

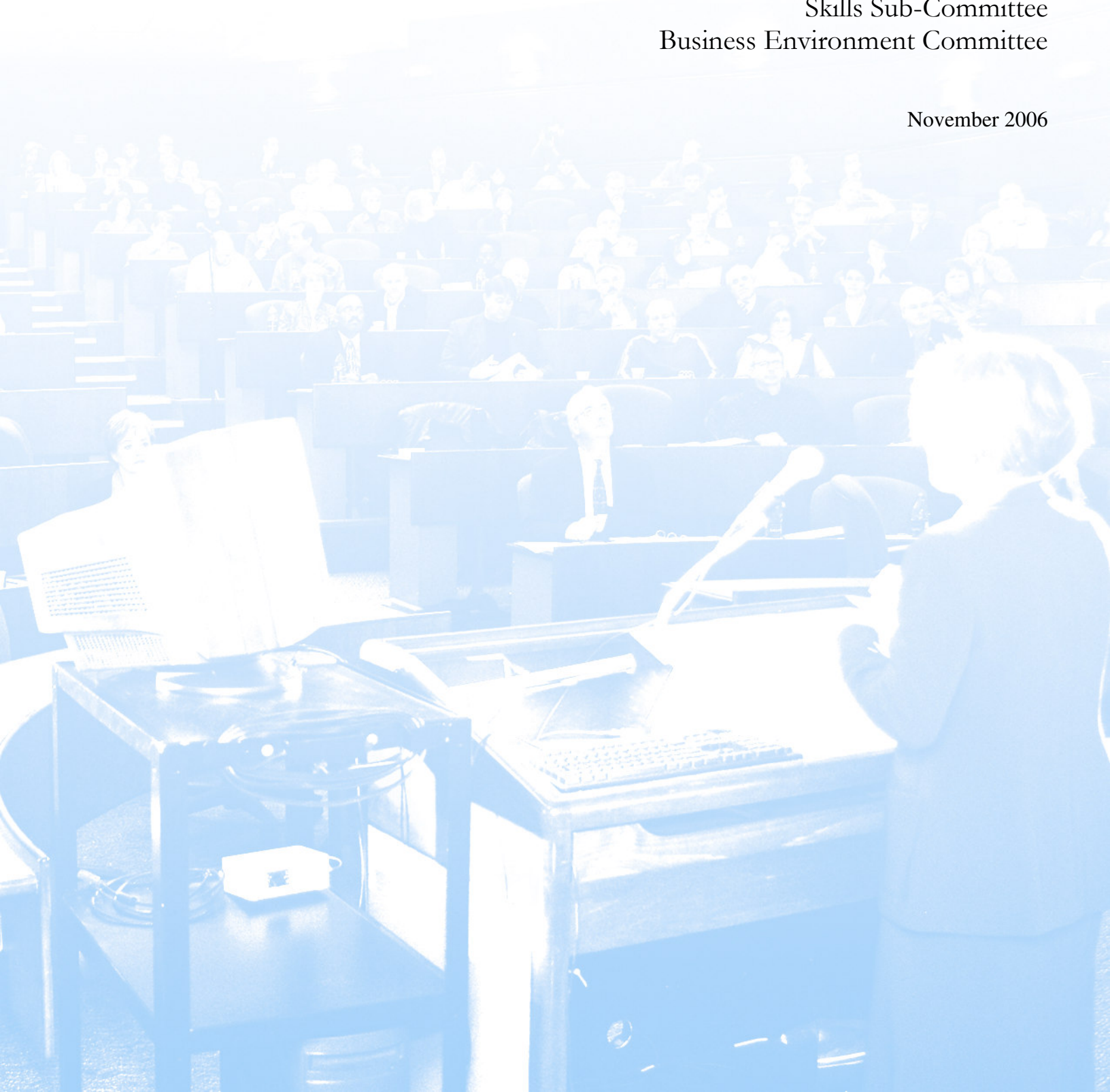


HALIFAX CHAMBER  
OF COMMERCE

# Policy Statement – Nova Scotia Skills Shortage

Skills Sub-Committee  
Business Environment Committee

November 2006



## BACKGROUND

The Halifax Chamber of Commerce (the Chamber), recognizing a potential shortage of skilled employees in various sectors of the Nova Scotian economy has been actively identifying concerns to Provincial Government policy makers and supportive of the Province's new "Skills Nova Scotia" branch within the Department of Education. The Skills Nova Scotia Framework seeks to: "1) Meet the skill needs of Nova Scotia's labour market, 2) Provide better labour market access and support to Nova Scotians, and, 3) Strengthen Nova Scotia's system of lifelong learning opportunities".<sup>1</sup> Skills Nova Scotia also promotes fair labour policy, safe and healthy work environments, fair employment standards, and stable labour-management relations. In a recent Chamber membership survey, 73% of respondents indicated that they believe that the Chamber should be involved in "education" as a business issue, 83% of those respondents (60% of all respondents) identified "Skills Training" as their involvement priority.<sup>2</sup>

## THE ISSUE

Nova Scotia faces an environment in which technological change and increasing global competition challenge our businesses to find and utilize new processes, new tools and ever higher levels of workforce skills and knowledge to compete successfully locally and globally. Employers are increasingly indicating that a growing shortage of skilled workers is a significant issue that must be addressed if our economy is to continue to grow and prosper. Demographic trends indicate that Nova Scotia faces an aging and shrinking workforce increasing the challenge employers must address to build and retain an innovative, skilled and capable team of employees. More specifically (see Appendix I for more details)

- Nova Scotia faces:
  - a declining working age (15 to 64) population,

- a dramatically growing senior population,
- a net out migration of younger (20 to 39) workers,
- rural depopulation coupled with higher rural school dropout and unemployment rates.

- Over 50% of HRM employers are experiencing skilled workforce availability issues.

In addition to the shortage of skilled workers issue, these demographic trends also signal an increasing demand for the provision of government services (eg health care) to Nova Scotians supported by a shrinking workforce.

Addressing these challenges will require the cooperative response of government policy makers, employers, employees, labour organizations, communities, the education system and individual Nova Scotians. As Nova Scotia's Skills Shortage gains more attention and to legitimize the Chamber's voice on this critical issue, it is important to develop a Policy Statement endorsed and approved by the Chamber Executive and Board.

## POLICY STATEMENT: NOVA SCOTIA SKILLS SHORTAGE

### RECOMMENDATION

The Board and Executive approve the following position:

- The Halifax Chamber of Commerce acknowledges that Nova Scotia and HRM businesses and other employers are experiencing and will for the foreseeable future experience a skills shortage. This shortage is and will continue to negatively impact business and the delivery of services to all Nova Scotians. The skills shortage has many national and global dimensions.
- The development and implementation of strategies to deal with Nova Scotia's skills shortage will require the cooperative response of Government policy makers,

<sup>1</sup> "Skills Nova Scotia Action Plan 2005-2006".

<sup>2</sup> "2006 Spring Member Issues" presentation by David Chan, Corporate Research Associates Inc., July 2006.

employers, employees, labour organizations, communities, the education system and individual Nova Scotians. The Chamber supports a multi-lateral approach and will work cooperatively with other stakeholders.

- The Chamber acknowledges the profound social and economic impacts (increased proportion and number of seniors, shrinking workforce, rising health care needs/costs, increased number of workers caring for the elderly, tax burdens, etc.) of the demographic shifts that underlie the skills shortage and will seek to support financially sound and socially compassionate balanced approaches to this challenge.
- The Chamber will ensure that members are informed as to the potential impacts of the skills shortage and work to involve them in the development of solutions and the communication of expected benefits.
- The Business Environment Committee will be the member volunteer lead on the skills shortage agenda.

### **CHAMBER ADVOCACY WORK**

More information about the Chamber and its advocacy work can be accessed by contacting the office or visiting the Chamber web site:

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## APPENDIX I

### NOVA SCOTIA'S SKILLS SHORTAGE: SUPPORTING DATA

Business, Labour and Government leaders widely agree that Nova Scotia's skills shortage is a critical issue for the continued growth of individual businesses, services to Nova Scotians and our economy as a whole.

The following presents selected data from recent surveys, studies and publications that characterize the nature of the challenges faced by Nova Scotia's business, labour, government and community leaders as they work to address Nova Scotia's skills shortage and its implications for the continued growth of individual businesses, services to Nova Scotians and our economy as a whole

In the Chamber's 2006 Spring Members Issues survey:<sup>1</sup>

- 73% of respondents indicated they believe the Chamber should be involved in "education" as a business issue, 83% of those respondents (60% of all respondents) identified "Skills Training" as their involvement priority.
- 51% of respondents indicated their company is "experiencing an inadequate number of candidates with the requisite skills", with 45% indicating the "inability to hire skilled workers ... has had an impact on my business".
- Top respondent identified deficiencies included: Management Skills (33.9%), Leadership Qualities (31.4%) and Good work ethic and attitude (20.3%).

A recent evaluation of GHP's Business Retention and Expansion database (2004 to mid 2006 period) indicates:<sup>2</sup>

- 55% of respondents rated HRM's workforce availability as "fair" or "poor".
- 34% of respondents rated HRM workforce quality as "fair" or "poor".

A May 2006 publication of the Workplace Partners Panel<sup>3</sup> indicates:

- 40% of Atlantic Canadian Managers and 50% of Labour Atlantic Canadian leaders responding to the 2005 Viewpoints Survey viewed the skills shortage as a serious problem. (For Canada as a whole the results were 61% and 66% respectively.)
- A forecasted 5% decline in Nova Scotia's working age population (Age 15-64) by 2026.
- An increase in Nova Scotia's total dependency ratio (ratio of children and elderly to population aged 15 - 64) from 43.3 in 2006 to 68.9 in 2031. (For Canada as a whole the figures are 43.9 and 61.3 respectively.)
- As of 2002, 21.6% of Nova Scotia's workforce were within 10 years of retirement.
- The portion of Nova Scotia's working age population (15 - 64 years) between 50 and 64 years old will increase from 29% in 2006 to 35% by 2021.
- For the period 1996 to 2005, Nova Scotia experienced an 11,008 net out migration of 20 to 39 year olds.
- School dropout rates have declined from 18% in the early 1990's to 9% for the two year period ended in mid 2005. Rural/Small

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<sup>1</sup> Ibid 2.

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<sup>2</sup> Policy Research Coordinator Presentation to the Business Environment Committee, September 7, 2006.

<sup>3</sup> "Skills shortage in the context of an aging workforce: The Atlantic Provinces Handbook", Workplace Partners Panel, May 2006.

town drop-out rates at 14% are almost double the urban rate of 8%.

- Education impacts employment: In 2005 Nova Scotia's unemployment rates for persons aged 25 to 44 was 13.5% for those who had not completed high school, 10.2% for high school graduates and 4.3% for university graduates.
- 38% of Nova Scotians had low prose literacy skills and 51% had low numeracy skills based on a 2003 International Adult Literacy and Skills Survey.

The 2005 "Strategy for Positive Aging in Nova Scotia"<sup>4</sup> indicates:

- 14.1% of Nova Scotia's population (131,833) in September 2005 were seniors, by 2026 seniors will comprise 25% of the population.
- Nova Scotia's population is projected to grow only 3% by 2026, the seniors segment is projected to grow by 80%.
- Guysborough County has the most seniors of any county in Nova Scotia with 20%, Halifax has the least at 11.3% (2005).
- Seniors comprise more than 20% of the population of 14 Nova Scotian towns (6 have over 25%).

A recent presentation<sup>5</sup> prepared by Skills Nova Scotia for the Chamber indicates:

- HRM's 5.8% unemployment rate (2005) contrasts sharply with other regions (Cape Breton 14.4%, North Shore 8.7%, Annapolis Valley 8.4% and Southern 11.2%).
- Nova Scotia's 62.5% participation rate and 58.1% employment rate are below the national average of 66.9% and 63.0% respectively.

- Businesses with more than 100 employees provide 60.5% of the available jobs.

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<sup>4</sup> Strategy for Positive Aging in Nova Scotia, 2005.

<sup>5</sup> "Working Together" presentation prepared by the Skills and Learning Branch, March 23, 2006.