



WORKFORCE STRATEGY FORUM 2003 EXECUTIVE SUMMARY

1 INTRODUCTION

Human resource and workforce strategy concerns are “hot button” issues across Canada, and have been the focus of Industry Association Conferences held over the past year in several provinces. These conferences have been conducted within both regional and national contexts. The Aerospace and Defence Industries Association of Nova Scotia (ADIANS) recognized that these issues similarly affect Nova Scotia and decided to host its own “Workforce Strategy Forum” to put provincial issues within a regional and national context. Attendees included provincial and national representatives. Eighty two people representing a cross-section of the Aerospace and Defence (A&D) industry, University and College educators, and federal and provincial governments attended the Forum. The aboriginal community was represented, as was the workforce.

2 BACKGROUND

The Canadian aircraft manufacturing and maintenance industry comprises more than 1,200 original equipment manufacturers (OEMs) and suppliers, independent maintenance repair and overhaul (MRO) facilities, and approved maintenance organizations (AMO) of various levels of air carriers. Direct employment in the aerospace and aviation industries in Canada exceeds 150,000. An estimated 100,000 of these people are engaged in the manufacturing and maintenance of aircraft, and aircraft systems and components.¹ Our labour costs when compared with the rest of North America, Europe and Japan are good. Canada is ranked third overall, and first in electronics assembly.²

In recent years, revenues from the Canadian defence market declined (by 14.6 per cent in 2000)³, reflecting the diminishing level of Canada’s procurement budget and delays in approving major capital projects. During the same time Canadian firms increased their export revenues.

The A & D Industry of Nova Scotia is growing, diversified and employs approximately 5,200 workers. (In addition to this industry workforce The Department of National Defence (DND) employs another 2-3000 civilians). It generates in excess of \$450 million in revenues each year, operating in both the defence and commercial markets. Eighty per cent of that revenue comes from maintaining DND's \$25 Billion worth of

¹ CAMC HR Study Nov 2002

² KPMG Report Competitive Alternatives - Comparing Business Costs In North America, Europe And Japan. January 2002

³ CDIA Report Statistical overview 2000

assets, 80% of which are located in Nova Scotia. The Atlantic region generates over \$750 millions of revenue in aerospace manufacturing and maintenance activity.⁴

With respect to labour, a recent CFN Study found that established companies, while they were in a favourable position to win additional business, would find it difficult to expand rapidly due to the limited availability of additional skilled workers⁵.

Demographics play an influential role in determining pressures on the Nova Scotia economy. Our population continues to increase, but at a slowing rate. Declining birth rates, net out-migration, and decreasing immigration have played roles in the slowing rate of population growth. We already see declining enrolments in education, increasing costs in health care, and workforce shortages looming in key Industries.⁶ The labour force is generally well trained, but needs more of the skills necessary in the future. The government of Nova Scotia recognizes the need to build a robust economy and focus work in five key industry areas, one of which is advanced manufacturing – and this embraces much of the A & D sector.

Nova Scotia's manufacturing sector employs about 45,000 people directly. The sector accounts for most of the province's exports. It generates more spin off employment and activity than any other sector of the economy.⁷

3 DEVELOPING TRENDS

A number of recent surveys and studies clearly identify that North America, notwithstanding significant employee reductions by firms in response to the current economic downturn, is moving from a state of labour 'abundance' to one of 'scarcity'. Canada will increasingly face serious skills and technical shortages. There are present and looming human resource-related challenges to the aerospace and defence sector in Nova Scotia. There is no room for parochialism – there is wide recognition that industry changes must be tackled collectively to be effective as well as to optimize the value of these changes. The following are specific indicators of the importance of this trend to the Aerospace and Defence Industry sector in Canada.

4 CHALLENGES AND OPTIONS

Incisive and focussed panellists' presentations, and a sharing of experiences sparked lively, forward looking and critical discussion throughout the Forum. This led to the distillation of common or shared-by-many challenges, and if not necessarily solutions, then potential options which would lead to them. The identified challenges fell into the area of six general underlying themes, and 15 more specific critical issues.

The sharing of the experiences of others, with their own social, economic and cultural characteristics was useful. What works in one situation, may not be “cookie cuttered” into another. However within the A & D sector, and advanced manufacturing in general,

⁴ CAMC HR Study p 19 et seq.

⁵ CFN Study March 2002

⁶ Opportunities for Prosperity GNS Report October 2000

⁷ Opportunities for Prosperity GNS Report October 2000

there are proven best practices and strategies which can serve as a model for others to learn from, adopt or adapt. Importantly, in every case, the rate of change in the economic climate, markets, and technology has required significant agility and a dynamic evolution of policies and practices – BUT the underlying strategic principles remain part of the foundation of success.

5 A WORKFORCE STRATEGY FOR NOVA SCOTIA

A Workforce Strategy can be built on three primary pillars:

- An understanding of the economic and demographic factors leading to skill shortages in Nova Scotia,
- Market, political, and government policy (at all levels), and
- Institutional and behavioural responses to these skill shortages.

Solutions will hopefully turn out to be many and varied. They will cross traditional organizational and jurisdictional boundaries.

The proceedings of this Forum and the analysis and distillation of the presentations and discussions contained in the main report will provide the basis for the next step, the full development of a comprehensive and detailed strategy. This will result from collaborative work by many participants in Industry, Governments (federal and provincial), academic and training institutions, regulatory bodies, and other bodies specially formed to focus on labour, aboriginal and social issues.

Such a Strategy will go a long way to ensuring a “robust” economy, which is competitive on the national and world scenes, responsive to and prepared for market and technology change, sustainable in the face of the business cycle, and powered by a skilled, enthusiastic and steady workforce.

6 QUO VADIS

6.1 Nova Scotia A & D Human Resources Partnership (HRP)

It was universally agreed that a formal “Partnership” is required. The partnership will be comprised of industry, government and post-secondary institutional representatives. The Partnership would collaborate closely with government policymakers, officials and agencies, private sector and labour organizations, and special responsibility groups such as aboriginal enterprises.

6.2 HR Partnership Mandate

The mandate of the HRP would be fourfold.

- Develop, implement, and monitor the Nova Scotia Workforce Strategy;
- Act as an advisory body to the provincial government, particularly the Premier’s Office and departments of Economic Development, Education, and Labour;
- Function as a hub for a network of public and private training programs involved in A&D related training.

- Liaise with other national organisations to share experience, resources, training and HR related programs, and to achieve economies of scale.

7 CONCLUSION

The challenge is here, the response is ours to make, be we involved in industry, teacher or trainer, worker or public servant. . Our collaborative and dynamic efforts can create a new synergy to ensure our prosperity. The Workforce Strategy Forum's broadly based participation focussed on these challenges and indicated a way ahead. It is timely to move. Let's pick up the ball and run with it.