

Saskatoon Labour Committee Speaking Notes April 27, 2006

Sectoral strength

- No matter which way one looks, there are signs of economic growth in the Saskatoon region.
 - Help wanted moving from the industrial sector to retail and service
 - E.g. 51st Street
- The resource sector expansion
 - Potash investment, marginal slowdown
 - Positive impact in some smaller towns as well as Saskatoon
- The continued growth of the research and development community
 - Not all jobs are high tech
 - E.g. sorting diamonds at SRC
- The strength of the manufacturing and processing sectors
 - Export pressures on manufacturers due to dollar
 - Replaced with Fort Mac
- Retail growth
 - Consistently above national averages for increases
 - Was slower than other parts of Canada, but has now surpassed
 - Good barometer
- Housing is a good barometer
 - Prices continue to increase
 - Volumes steady to increase on used
 - After slowdown last year in construction, will increase again this year and maintain higher level into future
- Small towns in region
 - E.g. Warman, Martensville, Dundurn, Allan
 - All for different reasons – Warman 8 minutes away, Martensville with industrial park, Dundurn after CLS workers, Allan from Potash mine

Future of the regional economy:

- No apparent reason any will slow down
 - Oil will not likely fall below \$60 – world events
 - Uranium will get stronger
 - Potash will maintain strength
 - Forestry will regain strength
 - Retail numbers will match area growth
 - Fort Mac growth will impact on us even more in future
 - The existing companies have challenges in finding people but are quite loyal to local employees
 - The new companies will not have that luxury
 - Northern development will create more jobs yet
 - Diamond mining if proceeds
 - Oil sands in northwest part of province

Labour Shortage:

- Recognize mismatch between strong employment market and the challenges of getting everyone into a job
- Saskatoon is seen by most employers as being at or very near the common definition of “zero unemployment”.
- While this may or may not be technically correct, the typical employer perception is that the number of qualified people looking for work is quite negligible.
- Net result is that as at today, there are virtually no sectors in which employers see any degree of available labour force.
- Within the industrial community, there have been shortages of skilled tradespeople for the past decade.
- This shortage situation has migrated to other areas such as the professional services sector as well where, for example, it is increasingly challenging for local firms to find a sufficient number of accountants or lawyers.
- Recognize this doesn't help the DCRE client base, at least not in the short term

- This trend has reached into the service and retail sector.
- The number of “help wanted” signs at restaurants and retail stores, by way of example, is evidence of the fact that the labour shortage has taken hold right across the local economy.
- What will change in the path of labour shortage?
 - There are no signs whatsoever that this situation is about to change. In fact, it will only become even more ingrained.

Emerging opportunities and pressures:

- One of the newest trends is the raiding of shop floors that is occurring right across Saskatchewan.
- The primary targets are manufacturers in the metal fabrication sector and the primary “villain in the piece” are companies from the oil sands projects in Alberta.
- Because it is not other machine shops that are doing the recruiting, where they would have some limits on what they could pay, it is oil sands producers working with huge margins.
- The typical offer is at least double what the skilled tradesperson is earning in Saskatchewan. Or more.
- This creates demand for additional tradespersons within the province.
- As this continues to occur, some machine shops have indicated they will have to lower their expectations of a potential employee’s experience and expertise in order to keep their shop floor full.
- This creates opportunities for new employees to find a skilled trade job and to move up faster within the company.
- This trend also puts more onus on the company to increase the level of on the job training offered to new employees.
- As a result of changed standards, an additional group of potential employees now has a chance to work in some of these shops – note some shops, not all.

Employer responses to labour shortage:

- Traditionally, raid from each other.
- Wait until training institutions provide more output
 - Not working, as Fort Mac is getting there first
 - Hard to convince an apprentice machinist
- Immigration has started to catch on as a means by which companies, particularly in the skilled trades area, will find their employees.
- This is increasing most notably in rural Saskatchewan, in all likelihood because this is the area of the province that has faced the problem for the longest time.
- This will not occur quickly, however and despite all the rhetoric, should be put into context.
- The provincial government's target has increased from 2,000 per year to 5,000.
- This is a new initiative and there is a reasonable question as to whether it will happen as quickly as they would like, even though it will certainly occur in future.
- While this would appear to be a dramatic change, even if the target is hit, it will be a case of backfilling longstanding vacancies in many cases.
- Any economic growth in the province will mean that the demand will continue to exceed the supply of labour.
- And it is likely that the economic growth rate will increase
- Despite what you hear from economic forum groups that things will stabilize in terms of growth or labour issues, I don't buy it
- We are short of skills now, we will be more short of labour in future as growth continues to pick up speed.

Potential employer strategies:

Given the changes in the employment marketplace, employers are starting to adopt some new strategies that include the following:

- Increase the level of mechanization so as to decrease their reliance on labour.
- Increase their use of immigration as a means of finding enough skilled trades and skilled labour.
- Change the standards and benchmarks by which they gauge whether applicants are to be hired.
- Increase on the job training in situations where the employer has “decreased” their hiring standards.
- Downsize their plants.

Some employment opportunities identified in working with DCRE:

Based on the discussions directly with businesses, and with industry organizations directly representing those businesses, the following represent opportunities at this time:

- A segment of the machine shop / industrial sector.
 - This sector has two distinct camps.
 - In one set, the skill requirements are such that they cannot realistically look at realigning their hiring standards
 - Other machine shops have different skill requirements in that a portion of their workforce does not require journeyman status or skilled trades status.
- Within the construction sector, the residential housing market, with its attendant need for general labourers alongside skilled trades will expand this year compared to 2005.
 - The primary constraint for the industry in the past year was available serviced lots.
 - Because of that lack of inventory, the level of home construction fell off, but the industry foresees a significant rebound in 2006.

- Because some people left the industry during a slower 2005, there will be increased demand for employees in the current year.
- The trucking industry remains in need of qualified transport operators.
 - The money is good and the work is challenging.
 - Understandably, the need for a Class 1A license is a deterrent to many people, as is the challenge in finding the initial experience.
 - There is, however, increased focus on internal training within the companies now than was the case in the past.
 - Also, despite the perception that this is a male preserve, experience for many training centres suggests that upwards of 25% of those who enroll are female.
- Plant expansions will create further employment opportunities.
 - The influx of contact centres, poultry processing capacity and the planned expansion of Mitchell's to the north end of the city will again draw people from existing jobs, leaving entry level positions available.
- The automotive repair sector continues to be short of qualified personnel.
 - This is an industry faced with both a labour shortage and a cost/price squeeze. The result is some shops amending their entrance requirements for personnel.
- The construction of the Whitecap Casino is a significant employment opportunity for First Nations persons and non-First Nations persons.
 - As of today, the project is still in the preliminary stage and therefore the opportunities will continue to increase.
 - Work is being done on grade beams, with concrete work to start in about two weeks.
 - So far, there are 20 people employed at site. By May, there will be about 50 persons on site and it is estimated that will grow to about 100 employees by late summer or early fall.

- Some of these positions are for skilled trades and some for general labourers.
- Following this project, additional work will be available at the casino projects in Swift Current and Yorkton.
- As well, there are strong, long term construction career opportunities with other SIGA projects.

Overall:

- There is every reason to believe the economy will continue to expand in the region
- There is a strong perception that there are not enough employees to go around.
- There is a strong perception that if someone can't find a job, there is something wrong
- Immigration continues to be a strong focus in some sectors e.g. manufacturing
- There will be enough growth that any immigration increase will not detract from the capacity for employment from people who are already here
- Every single trend line points to increased demand for workers and we are just beginning to see the change in employer attitudes about what they will accept, how much training they will do, and the fact that new approaches are needed.