

ONTARIO'S WORKFORCE SHORTAGE COALITION

MISSING
360,000 WORKERS
HELP
WANTED
WE'RE HIRING
HIGHLY SKILLED
LABOUR
NOW

THE CHALLENGE AHEAD: AVERTING A SKILLS CRISIS IN ONTARIO

-360,000



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In 2025, Ontario could face a shortage of 364,000 workers.²

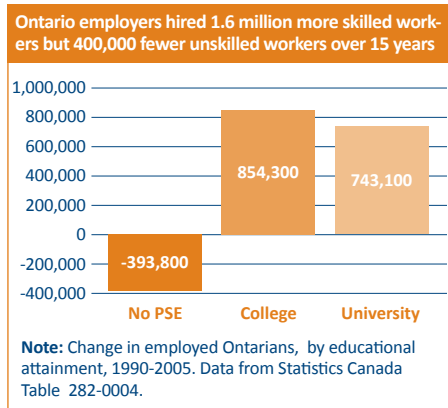
- The Conference Board of Canada

As a first step towards addressing Ontario's serious labour market challenges and to ensure our long-term prosperity, the government must establish a Premier's Skills Council with a mandate to develop a Provincial Skills Strategy.

"56.8 per cent of (Ontario) business leaders polled report that their growth is hampered by labour shortages."³

Over the past 25 years, the Canadian labour force grew by 48 per cent. In the next 25 years, it will grow by only 16 per cent.⁴

"Canada is facing a technical skills shortage, a shortage of unprecedented proportions, with serious implications for our long-term productivity and competitiveness. In today's global economy, talented, motivated and skilled people are the world's most valuable resource."⁵



² Ontario's Looming Labour Shortage Challenges. Sept 25, 2007

³ PricewaterhouseCoopers (PwC) Business Insights Pulse Survey. Dec. 19, 2006.

⁴ TechCanada Roundtable 2007. Canadian Council of Technicians and Technologists.

⁵ TechCanada Roundtable 2007. Canadian Council of Technicians and Technologists.

Thousands of young people in Ontario don't have the necessary skills and education to find a good job, while employers complain they can't fill many positions because they can't find qualified people. In today's workplace, technological change means many people's skills will become obsolete in just a decade, yet significant retraining is hard to find.

A serious and growing skills mismatch is cutting Ontario's growth and contributing to poverty. Without a concerted effort, Ontario's unskilled workers will see their opportunities drop even faster, while employers have even more difficulty in attracting and retaining the talent they need.

Rising skill requirements: Ontario employers have 1.6 million more employees with postsecondary credentials than they had 15 years ago. But they have 400,000 fewer employees without postsecondary credentials.

Shortage of skilled workers: Experienced baby boomers are starting to retire. Within seven years, the number of young adults joining the workforce will flatline, and then drop quickly. The Conference Board of Canada forecasts a shortfall of 364,000 workers by 2025.

Many sectors face skill shortages: mining, manufacturing, construction, food services, retail, environmental industries, transportation, etc.

War for talent looming: The Conference Board of Canada warns that companies are now facing a "war for talent" that will only intensify during the next decade.¹

ONTARIO'S ECONOMIC FUTURE AND ABILITY TO SUSTAIN SOCIAL OBJECTIVES ARE AT RISK:

Slower economic growth: The coming skills shortages, if not successfully addressed, will lead to slower economic growth and an inability to finance growing health care costs.

Government priorities at risk: delivery of health care, environmental priorities, and strategic infrastructure such as electric power generation and distribution, and urban transit expansion would all be affected by labour shortages.

Without effective national and Ontario labour market policies, many sectors will have a tough time getting the workers they need: Small and medium enterprises, manufacturing and resources, electricity, and many service sector employers will be hardest hit.

¹ 2006 Retail Recruitment Survey. Retail Council of Canada



**ONTARIO'S SKILL GAP:
OVER 600,000 ARE NOT WORKING OR WORK PART-TIME INVOLUNTARILY**

At the same time, 600,000 Ontarians do not have the skills to benefit from these job opportunities.

ADDING NEW WORKERS

Unskilled youth unemployment (no postsecondary credential) has averaged 15.5 per cent, compared to 14.1 per cent in the rest of the country and 7.8 per cent for Ontario college graduates (2001-06). *If their employment rate were the same as the rest of the country, 12,000 more young adults would have jobs.*

Unskilled adults: Adult literacy rates are not improving: 40 per cent lack the literacy and numeracy skills they need. *If adults aged 25-64 with high school or less had the same employment rate as those with college credentials, 289,000 more would have jobs.*

RAISING SKILLS AND PRODUCTIVITY OF WORKERS

Adult involuntary part-timers: 319,000 adults aged 25-64 work part time, but can't find a full-time job.

- Ontario's involuntary part-time rate is higher than for peer states.

Internationally trained individuals have much more difficulty in finding jobs which make use of their skills than a decade ago. A recent survey indicated that 66 per cent planned to pursue further education or training upon arrival in Canada, and that 43 per cent had enrolled in at least one training program in Ontario, including language training (68 per cent), postsecondary courses (23 per cent) and job-related courses (nine per cent) ⁶

Workplace learning indicators low: Today's learner will have 10 to 14 jobs by the age of 38, but Ontario has no system in place to ensure they are reskilled for the rapidly changing requirements of tomorrow's workplace.

Skills competitiveness dropping: Canada's score on "efficiency enhancers" - of higher education and training, market efficiency, and technological readiness - dropped from 11th to 15th (World Economic Forum).

⁶ B. Radford. Immigrants and the Role of Colleges. Feb. 13, 2007.

WHAT YOU SHOULD KNOW



If Ontario ensured that the jobless unskilled and the involuntarily under-employed got the education they need to get good jobs, it would be a tremendous boost to our economy.

"Turning to young adults, we have to face the hard facts: If young people do not flourish in academic secondary programs, they need access to a different array of learning and work experiences to get them ready for a good job. And employers have to be ready to create those jobs. We simply cannot afford to lose all this future talent and productivity."

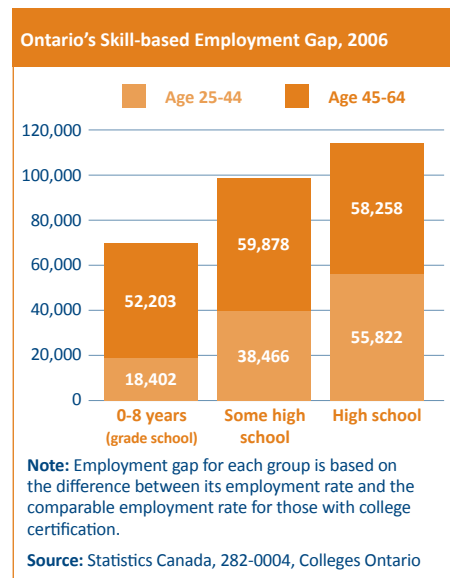
- Judith Maxwell. 2006.

"Labour market policies and organizational practices designed for an era of labour surplus must be reviewed and realigned with an era of labour shortage."

- Conference Board of Canada. ⁷

"While labour issues are emerging as a critical challenge of our time, we continue to see uncoordinated activities and policy-making across the country. We do not see a national vision. Labour market policies and strategies should become the focal point for future economic growth and innovation. It is hard to imagine any economic issue more important in shaping Canada's future."

- Canadian Policy Research Network. ⁸



⁷ Performance and Potential 2005-06—The World and Canada: Trends Reshaping Our Future. ISBN 0-88763-702-7. 2005. p. 131.

⁸ Moving in the right direction. 2007.

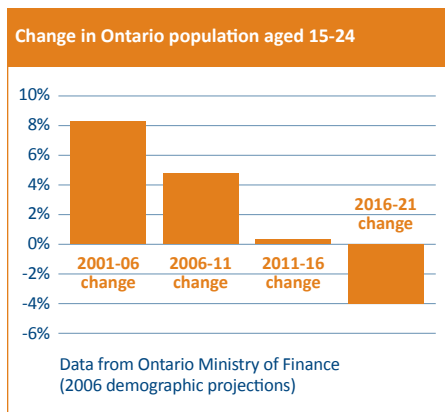


“The single biggest risk Inco faces in creating its new future is the recruitment, development and retention of its most important resource... its people.”¹³

Manufacturing skills requirements by 2020

- Mix of creative problem solving capabilities, technical know-how, business skills, and an ability to interact with colleagues and customers
- Higher degree of technical and technological expertise as production systems become more automated and more interconnected.
- An ability to adapt easily to constantly changing roles in a constantly changing workplace.¹⁴

“The adequate supply of skilled trades is critical to the success of the automotive sector ...as companies look to expand, move to a more intensive use of technology, and where demographic factors point to a bulge of skilled labour retirements over the next decade. It is also critical to new companies thinking of investing in Canada. [Yet] about 1/3 of companies interviewed had, or within the next few years expected to have, trouble recruiting sufficient skilled workers. Twice as many expressed concerns regarding a sector wide shortage.”¹⁵



¹³ Mark Cutifani. The war for talent: an INCO perspective. February 2006.
¹⁴ Canadian Manufacturers and Exporters, Manufacturing 20/20: Building Our Vision for the Future, 2005.
¹⁵ Running Near Empty: Addressing the Skills Shortage in the Canadian Automotive Industry – 2005. The Council For Automotive Human Resources (CAHR).

Over two of every three job openings will be the result of retirements. However, within seven years, the number of young adults will flatline, and after that, will fall quickly. Industries with an older workforce will have difficulty replacing experienced retiring workers, while those dependent on young workers will also be scrambling.

IMPACT ON THE ECONOMY

Mining:

“Employers predict that 24.5 per cent of current workers will retire within 10 years, while 40 per cent of employees surveyed ... indicated they plan to retire.”⁹

Manufacturing:

“If we do not replace the 100,000 retiring manufacturing skills trade workers, the Ontario economy will lose \$34 billion between now and 2020.”¹⁰

Automotive sector:

A shortage of 14,468 industry jobs over the next 10 years.

Food services:

Over the next 10 years, the food service industry will require an additional 200,000 employees as rising disposable income and an aging population lead to greater household spending on food service.

Young people, between the ages of 15 and 24, account for 44 per cent of total food service employment. Given that some operators are already struggling to fill positions, a 7.8 per cent drop in the number of 15 to 24 year olds over the next 20 years will have severe economic consequences.¹¹

Retail:

The number one challenge cited by nearly three-quarters of all retailers surveyed is the task of attracting new employees from a shrinking talent base of suitable candidates.

Financial services:

“Over 25,000 financial services workers (more than 10 per cent of the total industry workforce) are now 55 years of age or older. Replacing those experienced workers who head into retirement and transferring the knowledge that they hold will present an enormous challenge for the industry.”¹²

⁹ Prospecting the Future – Meeting Human Resources Challenges in the Minerals and Metals Industry. 2005. p. ix.
¹⁰ Ontario Chamber of Commerce. Taking Action on Skilled Trades: Establishing the Business Case for Investing in Apprenticeship. September 2005.
¹¹ Help Wanted: The Labour Shortage Crisis and Canada’s Foodservice Industry. Canadian Restaurant and Foodservices Association. June 12, 2006.
¹² Toronto Financial Services Alliance. Talent Matters. 2007.





IMPACT ON PUBLIC PRIORITIES

Health care:

Thousands of health care providers in Ontario are nearing retirement. Over half of the nursing workforce may retire within the next 10 years and more than one-third of physicians in Ontario are over age 55. Given the labour intensity of health care, coupled with the increasing demands of an aging population, this is cause for concern. And already today, there is evidence of significant shortages of health human resource professionals in communities across this province.¹⁶

Strategic infrastructure:

Fifty-thousand workers will be needed to replace retirees in Ontario’s construction industry, and the province will require more than 35,000 additional workers to meet construction demand from 2007 to 2015.¹⁷

Environment:

In the first three years of the new millennium, Canada’s environmental workforce grew at a rate 60 per cent faster than the growth of the Canadian workforce as a whole. The environment sector is currently experiencing a significant shortage of workers, with the appropriate skills and knowledge, to meet its full economic and employment potential.¹⁸

Electric power:

Based on retirement estimates, the sector will need 9,000 people in technical positions in the next three years and more than 17,000 over the next eight years. Over a third of the retirees will be trades related positions. Given that it takes on average four years to develop an apprentice and a further four years to achieve competency, the industry has reached a turning point in workforce development.”¹⁹

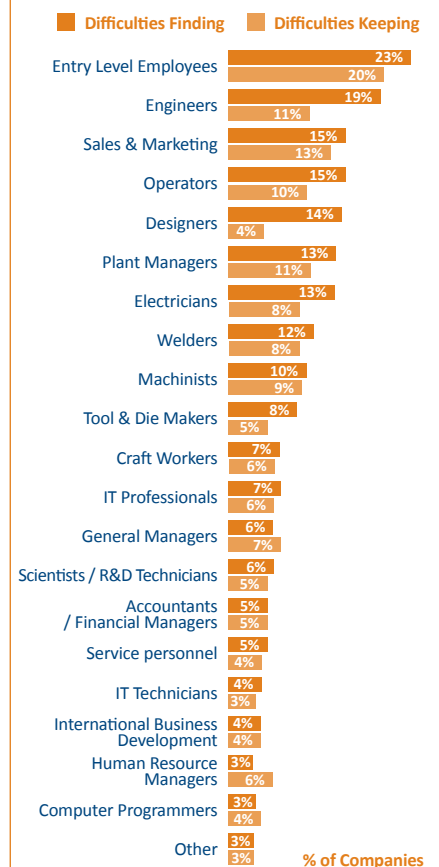
“When labour is tight, safety and quality concerns are top of mind.”²⁰

“Shortages of health care professionals are not just a long-range forecast, they are quickly becoming the reality.”

**- George Smitherman
Minister of Health and Long-Term Care**

“Changes in workplace organization, including re-engineering, teams, incentive pay and employee voice, have been a significant component of the turnaround in productivity growth in the US during the 1990s.”²¹

Skills Shortages



Source: The future of manufacturing in Canada: Perspectives and recommendations on workforce capabilities. Canadian Manufacturers and Exporters. 2006.

²⁰ Ron McGillis, Manager - Safety, Compliance & Contractor Quality at Ontario Power Generation. June 20, 2006.

²¹ Sandra Black and Lisa Lynch. “What’s driving the new economy? The benefits of workplace innovation.” Economic Journal. February, 2004. p. F97.

¹⁶ Inspiring Health Care Innovation. Ontario Hospital Association. 2007.

¹⁷ Construction Looking Forward. Construction Sector Council. 2007.

¹⁸ Who Will Do the Cleanup? Environmental Careers Organization, 2007.

¹⁹ Canadian Electricity Association. “The human resource crisis in the Canadian electricity sector.” 2006.



Employers, especially those in the small and medium enterprise (SME) sector, need a more skilled and flexible workforce as companies scramble to introduce new and niche products.²²

“It is expected that there will be more advancement in technology in the next four to five decades than in the past 450 years.”²³

“Canada has long been a world leader in the application of new technology, and technicians and technologists and other technically skilled professions are key elements in Canada’s productivity and thus its economic success. To maintain this impressive legacy attention needs to be focused on Canada’s emerging skills shortage to ensure that like-minded stakeholders from industry, government and academia are engaged to avert a skilled labour crisis.”²⁴

“More than 70 per cent of all new jobs created in Canada will require some form of post-secondary education...Only 6 per cent of new jobs will be held by those who have not finished high school”.²⁵

²² Meeting the skills challenges of the manufacturing and service sectors in Ontario. The Alliance of Sector Councils, May 24th, 2007.

²³ Kevin Kelly. Speculation on the Future of Science.

²⁴ TechCanada Roundtable 2007. Canadian Council of Technicians and Technologists.

²⁵ Knowledge Matters: Skills and Learning for Canadians, Canada’s Innovation Strategy, 2002. p.8. Industry Canada.

INVESTMENT IN COMPUTERS, COMMUNICATIONS EQUIPMENT AND SOFTWARE (ITC) HAS GROWN AN ASTOUNDING 15 TIMES IN ONTARIO IN TWO DECADES.

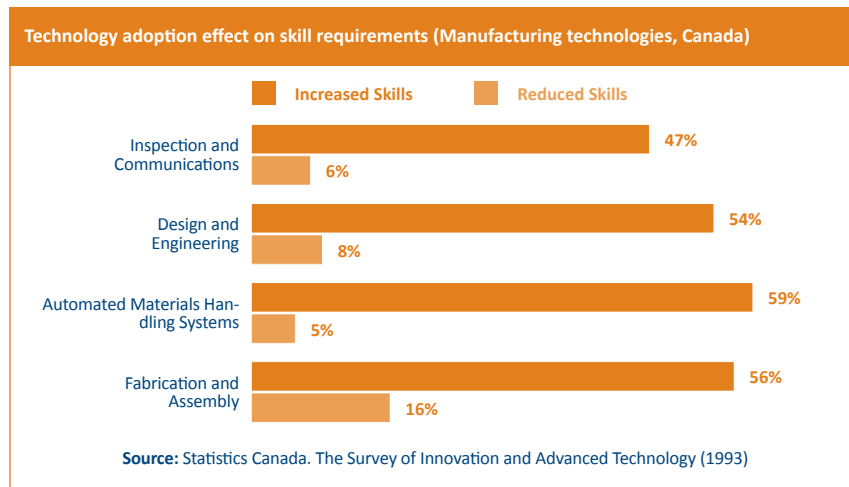
The pressure comes from higher engineering and production standards, e-commerce, communications and graphics. And it comes from rising social aspirations, such as better health care and environmental regulation.

THE TECHNOLOGICAL REVOLUTION IS CREATING NEW OCCUPATIONS AND TRANSFORMING EXISTING OCCUPATIONS ALMOST DAILY.

Half of the jobs in the next 15 years will require the ability to use technology not yet invented. It is transforming the workplace, making continuous productivity improvement based on more educated workers essential. The ICT revolution is:

- Raising skill requirements much more frequently than it is lowering them.
- Creating a flood of new occupations and new requirements for existing occupations.
- Requiring educators to transform their programs: Ontario’s colleges alone have introduced 200 new or substantially revised programs in the past two years.

Without an effective Ontario skills strategy, the best jobs will go to the US, China, India and elsewhere.



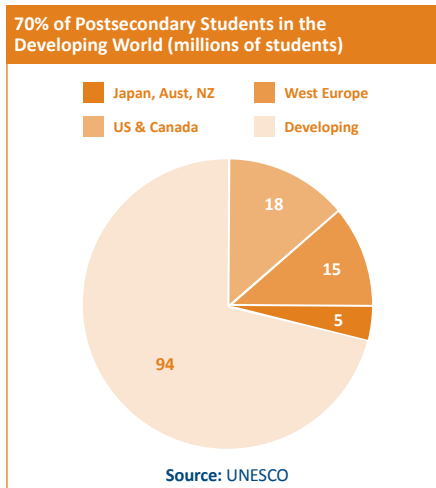


ASIAN WORKPLACES ARE TRANSFORMING QUICKLY DUE TO RISING SKILL LEVELS AND TECHNOLOGY:

- With 70 per cent of total postsecondary enrolment in developing countries, the number of honours postsecondary students in China and India exceed the number of postsecondary students in the US and Canada.
- Asia now has almost twice as many Internet users as North America, and is the fastest growing market for computers.
- Each month, India adds over six million cell phones – equal to Ontario’s total workforce.

AS A RESULT, ASIA IS BECOMING A FORMIDABLE HIGH-TECH COMPETITOR:

- China, the world’s largest exporter to the US, is now the world’s largest high-tech exporter to the US. It sells five times the high-tech products to the US as does Canada.
- India’s IT service exports are growing at an exceptional pace.



It is critical that Ontario adopt an effective skills strategy to ensure that Ontario employers have the workers they need to compete in a tougher global market.

As bright, motivated, tech-savvy Asian postsecondary graduates flood global labour markets, Ontario employers will require higher-skilled workers to compete effectively.

Two of the economic forces at work in Ontario are pushing employers in a single direction. The impact of the higher Canadian dollar and the arrival of new low cost competition from the developing world have encouraged employers to adopt new technologies that require higher levels of workforce skills.²⁶

“The effective global labour force has risen fourfold over the past two decades.”

- International Monetary Fund

“The emergence of China, India, and the former Communist-bloc countries implies that the greater part of the world’s population is now engaged, at least potentially, in the global economy. There are no historical antecedents for this development.”

- Ben Bernanke
Chair, Federal Reserve Board. 2006.

“The capacity to harness these technologies has enabled countries to quickly advance up the technology ladder.”

- World Bank, 2007.

²⁶ “Meeting the skills challenges of the manufacturing and service sectors in Ontario.” The Alliance of Sector Councils, May 24th, 2007.

IT'S TIME TO ACT

The future of Ontario's economy is dependent upon our human resources.

In the coming years, Ontario faces a looming serious skills shortage as greater numbers of workers prepare to retire and fewer young people enter the workforce. Even today, many of Ontario's most promising young people are being lured to positions in western Canada's hot job market – a trend that is expected to continue.

Yet hundreds of thousands of young people in Ontario don't have the necessary skills and education to find a good job.

Many businesses, associations and trade councils have raised alarms about this challenge, including the premiers of all of the provinces in Canada, and yet no concerted, coordinated action has followed these calls.

Ontario, and Canada, must address these serious labour market challenges to ensure our long-term prosperity.

WHAT NEEDS TO BE DONE

Without effective national and Ontario labour market policies, many sectors will have a tough time getting the workers they need: small and medium enterprises (SMEs), manufacturing and resources, electricity, and many service sector employers will be hardest hit.

As a first step towards addressing Ontario's serious labour market challenges and to ensure our long-term prosperity, the government must establish a Premier's Skills Council with a mandate to develop a Provincial Skills Strategy.