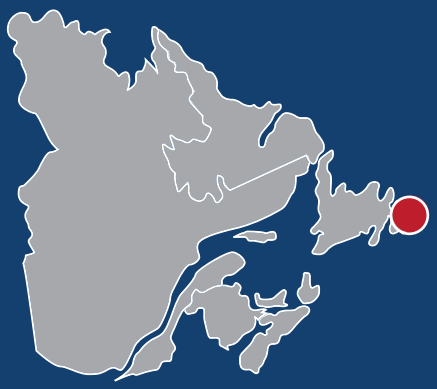
Securing Canada's FISH + SEAFOOD Work Force

REGIONAL SPOTLIGHT

A detailed look at the labour supply and demand in

Old Perlican Region

Newfoundland & Labrador



FPSC FOOD PROCESSING SKILLS CANADA COMPÉTENCES TRANSFORMATION ALIMENTAIRE CANADA

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

This project was funded by the Government of Canada's Sectoral Initiatives Program.

ISBN 978-1-989541-06-7

Food Processing Skills Canada
201 – 3030 Conroy Road
Ottawa, Ontario K1G 6C2
Tel. (613) 237-7988
Toll Free: 1-877-963-7472
Fax: 613-237-9939

lmi@fpsc-ctac.com
www.fpsc-ctac.com

FPSC
FOOD PROCESSING SKILLS CANADA
COMPÉTENCES TRANSFORMATION ALIMENTAIRE CANADA

Canada

This program is funded by the Government of Canada's Sectoral Initiatives Program

TABLE OF CONTENTS

SUMMARY

REGIONAL OVERVIEW

The Old Perlican Region is located on the northern tip of Newfoundland's Avalon Peninsula at the head of Trinity Bay and Conception Bay. Key seafood processing towns include Old Perlican (pop. 633) and Bay de Verde (pop. 392). The region is located 170 kilometres from St. John's, the province's capital city (pop. 178,000). Overall, median hourly wages for shellfish/fish labourers and plant workers in the region are comparable with other regions in the province. The median hourly wages were higher than for 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.

LABOUR MARKET OVERVIEW

Regional labour market analysis suggests local seafood processing employment at both average and 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 Old Perlican raise demands by nearly double (97%) above annual average employment.

The population in the region is expected to slowly decline at an annual rate of just less than 1% over the next decade. Combined with an aging population, the size of the labour force is anticipated to decline over the upcoming period from 1,453 in 2017 to 1,331 by 2030. The overall unemployment rate during this period is expected to also decline from 17% (2017) to approximately 11% (2030).

Seafood processing workforce in the Old Perlican Region is expected to decrease from an estimated average of 716 workers to 706 workers between 2017 and 2030 (average estimates), a decrease of 10 workers (-1%). Accounting for replacement demand (retirements or death) local processors will likely need to hire an estimated 362 new workers between 2018 and 2030. This figure does not include turnovers, which can add significantly to total annual recruitment demands.

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

POPULATION
4,316

LABOUR FORCE
1,453

LABOUR MARKET TIGHTNESS

The labour market tightness, a measure calculated by estimating labour requirements in other sectors in Old Perlican Region 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 TO 2025	AVERAGE 2026 TO 2030
TOTAL	3	3	3	3	3	3
LOWER SKILL	3	3	3	3	3	3

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

SEAFOOD PROCESSING ESTABLISHMENTS

3 [1]

SEAFOOD PROCESSING EMPLOYMENT

716 [2]

HR CHALLENGES

As seafood processors struggle to remain competitive and increase productivity, common challenges experienced throughout this region include an aging workforce, out-migration of youth and young families, a sparse local population to draw from, high absenteeism during busier months and seasonality and weather challenges.

PROMISING PRACTICES AND INNOVATIONS

As seafood processors struggle to remain competitive and increase productivity, common challenges experienced throughout this region include an aging workforce, out-migration of youth and young families, a sparse local population to draw from, high absenteeism during busier months and seasonality and weather challenges.

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.

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. Old Perlican in Newfoundland and Labrador (NL) was selected as one of these regions for detailed focus.

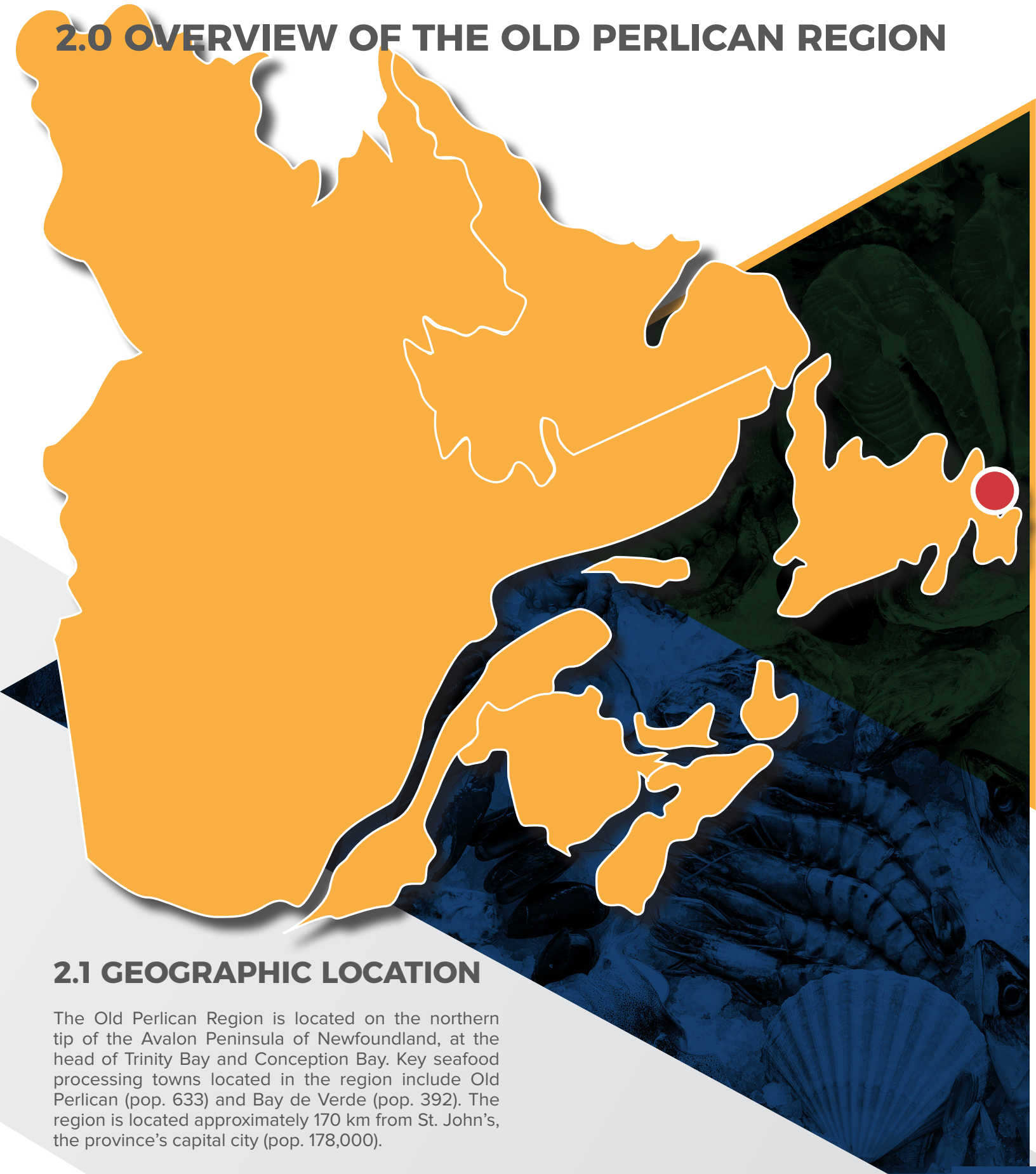
The initial sections of this report provide overviews of the Old Perlican Region, fish and seafood processing overall in the province of Newfoundland and Labrador, and specifically in the Old Perlican region. This is followed by sections that provide an overview of the region's labour force and the specific findings for the labour supply and demand, current and future. The final two report sections outline the HR challenges identified in the region and some of the promising practices and innovative solutions that employers and communities are trying to address labour supply issues.

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 Old Perlican Region, the study team collected information from one large plant (more than 200 employees) focused on processing primarily snow crab, shrimp and welk, along with scallops, herring, and groundfish.

REAL CHALLENGES, PRACTICAL SOLUTIONS AND FRESH PERSPECTIVES

2.0 OVERVIEW OF THE OLD PERLICAN REGION



2.1 GEOGRAPHIC LOCATION

The Old Perlican Region is located on the northern tip of the Avalon Peninsula of Newfoundland, at the head of Trinity Bay and Conception Bay. Key seafood processing towns located in the region include Old Perlican (pop. 633) and Bay de Verde (pop. 392). The region is located approximately 170 km from St. John's, the province's capital city (pop. 178,000).

2.2 POPULATION CHARACTERISTICS

The population of Old Perlican Region is aging and is expected to slowly decline at an annual rate of just under 1% over the next decade. Compared to the province overall, the population has proportionally lower levels of immigrants, visible minorities non-Canadian citizens and people identifying as Aboriginal (according to Census definitions).

The overall population for the region in 2017 was 4,316. According to Census 2016 profiles, the proportions of immigrants (1.0%), visible minorities (0.2%), non-Canadian citizens (0.2%) and the population that identify as Aboriginal according to Census definitions (1.1%), are lower than those overall for Newfoundland and Labrador (see Table 1).

TABLE 1: OLD PERLICAN REGION POPULATION CHARACTERISTICS

CHARACTERISTIC	OLD PERLICAN REGION	NEWFOUNDLAND & LABRADOR
FEMALE	2,120	265,790
SHARE OF POPULATION	49.9%	51.1%
IMMIGRANTS	40	12,075
SHARE OF POPULATION	1.0%	2.4%
NOT CANADIAN CITIZENS	10	9,090
SHARE OF POPULATION	0.2%	1.8%
VISIBLE MINORITIES	10	11,810
SHARE OF POPULATION	0.2%	2.3%
ABORIGINAL IDENTITY	45	45,725
SHARE OF POPULATION	1.1%	8.9%

According to projections, the population levels are expected to decrease at a rate of approximately -0.3% to -0.7% annually over the upcoming 13 years (4,316 in 2017 and then 4,136 by 2030). Overall, it will be an aging population with the proportion of the age cohort 65 years or older rising from 29% in 2017 to approximately 38% by 2030 (see Figure 1). The population growth will be negatively impacted by the continued aging of the population and increased number of deaths, along with a decline in birth rate. There will be a net negative migration pattern (out-migration) anticipated up until 2022, at which point the migration pattern will turn to net positive (in-migration), but this not expected to offset the negative natural population growth (i.e., deaths exceeding births) (see Figure 2).

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

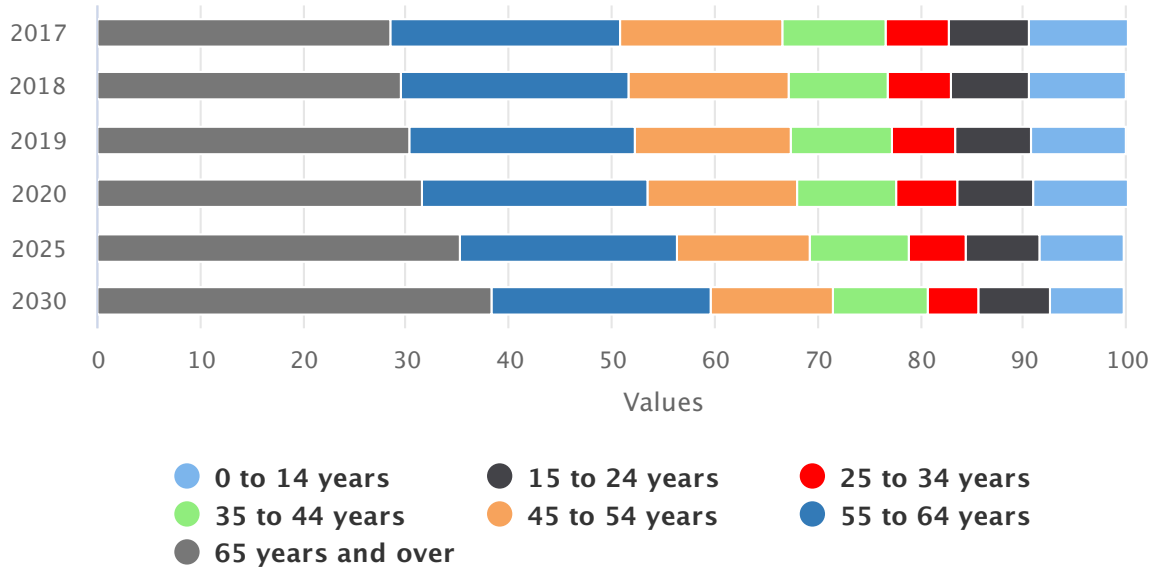
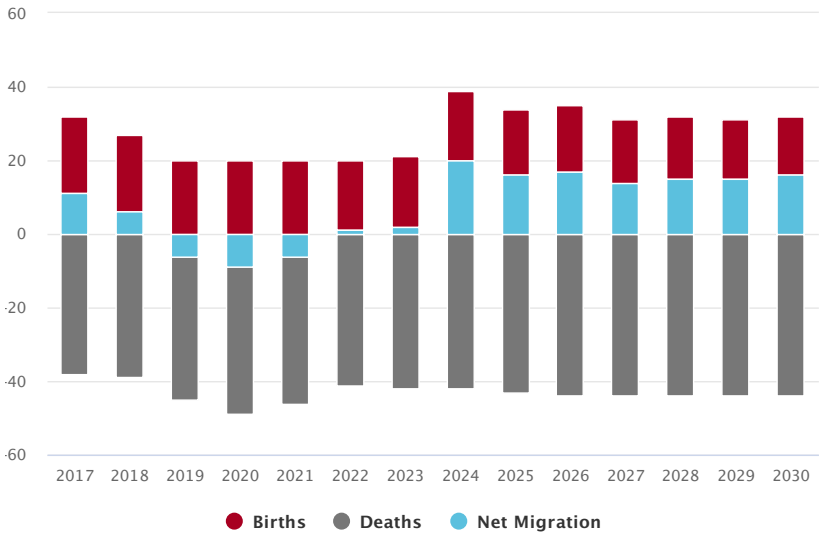


FIGURE 2: COMPONENTS OF POPULATION CHANGE (2017 TO 2030)



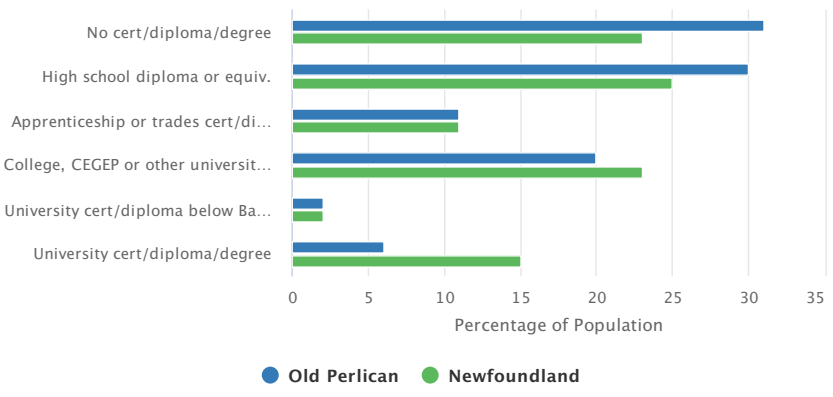
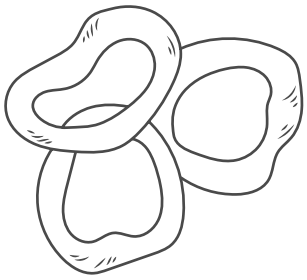


FIGURE 3: EDUCATIONAL ATTAINMENT – OLD PERLICAN REGION AND NEWFOUNDLAND AND LABRADOR

The overall education level of the region's residents is lower when compared with Newfoundland and Labrador overall (see Figure 3). Approximately one-third of the working age population (31%) do not have a high school diploma (vs. 23% for the province) and 6% (vs. 15% 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 NEWFOUNDLAND AND LABRADOR FISH AND SEAFOOD PROCESSING



3.1 OVERALL PROVINCIAL ECONOMIC OUTLOOK

Newfoundland and Labrador's GDP was hit hard by the drop in oil prices in 2014-2015, resulting in the provincial GDP falling. Real GDP bounced back in 2016-2017 helped by strong growth in the energy sector. Oil related exports are expected to help drive growth in the economy over most of the forecast period. Falling investment is expected to be offset by a full year of production at the Hebron offshore platform in 2018, leaving overall growth stagnant. GDP growth averages 0.5% over the medium term before increasing to 1.6% per year over 2022-2026 as production at the White West Rose oil field helps to offset the end of production at Terra Nova and the Voisey's Bay nickel mine extension comes online. Over the 2017-2030 period real GDP growth is anticipated to average 1%.

3.2 NEWFOUNDLAND AND LABRADOR SEAFOOD PRODUCT OUTLOOKS

The overall growth of real gross output or inflation adjusted output for prepared fish products is expected to accelerate over the forecast period after declining sharply on average over the 2013 to 2017 period to average 1.5% over the 2018-2021 period, 2.6% over 2022-2026 and 2.6% over the 2027-2030 period. There are many reasons for the improvement in overall real output. There is expected to be a deceleration in the decline in overall consumption and ultimately a reversal as population decline moderates and consumer demand for prepared fish products improves. International exports are expected to rise at a moderate pace throughout the forecast period as trading partner market growth is moderately strong and trade agreements encourage market penetration in the European Union and in the members of the TPP trade pact. Interprovincial exports are expected to improve as consumer demand for processed fish products in other provinces increase. Interindustry demand also improves as the demand for processed fish inputs rises, primarily as a result of increased provincial food production.

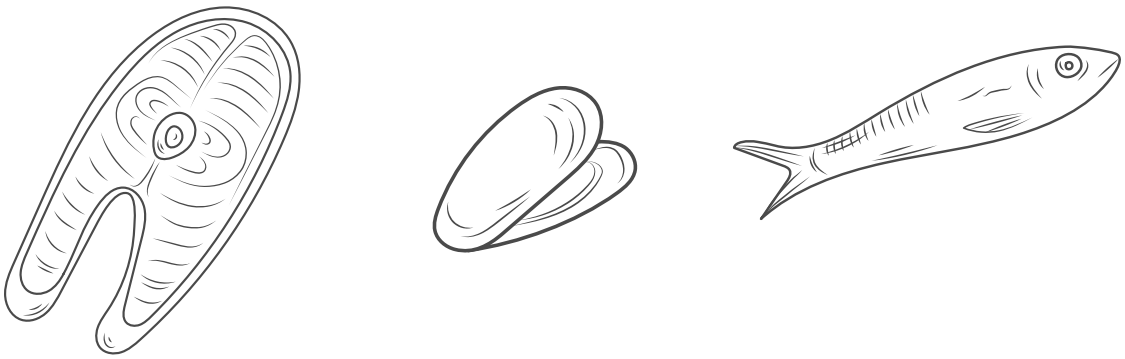
TABLE 2: NL PREPARED SEAFOOD END MARKET GROWTH (ANNUAL AVERAGE % CHANGE)

END MARKET	2013-2017	2018-2021	2022-2026	2027-2030
Consumption	-0.8	-0.8	-0.3	0.0
International Exports	-8.2	1.6	2.5	2.6
Interprovincial Exports	-0.4	0.5	0.6	0.9
Interindustry Demand	-0.8	-0.4	1.6	1.7
Imports	-0.7	-0.5	0.0	0.3
Total End Market Demand	-7.9	1.5	2.6	2.6

3.3 SEAFOOD PROCESSING EMPLOYMENT OUTLOOK FOR NEWFOUNDLAND AND LABRADOR

Seafood processing employment is expected to remain near current levels of 1,500 workers (-0.7% change from 2018 to 2030) assuming the industry can sustain significant productivity gains. Labour productivity (GDP per hour worked) is forecast to expand at 1.7% on average over the forecast period. In order to produce the forecasted output total hours of work is forecast to fall by -0.4% on average over 2018-2021 and then increase by 0.6% and 0.7% on average over 2022-2026 and 2027-2030 respectively in order to produce the forecasted output. Average hours worked per employee is forecast to rise over the projection period by 0.4% on average, which leads to the total number of jobs falling by -0.8% over 2018-2021, and then rising by 0.3% over 2022-2026 and 0.3% over 2027-2030.

Replacement demands (deaths and retirements) are expected to total 775 between 2017 and 2030. This represents the need to replace half (51%) 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, which can double or triple the actual number of annual new hires needed to sustain employment requirements.



4.0 OLD PERLICAN REGION FISH AND SEAFOOD PROCESSORS

4.1 EMPLOYERS

The region hosts three processors ranging in size and focus primarily on processing snow crab and shrimp.

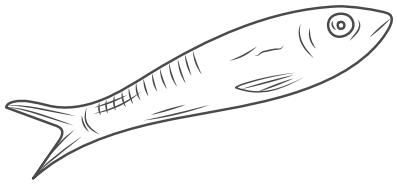
Overall, there are three fish and seafood processing establishments in the Old Perlican Region[3]. The main species processed are snow crab and shrimp along with smaller amounts of groundfish, pelagics and shellfish (e.g., scallops). As noted on the map in Section 1, there are two larger establishments and then one relatively smaller plant (under 50 employees). The two larger facilities focus primarily on snow crab and shrimp. The processing plants operate on a seasonal basis and open around April and run through until late fall/early winter depending on product availability.

THE CURRENT INDUSTRY WORKFORCE IS MORE THAN 1,400 WORKERS AT PEAK SEASON WITH OVER 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 Old Perlican Region in 2017 was 716 on average and rising to 1,408 at peak season[4] (see Table 3). Over two-thirds of all employed at the peak season (68%) 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 with many workers relocating from other regions in Newfoundland to work at the plants in this region. 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 OLD PERLICAN REGION – 2017 (AVERAGE & PEAK)

	AVG 2017 (#)	AVG 2017 (%)	PEAK 2017 (#)	PEAK 2017 (%)	EXTRA NEEDED FOR PEAK
Total Employment	716	100%	1,408	100%	692
FOUNDATIONAL (NOC 9618)					
Shellfish Processing Labourer	154	22%	383	27%	229
Fish Processing Labourer	62	9%	152	11%	90
INTERMEDIATE (NOC 9463)					
Shellfish Plant Worker	122	17%	303	22%	181
Fish Plant Worker	49	7%	123	9%	74
SUPERVISORY (NOC 9213)					
Supervisors	24	3%	24	2%	0
MANAGEMENT (NOC 0911; 0016)					
Management	21	3%	21	1%	0
OTHER CATEGORIES					
Maintenance	22	3%	29	2%	7
Skilled Trades	48	7%	72	5%	24
Quality Control Technician	13	2%	16	1%	3
Office Staff	35	5%	35	2%	0
Other Occupations	166	23%	249	18%	83

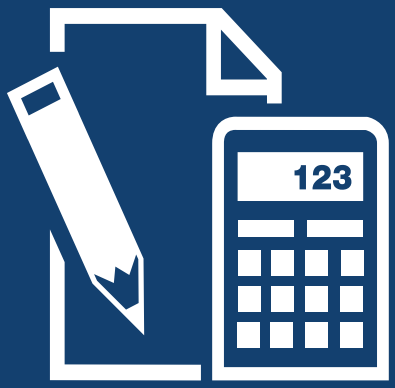
716

AVERAGE NUMBER OF WORKERS EMPLOYED IN THE SEAFOOD PROCESSING INDUSTRY IN 2017

4.1.2 UNIONIZATION

From the data available, none of the workers are unionized in this region.

From an examination of available data for the region, it does not appear that workers are unionized in the plants in this region.



4.1.3 WAGES

Overall, median hourly wages for shellfish/fish labourers and plant workers in the region are comparable with other regions in the province. The median hourly wages were higher than for 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), and significantly lower than the median wage of a deckhand.

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)			
Avalon Peninsula Region	**12.50**	**13.80**	**15.87**
All Newfoundland & Labrador	**11.96**	**14.10**	**16.51**
Notre Dame – Central – Bonavista Bay Region	**11.96**	**13.65**	**16.05**
South Coast – Burin Peninsula Region	**11.96**	**13.65**	**16.05**
West Coast – North Peninsula – Labrador Region	**12.00**	**13.75**	**15.37**
Shellfish/Fish Plant Worker (NOC 9463)			
Avalon Peninsula Region	**12.58**	**13.33**	**15.10**
All Newfoundland & Labrador	**12.45**	**13.45**	**15.10**
Notre Dame – Central – Bonavista Bay Region	**12.00**	**14.95**	**15.66**
South Coast – Burin Peninsula Region	**11.44**	**13.65**	**15.55**
West Coast – North Peninsula – Labrador Region	**12.27**	**13.21**	**15.35**
Other C&D Level Occupations (NS)			
Farm Worker (NOC 8431)	**11.15**	**12.98**	**18.00**
Deckhand, Fishing (NOC 8441)	**15.00**	**30.00**	**100.00**
Retail Sales (NOC 6421)	**11.15**	**11.75**	**20.00**
Food Services (NOC 6711)	**11.15**	**11.25**	**19.80**
Cashier (NOC 6611)	**11.15**	**11.15**	**11.30**

Source: Employment and Social Development Canada – Job Bank – Labour Market Information

The median hourly wage for shellfish/fish labourers (NOC 9618) in the Avalon Region in 2017 was $13.80/hour (see Table 4). The median wage for shellfish/fish plant workers (NOC 9463) was similar at $13.33/hour. Median wage levels for these two occupational groups across other regions in the province were similar. To provide some context, the minimum wage in Newfoundland and Labrador in 2017 was $10.75 to $11.00/hour.

When compared with other C&D Level Occupations in the same region, the median wages for shellfish/fish labourers and plant workers were higher by approximately $0.80 to $2/hour. The one exception was for fishing deckhands, which had a substantially higher median hourly wage ($30/hour) to that of processing labourers.

5.0 REGION'S LABOUR FORCE

THE REGION'S LABOUR FORCE NUMBERS SLIGHTLY MORE THAN 1,450. APPROXIMATELY ONE-EIGHTH OF THE ADULT POPULATION WORKED IN A FULL-YEAR, FULL-TIME POSITION IN 2015.

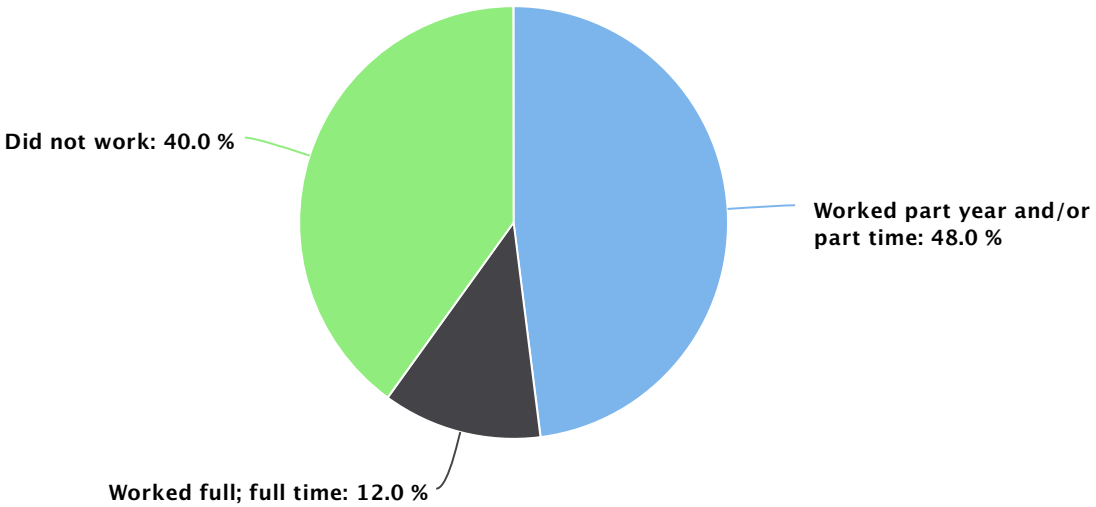
5.1 OVERVIEW OF LOCAL LABOUR FORCE

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 1,453 (out of a total population of 4,316). The largest proportions of the labour force for the Old Perlican Census subdivision work in manufacturing (39% - includes fish and seafood processing) agriculture, forestry, fishing and hunting (20% of labour force), and retail trade (9%). [5]

According to Census 2016 data, only one-eighth (12%) of the population 15 years or older worked full time for the full-year (see Figure 4). Approximately one-half worked part of the year and/or part time (48%), while a smaller proportion (40%) reported not working in 2015. This is consistent with the information collected from interviews that indicated that much of the private sector-based employment in the region is seasonal (e.g., fish harvesting, seafood processing), so it is challenging for people to find full-time, year-round employment.

FIGURE 4: WORK PATTERNS (15 YEARS AND OLDER) - OLD PERLICAN REGION



Source: Census 2016

5 Census 2016 – Old Perlican Census Subdivision

TABLE 5: AVERAGE MONTHLY EI CLAIMANTS FOR OLD PERLICAN – 2014 TO 2016[6]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Total (All Occupations)	**507**	**497**	**503**	**463**	**253**	**250**	**310**	**380**	**397**	**440**	**443**	**490**
Skill Level C & D*	**400**	**400**	**403**	**367**	**183**	**170**	**247**	**313**	**333**	**357**	**357**	**387**
Food Processing**	**223**	**220**	**223**	**190**	**43**	**60**	**110**	**163**	**177**	**190**	**197**	**207**

*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.

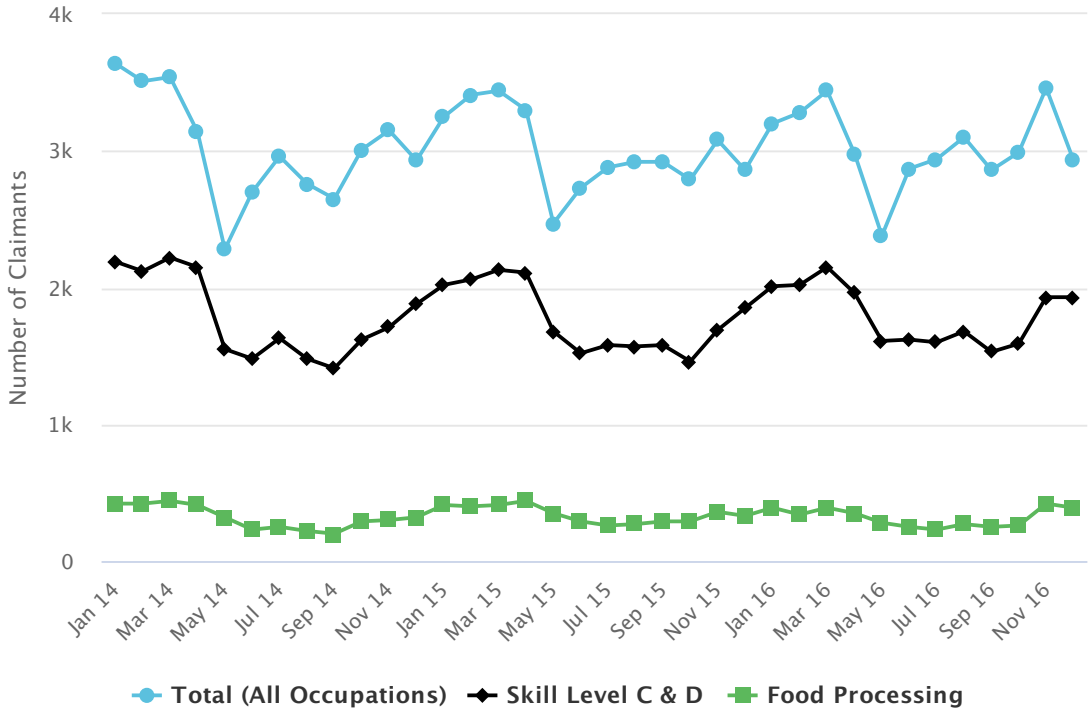
5.1.2 UNEMPLOYMENT

Overall, the unemployment rate for the region in 2017 was 17.4% on average but fluctuated considerably from month to month from a low of 9% to a high of 25.2%. 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 (14.7%), with the highest rates occurring in the month of December (41.2%). According to Census data, nearly one-half (42%) 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 43 in the month of May to approximately five times that number December through to March period at 207 to 223 (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 similar numbers of claimants occurring in 2016 (-.06% for overall claims on an annual average for this period; -4.1% for food processing).

THE AVERAGE UNEMPLOYMENT RATE FOR THE REGION IN 2017 WAS 17.4%, WITH CONSIDERABLE MONTHLY FLUCTUATIONS GIVEN THE SEASONALITY OF EMPLOYMENT OPPORTUNITIES IN THE REGION.

FIGURE 5: MONTHLY EI CLAIMANTS FOR OLD PERLICAN – 2014 TO 2016



> **THERE ARE NO LARGE INDIGENOUS COMMUNITIES IN THE REGION, WITH THE NEAREST RESERVE APPROXIMATELY SIX HOURS AWAY.**

5.2 OVERVIEW OF IMMIGRANT SOURCES OF LABOUR

In 2017, there was plants in the region using the Temporary Foreign Workers Program (TFWP) (n=1 out of 3), receiving approvals for 50 workers, indicating that the TFWP is not an overly significant source of labour for the region's plants (estimated at approximately 3% of the sector's labour force at peak period).

5.3 OVERVIEW OF INDIGENOUS SOURCES OF LABOUR

According to Census, there is a very small proportion of the population (1%) that identify as Aboriginal. The Miawpukek First Nation's reserve lands are approximately a six hour drive from Old Perlican and has a total on-reserve population of approximately 840. The Qalipu Mi'kmaq First Nation do not control reserve lands, but apparently from the Census, do not have many members in the Old Perlican region.

> **Currently, temporary foreign workers do not play a significant role in addressing labour supply issues in the fish and seafood processing industry in Old Perlican Region (estimates of approximately 3% in peak season).**

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 IS EXPECTED TO CONTINUE THROUGH TO 2030. FOR THE FISH AND SHELLFISH PROCESSORS, THIS SHORTAGE IS MOST SEVERE DURING THE PROCESSING PEAK SEASON, WHICH UNFORTUNATELY TENDS TO CO-INCIDE WITH MANY OTHER COMPETING SECTORS' PEAK SEASONS.

TABLE 6: POPULATION AND LABOUR FORCE OUTLOOK SUMMARY: OLD PERLICAN REGION – 2017-2030

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Total Population	4,316	4,304	4,280	4,250	4,192	4,136
Avg. Annual Change (%)		-0.3%	-0.6%	-0.7%	-0.4%	-0.3%
Total Labour Force	1,453	1,414	1,395	1,347	1,301	1,331
Avg. Annual Change (%)		-2.7%	-1.4%	-3.4%	-1.0%	1.0%
Total Employment	1,200	1,164	1,158	1,130	1,121	1,180
Avg. Annual Change (%)		-0.3%	-0.5%	-2.4%	-0.2%	1.5%
Unemployment Rate	17.4%	17.7%	17.0%	16.1%	13.9%	11.3%

The model projections indicate that considering the trends with natural population decline combined with mixed patterns of in/out migration over the period, the Old Perlican Region will continue to experience a small population decline within the period under study (2017 to 2030) (see Table 6). These factors will also contribute to a decline in the labour force, at a slightly slower rate than population decline given the aging population. The labour force is anticipated to decline from a current 4,300 to over 4,100 by 2030. Overall, average unemployment rates are expected to decline over the period given the shrinking labour force.

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).

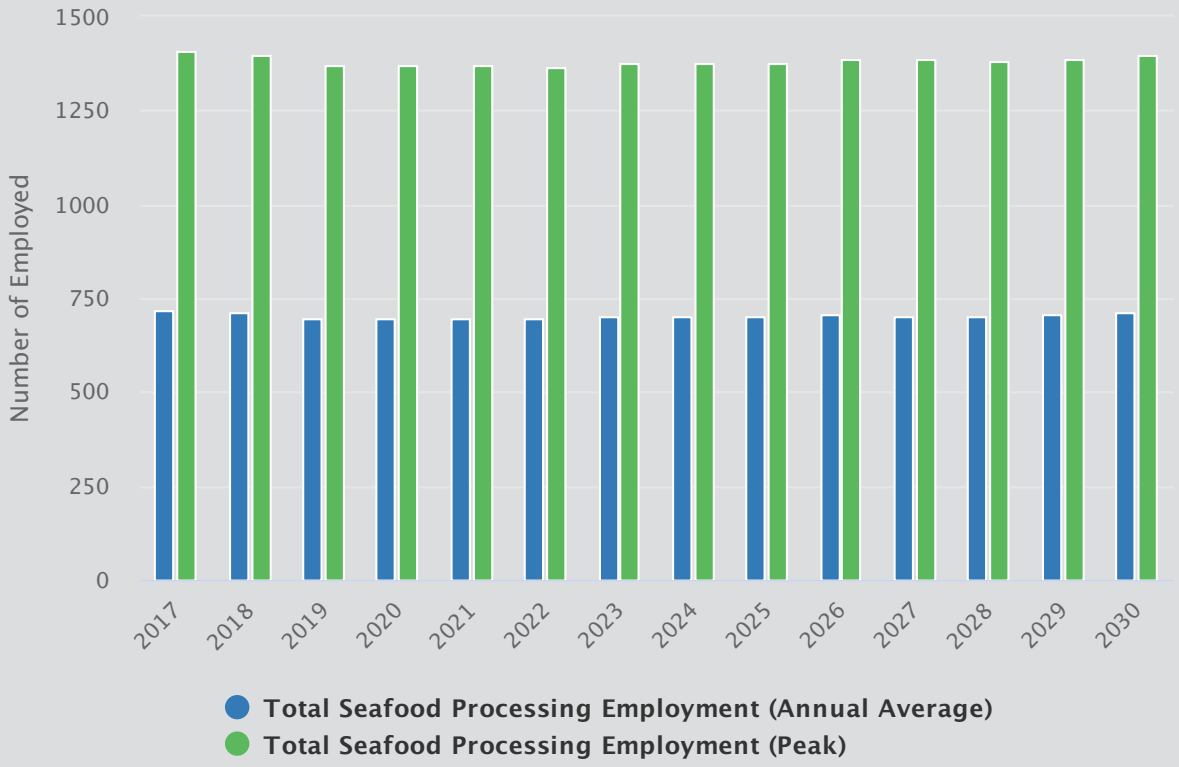
As illustrated in Table 7 and Figure 6, the Total Seafood Processing Employment (Annual Average and Peak) is higher than the Residual Total Labour Force. This suggests that there is currently (2017) an insufficient local labour force to meet all of the region's labour requirements (for all industries)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

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 enough 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 1,408 within a labour market that had a residual total labour force of only 168. 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 some 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 local industries in recruiting workers.

TABLE 7: TOTAL LABOUR MARKET TIGHTNESS: OLD PERLICAN REGION – 2017-2030

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Total Labour Force [7]	1,453	1,414	1,395	1,347	1,301	1,331
Total Non-Seafood Processing Labour Requirement [8]	1,286	1,248	1,237	1,203	1,182	1,233
Residual Total Labour Force [9]	168	166	158	144	119	98
Total Seafood Processing Employment (Annual Average)	716	712	698	698	698	706
Total Seafood Processing Employment (Peak)	1,408	1,399	1,373	1,372	1,372	1,387

FIGURE 6: TOTAL SEAFOOD PROCESSING EMPLOYMENT AND RESIDUAL LABOUR FORCE: OLD PERLICAN 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: OLD PERLICAN REGION – 2017-2030

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Lower-Skill Labour Force [10]	3,233	3,244	3,209	3,170	3,062	3,053
Lower-Skill Non-Seafood Processing Labour Requirement	3,027	3,027	3,022	2,966	2,878	2,914
Residual Lower-Skill Labour Force	205	217	207	204	184	151
Lower-Skill Seafood Processing Employment (Annual Average)	379	361	358	374	370	414
Lower-Skill Seafood Processing Employment (Peak)	499	476	471	492	488	545

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 that 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 905 workers within a labour market that had a residual total labour force of only 115. This means that the seafood processing industry was likely recruiting workers from outside the local region. This level of tightness suggests that many of the industries that rely on a lower-skill labour market are also experiencing labour shortages in this region.

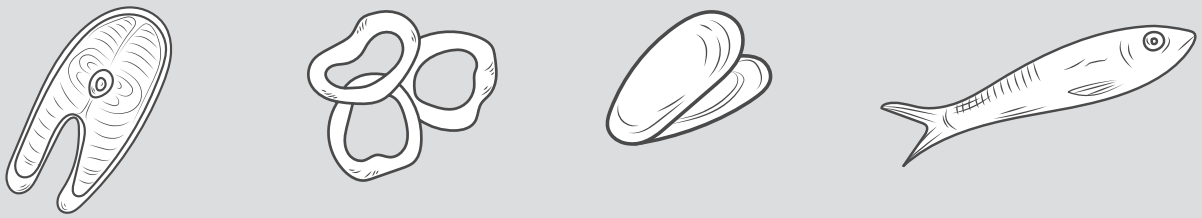
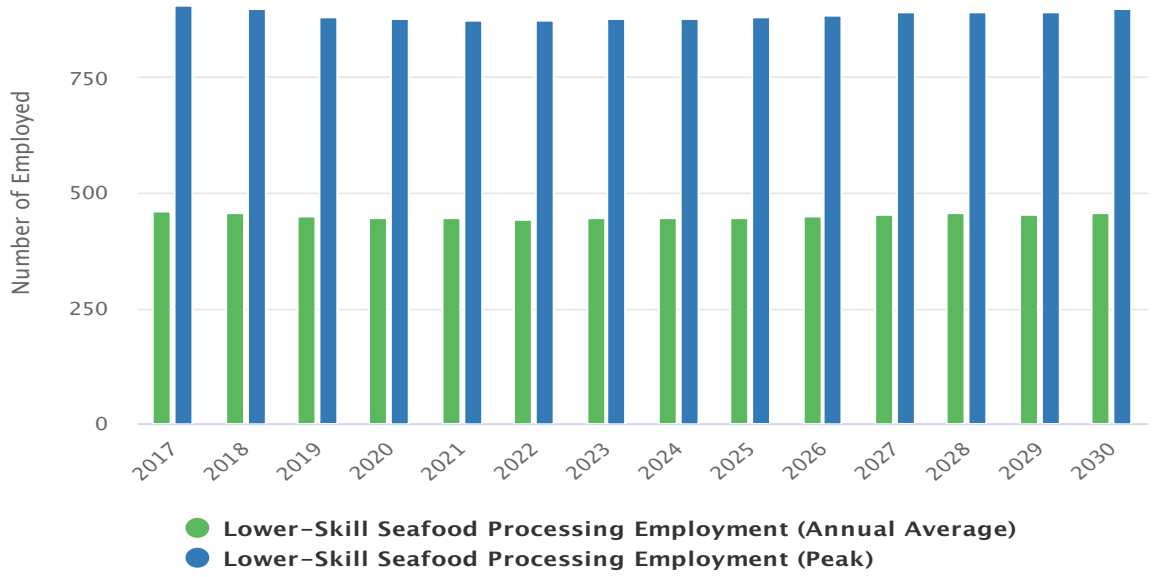


FIGURE 7: LOWER-SKILL SEAFOOD PROCESSING EMPLOYMENT AND RESIDUAL LABOUR FORCE: OLD PERLICAN REGION – 2017-2030



The overall summary of the labour market tightness as modelled for the Old Perlican Region demonstrates that the local labour force is unable to meet the employment requirements of employers in the area at average or 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.

3

TABLE 9: SUMMARY OF LABOUR MARKET TIGHTNESS: OLD PERLICAN REGION – 2017-2030

	2017	2018	2019	2020	AVERAGE 2021 TO 2025	AVERAGE 2026 TO 2030
TOTAL	3	3	3	3	3	3
LOWER SKILL	3	3	3	3	3	3

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 Old Perlican Region employers will need to attract approximately 360 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, which are predicted to continue during this period. The requirement to attract new workers over this period will be challenging as the employers are 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 negative industry growth. However, as of 2018, there will be a need for increased numbers of new hires to address required replacements due to retirements and deaths among the workforce (see Table 10).

TABLE 10: HIRING REQUIREMENT OUTLOOK: OLD PERLICAN REGION – 2017-2030

	2017	2018	2019	2020	SUM 2021-2025	SUM 2026-2030
Net Hiring Requirement[11]	**-254**	**25**	**15**	**29**	**142**	**151**
Industry Growth	**-284**	**-5**	**-13**	**0**	**3**	**10**
Retirements and Mortality	**29**	**29**	**29**	**29**	**139**	**141**

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

TABLE 11: EMPLOYMENT OUTLOOK (ANNUAL AVERAGE): OLD PERLICAN REGION – 2017-2030

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Total Employment	**716**	**712**	**698**	**698**	**698**	**706**
Shellfish Processing Labourer	**154**	**153**	**151**	**150**	**150**	**152**
Fish Processing Labourer	**62**	**61**	**60**	**60**	**60**	**61**
Shellfish Plant Worker	**122**	**121**	**119**	**119**	**119**	**120**
Fish Plant Worker	**49**	**49**	**48**	**48**	**48**	**49**
Supervisors	**24**	**23**	**23**	**23**	**23**	**23**
Maintenance	**22**	**22**	**22**	**22**	**22**	**22**
Skilled Trades	**48**	**48**	**47**	**47**	**47**	**47**
Quality Control Technician	**13**	**13**	**13**	**13**	**13**	**13**
Management	**21**	**21**	**20**	**20**	**20**	**20**
Office Staff	**35**	**35**	**34**	**34**	**34**	**34**
Other Occupations	**166**	**165**	**162**	**162**	**162**	**164**

11 Net hiring requirement does not include hiring required as a result 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 workers hired as a share of the total number of workers) for Atlantic seafood processors is 40%.

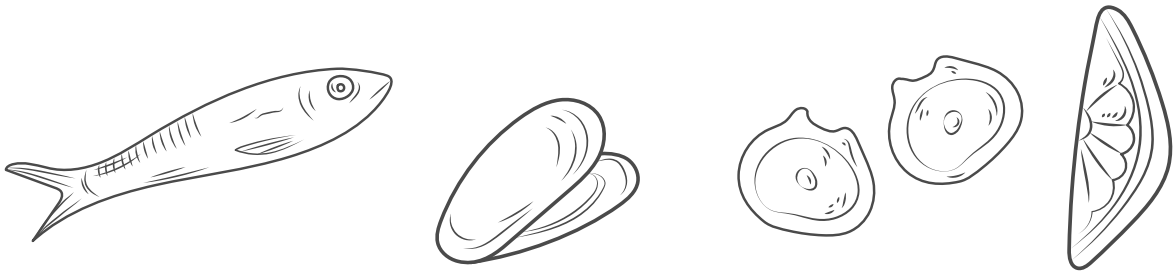


TABLE 12: EMPLOYMENT OUTLOOK (PEAK): OLD PERLICAN REGION – 2017-2030

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Total Employment	**1,408**	**1,399**	**1,373**	**1,372**	**1,372**	**1,387**
Shellfish Processing Labourer	383	380	373	373	373	377
Fish Processing Labourer	153	152	150	149	149	151
Shellfish Plant Worker	303	301	295	295	295	298
Fish Plant Worker	123	122	119	119	119	121
Supervisors	24	23	23	23	23	23
Maintenance	29	29	28	28	28	29
Skilled Trades	72	72	70	70	70	71
Quality Control Technician	16	16	16	16	16	16
Management	21	21	20	20	20	20
Office Staff	35	35	34	34	34	34
Other Occupations	249	248	243	243	243	246

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 multiple plants in this region. Main themes include:

Aging workforce

The "core" group of returning workers is aging with one plant indicting their average age is now 51 years old. This would be reflective of the labour-focused workforce in various areas of rural Newfoundland, which similar to other Atlantic rural communities, is experiencing an out-migration of youth and young families as they leave to take advantage of educational and employment opportunities outside of the smaller rural communities.

Industry image

Unlike some of the other regions visited, the seafood processing industry in Old Perlican does not seem to have to deal with the same negative image that it experiences in other regions. This may be attributable to the long history of fish landing and processing on the Avalon peninsula and processing being the largest employers in the regions.

Staffing dependency on weather and quota announcements

Plant representatives reported that in addition to the seasonality challenges, there are also HR challenges related to the dependency on weather as to when the processing will occur (i.e., when raw product is landed) and variability in quota announcements. This is a particular challenge when workers are relocating to the community with questions as to when they should be arriving on-site and will they be receiving the number of hours and weeks expected.

Limited competition for lower-skill labour

Unlike some of the other regions, there is not as much competition from other industries in this region for lower-skill labour. Processors are the largest employers with the largest proportion of the workforce working for a small number of plants. While there is competition between plants for resources, these are generally all within the seafood processing sector (with some limited competition from fish harvesting positions where the pay is substantially higher).

Sparse populations result in very small labour pools

The local labour pool is not able to provide the number of workers that the plants in the area need, even with full levels of employment.

EI system challenges

Representatives interviewed indicated that the EI system could benefit from further modernization. They noted that interest in working in the summer and late fall once EI eligibility hours have been achieved makes it challenging from an HR perspective. This results in "a greater likelihood of sick notes" and absenteeism during some of the busier months. It was also noted that those who are on EI can only work a limited number of extra hours in a week, after which the money they earn is deducted from EI payments. This acts as a strong disincentive as claimants can lose money if they work any additional hours.

7.0 OVERVIEW OF HR ISSUES ENCOUNTERED CONT'D

Crab asthma

This was a bigger issue approximately 10 years ago, according to plant managers interviewed. Crab asthma is caused by exposure to the dusts, mists, fumes or aerosols that are generated when cooking, steaming, washing, sawing, crushing, scrubbing or scraping crab in processing plants. During these activities, proteins that are in the crab may be released into the air. Once these are in the air, they can enter people's lungs and breathing tubes. Some people's bodies have an abnormal response to these proteins. This abnormal response, called sensitization, can develop after several weeks or even years of exposure. HR issues arise as staff have to be assigned to other areas of the plant, or assigned to process other species (e.g., shrimp).

8.0 PROMISING PRACTICES AND INNOVATIONS

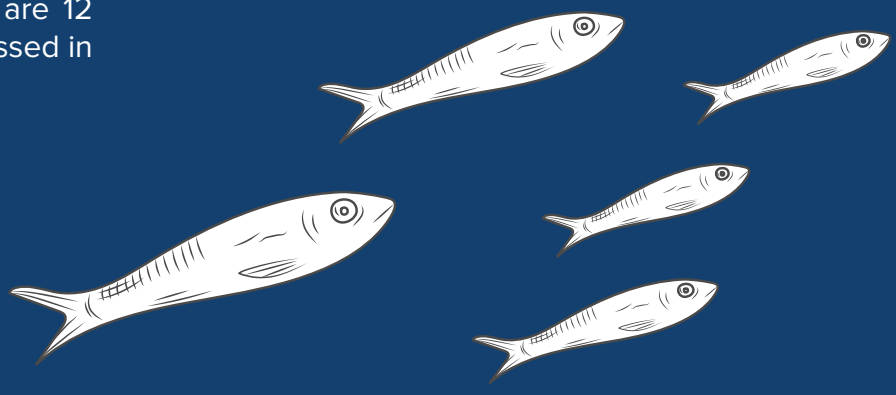
Employers in the region are trying various approaches to address the challenges with labour supply and retention. Some of these include:

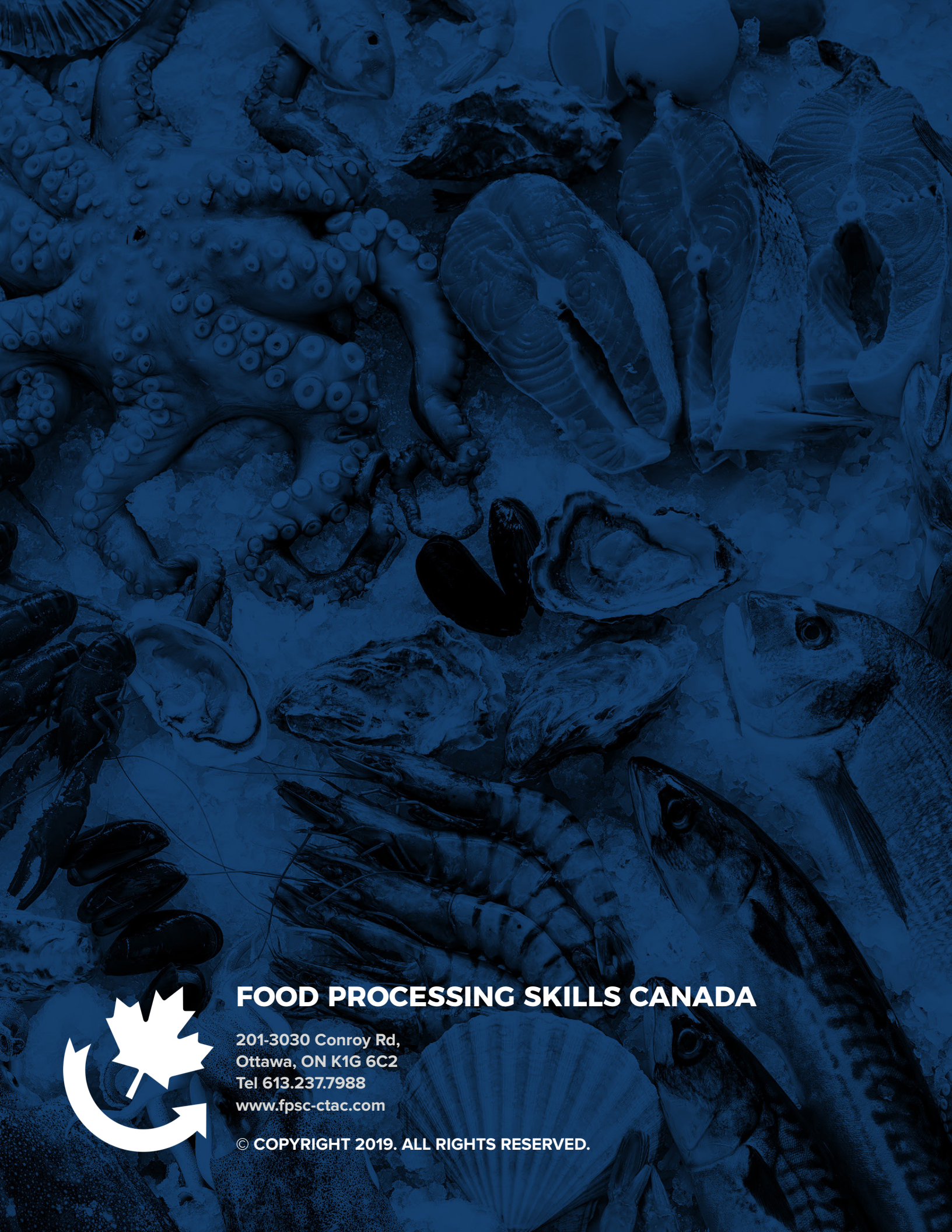
OTHER POTENTIAL PROMISING PRACTICES THAT WERE MENTIONED DURING INTERVIEWS INCLUDED:

- Making adjustments to EI rules so that claimants can work longer hours while on claim without losing income;
- Consider different models of working (e.g., 6 weeks on; 6 weeks off) that might help with recruiting workers to the area (but other adjustments would likely need to be made and value of the catch would have to increase).
- Consider making changes to the seasonality of the industry, which is contingent on the government and regulatory environment combined with historical traditions in the harvesting sector (e.g., smaller boats, multiple landing sites). For example, with the current structure they have plants that can accommodate maximum volume days but is only five days out of the year where maximum volume is actually processed. There are 12 months of sales that have to be processed in a five-month window.

FOCUSING ON RECRUITING FROM OTHER REGIONS IN THE PROVINCE

The plant representatives indicated that they put considerable effort into recruiting workers from other areas of the province. This has long been a tradition in Newfoundland with many workers temporarily relocating to the region to work during the seafood processing season. This is promoted through the availability of accommodations at limited or low cost with many families having worked in this manner for years. One plant has purchased homes, converted houses and brought in trailers to accommodate workers from other parts of the province. For one large plant, workers temporarily located from other regions in NL made up approximately 40% of their total workforce for a season.





FOOD PROCESSING SKILLS CANADA

201-3030 Conroy Rd,
Ottawa, ON K1G 6C2
Tel 613.237.7988
www.fpsc-ctac.com