Securing Canada's FISH + SEAFOOD Work Force

REGIONAL SPOTLIGHT

A detailed look at the labour supply and demand in

Kings County Region
Prince Edward Island

FPSC FOOD PROCESSING SKILLS CANADA COMPÉTENCES TRANSFORMATION ALIMENTAIRE CANADA

SECURING CANADA'S **FISH + SEAFOOD** WORKFORCE

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SUMMARY

REGIONAL OVERVIEW

Regional overview: The Kings County Region is located on the eastern end of Prince Edward Island. Key fishing and seafood processing towns located in the region include Georgetown (pop. 555), Souris (pop. 1,053), and Murray Harbour (pop. 258). Currently, median hourly wages for shellfish/fish labourers and plant workers are slightly higher than some of the other lower-skill level occupations (C and D level) available in the region, but on par with those occupations having significant physical labour requirements (e.g., farm worker).

LABOUR MARKET OVERVIEW

Regional labour market analysis suggests local seafood processing employment at peak demand already exceeds available supply requiring workers from outside the region. This is not expected to change over the forecast period. Seasonal peaks in seafood processing employment in PEI raise demands by over one-half (52%) above annual average employment. Vacancy rate data suggests there is also strong competition from the agriculture, forestry, fishing and hunting industry, which is likely experiencing similar recruitment challenges.

The population in the region is expected to grow at slightly more than 1% on average on an annual basis, largely due to continued positive in-migration. Combined with an aging population, the size of the labour force is anticipated to remain near current levels at approximately 11,000-12,000 over the upcoming decade. The overall unemployment rate during this period is expected to remain relatively constant at approximate 14%.

Seafood processing in the Kings County Region is expected to increase from an estimated 350 workers to 382 workers between 2017 and 2030 (average estimates), an increase of 32 workers (+9%). Accounting for replacement demand (retirements or death) local processors will likely need to hire an estimated 175 new workers between 2018 and 2030. This figure does not include turnovers, which can add significantly to total annual recruitment demands.

POPULATION
18,044

LABOUR FORCE
11,010

LABOUR MARKET TIGHTNESS

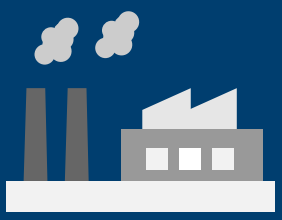
The labour market tightness, a measure calculated by estimating labour requirements in other sectors in Kings County and subtracting those requirements from the total labour force estimates, reveals substantial challenges facing this industry at average and peak levels.

	2017	2018	2019	2020	Average 2021-2025	Average 2026-2030
TOTAL	2	2	2	2	2	2
LOWER SKILL	3	3	2	2	2	2

1 = Regional labour force meets seafood processing employment demand at annual average and peak employment levels
2 = Regional labour force meets seafood processing employment demand at annual average levels only
3 = Regional labour force does not meet seafood processing employment at annual average or peak levels

2

SEAFOOD PROCESSING ESTABLISHMENTS



51

SEAFOOD PROCESSING EMPLOYMENT

350[2]

1 The number of establishments is based on 2016 data from Statistics Canada's Business Register.

2 Seafood processing employment is estimated based on 2016 Census data for the Southern (NS) economic region.

HR CHALLENGES

As seafood processors struggle to remain competitive and increase productivity, common challenges experienced within this region include acute recruitment issues, high turnover, competition amongst seafood processors and other sectors for lower-skill seasonal workers and an increase in absenteeism, especially at peak times when employees are working long hours with limited days off. With severe labour shortages, some plants have had to limit processing value-added products.

PROMISING PRACTICES AND INNOVATIONS

Recruiting students to the industry for summer employment through a pilot project called Team Seafood PEI is a major initiative that began in 2016 and includes incentives such as transportation, a guaranteed number of hours and a bonus of a scholarship for those who complete the season. Participating plants noted that establishing a strong, well-co-ordinated community network for temporary foreign workers (who often bring friends and family) with adequate housing/transportation was essential but required considerable time and effort.

1.0 INTRODUCTION

This report is one in a series of 12 regional reports developed to provide detailed labour market information (LMI) for the fish and seafood processing industry in Atlantic Canada. The regionally focused LMI is one component of a broader study undertaken by Food Processing Skills Canada (FPSC) in collaboration with the Employment and Social Development Canada and various provincial and industry partners entitled ***Securing Canada's Fish and Seafood Workforce: Real Challenges, Practical Solutions and Fresh Perspectives.***

The aim of the overall study is to identify the scope of human resource (HR) challenges for the Atlantic fish and seafood processing sector and compile HR best practices that would help employers meet their labour force current and future needs. One important aspect of understanding HR challenges in the sector, some of which are region specific, was to gather detailed information and profiles of areas that rely heavily on fish and seafood processing for their local economies. Twelve regions across the four Atlantic provinces were selected for specific focus based on the amount of processing activity, and proportion of labour force working in the industry. Kings County Region on the eastern end of PEI was selected as one of these regions for detailed focus.

The initial sections of this report provide overviews of the Kings County Region, fish and seafood processing overall in the province of Prince Edward Island, and specifically in the Kings County region. This is followed by sections that provide an overview of the region's labour force, and the specific findings for the labour supply and demand, current and future.

THE STUDY METHODS USED TO DEVELOP THESE DETAILED REGIONAL PROFILES INCLUDED:

- ☑ Two robust econometric models that provide detailed quantifiable projections for both labour demand and supply at the regional level. This is the first time that these numbers have been produced at the regional, provincial and Atlantic levels for the fish and seafood processing industry;

- ☑ A broad survey of fish and seafood processing facilities (n=100) across the Atlantic provinces covering approximately 69% of the industry workforce; and

- ☑ Qualitative information focused on themes and issues collected through site visits and interviews with plant managers, employees, unions and community stakeholders. For the Clare Region, the study team collected information from four plants ranging from small (two employees) to large (more than 200 employees) with different types of product and processing.

REAL CHALLENGES, PRACTICAL SOLUTIONS AND FRESH PERSPECTIVES

2.0 OVERVIEW OF THE KINGS COUNTY REGION

2.1 GEOGRAPHIC LOCATION

The Kings County Region is located on the eastern end of Prince Edward Island located within the Gulf of St. Lawrence. Key fishing and seafood processing towns located in the region include Georgetown (pop. 555), Souris (pop. 1,053) and Murray Harbour (pop. 258). The largest population centre in the region is the town of Montague (pop. 1,961), and the main fishing communities are located approximately 50 to 80 km from Charlottetown, the province's capital city (pop. 36,000).

2.2 POPULATION CHARACTERISTICS

The population of Kings County Region is aging, but with positive in-migration expected to continue to grow at an annual rate of slightly more than 1% over the next decade. Compared to the province overall, the population has proportionally lower levels of immigrants, visible minorities non-Canadian citizens, and similar proportions of people identifying as Aboriginal (according to Census definitions).

The overall population for the region in 2017 was 18,044. According to Census 2016 profiles, the proportions of immigrants (3.2%), visible minorities (1.2%), and non-Canadian citizens (1.8%) are lower than those overall for Prince Edward Island (see Table 1). There are similar proportions of the population that identify as Aboriginal, according to Census definitions (2.1%) in the region when compared with the province overall (see Table1).

TABLE 1: KINGS COUNTY REGION POPULATION CHARACTERISTICS

CHARACTERISTIC	KINGS COUNTY REGION	PEI
FEMALE	8,615	73,605
Share of Population	50.2%	51.5%
IMMIGRANTS	530	8,940
Share of Population	3.2%	6.4%
NOT CANADIAN CITIZENS	305	6.030
Share of Population	1.8%	4.3%
VISIBLE MINORITIES	200	6,640
Share of Population	1.2%	4.8%
ABORIGINAL IDENTITY	345	2,735
Share of Population	2.1%	2.0%

According to projections, the population levels are expected to increase at a rate of approximately 1.2% to 1.5% annually over the upcoming 13 years (18,044 in 2017 and then 20,829 by 2030). Although the total population will be growing, overall it will be an aging population with the average age increasing and the proportion of the age cohort 65 years or older rising from 22% in 2017 to approximately 26% by 2030 (see Figure 1). While population growth will be negatively impacted by the continued aging of the population and increased number of deaths, this will be countered through a stable birth rate and by a predicted continuation of a significant pattern of net in-migration of approximately 3,800 people by 2030. Overall, the period under study will be impacted by the positive net-migration patterns, which will result in a rise in population (see Figure 2).

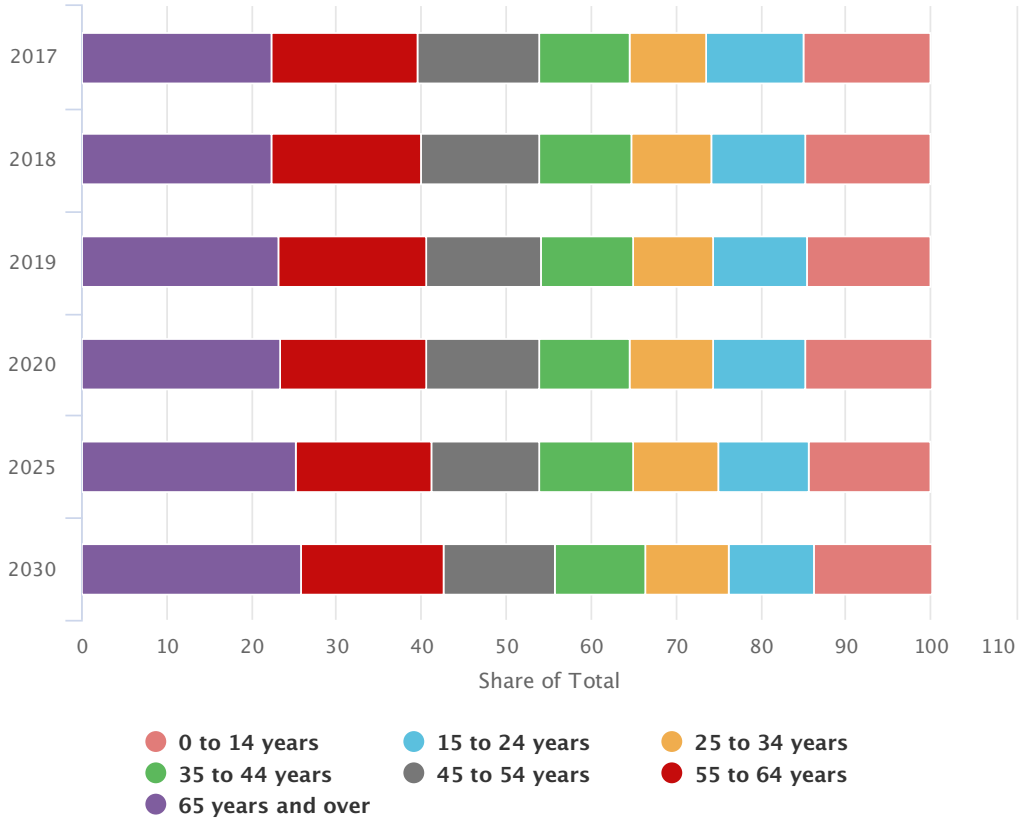


FIGURE 1: POPULATION BY AGE GROUP (%) (2017 TO 2030)

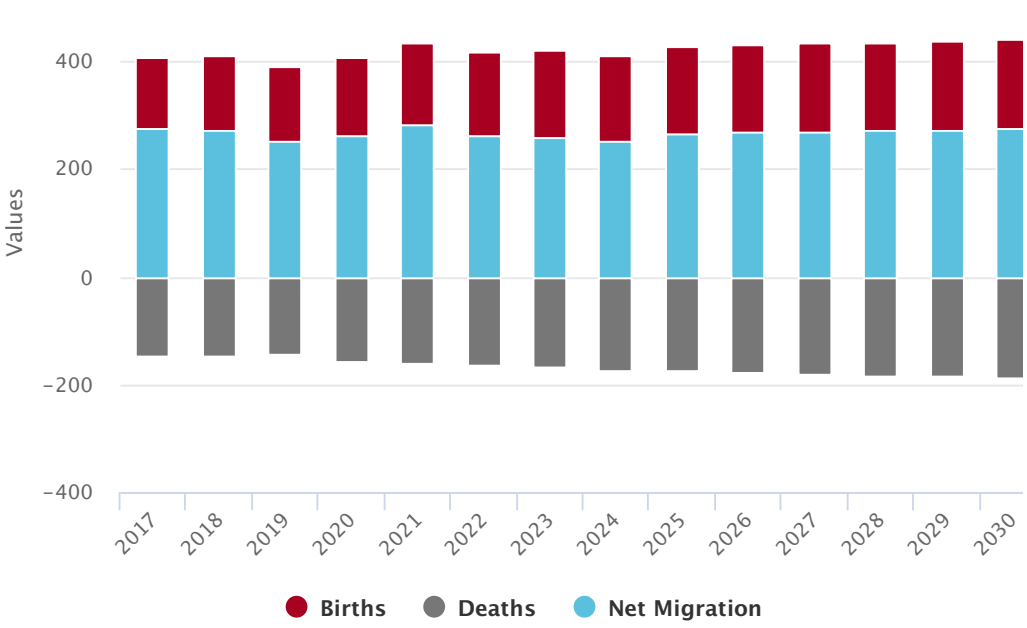
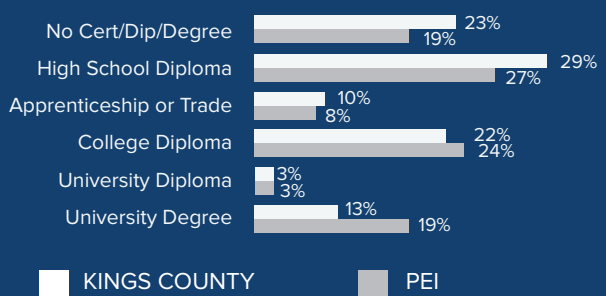


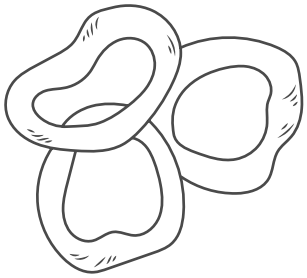
FIGURE 2: COMPONENTS OF POPULATION CHANGE (2017 TO 2030)

FIGURE 3: EDUCATIONAL ATTAINMENT – KINGS COUNTY REGION AND PEI



The overall education level of the region's residents is lower when compared with Prince Edward Island overall (see Figure 3). Approximately one-quarter of working age population (23%) do not have a high school diploma (vs. 19% for the province), and 13% (vs. 19% for the province) have a university degree. From interviews, it was determined that part of this may be attributable to the ongoing out-migration from the region of youth into often more urban centres, the same group who also often have higher levels of education than older cohorts.

3.0 OUTLOOK OF PEI FISH AND SEAFOOD PROCESSING



3.2 PEI SEAFOOD PRODUCT OUTLOOKS

The growth of real gross output for prepared fish products is expected to accelerate over the forecast period after declining on average over the 2013 to 2017 period to average 0.2% over 2018-2021, 0.9% over 2022-2026 and 1% over the 2027-2030. There are many reasons for the improvement in overall real output. There is expected to be moderate gains in overall consumption as consumer demand for prepared fish products improves. International exports are expected to rise slowly over the forecast period as trading partner market growth is modest and as trade agreements encourage market penetration in the European Union and in the members of the TPP trade pact. Interprovincial exports are expected to improve modestly as consumer demand in other provinces gain from the trend toward more processed fish consumption. Interindustry demand also improves as the demand for prepared fish inputs rises, primarily as a result of increased provincial food production.

3.1 OVERALL PROVINCIAL ECONOMIC OUTLOOK

The government's Population Action Plan, which aims to raise the island's population to 160,000 by 2022, largely through increased immigration, is expected to have far-reaching and long-lasting effects on the province. Real GDP jumped by 3.2% in 2017, boosted by gains in residential and business investment. Over the course of the medium term, growth in real GDP will average 2% per year, largely on the back of increased residential investment expenditures and consumer spending. These increases can be directly attributed to the influx of immigrants to the island, which in turn leads to this solid GDP growth. This trend continues in the 2022-2026 period, with GDP averaging 2% annual growth before slowing to average 1.7% growth over the 2027-2030 period.

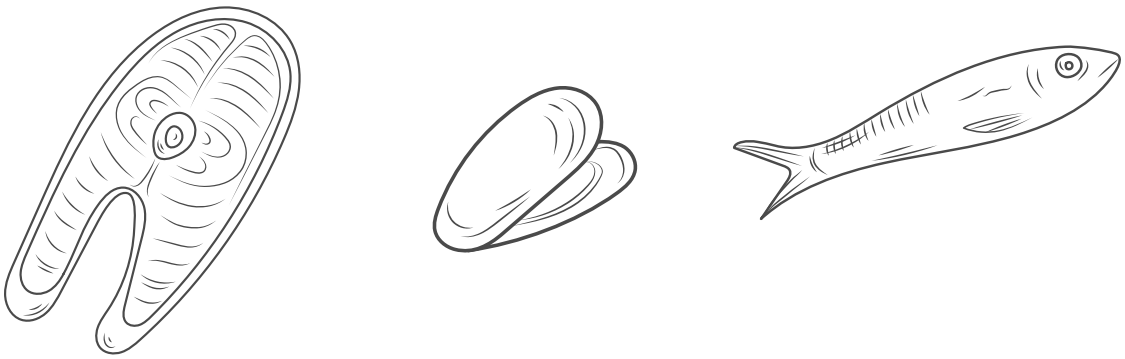
TABLE 2: PEI PREPARED SEAFOOD END MARKET GROWTH (ANNUAL AVERAGE % CHANGE)

END MARKET	2013-2017	2018-2021	2022-2026	2027-2030
Consumption	0.0	1.4	1.5	1.8
International Exports	-1.1	0.1	1.0	1.1
Interprovincial Exports	-0.3	0.3	0.5	0.8
Interindustry Demand	0.5	2.0	2.0	2.0
Imports	0.0	1.4	1.5	1.8
Total End Market Demand	-0.7	0.2	0.9	1.0

3.3 SEAFOOD PROCESSING EMPLOYMENT OUTLOOK FOR PEI

Average annual seafood processing employment is expected rise modestly from just under an annual average of 1,000 workers in 2017 to 1,100 by 2030. Labour productivity (GDP per hour worked) is forecast to average -0.1% over the projection period. Average hours worked per employee is forecast to fall slightly over the projection period, which leads to the total number of jobs rising by 0.3% over 2018-2021, and then rising by 1.1% over 2022-2026 and 1.2% over 2027-2030.

Replacement demands (deaths and retirements) are expected to total 410 between 2017 and 2030. Taking account of both replacement and expansion demands, the industry will likely need to hire slightly more than 530 new workers, or (54%) of the current workforce over the next 13 years. These hiring requirements are net numbers of new workers and do not include annual hiring requirements due to turnover.



4.0 KINGS COUNTY REGION FISH AND SEAFOOD PROCESSORS

4.1 EMPLOYERS

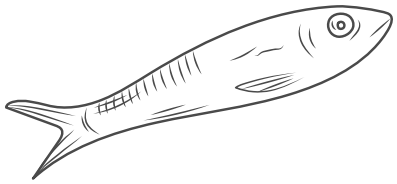
The region hosts five processors ranging in size, and types of processing.

Overall, there are five fish and seafood processing establishments in the Kings County Region[3] . The main species processed is lobster, along with oysters and mussels. As noted on the map in Section 1, there are two larger establishments and then three relatively smaller plants (under 50 employees). The two larger facilities focus primarily on processing lobster. The larger lobster processing plants operate on a seasonal basis, while the plants focused on aquaculture product (oysters and mussels) operate year-round.

THE CURRENT INDUSTRY WORKFORCE IS MORE THAN 500 WORKERS AT PEAK SEASON WITH JUST UNDER TWO-THIRDS BEING LABOURERS AND PLANT WORKERS.

4.1.1 WORKFORCE SIZE & OCCUPATIONS

The estimated total number of individuals employed by the sector in the Kings County Region in 2017 was 350 on average and rising to 533[4] at peak season (see Table 3). Nearly two-thirds of all employed at the peak season (62%) were labourers (NOC 9618) or plant workers (NOC 9463). This distribution was confirmed during interviews where plants made large recruitment efforts during the peak season to ensure sufficient numbers of labourers and plant workers would be available to meet their requirements. As well, the two larger establishments were using the Temporary Foreign Workers Program (TFWP) to supplement the gaps they were experiencing in recruiting sufficiently from the local labour pool. The labourer positions do not generally require previous experience or training and are often the entry-level position for many of the plants. The plant worker jobs generally require some experience in the industry (6-12 months) with on-the-job training (e.g., operating specific pieces of equipment). While a high school diploma is often preferred, it is often not necessary to secure a starting position according to the plant and HR managers interviewed for the study.



3 Number of establishments is based on the 2016 data from Statistic Canada's Business Registrar.
4 Average employment refers to average monthly employment over the calendar year, while peak employment is the average number employed during the month with the highest employment during the year.

TABLE 3: PROFILE OF WORKERS BY OCCUPATIONS FOR KINGS COUNTY REGION - 2017 (AVERAGE & PEAK)

	AVG 2017 (#)	AVG 2017 (%)	PEAK 2017 (#)	PEAK 2017 (%)	EXTRA NEEDED FOR PEAK
Total Employment	350	100%	533	100%	183
FOUNDATIONAL (NOC 9618)					
Shellfish Processing Labourer	109	31%	192	36%	83
Fish Processing Labourer	19	5%	34	6%	15
INTERMEDIATE (NOC 9463)					
Shellfish Plant Worker	50	14%	88	17%	38
Fish Plant Worker	9	3%	16	3%	7
SUPERVISORY (NOC 9213)					
Supervisors	17	5%	19	4%	2
MANAGEMENT (NOC 0911; 0016)					
Management	7	2%	7	1%	0
OTHER CATEGORIES					
Maintenance	16	5%	19	4%	3
Skilled Trades	19	5%	24	5%	5
Quality Control Technician	2	1%	3	1%	1
Office Staff	21	6%	21	4%	0
Other Occupations	81	23%	109	20%	28

55%

AN ESTIMATED 55% OF WORKERS ARE UNIONIZED IN THE REGION.

4.1.2 UNIONIZATION

Workers at one of the plants in the area (out of five) are unionized (UFCW) with approximately 180 members in the one establishment. Assuming most of the members are within the labourer and plant worker groups (NOC 9618; NOC 9463), this would represent an approximate 55% unionization rate among workers for the region during peak season (i.e., 180/330 = 25%). Assuming most of the members are within the labourer and plant worker groups, this would represent an approximate 55% unionization rate among workers for the region (assuming peak employment numbers).

4.1.3 WAGES

Information on wages are not available at the regional level given the small population. Overall, median hourly wages for shellfish/fish labourers and plant workers are slightly higher than some of the other C and D level occupations available in the region (e.g. retail, cashiers), but on par with other labour-intensive occupations (e.g. farm worker).

TABLE 4: WAGE LEVELS FOR SELECTED OCCUPATIONS - 2017 ($/HOUR)

	Low Wage (10th percentile)	Median Wage (50th Percentile)	High Wage (90th percentile)
Shellfish/Fish Processing Labourer (NOC 9618)			
Kings County (PE)*	--	--	--
All Prince Edward Island	**11.55**	**13.31**	**15.50**
Shellfish/Fish Plant Worker (NOC 9463)			
Kings County (PE)*	--	--	--
All Prince Edward Island	**11.55**	**12.00**	**14.50**
Other C&D Level Occupations (PE)			
Farm Worker (NOC 8431)	**11.55**	**13.25**	**17.00**
Deckhand, Fishing (NOC 8441)	--	--	--
Retail Sales (NOC 6421)	**11.55**	**11.69**	**20.00**
Food Services (NOC 6711)	**11.55**	**11.55**	**17.16**
Cashier (NOC 6611)	**11.55**	**11.55**	**13.25**

* Data not available at the sub-provincial level Source: Employment and Social Development Canada – Job Bank – Labour Market Information

The median hourly wage for shellfish/fish labourers (NOC 9618) in Prince Edward Island in 2017 was $13.31/hour (see Table 4). The median wage for shellfish/fish plant workers (NOC 9463) was lower at $12/hour. To provide some context, the minimum wage in Prince Edward Island in 2017 was $11.25/hour.

When compared with other C&D Level Occupations in the same province, the median wages for shellfish/fish labourers and plant workers were slightly higher by approximately 50 cents to $2/hour. The one exception was for a farm worker, which provided a comparable median hourly wage ($13.25/hour) to that of the processing labourer.

These wage rates are comparable to what was cited in interviews with some of the plants in the area that indicated the starting wage for labourers and plant workers ranging around the $13.50 mark with some positions starting a little higher (up to $14/hour) if they involved particular lifting requirements. Recent reviews of job ads in 2018 in the area indicate that aquaculture establishments are starting mussel farm labourers at $15/hour in 2018 (which also tend to have less seasonality).

5.0 REGION'S LABOUR FORCE

THE REGION'S LABOUR FORCE NUMBERS SLIGHTLY MORE THAN 11,000. APPROXIMATELY ONE-QUARTER OF THE ADULT POPULATION WORKED IN A FULL-YEAR, FULL-TIME POSITION IN 2015.

5.1 OVERVIEW OF LOCAL LABOUR FORCE

5.1.1 SIZE OF LABOUR FORCE, MAIN SECTORS AND WORK PATTERNS

The overall size of the labour force for the region in 2017 was estimated at 11,010 (out of a total population of 18,044). The largest proportions of the labour force for the Kings County Census Division of PEI work in agriculture, forestry, fishing and hunting (19% of labour force), health and social services (10%), retail trade (9%), and manufacturing (9% - includes fish and seafood processing). [5]

According to Census 2016 data, only one-quarter (26%) of the population 15 years or older worked full time for the full year (see Figure 4). A larger proportion worked part of the year and/or part time (45%), while a similar size proportion (29%) reported not working in 2015. This is consistent with the information collected from interviews, which indicated that much of the private sector-based employment in the region is seasonal (e.g., tourism, retail, fish harvesting, agriculture), so it is challenging for people to find full-time, year-round employment, which is often more characteristic of the public-sector opportunities in the area (e.g., health, education).

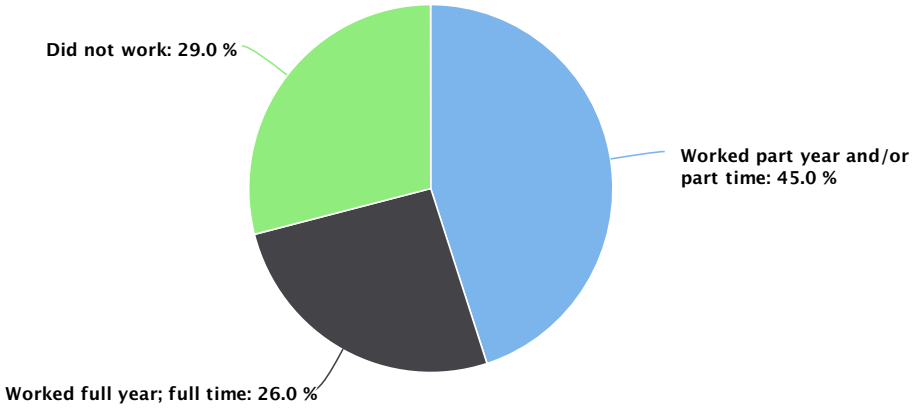


FIGURE 4: WORK PATTERNS (15 YEARS AND OLDER) - KINGS COUNTY REGIION

5 Census 2016 – Kings County Census Division

THE AVERAGE UNEMPLOYMENT RATE FOR THE REGION IN 2017 WAS 14% WITH CONSIDERABLE MONTHLY FLUCTUATIONS GIVEN THE SEASONALITY OF MANY OF THE INDUSTRIES.

TABLE 5: AVERAGE MONTHLY EI CLAIMANTS FOR KINGS COUNTY – 2014 TO 2016 [6]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Total (All Occupations)	**2,513**	**2,427**	**2,470**	**2,397**	**1,497**	**1,070**	**1,567**	**1,537**	**1,533**	**1,737**	**2,110**	**2,503**
Skill Level C & D*	**1,797**	**1,747**	**1,790**	**1,743**	**1,070**	**770**	**1,120**	**1,083**	**1,080**	**1,203**	**1,483**	**1,777**
Food Processing**	**183**	**180**	**183**	**173**	**113**	**93**	**127**	**103**	**110**	**123**	**133**	**173**

*includes intermediate jobs that usually call for high school and/or job-specific training (Skill Level C) & labour jobs that usually give on-the-job training (Skill Level D)

**includes the following occupations: manufacturing managers (NOC 0911); bakers (6,332); retail salespersons (6,421); material handlers (7,452); food and beverage processing supervisors (9,213); industrial butchers and meat cutters (9,462); fish and seafood plant workers (9,463); food and beverage processing labourers (9,617)

Source: Employment and Social Development Canada 2017

6 Monthly EI beneficiaries as reported in the table represent the average number of beneficiaries in the month between 2014 and 2016.

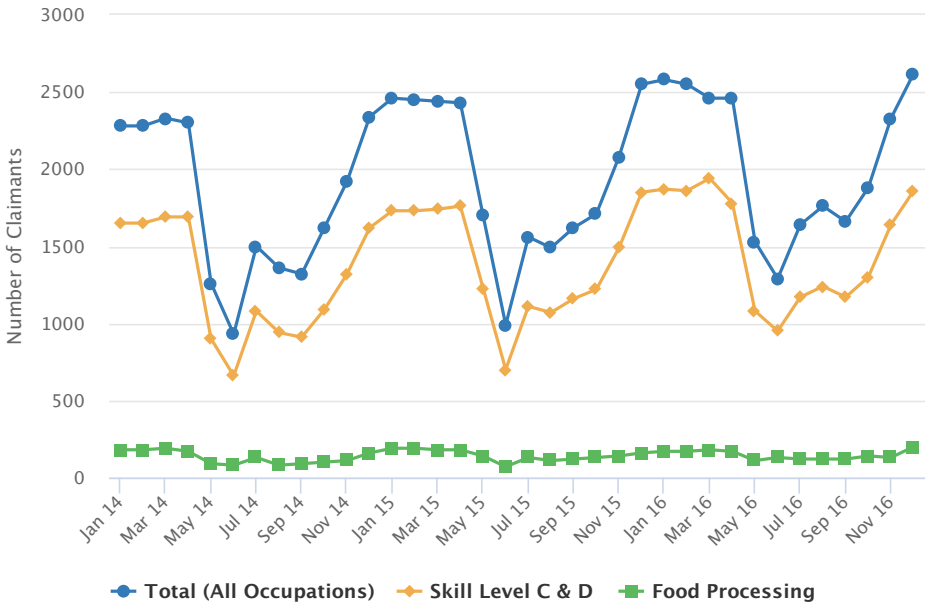
5.1.2 UNEMPLOYMENT

Overall, the unemployment rate for the region in 2017 was 14% on average but fluctuated considerably from month to month with a low of 8.8% to a high of 22.3%. The seasonal fluctuations in unemployment rates were noted specifically in the food manufacturing sector (NAICS 311 – which includes fish and seafood processing). Within this sector, the lowest unemployment rate in 2017 occurred in July and August (7.9%), with the highest rates occurring in the months of March and April (19.4% to 20.0%). According to Census data, approximately one-third (30%) of the population 15 years or older who had income received regular Employment Insurance (EI) payments at some point in 2015.

According to EI data provided by ESDC for the region, the average monthly number of EI claimants in food processing sectors across three years demonstrates the seasonality of the number of EI claimants ranging from an average low of 93 in the month of June to nearly double that number through the January to March period at 180 to 183 (see Table 5). Figure 5 also demonstrates the seasonality of the number of EI claimants with the cyclical pattern illustrated to be similar across the three years of available data (2014-2016) with slightly higher numbers of claimants occurring in 2016 (+7.6% for overall claims on an annual average for this period; +6.7% for food processing).

THE AVERAGE UNEMPLOYMENT RATE FOR THE REGION IN 2017 WAS 14% WITH CONSIDERABLE MONTHLY FLUCTUATIONS GIVEN THE SEASONALITY OF MANY OF THE INDUSTRIES.

FIGURE 5: MONTHLY EI CLAIMANTS FOR KINGS COUNTY REGION - 2014 TO 2016



> **Indigenous communities in the region are becoming more involved with seafood and fish harvesting, but less so with processing.**

5.2 OVERVIEW OF IMMIGRANT SOURCES OF LABOUR

In 2017, there were two plants in the region using the Temporary Foreign Workers Program (TFWP) (n=2 out of 5), receiving approvals for 202 workers, indicating that the TFWP is a significant source of labour for the region's plants (estimated at approximately 38% of the sector's labour force at peak period). Plant managers interviewed indicated that use of the TFWP was necessary in order to have the plants run, particularly during the peak season. In these plants, the TFWs composed approximately 50% of the hourly workforce. Most of the TFWs were coming from China and Mexico, with many having returned multiple times to the same plant, and often having recruited other family members or friends to join them if possible. According to the plant managers interviewed, the regular permanent immigration pathways were not suitable for their labour needs as they were not able to guarantee full-time, year-round employment in their plants.

5.3 OVERVIEW OF INDIGENOUS SOURCES OF LABOUR

The Kings County Region includes one Indigenous community (Abegweit First Nation with one of three reserves in Kings County Region) with a total population living on-reserve of approximately 200 individuals. In interviews with plants in the region, there were some outreach activities mentioned with local Indigenous communities, however, they had not been able to recruit members to work in the larger processing plants. The local First Nations are continuing to develop their role in the fishery, in part focusing on aquaculture and fish hatcheries, which are anticipated to produce employment opportunities for their members.

> **Currently, temporary foreign workers play a significant role in addressing labour supply issues in the fish and seafood processing industry in the Kings County Region (estimates of approximately 38% in peak season). The largest plants have recently recruited up to 50% Of their hourly staff through the Temporary Foreign Workers Program (TFWP).**

6.0 CURRENT AND FUTURE LABOUR DEMAND VS. SUPPLY

6.1 LABOUR MARKET TIGHTNESS

THERE IS CURRENTLY AN INSUFFICIENT LOCAL LABOUR FORCE TO MEET THE REGION'S LABOUR REQUIREMENTS (FOR ALL INDUSTRIES) LEAVING AN OVERALL POTENTIAL GAP, WHICH INCREASES DURING PEAK PERIODS. THIS TREND CONTINUES THROUGH TO 2030, INCREASING TOWARDS THE SECOND HALF OF THIS PERIOD. FOR THE FISH AND SHELLFISH PROCESSORS, THIS SHORTAGE IS MOST SEVERE DURING THE PROCESSING PEAK SEASON, WHICH UNFORTUNATELY TENDS TO COINCIDE WITH MANY OTHER COMPETING SECTORS' PEAK SEASONS.

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Total Population	18,044	18,308	18,548	18,800	19,575	20,829
Avg. Annual Change (%)		1.5%	1.5%	1.3%	1.3%	1.2%
Total Labour Force	11,010	11,231	11,317	11,436	11,854	12,228
Avg. Annual Change (%)		2.0%	0.8%	1.1%	1.1%	0.3%
Total Employment	9,473	9,615	9,688	9,790	10,107	10,603
Avg. Annual Change (%)		1.5%	0.8%	1.1%	1.1%	0.6%
Unemployment Rate	14.0%	14.4%	14.4%	14.4%	14.7%	13.3%

TABLE 6: POPULATION AND LABOUR FORCE OUTLOOK SUMMARY: KINGS COUNTY REGION – 2017-2030

The model projections indicate that taking into account the trends in in-migration, the Kings County Region will continue to experience population growth within the period under study (2017 to 2030) (see Table 6). These factors will also contribute to a growing labour force, albeit at a slower rate than population growth given the aging population. The labour force is anticipated to grow from a current 11,000 to more than 12,000 by 2030. Overall, average unemployment rates are expected to remain relatively constant at more than 14% up until 2025, and then dip to 13% in the subsequent five years.

LABOUR MARKET TIGHTNESS EXPLAINED

Specifically, for this project, the analytic team developed an approach to demonstrate the "tightness" of the labour market in supplying the employment demands from seafood processing in the identified regions. This was calculated by estimating labour requirements in other sectors in the region (non-seafood processing labour requirements) and subtracting those requirements from the total labour force estimates. This difference results in an estimated "residual" labour force for the region from which seafood processing needs to draw. Not all of the seafood processing workers come from the residual pool, as the sector actively competes with other sectors for workers; however, the "tightness" measure indicates where shortages are likely occurring for not only the seafood processing sector but likely other sectors drawing from the same labour supply. Using this approach, the current and future labour market tightness was calculated to determine the extent to which the region's labour force can meet the labour requirements of all sectors (both non-seafood processing and seafood processing).

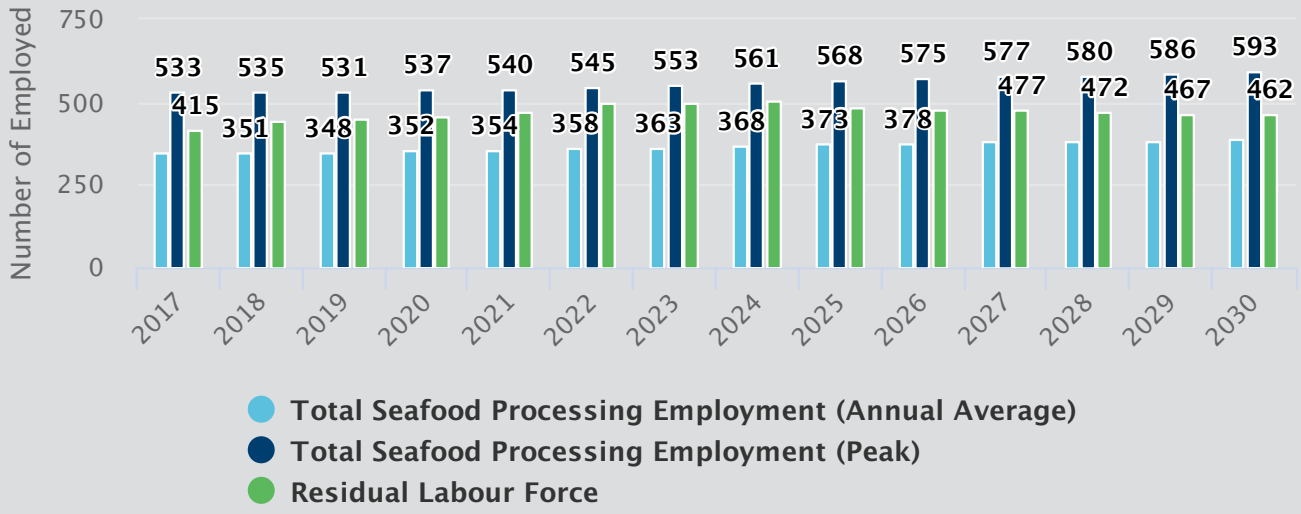
As illustrated in Table 7 and Figure 6, the Total Seafood Processing Employment (Peak) is higher than the Residual Total Labour Force. This suggests that there is currently (2017) an insufficient local labour force to meet all of the region's labour requirements (for all industries) leaving an overall potential gap during peak periods. This trend continues all the way through to 2030, increasing toward the second half of this period.

The analysis outlined in Table 7 and Figure 6 describes the labour market context within which the fish and seafood processors are operating with respect to finding sufficient numbers of workers from the local labour supply. Within this very tight, competitive labour market, the industry employers have had some success recruiting. For example, in peak season in 2017, the seafood processing industry was able to recruit and employ 533 within a labour market that had a residual total labour force of only 368. This means that the seafood processing industry was likely recruiting workers from other industries, and recruiting workers from outside the local region. While the industry did experience vacancies, these would likely have been substantially higher had it not been successful in recruiting labour external to the region, and/or competing with other industries in recruiting workers.

TABLE 7: TOTAL LABOUR MARKET TIGHTNESS - KINGS COUNTY REGION (2017-2030)

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Total Labour Force [7]	11,010	11,231	11,317	11,436	11,854	12,228
Total Non-Seafood Processing Labour Requirement [8]	10,641	10,841	10,920	11,031	11,363	11,789
Residual Total Labour Force [9]	368	390	397	405	491	471
Total Seafood Processing Employment (Annual Average)	350	31	348	352	363	382
Total Seafood Processing Employment (Peak)	533	535	531	537	553	582

FIGURE 6: TOTAL SEAFOOD PROCESSING EMPLOYMENT AND RESIDUAL LABOUR FORCE - KINGS COUNTY REGION (2017-2030)



7 The labour force includes all individuals who are either employed or unemployed and actively seeking work. The unemployed would include those on regular EI claims along with those receiving other sources of income (e.g., social assistance) who are actively looking for employment.

8 Non-seafood processing labour requirement consists of employment demand from other sectors with an allowance for typical levels of sector-specific unemployment.

9 The residual labour force is the difference between the labour force and the non-seafood processing labour requirement.

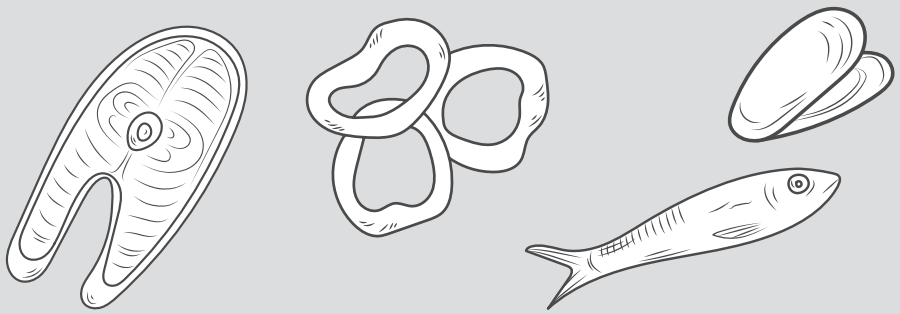


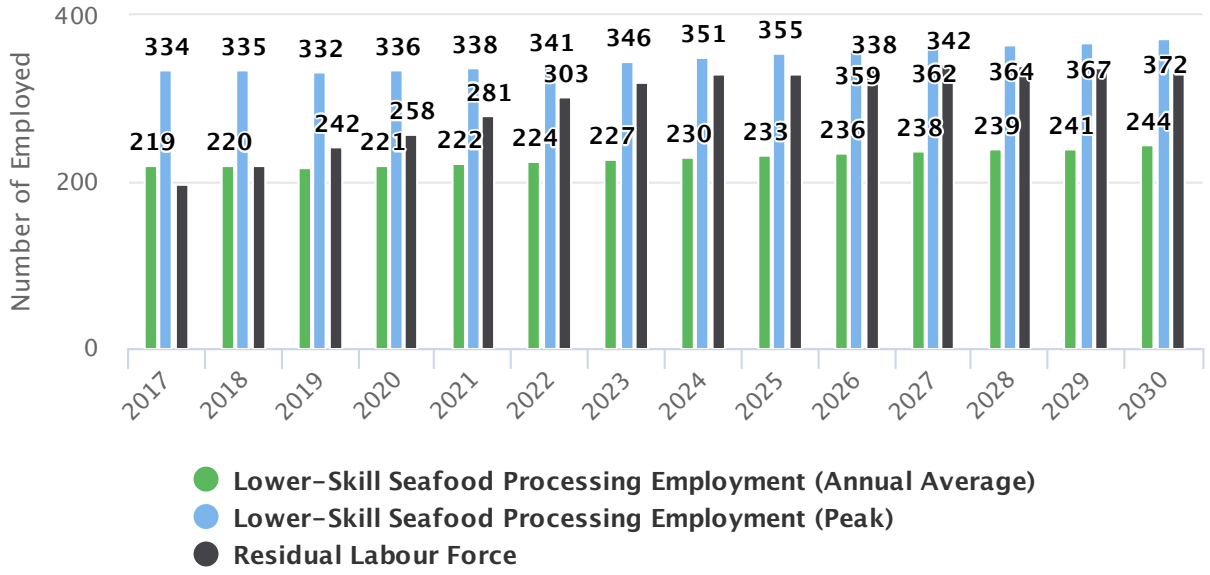
TABLE 8: LOWER-SKILL LABOUR MARKET TIGHTNESS - KINGS COUNTY REGION (2017-2030)

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Lower-Skill Labour Force [10]	4,675	4,769	4,806	4,865	5,034	5,192
Lower-Skill Non-Seafood Processing Labour Requirement	4,477	4,550	4,561	4,598	4,717	4,971
Residual Lower-Skill Labour Force	198	219	242	258	313	339
Lower-Skill Seafood Processing Employment (Annual Average)	219	220	218	221	227	240
Lower-Skill Seafood Processing Employment (Peak)	334	335	332	336	346	365

10 The lower-skill labour force is the portion of the total labour force with no education beyond a high school diploma.

As noted in the description of the occupations, approximately two-thirds of those employed are in occupations in the industry that are in the “C” and “D” levels, which are often referred to as “lower-skill” occupations, not requiring post-secondary education. As well, these occupations are noted among plant managers as the most challenging with respect to recruitment and retention. Given much of the focus is on the lower-skill labour force, the study also analyzed the “tightness” of the lower-skill labour market (see Table 8 and Figure 7). The tightness of lower-skill labour market is also high, particularly in peak season. For example, in peak season in 2017, the seafood processing industry was able to recruit and employ 334 workers within a labour market that had a residual total labour force of only 198. This means that the seafood processing industry was likely recruiting workers from other industries, and recruiting workers from outside the local region. This level of tightness suggests that many of the industries that rely on a lower-skill level labour market are also experiencing labour shortages in this region.

FIGURE 7: LOWER-SKILL SEAFOOD PROCESSING EMPLOYMENT AND RESIDUAL LABOUR FORCE - SOUTH WEST REGION (2017-2030)



The overall summary of the labour market tightness as modelled for the Kings County Region demonstrates that the local labour force is unable to meet the employment requirements of employers in the area at peak levels. This tightness is demonstrated for the overall labour market as well as the lower-level skill workers. This trend is anticipated to continue throughout the period of study (2017 to 2030). These results assume similar industry employment demand (e.g., no new major employers arriving or leaving the area), and no major changes in net-migration patterns.

2

TABLE 9: SUMMARY OF LABOUR MARKET TIGHTNESS - KINGS COUNTY REGION (2017-2030)

	2017	2018	2019	2020	Average 2021-2025	Average 2026-2030
TOTAL	2	2	2	2	2	2
LOWER SKILL	3	3	2	2	2	2

1 = Regional labour force meets seafood processing employment demand at annual average and peak employment levels
2 = Regional labour force meets seafood processing employment demand at annual average levels only
3 = Regional labour force does not meet seafood processing employment at annual average or peak levels

6.2 NUMBER OF WORKERS REQUIRED

Within a very tight labour market, projections indicate that the Kings County Region employers will need to attract approximately 175 new workers to the fish and seafood processing industry by 2030. This is equivalent to approximately 50% of their current annual average workforce. This requirement is due to replacement of anticipated retirements over this period, while considering projected industry growth and labour productivity gains. Unfortunately, this recruitment will be occurring within the context of a very tight regional labour market that is currently experiencing labour shortages during peak seasons, which are predicted to continue during this period. This tightness in the labour market is contributing to the high number of current vacancies experienced by employers in seafood processing (estimated at 12% in Atlantic Canada), and to some degree the higher turnover rates in the industry as workers have more employment opportunities from which to choose, particularly in the lower-skill level occupations (estimated imputed turnover rate of 40% for Atlantic Canada in seafood processing industry). All of these factors contribute to the substantial challenges facing Kings County Region seafood processors in their attempts to recruit enough workers to replace retirements, fill ongoing vacancies, work to address turnover rates, while also trying to grow, remain competitive and increase productivity.

Overall, it is anticipated that while there will be some shedding of jobs in the short-term (2017) due to a dip in industry growth, but as of 2018, there will be a need for increased numbers of new hires, due to the need for replacements from retirements and deaths among the workforce (see Table 10). Overall, this results in the need to attract 175 new workers to the industry between 2017 and 2030. This equates to replacing approximately 50% of the current average seafood processing workforce in the region.

TABLE 10: HIRING REQUIREMENT OUTLOOK - KINGS COUNTY REGION (2017-2030)

	2017	2018	2019	2020	SUM 2021-2025	SUM 2026-2030
Net Hiring Requirement [11]	-50	11	7	14	72	71
Industry Growth	-60	1	-3	4	20	17
Retirements and Mortality	10	10	10	10	52	54

The employment outlook according to occupation is detailed in Table 11 (Annual Average) and Table 12 (Peak).

TABLE 11: EMPLOYMENT OUTLOOK (ANNUAL AVERAGE) - KINGS COUNTY REGION (2017-2030)

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Total Employment	350	351	348	352	363	382
Shellfish Processing Labourer	109	109	108	109	113	119
Fish Processing Labourer	19	19	19	19	20	21
Shellfish Plant Worker	50	50	50	50	52	55
Fish Plant Worker	9	9	9	9	9	10
Supervisors	17	17	17	17	18	19
Maintenance	16	16	16	16	17	18
Skilled Trades	19	19	18	19	19	20
Quality Control Technician	2	2	2	2	3	3
Management	7	7	7	7	7	8
Office Staff	21	21	21	21	22	23
Other Occupations	81	81	81	82	84	88

11 Net hiring requirement does not include hiring required because of turnover (i.e. hiring workers to replace individuals who quit or are fired from their positions). The Imputed turnover rate (total number of people hired as a share of the total number of workers) for Atlantic seafood processors is 40%.

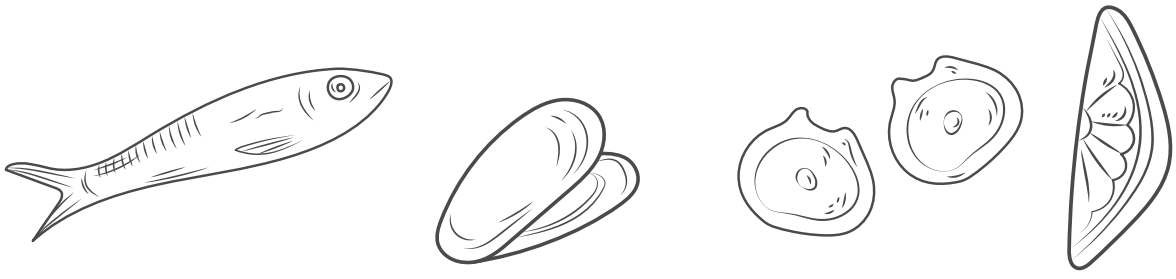


TABLE 11: EMPLOYMENT OUTLOOK (PEAK) - KINGS COUNTY REGION (2017-2030)

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Total Employment	**533**	**535**	**531**	**537**	**553**	**582**
Shellfish Processing Labourer	192	193	194	194	200	210
Fish Processing Labourer	34	34	34	34	35	37
Shellfish Plant Worker	88	89	89	89	92	97
Fish Plant Worker	16	16	16	16	16	17
Supervisors	19	19	19	19	20	21
Maintenance	19	19	19	19	20	21
Skilled Trades	24	24	24	24	25	26
Quality Control Technician	3	3	3	3	3	3
Management	7	7	7	7	7	8
Office Staff	21	21	21	21	22	23
Other Occupations	109	110	110	110	114	119

7.0 OVERVIEW OF HR ISSUES ENCOUNTERED

Interviews with plant managers in the region outlined various HR issues that they have experienced in the attempt to retain and recruit an adequate labour force. While issues and challenges vary from plant to plant, these are some of the common themes that were identified and may be characteristic of the various plants in this region. Main themes include:

Recruitment and retention to supplement and replace the "core" local workers

From information gathered from the two large plants interviewed, within their workforce, the local workers consist of about 60-70% core workers (not including temporary foreign workers). These are workers who return to the plant for continuous seasons, and many of whom are getting close to retirement age. Plant representatives indicate that much of their recruiting and efforts at retaining are focused on the remaining 30% of local workers who are challenging to recruit and retain. They note that a large proportion of the turnover is due to this small proportion overall of total employees (approximately 15% overall when TFWs are taken into account). However, combined with vacancies (about 10-15% on a chronic basis) and challenges with absenteeism, the shortage of workers is an acute challenge for the plants interviewed.

Impact of labour shortages and vacancies

The main impact of shortage of workers outlined by plant representatives is that the staff present are often required to work very long hours and have limited days off during peak season. This is viewed as directly contributing to increased absenteeism rates, challenges in recruiting, and retention issues. Another impact outlined by plant representatives is that the labour shortage limits the amount of "value-added" product they can process, some of which contains considerably more labour input to properly process and package.

Competition for seasonal lower-skill labour

Plant managers noted that the competition for seasonal lower-skill labour is increasing. Main competitors noted were other fish harvesting, which is often considered more lucrative, agriculture and the tourism industry.

Impact of living in rural regions with low populations

Plant representatives indicated that the actual populations living in the towns where they are located are extremely small (e.g., 300-500) and there is heavy participation by the local population in the fish harvesting sector in these towns. This combined with competition from the local agriculture and tourism industries focused on such a small local population makes it very difficult to recruit the seasonal peak numbers required to run the plants. It is not common practice in the region for lower-skill workers to commute from population centres (e.g., Charlottetown) for a seasonal job given the number of opportunities available closer to home, the costs and time required in commuting, uncertain schedule (often longer hours) and lack of public transportation available for these routes.

7.0 OVERVIEW OF HR ISSUES ENCOUNTERED CONT'D

industry image

While seafood processing enjoys a long history in this region, plant representatives noted that there are challenges with the industry's image, particularly among younger cohorts who are opting for employment opportunities in other sectors, often viewing seafood processing as something that their parents or grandparents would have done.

Technology and automation

Investments in technology and automation were outlined by those interviewed. Some of these were related to extending the processing season and improving product quality (e.g., cold storage, holding tanks), while others were related to development of new products (e.g., raw meat extraction). The impacts of these on HR issues were variable. The investments in cold storage and tanks assisted in lengthening the season allowing for longer employment or shorter work weeks (not always viewed necessarily as advantageous from a worker perspective depending on individual EI requirements). Investments in new products was somewhat variable as to the extent it required more labour, or could free up labour to fill shortages in other places in the production line.

8.0 PROMISING PRACTICES AND INNOVATIONS

Employers in the region are trying various approaches to address the challenges with labour supply and retention. Some of those that were identified during interviews include:

FOCUSING ON ATTRACTING STUDENTS INTO THE INDUSTRY FOR SUMMER EMPLOYMENT

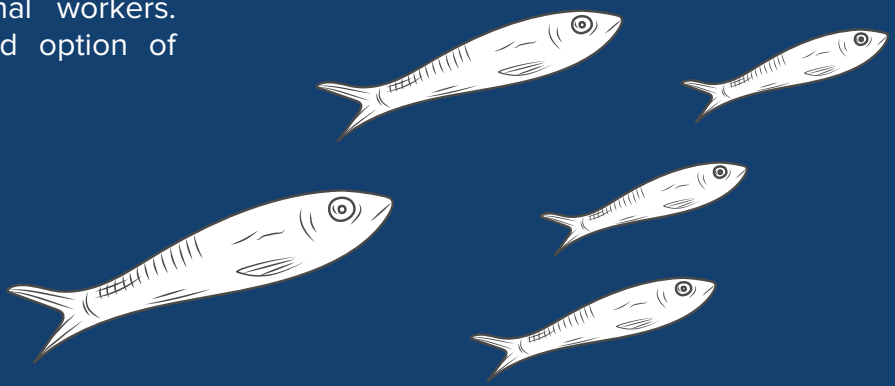
A project launched in 2016 as a pilot with partnership between industry, provincial and federal governments (Team Seafood PEI) focuses on recruiting students (secondary and post-secondary) to working in the seafood processing industry for the summer. Targeted marketing is undertaken early in the calendar year to gain the attention of students as they begin seeking summer employment. Incentives include transportation, team environment, learning about the industry, guaranteed number of hours and a bonus of a scholarship for those who complete the season in the sector.

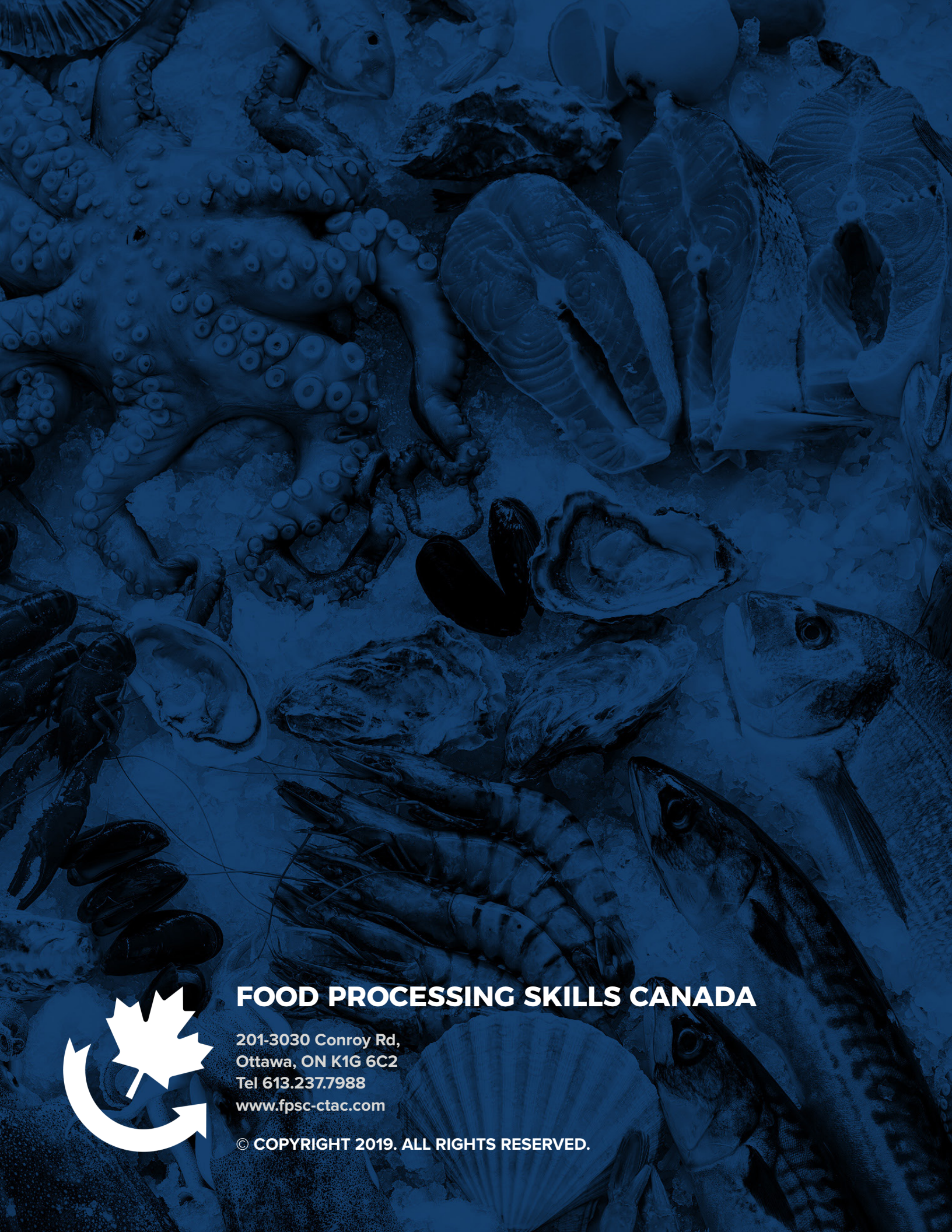
PROVIDING TRANSPORTATION

Plant representatives indicated that there have been attempts at providing transportation (particularly to and from larger population centres), but this has had limited success in attracting and retaining additional workers. Carpooling remains the preferred option of many of the local workers.

ESTABLISHING COMMUNITY CONNECTIONS FOR TFWS

Considerable work is completed by the participating plants in preparing for the TFWs each year. Given the relatively small size of the communities, 100 new workers arriving with special requirements (e.g., food preferences, language needs, banking) each season requires planning with local supports and services. Work is completed by the plant to ensure that adequate housing and transportation is available as required and that they have opportunities to integrate with the local workforce (e.g., company barbecues, picnics). This is particularly helpful for returning TFWs (who often bring additional friends or relatives) who know about the work, community and requirements. Settling in goes much faster and there is better communication between TFWs, local workforce, community members and supervisors/management.





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