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Workforce Mobility - A Canadian Perspective

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Overview

- Canadian Environment
- Relocation Industry Facts & Policy
- Global Challenges
- Policy Influencers
- Q & A



Canadian Environment

- Population 33.3 million
- GDP .1%
- Unemployment 6.2%
- Bank of Canada Interest 3.0%
- Exchange - \$.96 U.S. = \$1 CDN
- CPI – 3.1%
- Conventional 5 yr mortgage 7.15%



Relocation Industry Facts

- 130,000 corporate relocations per year
- \$2.5 billion in direct economic activity
- Major industries – Manufacturing, natural resources, oil and gas, financial services, government - health care/education

Mobility

- 563,000 employees (3.4% of workforce) relocated to another province or territory between 2001 – 2006
- Mining, Oil and Gas Extraction and Public administration had the highest shares of interprovincial movement

Statistics Canada 2006 Census Summary



Policy Administration

- 90% have a formal relocation policy
- 73% manage the program centrally
- Program management



- Trend to outsourcing continuing



Program Administration

- 90% of companies track costs
- 25% of companies have a system to track success of relocation
- Only 6% have process to measure ROI
- Employee notice – 75% give less than two months notice; 1/3 give just one month advance notice.



Management Profile

- 83% of companies manage relocation from within HR
- \$78,100 - average salary for relocation managers
- 32% of managers report spending between 75% - 100% of time on relocation



Transferee Profile

- 36 - 40 years of age
- Married / working spouse/ partner
- \$88,100 average annual salary
- Family / spousal concerns are number one reason for rejecting a relocation.



Relocation Policy

- Quality of benefits provided is considered the most important element of the policy by 75% of companies
- 91% of companies benchmark their policies
- 75% will grant policy exceptions



Relocation Costs

- Permanent Relocation

	CAN	Cross Border
- Homeowner	\$45,000	\$57,275
- Renters	\$16,000	\$25,775

- Temporary Relocation

- Homeowner	\$20,000	\$42,275
- Renter	\$13,200	\$28,900



Challenges to Relocation

Domestic

Housing
Family Issues
Cost of Living
Taxation

Cross-Border

Taxation
Family Issues
Visa & Immigration
Housing



Lump Sum Allowances

- 48% provide some form of a lump sum allowance
- Average lump sum amount \$12,300

Lump sum		30%
Lump sum, flexible / core policy		37%
A combination these		33%



Housing Assistance

- 89% of companies provide home disposal assistance
- 75% provide home purchase assistance (legal, land transfer taxes etc.)
- 54% offer equity loss protection
- Majority provide differential costs when moving to more expensive markets



Household Goods Movement

- 75% of companies provide assistance with movement of HHG
- 73% have restrictions on what is moved
- Almost half of companies contract with a moving company



Cross-Border Activity

- Canada – U.S.
 - 71% < 10 employees
 - 14% 11-25 employees
 - 1 company 101 – 150 employees
- U.S. - Canada
 - 65% < 10 employees
 - 11% 11-25 employees
 - 9% 26 – 50 employees



Cross Border Policy

- 75% of companies have a written policy
 - 21% apply domestic (CAN) policy
 - 26% apply a cross border specific policy
 - 36% apply a global policy
- 69% provide home disposal assistance
 - 65% have a guaranteed plan
 - 80% do not provide housing assistance for temporary cross-border assignments



Home Disposal Assistance

- 69% provide home disposal assistance, for permanent moves
- 45% offer equity loss protection

Marketing assistance only		5%
Guaranteed Plan		65%
Independent Sale or Direct Reimbursement		15%
Other		15%



New Location Assistance

- 54% of companies allow employee to purchase a home in the new location

Housing differential		57%
Rental differential		32%
Mortgage differential		9%
Goods and services allowance		34%
Cost of living allowance		66%



Family/Other Assistance

- 45% offer spousal assistance
- 80% provide destination services
- 20% provide spousal / partner education
- 18% provide schooling assistance
- 4% offer elder care assistance

Household Goods Movement

- All of companies provide assistance with movement of HHG
- 76% have restrictions – greater number of restrictions on cross-border moves
- Almost half of companies contract with a moving company

Taxation

- 57% have a written tax policy
 - 70% use tax equalization
 - 96% include federal/state/provincial income taxes
 - 69% do not consider equity loss protection in equalization
 - The majority of companies exclude other personal income in the policy
 - In most cases there are no restrictions on sale of shares acquired through stock options

Canada U.S. Tax Treaty

- Expect changes in 2009
 - Short Term Transfers
 - 183 day Rule
 - Pension Contributions
 - Five year period to deduct contributions
 - Stock Options
 - Apportioned between countries
 - Capital gains on emigration
 - Only post emigration gains subject to capital gains tax



Payroll & Benefits

- Payment processes
 - 42% use home country
 - 42% use host country
- 34% provide currency exchange protection
- Home country is standard for determining base salary
- 50% provide full home country pension and benefits in host country



Payroll & Benefits

- 77% provide pension plan coverage
 - 79% base on home country
- 67% provide medical coverage in the host country
- 50% provide education assistance
- 71% cover home visits



Repatriation

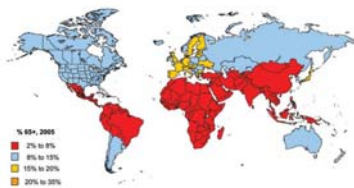
- 37% have a formal program
 - 25% have a program for career placement
- 43% track retention of repatriated employees

Future Trends

- Expected Volumes
- Permanent Relocations
 - 78% expect volumes to remain the same
 - 16% expect an increase in volume
- Temporary assignments
 - 77% expect volumes to remain the same
 - 17% expect an increase in volume

Global Perspectives

Western Europe and Japan have oldest populations



Source: United Nations 2004 medium variant forecast

Global Perspectives

By 2030 all advanced economies will be old



Source: United Nations 2004 medium variant forecast

The War for Talent



The War for Talent

CEOs of successful companies are worried about the dwindling supply of talent. They are twice as likely as CEOs of less successful companies to cite the "availability of managers/executives" as a top concern.⁴

The War for Talent

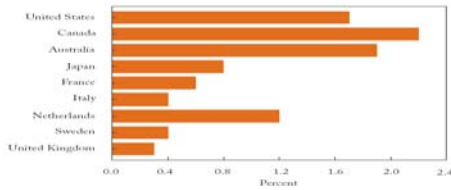
"Talent is the new oil"

Joseph Palumbo Schulich School of Business, CERC Talent
Symposia, June 2008



Labour Force Growth

Average Growth in Labour Force 1965-2006



¹ 1965-2005 for France and the Netherlands.

U.S. Bureau of Labour
Statistics

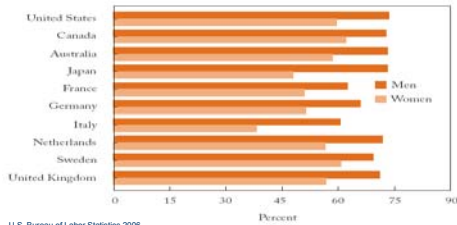


Labour Force Growth

- Since 1996, Canada created 3 million net new jobs – 23% increase
- The U.S. created 18 million new jobs– 14% increase
- Many of those jobs are in knowledge based industries.



Labour Force Participation



U.S. Bureau of Labor Statistics 2008



Labour Force Challenges

- In the U.S., 1 in 5 managerial/executive/admin workers will retire in the next 5 years
- Canada needs 90,000 IT workers within the next 5 years



Labour Force Challenges

- In the U.S. by 2008
 - the number of young adult workers, from 25 to 40 year olds, will DECLINE by 1.7 million.
 - 77 million baby boomers will be eligible for retirement.
- One-fifth of large, established companies in the U.S. will be losing 40 percent or more of their top-level talent in the next five years.

Source: Development Dimensions International



U.S. Labour force

"Arbitrary numerical caps and bureaucratic hurdles severely limit employment based immigration..." U.S. Immigration Policy Center

By 2012 U.S. Employment is expected to increase by 13 million workers to 164.2 million Bureau of Labour Statistics



Canada's Labour force

- Canadian birth rate in decline = 1.4 (U.S. = 2.0)
- Employment grew from 13.6 to 16.2 million 1997 to 2005
- Immigrants accounted for one fifth of the labour force in 2006
- Immigration = 70% of Canada's workforce growth 1991 -2001
- Immigration =100% of workforce growth by 2011



Canada's Labour force

"By 2010, Canada's labour force, with constant participation and in the absence of immigration, will begin to decline."

David Baxter – CERC Conference 2005.



Canada /U.S.

“What we have in North America is a Mobility Problem.”

Former Deputy Prime Minister John Manley, Report on Mobility Magazine, Fall 2005.

“Security trumps trade. In the U.S. it’s September 12, in Canada it’s September 10.”

Former Deputy Prime Minister John Manley, CERC Conference, October 2005.



Labour Market – Hot Jobs



Symbol Key (compared to 2007 survey results):

- ▲ Increase in Rank
- ▼ Decrease in Rank
- Identical to 2007 Rank
- Did not appear in 2007

Confronting the Talent Crunch: 2008 Manpower

Influencers of Policy

As the U.S. population ages, the labor force will grow more slowly during the next decade; the older labor force is projected to grow more than 5 times faster than the overall labor force, which will become ever more racially and ethnically diverse

Bureau of Labour Statistics



Influencers of Policy

- Between 22 million and 25 million Americans care for an older or disabled relative.⁽¹⁾
- 44 percent of the Sandwich Generation - ages 45 to 55 - have children under 21 years of age and living in-laws or parents or both

Source (1)The National Alliance for Caregiving & The Perfect Storm



Influencers of Policy

- 25% of employees caring for elderly relatives have changed jobs due to care-giving responsibilities
- Gay couples with kids on the rise
 - 1990 - 5%
 - 2000 - 22%

Source (1)The National Alliance for Caregiving & The Perfect Storm



Influencers of Policy

- Companies reacting to their succession problems by recruiting from the competition show a 66% failure rate for senior managers hired from other companies within the first 18 months

(Center for Creative Leadership)



Times Are Changing

- Younger and older workers, for example, might be allowed to select those benefits that fit their circumstances with corresponding adjustments in cash wages to retain current compensation levels.

Rand Corporation 21st Century at work



Conclusion

Labour force shortages
+
Changing employee demographics
+
Emerging family dynamics
=
Policy Shifts



Conclusion

- The labour shortage is not a short term situation – take a strategic approach
- Manpower planning job #1
- Organizations are looking further afield for talent
- Ensure policies in place for hiring and deploying talent



Conclusion

- Benchmark policy and update it regularly
- Track developing trends and expectations
- Maintain flexibility in policies and programs
- Treat every relocation as career development

Q & A

Merci!
