

Appendix 1

Proposal to Develop Long Term Demographic Projections for Newfoundland and Labrador

An Appendix to
LONG TERM POPULATION PROJECTIONS FOR
NEWFOUNDLAND AND LABRADOR:
A Consultative Approach
DRAFT #2 — Final Report

A Joint Project Between
Economics and Statistics Branch, Department of Finance
and
Planning and Coordination Division, Atlantic Canada Opportunities Agency
(November 2001)

**PROPOSAL TO DEVELOP
LONG-TERM POPULATION PROJECTIONS FOR NEWFOUNDLAND AND LABRADOR**

- a) *Proposal Name:* Newfoundland and Labrador Demographic Projections
- b) *Date of Submission:* October 6, 1999
- c) *Implementing Party:* Canada/Newfoundland
- d) *Sponsoring Department:* Atlantic Canada Opportunities Agency, Policy and Coordination Division and Provincial Department of Finance, Economics and Statistics Branch.

e) Responsible Officers:

Ms. Beverley Carter
Assistant Deputy Minister
(Economics and Statistics)
Department of Finance
Government of Newfoundland and Labrador
St. John's, Newfoundland

Don Hogan
Senior Economic Analyst
Policy and Coordination Division
Atlantic Canada Opportunities Agency
Government of Canada
St. John's, Newfoundland

f) Objectives of Project: The key objective of the project is to develop well-informed projections of Newfoundland and Labrador's population, for provincial and sub-provincial levels.

g) Background: The province's economy experienced numerous shocks during the 1990s including a worldwide recession; groundfishery collapse and subsequent termination of income support programs; major reform of the E.I. program; and government restraint/downsizing. Such factors caused significant employment/income losses and induced both socioeconomic and demographic adjustments. Out-migration was a major adjustment mechanism. High levels of net out-migration, combined with an aging population and declining births, resulted in a 39,300 or 6.8% population decline from 1993-94 to 1998-99.

Pointing to an aging population, and assuming continued low fertility and high migration rates, national and regional forecasting agencies are calling for continuous population decline over the next 20+ years.¹ Such *doom-and-gloom* demographic projections appear to be inconsistent with the excellent prospects afforded the province by an expanding oil and gas industry, Voisey's Bay nickel and Lower Churchill hydro potential. In addition to the uncertainty about the likely path of the province's total population, there are also uncertainties related to the future spatial dimensions of population.

Reasonable long-term estimates of the province's total population and its geographic distribution (i.e., *how many people, and where will they be living?*) are critically important to long-term strategic planning and development in the areas of public service provision, and community economic development.

h) Proposal Design: This project is broken down into three parts as follows:

¹ The Conference Board of Canada's fall-'99 forecast calls for a steady decline in Newfoundland's population - from an estimated 555,000 in 1998 to 454,000 in 2020. Similarly, Statistics Canada 1999 projection puts Newfoundland's 2013 population at 495,000. The Atlantic Institute of Market Studies puts Newfoundland's population at 462,000 by 2036.

PART I: Provincial Level Economic Scenarios

Product — Set of Three Long Term Economic Projections: Economic and demographic scenarios are closely interrelated. Economic activity influences demographic developments mainly (and directly) through the migration component of population change, but could also influence natural population change. The economic scenarios would:

- not be a *view of the world* forecast (i.e., here's how we think the future will unfold) but rather *what would happen if* projections i.e., here is how the future would unfold given the underlying set of assumptions;
- vary mainly, though not entirely, along major project lines (e.g., oil & gas, mining, etc.)
- be built up around a set of assumptions that would be generally agreed upon between ACOA and provincial Finance.

Process — Contract with Dr. Doug May of Memorial University of Newfoundland: As per the attached CV, Dr. Doug May is the ideal candidate for coordinating this project. Dr. May is:

- familiar with the NALEM model — acted as Technical Advisor to the Steering Committee responsible for its development (jointly funded project with ACOA in 1990/91), working cooperatively with Dr. Ross Preston of the Economic Council of Canada in his capacity as Technical Advisor to the project;
- is well respected locally;
- has an excellent understanding of the Newfoundland economy;
- has significant expertise in the demographic area, and has worked with other nationally and internationally known experts in the field.
- is on Standing Offer with ACOA for economic/policy research work.

Deliverables to Include:

- a) Set of three economic scenarios (Low, Medium and High), providing an acceptable range of possible/potential future economic outcomes;
- b) Concise report outlining methodology, assumptions and key results.

PART II: Provincial Long Term Demographic Projections

Product — Set of Three Long-Term Demographic Projections for the Province: The demographic projections would be linked to, and consistent with, the economic scenarios in Part I. This approach would:

- ensure that labour market requirements, as reflected in future employment levels, are taken into account in the development of demographic projections;
- result in a set of projections that vary along the same lines as the economic scenarios
- be built up around a set of inputs generally agreed upon between ACOA and provincial Finance.

Process — Contract with Dr. Doug May of Memorial University of Newfoundland and Panel of Expert Review/Input: Process would be similar to what is outlined for Part 1. Also see discussion in Part IV of this proposal for details concerning Panel of Experts.

Deliverables to Include:

- a) Set of three demographic scenarios (Low, Medium and High);
- b) Concise report outlining methodology, assumptions and key results.

PART III: Regional Level Demographic Projections

Product — Set of Three Long Term Demographic Projections by Economic Zone: In addition to reasonable projections of the future size and age structure of the total population of Newfoundland and Labrador, projections of regional (e.g., Economic Zones) populations are also needed. Population projections by Economic Zone would be constrained to those for the total province, as discussed in Part II. They would thus be consistent with the economic scenarios in Part I and subjected to review by a *Panel of Experts*, as discussed in Part IV below.

Process — Intelligence Gathering and Regional Consultations to Support Development of the Regional Demographic Projections: The demographic element of many regions of the Province, especially those most affected by changes in the fishery/make-work/UI systems, continues to be very dynamic. The 1996 Census information is now three years out of date, and the 2001 Census information will not be available for at least another three years. More current qualitative and quantitative information is needed to aid in developing regional demographic projections. This would be acquired through:

Phase 1: Economic/Demographic Intelligence Gathering

- a) Developing tailored/targeted *Pre-Visit Regional Profiles*
- b) Information/intelligence gathering through a series of regional consultations (2 or more as appropriate) including regions of the *Strategic Social Plan*. These consultation will provide the mechanism by which the assumptions underlying regional population projections can be examined by people in the respective region, and by which feedback can be obtained and used to *fine tune* the projections.

Phase 2: Development of Demographic Projections:

The usual approach to regional projections is allocation based on historical shares, with an “adding up” constraint. Given regional dynamics, a more useful approach would be to develop regional population projections:

- constrained to the high, medium and low totals from the provincial projections in Part II (i.e., retain the *adding up* constraint); but
- reflective of, and/or incorporating, regional information and intelligence gathered in Phase I.

Deliverables to Include:

- c) Set of three demographic scenarios (Low, Medium and High), providing an acceptable range of possible/potential future economic outcomes;
- d) Concise report outlining the methodology, assumptions and key results.

PART VI: Panel of Expert Review of Economic and Demographic Projections

The *Panel of Experts* will be comprised of well-know experts in the field of demographics, and will be coordinated by Dr. Doug May. Its make-up will be jointly agreed upon between ACOA and Provincial Finance, but determined in consultation with and on the recommendation of Dr. May.

The *Panel* will be asked to review economic and demographic scenarios, including their underlying assumptions, as well as the methodology employed to develop the three population scenarios (both provincial and regional).

A meeting of this *Panel* will take place in Newfoundland during the early summer of 2000. Participants/attendees (other than the *Panel* itself) would be restricted to government officials. A

number of individuals from the Economic Zones/SSP Regions who participated in the consultations would also be invited as observers. Federal/Provincial Departments represented would be at the discretion of the *Sponsoring Departments* (i.e., ACOA and Provincial Finance).

i) Management Structure: Dr. Doug May will be responsible for coordination of the three parts of the project, reporting to a committee made up of: Ms. Beverley Carter (Provincial Dept. of Finance), Mr. Don Hogan (ACOA), Mr. Keith MacDonald (ACOA), Mr. Paul Parsons (ACOA), Mr. John Collins (DFO, Newfoundland), Fred Phelan of HRDC; Taylor Hall (DDRR) plus others that may be recommended by the ERA Planning & Market Research Program Committee.

j) Anticipated Benefits The project results will be utilized by a wide range of provincial government departments in their long term planning, especially in the provision of educational, health and community infrastructure services. For ACOA and DDRR, the output will be factored into how we approach long term regional economic development at the sub-provincial level. The projections sh/could be utilized by the Regional Economic Development Boards as part of their on-going strategic economic planning process. HRDC/HRE will benefit by obtaining a better basis for projecting labour supply at the sub-provincial basis.

More generally, the results may be used by the provincial and federal governments as a basis for refining and/or developing economic development approaches for rural Newfoundland. Further, the *Panel of Experts* approach provides for an objective, arm's length analysis of the Newfoundland situation. By so buying into this approach, both senior levels of government avoid the possibility of sending contradictory signals regarding long range prospects for Newfoundland's population.

k) Communications Strategy The research approach is designed to engage key stakeholder departments at the federal and provincial levels through the *Panel of Experts* component. Regional Economic Development Boards will be engaged following completion of preliminary Economic Zone projections (per Part III). The *Coordinator* will be responsible for the preparation of a Summary Report suitable for public consumption (through print media). It is understood, however, that this project is intended to serve the internal needs of the Provincial and Federal governments. It is further understood that there will be NO PUBLIC RELEASE, IN ANY MANNER WHATSOEVER, OF ANY PARTS of this project's results without the EXPRESS WRITTEN PERMISSION/AGREEMENT of the senior officials (i.e., Deputy Minister or equivalent) of both implementing parties (ACOA and Newfoundland Finance). This restriction includes the economic/demographic scenarios, regional consultations and Panel of Experts²

l) Present Planning Capability This research will enhance the capability of both organizations. The Economics and Statistics Branch of the Provincial Department of Finance has considerable expertise in economic and demographic analysis at the macro level. In the area of demographics, ACOA (Economics Unit) has carried out research into historic and current trends in population change at the provincial level. However, the degree of expertise and knowledge is limited in terms of sub-provincial population dynamics.

Without the support of the ERA Planning Program, neither organization will be in a position to undertake this research. Projections available from national agencies do not provide sub-provincial

² Given the nature of this research, and depending on the results, both orders of government may wish to maintain a low-key communications strategy.

breakdowns and, by and large, have not been rigorous enough to provide a strong level of confidence in results.

m) Estimated Cost: Costs are estimated at \$74,200 broken down as follows:

Estimated Cost – Part I: \$9,000

PROFESSIONAL SERVICES: 15 days @ \$600/day \$ 9,000

Estimated Cost – Part II: \$9,000

PROJECT FACILITATION: Dr. May – 15 days @\$600/day \$ 9,000

Estimated Cost – Part III: \$19,000

ZONE PROFILES: Research Assistant – 20 days @ \$200/day \$ 4,000

ZONE CONSULTATIONS: Research Assistant –40 days @ \$200/day \$ 8,000

Travel Cost —Research Assistant (hotel, meals, etc.) \$ 5,000

Facility Costs \$ 2,000

Estimated Cost – Part IV: \$37,200

TRAVEL: 12 participants (6 from Ontario) \$ 12,000

PARTICIPANT FEES: including preparation

4 days each @ \$600/day \$ 12,000

Meals and Incidentals: 2 days each @ \$50/day \$ 1,200

TOTAL COST:

Part I: Economic Scenarios \$ 9,000

Part II: Provincial Level Projections \$ 9,000

Part III: Zonal Population Projections \$ 19,000

Part IV: Panel of Experts \$ 37,200

GRAND TOTAL \$ **74,200**

Cash Flow:

It is estimated that \$25,000 will be flowed during 1999/2000 and the balance of \$49,200 will flow during 2000/01.

m) Inter/Intra Government Relationships: ACOA and the Department of Finance share the belief the Agencies should work together to undertake a more rigorous analysis of population trends, thereby providing a common basis for projecting long range population change.

n) Project Implementation: Dr. May will lead the actual project with technical support and advise from Paul Parsons (ACOA) and Ken Hicks (Provincial Finance). Don Hogan and Bev Carter will advise on overall direction of the project. Meetings with other members of the Steering Committee shall take place on an as required basis - determined by Dr. May, Bev Carter and Don Hogan.

IN WITNESS WHEREOF the parties have signed this Agreement.

Ina Crane

WITNESS

B. Carter

B. Carter, Assistant Deputy Minister
Economics and Statistics Branch

Neil McCann

WITNESS

D. Hogan

D. Hogan, Senior Economist
ACOA

SCHEDULE OF MAJOR PROJECT MILESTONES AND THEIR APPROXIMATE DATE OF COMPLETION

Approval of proposal	January 31, 2000
Develop plan for consultations	February 20, 2000
Organize consultations	February 28, 2000
Economic Scenarios	March 15, 2000
Demographic Scenarios (total province)	March 30, 2000
Develop plan for panel of experts	April 15, 2000
Complete Consultations	April 31, 2000
Panel of experts meeting	June, 2000
Demographic Scenarios (regional)	In Time for Consultations
Project Completion Targets:	
Analysis/Reports (substantially completed)	July 31, 2000
Finalize all aspects of project	September 30, 2000