

# *Moving in the Right Direction?*

**Labour Mobility, Labour Shortage  
and Canada's Human Potential**



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**ACTION  CANADA**

A Report prepared by Action Canada Fellows Aaron Pereira, Benjamin Shinewald, Alexis Wise, Stéphanie Yates and Rebekah Young



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## FOREWORD

This project has been undertaken pursuant to a fellowship granted by Action Canada, a public/private partnership with a mandate to promote excellence in leadership in the public and private sectors across Canada. For more information on Action Canada visit [www.actioncanada.ca](http://www.actioncanada.ca).

For the 2006 / 2007 fellowship year, after a nation-wide call for nominations, Action Canada chose 15 Canadians in the early stages of their careers, who have demonstrated leadership in their fields, to serve as Action Canada Fellows. We are five of the Canadians so honoured.

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# *Moving in the Right Direction?*

## *LABOUR MOBILITY, LABOUR SHORTAGE AND CANADA'S HUMAN POTENTIAL*

### **EXECUTIVE SUMMARY**

It is a historic time for Canadian labour markets. Interprovincial labour mobility is higher than ever before in the history of this country. This mass movement of Canadians between provinces and territories is just one highly visible and early indicator of an even more historic national trend, a tightening labour market. This demographic phenomenon will present massive challenges and opportunities to Canada as it will to other developed countries. At this pivotal moment in history, policy-makers have an opportunity to anticipate and influence the labour market in order to realize optimal outcomes for all Canadians. What is required is a Human Potential Strategy for Canada.

This paper reviews one labour market input in great depth, interprovincial labour mobility, and then goes on to discuss broader labour market trends and concerns. Finally, the authors present specific recommendations for action that require the attention of government leaders in the immediate future.

### **INTERPROVINCIAL LABOUR MOBILITY IN CANADA**

Interprovincial labour mobility is an important market mechanism that redistributes labour across the country to regions of highest demand. Obstacles that restrict labour mobility create inefficiencies in the Canadian economy that ultimately fetter growth and negatively impact Canadians. It is a basic tenet of Canadian democracy and our federal system that individuals should be free to live where they want to live, work how they want to work and seek the fulfillment that they could otherwise enjoy through their work and their community. In this sense, barriers to interprovincial labour mobility represent a barrier to social justice.

While all provinces and territories are experiencing a degree of in- and out-migration, East to West migration is by far the most common pattern. In 2006, net interprovincial migration to Alberta reached 57,105 people, the highest calendar-year number ever recorded for a single province. GDP growth was 6.8 percent in Alberta in 2006, more than double the national level of 2.7 percent.

Given the recent attention that labour mobility has received in the popular press, by governments at all levels and by enterprise, our research endeavoured to investigate the phenomenon in greater depth. In particular, we wanted to examine efforts that have been undertaken to remove barriers and also to consider whether there were opportunities to create a barrier-free system of labour mobility in Canada. We examined whether government could create public policy that better enables mobility.

Some of what we found was encouraging. There has been progress made at removing barriers and obstacles to labour mobility. While some barriers remain, it has never been easier for people to move among provinces and territories to find work.

However, there are still professions where significant barriers continue to prevent efficient interprovincial labour mobility. Not only does this result in inefficient market functioning, but it also hurts individual Canadians, both professionally and personally, and companies seeking their skills.

Our study convinced us that the issues related to labour mobility are too important to be left to chance. The human costs and the economic costs are too significant.

***We concluded that action should be taken immediately by policy-makers to remove any remaining barriers to interprovincial labour mobility.***

***We recommend that the governments – federal and provincial – go further in enabling more efficient interprovincial labour mobility.***

- ***We hold governments accountable to meeting the recently announced April 1, 2009 deadline for the removal of all barriers for professions under the Agreement of Internal Trade and insist that they go further and introduce new professions, not currently covered under the Agreement, in a timely manner.***
- ***We not only hold the federal government accountable to its policy commitment in 2006 to providing better market information on labour opportunities across the country, but recommend that they improve collection of data on interprovincial labour mobility to inform future policy decisions.***
- ***We recommend efforts to better understand the personal costs and barriers to interprovincial labour mobility and to leverage creative policy for mitigating these costs where it would benefit the Canadian economy. To do this, the federal government will need to better clarify its role in mitigating community impacts resulting from labour mobility.***

## **LABOUR MARKET DYNAMICS IN CANADA**

Interprovincial labour mobility is just one input into labour markets. Mobility alone cannot address the challenges presented by changing Canadian demographics, particularly the coming retirement of the baby boom generation and lower birth rates.

The effects of a tightening labour market are already starting to be felt across all sectors of the economy and all regions in the country. While the current oil and gas boom is exacerbating the problem and drawing many Canadians to work in Alberta, labour shortage presents a long-term challenge to continued Canadian prosperity, with or without a booming oil and gas sector. Many sectors and regions are already predicting large labour shortages in the coming years.

Some argue that, technically, sustained labour shortages will never occur. While it is true that over the long term the market will adjust to reach a new equilibrium between labour demand and supply, it is difficult to know what this equilibrium will look like and whether it will be optimal for Canada.

Accepting that the market will inevitably achieve equilibrium, one has to ask two questions: At what cost will this rebalancing take place? And what opportunities will be missed?

We reject a “hands off” approach as the answer to addressing one of the fundamental public policy challenges facing our country and believe we can help to set a better course. Policy-makers have an opportunity to anticipate and influence markets in order to realize strategic outcomes that are in the best interest of Canadians.

We are not currently doing enough to address the changing labour market. Labour strategies are by and large second tier policy issues. While labour issues are emerging as a critical challenge of our time, we continue to see uncoordinated activities and policy-making across the country. We do not see a national vision.

Labour market policies and strategies should become the focal point for future economic growth and innovation. It is hard to imagine any economic issue more important in shaping Canada’s future. Labour policies speak to economic growth, future job opportunities, education and immigration strategies, and social stability -- all important and significant concerns for Canadians. The response to the challenge of a changing labour market speaks to Canadians’ right to fulfill their human potential.

There are many factors that impact labour markets and, in order to achieve optimal outcomes, these factors should be adjusted strategically and in coordination. In order to do so, a national dialogue on how to ensure that Canada recognizes and seizes the opportunities of tightening labour markets and achieves a common vision for the country’s human potential is required.

***We are extending a call to all of Canada and particularly to our leaders to take action.***

- ***We recommend that the Prime Minister convene a meeting of First Ministers to begin a nationwide conversation on how Canada can best address tightening labour markets and best capitalize on the country’s human potential.***
- ***We recommend that the Prime Minister appoint an eminent Canadian to lead a Royal Commission to review Canada’s changing labour markets and to recommend strategies for addressing the changes, so that key stakeholders and individual Canadians can participate in a national dialogue on the issue.***
- ***We recommend that the Government prepare a comprehensive Human Potential Strategy that sets out a vision for the future of this country and helps to guide decision-makers on how best to prioritize and set policy for the future.***

The questions we, as young Canadians, ask are: Given the challenges of labour shortages and mobility, how can Canada emerge as a ‘winner’ in the decades ahead? Can we develop a Human Potential Strategy to help us, as a society, maximize the potential of all Canadians? Are we moving in the right direction?



## INTRODUCTION

Only two decades ago, the issue of joblessness dominated the Canadian political agenda. With the unemployment rate at 12 percent in the mid-1980s<sup>1</sup>, politicians struggled to craft policies that created jobs for thousands of unemployed Canadians. Today, that time seems like a distant memory. Unemployment is nearing historic lows in all regions of the country<sup>2</sup>. In 20 years, we have moved from an era of more workers than work to an era of more work than workers.

With current pressures on the Canadian labour market ranging from global competition for talent and outsourcing to an aging population, Canada needs to apply its human capital more efficiently, effectively, and strategically than ever before. Interprovincial labour mobility<sup>3</sup> is one response to changing labour market conditions.

In Canada, we are seeing a migration of unprecedented scale. People are moving from one part of the country to another at historic levels. This interprovincial mobility is an important market mechanism that redistributes labour across the country from regions of low labour demand to regions of high labour demand.

Key leaders from government and enterprise are speaking out about the importance of interprovincial labour mobility in maintaining Canada's global competitiveness and high quality of life. And the media is noticing too, as barely a day goes by without some major media outlet covering a story of Canadians moving to find work.

This paper set out to examine the state of interprovincial labour mobility in Canada and to identify opportunities to better enable mobility in Canada. Public policy should ensure that individuals are free of constraints and able to move and work within their own country. At the federal level at least, public policy should *enable* mobility though not *encourage* Canadians to move from one province or territory to another. This decision should be left to individual choice and market forces.

We placed particular focus on one case study, the migration of Canadians from East to West in the oil and gas sector – a migration which includes not just people who move from the East to work in the West, but also people who live part-time in the East but work for intense periods in the West. In addition to reviewing and analyzing existing research, policy and commentary, we conducted numerous interviews with stakeholders in the East and West, as well as with industry, government, academia, and, of course, with individuals experiencing mobility firsthand.

Our findings are summarized in two parts. In Part I, we outline the current state of interprovincial labour mobility in Canada and identify opportunities to better enable Canadians' ability to move within Canada

### Canadian News Clippings

*"I'll Suck it Up"* - The Independent (St. John's), June 4, 2006

*"When Home is Not Where the Jobs Are"* – The Globe and Mail, August 22, 2006

*"Air Canada, Jazz Announce More Flights to Serve Eastern Canada Market"* – Calgary Herald, September 8, 2006

*"Go West...To Get Rich"* - Toronto Star, October 31, 2006

*"A Labour Tug of War"* - National Post, December 16, 2006

*"East Meets West ... Out West"* - Montreal Gazette, December 27, 2006

*"La ruée vers l'Ouest"* – L'Acadie Nouvelle, March 23, 2007

should they so choose. In Part II, we make recommendations stemming from an overwhelming concern we heard during the course of our research – concern about a tightening Canadian labour market.

An unprecedented level of labour mobility is one visible indicator of Canada's tightening labour market. Unemployment is nearing historic lows in all regions of the country. From sea to sea to sea, businesses of all sizes and across all industries are increasingly unable to fill vacancies. As baby boomers continue to retire and labour force growth slows, Canadian labour markets will continue to tighten. This tightening is exacerbated by the exceptional growth in the oil and gas sector and the spill-over effects of that industry. However, should the oil and gas market cool, Canada will still face declining labour force growth and a scarcity of labour.

Economic growth in the West has been a major driver of interprovincial labour mobility, and labour mobility in turn has helped to enable this phenomenal economic growth by easing immediate labour shortage pressures. Ensuring that Canadians are able to easily move between provinces and territories is essential in order that vacancies and workers can be efficiently matched across the country. However, interprovincial labour mobility alone cannot address the challenges presented by an anticipated national labour shortage.

Indeed, the public policy challenges arising from a historic change in the Canadian labour supply are so significant that it is hard to imagine any economic issue more important in shaping Canada's future. Sustained labour shortage speaks to economic growth, future job opportunities, education and immigration strategies, and more. The response to this situation on the part of policy-makers speaks to Canada's human potential .

While over the long term the market will adjust to reach equilibrium between labour demand and supply, it is difficult to know what this equilibrium will look like and whether it will be optimal for Canada. Policy-makers have an opportunity to anticipate and influence the market in order to realize strategic outcomes that are in the best interest of Canadians.

A national dialogue on a number of key questions is vital. First, we need to consider how to ensure that Canada seizes the opportunities of tightening labour markets in order to guarantee our prosperity and quality of life. Second, we need to determine how Canada can best position itself and its human capital in light of these changing realities. Canadians face a unique chance now to shape the Canada of tomorrow. With foresight and fortitude, Canadians can address this challenge through innovative and collaborative policy direction.

As young Canadians, we want Canada to emerge as a winner in the decades ahead. We recognize that the way forward is to ensure that we maximize the human potential of all Canadians. We hope that this paper begins that national dialogue.

# PART I – Interprovincial Labour Mobility in Canada

## 1. UNPRECEDENTED MOBILITY

### THE IMPORTANCE

Canada is a vast and economically diverse country. Regional economic disparities give rise to labour markets that are continually adjusting to local economic conditions.

Geographic labour mobility is an important market adjustment mechanism that redistributes workers from areas of low demand to areas of high demand. Obstacles that restrict labour mobility create inefficiencies in the Canadian economy that ultimately fetter growth.

*“The Canadian Council of Chief Executives believes that the free flow of goods, services, people and investment within Canada’s borders is essential to the competitiveness of our economy and the future prosperity of all Canadians.”*

David Stewart-Patterson, Executive Vice President, Canadian Council of Chief Executives<sup>6</sup>

*“Ensuring that people are able to move between provinces easily is important to our business.”*

Ed Kamps, Manager of Human Resources at Suncor Energy’s Oil Sands operation in Fort McMurray, Alberta<sup>7</sup>

### To business

Labour mobility is important to Canadian business as it allows jobs to be filled by those Canadians with the best skills regardless of their province or territory of origin. Business has expressed concern that restricted labour mobility negatively affects its competitiveness. In a 2006 Conference Board of Canada survey of 198 Canadian firms, a majority of respondents stated that federal and provincial non-tariff barriers increased their costs and lowered their productivity. Barriers to labour mobility were specifically cited.<sup>4</sup>

In 2006, Paul Jenkins, Senior Deputy Governor of the Bank of Canada, told the Vancouver Board of Trade that Canada needs to adopt more flexible monetary, trade and labour policies to remain competitive in the global marketplace. He called for the removal of “internal barriers” that restrict the flow of goods, capital, services and labour between provinces. “This is an area that is rightly attracting renewed attention, as differences in regional economic performance and shortages of skilled labour are becoming more pronounced, and as demographic challenges begin to intensify.”<sup>5</sup>

### Mobility means business

Of the 3,500 people that Suncor Energy employs in Fort McMurray, approximately two-thirds are originally from outside the province.



*Going Down the Road is an iconic Canadian film which tells the story of young Maritimers who move in search of jobs*

### **To government**

Political leaders are also increasingly recognizing the need for an efficient interprovincial labour mobility system. In his economic blueprint for Canada, *Advantage Canada*, Finance Minister Jim Flaherty states that one of the three fundamental truths to the new ground rules for Canada's success is that people and capital are mobile.<sup>8</sup>

According to Human Resource and Social Development Canada (HRSDC), "in an increasingly global economy, regions and communities will rely on a national pool of skills in order to adapt to new realities and pressures. A strong economic union can support mobility and the effective matching of skills to meet demand in growing sectors."<sup>9</sup>

#### **Provinces race for workers**

On October 30, 2006, the Strategic Partnership Initiative, a coalition of Newfoundland and Labrador business, labour and government representatives, held its first-ever provincial labour market symposium at a downtown St. John's hotel. The symposium was called to "meet the labour market challenges that lie ahead" including "the growing number of help wanted signs" and to address "competition for our workers from employers in other provinces."<sup>10</sup>

Across town, in a different hotel, approximately 5,000 people descended on an Alberta jobs fair. The line was so long it circled the building and continued up a nearby hill. "I hate to leave, because I love it here," said truck driver Doug Fisher, "but you've got to go where the money is."<sup>11</sup>

The Council of the Federation, a forum of Canada's thirteen provincial and territorial premiers, identified the strengthening of the economic union, including improved interprovincial labour mobility, as one of its chief goals upon its establishment in 2003. The Council continues to consider this issue to be a top priority.

### **To the public**

Canadians have long moved from one part of the country to another in search of work. Today, however, Canadians are moving at an unprecedented scale, and the trend has received much attention from the Canadian media.

Rarely a day passes without some reference to mobility. Atlantic Business magazine named "Alberta Bound Out-Migration" the top news story of 2006.<sup>12</sup> CBC Radio One's Cross Country Checkup fielded hours of calls from individuals and families who have moved or were moving from one part of Canada to another. The Globe and Mail quotes resigned spouses whose partners make the monthly 4,000 km "commute" from Newfoundland and Labrador to work in the oil sands in Alberta. Media coverage, and its focus on the societal impacts of mobility, is shaping public opinion. Increasing numbers of Canadians are personally affected by interprovincial labour mobility.



### **Mobility in Canada – the highest levels ever**

Over the last ten years, nearly 300,000 people a year have moved from one province to another. This period is the most “mobile” in Canadian history, with a peak of 332,846 people moving in 2005-2006.

Prior to this, the period of highest interprovincial migration took place in 1997-1998, when 309,234 people moved between provinces. During this period, Quebec registered a net loss of 16,958 people, the highest in fifteen years except for 1996-1997, when it registered a net loss of 17,436 people. More research would be required to draw decisive conclusions, however, it is reasonable to consider the possibility of a link between this out-migration and the 1995 referendum.<sup>13</sup>

## **THE MAGNITUDE**

While all provinces and territories are experiencing some level of in- and out-migration, east to west migration is by far the most common trend.

Over the past decade, Alberta has been the only province to receive positive net interprovincial migration each year. In these ten years, Alberta’s population has grown by 600,600 people, nearly half of whom moved from other provinces.<sup>14</sup> In 2005, net interprovincial migration to Alberta reached 34,423 people, the highest calendar-year number ever recorded for a single province. Then in 2006, Alberta surpassed itself and set another record: in-migration grew by 57,105 people.<sup>15</sup>

*“People in Atlantic Canada did not grow up with the idea of spending their lives where they were born. Migration had always been part of the reality of the rural Atlantic regions. What is new and what poses a challenge today is the fact that population renewal is not compensating for out-migration anymore.”*  
Éric Pelletier,  
Enterprise Greater  
Moncton<sup>19</sup>

The Atlantic provinces are replacing Saskatchewan as Alberta’s prime provider of migrants.<sup>16</sup> Last year alone, there was an estimated net flow of nearly 13,000 Atlantic Canadians to Alberta – not including the “Six and Two’ers” who work six weeks in the West, return home to Atlantic Canada for two weeks’ rest, and then go back to work for six weeks in Alberta again.<sup>17</sup> These “commuters” are generally not counted as part of the out-migration population but have a significant impact on both sending and receiving communities nonetheless.

Although the out-migration numbers may not seem large, they are significant given Newfoundland and Labrador’s small population. The province’s population has declined by an average of one percent per year over the last 13 years, with many of the people leaving for Alberta.<sup>18</sup> With a base population of barely 500,000 people in 2005, the impacts on the province are acute.

### **Community spirit**

Demographers are tracking community resettlement patterns from Newfoundland to Alberta and note that people from the East are moving to the West as communities – city dwellers from St. John’s typically move to Calgary, natives of the Burin Peninsula settle in Brooks and residents of the Northern Peninsula of Newfoundland move to Fort McMurray<sup>20</sup> – where approximately one-third of the population hails from Newfoundland and Labrador.<sup>21</sup>

*“There is a critical mass of people living in Fort McMurray that have moved from Atlantic Canada, including myself. Communities in the East are aware of the opportunities available here and there is a sense of familiarity for people who decide to make the move. Often a friend or relative already lives in Fort McMurray.”* Alain Moore, spokesman for Syncrude Canada Ltd. (native of Newfoundland and Labrador)<sup>22</sup>

Some anticipate that this trend will continue. The Conference Board of Canada predicts that while the current trends should slow somewhat, Alberta is likely to average a net gain of 30,000 migrants a year for the next quarter-century.<sup>23</sup> The Economics and Statistics Branch, Department of Finance, Government of Newfoundland and Labrador, disagrees with this expectation. It argues that as labour markets tighten throughout the country in the coming years, the outflow from other provinces to Alberta will slow significantly from recent levels.<sup>24</sup>

#### **A new form of migrant worker: the interprovincial commuter**

While some Easterners have decided to move their families to Alberta for several years, if not permanently, many are choosing to work in Alberta for a period of time, return home to Atlantic Canada for several weeks rest, and then go back to work in Alberta again. These interprovincial commuters are sometimes referred to as “Six and Two’ers” because they work six weeks in Alberta and then spend two weeks with their families in Atlantic Canada, although the exact duration of work and rest periods may vary.

For example, Canadian Natural Resources Ltd. brings in about 1500-2000 workers from across the country through its “fly-in fly-out program.”<sup>25</sup> The majority, who come from the East, spend a few weeks at oil sands plants where they live in camps and then are flown home on company jets for a one or two-week break.<sup>26</sup>

By one estimate, 12,000 people in the Fort McMurray region are commuters or temporary workers, though exact data on this are not available.

#### **Did you know?**

Air Canada flight 1197 flies direct from St. John’s, Newfoundland and Labrador, to Fort McMurray, Alberta, leaving daily at 07:10.

This commute has become so common that Air Canada has launched an “Oil Pass Express”, special fares for six one-way trips between Fort McMurray and the East Coast.

The young are particularly mobile. For example, almost 60 percent of Newfoundland and Labrador out-migrants were between 15-34 years of age in 2005.<sup>27</sup> Alberta currently has the youngest as well as the fastest growing adult population. In 2005, 57 percent of residents were under 45 years of age.<sup>28</sup> Men are also more likely to move. A recent report found that a higher percentage of males live in Fort McMurray and the Regional Municipality of Wood Buffalo than the Alberta average.<sup>29</sup>

#### **Interprovincial mobility: difficulties in tracking data**

Data on interprovincial labour mobility could be more accurate and timely. Census data provide a periodic view of migration patterns only every five years. Employment Insurance data are reported annually and can give a general sense of mobility, however the data only capture those who claim EI. Records of Employment are another annual data source that can illustrate trends; however, because some companies record employees as being located at head offices even though they may work elsewhere, the data are not as useful as they might be. Moreover, no source captures the phenomenon of commuters, i.e. short-term migrant workers. The monthly *Labour Force Survey* asks people where they live, not where they work, so it does not capture the commuters. While these sources provide clues, the magnitude of interprovincial migration is difficult to capture precisely.

## 2. GAINS AND STRAINS

### THE DRIVERS

Labour mobility in Canada is largely driven by regional economic disparities across the country. Today, Alberta is the juggernaut of growth in the country. Alberta's GDP growth was almost 40 percent greater than the national average in 2004-2005, and last year, for the first time, Alberta surpassed Ontario as the country's top creator of high-quality jobs.<sup>30</sup> The province has one of the lowest unemployment rates, at 3.4 percent versus the national average of 6.5 percent. It also draws the greatest percentage of its working-age population into the workforce, at 73.2 percent versus the national average of 66.8 percent.<sup>31</sup>

Much of Alberta's growth is driven by the oil and gas industry, which alone represents 25 percent of private sector investment in Canada and 15 percent of total exports.<sup>32</sup> Western economic growth explains in part the unprecedented wave of Canadians who are moving to Alberta in search of work.

Western businesses are increasing their efforts and spending to attract and retain employees. Many western companies are casting a wider net in their recruiting efforts and specifically targeting workers from outside the province.

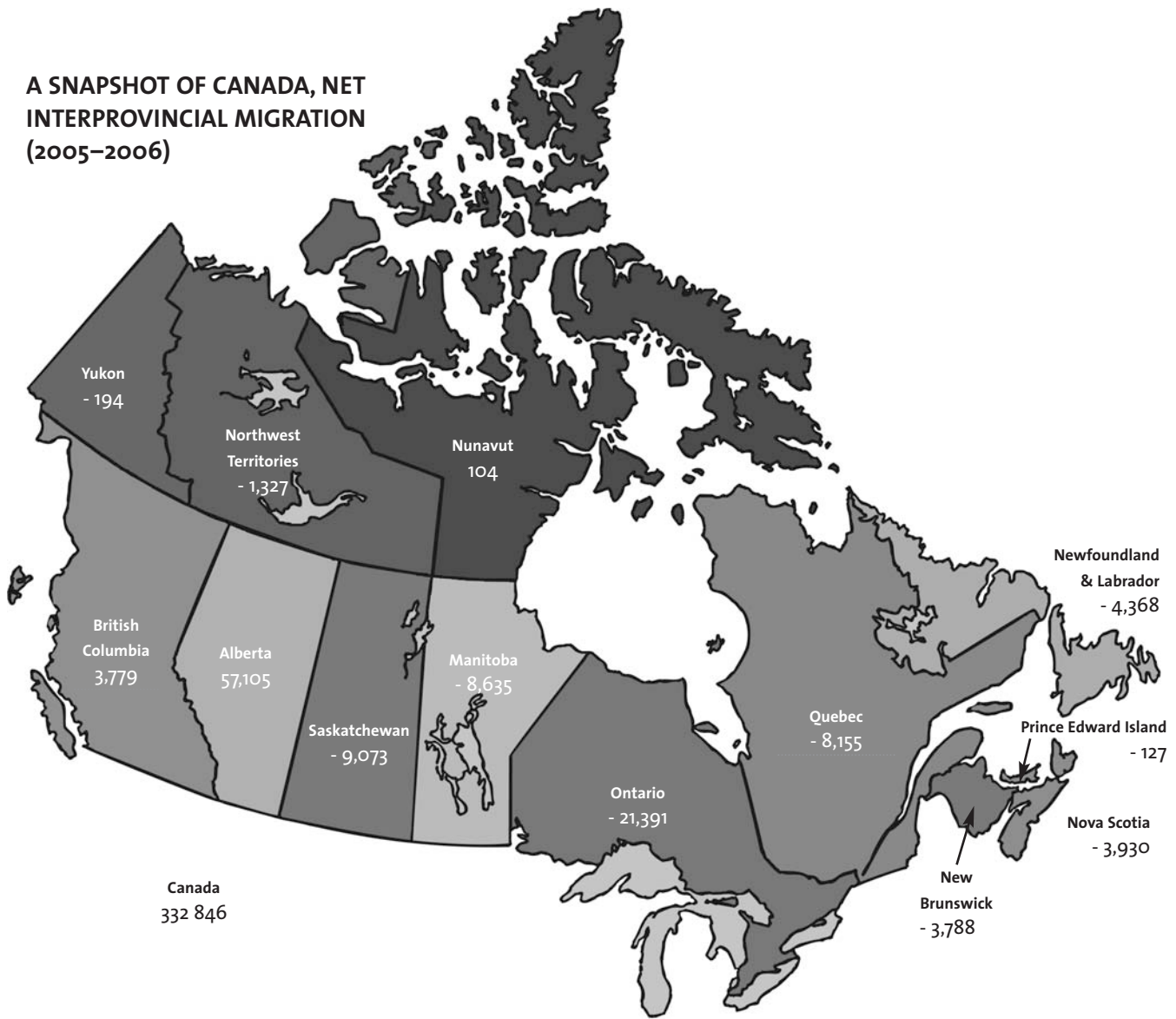
#### **Western businesses recruit from the East**

Syncrude, a major petroleum company based in Fort McMurray, Alberta, plans to hire 1000 more people this year alone. Syncrude's recruiting team monitors where resume submissions originate and works hard to identify locations where there may be available skilled labour.

Upon seeing a disproportionate number of resumes from Port Hawkesbury in Cape Breton, Nova Scotia, Syncrude recruiters flew to the town and met with potential employees. When recruiters learned of a closing pulp mill in Stephenville, Newfoundland, they quickly responded by visiting the mill to inform employees of job opportunities in Fort McMurray. Syncrude has also participated in several job fairs held in Atlantic Canada, including one in the fall of 2006 that attracted over 9000 people.

*"We have had a lot of success recruiting from Atlantic Canada. It has been and will continue to be an important recruiting location."* Alain Moore, spokesman for Syncrude Canada Ltd.<sup>33</sup>

**A SNAPSHOT OF CANADA, NET INTERPROVINCIAL MIGRATION (2005–2006)**



Province	Population	Unemployment rate	Labour participation	GDP Growth	GDP per Capita
Newfoundland & Labrador	505,469	14.8	59.2	2.8	31 098
Prince Edward Island	135,851	11.0	68.7	2.0	25 800
Nova Scotia	913,462	7.9	62.9	1.1	28 260
New Brunswick	729,997	8.8	63.7	2.6	29 826
Quebec	7,546,131	8.0	65.5	1.7	32 075
Ontario	12,160,282	6.3	67.7	1.9	40 552
Manitoba	1,148,401	4.3	68.8	3.3	32 264
Saskatchewan	968,157	4.7	69.1	0.4	35 420
Alberta	3,290,350	3.4	73.4	6.8	46 399
British Columbia	4,113,487	4.8	65.7	3.6	36 646
Yukon	30,372	NA	NA	2.9	42 309
Northwest Territories	41,464	NA	NA	2.0	98 953
Nunavut	29,474	NA	NA	5.8	31 418
Canada	31 612 897	6.3	67.2	2.7	37 628

Source: Statistics Canada.  
 Population: 2006 Census Unemployment: 2006 Labour Participation: 2006 GDP Growth: % change, chained (1997) dollars (provisory estimations)  
 GDP per capita: Real GDP, expenditure-based, by province and territory, 2006 (millions of chained 1997 dollars) / Population, 2006 Census Interprovincial labour mobility: 2005-2006



## THE IMPACTS

Labour mobility, on the whole, is an important contributor to Canada's prosperity. While there are significant socio-economic costs and concerns related to interprovincial labour mobility, it has nonetheless powered the Alberta success story – a success story which, in turn, has enabled Canada to top the G7 in annual GDP growth for most of the last 10 years.

*“The anticipation here in the West is that these are long-term, sustainable jobs, and people are clearly responding to that long-term sustainable opportunity.”* Brian Maynard, a former Newfoundlander who now works in Calgary as vice-president of the Canadian Association of Petroleum Producers <sup>39</sup>

Business confidence is extremely high in Canada. As of the last quarter of 2006, national business confidence recorded its second highest score in the last four years.<sup>34</sup> In Alberta, more than 96 percent of respondents expect business conditions to stay the same or improve next year.<sup>35</sup> “While there is a sense that the western energy boom will not last forever, it has brought with it a new level of confidence in the West over the past three years”, says Todd Hirsch, chief economist at the Canada West Foundation in Calgary.<sup>36</sup>

### **Oil sands' financial impacts**

Strong growth in the oil and gas sector has been made possible in part through interprovincial labour mobility. While the industry may be regional, the financial impacts are not:

- Between 2000 – 2020, the oil sands are expected to account for government revenues of \$123 billion, 41 percent of which will be collected by the federal government, 36 percent by the Alberta government, and the remainder by other provinces and municipalities.<sup>37</sup>
- By 2008, the oil sands are expected to spur the creation of 240,000 jobs associated with construction or production. Approximately 40 percent of these jobs will be held outside of Alberta.

In addition to contributing to national prosperity, interprovincial labour mobility also offers positive opportunities for individuals to find employment opportunities they might not otherwise find in their home province. For example, one interviewee noted that there are more lucrative jobs for blue collar workers in Alberta than in Atlantic Canada.<sup>38</sup>

Several studies confirm that people who move from one province to another stand a good chance of earning more money.<sup>40</sup> According to FP Markets - Canadian Demographics 2007, which estimates income levels across the country, the average household income in Fort McMurray will be \$135,500 in 2007, compared with \$68,200 in St. John's.<sup>41</sup>

There is, however, another face to the Alberta story and to the interprovincial mobility behind it. While Alberta is enjoying boom times, its prosperity has resulted in other pressures. Alberta's cost of labour is rising faster than in the rest of Canada, putting pressure on wages across the country<sup>42</sup> and making it harder for industries outside the oil and gas sector to remain competitive, especially those based in Alberta. Sharply rising housing costs are another concern in the province.

Moreover, while this paper focuses primarily on the direct enterprise impacts of mobility, there are many relevant socio-economic impacts on communities with both high inflow and outflow migration.

Individuals evaluate their personal options when deciding whether to move, often weighing considerations such as compensation, cost of living and quality of life. Some migrants choose to move permanently while others consider their moves temporary, planning to return to their region of origin at a later date.

The outflow of workers from the East has significant implications for the communities they leave behind just as the inflow of workers to the West impacts those communities. As the chart below shows, the negative effects can be serious and can threaten the social and economic viability of communities. Concerns about impacts on communities and regions are beyond the scope of this paper, but deserve a serious examination.

**Not without a Cost**  
**Sample of Socio-Economic Impacts of Labour Migration**

	<i>Sending Locations</i>	<i>Receiving Locations</i>
<b>Positive Impacts</b>	<p><i>Remittances sent back to home communities increase local tax base &amp; individual purchasing power</i></p> <p><i>Decreased labour supply drives increased local productivity</i></p> <p><i>Returning residents bring skills &amp; experience to local industry</i></p>	<p><i>Access to training, skill development and job opportunities</i></p> <p><i>Increased family income</i></p> <p><i>Tremendous economic growth with spill-over effects on the province and country</i></p>
<b>Negative Impacts</b>	<p><i>Decreasing population leaves "stranded infrastructure" (e.g. schools)</i></p> <p><i>Tightening labour market could compromise local economic growth</i></p> <p><i>Disproportionate loss of young leaves unbalanced population</i></p> <p><i>Loss of cultural / community heritage</i></p> <p><i>Disruption to families resulting in fewer informal support networks (e.g. child care and eldercare support)</i></p>	<p><i>Higher cost of living (e.g. housing prices)</i></p> <p><i>Significant pressure on local social services and infrastructure (e.g. roads, hospitals)</i></p> <p><i>Less community involvement among new residents</i></p> <p><i>Increasing crime rates, high school drop out rates, etc.</i></p>

Our research focused on a particular case study - the migration of Canadians from the East to the West in the oil and gas sector. Here is a selection of what we heard about the socio-economic impacts of labour migration.

## **PERSPECTIVES FROM THE EAST (SENDING REGIONS)**

### **Ghent family's story**

For the Ghent family, leaving their high-paying jobs in central Canada and returning home to rural Newfoundland *"has been a blessing in so many ways, (but) it has also been a hard-to-swallow curse."* Just three years after returning – to give their son, Brody, a better life – Pam Ghent became a quasi-single parent, after her husband, Blair, became one of the first Newfoundlanders in the current wave to move to Fort McMurray for work.<sup>43</sup>

The effect on their small family is pronounced. *"My husband flies out the morning of our son's karate tournament and one day before his piano recital. I will go to the karate tournament alone and cheer twice as loud. I will drag my parents to the recital. While I will be very proud ...I will cry and be embarrassed... I'll suck it up as best as I can..."*

Pam has found it easier living with a work-away-spouse since Blair's first six-month stay in Alberta, explaining that her sense of isolation dissipated when she accepted what others in her community have been dealing with for generations. *"It's different today,"* she says. *"People adapt and the community helps."* Still, there can be little doubt that Blair's absence weighs heavily on the Ghent family. As Pam explains, *"Just because I'm not alone in this doesn't mean I like it."*

### **Temporary loneliness**

*"What's five years in a lifetime?"* asks Cathy Whalen, a mother of four, whose husband Bob just took a job that has him in Alberta six weeks, then two weeks at home in Stephenville, Newfoundland. As a family, the Whalens decided not to move because they love their home and the proximity to their aging parents, and they say they could not afford a house in Alberta. Cathy says, *"It is lonely and sad, but it is only temporary."*<sup>44</sup>

### **Home alone**

*"Change is happening in communities in Newfoundland and we do not yet realize the extent of the shift. The six-and-two phenomenon can be hard on families and communities. Recently in a classroom in Stephenville, 21 of the 23 children had fathers away. It is hard on some local institutions such as volunteer fire departments, but increasingly women are taking on leadership roles in the community in the traditional 'survivor' mentality of the region. On the other hand, you also witness local churches thanking 'Fort Mac' for allowing them to stay open as the high paying jobs allow remittances to be sent back to Newfoundland. How do you measure subtle changes such as these on a community?"* Prof. Doug May, Memorial University of Newfoundland<sup>45</sup>

### **On the move**

*"These are turbulent times for Newfoundland. U-hauls on streets are a common site. It is a loss for the community and for the culture. Many see this as temporary, and are optimistic of better things in the future."* Prof. Andrea Rose, Memorial University of Newfoundland<sup>46</sup>

### **Will out-migration continue?**

Atlantic Canada will be faced with an unemployment rate below 3% within 10 years. Unemployment is already at a 30-year low in Nova Scotia, and in PEI job creation has outstripped job seekers to the point where guest workers are being brought in.<sup>48</sup>

*“For the first time in a long time we have a real chance of repatriating some talent with good-paying jobs that are not a one-shot deal. We know there are expatriate Maritimers who really like the lifestyle back home. They have a network that they feel decoupled from. The Prairies and the Foothills are beautiful, but they are a long way from the ocean, and that’s important to some people.”* Tim Curry, President of the Atlantica Centre for Energy, which is promoting the Atlantic region as a blossoming energy hub<sup>47</sup>

### **PERSPECTIVES FROM THE WEST (RECEIVING REGIONS)**

#### **John’s story**

*“This place is hell. That’s about it,”* says John, \* who lives in a work camp an hour outside of Fort McMurray. *“This place is not for the faint of heart. If you enjoy family life, this is not the place to be. I love my family. But I have no choice. I have to pay my bills. I comes to work, grabs the money, and go home.”*

John left his family in Newfoundland and Labrador, where, he says, his child “went quiet” for several days before he left. He has spent large periods of his life away from his family. Once, he worked on a crew of 52 men, and by the time the job was completed, he was the only one whose marriage had survived.

*“My wife calls from Newfoundland and wakes me around 4:30 am,”* John says. *“This place is like the dark land in Lord of the Rings. Everything is burning, flames shoot into the sky. That’s what I see every morning. It looks like the bowels of hell. Pretty distressing thing to wake up to each morning.”*<sup>49</sup>

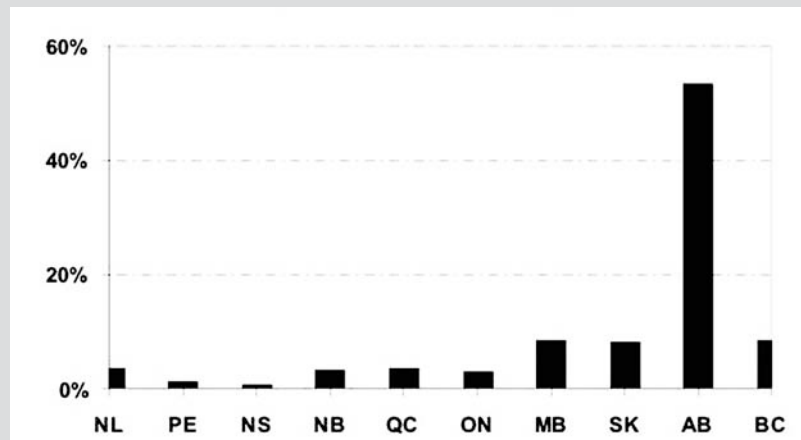
\* John’s real name has been changed.

#### **Rising costs of living**

Like other oil sands employers, Syncrude helps employees overcome financial hurdles by covering moving expenses and by providing a small nest egg to help people with the down payment on a house. High housing prices and lack of availability of housing in Fort McMurray are often a concern and even a deterrent to potential employees.

In the first quarter of 2006, the average price of a single-family dwelling in Fort McMurray was \$430,000, while in Edmonton and Calgary the average prices were \$256,000 and \$363,000 respectively.<sup>50</sup>

### CHANGE IN HOUSING PRICES (OCT. 2005 - 2006)



*Between October 2005 and October 2006, housing prices in Alberta increased over 50% while national housing prices increased just over 10%*

#### **Dropping out**

Employment participation in Alberta is higher than in the rest of the country. While this may appear positive, some caution is advised. For example, rural Alberta's high school dropout rate of 25% is one of the highest in the country. We might assume that these young people are attracted by the promise of high pay for relatively unskilled work. However, this leaves many youth ill-prepared to deal with future economic changes.

#### **Stress on infrastructure**

It is estimated that a capital investment of \$1.2 billion is required to address Fort McMurray's infrastructure needs for next five years. Investment is needed for water, roads, recreation and education facilities, highway projects, health facilities and low-income housing, and other services. The city is struggling to keep up with its growing population.<sup>51</sup>

## **3. MOBILITY FRAMEWORKS**

Our country's federal structure strongly affects the context in which the labour market operates and the ease of mobility for Canadians. As labour regulatory authority rests with each province and territory, barriers arise between jurisdictions that impede interprovincial mobility. There have been few federal policies directly targeting mobility. The following is an overview of those legal and policy frameworks which most directly impact labour mobility in Canada.

#### ***1867 – British North America Act***

At Confederation, the *British North America Act* set out mutually exclusive areas of legislative authority for both the federal government and the provinces. Since then, the prevailing view has been that the provinces, rather than the federal government, have the exclusive authority to regulate occupational qualifications. As a result, each province regulates its own occupational groups often independently of other provinces, resulting in a "patchwork" of regulations across the country.

Wherever regulations with respect to a particular profession differ in two provinces, those differences constitute barriers that inhibit the ability of professionals in that field from moving between the provinces and working in their professional field. A surprising result is that, at times, it can be easier for

Canadians to have their professional credentials recognized abroad than to have them recognized in another province within Canada.

The *British North America Act* was, of course, drafted for a different age. At Confederation, the Canadian economy operated under quite different conditions from today. Interprovincial barriers may have seemed sensible, given the reality of the time. In the post-War period, however, as global economies emerged, there were various attempts to make it easier for regulated professions to have their credentials recognized in other provinces.

Some have argued that the federal government could assert jurisdiction over interprovincial labour mobility through its constitutional power to regulate “trade and commerce.” Thus far, however, successive federal governments have preferred to act in a more iterative and cooperative manner.

### **1952 – The Red Seal Program**

Founded in 1952, the Red Seal Program represents the first significant attempt to overcome some of the interprovincial labour mobility barriers which arose as a result of the *British North America Act*. The Program, which is administered by the provinces, territories and representatives of Human Resources and Social Development Canada, facilitates national “Red Seal” designations for apprenticeship training and certification, thereby facilitating interprovincial mobility of regulated tradespeople across the country. In total, regulated tradespeople make up approximately seven percent of the Canadian workforce.

Although the Red Seal Program is limited in scope as it only addresses some regulated trades and not regulated professionals, it has nonetheless been quite successful. As of 2005, 45 designated trades were covered by the Red Seal Program and hundreds of thousands of endorsements had been issued to skilled tradespeople across the country.<sup>53</sup>

### **1982 – The Canadian Charter of Rights and Freedoms**

Section 6(2) of the *Canadian Charter of Rights and Freedoms*, adopted in 1982, states that “Every citizen of Canada and every person who has the status of a permanent resident of Canada has the right (a) to move to and take up residence in any province; and (b) to pursue the gaining of a livelihood in any province.” Section 6(2) is, however, limited by “any laws or practices of general application in force in a province.”

Nonetheless, the inclusion of mobility rights in the *Charter* reflects a shift towards a more liberal approach to interprovincial labour mobility in Canada and clearly outlines the value Canadians place on the ability to move and work freely within their own country.

### **1995 – The Agreement on Internal Trade**

The principal national framework that aims to liberalize interprovincial labour mobility is the *Agreement on Internal Trade* (AIT), which came into force on July 1, 1995. Chapter 7 of the AIT is devoted specifically to enabling any worker qualified in a particular occupation in one province or territory to work in that occupation in any other province or territory.

*“Trade certifications are issued provincially and credential recognition in a different province can sometimes be difficult. It hurts the economy to have these kinds of mobility barriers in place, and it’s frustrating for employees who are trying to find work but who can’t easily transfer their certifications.”* Ed Kamps, Manager of Human Resources at Suncor Energy’s Oil Sands operation in Fort McMurray, Alberta <sup>52</sup>

The AIT has had significant success in reconciling differences in provincially and territorially regulated occupational qualifications. While the AIT generally leaves the regulation of trades to the Red Seal Program, it more directly governs the regulation of 51 professions. Regulated professionals make up approximately 11 to 12 percent of the Canadian workforce.

Critics argue that the AIT has failed to meaningfully eliminate barriers between provinces and territories, while supporters argue that the AIT has been relatively effective in doing so. In truth, it is very difficult to evaluate the AIT's overall success with respect to labour mobility as barrier reduction is often not comprehensive or complete. In some cases the AIT has enabled partial mobility for some professions across Canada; in others, it has enabled full mobility but only between certain provinces and territories.

What is clear is that the AIT has made Canada's labour market more flexible and mobile than it would otherwise have been – and that there is some work remaining.

***2006 – Announcement of the Trade, Investment, and Labour Mobility Agreement (TILMA)***

In April 2006, the governments of British Columbia and Alberta announced the *Trade, Investment and Labour Mobility Agreement* (TILMA), which came into force on April 1, 2007. The Agreement represents the most significant liberalization of interprovincial labour mobility in Canadian history as it sets a deadline of April 1, 2009 for eliminating all interprovincial labour mobility barriers between British Columbia and Alberta. TILMA includes a longer list of regulated occupational groups than is covered by the AIT.<sup>54</sup> When combined with its other provisions, TILMA in effect creates one single economy uniting the two provinces.

The Agreement permits other provinces and territories, as well as the federal government, to accede to its terms. Since the announcement on April 28, 2006, some provinces, including Ontario and Saskatchewan, have indicated potential interest in joining, while others, such as Manitoba, have ruled out this option. The Atlantic provinces have suggested that they may form a separate "Atlantic TILMA."

At this point, however, the public statements of provincial and territorial politicians could best be described as musings. Indeed, there is considerable debate as to whether TILMA serves as an appropriate model for other provinces.

Should it wish to, the federal government could choose to accede to the terms of TILMA. However, the federal government would have to overcome significant policy barriers to do so, as TILMA attempts to prohibit government support for rural development (including agricultural development), small business, and economically depressed regions, or any government assistance that otherwise "distorts investment decisions."<sup>55</sup>

### **TILMA: Opposing views**

#### ***The Fraser Institute's Views on TILMA***

“On April 28 of this year, the governments of British Columbia and Alberta signed the most important economic agreement since the North American Free Trade Agreement ... TILMA will create one integrated economy for the two provinces by April 1, 2009. The agreement is sweeping in its coverage and scope, and will undoubtedly yield significant benefits to citizens in both provinces. In fact, if other provinces do not respond, it may well be that we look back at April 28 as the day Central Canada's economic dominance within Confederation ended and the West's ascendancy was secured.”<sup>56</sup>

#### ***B.C. and Yukon Building and Construction Trades Council***

“Alberta businesses and qualified workers are likely to lose out when their province is forced by TILMA to recognize the qualifications of B.C. workers with lower credentials ... What that means for the rest of Canada if other provinces accept TILMA is very clear – the province with the lowest qualifications for skilled trades will set the standards for the entire country ... That's no way to achieve the highly skilled work force Canada so urgently needs to be internationally competitive. Canada should avoid the TILMA hurricane while there's still time.”<sup>57</sup>

### **2006 - Provinces and Territories Agree on Action Plan for Labour Mobility**

At the annual meeting of the Federal-Provincial-Territorial Committee of Ministers on Internal Trade in September 2006, Ministers agreed to a deadline of April 1, 2009, for the removal of all labour mobility barriers under the AIT. “Canadians will be able to work anywhere in Canada without restrictions on labour mobility,”<sup>58</sup> said the Ministers. The agreement calls for full compliance by all regulatory bodies. The Forum of Labour Market Ministers (FLMM) will be responsible for ensuring compliance under the direction of the Council of the Federation.

### **2006 – Ontario-Quebec Construction Labour Mobility Agreement**

While TILMA is the most comprehensive provincial agreement to date, other provinces have historically made ad-hoc efforts to improve labour mobility in specific sectors. For example, in June 2006 the *Ontario – Quebec Construction Labour Mobility Agreement* was adopted by the two provinces to improve labour mobility in the construction sector. The Agreement aims to improve credential recognition by the two provinces as well as to enhance access to bidding on government contracts.<sup>59</sup>

### **2006 – Federal government makes policy commitments to labour mobility**

The current Government of Canada articulated its economic policy plan in November 2006 with *Advantage Canada*.<sup>60</sup> In regards to labour mobility and a more efficient national labour market, the Government made two specific commitments. The first was that it would support the removal of barriers to labour mobility across the country. To this end, it said it was prepared to provide additional assistance to accelerate efforts to meet the April 1, 2009 deadline for full credential recognition across the country.

The second policy commitment in *Advantage Canada* was to enhance labour market information available to Canadians so that they can make optimal choices for themselves. This commitment acknowledges that, in order to plan for the future, employers, students and institutions need enhanced information about what jobs and skills are likely to be in demand and where those jobs will be.



### **2007 – Federal Budget 2007**

The Government of Canada released Budget 2007 in March 2007 following the policy commitments made in *Advantage Canada*. The budget document commits the Government to work with interested provinces and territories to examine how TILMA could be applied more broadly in efforts to build a stronger economic union and promote the free flow of people and goods within Canada. The Budget does not follow up with concrete plans on earlier commitments made regarding labour mobility in 2006. However, it does provide additional resources to provinces and territories for “labour market programs” in efforts to provide greater provincial and territorial autonomy.

### **2007 – Provincial Retention Strategies**

More than merely reducing interprovincial barriers to trade and labour mobility, some provinces are actively trying to attract and retain their labour pool. For example, in 2007 Manitoba began offering a special incentive to graduates of post-secondary institutions recognized by the Canada Revenue Agency – even those institutions located outside the province and outside the country. Graduates will be entitled an income tax rebate worth up to 60 percent of the cost of their tuition, up to a lifetime maximum of \$25,000, if they become Manitoba residents and taxpayers. New Brunswick has developed a similar program, in part, with the express purpose of trying to stem out-migration to Alberta.

Similarly, other regional and provincial initiatives aimed at enhancing economic development in particular locations are concerned with attracting and retaining a strong labour pool.

Initiatives vary widely. Some provide support for small and medium-sized businesses in a particular region or assist in information dissemination, while others encourage investment in strategic industries or assist in developing a supply of labour with a certain set of skills. Regardless of the means, these initiatives are aimed at establishing relative competitiveness for a particular region.

There is much debate over whether these sorts of regional initiatives work to correct existing market failures or whether they artificially distort labour market function and thus interfere with mobility. The net impact on the national labour market and Canadian economy as a whole is unclear. But the very existence of programs like these, aimed at attracting labour from outside provincial and territorial borders and retaining labour, is a significant departure from the system of domestic barriers that persisted until recently.

#### **Regional campaigns**

In an effort to attract interprovincial migrants, provinces are developing sophisticated marketing strategies. “Move West” magazine is a glossy, colour magazine that encourages Atlantic Canadians to move to the four western provinces. The magazine is delivered to every single home in Atlantic Canada. By contrast, “Come Back Home” magazine, aimed at luring Atlantic Canadians to return “home,” was widely distributed to “expats” living in Alberta.



### **Does Employment Insurance impact labour mobility?**

Employment Insurance (EI) is a long established Canadian program that is woven into the fabric of our society. The purpose of EI is to provide temporary financial support for insured workers who lose their employment. The insurance provides support for a period of time, during which the insured worker seeks new employment.

Numerous economists, think tanks and theorists have analyzed the structure of EI and its effects on labour mobility. Evidence on whether Employment Insurance impedes or promotes labour mobility is inconclusive and at times contradictory.

Notwithstanding this debate, it is clear that because of regional anomalies, EI can be uniquely attractive to workers in certain seasonal industries located in certain regions of Canada. This is true of some workers in parts of Atlantic Canada. For them, it may be a rational decision to choose to work seasonally and then go on EI. The program of EI then has the perverse effect of dampening the desire people have to move to another location to find full-time work. In these circumstances EI may create different regional attitudes about labour mobility.

For example, Ontario provides less generous access to EI than some other provinces. For Ontarians the economic imperative to move to places like job-rich Alberta could be greater than for workers in Atlantic Canada.

On the other hand, EI is regionally portable and may be used to finance job searches or relocation to areas where there are better employment opportunities. In this respect, EI can be seen as enabling mobility.

The net effect of EI on mobility is not known. There is considerable anecdotal evidence supporting both sides of the argument. One interviewee noted that EI impedes mobility: *"The people we want, leave; and the people we want to leave, stay."* Another noted that in the current environment the wage differential between EI and salaries out West are luring more people into the labour market.

The one consensus that does emerge is that EI needs to be re-examined to ensure that incentives are properly balanced.

## 4. HEADING IN THE RIGHT DIRECTION

*Interprovincial labour mobility in Canada is generally well enabled, but there is room for improvement.*

Despite the existence of some barriers to interprovincial labour mobility, it has never been easier for regulated occupational groups to move between provinces and territories to find work. Progress has been made and significant, broad-based barriers do not appear to be constraining the majority of Canadians. We are moving in the right direction. Generally, Canadians can choose to live and work where the opportunities are greatest. The current mass migration from East to West is evidence of a mobility regime that is effective.

However, there are some professions where significant barriers still prevent efficient interprovincial labour mobility. Though the number of individuals affected is small, the barriers still represent an inefficiency in the Canadian economy – and, on a personal level, it can be highly frustrating for individuals who are “stuck” in their home province, unable to move and find work within their own country. Thus, for individuals the loss is not just economic, but is also personal, for they cannot live where they want to live, work how they want to work or seek the fulfillment that they could otherwise enjoy through their work and their community. In this sense, barriers to interprovincial labour mobility represent a barrier to social justice.

### ROOM FOR IMPROVEMENT

There is general agreement that the federal government should enable labour mobility but not promote it. By working to reduce barriers, governments should let individual choice, market forces and social values drive labour mobility. Government can provide leadership and convening power in reconciling provincial and territorial differences, as it has through the AIT. Finally, government can also improve information and awareness about opportunities in the national labour market.

### ELIMINATING ALL PROFESSIONAL BARRIERS

Though it is very difficult to accurately calculate the cost of interprovincial labour mobility barriers to the Canadian economy, there can be little doubt that it is significant. When labour is prevented from moving to the place where it can be deployed most efficiently – or when members of regulated occupational groups self-select out of the labour mobility market because they perceive that barriers are too difficult to overcome – the economy suffers from lost opportunity. In a survey of Canadian companies carried out by The Conference Board of Canada in June 2005, 13 percent of respondents indicated they were affected by impediments to interprovincial labour mobility.<sup>61</sup> While barriers may touch only a select number of Canadians, any barriers at all are inefficient for the economy and unreasonable for individuals.

***We hold federal and provincial governments accountable to their commitments to eliminate to all inter-provincial labour mobility barriers listed under the AIT by April 1, 2009.***

***We also recommend that a mechanism and timeline be introduced to include new occupational groups not currently covered by the AIT as necessary.***

***Any discussions of TILMA-like approaches for the rest of Canada should include a broad range of stakeholders, given the current debate on TILMA itself.***

#### **IMPROVING INFORMATION ON JOB OPPORTUNITIES**

The availability and quality of information on work opportunities in other provinces and territories and on the costs of moving is poor. For example, in some cases, people are leaving Atlantic Canada for work in Alberta unaware that equally attractive jobs may be had at home. Others move to Alberta but find that the cost of living is so high or the quality of life so poor that the economic opportunities are much less attractive. This affects both regulated and unregulated professions. Better dissemination of labour market information would avoid some of these problems and create an even more efficient national labour market.

***The Government of Canada made a policy commitment in 2006 to improving market information, and we hold the government accountable to delivering on this promise.***

#### **IMPROVING LABOUR MARKET ANALYSIS**

With so many socio-economic impacts associated with labour mobility, government inevitably will be pressured to respond. However, current data collection is not as robust as it could be. Any effective government response will need to be founded on a more complete picture of the trends.

***We recommend a more concerted effort be made for timely, comprehensive data collection on interprovincial labour mobility, particularly in light of the “commuter” phenomenon.***

#### **REMOVING OTHER BARRIERS, UNRELATED TO CREDENTIALS**

There are other barriers that may prevent an individual from moving even when there would be a net benefit for the economy. A few examples are high upfront financial costs, language, and cultural barriers. In some cases, there may be opportunities to minimize these barriers. For example, government already provides tax deductions for moving costs, while businesses are increasingly assuming the costs of relocating their employees. Governments could go further, by waiving, for example, the waiting periods for arriving workers to receive provincial health insurance, or by allowing workers to retain residency status in originating provinces.<sup>62</sup>

***We recommend efforts to better understand the personal costs and barriers to interprovincial labour mobility and to leverage creative policy for mitigating these costs where it would benefit the Canadian economy.***

#### **CLARIFYING THE GOVERNMENT ROLE IN MITIGATING COMMUNITY IMPACTS**

There are clearly significant socio-economic impacts on both the sending and receiving communities. In some cases, the federal government appears to take a “do no harm” approach, leaving outcomes to market forces. In other cases, it has intervened to mitigate impacts.

***We recommend that the federal government clarify its role in mitigating the community impacts resulting from interprovincial labour mobility.***

# *PART II – Labour Market Dynamics in Canada*

## **5. THE LARGER ISSUE**

While eliminating barriers to interprovincial labour mobility is an important challenge for policy-makers, this, in itself, will not suffice in addressing broader concerns over a general labour shortage in Canada.

The current volume of migrant Canadians is one highly visible indicator of a worsening labour shortage. Given the current trends and demographics, there will simply not be enough Canadians in the workforce to meet the demands of the labour market in the coming years.

Certainly, the current oil and gas boom is exacerbating the problem and drawing Atlantic Canadians to work in Alberta. Still, labour shortage would present a challenge to continued Canadian prosperity, with or without a booming oil and gas sector.

### **TIGHTENING LABOUR MARKETS**

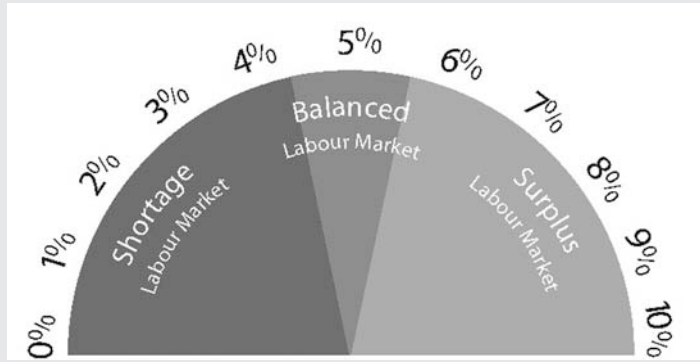
Canadian enterprises are already feeling the squeeze of tightening labour markets. According to a Canadian Federation of Independent Business (CFIB) poll, “small and medium-sized employers across Canada are increasingly unable to find the workers they need to get their products and services to market ... The 2005 survey results show that 27 percent of business owners had at least one position available.” The CFIB report continues, “... extrapolating the vacancy rates ... to the small and mid-sized business sector results in an estimated total of 233,000 full and/or part-time jobs left vacant for four months or longer” in 2005.<sup>63</sup>

In March 2007, Canada’s unemployment rate was at a 30 year low of 6.1 percent. Alberta’s unemployment rate was 3.4 percent, which is close to full employment.<sup>64</sup> Statistics Canada found that 25 percent, or fully one-quarter, of Alberta’s manufacturers reported shortages of unskilled labour, up dramatically from two percent as recently as 2003.<sup>65</sup>

But it is not just Alberta that is feeling the pinch of the tightening labour market. In Halifax, which had a 4.3 percent unemployment rate in February 2007, employers are unable to fill many local jobs vacancies. In 2005, across New Brunswick there were 11,500 jobs vacant for four months or longer in small and mid-sized enterprises alone, and there were 3,500 vacant positions in small and mid-sized enterprises in Newfoundland and Labrador.<sup>66</sup>

The effects of a tightening labour market are starting to be felt across all sectors of the economy and all regions in the country.

## UNEMPLOYMENT RATES



Source: *Building and Educating Tomorrow's Workforce, Alberta's ten year strategy, July 2006, p. 3.*

Provinces technically experiencing labour shortages: Alberta (3.4 percent), Saskatchewan (4.2 percent), British Columbia (3.9 percent), Manitoba (4.5 percent)<sup>67</sup>

## LOOMING RETIREMENT WAVE

Some may argue that high labour demands are cyclical in nature, especially as the oil and gas industry is a key driver for labour, and that Canada is not really facing a labour crunch. The argument follows that long-term planning is not needed, as a downturn in the industry (or “when all the wells are dry”) will alleviate the demand for labour.

However, changing demographics, particularly the coming retirement of the baby boom generation and falling birth rates, will undoubtedly lead to significantly tightening labour markets. Consider the following:

- Today, low fertility rates, longer life expectancy and the effects of the baby boom generation are among the factors contributing to the aging of Canada's population. Between 1981 and 2005, the number of seniors in Canada increased from 2.4 million to 4.2 million. Their share of the total population jumped from 9.6 percent to 13.1 percent.<sup>68</sup>
- The aging of the population will accelerate over the next two decades, particularly as baby boomers begin turning 65. Between 2006 and 2026, the number of seniors is projected to increase from 4.3 million to 8.0 million. Their share of the population is expected to increase from 13.2 percent to 21.2 percent.<sup>69</sup>
- In 2006, 13 percent of Canadians were over 65. By 2025, 20 percent will be over 65 and most of them will be retired. Currently, only 8 percent of workers stay in the labour force after turning 65.<sup>70</sup>
- Canada is not alone. By 2030 almost one in four Western Europeans will be over the age of 65.<sup>71</sup>
- The labour force has grown by approximately 226,000 people per year for last 25 years. This decade it will grow by 123,000 per year, and by 2010 growth will have dropped to 42,000 per year. By 2016, annual growth will be near zero.<sup>72</sup>
- Within the next decade, the increasing rate of retirement along with the slowing rate of labour force growth will mean that for every two people who are retiring there will be less than one person entering the workforce.<sup>73</sup>

- Overall participation in the workforce is expected to decline over the next twenty years, from 73.7 percent in 2010 to 70.4 percent in 2025.<sup>74</sup>

*“The confluence of a bulging aged population and a shrinking supply of youth is unlike anything that has happened since the dying centuries of the Roman Empire.”*  
Management guru Peter Drucker<sup>76</sup>

#### **The Bank of Canada takes demographic change into account**

In 2007, for the first time ever, the Bank of Canada recognized demographic change in its projections, as the impact of the changing labour market now falls into the Bank’s two-year forecasting horizon. The Bank noted that the retirement of baby boomers will begin to put downward pressure on the economy’s labour supply and growth rate in the immediate future.<sup>75</sup>

#### **Undermining Economic Performance**

According to the Conference Board of Canada, we have at most nine years before the wave of retirement starts undermining Canada’s economic performance and social well-being.

## **EXPECTED SHORTAGES**

Shortages are expected across the country and across sectors, as the following sampling indicates:

- In Alberta, one study forecasts the creation of over 400,000 jobs by 2015; but with only 314,000 anticipated new workers, there is a potential shortfall of 86,000 workers.<sup>77</sup> By 2015, there is a projected shortage of 3,900 machinery and transportation equipment mechanics, more than 3,000 carpenters and cabinetmakers, 3,595 electrical trades and telecommunications occupations, and 5,432 cashiers.<sup>78</sup> According to the Conference Board of Canada, if current trends continue, Alberta would face a shortfall of 332,000 workers by 2025.
- In Ontario, the key manufacturing sector is likely to suffer from tightening labour markets, as 100,000 skilled trades workers will be needed over the coming 15 years because of retirements.<sup>79</sup>
- In the Northwest Territories there will likely be a labour shortage, particularly with the potential development of the Mackenzie Valley Gas Project. “Over a 10-year period ending in 2010, the labour market in the Northwest Territories is projected to grow by as much as 7,000 jobs. During that same period, a 20 percent decrease in labour supply is anticipated because many workers do not have the required skills. Unless changes occur, the pool of available workers within the Northwest Territories will not have the capacity to meet future demands – a situation that is complicated by increasing national and global competition for jobs.”<sup>80</sup>
- In an article about Newfoundland and Labrador in the Financial Post, Jacqueline Thorpe reported that “...according to the latest population forecasts, by 2019 there could be almost two retirees for every one new entrant into the labour market. The province also possesses the lowest fertility rate, immigration rate and the highest rate of net out-migration in the country, all contributing to the aging population and population decline. These labour market issues will contribute to potential labour shortages.”<sup>81</sup>

## **SLOWER ECONOMIC GROWTH**

As the labour force shrinks, the Bank of Canada estimates that “labour input growth, which together with productivity growth makes up real GDP growth, will fall to 1.1% over the 2007-09 period from 1.5% over 2004-06. By 2013-15, it will drop to 0.6%.”<sup>82</sup>

“The bar for potential growth keeps coming down,” Douglas Porter, deputy chief economist at BMO Capital Markets said. “What a central bank would consider to be fast growth will no longer be 3.5% but maybe in a decade 2.5%. We’re already there in Europe and Japan where the ECB (European Central Bank) has got to tighten as soon as growth gets above 2% and the Bank of Japan is tightening with growth at 2%.

With labour supply shrinking and productivity growth continuing to be weak, the economy’s potential growth rate, or the rate at which the economy can grow without generating inflation, may also likely be lower.”<sup>83</sup>

## **6. ADDRESSING LABOUR SHORTAGE**

Classic economics teaches that in a free market supply and demand always rebalance to reach equilibrium. That is, as economists explain, a sustained “labour shortage” is not possible as market conditions will adjust so that a balance is reached between labour supply and demand. Economists prefer terms such as “labour crunch” and “market tightening” to describe the results of changing Canadian demographics.

A simple example will suffice. As market demand for labour increases, due to an undersupply of workers, wages increase. Wages will eventually increase to the point that (a) labour force participation increases and (b) demand for labour decreases as employers cannot afford the increased wages.

While it is certain that markets will adjust, it is less certain how long this will take, what the impact will be on the Canadian economy and future prosperity and what the new equilibrium will look like. Will the new balance be the optimal equilibrium for Canada?

Policy-makers have the opportunity to weigh in on these questions and influence the market through levers that government controls (i.e. skills training, immigration, tax incentives) in order to realize strategic outcomes that are in the best interest of Canadians.

Yes, the markets *will* adjust. The question is, how can we influence this adjustment to take full advantage of the opportunities and challenges presented to us?

## **MAXIMISING HUMAN POTENTIAL**

While labour mobility will help ease the changing labour environment in Canada, other inputs that alter the supply and demand of labour will also be key.

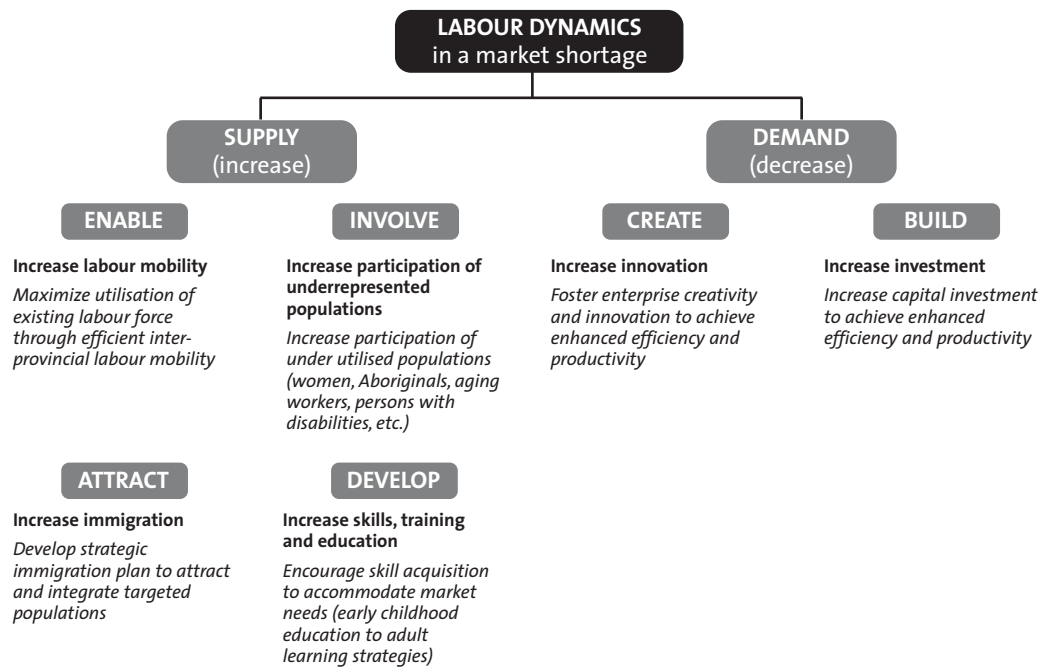
The following diagram highlights the key factors for addressing labour dynamics in a market shortage. In order to achieve optimal outcomes, these factors should be adjusted in coordination. This is a difficult task given that multiple stakeholders, including federal, provincial and territorial governments, educational institutions, employers and others, are involved in the planning, policy-making and implementation of strategies in each area.



All of these elements are critical to leveraging Canadian human potential. Each requires and deserves greater review and discussion beyond the scope of this paper. For example, one critical element that analysts often cite is the importance of attracting new immigrants to Canada and recognizing their credentials in a timely fashion, in order to increase workforce size and meet labour demands. This raises the question, How can we make Canada the most desirable place to live and work in a globally competitive labour environment? Similarly, other key elements to the puzzle are identifying and developing the skill sets that are in short supply and ensuring that all Canadians achieve a high standard of education. These may require a number of policy actions that include a review of early childhood education, additional college and university funding, and adult education programs.

There are many critical questions that need to be asked, and answered, if Canada is to take full advantage of the opportunities and challenges of the changing demographic picture. Strategically concentrating on those activities which yield the greatest value will be important. Working together towards a common goal will be critical to success.

### MAXIMISING HUMAN POTENTIAL THROUGH LABOUR MARKET INPUTS



## GOVERNMENT RESPONSES

The federal government has acknowledged the growing challenge of tightening labour markets. In 2006, it outlined a three-point strategy for labour market training in efforts to enhance Canadian workforce competitiveness:

- **Quantity:** Increasing the participation of Canadians and immigrants in the workforce to meet current and future labour shortages.
- **Quality:** Enhancing the quality of education, skills development and training, and developing interest and excellence in research in Canada.
- **Efficiency:** Facilitating workforce mobility and providing the information necessary to make informed labour market choices.<sup>84</sup>

### Advantage Canada, 2006

“...a sea change in labour markets is creating new challenges. A decade ago, the biggest challenge facing Canada was creating enough jobs for our workers. Now, there are labour shortages in some regions of the country - shortages that will only intensify as our population ages and baby boomers begin to retire in large numbers. While efforts to attract skilled immigrants and assist people in entering the labour force will help, these efforts will not be enough to keep our standard of living growing at its recent pace.”

The subsequent Budget 2007 announced the Government’s intention to create a new comprehensive labour market program. Its purpose is to increase participation by under-represented groups and to help meet current and future skill shortages. In particular, the program aims to ensure that Canadians have the skills to compete in the future. To that end, the program identifies the need for employers to provide more training to their workers. The Budget earmarked \$500 million per year starting in 2008–09 for the new program. Funds will be distributed on a per capita basis for delivery by the provinces and territories, guided by bilateral agreements with the federal government. The plan is referred to as the “labour market program” and alternately the “labour market strategy” in the budget document. The Government also stated it was prepared to consider future growth of the program after consultation with the provinces and territories on how best to make use of the new investments.

In 2007, the Government announced measures related to its three-pronged strategy for enhanced labour force competitiveness. For example, to encourage older workers to stay in the labour market phased retirement will be permitted.<sup>85</sup> Also the age limit for converting a registered retirement savings plan (RRSP) has been increased.<sup>86</sup>

The Government has also repeated its commitment to supporting the participation of Aboriginal Canadians in the labour market. Given the relative youth of the Aboriginal population, its share of the working-age Canadian population will increase in the coming years. The Aboriginal Skills and Employment Partnership (ASEP) initiative fosters partnerships with provincial and territorial governments, Aboriginal organizations, and the private sector. ASEP’s purpose is to ensure that Aboriginal Canadians receive the skills and employment training that will lead to their increased participation in opportunity-driven economic development projects across Canada. With a recent doubling of funding, the program is expected to provide training for approximately 16,000 Aboriginal Canadians, resulting in about 10,000 sustainable skilled jobs.

### **Government efforts to boost labour force participation**

The federal government is implementing a number of fiscal measures to increase the labour force participation of under-represented groups. Examples for 2007-08 are:

- \$340 million for the Aboriginal Human Resources Development Strategy, which assists Aboriginal people to prepare for, find and keep jobs, and \$26 million for the Aboriginal Skills and Employment Partnership initiative, above.
- \$310 million for the Youth Employment Strategy, which helps young people, particularly those facing barriers to employment, gain the skills, work experience and abilities they need to make a successful transition to the workplace.
- \$220 million for the Labour Market Framework Agreements for Persons with Disabilities, to assist provinces and territories in improving the employment situation of Canadians with disabilities, and \$30 million for the Opportunities Fund for Persons with Disabilities, to assist persons with disabilities prepare for and obtain employment.
- \$45 million for the Targeted Initiative for Older Workers, which is a national cost-shared program to help older workers in vulnerable communities who have lost their jobs.

The Government is also looking outside Canada for solutions. For example, in response to employer needs, there will be improvements to the Temporary Foreign Worker Program. Also, new measures will make it easier for Canadian-educated foreign students and temporary foreign workers to stay in Canada and qualify for Canadian citizenship. It is expected that, as a result, each year 25,000 Canadian-educated foreign students and skilled foreign workers will be able to apply to stay in Canada permanently. In 2007, the Government announced the creation of the Foreign Credential Referral Office, which will provide prospective immigrants to Canada as well as newcomers already in the country with information about the Canadian labour market, credential assessment and recognition requirements.

The delivery of these present and future policy commitments involves dozens of federal departments and agencies including, but not limited to Human Resources and Social Development Canada, Citizenship and Immigration Canada, Indian and Northern Affairs, Status of Women, Department of Finance, Industry Canada, and Foreign Affairs and International Trade Canada. Many programs also involve provincial and territorial governments, and in some cases civil society organizations and the private sector.

These are signs of a positive paradigm shift in federal policy thinking about labour markets. Old policy frameworks that were developed during an era of job creation do not suit current needs; policy-makers are adapting frameworks to serve current needs such as developing and attracting skilled workers. However, implementing effective and consistent programs which acknowledge this new paradigm of labour under-supply will not be an easy task, given the complexity of the issue and the number of different stakeholders involved.

The federal government has started to lay a foundation. However considerably more work is needed for a credible, collaborative, coordinated and creative strategy to address looming labour shortages.

At the same time, new provincial strategies to address the changing labour market are beginning to emerge. The strategies show the extent to which provinces differ regarding labour shortages and how

they are affected. It is hardly a surprise that Alberta has expressed grave concern. Its 10-year labour force strategy, *Building and Educating Tomorrow's Workforce*, states that "a shortage of labour has become a critical concern in Alberta, with many employers finding it increasingly difficult to find the workers they need."

#### **Tomorrow's workforce in Alberta**

"There is concern that if Alberta's intensifying labour force pressures are not addressed, labour and skill shortages will constrain our future growth."

Strategy Goals:

- Inform Albertans and employers about labour market trends and training and education opportunities
- Attract job seekers to Alberta
- Develop the knowledge and skills of Albertans along with innovative workplaces
- Retain workers in Alberta's labour market

The Alberta Government identifies key labour market inputs such as attracting workers from outside the province, encouraging the participation of groups that have been traditionally under-represented in the labour force, and increasing productivity through investment in technology as strategies for addressing anticipated labour shortages.

Labour mobility is specifically addressed. The strategy notes that the province must work with partners to recognize the credentials, competencies, prior learning and work experience of immigrants and interprovincial migrants, and the province must work to improve labour mobility of Canadians and inform Canadians of job and business opportunities in Alberta.<sup>87</sup>

*"The impact of the labour shortage is not just limited to a particular industry or region. This is a national issue that crosses sectors and has tremendous and long-term impacts on the country. The role of the federal government is to act as a facilitator and to work with the various stakeholders to identify possible solutions."* Ed Kamps, Manager of Human Resources at Suncor Energy's Oil Sands operation in Fort McMurray, Alberta<sup>88</sup>

Other provinces and territories that are developing strategies for addressing anticipated labour shortages include British Columbia, Quebec, Newfoundland and Labrador, and the Northwest Territories.

## **BUSINESS RESPONSES**

Businesses concerned with the changing labour environment in Canada are also making strategic decisions and investments to make an impact on inputs into the labour market. Their efforts and investments are strong forces in the Canadian labour market.

Recent investments made by Suncor and Syncrude are evidence of the kinds of initiatives industry is undertaking to address their labour concerns.

- Recruiting domestically and internationally
  - o Suncor actively recruits new qualified graduates from all across the country. The company also recruits internationally, from locations such as South Africa and Venezuela, people with specific skill sets that are in short supply in Canada.
  - o The strength of the oil and gas sector has allowed companies in the industry to offer very attractive and highly competitive compensation packages to employees. In some instances, new employees with the necessary skills are being drawn away from industries unable to compete.

- Engaging under-represented populations
  - o Syncrude supports the Alberta Aboriginal Apprenticeship program to enable Aboriginal workers to develop skills for productive careers in the oil and gas industry. The company works with Aboriginal communities to support a host of educational initiatives.
  - o In 2004, over 1300 Aboriginal people were employed by oil sands developers, and more than \$250 million was spent on contracts to source goods and services from Aboriginal-owned businesses.
- Investing in education and training
  - o Syncrude invests in and supports curriculum planning at local community colleges to develop programs that produce the kinds of graduates who are in highest demand, such as power engineers and heavy equipment operators.
- Enhancing process efficiency
  - o Although Suncor has always worked to improve its internal processes, efficiency opportunities are particularly important now due to the scarcity of labour. The company is examining its processes more closely.

#### **The increased importance of human resource planning**

At Petro-Canada, good workforce planning is critical to recruitment efforts. The company asks each business unit to predict its workforce needs for the next five years. These predictions are aggregated at a corporate level to allow for coordinated recruitment efforts. Human resource planning has taken on increased importance in the organization and is incorporated into Petro-Canada's overall strategic plan.

*"We predict that we will need to recruit over 4500 new employees in the next five years, or, put differently, we need to hire three people every single business day between 2007 and 2012. The public markets are increasingly pricing an organization's HR strategy into a company's valuation as human capital now represents a significant potential constraint on future growth." Elaine Noel-Bentley, Senior Director, Total Compensation, Petro-Canada*<sup>89</sup>

#### **Part of the solution: SMEs hiring immigrants**

According to the Canadian Federation of Independent Business (CFIB), *"while immigration is not the only solution to Canada's skills and labour shortages, it can make an important contribution."* However, it seems that currently, *"the permanent immigration system does not come close to matching the needs of Canada's small and medium-sized businesses, particularly for trade and entry-level positions."*<sup>90</sup>

Anne Hébert, from the Conseil économique du Nouveau-Brunswick, suggests that *"small and medium-sized enterprises feel that they don't have the necessary tools to attract and retain immigrants, and make them part of a community."*<sup>91</sup>

While the CFIB is calling for government action, like cutting red tape, SMEs have a role to play as well. Employers have to recognize that *"immigration may never be an inexpensive quick fix and (they should) do what they can to change workplace practices to better employ this important and growing portion of the labour force."*<sup>92</sup>

As is often the case, it seems that a multi-stakeholders' solution is required, with participation from federal and provincial governments as well as businesses and community members.

## **7. CHARTING A NEW DIRECTION**

Canada is at a crossroads. We have real choices and trade-offs to make that will affect the future of this country.

Demographic change is presenting a host of challenges and opportunities for Canada, as for every OECD country. The question we, as young Canadians, ask is: How can Canada emerge as a ‘winner’? Can we develop an innovative “human potential strategy” that maximizes the potential of every Canadian and serves as a benchmark for the world?

We are convinced that to meaningfully address the coming demographic change, we must ensure that all Canadians can meet their individual potential.

### **SETTING A BETTER COURSE**

Some argue that “technically” sustained labour shortages will never occur. While it is true that the market will always ensure that the supply and demand of labour meet, we reject this “hands off” approach. It is an inadequate response to one of the fundamental public policy challenges facing our country. The market will always reach a new equilibrium, but labour market failures could nonetheless result in disappointing outcomes for Canadians.

Policy-makers have an opportunity to anticipate and influence the labour market in order to realize strategic outcomes that can benefit Canadians. Appropriate incentives and policies that support our goals and values as a nation will ensure that the market rebalancing is done with Canadians’ best interests in mind. A tightening labour market presents both challenges and opportunities. Taking action to anticipate change can achieve benefits for Canadians that the market may not be able to achieve on its own. We are not suggesting that governments pick winners. We are suggesting, though, that governments do what they can to ensure that we all win.

For example, while fewer workers will result in rising wages – it is not necessarily the case that rising wages will lead to increased national prosperity. When companies simply cannot hire enough workers – or when Canadian salaries rise so high that companies cannot remain competitive – we all lose. If oil and gas companies cannot extract oil from the oil sands because they cannot fill jobs, the potential wealth remains buried in the ground. Industries that compete internationally will see more and more of their operations moving overseas – to countries which already offer significantly cheaper labour supplies. The opportunity cost to Canada’s prosperity is significant. When opportunities are lost for Canadian enterprise, we all lose.

There is not just an economic imperative to ensuring that Canada’s prosperity is unhampered by a changing labour market. There is also a moral imperative. If Canada is able to offer better opportunities to under-represented populations, improve education and training for Canadians, and provide opportunities to immigrants from less prosperous nations, we should do so. In an era of rising wages and falling unemployment levels, we have a historic opportunity to enable more people to share in Canada’s prosperity and realize their full potential. We are all better off when the unemployed, underemployed, uneducated, undereducated – and the potential immigrant – are optimally employed.

We reject a “hands off” strategy for the future of Canada. We can set a better course.

## **TOWARDS A NATIONAL DIALOGUE**

As a society, we are not doing enough to address the changing labour market. Labour shortage – and labour issues in general – are by and large second tier policy issues that receive limited attention. Despite some media coverage of labour issues, voters seldom consider labour policies at the ballot box. And yet, labour issues are emerging as a critical issue of our time. Largely, we see uncoordinated activities and policies being introduced across the country. We do not see national vision.

Labour market policies and strategies are a vital issue for future economic growth. People – and their human potential - are the keystone to our national prosperity.

The time has come for concrete, coordinated and creative action focused on how we should, as a nation, seize the opportunities related to a tightening labour market. A long-term strategy and vision for Canada is required. Political parties should outline their labour policies in their election platforms. Canadians should be invited to participate in a national dialogue on the subject of how to realize our human potential through a new strategy.

## **A CALL TO CANADA**

Canadians face a unique opportunity to shape the Canada of tomorrow. Our leaders should alert the country to the scope and importance of the changing labour market and assume their rightful role in leading labour, business, policy-makers and other stakeholders in a national dialogue on how we should, as a nation, manage the change.

***We are extending a call to all of Canada and particularly to our leaders to take action.***

***We recommend that the Prime Minister convene a meeting of First Ministers to begin a nationwide conversation on how Canada can best address tightening labour markets and develop a strategy to capitalize on our human potential.***

***We recommend that the Prime Minister appoint an eminent Canadian to lead a Royal Commission to review Canada's changing labour markets and to recommend strategies for addressing the changes, so that key stakeholders and all Canadians can participate in a national dialogue on the issue.***

***We recommend that the federal government prepare a comprehensive Human Potential Strategy that sets out a vision for Canada's future and helps to guide decision-makers on how best to prioritize and set policy for the future.***

***Finally, we recommend that governments – federal, provincial, and territorial – go further to enable more efficient interprovincial labour mobility. To this end:***

- ***Not only do we hold the governments accountable to meeting the April 1, 2009 deadline for the removal of all barriers for professions under the AIT, but we also recommend that they go further and, in a timely manner, remove barriers to any new professions not currently covered under the AIT.***

- *Not only do we hold the federal government accountable to its policy commitment of 2006 to provide better market information on labour opportunities across the country, but we also recommend that government improve collection of data on interprovincial labour mobility to inform future policy decisions.*
- *We also recommend efforts to better understand the personal costs and barriers to interprovincial labour mobility and to leverage creative policy for mitigating these costs where it would benefit the Canadian economy. To do this, the federal government will need to clarify its role in mitigating community impacts resulting from labour mobility.*

Ultimately Canada needs a cohesive strategy to maximize our country's human potential and to address the nationwide implications of a tightening labour market. Immediate action and bold leadership are required.



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