CANADA-NEWFOUNDLAND AND LABRADOR LABOUR MARKET AGREEMENT

2010-11 Annual Plan

October 13, 2010

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 2010-2011.

Programs and services offered under the CA-NL LMA in 2010-2011 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.

Planning Process

The 2010-11 LMA annual planning process was informed by an environmental scan, LMA program outcomes in 2009-2010 and consultations with partners as described in Appendix A: Consultation Processes.

Environmental Scan:

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. Between 2003 to 2008 key labour market indicators including productivity, workforce education levels, wage rates, job tenure, full year employment and labour force participation showed steady improvement while employment insurance usage and average duration of unemployment decreased.

For most of 2008, employment conditions in the province were very “tight” – that is, the number of new job opportunities was growing faster than the available workforce to fill them. In 2008, HRLE recorded over 26,000 job advertisements in the province, across all regions and a broad group of industries and occupations. Employment reached a record high of 222,000 on an average monthly basis during the period between January and September 2008. The average monthly participation rate (60.0%) and employment rate (52.1%) were also at or near record highs while the provincial unemployment rate dropped to 13.2%, the lowest level recorded in over 25 years.

Employment conditions throughout Canada, including Newfoundland and Labrador, started to decline in the latter part of 2008 due to the global economic downturn. The trends for the latter part

of 2008 and throughout 2009 represented a marked contrast to the labour market gains in the years leading up to the downturn. Over this period:

- employment decreased by 2.5% between 2008 and 2009 to total 214,900;
- the unemployment rate increased to 15.5% in 2009 while the number of unemployed increased by 17.3% to total 39,300;
- the number of people in the labour force working or looking for work increased slightly during the economic downturn reaching 254,200 in 2009 (an increase of 0.2% from the previous year).
- both full-time and part-time employment decreased between 2008 and 2009 (by 2.3% and 3.2% respectively).

At the start of 2010, signs of economic recovery have begun to emerge. Employment has increased by 2.8% (or 5,700) between February 2009 and February 2010, with almost 95% of this growth occurring in full-time jobs. This is the third consecutive month of notable employment increases since the negative impacts of the recession began to take hold in this province in December 2008.

The 2010 Economic Outlook is projecting a return to growth for a number of economic indicators. Forecasts include:

- real GDP growth of 4.0%;
- employment growth of 2.3% to reach 219,900 returning to close to the 2008 record employment level
- unemployment rate decline of 0.6 percentage points to 14.9%;
- personal and disposable income growth of 3.9% and 3.3% respectively, a result of both wage gains and employment growth;
- retail sales growth of 5.0%;
- population growth of 0.5% due to positive immigration;
- capital investment growth of 23.0% to $6.2 billion to lead the country in CI growth;
- housing starts and residential construction spending to increase by 1.5% and 3.5% respectively; and
- growth in the value of mineral shipments of 60% to reach $3.1 billion.

Longer-term Employment Outlook:
Looking ahead, the medium-to-long term outlook is also very optimistic. A significant number of new jobs will be opening up between 2013 and 2015 as a result of planned major project developments, and overall, expansion demand will increase over the longer-term horizon of 10 years. However, new job growth only presents a partial picture of future job opportunities in the province. In fact, it will be retirements that present the greatest opportunities in the years ahead that could result in upwards of 15,000 replacement job openings.

Current labour force participation rates will have to increase significantly among many age groups to meet anticipated demands. Furthermore, these trends reflect only surface pressures and will likely be much more severe when specific industry, occupational and educational demands are taken into account.

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) and this is forecast to continue to 2025.
- The provincial working-age population (15-64 years old) is projected to decline by 15.7% (almost 60,000 people) over the next 15 years. By 2025, there will potentially be one new labour force entrant (15-24 years old) for every two potential retirees (55-64 years old).
- By 2025, almost 1/3 of the provincial population will be 60 years of age or older.

Historical interprovincial migration and immigration trends are significant factors impacting 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 people15 to 29 years old. Preliminary figures show a net increase of 2,332 persons into the province during 2008-09 overall, however, net-outmigration among youth is still occurring and continued increases will be necessary to make up for losses over the previous two decades.
- In the past several years, there have been demonstrated increases in the number of immigrants moving to the province, largely a result of a Provincial Immigration Strategy, however, the province has among the lowest rates of attraction and retention of immigrants.

Labour force participation rates have been improving in the province, however, they are among the lowest in the country which will further compound the impacts of population trends in Newfoundland and Labrador. Over the past several years, concerns over labour shortages have been escalating, especially in light of increasing competition for workers from other jurisdictions. Even during the slower economic conditions of 2008-09, employers in Newfoundland and Labrador continued to voice concerns over their capacity to find and keep the skilled workers they need to compete. 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. Labour supply pressures could negatively impact economic and firm growth in the absence of significant in-migration or complimentary investment in capital improvements and workforce development by employers to maintain productivity growth. Increases in participation rates across all age groups might also be expected over the next decade.

Increasing Skills and Changing Job Demands

A rapidly changing and increasingly competitive global marketplace 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 workforce literacy levels, particularly among older workers, will pose challenges in responding to these changing demands. These challenges are further exacerbated by the fact that NL continues to experience low participation rates in adult learning courses among its working-age population and among the lowest levels of employer investment in workforce development and training.

Labour Force 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 marketplace. In context of the current economic conditions some further retrenchment may be expected as firms continue to monitor the bottom line, however, 2010 is expected to see a return to more positive conditions as the province is projected to lead the country in growth this year supported by a major increase in mineral exports and increased construction activity on major projects. Both of these should benefit workers in rural and urban areas of the province.

Compared to the rest of Canada, Newfoundland and Labrador has:

- among the highest proportion of its labour force living in rural areas of the province (45% versus 18% in Canada);
- 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; and
- correspondingly lower average participation rates among more rural regions.

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 to 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 2010-11:

The CA-NL LMA priority program areas for 2010-11 are designed to respond to the province's short-term challenges as well as to those over the medium to longer term. This includes approximately $18.5M 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

2010-11 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; and
(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.

2010-11 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; and
- 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 2010-11, 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 2,800 clients in 2010-11.

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

Targeted Programs by Objective	LMA Part I Funding	LMA Part II Funding	Annual Total
The Canada-Newfoundland and Labrador Labour Market Agreement 2010-11 Annual Plan is projected to serve approximately 2,800 clients through investments in the program areas outlined below.			
LMA Objective: Increasing participation and labour force attachment among unemployed and low-skilled employed individuals	$5,481,300	$5,781,000	$11,262,300
Strategic Training and Outreach			
• Expand access to outreach programs designed to provide participants with a supportive environment in which to return to school to explore career options and improve their learning skills. • Provide funding for skills development course offerings and/or training allowances and supports to eligible clients	$110,000	$5,531,000	$5,641,000
Targeted Wage Subsidy Program for Persons with Disabilities			
Expand targeted wage subsidies to assist unemployed, EI eligible and non-EI eligible persons with disabilities to integrate into the labour market.	$330,000	$50,000	$380,000
Literacy Supports and Services			
• Expand and enhance access to adult literacy and essential skills programming, 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. • Expand the Incentive program – Successful Transition to Training Scholarships - for eligible individuals who graduate from ABE and go on to pursue postsecondary education. • Fund implementation of initiatives under the Newfoundland and Labrador Strategic Literacy Plan .	$1,923,000		$1,923,000

Targeted Programs by Objective	LMA Part I Funding	LMA Part II Funding	Annual Total
Employment Development Supports and Services			
Expand access to employment development programming to provide eligible unemployed individuals with a range of supports and services to assist them prepare for, find and maintain employment.	$1,539,600	$200,000	$1,739,600
Youth Connect			
Bridge funding to continue the Youth Connect pilot to the end of fiscal year 2010-11. Youth Connect is an alternate support model that combines intensive counseling services with interventions to address the employability, education and labour market attachment of youth in order to reduce participants IS use and dependency.	$1,099,500		$1,099,500
Labour Market Integration of Immigrants			
• Expand access to labour market integration supports and services for immigrants. • Operate an internship initiative providing work placements with local employers.	$479,200		$479,200
LMA Objective: Enhancing recruitment, retention and development of a skilled workforce to improve competitiveness	$6,737,800	$550,000	$7,287,800
Workplace Skills Enhancement Program			
Provide an enhanced wage subsidy, as well as workforce development supports and services to assist small and medium-sized business improve the skills of their workforce, attract and retain employees, and become more competitive.	$3,032,400	$500,000	$3,532,400
Job Skills			
Support employed low-skilled individuals to access training and certification necessary to maintain or advance their employment.	$800,000		$800,000
Adult Workplace Literacy and Essential Skills			
Develop and implement a workplace-directed Adult Literacy and Essential Skills program to support delivery of literacy training and upgrading in the workplace.	$300,000		$300,000
Targeted Supports for Apprentices			
• Support individuals in skilled trades occupations acquire training and occupational certification to continue employment or qualify as a certified journey person. • Pilot a mentorship incentive and mentorship development initiative with participating employers. • Implement an awards and recognition program. • Pilot a three year enhanced and expanded wage subsidy program, targeting placements of apprentices with Newfoundland and Labrador employers.	$2,427,500	$50,000	$2,477,500
Entrepreneurial Coordinating Services for New Immigrants			
Promote entrepreneurship as an option for employment among newcomers, including access to advice and support throughout the establishment process.	$79,500		$79,500
Recruitment and Retention Toolkit			
Funding to complete phase II development as well as promote awareness and understanding of the recruitment and retention resources with small and medium-sized employers, and among provincial government staff responsible for supporting business growth and development. The Toolkit provides employers (especially in rural areas) with web 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.	$98,400		$98,400

Targeted Programs by Objective	LMA Part I Funding	LMA Part II Funding	Annual Total
LMA Objective: Strengthen human resource development and planning capacity among employers and partners	$3,988,500		$3,989,500
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.	$1,479,300		$1,479,300
Transition Supports and Services and Reserve			
Funding to support pilot initiatives, respond with rapid and flexible responses to downward industry adjustments and to provide a reserve for unanticipated needs.	$2,509,200		$2,509,200
LMA Objective: Increase access to comprehensive, integrated and effective labour market and training services	$3,158,000		$3,158,000
• Program and Service Promotion and Awareness; • IT System Integration • LMA Implementation, including monitoring & evaluation			
TOTAL 2010-11 Approved Allocations	$19,365,600	$6,331,000	$25,696,600

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.

- 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, continued to shape LMA priorities for 2010-11.

- 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 2010-11 annual plan also benefited from ongoing strategic planning and information sharing with key partners as part of normal program and policy development, 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 also 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