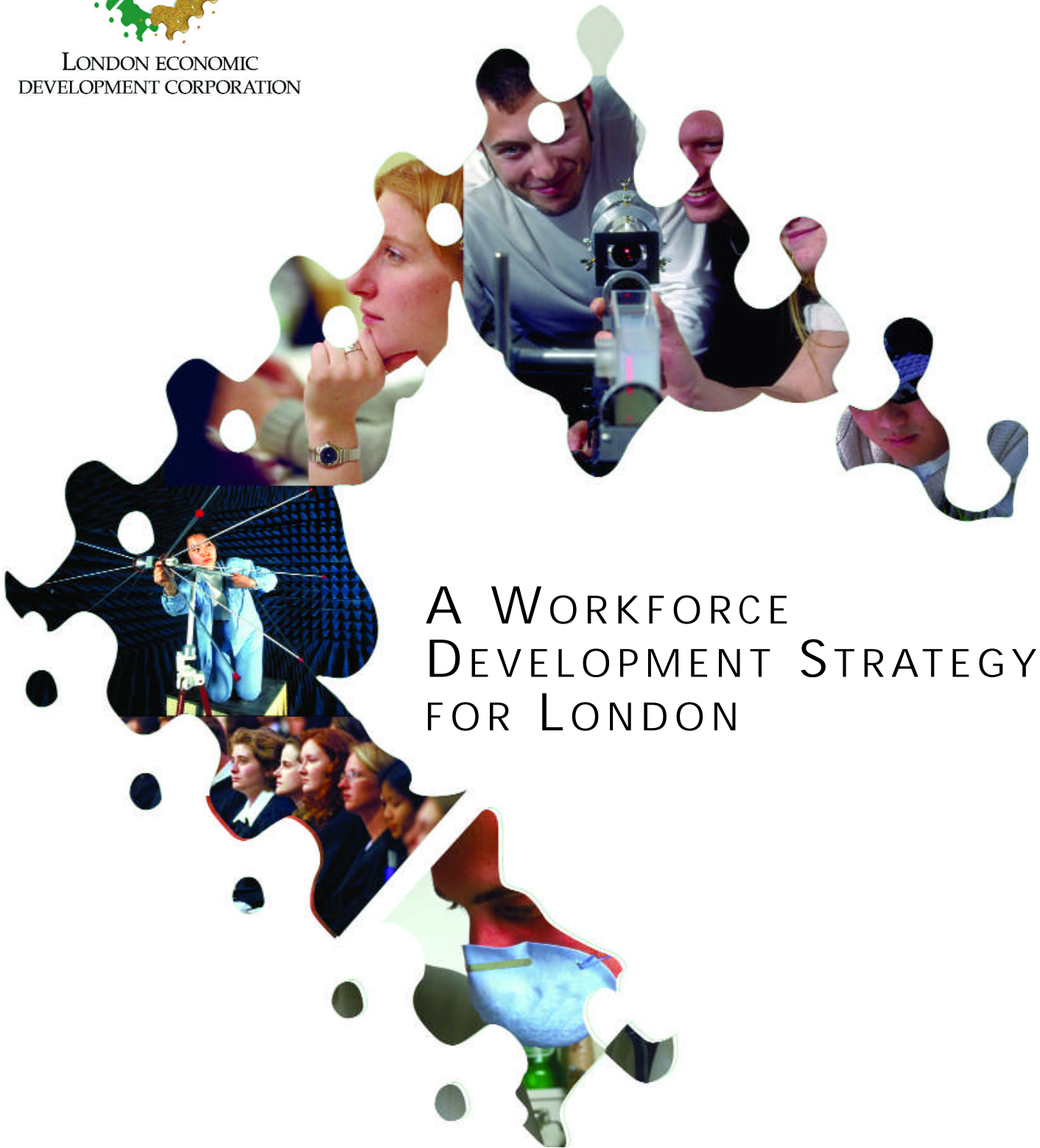




LONDON ECONOMIC
DEVELOPMENT CORPORATION



A WORKFORCE DEVELOPMENT STRATEGY FOR LONDON

OCTOBER 2007



LONDON ECONOMIC
DEVELOPMENT CORPORATION

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For more information, please visit our website at www.ledc.com

Fast Facts*

Population	457,200
Area	2,333 sq. km
Workforce	240,600



*Source: London Census Metropolitan Area (CMA)



LONDON ECONOMIC
DEVELOPMENT CORPORATION



October 11, 2007

Those of us who live and do business in London, Ontario Canada, know that our city is a very special place. It is a city of opportunities made possible by our excellent location, our existing infrastructure and especially our skilled labour force.

The London Economic Development Corporation is committed to improving the economic well being of Londoners through the growth and expansion of local businesses and the attraction of new business to London. In order to ensure our success and those of others, the support and development of a skilled labour force is integral to our work. To that end, the LEDC has developed a comprehensive workforce development strategy for the City of London and surrounding region.

This document outlines four key strategies to meet the challenges of an aging population and declining birth rate which will ultimately impact the availability of skilled labour in our region. It also contains a supporting research report which outlines demographic trends and workforce predictions.

We are proud of the fact that London is one of the first, if not the only, Canadian city to proactively approach the issue of workforce development before it becomes a critical issue that affects the economic growth of our city.

We hope you will find the information within this report valuable and helpful to your business investment or growth endeavours. My colleagues and I look forward to serving you and finding opportunities and solutions that will ensure your success.

Yours respectfully,

Peter White
President & CEO

"A Demographic Time Bomb"

- ✓ A declining birth rate combined with an aging workforce means that we are facing an increasing shortage of workers.
- ✓ Approximately 30% of Ontario workers will leave the workforce due to retirement by 2015.
- ✓ 50% of companies surveyed in 2003 by the Ontario Chamber of Commerce said that their skilled trades workers will be retiring over the next 15 years.
- ✓ 40% of those participating in the Chamber study said they will face a skilled trades shortage in less than five years.
- ✓ 50% of local companies surveyed by the London Economic Development Corporation (LEDC) said that they are either currently experiencing a shortage of skilled workers or that they are concerned about the issue.

For more information and detailed forecasts for the labour market, please see appendix 5, the document

London's Workforce:
Historical Trends and Forecasts for the Future.

This is a comprehensive report, prepared by the LEDC that utilizes historical Canadian and London data to predict the future of London's workforce.

One of the greatest challenges facing Canadian businesses today and into the future is a shortage of skilled workers. An aging population combined with a declining birthrate has produced what some have called a "demographic time bomb".

In London, and across the country, some businesses are already experiencing shortages, and the Conference Board of Canada predicts that by the year 2020, our country will experience a shortfall of a million workers. Skilled workers of all kinds, from those who work in the trades to trained professionals, will be in high demand to help keep existing industries productive and to fuel new businesses.

There are a number of strategies that will be necessary to meet the challenges ahead. The key strategies identified by the London Economic Development Corporation (LEDC) are:

- ✓ Building capacity in terms of quantity & quality of workers available for employment;
- ✓ Raising awareness of workforce development as an important issue and the fact that we are doing something about it;
- ✓ Helping small and medium enterprises develop human resource skills for recruiting and retaining workers;
- ✓ Enhancing the learning to working links between schools, colleges, universities and industry.

Taking Local Action to Meet Growth Strategies

In recent years, the City of London and the LEDC have developed and implemented strategies designed to grow our economy by strengthening and expanding existing businesses, and by attracting new companies to our city. This growth is important to increase our tax base, provide higher quality jobs and improve the quality of life for all Londoners.

Our new and existing businesses are at risk if we cannot meet their requirements for a skilled and available workforce. Without a strong workforce, new growth will be difficult to achieve and the consequences could be missed market opportunities, loss of competitive advantage, and increasing labour costs.

Both the federal and provincial governments are taking aggressive action to minimize the impending shortage of workers. The LEDC believes that strong local action is also essential.

EXECUTIVE SUMMARY

A Greater Challenge

While London is not alone in facing the prospect of a workforce shortage, our challenge may be greater than other cities for the following reasons:

- ✓ London's population has grown at a slower rate than other cities in Ontario.
- ✓ Poor retention of 25-44 year olds.
- ✓ London has not been able to attract as many immigrants as other cities and many who settle here are unable to gain employment or are underemployed.
- ✓ London has been less successful than other Ontario cities in attracting and retaining migrants from other Canadian cities.

It is important to note that our goal is to attract and retain a high quality of skilled workers, not just to increase the number of workers. Also worthy of note is the fact that the skills required in the future may be quite different from those that are needed today. This means that strategies must remain flexible and requirements must be monitored by industry sectors.

Strategies for Success

A number of London organizations, including our educational institutions, members of the employment sector and government departments have already taken action.

The LEDC has targeted workforce development as a priority and has started work to address the problem:

1. A Director of Workforce Development was hired in late 2003.
2. A Workforce Development Survey was conducted in the fall of 2003.
3. A Workforce Development Taskforce was created in May 2004 in partnership with other community stakeholders, organizations and employers.
4. A detailed Workforce Development Strategy was launched in September 2004 and is currently being implemented.

A Workforce Development Strategy for London, outlines action being taken by the LEDC and community partners and it offers background details on the issue. While the strategy is a work in progress and must remain flexible to meet the needs of London employers, it is designed to give our community partners, businesses, interested Londoners and potential investors information on how London is preparing to meet the workforce demands of the future.

A companion document, **London's Workforce: Historical Trends and Forecasts for the Future**, offers the research that the LEDC has compiled to support its conclusion that there is a need for an assertive strategy for workforce development for London. This document is attached to the strategy as appendix 5.

WHAT WILL IT TAKE TO MEET LONDON'S FUTURE WORKFORCE NEEDS?

1. Greater awareness of workforce development issues and initiatives available to assist local business recruit, train and retain a skilled workforce.
2. Better resources for employers - information, advice and tools that can be used for recruitment, training and retention of skilled workers.
3. Creating an environment that is welcoming and employing of immigrants, including those who are already in London and are currently unemployed or underemployed.
4. Targeted immigration to attract quality workers to London and programs to help immigrants gain the skills and certification they need to get them on the job quickly.
5. Increased access to education, training, upgrading and retraining opportunities and strengthened links between employers and education/training institutions.



OVERVIEW OF THE LONDON WORKFORCE DEVELOPMENT STRATEGY

The LEDC's London Workforce Development Strategy is divided into four main categories:

1. Building workforce capacity

Building workforce capacity means finding new and effective ways to increase the quantity and quality of London workers.

2. Raising awareness of workforce development issues

Our goal is to ensure that local employers, education and training institutions and the many other stakeholders in our community are aware of the magnitude of the challenge ahead and are equipped with the information and resources they need to help prepare London to meet its workforce needs.

3. Improving workforce practices of small and medium enterprises (SMEs)

Many small and medium size enterprises do not have the resources to dedicate to recruitment and retention strategies and therefore face the greatest challenge. SMEs will need to take early action to ensure that a workforce shortage doesn't threaten their organizational productivity or viability. Working with our partners, we will provide accessible, easy to use resources which will help SMEs develop their workforce practices for better recruitment and retention outcomes.

4. Enhancing links between learning and working

London employers rely on educational and training institutions to provide them with skilled and educated workers, and to help retrain and upgrade the skills of their existing workforce. Enhancing the links between our educational and training facilities and employers will be critical to ensure workforce needs can be met.

Projects and activities are being developed within each of the areas above, and will be carried out in partnership with the help of community organizations and employers. Details of current projects are contained in this document.



1. Building Workforce Capacity - Quantity and Quality

In simple terms, what London will need is more workers, and increasingly high skilled workers to meet the changing and growing technical demands of existing employers and to meet the needs of new businesses coming to London.

There is human resource capacity in London that has already been identified, including individuals who are currently unemployed or underemployed, as well as older workers who may not be in the workforce at present. These resources will be helpful, but bringing new workers to London will also be necessary.

Activities to help develop a larger, accessible and appropriately qualified workforce include:

- ▶ Assisting businesses to attract new talent:
 - ✓ **International Skills Connections** - this project will develop partnerships with communities in other countries that are known for excellent training in the skill areas where London will have the greatest needs. By tapping into their oversupply of skilled workers, we could help satisfy London's undersupply at a time when our needs are becoming more acute.
 - ✓ **Good Move London** - this web portal, supported by printed promotional material is designed to help businesses recruit workers from outside London. It provides valuable community information to help show the quality of life and community London offers.
 - ✓ **National Advertisements** - co-ordinating group advertisements for vacant positions at London businesses in national publications. This will showcase the jobs on offer and help draw talent from outside London.
- ▶ Support projects which mobilize the unemployed and underemployed
 - ✓ **New Canadian Work Connections** - through a conversation circle and mentoring model unemployed or underemployed new Canadians will be helped to make connections with the Canadian workplace and gain better understanding of the Canadian work environment.
 - ✓ **Experience Works** - this project will assist and encourage businesses to integrate and maintain older, experienced workers into their organizations to make the most of this often underutilized human resource.
 - ✓ **Global Talent** - modelled on Experience Works this project would develop resources to help better integrate immigrants into the workforce.

WORKFORCE DEVELOPMENT STRATEGIES

Increasing Reliance on Immigration

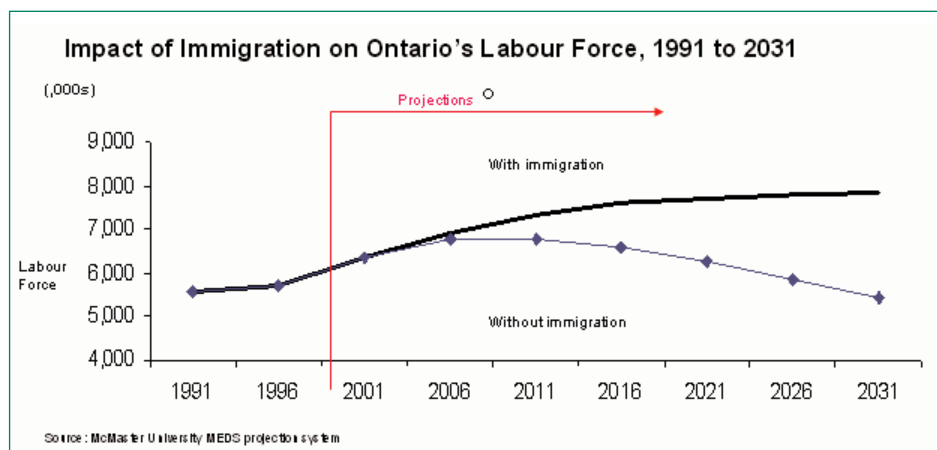
Without immigration, Ontario's labour force would experience sharp declines rather than the slower rates of growth that are projected.

The impact of immigration on Ontario's population change and labour force growth is based on the assumption of approximately 120,000 immigrants to Ontario annually.

(Source: Labour Market & Training Division (LMTD) Ministry of Training Colleges & Universities)

London's goal will be to ensure that educated and skilled workers choose London as their place to call home in Canada. To achieve this we must ensure that London is seen as both welcoming and employing of immigrants.

For more information on London as a destination for skilled immigrants, please see appendix 3.

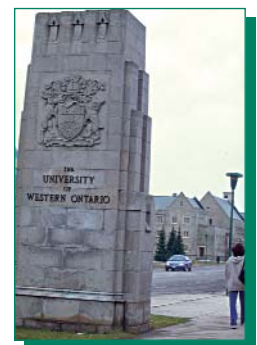


2. Raising Awareness of Workforce Development Issues

A number of activities are underway, in the planning stage or are under consideration to assist in raising community awareness of workforce development issues.

- ▶ Activities to engage business and community leaders:
 - ✓ Formation of the Workforce Development Taskforce with representatives from industry sectors, human resource professionals and employment and education facilities (see appendix 4 for Taskforce members).
 - ✓ Facilitation of industry roundtables with CEOs and Human Resource managers to highlight and discuss current issues.
 - ✓ Formal presentations to business groups including Chamber of Commerce, Queens Park Forum, The Human Resource Professionals of London & District, Employment Sector Council, London Council for Adult Education.
 - ✓ Communications with the provincial Minister of Labour (Honourable Chris Bentley, M.P.P. for London West) and the federal Minister of Labour (The Honourable Joe Fontana, M.P. for London North Centre).

- ▶ Information to be made available to business and community leaders:
 - ✓ Workforce statistics and trends, published in an easy-to-understand format.
 - ✓ Data on workforce gaps.
 - ✓ Information on recruitment organizations - now available on LEDC website.
 - ✓ Information on training organizations, relevant programs, school-to-work programs and opportunities or gaps.
 - ✓ Business Workforce Briefings - information provided by businesses recruiting for more than 20 positions to employment sector agencies, recruitment organizations and training institutes. The goal being to effectively equip these organizations to work with clients to fill the positions.
 - ✓ Targeted information sessions with specific stakeholders, providing detail on the future job requirements for business.
 - ✓ London Workforce Pulse e-newsletter providing information on relevant workforce activities and issues.



WORKFORCE DEVELOPMENT STRATEGIES

3. Improving Workforce Practices of SMEs

The greatest need for assistance in workforce development are in small to medium enterprises (SMEs) that do not employ dedicated HR personnel. At most of these companies, recruitment, training and retention activities tend to be last minute, ad hoc and undertaken by a diverse range of people from the President to a pay-roll clerk. These organizations need assistance to improve their workforce practices in ways that will help them be able to respond more effectively as workforce needs arise. The following approaches and activities to assist SMEs are under consideration:

- ▶ Providing resources for SMEs:
 - ✓ The process has begun with the identification of resource materials that may be useful but are not readily available and the development of materials to fill the gap.
 - ✓ Links have been provided to information on best workforce practices from sources such as Canada's Top 100 Employers Summit, How to become an Employer of Choice - reports on LEDC website.
 - ✓ A directory of all employment and workforce development-related contacts is being prepared and will be ported on the LEDC website.

- ▶ Facilitation of seminars and forums on workforce development issues including:
 - ✓ Seminars and forums on specific HR issues will be launched with a series of employment law workshops in partnership with a local law firm.
 - ✓ A London Workforce Summit for employers, educators, trainers and other stakeholders is under consideration.



4. Enhancing Learning to Working Links

London and region has excellent education and training resources including The University of Western Ontario, Fanshawe College, a number of private colleges and technical training programs within schools. In addition, it has a high number of apprentices (4,460 regionally in April 2004) indicating a willingness of employers to invest in traditional forms of training.

There are still many opportunities for strengthening education and training resources, especially by enhancing links between employers and training institutions.

New programs will be needed to keep up with changing technology and work environments and to facilitate continuing education and training opportunities for those already in the workforce. The provision of ongoing training will help to maximize labour force participation and increase retention of good employees.

Current activities in this area include:

- ▶ Creation of forums for businesses and trainers
 - ✓ Meetings between industry sectors and educators/trainers to discuss future skills needs
- ▶ Promoting the involvement of schools in training for business needs
 - ✓ Schools/College/Work Initiative through Thames Valley District School Board - a range of projects to assist in aligning school curriculum to college training and business needs.
- ▶ Encouraging an environment of life-long learning in the workplace and promoting information on the benefits of life-long learning to employees
 - ✓ Show caring examples of best practices in local companies.

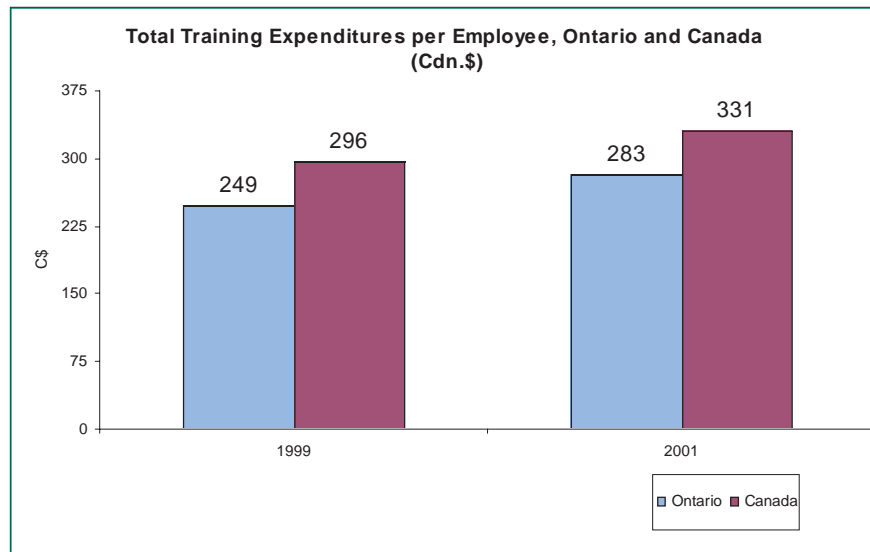


THE NEED TO INVEST IN WORKFORCE TRAINING

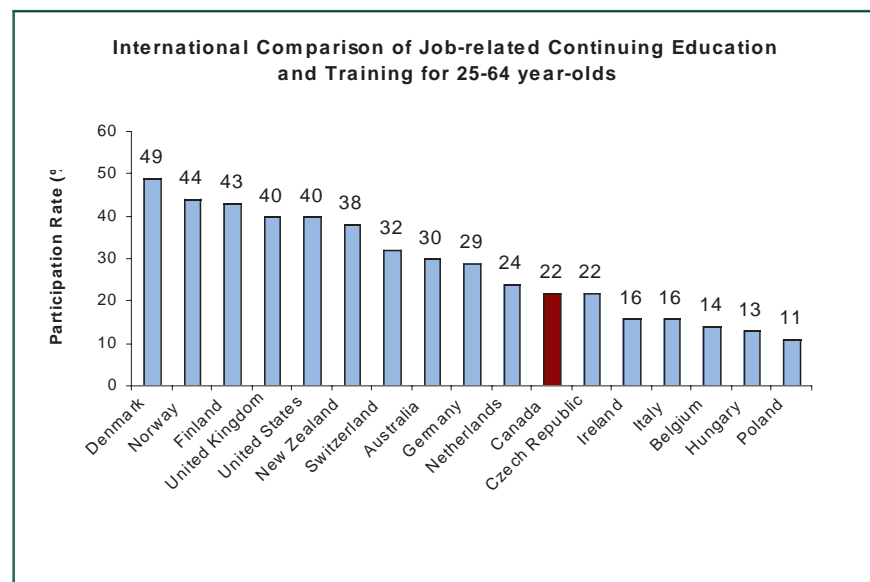
Average expenditures on training and development have remained relatively stable over the last few years.

While Ontario employers spend close to the same amount on training as the rest of Canada, they lag behind other jurisdictions internationally. Canada ranks 11th out of 17 OECD countries in terms of participation in job-related continuing education and training for adults (aged 25-64 years).

Source: Labour Market & Training Division (LMTD) Ministry of Training Colleges & Universities



Source: Workplace and Employee Survey, Statistics Canada



Source: OECD, 2002 Education at a Glance

The federal and provincial governments are currently working on a number of initiatives to strengthen Canada's workforce. However, individual communities like London will face increasing competition to attract and retain educated and skilled workers if we do not remain vigilant and aggressive in our approach to workforce development.

If London is to continue to experience economic growth, if our existing businesses are to thrive, and if we are to meet our goal of drawing new industry to our city, then it will require leadership, investment and the commitment of all workforce stakeholders.

The London Economic Development Corporation has, by creating a dedicated portfolio for Workforce Development, committed itself to taking a lead role in the creation of an environment which will ensure London is able to meet the human resource needs of existing and new businesses. This document has been developed to show the strategic approach for delivering against this commitment.

The LEDC is grateful to the organizations, institutions and businesses that are helping deliver A Workforce Development Strategy for London.



An Aging Population Means a Shrinking Workforce

Average annual growth rates of employees, shown in the chart below, are used to forecast the availability of labour in each of the age categories. These numbers send a clear warning that there will not be a sufficient supply of labour to meet the demand created by retiring workers.

	15-24 years	25-44 years (in thousands)	55-64 years
1990	41.3	115.4	16.5
1991	42.8	123.1	15.1
1992	38.8	123.5	14.9
1993	39.0	127.7	14.5
1994	39.6	126.0	14.1
1995	40.5	113.0	16.6
1996	37.5	113.0	17.6
1997	34.9	114.7	19.1
1998	35.1	112.0	17.7
1999	36.5	121.5	20.7
2000	42.2	116.6	19.7
2001	42.4	115.6	20.1
2002	42.3	116.0	19.3
2003	37.3	120.5	20.6
2004F	37.2	119.9	21.4
2005F	37.2	119.3	22.2
2006F	37.1	118.7	23.1
2007F	37.0	118.1	24.0
2008F	36.9	117.5	25.0
2009F	36.9	116.9	25.9
2010F	36.8	116.3	26.9
Av Annual Growth	-0.19%	-0.47%	3.91%

As well, London's Labour Force Replacement Ratio - the ratio of the population under 14 years of age to the number of people between 50 and 64 years - dropped from 1.57 in 1991 to 1.23 in 2001. Analysis by the LEDC shows that the Employment Replacement Ratio - the number of employees between ages 15-24 to the 55 and over age group - has declined considerably. In 1990 the proportion of younger workers (15-24 years) to older ones (55 years and over) was 2.0; in 2003 this ratio reduced to 1.4. As this trend continues, the ratio will reduce to less than 1, meaning there will not be enough younger people entering the workforce to make up for each retiring worker leaving. Low birth-rates in Canada - currently the lowest since recording commenced in 1921 - make it inevitable that this ratio will be reduced to less than 1 by the next decade.

APPENDIX 2



Using LEDC estimates and projections made by the City of London, reasonable forecasts of the local labour market have been made. The above chart shows clearly that employment demand in London will soon be more than the supply of available labour. It is essential to keep in mind that this does not mean that there would be zero unemployment rates. Unemployment will still exist as it results from the divergence between available skills and employer's requirements. However, the general availability of workers will be lower



Immigration Effects on London's Workforce

Population Growth Rates (1996-2001 census)

Toronto	Hamilton	St. Catharines/ Niagara	Kitchener	London	Windsor
Total population					
9.81%	6.03%	0.98%	8.02%	8.46%	10.59%
Total visible minority population					
27.98%	31.63%	25.29%	29.44%	26.30%	42.42%
Visible Minorities as % of total population					
16.55%	24.15%	24.07%	19.83%	16.45%	28.78%

Ontario receives about 100,000 immigrants a year. According to some estimates, approximately 70% of those of working age come with post-secondary, professional or trade training. However, London falls short of attracting immigrants over other regions. It is useful to note some of the reasons why London is not a desirable destination for skilled immigrants. These results are compiled in the table below which provides details on the employment status of 1,678 new Canadians in the London area. The fact that 40% are unemployed and a staggering 42% are employed in unrelated fields could contribute to London not being a location of choice for New Canadians.

Survey of New Canadians in the London Area

Number of surveyed immigrant participants	1,678
Unemployed	40%
Employed in unrelated fields or lower paying jobs	42%
Employed in their profession or trade	13%
Employment status undisclosed	5%

This would appear to indicate a severe mismatch between the objectives of the immigration program and the reality facing the Canadian labour market.

Source: El-Hourani, M.Haithan. Internationally Trained Professionals, April 30, 2002.
Survey quoted from E.Silveira-Wojtowics, An Inventory of Immigrants, March 1999.

APPENDIX 4

London's Workforce Development Taskforce

Jeny Wallace

Director Workforce Development
London Economic Development Corporation
80 Wellington Street, Ste 701,
London ON N6A 5B5
Ph: 519 661 4526 Fax: 519 661 5331
Email: jwallace@ledc.com

John F. Verbakel

Learning Supervisor Program Services,
Thames Valley District School Board
1250 Dundas Street, PO Box 5888
London ON N6A 5L1
Ph: 519 452 2367 Fax: 519 452 2329
Email: j.verbakel@tvdsb.on.ca

Linda Eligh

UWO Community Representative
Administrative and Commercial Studies
University of Western Ontario
Room 2040 - Social Science Centre
London, ON N6A 5C2
Ph: 519 473 4300 Fax: 519 473 4393
Email: leligh@rogers.com

Liz Evanski

Vice President, Human Resources Professionals of
London & District
C/- Stihl Canada
1515 Sise Road Box 5666
London ON N6A 4L6
Ph: 519 680 4171 Fax: 519 681 1603
Email: liz.evanski@stihl.ca

Ann Robertson Everatt

Director Continuing Education
Fanshawe College
1460 Oxford Street, East PO Box 7005 London
ON N5Y 5R6
Ph: 519 452 4435 Fax: 519 452 1343
Email: aeveratt@fanshawec.ca

Anne Langille

Co-Chair, Employment Sector Council London
Middlesex
Elgin London Middlesex Employment Sector
Council
141 Dundas Street, 4th Floor,
London ON N6A 1G3
Ph: 519 663 0774 Fax: 519 663 5377
Email: anne@wil.ca

Nancy McQuillan/Donna Moore

London Council for Adult Education
Box 23174, City Centre P.O.
380 Wellington Road
London, ON N6A 5N9
Ph: 519 439 0501 Fax: 519 673 4100
Email: nmcquillan@luhc.org

Cathy Monchamp

Senior Recruitment Specialist, Human Resources
London Health Sciences Centre
University Campus, 339 Windermere Rd. London,
ON N6A 5A5
Ph: 519 685 8500 Fax: 519 663 3889
Email: cathy.monchamp@lhsc.on.ca

Debra Mountenay

Executive Director, Elgin, Middlesex, Oxford Local
Training Board
705 Consortium Court
London ON N6E 2S8
Ph: 519 672 3499 Fax: 519 672 9089
Email: dm@localboard.on.ca

Fred Fretz

VP Human Relations
McCormick Canada
600 Clarke Road,
PO Box 5778
London ON N6A 4Z2

Carolyn McDonald
Coordinator Self & Society
LDCSB
PO Box 5474,
165 Elmwood Ave E
London ON N6A 4X5

IT Business Representative - VACANT

**Automotive manufacturing
Business Representative** VACANT



LONDON ECONOMIC
DEVELOPMENT CORPORATION

London's Workforce

Historical Trends and
Forecasts for the Future

*A companion document to:
A Workforce Development Strategy for London*

THE WORKFORCE CHALLENGE

Across Canada, access to skilled workers has become an important and growing challenge. In recent studies¹, almost 50% of surveyed companies reported that their skilled trades workers will be retiring in the next 15 years. Moreover, 40% of surveyed organizations expect to face a skilled trades shortage in less than five years.

London is not immune from the threat of this upcoming labour shortage. The city's aging workforce presents serious implications for the labour market of tomorrow, unless a proactive approach to building a larger, more skilled workforce is planned and executed.

As action to minimize the impact of a shrinking workforce is planned and proceeds, it is important to understand the cause of the situation. Some of the best information can be found by studying the demographic trends in the London Census Metropolitan Area (CMA) over the last decade.

In the following pages, we will examine historical trends, particularly in the birth rate and in immigration patterns. These figures and other factors will be used to make predictions about London's workforce of the future.

While the problem of a shortage of skilled workers is nation-wide, a closer look at the statistics reported in this document will show that London has some specific demographic characteristics that may present a larger challenge than other cities will face in meeting the workforce needs of the future.

The London Economic Development Corporation and its partners in the community have already started to take action. Gaining a clear understanding of where we are today and where we are headed, will help the city to understand the solutions that are proposed, and ensure that support is available to implement those solutions.

The Forest City
Population
350,200 *

** Population is defined in this document as persons of working age (15 yrs & over) unless otherwise stated. This figure is from Statistics Canada, July 2004.*

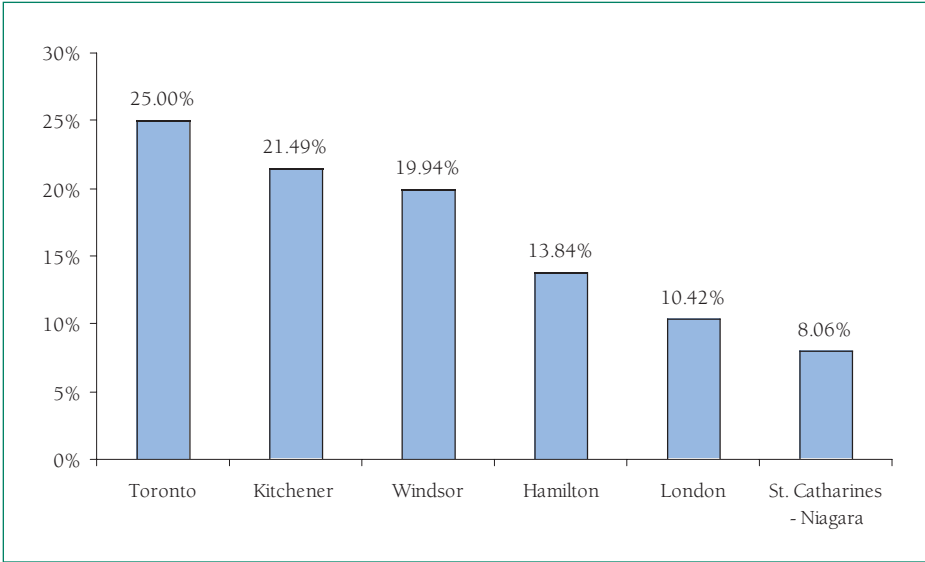
¹ Ontario Chamber of Commerce; Ontario Business Survey Program, 2003 Skilled Trades Survey

POPULATION GROWTH

A good beginning point is to examine London's population and how its growth compares to that of other cities.

Between 1993 and 2003, London's population increased by about 10%. It can be observed from **Chart 1**, below, that the population growth in the London Census Metropolitan Area (CMA) was much slower than other major metropolitan areas in Ontario.

Chart 1: Population Growth (1993 - 2003)



Strong population growth, particularly in certain demographic categories, naturally strengthens and expands a workforce



SLOW GROWTH FOR AN EXTENDED PERIOD

Historically, one of the lowest rates of population growth ² in Southwestern Ontario since 1990 was recorded in the London CMA.

It is interesting to note that even when a 15 year time frame is studied, London has shown weak population growth. Between 1988 and 2003, London's population grew by only about 20%.

Chart 2, below, illustrates the population growth in various Census Metropolitan Areas (CMAs) in Southwestern Ontario since 1988. Population refers to those of working age (over 15 years),

Chart 2: Population Growth (1988 - 2003)



The combination of the aging workforce and low population growth (partially caused by a declining birthrate as will be demonstrated in future pages) is being referred to by some as a "demographic time bomb."

² Source: Historical Labour Force Review 2003

THE BABY BOOMER EFFECT

The Conference Board of Canada points to aging baby boomers as one of the major causes of a predicted labour shortage. Boomers, who are now between 35 and 56 years of age, account for 31% of the Canadian population. As boomers move into retirement, employers will face enormous challenges in filling their positions. **Table 1**, below, compares population growth rates of different age groupings in CMAs in the south-western Ontario region.

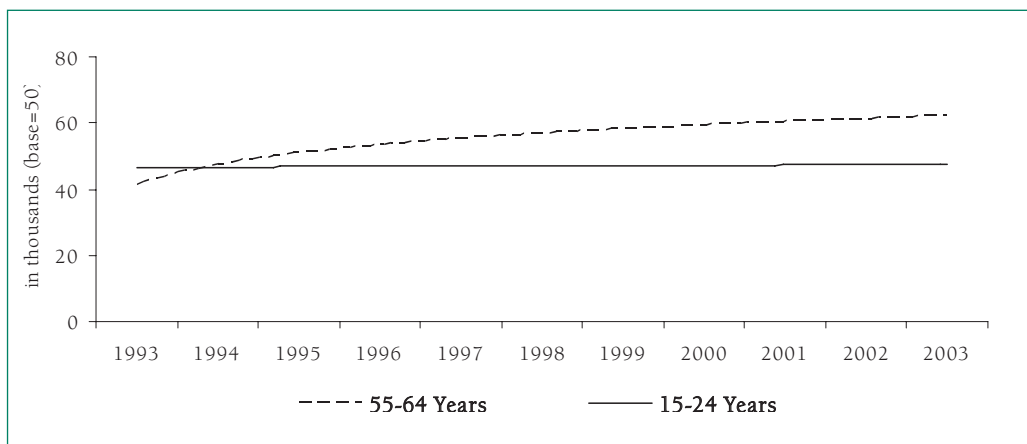
Table 1: Population Growth Rates by Age (1993 - 2003)

	15 yrs & over	45 yrs & over	55 yrs & over
Toronto	25.00%	32.52%	23.67%
Kitchener	21.49%	51.98%	63.74%
Windsor	19.94%	22.44%	13.57%
Hamilton	13.84%	29.36%	32.04%
London	10.42%	42.80%	37.72%
St. Catharines - Niagara	8.06%	22.76%	20.48%

It is clear that in London, the greatest population growth during this ten year period was in those over the age of 45.

For further analysis, we looked at the historical proportion of retiring workforce to the younger population in the London area. **Chart 3**, below, compares new entrants to the labour force to retirees over the past decade. This enables us to determine the availability of new or existing workforce to make up for the aging and retiring labour force. For statistical purposes, a base of 50 was used for the 1990 year.

Chart 3: Labour Force - New Entrants v/s Retirees (historical trend line ³)



³ All trend lines in this study are calculated using logarithmic type trending

LONDON'S LABOUR FORCE REPLACEMENT RATIO

The ratio of the population under 15 years of age to the number of people between 50 and 64 years - dropped from 1.57 in 1991 to 1.23 in 2001. Moreover, a LEDC analysis shows that the Employment Replacement Ratio - the number of employees between ages 15-24 compared to the 55 and over age group - has also declined considerably, from 2.0 in 1990 to 1.4 in 2003.

As this trend continues, the ratio will reduce to 1, likely in the next decade, which means there will be fewer young people entering the workforce than there are retiring, older workers.

Using average growth rates from the past decade, we can make reasonable predictions about the future of the workforce in London. **Table 2**, below, shows historical workforce growth in the past, and makes predictions for the future by age group. This table also shows average growth in each age group.

Table 2: Labour Force Forecasts by Age

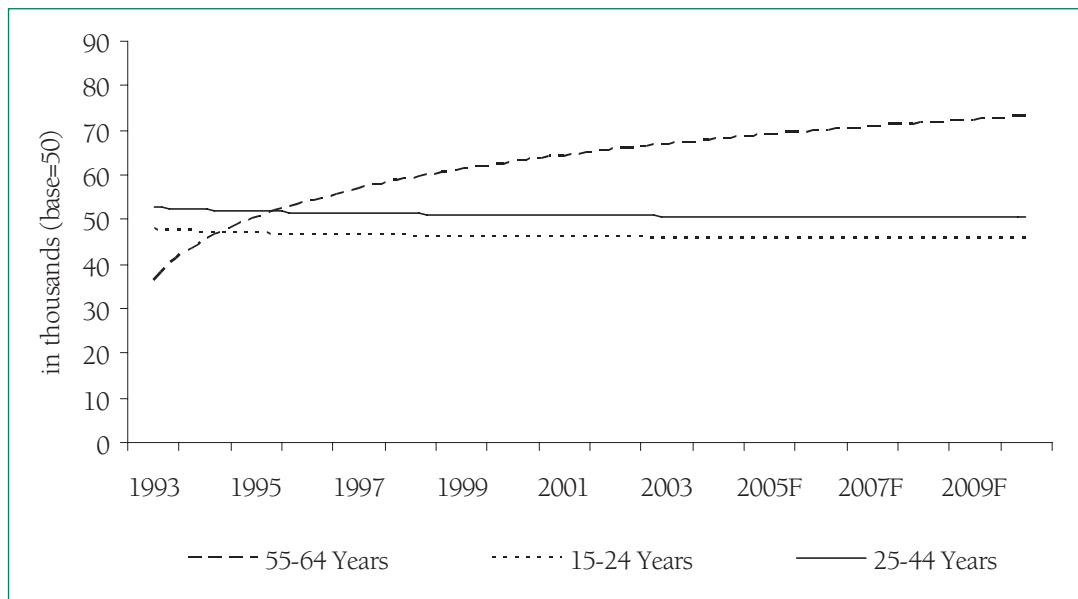
	15-24 years	25-44 years (in thousands)	55-64 years
1990	41.3	115.4	16.5
1991	42.8	123.1	15.1
1992	38.8	123.5	14.9
1993	39.0	127.7	14.5
1994	39.6	126.0	14.1
1995	40.5	113.0	16.6
1996	37.5	113.0	17.6
1997	34.9	114.7	19.1
1998	35.1	112.0	17.7
1999	36.5	121.5	20.7
2000	42.2	116.6	19.7
2001	42.4	115.6	20.1
2002	42.3	116.0	19.3
2003	37.3	120.5	20.6
2004F	37.2	119.9	21.4
2005F	37.2	119.3	22.2
2006F	37.1	118.7	23.1
2007F	37.0	118.1	24.0
2008F	36.9	117.5	25.0
2009F	36.9	116.9	25.9
2010F	36.8	116.3	26.9
Av Annual Growth	-0.19%	-0.47%	3.91%

The labour force forecast is further illustrated in Chart 4, below. This chart is similar to the earlier Chart 3, but it looks to the future. It suggests the gap between new entrants to the labour force and retirees will get even broader over the next decade.

Birth-rates in Canada, as recorded by Statistics Canada, are currently the lowest since recording commenced in 1921.

On a national level, Statistics Canada⁴ data projects that our population of 0-14 year olds will decline rapidly by 2010 while population over 65 years will rise. This supports the theory that there will not be a sufficient supply of labour to meet the demand created by retiring workers.

Chart 4: Labour Force - New Entrants w/s Retirees (forecast)



To analyze the issue further, we observe which age groups are increasing in the labour force and which age groups are declining, stagnant or generally lacking strength in numbers. By following such an approach, we can plan policies and programs to help address the problems that might be generated by weaker age groups in the future.

⁴ Statistics Canada, Demography Division, CANSIM II Tables 051-001, 051-0026, 052-001

DEMOGRAPHIC TRENDS IN LONDON

Table 3 below illustrates the change (by percentage) in population growth rates of a range of working age groups in various Census Metropolitan Areas since 1993.

Table 3: Population Growth Rate by Age (1993 - 2003)

	Toronto	Hamilton	St. Catharines/ Niagara	London	Windsor	Kitchener
15 yrs and over	25.00%	13.84%	8.06%	10.42%	19.94%	21.49%
15-24 yrs	20.93%	-1.16%	-0.94%	-4.88%	8.74%	9.29%
25-44 yrs	19.73%	6.30%	-5.45%	-7.36%	22.46%	3.11%
25-54 yrs	26.80%	11.32%	4.01%	5.51%	26.84%	11.17%
45-54 yrs	47.77%	25.30%	27.31%	50.59%	37.76%	35.91%
55-64 yrs	26.98%	28.49%	24.87%	41.73%	14.68%	63.90%
65 yrs and over	20.83%	34.78%	17.42%	35.07%	12.75%	63.92%

The 15-24 and 25-44 year olds are the age groups which will be ideally positioned to take over the jobs of the aging population and retiring baby boomers. In London, 41.73% growth in the 55-64 year old population is significantly different to the 7.36% loss in the 25-44 year old population. We can also observe that the 25-44 age groups in London have not been growing in comparison to other major CMAs in Ontario.

London also significantly lacks people in the 15-24 years old labour force category. Our growth in this age group (-4.36%) is much lower than other communities. And is another indication of the upcoming shortage of available labour force in the region.

Conversely, in the 45-54 year category, London has had very strong growth. This is another indication of the magnitude of people retiring in the next decade.

We can observe that the Toronto CMA for instance, will face fewer problems in replacing retiring workforce as the difference between the younger and older population age groups growth is quite small. However, even removing Toronto from the statistics, London has a far greater challenge the other cities.

It is logical to predict that if everything remains the same, London will not have enough people to take up positions in the jobs vacated by the retiring population.

GROWTH RATE IN LABOUR FORCE

While Table 3, on the previous page examined population growth, **Table 4** looks more specifically at Labour Force growth rates. Labour force is the segment of the population that is either employed or looking for work. Again, the numbers paint a clear picture of substantial growth in age categories over 45, and negative or minimal growth in the younger working population in London.

Table 4: Labour Force Growth Rates by Age (1993 - 2003)

	Toronto	Hamilton	St. Catharines /Niagara	London	Windsor	Kitchener/ /Niagara
15 yrs +	27.48%	18.34%	16.61%	7.35%	27.81%	18.63%
15-24 yrs	16.73%	6.19%	9.51%	-4.36%	20.00%	9.77%
25-44 yrs	19.79%	12.49%	-0.96%	-5.64%	22.50%	3.70%
25-54 yrs	26.86%	18.08%	9.88%	5.95%	28.38%	12.96%
45-54 yrs	48.04%	34.39%	38.27%	45.82%	44.15%	43.49%
55-64 yrs	46.92%	41.25%	84.89%	42.07%	33.63%	89.54%
65 yrs +	51.87%	96.55%	110.53%	90.48%	100.00%	81.82%

The question then arises whether London can have an impact on these trends and find ways to retain and actually grow the age groups that are now in decline.

In order to attract and retain younger workers, London will need to offer certain qualities of life commonly sought by this group.

MIGRATION WITHIN ONTARIO AND CANADA

An analysis of inter-provincial immigration (between provinces) and intra-provincial immigration (within the province) in [Table 5](#)⁵, below shows the movement of labour that happens as a result of market conditions and favourability of one region over another. The selection is restricted to Southwestern Ontario.

Table 5: Migration of Labour (1996 Census)

	Toronto	Hamilton	St. Catharines/ Niagara	London	Windsor	Kitchener
Total in-migrants ⁶	514,825	66,125	30,135	53,225	50,505	28,050
Intra-provincial migrants	112,315	43,360	20,800	34,515	34,710	15,905
Inter-provincial migrants	64,970	7,420	3,595	7,025	6,200	3,110
External migrants	337,540	15,350	5,740	11,685	9,595	9,030
Total out-migrants	264,695	49,960	24,580	40,050	44,355	17,470
Intra-provincial migrants	183,370	40,185	19,330	31,965	35,230	14,715
Inter-provincial migrants	81,325	9,775	5,250	8,085	9,120	2,760
NET Migration:	250,130	16,165	5,555	13,175	6,150	10,580
Retention %	48.59%	24.45%	18.43%	24.75%	12.18%	37.72%

Retention is the difference between the total in-migrants and total out-migrants, expressed as a percent of the total of in-migrants.

This table clearly shows London CMA has one of the lowest net migration figures in the area. At current rates, this does not provide an effective labour source to increase the skilled labour force in the region.

⁵ Source: Statistics Canada, 1996 Census

⁶ Migrants: Persons who lived in a different census subdivision (CSD) than the one they lived in five years earlier (internal migrants) or who lived outside Canada (external migrants).

In-migrants: Persons who currently live within a census metropolitan area (CMA) and who five years previously lived elsewhere in Canada or outside the country.

Out-migrants: Persons who lived in a census metropolitan area (CMA) five years previously and who now live elsewhere in Canada.

The upcoming shortage of labour is not a London specific problem. Indeed, it will be felt across Canada. Statistics Canada projects ⁷ that the natural increase in labour force we have seen in the past, will keep declining over the next decade and eventually turn negative by 2025.

So far, a shortage of skilled workers has been identified for the London area. When we look for a solution, in addition to an increase in the birth rate and in inter-provincial migration, a rise in the immigration levels is another way for communities and our country to increase the number of workers. Immigrants bring skills and knowledge which are vital to sustain a healthy labour force.

Today, about 3.9 million people in Canada - 13.4% of our population - are members of a visible minority ⁸. The growth of this population has been staggering, far outpacing that of the Canadian population.

Between 1992 and 2001, the visible minority population grew at an average annual rate of almost 5%, while growth of the Canadian population overall was less than 1%.

In London, the average population growth for London CMA during the same period was about 1.2%, but London's share of immigration was much lower.

To compare growth rates in minorities, it is also useful to know that only 19,500 people immigrated to London ⁹ between 1991 and 2001.

Table 6 compares the population* growth rate of visible minorities between the 1996 and 2001 census periods.

Table 6: Growth Rates (1996 - 2001 census)

	Toronto	Hamilton	St. Catharines /Niagara	Kitchener	London	Windsor
Total population	9.81%	6.03%	0.98%	8.02%	8.46%	10.59%
Total visible minority population	27.98%	31.63%	25.29%	29.44%	26.30%	42.42%
Visible Minorities as % of total population	16.55%	24.15%	24.07%	19.83%	16.45%	28.78%

* Population here refers to all persons - not just those of working age (15 yrs & over).

⁷ Statistics Canada Cat.91209-XPE

⁸ Conference Board of Canada, The Contribution of Visible Minorities to Canadian Economic Growth (April 2004)

⁹ Statistics Canada

WHY ISN'T LONDON ATTRACTING MORE IMMIGRANTS?

Ontario receives about 100,000 immigrants a year. According to some estimates, approximately 70% of those of working age come with post-secondary, professional or trade training¹⁰. These workers could be very helpful in filling the demand for skilled workers, but, in Table 6, we observed that London falls short of attracting immigrants when compared with other regions.

The results in **Table 7** may offer some insight into why London is not a desirable destination for skilled immigrants. These numbers provide details on the employment status of 1,678 new Canadians in the London area.

The fact that 40% are unemployed and a staggering 42% are employed in unrelated or low paying fields, could be a very strong factor in explaining why London is not a location of choice for new Canadians.

Table 7: Survey of New Canadians in the London Area¹¹

Number of surveyed immigrant participants	1,678
Unemployed	40%
Employed in unrelated fields or lower paying jobs	42%
Employed in their profession or trade	13%
Employment status undisclosed	5%

There appears to be a mismatch between the objectives of the immigration program and the reality facing the Canadian labour market.

¹⁰ Ministry of Training, Colleges and Universities

¹¹ El-Hourani, M.Haithan. Internationally Trained Professionals, April 30'02. Survey quoted from E.Silveira-Wojtowics, An Inventory of Immigrants, March 1999.

LABOUR MARKET FORECASTS FOR THE LONDON REGION

Using LEDC estimates and projections made by the City of London, we were able to make reasonable forecasts of the local labour market. Table 8, on the following page, summarizes the forecasts for labour force availability (supply) and employment (demand) in the London CMA over this decade.

Empirical analysis shows that the growth rate for the total labour force over the past 10 years (7.5%) is lower than the employment growth rate (9.6%).

Similarly, labour force growth rates in all age groups were analysed. This historical data, combined with the demographic forecasts outlined in Table 2, allows for reasonable projections about the labour market.

Average growth rates per year, in addition to LEDC estimates for future employment, were used to forecast demand and supply of labour in the London region. In order to maintain consistency, a base of 50 for the 1990 year was used for the entire dataset.

The growth rate for the total labour force over the past 10 years (7.5%) is lower than the employment growth rate (9.6%).



Table 8: Labour Force and Employment Forecasts

LABOUR MARKET FORECASTS FOR THE LONDON REGION

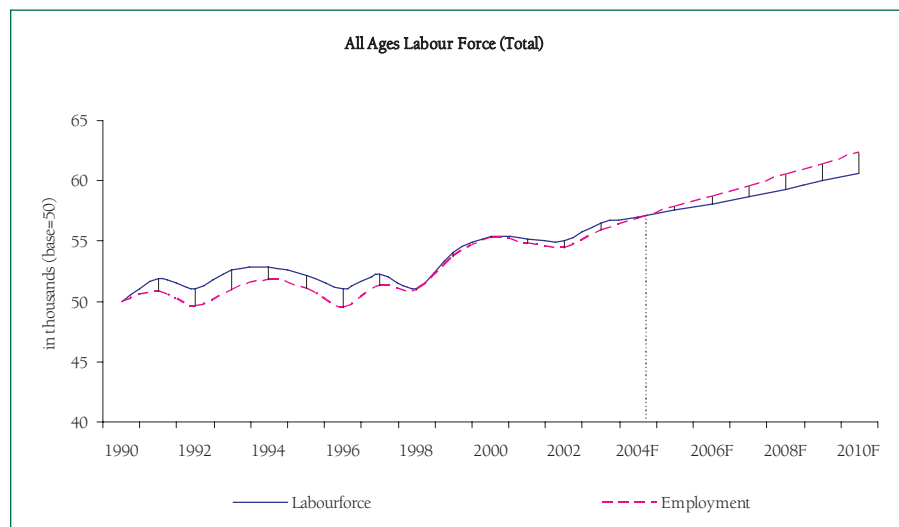
	15-24 years		25-44 years		25-54 years		55-64 years		65 years and over		Total	
	Labour	Emp	Labour	Emp	Labour	Emp	Labour	Emp	Labour	Emp	Labour	Emp
1990	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
1991	51.8	49.5	53.3	52.7	53.1	52.4	45.8	45.3	26.5	26.5	51.9	50.8
1992	47.0	44.2	53.5	52.3	53.5	52.3	45.2	43.4	22.1	22.1	51.0	49.5
1993	47.2	45.0	55.3	53.4	55.6	54.0	43.9	42.4	30.9	26.5	52.6	50.9
1994	47.9	47.4	54.6	53.2	55.6	54.2	42.7	43.0	42.6	41.2	52.8	51.8
1995	49.0	47.0	49.0	48.0	53.6	52.6	50.3	50.0	35.3	35.3	52.1	51.0
1996	45.4	43.1	49.0	47.4	52.3	50.7	53.3	52.5	54.4	54.4	51.1	49.5
1997	42.3	38.8	49.7	49.1	54.7	54.3	57.9	56.3	41.2	39.7	52.3	51.3
1998	42.5	41.8	48.5	48.5	53.3	53.3	53.6	53.5	45.6	44.1	51.1	51.0
1999	44.2	41.6	52.6	52.7	56.3	56.3	62.7	63.0	32.4	32.4	54.1	53.7
2000	51.1	49.5	50.5	50.6	56.1	56.4	59.7	60.4	52.9	50.0	55.4	55.3
2001	51.3	49.6	50.1	50.4	56.1	56.1	60.9	61.4	30.9	29.4	55.1	54.8
2002	51.2	48.9	50.3	49.7	56.0	55.8	58.5	58.5	42.6	41.2	55.1	54.4
2003	45.2	43.5	52.2	52.1	58.9	58.5	62.4	61.7	58.8	54.4	56.5	55.9
2004 F	45.1	44.2	51.9	52.8	59.3	59.7	64.9	62.9	64.7	54.4	57.0	56.9
2005 F	45.0	44.8	51.7	53.6	59.7	60.6	67.4	64.2	71.2	54.4	57.6	57.8
2006 F	44.9	45.5	51.4	54.4	60.0	61.5	70.0	65.5	78.3	54.4	58.1	58.7
2007 F	44.8	46.2	51.2	55.3	60.4	62.4	72.8	66.8	86.1	54.4	58.7	59.6
2008 F	44.7	46.9	50.9	56.1	60.8	63.3	75.6	68.1	94.7	54.4	59.3	60.5
2009 F	44.6	47.6	50.7	56.9	61.2	64.3	78.6	69.5	104.2	54.4	60.0	61.4
2010 F	44.5	48.3	50.4	57.8	61.6	65.2	81.6	70.9	114.6	54.4	60.6	62.3

SUPPLY AND DEMAND OF LABOUR

Chart 5 below, indicates that the employment demand will soon be greater than the supply of available labour in London.

This does not mean that there will be zero unemployment rates. Unemployment will still exist as it results from the mismatch of available skills and employers' requirements. However, the general availability of workers, irrespective of unemployment rates, will be lower. This is a result of the trends detailed earlier such as slower growth in the younger workforce and much faster growth in the older, retiring labour force.

Chart 5: Forecast of Supply and Demand of Labour



SUPPLY AND DEMAND BY AGE

In order to highlight the larger employment gap in the 25-44 age group, the age group where many workers are found, a separate analysis was performed. The projections for this age group are shown below in **Chart 6**, and **Chart 7**. They summarize the projections for the various age groups.

Chart 6: Forecast of Supply and Demand of Labour

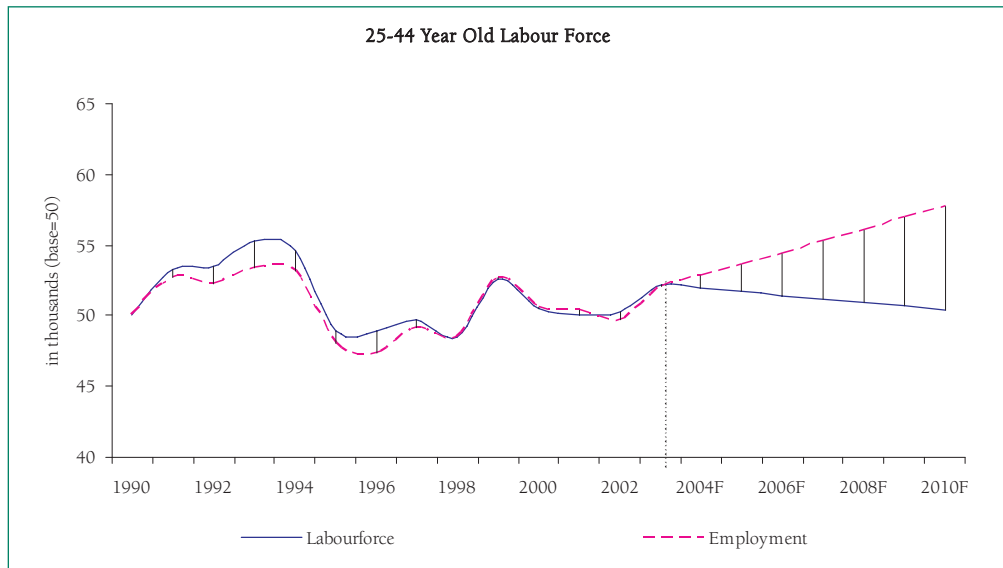
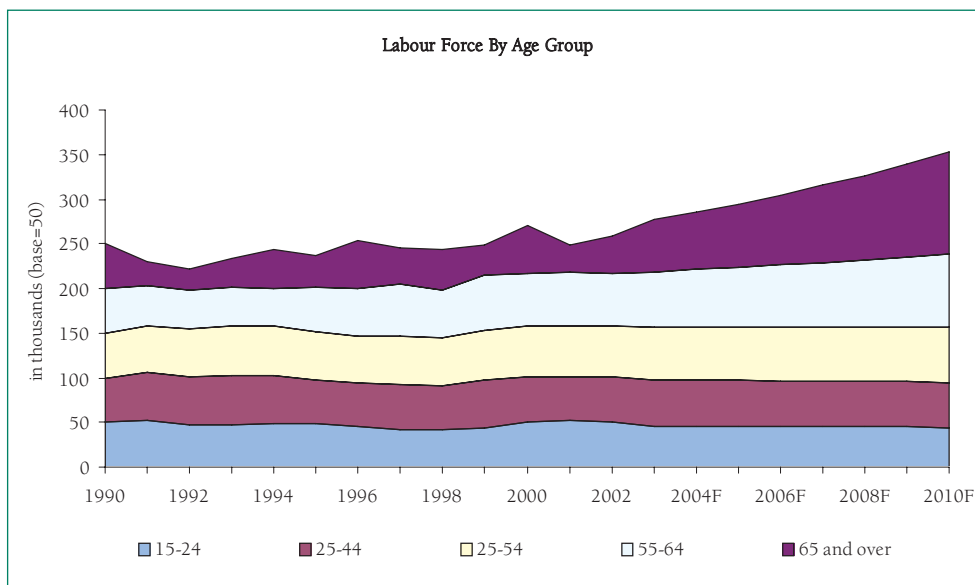


Chart 7: Forecast of Supply of Labour



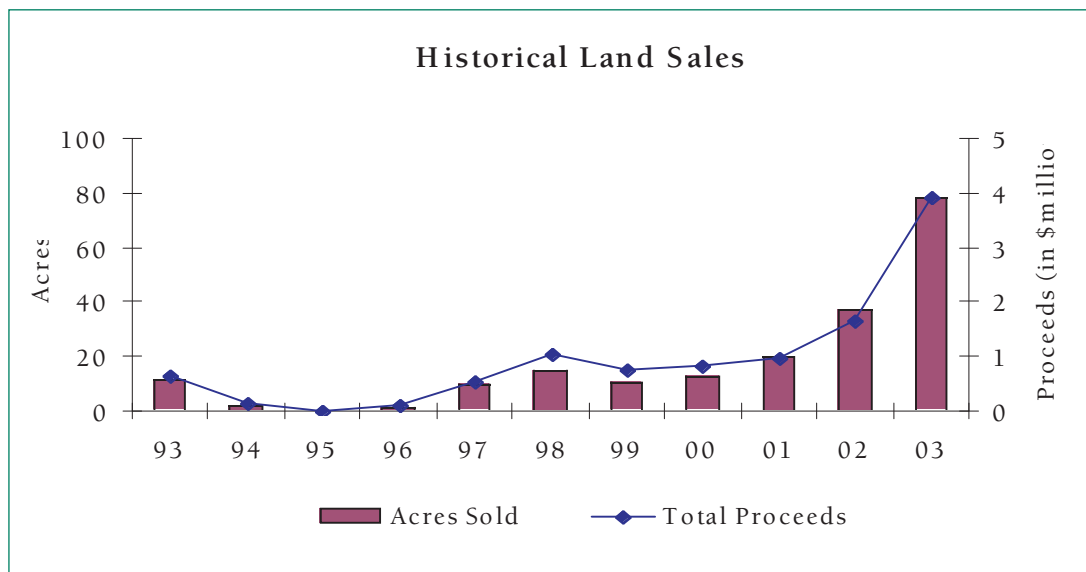
ECONOMIC GROWTH MEANS MORE JOBS

The City of London estimates that employment growth will be about 1.2% over the next decade. However, the city has witnessed exceptional economic growth over the past 3 years, in the form of new businesses, especially in the manufacturing sector. In the period January - July 2004, London has seen an additional 8000 people take up new jobs, dropping the unemployment rate from 7% to 4.7% ¹².

Chart 8 highlights the historical levels in the sale of industrial land. It can be seen that industrial land sales have increased dramatically over the past few years which in turn indicates new industrial development investment impacting new employment and increased labour demand.

It is therefore certain the labour demand will rise due to new industrial investment in the region. Using modest projections about CMA employment combined with LEDC insight into upcoming employment growth from new business, an average growth rate of 1.5% has been used by the LEDC for employment forecasting.

Chart 8: Sale of Industrial Land



¹² Source: Labour Market Information Unit, London Human Resource Centre.

CONCLUSION

The City of London and the London Economic Development Corporation are forecasting an increase in employment. However, the preceding analysis, using both historical data and projections, shows that we do not have enough people to meet a growing demand for skilled and highly trained workers.

A shortage of workers, caused by the aging of Baby Boomers, a low birth rate, low migration and immigration, all add up to the conclusion that London businesses will have difficulty meeting their human resource needs.

This is a nation-wide phenomenon, so London is not "in it alone." However, statistics indicate that London will have a much greater challenge ahead than many other cities in Ontario.

The federal and provincial governments are currently working on a number of initiatives to strengthen our workforce. But if London is to continue to experience economic growth, if our existing businesses are to thrive, and if we are to meet our goal of drawing new industry to our city, then it will require local leadership and investment and the commitment of all workforce stakeholders.

The LEDC has, by creating a dedicated portfolio for Workforce Development, committed itself to taking a lead role in the creation of an environment which will ensure London is able to meet the human resource needs of existing and new businesses.

