

LABOUR MARKET AGREEMENT BRITISH COLUMBIA 2008/09 ANNUAL PLAN

Objective

British Columbia's effort for the 2008/09 fiscal year is aimed at designing new labour market programs and expanding existing labour market programs to increase the participation of Canadians and immigrants in the workforce, enhance the quality of skills development and training, and facilitate workforce mobility. Another key focus for 2008/09 is enhancement of labour market information to inform decision-making by government, business, employers and employees, as well as to identify the appropriate allocation of labour and skills in B.C.

Environmental Scan

Part 1: Key strategies and priorities related to the labour market

One of the Government of British Columbia's Five Great Goals is "To create more jobs per capita than anywhere else in Canada". The province is expected to have more than 1.1 million job openings over the next twelve years. With only 652,000 young people currently in the province's school system, B.C. will face substantial labour and skills shortages in the future labour market.

A skilled labour shortage is recognized as one of the main risks to B.C.'s economic outlook. "Government's role in facilitating economic growth includes attracting a skilled and knowledgeable workforce through programs that remove employment impediments and welcome international workers into British Columbia's economy."

- British Columbia Budget and Fiscal Plan 2008/09 – 2010/11

The 2008 Speech from the Throne addresses the effort in pursuing educational excellence and a strong economy. "Funding will be targeted where it is needed most, to meet skills demands with added training capacity for skilled workers." "New training opportunities will also be offered to help forest workers who have been temporarily laid off to upgrade skills and earning potential."

- British Columbia Speech from the Throne 2008

The Transformative Change Accord and Métis Nation Relationship Accord set out the goals for closing the significant differences that exist between Aboriginal people and other British Columbians on important social and economic indicators.

*- British Columbia Ministry of Aboriginal Relations and Reconciliation Service Plan
2008/09 – 2010/11*

WorkBC is a comprehensive action plan to address skills shortages in British Columbia. Five strategic action areas are the focus of WorkBC: (1) keep the workforce we have in B.C.; (2) develop the skills of our existing workers; (3) increase the labour market success for Aboriginal people; (4) attract and recruit new workers; and (5) address regional skills shortages.

Part 2: Detailed environmental scan

Overview of key economic indicators

For the past few years the British Columbia economy has outperformed the national average and most other provinces in terms of job creation and GDP growth.

In 2007, employment in B.C. posted annual growth of 3.2%. The size of the labour force in the province was approximately 2.37 million, in which 2.27 million people were employed. Last year saw the labour force participation rate in the province at 66.3%, the highest rate in the past ten years. B.C.'s employment rate in 2007 was 63.5%, a record high level since 1976. The province's unemployment rate has fallen from an annual average of 8.4% in 1997 to an annual average of 4.2% in 2007. No other province has seen a similarly large drop in its jobless rate during the last ten years. Given the fact that the labour market in the province is close to full employment, some employers are already facing problems hiring qualified workers.

In 2006, British Columbia's GDP was \$158.3 billion (chained 2002 dollar) or \$36,649 per capita. The average annual growth rate in real GDP between 1996 and 2006 reached 3.5%. B.C. will post another strong year with estimated economic growth of 2.4% in 2008 and 2.8% in 2009. In the medium-term, growth is expected to be slightly weaker due to a softer outlook for the U.S. and Canadian economies, and associated weakness in B.C.'s trade sector.

In 2007, housing starts for the year surged 7.6% over 2006 levels; the value of non-residential building rose 0.2%. In the first eleven months of 2007, retail sales posted robust growth rising by 7.1%; manufacturing shipments saw a decline of 2.4% in the value over the 2006 levels during the same period; the value of merchandise exports dropped 5.1%. The decline of B.C. exports is largely contributed to the slump in the U.S. housing market and the appreciation of the Canadian dollar relative to the U.S. dollar.

Overview of key labour market challenges

British Columbia faces a serious skilled labour shortage. Over 1.1 million job openings are projected over the next dozen years, but there are only 652,000 students currently in our K-12 school system, leaving a shortfall of at least 462,000 workers. Seven sectors are currently experiencing labour shortages, a situation expected to continue into the future. These sectors include agriculture, oil, gas, and mineral extraction, construction, transportation and warehousing, health care and social assistance, information, culture and recreation, and accommodation and food services. In the province, 236 occupations

were identified as occupations under pressure in 2007. A typical example illustrating the hot job market in B.C. is the booming construction sector fuelled by large infrastructure projects related to the 2010 Olympic Games and strong housing market.

Between 2001 and 2006, the provincial population grew by 5.3%. This was slightly lower than the national average of 5.4%. The growth was concentrated in the 45 and older age group, with the older working-age population (ages 45-64) increasing 19.4% and those aged 65 and older increasing 12.5%. In 2006, the proportion of the population aged 65 and older has increased from 13.6% in 2001 to 14.6% in 2006. A quarter of B.C. residents will be 65 and older in the next 15 years.

In 2007, almost 39,000 immigrants arrived in B.C., down 7.6% from 2006. Immigration levels were down for the second straight year, but 2007 levels were still the third highest since 1998. Twenty-three thousand immigrants arrived in the economic classes (skilled workers, Provincial Nominee Program, and other economic classes), a decrease of 9.3% from 2006 levels. The number of non-economic immigrants (family class, refugee, and others) also decreased 4.8%.

In 2007, B.C. gained 65,800 inter-provincial migrants and lost 52,400, resulting in a high net gain of 13,400 individuals through inter-provincial migration. With a 31% increase in the net inter-provincial migration over 2006, B.C. received more annual net inter-provincial migrants than any other region for the first time since 1996. The top two contributors to the inter-provincial flow were Alberta (9,300) and Ontario (3,100).

Population profile

According to the 2003 International Adult Literacy and Skills Survey data British Columbia's adult literacy rates are among the best in Canada and better than those in the United States. The average proficiency of adult British Columbians is higher than the Canadian average in all areas tested including: prose, numeracy and problem-solving.

In 2006, 62% of adults in B.C. were post-secondary graduates. About 24% of B.C.'s adult population had a university degree; 20% had a college diploma; and 12% had a trades certificate. An additional 26% of the adult population had a high school diploma. Conversely, only 12% of the adult population in the province had not completed high school in 2006, the lowest population of all provinces and territories. British Columbia had a substantial net inter-provincial inflow of university graduates, about 9,900 between 2001 and 2006.

In 2007, the total number of immigrants in the labour force was 602,000, including 82,000 very recent immigrants (immigrants to Canada within 5 years), 91,000 recent immigrants (those landing in Canada between 5 and 10 years), and 429,000 established immigrants (immigrated to Canada more than 10 years ago). The total number of immigrants aged 15+ with a job was 571,000, including 74,000 very recent immigrants, 85,000 recent immigrants, and 412,000 established immigrants. The employment rate of

immigrants aged 15 years and older was 55.6%. The unemployment rate was 5.1% for total landed immigrants.

In 2006, the total Aboriginal population aged 15 years and older in the labour force was 92,000, including 78,000 employed (85.0%) and 14,000 unemployed (15.0%). Participation rate of Aboriginal people was 65.0%. The employment rate of Aboriginal people was 55.3%. The unemployment rate of Aboriginal people was 15.0%.

In 2006, B.C. had approximately 639,000 individuals with at least one disability or roughly 16.0% of the population. There are 355,000 persons with disabilities of prime working age (between 15 and 64), or 12.8% of the population. In 2001, 44% of persons with disabilities in B.C. were employed, and 21% of individuals with disabilities were unemployed.

Detailed information on the six target groups (women, youth, older people, immigrants, Aboriginal people, and persons with disabilities) is attached in Appendix 1.

Province specific issues

The economy in British Columbia is now more diverse than in earlier decades. Primary goods production industries such as forestry, mining, fishing and agriculture are still important, especially in communities where they are big employers, but since the mid-1990s, there have been fewer people working in these industries than in other types of goods production. Not only is B.C.'s economy less dependent on natural resources, but it is also becoming increasingly less dependent on the whole goods industries as a source of GDP and employment. The service sector now provides approximately four times the number of jobs than does the goods producing sector.

Among B.C.'s natural resources, forestry was the leading sector of the economy throughout the twentieth century. However, the forest industry in British Columbia is being challenged. The U.S. housing market crash and the strong Canadian dollar are having a pronounced negative impact on provincial forest product exports. The mountain pine beetle epidemic also hurt B.C.'s forest industry. The provincial government is working with the forest sector through this difficult time.

On the other hand, oil and gas extraction is an important natural resource-based sector with enormous potential for development. GDP growth in the oil and gas sector has outpaced the rest of the economy in recent years. B.C. is attracting unprecedented interest and investment from oil and gas companies. In 2007, sales of oil and gas rights exceeded one billion dollars for the first time. .

PRIORITY AREAS FOR LMA INVESTMENT

To achieve the key goals of the LMA 2008/09 annual plan, five priority areas have been identified:

- 1) career development information
- 2) employment access, counselling and services
- 3) job readiness assessment tools and job readiness
- 4) essential skills and workplace based training
- 5) financial supports and benefits

The first priority above is focused on the establishment of labour market information. The other four priority areas focus on the expansion of existing labour market programs and creating new labour market programs.

Detailed information is not currently available for some new programs because they are still in the program design stage.

The original agreement contained an investment plan that has been changed to take into account additional information the province has received regarding which clients and which programs are eligible under the agreement. The attached table (Appendix 2) provides details regarding the planned LMA investments.

Service delivery

Specific service delivery arrangements are not available, but are expected to be a combination of in-house and contracted services.

Intended clients

Under the LMA, British Columbia agrees to use the funding to provide assistance under its eligible programs to benefit any or all of:

- a) unemployed individuals who are determined to be non-EI clients, including but not limited to:
 - o social assistance recipients;
 - o immigrants;
 - o persons with disabilities;
 - o older workers;
 - o youth;
 - o Aboriginal peoples;
 - o new entrants and re-entrants to the labour market; and
 - o unemployed individuals previously self-employed; and

- b) employed individuals who are low-skilled, in particular, those who do not have a high school diploma, recognized certification or have low levels of literacy and essential skills.

Targets/Results

As many initiatives are in various stages of development and implementation, the results expected and targets for the planned activities are also under development.

Summary of Consultation Process

Ministries responsible for LMA programs are in the various stages of the consultative process. The overall focus for consultations is to inform program planning and development, including input on program needs, structure and implementation.

Stakeholders that will be consulted include Aboriginal people, associations/councils, business/industry, public post secondary institutions, service providers and recipients, employees, unions, elected officials, federal government representatives, and media.

The following is a list of stakeholders that have already been consulted or may be consulted. Others may be added in the future.

- Abbotsford Community Services
- Aboriginal Business Service Network Members
- Aboriginal Community Career Employment Services Society (ACCESS)
- Aboriginal Post-Secondary Institutions
- Aboriginal Human Resource Development Strategy (AHRDA)
- Aboriginal Multi-Media Society (AMMSA)
- Apache- on behalf of the Horn River Basin Shale Gas Producers Group
- ASPECT
- Assistive Technology BC
- Automotive Training Standards Organization
- Back in Motion
- BC Agriculture Council
- BC Campus
- BC Chamber of Commerce
- BC Disability Articulation Committee
- BC Food and Restaurant Association
- BC Hydro
- BC Lodging and Campground Association
- BC Mineral Exploration and Mining Industry Labour Shortage Task Force
- BC Poultry Association
- BC Trucking Association
- British Columbia Institute of Technology
- Camosun College
- Canadian Association of Oilwell Drilling Contractors
- Canadian Association of Petroleum Producers
- Canadian Council of Directors of Apprenticeship

Canadian Federation of Independent Business
Canadian Home Builders Association (CHBA)/Built Green
Canadian Home Builders Association of BC
Capilano College
Cariboo Chilcotin Beetle Action Coalition
Cariboo-Chilcotin Aboriginal Training Education Centre Society
Carrier Chilcotin Tribal Council
Central Vancouver Island Multicultural Society
Certified General Accountants of BC
City of Fort St. John
CityGreen
Coalition of BC Businesses
Coast Salish Aboriginal Employment & Training Society
Coast Salish Employment and Training Society
College of New Caledonia
College of the Rockies
Community Futures – Peace River Liard
Community Futures Association of BC
Community Futures Development Corporation
Construction Industry Training Organization
Douglas College
DTES Creative Industries
Economic Development Association of BC
Employment Connections
EnCana
Energy Services BC
ENFORM
Federal-Provincial/Territorial Natural Resources Skills and Capacity Sub-Committee
First Nations Employment Society
First Nations Forestry Council
First Nations Leadership Council
First Nations Mountain Pine Beetle Initiative
First Nations Technology Council
Fox Pro BC
Go2HR
Gordon Head Research & Communications Services
Green Workplace
Hort Education BC
Insurance Corporation of BC
Immigrant and Multicultural Services Society
Immigrant Services Society
Inter-Cultural Association
Industry Training Authority (ITA) Aboriginal Advisory Council
Industry Training Authority BC
Kathleen O'Neill & Associates
Kwantlen University College
Lil'Wat First Nation
Métis Nation of British Columbia
Ministry of Aboriginal Relations and Reconciliation
Ministry of Education

Ministry of Health
Ministry of Housing and Social Development
Multicultural Helping House
Nanaimo Youth Services Society
New Relationship Trust
Nexen- on behalf of Horn River Basin Shale Gas Producers Group
North East Native Advancing Society
North Island College
North Island Nuu-chah-nulth Tribal Council Aboriginal Management Board
Northeast Aboriginal Business and Wellness Centre
Northern Lights College
Northwest Community College
Nuu-chah-Nulth Tribal Council
Okanagan College
Okanagan/Ktunaxa Aboriginal Management Society
Omineca Beetle Action Coalition
Persons With Disabilities Advisory Committee
Prince George Nechako Aboriginal Employment & Training Association
Prism Engineering
Propel (a division of go2HR)
Queen's Printer
Regional District of Fraser Ft. George
Residential Construction Industry Training Organization
Resource Industry Training Organization
Resource Training Organization BC
Retail BC
School District 59 & 60
Selkirk College
Service Canada
Shuswap Nation Tribal Council Society
Skeena Native Development Society
Southern Interior Beetle Action Coalition
Sto:lo Nation Human Resource Development
StudentAid BC
SUCCESS
The John Howard Society
Thompson Rivers University
Treaty 8 First Nations
University College of the Fraser Valley
Vancouver Community College
Vancouver Island University
Vancouver Regional Construction Association
Victoria Immigrant and Refugee Centre Society

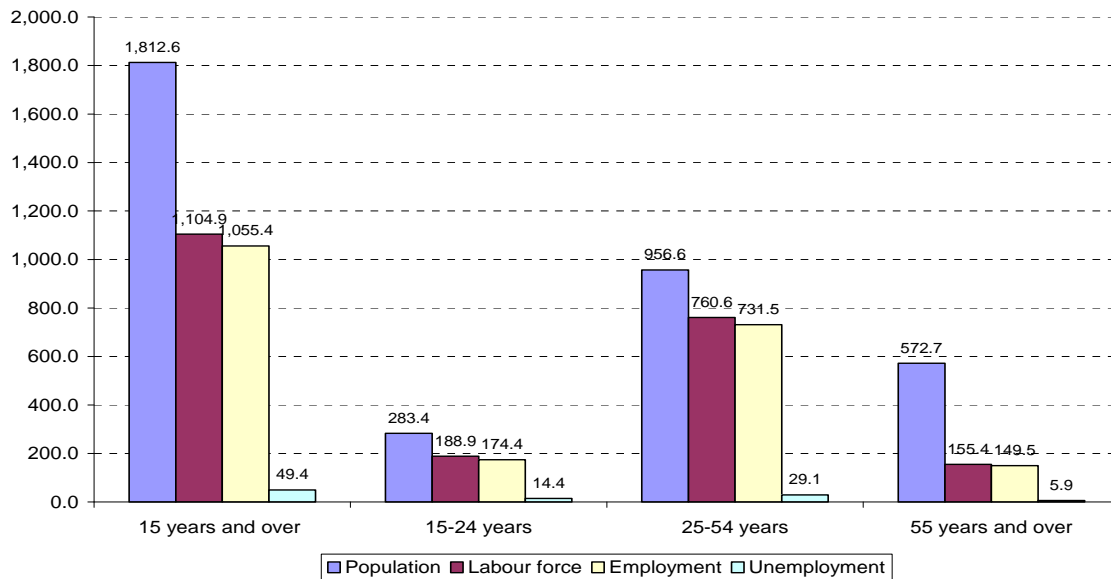


Appendix 1: Profiles of Target Groups

1) Women (15 years and older)

- Women continue to have a relatively lower participation rate than the average in B.C.'s workforce (61.0% versus 66.3%).
- Compared to women across Canada, the B.C. participation rate for women is slightly lower, but has been increasing marginally over the last five years.
- Part time work also accounts for about 30% of women's labour.
- Key barriers to women's participation include: labour market discrimination, access to childcare, etc.

Women: Labour Force Characteristics by Age Structure ('000)

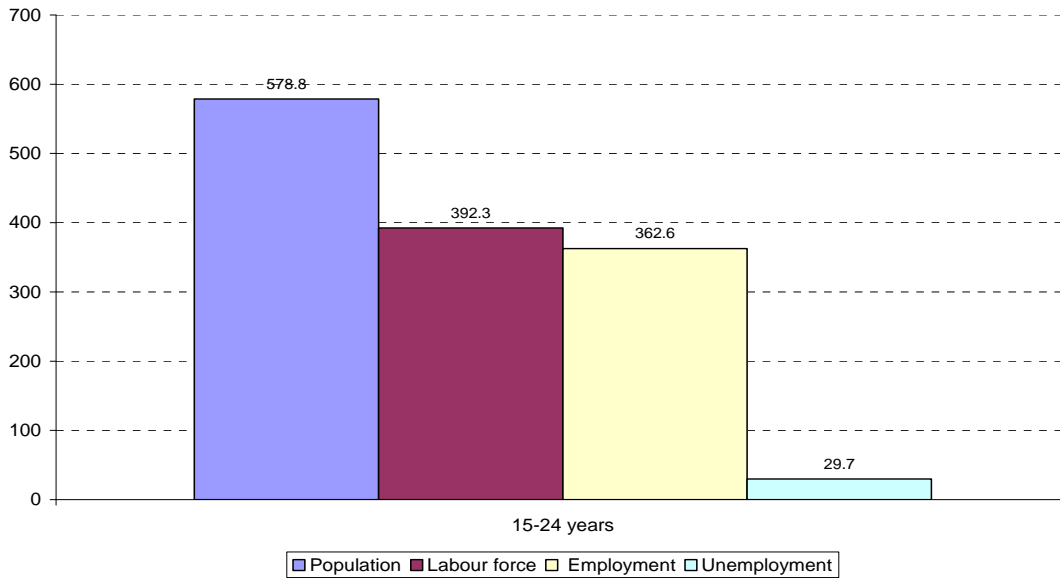


2) Youth (15-24 years old)

- The youth participation rate in the workforce is slightly higher than the average for the whole working age population (67.8% versus 66.3%).
- With many youth attending high school or post secondary institutions, nearly 63% of youth are currently in B.C.'s workforce.
- Youth also have a relatively high participation in part time as opposed to full time employment (58.4% versus 41.6%).



Youth (Aged 15-24): Labour Force Characteristics ('000)

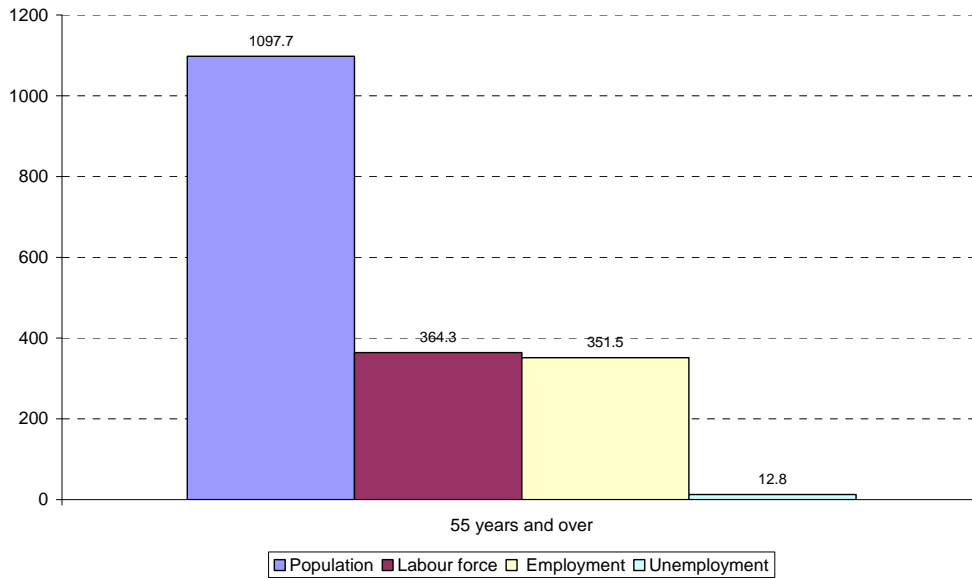


3) Older workers

- An increasing proportion of B.C.'s labour force is made up of older workers, yet people aged 55 years and older still have a very low participation rate, at 33.2%. This rate of participation is approximately one half the level of the overall participation rate in the province.
- The participation rate for older workers in B.C. has steadily increased over the last ten years, but it is still lower than in the prairie provinces and Ontario.
- Self-employment is far more prevalent among older workers than those in the 25-54 year old category.
- Key barriers influencing participation of older workers in the workforce include: personal preferences, illness and disability, stress associated with work, physical demands of work, finances (pensions, benefits and tax), etc.



People Aged 55+: Labour Force Characteristics ('000)

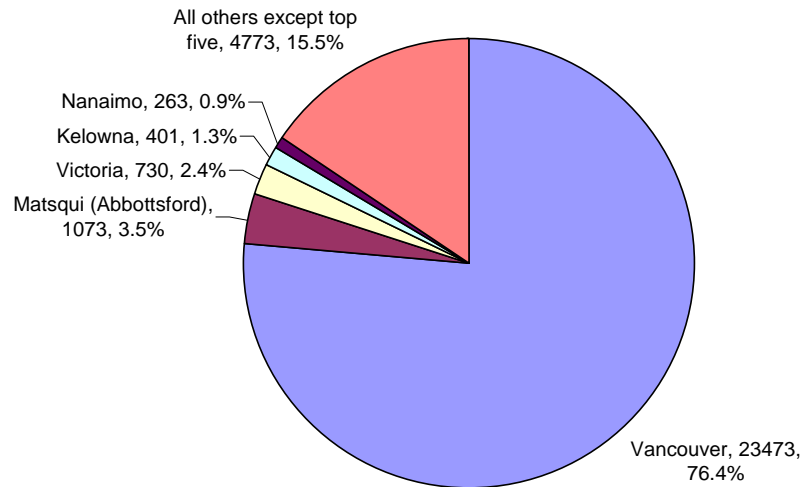


4) Immigrants

- Immigrants have a lower participation rate in the workforce than their Canadian-born counterparts (58.6% versus 69.9%). In particular, immigrant women have a much lower participation rate compared to Canadian-born British Columbians.
- The unemployment rate for immigrants is higher than the rate for their Canadian-born counterparts (5.1% versus 3.9%), despite the fact that landed immigrants to B.C. are much more likely to have a university education, especially recent immigrants who arrived in the past five years.
- Key barriers to labour force participation for immigrants: inadequate language abilities, lack of Canadian work experience, complex process for the recognition of credentials, discrimination, etc.



Distribution of the Destinations of Working Age Immigrants to BC in 2007

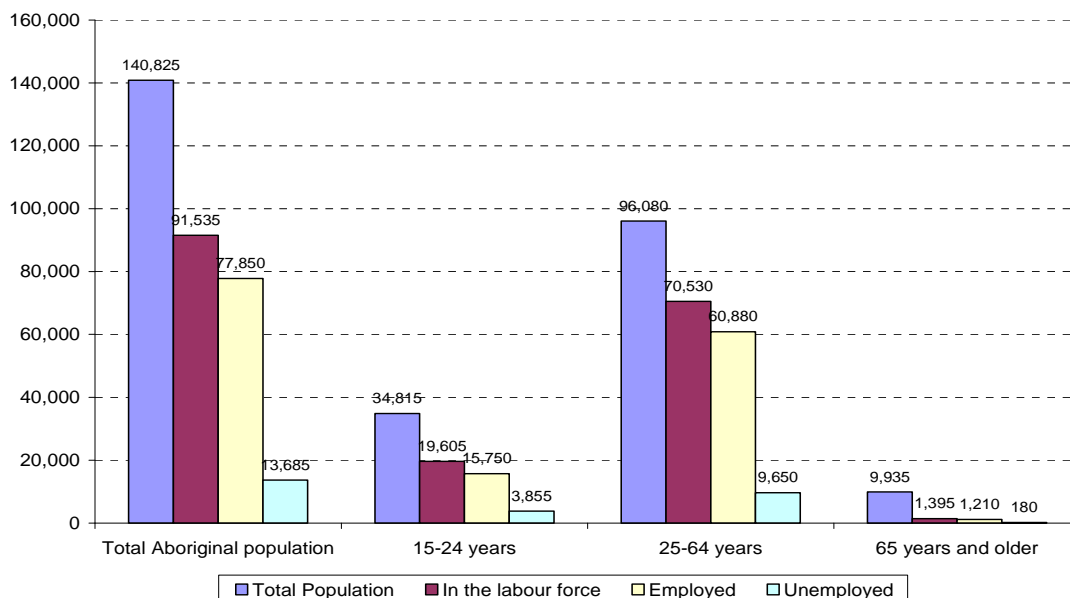


5) Aboriginal people

- The labour force participation rate for Aboriginal persons (65.0%) is slightly lower than the rate for the overall population. Compared to five years ago, the Aboriginal participation rate has increased by more than three percentage points.
- The Aboriginal unemployment rate remains more than double that of the non-Aboriginal population. Unemployment is an even larger issue for Aboriginals living on-reserve.
- Key barriers to Aboriginal labour force participation: lack of economic opportunities, lack of physical infrastructure, obstacles to obtaining financing, etc.



Aboriginal (On and Off Reserve): Labour Force Characteristics



6) Persons with Disabilities

- There are 300,000 working-age persons with disabilities in B.C. Many want to work and have excellent skills and talents.
- Persons with disabilities have a much lower employment rate (44%) and a much higher unemployment rate (21%), compared to those without disabilities.
- Key barriers to labour force participation: being prevented by the limitation itself, requirements for workplace accommodations, negative attitudes, lack of supports, etc.

Appendix 2 – LMA Investments by Service Type/Investment

Service Type/Investment	Planned Investment
Career Development Information	\$8.55 million
Employment Access, Counselling and Services	\$8.45 million
Job Readiness Tools and Job Readiness	\$12.65 million
Essential Skills and Workplace Based Training	\$16.3 million
Financial Supports and Benefits	\$10.10 million
Client access, communications and transition	\$8.5 million
Program Administration	\$1.866 million
Total	\$66.4 million