

WHERE DID
EVERYBODY
GO?

Halifax is about to face a labour shortage but we can head it off—if we act now

BY RICHARD WOODBURY

For decades, the Atlantic Canadian lament has been that there are more people than jobs. That's about to change.

Halifax is facing an imminent labour shortage, according to many insiders. "We are no longer in a situation that we need jobs for people, we need people for jobs," says Leanne Hachey, Atlantic vice-president with the Canadian Federation of Independent Business.

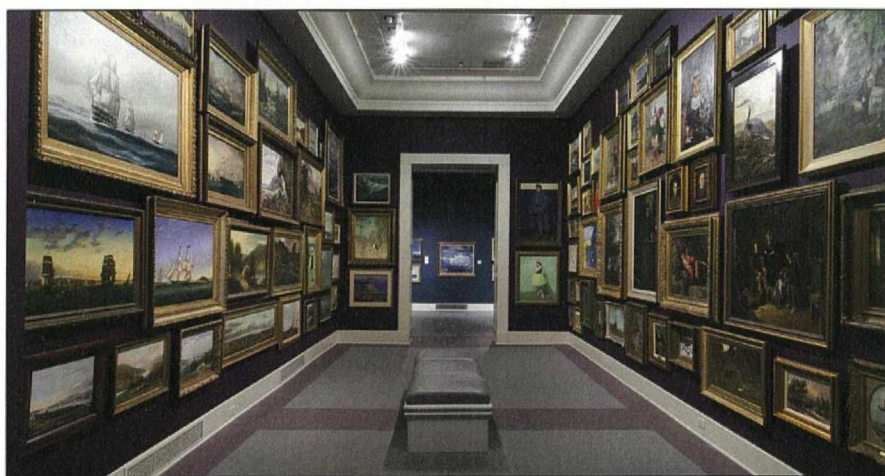
And all of the things that go with a labour shortage will happen here. An intense competition for workers amongst employers will result in higher wages, better benefits and more attractive job offers for in-demand positions.

The jobs opening up over the next few years are mostly due to an aging workforce and this is only the beginning of the challenges Halifax will face. The provincial labour department forecasts just over 56,000 jobs opening up in the province in the next five years, with over 47,000 of those coming from people retiring. The numbers don't break down by geographic region but it's reasonable to assume a good portion of the jobs will be in Halifax.

People drive the economy. "A growing population is a foundation for economic growth," says labour minister Marilyn More. "More people provide a larger consumer base, support a broader range of products and services, and stimulate employment growth. A larger population also distributes the cost of municipal and provincial services such as schools, roads, hospitals, etc., over more people."

Population growth (or lack thereof) also sends a signal. "There's something psychological about when a city or a province is sort of in decline," says Hachey. "You get the sense that it's not part of the future but part of the past." Statistics Canada's numbers show the population of Halifax grew 3.8 per cent from 2001 to 2006. The overall Canadian average was 5.4-per-cent growth. "I think it's far too simplistic to say Halifax is doing OK because we're growing, albeit at a snail's pace," she adds.

As a society, Canadians expect governments to be able to provide high-quality services in several areas (health care, housing, infrastructure, law enforcement and the like). To maintain those services, the population needs to replace itself. "The Boomers didn't do that," says Charles Cirtwill, president and CEO of the



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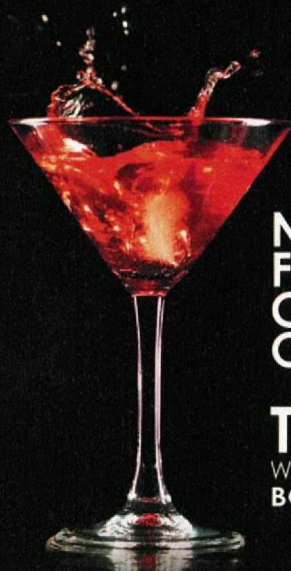


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Atlantic Institute for Market Studies (AIMS).

The low birth rate in today's society, out-migration of Nova Scotians to other parts of Canada and immigrants passing over Halifax for larger cities, such as Toronto and Vancouver, are all to blame. Clearly, this isn't a problem that just popped up overnight. "The thing about demographics is that you can see it coming a long way off," says Fred Morley, vice-president of the Greater Halifax Partnership.

AIMS has been particularly vocal about the demographic crisis. In a January 2009 report, it proposes three solutions. The first is to find more people. This could be accomplished through increasing the birth rate (although it would take almost 20 years to see results), increasing migration from other provinces and increasing immigration.

Part of what makes finding more people so daunting is that we aren't the only ones facing this. "It's happening across Canada and around the world," says More. "All 30 members of the Organisation for Economic Co-operation and Development have an aging population and will experience similar labour market challenges over the next 10 to 20 years."

The recession has helped out in at least one way though. As the economy slowed down in Alberta, Nova Scotian expatriates trickled back home. Although this helps, it won't be enough to cancel out the demographic shift, says Morley.

Hachey has resigned herself to the fact that finding more people is not the answer. "The sad reality is that we will never be able to attract the number of people we need to replace those that are ready or have already left the workforce," she says. "That is the reality."

The second solution AIMS proposes is to increase productivity at a rate greater than the historical average. Hachey would like to see a training tax credit implemented that would encourage businesses to invest in additional worker training. "By enhancing your workplace skill set, you will be able to do more with less," she says.

A third possible solution is to increase the labour force participation rate. Getting people to stay in the workforce longer could achieve this. Not surprisingly, the crash of the stock market has helped keep

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—Leanne Hachey, CFIB



older workers from retiring just yet, says Morley. "Unfortunately, it's starting to come back," he jokes.

Business and government could also increase the labour-force participation rate by targeting traditionally underrepresented groups and getting more of them in the workforce, such as black Nova Scotians, native people and the disabled. "Those are marginalized groups that we can't afford to have marginalized anymore," says Morley.

The demographic crisis is not complete doom and gloom though. Our universities and community colleges attract young people to Halifax from around the world. "And it's up to us to kind of hang on to them," says Morley.

A recent report by Next Generation Consulting pegged Halifax as the fifth best Canadian city for the "next generation" to live and work in, ranking behind Victoria, Ottawa, Vancouver and Kingston.

The worldwide trend towards urbanization will also help Halifax. For the first time ever, the world was more urban than rural last year. Urbanization trends also speed up during recessions as people leave the country to look for work in the cities.

Besides making it harder to find workers, the demographic problem poses a lot of other problems for businesses. Although salaries are a benefit to employees, they're a cost to employers. With the shortage, increased salaries will lead to increased costs, meaning businesses will not be as competitive as they previously were.

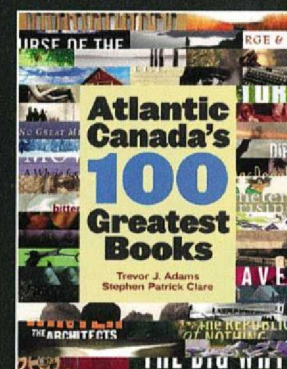
The total skill level of the workforce will also decline as experienced people leave, meaning businesses will be less productive. And if business owners can't fill positions, the remaining employees will be under pressure to pick up the slack. This could mean that business owners will be forced to forgo opportunities because they'll lack the people to get the job done.



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"We have basically ignored this problem for the last 12 months, which is going to make it that much more severe."

—Charles Cirtwill, AIMS

"When a business is turning down business simply because they don't have the people, that's not good for anybody," says Hachey. If jobs don't get done and firms don't grow, this will mean reduced tax revenue for the various levels of government, which will already be struggling with reduced revenues as more and more people move out of their prime income earning years.

For all the talk of a looming labour shortage, many say it is already here. "We're already seeing it," says Cirtwill. Some of the sectors having a hard time finding workers are retail, tourism and hospitality.

Scott Samways is the general manager at Winston's Pub & Eatery in Clayton Park. He's already having a hard time finding qualified employees. "Almost every single person has had stipulations when they can work, how they can work," he says. "I'm finding now that it's almost impossible to find somebody that would work on the schedule we would have for them."

And the situation may very well get worse before it gets better. "The scariest thing for me coming out of the recession or the economic downturn is that we had just before the downturn managed to get the attention of the federal and provincial governments about the impending labour shortage, about the crunch," says Cirtwill. "There was actually a national conversation going on about how to fix this. The recession blew that away. We have basically ignored this problem for the last 12 months and will probably ignore it for the next 10, which is going to make the problem that much more severe when we finally get around to dealing with it—sometime late in 2010, early 2011." ■

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