



Unlocking potential:

Breaking down barriers to work across all ages



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Executive summary

Purpose of the submission

Labour shortages are still hitting small businesses very hard. They have forced business owners to work more hours as well as miss out on sales and growth opportunities. To address this issue, we tried to identify barriers to work for different age groups and provide targeted solutions to address them. We focused on those already present in Canada. Our recommendations are based on best practices from Canadian jurisdictions and abroad.

Key takeaways

- Youth (15 to 24 years old) - allow youth to attend school while gaining work experience. We recommend considering:
 - Increasing the prevalence of high school credits for work-integrated learning (WIL).
 - Expanding vocational education and training (VET), especially apprenticeships, and making it more accessible for high school students.¹
 - Improving VET perception in Canada.
- Core-age workers (25 to 64 years old) - may face disincentives to work or work more hours as a result of government program design, limited housing near their workplace, scarce childcare spots, or limited licence and certification recognition between provinces. We recommend considering:
 - Designing government programs and benefits in a way that does not create disincentives to work.
 - Increasing accessibility of housing to enable people to live closer to their workplace.

- Increasing accessibility to childcare services outside the traditional 9-5 within the existing Early Learning and Childcare Agreements.
 - Facilitating labour mobility across provincial boundaries.
- Older persons (65 and over) - provide fiscal, financial, or social incentives for them to retire later. We recommend considering:
 - Basing the age credit amount only on age.
 - Allowing for unlimited actuarial adjustment for public pensions, with no age limit.
 - Rebasing the Canada Pension Plan (CPP) basic exemption amounts.
 - Offering a career extension tax credit.
 - Fostering retraining.

Introduction

Canada's economy is being crippled by labour shortages. In the third quarter of 2023, the private sector job vacancy rate, which is the number of vacant positions as a proportion of labour demand (the sum of filled and vacant positions), was 4.2%.² In total, the Canadian private sector was trying to fill over 550,000 vacancies. While the vacancy rate decreased in the third quarter of 2023, it remains historically high. Particularly affected are employers in the retail, construction, and hospitality sectors. In fact, in November, 53% of Canadian small business owners stated that labour shortages are hindering the growth of their business, marginally exceeding the historical average of 50%.^{3,4}

Labour shortages can impact businesses on various fronts. Owners may need to work an increasing number of hours or lose revenue.^{5,6} The financial consequences are very significant: approximately 27% of business owners said that they have had to turn down

¹ Education and training programs designed for, and typically leading to, a particular job or type of job. These programs normally involve practical training as well as the learning of relevant theory.

² CFIB, Monthly Business Barometer - November 2013-November 2023.

³ CFIB, Small businesses in Canada hit hard: The big financial toll of labour shortages, Laure-Anna Bomal, 2023.

⁴ CFIB, Business Barometer, September 2013-September 2023.

⁵ Ibid.

⁶ CFIB, The 8-day workweek: The impact of labour shortages on the number of hours worked by Canada's small business owners, Laure-Anna Bomal, 2023.

sales or contracts, while 17% have had to postpone the timing of existing contracts.⁷ These decisions to forgo or postpone revenue-generating opportunities represent over \$38 billion in missed opportunities for Canadian small businesses. That is why the issue of labour shortages needs to be addressed. Labour shortages result in costs to businesses and the overall economy.

Labour shortages are not a new issue, and there is no one solution. While the aging of Canada's population, combined with a low fertility rate, is a source of concern, the improved health of many seniors strengthens their ability to work.^{8,9,10} Moreover, a better integration of youth in the labour market could also ease the pressure on business owners' shoulders.

Given the demographic realities of Canada, how can we ensure that all those who are willing to work neither perceive nor experience any barriers to work? This report will identify solutions to better integrate those of all ages into the labour force by drawing from best practices from Canadian jurisdictions and around the world. The barriers and recommendations outlined in this white paper are primarily centred around individuals currently residing in Canada, including citizens and permanent residents. We do not address the topic of immigration.

Finally, we focus on providing broad, general recommendations with a national perspective. Some Canadian jurisdictions may have already implemented programs similar to those discussed in this paper.

Youth (15 to 24 years old)

Youth represents a major potential workforce. In August 2023, the labour force participation rate for youth (aged 15 to 24) was 65.0%, compared to 88.6% for core-age workers (aged 25 to 64).¹¹ Increasing workforce participation among youth could help alleviate part of the labour shortages faced by employers.

Business owners are open to hiring youth. In September 2022, 43% of business owners stated that they had hired young workers within the preceding 12 months.¹² Nonetheless, they still face difficulties recruiting them. Among those who attempted to hire young workers but received no applications, 71% cited the challenge of finding candidates or applicants as their primary barrier. Governments and educational institutions can play a larger role in encouraging youth participation in the labour force.

Combine school and work, even in high school

In 2021, most young Canadians were enrolled in school. Enrollment rates for education among youth were 75% for 15-19-year-olds and 37% for 20-24-year-olds.¹³ Education should not be discouraged. Rather, work experience could be better integrated and recognized as part of the curriculum. It should be noted that studies have found no negative consequences of working while enrolled in high school.¹⁴

From high school through university, approaches that better integrate work experience as part of the academic curriculum enable students not only to progress in their studies, but also to get acquainted with expectations in the workplace and develop work-related skills

⁷ CFIB, Your Voice Survey, February 2023 & April 2023, n = 5,254.

⁸ Statistics Canada, An aging population, 2016. Accessed in September 2023. <https://www150.statcan.gc.ca/n1/pub/11-402-x/2010000/chap/pop/pop02-eng.htm>

⁹ Statistics Canada, Fewer babies born as Canada's fertility rate hits a record low in 2020, 2022. Accessed in September 2023. <https://www.statcan.gc.ca/o1/en/plus/960-fewer-babies-born-canadas-fertility-rate-hits-record-low-2020>

¹⁰ University of Toronto Press, Health and capacity to work of older Canadians: Gender and regional dimensions, Kevin Milligan, Tammy Schirle, June 2018. Accessed in September 2023. <https://www.utpjournals.press/doi/abs/10.3138/cpp.2017-028>

¹¹ Statistics Canada, Labour force characteristics by age group, monthly, seasonally adjusted, August 2023. Accessed in September 2023. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028702>

¹² CFIB, Your Voice Survey, September 2022, n = 3,342.

¹³ OECD database, Education at a Glance, Enrollment rates by age group, 2021. Accessed in September 2023. <https://stats.oecd.org/>

¹⁴ Journal of Labor Economics, Is high school employment consumption or investment?, pp. 735-776, Christopher J. Ruhm, 1997. Accessed in September 2023. https://www.nber.org/system/files/working_papers/w5030/w5030.pdf

(time management, client service, teamwork, communication, etc.). Research has shown that combining work and school improves labour market outcomes and earnings.^{15,16}

Work-integrated learning (WIL) serves as a powerful platform, connecting employers with potential new employees and facilitating seamless access to talent recruitment. Business owners who had participated in WIL programs were largely positive about their experience. The majority of small business owners (69%) said they were more satisfied with hiring students through this method than through other types of hiring and 76% said the process was easy and straightforward.¹⁷ About 72% of our members would support policies requiring high school students to complete some of their academic studies in a workplace (WIL placements, co-ops, etc.) to enhance job readiness and help alleviate labour shortages.¹⁸

At the high school level, providing optional credits for employment experience can be a great way for young Canadians to participate in and begin to join the labour force. In Alberta, Career Internship 10 was specifically created to assist students and equip them with fundamental workplace readiness skills deemed essential for pursuing careers in trades, technology, or services. The course can be offered for 3, 4, or 5 credits, which are counted toward the requirements for an Alberta High School Diploma.¹⁹ To successfully complete the course, students must spend a minimum of 25 hours per credit in a workplace setting and meet the specified standards for both general and specific outcomes. General outcomes include the development of employability and workplace skills, while specific objectives vary depending on the nature of the job.²⁰

Alternatively, governments could require students to complete a number of work or volunteer hours in order to graduate—for example, in Ontario, high school students need to

complete a minimum of 40 hours of community involvement activities as part of the requirements for an Ontario Secondary School Diploma.²¹ Italy also introduced a compulsory work-based learning program for the two final years of upper secondary education. Students enrolled in general education have to complete 200 hours of work and they are benefiting from this program. In fact, 10% of the students involved in the mandatory work experience in Tuscany later became employed in the business where they spent their time.²²

Implementing the aforementioned recommendations could significantly enhance labour force participation rates among youth.

Introduce vocational education and training (VET) elements in high school

Vocational education and training (VET) includes education and training programs designed for, and typically leading to, a particular job or type of job. It normally involves practical training as well as the learning of relevant theory.²³

According to the OECD, Canada appears as a top country in general education, but significantly lags behind other OECD countries in VET. While the OECD average enrollment in vocational upper secondary programs was 44%, Canada's enrollment stood at a low 9%.²⁴

It should be noted that in most OECD countries, VET students are usually between 15 and 19 years old, which is the age of upper secondary education. Except for Quebec, Canada has a comprehensive high school system with a relatively limited vocational element.²⁵ Vocational training mostly takes place in tertiary education institutions like colleges,

¹⁵ Economics of Education Review, In-school work experience and the return to two-year and four-year colleges, C.J. Molitor, D.E. Leigh, 2005. Accessed in September 2023. https://www.researchgate.net/publication/4837083_In-school_work_experience_and_the_returns_to_two-year_and_four-year_colleges

¹⁶ Frontiers in Sociology, The relationship between work during college and post college earnings, Daniel Douglas, Paul Attewell, 2019. Accessed in September 2023. <https://www.frontiersin.org/articles/10.3389/fsoc.2019.00078/full>

¹⁷ CFIB, Youth Employment Survey, 6,398 responses, May-June 2018.

¹⁸ CFIB, Your Voice Survey, September 2023, n = 2,450.

¹⁹ Education Alberta, Career Internship 10, 2011. Accessed in September 2023.

<https://education.alberta.ca/media/160356/carintern.pdf>

²⁰ Alberta government, Off-campus education, 2023. Accessed in September 2023. <https://www.alberta.ca/education-guide-off-campus-education>

²¹ Ontario government, Policy/Program Memorandum 124, September 2023. Accessed in October 2023.

<https://www.ontario.ca/document/education-ontario-policy-and-program-direction/policyprogram-memorandum-124>

²² Economia & lavoro, Alternanza scuola-lavoro: un bilancio preliminare a un anno dall'attuazione, Rivista di politica sindacale, sociologia e relazioni industriali, C. Maisto, F. Pastore, Vol. 1, pp. 133-146, 2017.

²³ OECD, Learning for jobs: OECD policy review of vocational education and training, p. 18, 2009. Accessed in September 2023. <https://www.oecd.org/education/skills-beyond-school/43898225.pdf>

²⁴ OECD, Education at a Glance, p. 161, table B1.3, 2018. Accessed in September 2023. https://www.oecd-ilibrary.org/education/education-at-a-glance-2018_eag-2018-en

²⁵ OECD, OECD reviews of vocational education and training: A skills beyond school commentary on Canada, 2015. Accessed in September 2023. <https://www.oecd.org/education/a-skills-beyond-school-commentary-on-canada.pdf>

institutes, and polytechnics, or apprenticeships, typically at the post-secondary level. Thus, the Canadian apprenticeship system has catered more to adults than youth, as evidenced by the average age of apprenticeship registration, which stands at 27 years old.

As the vast majority of our members agree (84%), skills development in specific trades and vocational fields should be enhanced by introducing a vocational education and training (VET) stream into the high school curriculum.²⁶

In France, when you enter grade 10, you can choose between three different streams, including a vocational program called *lycée professionnel*. The first year focuses on developing fundamental skills, along with introducing vocational subjects aligned with skills in a specific professional area from 14 trade groups. Students choose a specialization at the end of the first year. The second year emphasizes career guidance for professional integration and involves project-based assignments, promoting vocational and soft skills, as well as community interaction. The 2-year program results in a professional skills certificate (CAP), which qualifies holders for various roles in industrial, commercial, service, and agricultural sectors. The 3-year program, which results in a *baccalauréat professionnel*, extends to over 100 professions and advanced technician programs. About one third of the program involves studying subjects. The rest is practical training at a company with a mentor, where students are considered apprentices.

To encourage greater participation among youth in trade careers, Australia has implemented a “school-based apprenticeship” program.²⁷ The program integrates the secondary school curriculum with paid work experiences and both on- and off-site vocational training. Students in grades 10 to 12 allocate between 7.5 and 15 hours per week to their employer, while dedicating the remaining time to attending school.²⁸ As part

of this program, students pursue a Certificate II or III. These certificates are earned at the upper secondary level and can be national entry-level qualifications for certain occupations. Typically, the successful completion of the program extends beyond grade 12, enabling students to fully attain these certifications. The program's popularity is on the rise, with a 16% rise in student participation between 2016 and 2017.²⁹

Some Canadian provinces have taken positive steps toward implementing such a system. For example, the Ontario government is preparing young people for in-demand and well-paying careers by allowing students in grade 11 to transition to a full-time, skilled trades apprenticeship program.³⁰ Ontario's Specialist High Skills Major program currently allows students to gain credits toward their high school diploma while focusing their learning on a specific economic sector.³¹

Better integrating vocational studies, and subsequently apprenticeships, with high school studies may encourage more youth to pursue careers in the trades. It can help promote apprenticeship among Canadian youth, enable students to acquire sought-after skills, and alleviate labour shortages in certain sectors.³²

Alter the perception of apprenticeships in Canada

There is a strong emphasis on academic pursuits during upper secondary education in Canada. In fact, among the G7 countries, Canada ranks first in terms of the proportion of working-age individuals (25 to 64 years old) holding a college or university credential.³³ While post-secondary academic pursuits should not be discouraged, vocational and technical training should not be undervalued or overlooked.

²⁶ CFIB, Your Voice Survey, September 2023, n = 2,445.

²⁷ Australian Government, Australian school-based apprenticeships. Accessed in September 2023. <https://www.australianapprenticeships.gov.au/school-based-apprenticeships>

²⁸ OECD, Note on Australia: Improving work-based learning in schools, 2020. Accessed in September 2023.

https://www.oecd.org/skills/centre-for-skills/Improving_Work-based_Learning_In_Schools_Note_On_Australia.pdf

²⁹ National Centre for Vocational Education Research, Australian vocational education and training statistics: VET in schools 2017, 2018. Accessed in September 2023. <https://www.voced.edu.au/content/ngv%3A80366>

³⁰ Ontario government, Ontario helping more students enter the skilled trades faster, March 2023. Accessed in October 2023. <https://news.ontario.ca/en/release/1002797/ontario-helping-more-students-enter-the-skilled-trades-faster>

³¹ Ontario government, Specialist high skills major, August 2023. Accessed in October 2023.

<https://www.ontario.ca/page/specialist-high-skills-major#:~:text=The%20Specialist%20High%20Skills%20Major%20%28SHSM%29%20is%20a%20SHSM%20is%20a%20Ministry%20of%20Education%20approved%20program.>

³² New registrations in apprenticeship programs dropped by 28.5% in 2020 while the Canadian Apprenticeship Forum found that, from 2021 to 2025, an estimated 375,026 new registrations will be needed to sustain workforce requirements in the Red Seal trades. Therefore, there is a gap to bridge.

³³ Statistics Canada, Education - 2021 Census promotional material, 2022. Accessed in September 2023. <https://www.statcan.gc.ca/en/census/census-engagement/community-supporter/education>

Apprenticeship completion rates in Canada are lower than those of other countries where information on apprenticeships is widely available. According to the OECD, increasing the appeal of apprenticeships and skilled trades to youth is crucial to strengthening our apprenticeship system.³⁴

A comprehensive communication strategy, including a well-crafted social media plan, can serve as a powerful tool for promoting apprenticeships and challenging how they are perceived. Such a strategy could also use a mix of media tools tailored to the needs of the different target groups to provide resources and information on apprenticeships.

For example, France has put in place a platform called “*Filme ton job.*” Implemented in collaboration with schools, regional councils, companies, and non-governmental organizations, the project includes an annual video contest where apprentices capture their experiences in the workplace.³⁵ This innovative tool aims to highlight the significance of apprentices, apprenticeships, and trades at all levels, while simultaneously increasing awareness and dispelling misconceptions surrounding apprenticeship training among youth.

Furthermore, the International Labour Organization suggests emphasizing the utilization of career guidance and counselling services to promote apprenticeships as an appealing option. This involves making targeted career guidance and comprehensive advice readily available to youth, enabling them to make informed decisions about their educational and career trajectories. It is crucial to initiate this guidance at an early stage within the school system and ensure that it is delivered by qualified and trained teachers or specialized organizations.

In Switzerland, a close collaboration has been established between schools and specialized career guidance and counselling services at the local level. These free services are staffed by professional counselors, who offer their expertise to young individuals. To further

support career exploration, national online platforms have been developed, offering comprehensive information on a wide range of vocational education and training.³⁶

In conclusion, expanding the accessibility of WIL opportunities for high school students would provide them with invaluable early exposure to the professional world, thereby unleashing the untapped potential of our youth within the workforce. To go further, reshaping Canada's perspective on VET and integrating it into the high school curriculum would pave the way for a younger generation of apprentices and, ultimately, a more youthful and dynamic professional workforce.

Core-age workers (25 to 64 years old)

In August 2023, Canada's employment rates were 84.6% for ages 25-54 and 64.5% for ages 55-64, showing strong labour market engagement of core-age workers.³⁷ Canada exceeds the G7 average for ages 25-54 (82.9%) but falls below the G7 average for ages 55-64 (66.7%). Switzerland's rates are higher (87.3% for 25-54 and 74.6% for 55-64), despite also facing strong labour shortages.³⁸ Therefore, though Canada is somewhat constrained by the already significant participation of core-age individuals in the workforce, there is still room for progress.

³⁴ OECD, Education Policy Outlook: Canada, 2015. Accessed in September 2023. <https://www.oecd.org/education/EDUCATION%20POLICY%20OUTLOOK%20CANADA.pdf>

³⁵ Association des apprentis de France, Apprentissage : lancement de l'édition 2023 du concours Filme Ton Job et ouverture de sa plateforme dédiée, 2022. Accessed in September 2023. <https://www.anaf.fr/apprentissage-lancement-de-ledition-2023-du-concours-filme-ton-job-et-ouverture-de-sa-plateforme-dediee/>

³⁶ Le portail officiel suisse d'information de l'orientation professionnelle, universitaire et de carrière. Accessed in September 2023. www.orientation.ch/dyn/show/1418?lang=fr

³⁷ OECD Employment Outlook, OECD data, Employment rate by age group, 2023. Accessed in October 2023. <https://data.oecd.org/emp/employment-rate-by-age-group.htm>

³⁸ Swiss Info, Swiss business group sounds alarm over labour shortages, June 2023. Accessed in September 2023. <https://www.swissinfo.ch/eng/business/swiss-business-group-sounds-alarm-over-labour-shortages/48619870#:~:text=%2B%20Swiss%20industry%20faces%20record%20shortage%20of%20skilled,for%20the%20financing%20of%20Swiss%20pensions%2C%20M%C3%A4der%20said.>

Do not create disincentives to work

Marginal effective tax rates (METRs)

METRs at the personal level reflect the combined impact of the tax and transfer system, representing the real net income individuals earn after taxes.³⁹ In simpler words, it is how much of an additional dollar earned that an individual forfeits due to taxes and social benefits reduction. When examining METRs across provinces, individuals and families with modest incomes (between \$30,001 and \$60,000) face the highest METRs, with a Canadian average of 46%.

This can influence individuals' behaviour when it comes to pursuing income-generating opportunities. It can also discourage individuals from earning additional income due to reduced transfer benefits. For example, in 2019, when a Quebec household with an income between \$0 and \$30,000 decided to work more, bringing its earnings into the \$30,001-\$60,000 range, its METR jumped from 16% to 53%. Therefore, for every additional unit of income they earned above \$30,000, 53% was absorbed by taxes and lost benefits, compared to 16% before.⁴⁰

Table 1 highlights the percentage of earnings lost to either higher taxes or lower benefits when a family member increased working hours from 50% to full-time work between 2018 and 2022. In Canada, when someone switches from part-time to full-time work while earning minimum wage, they end up losing 33% of their extra earnings to increased taxes and reduced benefits associated with increasing work hours. In Netherlands, for example, that number is only 8%.

³⁹ Fraser Institute, Marginal Effective Tax Rates Across Provinces: High Rates on Low Income, Philip Bazel, 2019. Accessed in September 2023. <https://www.fraserinstitute.org/sites/default/files/marginal-effective-tax-rates-across-provinces.pdf>

⁴⁰ Ibid, Table 1, p. 19.

Table 1

Financial disincentive to increase hours worked (in %)

	Canada	OECD total	Lower countries
Minimum wage	33	29	Netherlands: 8
67% of the average wage	35	35	United States: 26
Average wage	38	37	United States: 26

Source: OECD Data, Financial disincentive to increase working hours, 2022. Accessed in September 2023.

<https://data.oecd.org/benwage/financial-disincentive-to-increase-working>

[hours.htm#:~:text=Definition%20of%20Financial%20disincentive%20to%20increase%20working%20hours,works%20full-time%20at%2067%25%20of%20the%20average%20wage.](https://data.oecd.org/benwage/financial-disincentive-to-increase-working)

Therefore, METRs need to be a key consideration when designing or modifying income-tested transfer programs.⁴¹ To redress high METRs where they already exist, governments can consider lowering clawback rates, raising earned income thresholds after which a reduction applies, increasing the basic exemption amounts on earned income, etc. When designing new benefits and programs (e.g., the Canada Disability Benefit Act based on the model of the Guaranteed Income Supplement, the anticipated federal dental plan), governments should avoid creating a “benefit cliff” where individuals lose a significant number of benefits all at once. To avoid discouraging people from working and earning more for fear of losing their benefits, policymakers should carefully design exemptions and measures like gradual phaseouts or tapered benefit reductions. By creating a supportive framework that encourages higher earnings while providing necessary assistance, the policy can strike a balance between incentivizing work and maintaining a social safety net.

Employment Insurance (EI)

EI benefits should not result in a disincentive to work. Overall, 89% of our members stated that the government should ensure programs and benefits like EI do not disincentivize people from working.⁴² Over 43% of small business owners said they had difficulty retaining

⁴¹ OECD, OECD Journal: Economic Studies. The Policy Determinants of Hours Worked Across OECD Countries, 2009. Accessed in September 2023. <https://www.oecd.org/economy/growth/46867013.pdf>

⁴² CFIB, Your Voice Survey, September 2023, n = 2,421.

and/or hiring people because they suspected that they would rather collect EI, up from 17% in 2016.^{43,44}

When designing EI, policymakers mostly look at three pillars: employment conditions to have access to EI, how long access to EI lasts, and specific actions and behavioural requirements to maintain eligibility. In terms of EI accessibility, the minimum contribution length in Canada is 3 to 5 months, whereas it is 12 months in Switzerland.^{45,46} Furthermore, you can be eligible for EI for a duration of up to 9 months in Canada, compared to 5 months in the United States.⁴⁷

With regard to the behavioural criteria to maintain eligibility, in 2022, the OECD assessed the strictness of activity-related eligibility conditions for receiving unemployment benefits with a scale from 1 to 5. This assessment considered factors such as the flexibility unemployed individuals have in choosing among job offers without jeopardizing their eligibility for benefits. It also examined job search requirements, monitoring procedures, and sanctions for non-compliance. In Canada, the rating averaged 2.67 out of 5.^{48,49}

Table 2 compares Canada's EI eligibility criteria with countries that have stricter requirements. Canada applies strict rules (score 5) for only two criteria: valid reasons for refusing a job offer (it only accepts two or fewer valid reasons) and exclusion of voluntary

unemployment from EI coverage. Most of the other criteria could be improved to ensure all are actively looking for work, in a context where METRs are lower.

To conclude, it is crucial that the federal government design its programs and benefits in a way that does not disincentivize people from working.

⁴³ CFIB, 2021 Employment Insurance Survey, Jan. 28-Feb. 17, 2021, n = 4,901.

⁴⁴ CFIB, Employment Insurance Survey, Mar. 16-Apr. 18, 2016, n = 7,880.

⁴⁵ Minimum contribution varies from 420 hours to 700 hours, depending on the region. For the sake of the international comparison, we converted these figures into months.

⁴⁶ Swiss Confederation, Unemployment benefit. Accessed in October 2023.

<https://www.ch.ch/en/work/unemployment/#unemployment-benefit>

⁴⁷ OECD, OECD Employment Outlook 2018, Chapter 5. Unemployment-benefit coverage: Recent trends and their drivers, 2018. Accessed in September 2023. https://www.oecd-ilibrary.org/sites/empl_outlook-2018-9-en/index.html?itemId=/content/component/empl_outlook-2018-9-en

⁴⁸ OECD Database, Strictness of activation requirements. Accessed in September 2023. <https://stats.oecd.org/Index.aspx?QueryId=103562>

⁴⁹ Canada should aim to have a score close to Norway's 3.58 to have social coverage for unemployed people without creating disincentives to work.

Table 2

Strictness of activity-related eligibility conditions for receiving EI compared to stricter countries (on a scale from 1 to 5)⁵⁰

	<i>Canada</i>	<i>Stricter countries</i>
Availability during active labour market programmes (ALMP) participation	Score: 1 Does not require availability for work during participation in ALMPs	Score: 5 - Australia The unemployed should always be available and actively searching for work while participating in ALMPs
Demands on occupational mobility	Score: 2 The unemployed can refuse job offers in other occupational areas or with lower wages for a limited period of 6 months or more	Score: 5 - Australia The unemployed must accept all job offers that he is capable of doing, regardless of the occupation
Demands on geographical mobility	Score: 4 The unemployed must accept a daily commuting time of 4 hours or more per day	Score: 5 - Norway The unemployed must be willing to move anywhere
Frequency of job-search monitoring	Score: 2 Infrequent or ad-hoc checks	Score: 5 - United Kingdom Weekly or fortnightly checks of job-search activities
Documentation of job-search activities	Score: 2 The person must regularly affirm that he or she has undertaken some actions to find work without specifying what these were	Score: 5 - United Kingdom The person must regularly produce declarations by employers that he or she has applied to them for work
Sanctions for refusing job offers	Score: 2.5 Benefits reductions for at least 5 weeks and up to 14 weeks	Score: 4 - Norway Benefits reduction for more than 14 weeks
Sanctions for repeated refusals of job offers	Score: 2.5 Benefits reductions or non-payment until compliance for at least 5 weeks and up to 14 weeks	Score: 5 - Belgium Loss of eligibility
Sanctions for failures to participate in counselling interviews or ALMPs	Score: 1.5 Benefits reductions or non-payment until compliance from 0 to 9 weeks	Score: 5 - Luxembourg Loss of eligibility
Sanctions for repeated failures to participate in counselling interviews or ALMPs	Score: 1.5 Benefits reductions or non-payment until compliance from 0 to 9 weeks	Score: 5 - Belgium Loss of eligibility

Sources: OECD, Results 2020: Activity-related eligibility conditions for receiving unemployment benefits, 2020. Accessed in September 2023. https://www.oecd.org/els/soc/Activity-related%20eligibility%20conditions_2020.pdf
OECD Database, 2022. Accessed in September 2023. <https://stats.oecd.org/Index.aspx?QueryId=103562>

⁵⁰ This table was created in 2020. Some program requirements have since changed, for example, the requirements around geographical mobility have softened.

Housing

In Budget 2022, the Canadian government identified the lack of affordable housing as a key barrier to attracting people in certain labour markets.⁵¹ Workers usually want to reside close to where they work.⁵² However, Canada has one of the lowest number of homes per 1,000 residents among G7 countries (424 compared to an average of 471).⁵³ A significant number of our members (71%) thought that increasing accessibility of housing, to allow employees to live closer to their workplace, would help address labour shortages.⁵⁴ It is therefore imperative for the government to champion policies that alleviate lack of housing as an impediment to labour force participation.

The federal government needs to work with provincial and municipal governments to rethink land use. For example, many municipal zoning by-laws privilege mostly single-family housing and make it difficult or even illegal to build multi-family housing like duplexes or triplexes. In Langley City, a municipality in east Vancouver, 20% of the population lives in single-family detached homes, which occupy roughly 50% of the total land area.⁵⁵ In the meantime, British Columbia ranks as the most unaffordable province in terms of housing in Canada.⁵⁶

The Biden administration has recently put in place \$85 million in new Housing and Urban Development grants. The grants are designed to incentivize cities to promote "increasing density, reducing minimum lot sizes, creating transit-oriented development zones, streamlining or shortening permitting processes."⁵⁷

In the future, federal and provincial governments could ensure that access to housing and infrastructure funding (e.g., the Housing Accelerator Fund) is tied to density goals. Zoning

reform could be the mechanism to achieve it, rather than a potential means of achieving it as part of a larger plan.

Finally, Saskatchewan has put in place a Home Renovation Tax Credit, a measure that could encourage housing density in the province. It provides homeowners with a non-refundable tax credit of 10.5% on eligible home renovation expenditures, up to a maximum of \$20,000. This approach makes homeowners part of the solution to the housing problem. In 2009, the federal government introduced a similar tax credit, but it was only temporary. Similar credits could be considered.

Childcare

In Canada, 77% of our members agreed that increasing accessibility of childcare services would help address labour shortages.⁵⁸ Improving the childcare system would enable more women as well as men to participate more actively in the labour force.

Further, standard childcare services, typically available from 7:00 am to 6:00 pm, align well with the needs of most families. However, there are instances where parents work atypical shifts, such as evenings, nights, or weekends, and face difficulties in finding suitable childcare services. Family and friends are not always an option. Consequently, there is a demand for flexible childcare options that can accommodate extended hours before 7:00 am or after 6:00 pm, as well as late evenings, overnight, and weekends. Over 700,000 parents of young children in Canada currently work non-standard schedules and at

⁵¹ Government of Canada, Budget 2022, Chapter 1: Making Housing More Affordable, 2022. Accessed in September 2023. <https://www.budget.canada.ca/2022/report-rapport/chap1-en.html#wb-cont>

⁵² Apartment guide, Living Near Work is Everything (Especially for Millennials), Ellen Sirull, 2019. Accessed in September 2023. <https://www.apartmentguide.com/blog/living-near-work-is-everything/#:-:text=More%20than%20half%20%2857%20percent%29%20of%20Americans%20surveyed,agree%20with%20when%20pickin%20a%20place%20to%20live.>

⁵³ Scotia Bank, Estimating the Structural Housing Shortage in Canada: Are We 100 Thousand or Nearly 2 Million Units Short?, Jean-François Perrault, 2021. Accessed in September 2023. <https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.housing.housing-note.housing-note--may-12-2021-.html>

⁵⁴ CFIB, Your Voice Survey, September 2023, n = 2,430.

⁵⁵ CBC News, Why some B.C. municipalities are split over proposal to end single-family zoning, Jon Hernandez, 2023. Accessed in September 2023. <https://www.cbc.ca/news/canada/british-columbia/single-family-zoning-split-1.6800265>

⁵⁶ Statistics Canada, Housing Indicators, 2021 Census, 2021. Accessed in September 2023. <https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/dv-vd/housing-logement/index-en.cfm>

⁵⁷ Route Fifty, The New Federal Grants to Help Cities Ditch 'NIMBY'-backed Zoning, Kery Murakami, 2023. Accessed in September 2023. <https://www.route-fifty.com/infrastructure/2023/01/new-federal-grants-aim-help-cities-ditch-nimby-backed-zoning-laws/381474/>

⁵⁸ CFIB, Your Voice Survey, September 2023, n = 2,430.

least one parent worked a non-standard schedule in 38% of families with one or more children under 6 years of age.⁵⁹

In Sweden, 41% of municipalities offer “night nurseries” to allow all parents the opportunity to work, regardless of work hours.^{60,61} Children typically have dinner and sleep, and are picked up by their parents in the morning. They usually start when day childcare concludes, providing round-the-clock services. These programs are funded by the Swedish central government and subsidized similarly to preschool programs. All these positive elements have a favourable impact on the labour market, with Sweden having the third-highest maternal employment rate among OECD countries.⁶²

To effectively provide non-standard hours for childcare services, the government can leverage the Multilateral Early Learning and Child Care Framework, to offer greater support for parents working beyond traditional hours.⁶³ Government could also ensure that there is a role for the private sector in the provision of this service, to foster entrepreneurship and innovation in this sector, which would ultimately enable more parents to work.

Labour mobility: Interprovincial labour recognition

Certain occupations in Canada are subject to provincial legislation that mandates workers to hold a certification or licence in the province they practice in. This legislation can create barriers to work for people seeking employment opportunities in a different jurisdiction, as it results in lengthy administrative registration requirements, additional testing, and processing.

Overall, 90% of business owners are in favour of the automatic recognition across all jurisdictions of professional licences or certifications obtained in one jurisdiction.⁶⁴ This would enable people to move easily to a jurisdiction that may lack skilled labour and encourage innovation.

To foster increased labour mobility across Canadian jurisdictions, the federal government can champion the automatic recognition of licences and certifications. For example, Ontario introduced and passed legislation that will allow Canadian healthcare workers who are already registered or licensed in a different Canadian jurisdiction to practice in Ontario immediately, without having to first register with one of its health regulatory colleges.⁶⁵

The federal government committed itself to lead federal, provincial, and territorial efforts to explore mutual recognition of regulatory standards to ensure goods and services can move more freely, including the development of a Federal Framework on Mutual Recognition. It should work with provincial governments to establish this framework by the end of 2024 and ensure its full implementation by the end of 2025.

Ultimately, government should consider MERTs when designing benefit programs to ensure it does not create disincentives to work. Labour mobility and access to housing and childcare are also important factors to encourage workers’ participation in the labour force.

⁵⁹ Childcare Resource and Research Unit and University of Guelph, Non-standard work and child care in Canada: A challenge for parents, policy makers, and child care provision, Donna S. Lero, Susan Prentice, Martha Friendly, Brooke Richardson and Ley Fraser, 2019. Accessed in September 2023. <https://childcarecanada.org/sites/default/files/Non-Standard%20Work%20and%20Child%20Care%2C%20revised%20June%202021.pdf>

⁶⁰ European Public Service Union, Quality of employment in childcare, Country report: Sweden, 2018. Accessed in September 2023. <https://www.epsu.org/sites/default/files/article/files/Country%20report%20Sweden%20childcare.pdf>

⁶¹ Childcare Resource and Research Unit, Night nurseries: Sweden’s round-the-clock childcare, 2013. Accessed in October 2023. <https://childcarecanada.org/documents/child-care-news/13/05/night-nurseries-swedens-round-clock-childcare#:~:text=In%20Sweden%2C%20it%20is%20up%20to%20local%20government,290%20areas%20and%20used%20by%20almost%20%2C000%20children.>

⁶² OECD Family Database, Maternal Employment rates, 2021. Accessed in September 2023.

<https://www.oecd.org/els/family/database.htm>

⁶³ Governments working together toward a shared long-term vision where all children can experience the enriching environment of quality early learning and childcare that supports children’s development to reach their full potential.

⁶⁴ CFIB, Your Voice Survey, September 2022, n = 3,679.

⁶⁵ Ontario government, New “As of Right” Rules a First in Canada to Attract More Health Care Workers to Ontario, 2023. Accessed in September 2023. <https://news.ontario.ca/en/release/1002650/new-as-of-right-rules-a-first-in-canada-to-attract-more-health-care-workers-to-ontario>

Older persons (over 65 years old)⁶⁶

Canada's population is experiencing the effects of aging, with 18.5% of the population being 65 years or older in 2021.⁶⁷ Projections indicate that by 2068, this age group will comprise more than one quarter (25.9%) of the population.⁶⁸ The trend will not subside anytime soon, as the number of children under the age of 15 has grown at a much slower rate than the number of individuals aged 65 and over. In fact, the latter has expanded six times more rapidly. Therefore, encouraging older adults, who are willing and able to work, to continue working longer is critical. To this end, governments should review and reform certain income-tested elements of Canada's pension and tax credit system that can create disincentives to work for seniors and near seniors.

Unlimited actuarial adjustment of the OAS

According to a study by the C.D. Howe Institute, increasing pension adjustment factors results in a greater discount to early retirement and increased benefit to later retirement.⁶⁹ This means that pension adjustment factors decrease the incentive to retire early. Therefore, actuarial adjustment for pension policies can boost older worker participation in the labour force.

In 2013, Canada introduced an option that allows individuals to postpone receiving the Old Age Security (OAS) pension. As of July 2023, on a yearly basis, the OAS pension amounts to \$8,383.20 for individuals aged 65 to 74 and \$9,221.52 for those over 75.⁷⁰ It is provided to individuals who have resided in Canada for at least 10 years since turning 18.⁷¹ However,

the pension amount is adjusted based on the recipient's income and a clawback rate of 15% is applied to the difference between the recipient's net income and \$81,761 once the latter is reached in 2022. This means that OAS payments start to decrease, eventually ceasing, when a person's net income reaches approximately \$137,331 (age 75 and over) or \$134,626 (age 65 to 74) in 2022. Such clawbacks reduce OAS payments if seniors earn additional income. It is possible to delay receiving the OAS pension until the age of 70 with actuarial adjustments. The longer you delay, the larger your pension payment will be each month. However, after age 70, there is no advantage in delaying your first payment and you risk losing benefits.⁷² Government could consider extending the deferral period another 5 years or eliminating the upper age limit altogether like Sweden.

The Swedish national retirement pension is, like in Canada, a pay-as-you-go notional account system, alongside a mandatory funded defined contribution pension and a defined benefit pension-income-tested top-up.^{73,74} The Swedish government allows people to defer the notional accounts and premium pension with no upper age limit, with automatic actuarial adjustments. Employment rates for people aged 64 to 74 are 19.2% in Sweden, compared with 13.9% in Canada.^{75,76}

The UK also offers financial incentives to older workers who defer their pension. When a person reaches state pension age, continuing to work and deferring their pension results in a 10.4% increase in basic pension benefits for each year of deferral. This method was very efficient as 1 in 10 people reaching state pension age in the UK choose to delay retirement.⁷⁷

⁶⁶ It should be noted that some government programs are accessible as early as 60 years old.

⁶⁷ Statistics Canada, Population Projections for Canada, Provinces and Territories, 2021 to 2068, 2022. Accessed in September 2023. <https://www150.statcan.gc.ca/n1/daily-quotidien/220822/dq220822b-eng.htm>

⁶⁸ Ibid.

⁶⁹ C.D. Howe Institute, Comparing Nest Eggs: How CPP Reform Affects Retirement Choices, Alexandre Laurin, Kevin Milligan, Tammy Schirle, 2012. Accessed in September 2023. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2088947

⁷⁰ Government of Canada, Old Age Security: How much you could receive, 2023. Accessed in September 2023.

<https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/benefit-amount.html>

⁷¹ Government of Canada, Old Age Security: Do you qualify, 2023. Accessed in September 2023.

<https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/eligibility.html>.

⁷² Ibid.

⁷³ OECD, Pensions at glance 2021, Country Profiles: Sweden, 2021. Accessed in September 2023. <https://www.oecd.org/els/public-pensions/oecd-pensions-at-a-glance-19991363.htm>

⁷⁴ Mercer, Mercer CFA Institute Global Pension Index, p. 38, 2020. Accessed in September 2023.

<https://www.mercer.com.au/content/dam/mercer/attachments/private/asia-pacific/australia/campaigns/mcgp/2020/MCGPI-2020-full-report-1.pdf>

⁷⁵ Statista, Employment rate in Sweden in 2022, by age group. Accessed in September 2023.

<https://www.statista.com/statistics/527218/sweden-employment-rate-by-age-group/#:~:text=The%20oldest%20age%20group%2C%20between%2065%20and%2074%2C,percent%2C%20followed%20by%20the%20youngest%20at%2027%20percent.>

⁷⁶ Statistics Canada, Census in Brief: Working seniors in Canada, 2017. Accessed in September 2023.

<https://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016027/98-200-x2016027-eng.cfm>

⁷⁷ Saga Investment Services, Almost 1 million boost income by deferring state pension, 2016. Accessed in September 2023.

<https://newsroom.saga.co.uk/news/almost-1-million-boost-income-by-deferring-state-pension>

To conclude, extending or removing the age limit to unlimited actuarial adjustment of the OAS would encourage late retirement. Overall, 66% of small business owners agreed that older workers should be encouraged to stay longer in the workplace, through measures such as allowing additional deferral of OAS and the Canada Pension Plan (CPP) pension to help with labour shortages.⁷⁸

Base the age credit amount only on age

The personal income tax has a federal non-refundable tax credit for persons aged 65 and over. For 2022, those who earned \$39,826 or less can claim the full age credit amount (\$7,898), while those who earn more than \$39,826 but less than \$92,480 can claim a partial amount. If a person's income exceeds \$92,480, the tax credit is zero.⁷⁹

Rather than basing eligibility for this credit on age and income, the government could base it solely on age so that all seniors benefit equally and do not face any disincentives to work extra hours or earn extra income. Doctors, engineers, therapists, and many white-collar workers may not necessarily be low-income earners but would likely also appreciate keeping more of their hard-earned money. This measure could help many seniors as well as various sectors currently experiencing labour shortages. In addition, reducing the age limit to 60 for earned income could create additional incentives to work for those who retired early but would entail greater costs to the fiscal framework.

In the US, people can get a standard deduction. It is a fixed dollar amount that lowers the income subject to taxation. It is made up of the basic standard deduction and any additional standard deduction amounts allocated for age or visual impairment. Individuals who are 65 years old qualify for this additional standard deduction, regardless of income.

The amount varies solely based on marital status and household makeup. In 2023, the basic standard deduction can go up to \$27,700 and the additional standard deduction can go up to \$3,700 if you're 65 or over and blind.

Rebase the CPP basic exemption amounts

The CPP basic exemption amount is the minimum amount that an employee must earn before they start making CPP contributions. This amount (\$3,500) has not changed since 1997. At that time, employees earning less than \$3,500 did not have to pay CPP. Back in 1997, when the average hourly rate stood at \$15.59, individuals could work 225 hours at that rate before CPP contributions were applicable.⁸⁰ However, in 2022, with the average rate being \$31.37, the threshold for CPP contributions now comes into effect after working just 112 hours, which can create disincentives to work more. The exemption amount could be rebased and indexed in the future, at the very least for those receiving the Post-Retirement Benefit (PRB).⁸¹

In contrast, the Year's Maximum Pensionable Earnings (YMPE), the amount up to which CPP contributions must be paid, has increased from \$35,800 in 1997 to \$66,600 in 2023.^{82,83} In 1997, the basic exemption amount stood at approximately 10% of the YMPE. The federal government should therefore update the CPP basic amount for 2023 and apply this 10% to the current YMPE. It would make the basic exemption amount as high as \$6,660. One would have to work 213 hours at the average wage, instead of 112 hours, before having to pay the CPP contributions, which would reduce disincentives to work.

We can draw a comparison between this system and the UK Lower Earnings Limit (LEL). The LEL is the threshold under which one is exempt from making National Insurance

⁷⁸ CFIB, Your Voice Survey, September 2023, n = 2,425.

⁷⁹ Government of Canada, Age credit amount for tax year ending December 31, 2022. Accessed in October 2023. <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-30100-amount.html>

⁸⁰ Statistics Canada, Employee wages by occupation, annual, 1997 to 2022, 2023. Accessed in October 2023. <https://www150.statcan.gc.ca/t1/tb1/en/tv.action?pid=1410034001&pickMembers%5B0%5D=1.1&pickMembers%5B1%5D=2.2&pickMembers%5B2%5D=3.1&pickMembers%5B3%5D=5.1&pickMembers%5B4%5D=6.1&cubeTimeFrame.startYear=1997&cubeTimeFrame.endYear=1998&referencePeriods=19970101%2C19980101>

⁸¹ There may be reticence to this type of measure, as it would decrease potential retirement income in the future. We could therefore suggest that this higher threshold apply to the Post-Retirement Benefit, so that near seniors can keep more of their hard-earned income. Lower income seniors would likely prefer more earned income over additional pension income, given how it interacts with allowance and/or GIS entitlements. This would mainly encourage those between 60 and 65 years of age, as contributions are voluntary after 65 years of age.

⁸² Canada Revenue Agency, CPP contribution rates, maximums and exemptions, 2023. Accessed in September 2023. <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/payroll-deductions-contributions/canada-pension-plan-cpp/cpp-contribution-rates-maximums-exemptions.html>

⁸³ Office of the Superintendent of Financial Institutions, Canada Pension Plan: Sixteenth Actuarial Report, September 1997.

Contributions (NIC), while still getting the benefits. NIC is a payroll deduction tax that supports universal healthcare, the public pension program, and unemployment benefits. As of 2023, the LEL ranges from £6,725 (\$11,144) to £12,570 (\$20,831) annually.^{84,85} This limit is readjusted by the government each tax year to account for inflation. Given the average hourly wage of £16.10 (\$26.68) across the UK, an individual must work between 417 and 780 hours per year to qualify for NIC benefits without incurring the associated payment.

To conclude, rebasing the CPP basic exemption amount to a rate consistent with our current economy would increase incentives to work.

Tax credits for career extension

Much like Quebec, Sweden, and Australia, governments in Canada can put in place a tax credit for older workers that want to remain in the workforce. The aim is to encourage workers to stay in or return to the labour market through attractive fiscal conditions.

Quebec's Tax Credit for Career Extension (TCCE) is a non-refundable tax credit aimed at eliminating the tax payable on a portion of the income earned by experienced workers to encourage them to stay in or return to the labour market.⁸⁶ Individuals aged 60 or older can deduct 15% of the lesser amount between the maximum eligible income and the excess of their eligible work income over \$5,000 when calculating their taxable income for a tax year (Table 3).^{87,88} An individual can qualify for a salary of up to \$69,590.⁸⁹ In 2019, the maximum allowable excess increased to expand the scope of incentivized individuals, fostering broader workforce participation.⁹⁰

⁸⁴ Government of the United Kingdom, Rates and allowances: National Insurance contributions. Accessed in September 2023. <https://www.gov.uk/government/publications/rates-and-allowances-national-insurance-contributions/rates-and-allowances-national-insurance-contributions>

⁸⁵ Bank of Canada, Currency Converter. Accessed on September 21, 2023. <https://www.bankofcanada.ca/rates/exchange/currency-converter/>

⁸⁶ Ministère des Finances du Québec, Dépenses fiscales - Édition 2021, mars 2022, p. C.116.

⁸⁷ Eligible income includes employment income, net income earned from a business you carried on alone or as a partner actively engaged in the business, the net amount of research grants, Wage Earner Protection Program (WEPP) payments, and amounts received under a work incentive program.

⁸⁸ Revenu Québec, Crédit d'impôt pour prolongation de carrière. Accessed in September 2023.

⁸⁹ <https://www.revenuquebec.ca/fr/citoyens/credits-dimpot/credit-dimpot-pour-prolongation-de-carriere/>

This policy has effectively maintained or created approximately 27,000 jobs on average per year for individuals aged 60 and above during the period of 2012-2019, compared to the period before the implementation of the measure.⁹¹

Table 3 illustrates the distinctions between the tax credit for career extension program in Quebec and those in Australia and Sweden. While the Australian tax credit seems to have a relatively low value, it targets a broader age category, encompassing the entire population aged 55 and above. On the other hand, the Swedish measure is limited to individuals aged 65 and above but does not involve any clawback or exit threshold (making it more income universal than the programs in Quebec and Australia, which target individuals with low to moderate income) and thus is much more generous. In Sweden, the tax credit increased employment rates for those aged 65 and over by 1.5%.⁹²

Table 3

Comparison of the terms of the Quebec TCCE, the Australian MAWTO, and the Swedish EITC (in Canadian dollars)

	TCCE Quebec	MAWTO Australia	EITC Sweden
Age of eligibility	60+	55+	65+
Maximum amount	\$1,650	\$500	\$4,600
Exit threshold	60-64: \$64,610 65+: \$67,610	\$63,000	None
Income required to reach the maximum before gradual reduction	60-64: from \$15,000 to \$34,610 65+: from \$16,000 to \$34,610	From \$10,000 to \$53,000	Starting at \$45,500

⁸⁹ These figures apply to people aged 65 and over. The tax credit is also available for people aged 60 to 64, with a different threshold.

⁹⁰ Chaire en fiscalité et en finances publiques, Crédit d'impôt pour la prolongation de carrière, 2022. Accessed in September 2023. <https://cftp.recherche.usherbrooke.ca/outils-ressources/guide-mesures-fiscales/credit-impot-prolongation-carriere/>

⁹¹ Chaire en fiscalité et en finances publiques, Une évaluation de l'effet du crédit d'impôt pour la prolongation de carrière, Jean-Michel Cousineau, Pierre Tircher, 2021. Accessed in September 2023. <https://cftp.recherche.usherbrooke.ca/une-evaluation-de-leffet-du-credit-dimpot-pour-la-prolongation-de-carriere/>

⁹² Institute for Evaluation of Labour Market and Education Policy, The effect of age-targeted tax credits on retirement behavior, Lisa Laun, 2012. Accessed in September 2023. <https://www.ifau.se/globalassets/pdf/se/2012/wp-12-18-the-effect-of-age-targeted-tax-credits-on-retirement-behavior.pdf>

Unlocking potential: Breaking down barriers to work across all ages

Source: Chaire en fiscalité et en finances publiques, Une évaluation de l'effet du crédit d'impôt pour la prolongation de carrière, Jean-Michel Cousineau, Pierre Tircher, 2021. Accessed in September 2023. https://cftp.recherche.usherbrooke.ca/wp-content/uploads/2021/04/cr_2021-06_Analyse_du_CIPC.pdf

In conclusion, creating a tax credit for career extension would provide financial incentives for people to work longer and alleviate labour shortages for business owners.

Retraining

Retraining empowers older workers to leverage their experience while acquiring the essential skills needed for today's job market. This not only supports their return to work but also enables business owners to tap into a pool of experienced professionals equipped with up-to-date skills.

The National Training Fund in Poland covers 80% of employer training costs for employees aged 45 and over. Businesses that have fewer than 10 employees are eligible for 100% compensation.⁹³ The Finnish training model has implemented several successful programs to support the education and training of adult and older workers. The Noste Program, which ran from 2003 to 2009, aimed to raise the education level of individuals aged 30 to 59.⁹⁴ It focused on outreach activities, information dissemination, and improving access to vocational education and training (VET). The program also encouraged education providers to develop new approaches tailored to the needs of adult learners, such as personalized studies, enhancing learning skills, and providing guidance and support.⁹⁵

In addition, the Ministry of Education and Culture implemented the “Strengthening the Skills Base of Adults” program from 2015 to 2016, targeting 30- to 50-year-olds without secondary level qualifications. This program provided additional study opportunities for

individuals seeking to obtain vocational qualifications and offered resources for support, guidance, and counselling.

Taking inspiration from the Finnish model, here are recommendations to the Canadian government to facilitate older workers' integration in the labour force.⁹⁶ These recommendations align with some communities' approach to the Targeted Initiative for Older Workers (TIOW) that could be scaled and adopted more broadly.⁹⁷ The TIOW is a federal and provincial program that offers funding to eligible communities. The goal is to help older workers re-enter the workforce through training programs typically spanning a few weeks.

- **Adapt training methods:** Design training programs that cater to the learning styles and experiences of older workers, offering a personalized pace and practical approach. This can help engage and retain older workers in the training process. Ongoing efforts have been made to tailor TIOW projects to the needs of learners and integrate adult learning approaches.
- **Strategic workforce planning:** Incorporate training into long-term workforce planning, identifying training needs and opportunities during downturns or slower periods. Collaborate with unions and other stakeholders to develop comprehensive training programs. For example, a Prince Edward Island community has used the TIOW to put in place the “Passport to Employment” project.⁹⁸ This online self-assessment strategy measures participants' learning needs and generates benchmark and summative data on their skill levels. By teaching participants to recognize their transferable skills, the tool helps them explore new job sectors or roles.

⁹³ UNESCO, Global review of training funds, Poland, 2022. Accessed in September 2023.

https://unevoc.unesco.org/countryprofiles/docs/UNESCO_Funding-of-Training_Poland.pdf#:~:text=Any%20enterprise%20which%20employs%20at%20least%20one%20person,300%25%20of%20Poland%E2%80%99s%20average%20monthly%20salary%20per%20employee.

⁹⁴ Ministry of Education and Culture, Noste Programme 2003-2009 : Final Report, 2010. Accessed in September 2023.

<https://julkaisut.valtioneuvosto.fi/handle/10024/75530>

⁹⁵ OECD, Key policies to promote longer working lives, Country note 2007 to 2017, Finland, 2018. Accessed in September 2023.

https://www.oecd.org/els/emp/Finland%20Key%20policies_Final.pdf

⁹⁶ Fédération des chambres de commerce du Québec, Les travailleurs expérimentés : un potentiel sous-exploité, Nicole Boivin, 2018.

⁹⁷ Government of Canada, Funding: Employment Assistance for Older Workers, 2020. Accessed in September 2023.

<https://www.canada.ca/en/employment-social-development/programs/training-agreements/older-workers.html>

⁹⁸ Employment and Social Development Canada, Targeted Initiative for Older Workers: Best Practices Compendium, 2014. Accessed in September 2023.

<https://open.alberta.ca/dataset/c6b58530-d571-4572-bbd5-5f82533d6c98/resource/68ecf2bd-318e-45f5-b47a-4aa4dd57c6c9/download/c-2014-targeted-initiative-older-workers-best-practices-compendium.pdf>

- **Recognize and validate acquired skills:** Establish formalized processes for validating and certifying the skills acquired through work experience. This can help older workers showcase their competencies and enhance their employability. In Antoine-Labelle, Quebec, the O’Bouveau project provided older forestry workers with the opportunity to exploit some of their current forestry-related knowledge and skills while learning new ones required for jobs in the growing wood products industry.⁹⁹
- **Collaborate with educational institutions and professional organizations:** Partner with educational institutions, associations, and professional bodies to identify, recognize, and promote the value of skills acquired through experience. This collaboration can provide opportunities for older workers to access training and gain recognition for their expertise. In Manitoba, Swan Valley sponsored a TIOW project where there was a constant collaboration with employers to respond to their staffing needs. Swan Valley connected with local employers and ensured TIOW participants gained the skills needed for nearby job opportunities.¹⁰⁰

To conclude, we should ensure that existing programs equip older workers with skills consistent with our current economy or compensate employers for the training they offer. Older workers play a vital role in alleviating labour shortages and filling vacancies, and bring valuable experience and knowledge to the table.

Conclusion

Government should advance and support a wide array of programs and policies to help address persisting labour shortage pressures by maximizing the potential participation in the labour market of those already in Canada. There are no silver bullets. A collection of policies is what is needed to help address this persisting issue that will only get worse with an aging demographic.

⁹⁹ Ibid.

This report looked at potential barriers and solutions by age group, while recognizing that certain elements such as training and housing concern all age groups. There may be some other barriers to work based on other demographic characteristics.

¹⁰⁰ Ibid.

Recommendations

Youth

- Increase prevalence of high school credits for work-integrated learning (WIL).
- Expand VET, especially apprenticeships, and make it more accessible for high school students.
- Alter VET perception in Canada.

Core-age workers

- Design government programs and benefits in a way that does not create disincentives to work (EI, Disability Benefit Act, etc.).
- Increase accessibility of housing to enable people to live closer to their workplace.
- Increase accessibility to childcare services outside the traditional 9-5, within the existing Early Learning and Childcare Agreements.
- Facilitate labour mobility across provincial boundaries.

Older persons

- Base the age credit amount only on age.
- Allow for unlimited actuarial adjustment for public pensions, with no age limit.
- Rebase the CPP basic exemption amounts.
- Offer a career extension tax credit.
- Foster retraining.

About CFIB and the author

About CFIB

CFIB is a non-partisan organization exclusively representing the interests of 97,000 small and medium-sized businesses in Canada. CFIB's research capacity is second-to-none because it is able to gather timely and concrete information from members about business issues that affect their day-to-day operation and bottom line. In this capacity, CFIB is an excellent source of up-to-date information for governments to consider when developing policies impacting Canada's small business community.

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