta over the short term, with an average of 28,338 from 2006 to 2010. In the long term, however, interprovincial migration will moderate to an average of 10,260 in 2011–30.
International migration	Average net international migration to Alberta is forecast to average 20,150 over 2011–30.
Fertility rate	The fertility rate in Alberta is projected to be 1.72 over the forecast period, less than the replacement rate of 2.1 needed to maintain long-term population stability by natural means.
Natural increase in the population	The natural rate of increase in the population (births minus deaths) is projected to fall steadily starting in 2014–15.

Sources: The Conference Board of Canada; Statistics Canada.

Ongoing expansion in the energy sector will draw a steady flow of workers from other provinces, while the province's favourable tax regime will continue to provide an added incentive for out-of-province businesses and workers to relocate to Alberta. Thus, the weak natural rate of population increase will be partly offset by

Chart 2
Population Increases in Older Age Cohorts
(number of people)
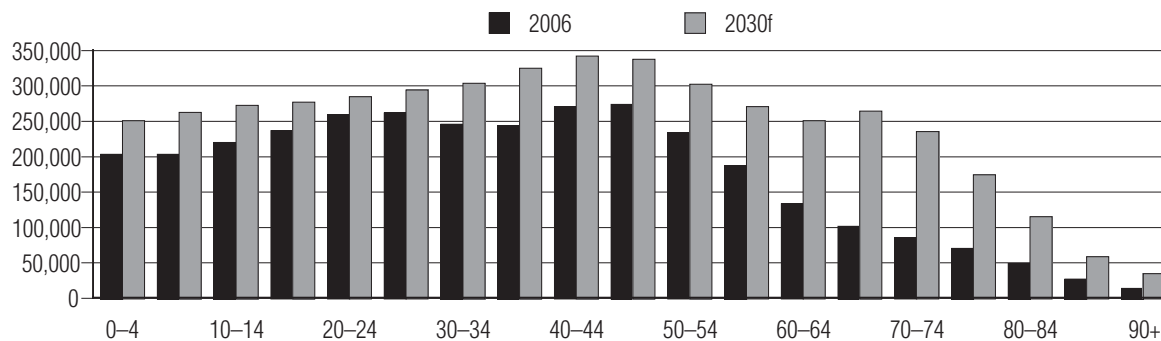
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Chart 3
Natural Increase in Population
(number of persons)

■ Births ▢ Deaths — Natural Increase

[Bar and line chart. Left axis: 0 to 60,000. Right axis: 0 to 30,000. X-axis categories: 2006–07f, 08–09f, 10–11f, 12–13f, 14–15f, 16–17f, 18–19f, 20–21f, 22–23f, 24–25f, 26–27f, 28–29f]
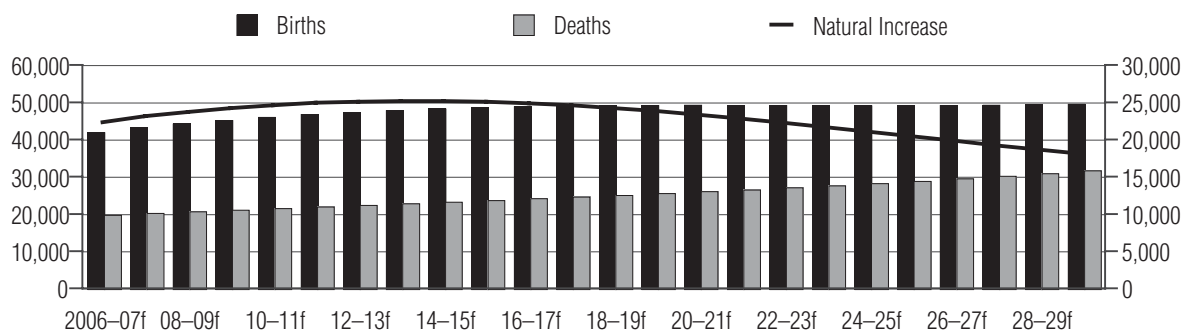
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

a net positive inflow of migrants to Alberta over the forecast horizon. Alberta's net annual interprovincial migration averaged 26,348 people from 1996 to 2000 and will remain elevated at 26,495 people on average from 2001 to 2010 as weaker economic activity in other parts of the country fuels migration into Alberta. Net interprovincial migration will eventually moderate to an annual average of 11,407 in 2011–20 and to 9,113 over the last 10 years of the forecast. In contrast, average annual net international migration to Alberta is forecast to accelerate, from 11,650 over 2001–05 to 14,827 in 2006–10, then to pick up to average 19,575 during the rest of the forecast. (See Chart 4.)

Growth of the source population (those over 15 years of age) has generally exceeded that of the total population in Alberta. This pattern will continue, partly because most people immigrating to Alberta are of working age,

Chart 4
Immigration
(number of persons)

■ Interprovincial ▢ International

[Bar chart. Y-axis: 0 to 30,000. X-axis categories: 1991–05, 96–00, 01–05, 06–10f, 11–15f, 16–20f, 21–25f, 26–30f]

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

with the largest share in the 15–29 age cohort. Nonetheless, growth in the source population is expected to slow from an average annual compound rate of 2.2 per cent from 2001 to 2010 to 1.5 per cent from 2011 to 2020 and finally to 1.3 per cent in the last decade of the forecast. This slowdown follows the national trend but maintains a growth pace marginally greater than that of most other provinces.

The labour force participation rate has increased steadily with the influx of women into the labour force. After averaging 73.6 per cent over 2001 to 2010, it is forecast to decrease gradually to 72.6 per cent by 2020 and to reach 69.1 per cent by 2030 as female labour force participation reaches a plateau and as a growing share of the source population retires. Added to the weaker source population growth, the falling participation rate will restrict labour force growth over the forecast period. From an average annual compound growth rate of 2.6 per cent over 2001–10, labour force growth will retreat to 0.9 per cent in 2020 and finally to 0.7 in 2030. This deceleration in labour force growth will dampen potential output growth.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. Potential output is not directly measured; as such, the Conference Board uses a structural production function to obtain an estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential

output. With this assumption, our estimate of potential output is dependent on potential employment, capital and trend total factor productivity (TFP).

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. Under these conditions, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

Growth in the source population is expected to slow to 1.3 per cent in the last decade of the forecast.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people would be in transition between jobs and others would prefer not to work at the current wage. Unemployment resulting from workers in transition is expected to decline over the forecast. This is because of two factors: First, there will be an increase in the average age of the labour force; second, older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to trend slowly downward over the forecast period, positively contributing to labour potential.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems or early retirement. Consequently, the overall participation rate is expected to decline significantly over the next 25 years as the greatest share of baby boomers move into their retirement years. On balance, the negative effect of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment.

Initially, labour's contribution to potential output is strong, averaging 1.2 percentage points over 2001–10 and accounting for nearly 30 per cent of potential output growth for that period. However, labour's contribution to potential output growth will decline steadily over the forecast. By 2020, labour potential growth will slow to

0.4 percentage points, with its share of overall potential output growth falling to 15 per cent; labour potential growth will fall further by 2030, to 0.3 percentage points, with its share representing only 12 per cent of potential output growth.

The value of Alberta's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock; instead, we assume that productive capital is accurately measured and that the level of capital available in the economy at any moment is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 2 percentage points per year over 2006–30.

The overall participation rate is expected to decline significantly over the next 25 years.

The technical efficiency with which capital and labour are utilized to produce output is measured by total factor productivity. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contribute to the productive capacity of the economy.

TFP fluctuates considerably over the business cycle. The reasons for this are wide-ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected to be

robust. With the growth in the number of workers dwindling, firms will need to continually invest in productivity-enhancing technology and skills development of their workforce, helping to maintain growth in TFP. The contribution of TFP to growth in potential will remain in line with recent historical performance, at roughly 0.6 percentage points annually over the forecast horizon.

When actual real gross domestic product (GDP) diverges from potential output, an economy is said to have an output gap. Over the medium term (2006–15), average real GDP growth of 4.1 per cent in Alberta will result in a significant narrowing of the output gap that opened earlier in the decade. (See Chart 5.) Economic growth over the remainder of the long term is expected to hold close to growth in potential output—that is, to trend slowly downward to 2.7 per cent by 2030. The output gap will remain more or less closed from 2013 to 2030 and, therefore, will not contribute excessively to inflationary pressures over the forecast horizon. The Consumer Price Index in the province is projected to remain well within the Bank of Canada's accepted target range, averaging 2.3 per cent over the last 15 years of the forecast period.

KEY INDUSTRIAL SECTORS

CRUDE OIL

Events during the past couple of years have shown how tight supply and demand conditions for key energy commodities can quickly send prices skyward and governments scrambling to secure reliable sources. Global spare capacity for crude oil has been worryingly tight, and this has been reflected in energy prices. The billions

Chart 5
Actual versus Potential GDP Growth
(percentage change)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

of dollars of investment slated to increase capacity in Canada's oil sands will be but a drop in the bucket, in view of the rate at which developing economies, such as China and India, are expected to consume oil. Even for industrialized economies like the United States, demand for oil and natural gas is set to continue at an unwavering pace unless significant steps are taken to curb demand. Just to satisfy expected global demand, billions of dollars will need to be invested in oil exploration and development by member states of the Organization of the Petroleum Exporting Countries (OPEC) and in the Caspian region. The small cushion of spare production capacity, currently estimated at 1 to 2 million barrels per day (mmbd), will remain over the forecast, as will the risk to exports from geopolitically sensitive regions such as the Middle East. The Conference Board expects world oil prices to reflect the tight global supply/demand and associated geopolitical risks. The West Texas Intermediate (WTI) price of crude oil will lose some steam, falling to US$42 (2005 real dollars) per barrel by 2012. The price will then rise slowly over the remainder of the forecast, reaching the equilibrium price of US$55 per barrel by 2030.

Demand for oil and natural gas is set to continue at an unwavering pace unless steps are taken to curb demand.

Security of the energy supply will continue to affect both short- and long-term oil prices. The immediate outlook is clouded by continued tensions in the Middle East, Nigeria, Venezuela and Russia, China's voracious appetite for crude oil, and supply rebuilding in the United States. On the other hand, environmental concerns and a shift to more energy-efficient and renewable sources of energy are likely to dampen oil demand from industrialized countries.

Energy trade will continue to expand rapidly over the forecast period as interdependence intensifies between energy consumers and producers. Consumption will continue to outpace production, forcing governments that import oil and gas to deal more proactively with energy security. For example, the security of fuel transportation through international sea lanes and pipelines is being scrutinized, while types and origins of fuel sources will need to be diversified.
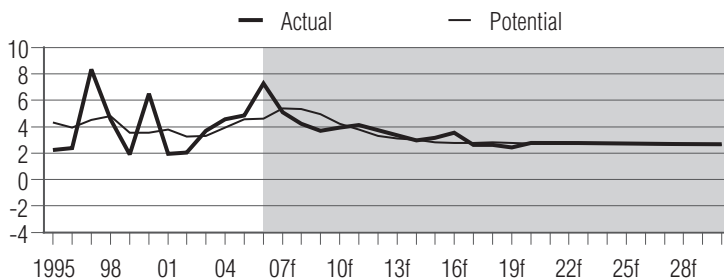
Table 2
International Crude Oil Supply and Demand
(millions of barrels per day)

	2005	2010	2015	2030	2005–2030* (per cent)
Demand					
OECD North America	24.9	26.3	28.2	30.8	0.9
United States	20.6	21.6	23.1	25.0	0.8
Canada	2.3	2.5	2.6	2.8	0.8
Mexico	2.1	2.2	2.4	3.1	1.6
OECD Europe	14.4	14.9	15.4	15.4	0.2
OECD Pacific	8.3	8.6	8.8	8.9	0.3
OECD TOTAL	*47.7*	*49.8*	*52.4*	*55.1*	*0.6*
Transition Economies	4.3	4.7	5.0	5.7	1.1
Russia	2.5	2.7	2.9	3.2	1.0
China	6.6	8.4	10.0	15.3	3.4
India	2.6	3.2	3.7	5.4	3.0
Other Asia	5.4	6.1	6.9	9.0	2.9
Latin America	4.9	5.1	5.6	7.0	1.5
Africa	2.7	3.1	3.5	4.9	2.4
Middle East	5.8	7.1	8.1	9.7	2.0
Miscellaneous	3.6	3.8	4.1	4.2	0.6
Total World Demand	**83.6**	**91.3**	**99.3**	**116.3**	**1.3**
Supply					
OECD North America	9.8	9.4	9.0	7.8	−0.9
United States	5.1	5.3	5.0	4.0	−1.0
Canada	1.4	1.1	0.9	0.8	−2.2
Mexico	3.3	3.1	3.1	3.0	−0.5
OECD Europe	4.8	3.8	2.9	1.5	−4.5
OECD Pacific	0.5	0.7	0.5	0.4	−1.2
OECD TOTAL	15.2	13.8	12.4	9.7	−1.8
Transition Economies	11.4	13.7	14.5	16.4	1.5
Russia	9.2	10.5	10.6	11.1	0.7
Developing Countries	15.1	17.9	18.5	17.4	0.6
Non-OPEC Total	*41.7*	*45.4*	*45.4*	*43.4*	*0.2*
Non-OPEC (share of world supply)	*0.59*	*0.60*	*0.57*	*0.49*	*n.a.*
OPEC Middle East	20.7	22.0	25.7	34.5	2.1
OPEC Other	8.4	8.2	9.1	11.2	1.2
OPEC Total	*29.1*	*30.2*	*34.9*	*45.7*	*1.8*
OPEC (share of world supply)	*0.41*	*0.40*	*0.43*	*0.51*	*n.a.*
Non-Conventional Oil	*1.4*	*2.5*	*3.7*	*7.4*	*7.0*
Canada	1.0	2.0	3.0	4.8	6.4
Total World Supply**	**83.6**	**91.3**	**99.3**	**116.3**	**1.3**

*Average annual growth rate;
**Includes NGLs, non-conventional oil and processing gains.
Note: The shaded area represents forecast data.
Sources: The Conference Board of Canada; World Energy Outlook 2006.

Recent technological developments in exploration and production have increased recoverable reserves and prolonged the life of existing fields. These will enable conventional oil production from sources outside OPEC to remain strong until 2010, when production will start to taper off, except in the transition economies. Oil production in the transition economies, notably Russia and the Caspian area, will grow rapidly, especially until about 2015. Although non-OPEC conventional supply will not rise fast enough to meet demand pressures afterward, non-conventional oil production, predominately from Canada's oil sands, will play an important role in offsetting a decline in conventional production. According to the International Energy Agency's (IEA) *World Energy Outlook 2006*, world oil demand is projected to rise by an additional 33 mmbd over the 2005–30 period to 116.3 mmbd, while production will rise by the same amount. (See Table 2.) This demand forecast assumes that recent industry trends, including the introduction and use of energy-efficient methods, will continue at the same pace as in recent years. Fossil fuels will continue to provide the overwhelming bulk of the world's energy needs over the forecast, with oil remaining the single largest fuel in the global primary energy mix. (See Chart 6.)

Increases in demand will vary by region, with the share of world oil consumption in industrialized countries declining from just under 50 per cent in 2005 to 40 per cent by 2030. Almost half of the growth in oil demand in industrialized nations will occur in the United States, specifically the transportation sector, with the rise in car ownership continuing unchecked. Oil will remain a secondary fuel for power generation, and its share will decline marginally in all regions. Industrial, commercial and residential demand for oil will increase

Chart 6
Global Primary Energy Mix: 2030
(per cent)

- Oil — 26
- Coal — 33
- Natural gas — 23
- Nuclear — 5
- Hydro — 2
- Biomass — 10
- Other — 2

Source: World Energy Outlook 2006.

at a moderate pace, with all the growth originating in countries outside the Organisation for Economic Co-operation and Development (OECD). However, the international environmental agreement reached in Kyoto in December 1997 may pose a downside risk to projected increases in oil demand in the industrialized countries over the next decade, as there is a push to produce more energy from renewable resources such as hydro and wind.

The share of world oil consumed by developing countries is anticipated to increase from its current 40 per cent to 50 per cent by 2030. Particularly in developing countries without natural gas distribution systems, more incremental energy demand is being met by oil, and oil demand is spurred by increased economic and population growth. Rapid industrialization results in rapid increases in demand for commercial fuels.

The share of world oil consumed by developing countries is anticipated to increase.

Oil demand in developing nations is expected to rise at an average annual rate of about 2.5 per cent, with Asia responsible for 65 per cent of this increase. There will be an increase in demand of 8.7 mmbd in China and of 2.8 mmbd in India. Robust oil demand is also expected outside Asia, particularly in South America and Africa.

Although demand will grow steadily over the forecast period, the U.S. Geological Survey contends that worldwide reserves are not running dry. Furthermore, the IEA believes that existing oil reserves should be adequate to satisfy expected requirements over the forecast period. Proven global oil reserves currently exceed the cumulative production projected in the forecast, but additional reserves will need to be moved more quickly into the proven category so that production will not peak too early. Exploration will need to be emphasized.

World oil production is expected to increase from 83.6 mmbd in 2005 to 99.3 mmbd by 2015 and to 116.3 mmbd by 2030. Higher production is expected from OPEC. Non-OPEC conventional production is expected to rise in the next few years, mainly with surging production in Russia and the transition economies. However, this output will taper off after 2010 with the maturing of existing and older fields, especially in OECD countries. World non-conventional production, on the other
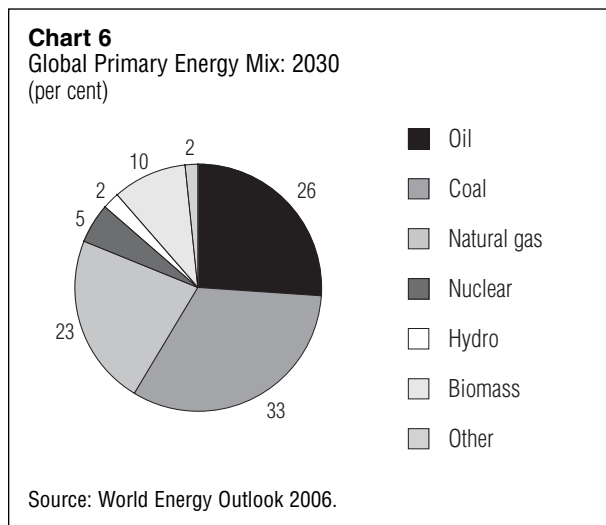
hand, will surge by 7 per cent over 2005–30, spurred mainly by Canada and Venezuela. Significant investment in a host of major oil sands projects in Alberta will play a major role in increasing non-conventional oil output during that time.

OPEC's share of world oil supply is expected to increase to 48 per cent by 2030.

Because the vast Persian Gulf resources can be produced at a lower cost than can resources outside OPEC, production by OPEC countries, especially in the Middle East, is expected to increase more rapidly than by countries in other regions over the long term. Once non-OPEC production has been accounted for, OPEC members will be able to satisfy world demand by raising production from 33.6 mmbd in 2005 to 42 mmbd in 2015 and 56.3 mmbd by 2030. Accordingly, OPEC's share of world oil supply is expected to increase from 40 per cent in 2005 to 48 per cent by 2030. OPEC's market share could be lower if its policies to reduce production quotas are successful in limiting production and driving prices higher. This would stimulate non-OPEC production of conventional and non-conventional oil and encourage capacity increases of alternative energy technologies.

Significant new investment will be needed in OPEC countries as the world turns to them to satisfy crude oil demand. Until recently, it was generally acknowledged that OPEC members with large reserves and relatively low costs for expanding production capacity could accommodate sizable increases in demand; recent events may have proven otherwise. While it is assumed that investment will be forthcoming, it will lag demand, keeping production from satisfying demand fast enough and resulting in real price pressures. These factors will put upward pressure on the long-term WTI price of crude oil.

NATURAL GAS

Spot prices for natural gas often move in the same direction as oil prices in North America. This has been especially true over the past two years. The North American natural gas market is heavily integrated, and a significant network of pipelines exists between Canada and the United States. The United States consumes significant amounts of natural gas, and Canada exports 62 per cent of its natural gas production to the United States, so any

supply or demand shock for natural gas that originates in the United States is immediately reflected in Canadian prices. About 12 per cent of U.S. factories can switch between fuels. As a result, if the price of oil rises faster than that of natural gas, or vice versa, demand for the cheaper fuel will increase, putting upward pressure on that price.

Historically, in terms of energy content equivalence, the spot price of natural gas has averaged US$5 less than an equivalent amount of crude oil. However, with the supply shock originating in the U.S. Gulf coast resulting from damage caused by hurricanes Katrina and Rita, the spot price of natural gas spiked well beyond that for crude oil to reach an average of US$78.84 per equivalent barrel of oil in October, 2005—about US$16 more than oil. By comparison, during the first half of 2005, the spot price of natural gas averaged US$12.69 less than a barrel of WTI on an energy content equivalence. In the short run, price discrepancies in terms of energy equivalence may persist, as the vast majority of factories worldwide cannot switch between the two types of fuel. In the longer run we can expect this problem to resolve itself through market forces, and the prices for oil and natural gas, in terms of energy content, should converge. (See Chart 7.)

The tight natural gas situation will not reverse itself in the short or medium term. Although a record number of natural gas wells will once again be drilled in Canada this year, production is forecast to decline over the forecast period. Most wells that are being drilled are shallow and are being depleted faster than new reserves can be found. In fact, Alberta, the source of 75 per cent of Canada's natural gas supply, no longer has the huge
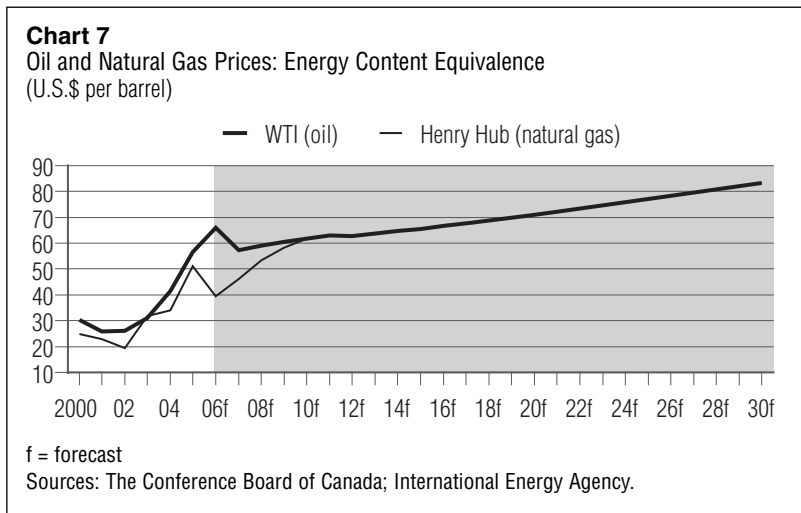
Chart 7
Oil and Natural Gas Prices: Energy Content Equivalence
(U.S.$ per barrel)

— WTI (oil)   — Henry Hub (natural gas)

f = forecast
Sources: The Conference Board of Canada; International Energy Agency.

reserves needed to meet the growing North American demand. According to the National Energy Board's (NEB) energy market assessment, *Looking Ahead to 2010: Natural Gas Markets in Transition*, a tight balance between natural gas supply and demand will continue over the medium term. This will keep natural gas prices high, with significant daily swings until new supply can be established or consumption reduced. Efforts are being made to increase Canada's supply of natural gas over the longer term. This can be accomplished by increasing the import capacity for liquid natural gas as well as by developing frontier and unconventional sources, such as natural gas from coal bed methane. Although production of coal bed methane is still in its infancy, a steadily increasing portion of natural gas wells being drilled are for the purpose of extracting methane from coal seams.

Natural gas now accounts for about 27 per cent of Canadian energy consumption.

Domestic gas demand is also projected to rise in Canada, from 2.4 trillion cubic feet (tcf) in 2000 to 3.3 tcf by 2025, according to the NEB's publication *Canada's Energy Future: Scenarios for Supply and Demand to 2025*. Natural gas now accounts for about 27 per cent of Canadian energy consumption. Trade between Canada and the United States will continue to play an important role in satisfying U.S. demand for natural gas until the end of this decade. Exports to the United States will grow by an average annual rate of 0.6 per cent over the 2001–10 period and then decline by an average annual rate of 1 per cent over last 20 years of the forecast.

According to the NEB, natural gas remains abundant in Canada. As of year-end 2004, Canada's ultimate resource potential, a combination of discovered and undiscovered resources, stood at 14.2 trillion cubic meters (tcm). However, about one-half of the natural gas resources in Canada is located in the WCSB, and about half of that amount has already been produced, mostly in Alberta. The WCSB also contains unconventional sources of natural gas, such as coal bed methane. About 1.7 tcm of undiscovered unconventional natural gas sources exists in the WCSB.

The size and ultimate resource potential of Canada's natural gas resource base is only an estimate, and considerable uncertainty surrounds frontier regions and unconventional sources. In the WCSB, technology and exploration advances have helped to improve resource estimates. However, recent drilling and production data suggest that the WCSB is maturing, forcing estimates of natural gas production in Alberta to be revised downward over the medium and long term.

Domestic gas prices are projected to rise further by a compound annual rate of 3.3 per cent over 2006 to 2030, while export prices will increase by 2.2 per cent, reflecting the downward trend in natural gas production from the WCSB.

OIL AND GAS PRODUCTION

Increases in nominal crude oil prices, new technology and fiscal arrangements have accelerated the development of the oil sands in western Canada. Alberta has four significant oil sands deposits: Athabasca, Cold Lake, Peace River and Wabasca. The potential of this resource is huge, with an estimated 50 tcm of ultimate recoverable resources, only a negligible fraction of which has been produced. About 12 per cent of the resource is estimated to be recoverable, a volume similar to the proven conventional oil reserves in Saudi Arabia. The cost of production has declined substantially from $24.50 per barrel in the early 1980s, and by between $15 and $20 per barrel since 1997. However, the cost of diluents, needed to thin bitumen for transportation, has skyrocketed and will remain high over the medium term. The potential exists, however, to lower operating costs for mining and upgrading to below $10 per barrel over the long term. Nevertheless, skyrocketing natural gas prices, planned and unplanned maintenance and escalating start-up costs related to expansions have made the cost of producing a barrel vary widely in recent years.

Canada is expected to remain a net exporter of oil until the end of the forecast period, as domestic demand will remain weaker than production. Oil sands production is expected to surge over the next 25 years, while conventional and heavy oil will steadily decline. The recent decline of conventional oil production and reserves has been more than offset by advances in production of synthetic crude and bitumen from the oil sands. Numerous oil sands mining and upgrading projects currently in

the works or on the horizon will ensure that synthetic crude oil production in Canada makes up 48 per cent of all crude by 2015. Heavy blend (blended heavy oil and bitumen) will make up 37 per cent. Meanwhile light conventional crude oil will fall from 27 per cent to 15 per cent, according to the NEB's *Canada's Oil Sands—Opportunities and Challenges to 2015: An Update*.

Despite decreasing rates of production of natural gas and of heavy, light and medium crude oil from the WCSB, significant increases in synthetic and bitumen production will allow total mineral fuels output in Alberta to rise at a compound average annual rate of 5.5 per cent from 2006 to 2015 and by 2.6 per cent from 2016 to 2030.

ENERGY INVESTMENT

The investment profile for primary energy will be dominated over the medium to long term by the development of the vast oil sands deposits in Alberta. (See Chart 8.) About $67 billion in oil sands, heavy oil mining and extraction activities is projected over the forecast, with close to $28 billion already spent in the sector since 1995 and more than 60 projects announced since 1996.

Downside risks exist for investment in the oil sands, largely growing out of uncertainty over the effects of the Kyoto Protocol.

Long-term prospects are favourable for the non-conventional oil industry in Alberta. Technical improvements in the extraction process have made development of the oil sands very profitable at current oil prices, and federal government changes to improve the tax and royalty system for oil sands production are expected to continue investment spending over the forecast period. Still, potential downside risks exist for investment in the oil sands, largely growing out of uncertainty over the effects of the Kyoto Protocol.

A host of projects are on the horizon in the oil sands, with a few companies making the bulk of the investment commitment. For example, both Suncor and Syncrude will be investing billions in increasing upgrading capacity at existing projects. Suncor plans to reach an upgrading capacity of 0.5 mmbd by 2012 through its multi-year, $5.9-billion Voyageur mining project. Suncor has also announced its intention to invest $1 billion from 2005

to 2007 in its existing Firebag project to increase in-situ bitumen production. Syncrude expects to be upgrading 0.5 mmbd by 2015 through its multi-phase Aurora mining project. Significant cost overruns for the third part of Syncrude's four-phase Aurora mine and upgrader expansion will cost the company an extra $2 billion. The entire project could cost the company upwards of $10 billion.

Shell has also entered the oil sands and upgrading game through its Albian Oil Sands Project (AOSP). The project currently produces about 155,000 barrels per day (bd) of synthetic crude at the Scotford upgrader. A number of expansions at the mine and upgrader in the medium term will bring production to 290,000 bd by the end of the decade; the long-term production goal is to reach 500,000 bd. In total, the AOSP will cost more than $6 billion. Shell has also recently proposed almost $5 billion in new investment over 2006–09 for its so-called Carmon Creek mining project in the smaller Peace River oil sands deposit, although this is still quite speculative.

Construction of Canadian Natural Resources' $10-billion, three-phase Project Horizon oil sands mining and upgrading project started recently. The project, 70 kilometres north of Fort McMurray, Alberta, is expected to produce over 200,000 bd of synthetic crude oil by 2012.

Non-residential investment spending growth in the province, which includes energy investment, will advance solidly by 8.3 per cent annually over 2001–10 and is

Chart 8
Investment Expenditure in Alberta's Oil Sands
($ billions)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.
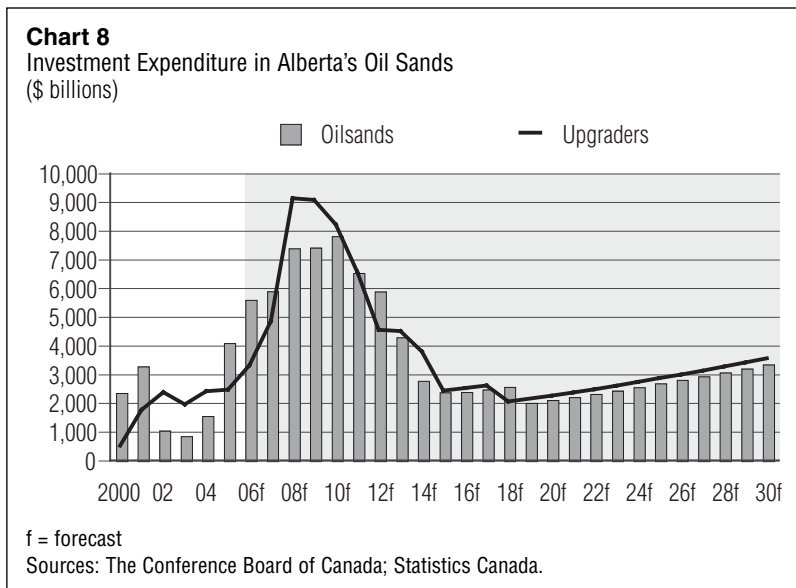
expected to advance by 5.5 per cent in the remainder of the forecast, compounded annually. Total current dollar public and private investment in machinery and equipment is expected to increase at a compound annual rate of 7.9 per cent over 2001–10 and to advance by 4.1 per cent annually over the remaining 20 years of the forecast.

AGGREGATE DEMAND

Conditions suggest that job creation will fare relatively well in the province over the long term, advancing slightly more than the national pace over most of the forecast. Employment opportunities are anticipated to be abundant over the near term, with booming consumer demand and an expanding energy sector. Employment growth is expected to advance solidly at an average annual compound rate of 2.7 per cent from 2001 to 2010. However, as labour force growth begins to wane, so too will the growth in employment. Total employment growth is expected to decelerate, posting average annual compound growth of 1.2 per cent over 2011–20 before declining to 0.8 per cent over 2021 to 2030.

Predicting household behaviour over long periods of time poses challenges, but it can be reasonably assumed that as a household cohort ages it will generally assume the spending habits of the cohort preceding it. Current spending patterns suggest that, contrary to earlier predictions, population aging will not immediately cause consumption spending patterns to shift further in favour of services over goods. Data from the 2003 survey of household spending shows that the services share of total consumption spending is highest for the youngest (under-35) cohort and oldest (over-75) cohorts, but relatively low for households aged 55 to 74.

The age range of the baby boomers is 41 to 60 in 2006, with the heaviest concentration aged between 41 and 46. By 2030, they will represent the 66–85 range, with a high concentration in the 66–71 sub-group. This means that, as a group, their spending habits will resemble the patterns of household presently in this cluster. Thus, given the large size of the baby-boomer generation, consumption spending is unlikely to shift further in favour of services until the last few years of the forecast, when baby boomers start to enter the over-74 cohort.

While demographic change will maintain the goods–services balance in total consumption spending, it is expected to contribute to a deceleration in the pace of growth in consumption outlays. Despite stronger wage growth associated with the boomer-driven labour shortage after 2010, slower overall population growth combined with a quickly growing elderly segment will help to trim the pace of expansion in consumption spending. As such, the average annual compound rate of expenditure growth in Alberta is forecast to ease from 6.6 per cent over 2006–10 to 4.8 per cent over the last 20 years of the forecast. The savings rate in the province will flatten over the forecast, averaging 6.6 per cent from 2006 to 2030.

Energy prices skyrocketed again in 2006, and surging resource revenues have allowed the provincial government to retire its debt much sooner than anticipated. As a result, the provincial government will be able to increase its spending on goods and services. Sustained high energy prices anticipated in the near and medium terms will keep energy revenues strong. With an excellent fiscal situation, total nominal government spending on goods and services will rise by an average annual rate of 6.7 per cent over 2006–10 and will then slow slightly over the remainder of the forecast period, averaging 5.3 per cent in 2011–20 and 4.8 per cent in 2021–30.

British Columbia

OVERVIEW

Real gross domestic product (GDP) in British Columbia is forecast to grow at a compound annual rate of 2.2 per cent over 2006–30. (See Chart 1.) After rebounding strongly from 2004 to 2006, the economy is expected to maintain a healthy pace over the medium term, expanding by a healthy compounded average of 3.1 per cent from 2006 to 2011. The export sector will be stimulated by stronger global demand, especially from the United States and Asia, and the domestic sector will continue to build momentum with increased interprovincial migration. Large-scale infrastructure investment and a host of projects in preparation for the 2010 Olympics will keep activity healthy in the province's construction sector over the medium term. Government coffers are benefiting from the strong economic performance, and a budget surplus of around $2.15 billion is expected in the 2006–07 fiscal year. The provincial government is forecasting further budget surpluses over the medium term and should therefore become a positive force in the economy after a few years of tepid growth.

Demographic changes will moderate economic growth in British Columbia over the long term. Population growth will slow over the forecast period, even with positive net interprovincial migration, as the aging of the baby boomers dramatically changes the province's age profile. This shift will also slow growth in domestic demand, with consumer spending patterns and housing activity undergoing the most pronounced changes. While sluggish, population growth will be higher than in most other provinces, with a compound annual rate of 1.1 per cent from 2006 to 2030.

Over the near term, the outlook is quite positive for forestry, the province's key resource sector, as the sector is benefiting from expedited lumber harvests to combat the mountain pine beetle infestation and reductions in Quebec's annual allowable cut. However, the long-term outlook is not quite as upbeat, as the forecast incorporates a decline in real forestry output following the peak of the pine beetle epidemic. Further, the reduction in housing demand, likely to result from an aging North American population, will lead to a corresponding drop in demand for wood products. Although worldwide demand for wood is expected to pick up gradually over the forecast period, the challenge for British Columbia will be to respond to the increased demand in the face of a shrinking timber supply.

DEMOGRAPHIC PATTERNS

The long-term outlook for British Columbia is largely determined by demographic developments. (See Table 1.) Dominating the story over the forecast horizon will be

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Table 1
Key Demographic Assumptions

Components	Assumptions
Population maintains growth	British Columbia's population is expected to grow at an annual average rate of 1.1 per cent over 2006 to 2030, but the average age of the population will steadily increase.
Provincial migration stabilizes	After oscillating over the last few years, British Columbia's net interprovincial migration will stabilize, averaging 5,775 people per year over the forecast period.
International migration to pick up speed	Net international migration will help drive population growth, rising from 33,074 people in 2006 to 46,806 people in 2030.
Fertility rate too low	The fertility rate in British Columbia is 1.39, well below the replacement rate of 2.1.
Natural rate reduces gains	The natural rate of increase is expected to draw down population growth as the number of deaths will begin outpacing the number of births in 2025.

Sources: The Conference Board of Canada; Statistics Canada.

Over the long term, the age distribution of the population will become increasingly skewed toward older age cohorts, with the share of the population aged 65 and over expected to increase from 14 per cent in 2006 to 25 per cent by the end of 2030. Behind the change is the aging of British Columbia's sizable baby-boom population, which currently accounts for approximately one-third of the provincial total. In 2006, baby boomers ranged in age from 41 to 60, with the largest concentration in the 42–46 age range. As baby boomers continue to age, the population's age profile will alter dramatically. (See Chart 2.)

Compound annual population growth over the forecast is expected to be 1.1 per cent.

With an aging population and with a marked reduction in the number of births, there will be a decline in the province's natural rate of increase (defined as the number of births minus the number of deaths). The number of deaths will even exceed the number of births in 2025. Though advances in medical technology should extend life expectancy, an increasingly larger senior population will ultimately increase the death rate. The annual number of deaths in the province is expected to jump by approximately 60.2 per cent over the long term, from 31,668 in 2006–07 to 50,730 in 2029–30. With the number of births in the province expected to increase by only 11.2 per cent over the same period, from 40,849 to 45,421, the natural rate of increase will decline.

a slower rate of population growth and the aging of the population. Compound annual population growth over the forecast is expected to be 1.1 per cent, increasing British Columbia's total population from 4.19 million in 2006 to 5.28 million in 2030. While this represents one of the strongest provincial population growth rates in the country over most of the forecast period, even this level of population growth is a marked deceleration from the average annual growth of 2.2 per cent from 1990 to 2000.

Chart 2
Population in Older Age Cohorts Increases
(number of people)
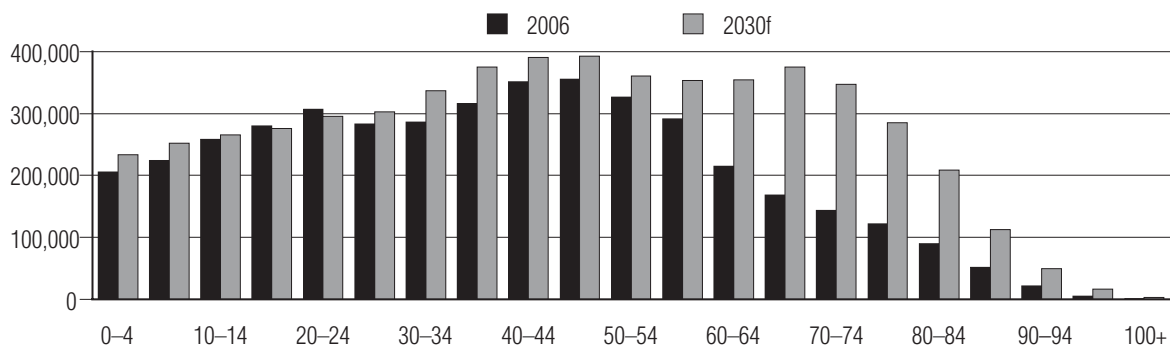
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Over the forecast horizon, a smaller cohort will replace the women currently in their prime childbearing years. The problem posed by a shrinking population of women of childbearing age will be amplified by British Columbia's low fertility rate (that is, the average number of children born to a woman during her lifetime). At 1.39, the rate will fall well below the national fertility rate—and, more importantly, significantly below the standard replacement rate of 2.1.

With growth in the number of deaths outstripping growth in the number of births, the annual natural rate of increase of the population is expected to drop from 9,181 in 2006 to –6,699 in 2030. This deterioration of the natural rate of increase will make migration a more important source of population growth. Net international immigration will account for most of the net inflow in level terms, averaging 38,587 people annually over 2006 to 2015 and increasing to an average of 47,146 people annually from 2016 to 2030.

Net interprovincial migration, a significant source of population growth during the first half of the 1990s, reversed itself in the latter half of the decade, when the economy in British Columbia performed more weakly than that of most other provinces. (See Chart 3.) With the robust performance of the Alberta economy, British Columbia's eastern neighbour has been the destination of choice for many British Columbia's migrants in search of employment, particularly people aged between 15 and 29. The net interprovincial outflows that began in 1998 ended in 2002, with more abundant employment and economic prospects. Net interprovincial migration will be a significant source of population growth over the long term, with inflows expected to average almost 5,016 people per year from 2006 to 2015 and 6,281 from 2016 to 2030, when more of Canada's baby boomers make their move to British Columbia in search of a retirement destination with a temperate climate. Overall, total net international and interprovincial migration will average 43,603 from 2006 to 2015 and 53,426 from 2016 to 2030.

LABOUR FORCE

Labour force growth is determined by changes in the source population (aged 15 and over) and movements in the labour force participation rate. Over the course of the forecast, the number of net new entrants to the labour force will drop substantially, reflecting the aging of the baby

boomers and the province's low fertility rate. Source population growth will post an average annual compound gain of 1.4 per cent from 2006 to 2015, and then drop to an average gain of 1.1 per cent from 2016 to 2030.

Labour force participation, which fell over most of the 1990s as a result of a sluggish labour market, is expected to improve over the medium term. Although participation rates have nearly converged among younger males and females, a sizable gap still exists in the 55–64 age group. Hence the participation rate for older females is expected to continue making gains over the medium term. Beginning in 2011, the participation rate will start to trend downward as more of the population retires and as retirees from other parts of the country move to British Columbia. Overall, the participation rate is expected to increase from 65.6 per cent in 2006 to 65.8 per cent in 2010, and then to gradually weaken throughout the remainder of the forecast, reaching 58.9 per cent by 2030.

Together, the weaker source population growth and the lower participation rate are expected to result in compound annual labour force growth of 1.2 per cent from 2006 to 2015 and of 0.5 per cent from 2016 to 2030.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. Potential output is not directly measured, and as such the Conference Board uses a structural production function to obtain an

Chart 3
Immigration
(thousands of persons)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

estimate of potential. We assume that the production function takes a Cobb-Douglas form, in which the mix of labour, capital and technical efficiency are modelled to produce potential output. With this assumption, our estimate of potential output is dependent on potential employment, capital and trend total factor productivity (TFP).

Potential employment measures the contribution of labour to potential output by estimating the available workforce when the economy is operating at capacity. Under these conditions, the labour force participation rate is at its structural peak and unemployment is at its "natural rate." Therefore, movements in the structural participation rate and the natural rate of unemployment are the two main factors driving changes in labour's contribution to output over the long term.

The overall participation rate is expected to decline sharply as baby boomers move into their retirement years.

The natural rate of unemployment defines a minimum level of unemployment that would remain because some people are in transition between jobs and others prefer not to work at the current wage. It is expected that unemployment resulting from workers in transition will decline over the forecast. This will happen with an increase in the average age of the labour force, as older workers are not as likely to quit their jobs to look for other work. Thus, the natural rate of unemployment is expected to trend downward slowly over the forecast period, positively contributing to labour potential.

On the other hand, the aging labour force will detrimentally affect labour potential through the labour force participation rate. As workers move into older age cohorts, their aggregate labour force participation generally declines as a result of health problems and early retirement. Consequently, the overall participation rate is expected to decline sharply over the next 25 years as a significant share of baby boomers move into their retirement years. On balance, the negative effects of declining participation rates will outweigh the benefit derived from a lower natural rate of unemployment. Therefore, labour's contribution to potential output will decline steadily over the long term. Overall, labour's annual contribution to potential output growth will average 0.9 percentage points over

the medium term (2006 to 2011) and will decline to an average of 0.3 percentage points over the long term (2012 to 2030).

The value of British Columbia's productive capital is the second factor of production required to calculate potential output. The Conference Board of Canada does not rely on a measure of potential or optimal capital stock, but assumes that productive capital is accurately measured and that the level of capital available in the economy at any time is all that is available to contribute to potential output. Total public and private capital, excluding residential assets, contributes to the level of productive capital. Over the forecast period, the net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The contribution of capital to potential output growth will average about 0.9 percentage points per year from 2006 to 2030.

The technical efficiency in which capital and labour are utilized to produce output is measured by TFP. Over history, TFP is calculated residually, using the logarithmic form of the Cobb-Douglas production function, so that changes in output not explained by labour or capital are attributed to changes in technical efficiency. It should be noted that, for purposes of this calculation, total output is defined as real output at basic prices for all industries, excluding paid and imputed rent. Paid and imputed rent is excluded because the Board's estimates of the capital stock do not take into account residential assets, since these do not contribute to the productive capacity of the economy.

The contribution of capital to potential output growth will average about 0.9 percentage points per year from 2006 to 2030.

TFP fluctuates considerably over the business cycle. The reasons for this are wide-ranging but include changes in the mix between capital and labour, relative shifts in the types of capital purchased, shifts in labour productivity as labour force skills evolve, and tax changes. In order to remove the effects of volatile short-term movements, potential output is calculated with trend TFP, which is our residual measure smoothed with a Hodrick-Prescott filter. Over the long term, trend TFP growth is expected

to be robust. With the growth in the number of workers dwindling, in order to maintain growth in TFP, firms will need to continually invest in productivity-enhancing technology and the skills development of their workforce. The contribution of TFP to growth in potential will remain in line with recent historical performance, roughly 0.7 percentage points annually over the forecast horizon.

The economy is expected to grow at close to potential for the most part over the long term.

When actual real GDP diverges from potential output, an economy is said to have an output gap. In the 1990s the economy performed almost consistently under potential, resulting in a negative output gap. The tables turned in the early 2000s as the economy continued to perform above potential, and the ouput gap closed around 2006. The economy is expected to grow at close to potential for the most part over the long term. (See Chart 4.) Inflationary pressures are forecast to remain relatively subdued over the forecast horizon, averaging 1.9 per cent over the medium term and rising to 2.2 per cent on average from 2012 to 2030.

The impact of diminishing labour force growth on potential output will be cushioned for the most part over the medium term by gains in productivity and strong growth in the capital stock. Overall, the average annual growth rate of potential output is expected to decline from 3 per cent over the medium term to 1.9 per cent in the long term.
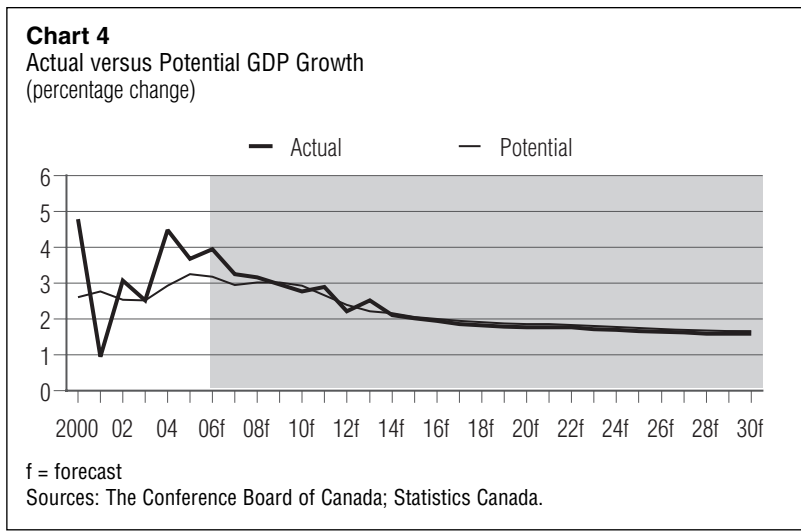
Chart 4
Actual versus Potential GDP Growth
(percentage change)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

AGGREGATE DEMAND

Employment in British Columbia is expected to continue to outpace the national average over the medium term, posting average annual compound growth of 1.7 per cent from 2006 to 2011. This growth will taper off to only 0.6 per cent from 2102 to 2030. The unemployment rate is expected to average 4.6 per cent over the medium term, and gradually to rise to 5 per cent in 2030. (See Chart 5.)

Over the medium term, baby boomers, now in their peak spending years, will continue to spend heavily on durable goods, such as cars and home furnishings. As this generation retires, their preferences will shift toward services, such as health care and travel, especially after 2020. Consequently, consumer spending on goods is expected to taper off, posting an average compound growth rate of 3.7 per cent from 2006 to 2015 and 3.3 per cent over

Chart 5
Employment and Labour Force Growth and the Unemployment Rate
(percentage)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.
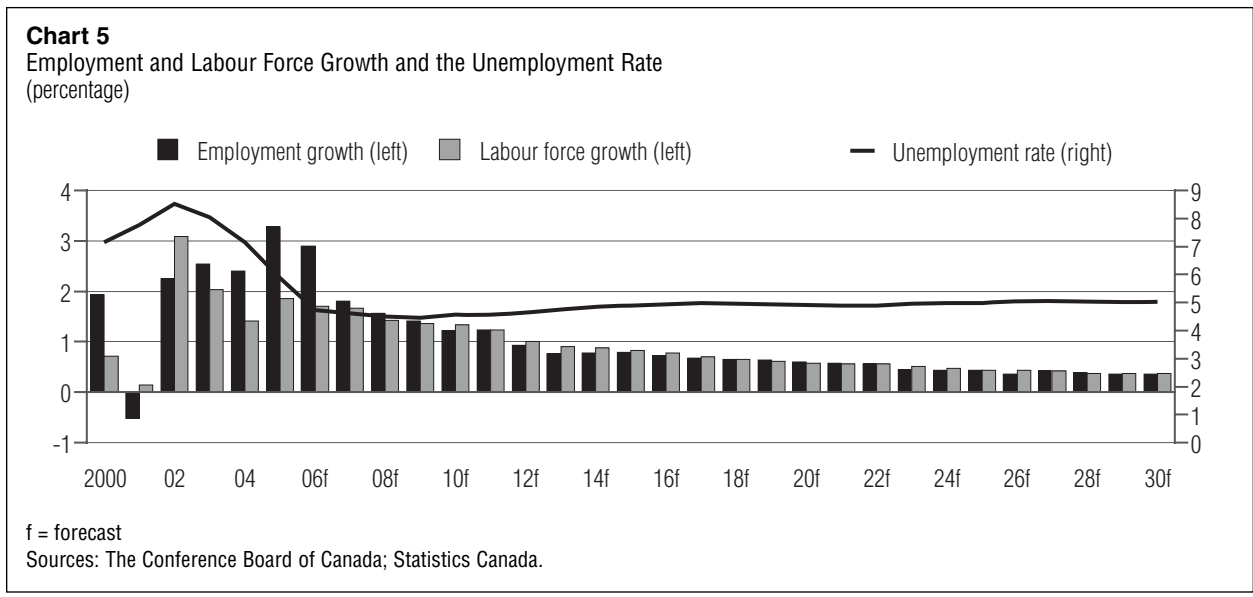
2016–30. Overall, consumer spending is forecast to record compound growth of 4.5 per cent over 2006–15 and to decline slightly to 4.2 per cent from 2016 to 2030.

Demographic developments will naturally dictate the level of housing activity over the long term. Largely as a result of net interprovincial outflows, housing starts weakened over the last decade and dropped to their lowest level in more than two decades in 2000. However, the outflows have gradually decreased in recent years, and the housing market has begun to pick up steam. Positive net interprovincial migration combined with historically low mortgage rates have kept housing activity vigorous and are expected to keep activity at a high level for the next few years. However, even with positive net interprovincial migration, total housing starts are forecast to decline gradually over the long term. Multiple housing starts will fare much better than single-family dwellings, as housing for the influx of baby boomers will be concentrated in multiple units. Overall, total starts are forecast to decline at an average annual compound rate of 0.4 per cent from 2006 to 2015 and at an average rate of 1.3 per cent from 2016 to 2030. Nominal investment spending on residential construction will grow by a healthy average annual rate of 4.4 per cent from 2006 to 2015 and by 2.5 per cent over the last 15 years of the forecast.

Even with positive net interprovincial migration, total housing starts are forecast to decline gradually over the long term.

Nominal investment spending on non-residential construction has shown quite a bit of strength recently, and solid gains are expected to continue over the medium term. The non-residential profile is strong thanks to large public projects, including the Richmond-Airport-Vancouver rapid transit (Canada Line) system and various public infrastructure upgrades and new facilities in preparation for the 2010 Winter Olympics. As a result, investment in non-residential construction is expected to knock up a healthy compound annual growth rate of 7.4 per cent over 2006–10.

The expansion in business spending experienced recently and the strong Canadian dollar have led to a rebound in machinery and equipment investment. This

investment is expected to grow robustly over the forecast period as businesses remain under pressure to become more globally competitive and strive to increase productivity. Compound annual growth in machinery and equipment is expected to be 4.7 per cent over 2006 to 2015 and 3 per cent from 2016 to 2030.

Fiscal policy is expected to become more expansionary over the medium term.

The fiscal outlook has improved significantly after several years in a deficit position. The provincial government is expected to deliver a surplus of around $2.15 billion in the 2006–07 fiscal year, and smaller surpluses are expected in the two following years. This turnaround is a significant development for British Columbia, enabling the government to become a positive force on the economy over the medium and long terms. As such, fiscal policy is expected to become more expansionary over the medium term. In particular, government spending on services will increase as aging baby boomers place increased demand on the health-care system. In the last decade of the forecast, spending on education is anticipated to increase as new schools are built to accommodate the grandchildren of baby boomers. Nominal government spending on goods and services is expected to post an average annual growth rate of 5.1 per cent over 2006 to 2015 and 4.8 per cent from 2016 to 2030.

INDUSTRY ANALYSIS

FORESTRY

In the short run, the outlook for British Columbia's forestry industry is quite positive. The sector is currently benefiting from increased harvest levels to combat the spread of the mountain pine beetle and reductions in Quebec's harvest levels. Growth will taper off as the North American housing market cools but will remain positive over the medium term. Average annual compound growth in British Columbia's real forestry output is expected to be 1.7 per cent from 2006 to 2010 but to slow to only 0.3 per cent in 2011.

The outlook over the long term is not favourable. Approximately 30 per cent of the province's timber supply is lodgepole pine, and it is estimated that the

mountain pine beetle will kill up to 80 per cent of this tree specie. This will obviously have devastating effects on the industry, and harvest levels are expected to drop in the long term. The Conference Board's assumption when compiling the forecast is that harvest levels will begin to drop by 2012 because of a decline in the amount of commercially viable beetle-killed wood. This assumption leads to an industry contraction of 1.1 per cent over 2012 to 2030. (See Chart 6.)

MANUFACTURING

British Columbia's largely resource-based manufacturing sector is dominated by the paper and wood product industries; together they account for nearly half of the province's total manufacturing shipments. Pulp and newsprint producers have faced challenging market conditions during the last two years as excess world supply resulted in significant price weakness. Additionally, firms have been plagued by the sky-high Canadian dollar. However, a reduction in overall industry capacity over the past two years as a result of plant closures, together with a revived U.S. economy, bode well for pulp and newsprint producers.

These industries will continue to play an important role over the long term, although there will be greater emphasis on value-added products for exports. First, the

Chart 6
Real Output, Key Industries
(average annual compound growth rate)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

abundance of high-grade fibre in the province will allow the development of more specialized paper products. Second, lumber manufacturing will continue to develop markets for furniture components, doors and windows, while continuing to diversify into engineered lumber products. As such, real manufacturing output will post average compound annual growth of 3.3 per cent from 2006 to 2015 and 1.6 per cent over 2016–30.

Table 1—Key Economic Indicators: Canada
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP at market prices (current $)	1,371,425	1,432,938	1,492,091	1,568,613	1,646,326	1,724,364	1,805,494	1,887,083	1,973,378	2,058,360	2,144,673	2,235,106	2,327,404
	6.2	*4.5*	*4.1*	*5.1*	*5.0*	*4.7*	*4.7*	*4.5*	*4.6*	*4.3*	*4.2*	*4.2*	*4.1*
GDP at basic prices (current $)	1,277,530	1,336,573	1,392,816	1,463,970	1,536,207	1,608,592	1,683,861	1,759,570	1,839,909	1,918,706	1,998,659	2,082,721	2,168,427
	6.3	*4.6*	*4.2*	*5.1*	*4.9*	*4.7*	*4.7*	*4.5*	*4.6*	*4.3*	*4.2*	*4.2*	*4.1*
GDP at basic prices (constant 1997 $)	1,072,667	1,102,656	1,134,360	1,170,387	1,206,976	1,243,823	1,281,801	1,315,762	1,353,657	1,388,638	1,422,061	1,456,544	1,490,514
	3.1	*2.8*	*2.9*	*3.2*	*3.1*	*3.1*	*3.1*	*2.6*	*2.9*	*2.6*	*2.4*	*2.4*	*2.3*
Consumer Price Index (1992=1.0)	1.273	1.297	1.315	1.342	1.369	1.397	1.424	1.453	1.483	1.514	1.546	1.578	1.611
	2.2	*1.9*	*1.4*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.1*	*2.1*	*2.1*	*2.1*	*2.1*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.191	1.212	1.228	1.251	1.273	1.293	1.314	1.337	1.359	1.382	1.405	1.430	1.455
	3.2	*1.8*	*1.3*	*1.9*	*1.8*	*1.6*	*1.6*	*1.8*	*1.6*	*1.7*	*1.7*	*1.7*	*1.7*
Average weekly wages (level $)	717	737	757	778	800	823	846	872	900	930	962	995	1,030
	3.1	*2.8*	*2.7*	*2.8*	*2.8*	*2.8*	*2.8*	*3.1*	*3.2*	*3.4*	*3.4*	*3.5*	*3.5*
Personal income (current $)	1,027,733	1,084,892	1,130,215	1,181,297	1,234,224	1,289,094	1,346,566	1,407,934	1,471,995	1,536,795	1,603,442	1,672,371	1,745,065
	5.0	*5.6*	*4.2*	*4.5*	*4.5*	*4.4*	*4.5*	*4.6*	*4.6*	*4.4*	*4.3*	*4.3*	*4.3*
Personal disposable income (current $)	787,524	833,521	863,836	902,230	943,261	983,919	1,026,295	1,070,453	1,117,033	1,163,948	1,212,592	1,263,548	1,316,614
	4.2	*5.8*	*3.6*	*4.4*	*4.5*	*4.3*	*4.3*	*4.3*	*4.4*	*4.2*	*4.2*	*4.2*	*4.2*
Personal savings rate	1.2	1.8	1.5	1.4	1.4	1.1	1.0	1.0	1.0	1.1	1.2	1.4	1.6
	−54.0	*54.1*	*−19.7*	*−3.3*	*−5.5*	*−17.6*	*−8.5*	*−2.3*	*1.0*	*5.8*	*15.1*	*16.8*	*12.7*
Population (000s)	32,232	32,537	32,835	33,141	33,455	33,779	34,113	34,459	34,816	35,182	35,555	35,933	36,314
	0.9	*0.9*	*0.9*	*0.9*	*0.9*	*1.0*	*1.0*	*1.0*	*1.0*	*1.1*	*1.1*	*1.1*	*1.1*
Labour force (000s)	17,341	17,600	17,891	18,145	18,384	18,619	18,837	19,021	19,190	19,354	19,515	19,663	19,797
	0.9	*1.5*	*1.7*	*1.4*	*1.3*	*1.3*	*1.2*	*1.0*	*0.9*	*0.9*	*0.8*	*0.8*	*0.7*
Employment (000s)	16,169	16,461	16,718	16,978	17,233	17,472	17,708	17,909	18,113	18,270	18,410	18,548	18,689
	1.4	*1.8*	*1.6*	*1.6*	*1.5*	*1.4*	*1.3*	*1.1*	*1.1*	*0.9*	*0.8*	*0.7*	*0.8*
Unemployment rate (percentage)	6.8	6.5	6.6	6.4	6.3	6.2	6.0	5.8	5.6	5.6	5.7	5.7	5.6
Retail sales (current $)	368,612	393,264	415,610	437,978	461,812	486,113	511,431	536,272	561,140	585,885	611,286	637,481	664,792
	6.3	*6.7*	*5.7*	*5.4*	*5.4*	*5.3*	*5.2*	*4.9*	*4.6*	*4.4*	*4.3*	*4.3*	*4.3*
Housing starts (units)	225,481	225,620	202,573	194,703	191,500	189,222	188,284	188,584	189,708	190,876	192,399	193,303	193,744
	−3.4	*0.1*	*−10.2*	*−3.9*	*−1.6*	*−1.2*	*−0.5*	*0.2*	*0.6*	*0.6*	*0.8*	*0.5*	*0.2*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 1—Key Economic Indicators: Canada
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP at market prices (current $)	2,424,179	2,523,292	2,628,366	2,736,642	2,849,361	2,964,791	3,086,636	3,213,481	3,343,519	3,477,693	3,616,655	3,759,102	3,904,788
	4.2	4.1	4.2	4.1	4.1	4.1	4.1	4.1	4.0	4.0	4.0	3.9	3.9
GDP at basic prices (current $)	2,257,866	2,348,999	2,445,926	2,545,906	2,649,975	2,756,205	2,868,232	2,984,892	3,104,439	3,227,865	3,355,778	3,486,926	3,621,101
	4.1	4.0	4.1	4.1	4.1	4.0	4.1	4.1	4.0	4.0	4.0	3.9	3.8
GDP at basic prices (constant 1997 $)	1,523,911	1,557,390	1,592,089	1,626,168	1,660,421	1,694,945	1,730,743	1,768,024	1,805,402	1,842,433	1,880,962	1,917,216	1,954,781
	2.2	2.2	2.2	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.1	1.9	2.0
Consumer Price Index (1992=1.0)	1.646	1.682	1.720	1.760	1.801	1.843	1.887	1.931	1.976	2.021	2.066	2.110	2.155
	2.2	2.2	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.1
Implicit price deflator— GDP at basic prices (1997=1.0)	1.482	1.508	1.536	1.566	1.596	1.626	1.657	1.688	1.719	1.752	1.784	1.819	1.852
	1.8	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.8	1.9	1.9
Average weekly wages (level $)	1,066	1,104	1,144	1,184	1,227	1,270	1,316	1,362	1,411	1,462	1,514	1,568	1,624
	3.5	3.5	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Personal income (current $)	1,820,219	1,898,324	1,981,561	2,067,788	2,157,669	2,250,823	2,347,965	2,447,793	2,549,855	2,655,829	2,766,551	2,879,622	2,994,306
	4.3	4.3	4.4	4.4	4.3	4.3	4.3	4.3	4.2	4.2	4.2	4.1	4.0
Personal disposable income (current $)	1,370,428	1,426,220	1,485,577	1,546,948	1,610,875	1,677,032	1,745,858	1,815,941	1,887,231	1,961,393	2,038,558	2,116,840	2,195,549
	4.1	4.1	4.2	4.1	4.1	4.1	4.1	4.0	3.9	3.9	3.9	3.8	3.7
Personal savings rate	1.6	1.6	1.5	1.4	1.4	1.3	1.1	0.9	0.7	0.6	0.4	0.2	-0.1
	1.2	-4.1	-2.4	-6.2	-6.0	-6.4	-13.7	-16.2	-20.7	-20.1	-32.2	-60.4	-179.8
Population (000s)	36,698	37,082	37,466	37,848	38,228	38,603	38,974	39,340	39,699	40,050	40,392	40,727	41,053
	1.1	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8
Labour force (000s)	19,923	20,043	20,157	20,269	20,378	20,485	20,587	20,685	20,778	20,868	20,954	21,036	21,113
	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Employment (000s)	18,807	18,917	19,042	19,159	19,268	19,373	19,480	19,576	19,651	19,738	19,822	19,900	19,971
	0.6	0.6	0.7	0.6	0.6	0.5	0.6	0.5	0.4	0.4	0.4	0.4	0.4
Unemployment rate (percentage)	5.6	5.6	5.5	5.5	5.5	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Retail sales (current $)	693,532	723,759	755,412	788,866	823,526	859,006	894,756	931,873	971,353	1,011,925	1,053,435	1,095,718	1,138,735
	4.3	4.4	4.4	4.4	4.4	4.3	4.2	4.1	4.2	4.2	4.1	4.0	3.9
Housing starts (units)	193,688	193,127	192,135	190,686	188,851	186,736	184,362	181,811	179,010	176,013	172,813	169,443	165,926
	0.0	-0.3	-0.5	-0.8	-1.0	-1.1	-1.3	-1.4	-1.5	-1.7	-1.8	-1.9	-2.1

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 2—Key Economic Indicators: Newfoundland and Labrador
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP at market prices (current $)	21,498	24,429	23,771	24,288	25,121	25,935	26,765	27,379	27,900	27,795	28,044	29,056	29,637
	10.9	*13.6*	*−2.7*	*2.2*	*3.4*	*3.2*	*3.2*	*2.3*	*1.9*	*−0.4*	*0.9*	*3.6*	*2.0*
GDP at basic prices (current $)	19,850	22,738	22,028	22,452	23,189	23,903	24,630	25,141	25,558	25,344	25,481	26,381	26,847
	11.6	*14.5*	*−3.1*	*1.9*	*3.3*	*3.1*	*3.0*	*2.1*	*1.7*	*−0.8*	*0.5*	*3.5*	*1.8*
GDP at basic prices (constant 1997 $)	13,630	14,019	14,824	14,858	15,006	15,154	15,284	15,376	15,384	15,133	15,013	15,392	15,431
	0.4	*2.9*	*5.7*	*0.2*	*1.0*	*1.0*	*0.9*	*0.6*	*0.0*	*−1.6*	*−0.8*	*2.5*	*0.2*
Consumer Price Index (1992=1.0)	1.261	1.289	1.309	1.333	1.359	1.383	1.408	1.433	1.457	1.481	1.506	1.533	1.561
	2.6	*2.2*	*1.5*	*1.8*	*2.0*	*1.8*	*1.8*	*1.7*	*1.7*	*1.7*	*1.7*	*1.8*	*1.8*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.456	1.623	1.486	1.511	1.545	1.577	1.611	1.635	1.661	1.675	1.697	1.714	1.740
	11.1	*11.5*	*−8.4*	*1.7*	*2.3*	*2.1*	*2.2*	*1.5*	*1.6*	*0.8*	*1.3*	*1.0*	*1.5*
Average weekly wages (level $)	650	680	698	717	734	751	766	789	808	827	848	869	891
	4.3	*4.7*	*2.7*	*2.8*	*2.3*	*2.3*	*2.0*	*3.0*	*2.4*	*2.3*	*2.6*	*2.5*	*2.5*
Personal income (current $)	13,458	15,958	14,446	14,957	15,538	16,079	16,610	17,158	17,588	17,937	18,392	18,963	19,494
	3.9	*18.6*	*−9.5*	*3.5*	*3.9*	*3.5*	*3.3*	*3.3*	*2.5*	*2.0*	*2.5*	*3.1*	*2.8*
Personal disposable income (current $)	10,509	12,883	11,219	11,608	12,061	12,465	12,861	13,258	13,576	13,836	14,175	14,600	14,993
	3.2	*22.6*	*−12.9*	*3.5*	*3.9*	*3.4*	*3.2*	*3.1*	*2.4*	*1.9*	*2.5*	*3.0*	*2.7*
Personal savings rate	−0.5	11.7	1.5	1.4	1.3	1.0	1.0	0.9	0.9	0.9	1.0	1.3	1.5
	−395.2	*2224.6*	*−87.4*	*−7.3*	*−6.6*	*−18.1*	*−2.7*	*−15.2*	*0.2*	*0.4*	*14.9*	*26.5*	*18.0*
Population (000s)	515	510	508	507	505	504	502	501	500	499	498	497	496
	−0.5	*−0.8*	*−0.4*	*−0.3*	*−0.3*	*−0.3*	*−0.3*	*−0.3*	*−0.3*	*−0.2*	*−0.2*	*−0.2*	*−0.2*
Labour force (000s)	253	252	252	252	251	250	249	247	245	243	241	239	237
	−0.7	*0.0*	*0.0*	*−0.2*	*−0.3*	*−0.3*	*−0.5*	*−0.7*	*−0.8*	*−0.8*	*−0.8*	*−0.9*	*−1.0*
Employment (000s)	214	215	216	217	220	222	224	223	220	216	213	214	213
	−0.1	*0.2*	*0.5*	*0.5*	*1.5*	*0.9*	*0.8*	*−0.3*	*−1.1*	*−2.1*	*−1.2*	*0.3*	*−0.5*
Unemployment rate (percentage)	15.2	15.0	14.6	14.0	12.4	11.4	10.2	9.9	10.2	11.4	11.7	10.6	10.2
Retail sales (current $)	5,891	6,042	6,288	6,568	6,891	7,193	7,490	7,774	7,985	8,153	8,372	8,644	8,896
	2.4	*2.6*	*4.1*	*4.4*	*4.9*	*4.4*	*4.1*	*3.8*	*2.7*	*2.1*	*2.7*	*3.3*	*2.9*
Housing starts (units)	2,498	2,202	1,701	1,405	1,334	1,283	1,250	1,162	1,109	1,049	1,002	941	887
	−13.0	*−11.8*	*−22.8*	*−17.4*	*−5.1*	*−3.8*	*−2.6*	*−7.0*	*−4.6*	*−5.4*	*−4.5*	*−6.2*	*−5.7*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 2—Key Economic Indicators: Newfoundland and Labrador
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP at market prices (current $)	30,707	31,311	31,862	32,042	32,225	32,558	33,054	33,519	34,445	35,321	36,084	36,655	37,133
	3.6	2.0	1.8	0.6	0.6	1.0	1.5	1.4	2.8	2.5	2.2	1.6	1.3
GDP at basic prices (current $)	27,788	28,252	28,660	28,694	28,726	28,897	29,221	29,507	30,248	30,936	31,506	31,878	32,154
	3.5	1.7	1.4	0.1	0.1	0.6	1.1	1.0	2.5	2.3	1.8	1.2	0.9
GDP at basic prices (constant 1997 $)	15,621	15,702	15,736	15,610	15,486	15,447	15,437	15,423	15,678	15,897	16,044	16,093	16,093
	1.2	0.5	0.2	–0.8	–0.8	–0.2	–0.1	–0.1	1.7	1.4	0.9	0.3	0.0
Consumer Price Index (1992=1.0)	1.590	1.618	1.648	1.680	1.712	1.743	1.776	1.810	1.845	1.880	1.913	1.948	1.983
	1.8	1.8	1.8	1.9	1.9	1.8	1.9	1.9	1.9	1.9	1.8	1.8	1.8
Implicit price deflator— GDP at basic prices (1997=1.0)	1.779	1.799	1.821	1.838	1.855	1.871	1.893	1.913	1.929	1.946	1.964	1.981	1.998
	2.2	1.1	1.2	0.9	0.9	0.8	1.2	1.1	0.8	0.9	0.9	0.9	0.9
Average weekly wages (level $)	913	937	963	990	1,017	1,045	1,074	1,103	1,134	1,166	1,199	1,234	1,270
	2.5	2.6	2.8	2.7	2.8	2.7	2.7	2.7	2.8	2.8	2.9	2.9	2.9
Personal income (current $)	20,022	20,550	21,113	21,665	22,228	22,825	23,430	24,029	24,629	25,262	25,909	26,541	27,169
	2.7	2.6	2.7	2.6	2.6	2.7	2.7	2.6	2.5	2.6	2.6	2.4	2.4
Personal disposable income (current $)	15,373	15,755	16,162	16,562	16,970	17,401	17,838	18,265	18,691	19,140	19,598	20,041	20,475
	2.5	2.5	2.6	2.5	2.5	2.5	2.5	2.4	2.3	2.4	2.4	2.3	2.2
Personal savings rate	1.5	1.5	1.5	1.4	1.3	1.2	1.1	0.9	0.7	0.5	0.3	0.0	–0.3
	3.9	–3.0	–0.7	–6.4	–7.7	–5.1	–13.4	–17.3	–24.8	–21.6	–36.2	–85.8	–649.8
Population (000s)	495	494	493	492	490	488	487	485	483	480	478	475	472
	–0.2	–0.2	–0.2	–0.3	–0.3	–0.3	–0.4	–0.4	–0.4	–0.5	–0.5	–0.5	–0.6
Labour force (000s)	234	232	229	227	224	221	219	216	213	211	208	205	203
	–1.0	–1.1	–1.1	–1.2	–1.2	–1.2	–1.2	–1.2	–1.2	–1.3	–1.2	–1.2	–1.3
Employment (000s)	211	209	207	204	201	199	196	193	191	188	186	183	180
	–0.7	–1.1	–1.1	–1.3	–1.4	–1.2	–1.2	–1.4	–1.5	–1.2	–1.3	–1.5	–1.4
Unemployment rate (percentage)	9.9	9.9	9.8	10.0	10.2	10.2	10.2	10.4	10.6	10.6	10.6	10.8	10.9
Retail sales (current $)	9,152	9,416	9,691	9,972	10,257	10,556	10,846	11,139	11,454	11,781	12,107	12,425	12,743
	2.9	2.9	2.9	2.9	2.9	2.9	2.7	2.7	2.8	2.9	2.8	2.6	2.6
Housing starts (units)	818	737	645	545	438	379	302	257	220	181	170	166	160
	–7.7	–9.9	–12.4	–15.5	–19.6	–13.4	–20.3	–15.0	–14.6	–17.8	–5.8	–2.2	–3.7

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 3—Key Economic Indicators: Prince Edward Island
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP at market prices (current $)	4,152	4,287	4,406	4,601	4,800	4,980	5,171	5,341	5,505	5,677	5,849	6,023	6,216
	3.0	3.3	2.8	4.4	4.3	3.7	3.8	3.3	3.1	3.1	3.0	3.0	3.2
GDP at basic prices (current $)	3,752	3,878	3,984	4,156	4,332	4,487	4,654	4,798	4,938	5,083	5,228	5,375	5,540
	2.7	3.3	2.7	4.3	4.2	3.6	3.7	3.1	2.9	3.0	2.8	2.8	3.1
GDP at basic prices (constant 1997 $)	3,165	3,213	3,263	3,339	3,424	3,505	3,582	3,637	3,695	3,754	3,811	3,867	3,922
	2.0	1.5	1.5	2.3	2.5	2.4	2.2	1.5	1.6	1.6	1.5	1.5	1.4
Consumer Price Index (1992=1.0)	1.285	1.317	1.337	1.362	1.387	1.412	1.437	1.464	1.490	1.516	1.542	1.570	1.599
	3.2	2.5	1.5	1.8	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Implicit price deflator— GDP at basic prices (1997=1.0)	1.186	1.207	1.221	1.245	1.265	1.280	1.299	1.319	1.336	1.354	1.372	1.390	1.413
	0.7	1.8	1.2	1.9	1.6	1.2	1.5	1.5	1.3	1.3	1.3	1.3	1.7
Average weekly wages (level $)	488	505	518	530	543	557	571	587	602	619	636	654	673
	2.2	3.7	2.5	2.4	2.4	2.6	2.6	2.7	2.6	2.8	2.8	2.9	2.9
Personal income (current $)	3,594	3,710	3,847	4,001	4,160	4,327	4,503	4,689	4,871	5,062	5,254	5,454	5,661
	2.8	3.2	3.7	4.0	4.0	4.0	4.1	4.1	3.9	3.9	3.8	3.8	3.8
Personal disposable income (current $)	2,832	2,925	3,022	3,142	3,269	3,398	3,534	3,673	3,813	3,958	4,105	4,260	4,419
	2.1	3.3	3.3	4.0	4.0	3.9	4.0	4.0	3.8	3.8	3.7	3.8	3.7
Personal savings rate	-4.8	-5.1	-4.7	-4.9	-5.0	-5.3	-5.4	-5.8	-5.8	-5.8	-5.7	-5.5	-5.3
	-252.6	-5.2	7.0	-2.7	-3.6	-6.0	-1.7	-6.4	-0.7	0.3	2.2	3.1	2.7
Population (000s)	138	138	139	140	140	141	142	143	144	145	146	147	148
	0.2	0.2	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Labour force (000s)	77	77	78	79	79	80	81	81	81	81	82	82	82
	1.7	0.6	0.8	1.1	0.9	0.9	0.8	0.5	0.3	0.3	0.2	0.2	0.1
Employment (000s)	68	69	69	70	71	71	72	72	72	73	73	73	73
	2.0	0.6	0.7	1.1	0.9	0.8	0.8	0.6	0.3	0.4	0.2	0.3	0.2
Unemployment rate (percentage)	10.9	11.0	11.0	11.0	11.0	11.0	11.0	10.9	10.9	10.8	10.8	10.7	10.6
Retail sales (current $)	1,428	1,493	1,559	1,640	1,726	1,815	1,909	2,000	2,085	2,172	2,259	2,350	2,442
	3.2	4.6	4.4	5.2	5.2	5.2	5.2	4.8	4.2	4.2	4.0	4.0	3.9
Housing starts (units)	862	777	621	600	600	601	609	629	650	667	678	684	684
	-6.2	-9.9	-20.1	-3.4	0.0	0.3	1.3	3.2	3.4	2.6	1.7	0.8	0.0

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 3—Key Economic Indicators: Prince Edward Island
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP at market prices (current $)	6,417	6,624	6,839	7,063	7,300	7,541	7,788	8,053	8,325	8,606	8,893	9,192	9,494
	3.2	3.2	3.3	3.3	3.4	3.3	3.3	3.4	3.4	3.4	3.3	3.4	3.3
GDP at basic prices (current $)	5,710	5,882	6,063	6,251	6,451	6,653	6,859	7,080	7,308	7,544	7,784	8,034	8,287
	3.1	3.0	3.1	3.1	3.2	3.1	3.1	3.2	3.2	3.2	3.2	3.2	3.1
GDP at basic prices (constant 1997 $)	3,975	4,029	4,084	4,140	4,195	4,253	4,311	4,369	4,426	4,484	4,541	4,598	4,656
	1.4	1.4	1.4	1.4	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3
Consumer Price Index (1992=1.0)	1.630	1.661	1.693	1.726	1.760	1.796	1.833	1.871	1.910	1.950	1.989	2.028	2.069
	1.9	1.9	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.0	2.0	2.0
Implicit price deflator— GDP at basic prices (1997=1.0)	1.436	1.460	1.484	1.510	1.538	1.565	1.591	1.621	1.651	1.682	1.714	1.747	1.780
	1.7	1.6	1.7	1.7	1.8	1.7	1.7	1.9	1.9	1.9	1.9	1.9	1.9
Average weekly wages (level $)	693	714	736	758	782	806	830	856	882	909	938	967	997
	3.0	3.0	3.0	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Personal income (current $)	5,878	6,101	6,339	6,589	6,848	7,114	7,393	7,677	7,967	8,267	8,581	8,900	9,220
	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.8	3.8	3.8	3.8	3.7	3.6
Personal disposable income (current $)	4,582	4,749	4,928	5,114	5,308	5,507	5,715	5,925	6,140	6,361	6,592	6,825	7,057
	3.7	3.6	3.8	3.8	3.8	3.8	3.8	3.7	3.6	3.6	3.6	3.5	3.4
Personal savings rate	-5.3	-5.5	-5.5	-5.7	-5.8	-5.9	-6.2	-6.4	-6.6	-6.8	-7.0	-7.3	-7.7
	-0.4	-2.1	-1.5	-2.5	-2.3	-2.2	-3.7	-3.4	-3.6	-3.1	-3.4	-4.1	-4.6
Population (000s)	149	150	152	153	154	155	156	157	158	158	159	160	161
	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.5
Labour force (000s)	82	82	82	82	82	82	83	83	83	83	83	83	83
	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Employment (000s)	73	73	74	74	74	74	74	74	74	74	74	74	74
	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.1	0.0	0.1	0.1	0.1	0.1
Unemployment rate (percentage)	10.5	10.6	10.5	10.4	10.3	10.3	10.3	10.3	10.4	10.5	10.5	10.4	10.5
Retail sales (current $)	2,541	2,644	2,752	2,869	2,988	3,111	3,234	3,362	3,499	3,639	3,783	3,929	4,077
	4.0	4.1	4.1	4.2	4.2	4.1	4.0	4.0	4.1	4.0	4.0	3.9	3.7
Housing starts (units)	679	670	658	642	624	604	584	563	542	521	500	478	457
	-0.7	-1.3	-1.9	-2.4	-2.8	-3.2	-3.4	-3.6	-3.7	-3.9	-4.1	-4.3	-4.4

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 4—Key Economic Indicators: Nova Scotia
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP at market prices (current $)	31,527	32,602	33,557	34,884	36,297	37,521	38,847	40,079	41,273	42,415	43,556	44,649	45,777
	5.4	3.4	2.9	4.0	4.1	3.4	3.5	3.2	3.0	2.8	2.7	2.5	2.5
GDP at basic prices (current $)	28,557	29,554	30,417	31,574	32,814	33,860	35,000	36,046	37,052	37,998	38,938	39,829	40,748
	5.5	3.5	2.9	3.8	3.9	3.2	3.4	3.0	2.8	2.6	2.5	2.3	2.3
GDP at basic prices (constant 1997 $)	23,361	23,883	24,334	24,749	25,264	25,711	26,256	26,762	27,155	27,478	27,774	28,020	28,233
	1.7	2.2	1.9	1.7	2.1	1.8	2.1	1.9	1.5	1.2	1.1	0.9	0.8
Consumer Price Index (1992=1.0)	1.296	1.327	1.347	1.371	1.397	1.422	1.448	1.475	1.501	1.528	1.554	1.581	1.609
	2.8	2.4	1.5	1.7	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.7	1.8
Implicit price deflator— GDP at basic prices (1997=1.0)	1.222	1.237	1.250	1.276	1.299	1.317	1.333	1.347	1.364	1.383	1.402	1.421	1.443
	3.8	1.2	1.0	2.1	1.8	1.4	1.2	1.0	1.3	1.4	1.4	1.4	1.5
Average weekly wages (level $)	595	615	631	647	663	679	697	716	735	756	777	799	823
	3.1	3.3	2.6	2.5	2.5	2.4	2.6	2.8	2.7	2.8	2.8	2.9	2.9
Personal income (current $)	26,602	27,446	28,420	29,431	30,493	31,526	32,652	33,780	34,876	35,956	37,057	38,171	39,338
	4.6	3.2	3.5	3.6	3.6	3.4	3.6	3.5	3.2	3.1	3.1	3.0	3.1
Personal disposable income (current $)	20,808	21,516	22,182	22,963	23,807	24,589	25,436	26,263	27,079	27,878	28,700	29,549	30,423
	4.1	3.4	3.1	3.5	3.7	3.3	3.4	3.3	3.1	2.9	2.9	3.0	3.0
Personal savings rate	-2.6	-3.6	-3.5	-3.7	-3.8	-4.1	-4.2	-4.5	-4.6	-4.6	-4.5	-4.3	-4.2
	-30.8	-39.4	1.3	-4.1	-3.9	-7.6	-2.0	-7.7	-1.3	-0.1	2.3	3.4	2.9
Population (000s)	937	935	934	934	935	935	936	937	937	938	939	939	940
	-0.1	-0.2	-0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Labour force (000s)	484	480	480	482	483	484	485	484	482	481	479	476	473
	-0.2	-0.9	0.0	0.4	0.3	0.2	0.1	-0.2	-0.3	-0.3	-0.4	-0.5	-0.6
Employment (000s)	443	441	444	445	448	450	452	452	451	449	447	444	442
	0.2	-0.5	0.6	0.4	0.5	0.4	0.5	0.0	-0.2	-0.5	-0.4	-0.6	-0.5
Unemployment rate (percentage)	8.4	8.1	7.6	7.6	7.4	7.2	6.8	6.7	6.6	6.7	6.7	6.8	6.7
Retail sales (current $)	10,619	11,352	11,882	12,421	13,013	13,590	14,212	14,779	15,301	15,801	16,306	16,816	17,341
	3.1	6.9	4.7	4.5	4.8	4.4	4.6	4.0	3.5	3.3	3.2	3.1	3.1
Housing starts (units)	4,775	5,047	3,086	2,709	2,470	2,347	2,294	2,321	2,336	2,334	2,312	2,268	2,203
	1.2	5.7	-38.9	-12.2	-8.8	-5.0	-2.3	1.2	0.6	-0.1	-0.9	-1.9	-2.9

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 4—Key Economic Indicators: Nova Scotia
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP at market prices (current $)	46,969	48,157	49,361	50,566	51,850	53,175	54,527	55,952	57,465	58,909	60,384	61,905	63,431
	2.6	*2.5*	*2.5*	*2.4*	*2.5*	*2.6*	*2.5*	*2.6*	*2.7*	*2.5*	*2.5*	*2.5*	*2.5*
GDP at basic prices (current $)	41,708	42,644	43,591	44,533	45,544	46,578	47,618	48,721	49,903	51,007	52,133	53,296	54,458
	2.4	*2.2*	*2.2*	*2.2*	*2.3*	*2.3*	*2.2*	*2.3*	*2.4*	*2.2*	*2.2*	*2.2*	*2.2*
GDP at basic prices (constant 1997 $)	28,420	28,584	28,748	28,912	29,071	29,225	29,377	29,532	29,729	29,856	29,987	30,114	30,245
	0.7	*0.6*	*0.6*	*0.6*	*0.5*	*0.5*	*0.5*	*0.5*	*0.7*	*0.4*	*0.4*	*0.4*	*0.4*
Consumer Price Index (1992=1.0)	1.641	1.672	1.706	1.743	1.781	1.821	1.860	1.902	1.943	1.988	2.032	2.076	2.120
	1.9	*1.9*	*2.1*	*2.2*	*2.2*	*2.3*	*2.2*	*2.3*	*2.2*	*2.3*	*2.2*	*2.2*	*2.1*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.468	1.492	1.516	1.540	1.567	1.594	1.621	1.650	1.679	1.708	1.739	1.770	1.801
	1.7	*1.7*	*1.6*	*1.6*	*1.7*	*1.7*	*1.7*	*1.8*	*1.7*	*1.8*	*1.8*	*1.8*	*1.7*
Average weekly wages (level $)	847	873	899	927	955	985	1,015	1,046	1,078	1,111	1,146	1,182	1,219
	3.0	*3.0*	*3.0*	*3.1*	*3.1*	*3.1*	*3.1*	*3.1*	*3.1*	*3.1*	*3.1*	*3.1*	*3.1*
Personal income (current $)	40,540	41,752	43,043	44,372	45,754	47,185	48,650	50,141	51,637	53,169	54,776	56,395	58,007
	3.1	*3.0*	*3.1*	*3.1*	*3.1*	*3.1*	*3.1*	*3.1*	*3.0*	*3.0*	*3.0*	*3.0*	*2.9*
Personal disposable income (current $)	31,302	32,187	33,129	34,098	35,106	36,149	37,215	38,287	39,360	40,463	41,615	42,766	43,899
	2.9	*2.8*	*2.9*	*2.9*	*3.0*	*3.0*	*2.9*	*2.9*	*2.8*	*2.8*	*2.8*	*2.8*	*2.6*
Personal savings rate	-4.2	-4.4	-4.5	-4.7	-4.8	-5.0	-5.2	-5.5	-5.7	-5.9	-6.2	-6.5	-6.9
	-1.1	*-3.2*	*-2.5*	*-3.7*	*-3.4*	*-3.2*	*-5.0*	*-4.6*	*-4.7*	*-4.1*	*-4.4*	*-5.1*	*-5.6*
Population (000s)	941	941	941	942	941	941	941	940	939	937	936	934	932
	0.1	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*-0.1*	*-0.1*	*-0.1*	*-0.1*	*-0.2*	*-0.2*	*-0.2*
Labour force (000s)	470	467	463	460	456	453	449	445	441	437	433	430	426
	-0.7	*-0.7*	*-0.7*	*-0.8*	*-0.8*	*-0.8*	*-0.8*	*-0.8*	*-0.9*	*-0.9*	*-0.9*	*-0.9*	*-0.8*
Employment (000s)	439	435	432	429	425	422	419	416	412	408	405	401	398
	-0.7	*-0.8*	*-0.7*	*-0.7*	*-0.8*	*-0.7*	*-0.7*	*-0.8*	*-1.0*	*-0.9*	*-0.9*	*-0.9*	*-0.9*
Unemployment rate (percentage)	6.7	6.8	6.7	6.7	6.7	6.7	6.6	6.6	6.6	6.6	6.6	6.6	6.6
Retail sales (current $)	17,897	18,467	19,060	19,690	20,341	21,008	21,663	22,341	23,064	23,802	24,559	25,324	26,090
	3.2	*3.2*	*3.2*	*3.3*	*3.3*	*3.3*	*3.1*	*3.1*	*3.2*	*3.2*	*3.2*	*3.1*	*3.0*
Housing starts (units)	2,117	2,014	1,895	1,761	1,616	1,461	1,299	1,133	962	800	731	669	633
	-3.9	*-4.9*	*-5.9*	*-7.0*	*-8.3*	*-9.6*	*-11.1*	*-12.8*	*-15.1*	*-16.8*	*-8.7*	*-8.4*	*-5.4*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 5—Key Economic Indicators: New Brunswick
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP at market prices (current $)	23,797	24,628	25,437	26,514	27,653	28,678	29,678	30,533	31,431	32,328	33,258	34,207	35,133
	3.5	3.5	3.3	4.2	4.3	3.7	3.5	2.9	2.9	2.9	2.9	2.9	2.7
GDP at basic prices (current $)	21,599	22,372	23,113	24,065	25,075	25,968	26,831	27,548	28,306	29,059	29,840	30,640	31,411
	3.5	3.6	3.3	4.1	4.2	3.6	3.3	2.7	2.8	2.7	2.7	2.7	2.5
GDP at basic prices (constant 1997 $)	19,210	19,619	20,083	20,560	21,040	21,490	21,922	22,227	22,474	22,688	22,906	23,109	23,293
	0.5	2.1	2.4	2.4	2.3	2.1	2.0	1.4	1.1	1.0	1.0	0.9	0.8
Consumer Price Index (1992=1.0)	1.274	1.299	1.315	1.338	1.365	1.390	1.415	1.444	1.471	1.499	1.526	1.554	1.583
	2.4	2.0	1.2	1.8	2.0	1.8	1.8	2.0	1.9	1.9	1.9	1.8	1.9
Implicit price deflator— GDP at basic prices (1997=1.0)	1.124	1.140	1.151	1.170	1.192	1.208	1.224	1.239	1.260	1.281	1.303	1.326	1.349
	3.0	1.4	0.9	1.7	1.8	1.4	1.3	1.3	1.6	1.7	1.7	1.8	1.7
Average weekly wages (level $)	628	652	670	687	705	725	744	765	787	809	833	859	885
	2.7	3.9	2.8	2.5	2.7	2.7	2.7	2.9	2.8	2.9	3.0	3.1	3.1
Personal income (current $)	20,208	20,748	21,419	22,176	22,994	23,830	24,655	25,481	26,282	27,095	27,922	28,761	29,640
	3.6	2.7	3.2	3.5	3.7	3.6	3.5	3.3	3.1	3.1	3.1	3.0	3.1
Personal disposable income (current $)	15,876	16,340	16,808	17,394	18,048	18,685	19,315	19,930	20,536	21,145	21,774	22,423	23,093
	3.0	2.9	2.9	3.5	3.8	3.5	3.4	3.2	3.0	3.0	3.0	3.0	3.0
Personal savings rate	–0.2	–1.3	–1.8	–1.9	–1.9	–2.1	–2.2	–2.5	–2.5	–2.5	–2.4	–2.3	–2.1
	–112.8	–668.6	–34.4	–4.6	–3.1	–7.5	–3.4	–15.0	–2.0	0.1	4.4	6.5	5.8
Population (000s)	752	750	749	748	749	749	749	749	749	749	748	748	747
	0.0	–0.3	–0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	–0.1	–0.1	–0.1
Labour force (000s)	388	391	390	391	392	393	394	393	391	389	386	383	380
	0.0	0.7	–0.3	0.4	0.3	0.2	0.1	–0.3	–0.5	–0.6	–0.6	–0.7	–0.8
Employment (000s)	351	356	357	358	361	362	363	362	360	358	355	353	350
	0.1	1.5	0.2	0.5	0.6	0.5	0.1	–0.3	–0.6	–0.6	–0.7	–0.7	–0.8
Unemployment rate (percentage)	9.7	9.0	8.5	8.4	8.1	7.9	7.9	7.9	8.0	7.9	8.0	8.1	8.0
Retail sales (current $)	8,412	8,967	9,450	9,878	10,355	10,837	11,313	11,744	12,141	12,538	12,944	13,356	13,784
	5.6	6.6	5.4	4.5	4.8	4.7	4.4	3.8	3.4	3.3	3.2	3.2	3.2
Housing starts (units)	3,959	4,503	2,614	2,355	2,288	2,379	2,506	2,000	1,743	1,554	1,449	1,400	1,338
	0.3	13.7	–42.0	–9.9	–2.8	3.9	5.4	–20.2	–12.9	–10.9	–6.7	–3.4	–4.4

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 5—Key Economic Indicators: New Brunswick
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP at market prices (current $)	36,125	37,196	38,192	39,242	40,364	41,461	42,631	43,842	45,060	46,291	47,546	48,840	50,124
	2.8	*3.0*	*2.7*	*2.7*	*2.9*	*2.7*	*2.8*	*2.8*	*2.8*	*2.7*	*2.7*	*2.7*	*2.6*
GDP at basic prices (current $)	32,232	33,116	33,922	34,777	35,696	36,579	37,518	38,491	39,464	40,443	41,439	42,468	43,484
	2.6	*2.7*	*2.4*	*2.5*	*2.6*	*2.5*	*2.6*	*2.6*	*2.5*	*2.5*	*2.5*	*2.5*	*2.4*
GDP at basic prices (constant 1997 $)	23,484	23,716	23,896	24,079	24,254	24,429	24,606	24,773	24,930	25,072	25,215	25,354	25,486
	0.8	*1.0*	*0.8*	*0.8*	*0.7*	*0.7*	*0.7*	*0.7*	*0.6*	*0.6*	*0.6*	*0.5*	*0.5*
Consumer Price Index (1992=1.0)	1.614	1.646	1.679	1.713	1.750	1.788	1.828	1.868	1.910	1.952	1.993	2.035	2.075
	1.9	*2.0*	*2.0*	*2.1*	*2.2*	*2.2*	*2.3*	*2.2*	*2.3*	*2.2*	*2.1*	*2.1*	*2.0*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.372	1.396	1.420	1.444	1.472	1.497	1.525	1.554	1.583	1.613	1.643	1.675	1.706
	1.8	*1.7*	*1.7*	*1.7*	*1.9*	*1.7*	*1.8*	*1.9*	*1.9*	*1.9*	*1.9*	*1.9*	*1.9*
Average weekly wages (level $)	913	942	972	1,003	1,036	1,069	1,103	1,139	1,175	1,213	1,253	1,294	1,336
	3.2	*3.2*	*3.2*	*3.2*	*3.2*	*3.2*	*3.2*	*3.2*	*3.2*	*3.2*	*3.2*	*3.2*	*3.2*
Personal income (current $)	30,553	31,484	32,462	33,466	34,508	35,578	36,681	37,788	38,897	40,027	41,203	42,379	43,541
	3.1	*3.0*	*3.1*	*3.1*	*3.1*	*3.1*	*3.1*	*3.0*	*2.9*	*2.9*	*2.9*	*2.9*	*2.7*
Personal disposable income (current $)	23,772	24,462	25,188	25,931	26,705	27,498	28,313	29,124	29,933	30,761	31,618	32,470	33,302
	2.9	*2.9*	*3.0*	*3.0*	*3.0*	*3.0*	*3.0*	*2.9*	*2.8*	*2.8*	*2.8*	*2.7*	*2.6*
Personal savings rate	-2.2	-2.3	-2.4	-2.5	-2.7	-2.8	-3.1	-3.3	-3.5	-3.7	-4.0	-4.3	-4.6
	-1.6	*-5.7*	*-4.2*	*-6.4*	*-5.6*	*-5.3*	*-8.2*	*-7.3*	*-7.3*	*-6.2*	*-6.6*	*-7.6*	*-8.1*
Population (000s)	746	745	744	743	742	741	739	737	735	733	730	728	725
	-0.1	*-0.1*	*-0.1*	*-0.1*	*-0.2*	*-0.2*	*-0.2*	*-0.2*	*-0.3*	*-0.3*	*-0.3*	*-0.4*	*-0.4*
Labour force (000s)	377	373	370	366	363	359	356	352	348	344	340	337	333
	-0.9	*-0.9*	*-1.0*	*-1.0*	*-1.0*	*-1.0*	*-1.0*	*-1.0*	*-1.1*	*-1.1*	*-1.1*	*-1.1*	*-1.1*
Employment (000s)	347	344	341	338	335	332	329	325	322	318	315	311	307
	-0.8	*-0.9*	*-0.9*	*-0.9*	*-1.0*	*-0.9*	*-0.9*	*-1.0*	*-1.1*	*-1.1*	*-1.1*	*-1.1*	*-1.2*
Unemployment rate (percentage)	7.9	7.9	7.8	7.7	7.7	7.6	7.6	7.5	7.6	7.6	7.6	7.6	7.6
Retail sales (current $)	14,238	14,710	15,194	15,705	16,232	16,765	17,290	17,826	18,392	18,965	19,542	20,120	20,695
	3.3	*3.3*	*3.3*	*3.4*	*3.4*	*3.3*	*3.1*	*3.1*	*3.2*	*3.1*	*3.0*	*3.0*	*2.9*
Housing starts (units)	1,264	1,178	1,130	1,075	1,019	954	907	884	831	800	731	669	633
	-5.5	*-6.8*	*-4.2*	*-4.9*	*-5.1*	*-6.4*	*-4.9*	*-2.6*	*-5.9*	*-3.8*	*-8.7*	*-8.4*	*-5.4*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 6—Key Economic Indicators: Quebec
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP at market prices (current $)	276,410	285,454	294,920	308,661	322,658	335,762	349,243	363,913	379,291	393,853	407,070	420,385	435,087
	4.0	3.3	3.3	4.7	4.5	4.1	4.0	4.2	4.2	3.8	3.4	3.3	3.5
GDP at basic prices (current $)	256,937	265,469	274,332	286,960	299,820	311,752	324,018	337,468	351,612	364,891	376,788	388,782	402,117
	4.0	3.3	3.3	4.6	4.5	4.0	3.9	4.2	4.2	3.8	3.3	3.2	3.4
GDP at basic prices (constant 1997 $)	225,078	228,745	233,341	239,994	246,689	252,632	258,752	264,778	271,629	277,991	282,789	287,283	291,644
	2.3	1.6	2.0	2.9	2.8	2.4	2.4	2.3	2.6	2.3	1.7	1.6	1.5
Consumer Price Index (1992=1.0)	1.235	1.258	1.274	1.299	1.327	1.353	1.379	1.407	1.438	1.469	1.501	1.533	1.566
	2.3	1.9	1.3	2.0	2.1	2.0	2.0	2.0	2.2	2.2	2.2	2.1	2.1
Implicit price deflator— GDP at basic prices (1997=1.0)	1.141	1.161	1.176	1.196	1.215	1.234	1.252	1.274	1.294	1.313	1.332	1.353	1.379
	1.6	1.7	1.3	1.7	1.6	1.5	1.5	1.8	1.6	1.4	1.5	1.6	1.9
Average weekly wages (level $)	669	690	708	727	745	766	787	812	837	864	892	922	953
	2.8	3.1	2.6	2.6	2.6	2.8	2.7	3.2	3.1	3.2	3.3	3.4	3.4
Personal income (current $)	226,390	237,518	246,618	256,675	266,994	277,593	288,249	300,038	312,183	324,083	336,204	348,575	361,710
	4.0	4.9	3.8	4.1	4.0	4.0	3.8	4.1	4.0	3.8	3.7	3.7	3.8
Personal disposable income (current $)	170,294	178,707	184,947	192,274	199,988	207,613	215,245	223,472	232,021	240,369	248,957	257,877	267,196
	3.0	4.9	3.5	4.0	4.0	3.8	3.7	3.8	3.8	3.6	3.6	3.6	3.6
Personal savings rate	1.0	1.3	1.3	1.2	1.1	0.9	0.8	0.6	0.6	0.7	0.8	1.0	1.1
	-69.9	26.7	2.6	-5.5	-8.3	-20.6	-8.5	-23.3	-2.1	5.7	21.2	23.4	16.5
Population (000s)	7,593	7,641	7,681	7,724	7,766	7,808	7,852	7,897	7,943	7,989	8,037	8,084	8,131
	0.7	0.6	0.5	0.6	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Labour force (000s)	4,052	4,097	4,140	4,175	4,204	4,229	4,253	4,270	4,281	4,289	4,296	4,300	4,304
	0.7	1.1	1.1	0.8	0.7	0.6	0.6	0.4	0.3	0.2	0.2	0.1	0.1
Employment (000s)	3,717	3,760	3,797	3,841	3,886	3,919	3,944	3,970	4,001	4,010	4,017	4,019	4,025
	1.0	1.2	1.0	1.2	1.2	0.8	0.6	0.7	0.8	0.2	0.2	0.1	0.1
Unemployment rate (percentage)	8.3	8.2	8.3	8.0	7.5	7.3	7.3	7.0	6.5	6.5	6.5	6.5	6.5
Retail sales (current $)	83,262	87,433	91,883	96,427	101,223	106,134	111,071	116,063	120,982	125,725	130,545	135,463	140,615
	6.0	5.0	5.1	4.9	5.0	4.9	4.7	4.5	4.2	3.9	3.8	3.8	3.8
Housing starts (units)	50,910	44,017	36,412	32,782	31,826	30,555	29,596	29,049	28,863	29,004	29,404	29,467	29,352
	-12.9	-13.5	-17.3	-10.0	-2.9	-4.0	-3.1	-1.8	-0.6	0.5	1.4	0.2	-0.4

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 6—Key Economic Indicators: Quebec
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2028	2029	2029	2030
GDP at market prices (current $)	451,702	468,301	485,263	501,935	518,915	536,858	555,657	575,262	595,653	616,580	638,098	659,838	681,523
	3.8	3.7	3.6	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.4	3.3
GDP at basic prices (current $)	417,211	432,155	447,427	462,378	477,565	493,600	510,363	527,856	546,071	564,769	583,995	603,392	622,690
	3.8	3.6	3.5	3.3	3.3	3.4	3.4	3.4	3.5	3.4	3.4	3.3	3.2
GDP at basic prices (constant 1997 $)	295,981	300,418	305,371	310,393	315,290	319,631	323,945	328,256	332,593	336,966	341,333	345,672	349,916
	1.5	1.5	1.6	1.6	1.6	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.2
Consumer Price Index (1992=1.0)	1.600	1.636	1.673	1.711	1.750	1.789	1.831	1.874	1.918	1.964	2.010	2.056	2.101
	2.2	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.3	2.4	2.3	2.3	2.2
Implicit price deflator— GDP at basic prices (1997=1.0)	1.410	1.438	1.465	1.490	1.515	1.544	1.575	1.608	1.642	1.676	1.711	1.746	1.780
	2.2	2.1	1.9	1.7	1.7	2.0	2.0	2.1	2.1	2.1	2.1	2.0	1.9
Average weekly wages (level $)	986	1,020	1,055	1,091	1,129	1,168	1,208	1,249	1,293	1,337	1,383	1,430	1,479
	3.5	3.4	3.4	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Personal income (current $)	375,400	389,386	404,115	419,333	435,155	451,578	468,574	485,932	503,623	521,805	540,590	559,339	577,775
	3.8	3.7	3.8	3.8	3.8	3.8	3.8	3.7	3.6	3.6	3.6	3.5	3.3
Personal disposable income (current $)	276,676	286,336	296,488	306,960	317,856	329,142	340,785	352,536	364,422	376,650	389,204	401,592	413,594
	3.5	3.5	3.5	3.5	3.5	3.6	3.5	3.4	3.4	3.4	3.3	3.2	3.0
Personal savings rate	1.1	1.1	1.0	0.9	0.8	0.7	0.5	0.3	0.1	-0.1	-0.3	-0.6	-0.9
	0.1	-7.7	-5.6	-11.7	-12.2	-13.8	-29.1	-41.5	-75.1	-238.7	-216.4	-85.8	-54.1
Population (000s)	8,178	8,224	8,270	8,315	8,358	8,400	8,440	8,479	8,516	8,550	8,583	8,613	8,642
	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.3
Labour force (000s)	4,304	4,304	4,303	4,302	4,302	4,301	4,301	4,301	4,301	4,301	4,300	4,298	4,294
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1
Employment (000s)	4,029	4,029	4,031	4,031	4,029	4,028	4,028	4,027	4,024	4,024	4,024	4,022	4,018
	0.1	0.0	0.1	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1
Unemployment rate (percentage)	6.4	6.4	6.3	6.3	6.3	6.4	6.3	6.4	6.4	6.4	6.4	6.4	6.4
Retail sales (current $)	146,078	151,739	157,579	163,769	170,189	176,770	183,339	190,127	197,366	204,757	212,188	219,570	226,834
	3.9	3.9	3.8	3.9	3.9	3.9	3.7	3.7	3.8	3.7	3.6	3.5	3.3
Housing starts (units)	29,045	28,555	27,900	27,108	26,218	25,274	24,318	23,384	22,472	21,559	20,630	19,673	18,687
	-1.0	-1.7	-2.3	-2.8	-3.3	-3.6	-3.8	-3.8	-3.9	-4.1	-4.3	-4.6	-5.0

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 7—Key Economic Indicators: Ontario
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP at market prices (current $)	538,736 / 4.1	553,414 / 2.7	574,943 / 3.9	604,293 / 5.1	635,240 / 5.1	667,176 / 5.0	699,748 / 4.9	733,749 / 4.9	770,666 / 5.0	808,039 / 4.8	846,110 / 4.7	885,240 / 4.6	925,570 / 4.6
GDP at basic prices (current $)	497,560 / 4.0	511,155 / 2.7	531,407 / 4.0	558,404 / 5.1	586,949 / 5.1	616,407 / 5.0	646,408 / 4.9	677,831 / 4.9	712,136 / 5.1	746,796 / 4.9	782,078 / 4.7	818,415 / 4.6	855,853 / 4.6
GDP at basic prices (constant 1997 $)	447,338 / 3.0	455,582 / 1.8	466,867 / 2.5	482,250 / 3.3	498,524 / 3.4	515,509 / 3.4	532,650 / 3.3	547,881 / 2.9	566,101 / 3.3	583,238 / 3.0	599,922 / 2.9	616,538 / 2.8	634,874 / 3.0
Consumer Price Index (1992=1.0)	1.284 / 2.2	1.309 / 1.9	1.327 / 1.4	1.358 / 2.3	1.389 / 2.4	1.419 / 2.1	1.449 / 2.1	1.481 / 2.2	1.515 / 2.3	1.549 / 2.3	1.584 / 2.3	1.620 / 2.3	1.656 / 2.3
Implicit price deflator—GDP at basic prices (1997=1.0)	1.112 / 1.0	1.122 / 0.9	1.138 / 1.4	1.158 / 1.7	1.177 / 1.7	1.196 / 1.6	1.214 / 1.5	1.237 / 1.9	1.258 / 1.7	1.280 / 1.8	1.304 / 1.8	1.327 / 1.8	1.348 / 1.6
Average weekly wages (level $)	763 / 2.5	777 / 1.8	795 / 2.3	816 / 2.7	838 / 2.7	861 / 2.7	884 / 2.7	912 / 3.2	942 / 3.3	973 / 3.3	1,005 / 3.3	1,039 / 3.4	1,075 / 3.4
Personal income (current $)	419,490 / 4.8	438,717 / 4.6	457,906 / 4.4	478,945 / 4.6	500,951 / 4.6	524,329 / 4.7	548,868 / 4.7	575,749 / 4.9	604,676 / 5.0	633,726 / 4.8	663,264 / 4.7	693,908 / 4.6	726,447 / 4.7
Personal disposable income (current $)	320,549 / 3.8	335,387 / 4.6	348,182 / 3.8	363,920 / 4.5	380,956 / 4.7	398,171 / 4.5	416,074 / 4.5	435,240 / 4.6	456,113 / 4.8	476,976 / 4.6	498,340 / 4.5	520,770 / 4.5	544,300 / 4.5
Personal savings rate	2.6 / −35.2	3.0 / 17.1	2.9 / −2.2	2.9 / −2.1	2.8 / −3.1	2.6 / −7.5	2.5 / −3.4	2.3 / −9.5	2.3 / 0.4	2.3 / 2.4	2.5 / 6.7	2.7 / 8.1	2.8 / 6.6
Population (000s)	12,537 / 1.2	12,659 / 1.0	12,782 / 1.0	12,924 / 1.1	13,074 / 1.2	13,234 / 1.2	13,401 / 1.3	13,580 / 1.3	13,766 / 1.4	13,958 / 1.4	14,154 / 1.4	14,354 / 1.4	14,557 / 1.4
Labour force (000s)	6,848 / 1.1	6,936 / 1.3	7,062 / 1.8	7,182 / 1.7	7,301 / 1.7	7,425 / 1.7	7,541 / 1.6	7,647 / 1.4	7,753 / 1.4	7,858 / 1.4	7,964 / 1.3	8,064 / 1.3	8,157 / 1.2
Employment (000s)	6,397 / 1.3	6,488 / 1.4	6,589 / 1.6	6,702 / 1.7	6,815 / 1.7	6,936 / 1.8	7,059 / 1.8	7,174 / 1.6	7,299 / 1.7	7,402 / 1.4	7,496 / 1.3	7,588 / 1.2	7,684 / 1.3
Unemployment rate (percentage)	6.6	6.5	6.7	6.7	6.7	6.6	6.4	6.2	5.9	5.8	5.9	5.9	5.8
Retail sales (current $)	135,416 / 4.9	141,308 / 4.4	148,900 / 5.4	157,086 / 5.5	165,866 / 5.6	174,957 / 5.5	184,478 / 5.4	194,063 / 5.2	203,985 / 5.1	213,748 / 4.8	223,597 / 4.6	233,768 / 4.5	244,455 / 4.6
Housing starts (units)	78,795 / −7.4	75,758 / −3.9	74,589 / −1.5	75,032 / 0.6	76,465 / 1.9	77,900 / 1.9	79,401 / 1.9	81,522 / 2.7	83,383 / 2.3	85,152 / 2.1	86,721 / 1.8	88,044 / 1.5	89,156 / 1.3

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 7—Key Economic Indicators: Ontario
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP at market prices (current $)	966,622	1,009,186	1,054,759	1,102,457	1,152,115	1,202,124	1,254,988	1,310,052	1,365,698	1,423,156	1,482,957	1,544,167	1,607,288
	4.4	*4.4*	*4.5*	*4.5*	*4.5*	*4.3*	*4.4*	*4.4*	*4.2*	*4.2*	*4.2*	*4.1*	*4.1*
GDP at basic prices (current $)	893,689	932,753	974,753	1,018,813	1,064,678	1,110,653	1,159,211	1,209,809	1,260,853	1,313,598	1,368,554	1,424,809	1,482,882
	4.4	*4.4*	*4.5*	*4.5*	*4.5*	*4.3*	*4.4*	*4.4*	*4.2*	*4.2*	*4.2*	*4.1*	*4.1*
GDP at basic prices (constant 1997 $)	652,420	670,253	688,001	704,935	721,907	739,441	758,079	778,000	797,477	816,479	836,877	854,936	874,168
	2.8	*2.7*	*2.6*	*2.5*	*2.4*	*2.4*	*2.5*	*2.6*	*2.5*	*2.4*	*2.5*	*2.2*	*2.2*
Consumer Price Index (1992=1.0)	1.693	1.733	1.775	1.819	1.865	1.913	1.962	2.012	2.063	2.116	2.169	2.224	2.277
	2.3	*2.3*	*2.5*	*2.5*	*2.6*	*2.6*	*2.6*	*2.6*	*2.5*	*2.6*	*2.5*	*2.5*	*2.4*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.370	1.392	1.417	1.445	1.475	1.502	1.529	1.555	1.581	1.609	1.635	1.667	1.696
	1.6	*1.6*	*1.8*	*2.0*	*2.0*	*1.8*	*1.8*	*1.7*	*1.7*	*1.8*	*1.6*	*1.9*	*1.8*
Average weekly wages (level $)	1,112	1,150	1,190	1,231	1,274	1,318	1,363	1,410	1,459	1,510	1,562	1,616	1,672
	3.5	*3.4*	*3.4*	*3.5*	*3.5*	*3.5*	*3.5*	*3.5*	*3.5*	*3.5*	*3.5*	*3.5*	*3.5*
Personal income (current $)	759,678	794,427	831,582	870,249	910,599	952,333	996,011	1,041,030	1,086,812	1,134,504	1,184,472	1,235,733	1,288,052
	4.6	*4.6*	*4.7*	*4.6*	*4.6*	*4.6*	*4.6*	*4.5*	*4.4*	*4.4*	*4.4*	*4.3*	*4.2*
Personal disposable income (current $)	567,893	592,479	618,713	645,955	674,351	703,678	734,306	765,576	797,213	830,268	864,765	899,940	935,545
	4.3	*4.3*	*4.4*	*4.4*	*4.4*	*4.3*	*4.4*	*4.3*	*4.1*	*4.1*	*4.2*	*4.1*	*4.0*
Personal savings rate	2.9	2.8	2.8	2.7	2.6	2.5	2.3	2.1	1.9	1.8	1.6	1.3	1.1
	0.6	*-2.5*	*-1.5*	*-3.5*	*-3.4*	*-3.5*	*-7.1*	*-8.0*	*-9.5*	*-7.7*	*-10.6*	*-15.1*	*-21.1*
Population (000s)	14,763	14,970	15,179	15,388	15,598	15,807	16,015	16,222	16,426	16,629	16,828	17,024	17,217
	1.4	*1.4*	*1.4*	*1.4*	*1.4*	*1.3*	*1.3*	*1.3*	*1.3*	*1.2*	*1.2*	*1.2*	*1.1*
Labour force (000s)	8,247	8,335	8,420	8,503	8,584	8,663	8,739	8,812	8,881	8,947	9,011	9,072	9,131
	1.1	*1.1*	*1.0*	*1.0*	*1.0*	*0.9*	*0.9*	*0.8*	*0.8*	*0.7*	*0.7*	*0.7*	*0.6*
Employment (000s)	7,761	7,842	7,932	8,020	8,104	8,183	8,263	8,338	8,397	8,459	8,521	8,579	8,634
	1.0	*1.0*	*1.2*	*1.1*	*1.0*	*1.0*	*1.0*	*0.9*	*0.7*	*0.7*	*0.7*	*0.7*	*0.6*
Unemployment rate (percentage)	5.9	5.9	5.8	5.7	5.6	5.5	5.4	5.4	5.5	5.4	5.4	5.4	5.4
Retail sales (current $)	255,495	267,160	279,414	292,410	305,876	319,607	333,502	347,931	363,163	378,899	395,004	411,479	428,335
	4.5	*4.6*	*4.6*	*4.7*	*4.6*	*4.5*	*4.3*	*4.3*	*4.4*	*4.3*	*4.3*	*4.2*	*4.1*
Housing starts (units)	90,048	90,713	91,149	91,358	91,359	91,180	90,842	90,355	89,721	88,939	87,949	86,846	85,622
	1.0	*0.7*	*0.5*	*0.2*	*0.0*	*-0.2*	*-0.4*	*-0.5*	*-0.7*	*-0.9*	*-1.1*	*-1.3*	*-1.4*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 8—Key Economic Indicators: Manitoba
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP at market prices (current $)	42,028	43,951	45,764	48,105	50,198	52,243	54,735	56,928	59,282	61,677	63,969	66,543	69,257
	4.9	4.6	4.1	5.1	4.4	4.1	4.8	4.0	4.1	4.0	3.7	4.0	4.1
GDP at basic prices (current $)	39,111	40,958	42,680	44,855	46,778	48,647	50,957	52,967	55,137	57,340	59,434	61,810	64,319
	5.2	4.7	4.2	5.1	4.3	4.0	4.7	3.9	4.1	4.0	3.7	4.0	4.1
GDP at basic prices (constant 1997 $)	33,502	34,608	35,595	36,761	37,718	38,604	39,802	40,781	41,788	42,774	43,691	44,769	45,805
	2.9	3.3	2.9	3.3	2.6	2.3	3.1	2.5	2.5	2.4	2.1	2.5	2.3
Consumer Price Index (1992=1.0)	1.312	1.340	1.364	1.389	1.419	1.448	1.477	1.506	1.534	1.563	1.594	1.625	1.656
	2.7	2.2	1.8	1.9	2.1	2.0	2.0	1.9	1.9	1.9	2.0	1.9	2.0
Implicit price deflator— GDP at basic prices (1997=1.0)	1.167	1.184	1.199	1.220	1.240	1.260	1.280	1.299	1.319	1.341	1.360	1.381	1.404
	2.3	1.4	1.3	1.8	1.6	1.6	1.6	1.4	1.6	1.6	1.5	1.5	1.7
Average weekly wages (level $)	655	664	680	698	716	734	755	778	801	826	852	881	910
	3.6	1.3	2.5	2.6	2.7	2.5	2.8	3.1	3.1	3.1	3.2	3.3	3.3
Personal income (current $)	33,298	34,710	36,057	37,573	39,129	40,650	42,357	44,174	46,025	47,900	49,829	51,858	54,036
	3.1	4.2	3.9	4.2	4.1	3.9	4.2	4.3	4.2	4.1	4.0	4.1	4.2
Personal disposable income (current $)	25,852	27,012	27,965	29,119	30,338	31,478	32,745	34,069	35,433	36,808	38,238	39,763	41,375
	2.0	4.5	3.5	4.1	4.2	3.8	4.0	4.0	4.0	3.9	3.9	4.0	4.1
Personal savings rate	−1.3	−1.4	−1.7	−1.8	−1.9	−2.2	−2.3	−2.5	−2.5	−2.5	−2.3	−2.2	−2.0
	−193.5	−4.9	−21.2	−3.9	−7.4	−16.3	−3.9	−8.8	−0.7	1.4	5.8	8.1	7.7
Population (000s)	1,174	1,177	1,186	1,195	1,204	1,213	1,223	1,233	1,244	1,256	1,268	1,280	1,293
	0.4	0.3	0.8	0.7	0.7	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0
Labour force (000s)	609	614	623	631	639	646	654	660	665	671	676	681	685
	0.0	0.9	1.4	1.4	1.2	1.1	1.2	0.9	0.8	0.8	0.8	0.7	0.6
Employment (000s)	580	587	594	602	609	615	624	630	636	640	644	648	653
	0.6	1.2	1.2	1.4	1.2	1.0	1.4	1.0	0.9	0.7	0.5	0.6	0.8
Unemployment rate (percentage)	4.8	4.4	4.6	4.6	4.6	4.8	4.6	4.5	4.4	4.5	4.7	4.8	4.6
Retail sales (current $)	12,464	13,283	14,072	14,802	15,563	16,297	17,106	17,898	18,665	19,425	20,202	21,017	21,879
	6.6	6.6	5.9	5.2	5.1	4.7	5.0	4.6	4.3	4.1	4.0	4.0	4.1
Housing starts (units)	4,731	5,234	4,589	4,725	4,808	4,867	5,091	5,301	5,502	5,694	5,872	6,032	6,174
	6.6	10.6	−12.3	3.0	1.8	1.2	4.6	4.1	3.8	3.5	3.1	2.7	2.4

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 8—Key Economic Indicators: Manitoba
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP at market prices (current $)	72,144	75,065	78,165	81,394	84,757	88,205	91,852	95,622	99,491	103,508	107,668	112,012	116,446
	4.2	*4.0*	*4.1*	*4.1*	*4.1*	*4.1*	*4.1*	*4.1*	*4.0*	*4.0*	*4.0*	*4.0*	*4.0*
GDP at basic prices (current $)	66,978	69,652	72,498	75,469	78,564	81,726	85,068	88,522	92,065	95,748	99,565	103,558	107,635
	4.1	*4.0*	*4.1*	*4.1*	*4.1*	*4.0*	*4.1*	*4.1*	*4.0*	*4.0*	*4.0*	*4.0*	*3.9*
GDP at basic prices (constant 1997 $)	46,827	47,827	48,879	49,975	51,101	52,249	53,421	54,610	55,822	57,051	58,310	59,587	60,889
	2.2	*2.1*	*2.2*	*2.2*	*2.3*	*2.2*	*2.2*	*2.2*	*2.2*	*2.2*	*2.2*	*2.2*	*2.2*
Consumer Price Index (1992=1.0)	1.692	1.727	1.763	1.802	1.840	1.879	1.921	1.963	2.006	2.052	2.098	2.144	2.189
	2.1	*2.1*	*2.1*	*2.2*	*2.1*	*2.1*	*2.2*	*2.2*	*2.2*	*2.3*	*2.2*	*2.2*	*2.1*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.430	1.456	1.483	1.510	1.537	1.564	1.592	1.621	1.649	1.678	1.707	1.738	1.768
	1.9	*1.8*	*1.8*	*1.8*	*1.8*	*1.7*	*1.8*	*1.8*	*1.7*	*1.8*	*1.7*	*1.8*	*1.7*
Average weekly wages (level $)	941	973	1,006	1,041	1,076	1,113	1,151	1,191	1,232	1,275	1,319	1,364	1,411
	3.4	*3.4*	*3.4*	*3.4*	*3.4*	*3.4*	*3.4*	*3.4*	*3.4*	*3.5*	*3.5*	*3.5*	*3.5*
Personal income (current $)	56,283	58,592	61,098	63,726	66,454	69,294	72,262	75,335	78,530	81,809	85,227	88,748	92,332
	4.2	*4.1*	*4.3*	*4.3*	*4.3*	*4.3*	*4.3*	*4.3*	*4.2*	*4.2*	*4.2*	*4.1*	*4.0*
Personal disposable income (current $)	43,006	44,682	46,495	48,392	50,362	52,408	54,543	56,748	59,041	61,377	63,800	66,279	68,787
	3.9	*3.9*	*4.1*	*4.1*	*4.1*	*4.1*	*4.1*	*4.0*	*4.0*	*4.0*	*3.9*	*3.9*	*3.8*
Personal savings rate	-2.0	-2.1	-2.1	-2.2	-2.4	-2.5	-2.7	-2.9	-3.1	-3.1	-3.3	-3.6	-3.9
	0.0	*-4.5*	*-2.8*	*-5.4*	*-4.7*	*-4.5*	*-7.9*	*-9.4*	*-6.0*	*-1.3*	*-6.9*	*-7.7*	*-8.8*
Population (000s)	1,306	1,320	1,333	1,347	1,361	1,374	1,388	1,402	1,416	1,430	1,444	1,457	1,471
	1.0	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*0.9*	*0.9*
Labour force (000s)	689	694	698	703	707	712	717	721	726	730	735	739	744
	0.6	*0.6*	*0.6*	*0.7*	*0.7*	*0.7*	*0.7*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*
Employment (000s)	657	660	665	670	675	679	684	688	692	696	700	705	709
	0.6	*0.4*	*0.7*	*0.8*	*0.7*	*0.7*	*0.7*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*
Unemployment rate (percentage)	4.6	4.8	4.7	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.7	4.7	4.7
Retail sales (current $)	22,780	23,718	24,714	25,780	26,879	28,004	29,137	30,383	31,690	32,896	34,223	35,585	37,001
	4.1	*4.1*	*4.2*	*4.3*	*4.3*	*4.2*	*4.0*	*4.3*	*4.3*	*3.8*	*4.0*	*4.0*	*4.0*
Housing starts (units)	6,298	6,402	6,485	6,548	6,592	6,618	6,629	6,624	6,604	6,572	6,528	6,474	6,412
	2.0	*1.6*	*1.3*	*1.0*	*0.7*	*0.4*	*0.2*	*-0.1*	*-0.3*	*-0.5*	*-0.7*	*-0.8*	*-1.0*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 9—Key Economic Indicators: Saskatchewan
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP at market prices (current $)	42,503	44,166	45,879	47,823	49,860	51,854	53,944	55,988	58,062	60,086	62,216	64,326	66,739
	6.2	*3.9*	*3.9*	*4.2*	*4.3*	*4.0*	*4.0*	*3.8*	*3.7*	*3.5*	*3.5*	*3.4*	*3.8*
GDP at basic prices (current $)	40,696	42,311	43,968	45,809	47,740	49,626	51,603	53,533	55,493	57,397	59,406	61,393	63,679
	6.4	*4.0*	*3.9*	*4.2*	*4.2*	*3.9*	*4.0*	*3.7*	*3.7*	*3.4*	*3.5*	*3.3*	*3.7*
GDP at basic prices (constant 1997 $)	31,719	32,227	33,003	33,780	34,572	35,289	36,076	36,703	37,407	38,054	38,754	39,454	40,161
	3.7	*1.6*	*2.4*	*2.4*	*2.3*	*2.1*	*2.2*	*1.7*	*1.9*	*1.7*	*1.8*	*1.8*	*1.8*
Consumer Price Index (1992=1.0)	1.322	1.354	1.379	1.408	1.438	1.468	1.498	1.525	1.555	1.586	1.617	1.648	1.681
	2.3	*2.4*	*1.9*	*2.0*	*2.2*	*2.0*	*2.0*	*1.8*	*2.0*	*2.0*	*2.0*	*1.9*	*2.0*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.283	1.313	1.332	1.356	1.381	1.406	1.430	1.458	1.483	1.508	1.533	1.556	1.586
	2.6	*2.3*	*1.5*	*1.8*	*1.8*	*1.8*	*1.7*	*2.0*	*1.7*	*1.7*	*1.6*	*1.5*	*1.9*
Average weekly wages (level $)	636	660	679	697	716	733	753	776	799	823	850	878	907
	3.4	*3.8*	*2.9*	*2.7*	*2.7*	*2.5*	*2.7*	*3.0*	*3.0*	*3.1*	*3.2*	*3.3*	*3.3*
Personal income (current $)	28,058	29,100	30,133	31,249	32,382	33,482	34,663	35,926	37,189	38,473	39,820	41,192	42,651
	3.1	*3.7*	*3.6*	*3.7*	*3.6*	*3.4*	*3.5*	*3.6*	*3.5*	*3.5*	*3.5*	*3.4*	*3.5*
Personal disposable income (current $)	22,100	22,961	23,673	24,537	25,447	26,283	27,178	28,112	29,058	30,015	31,027	32,077	33,180
	2.3	*3.9*	*3.1*	*3.7*	*3.7*	*3.3*	*3.4*	*3.4*	*3.4*	*3.3*	*3.4*	*3.4*	*3.4*
Personal savings rate	-2.4	-3.0	-3.3	-3.4	-3.5	-3.8	-3.9	-4.2	-4.2	-4.2	-4.0	-3.8	-3.7
	-1,032.2	*-24.9*	*-8.3*	*-3.6*	*-4.2*	*-8.2*	*-2.7*	*-6.2*	*-0.7*	*0.6*	*3.3*	*4.6*	*4.1*
Population (000s)	991	986	985	985	987	988	990	992	995	998	1,001	1,004	1,007
	-0.4	*-0.5*	*-0.1*	*0.1*	*0.1*	*0.2*	*0.2*	*0.2*	*0.3*	*0.3*	*0.3*	*0.3*	*0.3*
Labour force (000s)	509	514	519	522	525	528	530	531	531	532	532	531	531
	0.5	*1.0*	*0.8*	*0.6*	*0.6*	*0.5*	*0.4*	*0.2*	*0.1*	*0.1*	*0.0*	*-0.1*	*-0.1*
Employment (000s)	484	489	493	497	500	503	506	508	508	509	509	509	508
	0.8	*1.1*	*0.8*	*0.8*	*0.7*	*0.6*	*0.5*	*0.4*	*0.1*	*0.1*	*0.1*	*-0.1*	*0.0*
Unemployment rate (percentage)	5.1	5.0	5.0	4.8	4.7	4.6	4.5	4.4	4.3	4.3	4.3	4.3	4.2
Retail sales (current $)	11,061	11,847	12,489	13,081	13,697	14,285	14,911	15,519	16,097	16,672	17,273	17,885	18,528
	7.8	*7.1*	*5.4*	*4.7*	*4.7*	*4.3*	*4.4*	*4.1*	*3.7*	*3.6*	*3.6*	*3.5*	*3.6*
Housing starts (units)	3,437	3,380	2,740	2,671	2,640	2,602	2,567	2,526	2,485	2,433	2,404	2,373	2,342
	-9.1	*-1.7*	*-18.9*	*-2.5*	*-1.2*	*-1.4*	*-1.3*	*-1.6*	*-1.6*	*-2.1*	*-1.2*	*-1.3*	*-1.3*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 9—Key Economic Indicators: Saskatchewan
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP at market prices (current $)	69,254	71,801	74,402	77,121	79,983	82,894	85,966	89,158	92,424	95,783	99,244	102,824	106,494
	3.8	3.7	3.6	3.7	3.7	3.6	3.7	3.7	3.7	3.6	3.6	3.6	3.6
GDP at basic prices (current $)	66,052	68,446	70,890	73,449	76,145	78,879	81,761	84,758	87,822	90,974	94,222	97,584	101,033
	3.7	3.6	3.6	3.6	3.7	3.6	3.7	3.7	3.6	3.6	3.6	3.6	3.5
GDP at basic prices (constant 1997 $)	40,845	41,530	42,226	42,939	43,674	44,422	45,181	45,963	46,764	47,570	48,381	49,209	50,062
	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Consumer Price Index (1992=1.0)	1.716	1.752	1.790	1.828	1.868	1.908	1.949	1.993	2.036	2.083	2.129	2.176	2.221
	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.3	2.2	2.3	2.2	2.2	2.1
Implicit price deflator— GDP at basic prices (1997=1.0)	1.617	1.648	1.679	1.711	1.743	1.776	1.810	1.844	1.878	1.912	1.947	1.983	2.018
	2.0	1.9	1.9	1.9	1.9	1.8	1.9	1.9	1.8	1.8	1.8	1.8	1.8
Average weekly wages (level $)	938	970	1,003	1,038	1,074	1,111	1,150	1,190	1,231	1,274	1,319	1,366	1,414
	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Personal income (current $)	44,170	45,764	47,434	49,160	50,969	52,848	54,812	56,831	58,913	61,067	63,322	65,629	67,970
	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.6
Personal disposable income (current $)	34,302	35,479	36,710	37,984	39,319	40,702	42,145	43,616	45,126	46,690	48,321	49,980	51,647
	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.4	3.3
Personal savings rate	-3.7	-3.8	-3.9	-4.0	-4.1	-4.2	-4.4	-4.6	-4.8	-5.0	-5.2	-5.5	-5.8
	-0.2	-2.7	-1.8	-3.3	-2.9	-2.8	-4.9	-4.4	-4.5	-3.8	-4.3	-5.1	-5.6
Population (000s)	1,010	1,014	1,017	1,021	1,025	1,028	1,031	1,035	1,038	1,041	1,044	1,047	1,050
	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Labour force (000s)	530	529	528	527	526	526	525	525	525	525	525	525	525
	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.1	-0.2
Employment (000s)	508	507	507	506	505	504	504	503	503	503	503	503	503
	-0.1	-0.1	-0.1	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0
Unemployment rate (percentage)	4.2	4.1	4.0	4.1	4.1	4.2	4.1	4.2	4.2	4.2	4.2	4.2	4.2
Retail sales (current $)	19,212	19,940	20,686	21,476	22,298	23,138	23,980	24,856	25,800	26,768	27,755	28,762	29,788
	3.7	3.8	3.7	3.8	3.8	3.8	3.6	3.7	3.8	3.8	3.7	3.6	3.6
Housing starts (units)	2,317	2,292	2,276	2,262	2,256	2,245	2,229	2,207	2,179	2,143	2,099	2,046	1,982
	-1.0	-1.1	-0.7	-0.6	-0.3	-0.5	-0.7	-1.0	-1.3	-1.6	-2.1	-2.6	-3.1

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 10—Key Economic Indicators: Alberta
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP at market prices (current $)	215,698	234,984	250,441	266,497	281,823	297,859	314,716	331,788	348,337	364,746	382,791	402,615	420,958
	15.4	*8.9*	*6.6*	*6.4*	*5.8*	*5.7*	*5.7*	*5.4*	*5.0*	*4.7*	*4.9*	*5.2*	*4.6*
GDP at basic prices (current $)	208,413	227,507	242,739	258,379	273,280	288,877	305,280	321,895	337,982	353,911	371,463	390,793	408,624
	15.6	*9.2*	*6.7*	*6.4*	*5.8*	*5.7*	*5.7*	*5.4*	*5.0*	*4.7*	*5.0*	*5.2*	*4.6*
GDP at basic prices (constant 1997 $)	137,471	147,121	154,466	160,904	166,805	173,285	180,279	186,842	192,974	198,636	204,784	211,866	217,330
	4.8	*7.0*	*5.0*	*4.2*	*3.7*	*3.9*	*4.0*	*3.6*	*3.3*	*2.9*	*3.1*	*3.5*	*2.6*
Consumer Price Index (1992=1.0)	1.343	1.400	1.451	1.485	1.519	1.551	1.583	1.617	1.652	1.688	1.725	1.761	1.799
	2.1	*4.2*	*3.7*	*2.4*	*2.3*	*2.1*	*2.1*	*2.1*	*2.2*	*2.2*	*2.2*	*2.1*	*2.1*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.515	1.546	1.571	1.606	1.638	1.667	1.693	1.723	1.751	1.782	1.814	1.844	1.880
	10.2	*2.1*	*1.6*	*2.2*	*2.0*	*1.8*	*1.6*	*1.7*	*1.7*	*1.7*	*1.8*	*1.7*	*1.9*
Average weekly wages (level $)	774	808	839	867	897	928	961	996	1,032	1,070	1,113	1,157	1,202
	5.5	*4.4*	*3.8*	*3.4*	*3.4*	*3.5*	*3.5*	*3.7*	*3.6*	*3.7*	*4.0*	*3.9*	*3.9*
Personal income (current $)	122,876	134,804	142,747	151,054	159,495	168,295	177,548	186,752	196,078	205,853	216,185	226,865	237,994
	8.4	*9.7*	*5.9*	*5.8*	*5.6*	*5.5*	*5.5*	*5.2*	*5.0*	*5.0*	*5.0*	*4.9*	*4.9*
Personal disposable income (current $)	94,658	104,855	110,382	116,734	123,373	130,016	137,017	143,805	150,727	157,944	165,632	173,646	181,918
	8.2	*10.8*	*5.3*	*5.8*	*5.7*	*5.4*	*5.4*	*5.0*	*4.8*	*4.8*	*4.9*	*4.8*	*4.8*
Personal savings rate	6.5	7.1	6.6	6.6	6.6	6.5	6.7	6.6	6.6	6.7	6.8	7.0	7.2
	-3.5	*8.3*	*-7.0*	*0.4*	*-0.1*	*-1.7*	*2.7*	*-0.8*	*0.0*	*0.7*	*2.2*	*2.8*	*2.3*
Population (000s)	3,268	3,360	3,426	3,493	3,557	3,618	3,677	3,732	3,789	3,845	3,901	3,958	4,014
	2.1	*2.8*	*2.0*	*2.0*	*1.8*	*1.7*	*1.6*	*1.5*	*1.5*	*1.5*	*1.5*	*1.4*	*1.4*
Labour force (000s)	1,858	1,935	2,007	2,058	2,103	2,145	2,184	2,215	2,245	2,274	2,301	2,327	2,352
	0.8	*4.2*	*3.7*	*2.5*	*2.2*	*2.0*	*1.8*	*1.4*	*1.3*	*1.3*	*1.2*	*1.1*	*1.0*
Employment (000s)	1,784	1,865	1,929	1,979	2,024	2,067	2,109	2,141	2,171	2,200	2,224	2,250	2,274
	1.5	*4.5*	*3.5*	*2.6*	*2.3*	*2.1*	*2.1*	*1.5*	*1.4*	*1.3*	*1.1*	*1.2*	*1.1*
Unemployment rate (percentage)	3.9	3.6	3.9	3.8	3.8	3.7	3.4	3.3	3.3	3.3	3.4	3.3	3.3
Retail sales (current $)	48,758	56,642	60,873	64,881	69,104	73,480	78,012	82,266	86,508	90,916	95,600	100,437	105,451
	12.4	*16.2*	*7.5*	*6.6*	*6.5*	*6.3*	*6.2*	*5.5*	*5.2*	*5.1*	*5.2*	*5.1*	*5.0*
Housing starts (units)	40,847	48,825	41,926	38,758	36,056	34,009	32,469	31,396	30,639	29,832	29,297	28,798	28,341
	12.6	*19.5*	*-14.1*	*-7.6*	*-7.0*	*-5.7*	*-4.5*	*-3.3*	*-2.4*	*-2.6*	*-1.8*	*-1.7*	*-1.6*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 10—Key Economic Indicators: Alberta
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP at market prices (current $)	440,048	459,740	481,166	503,647	527,217	551,589	577,313	604,106	631,623	660,223	690,088	720,974	752,789
	4.5	*4.5*	*4.7*	*4.7*	*4.7*	*4.6*	*4.7*	*4.6*	*4.6*	*4.5*	*4.5*	*4.5*	*4.4*
GDP at basic prices (current $)	427,145	446,218	467,012	488,849	511,748	535,406	560,369	586,372	613,075	640,841	669,848	699,858	730,779
	4.5	*4.5*	*4.7*	*4.7*	*4.7*	*4.6*	*4.7*	*4.6*	*4.6*	*4.5*	*4.5*	*4.5*	*4.4*
GDP at basic prices (constant 1997 $)	222,968	228,411	234,635	241,025	247,596	254,333	261,191	268,204	275,369	282,684	290,153	297,772	305,545
	2.6	*2.4*	*2.7*	*2.7*	*2.7*	*2.7*	*2.7*	*2.7*	*2.7*	*2.7*	*2.6*	*2.6*	*2.6*
Consumer Price Index (1992=1.0)	1.838	1.880	1.922	1.967	2.012	2.059	2.106	2.155	2.204	2.255	2.307	2.360	2.414
	2.2	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.916	1.954	1.990	2.028	2.067	2.105	2.145	2.186	2.226	2.267	2.309	2.350	2.392
	1.9	*2.0*	*1.9*	*1.9*	*1.9*	*1.9*	*1.9*	*1.9*	*1.8*	*1.8*	*1.8*	*1.8*	*1.8*
Average weekly wages (level $)	1,250	1,300	1,355	1,410	1,468	1,528	1,591	1,656	1,724	1,795	1,868	1,944	2,023
	4.0	*4.0*	*4.2*	*4.1*	*4.1*	*4.1*	*4.1*	*4.1*	*4.1*	*4.1*	*4.1*	*4.1*	*4.1*
Personal income (current $)	249,801	261,981	275,132	288,673	302,799	317,597	333,112	349,043	365,573	382,844	400,981	419,713	438,982
	5.0	*4.9*	*5.0*	*4.9*	*4.9*	*4.9*	*4.9*	*4.8*	*4.7*	*4.7*	*4.7*	*4.7*	*4.6*
Personal disposable income (current $)	190,558	199,451	209,041	218,893	229,156	239,888	251,114	262,554	274,368	286,729	299,659	312,941	326,515
	4.7	*4.7*	*4.8*	*4.7*	*4.7*	*4.7*	*4.7*	*4.6*	*4.5*	*4.5*	*4.5*	*4.4*	*4.3*
Personal savings rate	7.2	7.1	7.1	7.0	6.9	6.8	6.6	6.5	6.3	6.1	6.0	5.7	5.5
	0.2	*-1.0*	*-0.6*	*-1.3*	*-1.3*	*-1.3*	*-2.5*	*-2.4*	*-2.7*	*-2.4*	*-2.9*	*-3.8*	*-4.6*
Population (000s)	4,069	4,124	4,178	4,231	4,284	4,336	4,388	4,438	4,488	4,537	4,585	4,632	4,679
	1.4	*1.3*	*1.3*	*1.3*	*1.2*	*1.2*	*1.2*	*1.2*	*1.1*	*1.1*	*1.1*	*1.0*	*1.0*
Labour force (000s)	2,375	2,398	2,419	2,439	2,459	2,479	2,498	2,517	2,536	2,554	2,573	2,591	2,610
	1.0	*1.0*	*0.9*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.7*	*0.7*	*0.7*	*0.7*	*0.7*
Employment (000s)	2,297	2,317	2,339	2,358	2,377	2,397	2,417	2,434	2,450	2,468	2,486	2,504	2,521
	1.0	*0.9*	*0.9*	*0.8*	*0.8*	*0.8*	*0.8*	*0.7*	*0.7*	*0.7*	*0.7*	*0.7*	*0.7*
Unemployment rate (percentage)	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.4	3.4	3.4	3.4	3.4
Retail sales (current $)	110,881	116,555	122,611	128,959	135,550	142,391	149,368	156,592	164,353	172,427	180,746	189,341	198,226
	5.1	*5.1*	*5.2*	*5.2*	*5.1*	*5.0*	*4.9*	*4.8*	*5.0*	*4.9*	*4.8*	*4.8*	*4.7*
Housing starts (units)	27,927	27,554	27,214	26,901	26,607	26,326	26,049	25,760	25,456	25,142	24,822	24,494	24,159
	-1.5	*-1.3*	*-1.2*	*-1.2*	*-1.1*	*-1.1*	*-1.1*	*-1.1*	*-1.2*	*-1.2*	*-1.3*	*-1.3*	*-1.4*

White area represents forecast data.

All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 11—Key Economic Indicators: British Columbia
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP at market prices (current $)	168,364	177,922	185,612	195,264	204,630	213,921	223,657	232,591	242,510	252,157	261,788	271,683	282,221
	7.0	*5.7*	*4.3*	*5.2*	*4.8*	*4.5*	*4.6*	*4.0*	*4.3*	*4.0*	*3.8*	*3.8*	*3.9*
GDP at basic prices (current $)	154,580	163,775	171,038	179,902	188,463	196,925	205,800	213,871	222,916	231,655	240,352	249,312	258,882
	7.2	*5.9*	*4.4*	*5.2*	*4.8*	*4.5*	*4.5*	*3.9*	*4.2*	*3.9*	*3.8*	*3.7*	*3.8*
GDP at basic prices (constant 1997 $)	132,041	137,220	141,613	145,965	150,203	154,307	158,631	162,090	166,137	169,674	173,137	176,545	179,902
	3.7	*3.9*	*3.2*	*3.1*	*2.9*	*2.7*	*2.8*	*2.2*	*2.5*	*2.1*	*2.0*	*2.0*	*1.9*
Consumer Price Index (1992=1.0)	1.253	1.276	1.299	1.325	1.353	1.379	1.407	1.432	1.462	1.491	1.522	1.553	1.585
	2.0	*1.9*	*1.8*	*2.0*	*2.1*	*2.0*	*2.0*	*1.8*	*2.1*	*2.0*	*2.1*	*2.0*	*2.0*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.170	1.194	1.208	1.232	1.255	1.276	1.297	1.319	1.342	1.365	1.388	1.412	1.439
	3.3	*2.0*	*1.2*	*2.0*	*1.8*	*1.7*	*1.7*	*1.7*	*1.7*	*1.8*	*1.7*	*1.7*	*1.9*
Average weekly wages (level $)	699	720	743	762	783	803	824	848	874	902	932	963	995
	2.9	*3.0*	*3.1*	*2.6*	*2.7*	*2.6*	*2.7*	*2.9*	*3.0*	*3.2*	*3.3*	*3.3*	*3.3*
Personal income (current $)	129,446	137,802	143,979	150,392	157,038	163,698	170,906	178,348	186,093	194,273	202,765	211,552	220,697
	5.4	*6.5*	*4.5*	*4.5*	*4.4*	*4.2*	*4.4*	*4.4*	*4.3*	*4.4*	*4.4*	*4.3*	*4.3*
Personal disposable income (current $)	100,488	107,335	111,640	116,558	121,821	126,873	132,323	137,829	143,631	149,721	156,082	162,749	169,613
	5.0	*6.8*	*4.0*	*4.4*	*4.5*	*4.1*	*4.3*	*4.2*	*4.2*	*4.2*	*4.2*	*4.3*	*4.2*
Personal savings rate	-5.9	-4.5	-4.5	-4.6	-4.8	-5.0	-5.2	-5.4	-5.5	-5.4	-5.3	-5.1	-4.9
	-12.9	*24.6*	*-1.5*	*-2.1*	*-2.8*	*-5.9*	*-2.5*	*-5.3*	*-0.4*	*0.7*	*2.8*	*3.7*	*3.4*
Population (000s)	4,251	4,301	4,341	4,385	4,432	4,481	4,531	4,583	4,638	4,693	4,750	4,808	4,866
	1.3	*1.2*	*0.9*	*1.0*	*1.1*	*1.1*	*1.1*	*1.2*	*1.2*	*1.2*	*1.2*	*1.2*	*1.2*
Labour force (000s)	2,263	2,301	2,340	2,373	2,406	2,438	2,468	2,493	2,515	2,538	2,559	2,579	2,597
	1.9	*1.7*	*1.7*	*1.4*	*1.4*	*1.3*	*1.2*	*1.0*	*0.9*	*0.9*	*0.8*	*0.8*	*0.7*
Employment (000s)	2,130	2,192	2,232	2,267	2,299	2,327	2,355	2,377	2,396	2,414	2,433	2,451	2,468
	3.3	*2.9*	*1.8*	*1.6*	*1.4*	*1.2*	*1.2*	*0.9*	*0.8*	*0.8*	*0.8*	*0.7*	*0.7*
Unemployment rate (percentage)	5.9	4.7	4.6	4.5	4.5	4.6	4.6	4.6	4.8	4.9	4.9	4.9	5.0
Retail sales (current $)	50,027	53,576	56,825	59,739	62,838	65,900	69,214	72,364	75,512	78,781	82,154	85,630	89,208
	6.0	*7.1*	*6.1*	*5.1*	*5.2*	*4.9*	*5.0*	*4.6*	*4.3*	*4.3*	*4.3*	*4.2*	*4.2*
Housing starts (units)	34,667	36,711	34,297	33,667	33,015	32,679	32,501	32,678	32,997	33,158	33,260	33,297	33,268
	5.3	*5.9*	*-6.6*	*-1.8*	*-1.9*	*-1.0*	*-0.5*	*0.5*	*1.0*	*0.5*	*0.3*	*0.1*	*-0.1*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 11—Key Economic Indicators: British Columbia
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP at market prices (current $)	293,227	304,835	316,889	329,294	342,278	355,567	369,548	384,083	398,972	414,407	430,215	446,657	463,455
	3.9	*4.0*	*4.0*	*3.9*	*3.9*	*3.9*	*3.9*	*3.9*	*3.9*	*3.9*	*3.8*	*3.8*	*3.8*
GDP at basic prices (current $)	268,811	279,248	290,105	301,293	313,007	324,945	337,485	350,524	363,873	377,731	391,917	406,699	421,808
	3.8	*3.9*	*3.9*	*3.9*	*3.9*	*3.8*	*3.9*	*3.9*	*3.8*	*3.8*	*3.8*	*3.8*	*3.7*
GDP at basic prices (constant 1997 $)	183,257	186,632	190,016	193,465	196,966	200,439	203,914	207,402	210,912	214,458	217,986	221,544	225,178
	1.9	*1.8*	*1.8*	*1.8*	*1.8*	*1.8*	*1.7*	*1.7*	*1.7*	*1.7*	*1.6*	*1.6*	*1.6*
Consumer Price Index (1992=1.0)	1.618	1.653	1.690	1.729	1.769	1.810	1.851	1.894	1.938	1.982	2.028	2.074	2.120
	2.1	*2.1*	*2.2*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.2*
Implicit price deflator— GDP at basic prices (1997=1.0)	1.467	1.496	1.527	1.557	1.589	1.621	1.655	1.690	1.725	1.761	1.798	1.836	1.873
	1.9	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.1*	*2.1*	*2.1*	*2.1*	*2.1*	*2.1*	*2.0*
Average weekly wages (level $)	1,028	1,063	1,100	1,138	1,177	1,217	1,258	1,301	1,345	1,391	1,439	1,488	1,539
	3.3	*3.4*	*3.5*	*3.4*	*3.4*	*3.4*	*3.4*	*3.4*	*3.4*	*3.4*	*3.4*	*3.4*	*3.4*
Personal income (current $)	230,174	240,206	250,786	261,706	273,093	284,797	296,945	309,460	322,308	335,654	349,588	363,840	378,330
	4.3	*4.4*	*4.4*	*4.4*	*4.4*	*4.3*	*4.3*	*4.2*	*4.2*	*4.1*	*4.2*	*4.1*	*4.0*
Personal disposable income (current $)	176,596	183,973	191,748	199,758	208,104	216,679	225,562	234,634	243,907	253,553	263,596	273,807	284,105
	4.1	*4.2*	*4.2*	*4.2*	*4.2*	*4.1*	*4.1*	*4.0*	*4.0*	*4.0*	*4.0*	*3.9*	*3.8*
Personal savings rate	-4.9	-5.0	-5.1	-5.2	-5.3	-5.4	-5.6	-5.8	-6.0	-6.2	-6.4	-6.7	-7.0
	0.0	*-1.9*	*-1.2*	*-2.4*	*-2.2*	*-2.1*	*-3.8*	*-3.5*	*-3.6*	*-3.1*	*-3.5*	*-4.2*	*-4.7*
Population (000s)	4,924	4,982	5,041	5,099	5,157	5,214	5,270	5,325	5,379	5,431	5,482	5,532	5,580
	1.2	*1.2*	*1.2*	*1.2*	*1.1*	*1.1*	*1.1*	*1.0*	*1.0*	*1.0*	*0.9*	*0.9*	*0.9*
Labour force (000s)	2,614	2,629	2,645	2,660	2,674	2,688	2,701	2,713	2,724	2,736	2,746	2,756	2,766
	0.7	*0.6*	*0.6*	*0.6*	*0.6*	*0.5*	*0.5*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*
Employment (000s)	2,484	2,500	2,515	2,529	2,544	2,555	2,566	2,578	2,587	2,598	2,608	2,618	2,627
	0.7	*0.6*	*0.6*	*0.6*	*0.6*	*0.5*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*
Unemployment rate (percentage)	5.0	4.9	4.9	4.9	4.9	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Retail sales (current $)	92,980	97,040	101,248	105,676	110,256	114,896	119,539	124,357	129,505	134,810	140,231	145,766	151,407
	4.2	*4.4*	*4.3*	*4.4*	*4.3*	*4.2*	*4.0*	*4.0*	*4.1*	*4.1*	*4.0*	*3.9*	*3.9*
Housing starts (units)	33,173	33,012	32,783	32,486	32,122	31,694	31,202	30,644	30,023	29,356	28,655	27,927	27,179
	-0.3	*-0.5*	*-0.7*	*-0.9*	*-1.1*	*-1.3*	*-1.6*	*-1.8*	*-2.0*	*-2.2*	*-2.4*	*-2.5*	*-2.7*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 12—Gross Domestic Product at Basic Prices by Industry—Newfoundland and Labrador
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture	57	57	58	59	60	61	62	63	64	65	66	67	68
	11.5	*-1.0*	*2.0*	*1.7*	*1.7*	*1.6*	*1.6*	*1.6*	*1.6*	*1.6*	*1.7*	*1.5*	*1.5*
Forestry	76	76	75	76	76	77	78	78	79	79	80	80	81
	0.1	*0.0*	*-1.0*	*1.1*	*1.1*	*0.8*	*0.8*	*0.7*	*0.7*	*0.6*	*0.6*	*0.6*	*0.6*
Fishing & trapping	240	243	248	252	256	260	262	264	265	266	267	267	268
	-12.8	*1.5*	*1.8*	*1.9*	*1.6*	*1.4*	*0.9*	*0.6*	*0.5*	*0.4*	*0.2*	*0.2*	*0.1*
Mining	2,434	2,695	3,312	3,116	2,957	2,790	2,600	2,406	2,277	2,122	1,911	2,006	1,996
	0.6	*10.7*	*22.9*	*-5.9*	*-5.1*	*-5.6*	*-6.8*	*-7.4*	*-5.4*	*-6.8*	*-10.0*	*5.0*	*-0.5*
Manufacturing	906	842	852	876	907	941	970	998	1,029	1,057	1,082	1,108	1,136
	-1.8	*-7.1*	*1.2*	*2.9*	*3.5*	*3.8*	*3.0*	*3.0*	*3.0*	*2.7*	*2.4*	*2.4*	*2.5*
Construction	857	753	707	754	863	987	1,120	1,266	1,268	1,084	1,055	1,159	1,086
	7.6	*-12.2*	*-6.1*	*6.7*	*14.5*	*14.4*	*13.5*	*13.0*	*0.2*	*-14.5*	*-2.6*	*9.9*	*-6.3*
Utilities	432	412	421	433	445	456	466	474	483	491	531	574	591
	5.3	*-4.6*	*2.2*	*2.9*	*2.6*	*2.5*	*2.3*	*1.7*	*1.9*	*1.6*	*8.1*	*8.1*	*3.0*
Goods-producing industries	5,000	5,076	5,672	5,567	5,564	5,572	5,558	5,550	5,465	5,165	4,992	5,262	5,225
	1.0	*1.5*	*11.7*	*-1.8*	*0.0*	*0.1*	*-0.3*	*-0.1*	*-1.5*	*-5.5*	*-3.3*	*5.4*	*-0.7*
Transportation, warehousing & information	1,035	1,059	1,124	1,116	1,119	1,124	1,138	1,144	1,136	1,102	1,078	1,105	1,101
	2.3	*2.4*	*6.1*	*-0.7*	*0.3*	*0.4*	*1.3*	*0.6*	*-0.7*	*-3.0*	*-2.2*	*2.6*	*-0.4*
Wholesale & retail trade	1,261	1,289	1,322	1,359	1,398	1,432	1,462	1,484	1,499	1,504	1,513	1,530	1,544
	1.6	*2.3*	*2.5*	*2.8*	*2.9*	*2.4*	*2.1*	*1.5*	*1.0*	*0.3*	*0.6*	*1.1*	*0.9*
Finance, insurance & real estate	1,979	2,033	2,066	2,097	2,127	2,152	2,172	2,184	2,198	2,212	2,222	2,231	2,241
	1.9	*2.7*	*1.6*	*1.5*	*1.4*	*1.2*	*0.9*	*0.6*	*0.6*	*0.7*	*0.4*	*0.4*	*0.5*
Community, business & personal service	2,894	3,033	3,095	3,157	3,219	3,278	3,339	3,389	3,444	3,494	3,537	3,579	3,621
	-0.6	*4.8*	*2.0*	*2.0*	*1.9*	*1.8*	*1.9*	*1.5*	*1.6*	*1.4*	*1.2*	*1.2*	*1.2*
Public administration & defence	1,115	1,184	1,204	1,220	1,237	1,254	1,273	1,283	1,299	1,315	1,329	1,343	1,357
	0.6	*6.1*	*1.7*	*1.4*	*1.4*	*1.4*	*1.5*	*0.8*	*1.3*	*1.2*	*1.1*	*1.1*	*1.0*
Service-producing industries	8,283	8,598	8,811	8,950	9,100	9,240	9,384	9,485	9,577	9,626	9,679	9,788	9,864
	0.9	*3.8*	*2.5*	*1.6*	*1.7*	*1.5*	*1.6*	*1.1*	*1.0*	*0.5*	*0.5*	*1.1*	*0.8*
All industries	13,630	14,019	14,824	14,858	15,006	15,154	15,284	15,376	15,384	15,133	15,013	15,392	15,431
	0.4	*2.9*	*5.7*	*0.2*	*1.0*	*1.0*	*0.9*	*0.6*	*0.0*	*-1.6*	*-0.8*	*2.5*	*0.2*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 12—Gross Domestic Product at Basic Prices by Industry—Newfoundland and Labrador
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture	69	70	71	72	73	74	75	76	77	78	79	80	81
	1.4	1.3	1.4	1.3	1.4	1.2	1.4	1.4	1.3	1.3	1.2	1.4	1.3
Forestry	81	82	82	83	83	84	84	85	85	86	86	87	87
	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Fishing & trapping	268	268	268	268	268	268	268	268	268	267	267	265	264
	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.3	-0.4	-0.5
Mining	2,068	2,097	2,045	1,901	1,722	1,498	1,392	1,275	1,486	1,590	1,618	1,573	1,480
	3.6	1.4	-2.4	-7.1	-9.4	-13.0	-7.1	-8.5	16.6	7.0	1.7	-2.8	-5.9
Manufacturing	1,161	1,188	1,215	1,241	1,268	1,295	1,321	1,350	1,377	1,403	1,429	1,456	1,482
	2.3	2.3	2.3	2.2	2.2	2.1	2.1	2.1	2.0	1.9	1.9	1.8	1.8
Construction	1,083	1,021	1,000	937	906	997	1,000	1,007	934	941	954	968	982
	-0.3	-5.7	-2.0	-6.4	-3.2	10.0	0.3	0.7	-7.3	0.7	1.4	1.4	1.4
Utilities	598	604	610	614	620	625	631	636	642	646	651	654	658
	1.1	1.1	1.0	0.7	1.0	0.8	0.9	0.9	0.8	0.7	0.7	0.5	0.5
Goods-producing industries	5,328	5,329	5,292	5,116	4,940	4,841	4,772	4,697	4,868	5,011	5,083	5,082	5,033
	2.0	0.0	-0.7	-3.3	-3.4	-2.0	-1.4	-1.6	3.7	2.9	1.4	0.0	-1.0
Transportation, warehousing & information	1,114	1,116	1,113	1,095	1,076	1,066	1,061	1,054	1,075	1,092	1,102	1,103	1,099
	1.2	0.2	-0.3	-1.7	-1.7	-0.9	-0.5	-0.6	2.0	1.6	0.9	0.1	-0.4
Wholesale & retail trade	1,556	1,568	1,580	1,590	1,600	1,611	1,623	1,634	1,643	1,653	1,664	1,671	1,679
	0.7	0.8	0.8	0.7	0.6	0.7	0.7	0.7	0.6	0.6	0.7	0.4	0.5
Finance, insurance & real estate	2,254	2,271	2,284	2,297	2,315	2,333	2,345	2,358	2,372	2,386	2,401	2,413	2,427
	0.6	0.8	0.6	0.5	0.8	0.8	0.5	0.6	0.6	0.6	0.6	0.5	0.6
Community, business & personal service	3,658	3,696	3,732	3,767	3,799	3,830	3,862	3,894	3,924	3,951	3,980	4,002	4,025
	1.0	1.0	1.0	0.9	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.6	0.6
Public administration & defence	1,369	1,381	1,392	1,403	1,414	1,424	1,434	1,444	1,454	1,463	1,472	1,479	1,487
	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.5	0.5
Service-producing industries	9,951	10,031	10,102	10,152	10,204	10,264	10,324	10,384	10,468	10,545	10,619	10,669	10,718
	0.9	0.8	0.7	0.5	0.5	0.6	0.6	0.6	0.8	0.7	0.7	0.5	0.5
All industries	15,621	15,702	15,736	15,610	15,486	15,447	15,437	15,423	15,678	15,897	16,044	16,093	16,093
	1.2	0.5	0.2	-0.8	-0.8	-0.2	-0.1	-0.1	1.7	1.4	0.9	0.3	0.0

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 13—Gross Domestic Product at Basic Prices by Industry—Prince Edward Island
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture	120	119	121	124	126	128	131	133	135	137	140	142	145
	-9.5	*-1.0*	*2.0*	*2.1*	*1.9*	*1.8*	*1.7*	*1.8*	*1.7*	*1.6*	*1.8*	*1.7*	*1.7*
Forestry	12	12	12	12	12	12	12	12	13	13	13	13	13
	-2.8	*3.2*	*-0.9*	*1.2*	*1.2*	*1.1*	*0.8*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*
Fishing & trapping	58	62	63	64	65	66	67	67	67	67	67	66	66
	-7.7	*7.0*	*1.6*	*1.9*	*1.6*	*1.4*	*0.9*	*0.2*	*0.0*	*-0.2*	*-0.3*	*-0.4*	*-0.4*
Mining	2.8	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	0.9
	19.9	*-59.1*	*-2.7*	*-1.9*	*-1.5*	*-1.6*	*-1.5*	*-1.4*	*-1.4*	*-1.5*	*-1.5*	*-1.5*	*-1.5*
Manufacturing	400	403	416	430	447	462	474	484	492	501	510	519	526
	2.9	*0.7*	*3.1*	*3.5*	*4.0*	*3.4*	*2.5*	*2.1*	*1.7*	*1.8*	*1.7*	*1.7*	*1.4*
Construction	170	183	160	154	154	158	164	169	172	175	178	180	182
	4.6	*7.3*	*-12.5*	*-4.0*	*0.5*	*2.4*	*3.9*	*3.0*	*2.0*	*1.8*	*1.5*	*1.2*	*0.8*
Utilities	39	38	39	40	42	43	45	46	47	48	49	51	52
	3.2	*-2.5*	*3.0*	*3.7*	*3.5*	*3.3*	*3.2*	*2.6*	*2.9*	*2.6*	*2.2*	*2.3*	*2.3*
Goods-producing industries	802	818	812	825	848	872	894	912	928	943	957	972	984
	0.3	*2.0*	*-0.7*	*1.7*	*2.8*	*2.8*	*2.5*	*2.1*	*1.7*	*1.6*	*1.5*	*1.5*	*1.3*
Transportation, warehousing & information	210	216	216	220	224	227	229	227	227	228	229	230	230
	2.9	*3.0*	*0.1*	*1.6*	*1.9*	*1.5*	*0.9*	*-0.8*	*0.0*	*0.3*	*0.3*	*0.3*	*0.1*
Wholesale & retail trade	360	348	359	372	384	395	406	415	426	436	445	453	462
	4.1	*-3.5*	*3.2*	*3.6*	*3.2*	*2.9*	*2.8*	*2.3*	*2.6*	*2.4*	*2.0*	*1.9*	*1.9*
Finance, insurance & real estate	621	641	654	667	680	692	701	706	711	718	725	732	740
	3.4	*3.1*	*2.0*	*2.0*	*2.0*	*1.7*	*1.4*	*0.7*	*0.7*	*0.9*	*1.1*	*0.9*	*1.1*
Community, business & personal service	804	821	841	866	890	912	934	951	968	985	1,001	1,018	1,034
	2.8	*2.0*	*2.5*	*2.9*	*2.8*	*2.6*	*2.3*	*1.8*	*1.8*	*1.7*	*1.7*	*1.7*	*1.5*
Public administration & defence	384	388	399	408	417	426	436	444	454	463	472	482	491
	0.7	*1.0*	*2.8*	*2.2*	*2.2*	*2.2*	*2.4*	*1.7*	*2.2*	*2.1*	*2.0*	*2.0*	*1.9*
Service-producing industries	2,380	2,413	2,469	2,532	2,594	2,652	2,707	2,743	2,786	2,830	2,872	2,914	2,956
	2.8	*1.4*	*2.3*	*2.5*	*2.5*	*2.2*	*2.0*	*1.4*	*1.6*	*1.6*	*1.5*	*1.5*	*1.4*
All industries	3,165	3,213	3,263	3,339	3,424	3,505	3,582	3,637	3,695	3,754	3,811	3,867	3,922
	2.0	*1.5*	*1.5*	*2.3*	*2.5*	*2.4*	*2.2*	*1.5*	*1.6*	*1.6*	*1.5*	*1.5*	*1.4*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 13—Gross Domestic Product at Basic Prices by Industry—Prince Edward Island
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture	147	149	151	154	156	158	160	162	165	167	170	172	175
	1.6	*1.5*	*1.5*	*1.4*	*1.5*	*1.3*	*1.5*	*1.4*	*1.4*	*1.5*	*1.4*	*1.5*	*1.4*
Forestry	13	13	13	13	13	13	13	14	14	14	14	14	14
	0.6	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*
Fishing & trapping	66	65	65	65	64	64	63	63	63	62	62	62	61
	-0.5	*-0.5*	*-0.5*	*-0.6*	*-0.6*	*-0.6*	*-0.6*	*-0.6*	*-0.6*	*-0.6*	*-0.6*	*-0.6*	*-0.6*
Mining	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8
	-1.5	*-1.5*	*-1.3*	*-1.5*	*-1.5*	*-1.5*	*-1.5*	*-1.4*	*-1.4*	*-1.4*	*-1.4*	*-1.4*	*-1.4*
Manufacturing	533	540	547	554	562	571	579	586	594	602	609	618	626
	1.3	*1.2*	*1.4*	*1.4*	*1.4*	*1.5*	*1.4*	*1.3*	*1.3*	*1.3*	*1.2*	*1.4*	*1.4*
Construction	182	183	184	184	184	184	184	184	185	185	185	185	185
	0.5	*0.4*	*0.3*	*0.2*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*0.0*	*0.0*
Utilities	53	54	55	56	57	58	59	60	61	62	64	65	66
	2.0	*2.1*	*2.0*	*1.7*	*2.0*	*1.9*	*1.9*	*1.9*	*1.9*	*1.8*	*1.8*	*1.6*	*1.6*
Goods-producing industries	995	1,005	1,016	1,027	1,038	1,049	1,060	1,071	1,082	1,093	1,103	1,115	1,127
	1.1	*1.0*	*1.1*	*1.0*	*1.1*	*1.1*	*1.1*	*1.0*	*1.0*	*1.0*	*0.9*	*1.1*	*1.0*
Transportation, warehousing & information	230	230	231	231	232	233	234	235	235	236	237	238	239
	0.0	*0.1*	*0.2*	*0.3*	*0.3*	*0.4*	*0.4*	*0.3*	*0.3*	*0.3*	*0.2*	*0.4*	*0.4*
Wholesale & retail trade	471	480	489	499	508	518	528	538	547	557	567	576	586
	1.9	*1.9*	*1.9*	*2.0*	*1.9*	*1.9*	*1.9*	*1.9*	*1.8*	*1.7*	*1.8*	*1.7*	*1.6*
Finance, insurance & real estate	750	759	768	777	786	795	805	814	823	833	842	851	861
	1.3	*1.3*	*1.2*	*1.1*	*1.2*	*1.2*	*1.2*	*1.2*	*1.1*	*1.1*	*1.1*	*1.1*	*1.1*
Community, business & personal service	1,049	1,064	1,081	1,097	1,113	1,130	1,147	1,165	1,182	1,199	1,216	1,233	1,250
	1.5	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*1.4*	*1.4*	*1.4*	*1.4*
Public administration & defence	500	509	518	528	537	546	555	565	575	585	594	604	613
	1.8	*1.8*	*1.8*	*1.8*	*1.8*	*1.7*	*1.7*	*1.7*	*1.7*	*1.7*	*1.7*	*1.5*	*1.6*
Service-producing industries	2,999	3,043	3,087	3,131	3,176	3,222	3,269	3,316	3,363	3,409	3,456	3,502	3,548
	1.4	*1.5*	*1.4*	*1.4*	*1.4*	*1.4*	*1.5*	*1.4*	*1.4*	*1.4*	*1.4*	*1.3*	*1.3*
All industries	3,975	4,029	4,084	4,140	4,195	4,253	4,311	4,369	4,426	4,484	4,541	4,598	4,656
	1.4	*1.4*	*1.4*	*1.4*	*1.3*	*1.4*	*1.4*	*1.3*	*1.3*	*1.3*	*1.3*	*1.3*	*1.3*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 14—Gross Domestic Product at Basic Prices by Industry—Nova Scotia
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture	234	232	237	242	247	251	255	260	264	269	273	278	283
	5.4	−1.0	2.0	2.2	1.9	1.8	1.7	1.8	1.7	1.6	1.7	1.7	1.7
Forestry	196	191	189	191	194	196	198	199	199	200	200	199	198
	−6.9	−2.8	−0.7	1.2	1.3	1.1	0.9	0.5	0.3	0.1	0.0	−0.3	−0.4
Fishing & trapping	268	286	291	296	300	305	308	310	312	313	314	314	315
	−10.6	6.8	1.5	1.8	1.5	1.4	1.0	0.8	0.6	0.3	0.3	0.1	0.2
Mining	455	439	474	482	475	443	465	541	533	501	468	453	454
	8.4	−3.5	8.1	1.7	−1.4	−6.7	4.9	16.4	−1.5	−6.0	−6.7	−3.1	0.2
Manufacturing	2,399	2,396	2,452	2,530	2,624	2,725	2,819	2,889	2,959	3,032	3,104	3,164	3,208
	0.7	−0.1	2.3	3.2	3.7	3.9	3.4	2.5	2.4	2.5	2.4	1.9	1.4
Construction	1,396	1,471	1,350	1,253	1,241	1,205	1,211	1,282	1,315	1,319	1,309	1,290	1,277
	0.3	5.3	−8.2	−7.2	−0.9	−2.9	0.4	5.9	2.6	0.4	−0.8	−1.4	−1.0
Utilities	547	501	533	553	569	585	601	613	627	639	650	660	671
	0.5	−8.4	6.5	3.7	3.0	2.8	2.7	2.1	2.3	1.9	1.6	1.6	1.6
Goods-producing industries	5,496	5,515	5,526	5,547	5,651	5,711	5,856	6,094	6,210	6,273	6,318	6,359	6,406
	0.4	0.4	0.2	0.4	1.9	1.1	2.5	4.1	1.9	1.0	0.7	0.7	0.7
Transportation, warehousing & information	2,099	2,127	2,133	2,148	2,179	2,201	2,235	2,269	2,284	2,292	2,300	2,298	2,292
	2.5	1.3	0.3	0.7	1.4	1.0	1.5	1.5	0.6	0.4	0.3	−0.1	−0.3
Wholesale & retail trade	2,770	2,874	2,962	3,048	3,130	3,206	3,288	3,343	3,404	3,452	3,491	3,526	3,565
	3.0	3.8	3.1	2.9	2.7	2.4	2.5	1.7	1.8	1.4	1.1	1.0	1.1
Finance, insurance & real estate	5,059	5,227	5,345	5,446	5,554	5,656	5,750	5,803	5,855	5,917	5,985	6,038	6,072
	2.1	3.3	2.3	1.9	2.0	1.8	1.7	0.9	0.9	1.0	1.2	0.9	0.6
Community, business & personal service	5,638	5,771	5,929	6,076	6,220	6,361	6,501	6,597	6,702	6,802	6,899	6,979	7,042
	1.7	2.4	2.7	2.5	2.4	2.3	2.2	1.5	1.6	1.5	1.4	1.2	0.9
Public administration & defence	2,398	2,477	2,551	2,596	2,642	2,688	2,738	2,768	2,813	2,854	2,893	2,931	2,967
	0.8	3.3	3.0	1.8	1.8	1.7	1.9	1.1	1.6	1.5	1.4	1.3	1.2
Service-producing industries	17,963	18,476	18,920	19,314	19,725	20,112	20,512	20,780	21,058	21,317	21,568	21,773	21,939
	2.0	2.9	2.4	2.1	2.1	2.0	2.0	1.3	1.3	1.2	1.2	0.9	0.8
All industries	23,361	23,883	24,334	24,749	25,264	25,711	26,256	26,762	27,155	27,478	27,774	28,020	28,233
	1.7	2.2	1.9	1.7	2.1	1.8	2.1	1.9	1.5	1.2	1.1	0.9	0.8

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 14—Gross Domestic Product at Basic Prices by Industry—Nova Scotia
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture	287	292	297	301	306	311	315	320	325	330	335	341	346
	1.7	*1.7*	*1.6*	*1.5*	*1.6*	*1.5*	*1.5*	*1.6*	*1.5*	*1.6*	*1.5*	*1.6*	*1.5*
Forestry	197	195	192	189	185	181	177	173	169	165	160	156	152
	-0.7	*-1.0*	*-1.3*	*-1.7*	*-1.9*	*-2.2*	*-2.3*	*-2.4*	*-2.4*	*-2.5*	*-2.5*	*-2.6*	*-2.7*
Fishing & trapping	315	315	315	315	315	315	315	315	315	314	313	312	311
	0.1	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*-0.1*	*-0.2*	*-0.3*	*-0.4*	*-0.5*
Mining	455	463	434	394	395	396	397	398	399	400	401	403	404
	0.2	*1.8*	*-6.4*	*-9.1*	*0.3*	*0.2*	*0.3*	*0.3*	*0.3*	*0.3*	*0.3*	*0.3*	*0.3*
Manufacturing	3,247	3,268	3,310	3,356	3,386	3,413	3,438	3,464	3,505	3,525	3,536	3,551	3,564
	1.2	*0.7*	*1.3*	*1.4*	*0.9*	*0.8*	*0.7*	*0.8*	*1.2*	*0.6*	*0.3*	*0.4*	*0.4*
Construction	1,248	1,244	1,238	1,225	1,215	1,203	1,188	1,171	1,151	1,132	1,127	1,123	1,125
	-2.3	*-0.3*	*-0.5*	*-1.0*	*-0.8*	*-1.0*	*-1.2*	*-1.4*	*-1.8*	*-1.7*	*-0.4*	*-0.3*	*0.2*
Utilities	680	689	698	704	713	721	730	739	747	755	763	770	776
	1.3	*1.4*	*1.3*	*1.0*	*1.2*	*1.1*	*1.2*	*1.2*	*1.1*	*1.0*	*1.1*	*0.9*	*0.9*
Goods-producing industries	6,428	6,467	6,483	6,486	6,517	6,541	6,562	6,581	6,611	6,622	6,636	6,656	6,678
	0.4	*0.6*	*0.3*	*0.0*	*0.5*	*0.4*	*0.3*	*0.3*	*0.5*	*0.2*	*0.2*	*0.3*	*0.3*
Transportation, warehousing & information	2,280	2,267	2,257	2,249	2,239	2,228	2,216	2,203	2,199	2,183	2,165	2,150	2,135
	-0.5	*-0.6*	*-0.5*	*-0.3*	*-0.5*	*-0.5*	*-0.5*	*-0.6*	*-0.2*	*-0.7*	*-0.8*	*-0.7*	*-0.7*
Wholesale & retail trade	3,603	3,641	3,680	3,719	3,757	3,797	3,838	3,880	3,918	3,954	3,997	4,034	4,072
	1.1	*1.1*	*1.1*	*1.1*	*1.0*	*1.1*	*1.1*	*1.1*	*1.0*	*0.9*	*1.1*	*0.9*	*0.9*
Finance, insurance & real estate	6,118	6,140	6,167	6,200	6,220	6,245	6,269	6,298	6,340	6,367	6,392	6,419	6,448
	0.8	*0.3*	*0.4*	*0.5*	*0.3*	*0.4*	*0.4*	*0.5*	*0.7*	*0.4*	*0.4*	*0.4*	*0.5*
Community, business & personal service	7,101	7,146	7,204	7,268	7,313	7,359	7,405	7,451	7,508	7,546	7,581	7,611	7,640
	0.8	*0.6*	*0.8*	*0.9*	*0.6*	*0.6*	*0.6*	*0.6*	*0.8*	*0.5*	*0.5*	*0.4*	*0.4*
Public administration & defence	3,001	3,035	3,069	3,103	3,136	3,167	3,199	3,231	3,265	3,296	3,328	3,356	3,384
	1.1	*1.1*	*1.1*	*1.1*	*1.1*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*0.8*	*0.9*
Service-producing industries	22,103	22,229	22,377	22,538	22,666	22,796	22,927	23,063	23,229	23,346	23,463	23,570	23,679
	0.7	*0.6*	*0.7*	*0.7*	*0.6*	*0.6*	*0.6*	*0.6*	*0.7*	*0.5*	*0.5*	*0.5*	*0.5*
All industries	28,420	28,584	28,748	28,912	29,071	29,225	29,377	29,532	29,729	29,856	29,987	30,114	30,245
	0.7	*0.6*	*0.6*	*0.6*	*0.5*	*0.5*	*0.5*	*0.5*	*0.7*	*0.4*	*0.4*	*0.4*	*0.4*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 15—Gross Domestic Product at Basic Prices by Industry—New Brunswick
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture	507	502	512	523	533	543	551	561	570	580	591	601	612
	10.3	–1.0	2.0	2.1	1.9	1.8	1.6	1.8	1.6	1.7	1.9	1.7	1.8
Forestry	423	447	445	450	456	460	462	464	465	465	465	463	460
	–11.4	5.9	–0.6	1.2	1.3	0.8	0.6	0.4	0.2	0.0	0.0	–0.4	–0.7
Fishing & trapping	95	101	103	104	106	107	108	108	108	108	108	107	107
	–10.1	6.3	1.5	1.7	1.4	1.4	1.0	0.1	–0.1	–0.3	–0.4	–0.4	–0.5
Mining	218	220	247	288	272	250	254	258	263	268	272	277	282
	5.4	0.7	12.3	16.8	–5.8	–8.2	1.8	1.7	1.7	1.8	1.8	1.8	1.8
Manufacturing	2,798	2,831	2,892	3,034	3,173	3,310	3,434	3,536	3,604	3,661	3,720	3,777	3,824
	–5.7	1.2	2.2	4.9	4.6	4.3	3.7	3.0	1.9	1.6	1.6	1.5	1.2
Construction	1,235	1,318	1,327	1,271	1,266	1,245	1,254	1,235	1,214	1,201	1,199	1,200	1,203
	–2.0	6.7	0.7	–4.2	–0.4	–1.6	0.7	–1.5	–1.7	–1.1	–0.2	0.0	0.3
Utilities	592	526	555	576	594	610	626	638	652	664	674	684	693
	0.4	–11.2	5.6	3.7	3.0	2.8	2.6	2.0	2.2	1.8	1.5	1.5	1.4
Goods-producing industries	5,869	5,945	6,082	6,248	6,400	6,525	6,690	6,802	6,876	6,947	7,028	7,108	7,181
	–3.3	1.3	2.3	2.7	2.4	2.0	2.5	1.7	1.1	1.0	1.2	1.1	1.0
Transportation, warehousing & information	1,916	1,970	2,006	2,047	2,088	2,125	2,152	2,165	2,171	2,173	2,178	2,181	2,181
	1.8	2.8	1.8	2.1	2.0	1.8	1.2	0.6	0.3	0.1	0.2	0.1	0.0
Wholesale & retail trade	2,124	2,191	2,280	2,346	2,415	2,483	2,541	2,579	2,622	2,659	2,690	2,719	2,751
	2.7	3.2	4.0	2.9	2.9	2.8	2.4	1.5	1.7	1.4	1.2	1.1	1.2
Finance, insurance & real estate	3,410	3,513	3,588	3,655	3,730	3,803	3,854	3,896	3,921	3,943	3,969	3,992	4,010
	2.6	3.0	2.1	1.9	2.0	2.0	1.3	1.1	0.6	0.6	0.7	0.6	0.4
Community, business & personal service	4,156	4,238	4,331	4,437	4,548	4,664	4,760	4,842	4,910	4,964	5,014	5,059	5,097
	1.4	2.0	2.2	2.4	2.5	2.5	2.1	1.7	1.4	1.1	1.0	0.9	0.8
Public administration & defence	1,770	1,805	1,844	1,875	1,906	1,937	1,971	1,991	2,021	2,048	2,073	2,097	2,120
	2.0	2.0	2.1	1.7	1.7	1.6	1.8	1.0	1.5	1.3	1.2	1.2	1.1
Service-producing industries	13,376	13,718	14,048	14,360	14,687	15,012	15,279	15,472	15,644	15,788	15,924	16,048	16,159
	2.0	2.6	2.4	2.2	2.3	2.2	1.8	1.3	1.1	0.9	0.9	0.8	0.7
All industries	19,210	19,619	20,083	20,560	21,040	21,490	21,922	22,227	22,474	22,688	22,906	23,109	23,293
	0.5	2.1	2.4	2.4	2.3	2.1	2.0	1.4	1.1	1.0	1.0	0.9	0.8

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 15—Gross Domestic Product at Basic Prices by Industry—New Brunswick
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture	623	633	643	654	664	674	684	695	706	717	729	742	754
	1.8	1.6	1.6	1.7	1.5	1.5	1.5	1.6	1.6	1.6	1.7	1.7	1.6
Forestry	457	454	451	448	445	441	438	435	432	429	426	423	420
	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7
Fishing & trapping	106	106	105	104	104	103	102	102	101	101	100	99	99
	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6
Mining	287	292	297	302	308	313	318	323	329	334	340	346	352
	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Manufacturing	3,874	3,941	3,992	4,043	4,093	4,142	4,189	4,229	4,270	4,305	4,339	4,379	4,413
	1.3	1.7	1.3	1.3	1.2	1.2	1.1	1.0	1.0	0.8	0.8	0.9	0.8
Construction	1,204	1,204	1,209	1,214	1,219	1,223	1,229	1,238	1,244	1,250	1,251	1,252	1,259
	0.0	0.0	0.4	0.5	0.4	0.3	0.5	0.8	0.4	0.5	0.1	0.1	0.6
Utilities	702	710	718	723	731	738	746	754	761	768	775	780	786
	1.2	1.2	1.1	0.8	1.1	1.0	1.0	1.1	1.0	0.9	0.9	0.7	0.7
Goods-producing industries	7,252	7,339	7,414	7,489	7,563	7,634	7,707	7,777	7,843	7,905	7,961	8,022	8,082
	1.0	1.2	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.8	0.7	0.8	0.7
Transportation, warehousing & information	2,183	2,196	2,198	2,203	2,206	2,211	2,214	2,214	2,213	2,211	2,208	2,207	2,204
	0.1	0.6	0.1	0.2	0.1	0.2	0.2	0.0	0.0	-0.1	-0.1	0.0	-0.2
Wholesale & retail trade	2,782	2,815	2,847	2,879	2,910	2,941	2,973	3,005	3,033	3,058	3,087	3,111	3,135
	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1	0.9	0.8	0.9	0.8	0.8
Finance, insurance & real estate	4,036	4,067	4,083	4,098	4,114	4,132	4,150	4,168	4,186	4,202	4,222	4,240	4,258
	0.7	0.8	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.4
Community, business & personal service	5,136	5,184	5,219	5,254	5,285	5,317	5,349	5,377	5,404	5,426	5,449	5,470	5,487
	0.8	0.9	0.7	0.7	0.6	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.3
Public administration & defence	2,140	2,161	2,182	2,202	2,222	2,241	2,259	2,279	2,298	2,317	2,336	2,351	2,368
	1.0	1.0	1.0	0.9	0.9	0.8	0.8	0.9	0.9	0.8	0.8	0.7	0.7
Service-producing industries	16,279	16,424	16,529	16,637	16,738	16,841	16,946	17,043	17,134	17,214	17,302	17,379	17,452
	0.7	0.9	0.6	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.4
All industries	23,484	23,716	23,896	24,079	24,254	24,429	24,606	24,773	24,930	25,072	25,215	25,354	25,486
	0.8	1.0	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.5

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 16—Gross Domestic Product at Basic Prices by Industry—Quebec
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture	2,914	2,839	2,900	2,955	3,014	3,080	3,148	3,217	3,288	3,367	3,448	3,530	3,612
	2.2	-2.6	2.1	1.9	2.0	2.2	2.2	2.2	2.2	2.4	2.4	2.4	2.3
Forestry	1,669	1,657	1,548	1,572	1,597	1,611	1,623	1,631	1,634	1,632	1,624	1,611	1,595
	-4.2	-0.7	-6.6	1.6	1.6	0.9	0.7	0.5	0.2	-0.1	-0.5	-0.8	-1.0
Fishing & trapping	74	79	80	81	82	83	83	84	84	85	85	85	85
	-13.8	7.1	1.5	1.0	0.8	1.4	0.8	0.7	0.5	0.3	0.1	0.2	0.1
Mining	1,152	1,161	1,221	1,306	1,451	1,486	1,484	1,485	1,487	1,489	1,490	1,492	1,493
	-13.7	0.8	5.1	7.0	11.1	2.4	-0.2	0.1	0.1	0.1	0.1	0.1	0.1
Manufacturing	47,256	47,705	48,704	50,556	52,619	54,673	56,948	59,227	61,652	63,966	65,707	67,443	69,004
	0.7	0.9	2.1	3.8	4.1	3.9	4.2	4.0	4.1	3.8	2.7	2.6	2.3
Construction	12,846	12,734	12,568	12,591	12,820	12,825	12,844	13,140	13,428	13,603	13,595	13,548	13,690
	0.6	-0.9	-1.3	0.2	1.8	0.0	0.2	2.3	2.2	1.3	-0.1	-0.3	1.0
Utilities	8,250	8,304	8,579	8,894	9,198	9,492	9,781	10,032	10,313	10,565	10,789	11,019	11,251
	4.0	0.7	3.3	3.7	3.4	3.2	3.0	2.6	2.8	2.4	2.1	2.1	2.1
Goods-producing industries	74,160	74,479	75,599	77,954	80,780	83,250	85,911	88,816	91,886	94,706	96,738	98,728	100,731
	0.7	0.4	1.5	3.1	3.6	3.1	3.2	3.4	3.5	3.1	2.1	2.1	2.0
Transportation, warehousing & information	20,132	20,379	20,605	21,092	21,600	22,010	22,439	22,889	23,442	23,960	24,259	24,507	24,745
	3.6	1.2	1.1	2.4	2.4	1.9	1.9	2.0	2.4	2.2	1.2	1.0	1.0
Wholesale & retail trade	27,386	28,432	29,481	30,451	31,299	32,094	32,871	33,556	34,388	35,086	35,688	36,268	36,909
	5.6	3.8	3.7	3.3	2.8	2.5	2.4	2.1	2.5	2.0	1.7	1.6	1.8
Finance, insurance & real estate	38,471	39,574	40,383	41,213	41,891	42,412	42,857	43,226	43,744	44,309	44,699	44,997	45,200
	3.3	2.9	2.0	2.1	1.6	1.2	1.0	0.9	1.2	1.3	0.9	0.7	0.4
Community, business & personal service	51,399	52,164	53,304	54,972	56,456	57,845	59,259	60,629	62,170	63,612	64,779	65,854	66,831
	1.9	1.5	2.2	3.1	2.7	2.5	2.4	2.3	2.5	2.3	1.8	1.7	1.5
Public administration & defence	13,447	13,726	14,012	14,355	14,707	15,064	15,459	15,706	16,043	16,361	16,668	16,972	17,271
	0.1	2.1	2.1	2.4	2.4	2.4	2.6	1.6	2.1	2.0	1.9	1.8	1.8
Service-producing industries	150,835	154,275	157,785	162,083	165,952	169,425	172,884	176,004	179,786	183,328	186,093	188,598	190,956
	3.0	2.3	2.3	2.7	2.4	2.1	2.0	1.8	2.1	2.0	1.5	1.3	1.3
All industries	225,078	228,745	233,341	239,994	246,689	252,632	258,752	264,778	271,629	277,991	282,789	287,283	291,644
	2.3	1.6	2.0	2.9	2.8	2.4	2.4	2.3	2.6	2.3	1.7	1.6	1.5

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 16—Gross Domestic Product at Basic Prices by Industry—Quebec
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture	3,695	3,781	3,871	3,964	4,063	4,162	4,262	4,364	4,464	4,572	4,677	4,789	4,904
	2.3	2.3	2.4	2.4	2.5	2.4	2.4	2.4	2.3	2.4	2.3	2.4	2.4
Forestry	1,573	1,544	1,512	1,479	1,447	1,414	1,382	1,349	1,316	1,284	1,251	1,219	1,186
	−1.4	−1.8	−2.1	−2.2	−2.2	−2.3	−2.3	−2.4	−2.4	−2.5	−2.5	−2.6	−2.7
Fishing & trapping	85	85	85	85	85	85	85	85	85	85	85	84	84
	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	−0.1	−0.2	−0.3	−0.4	−0.5
Mining	1,495	1,497	1,499	1,501	1,503	1,504	1,506	1,509	1,511	1,513	1,515	1,517	1,519
	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Manufacturing	70,355	71,721	73,410	75,259	77,087	78,564	79,954	81,297	82,681	84,064	85,379	86,785	88,142
	2.0	1.9	2.4	2.5	2.4	1.9	1.8	1.7	1.7	1.7	1.6	1.6	1.6
Construction	14,013	14,220	14,408	14,321	14,181	14,133	14,093	14,162	14,233	14,307	14,383	14,439	14,495
	2.4	1.5	1.3	−0.6	−1.0	−0.3	−0.3	0.5	0.5	0.5	0.5	0.4	0.4
Utilities	11,462	11,678	11,888	12,134	12,350	12,558	12,778	13,003	13,224	13,435	13,652	13,847	14,049
	1.9	1.9	1.8	2.1	1.8	1.7	1.7	1.8	1.7	1.6	1.6	1.4	1.5
Goods-producing industries	102,678	104,526	106,673	108,743	110,715	112,420	114,061	115,769	117,514	119,259	120,942	122,680	124,380
	1.9	1.8	2.1	1.9	1.8	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.4
Transportation, warehousing & information	24,959	25,211	25,539	25,901	26,253	26,512	26,759	26,975	27,191	27,422	27,642	27,894	28,119
	0.9	1.0	1.3	1.4	1.4	1.0	0.9	0.8	0.8	0.8	0.8	0.9	0.8
Wholesale & retail trade	37,540	38,186	38,826	39,467	40,107	40,763	41,437	42,123	42,777	43,408	44,069	44,636	45,182
	1.7	1.7	1.7	1.7	1.6	1.6	1.7	1.7	1.6	1.5	1.5	1.3	1.2
Finance, insurance & real estate	45,530	45,917	46,351	46,816	47,266	47,645	48,030	48,412	48,804	49,228	49,661	50,105	50,552
	0.7	0.9	0.9	1.0	1.0	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9
Community, business & personal service	67,761	68,770	69,881	71,071	72,260	73,311	74,388	75,402	76,422	77,461	78,520	79,573	80,604
	1.4	1.5	1.6	1.7	1.7	1.5	1.5	1.4	1.4	1.4	1.4	1.3	1.3
Public administration & defence	17,557	17,850	18,144	18,439	18,732	19,022	19,314	19,617	19,927	20,230	20,540	20,826	21,122
	1.7	1.7	1.6	1.6	1.6	1.5	1.5	1.6	1.6	1.5	1.5	1.4	1.4
Service-producing industries	193,346	195,935	198,741	201,693	204,618	207,254	209,927	212,530	215,121	217,749	220,432	223,034	225,580
	1.3	1.3	1.4	1.5	1.5	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1
All industries	295,981	300,418	305,371	310,393	315,290	319,631	323,945	328,256	332,593	336,966	341,333	345,672	349,916
	1.5	1.5	1.6	1.6	1.6	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.2

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 17—Gross Domestic Product at Basic Prices by Industry—Ontario
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture	4,040	3,992	4,073	4,151	4,234	4,327	4,426	4,524	4,628	4,734	4,843	4,955	5,069
	4.2	−1.2	2.0	1.9	2.0	2.2	2.3	2.2	2.3	2.3	2.3	2.3	2.3
Forestry	1,016	1,067	1,028	1,042	1,058	1,072	1,082	1,089	1,091	1,090	1,086	1,078	1,070
	6.3	5.0	−3.7	1.4	1.5	1.3	1.0	0.6	0.2	−0.1	−0.4	−0.7	−0.7
Fishing & trapping	16.3	17.4	17.5	17.6	17.6	17.8	18.0	18.1	18.2	18.2	18.3	18.3	18.3
	−10.0	7.1	0.4	0.2	0.1	1.4	0.8	0.7	0.5	0.3	0.2	0.2	0.1
Mining	2,885	2,789	2,826	2,865	2,898	2,915	2,933	2,948	2,965	2,982	3,000	3,018	3,037
	−1.9	−3.3	1.3	1.4	1.1	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6
Manufacturing	93,749	93,029	95,217	99,139	103,511	108,222	113,023	117,570	122,963	128,069	133,209	138,385	144,061
	2.1	−0.8	2.4	4.1	4.4	4.6	4.4	4.0	4.6	4.2	4.0	3.9	4.1
Construction	22,799	23,525	23,852	24,552	25,415	26,378	27,324	28,100	28,939	29,732	30,478	31,150	31,731
	2.5	3.2	1.4	2.9	3.5	3.8	3.6	2.8	3.0	2.7	2.5	2.2	1.9
Utilities	10,268	10,433	10,762	11,219	11,671	12,125	12,580	13,001	13,470	13,909	14,319	14,744	15,180
	2.7	1.6	3.2	4.2	4.0	3.9	3.8	3.4	3.6	3.3	2.9	3.0	3.0
Goods-producing industries	134,775	134,853	137,777	142,985	148,805	155,057	161,387	167,251	174,075	180,535	186,953	193,348	200,165
	2.2	0.1	2.2	3.8	4.1	4.2	4.1	3.6	4.1	3.7	3.6	3.4	3.5
Transportation, warehousing & information	36,762	37,234	37,861	38,974	40,065	41,192	42,294	43,359	44,682	45,932	47,145	48,286	49,710
	3.7	1.3	1.7	2.9	2.8	2.8	2.7	2.5	3.1	2.8	2.6	2.4	3.0
Wholesale & retail trade	56,795	59,444	61,799	64,169	66,365	68,587	70,791	72,702	75,100	77,229	79,108	80,992	83,024
	5.8	4.7	4.0	3.8	3.4	3.3	3.2	2.7	3.3	2.8	2.4	2.4	2.5
Finance, insurance & real estate	98,036	100,736	102,855	105,204	107,750	110,380	112,999	115,134	117,917	120,588	123,217	125,856	128,955
	3.3	2.8	2.1	2.3	2.4	2.4	2.4	1.9	2.4	2.3	2.2	2.1	2.5
Community, business & personal service	98,934	100,944	103,602	107,244	111,133	115,121	119,160	122,798	126,902	130,760	134,543	138,328	142,516
	1.8	2.0	2.6	3.5	3.6	3.6	3.5	3.1	3.3	3.0	2.9	2.8	3.0
Public administration & defence	21,844	22,364	23,035	23,733	24,466	25,233	26,079	26,698	27,485	28,254	29,017	29,789	30,564
	2.1	2.4	3.0	3.0	3.1	3.1	3.4	2.4	2.9	2.8	2.7	2.7	2.6
Service-producing industries	312,371	320,722	329,150	339,325	349,779	360,513	371,323	380,691	392,086	402,762	413,029	423,250	434,769
	3.2	2.7	2.6	3.1	3.1	3.1	3.0	2.5	3.0	2.7	2.5	2.5	2.7
All industries	447,338	455,582	466,867	482,250	498,524	515,509	532,650	547,881	566,101	583,238	599,922	616,538	634,874
	3.0	1.8	2.5	3.3	3.4	3.4	3.3	2.9	3.3	3.0	2.9	2.8	3.0

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 17—Gross Domestic Product at Basic Prices by Industry—Ontario
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture	5,185	5,304	5,433	5,563	5,697	5,835	5,975	6,125	6,271	6,422	6,583	6,747	6,916
	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.5	2.4	2.4	2.5	2.5	2.5
Forestry	1,062	1,054	1,046	1,038	1,030	1,022	1,014	1,006	998	990	982	974	967
	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8
Fishing & trapping	18.3	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.3	18.3	18.3	18.2	18.1
	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.3	-0.4	-0.5
Mining	3,055	3,074	3,092	3,111	3,130	3,150	3,170	3,191	3,212	3,233	3,255	3,277	3,299
	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Manufacturing	149,502	154,842	160,224	165,087	170,036	175,309	181,075	187,327	193,663	199,958	206,655	212,492	218,856
	3.8	3.6	3.5	3.0	3.0	3.1	3.3	3.5	3.4	3.3	3.3	2.8	3.0
Construction	32,275	32,832	33,476	34,112	34,738	35,362	35,988	36,621	37,255	37,898	38,548	39,130	39,746
	1.7	1.7	2.0	1.9	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.5	1.6
Utilities	15,593	16,019	16,443	16,826	17,269	17,707	18,167	18,641	19,114	19,578	20,056	20,508	20,973
	2.7	2.7	2.6	2.3	2.6	2.5	2.6	2.6	2.5	2.4	2.4	2.2	2.3
Goods-producing industries	206,690	213,144	219,733	225,757	231,919	238,403	245,408	252,928	260,531	268,098	276,098	283,146	290,775
	3.3	3.1	3.1	2.7	2.7	2.8	2.9	3.1	3.0	2.9	3.0	2.6	2.7
Transportation, warehousing & information	51,022	52,361	53,641	54,803	55,921	57,115	58,429	59,871	61,201	62,424	63,821	64,887	66,058
	2.6	2.6	2.4	2.2	2.0	2.1	2.3	2.5	2.2	2.0	2.2	1.7	1.8
Wholesale & retail trade	84,936	86,959	89,034	91,118	93,196	95,282	97,440	99,656	101,771	103,868	106,089	108,178	110,344
	2.3	2.4	2.4	2.3	2.3	2.2	2.3	2.3	2.1	2.1	2.1	2.0	2.0
Finance, insurance & real estate	131,907	135,008	137,956	140,882	143,824	146,761	149,860	153,238	156,458	159,565	162,957	165,962	169,169
	2.3	2.4	2.2	2.1	2.1	2.0	2.1	2.3	2.1	2.0	2.1	1.8	1.9
Community, business & personal service	146,597	150,724	154,779	158,702	162,552	166,556	170,777	175,269	179,582	183,694	188,165	192,136	196,284
	2.9	2.8	2.7	2.5	2.4	2.5	2.5	2.6	2.5	2.3	2.4	2.1	2.2
Public administration & defence	31,328	32,116	32,918	33,733	34,556	35,384	36,225	37,098	37,995	38,890	39,808	40,688	41,598
	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.2	2.2
Service-producing industries	445,790	457,169	468,328	479,239	490,048	501,098	512,732	525,132	537,007	548,441	560,839	571,850	583,454
	2.5	2.6	2.4	2.3	2.3	2.3	2.3	2.4	2.3	2.1	2.3	2.0	2.0
All industries	652,420	670,253	688,001	704,935	721,907	739,441	758,079	778,000	797,477	816,479	836,877	854,936	874,168
	2.8	2.7	2.6	2.5	2.4	2.4	2.5	2.6	2.5	2.4	2.5	2.2	2.2

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada, Statistics Canada; Canada Mortgage and Housing Corporation.

Table 18—Gross Domestic Product at Basic Prices by Industry—Manitoba
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture	1,390	1,496	1,535	1,572	1,606	1,640	1,674	1,710	1,745	1,780	1,816	1,854	1,895
	−15.3	7.7	2.6	2.4	2.2	2.1	2.1	2.1	2.1	2.0	2.0	2.1	2.2
Forestry	76	74	73	75	76	77	78	78	78	78	78	77	77
	−1.7	−1.8	−1.2	1.8	1.8	1.2	0.8	0.5	0.1	−0.1	−0.3	−0.3	−0.3
Fishing & trapping	9.4	10.1	10.1	10.3	10.4	10.5	10.6	10.7	10.7	10.7	10.8	10.8	10.8
	−2.6	7.1	0.7	1.4	0.9	1.4	0.8	0.6	0.5	0.3	0.2	0.2	0.1
Mining	566	650	660	701	705	709	713	718	723	728	733	737	742
	2.7	14.8	1.5	6.2	0.6	0.5	0.5	0.7	0.7	0.7	0.7	0.6	0.6
Manufacturing	4,155	4,172	4,297	4,460	4,650	4,852	5,067	5,264	5,474	5,667	5,839	6,112	6,327
	1.4	0.4	3.0	3.8	4.2	4.4	4.4	3.9	4.0	3.5	3.0	4.7	3.5
Construction	1,530	1,816	1,950	2,114	2,139	2,102	2,274	2,384	2,438	2,495	2,545	2,505	2,550
	4.7	18.7	7.4	8.4	1.2	−1.7	8.2	4.9	2.3	2.3	2.0	−1.6	1.8
Utilities	1,233	1,247	1,288	1,337	1,385	1,433	1,480	1,532	1,580	1,624	1,664	1,706	1,749
	29.3	1.2	3.3	3.8	3.6	3.4	3.3	3.5	3.1	2.8	2.5	2.5	2.5
Goods-producing industries	8,959	9,465	9,814	10,269	10,572	10,823	11,295	11,696	12,049	12,382	12,685	13,002	13,352
	1.9	5.7	3.7	4.6	2.9	2.4	4.4	3.6	3.0	2.8	2.4	2.5	2.7
Transportation, warehousing & information	3,672	3,804	3,897	4,025	4,110	4,185	4,312	4,397	4,491	4,578	4,653	4,780	4,885
	4.4	3.6	2.4	3.3	2.1	1.8	3.0	2.0	2.1	1.9	1.6	2.7	2.2
Wholesale & retail trade	4,400	4,454	4,604	4,766	4,911	5,041	5,187	5,305	5,439	5,558	5,662	5,769	5,888
	6.2	1.2	3.4	3.5	3.0	2.7	2.9	2.3	2.5	2.2	1.9	1.9	2.1
Finance, insurance & real estate	6,655	6,883	7,020	7,152	7,286	7,421	7,549	7,643	7,743	7,883	8,025	8,189	8,328
	2.9	3.4	2.0	1.9	1.9	1.9	1.7	1.2	1.3	1.8	1.8	2.0	1.7
Community, business & personal service	7,645	7,786	7,980	8,208	8,439	8,671	8,926	9,157	9,417	9,659	9,887	10,187	10,445
	1.3	1.9	2.5	2.9	2.8	2.7	2.9	2.6	2.8	2.6	2.4	3.0	2.5
Public administration & defence	2,281	2,341	2,411	2,470	2,531	2,593	2,662	2,712	2,779	2,843	2,907	2,972	3,037
	0.6	2.6	3.0	2.4	2.5	2.5	2.6	1.9	2.5	2.3	2.2	2.2	2.2
Service-producing industries	24,653	25,267	25,911	26,621	27,276	27,911	28,636	29,214	29,868	30,521	31,135	31,896	32,583
	3.0	2.5	2.5	2.7	2.5	2.3	2.6	2.0	2.2	2.2	2.0	2.4	2.2
All industries	33,502	34,608	35,595	36,761	37,718	38,604	39,802	40,781	41,788	42,774	43,691	44,769	45,805
	2.9	3.3	2.9	3.3	2.6	2.3	3.1	2.5	2.5	2.4	2.1	2.5	2.3

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 18—Gross Domestic Product at Basic Prices by Industry—Manitoba
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture	1,933	1,973	2,015	2,059	2,102	2,145	2,192	2,238	2,287	2,338	2,387	2,439	2,491
	2.0	2.1	2.1	2.2	2.1	2.0	2.2	2.1	2.2	2.2	2.1	2.2	2.1
Forestry	77	77	76	76	76	76	75	75	75	75	74	74	74
	–0.3	–0.3	–0.3	–0.3	–0.3	–0.3	–0.3	–0.3	–0.3	–0.3	–0.3	–0.3	–0.3
Fishing & trapping	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.7	10.7
	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	–0.1	–0.2	–0.3	–0.4	–0.5
Mining	746	751	755	759	764	768	772	777	781	785	790	794	798
	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.5
Manufacturing	6,542	6,748	6,939	7,127	7,344	7,559	7,773	7,995	8,223	8,453	8,680	8,921	9,164
	3.4	3.2	2.8	2.7	3.1	2.9	2.8	2.8	2.9	2.8	2.7	2.8	2.7
Construction	2,560	2,549	2,603	2,657	2,711	2,765	2,818	2,873	2,926	2,979	3,033	3,085	3,139
	0.4	–0.4	2.1	2.1	2.0	2.0	1.9	1.9	1.8	1.8	1.8	1.7	1.8
Utilities	1,790	1,832	1,921	2,039	2,086	2,132	2,181	2,232	2,282	2,332	2,383	2,431	2,481
	2.3	2.3	4.9	6.2	2.3	2.2	2.3	2.3	2.3	2.2	2.2	2.0	2.0
Goods-producing industries	13,658	13,941	14,320	14,728	15,094	15,456	15,823	16,200	16,585	16,971	17,358	17,755	18,157
	2.3	2.1	2.7	2.8	2.5	2.4	2.4	2.4	2.4	2.3	2.3	2.3	2.3
Transportation, warehousing & information	4,986	5,086	5,182	5,282	5,403	5,526	5,651	5,774	5,900	6,029	6,159	6,299	6,437
	2.1	2.0	1.9	1.9	2.3	2.3	2.3	2.2	2.2	2.2	2.1	2.3	2.2
Wholesale & retail trade	6,002	6,120	6,244	6,370	6,495	6,621	6,753	6,885	7,013	7,142	7,278	7,407	7,539
	1.9	2.0	2.0	2.0	2.0	1.9	2.0	2.0	1.9	1.8	1.9	1.8	1.8
Finance, insurance & real estate	8,500	8,660	8,788	8,922	9,083	9,258	9,433	9,609	9,791	9,981	10,179	10,383	10,597
	2.1	1.9	1.5	1.5	1.8	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.1
Community, business & personal service	10,711	10,984	11,241	11,500	11,784	12,076	12,377	12,684	12,999	13,317	13,646	13,977	14,314
	2.5	2.5	2.3	2.3	2.5	2.5	2.5	2.5	2.5	2.4	2.5	2.4	2.4
Public administration & defence	3,100	3,166	3,233	3,302	3,371	3,441	3,512	3,587	3,664	3,741	3,820	3,895	3,974
	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0	2.0
Service-producing industries	33,299	34,016	34,688	35,376	36,136	36,923	37,727	38,540	39,367	40,209	41,081	41,962	42,861
	2.2	2.2	2.0	2.0	2.2	2.2	2.2	2.2	2.1	2.1	2.2	2.1	2.1
All industries	46,827	47,827	48,879	49,975	51,101	52,249	53,421	54,610	55,822	57,051	58,310	59,587	60,889
	2.2	2.1	2.2	2.2	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 19—Gross Domestic Product at Basic Prices by Industry—Saskatchewan
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture	2,308	2,281	2,332	2,374	2,417	2,463	2,504	2,552	2,595	2,637	2,677	2,717	2,760
	9.1	–1.2	2.2	1.8	1.8	1.9	1.7	1.9	1.7	1.6	1.5	1.5	1.6
Forestry	115	114	113	114	116	117	118	119	119	119	119	118	117
	–20.4	–1.2	–0.9	1.1	1.3	1.0	1.0	0.7	0.4	0.1	–0.2	–0.5	–0.9
Fishing & trapping	1.1	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3
	–7.9	6.9	1.6	1.7	1.3	1.4	0.7	0.6	0.5	0.3	0.2	0.2	0.1
Mining	4,349	4,240	4,375	4,566	4,647	4,730	4,796	4,863	4,930	4,997	5,065	5,133	5,203
	4.6	–2.5	3.2	4.4	1.8	1.8	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Manufacturing	2,356	2,416	2,476	2,569	2,689	2,806	2,930	3,034	3,145	3,247	3,364	3,487	3,605
	4.6	2.5	2.5	3.8	4.7	4.4	4.4	3.6	3.7	3.2	3.6	3.7	3.4
Construction	1,787	1,884	1,901	1,841	1,839	1,825	1,863	1,908	1,936	1,960	1,988	2,021	2,051
	3.7	5.4	0.9	–3.2	–0.1	–0.8	2.1	2.4	1.5	1.2	1.5	1.6	1.5
Utilities	839	850	873	900	927	953	978	999	1,024	1,046	1,065	1,084	1,105
	3.0	1.2	2.8	3.1	2.9	2.8	2.6	2.2	2.5	2.1	1.8	1.9	1.9
Goods-producing industries	11,756	11,785	12,072	12,366	12,636	12,894	13,191	13,476	13,751	14,007	14,278	14,562	14,843
	4.9	0.2	2.4	2.4	2.2	2.0	2.3	2.2	2.0	1.9	1.9	2.0	1.9
Transportation, warehousing & information	3,381	3,420	3,478	3,547	3,624	3,686	3,754	3,792	3,844	3,891	3,960	4,030	4,095
	4.7	1.1	1.7	2.0	2.2	1.7	1.8	1.0	1.4	1.2	1.8	1.8	1.6
Wholesale & retail trade	3,747	3,872	4,007	4,134	4,257	4,357	4,462	4,540	4,628	4,706	4,775	4,842	4,918
	7.0	3.4	3.5	3.2	3.0	2.3	2.4	1.7	2.0	1.7	1.5	1.4	1.6
Finance, insurance & real estate	5,194	5,350	5,442	5,540	5,654	5,756	5,854	5,918	6,013	6,105	6,210	6,306	6,413
	1.6	3.0	1.7	1.8	2.0	1.8	1.7	1.1	1.6	1.5	1.7	1.5	1.7
Community, business & personal service	6,052	6,197	6,354	6,509	6,684	6,842	7,023	7,160	7,316	7,456	7,608	7,760	7,905
	2.1	2.4	2.5	2.4	2.7	2.4	2.6	2.0	2.2	1.9	2.0	2.0	1.9
Public administration & defence	1,773	1,801	1,854	1,887	1,922	1,957	1,996	2,021	2,058	2,092	2,125	2,158	2,191
	2.3	1.6	3.0	1.8	1.8	1.8	2.0	1.2	1.8	1.7	1.6	1.6	1.5
Service-producing industries	20,148	20,640	21,134	21,618	22,140	22,599	23,089	23,431	23,860	24,250	24,679	25,096	25,522
	3.3	2.4	2.4	2.3	2.4	2.1	2.2	1.5	1.8	1.6	1.8	1.7	1.7
All industries	31,719	32,227	33,003	33,780	34,572	35,289	36,076	36,703	37,407	38,054	38,754	39,454	40,161
	3.7	1.6	2.4	2.4	2.3	2.1	2.2	1.7	1.9	1.7	1.8	1.8	1.8

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 19—Gross Domestic Product at Basic Prices by Industry—Saskatchewan
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture	2,799	2,838	2,875	2,915	2,956	2,995	3,034	3,076	3,116	3,160	3,208	3,256	3,301
	1.4	1.4	1.3	1.4	1.4	1.3	1.3	1.4	1.3	1.4	1.5	1.5	1.4
Forestry	116	114	112	110	108	105	103	101	99	96	94	92	90
	−1.2	−1.5	−2.0	−2.0	−2.0	−2.1	−2.1	−2.2	−2.2	−2.3	−2.3	−2.4	−2.4
Fishing & trapping	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	−0.1	−0.2	−0.3	−0.4	−0.5
Mining	5,273	5,344	5,416	5,489	5,563	5,639	5,714	5,790	5,865	5,941	6,017	6,094	6,170
	1.4	1.3	1.3	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Manufacturing	3,720	3,830	3,946	4,066	4,188	4,311	4,432	4,562	4,702	4,843	4,978	5,127	5,281
	3.2	2.9	3.0	3.0	3.0	2.9	2.8	3.0	3.1	3.0	2.8	3.0	3.0
Construction	2,079	2,110	2,143	2,180	2,220	2,256	2,293	2,331	2,364	2,397	2,431	2,463	2,495
	1.4	1.5	1.6	1.7	1.8	1.6	1.6	1.6	1.4	1.4	1.4	1.3	1.3
Utilities	1,123	1,141	1,159	1,174	1,193	1,211	1,231	1,251	1,271	1,289	1,309	1,327	1,345
	1.6	1.7	1.6	1.3	1.6	1.5	1.6	1.6	1.6	1.5	1.5	1.3	1.4
Goods-producing industries	15,111	15,379	15,653	15,936	16,230	16,520	16,808	17,112	17,418	17,728	18,039	18,358	18,683
	1.8	1.8	1.8	1.8	1.8	1.8	1.7	1.8	1.8	1.8	1.8	1.8	1.8
Transportation, warehousing & information	4,158	4,223	4,287	4,360	4,435	4,512	4,587	4,667	4,753	4,842	4,927	5,024	5,123
	1.5	1.6	1.5	1.7	1.7	1.7	1.7	1.7	1.8	1.9	1.8	2.0	2.0
Wholesale & retail trade	4,992	5,073	5,153	5,232	5,312	5,393	5,478	5,567	5,653	5,737	5,827	5,911	5,999
	1.5	1.6	1.6	1.5	1.5	1.5	1.6	1.6	1.5	1.5	1.6	1.5	1.5
Finance, insurance & real estate	6,517	6,611	6,712	6,809	6,913	7,027	7,148	7,259	7,375	7,491	7,606	7,725	7,849
	1.6	1.4	1.5	1.4	1.5	1.7	1.7	1.5	1.6	1.6	1.5	1.6	1.6
Community, business & personal service	8,049	8,192	8,338	8,487	8,636	8,789	8,945	9,110	9,281	9,452	9,625	9,801	9,983
	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.9	1.8	1.8	1.8	1.9
Public administration & defence	2,222	2,254	2,286	2,319	2,352	2,384	2,417	2,452	2,488	2,523	2,559	2,593	2,628
	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.4	1.4	1.3	1.4
Service-producing industries	25,937	26,354	26,776	27,206	27,648	28,106	28,577	29,054	29,549	30,045	30,546	31,054	31,582
	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
All industries	40,845	41,530	42,226	42,939	43,674	44,422	45,181	45,963	46,764	47,570	48,381	49,209	50,062
	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 20—Gross Domestic Product at Basic Prices by Industry—Alberta
(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture	3,424	3,366	3,441	3,514	3,577	3,645	3,710	3,781	3,849	3,914	3,981	4,049	4,117
	7.1	-1.7	2.2	2.1	1.8	1.9	1.8	1.9	1.8	1.7	1.7	1.7	1.7
Forestry	364	377	379	385	390	395	398	400	400	399	396	392	387
	-5.7	3.7	0.6	1.4	1.5	1.1	0.9	0.4	0.1	-0.3	-0.7	-1.0	-1.4
Fishing & trapping	2.6	3.0	3.0	3.0	3.1	3.1	3.2	3.2	3.2	3.2	3.2	3.2	3.2
	74.2	13.5	1.6	1.7	1.3	1.4	0.7	0.6	0.5	0.4	0.2	0.2	0.1
Mining	21,879	22,741	23,325	24,729	26,348	27,714	28,672	30,969	32,421	33,540	35,382	37,885	38,404
	1.4	3.9	2.6	6.0	6.5	5.2	3.5	8.0	4.7	3.5	5.5	7.1	1.4
Manufacturing	14,142	15,317	16,770	17,575	18,503	19,692	21,052	21,873	22,735	23,548	24,232	24,967	25,811
	8.2	8.3	9.5	4.8	5.3	6.4	6.9	3.9	3.9	3.6	2.9	3.0	3.4
Construction	12,730	14,502	15,313	15,574	15,107	14,836	14,790	14,739	14,792	14,867	15,126	15,540	16,018
	17.1	13.9	5.6	1.7	-3.0	-1.8	-0.3	-0.3	0.4	0.5	1.7	2.7	3.1
Utilities	2,732	2,735	2,896	3,046	3,192	3,335	3,475	3,598	3,732	3,858	3,974	4,093	4,214
	2.3	0.1	5.9	5.2	4.8	4.5	4.2	3.5	3.7	3.4	3.0	3.0	3.0
Goods-producing industries	55,273	59,042	62,128	64,825	67,120	69,619	72,101	75,363	77,932	80,130	83,095	86,929	88,954
	6.8	6.8	5.2	4.3	3.5	3.7	3.6	4.5	3.4	2.8	3.7	4.6	2.3
Transportation, warehousing & information	12,481	13,173	13,719	14,254	14,713	15,260	15,814	16,313	16,766	17,174	17,618	18,144	18,532
	5.9	5.5	4.1	3.9	3.2	3.7	3.6	3.2	2.8	2.4	2.6	3.0	2.1
Wholesale & retail trade	15,105	17,638	18,651	19,551	20,409	21,340	22,313	23,042	23,818	24,573	25,309	26,040	26,803
	10.9	16.8	5.7	4.8	4.4	4.6	4.6	3.3	3.4	3.2	3.0	2.9	2.9
Finance, insurance & real estate	23,751	24,814	25,636	26,434	27,227	28,111	29,203	29,942	30,768	31,633	32,321	33,011	33,884
	4.6	4.5	3.3	3.1	3.0	3.2	3.9	2.5	2.8	2.8	2.2	2.1	2.6
Community, business & personal service	27,373	28,753	30,233	31,511	32,777	34,170	35,821	36,971	38,245	39,459	40,555	41,636	42,833
	2.4	5.0	5.1	4.2	4.0	4.2	4.8	3.2	3.4	3.2	2.8	2.7	2.9
Public administration & defence	5,573	5,955	6,379	6,609	6,838	7,066	7,306	7,492	7,723	7,946	8,166	8,386	8,604
	3.4	6.8	7.1	3.6	3.5	3.3	3.4	2.5	3.1	2.9	2.8	2.7	2.6
Service-producing industries	84,284	90,333	94,617	98,359	101,964	105,946	110,458	113,759	117,321	120,786	123,968	127,217	130,656
	5.0	7.2	4.7	4.0	3.7	3.9	4.3	3.0	3.1	3.0	2.6	2.6	2.7
All industries	137,471	147,121	154,466	160,904	166,805	173,285	180,279	186,842	192,974	198,636	204,784	211,866	217,330
	4.8	7.0	5.0	4.2	3.7	3.9	4.0	3.6	3.3	2.9	3.1	3.5	2.6

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 20—Gross Domestic Product at Basic Prices by Industry—Alberta
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture	4,187	4,259	4,327	4,400	4,471	4,543	4,616	4,690	4,770	4,846	4,928	5,012	5,092
	1.7	1.7	1.6	1.7	1.6	1.6	1.6	1.6	1.7	1.6	1.7	1.7	1.6
Forestry	380	373	363	353	343	333	323	313	303	293	283	273	263
	-1.7	-2.0	-2.7	-2.7	-2.8	-2.9	-3.0	-3.1	-3.2	-3.3	-3.4	-3.5	-3.6
Fishing & trapping	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.3	-0.4	-0.5
Mining	39,468	40,087	40,966	41,948	43,090	44,105	45,098	46,098	47,112	48,124	49,142	50,157	51,177
	2.8	1.6	2.2	2.4	2.7	2.4	2.3	2.2	2.2	2.1	2.1	2.1	2.0
Manufacturing	26,551	27,356	28,271	29,171	30,054	31,031	31,977	32,988	34,025	35,115	36,188	37,334	38,488
	2.9	3.0	3.3	3.2	3.0	3.3	3.0	3.2	3.1	3.2	3.1	3.2	3.1
Construction	16,443	16,817	17,338	17,912	18,514	19,013	19,635	20,288	21,030	21,712	22,434	23,169	23,952
	2.7	2.3	3.1	3.3	3.4	2.7	3.3	3.3	3.7	3.2	3.3	3.3	3.4
Utilities	4,327	4,443	4,557	4,658	4,776	4,891	5,011	5,135	5,257	5,378	5,502	5,618	5,739
	2.7	2.7	2.6	2.2	2.5	2.4	2.5	2.5	2.4	2.3	2.3	2.1	2.1
Goods-producing industries	91,359	93,337	95,824	98,446	101,250	103,920	106,663	109,515	112,500	115,471	118,480	121,566	124,715
	2.7	2.2	2.7	2.7	2.8	2.6	2.6	2.7	2.7	2.6	2.6	2.6	2.6
Transportation, warehousing & information	18,920	19,331	19,834	20,362	20,897	21,485	22,068	22,670	23,285	23,940	24,600	25,314	26,027
	2.1	2.2	2.6	2.7	2.6	2.8	2.7	2.7	2.7	2.8	2.8	2.9	2.8
Wholesale & retail trade	27,590	28,400	29,249	30,088	30,925	31,787	32,681	33,586	34,486	35,389	36,344	37,266	38,228
	2.9	2.9	3.0	2.9	2.8	2.8	2.8	2.8	2.7	2.6	2.7	2.5	2.6
Finance, insurance & real estate	34,605	35,411	36,276	37,163	38,058	39,047	40,045	41,003	41,956	42,954	43,967	44,990	46,030
	2.1	2.3	2.4	2.4	2.4	2.6	2.6	2.4	2.3	2.4	2.4	2.3	2.3
Community, business & personal service	43,957	45,180	46,480	47,775	49,054	50,462	51,880	53,347	54,823	56,376	57,968	59,612	61,282
	2.6	2.8	2.9	2.8	2.7	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Public administration & defence	8,816	9,033	9,251	9,471	9,691	9,911	10,133	10,363	10,598	10,833	11,074	11,304	11,543
	2.5	2.5	2.4	2.4	2.3	2.3	2.2	2.3	2.3	2.2	2.2	2.1	2.1
Service-producing industries	133,888	137,353	141,091	144,858	148,626	152,693	156,807	160,969	165,148	169,493	173,952	178,486	183,109
	2.5	2.6	2.7	2.7	2.6	2.7	2.7	2.7	2.6	2.6	2.6	2.6	2.6
All industries	222,968	228,411	234,635	241,025	247,596	254,333	261,191	268,204	275,369	282,684	290,153	297,772	305,545
	2.6	2.4	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.6	2.6	2.6

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 21—Gross Domestic Product at Basic Prices by Industry—British Columbia
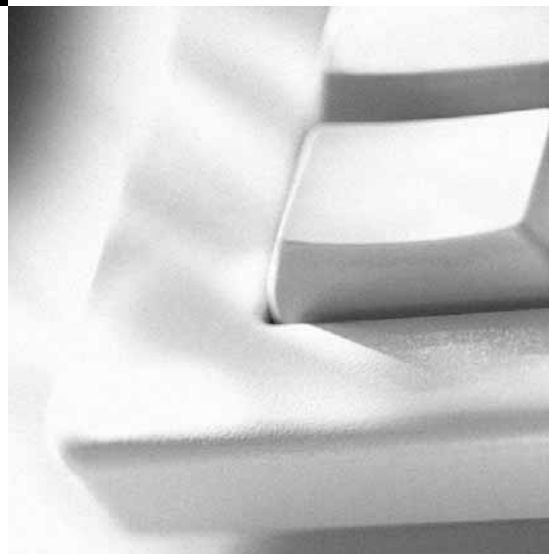(forecast completed: Dec. 19, 2006)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture	1,522	1,483	1,516	1,543	1,571	1,601	1,630	1,661	1,691	1,719	1,750	1,780	1,810
	9.0	–2.6	2.2	1.8	1.8	1.9	1.8	1.9	1.8	1.7	1.8	1.7	1.7
Forestry	3,807	4,032	3,975	4,045	4,093	4,134	4,147	3,987	3,828	3,668	3,508	3,348	3,189
	3.1	5.9	–1.4	1.8	1.2	1.0	0.3	–3.9	–4.0	–4.2	–4.4	–4.5	–4.8
Fishing & trapping	104	115	117	119	121	122	123	124	125	125	125	126	126
	–17.5	10.9	1.7	1.8	1.5	1.4	0.8	0.6	0.4	0.3	0.2	0.2	0.1
Mining	3,843	3,904	4,103	4,396	4,563	4,704	4,826	4,925	5,019	5,144	5,257	5,336	5,455
	2.4	1.6	5.1	7.2	3.8	3.1	2.6	2.0	1.9	2.5	2.2	1.5	2.2
Manufacturing	15,774	16,277	16,786	17,334	17,987	18,698	19,454	20,096	20,763	21,307	21,815	22,352	22,833
	3.3	3.2	3.1	3.3	3.8	4.0	4.0	3.3	3.3	2.6	2.4	2.5	2.2
Construction	7,897	8,865	9,407	9,632	9,742	9,619	9,674	9,766	9,961	10,129	10,311	10,495	10,665
	6.1	12.3	6.1	2.4	1.1	–1.3	0.6	0.9	2.0	1.7	1.8	1.8	1.6
Utilities	2,529	2,247	2,331	2,441	2,550	2,658	2,766	2,854	2,951	3,042	3,125	3,211	3,300
	8.4	–11.2	3.8	4.7	4.5	4.2	4.1	3.2	3.4	3.1	2.7	2.8	2.7
Goods-producing industries	35,476	36,922	38,235	39,511	40,627	41,536	42,621	43,412	44,337	45,135	45,891	46,648	47,378
	4.3	4.1	3.6	3.3	2.8	2.2	2.6	1.9	2.1	1.8	1.7	1.6	1.6
Transportation, warehousing & information	14,070	14,717	15,185	15,616	16,086	16,574	17,072	17,364	17,699	17,957	18,210	18,449	18,672
	5.6	4.6	3.2	2.8	3.0	3.0	3.0	1.7	1.9	1.5	1.4	1.3	1.2
Wholesale & retail trade	15,173	16,586	17,261	17,855	18,404	18,921	19,479	19,904	20,419	20,915	21,365	21,810	22,276
	6.7	9.3	4.1	3.4	3.1	2.8	3.0	2.2	2.6	2.4	2.2	2.1	2.1
Finance, insurance & real estate	29,461	30,505	31,396	32,165	32,935	33,745	34,571	35,288	36,147	36,868	37,631	38,364	39,101
	3.8	3.5	2.9	2.4	2.4	2.5	2.4	2.1	2.4	2.0	2.1	1.9	1.9
Community, business & personal service	31,149	31,728	32,618	33,708	34,841	36,016	37,150	38,214	39,407	40,458	41,489	42,513	43,503
	1.5	1.9	2.8	3.3	3.4	3.4	3.1	2.9	3.1	2.7	2.5	2.5	2.3
Public administration & defence	6,676	6,787	6,962	7,154	7,354	7,560	7,784	7,954	8,173	8,386	8,595	8,807	9,017
	2.0	1.7	2.6	2.8	2.8	2.8	3.0	2.2	2.8	2.6	2.5	2.5	2.4
Service-producing industries	96,530	100,323	103,423	106,499	109,621	112,816	116,055	118,723	121,845	124,584	127,291	129,943	132,569
	3.6	3.9	3.1	3.0	2.9	2.9	2.9	2.3	2.6	2.2	2.2	2.1	2.0
All industries	132,041	137,220	141,613	145,965	150,203	154,307	158,631	162,090	166,137	169,674	173,137	176,545	179,902
	3.7	3.9	3.2	3.1	2.9	2.7	2.8	2.2	2.5	2.1	2.0	2.0	1.9

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

The Conference Board of Canada

Table 21—Gross Domestic Product at Basic Prices by Industry—British Columbia
(forecast completed: Dec. 19, 2006)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture	1,839	1,871	1,900	1,931	1,964	1,993	2,027	2,061	2,097	2,130	2,164	2,201	2,238
	1.6	*1.7*	*1.6*	*1.6*	*1.7*	*1.5*	*1.7*	*1.7*	*1.7*	*1.6*	*1.6*	*1.7*	*1.7*
Forestry	3,029	3,054	3,079	3,104	3,129	3,154	3,179	3,204	3,229	3,254	3,279	3,304	3,329
	–5.0	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*
Fishing & trapping	126	126	126	126	126	126	126	126	126	126	125	125	124
	0.1	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*-0.1*	*-0.2*	*-0.3*	*-0.4*	*-0.5*
Mining	5,553	5,622	5,667	5,755	5,869	5,991	6,075	6,092	6,205	6,314	6,425	6,537	6,651
	1.8	*1.2*	*0.8*	*1.6*	*2.0*	*2.1*	*1.4*	*0.3*	*1.8*	*1.8*	*1.8*	*1.7*	*1.7*
Manufacturing	23,287	23,673	24,090	24,496	24,902	25,287	25,656	26,042	26,419	26,794	27,127	27,504	27,880
	2.0	*1.7*	*1.8*	*1.7*	*1.7*	*1.5*	*1.5*	*1.5*	*1.4*	*1.4*	*1.2*	*1.4*	*1.4*
Construction	10,824	10,996	11,173	11,351	11,528	11,700	11,870	12,041	12,205	12,371	12,542	12,702	12,872
	1.5	*1.6*	*1.6*	*1.6*	*1.6*	*1.5*	*1.5*	*1.4*	*1.4*	*1.4*	*1.4*	*1.3*	*1.3*
Utilities	3,382	3,467	3,551	3,626	3,713	3,798	3,888	3,979	4,070	4,159	4,249	4,334	4,420
	2.5	*2.5*	*2.4*	*2.1*	*2.4*	*2.3*	*2.4*	*2.4*	*2.3*	*2.2*	*2.2*	*2.0*	*2.0*
Goods-producing industries	48,040	48,809	49,586	50,389	51,230	52,048	52,820	53,545	54,350	55,147	55,911	56,707	57,515
	1.4	*1.6*	*1.6*	*1.6*	*1.7*	*1.6*	*1.5*	*1.4*	*1.5*	*1.5*	*1.4*	*1.4*	*1.4*
Transportation, warehousing & information	18,885	19,095	19,305	19,537	19,774	20,010	20,234	20,440	20,643	20,858	21,051	21,276	21,498
	1.1	*1.1*	*1.1*	*1.2*	*1.2*	*1.2*	*1.1*	*1.0*	*1.0*	*1.0*	*0.9*	*1.1*	*1.0*
Wholesale & retail trade	22,731	23,231	23,732	24,227	24,718	25,205	25,701	26,210	26,702	27,187	27,706	28,190	28,689
	2.0	*2.2*	*2.2*	*2.1*	*2.0*	*2.0*	*2.0*	*2.0*	*1.9*	*1.8*	*1.9*	*1.7*	*1.8*
Finance, insurance & real estate	39,924	40,671	41,397	42,140	42,890	43,633	44,395	45,204	45,994	46,810	47,624	48,446	49,299
	2.1	*1.9*	*1.8*	*1.8*	*1.8*	*1.7*	*1.7*	*1.8*	*1.7*	*1.8*	*1.7*	*1.7*	*1.8*
Community, business & personal service	44,500	45,437	46,392	47,352	48,315	49,288	50,287	51,299	52,287	53,289	54,292	55,300	56,322
	2.3	*2.1*	*2.1*	*2.1*	*2.0*	*2.0*	*2.0*	*2.0*	*1.9*	*1.9*	*1.9*	*1.9*	*1.8*
Public administration & defence	9,223	9,435	9,649	9,866	10,084	10,301	10,521	10,749	10,982	11,212	11,447	11,670	11,900
	2.3	*2.3*	*2.3*	*2.2*	*2.2*	*2.2*	*2.1*	*2.2*	*2.2*	*2.1*	*2.1*	*1.9*	*2.0*
Service-producing industries	135,262	137,869	140,475	143,122	145,781	148,436	151,139	153,901	156,607	159,357	162,120	164,882	167,708
	2.0	*1.9*	*1.9*	*1.9*	*1.9*	*1.8*	*1.8*	*1.8*	*1.8*	*1.8*	*1.7*	*1.7*	*1.7*
All industries	183,257	186,632	190,016	193,465	196,966	200,439	203,914	207,402	210,912	214,458	217,986	221,544	225,178
	1.9	*1.8*	*1.8*	*1.8*	*1.8*	*1.8*	*1.7*	*1.7*	*1.7*	*1.7*	*1.6*	*1.6*	*1.6*

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

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