

Unifor Presentation to the Standing Committee on Finance

Youth Employment Study



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Submission by Unifor

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2 April 2014

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Good morning Chair and members of the Committee.

My name is Angelo DiCaro. I am 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 our economy.

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We appreciate the opportunity to address this Committee today on an issue that, if not taken seriously or dealt with meaningfully, will have lasting consequences for young Canadians.

On the surface, the issue is about youth unemployment. There are more than 382,000 young Canadians (between 15 and 24 years old) who fall into this category. Ostensibly, the solution to this problem is to help these 382,000 people find work. However, and as previous presenters has 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 employment rates sit at historic lows – a reflection of young people simply giving up and exiting the labour market altogether.

The 'under-employment' 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 instead of part-time) is another metric that digs deeper into youth labour market challenges, but is very rarely reported.

Currently, 1 in 5 young Canadians are considered 'under-employed' by this measure.¹

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Equally as important to this Committee's analysis must be the foundational restructuring of Canada's job market over the past generation, and the impact that's had on young Canadians.

Of the 17 major economic sectors in Canada's economy, 7 have turned out net job gains for young workers since 1976 (see Appendix).² Of those 7 (which include construction, technical services, business services and recreation) the two that have yielded the biggest job gains are retail and wholesale trade and hospitality sectors. In fact, today half of all young workers in Canada are employed in either of these two sectors. In 1976, that number was far more modest - about 1 in every 4.

The average hourly wage for young workers in the retail and hospitality sectors is less than \$12 – the lowest in our entire economy³ and that's 20% less per hour than other sectors.⁴

As a result of this restructuring, more young workers today find themselves in low-wage jobs than they had a generation ago. This is a serious problem, as the expenses many young people are expected to bear (e.g. housing rent and tuition) continue to rise. Average student debt in Canada, for instance, is \$37,000.⁵

Young workers are also far more likely to work in part-time and precarious jobs today than they've ever been. A generation ago, 21% of young workers held a part-time job. Today, that number has jumped to 48%⁶ - most of which are between 20-34 years old.

¹ Labour Force Survey, supplementary unemployment rates (table 282-0086)

² Unifor research based on Labour Force Survey estimates, CANSIM table 282-0008

³ Labour Force Survey estimates, CANSIM table 282-0072

⁴ Weighted average of hourly wage rates, using LFS estimates (CANSIM table 282-0072)

⁵ "Students' Vision: The Future of Ontario's Post-Secondary Education System," Canadian Federation of Students–Ontario, September 2012, page 25 <http://cfsontario.ca/downloads/CFS-2012.10-StudentsVision.pdf>

⁶ Labour Force Survey estimates, CANSIM table 282-0002

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.⁷

However, the number of young workers who are "involuntarily" working part-time, citing business conditions as the reason they can't get full-time, has risen (over the same time period) by 231% - seven times faster than growth in 'voluntary' part-timers.

Is it any wonder that more than 150,000 young workers hold more than one job?⁸ Is it any wonder that nearly 43% of all young Canadians still live with their parents (compared to just 27% in 1981)⁹?

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 that more factory jobs will cure what ails our country's youth unemployment crisis. I am also not saying that 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, has 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.

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⁷ Unifor research based on Labour Force Survey estimates, CANSIM table 282-0014

⁸ Labour Force Survey estimates, CANSIM table 282-0031

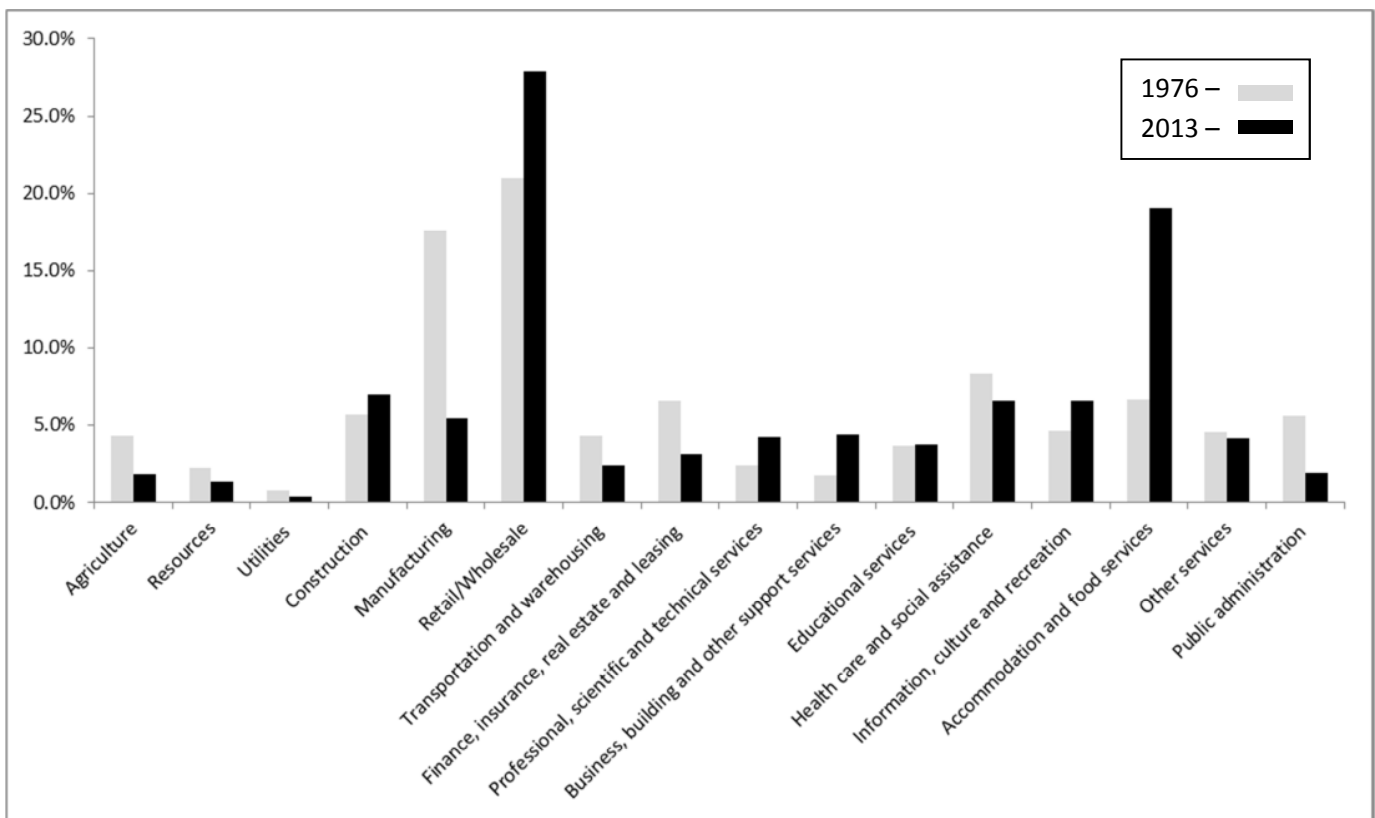
⁹ Statistics Canada, "Living Arrangements of Young Adults aged 20 to 29," Catalogue no. 98-312-X2011003, September 2012.

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 have provided above:

- ***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 dialogue in Canada's retail sector or in its hospitality sector, involving businesses, government (both federal and provincial), labour unions and others. The Councils' aim should focus on establishing benchmark standards for work hours, overtime, scheduling practices as well as the provision of accessible on-the-job skills training (especially for young workers) that includes basic, transferrable skills as well as sector-specific skills.
- ***Ensure a portion of jobs created through future public infrastructure projects be allocated to young workers.*** Thresholds for youth employment should be determined on a project-by-project basis (with coordination by government, labour and community representatives) and should at minimum match the percentage of young workers in the labour force.
- ***Strengthen federal wage subsidy programs; encourage permanent/long-term employment.*** There are 77 current wage subsidy programs on offer to businesses across Canada – 14 of which target young workers (or graduates) and are accessible to business in all jurisdictions. Not one of these programs is explicitly designed to encourage permanent or long-term job creation, and cater mostly to apprenticeship, temporary or seasonal hiring. Wage subsidy programs should be strengthened by better incentivizing business to hire young workers into permanent, stable jobs. Accountability of outcomes should be regularly assessed by the federal government, in coordination with provincial and territorial agencies, to ensure job market objectives are being met.

Appendix

Changing Composition of Youth Employment in Canada, % Share of Labour Market (1976-2013)



Source: Statistics Canada, Labour Force Survey (CANSIM tables); sectors categorized using NAICS

Changing Composition of Youth Employment in Canada (1976-2013) and Average Hourly Wages

	Labour Market Share (15-24yrs)		Average Hourly Wage (2013)
	1976	2013	
Emp Growth Sectors			
Construction	5.7%	7.0%	\$18.40
Retail/Wholesale	21%	27.9%	\$11.90
Professional, scientific and technical services	2.4%	4.3%	\$17.40
Business, building and support services	1.8%	4.4%	\$13.70
Information, culture and recreation	4.6%	6.6%	\$13.50
Accommodation and food services	6.6%	19%	\$11.60
Education	3.7%	3.8%	\$15.29
Weighted Average Wage			\$13.20
Emp Decline Sectors			
Agriculture	4.3%	1.8%	\$13.05
Forestry, fishing, mining, quarrying, oil and gas	2.2%	1.4%	\$23.35
Utilities	0.8%	0.4%	\$22.89
Manufacturing	17.6%	5.4%	\$16.01
Transportation and warehousing	4.3%	2.4%	\$16.03
Finance, insurance, real estate and leasing	6.6%	3.1%	\$15.81
Health care	8.3%	6.6%	\$17.32
Other services	4.6%	4.2%	\$14.11
Public administration	5.6%	1.9%	\$16.71
Weighted Average Wage			\$16.33
<i>Source: Statistics Canada, Labour Force Survey (CANSIM), Unifor Research</i>			

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