Canadian Mining Labour Market Outlook 2017

The mining industry is a strong contributor to economic activity and employment opportunities across Canada. Following a steady decline beginning in the early 2010s, the mining industry has begun to show signs of economic recovery. The unemployment rate in *mining, quarrying and oil & gas extraction* dropped in the summer of 2016, from roughly 10 per cent to below 7 per cent where it has mostly remained during the first quarter of 2017 - a sign of early recovery for the sector, although a full recovery remains undeveloped at this time.

MiHR's hiring requirements forecast gauges the human resources efforts (i.e., "hiring effort") that will be required to ensure the projected employment needs will be attained over time. The 10-year cumulative hiring requirements are estimated to be 87,830 workers under a baseline scenario; 130,410 workers in an expansionary scenario; and 43,200 workers in a contractionary scenario.

One of the most significant challenges facing Canada's mining industry is establishing a sustainable supply of labour that is able to withstand the economic volatility that characterizes the sector.

MiHR's 2017 *Canadian Mining Labour Market Outlook* anticipates critical gaps for various mining-related occupations, indicating that employers are expected to struggle to find workers they are projected to need in the long term, unless corrective collaborative actions are taken to manage the future availability of workers. In particular, *Professional and physical science occupations and Technical occupations* are estimated to have among the largest of occupational gaps.

According to MiHR's forecasts, the industry's hiring requirement in these occupations is projected to be roughly 18,210 from 2018 to 2027; yet, mining is only expected to secure about 8,670 new entrants over the same time, representing a gap of about 9,540 people, or about 52 percent of all vacancies that are projected to remain unfilled. This poses a significant risk to mining operations, given that a thin labour supply has the potential to derail projects, drive up the cost of finding workers and ultimately undermine an operation's ability to run competitively.

Retirement replacement accounts for the greatest share of the above hiring requirements (at about 47 percent). The replacement of a retiring worker can be a significant burden to employers. Each retiree takes with them a unique set of skills and knowledge, and those leaving with experience create a void that is difficult to fill. As a result, the incoming generations of new entrants are vitally important to the health of mining's future labour supply, especially prospective students.

All mining stakeholders – employers, government, educators, associations, etc. – have a vested interest in managing the supply of labour, especially in the longer term. MiHR's key programs focus on improving the labour supply for the mining industry which includes strategic efforts to retain the knowledge-base of the existing labour force, increase knowledge transfer from one generation to the next, facilitate collaboration between educators and employers, strengthen the labour supply's attachment to the mining industry, and develop a robust pipeline of workers that is suited to withstand shifts in economic cycles and employer needs.

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Labour Market Challenges in Canada's Mining industry

■ The Need:

In order to operate at competitive levels - industry employers could need to hire up to

130,000 workers
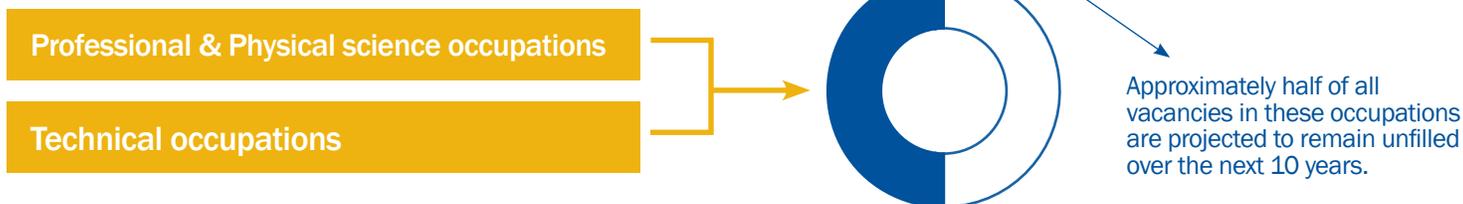
Over the next 10 years

■ The Challenge:

Establishing a sustainable supply of labour that is able to withstand mining's economic volatility. Several factors promise to undermine the industry's capacity to find skilled workers.

Signs of a tight labour market: Occupational Gaps

A gap signifies that projected vacancies in each occupational group are likely to remain unfilled. MiHR projects critical gaps for various mining-related occupations, in particular,

| Professional & Physical science occupations |
| Technical occupations |

Approximately half of all vacancies in these occupations are projected to remain unfilled over the next 10 years.

Factors that exacerbate mining's tight labour market:

Age & Retirement

Canada's aging population continues to have a significant impact on the mining workforce. Older workers have surged from 11 per cent in 2007 to 16 per cent in 2016, while younger workers have dropped from 13 per cent to 5 per cent over that same period.

Lack of Diversity

Diverse groups such as women continue to be under-represented in the mining labour force. While women represent nearly half of the Canadian labour force, they make up only about 19 per cent of the labour force in mining.[1]

[1]Statistics Canada, Labour Force Survey (2016)
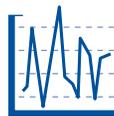
Economic Volatility

Mining is characteristically volatile and is subject to corrections in commodity prices, production levels and employment. Both economic downturns and upswings result in widely fluctuating demand for labour and this instability can lead to major challenges that affect mining employer's ability to secure a robust supply of labour.

Remoteness

Mining operations often exist in remote parts of the country and in areas with extremely low populations lacking either the critical mass and/or the work-readiness skills to support a local labour market. It is common for employers to source workers from other regions of Canada.

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