



**MANAGING CHANGE  
DURING LABOUR SHORTAGES  
AND UNPRECEDENTED GROWTH**

*BONNIE D. DuPONT  
GROUP VICE PRESIDENT, CORPORATE RESOURCES  
ENBRIDGE INC.*

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The Conference Board of Canada  
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Britannia Room  
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*PLEASE CHECK AGAINST DELIVERY*

Thank you.

I am pleased to be here today and participate in the Conference Board's Western Strategic Project Management Conference. When I was asked to speak today, I was asked to deliver a message similar to that I delivered back in May to the Western Change Management Conference.

I am pleased to be able to do that because I truly believe that the labour and human resources issues that all of our organizations will face over the next decade will be among our biggest challenges ever – probably the biggest. And in the context of Project Management, the problem increases exponentially.

I feel even more strongly that it will be how we all work together to address this burgeoning challenge that will determine whether we are successful. Business, education, labour, all levels of government, immigration agencies – everyone must get on board.

At Enbridge, we deal with recruitment and retention issues every day. I don't have to tell you that the Canadian economy has been booming for a few years now, and the economy in Western Canada is growing at an

unprecedented pace – driven, of course, by the energy industry.

The difficulty is in finding enough of the right people to develop and deliver these resources and realize the full potential of our economic opportunities.

Unemployment levels for Canada – 6.3 per cent nationally so far this year – are at near-record lows. In the West we're close to – and on the verge of – levels that are usually defined as representing “full employment”.

With the onset of the baby-boomers' retirement (those born between 1946 and 1964) and the fact that the upcoming generations are much smaller in numbers, there will be a smaller talent pool of traditional skilled labour to draw from. Throw in an economy that continues to steam ahead and we're facing a labour crunch that will continue to grow across Canada with or without the additional pressures of the baby-boomer retirement.

Now it's not my intention today to throw a bunch of national employment statistics at you. But I do want to provide you with an understanding of what we're going through in Western Canada, and a few statistics will help illustrate the magnitude of what we're facing in this province.

I also want to discuss with you some ideas for dealing with the enormous task of finding and retaining skilled people in this rapidly changing business environment.

While I know that some of the issues I'm going to present might already be familiar to those of you based in Alberta, I think it's a perfect case-study because it's what the rest of the country is going to face in the next decade. I think the current Western Canadian scenario is a great example because in the Canadian oil patch, the labour crunch is happening right now, and will inevitably move across the country.

I say "inevitably" because that's what demographics tell us is going to happen.

David Foot, the author of the best-selling "Boom, Bust & Echo" books, was in Calgary recently. He published the first version of his book back in 1996 detailing how demographics could help us understand the past and forecast the future.

Part of his message in Calgary was that the current Western Canadian labour crunch could easily have been foreseen by anyone paying attention to demographics, and that the situation is only going to get worse.

So on that cheery note, let's take a closer look at the Alberta business environment. More specifically, let's look at the impact of a 60-to-70-dollar barrel of oil on Canada's economy through to 2020.

- It will mean a total increase in national GDP of \$885 billion, the bulk of that in Alberta.
- It will add about \$125 billion to government revenues, with the single biggest share going to the federal government.
- And it will add 5.4 million person years of employment nationally.

So – if you're not from Alberta and don't think the oil and gas labour issue will affect your area – think again. The impacts are international.

Now back to my question. What does a 60-to-70-dollar barrel of oil do for Canada? It has made what is often called the second largest oil reserve in the world – the Athabasca oil sands – a very viable and very attractive area for investment. Actually the oil sands are viable at much lower oil prices than that, but at recent high prices the rush to develop the oil sands has become a stampede.

It has persuaded companies to invest an estimated \$100 billion in the coming years to develop this massive resource. And that means jobs – too many jobs to fill with the current pool of talent available, even with the majority of the baby-boomer generation still working.

In Alberta, all of this activity has created a super-heated economy that is impacting every sector. For example,

- Manufacturing shipments have increased almost 11 per cent this year versus zero growth nationally.
- Alberta exports reached a record high of \$80 billion in 2005, up 19 per cent over 2004.
- Almost 80,000 new jobs have been created this year, resulting in an unemployment rate of 3.5 per cent – the lowest in the country.

As you might expect, this has put tremendous upward pressure on wages, the cost of living, and the cost of doing business. In fact, in the Fort McMurray area, starting service industry jobs are now paying upwards of \$14 per hour, compared with the provincial minimum wage of \$7.

There are now about 120,000 jobs associated with the oil sands. And this is forecast to double in the next two years. By 2010, oil sands production is expected to double to 2 million barrels per day, and continue to increase, possibly to as high as 5 million barrels per day by 2030. That means continued investment and even more jobs.

But Alberta is already experiencing shortages of talent.

- In Alberta, 32 of 53 occupational groups tracked by the province reported earlier this year having an unemployment rate of less than 3 per cent – which is defined as “the existence of skill shortages”.
- In the 2005 Wage and Salary survey conducted by the provincial government, 56 per cent of surveyed employers said they had difficulty finding the workers they needed.
- And the province expects that 400,000 jobs will be created in Alberta over the next 10 years, but only 300,000 new workers are expected to enter the labour market.

Obviously the numbers don't add up, and we have a problem ahead of us. Or more correctly, it's already here.

For Enbridge, all of this oil sands activity means building new transportation capacity to transport the growing volumes of oil to markets as they come on stream. We've identified more than \$13 billion of new liquids pipeline projects that we're pursuing over the next five years to move new volumes to refineries in Canada, the U.S. and abroad. So we, too, need many skilled people to achieve these plans.

We have faced the additional challenge of competing within the oil and gas industry for this limited pool of skilled workers. Although our pipeline projects will be built by pipeline contactors, from all over, there is bound to be some competition for labour with the producers who are investing billions of dollars to develop the oil sands and the refineries consuming their products.

For the energy industry as a whole to be successful, we need to work together, because every part of the supply chain depends on the success of the other. Producers can develop their bitumen from the oil sands, but it's pointless if there aren't enough engineers working for the pipeline companies to develop the infrastructure needed to transport it. Likewise, without refineries with the capacity to handle heavy oils, oil sands expansion initiatives can't take place.

I can take that one step further. Without many of the products manufactured across the country (steel from Ontario, for example, or high-tech components from other parts of Canada), energy industry expansion will be significantly hampered.

So what are we going to do about it? We need to work closely together across all industries to develop solutions. We need to share best practices, pool our efforts to attract traditional skilled workers, and pool our efforts to attract and develop non-traditional sources of skilled workers. Forums like this are a great opportunity to push the dialogue needed to initiate change.

A good example of how we've pooled our efforts in the energy industry is the formation of the Petroleum Human Resources Council of Canada. Cheryl Knight, the Executive Director and CEO, has done a great job, along with her team, working with the industry to research and develop potential solutions to our labour challenges.

The Council has come a long way in identifying the challenges the industry will face, the competencies and positions that are required in the industry, and where and when additional people will be most needed.

They're also working on ways we can better promote careers within the industry to students at educational institutions across the country – both K to 12 and post secondary – and to dispel some of the negative myths associated with oil and gas production.

But let me bring this closer to home and share a few of the things we've been doing at Enbridge to directly address our attraction and retention challenges. I will divide these strategies into roughly 3 groups, although there is certainly overlap in the activities.

The first is our Response to the Demographics, the second, Enbridge People Strategy, and thirdly, Community Strategies.

As a result of our traditionally low turnover rate, our workforce contains a substantial number of employees from the baby-boomer generation.

We are preparing for a workforce transition in the next five to eight years as many of our experienced colleagues transition from full-time employment to either retirement, or as we're now developing, other forms of employment – such as part-time work hours, or working from home, or participating in mentorship programs – that we hope will enable us to retain and pass on the skills and knowledge of this valuable part of our workforce to the next generation.

Like most organizations, we're facing the additional challenge of accelerating the development of our future leaders so that they are prepared to seamlessly take over when our current leaders decide to move on. And with so many companies vying for the future leaders coming out of our leading educational institutions, we're facing stiff competition for the best talent. So how do we get these bright new leaders?

While we feel that we have a solid strategy in place – one that will go a long way towards attracting new talent – we also believe this issue can be addressed through mentorship programs and new ways to support and recruit students during the earlier part of their post-secondary education in an effort to gain their commitment to Enbridge once they graduate.

Today's students have choices, and they have different needs than the baby-boomers. Helping students gain their education, demonstrating our commitment to people and that we can meet the needs of the younger generation, and demonstrating that we are a socially responsible organization are all large factors in whether the best people will choose Enbridge.

We believe that people are and will forever be the basis of our success. And we know that the future talent we recruit will be well aware of our work environment and that it will be a key element in their decision to come to Enbridge. That's why we recently developed a second broad strategy focusing on the people and the issues that make working at Enbridge a positive experience – because retention is every bit as important as recruitment.

The “Enbridge People Strategy” was adopted to proactively and deliberately manage the employment relationship through a set of organizational principles.

We feel that these are the core issues that matter to people working at or looking to work at an organization.

Employees want the responsibility and authority to guide and operate the business.

So we're working to provide our people with the information and skills they need to operate as autonomously as possible.

We're investing in our people through workforce planning, talent management, leadership development, succession planning, and performance management.

We're committed to providing competitive total compensation that will directly contribute to our ability to attract and retain employees.

We're committed to a culture of continuous open and frank communication.

And Enbridge is committed to a positive and challenging work environment that facilitates employee performance, employee engagement and a culture of innovation. And we have started to measure engagement – annually – and to develop a system of compensation that rewards managers for maintaining engagement of employees.

Our people strategy targets all of the issues we believe are important to people. It also focuses on providing opportunities for our people to grow so that we can fill positions through effective succession planning and develop the people who will lead us into the future.

But effective human resources practices are only part of the solution. Even with the most effective practices in place there just aren't going to be enough people available from traditional talent pools to fill all of the jobs. This lends me to the third point – the Community Response. We will have to put more focus on non-traditional sources of labour such as aboriginal and immigrant populations if we're going to be successful.

And we need to work together to make sure that these talent pools have the skills that organizations need, and that they are accessible to wherever the largest economic growth is occurring in Canada.

Aboriginal communities across Canada are a largely untapped resource to fill jobs in the future. While the majority of our traditional talent pool is set to retire within the next decade, the vast majority of aboriginals are working age or younger.

More than 90 per cent of Canada's First Nations population is under 65 year of age. This presents a tremendous opportunity to work with these communities to develop mutually beneficial relationships that create opportunities for

employment, develop talent, deliver prosperity to communities, and build capacity.

At Enbridge we've been actively collaborating with numerous aboriginal communities for several years in an effort to build positive relationships. And there are many other organizations that have been successful in developing such relationships. Let me give you a few examples.

In recent years, producers in the Fort McMurray area have worked with First Nations to develop the Athabasca Tribal Council Agreement, a long-term capacity building strategy focusing on aboriginal employment that, while not perfect, has been very successful.

Earlier this year, the nearby Fort McKay First Nation, in partnership with Shell, announced a joint venture to participate directly, as an owner and operator, in a new oil sands production facility.

And Western Lakota, a successful Alberta energy services company that recently merged with Savanna Energy Services, has established business partnerships with many of First Nations, and helped develop a pool of skilled aboriginal workers in the oil and gas drilling industry.

All three are excellent examples of building meaningful, mutually beneficial relationships that create employment for aboriginal peoples.

Working with our immigrant population is a completely different issue, but also a tremendous opportunity. While many are thriving in their adoptive country, too many people are not realizing the dream they had when they came to Canada. In many cases this is unnecessary.

We need to work together: businesses; all levels of government; immigrant organizations and communities; and other non-governmental organizations to ensure that when people come to Canada they are able to get good jobs, apply their skills, and learn new skills to ensure they are not unemployed, or under-employed.

Too many people come to Canada and are not able to apply their skills because they must re-complete their education, or spend years recertifying and cutting through red tape to prove their professional competence, or are in the wrong part of the country to apply their skills. There are also an estimated half a million skilled immigrants who could come to Canada and apply their talents immediately.

In the short term we need to work together and focus on promoting the domestic migration of talent within Canada from both our traditional and non-traditional talent pools. We need to do a better job of promoting our economic hot-spots to all Canadians so that more people are aware of – and are moving to – where the opportunities for employment and skills development exist.

Three points:

- Respond to the Demographics
- The People Strategy
- The Community Response

Let's talk about education partnership in the community. We're actively working with the Haskayne School of Business at the University of Calgary in an effort to have employees mentor students, and better prepare them for their journey into the workforce.

This program, now in its third year, is made possible by the volunteer time and energy of mentors representing 27 local organizations, including Enbridge. The program is designed to give new grads the opportunity to hit the floor running.

But, while we are already doing many good things with educational institutions, we can do much more.

Our partnerships must expand to develop the facilities and programs that will deliver the talent of the future. We need to work with our colleges and technical institutions to ensure that when their graduates come out of school they have the competencies and skills that can be applied to the various careers available to them. And we need to ensure that our universities and business schools are teaching more than the traditional theory to our leaders of the future.

Our graduating engineers, lawyers, economists, business leaders and other professionals need to understand the industries that drive our economy. They also need to understand the importance of the issues surrounding corporate social responsibility, and be ready to manage a complex array of issues that are fundamental to being a successful company.

At Enbridge, for example, we're looking for engineers who can handle all of the technical aspects of pipelines. But we also need engineers who understand the social issues surrounding the construction of a pipeline – the community, aboriginal, environmental and people issues that are crucial to our operations. If we don't meet those requirements, the pipelines won't get built. And how will students get a feel for the real world and the needs of the real world if not by industry offering the perspective that it alone can bring.

Finally, as I said earlier, if we're going to be successful in addressing our skilled labour issues in Canada we're going to have to work together. So here are seven things that all of us can do, as professionals, to contribute to that successful resolution.

1. Be flexible: We need to develop flexible solutions that will make it attractive for baby-boomers to stick around a little longer to pass on their knowledge. Flexible schedules will be a big part of this as most boomers say they would like to continue working to some degree.
2. Continue to support succession planning and talent development: Make sure that the most talented young

people in your organization are identified for succession planning and get the necessary development.

3. Mentor someone: It makes a difference. If we all take the time to mentor – whether it's within our organizations or at a post-secondary institution – we will be passing on our knowledge to the next generation. This will be critical to offsetting the looming brain drain from the baby-boomer generation's impending retirement.
4. Collaborate. Work your professional networks. As I've said repeatedly, we must work together, across industries, to identify best practices, and to develop innovative approaches to attract, engage, develop and retain the talent we collectively need to be successful. That includes innovative partnering with educational institutions and professional organizations.
5. Develop marketing programs to promote the jobs of the future, the opportunities available, and where they are located. We need to get the message out to prospective talent – planting the seeds with K to 12 students and focusing heavily on telling post-secondary students, recent graduates, aboriginals, immigrants, and skilled workers across the country who are willing to move where

the opportunities for employment and skills development exist.

6. Be an active ambassador of your organization, industry, and profession. Promoting the jobs that will be available in the future and the skills that are required to fill them will be critical to ensuring our future talent pool has the tools necessary to succeed.
7. So will a commitment to Corporate Social Responsibility. Employees – particularly younger ones – want to, and often insist on working for employers whose values align with their own. CSR is the basis of corporate reputation, and reputation is a critical factor in recruiting and retaining good people.

So to conclude my remarks today, let me wish good luck to everyone here in meeting this huge challenge. But meet it we must because, as I said at the outset today, this is not just one of the biggest challenges we all face in the next decade – it's the biggest. And failure can't be an option.

Thank you.