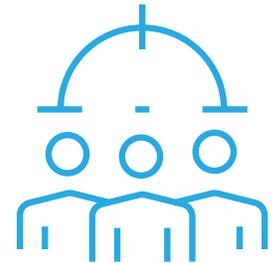


10 INDISPENSABLE SOLUTIONS

to Quebec's Labour Shortage



As of March 31, 2021, Quebec had more than 181,000 job vacancies. That's 5.1% of all of the province's job positions, a new Canadian record. These aren't just numbers. Concretely, this means businesses are delaying investments and turning down contracts while employees work more hours to cover the load. There is growing risk that business activities and jobs will have no choice but to relocate.

The province's aging demographics is the main driver of this shortage, and this problem is here to stay until at least 2030. This crisis is also changing the face of the labour market by eliminating many low-skilled jobs while at the same time creating new ones that call for increasingly specialized skills. Based on March 2021 numbers, 296,400 Quebecers were looking for work. More than ever, we need to bring them back onto the job market.

Employers have been deploying solutions —salary increases, more job benefits, hiring bonuses, novel social initiatives— but these won't take us where we need to go. This isn't a wait-it-out kind of problem. Quebec's prosperity hangs in the balance of this labour shortage, here and now.

There is consensus among employers that the three ingredients needed to generate the fastest results are training, innovation, and increasing the labour pool. Combined, these three solutions can help prop things back up. Using these as its starting point, the CPQ concretely outlines ten solutions to help the economy overcome this hurdle.

Let's also mention that none of these solutions are able to resolve the labour shortage on their own. Despite the high number of prospective workers, each solution has its own set of constraints. Training initiatives have their limits and certain resistance rightly exists in terms of working conditions, the feasibility of interregional mobility, not to mention the individual preferences of workers. These ten solutions are therefore proposed as a set, each to be implemented in concert with the rest.¹

¹ Braham, Homsy, *Formation et mobilité de la main-d'œuvre : Le Québec prêt pour l'avenir ?*, 2021.

1

PROMOTE THE VIRTUES OF EXCELLENCE IN INNOVATION AND THE TECH SHIFT



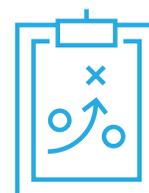
Risk taking, innovation, and business investments are key to the economic relaunch and the right business, fiscal, and regulatory environments must be in place to support these. Quebec businesses need to massively invest in new technologies, in automation, and in robotization if its productivity is to compete with other provincial and international leaders in this respect. We know, however, that the digital shift and the robotization of the economy will mean the end of certain jobs, often those involving repetitive tasks, and will create new jobs that require more advanced skill sets. A number of studies suggest that 80% of digital investment projects are doomed to fail if they are not supported by the necessary training programs that can upgrade the labour force's tech skills. To redress this problem, the CPQ recommends solutions that include making labour needs central to economic development strategies and synchronizing income support and training initiative measures.

PROPOSED MEASURE

Automatically pair government-funded investment projects with training programs through major economic project initiatives (known as Projets économiques d'envergure) through the Quebec labour market partnerships commission's Workforce Skills Development and Recognition.

2

IMPROVE LITERACY AND NUMERACY AMONG WORKERS



Nearly one out of two people in Quebec significantly struggle with their reading skills which makes training and reskilling rather complex. Inescapably, the tech shift calls for literacy training as much for workers as those looking for work. Offering them dignified opportunities to learn to read and write opens more doors to them in terms of basic and high-quality employment. For large businesses, such training could be funded in part by Quebec's Workforce Skills Development and Recognition Fund. For smaller businesses, a special fund geared specifically for this type of training could be set up by the Employment Ministry to cover some of the salary costs of employees being replaced while they pursue training.

PROPOSED MEASURES

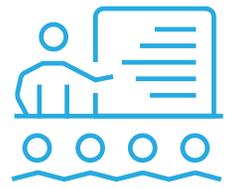
Make the Literacy Foundation's Info-Alpha and Adult Learnline initiatives available in the workplace to help refer workers seeking new skills towards training programs that meet their needs. Ensure that literacy training qualifies for full government reimbursement through a new program similar to the Renewed Prosperity Through Greater Training Program (known as PARAF).

POTENTIAL MARKET

A million people, aged 18 to 65, struggling with illiteracy.

3

MAKE THE BUSINESS PLACE A TRAINING GROUND



The world of employment is changing, and qualified labour is still much too rare to the point where 30% of employers are now willing to undertake human resource training themselves² so long as they get support funding for it. We must innovate in terms of workplace training and take cues from the kinds of business cultures where it is already successful. Workplace buddy systems, work-study programs, and improved educational services offered to employers and through sectoral associations are great models to follow. Upgrading programs such as the MFOR-E (labour training measures geared towards businesses), the COUD (geared towards short-term training), and the PAMT (geared towards workplace learning) could certainly ease the burden for employers seeking to develop their existing human resources.

PROPOSED MEASURES

- Increase eligible salary reimbursements from the MFOR-E program from 50% to 75%.
- Increase the maximum eligible pay rate from \$25 an hour to \$35 an hour.

4

ATTRACT AND RETAIN SKILLED, EXPERIENCED WORKERS



Despite recent improvements, the employment rate of 60- to 69-year-olds in Quebec is lower than it is in Canada, and even more compared to Ontario. In 2020, the gap between Quebec and Ontario's employment rate for this group was 6.6%, which represents 75,200 jobs. It appears more than justifiable to upgrade the scope of the business tax credit aimed at keeping experienced workers on the job as well as the individual tax credit aimed at keeping these workers active on the job market past the age of retirement. But it will take more than fiscal measures to truly keep experienced workers on the job. Employers must also wrestle with how best to manage work hours as well as manage the increase in the cost of group insurance.

PROPOSED MEASURES

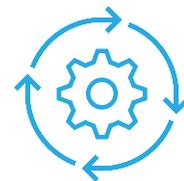
- Increase Quebec's Tax Credit for Career Extension to \$20,000.
- Revise Quebec Pension Plan contributions rules for workers over 60.

POTENTIAL MARKET

75,000 Quebecers (to keep pace with the participation rate of 60- to 69-year-olds in Ontario)

5

MAKE EMPLOYMENT INSURANCE A TRAINING STRATEGY



The Canadian government will be undertaking an in-depth reform of its employment insurance (EI) program to bring it in line with the realities of 21st-century employment. What better time than to implement new, proactive measures to encourage unemployed workers to undergo training between job opportunities. This would allow workers leaving sectors in decline to reskill and enter sectors experiencing growth, or allow workers staying inside their sector to upgrade their skills in order to take on more complex tasks. EI should also assist employers with their training initiatives as these avoid their skilled employees finding themselves out of work.

PROPOSED MEASURES

Consider EI recipients who turn down training opportunities as turning down employment.

Grant employers who offer employee training programs EI premium reductions, much like the EI Premium Reduction Program for employers who offer short-term disability insurance plans.

POTENTIAL MARKET

287,900 EI recipients in Quebec over the age of 25 (per figures from April 2021)

6

ADAPT PROGRAMS FOR YOUTH NOT IN EMPLOYMENT, EDUCATION, OR TRAINING



Concrete measures are needed to kickstart the participation of 17- to 34-year-old NEET youth (i.e., those not engaged in employment, education, or training), notably since they represent 54% of the 1.4 million jobs needed on the next decade's labour market. As diverse as this pool of prospective workers is, Emploi-Québec's programs and measures must become increasingly personalized for them and their future employers if we are to achieve sustainable job market integration. The education sector must also enable better access to learning and training for this group, including offering them opportunities that respond to their stated aspirations, and creating smaller, more personalized cohorts to better serve their needs.

PROPOSED MEASURE

Create small cohorts in general adult education, professional training, and college-level continuing education by offering part-time programs and by enabling work-study initiatives.

POTENTIAL MARKET

Quebec's **200,800** NEET youths

7

RAMP UP DIVERSITY AND INCLUSION



Despite recent progress, finding work remains more challenging for those who are racialized, have disabilities, or have criminal records, and the same is true for Indigenous peoples and those from the LGBTQ+ community, particularly when it comes to finding work that matches their job skills. Though measures exist, they are siloed for each of these groups, forcing employers seeking to increase workplace diversity to concurrently manage numerous different programs.

PROPOSED MEASURE

Create an EDI (equity, diversity and inclusion) single-point-of-service unit where employers can find all government funding measures and programs, all employment assistance organizations working with those who face labour market integration obstacles, and HR specialists trained to help employers. This would optimize the use of existing services and encourage businesses, through financial incentives, to call on EDI advisors to help build diversity and inclusion in their workplaces.

POTENTIAL MARKET

238,000 people (based on Emploi-Québec estimates that increasing the participation rate of 15- to 64-year-olds could help fill **17%** of jobs vacancies over the next five years).

8

TACKLE THE POOR RECOGNITION OF PRIOR SKILLS AND EXPERIENCE



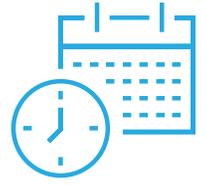
A number of appreciable efforts have been made over recent years, including the new Qualifications Québec web portal. Regrettably, much of the value of out-of-province training and work experience still goes unrecognized. This forces a good number of immigrant workers back to the bottom of the career ladder. The skills of Quebec-born workers who gained experience through informal apprenticeships also fail to be fully recognized. Educational institutions, employment assistance organizations, and employers could increasingly work more closely together to certify more members of the workforce, particularly in trades and professions known to have long suffered from labour shortages.

PROPOSED MEASURE

Mobilize the business assistance service centres established in educational institutions and CEGEPs to assist employed workers and establish skills and competency recognition criteria and offer complementary training in line with work-study programs.

9

BRING THE TFWP INTO THE 21ST CENTURY



Canada's Temporary Foreign Worker Program (TFWP) allows employers to more promptly meet their labour needs than do permanent resident programs. Quebec's work experience program (Programme de l'expérience québécoise, or PEQ) –which lets temporary foreign workers, under certain conditions, obtain a selection certificate (Certificat de sélection du Québec) towards becoming permanent Canadian citizens— has in fact become Quebec's main economic integration tool. Yet, the TFWP is still quite inflexible and urgently needs an upgrade in light of the current realities of the employment market.

PROPOSED MEASURES

Exempt businesses recruiting from trade labour pools with known shortages (per the Quebec Labour Ministry's assessments) from the job market impact study requirement.

Abolish the 10% cap for businesses who hire of temporary workers. Increase the length of temporary work permits from one year to two years.

10

ADJUST IMMIGRATION LEVELS TO MEET LABOUR FORCE NEEDS



According to the 1991 Canada–Québec Accord relating to Immigration and Temporary Admission of Aliens, Quebec sets its own annual quotas when it comes to welcoming foreign nationals to the province. Since 2015, the number of admitted immigrants has never risen above 53,000, even if labour estimates say that at least 60,000 are needed. Worse is that this number has been consistently falling since 2017. The result is that the labour shortage is worsening and the backlog of pending immigration requests at the federal level has exploded. These quotas must be increased, and quickly. Wait times need to be shortened and jobs need to be filled. Instead of working with a fixed, conceptual figure, immigration quotas should be adjusted annually as a function of employment needs and in keeping with the number of immigrants arriving in Canada's economic ecosystem. This could allow Quebec to remain an attractive new home for talent pools from abroad.

Employment is known to be an excellent social, economic, and linguistic integration strategy. Salary levels cannot act as barriers to entry. The economy relies on a diversity of work and tasks that call for a range of salary levels. If the economy is a chain, weakening any of its links ultimately compromises its strength.

PROPOSED MEASURES

Remove employer restrictions in terms of recruiting labour from the skilled workers applicant pool on Immigration Québec's Arrima web portal. Establish annual economic immigration quotas based on job vacancy rates. Set annual immigration quotas as a percentage of the number established by Canada as to stay in keeping with Quebec's demographic weight.