



**CANADA-NEWFOUNDLAND AND LABRADOR
LABOUR MARKET AGREEMENT**

2009-10 Annual Plan

September 16, 2009

Purpose:

This annual plan defines the priorities, objectives and program and service investments under the Canada-Newfoundland and Labrador Labour Market Agreement (CA-NL LMA), Parts I and II, for fiscal year 2009-2010.

Programs and services offered under the CA-NL LMA during 2009-2010 are designed to:

- increase participation and labour force attachment among unemployed and low-skilled employed individuals;
- enhance recruitment, retention and development of a skilled workforce to improve competitiveness;
- strengthen human resource development and planning capacity among employers and partners;
- assist individuals who are being impacted by the current economic downturn in accessing supports they need to successfully transition into new jobs, occupations and industries; and
- support employers and communities in responding to downward industry adjustments and emerging opportunities.

These programs and services will build on existing provincial resources, supports and strategic directions to increase access to a comprehensive, integrated and effective suite of labour market and training programs that will:

- help improve employment and training outcomes for individuals;
- increase access to the skilled, innovative workforce required to meet current and future labour demands; and
- help ensure all Newfoundlanders and Labradorians have full opportunity to participate in, and contribute to, a prosperous economy and society.

Environmental Scan:

General Employment Trends and Economic Conditions

Recent Trends:

Buoyed by sustained growth in key areas of the economy, labour market conditions in Newfoundland and Labrador have improved significantly over the past several years. In 2008 employment levels reached a record level high and the provincial unemployment rate was the lowest recorded in over 25 years. Between 2003 and 2008:

- Employment increased by 3.8% (or 8,000 workers) in this 5-year period to reach a record high of 220,300 in 2008.
- The unemployment rate dropped from 16.5% in 2003 to 13.2% in 2008, the lowest rate observed in 25 years reflecting a decrease in the number of unemployed people of 8,300 (from 41,800 in 2003 to 33,500 in 2008).
- The number of people in the labour force working or looking for work was 253,800, a slight decline of (-300) from the 254,100 people in the labour force in 2003.
- All of the employment growth since 2003 has been in full-time employment, an increase of 8,800 full-time workers (or 3.9%) between 2003 and 2008. Part-time workers decreased by 2.5% (or -800) in this period.
- These trends reflect tightening labour conditions in NL over the past five years as employment growth outpaced labour force growth. Job vacancy information can provide a good indication of the turn-over that is occurring in the labour market and the types of

positions that may be opening up due to job growth as well as retirements. Last year alone, the province recorded over 26,000 jobs advertised in the province, across all regions of the province and many occupational and industry groups.

Evidence of the improving labour market environment is also seen among other traditional indicators including observed increases in productivity, workforce education levels, wage rates, job tenure, full-year employment and labour force participation while decreases have been observed in Employment Insurance usage and duration of unemployment.

Newfoundland and Labrador's economy is more diverse than in earlier decades. Service producing industries contribute more than 77% of all employment in the province. However, primary goods production industries such as mining, fishing, and resource-based manufacturing remain important contributors, especially in regional communities where they are a main employer. Since 2003, employment increases have been recorded in eight of the province's main industries (forestry, fishing, mining, oil and gas; construction; professional, scientific, and technical services; business, building, and other support services; educational services; health care and social assistance; information, culture and recreation, and public administration). In contrast, employment has dropped in eight others (agriculture; utilities; manufacturing; trade; transportation and warehousing; finance, insurance, real estate, and leasing; accommodation and food services; and other services).

Current Conditions:

Since the last quarter of 2008 there has been a dramatic increase in the number of workers displaced or negatively impacted by the current economic downturn throughout Canada. These impacts are evident in recent employment statistics for all provinces across Canada, including Newfoundland and Labrador.

- On a year-to-date basis (January 2009 to May 2009) the number of unemployed people in Canada increased by 35.7% compared to the same period last year.
- On a year-to-date basis, employment averaged 16,663,100 during the first five months of 2009 (January to May 2009), a decrease of 1.5% (or 251,300) compared to 16,914,400 during the first five months of 2008.
- Over the same period, the labour force averaged 18,198,700, an increase of 0.8% (or 153,100) from 18,045,600, and the unemployment rate increased by 2.2 percentage points from 6.3% in 2008 to 8.4% in 2009.

While the decline in employment statistics in Newfoundland and Labrador have not been as severe as the rest of Canada, the recent closure of the Abitibi Pulp and Paper Mill in Grand Falls-Windsor and slow-downs in the fishing and mining industry clearly indicate that Newfoundland and Labrador is not immune to the impacts of current economic conditions.

Future Outlook:

The province is well positioned to weather current economic conditions. Economic projections for the province over the medium to long-term remain strong. This is based on strong economic performance in recent years; planned public and private investments in major projects and developments such as the Lower Churchill, Voisey's Bay Nickel processing facility and the Hebron oil field; and strengthened supports for business investment and attraction and regional and industrial diversification. It is anticipated that a significant number of new job opportunities will open up as a result of these conditions; major project developments alone have the potential to generate upwards of 9,000 new jobs in the during peak construction phases. Upcoming

retirements among the baby-boom generation will also lead to a significant number of job openings.

Over the short-term, Newfoundland and Labrador will not be immune to the negative impacts of current economic conditions, particularly in rural areas of the province that are more heavily reliant on primary industries such as forestry and fishery. Looking ahead, the current global economic downturn will continue to impact the local economy and labour markets and overall employment will likely continue to decline in 2009-10; however, the full extent of economic impacts is not yet clear as conditions are continuing to evolve.

Provincial Labour Market Challenges

Labour Shortages

Over the medium to long term, labour shortages associated with population decline and aging are among the most significant labour market challenges facing Newfoundland and Labrador and most developed economies throughout the world.

The impacts of population trends are more evident in Newfoundland and Labrador than elsewhere in Canada. Whereas most jurisdictions are facing the challenge of slowing population growth, the province's population has actually sustained continued population decline over the past decade and now has one of the most rapidly aging populations in Canada.

- For the past three years, the province has experienced negative natural population growth (deaths have exceeded births);
- The provincial working-age population (15-64 years old) is projected to decline by almost 60,000 people over the next 15 years. Consistent with projections for Canada overall, the province's labour force is also expected to decline.
- By 2022, there will potentially be one new labour force entrant (15-24 years old) for every two potential retirees (55-64 years old).
- By 2022, 1/3 of the provincial population will be 60 years old or older.

Historical migration trends are compounding the impacts of population trends in Newfoundland and Labrador.

- The province has traditionally had a high rate of net out-migration, especially among youth. Over the past 20 years, the province has experienced a net loss of over 80,000 people; 80% of net out-migrants have been young people 15 to 29 years old; and
- The province has among the lowest rates of attraction and retention of immigrants.

Over the past several years, concerns over labour shortages have been escalating, especially in light of increasing competition for workers from other jurisdictions. Despite current economic conditions, employers in Newfoundland and Labrador continue to voice concerns over their capacity to find and keep the skilled workers they need to compete and these challenges will become more acute as economic conditions begin to recover throughout the world and the competition for workers once again begins to intensify.

Increasing Skills and Changing Job Demands

A rapidly changing and increasingly competitive global market place and technological advancements will continue to increase skill demands and contribute to changing job duties. For example, it is projected that 65% of all new jobs in the future will require some form of post-secondary education.

Current skill and education levels among the province's workforce, particularly among older workers, will pose challenges in responding to these changing demands. For example, according to the November 2005 International Adult Literacy and Skills Survey (IALSS), the population of this province continues to have among the lowest literacy and life skills levels. Specifically, the IALSS noted the following:

- 55% of the NL population 16 and older had prose literacy scores below level 3 and 65% had below level 3 in numeracy. Level 3 is considered to be the minimum required to function well in today's society and economy.

The challenges associated with increasing skill demands are further exacerbated by the fact that NL has the lowest participation in adult learning courses among its working-age population and among the lowest levels of employer investment in workforce development and training.

Downward Industry Adjustments

Newfoundland and Labrador has a relatively higher dependency on traditional, primary-resource based industries. Over the past decade, these industries have undergone significant adjustments in order to compete and survive within an increasingly global market place. In context of the current economic downturn, it is expected that further downward adjustments will occur, resulting in an increasing number of displaced workers, particularly among workers in rural areas of the province. Newfoundland and Labrador has:

- among the highest proportion of its labour force living in rural areas of the province (45% versus 18% in Canada); and
- among the highest proportion of seasonal/part-year workers in the country who tend to be older and have lower levels of formal education than the provincial workforce overall.

Limited Human Resource Planning Capacity Among Employers

Most of the province's businesses consist of small, or very small, employers - those with fewer than 100 employees comprise 98% of all employers in the province. These employers are dispersed throughout the province (over 400 square km; 600+ communities including 73% with less than 500 people) and many are currently experiencing labour and skill shortages, skills gaps and workforce recruitment and retention challenges. Yet these firms often have limited human resource capacity, especially in the area of workforce-workplace training, that limits their ability to address these concerns and subsequently their capacity find, keep and develop the skilled workers they need to increase productivity and compete.

Under-Represented and Marginalized Groups

Newfoundland and Labrador has a high proportion of under-represented or under-utilized workers. Many of these workers, including women, Aboriginal people, persons with disabilities, displaced workers, low-skilled workers, immigrants and older workers often face employment barriers that limit their full-participation. Other workers, including new graduates and apprentices, often face significant financial challenges as a result of high student-debt loads or in establishing their first attachment to the labour market that they need to acquire further experience and certification. Together, these groups constitute a valuable but often untapped source of skilled labour.

Priority Program Areas for 2009-10:

The CA-NL LMA priority program areas for 2009-10 are designed to respond to the province's short-term challenges as well as those over the medium to longer term. This includes approximately \$17.7M in program investments to:

- increase access to transition supports to assist individuals, employers and communities impacted by downward industry adjustments
- increase participation and labour force attachment among unemployed and low-skilled employed individuals;
- enhance recruitment, retention and development of a skilled workforce to improve competitiveness;
- strengthen human resource development and planning capacity among employers and partners; and
- increase access to a comprehensive, integrated and effective suite of labour market and training programs.

Intended Clients

2009-10 program investments under the CA-NL LMA Part I are designed to support:

- Unemployed individuals who are not eligible for Employment Insurance, such as:
 - (i) social assistance recipients;
 - (ii) immigrants;
 - (iii) persons with disabilities;
 - (iv) older workers;
 - (v) youth;
 - (vi) Aboriginal peoples;
 - (vii) new entrants and re-entrants to the labour market;
 - (viii) unemployed individuals previously self-employed
- Employed individuals who are low skilled. This includes employed individuals who do not have a high school diploma or a recognized certification or who have low levels of literacy and essential skills.

2009-10 program investments under the CA-NL LMA Part II (Strategic Training and Transition Fund) are designed to support:

- Unemployed individuals, including both EI eligible and non EI-eligible individuals, affected by the economic downturn in Canada;
- Employed individuals in sectors, occupations or communities affected by the economic downturn, especially those in sectors under pressure due to declining demand or other factors (e.g. the forestry sector); occupations in declining industries (e.g. fisheries); and communities dependent on a single employer or sector (e.g. mining communities).

Service Delivery

For 2009-10, delivery of CA-NL LMA programs, services and supports will be through government departments and third-party agencies.

Targets/Results

Programs and services supported by funding under the CAN-NL LMA will benefit approximately 2,000 clients in 2009-10.

Activity Plan

Specific program priorities and budget allocations are provided in the table below.

2009-2010 LMA Priority Programs and Investments

Targeted Programs by Objective	LMA Part I Funding	LMA Part II Funding	Annual Total
<p>The Canada-Newfoundland and Labrador Labour Market Agreement 2009-10 Annual Plan is projected to serve approximately 2000 clients through investments in a number of program areas as outlined below.</p>			
LMA Objective: Increasing participation and labour force attachment among unemployed and low-skilled employed individuals	\$5,249,174	\$5,500,000	\$10,749,174
Strategic Training and Skills Development Program			
<ul style="list-style-type: none"> Expand access to medium term training programs (3 weeks to a year) in strategic growth sectors or in regions under pressure to maximize individuals' opportunities to successfully transition to new jobs, especially unemployed and employed individuals who have been negatively impacted by the current economic downturn or downward industry adjustments. 	\$272,260	\$5,205,000	\$5,477,260
Targeted Wage Subsidy Program for Persons with Disabilities			
<ul style="list-style-type: none"> Expand targeted wage subsidies to assist unemployed, non-EI eligible persons with disabilities integrate into the labour market. 	\$160,000		\$160,000
Targeted Supports for Apprentices			
<ul style="list-style-type: none"> Expand the Graduate Employment Program to assist unemployed, non-EI eligible apprenticeship graduates gain the work experience required to move toward journey person certification. Introduction of new supports to assist individuals associated with the skilled trades occupations acquire training and occupational certification to continue employment or qualify as a certified journey person. 	\$1,956,600		\$1,956,600
Adult Workplace Literacy and Essential Skills Program			
<ul style="list-style-type: none"> Expand and enhance access to adult literacy and essential skills programs. This includes support for unemployed, non-EI eligible individuals and low skilled workers to access support allowances while participating in Adult Basic Education Level I courses; and Expansion of the ABE Incentive Allowance for eligible individuals who graduate from ABE and go on to pursue postsecondary education. 	\$100,000	\$200,000	\$300,000
Employment Development Supports and Services			
<ul style="list-style-type: none"> Expand access to employment development programs to provide eligible individuals with a range of supports to assist them prepare for, find and maintain employment. 	\$2,613,796		\$2,613,796
Labour Market Integration of Immigrants			
Expand access to labour market integration supports and services for immigrants.	\$146,518	\$95,000	\$241,518

LMA Objective: Enhancing recruitment, retention and development of a skilled workforce to improve competitiveness	\$2,922,483	\$200,000	\$3,122,483
Workplace-Directed Skills Development Program			
Expand access to workforce development supports and services for employees of small and medium sized businesses, particularly in rural areas of the province.	\$2,722,483		\$2,722,483
Recruitment and Retention Toolkit			
Implementation of an integrated recruitment and retention toolkit of resources for small and medium-sized employers. The toolkit will provide province-wide reach to all employers (especially in rural areas) with web-based access to current information and expertise, as well as local and regional resources to assist employers with finding, keeping and developing the workers they need.	\$125,000		\$125,000
Development of Workplace-based Assessment/Training Model			
Develop a consistent, comprehensive suite of skills assessment tool(s) and service delivery mechanisms to support workplace directed skills development activities.	\$75,000	\$200,000	\$275,000
LMA Objective: Strengthen human resource development and planning capacity among employers and partners	\$1,480,343	\$1,500,000	\$2,980,343
Community Employment Partnerships			
Funding to support community partnership activities, including initiatives for older workers and community-based employment projects in regions experiencing effects of the economic downturn.	\$132,154	\$1,500,000	\$1,632,154
Transition Supports and Services			
Funding to support pilot initiatives and rapid and flexible responses to downward industry adjustments.	\$1,348,189		\$1,348,189
LMA Objective: Increase access to comprehensive, integrated and effective labour market and training services	\$932,000		\$932,000
<ul style="list-style-type: none"> • Program and Service Promotion and Awareness • Community Service Provider Training • IT System Integration • Labour Market Information • LMA Implementation 			
TOTAL	\$10,584,000	\$7,200,000	\$17,784,000

Appendix A - Consultation Processes

The Government of Newfoundland and Labrador regularly consults with a broad array of industry, employer, community, special interest, the general public and client groups to inform policy and budget priorities and to ensure programs and services are effective and relevant, and will continue to do so throughout the six-year period of the CA-NL Labour Market Agreement.

Examples of consultation activities that have informed the development of the CA–NL Labour Market Agreement and the annual planning process to date include:

- The Labour Market Committee of the Strategic Partnership Council: This is a tripartite forum involving business, labour and government to identify and respond to the province's human resource requirements and labour market challenges and opportunities. The LMC is an active participant in ongoing LMA and labour market policy discussions.
- The Newfoundland and Labrador Labour Market Symposium (2006): Almost 300 representatives from employers, organized labour, educational institutions, communities and government participated in this initiative. Priorities identified in the symposium continue to play a critical role in shaping the province's medium to long-term labour market development objectives and programming directions.
- Youth and Stakeholder Engagement and Consultation Process: An extensive youth engagement process, led by the Canadian Policy Research Networks, was carried out with over 600 youth in Fall 2008 to inform the development of the Youth Retention and Attraction Strategy. The findings of this process, as well as related consultations with business, labour and post-secondary institutions, helped inform LMA priorities for 2009-10.
- Interdepartmental consultation: Partner departments to the Agreement (HRLE, Education, and INTRD) are engaged in an ongoing consultation and dialogue on LMA, priorities, activities and investments. The 2009-10 annual plan also benefited from ongoing strategic planning and information sharing with key partners over the past two years among each of these departments as part of normal program and policy development and strategic planning, including the following:
 - community groups;
 - employers;
 - regional development agencies;
 - labour organizations;
 - business and industry associations;
 - educational institutions;
 - student groups;
 - municipalities;
 - federal government departments; and
 - other provincial departments.

Findings from other provincial government consultations, entities and initiatives that have helped shape the LMA priorities include, but are not limited to:

- Regional Councils of the Rural Secretariat and Economic Zone Boards
- Provincial Poverty Reduction Strategy
- Immigration Strategy
- Coordinating Committee for the Skills Task Force
- Regional Diversification Strategy, and
- Strategic Northern Development Plan