



OPENING REMARKS
BY STU GOURLEY SENIOR EXECUTIVE DIRECTOR
SKILLS & LEARNING BRANCH GOVERNMENT OF NOVA
SCOTIA
TO THE AEROSPACE STRATEGY DEVELOPMENT
WORKSHOP
HALIFAX 24 JANUARY 2008

Welcome, and thank you for inviting me here today to speak on a very important issue, the labour issues we are facing here in Nova Scotia.

Context

I would like to begin by outlining some of the challenges we are currently facing that require significant, deliberate action.

No one in this room will be surprised when I say that Nova Scotia has the fastest aging population in the country and I will actually show you some slides in a few minutes that not only back up this point, but may shock you.

Demographic projections imply that Nova Scotia's population will very likely begin to decline in coming years. In addition, annual retirements will continue to increase over the next decade and the overall size of the labour force will decline.

When it comes to productivity, Nova Scotia is at 83.5 of the national average. Growing productivity can occur through enhancing labour market conditions related to efficiency and mobility, increasing investment in skills development and physical capital and integrating innovative technologies to our business processes.

In the next five years we are expecting over 40,000 jobs to open up in all sectors....the skilled trades, IT, finance and aerospace being the leaders.

It is becoming more and more difficult for employers to attract and retain talent from these positions.

We also have competition at our door from other provinces and countries, since everyone is experiencing the same challenges. This is causing increased out migration among the young and old obtaining employment out west to work in the oil industry.

The impacts of labour/skill shortage will only be addressed through a combination of immigration, retention, repatriation and upgrading the skills of those who are in the workforce or could be in the workforce.

Policy

I spoke about demographics earlier, but there are more imperatives that deserve some mention

1. Employer Adaptation

Labour shortages are expected in the coming decade, in addition to an upward pressure on wages and an older working-aged population. These trends will have an impact on businesses across the province. Employers must be informed and prepared to adapt effectively to this changing environment. This could be accomplished through enhanced management capacity and human resource training

2. Changing Nature of Work

A skill is defined as the ability to perform a task competently. As new technologies are adopted, business will require a workforce with different and evolving skill sets. As we seek to attract new knowledge-based businesses to Nova Scotia (eg. RIM), our current workforce is not appropriately skilled to succeed in the new jobs created. In the global economy, we are losing because we have a low cost workforce.

3. Literacy and Learning

Nova Scotians need opportunities to learn throughout their lives to fully participate in society. This requires a seamless, continuous learning system that responds to individuals regardless of life-stage. Learning begins at birth. Children and parents need to be provided with resources that support reading together; school age children need to be able to connect learning to their world; youth need to engage in learning opportunities that prepare them for the workplace and citizen engagement and adults need continuous opportunities to meet the ever increasing skill demands of a changing society.

Low literacy levels among working age Nova Scotians is a complex problem requiring complex and intensive responses. People with low literacy skills are less likely to vote, their health status is much lower, their risk of unemployment and poverty is much higher. Raising the skill level of those participating in the workforce and re-engaging those who are not is paramount in addressing workforce challenges. Nova Scotia needs fully engaged citizens who are working to their potential.

Literacy is the foundation upon which all education and training is built. Without a solid foundation, continuous learning is not possible.

I will touch on this a further later in my presentation

4. Productivity

Nova Scotia 's labour productivity (how much is produced per hour worked) remains at only 81% of the national average. For individual companies, enhanced productivity can increase competitiveness and profitability and allow them to pay higher wages - which in turn can make it easier to attract and retain talented employees. Growth in productivity can occur through enhancing labour quality, capital investment and total factor

productivity.

The DOE and soon the Department of Labour and Workforce Development have programs in place to respond to these challenges:

- **Increase labour force participation**

Options and opportunities, youth apprenticeship, co-op, NSSAL, apprenticeship

- **Increase population:**

Opportunities Nova Scotia, Targeted immigration, Attraction of interprovincial migration, Flexible workplaces and recruitment/retention incentives, Plan for succession, Ensure the labour force has the right skills for our changing economy, Foster an inclusive and diverse workforce, Develop skills and conduct workplace training, Engage older workers and those who have lower labour force participation rates, Recruitment initiatives targeting underrepresented groups.

- **Increase Labour productivity and growth:**

Workplace Education, Targeted Initiative for Older Workers, workplace incentives, Literacy Grants

Demographic Reality

- In the last 5 years (since 2001) the number of individuals living in Nova Scotia under the age of 25 has declined by 6.5 per cent.
- In the same amount of time, we have seen an 9.2 per cent increase in the number of people living in Nova Scotia over the age of 65.

Impact on Labour Market

- Annual attrition is expected to increase from 9,400 (2007) to 13,300 (2017), which is an increase of 40%.
- A “tightening” labour market will lead to a shortage in skills available to meet the demand of the new economy.
- Employers will be under pressure to increase the productivity of existing workforce.
- Increasing our labour force participation rates will provide some relief, but unemployment rates are still expected to decline over the long-term.

Impact on labour Market- Long term Job Vacancy

- Long-term job vacancy rate is high in Nova Scotia (3.9% vs. 3.6% for Cda), but the share of SME's reporting a concern over a shortage of qualified labour is considerably below the national average (35.2% vs. 56.1%)... and the percentage of businesses reporting at least one long-term vacancy is below the national average in 2006 (23.3% vs. 25.5% for Cda).
- Although labour shortages may get less severe in Nova Scotia, those businesses in need of qualified workers are having a more difficult time locating them.

Labour Productivity

- Nova Scotia's real labour productivity grew at a rate of 1.4% in 2006, which was above the national rate of 1.0%.
- However, Nova Scotia still scores low relative to the rest of Canada (3rd lowest)

Literacy and Essential Skills

- I spoke earlier about the importance of literacy. This chart is a representation of that importance.
- Literacy levels also present significant challenges.
- Literacy is not about whether or not one can read but how well one reads.
- Nova Scotians performed at levels close to the national average on the recent International Adult Literacy and Skills Survey (IALSS)
- Numeracy proficiency in Nova Scotia is slightly below the Canadian average
- Nationally and provincially just over one-in-four adults (26%) performed at the lowest proficiency level in numeracy. Close to 57% of adults in Nova Scotia scored below Level 3 in the numeracy domain, the desired level of competence for coping with the increasing skills demands of the emerging knowledge and information economy.
- In Nova Scotia about 75 000 people had a prose literacy proficiency at level 1 and about 168,000 individuals were performing at level 2 in the same domain.
- Among them, 47% of those in level 1 and 58% of those at level 2 were employed.
- Among individuals in level 1 in prose literacy, 67% had less than a high school diploma compared to 38% of people in prose level 2.
- It is interesting to note that those at Level 1 recognize that they have a problem; those at Level 2 do not.
Many of those with low literacy skills are working but they are vulnerable.

- In lieu of the declining size of our labour force – we need to ensure that we have a skilled labour force. These figures show that there is room to improve the literacy, numeracy, prose and document use skills of Nova Scotians. Many of these skills are learnt and retained on the job. There is a role here to play both by government, employees and employers to support lifelong learning in workplaces.

The Changing Nature of Work

- Our economy continues to transition away from traditional goods-producing industries towards a knowledge economy
- This transition has largely been occurring in regions outside of Halifax; therefore, the issue of a skills mismatch may be more significant in rural NS

Flip Slide

Slide #12: Demand for Skilled Labour

- 57% of the jobs in Nova Scotia’s workforce will require some sort of post secondary training in the next five years to meet the skill requirements for the available jobs. That is why we are working to offer apprenticeship programs for both youth and adults to meet this demand in the skilled trades sector.
- We are also working with schools and parents to inform youth about opportunities that exist in the province through PACC. We are working to bring ex-patriate Nova Scotians back home to work in all sectors like It, aerospace, finance and the trades.
- 31% of the jobs will require a high school level. That is why the NSSAL is working to provide more adult Nova Scotians with their diploma so they can fill this demand. But as I informed you earlier, literacy remains a problem.
- 12% of the workforce will require on the job training to succeed. That is why we offer workplace education programs to help employers provide their employees with the skills they need to continue to thrive in the workplace.

Employer Adaptation

- An “employer of choice” ensures employees feel their contribution is appreciated and valued, thereby increasing the company’s ability to attract and retain skilled employees.
- The phrase “employer of choice” therefore represents a corporate culture, whereby people want to work for a particular company and will choose to dedicate themselves to its success.
- Skilled and motivated employees are more productive and yield increased returns for the company. In short, being an employer of choice has bottom line benefits.

Employment Rate

- Employment Rate = the share of population ages 15+ considered employed.
- This measure accentuates the impact of, for example, a low participation rate and high unemployment rate, as in the case for Cape Breton region.

Intra-provincial Youth Migration

- there is clear urbanization of youth towards Halifax and Colchester County. This is where most of the youth are heading within the province.
- Cape Breton has suffered the largest net loss of youth over the last five years.
- I must point out that this trend is not unique to Nova Scotia. Other provinces are experiencing migration towards their urban centres as well.

Share of Population Aged 0-19 years

- This map is a snapshot of the share of youth in every county in Nova Scotia.
- As the colours go from light to dark it indicates an increasing share of youth within county.

2031 projections

As we see on this slide, looking forward to 2031 it is clear that we should expect all counties to see a decline in its youth population. This includes Halifax.

Population Aged 75 + years

- This slide shows that population ages 75 and older.
- Again, going from light to dark indicates an increasing share of population ages 75 and over in a county.

2031 Population Projections

- The dark areas on this slide sends a very clear and alarming message.
- By 2031 we should expect to see a high share of people 75 years or older living in all counties.....potentially as high as 25% in some counties.

- **We need to continue to work together to create solutions to these problems, because as you can see, we have no time to waste.**