



ALBERTA IMMIGRANT INTEGRATION INTO THE PETROLEUM INDUSTRY PROJECT BACKGROUND, OBJECTIVE AND SCOPE OF WORK

BACKGROUND

The upstream petroleum industry represents a significant component of Alberta's economy with oil and gas revenues accounting for about one-third of Alberta's total revenue or about \$14.3 billion in 2005-2006. Albertans depend heavily on the industry for their livelihood - about 275,000 jobs in Alberta are supported by the oil and gas industry (direct and indirect) and one in every six Albertans is directly or indirectly employed in the industry.

Despite the industry booms and busts of the past, current and projected world oil prices, combined with oil sands reserves second only to Saudi Arabia in size, have substantiated considerable investment in the oil sands, driving continued growth. Committed oil sands development projects are expected to more than double current production levels by 2015.

Due to sustained high levels of industry activity and aging demographics, skilled labour shortages within the upstream petroleum industry are reaching serious levels with equally serious consequences. Canada's oil sands alone are expected to demand an additional 100,000 workers by 2015. The shortage of skilled labour has been cited as a significant reason for project cost and schedule overruns as well as for companies moving or considering moving portions of their business south of the border. In fact, 8-in-10 industry stakeholders call human resources issues some of the most critical facing their business. The industry's growth prospects are directly impacted by its ability to recruit and retain skilled employees into the upstream and midstream industry segments.

Traditionally the petroleum industry has used increased compensation, benefits and perquisites to attract the workers they need. However, industry is finding that this is no longer sustainable as it escalates project and operating budgets and puts companies at significant financial risk; as well the labour supply is simply running out.

In Alberta, an unemployment rate continuously under 4% indicates that the labour market is fully employed. However, labour demand is projected to continuously grow for the next 5 years. It is no longer just a matter of attracting workers with the lure of high pay but a matter of finding new labour pools from which Industry can source workers.

Some of the "new" labour pools the industry could draw from are those that it has not traditionally tapped to the extent of the groups' labour force participation - women, immigrants and Aboriginals. Current participation rates within the industry are:

- Aboriginals 5.1%
- Females 19.4%
- Immigrants 9.9% (national average is at 20.5%)
- Visible Minorities 4.4%

A key opportunity for Canada's oil and gas industry to address worker demand is to increase the participation of workers currently under-represented in the workforce. Preliminary research conducted by the industry indicates that transitioning immigrant workers already living in Canada but who are currently working in other sectors could be an opportunity to ease some of the petroleum industry's skills shortages.

Furthermore, developing capability and resources to hire and integrate immigrant workers will be important for sustaining the industry in the future as labour force growth will drop below 1% by 2010, and by 2011 immigrants will be the main source of labour supply growth in Canada.

OBJECTIVE

The **Alberta Immigrant Integration into the Petroleum Industry** project is aimed at determining the tools, resources and/or support processes needed by the oil and gas industry to increase the employment and retention of skilled immigrants living in Alberta into occupations within the upstream and/or midstream petroleum industry (i.e. drilling, services, seismic and geophysical, pipeline, exploration and production) where they have previous training and/or education.

Specific objectives are as follows:

- Identify target occupations to be included in the research;
- Develop an understanding of the job requirements, hiring processes and decision makers for in-demand occupations within small to large oil and gas companies;
- Determine the key barriers and successes to transition or place and retain immigrants with oil and gas companies;
- Determine barriers and successes experienced by agencies or organizations who offer programs to transition or place immigrants with companies;
- Determine resources, tools, or supports needed by employers in small to large-sized companies that would lead them to source, recruit and retain immigrant workers residing in Canada;
- Evaluate and identify methods to ensure maximum employer use of resources, tools or supports;
- Identify and develop an inventory of successful or “best practice” as well as determine unsuccessful approaches to hiring, integrating and retaining immigrants in the workplace; and
- Produce a Summary Analysis Report of recommended resources, tools and supports including development and delivery guidelines and an outline of next steps to close identified gaps or deficiencies.

The industry has identified the following human resources issues to be addressed through this project:

Skills shortages - There are skills shortages in a number of occupational areas. The petroleum industry must work to access and attract new sources of workers to fill these shortages.

Under-employment of recent immigrants - The industry is under-utilizing immigrants as potential sources of labour. Barriers to entering the petroleum industry must be addressed so they can become a ready source of supply to meet labour market demands.

Human resources capability in small- and medium-sized oil and gas companies - Many of the industry’s small- and medium-sized companies lack internal human resources expertise, and therefore the capacity to include human resources as a key component of their business strategy.

Creative human resources practices - There is a need for improved understanding on the part of hiring managers of the benefits and methods of accessing under-represented sources of labour and to develop practices that increase their participation in the industry.

SCOPE OF WORK

The research will engage small to large oil and gas companies in the upstream and/or midstream petroleum industry as well as companies in other sectors from the labour demand perspective and immigrant-serving organizations, immigrant groups and individuals from the labour supply perspective. It will also take into account the following factors:

- Primary focus will be in Alberta.
- Immigrant-serving agencies, immigrant groups and individuals to be contacted are already based in Canada (that is, foreign workers are out-of-scope).
- Research will identify a set of target occupations to focus on. Selection of the target occupations will revolve around three main criteria:
 - Occupations that are in-demand
 - Occupations that new entrants can be easily transitioned into
 - Occupations where immigrants have the skills and qualifications required
- Other Canadian workers will not be placed at a disadvantage in the development of the recommendations and action plan.

