

Economic outlook, forecast for 2019, and the effect of new technology

by Heidi Riley

The Atlantic Provinces Economic Council (APEC) annual Business Outlook conference focussed on how PEI's economy fared in 2018 and how it is expected to perform in the future.

APEC's 2019 forecast for PEI

- Positive gains in population support GDP growth of two percent in 2019.
- Slower growth and a changing economy with some new industries and the continued rise of the digital economy.
- Less uncertainty with Canada's economic relationship with the US as the new USMCA trade agreement is ratified.

2018 update

APEC reported that PEI's economy grew by 2.2 percent last year. "PEI's employment, retail sales and residential investment growth led the nation, and the Island's population growth was tied with Ontario for the fastest growth," says **Fred Bergman**, Policy Analyst, APEC.

"In 2018, employment growth was over three percent. However, real wages declined by almost 0.5 percent up to July 2018. PEI intends to raise the minimum wage to \$12.25 on April 1, 2019, reduce the small business tax rate, raise the personal tax exemption amount, and raise the food and shelter allowance for those on social assistance, all of which will increase incomes."

PEI has led Canada in population growth over the last two years. That growth will lead to more investment in public infrastructure and housing, which will require more workers. "In 2019, we predict employment to grow by about 1.5 percent and retail sales to grow 3.5 percent," says Fred.

Fred reported a strong growth in the sale of furniture and building supplies, which relates to the rise in residential construction, which grew by about 3.5 percent in the first three quarters of 2018. "In 2019, housing starts should be up again, due to the provincial housing strategy that plans to add 275 affordable housing units."

"The number of vacant jobs on PEI in the second quarter of 2018 rose to 2,900. There were labour shortages in retail, construction, administration, waste management, accommodations, and food services."

According to the PEI Economic Update, 2018, labour shortages, an issue in 2018, are projected to continue into 2019 in numerous industries, including construction, aquaculture, fish processing and agriculture, retail sales and accommodation and food services.

"Shortages may encourage more businesses to invest in automation to reduce their reliance on labour," says Fred.



Fred Bergman, Policy Analyst, APEC.



From left, Jared MacDonald, Aspin Kemp & Associates, Christie Neate, International Hotel Group, and David Chaundy, President and CEO, Atlantic Provinces Economic Council.

Export growth on PEI

"Exports from PEI to India, China, and the European Union is growing, due to gains in aerospace, chemical products, and medical supplies," says Fred. "There has been a three percent increase in exports to the US, mainly in aerospace, table potatoes, frozen blueberries, and chemical products."

"From September 2017 to September 2018, PEI's French fry exports were down four percent and lobster exports were down 12 percent. Fresh potato exports were up 41 percent, blueberry exports were up 58 percent, and aerospace products were up 10 percent. The bioscience sector on PEI had annual revenues of about \$240 million in 2017."

Two businesses use technologies that improve their performance

Jared MacDonald, Sales Manager, **Aspin Kemp & Associates**, talked about two projects being developed at the 100,000 square foot manufacturing facility in Pooles Corner. The Deep Water Class is the world's first drill ship that can use the energy created by moving up and down with the waves and put it into the operation of the ship or store it.

They are also working on a land-based microgrid system using traditional and renewable energy sources like solar, wind, and thermal.

"Every system we sell can be monitored remotely, so that engineers on PEI can access data generated in Singapore or Korea or China," says Jared. "That technology allows us to service global interests right here from PEI."

"Human resources are one of our top concerns. Our company is a technically focused system solution provider, so recruiting to keep the company on the cutting edge has been a challenge. Of our 100-plus employees, we have people from all over the world who speak over 20 languages. To continue to grow, we are working with government and educational institutions to find the right talent."

For more about **Aspin Kemp & Associates**, visit www.aka-group.com



Christie Neate is the Portfolio Revenue Manager for **InterContinental Hotels Group**. She manages revenue for 15 hotels across Canada, including the **Loyalist Country Inn and Conference Centre** in Summerside.

"Working from my field-based home office, I can manage top line room revenues without stepping into their respective markets," says Christie. "This type of role did not exist 10 years ago. New technology has made it possible to collect and analyze data on a much wider scale."

"Today, guests can book a reservation, check in and access their guest room with a mobile device, receive the invoice electronically, and check out with technology such as apps and email."

"The technology surrounding our industry will continue to evolve. There is a question of what will happen to jobs when these changes are implemented. We need to make sure our employees are comfortable with the changes and training available. We also need to find new and innovative ways for our team members to engage with our guests."

"One of our industry's biggest issues is human resources and labour, because our businesses are open 24 hours a day, seven days a week. Night auditors work 11 pm to 7 am, and need to be guest focused and very efficient in accounting practices."

"Room attendants have the hardest job in my opinion. The industry has an aging workforce. There will soon be a gap when our present room attendants start to retire, and we will struggle to find those who want to do that type of work in the same capacity as it was done in the past."

"We are always looking for ways to close the gap on this labour shortage. We have increased training, created mentoring opportunities, and engage with our various brands, design teams and suppliers to ensure our guestrooms are the most efficient to service, and that they have the best tools to do the job. We are also changing the expectation of how many rooms done per shift."

Job options are many

"Our team of 12 manages revenues for 184 properties in Canada, totalling 25,500 rooms. This position combines a love of the hotel industry with a passion for business. There is a demand for more people in this position. Although property level roles are crucial in any hotel, operational, financial, or organizational roles are other interesting choices in this industry."

For more information about **InterContinental Hotel Group**, visit www.ihg.com



For the full interview with each person featured, visit www.employmentjourney.com and search each by name.

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