January 23, 2013

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act [Our File #: AES/031/2012]

On December 3, 2012, the Department of Advanced Education and Skills received your request for access to the following records:

I am requesting under the Access to Information Act:
A copy of each plan submitted by AES and HRLE for 2010/11, 2011/12, 2012/13 to the federal government as outlined in Article 3.2 of the Labour Market Development Agreement: 3.2 For each Fiscal year during which Newfoundland and Labrador provides its NL Benefits and Measures, Newfoundland and Labrador will provide Canada with a plan which sets out:
 a) the labour market issues which Newfoundland and Labrador intends to address during the coming Fiscal Year;
 b) the array of NL Benefits and Measures to be offered during the coming Fiscal Year; and
 c) the projected expenditures under each of the NL Benefits and Measures for the coming Fiscal Year.

Your request for access to these records has been granted. In accordance with your request for a copy of the records, the appropriate copies have been enclosed.

If you have any further questions, please feel free to contact the ATIPP Coordinator, Alicia Sutton, at telephone number 729-5152.

Yours sincerely,

Darrin Pike
Deputy Minister

Enclosure
CA/NL Labour Market Development Agreement

Newfoundland and Labrador
Benefits and Measures

2010-2011 Annual Plan

1.0 Purpose

This Annual Plan outlines Newfoundland and Labrador’s priority objectives and investments for the Canada-Newfoundland and Labrador Labour Market Development Agreement (LMDA), covering the time period April 1, 2010 to March 31, 2011.

The Government of Newfoundland and Labrador entered into a devolved LMDA with the Government of Canada on September 4, 2008. This Agreement came into effect on November 2, 2009, when the Province assumed responsibility for the management and delivery of the LMDA Employment Benefits and Measures. Newfoundland and Labrador’s priority objectives for these LMDA investments during the 2010-11 fiscal year include:

- helping improve employment and training outcomes for EI clients;
- aligning LMDA investments with provincial labour market priorities; and
- strengthening capacity for regional and local labour market development.

2.0 Background

General Employment Trends and Economic Conditions
Labour market conditions in Newfoundland and Labrador improved during the early months of 2008. For most of 2008, employment conditions in the province were very “tight” – that is, the number of new job opportunities was growing faster than the available workforce to fill them. In 2008, HRLE recorded over 26,000 job advertisements in the province, across all regions and a broad group of industries and occupations. Employment reached a record high of 222,000 on an average monthly basis during the period between January and September 2008. The average monthly participation rate (60.0%) and employment rate (52.1%) were also at or near record highs while the provincial unemployment rate dropped to 13.2%.

Employment conditions throughout Canada, including NL, started to decline in the latter part of 2008 due to the global economic downturn, and this downturn is further reflected in the annual numbers for 2009. Between 2008 and 2009, annual employment in the province dropped from 220,300 to 214,900, a decline of 2.5%. Likewise, participation and employment rates decreased to 59.3% and 50.1%, respectively, while the provincial unemployment rate increased to 15.5%. Employment declines were characteristic of the
Newfoundland and Labrador labour market in 2009, as they were in other provinces. The number of unemployed people in NL increased from 33,500 in 2008 to 39,300 in 2009 (an increase of 17.3%, or 5,800). By comparison, the number of unemployed people in Canada increased by 35.8%, or 400,500 individuals, during the same time period.

Despite employment losses during 2009, Newfoundland and Labrador has continued to show signs of economic recovery over the course of 2010. For example, employment increased by 4.1% (or 8,800) between November 2009 and November 2010, with all of this growth occurring in full-time jobs. Looking ahead, industry employment forecasts produced by the Department of Finance project that employment will grow by 6.9% from 2009, to reach 229,800 people in 2015. The peak employment in 2015 reflects the impacts of major project developments. This will be followed by a slight decline of -1.1% from 2015 to 2019. Overall, it is projected that there will be net employment growth of 5.7% (12,200 jobs) in the ten-year period between 2009 to 2019.

Forecasts from the 2010 Fall Update on November 30 (Department of Finance) are also projecting a return to growth for a number of economic indicators, including:

- Real GDP growth of 5.4%;
- Employment growth of 3.5%;
- Unemployment rate decline to 14.5%;
- Personal income growth of 4.2% (a result of both wage gains and employment growth);
- Retail sales growth of 4.4%;
- Population growth of 0.3% (due to positive immigration);
- Capital investment growth of 23.0% to $6.2 billion (to lead the country in CI growth);

In addition, the Department of Finance’s 2010 Economy in March of this year forecasted the following:

- Disposable income growth of 3.3%;
- Housing starts and residential construction spending to increase by 1.5% and 3.5% respectively; and
- Growth in the value of mineral shipments of 60%, to reach $3.1 billion.

New job growth only presents a partial picture of future job opportunities in the province. In fact, it will be retirements that present the greatest employment opportunities in the years ahead. Human Resources and Skills Development Canada projects that over 65% of all job openings in Canada between 2010 and 2018 will result from replacement demands (retirements, deaths, and emigrants). Retirements alone could result in upwards of 15,000 replacement job openings. Current labour force participation rates will likely have to increase significantly among many age groups to meet these anticipated demands. Furthermore, these trends reflect only surface pressures and will likely be much more severe when specific industry, occupational and educational demands are taken into account.
Provincial Labour Market Challenges

Labour Shortages
Over the medium to long term, labour shortages associated with population decline and aging are among the most significant labour market challenges facing Newfoundland and Labrador and most developed economies throughout the world.

The impacts of population trends are more evident in Newfoundland and Labrador than elsewhere in Canada. Whereas most jurisdictions are facing the challenge of slowing population growth, the province’s population has actually sustained continued population decline over the past decade and now has one of the most rapidly aging populations in Canada.

- For the past three years, the province has experienced negative natural population growth (deaths have exceeded births) and this is forecast to continue to 2025;
- The provincial working-age population (15-64 years old) is projected to decline by 15.7% (almost 60,000 people) over the next 15 years. By 2025, there will potentially be one new labour force entrant (15-24 years old) for every two potential retirees (55-64 years old).
- By 2025, almost 1/3 of the provincial population will be 60 years old or older.

Historical interprovincial migration and immigration trends are significant factors impacting population trends in Newfoundland and Labrador.

- The province has traditionally had a high rate of net out-migration, especially among youth. Over the past 20 years, the province has experienced a net loss of over 80,000 people; 80% of net out-migrants have been young people 15 to 29 years old. Preliminary figures show a net increase of 2,332 persons into the province during 2008-09 overall, however, net-outmigration among youth is still occurring and continued increases will be necessary to make up for losses over the previous two decades.
- In the past several years, there have been demonstrated increases in the number of immigrants moving to the province, largely a result of a provincial Immigration Strategy, however, the province has among the lowest rates of attraction and retention of immigrants.

Labour force participation rates have been improving in the province, however, they are among the lowest in the country which will further compound the impacts of population trends in Newfoundland and Labrador. Over the past several years, concerns over labour shortages have been escalating, especially in light of increasing competition for workers from other jurisdictions. Even during the slower economic conditions of 2008-09, employers in Newfoundland and Labrador continued to voice concerns over their capacity to find and keep the skilled workers they need to compete. These challenges will become more acute as economic conditions begin to recover throughout the world and
the competition for workers once again begins to intensify. Labour supply pressures could negatively impact economic and firm growth in the absence of significant immigration or complimentary investment in capital improvements and workforce development by employers to maintain productivity growth. Increases in participation rates across all age groups might also be expected over the next decade.

**Increasing Skills and Changing Job Demands**
A rapidly changing and increasingly competitive global marketplace and technological advancements will continue to increase skill demands and contribute to changing job duties. For example, it is projected that 65% of all new jobs in the future will require some form of post-secondary education. Current workforce literacy levels, particularly among older workers, will pose challenges in responding to these changing demands. These challenges are further exacerbated by the fact that NL continues to experience low participation rates in adult learning courses among its working-age population and among the lowest levels of employer investment in workforce development and training.

**Labour force Adjustments**
Newfoundland and Labrador has a relatively higher dependency on traditional, primary-resource based industries. Over the past decade, these industries have undergone significant adjustments in order to compete and survive within an increasingly global market place. In context of the current economic conditions some further retrenchment may be expected as firms continue to monitor the bottom line, however 2010 is expected to see a return to more positive conditions as the province is projected to lead the country in growth this year supported by a major increase in mineral exports and increased construction activity on major projects. Both of these should benefit workers in rural and urban areas of the province.

Compared to the rest of Canada, Newfoundland and Labrador has:
- among the highest proportion of its labour force living in rural areas of the province (45% versus 18% in Canada);
- among the highest proportion of seasonal/part-year workers in the country who tend to be older and have lower levels of formal education than the provincial workforce overall; and
- correspondingly lower average participation rates among more rural regions.

**Limited Human Resource Planning Capacity Among Employers**
Most of the province’s businesses consist of small, or very small, employers - those with fewer than 100 employees comprise 98% of all employers in the province. These employers are dispersed throughout the province (over 400 square km; 600+ communities including 73% with less than 500 people) and many are currently experiencing labour and skill shortages, skills gaps and workforce recruitment and retention challenges. Yet these firms often have limited human resource capacity, especially in the area of workforce-workplace training, that limits their ability to address
these concerns and subsequently their capacity find, keep and develop the skilled workers they need to increase productivity and compete.

**Under-Represented and Marginalized Groups**
Newfoundland and Labrador has a high proportion of under-represented or under-utilized workers. Many of these workers, including women, Aboriginal people, persons with disabilities, displaced workers, low-skilled workers, immigrants and older workers often face employment barriers that limit their full-participation. Other workers, including new graduates and apprentices, often face significant financial challenges as a result of high student-debt loads or in establishing their first attachment to the labour market that they need to acquire further experience and certification. Together, these groups constitute a valuable but often untapped source of skilled labour.

**3.0 Investment Priorities:**

Provincial investment priorities for the Newfoundland and Labrador Benefits and Measures for the remainder of the fiscal year include:

1) **Maintaining Quality Services:** The Province will work towards ensuring quality services for clients accessing NL Benefits and Support Measures. This includes meeting and maintaining 2010-11 commitments levels to clients and organizations and strategic targets.

2) **Aligning Current Funding with Provincial Priorities:** The Province will work towards ensuring LMDA investments complement, strengthen and are integrated with provincial labour market priorities and programs and services for fiscal year 2010/11.

3) **Strengthening Regional and Local Labour Market Development:** The Province will continue to work with partners and stakeholders at the regional and local levels to support and strengthen labour market development planning throughout the province.

**Newfoundland and Labrador Benefits and Measures**

For the remainder of fiscal year 2010-11, Newfoundland and Labrador will deliver the following array of Employment Benefits and Support Measures:

**Newfoundland and Labrador Wage Subsidies:**
Newfoundland and Labrador will provide funding to employers to encourage them to hire EI Clients whom they would not normally hire in the absence of a subsidy.
Newfoundland and Labrador may also provide related employment supports to eligible individuals, including tools, equipment and short-term training.

**Newfoundland and Labrador Job Creation Partnerships:**
Newfoundland and Labrador will provide financial support, in partnership with employers and/or community organizations, to projects that provide EI clients with work experience leading to ongoing employment.

**Newfoundland and Labrador Self-Employment Assistance:**
Newfoundland and Labrador will assist EI Clients in establishing their own businesses and becoming self-employed by providing self-employment services, such as entrepreneurship training, customized coaching, and ongoing advice and client supports.

**Newfoundland and Labrador Skills Development:**
Newfoundland and Labrador will provide a benefit for the education and training of EI Clients so they can obtain the skills necessary for employment. Under this benefit, EI Clients will be expected to share the cost of training where appropriate.

This benefit will include the costs ordinarily paid by Newfoundland and Labrador over and above the amounts recovered through tuition fees, with respect to each EI Client receiving financial assistance under Newfoundland and Labrador Skills Development and attending a publicly funded training institution.

**Newfoundland and Labrador Employment Assistance Services:**
Employment Assistance Services will be used to help clients obtain employment. Services may include needs determination, employment counselling, job search training, and provision of labour market information.

Employment Assistance Services will be available to unemployed persons and job seekers.

**Newfoundland and Labrador Labour Market Partnerships:**
Newfoundland and Labrador will provide funding to support employers, employer or employee associations, community groups and communities in developing and implementing labour market strategies and activities for dealing with labour force adjustments and meeting human resource requirements.

Labour Market Partnerships may be used to provide assistance for employed persons who are facing loss of employment.
### 4.0 Financial Investment Levels for Employment Benefits and Support Measures in Newfoundland and Labrador for 2009-10

<table>
<thead>
<tr>
<th>Benefits and Measures</th>
<th>Planned Investment 2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills Development</td>
<td>$90,502,000</td>
</tr>
<tr>
<td>Labour Market Partnerships</td>
<td>$6,140,000</td>
</tr>
<tr>
<td>Wage Subsidies</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>Self Employment Assistance</td>
<td>$5,500,000</td>
</tr>
<tr>
<td>Job Creation Partnerships</td>
<td>$16,000,000</td>
</tr>
<tr>
<td>Employment Assistance Services</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>Other (WHSCC, Third Party, etc.)</td>
<td>$1,870,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$146,012,000</strong></td>
</tr>
</tbody>
</table>
1.0 Targets and Target Setting for Newfoundland and Labrador Benefits and Measures

In 2010-2011 NL has set the following targets:

<table>
<thead>
<tr>
<th>Results Indicator</th>
<th>Targets for FY 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) the number of active EI claimants who have accessed benefits and measures</td>
<td>13,284</td>
</tr>
<tr>
<td>(b) the number of EI clients returned to employment</td>
<td>6,438</td>
</tr>
<tr>
<td>(c) savings to the Employment Insurance account</td>
<td>$32.5M</td>
</tr>
</tbody>
</table>

2.0 Funding Projection

The three-year projection of Canada’s annual allocations for contributions towards the costs of the NL Benefits and Measures are as follows:

- $133,352,000 for 2009-10
- $133,575,000 for 2010-11
- $133,776,000 for 2011-12

These allocations are per the letter from Senior Assistance Deputy Minister of Human Resources and Skills Development Canada, Karen Jackson, to Department of Human Resources, Labour and Employment Assistant Deputy Minister, Wayne Penney, received on November 21, 2008.

Canada will make advance payments of its annual contribution towards the cost of NL Benefits and Measures, as per section 16 of the LMDA. The advances will be made on a monthly basis and will be based upon a forecast of cash flow requirements furnished by NL.
CA/NL Labour Market Development Agreement

Newfoundland and Labrador
Benefits and Measures

2011-2012 Annual Plan

1.0 Purpose

This Annual Plan outlines Newfoundland and Labrador’s priority objectives and investments for the Canada-Newfoundland and Labrador Labour Market Development Agreement (LMDA), covering the time period April 1, 2011 to March 31, 2012.

The Government of Newfoundland and Labrador entered into a devolved LMDA with the Government of Canada on September 4, 2008. This Agreement came into effect on November 2, 2009, when the Province assumed responsibility for the management and delivery of the LMDA Employment Benefits and Measures. Newfoundland and Labrador’s priority objectives for these LMDA investments during the 2011-12 fiscal year include:

- helping improve employment and training outcomes for EI clients;
- aligning LMDA investments with provincial labour market priorities; and
- strengthening capacity for regional and local labour market development.

2.0 Background

General Employment Trends and Economic Conditions

Labour market conditions in Newfoundland and Labrador improved during the early months of 2008. For most of 2008, employment conditions in the province were very “tight” – that is, the number of new job opportunities was growing faster than the available workforce to fill them. In 2008, HRLE recorded over 26,000 job advertisements in the province, across all regions and a broad group of industries and occupations. Employment reached a record high of 220,700 on an average monthly basis during the period between January and September 2008. The average monthly participation rate (59.9%) and employment rate (52.0%) were also at or near record highs while the provincial unemployment rate dropped to 13.2%.

Employment conditions throughout Canada, including NL, started to decline in the latter part of 2008 due to the global economic downturn, and this downturn is further reflected in the annual numbers for 2009. Between 2008 and 2009, annual employment in the province dropped from 218,700 to 212,300, representing a decline of 2.9%. Likewise, participation and employment rates decreased to 59.0% and 49.8%, respectively, while the provincial unemployment rate increased to 15.5%. Employment declines were characteristic of the Newfoundland and Labrador labour market in 2009, as they were in other provinces. The number of unemployed people in NL increased from 33,300 in 2008 to 39,000 in 2009 (an increase of 17.1%, or 5,700).
By comparison, the number of unemployed people in Canada increased by 35.8%, or 399,500 individuals, during the same time period.

Despite employment losses during 2009, Newfoundland and Labrador’s labour market weathered the economic downturn well and saw considerable gains in 2010. Compared to the rest of the country, the province ranked first in terms of both labour force growth and employment growth. Employment averaged 219,400 during 2010, an increase of 3.3% (or 7,100) from the previous year. The labour force in 2010 averaged 256,300, an increase of 2.0% from 2009. As well, the number of unemployed in the province decreased by 5.4%, and the unemployment rate by 1.1 percentage points between 2009 and 2010 (from 15.5% to 14.4%)

Despite employment losses during 2009, Newfoundland and Labrador has continued to show signs of economic recovery over the course of 2010. For example, employment increased by 4.1% (or 8,800) between November 2009 and November 2010, with all of this growth occurring in full-time jobs. Looking ahead, industry employment forecasts produced by the Department of Finance project that employment will grow by 6.9% from 2009, to reach 229,800 people in 2015. The peak employment in 2015 reflects the impacts of major project developments. This will be followed by a slight decline of -1.1% from 2015 to 2019. Overall, it is projected that there will be net employment growth of 5.7% (12,200 jobs) in the ten-year period between 2009 to 2019.

The provincial outlook for Newfoundland and Labrador is forecast to be positive over the medium to long term. According to the latest forecasts from the Department of Finance, employment in this province is expected to increase by 3.0%, to average 226,000 in 2011. Furthermore, the provincial unemployment rate is forecast to decrease to 13.8%. Looking ahead, industry employment forecasts produced by the Department of Finance, project that employment will grow by 7.9% from 2010 to reach 236,700 people in 2015, followed by a slight decline of 4.7% from 2015 to 2019. The peak employment in 2015 reflects the impacts of major project developments. Overall, it is projected that there will be net employment growth of 3.1% (6,700 jobs) in the ten-year period between 2010 to 2020.\(^1\)

In addition to the above indicators, the Department of Finance’s 2011 *Economy* in March of this year forecasted the following:

- Real GDP growth of 3.0%;
- Personal income growth of 5.5%;
- Disposable income growth of 5.4%;
- Retail sales growth of 4.2%;
- Population growth of 0.3% (due to positive net migration);
- Capital investment growth of 27.2%;
- Housing starts decrease of 8.7% (to 3,294);
- Residential construction spending decrease of 0.2% (to $1.72 billion);
- Growth in value of mineral shipments by 27% (to $4.8 billion).

\(^1\) The Department of Finance, Employment by Industry Forecast, 2010 to 2020.
New job growth only presents a partial picture of future job opportunities in the province. In fact, it will be retirements that present the greatest employment opportunities in the years ahead. Human Resources and Skills Development Canada projects that over 65% of all job openings in Canada between 2010 and 2018 will result from replacement demands (retirements, deaths, and emigrants). Current labour force participation rates will likely have to increase significantly among many age groups to meet these anticipated demands. Furthermore, these trends reflect only surface pressures and will likely be much more severe when specific industry, occupational and educational demands are taken into account.

Provincial Labour Market Challenges

Labour Shortages
Over the medium to long term, labour shortages associated with population decline and aging are among the most significant labour market challenges facing Newfoundland and Labrador and most developed economies throughout the world.

The impacts of population trends are more evident in Newfoundland and Labrador than elsewhere in Canada. Whereas most jurisdictions are facing the challenge of slowing population growth, the province’s population has actually sustained continued population decline over the past decade and now has one of the most rapidly aging populations in Canada.

- For the past four years, the province has experienced negative natural population growth (deaths have exceeded births) and this is forecast to continue to 2025;
- The provincial working-age population (15-64 years old) is projected to decline by 12.3% (almost 44,000 people) between 2011 and 2025. By 2025, there will potentially be five new labour force entrants (15-24 years old) for every eight potential retirees (55-64 years old), and almost 1/3 of the provincial population will be 60 years old or older.

Historical interprovincial migration and immigration trends are additional significant factors impacting population trends in Newfoundland and Labrador.

- The province has traditionally had a high rate of net out-migration, especially among youth. Over the past 20 years, the province has experienced a net loss of over 73,000 people; 80% of net out-migrants have been young people 15 to 29 years old. Preliminary figures show a net increase of 1,309 persons into the province during 2009-10 overall; however, out-migration among youth is still occurring and continued increases will be necessary to make up for losses over the previous two decades.
- In the past several years, there have been demonstrated increases in the number of immigrants moving to the province, largely a result of a provincial Immigration Strategy; however, the province has among the lowest rates of attraction and retention of immigrants.
Labour force participation rates have been improving in the province; however, they are among the lowest in the country which will further compound the impacts of population trends in Newfoundland and Labrador. Over the past several years, concerns over labour shortages have been escalating, especially in light of increasing competition for workers from other jurisdictions. Even during the slower economic conditions of 2008-09, employers in Newfoundland and Labrador continued to voice concerns over their capacity to find and keep the skilled workers they need to compete. These challenges will become more acute as economic conditions begin to recover throughout the world and the competition for workers once again begins to intensify. Labour supply pressures could negatively impact economic and firm growth in the absence of significant immigration or complimentary investment in capital improvements and workforce development by employers to maintain productivity growth. Increases in participation rates across all age groups might also be expected over the next decade.

Increasing Skills and Changing Job Demands
A rapidly changing and increasingly competitive global marketplace and technological advancements will continue to increase skill demands and contribute to changing job duties. For example, it is projected that 65% of all new jobs in the future will require some form of post-secondary education. Current workforce literacy levels, particularly among older workers, will pose challenges in responding to these changing demands. These challenges are further exacerbated by the fact that NL continues to experience low participation rates in adult learning courses among its working-age population and among the lowest levels of employer investment in workforce development and training.

Labour force Adjustments
Newfoundland and Labrador has a relatively higher dependency on traditional, primary-resource based industries. Over the past decade, these industries have undergone significant adjustments in order to compete and survive within an increasingly global marketplace.

Compared to the rest of Canada, Newfoundland and Labrador has:
- among the highest proportion of its labour force living in rural areas of the province (45% versus 17% in Canada);
- among the highest proportion of seasonal/part-year workers in the country who tend to be older and have lower levels of formal education than the provincial workforce overall; and
- correspondingly lower average participation rates among more rural regions.

Limited Human Resource Planning Capacity Among Employers
Most of the province’s businesses consist of small, or very small, employers - those with fewer than 100 employees comprise 98% of all employers in the province. These employers are dispersed throughout the province (over 400 square km; 600+ communities including 73% with less than 500 people) and many are currently experiencing labour and skill shortages, skills gaps and workforce recruitment and retention challenges. Yet these firms often have limited human resource capacity, especially in the area of workforce-workplace training, that limits their ability to address
these concerns, and subsequently, their capacity to find, keep and develop the skilled workers they need to increase productivity and compete.

Under-Represented and Marginalized Groups
Newfoundland and Labrador has a high proportion of under-represented or under-utilized workers. Many of these workers, including women, Aboriginal people, persons with disabilities, displaced workers, low-skilled workers, immigrants and older workers, often face employment barriers that limit their full-participation. Other workers, including new graduates and apprentices, often face significant financial challenges as a result of high student-debt loads or in establishing their first attachment to the labour market that they need to acquire further experience and certification. Together, these groups constitute a valuable but often untapped source of skilled labour.

3.0 Investment Priorities:

Provincial investment priorities for the Newfoundland and Labrador Benefits and Measures for the fiscal year include:

1) Maintaining Quality Services: The Province will work towards ensuring quality services for clients accessing NL Benefits and Measures. This includes meeting and maintaining 2011-12 commitments levels to clients and organizations and setting targets.

2) Aligning Current Funding with Provincial Priorities: The Province will work towards ensuring LMDA investments complement, strengthen and are integrated with provincial labour market priorities and programs and services for fiscal year 2011-12. This includes initiatives such as Apprenticeship Wage Subsidy program which, provided in partnership with the Department of Education, will provide enhanced supports and services for apprentices and the employers who hire them.

3) Strengthening regional and local Labour Market Development: The Province will continue to work with partners and stakeholders at the regional and local levels to support and strengthen labour market development planning throughout the province.

Newfoundland and Labrador Benefits and Measures

During fiscal year 2011-12, Newfoundland and Labrador will deliver the following Employment Benefits and Support Measures:

Newfoundland and Labrador Wage Subsidies:
Newfoundland and Labrador will provide funding to employers to encourage them to hire EI Clients whom they would not normally hire in the absence of a subsidy. This will include the provision of enhanced supports and services to encourage employers to hire 1st and 2nd year apprentices. Newfoundland and Labrador may also provide related
employment supports to eligible individuals, including tools, equipment and short-term training.

Newfoundland and Labrador Job Creation Partnerships:
Newfoundland and Labrador will provide financial support, in partnership with employers and/or community organizations, to projects that provide EI clients with work experience and skills to achieve ongoing labour market attachment.

Newfoundland and Labrador Self-Employment Assistance:
Newfoundland and Labrador will assist EI Clients in establishing their own businesses and becoming self-employed by providing self-employment services, such as entrepreneurship training, customized coaching, and ongoing advice and client supports.

Newfoundland and Labrador Skills Development:
Newfoundland and Labrador will provide a benefit for the education and training of EI Clients so they can obtain the skills necessary for employment. Under this benefit, EI Clients will be expected to share the cost of training where appropriate.

This benefit will include the costs ordinarily paid by Newfoundland and Labrador over and above the amounts recovered through tuition fees, with respect to each EI Client receiving financial assistance under Newfoundland and Labrador Skills Development and attending a publicly funded training institution.

Newfoundland and Labrador Employment Assistance Services:
Employment Assistance Services will be provided to help clients obtain employment. Services may include needs determination, employment counseling, job search training, and provision of labour market information. Employment Assistance Services will be available to unemployed persons and job seekers.

Newfoundland and Labrador Labour Market Partnerships:
Newfoundland and Labrador will provide funding to support employers, employer or employee associations, community groups and communities in developing and implementing labour market strategies and activities for dealing with labour force adjustments and meeting human resource requirements.

Labour Market Partnerships may be used to provide assistance for employed persons who are facing loss of employment.
4.0 Financial Investment Levels for Employment Benefits and Support Measures in Newfoundland and Labrador for 2011-12

<table>
<thead>
<tr>
<th>Benefits and Measures</th>
<th>Planned Investment 2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills Development</td>
<td>$ 85,697,274</td>
</tr>
<tr>
<td>Labour Market Partnerships</td>
<td>$ 6,645,108</td>
</tr>
<tr>
<td>Wage Subsidies</td>
<td>$ 4,444,960</td>
</tr>
<tr>
<td>Self Employment Assistance</td>
<td>$ 5,368,937</td>
</tr>
<tr>
<td>Job Creation Partnerships</td>
<td>$ 10,557,118</td>
</tr>
<tr>
<td>Employment Assistance Services</td>
<td>$ 18,505,603</td>
</tr>
<tr>
<td>Other (WHSCC, Third Party, etc.)</td>
<td>$ 725,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 131,944,000</strong></td>
</tr>
</tbody>
</table>
1.0 Targets and Target Setting for Newfoundland and Labrador Benefits and Measures

In 2011-2012 NL has set the following targets:

<table>
<thead>
<tr>
<th>Results Indicator</th>
<th>Targets for FY 2011-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) the number of active EI claimants who have accessed benefits and measures</td>
<td>10,000</td>
</tr>
<tr>
<td>(b) the number of EI clients returned to employment</td>
<td>6,000</td>
</tr>
<tr>
<td>(c) savings to the Employment Insurance account</td>
<td>$ 25,000,000</td>
</tr>
</tbody>
</table>

2.0 Funding Projection

The three-year projection of Canada’s annual allocations for contributions towards the costs of the NL Benefits and Measures are as follows:

$133,352,000 for 2009-10  
$133,575,000 for 2010-11  
$133,776,000 for 2011-12  

These allocations are as per the letter from Senior Assistance Deputy Minister of Human Resources and Skills Development Canada, Karen Jackson, to Department of Human Resources, Labour and Employment Assistant Deputy Minister, Wayne Penney, received on November 21, 2008.

Canada’s actual annual allocations for contributions towards the costs of the NL Benefits and Measures for 2009-10 and 2010-11 are as follows:

$70,023,464 for 2009-10  (November 2, 2009 to March 31, 2010)  
$146,012,000 for 2010-11  
$131,944,000 for 2011-12  (As per the letter from Senior Assistant Deputy Minister of Human Resources and Skills Development Canada, Mr. Frank Vermaeten, received April 1, 2011)

Canada will make advance payments of its annual contribution towards the cost of NL Benefits and Measures, as per section 16 of the LMDA. The advances will be made on a monthly basis and will be based upon a forecast of cash flow requirements furnished by NL.
1.0 Purpose

This Annual Plan outlines Newfoundland and Labrador’s priority objectives and investments for the Canada-Newfoundland and Labrador Labour Market Development Agreement (LMDA), covering the time period April 1, 2012 to March 31, 2013.

The Government of Newfoundland and Labrador entered into a devolved LMDA with the Government of Canada on September 4, 2008. This Agreement came into effect on November 2, 2009, when the Province assumed responsibility for the management and delivery of the LMDA Employment Benefits and Measures. Newfoundland and Labrador’s priority objectives for these LMDA investments during the 2012-13 fiscal year include:

- helping improve employment and training outcomes for EI clients;
- aligning LMDA investments with provincial labour market priorities; and
- strengthening capacity for regional and local labour market development.

2.0 Background

General Employment Trends and Economic Conditions

Despite employment losses, Newfoundland and Labrador weathered the economic downturn relatively well compared to many other jurisdictions and was showing signs of recovery even before the end of 2010. In 2010, the Department recorded over 21,000 job advertisements in the province, across all regions and a broad group of industries and occupations. According to the Labour Force Survey, compared to the rest of the country, the province ranked first in terms of both labour force growth and employment growth during 2010. In that year, employment averaged 219,400, an increase of 3.3% (or 7,100) over 212,300 in 2009. Over the same period, the labour force averaged 256,300, an increase of 2.0% from 251,300 in 2009. Furthermore, the number of unemployed in the province decreased by 5.4% and the unemployment rate decreased by 1.1 percentage points, from 15.5% to 14.4%.

The provincial outlook for Newfoundland and Labrador is forecast to be positive over the medium to long term. According to the latest forecasts from the Department of Finance, employment in this province is expected to increase by 2.8%, to average 226,000 in 2011. Furthermore, the provincial unemployment rate is forecast to decrease to 13.8%. Consistent with this positive outlook, labour market indicators for the first eleven months of 2011 suggest continued labour market gains in the province following the recent economic downturn. When comparing the first eleven months of 2011 to 2010, the
provincial labour force increased to 258,300, and employment increased to 225,700 (with a corresponding participation rate and employment rate of 60.2% and 52.6%, respectively). The number of unemployed people decreased to 32,600. The unemployment rate was 12.6%.

Newfoundland and Labrador Labour Market Outlook 2020, recently released by the Department of Advanced Education and Skills, projects that employment will grow by 8.2% to reach a peak of 302,173 people in 2015, followed by a decline of 5.1% from 2015 to 2020. The peak employment in 2015 reflects the impacts of major project developments while subsequent losses are the result of these projects ramping down after construction. Overall, it is projected that there will be net employment growth of 2.8% (or 7,700 new jobs) in the ten-year period between 2010 and 2020.

Newfoundland and Labrador Labour Market Outlook 2020

New job growth only presents a partial picture of future job opportunities in the province. In fact, it will be retirements that present the greatest employment opportunities in the years ahead. Outlook 2020 projects that almost 90% of all job openings in Newfoundland and Labrador between 2011 and 2020 will result from attrition (approximately 62,000). Current labour force participation rates will likely have to increase significantly among many age groups to meet these anticipated demands. Furthermore, these trends reflect only surface pressures and will likely be much more severe when specific industry, occupational and educational demands are taken into account.

Considering that the population of working-age people (15-64 years) is expected to decline by 45,929 (12.9%) between 2009 and 2025, and given the 2010 participation rate of 71% for this age group, the province will face significant supply pressures that could negatively impact economic growth in the absence of significant in-migration. Increases in participation rates across all age groups might also be expected over the next decade. Based on various scenarios for increasing participation (e.g., maintaining unemployment rate at 5% or above, and taking into account social considerations such as educational participation among young people and retirement trends), participation will have to meet or surpass current Canadian levels among many age groups to meet anticipated demands. Furthermore, these trends reflect only surface pressures and will likely be much more severe when industry, occupational and educational demands are taken into account.

In addition to the above indicators, the Department of Finance’s 2011 Economy in March of this year forecasted the following:

- Real GDP growth of 3.0%;
- Personal income growth of 5.5%;
- Disposable income growth of 5.4%;
- Retail sales growth of 4.2%;
- Population growth of 0.3% (due to positive net migration);
- Capital investment growth of 27.2%;
- Housing starts decrease of 8.7% (to 3,294);
- Residential construction spending decrease of 0.2% (to $1.72 billion);
Growth in value of mineral shipments by 27% (to $4.8 billion).

Provincial Labour Market Challenges

Labour Shortages
Over the medium to long term, labour shortages associated with population decline and aging are among the most significant labour market challenges facing Newfoundland and Labrador and most developed economies throughout the world.

The impacts of population trends are more evident in Newfoundland and Labrador than elsewhere in Canada. Whereas most jurisdictions are facing the challenge of slowing population growth, the province’s population has actually sustained continued population decline over the past decade and now has one of the most rapidly aging populations in Canada.

- Since 2007, the province has experienced positive natural population growth (births exceeded deaths);
- The provincial working-age population (15-64 years old) is projected to decline by 12.3% (almost 44,000 people) between 2011 and 2025. By 2025, there will potentially be five new labour force entrants (15-24 years old) for every eight potential retirees (55-64 years old), and almost 1/3 of the provincial population will be 60 years old or older.

Historical interprovincial migration and immigration trends are additional significant factors impacting population trends in Newfoundland and Labrador.

- The province has traditionally had a high rate of net out-migration, especially among youth. Over the past 20 years, the province has experienced a net loss of over 73,000 people; 80% of net out-migrants have been young people 15 to 29 years old. Preliminary figures show a net decrease of 1,334 persons into the province during 2010-11 overall; however, out-migration among youth is still occurring and continued increases will be necessary to make up for losses over the previous two decades.
- In the past several years, there have been demonstrated increases in the number of immigrants moving to the province, largely a result of a provincial Immigration Strategy; however, the province has among the lowest rates of attraction and retention of immigrants.

Labour force participation rates have been improving in the province; however, they are among the lowest in the country which will further compound the impacts of population trends in Newfoundland and Labrador. Over the past several years, concerns over labour shortages have been escalating, especially in light of increasing competition for workers from other jurisdictions. Even during the slower economic conditions of 2008-09, employers in Newfoundland and Labrador continued to voice concerns over their capacity to find and keep the skilled workers they need to compete. These challenges will become more acute as economic conditions begin to recover throughout the world and the competition for workers once again begins to intensify. Labour supply pressures could negatively impact economic and firm growth in the absence of significant in-
migration or complimentary investment in capital improvements and workforce development by employers to maintain productivity growth. Increases in participation rates across all age groups might also be expected over the next decade.

**Increasing Skills and Changing Job Demands**
A rapidly changing and increasingly competitive global marketplace and technological advancements will continue to increase skill demands and contribute to changing job duties. For example, *Outlook 2020* projects that 66.7% of all job openings between 2011 and 2020 will be in management occupations or will require some form of post-secondary education. Current workforce literacy levels, particularly among older workers, will pose challenges in responding to these changing demands. These challenges are further exacerbated by the fact that NL continues to experience low participation rates in adult learning courses among its working-age population and among the lowest levels of employer investment in workforce development and training.

**Labour force Adjustments**
Newfoundland and Labrador has a relatively higher dependency on traditional, primary-resource based industries. Over the past decade, these industries have undergone significant adjustments in order to compete and survive within an increasingly global market place.

Compared to the rest of Canada, Newfoundland and Labrador has:
- among the highest proportion of its labour force living in rural areas of the province (51% versus 18% in Canada);
- among the highest proportion of seasonal/part-year workers in the country who tend to be older and have lower levels of formal education than the provincial workforce overall; and
- correspondingly lower average participation rates among more rural regions.

**Limited Human Resource Planning Capacity Among Employers**
Most of the province’s businesses consist of small, or very small, employers - those with fewer than 100 employees comprise 98% of all employers in the province. These employers are dispersed throughout the province (over 400 square km; 600+ communities including 73% with less than 500 people) and many are currently experiencing labour and skill shortages, skills gaps and workforce recruitment and retention challenges. Yet these firms often have limited human resource capacity, especially in the area of workforce-workplace training, that limits their ability to address these concerns, and subsequently, their capacity to find, keep and develop the skilled workers they need to increase productivity and compete.

**Under-Represented and Marginalized Groups**
Newfoundland and Labrador has a high proportion of under-represented or under-utilized workers. Many of these workers, including women, Aboriginal people, persons with disabilities, displaced workers, low-skilled workers, immigrants and older workers, often face employment barriers that limit their full-participation. Other workers, including new graduates and apprentices, often face significant financial challenges as a result of high
students-debt loads or in establishing their first attachment to the labour market that they need to acquire further experience and certification. Together, these groups constitute a valuable but often untapped source of skilled labour.

3.0 Investment Priorities:

Provincial investment priorities for the Newfoundland and Labrador Benefits and Measures for the fiscal year include:

1) Maintaining Quality Services: The Province will work towards ensuring quality services for clients accessing NL Benefits and Measures. This includes meeting and maintaining 2012-13 commitments levels to clients and organizations and setting targets.

2) Aligning Current Funding with Provincial Priorities: The Province will work towards ensuring LMDA investments complement, strengthen and are integrated with provincial labour market priorities and programs and services for fiscal year 2012-13. This includes initiatives such as the Apprenticeship Wage Subsidy program, which provides enhanced supports and services for apprentices and the employers who hire them; the provision of supports for employers to meet human resource requirements, for example wage subsidies and workplace training; and the provision of supports to older workers to increase participation in the labour force, including training and work experience opportunities.

3) Strengthening regional and local Labour Market Development: The Province will continue to work with partners and stakeholders at the regional and local levels to support and strengthen labour market development planning throughout the province.

Newfoundland and Labrador Benefits and Measures

During fiscal year 2012-13, Newfoundland and Labrador will deliver the following Employment Benefits and Support Measures:

Newfoundland and Labrador Wage Subsidies:
Newfoundland and Labrador will provide funding to employers to encourage them to hire EI Clients whom they would not normally hire in the absence of a subsidy. This will include the continuation of enhanced supports and services to encourage employers to hire 1<sup>st</sup> and 2<sup>nd</sup> year apprentices. Newfoundland and Labrador may also provide related employment supports to eligible individuals, including tools, equipment and short-term training.

Newfoundland and Labrador Job Creation Partnerships:
Newfoundland and Labrador will provide financial support, in partnership with employers and/or community organizations, to projects that provide EI clients with work experience and skills to achieve ongoing labour market attachment.
**Newfoundland and Labrador Self-Employment Assistance:**
Newfoundland and Labrador will assist EI Clients in establishing their own businesses and becoming self-employed by providing self-employment services, such as entrepreneurship training, customized coaching, and ongoing advice and client supports.

**Newfoundland and Labrador Skills Development:**
Newfoundland and Labrador will provide a benefit for the education and training of EI Clients so they can obtain the skills necessary for employment. Under this benefit, EI Clients will be expected to share the cost of training where appropriate.

This benefit will include the costs ordinarily paid by Newfoundland and Labrador over and above the amounts recovered through tuition fees, with respect to each EI Client receiving financial assistance under Newfoundland and Labrador Skills Development and attending a publicly funded training institution.

**Newfoundland and Labrador Employment Assistance Services:**
Employment Assistance Services will be provided to help clients obtain employment. Services may include needs determination, employment counseling, job search training, and provision of labour market information. Employment Assistance Services will be available to unemployed persons and job seekers.

**Newfoundland and Labrador Labour Market Partnerships:**
Newfoundland and Labrador will provide funding to support employers, employer or employee associations, community groups and communities in developing and implementing labour market strategies and activities for dealing with labour force adjustments and meeting human resource requirements. Labour Market Partnerships may be used to provide assistance for employed persons who are facing loss of employment.
4.0 Financial Investment Levels for Employment Benefits and Support Measures in Newfoundland and Labrador for 2012-13

<table>
<thead>
<tr>
<th>Benefits and Measures</th>
<th>Planned Investment 2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills Development</td>
<td>$ 80,551,320</td>
</tr>
<tr>
<td>Labour Market Partnerships</td>
<td>$ 9,500,000</td>
</tr>
<tr>
<td>Wage Subsidies</td>
<td>$ 4,566,501</td>
</tr>
<tr>
<td>Self Employment Assistance</td>
<td>$ 4,994,279</td>
</tr>
<tr>
<td>Job Creation Partnerships</td>
<td>$ 11,267,118</td>
</tr>
<tr>
<td>Employment Assistance Services</td>
<td>$ 18,694,913</td>
</tr>
<tr>
<td>Other (WHSCC, Third Party, etc.)</td>
<td>$ 830,869</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 130,405,000</strong></td>
</tr>
</tbody>
</table>
1.0 Targets and Target Setting for Newfoundland and Labrador Benefits and Measures

In 2012-2013 NL has set the following targets:

<table>
<thead>
<tr>
<th>Results Indicator</th>
<th>Targets for FY 2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) the number of active EI claimants who have accessed benefits and measures</td>
<td>9,700</td>
</tr>
<tr>
<td>(b) the number of EI clients returned to employment</td>
<td>5,800</td>
</tr>
<tr>
<td>(c) savings to the Employment Insurance account</td>
<td>$24,500,000</td>
</tr>
</tbody>
</table>

2.0 Funding Projection

Canada’s annual allocations for contributions towards the costs of the NL Benefits and Measures for 2009-10, 2010-11 and 2011-12 have been as follows:

- $70,023,464 for 2009-10 (November 2, 2009 to March 31, 2010)
- $146,012,000 for 2010-11
- $131,944,000 for 2011-12 (As per the letter from Senior Assistant Deputy Minister of Human Resources and Skills Development Canada, Mr. Frank Vermaeten, received April 1, 2011)

Canada makes advance payments of its annual contribution towards the cost of NL Benefits and Measures, as per section 16 of the LMDA. The advances are made on a monthly basis and will be based upon a forecast of cash flow requirements furnished by NL.

The three-year projection of Canada’s annual allocations for contributions towards the costs of the NL Benefits and Measures are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>$130,405,000</td>
</tr>
<tr>
<td>2013-14</td>
<td>$129,020,000</td>
</tr>
<tr>
<td>2014-15</td>
<td>$127,773,000</td>
</tr>
</tbody>
</table>

These notional allocations are as per the letter from Senior Assistance Deputy Minister of Human Resources and Skills Development Canada, Frank Vermaeten, to Advanced Education and Skills Deputy Minister, Baxter Rose, received on December 14, 2011.