

LABOUR MARKET INFORMATION MONTHLY

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Sector Councils Come to New Brunswick to Tackle Hot Labour Market Issues and Myths

The largest career development forum in New Brunswick will be held from November 27 to 29 at the Delta Brunswick Hotel in Saint John. This year the NB Career Development Action Group's annual event will feature a Pre-forum workshop with national Sector Councils and provincial industry representatives. They will tackle issues such as skill shortages, myths in various fields of work, and how to connect with employers and career related resources. Space for the Pre-forum workshop on November 27 is limited.

Themed "Making Connections: Dispelling the Myths", this year's forum will provide an estimated 300 counsellors, educators, employment agency staff, private consultants, employers, trainers, human resource professionals and other interested attendees with a superb professional development opportunity. It will allow them to sharpen their skills; hear about new practices, myths and realities of the workplace; and develop new strategies and tools in order to maximize their value to their organizations, clients and students.

The Opening keynote address will feature Dr. Kris Magnusson a Professor of Counselling Psychology and Associate Dean of Education at the University of Lethbridge in Alberta -- a highly acclaimed author, trainer, and an international speaker in the design of innovative programs in career development.

National Sector Councils confirmed to participate are:

- Wood Manufacturing Council
- Canadian Tourism Human Resources Council
- Software Human Resources Council
- Canadian Trucking Human Resources Council
- Construction Sector Council
- Canadian Plastics Sector Council

The Right Skills.

Are you wondering what training our Community Colleges offer?
Are you interested in Apprenticeship and Occupational Training?



The Right Jobs.

Are you looking for information on how you can improve your career direction?
Are you an employer looking for help to grow your business?



The Right Balance.

Are you wondering what your rights are as an employee or an employer?
What are your Human rights?



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<http://www.gnb.ca/0126/0001e.htm>

- National Seafood Sector Council
- Aboriginal Human Resources Development Council of Canada
- The Alliance of Sector Councils (TASC)
- * Department of National Defence (a sector-like national group)

Colonel Ryan Jestin, from CFB Gagetown, will be part of the Closing Plenary and introduce the Honourable Herménégilde Chiasson, Lieutenant-Governor of New Brunswick, the Closing keynote speaker who will be addressing such issues as literacy in the province.

Attendees can learn strategies and techniques through dialoguing with Sector Councils, employers, international, national and provincial speakers. Sessions will cover a wide range of subjects such as how to access work, portfolio development, understanding barriers to training and employment, essential skills, emotional intelligence, working with small business, removing barriers for persons with disabilities, helping students on their journey into their future, and much more!

The NBCDAG web site, www.nbcdag-gadcnb.ca, gives a complete run-down of the program, speakers and registration information, as well as sponsorship and exhibiting opportunities. Check back often for updates.

Sponsors and supporters confirmed to date include: the Canada Career Consortium's National Integrated Delivery Strategy Project and www.workapedia.ca,

Department of Post-Secondary Education & Training, Department of Family & Community Services, Department of Education, Smirnoff, Home Depot, Service Canada, the Premier's Council on the Status of Disabled Persons, NB Society of Certified Engineering Technicians and Technologists, the Enterprise Network, University of New Brunswick, Jobs Unlimited, School District 8 & 6, CompuCollege Saint John, UNB Fredericton, St. Thomas University, the Gagetown Military Family Resource Center, NB Community Colleges, NB Association of Career Education, and Career/Life Skills Resources. Those interested in attending and volunteering can call the Forum Coordinator, Alene Holmes, at 506 446-9159.

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Economic Update for October 2006

(The following article was excerpted from: *Alberta's Rising Wages: A Tide That Lifts All Boats*, a TD Bank Financial Group Special Report, October 3, 2006, with implications for New Brunswick added at the end.)

Alberta's red-hot job market has grabbed the spotlight in recent years. Average hourly wages in that province have posted the greatest increase in the country, rising by a cumulative 17.4 per cent since the beginning of 2002 through the second quarter of 2006, eclipsing the 10 per cent rise in the rest of Canada. Seeing as Alberta's resource sector, primarily energy, has acted as a rainmaker to the provincial economy, the perception is that the strong wage growth observed in Alberta has also been driven by the resource sector.

Since inflation is also rising substantially in the province – since the start of the year CPI is averaging about 4 per cent on a year-over-year basis – the concern is that if the wage gains are concentrated in the resource sector, other workers in the non-resource sectors, particularly those in the lower-paying industries, could be left behind. Surprisingly, that has not been the case. In fact, the greatest wage gains have occurred in the non-resource sector, which has led to a narrowing of the wage gap between the higher paying and lower-paying industries. The ultra-tight conditions in Alberta's job market (highlighted by the record low unemployment rate of near 3 per cent) have forced firms in the non-resource industries to raise wages substantially higher, in order to retain workers and compete with the higher wages already paid in the resource sector. Indeed, it appears that with respect to wages, the strength in Alberta's resource sector has been a tide that has lifted all boats.

Average hourly wages in Alberta top the nation

Blessed with being Canada's fastest growing province and a primary beneficiary of the strong global demand for oil and gas – to a lesser extent metals – Alberta has experienced the greatest labour shortages and the highest wage growth recorded in the country. High energy prices, leading to hefty profits, have underwritten Alberta's robust business investment activity. This has played a large part in tapping out the regional labour market, resulting in an all-time low unemployment rate of 3.1 per cent in February and averaging 3.5 per cent for the year. Even with an influx of migrants from neighbouring British Columbia and Saskatchewan, and to a lesser extent the rest of Canada, there have been labour shortages. The situation has become so severe that many firms have had to offer wages far above the national average, or scale back their operations or risk shutting down because of a lack of employees.

To put the province's wage growth into context, average hourly wages across Canada excluding Alberta advanced by a cumulative 10 per cent since the start of 2002. In the same period, Alberta's average hourly wage has gone up by a whopping cumulative 17.4 per cent. In fact, Alberta's average hourly wage has risen from the third highest in the nation in the first quarter of 2002 to the highest at \$20.99 in the second quarter of 2006. This is a considerable feat considering it took place over such a short period of time. The statistics may even understate the degree to which workers have benefited from the commodity boom. Given the extent of the labour shortages, it's likely that many workers are putting in a significant amount of overtime – a fact that will not be reflected in the hourly wage.

Rainmakers have seen the slowest pace of wage growth

Alberta's industries can be divided into three categories: rainmakers, direct beneficiaries and indirect beneficiaries. Given the significant impact the commodities trade has had on Alberta's economy, we felt the moniker "rainmaker" would best represent the natural resources sector. Direct beneficiaries are industries which are either likely to support or advise the rainmakers, such as transportation and warehousing, or are likely to benefit from the additional income rainmakers inject into the provincial economy, such as financial services, real estate and insurance. Indirect beneficiaries are industries that you would not necessarily expect to benefit directly from the commodity boon, though they may benefit indirectly. Examples would be the public sector, because while it is not tied into the commodities trade, the increased tax revenue collected by the province may translate into raises for government workers.

Historically, wages in the rainmaker industries tended to be the highest, followed by the direct beneficiaries and then the indirect beneficiaries. This ranking remains unchanged. In the second quarter of 2006 wages in the rainmaker sector were the highest at \$25.50, followed by the direct beneficiaries at \$19.97 and the indirect beneficiaries at \$16.59. However, interestingly enough, this gap has narrowed. While wages in the rainmaker sector advanced by a cumulative 5 per cent over the last five years in current dollars, it wasn't at the fastest pace across the three groups. In fact, it was the slowest. Wages in the indirect beneficiary industries advanced by 20 per cent and those in the direct group rose by 16 per cent over the same period. This trend is certainly counter-intuitive, especially in the indirect beneficiaries sector. Why would the sector that has no ties to the commodity

boom see the fastest pace of wage growth and the rainmaker sector see only modest wage gains?

It's a classic case of demand outstripping supply. Since rainmakers offer the most competitive level of wages, they would have little problem attracting or retaining workers. Indeed, this gives rainmaker firms little reason to raise wages. All else equal, people gravitate towards a higher pay and those already in the sector aren't likely to move to a lower paying industry. You can see this effect in the employment data. Employment in the rainmaker sector has gone up by a massive 40 per cent over the last five years, while employment in direct and indirect industries has gone up 13 per cent and 10 per cent, respectively. It's pretty clear that the lower paying industries are struggling to find workers and have had to increase wages at a more substantial rate to maintain their operations. On the whole, this is why you have seen wages rising faster in the non-rainmaker sectors. Fortunately for many of these firms, the additional income that has been flowing into the provincial economy still makes it profitable to pay their workers higher wages.

So, Alberta is booming and wages are soaring, but whose wages have benefited the most? You might expect it to be those employed in the natural resources industries. Surprisingly, that has not been the case.

Jobs unique to the primary sector reap the greatest benefit

However, you may wonder how the rainmakers sector has seen the slowest pace of wage growth when the anecdotal evidence suggests otherwise. Keep in mind, that while wages may have advanced by about 5 per cent in the rainmaker sector since 2002, it doesn't necessarily mean everyone in that sector has seen their wages rise by that amount. There would be differences across jobs within the sector. You would expect workers in occupations unique to

the primary industry, such as oil sand workers and miners, to have seen tremendous wage gains. In fact, when you look at wages at the occupation level, it's clear that these workers have indeed been one of the biggest beneficiaries of the commodity boom. Wages for oil sand workers and miners have skyrocketed since the start of the boom, up by a massive 42 per cent or \$6.80 an hour – the most of any major occupation group and vastly outpacing the rainmaker industry average. It should be noted that while average hourly wages is an appropriate and accurate means to measure worker gains, it has drawbacks. Performance incentives, such as bonuses and special payments may not be reflected.

Bottom Line

On the whole, it appears that the recent commodity boom which resulted in record-high corporate profits has also bolstered wages in Alberta. It's not unexpected that wages of jobs unique to the primary sector – oil sand workers and miners – have skyrocketed. Yet, surprisingly, on aggregate, the rainmaker industry in Alberta has seen the slowest pace of wage growth. In fact, it's wages in the other sectors that have advanced the fastest. The relatively high wages in the rainmaker industries and their insatiable appetite for workers has literally "sucked" up all the slack in the labour force and begun to draw workers away from other sectors – which on average are lower-paying. As a result, the non-rainmaker industries have had to drastically boost wages to retain workers or else shut down or curb production. Going forward, assuming there continues to be no significant slack in Alberta's

labour force and corporate profits and hiring remains strong in the rainmaker sector, we should see a continued narrowing of wages between the rainmakers and the other areas. Indeed, the strength in the Albertan labour market is a tide that lifts all boats.

What are the implications for NB?

This report centered on the wage growth that has emerged in the Albertan economy over the last several years. However, the rest of the country, including NB, is essentially in the same boat as the direct and indirect beneficiaries that are found in Alberta. The need for workers in the oil sands and in the rest of Alberta because of the economic boom, and the subsequent rapid rise in wages in that region has placed enormous upward pressure on wages in all other regions of the country. Here in NB, because most of our economic trade is linked to either domestic markets found in Atlantic Canada or foreign export markets located in the United States, the business community hasn't benefited from the rapid growth in wealth and income that is being generated in the Albertan economy. Therefore, NB businesses are unable to dramatically increase wages and still remain profitable. In addition, we must remember that exporters in this Province are still struggling with the high value of the Canadian dollar, which has already greatly reduced their profitability. Furthermore, recent data coming out of the US is showing signs that the US economy is slowing down, which is going to place more pressure on our exporters and our economy's ability to expand and grow.

For additional economic insights please visit any of the following:



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NATIONAL BANK OF CANADA Economic Analysis

http://www.nbc.ca/bnc/cda/content/0,1008,divId-2_langId-1_navCode-9012,00.html



CIBC Economics & Strategy...

<http://research.cibcwm.com/res/Eco/EcoResearch.html>



Scotiabank Economics Publications

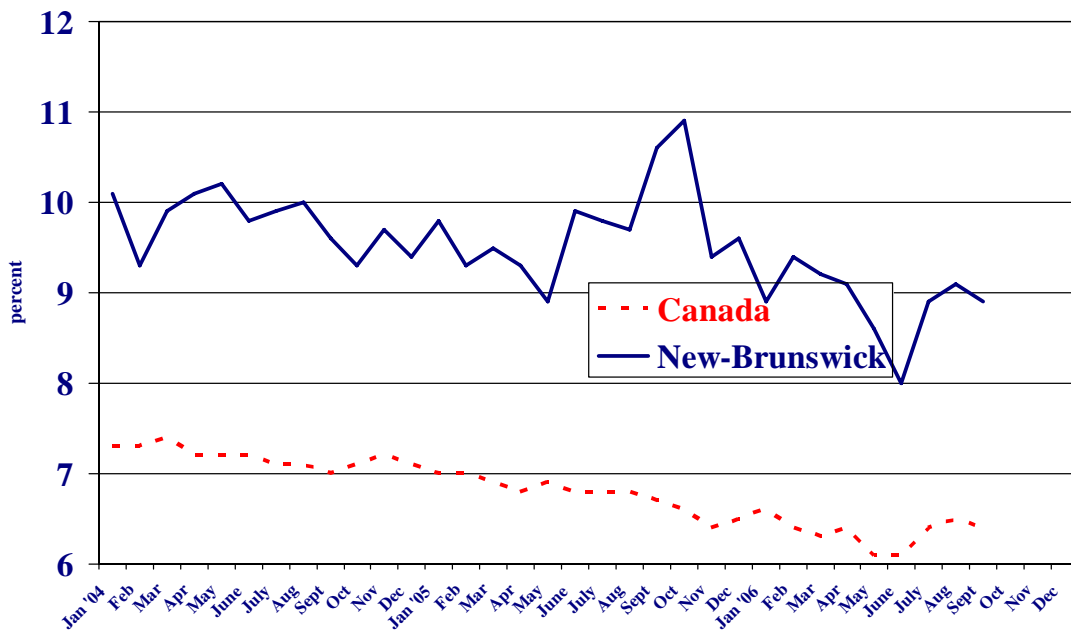
http://www.scotiabank.com/cda/content/0,1608,CID8339_LIDen,00.html

Labour Force Statistics for September 2006

Canada and the Provinces¹

In September, Canada's unemployment rate was 6.4%, 0.1 of a percentage point lower than last month, and 0.3 of a percentage point lower than the same time last year. New Brunswick's rate of 8.9% was 0.2 of a percentage point lower than last month and 1.7 percentage points lower than the same time last year, when it stood at 10.6%.

UNEMPLOYMENT RATES Canada and New Brunswick

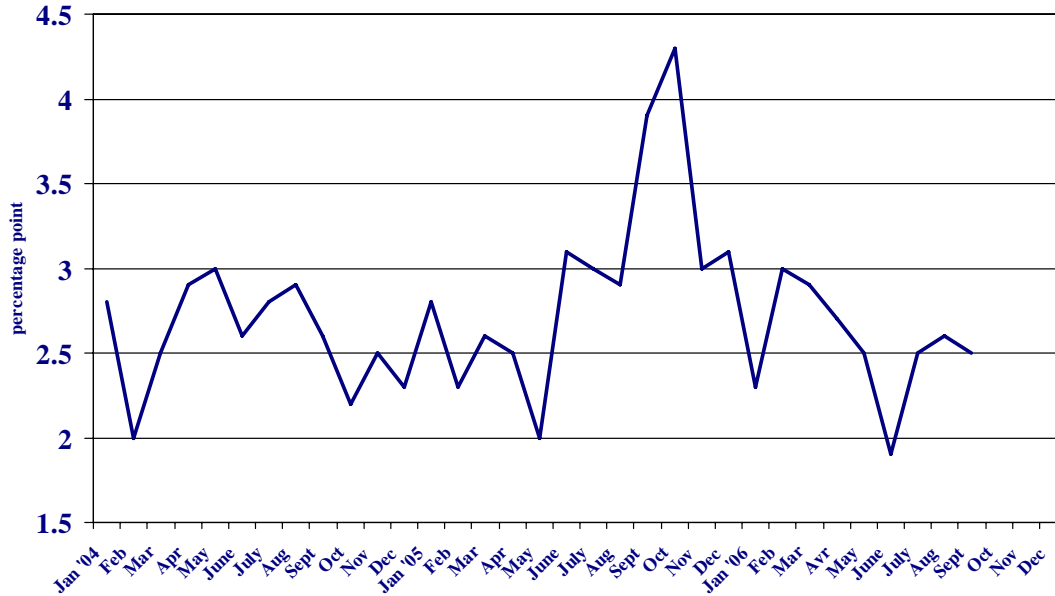


Source: Statistics Canada, Labour Force Survey

¹ Most of the data that follows are from the monthly Labour Force Survey produced by Statistics Canada. Data from other sources are referenced.

The gap between the national and provincial rates was 2.5 percentage points in September.

DIFFERENCE IN UNEMPLOYMENT RATES Canada and New Brunswick



Source: Statistics Canada, Labour Force Survey

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Department of Post-Secondary Education and Training
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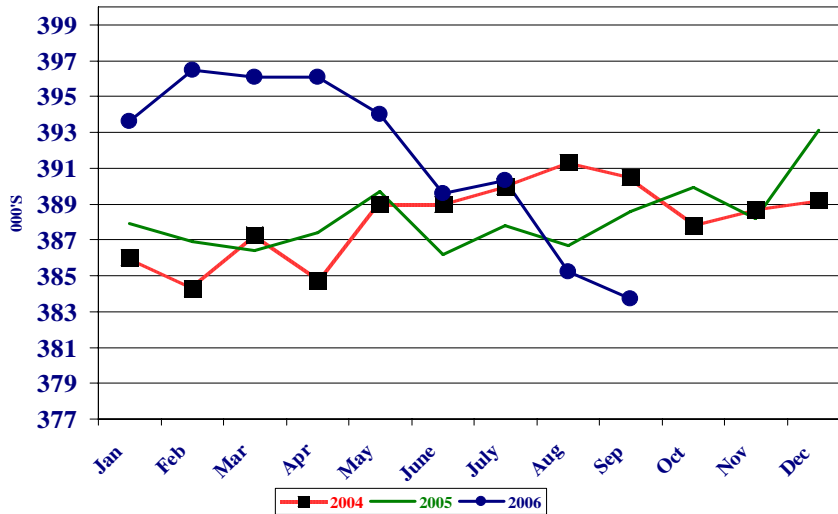
<http://www.gnb.ca/0126/0001e.htm>

New Brunswick

Labour Force

New Brunswick's labour force stood at 383 700 in September. This represented a decrease of 1 500 over last month and represented a decrease of 4 900 over the same time last year.

LABOUR FORCE New Brunswick

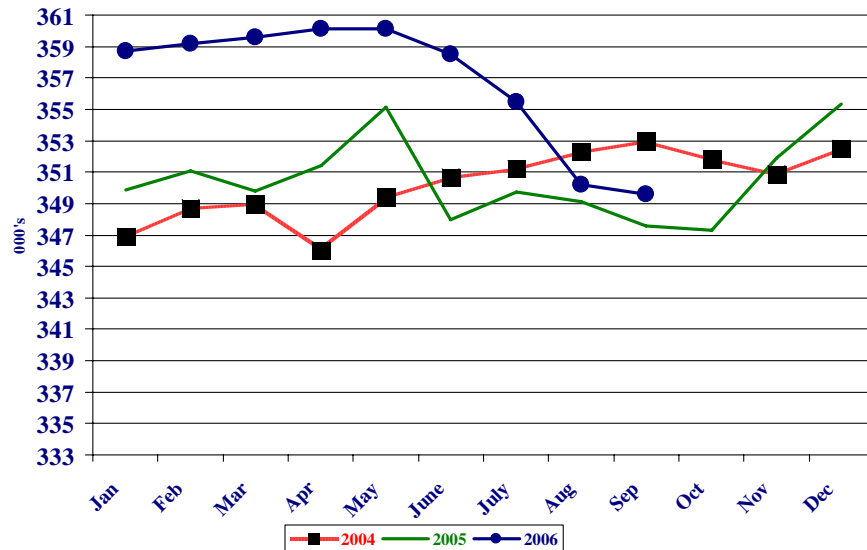


Source: Statistics Canada

Employment

There were 349 600 people working in September. This represented a decrease of 600 over last month but represented an increase of 2 000 over the same period last year. The year-over-year employment growth was +0.6%, compared to the national growth of +1.9%.

EMPLOYMENT New Brunswick



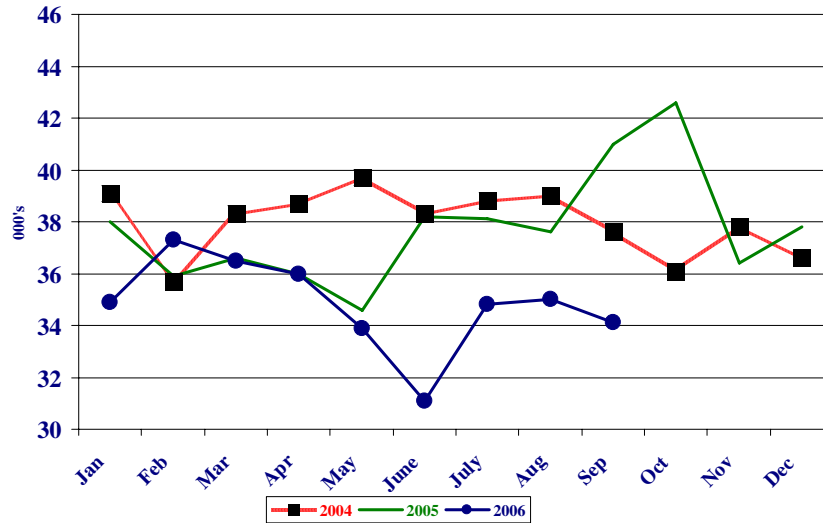
Source: Statistics Canada

Unemployment, Unemployment Rate

There were 34 100 people unemployed and seeking work in September. This is 900 less people than what was recorded last month and is 6,900 less compared to the same period last year.

UNEMPLOYMENT

New Brunswick

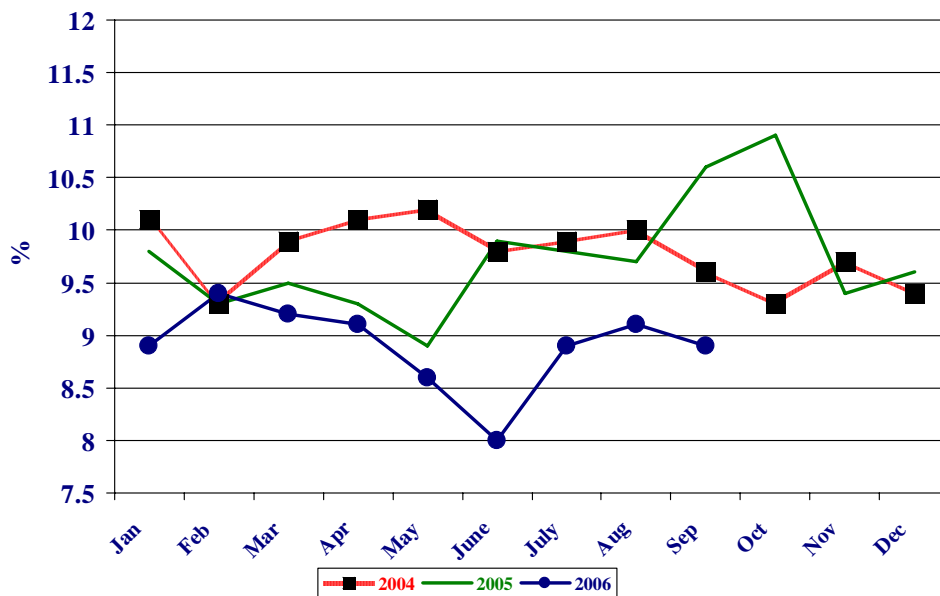


Source: Statistics Canada

New Brunswick's unemployment rate of 8.9% was 0.2 of a percentage point lower than last month and 1.7 percentage points lower than the same time last year.

UNEMPLOYMENT RATE

New Brunswick



Source: Statistics Canada

Regions

Statistics Canada reports labour force statistics for the economic regions² as three month moving averages of actual (not seasonally adjusted) data³.

September '06	Economic Regions				
	Northeast	Southeast	Southwest	Central	Northwest
Labour Force (000)	82.9	108.7	90.1	72.0	44.8
Employment (000)	72.9	101.1	83.9	66.7	41.0
Unemployment (000)	10.0	7.6	6.1	5.3	3.9
Unemployment Rate (%)	12.1	7.0	6.8	7.4	8.7

(Employment 000's)				
	YTD*	September '06	August '06	September '05
Northeast	68.2	72.9	73.5	74.9
Southeast	97.8	101.1	103.7	102.2
Southwest	84.6	83.9	85.4	82.1
Central	64.0	66.7	67.3	65.8
Northwest	40.9	41.0	41.2	39.2

In September of 2006 compared to September of 2005, employment increased in the Southwest (+1,800); Northwest (+1,800) and Central (+900) regions while employment decreased in the Northeast (-2,000) and Southeast (-1,100) economic regions.

* Year-to-Date

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LMAB
 Analysis Branch



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² The five economic regions are: Northeast (Restigouche, Gloucester and Northumberland counties), Southeast (Kent, Westmorland and Albert counties), Southwest (Kings, Saint John and Charlotte counties), Central (Queens, Sunbury and York counties), and Northwest (Carleton, Victoria and Madawaska counties).

³ Regional figures cannot be directly compared with the data for the province as a whole unless that data are also reported as three month moving averages of actual data. This manipulation of the data has the effect of smoothing out monthly variations, making it easier to see longer term trends.