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CANADA

## **Standing Committee on Finance**

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**EVIDENCE**

**Wednesday, April 2, 2014**

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**Chair**

**Mr. James Rajotte**



## Standing Committee on Finance

Wednesday, April 2, 2014

• (1530)

[English]

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** I call this meeting to order. This is meeting number 27 of the Standing Committee on Finance. Our orders of the day are pursuant to Standing Order 108(2), continuing our study of youth employment in Canada.

We're very pleased to have six individuals presenting this afternoon to the committee.

From the Canadian Chamber of Commerce, we have Sarah Anson-Cartwright, director of skills policy.

From the Canadian Federation of Independent Business, we have Ms. Monique Moreau, director of national affairs.

[Translation]

We also have with us Jean Lortie, who is the corporate secretary of the Confédération des syndicats nationaux.

Welcome to you.

[English]

From Merit Contractors Association, we have the vice-president for southern Alberta, Peter Pilarski.

From the Progressive Contractors Association of Canada, we have the vice-president federal and Ontario, Mr. Sean Reid.

From the research department at Unifor, we have the national representative, Mr. Angelo DiCaro.

Welcome to all of you. Thank you for being with us. You have five minutes maximum for your opening statement. We'll begin with the Canadian Chamber of Commerce, and after all the presentations, we'll have questions from members.

**Ms. Sarah Anson-Cartwright (Director, Skills Policy, Canadian Chamber of Commerce):** Thank you, Mr. Chair and members of the committee. In the context of the skills challenges facing Canada, the committee's study on youth employment is valuable and timely.

I am Sarah Anson-Cartwright, director of skills policy at the Canadian Chamber of Commerce.

I'll start with a conundrum. Canada spends more money per capita on education than most other nations, we have the highest attainment rates in post-secondary education among OECD countries, and yet we know that many young people, including post-secondary

graduates, are either underemployed or unemployed. You've heard from experts that the labour market situation is not as dire for young people as it was in previous post-recessionary periods, and yet we are all concerned, and rightly so.

At the Canadian Chamber, our members are preoccupied with the skills gap in our labour force. Economists are telling us that the skills gap is not as bad as we think, and yet for every employer struggling to find people with the right skills for the positions open, it is bad. It is the same for young people who are struggling to find gainful employment related to their field of study or in the occupation they trained for.

The public discussion of the skills gap and mismatches must not undermine young people's belief in the value of post-secondary education. Canada needs a both/and response as opposed to an either/or response. That is, we need more apprentices entering and completing in skilled trades, more college and polytechnic graduates, and more university graduates. Simply put, we may not have enough welders and pipefitters, but we don't have enough engineers, physicians, or computer scientists either.

In Canada, we invest so much in young people's education but we could invest a lot more time and effort in guiding their choice of post-secondary programs, fields of study, and potential occupations.

The question then is how to help more young people study or train for the kinds of jobs that will be available. The answer is information, more specifically, labour market information. We need to provide better information for youth to make more informed choices on post-secondary programs and career paths. Our focus on education and skills training will fall short if we cannot help people become qualified for the jobs available and encourage them to locate where there are jobs. Additionally, we can do a better job at cultivating more young entrepreneurs who can live and work wherever they feel a business will thrive.

For all the investment we make in the education of our young people, consider how little attention there is on research and planning for post-secondary studies and careers. How many students or parents have looked at the forecast demand for their potential occupations and where that demand will be?

Government should push labour market information onto high school students and their parents. Government needs to urge them to seriously look at the job market forecasts. Let's do our best to help young people make more informed decisions on their future education and occupations. Let's give them the best opportunities to find employment in Canada's dynamic labour market and economy.

Thank you. I look forward to your questions.

● (1535)

**The Chair:** Thank you for your presentation.

We'll now hear from CFIB, please.

**Ms. Monique Moreau (Director, National Affairs, Canadian Federation of Independent Business):** Mr. Chair, as many members of the committee know, CFIB is a not-for-profit, non-partisan organization representing more than 109,000 small and medium-sized businesses across Canada who collectively employ more than 1.25 million Canadians and account for \$75 billion, or nearly half of Canada's GDP.

Our members represent all sectors of the economy and are found in every region of the country. Addressing issues of importance to them can have a widespread impact on job creation and the economy.

You should have a slide presentation in front of you that I would like to walk you through in the next few minutes.

CFIB's March business barometer on slide 3 shows a slight dip from last month, bringing us close to our initial measures in January of this year. So far, business operating conditions in 2014 have been stable, but not overly robust. We are seeing improvements in the prairie provinces, but only 36% of business owners see their businesses as being in good shape right now, the lowest reading since mid-2010.

**The Chair:** Pardon me, Ms. Moreau. I apologize.

There is a vote. I understand that there is a 30-minute bell.

Colleagues, I'm going to recommend that we do this presentation, two more, and then come back. I need unanimous consent to keep going at this point.

Can we finish CFIB, two more presentations, and then we'll go and vote?

**Some hon. members:** Agreed.

**The Chair:** Thank you. I appreciate that very much.

**Mr. Gerald Keddy (South Shore—St. Margaret's, CPC):** If we could shorten them up, maybe we could get all the presentations done and then come back.

**The Chair:** They were told five minutes before, so if they can, obviously we'd appreciate that, but they are allowed up to five minutes.

Ms. Moreau, I apologize for the interruption.

**Ms. Monique Moreau:** Not at all.

Overall, the point of that slide is to show that the economy is still acting sluggishly.

To help get us through this sluggishness, we believe governments need to address the issues of greatest concern to small businesses so that they in turn can focus their attention on hiring staff and growing their business, thereby growing the economy.

As you can see on slide 4, although small business owners remain concerned with their total tax burden and the impact of government regulations and paper burden on their business, among other issues, the shortage of qualified labour remains a priority issue for nearly half of our small business members.

When broken down by province, as you see on slide 5, the shortage of qualified labour reflects what we've been hearing from our members and what you may be hearing from your constituents. In the western provinces the shortage of qualified labour is very high. It is also trending high in Quebec, Nova Scotia, and especially Newfoundland and Labrador.

Slide 6 demonstrates the spread we typically like to see regarding hiring intentions. Overall, short-term hiring expectations are still running reasonably well with 26% expecting to add full-time staff in the next three to four months, versus only 7% who expect to cut back.

All this data is showing us that business owners are in need of employees across Canada. Small businesses play an integral role in the hiring of young people in Canada, giving many young Canadians their first experience in the workforce. This is further supported by the research from the fall of last year, on slide 7, where we asked our members to describe their hiring experience during the last three years. Over half of respondents had hired a young person. Only one in four employers had tried to hire a young person but didn't because the candidate lacked the necessary skills or experience.

Small businesses truly are the training ground for Canadian youth, spending \$18 billion a year on training of youth and other employees. Approximately two-thirds of that amount is spent on informal on-the-job training. The reason for this big expenditure, as slide 8 demonstrates, is that over half of the jobs that small businesses are looking to fill require on-the-job training, and nearly half require a high school diploma or occupation-specific training. A third require a college diploma or apprenticeship training, where small businesses also play a big role. This demonstrates that the greatest human resources need in the small business sector is for the semi-skilled and junior employees. Small employers are often the first source of employment for those looking for entry level opportunities.

What can government do to help small businesses continue to hire youth? On slide 9 you see from our report, “Canada's Training Ground”, that we asked business owners what would incent them to continue to train underskilled and low-skilled workers. Overwhelmingly, respondents indicated that reducing their payroll and tax burden would help them the most, through the introduction of training tax credits, a reduced tax burden, and a break from EI payments during the training period. Conversely, new taxes on employers to be used for training was very unpopular.

I should mention that the data on this and the previous slide stems from our report in 2009, and the committee may be interested to know that we will be updating the data this year.

To encourage youth employment, we ask the government to consider the following recommendations on slide 10:

Introduce the EI training credit, or renew the EI hiring credit, with a focus on youth. As demonstrated in the previous slide, a break on EI payroll taxes is one way to recognize the informal on-the-job training that small businesses undertake when hiring a new employee and especially a young person. The cost in time and money can be significant when training a young person who may be working for the first time.

Maintain the freeze on CPP rates and ensure EI rates are lowered once the EI account is brought into balance. Small business owners welcomed announcements last year that the EI rates would be stabilized and that the government would not be increasing CPP premiums. Payroll taxes are the biggest disincentive to hiring for small business owners, and stability in rates and therefore costs could give them more confidence to grow their business.

Last, we encourage the government to support their provincial counterparts in the mutual recognition of apprenticeship programs across Canada. Apprenticeship prepares hundreds of young Canadians for the skilled workforce every year, but small business owners tell us that it is getting increasingly difficult to hire and train apprentices.

We thank the committee for the invitation to appear. This concludes my remarks.

• (1540)

**The Chair:** Thank you very much, Ms. Moreau.

[*Translation*]

Mr. Lortie, the floor is yours.

**Mr. Jean Lortie (Corporate Secretary, Confédération des syndicats nationaux):** Thank you, Mr. Chair.

My thanks to the Standing Committee on Finance for inviting us to talk about youth employment this afternoon.

The Confédération des syndicats nationaux is a union organization representing more than 300,000 workers across Canada, mostly in Quebec, but also from coast to coast in the federal public service. Our organization was founded in 1921; at least a quarter of our members are under the age of 30.

We are providing three broad topics for the committee's consideration.

The first topic is that working conditions for youth have been deteriorating for a number of years. The second topic we would like to work on deals with economic and fiscal policies for young workers. The third topic deals with policies to assist young people as they look for a job.

In terms of working conditions for youth in Canada, we are seeing more and atypical, part-time and casual work, more and more placement agencies and more and more disparities in treatment based on employment status and hiring date. In 2006, the Arthurs Report denounced the situation and recommended amending Part III of the Canadian Labour Code. The Canadian Charter of Rights and Freedoms must also be able to prevent disparities in treatment, specifically on the basis of employment status and hiring date.

In addition, better access to pension plans for all young Canadians implies contributions from employers and a more generous Canada Pension Plan if we want to make it possible for young people to plan their lives rather than doing so on their own when they can.

Finally, the unemployment rate for young workers remains high, especially in the regions.

In terms of economic and fiscal policies, we believe that, given the current situation of budgetary surpluses, Canada should invest in job creation in a major way, particularly in the manufacturing sector, which has lost more than 600,000 jobs in the last decade, especially in Ontario and Quebec.

We therefore call for Investment in a sector that is meaningful for the Canadian economy and that has a huge impact elsewhere. The federal government must be much more active than it is at present in supporting these policies with budgetary measures.

In terms of all the employment support policies, there are a number of partnership agreements with the provinces, certainly with Quebec. We warmly welcome the renewal of the Canada-Quebec labour market agreement that helps tens of thousands, hundreds of thousands of young people, who are neither in school nor working, with study or assistance programs. The assistance goes to client groups that are increasingly difficult to manage. The CSN feels that the government must address these issues.

We respectfully submit seven recommendations to the committee: you will find them in the brief we have provided.

Our first recommendation is to improve and modernize federal labour legislation, including the Canada Labour Code, in order to tackle the problem of discrimination based on employment status that mainly affects young Canadians.

Our second recommendation is to make sure that every employee in Canada has the right to be covered by a pension plan, and therefore to be able to plan for, and have financial security in retirement. Young workers would therefore be able to plan for their retirement rather than to have to resort to voluntary measures.

Our third recommendation is to recognize that the work-life balance should have more than lip service paid to it in the business environment. This balance must come in the form of measures to assist businesses and young workers so that the workers can raise their families, balance their work and their families, and even balance their work, their families and their studies.

Our fourth recommendation is to establish an industrial policy that would, by means of a Canada-wide expansionary fiscal policy, ensure job creation and recover the 600,000 jobs that Canada has lost in the last decade.

Our fifth recommendation is to rebuild an industrial base in Canada that would subsequently be able to support the service sector.

Our sixth recommendation is to manage employability measures to allow the youth employment market to develop, respecting all federal and provincial jurisdictions.

Our seventh and final recommendation is to give provinces the right to opt out if they wish when no agreement is in place.

Those are the recommendations that the CSN has for the committee. We support this initiative in analyzing the youth employment situation and we ask for the committee's support for the initiatives we are proposing.

• (1545)

**The Chair:** Thank you very much.

[English]

We will now go to Merit Contractors Association, please.

**Mr. Peter Pilarski (Vice President, Southern Alberta, Merit Contractors Association):** Thank you, Mr. Chairman.

My name is Peter Pilarski. I'm vice-president for southern Alberta with Merit Contractors Association.

Merit members across the country banked over 100 million man hours last year with over 55,000 construction workers in our hour bank benefit plan and 7,000 people in our office supervisory plan. Merit Alberta's single largest expense item is our tuition refund program, which provides full apprenticeship tuition refunds to any person who works for a Merit member company. This year, we will pay out approximately \$2 million in refunds to over 2,400 apprentices.

Merit Alberta is second only to the Alberta government in our support for CTS students with the Merit Contractors CTS award, which is given to the top grade 12 CTS construction students in more than 120 high schools across Alberta.

Merit Alberta also provides 80 \$750 post-secondary scholarships to the children of Merit member company employees to pursue post-secondary education, including apprenticeship training. Additionally, Merit Alberta provides annual awards to the top apprentices of our Merit member companies, as well as an award for a Merit member company that demonstrates a commitment to a training philosophy and culture within their organization.

Merit Alberta also runs the Merit College of Construction, which has provided an industry-leading supervisor training program and

leadership development for supervisors program to thousands of construction workers over the years.

We have partnered with Careers: The Next Generation in Alberta to help place hundreds of high school RAP students; Women Building Futures, to connect women to construction employment opportunities; and Trade Up, an industry initiative aimed at helping young people to understand construction employment opportunities.

We have run construction boot camps, which provide young people with a basic exposure to construction, as well as the safety training programs they need before they can begin working on a construction site. Our boot camp graduates all get placements with our member companies for their first construction job.

Despite all these efforts throughout the years, the construction industry continues to face challenges in attracting enough young people. Our challenge is to determine why. A 2013 Canadian Apprenticeship Forum study found that compared to a baseline in 2004, youth between the ages of 15 and 17 were more likely to consider a career in the trades; viewed a career in the skilled trades as better than a career in law, business, or accounting; were more aware of available career options; reported a better understanding of the apprenticeship process; and were able to find information about the trades, if they were looking for it.

However, the most troubling finding in the report is that the same proportion of youth reported that parents, guidance counsellors, and friends have not encouraged them to consider a career in the trades. Unless we as a country directly address the societal biases that exist against working in the skilled trades, no government program or industry initiative will have the impact we need to meet our labour market demand for these occupations.

Students are told that a career in the trades is for the students who are not as smart and that university is better than a trade ticket. This is wrong. The skilled trades are becoming more technical and academically challenging, and our industry needs students to come out of high school with strong language and communications skills as well as strong math and science skills. Initiatives over the years to bring more aboriginal youth into the construction workforce have often struggled because those youth have often lacked the academic prerequisites needed to be successful in an apprenticeship program.

The Canada job grant program should be used for pre-apprenticeship training and for bridging programs to help those students who did not get the prerequisite skills they need to be successful in an apprenticeship program.

Most of Merit's board members started on the front lines of our industry and many of them now run successful companies that employ hundreds or thousands of people. This is the introduction that youth need to our industry and the type of message that needs to be coming from their parents, teachers, and guidance counsellors. The challenge is that the teachers, guidance counsellors, and many parents have gone through university and that is the route they know and advise. Industry and government could work together to help to change the image of the skilled trades, and that focus should be on educating adults as well as youth.

Merit is currently developing a program called learning about trades and technology education, or LATTE, which will give teachers and guidance counsellors an opportunity to spend a day on a construction site so they can get a real-life understanding about working in the trades. We would welcome government as a partner in this type of initiative.

Another challenge for construction is the way K-to-12 education is funded. In Alberta, principals get per student funding, which they use to run their school and hire teachers. Construction equipment, materials, and labs are expensive compared to the facilities needed to run an arts or drama program. There is little to no incentive for a principal to offer a construction program, which is relatively cost prohibitive. Dedicated federal funding on top of provincial education funding specifically for the space, materials, and equipment needed to provide construction education could be a way to ensure that construction is taught at the junior and senior high school levels.

Thank you very much for your time, and I'll take any questions.

• (1550)

**The Chair:** Thank you very much for your presentation.

Colleagues, we have about 15 minutes until the vote, and we have two more presentations. I need unanimous consent. What would you like me to do?

**Mr. Gerald Keddy:** Mr. Chairman, if we could be brief, I think we should hear them. I've heard that we have another vote back to back with this one. Otherwise, we won't get to hear them.

**The Chair:** I can't cut down their presentations.

Okay. Let's proceed. Until someone tells me that we have to leave, I'll keep going ahead.

Mr. Reid, please.

**Mr. Sean Reid (Vice-President, Federal and Ontario, Progressive Contractors Association of Canada):** It's my pleasure to be here on behalf of the Progressive Contractors Association of Canada.

PCA represents and supports progressive, unionized employers in Canada's construction industry. Our member companies employ approximately 30,000 skilled tradespeople, unionized primarily by the Christian Labour Association of Canada. PCA's goal as an association is to ensure that Canada has a fair and open construction industry, cooperative labour relations, and a robust, inclusive, and highly capable workforce. Our members account for over 40% of all energy and resource sector construction in western Canada, and are leaders in infrastructure construction across the country.

Our members also lead the industry in the recruitment of under-represented communities into the trades, including women, first nations, and new Canadians, but especially in the recruitment and training of young Canadians. In western Canada, where provincial regulations best support the hiring and training of young workers, registered apprentices comprise over 35% of the total PCA workforce. This does not include thousands more young people presently working for our companies outside of an apprenticeship in trades in which certification is not mandatory.

But like most companies in Canada's construction industry, PCA members continue to struggle to find enough workers to meet growing demand, particularly in B.C., Alberta, and Saskatchewan. Canada's youth unemployment figures provide clear evidence that we still have an untapped resource available to us.

We believe the barriers that specifically prevent young Canadians from finding careers in the trades can be categorized as follows: barriers of perception, barriers of entry, and barriers of mobility. Let me briefly address each one.

First, careers in trades continue to suffer from a significant negative stigma in the eyes of many Canadian parents and educators. PCA believes industry should play the lead role in fixing this problem in partnership with governments at all levels and our training system providers. One initiative worth considering is the creation of a cost-matching grant program to support industry-led promotion of the skilled trades.

Second, there are numerous barriers to entry for young people into the trades, including cost, proximity to employers and training providers, and family circumstances. Regrettably, a number of provincial jurisdictions, including Ontario, where youth unemployment is among the highest in the country, are only making this problem worse by erecting new barriers for our young workers. These barriers include high journeymen-to-apprentice ratios, the expansion of compulsory trade certification, and a host of new fees, bureaucratic hurdles, and red tape. PCA encourages the federal government to facilitate a national dialogue with its provincial counterparts to identify and address these barriers and build a national trades system with lower barriers to entry across every region.

Third, there are barriers to mobility. If young workers are unable to find skilled trades opportunities in their home regions, then we owe it to them to provide every possible means to move to a region where they will find that opportunity. One solution the federal government should take a closer look at is the creation of a lump sum mobility grant accessible through the employment insurance system. Mobility grants allow a person who is unemployed in one area of the country to utilize future employment insurance benefits in the form of a lump sum payment in order to relocate to another area of the country where workers are needed. The funds advanced from these EI payments would then be used to fund job search, training, and relocation costs.

In conclusion, PCA thanks the committee for taking on this important study. The challenges are many that confront young Canadians in their pursuit of lasting employment, but there are also solutions and steps that industry and government can take together to make progress. PCA stands ready to play our part.

I'll be pleased to answer any questions you may have.

• (1555)

**The Chair:** Thank you very much, Mr. Reid.

I apologize, but members are getting very nervous about making this vote. We will come back here as soon as we can and resume with you. I do apologize for that, but the whips of all parties call.

The meeting will be suspended until further call.

• (1555)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1705)

**The Acting Chair (Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC)):** Welcome, gentlemen.

I'm going to suggest we continue on. We're scheduled to go until 5:30. However, if our guests are willing, we could extend this further.

What happens in a case like that is, I think the Standing Orders indicate there can be no motions called. It would just be an information session. Are our guests willing to stay any longer? Do we have a willingness from the members to continue on for a period of time?

**Voices:** Agreed.

**The Acting Chair (Mr. Dave Van Kesteren):** I think we're going to lose a few of our members, but I wouldn't mind taking a round then, too.

Let's shorten the rounds just a tad. We don't have that much time. Let's go three minutes the first round and then we can extend it from there. Does that work? All right, let's not waste any more time.

Mr. DiCaro.

**Mr. Angelo DiCaro (National Representative, Research Department, Young Workers Program Liaison, Unifor):** Good afternoon, Chair, and members of the committee. My name is Angelo DiCaro. I'm a national representative working in the research department of Unifor, Canada's largest union in the private sector. Unifor represents 305,000 workers across Canada in nearly every sector of the economy.

We appreciate the opportunity to address this committee today on an issue which we fear if not taken seriously or dealt with meaningfully, will have lasting consequences for Canadians.

On the surface the issue is about youth unemployment. There are more than 382,000 young Canadians between 15 and 24 who fall into this category. Ostensibly, the solution to the problem is to get these 382,000 people into jobs. However, and as previous presenters have expressed to this committee, the more accurate and poignant analysis lies deeper beneath the standard reported unemployment numbers.

Youth unemployment in provinces like Ontario has actually fallen since the recession, yet youth employment-to-population rates sit at historic lows, a reflection of young people simply giving up and exiting the labour market altogether. The underemployment rate, which is captured monthly by Statistics Canada and includes not just the unemployed but discouraged workers and those who would rather work full time but can only find part-time jobs, is another metric that digs deeper into the youth labour market challenges, but it is very rarely reported. Currently one in five young Canadians are considered underemployed by this measure.

Equally as important to this committee's analysis must be the foundational restructuring of Canada's job market over the past generation and its impact on young Canadians. Of the 17 major economic sectors in Canada's economy as measured by StatsCan, seven have turned out net job gains for young workers since 1976. Of those seven, which include sectors like construction, technical services, business services, and recreation, the two that have yielded the biggest job gains are retail and wholesale trade and hospitality. In fact, today half of all young workers in Canada are employed in either of these two sectors. One generation ago that number was far more modest, about one in four.

The average hourly wage for young workers in the retail and hospitality sectors is less than \$12. That's the lowest in our entire economy.

As a result of this restructuring, more young workers today find themselves in low-wage jobs than they did a generation ago. This is a serious problem as the expenses many young people are expected to bear, including housing rent and tuition, continue to rise. Average student debt in Canada, for example, is \$37,000.

Young workers are also far more likely to work in part-time and precarious jobs today than ever. A generation ago, 21% of young workers held a part-time job. Today, that number has jumped to 48%, and most of that jump is accounting for young workers between 20 and 34 years old. Yes, some of this has to do with young Canadians staying in school longer, but much of it has to do with the quality of jobs on offer.



There's a prevailing myth that young workers favour part-time work. In fact, since 1997 there's been a 33% jump among young workers who voluntarily work part-time. However, the number of young workers who are involuntarily working part-time, and who cite business conditions as the reason why they can't find full-time work, has risen over that same time period by 231%. That is seven times faster than growth in voluntary part-time work.

Is it any wonder more than 150,000 young workers today hold more than one job. Is it any wonder that nearly 43% of all young people in Canada still live with their parents, and that's compared to 27% in 1981.

This unchecked restructuring of our economy has created a more vulnerable generation of workers with poorer labour market outcomes than generations past. To be clear, I am not saying more factory jobs will cure what ails our country's youth unemployment crisis. I am also not saying young workers should steer clear of working in the retail and hospitality sectors.

What I am saying is that the eventual recommendations this committee makes to improve labour market outcomes for young workers have to consider these deeper structural challenges. Part of the policy prescription must tackle the worsening quality of existing jobs in tandem with any proposals designed to bring more jobs to market.

• (1710)

We understand the committee's objective is to explore solutions to improve youth employment outcomes in Canada. We invite the committee to consider the following policy prescriptions in light of the evidence we've provided above. There are three that I have.

One, establish a national multi-stakeholder retail and hospitality sector work standards and training council.

Less than 15% of workers in precarious forms of employment receive employer-paid training compared to almost 60% of workers in more secure forms of employment. There is currently no active multi-partner—

My five minutes are up?

**The Acting Chair (Mr. Dave Van Kesteren):** I'm really sorry. Yes, it's well over.

Somebody, I'm sure, will ask you these questions.

[*Translation*]

**Mr. Matthew Dubé (Chambly—Borduas, NDP):** Mr. Lortie, you mentioned underemployment. I would like to know more about it. Is it really a problem? If younger people are underemployed when they graduate, their skills will erode.

Could you tell us some more about that?

• (1715)

**Mr. Jean Lortie:** Absolutely.

The federal government commissioned the Arthurs Report in 2006. It observed a huge disparity in the treatment of young workers in Canada. The report even recommended amending Part III of the Canada Labour Code.

All over the country, we see a lot of disparities in the working conditions of young Canadians coming into the workforce. There is little or nothing in the way of pension funds and social protection, and jobs are rather atypical, in the sense that they are part-time, casual, or found through a placement agency. So those young people are more likely to have working conditions that are precarious.

We see that the situation of people coming into the workforce today is much worse than it was for young people 30 years ago. A number of our recommendations deal with modernizing labour laws to allow young people to be able to have equivalent working conditions for equivalent work.

**Mr. Matthew Dubé:** You mentioned another aspect in terms of pensions. I would also like to hear Mr. DiCaro's opinion on that.

We hear a lot about a two-tier system for people my age, both in salaries and in retirement plans. Is that a reality? If so, what are the long-term consequences?

Mr. DiCaro can answer after you.

**Mr. Jean Lortie:** In Canada, we are seeing that defined benefit plans are in danger. More and more employers are getting out of plans of that kind, or, if they are keeping them, only those hired by a specific date or having full-time employment can have access to them. As a result, young workers entering the workforce have no access to plans of the kind that guarantees financial security in old age. They can use voluntary programs, like RRSPs or the like. So they are doomed to a life of instability, even more so when they retire at 67.

**Mr. Matthew Dubé:** Of course.

[*English*]

**Mr. Angelo DiCaro:** Yes, I agree.

Granted, my presentation didn't focus necessarily on pensions but the experiences that we've seen are similar to what Jean has said. Again, we can look at the state of pension plans as it relates to young workers. There has been a ratcheting down of the quality of pension plans available, and in bargaining that seems to be the new frontier of concessions that are being asked of unions, to scale down the retirement security components of those agreements. Again, it's happening in a way that will affect future generations.

I think the big challenge is that young workers are coming into the market today with expectations that are so low about what a job can and should deliver to them that is really—

**Mr. Matthew Dubé:** The dynamic is different.

**Mr. Angelo DiCaro:** —unfair. It's a totally different role reversal from where it was a generation ago.

[*Translation*]

**Mr. Matthew Dubé:** I have a question for Ms. Moreau, from the Canadian Federation of Independent Business.

The seventh slide shows the results of a survey on company hiring of young people. The survey shows staff being hired in 56% of the cases.

Are those good quality jobs or part-time jobs?

**Ms. Monique Moreau:** The jobs on the seventh slide are full-time. This matches a lot of other data that I cannot provide you with today, but that will be available in the next few weeks. I could send that report to the committee, if you are interested.

These are jobs in small and medium-sized businesses. I will leave you to judge whether they are good quality jobs or not.

**Mr. Matthew Dubé:** Thank you.

I would like to ask you one last question.

At our last meeting, student representatives told us that student debt means that it is increasingly difficult for a young person to start a business.

Is that something that your organization has noticed? If so, what are any possible solutions, aside from solving the problem of student debt, of course?

**Ms. Monique Moreau:** Starting a business in Canada is certainly a challenge. It can be complicated. Our entrepreneurs tell us that they will do it if they have a good idea and if there is a demand. That is why there are about two million businesses in Canada, and 109,000 of them belong to our organization. It is complicated and there are a lot of challenges because of all the paperwork and all the regulations.

Clearly, we support regulation that is designed to ensure safety, of course, but some forms of regulation may not be so necessary. We are presently getting updated on that.

• (1720)

[English]

**The Acting Chair (Mr. Dave Van Kesteren):** Thank you.

Mr. Keddy.

**Mr. Gerald Keddy:** Welcome to our witnesses. Thank you for staying.

I think the one thing everyone can agree on around the table is that this is quite an onion and there are many layers. I don't know that any of us can put our finger on one single issue that's really out of whack here.

Mr. DiCaro, I have to ask you a question. You used the generational word. I have to tell you that from my generation to my children's generation there's a huge difference in jobs that are available.

I will give the kids full credit. Of six kids, all of them have jobs. All of them had part-time jobs; all of them had jobs in school. But their friends didn't have jobs, and many of their friends didn't think they needed to have jobs. I really think that it's not that workers have low expectations; I think there's a bit of a problem with high expectations.

I would just like an answer on that.

**Mr. Angelo DiCaro:** What's the question?

**Mr. Gerald Keddy:** With high expectations, young workers come out thinking they're going to become a doctor or a lawyer or a computer programmer, and there are only so many of those jobs

available. They're steered away, unfortunately, I think, far too often from the skilled trades. I think parents are part of the problem in raising expectations.

How do we bring that back to balance? You can't go too far one way or the other, but there has to be a balance.

**Mr. Angelo DiCaro:** I'll respond, and if there's an answer in there somewhere that satisfies, we'll go from there.

At some level, I agree with what you said. We had a chat while you guys were gone, and there is some common ground in terms of

**Mr. Gerald Keddy:** I'm sure there is.

**Mr. Angelo DiCaro:** —some of the issues, especially around skilled trades and getting over the myth that there's something wrong about having a skilled trade job. Hopefully, we can explore that a bit more in depth.

You're raising anecdotally the experiences of some young people who think, "I'm better than taking on a part-time job."

**Mr. Gerald Keddy:** Absolutely.

**Mr. Angelo DiCaro:** Where I'm coming from with this issue, maybe also anecdotally—I still actually fit into the young worker profile, although way at the high end of it—but friends of mine and family members of mine really do want a job. They're willing to do whatever it is, but what's on offer to them seems to be a stream of short-term contracts, part-time. Even though they don't want to work part-time, that's what they have.

And then, even with those part-time jobs that they take on just to make ends meet, they have to stitch a few of them together. They're paid very low wages. That's where I think—

**Mr. Gerald Keddy:** Here's where I want to stop you. The circumstances you've set up and the reference you used was that a generation ago, 21% of young people worked part-time, and today 48% work part-time. You mentioned that part of this was because of the quality of the job, retail, wholesale, hospitality.

In my generation, growing up in rural Canada, I can tell you that retail, wholesale, and hospitality didn't exist. They do exist today; those jobs are there. The labour-intensive jobs.... People milked cows by hand. They don't milk cows by hand anymore. I'm on the other end of that generation. I just want to reference that for future comment.

The other issue is the education system. We hear time and again that young people, young men and young women, are not being directed into the arts and sciences, that they're being directed into the humanities. Here's the statistic: 22% of community college students in Canada have university degrees. It's backwards to the way the system should be working.

I know I'm running out of time here, but let me say to the Canadian Chamber of Commerce concerning one of the comments made that maybe it's not guidance counsellors who should be directing young men and young women towards employment. Maybe we should have an employment counsellor. Again, that's not the answer, but it's part of it.

Please respond quickly. I know I'm—

• (1725)

**The Acting Chair (Mr. Dave Van Kesteren):** You have 10 seconds.

**Voices:** Oh, oh!

**Ms. Sarah Anson-Cartwright:** Okay, thank you.

I agree entirely. I think any parent's preoccupation should be that their child be successful in whatever they pursue and that there be a job opportunity at the end of all their training and education. If we need to really bear down and better inform ourselves as to where the fit lies and where the opportunities are vis-à-vis your interests and your education, than let's do it, and in as intrusive a way as required, because that is what's needed here, I think.

**The Acting Chair (Mr. Dave Van Kesteren):** Thank you.

Mr. Scarpaleggia.

**Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.):** Thank you very much. I am brand new to this committee; I am substituting for someone.

I've been thinking... We all think about this issue a lot. We hear that we need to have more on-site training and that governments need to invest more in this. There are different models, of course. The government has come out with the current model, and there's going to be financing and so forth, but I'm trying to understand the dynamics of this whole issue.

You have the schools, the community colleges, which teach specific skills; it could be in knowledge-based areas such as engineering or law, and community colleges will teach all kinds of other skills on real-life equipment and so on.

Then when you think of the workplace, you think about the employer who hires someone who has gone through, say, Algonquin College and knows how to do CAD/CAM, for example. They put them to work and then have to teach them a bit about the product they're making and so on. That is more like an apprenticeship.

When we talk about the money that businesses need for training, what are we talking about? As I say, the school system is giving people skills, and yes, people have to choose the right avenue, because you have to be useful in life—unless you're a politician, I suppose. So what's the role—this is a bit of a naive question, and it's meant to provoke an answer—that the employer plays in this, other than showing the new employee, who already has some basic skills, the nuances of that particular firm's product or that particular firm's system, and so on?

When business says it needs more money for training, what is it talking about?

**Ms. Sarah Anson-Cartwright:** I'll start, being here representing business, as my colleague Monique is as well.

I don't know that we're asking for more money for training, but certainly there is an expressed interest that business step up its investment in employee training. That's something that has been noted in a lot of research, that Canadian businesses don't seem to be making the direct investments to the degree that our American counterparts are.

But we have to take into context the on-the-job training that is happening. As CFIB has noted, in small business firms that amounts to a very great deal; their estimate is \$18 billion a year in small businesses' training their employees on the job in an informal way. That is not counted as formal, direct investment.

The up-skilling that is needed—

**Mr. Francis Scarpaleggia:** Could I just interrupt? I'm not trying to be provocative here, but are we saying that business, especially small business, in retail, for example, or in the hospitality services industry, which needs to take its employees through different steps of the process; it's the way to bring someone into the company... Are we saying that they need wage subsidies to cover the period of time when that new employee is not as productive as he or she will be a year from then? Are we talking really about wage subsidies when we talk about government money for training inside companies?

**Ms. Sarah Anson-Cartwright:** Do you want to jump in, Monique?

**Ms. Monique Moreau:** Sure. I'll speak to that.

Some of the research that we have demonstrated shows that the most effective way to help a business is to give them a relief on payroll tax. What we would suggest and what we have promoted in the past is such things as the EI hiring credit, whereby the smallest of businesses, those with less than about \$400,000 in payroll, when they get an up to \$10,000 increase in payroll, get an up to \$1,000 tax credit from Revenue Canada. They don't administer it. Revenue Canada decides. They don't have to apply for anything. It's automatically calculated at the end of the year, recognizing that if you have had an increase in your payroll tax over the last year, the reason is most likely that you have trained someone and have brought on a new staff member.

I challenge a little bit the notion that employers aren't doing enough. As Ms. Anson-Cartwright mentioned, our research shows that \$18 billion a year is being invested by small business. Yes, some of that will be specific to the business, but in other cases it's just giving especially youth their first chance. You're teaching basic customer service. You're teaching basic responsibility, management skills. That is transferable, and that's what happens.

We have a shortage of qualified labour because bigger businesses come and take those now newly trained employees from the small business and move them up.

• (1730)

**The Acting Chair (Mr. Dave Van Kesteren):** Sorry, you're out of time. Thank you.

Mr. Hawn.

**Hon. Laurie Hawn (Edmonton Centre, CPC):** Thank you, all, for being here.

Were any of you on the fact-finding mission to Germany led by Minister Kenney the other day? Two folks were on it.

I'll start with Ms. Anson-Cartwright.

Could you give me a 60-second pitch on what you learned? I was talking to Mr. Kenney and they're doing some pretty remarkable things specifically with regard to youth employment, apprenticeships, and so on. What was great about it, and what should Canada be looking at potentially?

**Ms. Sarah Anson-Cartwright:** Thank you very much, Mr. Hawn.

Absolutely there were a lot of great take-aways. We were in Germany. I think everybody acknowledges that they have far and away the best, most integrated, structured, historical, and institutionalized approach to apprenticeships. Mind you, that extends well beyond the fields we have apprenticeships in. In Germany there are 350 occupations with apprenticeships. It's a much larger capture.

In Canada 77% of apprentices are actually employed in a small or medium-sized firm. Our small businesses struggle with hiring an apprentice and being able to keep them employed. The apprentice may have to be let go, and so on. In Germany they find a way to create consortia of small firms to help with that. That's a very useful approach. As I said, they have a lot of structure and buy-in across employers, educators, governments, and unions. They're all together at the table. That would take a really dedicated leadership approach to achieve in Canada.

**Hon. Laurie Hawn:** It wouldn't happen overnight, but you're on the table.

Mr. Reid.

**Mr. Sean Reid:** I'll just add to Sarah's comments. There are two other take-aways for us.

First of all, I talked about barriers to perception in my comments. One business leader we met with talked about a parity of esteem between the trades and other more academic fields. Essentially, about 60% of school leavers move into the trades. Simply put, trades are upheld at a different level.

The second thing is that the mobility and harmonization of the system across the country are remarkable there. I talked about mobility as a barrier here. There, there's no question that an apprentice can move from one place to another or move out of one stream and into another stream. They have a level of mobility to find the right fit that simply doesn't exist in our system today. That's another area in which we could definitely make some improvements.

**Hon. Laurie Hawn:** Is that simply due to the fact that geographically they're much closer to other opportunities than would be the case here in Canada?

**Mr. Sean Reid:** It's also systemic. They call it permeation. There's a lot of permeability between the different streams. That is something quite intentional in their system.

**Hon. Laurie Hawn:** I think the important point you made there, and I think Ms. Anson-Cartwright brought this up in her comments, is the esteem in which trades are held.

**Mr. Sean Reid:** There's no question.

**Hon. Laurie Hawn:** Mr. Pilarski, in terms of labour market R and D or educational R and D, my understanding is that about 98% of it goes to universities and about 2% goes to technical trade schools. You obviously do a lot of trades training, and you could have a very

subjective answer to this. If we could take that from 98% and 2% to 95% and 5% for places like Alberta and elsewhere, what impact might that have on developing the labour market?

**Mr. Peter Pilarski:** First of all, SAIT, the Southern Alberta Institute of Technology, actually does a little bit more than NAIT, the Northern Alberta Institute of Technology, in terms of R and D. It's more of a research technical institution. I think you see that at SAIT it has a different approach. SAIT, for example, has developed a degree in construction. They've actually taken the trades and they've been able to add to a straight trades certificate and actually give somebody an opportunity to get higher education.

I'm not sure if that answers your question, but there is a focus at SAIT and we're actually starting to see some results. Maybe if we saw more money going into R and D for trades schools, we might see more of that kind of innovation happening.

● (1735)

**Hon. Laurie Hawn:** I don't know what that difference of 3% would be in dollars. I think, frankly, that NAIT and SAIT and other schools like those would probably be in seventh heaven if they could get that kind of funding.

**Mr. Peter Pilarski:** I would agree definitely.

**Hon. Laurie Hawn:** Still with you, Mr. Pilarski—

**The Acting Chair (Mr. Dave Van Kesteren):** You're just about out of time, Mr. Hawn.

**Hon. Laurie Hawn:** Well, just about isn't quite out.

**The Acting Chair (Mr. Dave Van Kesteren):** You're pretty much out of time. I want to be fair to everybody.

Mr. Rankin.

**Mr. Murray Rankin (Victoria, NDP):** Thank you to all of our witnesses for your patience. All the presentations were great.

I only have a couple of minutes.

I want to do justice to you, Mr. DiCaro, because I don't think anybody has asked you to talk about the other two recommendations. Perhaps you wouldn't mind elaborating on them. You had three, as I recall, and you just managed to get one out before you were cut off.

**Mr. Angelo DiCaro:** Yes, I appreciate it.

As I mentioned, the first one was about looking at retail and hospitality and looking at a multi-stakeholder dialogue in those sectors. It would be a dialogue about how things such as on-the-job skills training could be improved, especially as it relates to young workers. Also it would be about even basic transferable skills training, which in some cases unions will take on and bear the burden of that, and assist with. There could be some dialogue with that. That doesn't exist right now in Canada.

One other suggestion we had was to attach youth employment targets to major public infrastructure projects. We've seen some success with this and some developments in the province of Ontario.

Also, really try to tighten up existing wage subsidy programs. Right now it seems as though a lot of them that are national in scope are very much focused on short-term jobs. If we can attach some of those to longer, more permanent jobs, I think that would get us a long way toward solving some of the poor labour market outcome problems we have.

**Mr. Murray Rankin:** My next question is for Mr. Lortie.

I want you to talk a little bit more about pensions. First of all, I really appreciate what your brief says about the work-life balance. I know how difficult that's going to be. But because you made a statement that I didn't quite understand, I wouldn't mind asking you a bit further about it.

You say in your brief that in your opinion the federal government must assume a leadership role and promote pension plan improvement in Canada. Then you say it must also prioritize the right for all workers to be covered by a pension plan to which each employer is required, by law, to pay a premium. Well, isn't that just a description of the Canada pension plan and the Quebec pension plan? Or are you saying something more than that, like that requirement is not being enforced or something?

**Mr. Jean Lortie:** Well, it's not enough. The Canadian pension fund or the Quebec one is not enough to ensure you have a secure revenue when you retire at 67. What we're asking for is that it be mandatory in Canada for employers to contribute to an RRSP, or to a defined benefit pension plan, at least, to make sure that they are attracting and retaining a workforce. Younger workers who are coming in are asking for a good job and saying, "I might invest in a few years here. I might move elsewhere. For all those years that I'll be working across different jobs, I just want to have a pension fund."

**Mr. Murray Rankin:** Why isn't that just the Canada pension plan and Quebec pension plan now, with more money and higher premiums so that people will have a decent retirement? Why wouldn't we just improve the Canada pension plan, which is mandatory anyway? Why talk about RRSPs, and so on?

**Mr. Jean Lortie:** Okay, it's a tripartite one. Employees would have to contribute mandatorily. It's not a voluntary RRSP, where you put in 2%; you go to TD and invest it, or whatever. Someone does invest your money. Employers would have to contribute and, of course, government, federal or provincial, depending on the region. It's a tripartite one. You would invest part of your salary for the long-term purpose of being able to retire with safe financial assets, a safety net.

• (1740)

**Mr. Murray Rankin:** Got it.

**Mr. Jean Lortie:** By having a mandatory one.... Right now what we're seeing across the board is that most employees don't contribute if employers do not, or employers contribute only if the employee does. It's voluntary. At 25 years old, you want a Camaro, a red car. You don't want to have a pension fund because you don't believe you'll be aging, but 40 years later—

**Mr. Murray Rankin:** You have nothing.

**Mr. Jean Lortie:** —you are aging and you have nothing except the public pension fund.

**Mr. Murray Rankin:** Thank you for the clarification.

The next question, if I may, is for Ms. Moreau. I also wanted to give you an opportunity to say a little bit more about your three recommendations.

I'd like you to speak a little more about the one that says to introduce the EI training credit or renew the EI hiring credit with a focus on youth. You also talk about informal on-the-job training. Tell us a little bit more about what you mean there.

**The Acting Chair (Mr. Dave Van Kesteren):** You have less than 30 seconds.

**Ms. Monique Moreau:** Briefly, we see this as a valuable way to incent employers to continue to grow their employee base. Payroll taxes are a significant barrier to employers at the small business level, to hiring. They're essentially revenue neutral. You have to pay them whether you make any money or not that year. If we want to encourage employers to hire youth, in particular, one way to do that might be to offset the EI payments they're making during the time when they're hiring and training a new person and they themselves are not working in their own business.

**The Acting Chair (Mr. Dave Van Kesteren):** Thank you.

Go ahead, Mr. Allen.

**Mr. Mike Allen (Tobique—Mactaquac, CPC):** Thank you to our witnesses. Thank you for your patience as well.

I think we should make sure the record is clear in that CPP is still available at 65. It's OAS that's available at 67, and it's still 2029 when that becomes fully implemented, just to be clear.

Ms. Moreau, I'd like to ask you a question about slide 8 where you talk about the top labour shortages by skill level. The first level is the jobs that require on-the-job training, and then the second one, which has a significant number of responses, is jobs that require a high school diploma or occupation-specific training.

With that big a response from your members, do you see those as being prime candidates for something like the job grant?

**Ms. Monique Moreau:** Absolutely. I think small businesses support the intent and the principle behind the Canada job grant as long as it's administered in a way that is cognizant of the realities of the small business level. We'll be seeing the details now as they shake out provincially, of course, but many small business owners need it to be a no paperwork or limited paperwork option and need the payments that come through from the federal government and the provincial governments to come through quickly.

In terms of recognizing the contributions that employers make to on-the-job and formal training, we think this is one option, and they were willing to experiment. That's what our members have told us, that they're interested in testing this out.

**Mr. Mike Allen:** Thank you very much.

I'd like to go Mr. Pilarski, Mr. Reid, and Mr. DiCaro on the next question. It's a continuation of Mr. Hawn's line of questioning. I think he wanted to inquire as to the apprenticeship grant and the interest-free loans for apprentices.

In your view, is that going to be something that is helpful?

**Mr. Sean Reid:** No question, the apprenticeship loan is going to be....

I think actually, getting to the other point earlier about whether employers need more money, what we need to do is create demand on the side of the trades, of the prospective tradespeople. Removing things like cost, mobility, and perception barriers is what's going to fill the pipeline with potential workers. That's where I think our focus needs to be.

**Mr. Peter Pilarski:** I'll just add to that. Definitely the loan and grant programs will be helpful, or are helpful. But there are other barriers, I think, to what Sean is saying here. For example, trade schools aren't very flexible right now. They offer programs that go a certain period of time. They don't go in the summer. There are no evening classes available.

There are a lot of different ways we can structure trades education that would make it more accessible for students and for businesses actually as well. I think we need to take a bit of a bigger picture approach to it and see how we can structure our training systems to allow for more training to happen.

**Mr. Angelo DiCaro:** I'm not sure how much more to add on this, but just from our experiences dealing with some of our younger members, a lot of whom still work in manufacturing facilities as some folks have mentioned, it's still declining significantly. A lot of them expressed to us the frustration with folks on the older age side of the equation staying long on the job, not opening up opportunities for apprenticeships within the manufacturing facilities where they work currently. They're just kind of waiting in the queue for those opportunities to arise.

Perhaps retirement is a problem or a consideration to that. Then, once we train these apprentices, where do they go? We have lost a huge, a tremendous amount of manufacturing jobs where typically skills-trade workers are needed. I think that's another side of the equation about what's to become of this once really predominant sector for youth employment. It's kind of gone away. We have to consider where the jobs are in the long term.

•(1745)

**Mr. Mike Allen:** I'd just like to ask this.

I know, Mr. Pilarski, you brought this up and you talked about the Province of Alberta and the Province of New Brunswick doing this back in the early 1990s. They took all the trades out of the schools. I think we're paying now because we lost a generation of tradespeople who probably would be working and would be employable at this point in time, and now they're out there somewhere. Some of them are working and probably some of them are not.

This might be one for the German experience as well. To try to bring that all together in Canada, you'd have to have.... We talked about mutual recognition, all those kinds of things. I wonder if that should be something the federal government should try to deal with as part of the internal trade barriers, because we have provincial jurisdiction on education. We have all those kinds of things thrown into the mud here that Germany probably doesn't have. Is that something the federal government should be looking at as part of the internal trade discussions?

**Mr. Peter Pilarski:** I have a couple of comments. The federal government used to actually support high school trades education in the way that I've described. Part of the reason that disappeared was that federal funding went away. That's why I put that recommendation forward. But there's no question that dealing with internal trade barriers absolutely needs....

Germany deals with this as a country. Our problem is that we have 10 provinces and three territories, and we each have our own set of rules, and really there are big limitations to trade internally.

**The Acting Chair (Mr. Dave Van Kesteren):** Thank you, Mr. Pilarski. That's it.

Mr. Dubé.

[Translation]

**Mr. Matthew Dubé:** Thank you, Mr. Chair.

[English]

While we're in the spirit of correcting the record, I think I'd add in my two cents that 2029 is exactly when some of the folks of my generation—whom this study is about—are going to be retiring, so I think it's important to mention that.

[Translation]

That said, Mr. Lortie, I would like to know a little more about employment insurance reform. Let's take the tourism sector, for example, which employs a lot of young people. The sector can sometimes provide seasonal work. That being the case, does employment insurance reform affect the employment situation of those young people?

**Mr. Jean Lortie:** It does.

I am the Canadian co-chair of the Canadian Tourism Human Resource Council.

We have noticed that employment insurance reform acts as an obstacle to young people coming into the job market, in tourism specifically, because it is a highly seasonal industry.

We have conducted studies in Quebec and in Canada. I also sit on the Canada-wide committee. We have criticized this employment insurance reform because our studies have shown that it has an impact on those wanting to get into an industry that employs a lot of young people. The reform means that those young people could not actually use an employment insurance program as such if they needed to. I find, we find, that the reform is not a good one, especially for an industry that employs as many Canadians, and as many young Canadians in their first jobs and in their first employment experience in Canada.

**Mr. Matthew Dubé:** That also must feed underemployment.

Some time ago, when we were debating the reform in general, young people and not-so-young people were talking a lot about the issue of forcing people to take a job for which they are overqualified. Given that we are talking a lot about underemployment among young people, that must also be an important aspect of the discussion.

**Mr. Jean Lortie:** It is going to drive down the quality of jobs in the tourism industry. There was a lot of talk about qualified jobs, jobs for young people with trades. It is certainly going to disqualify the industry, which will become a kind of employment prison, if this is all about having the right to benefits or not. It is certainly not good news for the industry.

**Mr. Matthew Dubé:** I have a question for Ms. Anson-Cartwright about chambers of commerce.

I really liked what you said about an “either/or” response.

There is a lot of talk about university education as opposed to training the workforce. Can you tell us more about that? We hear a lot about prejudices on one side and the other, but I think the two can coexist. That is what you said, is it not?

**Ms. Sarah Anson-Cartwright:** It is, but I will answer in English, if you don't mind.

[English]

Absolutely.

This is what's so fascinating and challenging, that where we look at occupations in demand, they are, if you will, across all parts of the spectrum. It's not to say that we shouldn't be focused on creating a lot more respect and appreciation for not only the skills in the skilled trades professions, but also the fact that you can command a pretty high wage these days. That's something which I think parents need to learn.

Also, we do need the more what we call highly qualified university educated people in the areas of engineering, as I said, the health care sector—a great demand continues there as we look out to the forecast—and computer scientists. You've probably heard from the information technology sector that they have a crying need for more entrants into that field.

Absolutely, it's across the spectrum but we have to be very strategic about where those expected jobs are in the occupations in

demand and how that's going to align with where, looking ahead, the opportunities will be in the country.

• (1750)

[Translation]

**Mr. Matthew Dubé:** Thank you.

My last question goes to Mr. DiCaro.

You talked about the manufacturing sector. In this study, we have heard a lot about workforce mobility and people leaving their communities to find employment elsewhere. That must factor into this discussion somewhere. Is it a problem? It is not that we do not want people to go to other places, but is finding a balance a challenge? We do not want to start an exodus from communities and regions, but we still want young people to be able to travel to find employment.

What do you see as the challenges?

[English]

**Mr. Angelo DiCaro:** That's a very good point. The group that has been impacted the most within the decline of manufacturing is younger workers. They're the last to get in the door and they're typically the first to get laid off when things go south.

Again, anecdotally, we can look at some of the highest youth unemployment communities in Canada. A lot of them are in Ontario. In places like London and places like Windsor, there's been a mass exodus of these manufacturing jobs, as is clear. We know this. That's forcing some young people to make some important decisions on where they go and also on where they raise their families. Sometimes they have families. How do they disrupt that family life to go elsewhere?

These are problems, but at the same time, in understanding the challenges of labour market mobility in this case, it's important that we look at this really critically, knowing that there's another side to it that we can't just dismiss. I think that's critical.

I have just one more point on that. One of the things we've seen in Ontario, and it ties into one of the recommendations, is some directed investment on infrastructure projects, such as what happened when Toronto purchased new subway cars. There was a provision that said the cars had to be built in Canada.

Because of that provision, those cars were manufactured in a plant in Thunder Bay. It saved that plant. It was a Bombardier plant in Thunder Bay, a very old plant. Because of that provision, it actually brought in 500 new young workers, who now earn \$30-plus an hour, a lot of them in skilled trades. It was all a product of good policy that directed public spending to save a plant and keep manufacturing jobs in a remote community.

To us, there's something in this that we should be exploring, not dismissing as protectionist and as old-school economic thinking. This could have tangible results. I think that's one answer, in some ways, to that question.

**The Acting Chair (Mr. Dave Van Kesteren):** Thank you.

I have the last round. I want to very quickly shift directions. At the last meeting, something occurred to me that I want to share.

I think I'm going to go to you, Monique, with the Federation of Independent Business, but anybody else can jump in on this too.

I had a forum with business owners. This happened a number of years ago. During the course of the conversation, we talked about legacy, about turning it over to the kids. The overwhelming response was "there is no bleep-bleep way that my kid...". These were professionals, the very people you're talking about now. We're talking about those parents. What was the reason for this? Because they couldn't compete with some of the public sector jobs.

I want you to comment on that and see if we're not missing a component that's very important as well, the fact that...for example, the police and the firemen.... If you want to talk about that, or if anybody else wants to talk about that, please go ahead.

**Ms. Monique Moreau:** We do have a piece of research called WageWatch that we're updating this year with the new StatsCan data, which showed that at the federal public service level, I believe.... I could be wrong and it might be the whole public service, but I think it's just the federal level. When you look at just wages, apples to apples, the same jobs, and the StatsCan codes, people employed in the public sector make 18% more than in the private sector. When you include benefits, that brings it up to 40%, so a small business owner can't compete.

Also, we do get calls from our members saying that it's not necessarily just the public sector, but it's someone across the street offering 50¢ more an hour, so the person leaves. When a bigger business comes in and hires that individual for \$1 or \$2 or \$3 more, after the small business owner has spent a year or two or five training them, they're starting all over again.

The result of all this is it is incredibly difficult for our members, and even our own organization, to compete, especially here in Ottawa, in regard to retaining individuals because of those lucrative positions in the public sector.

• (1755)

**The Acting Chair (Mr. Dave Van Kesteren):** Could we have those statistics you talked about? Could you send them to the committee?

**Ms. Monique Moreau:** I certainly can send the old report, yes.

**The Acting Chair (Mr. Dave Van Kesteren):** Sarah, did you have something to add?

**Ms. Sarah Anson-Cartwright:** Yes, please.

I hear from members across the country. I want to give you an example.

The St. John's Board of Trade has a member there that I'm told is a small firm that does cleaning in offices and so forth. Because of what's on offer in the public sector for cleaning jobs in hospitals and so forth, they are really struggling to attract and retain workers at the wage they can offer to be competitive in their space. There they are, and yet because they're offering a wage that's considered and compared to the public sector wage, they can't even attract temporary foreign workers. They're caught on both sides of the spectrum, so to speak.

That's just an anecdotal example.

**The Acting Chair (Mr. Dave Van Kesteren):** Does anybody else want to throw anything into this quickly before I ask my next question?

Mr. DiCaro.

**Mr. Angelo DiCaro:** I feel obligated to say something about that. It's more the principle of this, and I appreciate that there are competitive issues to consider.

In our submission to you, you'll see some charts that I've included. In a lot of ways, with respect to public administration jobs for young people, the other higher-wage sectors that on average would pay the higher wage for young workers, these are typically all in decline. What we're watching is a sort of a reconfiguration of the jobs available to young people, and to all workers for that matter. They're sort of on this low-wage kind of model.

At some point, we're going to have to take a sober look at that and say that as much as a contract cleaning company wants to get into the hospital sector and they're paying \$11 an hour, for example, just to—

**The Acting Chair (Mr. Dave Van Kesteren):** I'm going to interrupt you for a second. I'll give you another chance, but what I do want to say is this. What we're trying to lay out here is that kids are making the wrong choices. They're getting into programs, but we're not necessarily saying that those jobs are there. The parents are saying, "Don't you dare do this; you're going to become this".

Would you agree that this is part of the problem?

**Mr. Angelo DiCaro:** Yes, I would agree, and again back to the point I made earlier, but anyway, just to qualify....

**The Acting Chair (Mr. Dave Van Kesteren):** Very quickly, I'm running out of time, so I want to be fair with everyone else, too.

I'm really intrigued when I hear the working relationship you have with, first of all, your workers and the union. That's fantastic. Angelo, I have to tell you something. You are a new breed of your union. I'm going to remember the old days with the CAW, for instance. We were talking about scarring, and I'll tell you, the first time I encountered the CAW in my office, I was scarred. I was emotionally bruised.

So, I'm really pleased to see that. The reason I'm saying that is I'm detecting a new way of thinking when we talk about looking at schooling and what we're looking at in Germany. Is that something that we're starting to see more and more of, where the unions...?

I remember once saying to reps who came that nothing is going to change until we all roll up our sleeves and say, "How can we make this the best company in the world again?" Is that kind of an attitude that's starting to develop in the workforce today?



**Mr. Angelo DiCaro:** I'm assuming you want me to respond to it.

**The Acting Chair (Mr. Dave Van Kesteren):** I'll ask Mr. Reid, too, so you have a few seconds, and then Mr. Reid.

**Mr. Angelo DiCaro:** The short answer is I believe so. I think these are common problems that we're trying to find common solutions for.

One thing I'll raise that's a bit of a disappointment is that some of the forums where there is this kind of collaborative multi-stakeholder dialogue are dying off. These sector councils that existed, Germany on a different model, were built on this kind of labour-government-employer collaborative model. We're seeing funding cuts on these things, and they're just dying away. I think that's going in the wrong direction.

To your point, Chair, I think this is a good thing to do, but in practice we're seeing in some ways on a sectoral basis the opposite actually happening.

**The Acting Chair (Mr. Dave Van Kesteren):** Thank you.

We have run out of time. I'm going to suggest, because we've rushed you through so quickly, if any of you would like to just take two minutes and wrap up what you've been saying, you have that opportunity. Is that acceptable to the rest of the committee?

**Mr. Gerald Keddy:** I have to go. I apologize.

**Mr. Dave Van Kesteren:** All right.

Angelo, if you want to, you could wrap up your comments. You have two minutes.

**Mr. Angelo DiCaro:** I feel like I've taken up too much time as it is with my counterparts here.

I think I've made my point. The essence of our submission here is for the committee to look deeper in terms of the restructuring.

I do want to raise just one point, and that's my only point here, on the issue about retail jobs not being around back then as they are now. In fact, the retail jobs were still the lead employment sector for young people in 1976. There were just fewer of them. Actually, they were typically good jobs. Some of the supermarket jobs were actually very well-paid jobs that people built careers around. That is changing. Too many young people are clumped into these jobs that actually aren't delivering, and I'll emphasize the point, it needs to be considered in your deliberations on this issue. That's my point.

• (1800)

**The Acting Chair (Mr. Dave Van Kesteren):** Thank you.

Sean.

**Mr. Sean Reid:** When we came away from the trip to Germany, the first thing I remarked on, both publicly and privately, was at the federal level there is far more that unites both industry and labour on the skilled trades and the labour shortage than actually divides those who are seriously engaged in the issue. It's at the provincial level where things start to fall apart, and I recognize that the federal government only has certain influence there. But the turf wars that exist at the provincial level with apprenticeship ratios, with trade certification, with new bureaucracy and red tape, is a real problem when it comes to fluid access for the young workers into this system, and the mobility of those workers. I think there definitely is a role

that we would encourage the government to play in convening some harmonization at multiple layers at that level.

**The Acting Chair (Mr. Dave Van Kesteren):** Thank you.

Peter.

**Mr. Peter Pilarski:** I'm actually going to reiterate that comment. The three of us, we often have very passionate disagreements on public policy issues, but in my experience working with Merit, when it comes to workforce development, when it comes to safety, when it comes to any of these kinds of bigger issues, we stand shoulder to shoulder; we work together. I think there's a willingness now more than ever, because everybody recognizes there are definitely big issues out there. I would agree with Sean that the federal government certainly can play a role to try to bring all the players together to have a very mature conversation about some of these issues, and maybe not get into the fray as much.

**The Acting Chair (Mr. Dave Van Kesteren):** Very good.

Thank you.

Jean.

[Translation]

**Mr. Jean Lortie:** I will underline the three crucial elements of a federal strategy designed to improve youth employment. First, there are the working conditions for young people in the workforce. Then, jobs have to be created, meaning that the conditions have to be re-created where all parties, employers, unions and provincial, territorial and federal governments alike, would come together and work as partners in job creation. Finally, we have to find ways to integrate young people into the workforce.

if, in the next 10 years, the federal government, the provinces, the territories, the unions and the employers succeed in working on these three topics in partnership, I think we will have the recipe for success. They have tested it in Germany. We once had it in Canada, but, in the last several years, we no longer do. That is the challenge we have to meet.

**The Acting Chair (Mr. Dave Van Kesteren):** Thank you.

Ms. Moreau.

[English]

**Ms. Monique Moreau:** Thank you.

I want to highlight from our presentation that small businesses do train youth. They are very involved in youth hiring and they do an incredible amount of on-the-job formal training that needs to be recognized by government.

They can be assisted in that by considering things like the EI training credit or the EI hiring credit focusing on youth, keeping payroll taxes stable, and looking at solving this issue of apprenticeship and all the different associated issues that go with having 10 different provincial bodies across the country dealing with that.

**The Acting Chair (Mr. Dave Van Kesteren):** Thank you.

Ms. Anson-Cartwright.

**Ms. Sarah Anson-Cartwright:** When we look at the skills gap you could in fact divide it into an information gap and an experience gap when it comes to young people. On the information side it's getting that labour market information, bearing down, and making sure they're making some choices vis-à-vis the actual opportunities that may transpire in the labour market and in the employment market.

On the experience side we know from Germany and we also know in Canada that the opportunity to have some work-integrated experience, co-op placements and so forth is really valuable to the employability of that graduate. We're seeing that really increase at the university level. It's been part and parcel of colleges and polytechnics, but it is a very valuable piece of getting young people prepared for their workforce entry.

On harmonization, we've heard about the value of that consortia and the opportunities this would provide for training, especially by small business.

I think those are all good ideas.

Thank you.

**The Acting Chair (Mr. Dave Van Kesteren):** They're all very good. Thank you very much.

This has been an excellent panel. I want to thank you for indulging us. Forgive us for making you wait, but I think we've had a great meeting.

That's a wrap.

Thank you all.

The meeting is adjourned.

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