



# Looming Labour Shortages Challenge Alberta Resource Industries

The Alberta Chamber of Resources' Workforce an important role in ensuring the economic

*By Robert Simpson*

With a baby boomer workforce that celebrates early retirement, a culture of youth that gravitate towards professional careers in information and communications technology, and staunch global competition for the best and brightest, it should come as no surprise that the potential for skilled labour shortages have become a priority for Alberta resource industries. In addition, with labour intensive projects such as construction of the Mackenzie Pipeline, the expansion of oil sands projects, and a booming housing market, obtaining and retaining skilled labour will be at the top of the agenda for most companies. Indeed, many resource companies are already feeling the pinch,

either in hiring and retention difficulties, or in higher labour costs.

According to statistics from Canada Human Resource Development, "the Canadian labour force grew by about 226,000 per year during the last quarter century and this will be reduced to only 123,000 per year during the current decade ... or at half the pace of the historical period. The annual growth will shrink again to only 42,000 per year during the first half of the next decade ... or about one-fifth of the historical rate. By 2016, the annual growth will be near zero and the labour market shortfall will be enormous."

Without immediate action, a dramatic increase in international

immigration will be necessary to sustain the historical growth in the labour force and the economy. By the year 2016, the annual rate of immigration required could be as high as 650,000 per year or as low as 520,000 per year if improvements occur in the labour markets. This is much higher than anything that has happened in the past, and compares to an average of 166,000 over the last quarter-century.

It was with these staggering statistics in mind that the Alberta Chamber of Resources' Workforce Development Committee was formed to develop a roadmap to provide solutions that will ensure the skilled labour is available that

is necessary to keep Alberta's resource sector's robust.

"We need to come together to work in partnership with all sectors – post-secondary institutions, industry, stakeholders and government to share and develop collaborative approaches to address the immediate and future needs for an educated and skilled workforce," says Roger Thomas, Chair of the Alberta Chamber of Resources' Workforce Development Committee.

The effect of the movement of the baby boom generation through the labour force is well documented. All sectors of the economy will face a baby boom exodus between 2005 and 2020. These retirements will be exacerbated by the baby bust: low levels of births in the late 1970s and early 1980s. Statistics Canada projects a continual decline in youth as a percentage of the population up to 2021. The result will be a reduced supply of new labour market entrants over the next decade.

concern for all of the companies.

The impact of this high demand for skilled labour is not limited to the oil sands or the pipeline sector. Other sectors including forestry, health care, house construction and transportation are all feeling the pinch. According to a 2004 study, *Willing and Able—The Problem of Skills Shortages in Western Canada*, published by the Canada West Foundation, which surveyed 76 trade and professional industry associations, 40 indicated they are currently experiencing some, and 22 indicated severe labour shortages while, 80 per cent of those surveyed anticipated the labour shortages will continue to escalate.

The urgency of the situation is apparent, and the Alberta Chamber's Workforce Development Committee is in the early stages of gathering and deciphering the volumes of research on skilled workforce issues, investigating causes for the shortage of skilled labour and then determining how the

hood that skills training programs developed to encourage First Nation's youth would help to ease the growing labour shortages," says Thomas.

Thomas and the ACR are not alone in their thinking. In *Preparing for Growth: Building Alberta's Labour Supply*, a study completed by the Alberta Labour Force Planning Committee, suggests that Aboriginal sources of labour still face barriers that hinder their full participation in the labour market. "The proportion of Aboriginal people who join the labour market and the proportion who obtain employment are significantly below the level of all Albertans."

Aboriginal persons have unemployment rates more that double the general population. The 2003 Census figures show an unemployment rate of 17 per cent for Aboriginal persons compared to 6.0 per cent for all Albertans. This unemployment rate spikes sharply for those living on reservations where unemployment is pegged at 27 per cent.

As part of the Building the New West Project, the Canada West Foundation has conducted the *Aboriginal Human Capital Strategies Initiative*, with an emphasis on positive, cooperative approaches that can be utilized to improve outcomes. The study concurs that the Aboriginal Communities constitute an ever-increasing proportion of the labour force, "Given that Canada is going to experience a labour market shortage in Western Canada over coming years, it is in our best interests to ensure that Aboriginal Canadians possess the educational training and skills necessary to

## Development Committee will play prosperity for future generations.

### Skilled Labour Shortage

The shortage of skilled labour force is already making its mark on the Alberta resource sector and without intervention will exacerbate over time. The enormous capital investment in Alberta's oil sands provides an example of how a shortage of skilled plumbers, electricians, welders, construction workers and pipe fitters can have a ripple effect across industries. Between 2000 and 2004 there was an estimated \$26 billion worth of capital spending in Alberta's oil sands, and demand for skilled labour has driven up wages.

Imagine the pressure on the declining labour market with the combined effects of Suncor expansion, Petro Canada's Oil Sands Project and the Mackenzie Pipeline. In fact, tightness of labour is a major

Committee can be most effective.

One of the opportunities the Alberta Chamber of Resources has identified is the mismatch between the nearly 330,000 unemployed and the thousands of underemployed working part time or in low paying jobs. This vast amount of unemployed human capital illustrates that in the short term it is not a lack of workers, but a lack of *skilled* workers, that needs to be addressed.

### Aboriginal Youth Training

An opportunity under investigation is skill training for Alberta's Aboriginal youth. The Aboriginal communities have sustained significantly higher birth rates over the past decade, and for the most part are still significantly underemployed. "We think there is likeli-

The problem of skill shortages seems to be intimately tied to the state of post-secondary education.

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compete successfully in the job market. Incorporating Aboriginal Canadians within the labour market is one of western Canada's most important challenges."

Training and employing Canadian Aboriginal youth is only one of many areas that the Alberta Chamber's Workforce Development Committee will be researching. Another area that will receive attention is the secondary and post secondary education system and how the system meets the needs of the current labour markets.

The problem of skill shortages seems to be intimately tied to the state of post-secondary education. In the Canada West Survey, both industry associations and the literature findings indicate that although post-secondary training programs exist for many occupations experiencing shortages, a variety of deficiencies exist at the post secondary level. These deficiencies include too few educational placements for

students; a lack of adequate training equipment/financial resources at post-secondary institutions; differential provincial standards; and the quality of education received being insufficient for employment in the industry.

On the labour supply side, other factors such as a lack of awareness of employment opportunities or training programs, and the inability to migrate to high opportunity areas further complicate matters. In fact, the situation is so diverse and industry specific, governments and the organizations that represent occupations facing shortages must work together to improve post-secondary training systems that address the specific needs of each industry. In some cases, this is already occurring.

#### **Responding to Industry Needs**

The Alberta Apprenticeship and Industry Trades Board is respond-

ing to industry's current needs through its support of the apprenticeship and industry training system. According to the Board, "to address the current shortages and to prevent a larger shortage in the future, Alberta businesses, in conjunction with the Alberta Apprenticeship and Industry Trades Board, are working to re-evaluate their approach to trades recruitment and training."

Of significance through the Registered Apprenticeship Program (RAP), young people have the opportunity to start their apprenticeship training while still in high school. Scholarship programs, made possible through a partnership between Alberta industry, the Alberta Apprenticeship and Industry Training Board, and Alberta Learning, encourages these apprentices to continue their training after graduation from high school.

The Board is also supporting the work of Aboriginal organizations,

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industry, the federal government and other groups to encourage participation and improve access to training for Aboriginals. For example, the Alberta Aboriginal Apprenticeship Project established three pilot projects in High Level, Fort McMurray and Edmonton to assist Aboriginal peoples to enter and complete apprenticeship programs.

Other challenges for the Workforce Development Committee will be to understand and work towards eliminating some of the underlying factors for labour shortages, including the cultural biases, barriers to inter-provincial labour mobility, and structural issues.

One factor that can contribute to skills shortages in the resource industry is cultural biases. Over the past decade, youth have gravitated towards training in information and communications technologies, which has diverted students away from the traditional trades. The perception being that jobs in the trades

are manually intensive, low paying, and for the unskilled. The challenge for industry associations and the resource industry is to change these perceptions with both youth and their parents, who also play a significant role in steering their children away from traditional trades.

Uninhibited labour mobility is essential to ensure a full functioning economy, and a lack of uniform skill recognition standards across provincial boundaries leads to inefficiencies. In response, the Alberta Apprenticeship and Industry Training Board has countered with the Red Seal Program, which provides a standardized endorsement on apprentice and journeyman certificates. However, several trades are still not covered by the Red Seal program and will require industry participation to reduce the barriers to mobility.

For Alberta Resource sector's continued growth and ability to create wealth, it is imperative that a

chronic shortage of labour be averted. If unabated, chronic skills shortages will prevent companies from expanding operations, drive up labour costs, and shift operations elsewhere. It is clear that solving the problems of skill shortages requires a coordinated approach by various levels of government.

These initiatives constitute only a small component of the overall solution. While it is important to create partnerships between industry, governments and the post-secondary institutions, it is equally important to communicate the message broadly to Albertans that the skills crisis poses a real challenge to future prosperity. If not properly addressed, it will adversely affect us all. With this goal in mind, the Alberta Chamber of Resources' Workforce Development Committee will play an important role in ensuring the economic prosperity of the Alberta resource industry for future generations. ■



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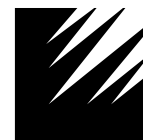
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