

Sector Profile

Mining, Quarrying, and Oil and Gas Extraction

Atlantic Region

2024

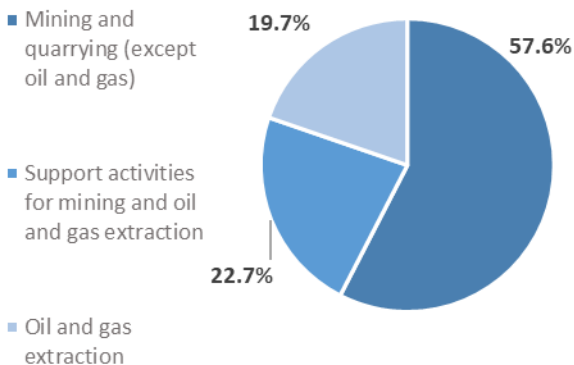


HIGHLIGHTS

- The mining, quarrying, oil, and gas extraction sector contributed almost \$7 billion to Atlantic Canada's GDP in 2023, representing 6% of total output in the region. Newfoundland and Labrador produces 95% of the region's economic output in the sector.
- The workforce in the mining, quarrying, oil and gas extraction sector is male-dominated, relatively younger, and has a higher share of post-secondary educated workers compared to the workforce overall.
- Employment in the sector has returned and surpassed pre-pandemic levels. Newfoundland and Labrador has seen an upswing in mining sector jobs in recent years due to a high volume of mineral exploration.
- Global interest in critical minerals is projected to boost mining activity in Atlantic Canada in years to come. However, oil production is expected to peak in 2030 and then steeply decline.

ABOUT THE INDUSTRY

Employment Share by sub-industry



Source: Statistics Canada, Labour Force Survey 2023

Composition and Importance of the Sector

The mining, quarrying, and oil and gas extraction industry is comprised of three subindustries: oil and gas extraction, mining and quarrying, and support activities for mining, and oil and gas extraction. Mining and quarrying accounted for 58% of employment in the sector in 2023. This is followed by support activities for mining, oil and gas extraction (23%), encompassing a broad range of services such as contract drilling and blasting, exploration and testing, equipment assembly, maintenance and repair, and site remediation. Oil and gas extraction represented 20% of employment in the sector.

The main resources that are extracted in the region are offshore oil, iron, nickel, gold, zinc, stone aggregate, gypsum, and salt. The sector contributed almost \$7 billion to Atlantic Canada's GDP in 2023, representing 6% of total output in the region. Newfoundland and Labrador accounted for 95% of the sector's economic contribution in Atlantic Canada.



Geographic Distribution of Employment

The mining, quarrying, oil and gas extraction industry group employed 19,700 people in 2023, comprising 1.6% of overall employment in Atlantic Canada. The sector was most significant in the province of Newfoundland and Labrador, where it made up 5.9% of employment. In addition, 71% of jobs in the sector were found in that province. New Brunswick employed 2,800 people in the sector, representing 0.7% of provincial employment. Nova Scotia also employed 2,800 workers in the industry comprising 0.6% of total employment. The mining, quarrying, oil and gas extraction sector did not have a significant presence in Prince Edward Island, representing only 0.2% of employment with roughly 200 workers.

	Employed 2023	Industry Share (%)
Atlantic Canada	19,700	1.6%
Newfoundland and Labrador	13,900	5.9%
Prince Edward Island	200	0.2%
Nova Scotia	2,800	0.6%
New Brunswick	2,800	0.7%

Source: Statistics Canada, Labour Force Survey

WORKFORCE

Workforce Characteristics

The workforce in the mining, quarrying, oil and gas extraction sector is characterized as being male-dominated and relatively younger than the overall workforce. Male workers accounted for 84.2% of employed individuals in the sector, compared to 50.7% in all industries. Female workers represented 15.8% in the sector, while in all industries they accounted for 49.3% of the workforce. The workforce in this sector had a higher share of people aged 25-54 compared to all industries, comprising 73.3% and 63.3% of the workforce, respectively. The industry had a lower share of its workforce nearing retirement, with 18.1% being 55 years and older sector compared to 23.4% of total employment in the region.

Most workers in the mining, quarrying, oil and gas extraction were employed full-time (99.5%) and in permanent positions (85.5%) during 2023. A small share of workers (12.7%) were employed in a temporary basis. The sector had higher levels of post-secondary education compared to other industries, as more than half (60.9%) of employed individuals in the sector had a postsecondary certificate or diploma as their highest educational achievement, while in all industries the share was 38.4%. Workers who completed a university degree comprised 16.3% of the workforce in mining, quarrying and oil extraction, compared to 30.4% in all industries.

Main Occupations

The largest occupation in the mining, quarrying, oil and gas extraction sector was underground production and development miners, making up 14.5% of employed individuals in the sector in 2023. The number of workers in this occupation increased by 75.6% since 2013. Industrial electricians was the second largest occupation, comprising 6.1% of total employment, and has increased by 58.2% since 2013. The number of workers who were heavy equipment operators has experienced a steep decrease (-31.2%) since 2013, but it still represented the fourth largest occupation in 2023.

Top 5 largest occupations	Employed 2023	% Share of Industry
Underground production and development miners	2,850	14.5%
Industrial electricians	1,200	6.1%
Construction millwrights and industrial mechanics	1,175	6.0%
Heavy equipment operators	1,125	5.7%
Supervisors, mining and quarrying	900	4.5%

Source: ESDC/Service Canada



RECENT HISTORY

Employment in the mining, quarrying, oil, and gas extraction sector in Atlantic Canada declined following the onset of the COVID-19 pandemic but has since returned to and surpassed pre-pandemic levels. Much of the employment loss was due to extraction projects being scaled back or completely halted.

Oil prices plummeted following the onset of the COVID-19 pandemic due to sharp decline in global oil demand, hitting historic lows in April 2020. A steady increase led to a peak in 2022, partially due to economic sanctions placed on Russia following its invasion of Ukraine, and they decreased in 2023. The price of Brent crude oil averaged US\$82.49 per barrel in 2023, 18.3 per cent lower than 2022. Coming into 2024 they have remained relatively stable around the \$80 mark.

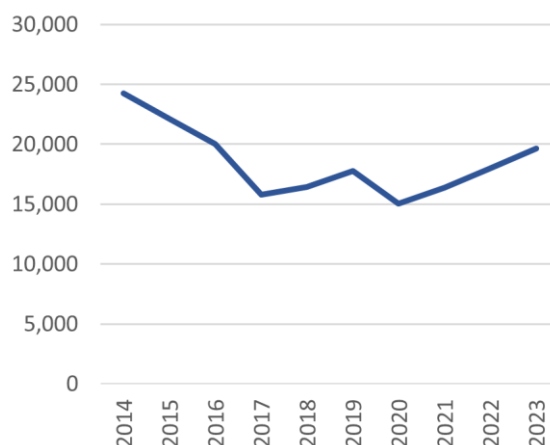
Lower prices meant that the value of oil production in Newfoundland and Labrador in 2023 declined by 27% compared to the year prior to \$7.9 billion in 2023. In addition, offshore oil production in 2023 totalled 73.1 million barrels (MMbbls). It also experienced a decrease of 13.3%, or 11.2 MMbbls relative to 2022. This was mainly due to delays in the return of the Terra Nova Floating Production Storage and Offloading (FPSO) vessel to the offshore, as well as scheduled maintenance and downtime for other oil projects.

By the end of 2023, all four offshore oil developments in Newfoundland and Labrador were operational. This is a result of Terra Nova Oil Project resuming operations, its first production since 2019. The Terra Nova project is expected to ramp up to full production levels, producing 70 million barrels over the next decade.

After Equinor decided to put the Bay du Nord oil project on hold for up to three years due to challenging market conditions, the company has signaled its commitment to the project and plans to lower development costs by relying on third-party contractors. Bay du Nord is the first deepwater project in Canada to drill down a kilometre of water.

Newfoundland and Labrador has seen an upswing in mining sector jobs in recent years. There is a high volume of mineral exploration taking place across Newfoundland and Labrador. The main minerals being produced in the province are iron ore, nickel, copper, zinc, and gold. The increase in mineral exploration is mainly driven by potential for gold in central Newfoundland and rising interest in critical minerals.

Historical Employment Trend
Atlantic Canada



Source: Statistics Canada, Labour Force Survey

The Valentine Gold mine has completed its site work and will start production in 2025. An additional \$300M will be spent on the next phase of the mine's construction. The gold mine is expected to employ around 500 people over the next few years. Gold prices have grown steadily since late 2022, as concerns about inflation prompted investors to shift to higher-yielding assets. In early 2024, gold prices experienced a steep increase, reaching a peak that surpassed 2020 levels, when the price spiked during the beginning of the COVID pandemic.

The Voisey's Bay Mine expansion will extend the mine's life to 2036. It will develop two deposits that could generate around 40,000 tonnes of nickel in concentrate, 20,000 tonnes of copper and 2,600 tonnes of cobalt annually. These minerals are critical to the development of clean technology, particularly electric batteries. Construction is wrapping up in 2024.

The mining sector faces a number of challenges. This includes the availability of skilled labour, particularly workers with over 15 years of experience. Negative connotations have been associated to the mining industry as environmental concerns have increased in prominence. In addition, access to capital has been a key challenge for the industry, a problem felt especially by junior explorers.



OUTLOOK

Based on analysis conducted by Service Canada, employment in the mining, quarrying, oil, and gas extraction industry is expected to grow on average 0.9% per year until 2026. The sector in Atlantic Canada is expected to grow at a lower average rate than that of all industries combined, which is projected to be 1.7% per year. In Newfoundland and Labrador, the average growth will be 1.2% per year, outpacing growth in all industries. The province with the highest average growth rate will be Prince Edward Island, at 1.5% per year, though the number of jobs created will not be significant.

Employment in Newfoundland and Labrador's mining and quarrying subsector is expected to rise in the next few years, driven by new developments and increased exploration. Exploration expenditures are growing, and rising activity in Central Newfoundland related to gold should also contribute to the growth. The value of mineral shipments is also expected to rise, mainly due to the completion of construction at the Voisey's Bay Mine Expansion project. However, growth over the next three years will be dampened by a decline in construction activity.

Global interest in critical minerals is projected to boost mining activity in Atlantic Canada for years to come. Critical minerals are important to Canada's transition to a greener economy, as they are used in clean technology applications such as batteries and solar panels.

Oil production is expected to increase by 12.4% in Newfoundland and Labrador in 2024. Equinor is expected to conduct exploratory drilling associated with the Bay du Nord project. Moreover, construction activity on the West White Rose project is expected to increase, as Cenovus plans to spend between \$850-950M in construction for the West White Rose and the refit of the SeaRose.

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

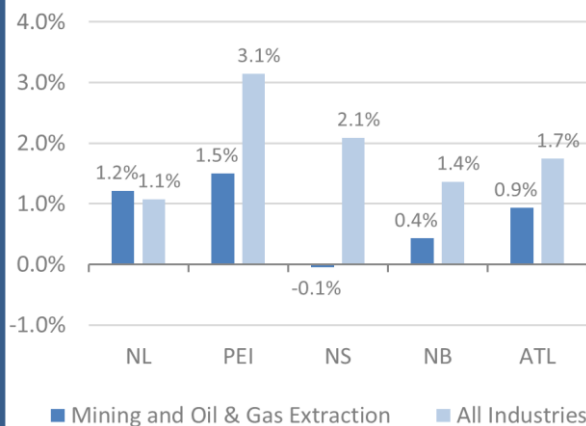
The analysis in this report was finalized as of **August 2024**.

Prepared by: Labour Market Analysis Directorate, Service Canada – Atlantic Region

For further information, you may contact us at: ATL-LMI-IMT-GD@servicecanada.gc.ca

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Projected Average Annual Employment Growth Rate (%), Atlantic Provinces, 2024-2026



Source: ESDC/Service Canada

The value of the Brent crude oil is expected to average US \$82.00 per barrel in the fiscal year 2024-25. This would represent a slight decrease from 2023 and can negatively affect the value of oil production.

A recent report published by Canada's Energy Regulator on Canada's energy future stated that Newfoundland and Labrador's oil production will drop sharply by 2050. The province's oil production is forecasted to peak in the early 2030s. If the world reduces emissions to net-zero, they forecast oil production in Newfoundland and Labrador to drop by 99% in 2050. If Canada does not reach net-zero emissions, the report suggests oil production would still drop by 80% in 2050.



APPENDIX

Real GDP (2023) and Employment (2023) for Atlantic Canada						
	Mining, Quarrying, and Oil and Gas Extraction			All Industries		
	Number	Share of		Number	Share of	
		Total	AAGR*		Total	AAGR*
Real GDP (M\$)	\$6,895.1	100.0%	-0.1%	\$114,774.4	100.0%	0.9%
Newfoundland and Labrador	\$6,544.5	94.9%	0.2%	\$28,950.2	25.2%	-0.5%
Prince Edward Island	\$3.0	0.0%	-1.2%	\$7,267.1	6.3%	2.5%
Nova Scotia	\$158.9	2.3%	-5.9%	\$43,765.1	38.1%	1.5%
New Brunswick	\$188.7	2.7%	-4.2%	\$34,792.0	30.3%	1.1%
Employment (000s)	19.6	100.0%	-2.1%	1210.0	100.0%	0.8%
Male	16.5	84.2%	-2.1%	613.0	50.7%	0.8%
Female	3.1	15.8%	-1.8%	597.0	49.3%	0.8%
15-24 years old	1.7	8.6%	0.5%	161.8	13.4%	0.8%
25-54 years old	14.4	73.3%	-2.5%	765.4	63.3%	0.5%
55 years and older	3.6	18.1%	-1.5%	282.7	23.4%	1.6%
Worked full-time	19.5	99.5%	-1.9%	1015.6	83.9%	0.9%
Worked part-time	0.1	0.5%	-14.5%	194.4	16.1%	0.2%
Self-employed	0.4	1.8%	-0.6%	124.5	10.3%	-0.7%
Employees	19.3	98.2%	-2.1%	1085.4	89.7%	1.0%
Permanent job	16.8	85.5%	-1.3%	923.3	76.3%	1.4%
Temporary job	2.5	12.7%	-6.3%	162.1	13.4%	-1.1%
Less than high school	0.9	4.5%	-4.7%	92.1	7.6%	-2.6%
High school graduate	3.6	18.3%	-3.5%	284.9	23.5%	-0.4%
Postsecondary cert. or diploma	12.0	60.9%	-0.8%	465.0	38.4%	0.6%
University degree	3.2	16.3%	-3.9%	367.9	30.4%	3.3%
Newfoundland and Labrador	13.9	70.8%	0.1%	236.8	19.6%	-0.1%
Prince Edward Island	0.2	1.2%	-9.2%	89.0	7.4%	2.0%
Nova Scotia	2.8	14.0%	-4.0%	497.8	41.1%	1.1%
New Brunswick	2.8	14.0%	-7.1%	386.5	31.9%	0.8%

Source: Statistics Canada, Labour Force Survey - Custom Table; Table 36-10-0402-01

*Average annual growth rate for last ten years of available data (GDP 2014-23 and Employment 2014-23)

