

The Canada/Newfoundland and Labrador
Labour Market Development Agreement



***Business
Plan
2007-08
and Beyond***

Canada 

Newfoundland
Labrador 

Working in Partnership

For more information on the Canada/Newfoundland and Labrador
Labour Market Development Agreement, visit:

<http://www.LMIworks.nl.ca/lmip>

<http://www.hrle.gov.nl.ca/hrle/publications/list.htm>

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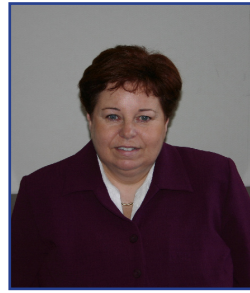
or contact us at:

LMDA Secretariat (709) 772-7160

A MESSAGE FROM THE CO-CHAIRS



Michael Alexander
*Regional Executive Head
Service Canada*



Brenda Caul
*Deputy Minister
Human Resources, Labour & Employment*

We are pleased to begin our tenth year operating as a co-managed team on the Canada-Newfoundland and Labrador Labour Market Development Agreement (LMDA). Since 1997, the LMDA has enabled many individuals to prepare to take their place in the Canadian workforce. Last year alone, our joint efforts assisted more than 10,000 people become better equipped to enter or re-enter the labour market.

With fiscal planning now underway for the current year, we are pleased to report that expenditures for 2006-07 were on target, thanks to the dedication and diligence of everyone involved. We aim to continue this very high level of performance and we are confident that this objective will be achieved.

In 2007-08 we will again strive to provide the best possible service to our clients. Income Support Recipients will continue to be a priority. Last year one of our key priorities was to assist Income Support Recipients obtain employment through the Targeted Wage Subsidy program. While we are waiting on an evaluation of those results, there are indications that this initiative has been very worthwhile. As always, we want people to be fully aware of their options under all programs that will help them to attain their employment goals.

In January past, senior officials from all signatory departments participated in a Dialogue Day exercise to identify key challenges for the LMDA as we move forward. One of the main outcomes was the establishment of a number of working committees to look at the specific challenges that were identified. These committees are responsible to complete an analysis of their assigned challenge and offer action orientated approaches and recommendations to address them.

While the past year saw a number of problematic labour market areas, we are pleased to say that federal and provincial staff were diligent in ensuring that the programs and services offered under the LMDA were there to assist eligible clients prepare for new labour market opportunities.

One of the hallmarks of the LMDA is the extent to which federal and provincial staff work well together at the local level. Their success is based on being flexible in dealing with labour market issues. Our key guiding principle is to provide clients with services most beneficial to their individual situations. We are committed to ensuring that this cooperation continues as we begin discussions to explore the devolution of labour market programming in the coming months. While these discussions occur, our goal is to guarantee the public the same high quality of service which they have come to expect. We are confident that federal and provincial staff will continue to provide the same degree of professionalism and diligence that has marked our successes over the past nine years.

As co-management evolves, we are assisting more people to realize their lifelong learning and employment goals. The LMDA is enabling people to lead independent and productive lives. The results of the past ten years speak for themselves and the LMDA team is making a worthwhile difference.

Sincerely,

Michael Alexander and Brenda Caul



PURPOSE OF THE BUSINESS PLAN

The 2007-08 Business Plan of the Canada/Newfoundland and Labrador Labour Market Development Agreement (CAN/NL LMDA) builds on strategic priorities established in the 2005-2006 Business Plan. These strategic priorities assist labour market partners in responding to local human resource requirements and implementing labour market adjustment measures. It also offers broad guidelines for local committees in developing their operational plans. While an internal document, the Business Plan can be used in consultations with external stakeholders.

LMDA MISSION

The CAN/NL LMDA partners, working with individuals, communities and other stakeholders, will strive to help clients meet measurable and achievable employment and educational goals. The labour market partners will work in partnership in the design and management of Canada's Employment Benefits and Support Measures and the National Employment Service, in a manner complementary to Newfoundland and Labrador's labour market programs and services.

INTRODUCTION

In March 1997, with the signing of the CAN/NL LMDA, the governments of Canada and Newfoundland and Labrador agreed to jointly manage, plan and design the Employment Benefits and Support Measures (EBSMs) and the National Employment Service (NES) in the province. The federal government retained its financial and program delivery responsibilities. The CAN/NL LMDA programs and services are designed to:

- Further federal and provincial labour market objectives and priorities;
- Increase the labour market participation of employable persons, particularly those reliant on public income supports;
- Remove barriers to labour market participation experienced by eligible persons not fully represented, including persons with disabilities, women, youth, older workers, Aboriginals and income support clients with Employment Insurance "reach back" status;
- Foster an entrepreneurial climate;
- Facilitate joint federal/provincial identification of labour market policy issues, themes, initiatives and other labour market matters of interest to both orders of government; and
- Strengthen partnerships among labour market stakeholders including employers, workers and community based organizations.

The introduction of a province-wide business planning process in 2001 has enabled LMDA partners to focus on key labour market priorities in Newfoundland and Labrador. The plan outlines medium to long-term strategic directions with annual priorities and concrete actions emanating from the districts' operational plans. The process has been strengthened through major initiatives supported by the LMDA such as pan-provincial research projects to help identify and address skills gaps in the labour market and to develop regional labour market information. These types of initiatives enable a more strategic approach in responding to unique labour market issues and opportunities in Newfoundland and Labrador.



STRUCTURE AND MANAGEMENT

The CAN/NL LMDA is co-managed by a number of committees at the corporate and local levels. The corporate management committee is comprised of senior federal and provincial officials with human resource, education and economic development mandates. The committee is co-chaired by the provincial Department of Human Resources, Labour and Employment (HRLE) and the federal Department of Service Canada (SC). A federal/provincial LMDA Secretariat provides executive support to the management committee and advice to district and working committees on LMDA issues.

The CAN/NL LMDA co-management process is guided and supported by local LMDA committees in all areas of the province. The local committee has a structure similar to the corporate management committee, with local HRLE and SCC officials as co-chairs. Other federal/provincial partners involved in the LMDA process at the district committee level include the Atlantic Canada Opportunities Agency (ACOA), Industry Canada, College of the North Atlantic (representing education) and the provincial Department of Innovation, Trade and Rural Development (INTRD). Social and economic development organizations, represented through the Regional Economic Development Boards (REDBs) and the Department of Labrador and Aboriginal Affairs, also play a significant role in the consultative and assessment processes.

Several other working committees, federally and provincially co-chaired, have been put in place by the management committee to gather and provide labour market information and to develop position papers in policy and programs areas including:

- Skills Development
- Labour Market Information
- Evaluation
- Communications
- Pan Provincial Review Assessment
- Industrial Adjustment Services.

The management committee membership at the corporate level is listed in Appendix 1.

LMDA PROGRAMS AND SERVICES

The LMDA offers a range of programs and services designed to prepare and assist clients in finding and maintaining employment and reducing their dependence on Employment Insurance benefits and other income supports. A brief description of these programs and services is provided in Appendix 2.

CONSULTATION

Labour market partners engage in community consultation on an ongoing basis to help achieve the objectives of the LMDA. The consultative process assists in determining local area priorities and developing plans. As well, the management committee periodically invites organizations from both the public and private sectors to make presentations on issues and strategies relevant to labour market development.



ENVIRONMENTAL SCAN

Economic and Labour Market Performance in 2006

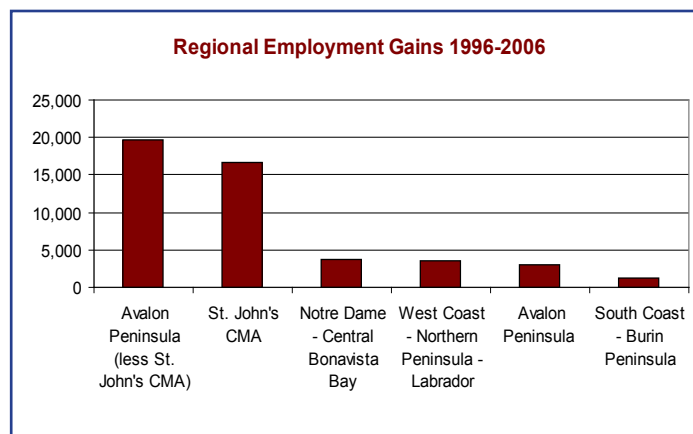
In 2006, the provincial economy continued to improve, consistent with trends observed since 1996. Real Gross Domestic Product (GDP) increased by 1.9% in 2006, due mainly to increased mineral exports. Real personal income grew by 2.3%, while real personal disposable income increased by 2.4%. Retail sales totaled \$6.1 billion in 2006, an increase of 3.0% over 2005. Although housing starts declined in 2006, residential construction investment increased by 3.1%, driven by strong renovation spending and construction of higher valued homes. Mineral exploration expenditures totaled almost \$98 million in 2006, the highest level ever recorded. Offshore oil production remained close to 2005 levels as gains from the White Rose field were offset by extended downtime at the Terra Nova field. Capital investment declined by 1.0% due to the completion of the construction phases of Voisey's Bay and White Rose developments in 2005.

As shown in Table 1, labour market conditions in the province also continued to improve in 2006. Again, this is consistent with trends observed since 1996. Employment grew by 0.7% to a record high of 215,700 in 2006, both the participation rate (59.2%) and the employment rate (50.4%) were at or near record highs and the unemployment rate dropped to 14.8%, the lowest rate recorded in over 25 years.

Indicator	1996	2002	2003	2004	2005	2006
Employment	187,500	207,200	213,300	214,300	214,100	215,700
Unemployment	44,200	41,400	41,800	40,000	38,400	37,500
Labour Force	231,700	248,500	254,100	254,300	252,500	253,100
Unemployment Rate (%)	19.1	16.7	16.5	15.7	15.2	14.8
Employment Rate (%)	42.3	48.5	49.5	49.8	49.8	50.4
Participation Rate (%)	52.2	58.2	59.3	59.2	58.8	59.2

Since 1996, employment growth has occurred in all four Labour Force Survey regions in the province (see Chart 1). While the Avalon Peninsula (which includes the St. John's Census Metropolitan Area (CMA)) accounted for 70.1% of employment growth (or 19,700 person years) in this period, positive growth was also experienced in the West Coast-Northern Peninsula-Labrador Region (3,500), the Notre Dame-Central-Bonavista Bay Region (3,700) and the South Coast-Burin Peninsula Region (1,200).

Chart 1: Regional Employment Gains, 1996-2006





Future Outlook

Continued growth of the provincial economy and labour markets is expected in 2007. Real GDP is expected to grow by 8.5% this year, mainly due to increasing mineral and oil production. Employment is expected to increase by 1.2% to average 218,300 and the unemployment rate is forecast to decline to 14.3%. Over the next decade, significant employment opportunities are expected to emerge due both to new growth (e.g. major project developments) as well as job openings that will be created as a result of an increasing number of retirees.

Despite these improvements and opportunities, the province continues to experience a number of challenges that point to potential skill and labour shortages in the future and that may negatively impact growth over the medium to long-term. Some of these include: continued population decline and aging; continued out-migration; low levels of immigration; low levels of education and literacy among older workers (25-54 yrs); a high proportion of workers living in rural areas of the province; increasing skills demands due to advancing technologies; industries that are in decline or transition and struggling to compete in the global economy, such as the fish and forestry sectors; and increasing competition for workers.

At the same time, the province has the highest rate of unemployment in Canada as well as the highest proportion of Income Support and Employment Insurance recipients. Increasing access to appropriate training and employment supports to ensure individuals, especially marginalized groups, are prepared to take advantage of opportunities will be a critical priority for the future. Helping to ensure employers have access to a sufficient supply of skilled workers to compete and help grow the economy to enhance our overall standard of living will also be a key priority.

Key Labour Market Trends to Consider for the Future

The provincial government recently released a series of regional labour market reports that provide detailed information about labour market trends and dynamics for the nine Rural Secretariat Regions in Newfoundland and Labrador (These reports may be downloaded at www.LMIworks.nl.ca). Some of the key labour market trends to consider for the future that are outlined in these reports and other ongoing labour market research include:

Population Aging and Decline of the Workforce

- ❑ Over the next 15 years, the provincial population will continue to decline, but at a much slower rate than in the past decade.
- ❑ The number of young people (15 to 24 yrs) available to enter the labour force has declined sharply, largely a result of declining births over the past two decades. In fact, in 2006, the number of deaths in the province exceeded births.
- ❑ While total population decline is expected to slow, the rate of decline among the working-age population of 15-64 year olds is expected to increase dramatically as the baby-boom generation enters retirement age. According to the latest provincial population projections, the working age population will decline by 16% (or 58,064 people) by 2021.



- ❑ As shown in Figure 2, it is anticipated that by 2021, there will only be about 1 young person aged 15 to 24 (potential labour force entrant) for every 2 potential retirees (55-64 year olds).
- ❑ The provincial population and workforce is also aging rapidly. By 2021, the median age of the population in Newfoundland and Labrador will be 49 compared to 42 in the rest of Canada. Furthermore, 51% of the working-age population will be 45 to 64 years old compared to 25% in 1990 and 43% in 2006.
- ❑ There will also be differences in the rate of population decline among the regions, further accelerating population aging in certain areas and the loss of workers due to retirement. Table 2 provides the anticipated population change across the province and Rural Secretariat Regions to 2019.

Chart 2

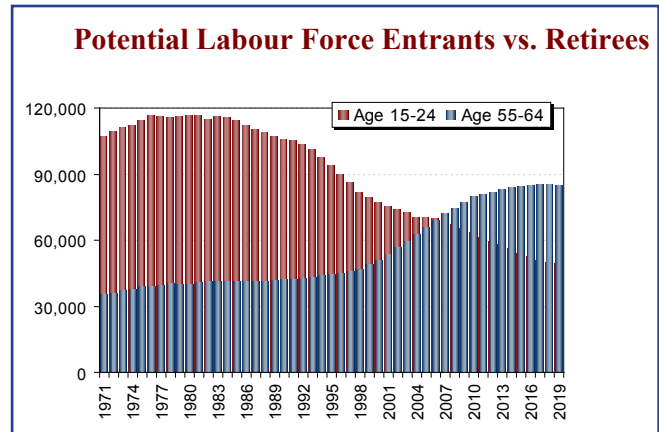


Table 2 Population Growth Decline				
Region	Population Growth Decline			
	Total Population		15-64 Year Olds	
	1991-2006	2006-2019*	1991-2006	2006-2019*
Province	-11.7%	-3.7%	-6.8%	-11.6%
Labrador Region	-11.2%	0.4%	-7.7%	-4.9%
St. Anthony - Port au Choix Region	-26.4%	-9.4%	-23.2%	-21.8%
Corner Brook - Rocky Harbour Region	-12.9%	-2.7%	-12.1%	-11.8%
Stephenville - Port aux Basques Region	-21.9%	-10.8%	-19.4%	-21.5%
Grand Falls-Windsor-Baie Verte - Harbour Breton	-16.1%	-3.4%	-14.9%	-12.1%
Gander - NewWesValley Region	-17.4%	-8.4%	-13.6%	-17.1%
Clarenville - Bonavista Region	-16.9%	-8.7%	-13.9%	-15.6%
Burin Region	-22.1%	-16.1%	-15.9%	-23.6%
Avalon Region	-3.1%	-0.6%	-3.2%	-7.9%

* Data by HRLE based on results from the Department of Finance, Economic and Statistics Branch Population Projection System. Note: Medium scenario assumptions used for projections to 2019.

- ❑ Other factors that are contributing to current population trends include low immigration rates and continued out-migration, especially among the province’s young adults.



Education

- ❑ Education levels in the workforce have been increasing, most notably among younger workers. Like other provinces, employment outcomes in Newfoundland and Labrador are better for those with higher levels of education.
- ❑ Newfoundlanders and Labadorians place a high value on post-secondary education. Our university participation rate is higher than the national average and, at the college level, participation is the highest in Atlantic Canada.
- ❑ High school graduation rates have steadily increased from 63.5% in 1988-89 to approximately 79% in 2004-05. The introduction of a mandatory career education course in all high schools across the province in September 2006 is expected to further increase participation in post-secondary education.
- ❑ While these changes are bringing education and training levels more in line with the Canadian average, there are still significant differences. For example, among the working age population in this province in 2001:
 - 13% had a university degree compared to 21% for Canadians overall.
 - 40% had a college/university certificate or diploma compared to 35% of Canadians.
 - 23% had a trades certificate or diploma compared to 13% of Canadians.
 - 31% had less than a high school education compared to 20% of Canadians.
- ❑ Lifelong learning and workplace-based training will increasingly play an important role in skills upgrading and development among the working-age population, especially for those over 25 years of age. According to the latest Adult Education and Training Survey (2003), participation in formal workplace training increased by 20% in this province between 1997 and 2003, however, at 29%, the proportion of workers who reported participating in training is still the lowest in the country.



Part-Year Work and Unemployment

- ❑ This province has the highest proportion of part-year workers in the country, especially in rural areas of the province. This is largely associated with a traditional dependency on seasonal industries. In 2001, about 54% of people worked part-year; 68% of workers in rural areas were employed in part-year jobs. The duration of work has been increasing however and many of people are working longer during the year in response to increasing employment demands.
- ❑ While the unemployment rate was the highest in the country at 14.8% in 2006, provincial labour markets may be tighter than perceived, especially during the late-Spring to early-Fall period. The unemployment rate is calculated as an average of all months during the year. However, there may be some months when the unemployment rate among workers, in particular those in seasonal industries such as construction, is lower and fewer workers are available.



Wages and Income

- ❑ The average weekly wage rates in the province increased by 22.3% between 2000 and 2006 to \$643. This wage rate is lower than the national average of \$728 but higher than that of the other Atlantic Provinces and Manitoba.
- ❑ The average weekly wage rates in the service sector, which accounts for 77% of employment in the province, was \$604 in 2006, highest among the Atlantic Provinces. The average weekly wage rate in the goods-producing sector in Newfoundland and Labrador was \$788 in 2006 - the fifth highest province in Canada.

Rural and Urban Differences

- ❑ Characteristics of rural labour markets significantly influence provincial labour market outcomes. Almost 45% of the provincial labour force reside in rural areas of the province. While this is comparable to other Atlantic provinces, it is much higher than Canada as a whole where 19% of the labour force live in rural areas.
- ❑ Labour market indicators in urban centers (for example, St. John's, Gander, Grand Falls-Windsor, Corner Brook and Labrador City) are comparable to those of other urban centers in Canada. Within rural areas of the province, indicators such as education levels, employment, unemployment, participation rates and income levels are much lower when compared to urban areas. The rate of out-migration is also higher, employment growth is concentrated in occupations requiring much less formal education with lower rates of pay, the population is aging faster than the province overall and work patterns are much more seasonal.

Social Economy

- ❑ The social sector, often referred to as the third sector in the economy, is comprised of both paid and volunteer individuals involved in a broad array of activities throughout the province. The social economy provides a diverse range of services, resulting in employment opportunities through volunteer networks at the community level.
- ❑ This sector also plays a key role in forming human and social capital. Participation in voluntary community-based organizations (VCBOs) has long been an activity in which people build skills, meet new people, hone leadership talent and build networks, essential elements of the new knowledge-based economy.
- ❑ The number and range of groups in the province's social sector are growing. In 2002, there were 4,000 non-profit organizations in 528 communities throughout the province. Of these, 1,100 were registered charities, 2,000 were registered as non-profits with the provincial government and over 75% existed outside the St. John's and Mount Pearl areas.
- ❑ The social sector is also facing significant human resource challenges, both in terms of its volunteers and employees. There is a diminishing base of volunteers and voluntary leadership; uncoordinated volunteer recruitment and inadequate retention practices; barriers to volunteering; insufficient staff and volunteer training and development; and high turnover of employees.



Participation in the Labour Market¹

Another research initiative undertaken by the provincial government included an extensive literature review of barriers to participation in the labour market and best practices to address these barriers. Key findings from this research were validated with key stakeholder groups and include:

- ❑ Many people in Newfoundland and Labrador encounter barriers that limit their full participation in the labour markets. In 2006, 41% of the working-age population did not participate in the labour market; of those not in the labour force, 25% were age 25-54. Many others have only a marginal attachment to the labour market and often access income security programs such as Employment Insurance and Income Support to supplement their employment earnings during the year.
- ❑ Groups that have traditionally faced barriers to participation include women, persons with disabilities, youth, and persons in receipt of Income Support, single parents, Aboriginals and immigrants. However, barriers are also arising for other groups such as older workers, seasonal workers and post-secondary students and graduates.
- ❑ Some indicators point to improving labour market outcomes among these groups. For example, women's participation in the labour market has steadily increased since the 1970's; more youth are pursuing post-secondary education which increases their employment opportunities; and the number of persons receiving Income Support and accessing the Employment Insurance program has been declining.
- ❑ However, gaps are apparent when labour market outcomes for these groups are compared to the provincial population as a whole, largely due to employment barriers such as:
 - Barriers to labour market transition including lack of or limited work opportunities, and lack of access to transition programs and services.
 - Barriers in the workplace including discrimination, non-standard jobs, underemployment and lack of work supports.
 - Barriers in the community including lack of transportation, limited accessibility to quality child and elder care and community capacity issues in rural areas.
 - Barriers in the home and family including work-home role imbalances, family and social influences on career decisions and unstable home environments.
 - Personal barriers including lack of experience, mismatched or lower skill sets, unrecognized credentials, poor health and a lack of mobility.
- ❑ Generally, best practices identified for labour market interventions include:
 - Providing a sound educational foundation.
 - Comprehensive approaches that include both impacted groups and employers in the process to develop, implement and evaluate interventions.
 - Targeting interventions to the needs of the individuals to increase efficiency and effectiveness.
 - Provision of labour market information.
 - Quality career planning.

¹ Information in this section is cited from "Doing What Works: Research on Barriers to Participation in the Labour Market", Department of Human Resources, Labour and Employment.



- Financial assistance for education.
 - Setting realistic goals.
 - Coordinated and integrated service delivery including community groups.
 - Linking transition support with quality work opportunities and improving educational and training linkages with the needs of employers and jobs.
 - Examples of specific interventions identified as best practices included the provision of flexible and holistic work supports; wage subsidy programs, bridging programs such as the Women in Successful Employment program (WISE) and work incentives/supplements.
- ❑ Labour market interventions in the province already incorporate many of the best practices identified in this research.

Other Factors

Other characteristics in the provincial labour markets may provide significant opportunities for labour market and economic development and the creation of sustainable employment. Some of these include:

- ❑ The lifestyle, competitive cost of living, rich cultural life and strong sense of community which have fostered a strong attachment to the province could be also used to attract and retain new workers.
- ❑ Dynamic urban economies and increasing levels of diversification in rural areas by small and medium-sized industries.
- ❑ Abundant natural resources with potential for development.
- ❑ A well-developed post-secondary infrastructure that produces highly-skilled graduates in a wide range of fields, and a strong research infrastructure tied to educational and private sectors.
- ❑ A strong capacity for leadership.
- ❑ Increasing employment opportunities for marginalized groups in the face of upcoming retirements.
- ❑ Traditional industries and a manufacturing sector that keep pace with the need to be competitive in the global economy.
- ❑ Strong service infrastructure to deliver labour market information and support services for employers and employees throughout the province.



Stakeholder Feedback

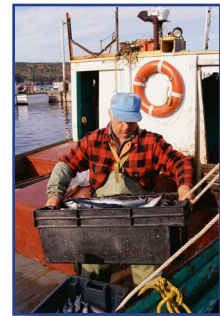
The province has carried out consultations with labour market stakeholders (including employers, youth groups, labour organizations, community & economic planners and employers) to identify perceptions of labour market challenges and opportunities. While there was general optimism among stakeholders across most industries and regions in Newfoundland and Labrador (Appendix 3 provides an economic outlook by industry), there are a number of common labour market issues. Some of these include:

- ❑ The need for technology-literate and computer-literate employees for growth and development.
- ❑ The impacts of an aging workforce that are compounded by a lack of succession planning and sufficient human resource planning. Few small businesses and medium to large companies in the province have dedicated human resource functions.
- ❑ The need for current and relevant labour market information, especially about the current labour force skills availability and future demands.
- ❑ Recruitment and retention of public sector professionals, such as medical personnel, in all regions.
- ❑ Concerns about literacy and basic communications skills, particularly in industries that traditionally have had lower education entry requirements, such as forestry, fishing and construction.
- ❑ Requirements for high school education and strong product and employer knowledge for general labourers. There is a move away from specialization and more cross-training for a number of skills.
- ❑ Increasing demand for skills such as team-building, problem solving, change management, flexibility and customer service skills.
- ❑ A need for better liaison between colleges and industries in the development of educational programs.
- ❑ Increased need for training opportunities for existing employees and increased flexibility in accessing government support for training, especially among seasonal workers.
- ❑ Concern that too few people are entering the trades and technical programs as students are unaware of the career opportunities in these areas.
- ❑ Greater recruitment and retention issues in rural areas.
- ❑ Need to restructure career development and counseling services.
- ❑ Conflicting perceptions about the availability of skilled tradespeople.



These challenges are more evident in some industries. For example:

- **Fishing/Aquaculture:** The processing workforce is aging, with more than 50% being over the age of 45. There is no younger cohort moving through the employment ranks. Older plant workers are more reluctant to access training programs to upgrade skills and learn new technologies and there is a belief that there is limited government funding to support off-season training. Few young people are interested in the fish processing sector because of salary levels and the image of the industry. Plant owners find it increasingly difficult to get plant managers, accountants, food technologists and quality control/quality assurance professionals to move to rural plant locations.



- **Manufacturing:** Employers feel that there is generally a poor image of the trades as a career choice for youth. New production technology requires a more educated, more technologically trained workforce. Employees also need training related to core competencies, export marketing, best practices, technical skills and quality control. There are widespread recruitment difficulties that may limit growth and development.

- **Construction:** There is an expanding market for skilled mechanics and service technicians. Employers are expressing concerns about the aging labour force and too few people entering the technical trades. As in other industries, there is an increasing demand for more highly skilled workers to operate technologically advanced machinery. Significant challenges exist for apprenticeships. Given the contractual, seasonal nature of work and the amount of time workers spend between jobs, unemployment is higher than in other sectors.



- **Marine Transportation:** Marine transportation occupations continue to offer unique and attractive employment opportunities. Severe shortages of labour are anticipated and there is already a shortage of engineering officers. Shortages are anticipated for chief engineers, junior and intermediate engineers, officers, 1st and 2nd mates, captains, electrical engineering officers, seamen and engine room assistants. The aging workforce is having a strong influence on this industry.

- **Tourism:** Employers identified a gap in the customer service aspect of the industry, particularly in rural Newfoundland and Labrador. The seasonal nature of the industry makes it difficult to address training issues. Employers have identified shortages of qualified chefs, experienced line cooks and sales managers.





STRATEGIC PLANNING

The CAN/NL LMDA provides employment-related supports and services to improve labour market outcomes, such as increased participation for individuals, and to help position the province to more effectively respond to labour market challenges and opportunities for communities and the private sector. More specifically, these supports and services work to:

- Further federal and provincial labour market objectives and priorities.
- Increase the labour market participation of employable persons, particularly those reliant on public income supports.
- Remove barriers to labour market participation experienced by eligible people not fully represented, including persons with disabilities, women, youth, older workers, Aboriginals, immigrants, and income support clients with Employment Insurance “reach back” status.
- Foster an entrepreneurial climate.
- Facilitate joint federal/provincial identification of labour market policy issues, themes, initiatives and other labour market matters of interest to both levels of government.
- Strengthen partnerships among labour market stakeholders including employers, workers and community based organizations.

The LMDA Management Committee is responsible for ensuring these objectives are met. To fulfill its mandate, the Committee has developed strategic directions to help guide the management process over the medium to longer term, taking into account; local labour market conditions; challenges and opportunities; the priorities and needs of key labour market partners; and the need for flexibility and monitoring to effectively respond to the dynamic and complex nature of provincial and regional labour markets.

The strategic directions help guide the Management Committee in the development of annual priorities for the annual Business Plan. These priorities will be reflected in the operational plans of the District Committees and the various working groups of the LMDA.

A number of key factors help guide the strategic planning process including findings from the recent labour market research carried out by the Department of Human Resources, Labour and Employment, the environmental scan and results emanating from reviews and evaluations of federal/provincial programs, policies and related labour market initiatives. Provincial and federal economic and social priorities also play a significant role in this process, such as the directions and objectives of the various LMDA partners, the Rural Secretariat, regional economic plans and the federal Workforce Skills Agenda. Potential growth sectors are another important consideration for strategic planning. Finally, the knowledge and input of key labour market stakeholders within the province play an integral role in helping define directions and priorities. This input is provided through the various LMDA committees, stakeholder consultation, and through key groups such as the Labour Market Committee of the Strategic Partnership Initiative.



STRATEGIC DIRECTIONS

In 2005-2006, the LMDA Management Committee determined that the following strategic directions would guide the CAN/NL management process for the next several years, in consideration of the current environment and partners' priorities in the province. These strategic directions remain in effect to support decision-making and program and policy development at the regional and provincial levels and to ensure LMDA supports are utilized effectively and efficiently to achieve maximum outcomes for individuals and the province.

- Increase self-reliance and reduce reliance on Income Support.
- Reduce poverty and alleviate its negative effects.
- Facilitate labour market development through improved labour market conditions.
- Strengthen the post-secondary system's support of labour market development.
- Increase research capacity to help meet demands of an integrated and competitive economy.
- Increase workplace and human resource planning supports for employers, especially small and medium-sized enterprises.
- Promote provincial and regional labour markets and the potential of the labour force to attract and increase business investment and increase provincial competitiveness.
- Foster innovation at all levels.

PRIORITIES: 2007-2008

To support these strategic directions, the following priorities have been identified for 2007-2008:

Strengthen Partnerships

Addressing the complex labour market challenges in Newfoundland and Labrador will require an ongoing, shared and collaborative approach among all labour market stakeholders. Partners at all levels must be involved in the identification of strategic issues and solutions.

Examples of potential actions for the LMDA:

- Link the LMDA with the business/industry sector.
- Support sectoral partnerships.
- Enhance capacity of existing partnerships.
- Implement communication strategies to promote awareness and objectives of the LMDA.



Labour Market Information

Current, reliable, consistent and accessible labour market information is essential to develop a common understanding of the labour market environment to enhance effective decision-making and to facilitate strategic planning processes.

Examples of potential actions for the LMDA:

- Develop a provincial strategy for labour market information through the federal/provincial Labour Market Information Committee.
- Support research and development activities to better understand the nature and impacts of and/or enhance stakeholders' capacity to anticipate and respond to:
 - Retirement trends
 - Skills gaps in the labour market
 - Out-migration
 - Wage rates
 - Labour market dynamics (provincially, regionally and locally).
- Support initiatives to disseminate and increase accessibility to labour market information such as new product development, conferences and forums.
- Consider establishing additional targets over and above the accountability measures relative to the Employment Benefits and Support Measures. This should be done in accordance with strategic priority areas.

Labour and Skill Shortages

Ensuring a sufficient supply of skilled workers will be critical to growing the economy and creating sustainable employment in the province. Demographic trends, increasing demands for more highly skilled workers and patterns of out-migration indicate that this province will continue to experience skills and labour shortages over the next decade. Similar trends in jurisdictions across Canada and other industrialized areas will significantly compound this challenge as the competition for labour continues to intensify. Labour shortages may constrain economic growth and employment may decline.

Examples of potential actions for the LMDA:

- Continued development and support from the Skills Development program. This is an effective tool which can support skills training in areas for which there are known current or projected occupational skill shortages. This could help The LMDA Management Committee meet our strategic objective of promoting an educated, skilled and adaptable workforce in Newfoundland and Labrador.
- Support initiatives to increase the human resource planning capacity of small and medium-sized businesses in the province.
- Support initiatives to increase the human resource planning capacity of community groups in the social sector with a mandate for human resource and economic development.



- Develop innovative interventions to better match individuals with employment experiences related to their education and skill sets. For example, the Targeted Wage Subsidies program and the Labour Market Partnerships could be used together for the benefit of workers and employers.
- Support industry and educational projects and partnerships to develop responsive educational and training programs and interventions.
- Explore avenues to assist apprentices to achieve their required hours of certification.

Increasing Participation/Reducing Barriers to Employment

The current working-age population in Newfoundland and Labrador will remain the primary source of labour supply over the next decade. Individuals not participating in the labour force and marginalized workers will become a critical pod of human resources to meet future skills and labour demands. Emphasis on supports to minimize barriers to employment and to increase participation will be required to ensure individuals maximize their potential in the labour market.

Examples of potential actions for the LMDA:

- Maximize flexible approaches to implement employment benefits and support measures that incorporate best practices.
- Promote interventions proven effective in building longer-term attachment to the labour force among high risk clients (e.g., Social Assistance Reachback clients). Interventions include counselling, Targeted Wage Subsidies program, Self-Employment program and Skills Development.
- Promote awareness of common and specific barriers experienced by women, older workers, Aboriginals, immigrants, youth, persons with disabilities, Employment Insurance and Social Assistance reachback clients, and seasonal workers.
- Design and target interventions to key groups facing barriers to participation in the labour markets.

Career Development, Employment Counselling and Lifelong Learning

In the new and rapidly changing economy, individuals will need to be flexible, adaptable and responsive to changing employer and labour demands. This will be true for all workers across occupations and industries. This outcome will require that individuals have access to effective services that provide reliable career information and guidance. It will also require the development of a culture of lifelong learning among individuals, employers and educational institutions that promotes skills upgrading, professional development and flexible access to training.

Examples of potential actions for the LMDA:

- Ongoing development of a career development framework and career promotions strategy.
- Ongoing evaluation of the Employment Benefits and Support Measures to guide program management and design.
- Support initiatives to identify and develop effective and flexible approaches for the lifelong learning requirements in the workforce.



- Support initiatives to explore and develop career development and employment counselling interventions at all transition points (for example, transitioning to post-secondary education, new entrants transitioning to the workforce, workers transitioning between jobs or careers, older workers transitioning into retirement).

Regional Labour Markets

The Management Committee recognizes that an integrated social and economic approach will be required to support employment growth and human resource development of regional economies in the province. This approach will reduce dependence on income supports and help create attachment to the workforce. Labour market indicators across the province and within regions point to differences between rural and urban labour markets. Although all regions in the province face common challenges, the nature and extent of these challenges may differ, largely due to the unique characteristics of their rural and urban labour markets. Effective responses must be tailored to address these differences. Labour force development efforts targeted to individuals should complement local development priorities and opportunities.

Management Capacity of the LMDA

Findings from the Formative and Summative Evaluations; reviews such as the Graduate Follow-up Survey and LMDA activity reports of Income Support Recipients; all demonstrate that the LMDA is promoting, to varying degrees, positive outcomes consistent with the directions determined by the Management Committee. However, the evidence also clearly points to a number of opportunities for improvement.

Extending from work commenced during the 2005-2006 period, the Management Committee tasked federal and provincial officials to review the various programs and delivery aspects of the LMDA. Specifically they were tasked to: identify any significant barriers which may impede support for these directions; and to develop consensus actions which address these barriers and maximize use of the LMDA to achieve the desired outcomes.

Considerable progress has been made since 2005-2006 and it is expected that progress will continue this year and beyond. In 2007-2008, the Management Committee will focus on key challenges for the LMDA as we move forward. To accomplish this, a number of federal/provincial working committees have been established to look at identified key challenges and are tasked with the responsibility to complete an analysis of their assigned challenge and offer action orientated approaches and recommendations to address them.



ACCOUNTABILITY MEASURES

The annual accountability targets developed by HRSDC are based on the total allocation for EI Part II and the actual results from previous years. The preliminary accountability targets for 2007-08, set out in Tables 1 and 2, are based on 2006-07 results to date. The targets may be adjusted once 2006-07 year-end results become available.

Table 3: Accountability Measures "Preliminary" Targets (2007-08)*	
Accountability	Provincial
Activity	Total
EI Clients Served	14,100
EI Clients Returned to Employment	8,223
Unpaid Benefits (\$) ** (Millions)	\$24,114,234

* Denotes preliminary figures only. Final Targets have not been released.

** Unpaid Benefits (savings to the EI account) are the EI costs that would have been paid out if the client had not returned to work.

The Income Support Recipients targets for 2007-08 are distributed as follows:

Table 4: Targets for Income Support Recipients Served				
Avalon	Central	Western	Labrador	Total
1,151	743	488	118	2,500

COMMUNICATIONS STRATEGY

The Regional LMDA Communications Strategy outlines the strategic approach for promotion of the Labour Market Development Agreement, both internally and externally. The strategy will continue to focus on promoting awareness of the benefits accruing from the agreement both among the general public and the employees of the affected federal and provincial departments. Linked to this goal is the need to demonstrate that the agreement is working well as a result of joint collaboration among federal/provincial and local partners.

The key external objectives are to:

- Increase awareness and promote the success of the LMDA through publicly profiling individuals and community clients.
- Promote LMDA programs and services to possible clients and employers, particularly the Targeted Wage Subsidies.
- Make the public aware that partnerships result in more efficient service to residents.



The key messages to be brought to the target audiences are:

- The mission of the Labour Market Development Agreement is to work with individuals, communities and various stakeholders to assist clients to meet measurable and achievable educational, employment and economic development goals.
- The Government of Canada is working with the Government of Newfoundland and Labrador in a partnership that will complement and build on the programs and services offered by both.
- The Labour Market Development Agreement is working effectively as a result of federal/provincial and local partnerships.
- The governments of Canada and Newfoundland and Labrador give priority to the integration of the unemployed into the workforce and are committed to providing high quality, effective and efficient labour market programs and services.

One of the primary objectives of the LMDA is to provide greater communication related to co-management, accomplishments and future direction. The main internal messages are:

- The Labour Market Development Agreement is working as a result of federal/provincial and local partnerships.
- The Labour Market Development Agreement has been established for an indefinite period. It is not due to expire at any specific date but will continue unless otherwise decided by both partners.
- The governments of Canada and Newfoundland and Labrador give priority to the integration of the unemployed into the workforce and are committed to providing high quality, effective and efficient labour market programs and services.

2007-2008 BUDGET

District budgets are allocated according to a weighted model that takes into account a number of variables including the number of Employment Insurance beneficiaries, Part II Eligible Social Assistance Recipients, the unemployed and specific population data for particular districts. At various times during the year, there is potential for districts to identify surplus funds or the need for additional resources that may result in budget shifts throughout the region.

District	Total (\$)
Avalon	35,184,286
Central	40,031,416
Western	23,250,291
Labrador	4,718,007
<i>Subtotal Districts</i>	103,184,000
*Regional Headquarters	29,200,244
Total	132,384,244

* Allocation included Workers Compensation Benefits, Contribution Agreement, Pan-Provincial projects and Corporate Reserve.



Appendix 1

LMDA MANAGEMENT COMMITTEE

- Members:**
- Michael Alexander (Co-chair), Service Canada
 - Brenda Caul (Co-chair), Department of Human Resources, Labour & Employment
 - Rebecca Roome, Department of Education
 - Rick Comerford, Atlantic Canada Opportunities Agency
 - Cathy Duke, Department of Innovation, Trade & Rural Development
 - Doug Smith, Department of Intergovernmental Affairs
 - Patricia Hearn, Industry Canada
 - Wayne Penney, Department of Human Resources, Labour & Employment
 - Rosemary Norris, Service Canada
 - Roxie Wheaton, Department of Human Resources, Labour and Employment - Avalon
 - Doug Johnson, Service Canada
 - Carson Saunders, Department of Human Resources, Labour and Employment - Central
 - Bonnie Pope, Service Canada
 - Wayne Fillier, Department of Human Resources, Labour and Employment - Western
 - Lorraine Hinks, Service Canada
 - Agnes Rumbolt, Department of Human Resources, Labour and Employment – Labrador
- Secretariat:**
- Federal Lead - Mike Walsh
 - Provincial Lead - Vacant



Appendix 2

LABOUR MARKET DEVELOPMENT AGREEMENT (LMDA) PROGRAMS

The LMDA Employment Benefits and Support Measures (EBSMs) are designed to help develop the local labour market and create employment opportunities for Newfoundlanders and Labradorians.

Program Eligibility:

In order to be eligible for the EBSMs individuals must be unemployed and:

- Currently receiving Employment Insurance (EI) benefits, or
- Have had their EI benefit period end within the last three years, or
- Had received EI maternity or parental benefits in a period that began in the last five years.

The Programs include:

Skills Development (SD) assists eligible individuals to pay for skills training and related costs while enrolled in a training program from a registered institution.

Self-Employment (SE) provides eligible individuals with financial support, planning assistance and mentoring while starting a new business.

Job Creation Partnerships (JCP) provides eligible individuals with opportunities to gain work experience, which may lead to ongoing employment. Job activities help develop the community and the local economy (these benefits are not insurable for EI purposes).

Targeted Wage Subsidies (TWS) is a client-based program that assists individuals experiencing difficulty finding work by providing temporary wage subsidies to employers as a hiring incentive.

Employment Assistance Services (EAS) are offered through agreements with coordinators, organizations and community groups to help unemployed individuals become employed. Services may include employment counselling, job search, skills training, job placement services and labour market information.

Labour Market Partnerships (LMP) encourage and support employers, employee or employer associations, community groups and communities in developing and implementing strategies for dealing with labour force adjustments and in meeting human resource requirements.

Research and Innovation: The Applied Research Branch of HRSDC, National Headquarters, Ottawa, conducts projects that focus on applied research and experimental design that hold potential for large-scale application.

National Employment Service: The federal and provincial governments are working together to help unemployed individuals gain access to programs and services under the LMDA. Information and self-help tools are available to job seekers, including labour market information, return-to-work booklets and labour exchange services.



Appendix 3

Fisheries and Aquaculture

The volume of fish landings totaled 346,220 tonnes in 2006, an increase of 2.2% compared to 2005. The overall landed value decreased by 10.5% from \$497 million in 2005 to \$445 million in 2006, due mainly to weak markets for crab and shrimp.

Crab prices declined further in 2006 in response to high inventories, falling demand, and the appreciation of the Canadian dollar. For shrimp processors, the strengthening dollar and the high European Union (EU) tariff were the two most significant factors contributing to another challenging year in 2006. In the groundfish sector, competition from China in the input and output markets, changes in exchange rate, and resource constraints continued to challenge operators.

- ▶ *The processing workforce is aging, with more than 50% being over the age of 45, LMDA partners could work with industry, post-secondary institutions, Zonal Boards and community representatives to develop a Human Resource plan that includes: succession planning; projected skill shortages; and employment incentives like TWS. The LMP program could be used to support research into the skill shortages within the processing and harvesting sectors.*

Agrifoods

Total farm cash receipts increased by 4.2% in 2006 to \$94.8 million. The value of dairy products increased 7.7% to \$37.8 million, making it the main driver of growth in the agricultural sector. The largest reported categories of agricultural products in the province in 2006 were dairy products (accounting for 40% of total receipts), eggs (13%), and floriculture and nursery products (9%). Other agricultural products (including hens and chickens, furs, cattle and vegetables) accounted for the remaining 38%.

Newfoundland and Labrador's cranberry industry continued to expand in 2006, producing a record harvest of 127,000 kilograms, which represents a 71% increase over 2005. While the local industry is only four years old, last year's harvest was worth \$120,000 in farm gate value and local processing added another \$130,000 to the value of the crop.

- ▶ *Current beef/chicken industry problems and the genetic engineering of seeds continue to cause consumer health concerns. Reduced consumer confidence in these two industries has created demands for chemical free products, for example, nutraceuticals. With LMP assistance, stakeholders could explore areas to increase this province's market share in the Agrifoods industry that would include: human resource issues, training, self-employment initiatives and new markets/products as employment generation initiatives.*

Small Business

Although small business is not recognized as a separate sector, it plays an important role in shaping this province's economy, especially in rural areas. Almost 90% of all business enterprises in Newfoundland and Labrador employ fewer than 20 people and about 60% of all businesses in the province employ fewer than 5 people.

As industries continue to adapt to changing skills needs, they are establishing more non-standard work arrangements to increase competitiveness and viability. This may provide opportunity to promote and support small business ventures which provide consulting services and specialty products/services to growing industries.

- ▶ *With significant growth continuing to be projected in the Oil and Gas and Mining industries, opportunities may exist to utilize the SEB and TWS programs as job creation measures. Apprenticeship and skills development could also be used to meet employers' needs.*



Tourism, Culture and Heritage

Provincial tourism is comprised of both residents traveling throughout Newfoundland and Labrador and non-residents traveling to the province. Resident travel accounts for 60-65% of total tourism spending in the province. Between 1998 and 2004 (only data available) resident trips have trended downwards. This decrease in resident tourism is due to a number of factors including: high gas prices, the high Canadian dollar (making travel outside Canada more attractive), and a decline in the province's population.

In 2006, provincial non-resident tourism activity continued to grow. Spending by non-resident tourists visiting Newfoundland and Labrador was estimated at \$366 million, up 8.8% over 2005. In 2006, 496,400 non-resident tourists visited the province, representing a 5.6% increase over 2005.

- ▶ *Districts should continue to work with local partners to strategically use JCP to provide EI-eligible clients with employable skills and assist in the development of community infrastructure within the tourism industry or other sectors requiring similar occupations.*

Forestry

Newsprint

Provincial newsprint shipments totalled 594,800 tonnes in 2006, representing a decline of 22% compared to 2005. The decline was mainly due to the closure of Abitibi-Consolidated's Stephenville mill in October 2005. Shipments were also constrained by continued weakness in the North American newsprint market.

North American newsprint demand declined for the seventh consecutive year in 2006. Since the beginning of the decade, newsprint consumption has declined by approximately 25% as a result of increasing internet competition and a shift by publishers towards smaller tabloid form papers. The reduction in demand has created excess productive capacity and put downward pressure on newsprint prices.

On January 29, 2007, North America's two largest newsprint makers, Abitibi-Consolidated Inc. and Bowater Inc., announced they would be merging. The merger will put the new company in a better position to compete more efficiently in an increasingly global market and adapt to lower newsprint demand. Company executives estimate annual cost synergies of approximately US\$250 million.

- ▶ *LMDA funds could be used to:*
 - *Support new skills associated with the value added wood products sector.*
 - *Provide research assistance to develop the forest product industry in Labrador and utilize TWS and SEB as adjustment measures for individuals to become gainfully employed.*



Lumber

Lumber production is estimated to have grown by just over 5% in 2006 to 130 million board feet and further production increases are anticipated in 2007. The province's sawmill industry has been buoyed by the Canada-U.S. softwood lumber agreement and increased co-operation with the newsprint industry with regard to supply rationalization.

Prices have declined, however, as a result of a reduction in North American housing starts. Lumber prices averaged US\$330 per thousand board feet in 2006, representing a decrease of 15% (20% in Canadian dollar terms) compared to 2005.

Mining

The mining industry is a significant contributor to the economy. It directly accounted for about 3.2% of provincial GDP in 2005 and its share was likely higher in 2006 (data not yet available) due to the addition of production from Voisey's Bay. By comparison, mining accounts for only 0.9% of GDP at the national level. The mining industry accounted for 1.6% of employment in Newfoundland and Labrador in 2006 compared with 0.4% at the national level.

In real terms, provincial mineral shipments in 2006 were the highest recorded since the late 1970s. In nominal terms, provincial mineral shipments were valued at about \$2.5 billion last year, representing an increase of 63.7% over 2005. The main contributors to this increase were higher production volumes from Voisey's Bay and increased iron ore prices.

Iron Ore

Iron ore now comprises just over 50% of the total value of provincial mineral shipments. Iron ore shipments in 2006 were on par with 2005, totalling about 20 million tonnes. The value of shipments increased by 3.1% to over \$1.3 billion, due to a rise in iron ore prices.

Voisey's Bay

The Voisey's Bay mine began production of concentrate in September 2005 and recorded nearly a full year of production in 2006. The company shipped about 72,000 tonnes of metal concentrate last year despite a strike which shut down production for eight weeks. The value of shipments was approximately \$1.2 billion—representing almost half the value of provincial mineral shipments. Employment averaged about 850 person years.

► *LMDA, in addressing human resource needs, could support:*

- *Human Resource Plans so residents of the province can acquire skills relevant to the hydromet plant in Long Harbour and any spin-off jobs.*
- *Promotion of the Skills Development program as an option for workers to retrain to enter the growing mining industry.*
- *Site visits at post-secondary institutions and tradeshow raise the awareness of TWS program as an employment incentive.*



Aur Resources Inc.

Mining has commenced at the Duck Pond mine—located about 30 kilometres south of the former Buchans mine in central Newfoundland. First shipment of concentrate left the mine on January 23, 2007. The deposit has proven reserves of 4.1 million tonnes and is expected to produce 41 million pounds of copper, 76 million pounds of zinc, 536,000 ounces of silver and 4,100 ounces of gold, in concentrate, annually over the eight year mine life.

Other Minerals

In addition to the mines mentioned previously, there are several smaller mineral producers in the province supplying an array of products such as slate, dolomite and limestone. In 2006, many of these producers maintained production levels on par with 2005.

New Developments and Exploration

Mineral exploration expenditures totalled almost \$98 million in 2006, the highest level ever recorded and double the 2005 level. This increase is attributed to a rise in exploration for uranium, nickel and iron ore. There were more than 57,000 claims staked in the province in 2006, reaching the highest level of claims staked since 1995. There are currently almost 133,000 claims in good standing.

Oil and Gas

The province's oil and gas industry has experienced tremendous growth over the past decade. The industry now accounts for approximately 15% of the province's real GDP and close to 2% of total provincial employment. Its contribution to GDP is much greater than to employment because of the high capital intensity of the industry.

In 2006, oil production in the province totaled 110.9 million barrels. This represented a decline of 0.4% from the 2005 level, as the gains achieved from the first full year of production at White Rose were offset by production declines at Hibernia and Terra Nova. Despite the overall decline in production volume, the value of production increased by 11.7% in 2006 to \$8.2 billion as a result of higher crude prices.

- ▶ *LMDA could support a wide range of professional and technical occupational training through various post-secondary institutions.*
- ▶ *Post-secondary partners engaging in human resource planning with partners would be an invaluable asset in assisting colleges/clients in selecting courses to run/take, respectively.*



Hibernia production decreased to 65.1 million barrels in 2006—down 10.3% over the 2005 level—as a result of water and gas handling limitations. A further decline in production is expected this year as a result of generator repairs and scheduled maintenance which took place from mid-February to early March. Production resumed on March 7th.

The Terra Nova FPSO did not operate from May 7th to November 11th of last year as it underwent a \$225 million retrofit that required vessel dry-docking. As a result of the retrofit, 2006 production was reduced to 13.7 million barrels, in comparison to 36.2 million barrels in 2005. With the retrofit now completed, 2007 promises to be a much better year for the Terra Nova field with production forecast to nearly triple to around 40 million barrels.

The White Rose field produced 32.1 million barrels in 2006, its first full year of operation. As a result of regulatory and government approval to increase production, White Rose production is now forecast to rise by 36% in 2007 to 44 million barrels.

Negotiations between the provincial government and the Hebron consortium reached an impasse in early April 2006. The C-NLOPB's estimate for the Hebron complex is 731 million barrels of proven and probable oil reserves, making it the province's second largest field.

Lower Churchill Project

With an abundance of hydroelectric, wind and petroleum resources, Newfoundland and Labrador is positioning itself to be a strategic, long-term supplier of energy to meet the growing demands in eastern North America. The lower Churchill River hydroelectric resource is a cornerstone of its energy warehouse.

The potential of the lower Churchill resource—the lowest cost, undeveloped hydro resource in Canada—is immense. Combined, Gull Island (2,000 MW) and Muskrat Falls (824 MW) have the capacity to power 1.5 million homes. This much needed source of clean, renewable energy will allow Newfoundland and Labrador to play an important part in meeting growing energy demand and reducing Canada's greenhouse gas emissions.

► *The LMDA could:*

- *Assist with identifying skill and labour shortages in the energy industry.*



Manufacturing

In 2006, the value of manufacturing shipments totalled \$2.1 billion, representing a 10.4% decline over 2005. Non-durable goods, which make up over three quarters of manufacturing shipments, decreased by 6.3% in 2006 to \$1.62 billion while the value of durable goods shipments declined by 17.5% to \$515 million.

Some of the province's main manufacturing industries recorded declines last year. The value of seafood products decreased by 11.2% in 2006 due to lower prices in the U.S. market and a higher Canadian dollar. The newsprint sector recorded a 19.7% drop in shipment value over the previous year, mainly due to the closure of the Stephenville mill in October 2005. Fabricated metal product manufacturing declined by 39.8% in 2006, largely due to the completion of work on the White Rose project, however, it is still the second highest value ever recorded in this sector.

► *LMDA could:*

- *Assist in activities with human resources outcomes relevant to product development, diversification, distribution, and sales.*
- *Continue to support the Canadian Manufacturers and Exporters – Newfoundland and Labrador Division by promoting the use of such programs as Targeted Wage Subsidies and Self Employment.*
- *Work within industry to identify potential skill shortages which could be addressed through the Skills Development program.*

Construction

The latest survey of investment intentions by Statistics Canada indicates construction investment increased for the fourth consecutive year in 2006, rising 2.5% to almost \$3.4 billion. The increase was primarily related to higher residential expenditures (new and renovations) and increased public sector spending. Construction employment also grew for the fourth consecutive year in 2006 to reach the highest level recorded since 1984.

Non-residential construction expenditures rose by 2.3% or \$51.8 million in 2006 to total \$2.3 billion as increased public sector investment more than offset declines in mining and oil and gas project spending. Investment in the mining and oil and gas industries, which accounted for the majority of non-residential spending in recent years, declined last year due to the completion of construction on the Voisey's Bay and White Rose projects in 2005.

Residential construction investment increased by 3.1% to total \$1.03 billion in 2006, growing for the eighth consecutive year. Strong renovation spending and construction of higher valued homes more than offset the negative influence of fewer housing starts. Renovation expenditures, which account for over half of total residential investment, increased by 8.2% in 2006. Investment in new housing increased marginally (by 0.1%) as construction of higher valued homes offset the decline in housing starts. Housing starts fell by 10.6% to 2,234 units in 2006 as rising prices, higher out-migration and interest rate increases negatively impacted demand for new homes. Despite the decline, the level of starts remained above the previous ten year average level.

► *The LMDA could:*

- *Support development of appropriate labour market information for this sector.*
- *Provide Skills Development, TWS and apprenticeship training, where appropriate.*

