

NLEC

Realities of a Tight Labour Market

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Several years ago, a small fish plant in Souris, P.E.I., thought it had the solution to combat the chronic labour shortage on the island. Between 2006 and 2007, Ocean Choice International imported 44 workers from Russia in an effort to fill vacant positions in the plant. In another attempt to lure potential employees, Ocean Choice also arranged a bus service to bring local workers from the province's capital in Charlottetown to the plant in Souris (CBC News). Despite these innovative recruiting techniques and the high unemployment rate in the area, Ocean Choice still found itself without enough warm bodies to operate the plant efficiently. Factors such as complicated immigration laws, language barriers and foreign workers' desire to live in bigger centers left the company still looking to fill holes in its workforce.

Companies in Newfoundland and Labrador must start thinking creatively, as Ocean Choice did, to narrow the gap between job openings and workers to fill them. The labour market in the province is growing ever-tighter and, barring a concentrated effort from employees and employers alike, it appears that the situation is only going to get worse.

Employment growth in the province has far outpaced labour force growth in recent years. There are more jobs than people to fill them. As we will see, this can be problematic.

The tightening labour market in Newfoundland and Labrador can be attributed to several factors, a few of which include: the number of citizens (primarily young adults) migrating to other parts of the country, the rapidly aging

population (high rates of retirements and deaths), and low levels of labour market participation from our current population. An unemployment rate that exceeds ten percent, for example, is a difficult fact to explain, given the vibrant job outlook that is present in all sectors.

One of the largest threats to our labour market is our declining population. This is another problem that will worsen in the next decade. The Canada-Newfoundland and Labrador Labour Market Agreement for 2010-11 states that:

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. 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.

The report goes on to note that *“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.”*

With this population decline, companies will have to reduce the need for human resources by increasing productivity of workers and by streamlining operations through the use of machinery and technology. Considerations will also have to be given to outsourcing work, assuming that the workers displaced could be retrained for work in a different capacity.

As crippling as the declining population is, the age-distribution of the province’s remaining citizens might prove to be even more harmful. The Canada-Newfoundland and Labrador Labour Market Agreement projects that by 2025, almost 1/3 of the provincial population will be 60 years or older. HRLE believes that job vacancies arising due to retirements and deaths will account for 89% of

all job openings in the province between 2011 and 2020. The aging of the population combined with continued out-migration of Newfoundland and Labrador's youth leaves the province with an increasingly aging workforce. HRLE reports that:

Between 2011 and 2020 it is expected that [the population 65 years and older] will grow by 44.7% to represent 26% of all working-age people (those 15 years and older). In comparison, 15 to 24 year-olds will represent just 11% of the working-age population in 2020.

As baby-boomers near retirement age, it may be important to have people working for longer than in years past. This means delaying retirement for those who are nearing the end of their careers, and recruiting those who have already retired back into the workforce.

Another growing concern for the province is the population that is either unemployed or underemployed. Labour force participation rates in the province are among the lowest in the country. In the latter part of 2008, the unemployment rate began to rise in Newfoundland and Labrador, as well as the rest of Canada, due to the global economic downturn. Through 2009, the unemployment rate was 15.5%, up 2.3% from the 13.2% reported in September of 2008.

Not only are businesses increasingly in need of workers, they are in need of skilled workers. According to HRLE:

Skill demands will continue to increase... approximately 66.7% of all job openings in the 2011 to 2020 period will be in management occupations or will require some form of post-secondary education."

Difficult questions will need to be addressed: What role should the government play? Is it too easy for people to stay at home and be subsidized by

the government? Where does the social safety net that is Employment Insurance end and when does it become a way of life? Are 50 full-time jobs better than 200 part-time jobs?

This province has long been powerless to do anything about several key issues, including: distance from the marketplace, the geographical distribution of the province, and our willingness to accept work wherever we find it. For those who think that Fort McMurray is a recent phenomenon, read up on the Newfoundlanders who went to Boston or New York generations ago, or those who were “Going Down The Road” to Toronto in the 60’s and 70’s (J. Furlong, personal communication, October 27, 2011).

Newfoundland is on the verge of big change. Oil and gas revenues, the possibility of a renewed and strengthened fishery, and a burgeoning technology industry all point to a bright future. But just like the gasoline that drives our automobiles, it is our workforce that drives our businesses and industry. Business leaders will have to put a considerable amount of thought and effort into what was once taken for granted.

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