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YOUTH EMPLOYMENT IN CANADA: CHALLENGES AND POTENTIAL SOLUTIONS

Report of the Standing Committee on Finance

**James Rajotte
Chair**

JUNE 2014

41st PARLIAMENT, SECOND SESSION

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THE STANDING COMMITTEE ON FINANCE

has the honour to present its

SIXTH REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied Youth Employment in Canada and has agreed to report the following:

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CHAPTER ONE: INTRODUCTION

On 29 October 2013, the House of Commons Standing Committee on Finance adopted the following [motion](#):

That the Standing Committee on Finance a) undertake a study of youth employment across Canada, b) that the Committee make recommendations to the Government of Canada to improve youth employment outcomes in Canada; and c) that the Committee report its findings to the House of Commons.

From 6 March–8 April 2014, the Committee held seven hearings in relation to this study; 38 groups or individuals made presentations to the Committee, and an additional 26 written briefs were received.

This report summarizes the oral and written testimony received by the Committee in relation to this study, and presents recommendations. In particular, Chapters Two, Three and Four discuss youth as students, employees or potential employees, and entrepreneurs, respectively. Chapter Five contains the Committee's recommendations about actions that might be taken to improve youth employment outcomes in Canada, while Chapter Six provides concluding thoughts.

CHAPTER TWO: YOUTH AS STUDENTS

A. The statistical context

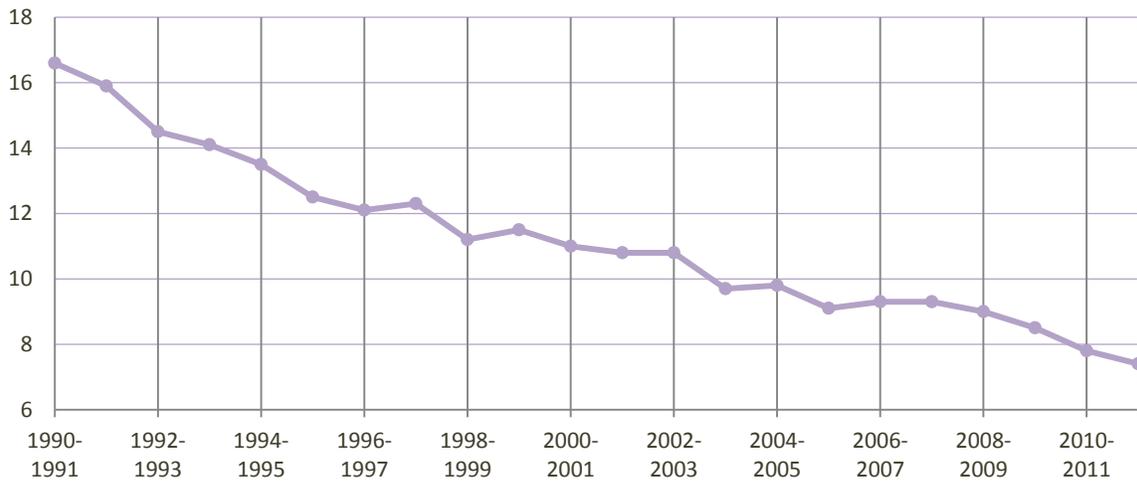
As they prepare to be employees and/or entrepreneurs, youth attend secondary and – perhaps – post-secondary institutions as students. Depending on their field of study, they may participate in internship opportunities, including as apprentices.

1. Secondary and Post-Secondary Students

According to Statistics Canada’s [Handbook for the Pan-Canadian Education Indicators Program](#), as an increasing number of trades or occupations deal with advanced technology or require specialized skills, many trade or vocational programs that previously did not require high school graduation now require students to have a high school diploma. Increasingly, students must graduate from high school in order to fulfil their labour market goals.

The “dropout rate” is the proportion of individuals aged 20 to 24 who have not graduated from high school and who are not pursuing studies. As shown in Figure 1, Canada’s dropout rate has decreased consistently since at least 1991, the earliest year for which such data are publicly available; the rate fell from 16.6% in that year to 7.4% in 2012.

Figure 1 – Dropout Rate for Secondary School Students, Canada, 1990–1991 to 2011–2012 Academic Years



Note: An academic year is from September to April.

Source: Statistics Canada, Labour Force Survey 2012, custom tabulations.

Eligible high school graduates can enrol in programs at post-secondary institutions. As indicated in the [Handbook for the Pan-Canadian Education Indicators Program](#), universities most often offer undergraduate programs leading to a bachelor's degree, with master's degrees typically requiring two additional years of study; doctoral degrees generally involve three to five years of additional study, research and a dissertation. College programs are usually focused on a specific vocation or occupation, and lead to diplomas, certificates or attestations, rather than to degrees. The term "colleges" includes various types of institutions, including regional colleges, community colleges and institutes. In Quebec, programs focused on a specific vocation or occupation are normally delivered by Collèges d'enseignement général et professionnel (CEGEPs) and at the secondary level. CEGEPs also offer pre-university programs that are generally mandatory prior to undertaking studies at a university.

[Statistics Canada](#) data indicate that, from 2000–2001 to 2011–2012, enrolment in post-secondary institutions increased consistently, with the number of students attending universities and colleges growing at average annual rates of 3.7% and 2.7% respectively over that period. As a result, nearly 2 million students were enrolled in post-secondary institutions in 2011–2012. Of these students, about 63.3% and 36.7% were enrolled in a university or in a college respectively, as shown in Table 1.

Table 1 – Post-Secondary Enrolment Excluding Apprenticeships, Canada, by Type of Institution and Program Group, 2011–2012

Pan-Canadian Standard Classification of Education	Total	University	College
Upper secondary education	39,297	7,026	32,271
Post-secondary education – general	175,116	60,654	114,465
Post-secondary education – career, technical or professional	486,594	26,901	459,684
Bachelor’s or equivalent	921,192	891,897	29,295
Master’s, residency or equivalent	149,502	149,463	39
Doctorate or equivalent	49,335	49,335	n.a.
Other Education	175,167	78,468	96,696
Total	1,996,200	1,263,750	732,450

Notes: “Upper secondary education” includes non-post-secondary basic education and skills programs offered at post-secondary institutions.

“Post-secondary education – general” includes qualifying programs for career, technical or pre-university programs, pre-university programs, undergraduate qualifying programs, undergraduate programs not leading to a bachelor’s degree and other programs.

“Post-secondary education – career, technical or professional” includes two groups: post-secondary skills programs that are not apprenticeship, pre-university, undergraduate or graduate programs; and some undergraduate programs that usually lead to a specific career path and into the labour market.

“Bachelor’s or equivalent” includes post-baccalaureate non-graduate programs, graduate qualifying programs and other programs.

These data are randomly rounded to a multiple of 3 for purposes of confidentiality.

“n.a.” represents not applicable.

Source: Statistics Canada, [Table 477-0035](#), “Postsecondary enrolments, by program type, credential type and Pan-Canadian Standard Classification of Education (PCSCE),” CANSIM (database), accessed on 3 April 2014.

As shown in Table 1, in 2011–2012, 86.3% of university students – representing almost 1.1 million people – were enrolled in bachelor’s, master’s or doctoral programs, while the remaining 13.7% were enrolled in other post-secondary, upper secondary and other education programs. In that year, 62.8% of college students – representing almost 460,000 people – were enrolled in career, technical and professional education programs; the remaining 37.2% of college students were enrolled in general post-secondary, upper secondary, bachelor’s, graduate and other education programs. [Statistics Canada](#) data indicate that, overall in that year, 73.4% of post-secondary students were attending their institution on a full-time basis; the full-time attendance rate was similar for universities and for colleges.

Table 2 shows that the three most popular fields of study in universities in 2011–2012 were: humanities; business, management and public administration; and social and behavioural sciences, and law. This trend has existed since at least 1999–2000, the earliest year for which such data are publicly available. In colleges, the three most popular fields of study since 2004–2005 have been: humanities; business, management and public administration; and health, parks, recreation and fitness.

Table 2 – Post-Secondary Enrolment Excluding Apprenticeships, Canada, by Type of Institution and Field of Study, 2011–2012

Instructional Program	Total	University	College
Humanities	365,070	218,415	146,655
Business, management and public administration	350,415	216,486	133,929
Social and behavioural sciences, and law	260,175	215,868	44,304
Health, parks, recreation and fitness	230,124	143,829	86,292
Architecture, engineering and related technologies	190,398	108,837	81,561
Physical and life sciences, and technologies	101,709	96,522	5,187
Education	101,517	84,543	16,974
Visual and performing arts, and communications technologies	84,951	49,521	35,433
Mathematics, computer and information sciences	60,177	38,715	21,462
Personal, protective and transportation services	41,379	6,084	35,292
Agriculture, natural resources and conservation	28,332	19,797	8,535
Personal improvement and leisure	25,245	4,698	20,547
Other instructional programs	156,708	60,432	96,276
Total	1,996,200	1,263,750	732,450

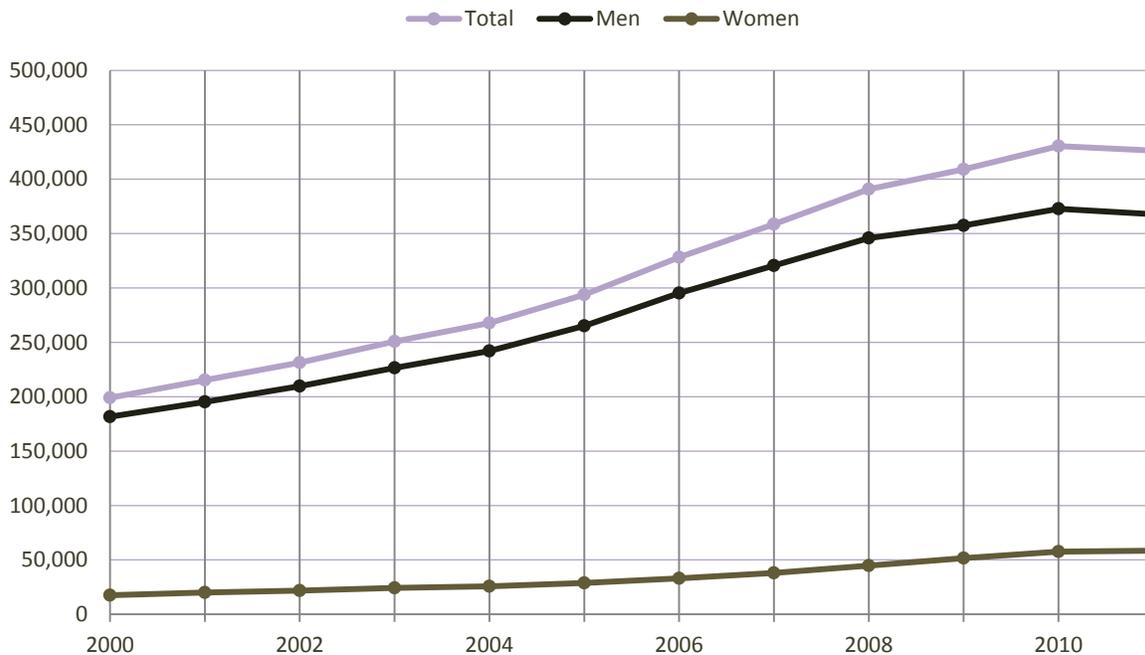
Source: Statistics Canada, [Table 477-0029](#), "Postsecondary enrolments, by program type, credential type, Classification of Instructional Programs, Primary Grouping (CIP_PG), registration status and sex," CANSIM (database), accessed on 3 April 2014.

2. Apprenticeships and Other Types of Internships

An intern, apprentice, co-op student or resident is a student who completes an academic program, mainly at the post-secondary level, and works in an organization – or a practicum – as a requirement of their program. Interns and residents – such as doctors – most often complete their practicum at the end of their academic program, while students in a co-op program – such as computer science – alternate academic sessions with practicums in a company. Like co-op students, apprentices – who are generally in skilled trades, such as electrical and carpentry – also alternate academic sessions and practicums. Practicums provide an opportunity to gain experience, to learn about the exact nature of particular types of work and workplaces, and to identify the skills that are required to perform the work. Moreover, those participating in practicums are often coached by a “mentor.”

Statistics Canada’s [Registered Apprenticeship Information System](#) provides data on the number of apprentices enrolled in an apprenticeship program, and the occupational group to which they belong. As shown in Figure 2, over the 2000–2011 period, the number of apprentices increased at an average annual rate of 7.2%, rising from 199,074 in 2000 to 426,285 in 2011. Over the period, the proportion of women apprentices grew from 8.8% in 2000 to 13.7% in 2011. According to [Statistics Canada](#), the three most popular trades in 2011 were electrical, with 64,842 students, carpentry, with 50,829 students, and plumbing, pipefitting and steamfitting, with 44,319 students.

Figure 2 – Registered Apprentices, Canada, Total and by Sex, 2000–2011



Source: Statistics Canada, [Table 477-0053](#), “Registered apprenticeship training, registrations, by age groups, sex and major trade groups,” CANSIM (database), accessed on 3 April 2014.

Statistics Canada's [Postsecondary Student Information System](#) provides data on certain types of students, including those enrolled in residency programs in the field of health care. According to [Statistics Canada](#), the number of individuals enrolled in health care residency programs has increased every year since 2000–2001, rising from 7,881 in that year to 14,337 in 2011–2012. Data on the number of interns or students enrolled in a co-op program are not available.

B. Federal supports

The federal government supports students through a variety of tax measures, loans and grants, and a transfer to the provinces/territories.

1. Tax Measures for Individuals

In addition to any provincial/territorial tax initiatives, the federal government provides a variety of tax measures that benefit students and possibly their parents. These measures include the following:

- the [education amount](#), which is a non-refundable tax credit of \$400 per month of full-time study and \$120 per month of part-time study. According to the Department of Finance, federal expenditures for 2013 were projected to be \$205 million.
- a non-refundable tax credit for [eligible tuition fees](#). Federal expenditures for 2013 were projected to be \$320 million.
- the [textbook amount](#), which is a non-refundable tax credit of \$65 per month of full-time study and \$20 per month of part-time study. Federal expenditures for 2013 were projected to be \$33 million.
- a non-refundable tax credit for [interest paid on student loans](#). Federal expenditures for 2013 were projected to be \$45 million.
- a [deduction for tools](#) for employed tradespersons and apprentice mechanics. Federal expenditures for 2013 were projected to be \$4 million.
- student grants, which are not taxed. Federal expenditures for 2013 were projected to be \$44 million.

Federal expenditures for 2013 for the education amount, eligible tuition fees and the textbook amount were projected to be \$545 million for transfers to an eligible parent, and \$505 million for carry forwards to the taxpayer from a previous year.

2. Loans and Grants for Individuals

In addition to any educational loans or grants provided by the provinces/territories, and federal scholarships and educational support for Aboriginal Canadians, the federal [Canada Student Loans Program](#) (CSLP) is available to students who qualify for provincial

student loans. Loans under the CSLP, which vary by [province and territory](#), may be supplemented by a variety of federal grants. In some cases, loans may be forgiven and repayment flexibility may be granted.

According to the [Treasury Board Secretariat](#), in 2012–2013, the federal government provided \$872.1 million in new loans under the *Canada Student Financial Assistance Act*, but \$2.6 billion in new and old loans combined was disbursed. In addition, according to [Employment and Social Development Canada](#), borrowers received in-study interest subsidies valued at \$113.0 million in that year.

As well, according to the [Public Accounts 2012–2013](#), \$680.2 million in federal grants was provided in that year to students from [low-](#) and [middle-income families](#), [students with dependents](#), [part-time students](#) and [students with a permanent disability](#).

Furthermore, the federal government provides the following grants for apprentices:

- the [Apprenticeship Incentive Grant](#), which is a taxable grant of \$1,000 per year to a maximum of \$2,000, for apprentices enrolled in a trade listed in the [Red Seal](#) program; and
- the [Apprenticeship Completion Grant](#), which is a taxable grant of \$2,000 awarded to students who complete their training in a trade listed in the Red Seal program.

As indicated in the [Public Accounts 2012–2013](#), federal spending on apprenticeship grants was \$101.7 million in 2012–2013.

The 2014 federal budget announced the creation of new interest-free loans – of up to \$4,000 per period of technical training – for apprentices registered in their first Red Seal trade apprenticeship. At least 26,000 apprentices per year are expected to apply for more than \$100 million in loans per year.

3. Transfers to the Provinces/Territories

Through the [Canada Social Transfer](#) (CST), the federal government provides funding to the provinces/territories to support post-secondary education, social assistance and social services, early childhood development and early learning and childcare. CST funding is provided on an equal per capita cash basis. According to [Finance Canada](#), the federal government is expected to provide \$12.2 billion to the provinces and territories under the CST in 2013–2014.

C. Witnesses' views on the challenges faced by post-secondary students

The Committee's witnesses identified a number of issues relating to post-secondary education that can affect the educational opportunities of youth and, thereby, their future employment. In particular, they focused on skills mismatches, information available to students, educational affordability and funding of the post-secondary education system.

1. Skills Mismatches

In speaking to the Committee, [Employment and Social Development Canada](#) indicated that, while educational attainment in Canada compares favourably with other countries, employers are concerned that not enough students are choosing to study in fields for which there is a high demand for labour; these fields include science, technology, engineering and mathematics (STEM). Similarly, the [Canadian Chamber of Commerce](#) noted that there is both an insufficient number of students completing apprenticeship and skilled trades programs, and a lack of university and college graduates in a number of fields, including engineering, physics and computer sciences.

In commenting on the issue of skills mismatches, [Polytechnics Canada](#) said that – according to its members – there has been an increase in the number of students who are poorly integrated new entrants (PINEs), which [it](#) defined as “those who are underemployed, sometimes overqualified, or generally mismatched to the needs of employers.” [It](#) mentioned that, as a result, its members have created new graduate certificate programs specifically designed to help PINEs acquire targeted skills to improve their employability; however, given the popularity of these programs, a large number of qualified applicants are refused entry.

[Let’s Talk Science](#) indicated that a growing number of occupations for which the demand for labour is high require STEM skills, but that too few high school graduates acquire such skills. It stated, for example, that fewer than 20% of high school graduates have graduated with physics.

Regarding the recognition of credentials across educational institutions, [Polytechnics Canada](#) characterized the need to negotiate credential recognition individually with each university as a factor that is limiting academic mobility.

2. Information About Post-Secondary and Labour Market Opportunities

In its [brief](#) submitted to the Committee, the Canadian Apprenticeship Forum argued that the guidance provided to students who are choosing their post-secondary program and career path is inadequate; as a result, students may delay identifying their competencies and interests until they are in university, which can result in wasted time and resources. Similarly, in its [brief](#) submitted to the Committee, Let’s Talk Science indicated that young people are often unaware that STEM skills are required for a wide range of occupations; when they realize that these skills are needed, opportunities have already been lost. As well, well, [it](#) argued that too few parents – approximately 20% – discuss employment and career opportunities, and the associated pre-requisites, with their children.

The [Association of Canadian Community Colleges](#) and [Polytechnics Canada](#) indicated that there is insufficient labour market information available to help students choose educational and career pathways that lead to professions where the demand for labour is high.

[Polytechnics Canada](#) and the [Association of Canadian Community Colleges](#) expressed concern that parents and counsellors have a bias against polytechnics and colleges. In their view, this bias may reflect a lack of awareness of the programs offered in these institutions and the careers to which they can lead.

[Tammy Schirle](#) – a professor at Wilfrid Laurier University who appeared as an individual – felt that the expectations of youth currently in post-secondary education are inconsistent with reality. She noted that students expect to complete their undergraduate degree and immediately find a secure job with a salary that would place them in the top 5% to 10% of Canadian earners.

3. Educational Affordability

A number of the Committee's witnesses, including the [Canadian Alliance of Student Associations](#), the [Canadian Federation of Students](#), the [Fédération étudiante universitaire du Québec](#) and the [University of Toronto Students Union](#), noted that rising tuition fees have resulted in a number of issues that could negatively affect students' transition to the labour market. The [Canadian Federation of Students](#) stated that average tuition fees increased from \$4,700 in the 2008–2009 academic year to \$5,700 in the 2013–2014 academic year.

According to the [Canadian Federation of Students](#), in July 2012, there were 1.1 million individuals with Canada Student Loans outstanding, more than 50% of these individuals were in the process of paying back their loans, and 17% of those paying back their loans were unable to make the full payments required. [It](#) mentioned that high levels of student debt lead to higher rates of unemployment and underemployment and, as a result, lost wages and opportunities. The [Fédération étudiante universitaire du Québec](#) pointed out that, in Quebec, students who choose to finance their education through taking on debt are less likely to undertake graduate studies.

The [Fédération étudiante universitaire du Québec](#) commented that, between 1980 and 2009, rising tuition fees and debt levels led to an increase in the share of Quebec students working full time. Citing research that it conducted in 2009, [it](#) noted that 44% of these students believed that full-time work had a negative impact on their academic performance, and that 32% felt that it had caused them to take longer to complete their studies.

Similarly, the [Canadian Alliance of Student Associations](#) remarked that, as a result of rising education costs and federal financial assistance that has remained the same over the last decade, an increasing number of students work as they are studying. In addition, [it](#) mentioned that students who have Canada Student Loans have a disincentive to find paid employment, as the CSLP only allows earnings of up to \$100 per week before financial assistance begins to be reduced.

According to the [University of Toronto Students Union](#), while tuition fees have been rising, the rate of return on undergraduate studies has been falling. [It](#) highlighted that, while those with an undergraduate degree earn 30% more than those with a high school

diploma, all other factors remaining the same, the earnings of those with an undergraduate degree have increased by 8% over the last decade, compared to 13% for those with a high school diploma and those with a college diploma.

Regarding tax credits, transfers and benefit programs designed to support young people, [Tammy Schirle](#) mentioned that youth may have difficulty determining how to benefit from the numerous supports available to them.

4. Funding of the Post-Secondary Education System

[Polytechnics Canada](#) told the Committee that transparency is lacking at the provincial level in relation to the manner in which the funds that are transferred to the provinces/territories through the CST are allocated across various institutions and programs; in its view, this situation may result in inadequate funding for programs that are in high demand. [It](#) also suggested that universities, which receive funding based on enrolment, do not have an incentive to refuse entry to students who may not be suited to the programs they offer.

D. Witnesses' views on the solutions for post-secondary students

The Committee's witnesses proposed a variety of solutions designed to assist post-secondary students and, hopefully, enhance their future employment prospects. For example, they spoke about labour market information, awareness of educational and career options, financial support and the administration of the post-secondary education system.

1. Labour Market Information

A number of the Committee's witnesses, including the [Canadian Labour Congress](#), [Polytechnics Canada](#), the [Association of Canadian Community Colleges](#), the [Canadian Chamber of Commerce](#) and the Association of Universities and Colleges of Canada, in its [brief](#) submitted to the Committee, proposed that the federal government collect and provide improved labour market information to: young people, in order to help them both identify fields where the demand for labour is high and make more informed decisions regarding their educational and career paths; employers, to help them "connect" with young people who have the credentials and qualifications that they need; and educational institutions, to help them design their programs.

In order to improve labour market information, some witnesses advocated increased funding for Statistics Canada. In its [brief](#) submitted to the Committee, Polytechnics Canada proposed that the Workplace and Employee Survey be improved, while the Association of Canadian Community Colleges suggested, – in its [brief](#) submitted to the Committee – suggested that more data on publicly funded colleges should be collected through the Post-Secondary Student Information System. Moreover, in its [brief](#) submitted to the Committee, the Association of Universities and Colleges of Canada supported the analysis of the information pertaining to the labour market needs of businesses that was collected through the 2012 Workplace Survey. Finally, in the [brief](#) submitted to the Committee by Polytechnics Canada, and in the [brief](#) submitted by the

Association of Canadian Community Colleges, reactivation of Statistics Canada's Youth in Transition Survey was urged in order to enable the collection of more in-depth and comprehensive data in relation to young people's integration into the labour market.

2. Awareness of Educational and Career Options

Some of the Committee's witnesses believed that the federal government should encourage students, at a younger age, and their parents to start thinking about the educational and career paths that should be pursued. The [Association of Canadian Community Colleges](#) suggested that the government could initiate a national campaign to raise awareness about the various types of careers that students can pursue. [It](#) also said that all post-secondary institutions should be required to publish information about the labour market outcomes of recent graduates in order to provide prospective students with information about potential labour market opportunities. In addition, the [Canadian Chamber of Commerce](#) and [Tammy Schirle](#) proposed that young people be exposed to labour market information at a younger age, perhaps when they are in junior high school and/or in high school.

In order to improve access to a wider range of post-secondary educational and career opportunities, Let's Talk Science – in its [brief](#) submitted to the Committee – encouraged the federal government to work collaboratively with it to deliver programs that prompt high school students to develop STEM skills.

3. Financial Support

The [Canadian Alliance of Student Associations](#) told the Committee that, in order to help students transition from school to the labour market, the CSLP should be changed to remove the \$100 weekly earnings limit after which financial assistance is reduced.

To help students work more during the summer months and less during the academic year, the [Fédération étudiante universitaire du Québec](#) urged an increase in funding for Emploi-Québec's summer jobs program. [It](#) also proposed more resources for the federal granting agencies in order to encourage graduate students to focus on their studies.

Let's Talk Science indicated – in its [brief](#) submitted to the Committee – that it facilitates the development of leadership, management and communication skills through providing post-secondary students with opportunities to volunteer with it. It noted, however, that additional resources are needed in order for it to improve such opportunities.

[Tammy Schirle](#) advocated greater transparency and simplicity for tax credits, grants and other measures designed to help young people, and proposed the creation of a commission to assess how the tax and transfer system could be streamlined and made more transparent.

4. Administration of the Post-Secondary Education System

In its [brief](#) submitted to the Committee, Polytechnics Canada proposed that a portion of the funding for post-secondary education provided to the provinces under the CST be allocated to polytechnics to support their programs that are in high demand. Polytechnics Canada's [brief](#) argued that the provinces should be required to disclose information on the manner in which funds received through the CST are allocated, as well as the results achieved by the institutions that are funded.

The Association of Universities and Colleges of Canada suggested, in its [brief](#) submitted to the Committee, that the federal government should facilitate continuous dialogue among post-secondary institutions, provincial governments and employers in order to share information about labour market needs and how they could be addressed. [Let's Talk Science](#) advocated the creation of a federal agency for education that could both coordinate educational policy at the national level and plan for the long term.

Given the lack of clear market failures and the high rate of return on post-secondary education, [Tammy Schirle](#) advised against government intervention in the "skills market."

Finally, in commenting on the issue of academic mobility, [Polytechnics Canada](#) stated that efforts should be directed to the creation of a national credit transfer system.

E. Witnesses' views on the challenges faced by apprentices and other types of interns

In speaking to the Committee about apprenticeships and other types of internships, witnesses focused on perceptions about apprenticeships and skilled trades, barriers to successful apprenticeships and unpaid internships.

1. Perceptions About Apprenticeships and Skilled Trades

The Committee's witnesses commented on perceptions about apprenticeships and skilled trades, with the [Canadian Apprenticeship Forum](#) citing a study it conducted in 2013. According to that study, 53% of youth identified university as their preferred post-secondary education option, while less than 20% preferred an apprenticeship program. Furthermore, the [Conference Board of Canada](#) indicated that, while the demand by employers for skilled tradespersons has risen in recent years, there has not been a corresponding increase in the supply of individuals with such skills. According to these witnesses, youth have a bias against apprenticeships and skilled trades. Similarly, [Employment and Social Development Canada](#) said that employers are concerned that youth may not choose skilled trades as their preferred career option.

Citing the aforementioned 2013 study by the Canadian Apprenticeship Forum, the [Merit Contractors Association](#) stated that, in recent years, perceptions of a career in skilled trades have improved among youth aged 15 to 17; that said, parents, guidance counsellors and friends tend to discourage these youth from pursuing such a career.

Finally, the [Canadian Apprenticeship Forum](#) and the [Merit Contractors Association](#) asserted that poorly performing students are encouraged to enrol in apprenticeship and skilled trades programs; in their view, these programs now require strong mathematics, science, language and communication skills.

2. Barriers to Successful Apprenticeships

In its [brief](#) submitted to the Committee, the [Canadian Apprenticeship Forum](#) indicated that apprentices' training may be disrupted by economic conditions, as most apprenticeships occur with small- and medium-sized enterprises; given their limited financial capacity, such businesses may lay off uncertified apprentices first when difficulties arise.

The [Progressive Contractors Association of Canada](#) identified a number of barriers to entering skilled trades programs, including cost, proximity to employers and training providers, and family circumstances. As well, [it](#) noted that some provinces may impose barriers, such as requirements for high journeymen-to-apprentice ratios, additional fees and administrative burdens. The [Merit Contractors Association](#) expressed concern that a lack of flexibility on the part of trade schools, which may not offer programs during the summer or evening classes, may limit the amount of training that is provided.

According to the [Canadian Apprenticeship Forum](#), young people in skilled trades may find that the demand for their skills varies significantly across Canada's regions. According to [it](#), these youth need to be informed about the location of employment opportunities.

[Unifor](#) suggested that apprenticeship opportunities in the manufacturing sector are lacking, partly because older workers remain on the job longer than expected. That said, [it](#) noted that a lack of available jobs in that sector may also be a factor.

Finally, the [C.D. Howe Institute](#) argued that the regulation of apprenticeships varies across provinces. In [its](#) view, this variability may limit the labour mobility of youth.

3. Unpaid Internships

In speaking to the Committee, [Statistics Canada](#), the [Canadian Centre for Policy Alternatives](#) and the [Canadian Intern Association](#) pointed out that data on internships in Canada are lacking. That said, other witnesses suggested that unpaid internships are increasingly common. According to the [Canadian Intern Association](#), the [Canadian Labour Congress](#), the [Canadian Federation of Students](#) and the [University of Toronto Students Union](#), there are up to 300,000 unpaid interns per year in Canada. The [Canadian Centre for Policy Alternatives](#) said that the trend towards unpaid internships is the result of more difficult labour market conditions for youth, with some employers taking advantage of this situation. Furthermore, the [Canadian Intern Association](#) expressed concern that unpaid internships put downward pressure on the wages of other workers, result in higher youth unemployment and replace paid positions.

The [Canadian Intern Association](#), the [Canadian Federation of Students](#), the [Canadian Alliance of Students Associations](#), the [University of Toronto Students Union](#) and [Career Edge](#) suggested that unpaid internships result in unequal opportunities among students. For example, in their view, such internships tend to be taken by students who are relatively more affluent, as those who are more indebted may be less able to work without pay for an extended period of time, resulting in lost opportunities and skills degradation.

The [Canadian Intern Association](#) and the [University of Toronto Students Union](#) mentioned that, in some sense, unpaid internships have a gender dimension, as the sectors where such internships are most prevalent are often dominated by women. In that regard, they highlighted journalism, nutrition, social work, marketing, public relations and fashion. The [Fédération étudiante universitaire du Québec](#) identified teaching, nursing and psychology as fields where unpaid internships are common in Quebec.

The [University of Toronto Students Union](#) argued that the regulation of internships in Canada is limited, inconsistent across jurisdictions and poorly enforced. [It](#) also stated that unpaid interns may be reluctant to complain about their situation for fear of being black-listed.

In speaking specifically about the federal jurisdiction, the [Canadian Intern Association](#) observed that the *Canada Labour Code* does not contain provisions regarding internships; [it](#) added that a number of provinces, including British Columbia, Ontario and Quebec, have released guidance that is designed to clarify the status of interns within their jurisdiction. As well, the [Canadian Intern Association](#) said that the lack of clarity about the status of interns in the federal jurisdiction leads to adverse consequences, including an inability for such interns to claim or contribute to the Employment Insurance program or to the Canada Pension Plan, and a lack of protection in terms of workplace health and safety. Finally, [it](#) pointed to an absence of measures that would deter employers from offering unpaid internships.

F. Witnesses' views on the solutions for apprentices and other types of interns

The Committee's witnesses suggested a number of measures that they believed would address the challenges faced by apprentices and other types of interns. In particular, they discussed information about apprenticeships and skilled trades, additional financial support and other initiatives, and regulatory and other measures in relation to paid and unpaid internships.

1. Information in Relation to Apprenticeships and Skilled Trades

The [Merit Contractors Association](#) told the Committee that governments should partner with industry to improve the perception of skilled trades not only among youth, but also among parents, teachers and counsellors. As an example of an initiative that could be supported by governments, [it](#) cited its Learning About Trades and Technology Education program, which allows teachers and counsellors to visit construction sites to enhance their understanding of a career in skilled trades. In its [brief](#) submitted to the Committee, the

Canadian Apprenticeship Forum also supported raising awareness – among students, parents, teachers and counsellors – about the prerequisites for apprenticeship and skilled trades programs.

The Canadian Apprenticeship Forum, in its [brief](#) submitted to the Committee, shared its view that the federal government has a role to play in ensuring that all post-secondary educational options – including skilled trades – are fairly and equitably considered by students. As well, its [brief](#) urged the federal government to identify, by region and locality, the demand by employers for various types of skilled trades.

Finally, in its [brief](#) submitted to the Committee, the March of Dimes advocated programs and initiatives that support youth engagement in apprenticeships.

2. Financial Support and Other Initiatives

A number of the Committee's witnesses commented on ways in which the federal government could better support apprentices and other interns. For example, with a view to encouraging projects that allow SMEs to support apprentices better by pooling training and administrative resources, the Canadian Apprenticeship Forum proposed – in its [brief](#) submitted to the Committee – that the government provide financial incentives to SMEs, such as grants or tax credits.

The [Merit Contactors Association](#) advocated making pre-apprenticeship and bridging programs eligible for the proposed Canada Job Grant, while – in its [brief](#) submitted to the Committee – the Canadian Apprenticeship Forum supported more opportunities to address the skills gap of prospective students in apprenticeship and skilled trades programs.

The [Canadian Chamber of Commerce](#) commented on Germany's approach with respect to apprenticeships, and argued for a cooperative approach among employers, educational institutions, governments and unions to help SMEs hire and train apprentices.

Recognizing the lack of financial incentives for high schools to offer construction trades programs, the [Merit Contractors Association](#) encouraged the federal government to provide funding to help high schools acquire and set up the equipment and infrastructure needed to offer such programs.

[Habitat for Humanity](#), which partners with colleges, trade schools, skills centres and high schools to provide students with opportunities to gain skilled trades experience, noted its support for government funding for such initiatives.

As a means by which to improve youth labour mobility, the [Canadian Federation of Independent Business](#) and the [C.D. Howe Institute](#) encouraged the federal government to work towards greater standardization and recognition of apprenticeship programs across provinces, while – in a manner that is similar to Germany's apprenticeship system – the [Progressive Contractors Association of Canada](#) supported greater mobility across training streams.

3. Regulatory and Other Measures in Relation to Paid and Unpaid Internships

In speaking to the Committee about internships, the [Canadian Federation of Students](#), [Career Edge](#), the [University of Toronto Students Union](#) and the Association of Canadian Community Colleges, in its [brief](#) submitted to the Committee, proposed that the federal government work towards the creation of enforceable national standards for internships that would apply in all Canadian jurisdictions.

In the view of the [Canadian Centre for Policy Alternatives](#), the *Canada Labour Code* should be amended to prohibit unpaid internships in federally regulated companies. The [Canadian Intern Association](#) also advocated amendments to the *Canada Labour Code*, and identified two areas requiring change: prohibit unpaid internships that are not part of an academic program; and ensure that interns are covered by the minimum employment standards contained in the Code. Moreover, [it](#) argued for interpretation guidelines to clarify that the term “employee” in the Code includes interns, as that would ensure that these individuals are subject to federal workplace health and safety legislation. Finally, [it](#) supported the adoption, by Employment and Social Development Canada’s Labour Program and the Canada Revenue Agency, of enforcement strategies that would ensure compliance with the proposed interpretation guidelines regarding the term “employee.”

The [Canadian Centre for Policy Alternatives](#), the [Canadian Federation of Students](#) and the [University of Toronto Students Union](#) shared their view that the federal government should lead by example, and should eliminate unpaid internships.

The [Canadian Intern Association](#), the [Canadian Centre for Policy Alternatives](#), the [Canadian Federation of Students](#) and the [University of Toronto Students Union](#) advocated the collection of data relating to internships, including the payment status, the sectors in which they are occurring, the gender distribution, and resulting job offers. To enable the collection of these data, the [Canadian Intern Association](#) and the [Canadian Centre for Policy Alternatives](#) proposed that questions be added to Statistics Canada’s Labour Force Survey.

A number of witnesses supported the creation of more paid internship opportunities. For example, [Career Edge](#) and the Association of Canadian Community Colleges, in its [brief](#) submitted to the Committee, urged the federal government to increase financial incentives for employers to hire paid interns, such as through the grants provided to employers under the Career Focus program. In the view of the [Canadian Centre for Policy Alternatives](#), in order to increase the number of public sector paid internships and summer jobs, the federal government could match funds provided by the provinces and municipalities.

Finally, in its [brief](#) submitted to the Committee, the Association of Canadian Community Colleges proposed that college students be eligible for international internship opportunities funded by the federal government; these opportunities are already available to university students. As well, the Association of Universities and Colleges of Canada’s

[brief](#) supported the enhancement of international and domestic mobility programs, and of other types of internships.

G. Witnesses' views on the challenges faced by disadvantaged youth

The Committee's witnesses raised a number of challenges experienced by young students who are disadvantaged, including youth who are Aboriginal Canadian or who have a disability.

1. Barriers Leading to Low Educational Attainment in Relation to Aboriginal Canadian Youth

The [C.D. Howe Institute](#) told the Committee that the low high-school completion, literacy and numeracy rates on reserves – and, to a lesser extent, off reserves – are an important issue that must be addressed, particularly given the high growth rate of Canada's Aboriginal population. Similarly, the [Assembly of First Nations](#) noted that a majority of First Nations youth have not graduated from high school.

The [Dauphin Friendship Centre](#) pointed out that factors such as alcoholism and drug abuse among parents, which may result from time spent in residential schools, and a lack of parenting skills are contributing to low rates of high school completion among Aboriginal Canadian youth. [Kiikenomaga Kikenjigewen Employment and Training Services](#) indicated that elementary education provided in remote First Nations communities may not adequately prepare students for high school, and that the resulting lack of basic skills may mean that high school graduates are unable to complete post-secondary education or gain specific training certification. Moreover, [it](#) said that, for remote First Nations communities that lack a high school, students wishing to graduate from high school may have to leave their families and communities – often at a young age – and move to the city, perhaps resulting in culture shock and other challenges for which they lack support.

[Kiikenomaga Kikenjigewen Employment and Training Services](#) stated that Matawa First Nations youth who undertake post-secondary studies face a number of obstacles for which high school does not prepare them. In its [brief](#) submitted to the Committee, the Battlefords Agency Tribal Chiefs indicated that, among its member First Nations, a lack of support, transportation and childcare are the top three barriers faced by youth wishing to enter the workforce or begin a training program.

With respect to funding for post-secondary education for Aboriginal Canadians, the [Association of Canadian Community Colleges](#) noted that – despite an increase in the number of Aboriginal Canadians pursuing post-secondary studies – funding has not grown.

2. Barriers to Post-Secondary Education and Training for Disabled Youth

The [National Educational Association of Disabled Students](#) informed the Committee that, while the educational profile of persons with a disability is comparable to that of individuals without a disability, those with a disability have a relatively lower rate of participation in university programs. It identified a number of challenges that may affect

educational and employment opportunities for disabled youth pursuing post-secondary studies. First, [it](#) said that the support provided by on-campus career centres to assist disabled students in finding employment opportunities that would contribute to the development of their skills, such as summer jobs and part-time positions during the school year, is inadequate. In addition, [it](#) stated that disabled students may be unable to work part-time during their school year as a result of their disability or because their disability supports would be reduced. Lastly, [it](#) suggested that a disabled student may be required to obtain more post-secondary credentials than an otherwise comparable non-disabled student in order to be competitive in the labour market; this situation may be exacerbated if a disabled student was not able to gain employment experience while studying.

The [Association of Canadian Community Colleges](#) indicated that the number of disabled students in colleges and universities has grown, with the result that these educational institutions are facing additional accommodation costs.

H. Witnesses' views on the solutions for disadvantaged youth

The Committee's witnesses advocated a range of initiatives that they believe would help to address the challenges faced by disadvantaged youth, including Aboriginal Canadians and those with a disability, and thereby improve their future employment opportunities.

1. Support for Disadvantaged Youth

The [Association of Canadian Community Colleges](#) informed the Committee about a number of measures designed to increase the participation of disadvantaged youth in post-secondary education. For example, [it](#) suggested increasing the number of CSLP grants for youth from low-income families, disabled youth and young non-Status Aboriginal and Métis Canadians. [It](#) also supported the creation of initiatives that would help youth who have not completed high school to gain the science and mathematics skills needed for post-secondary education. Finally, in its [brief](#) submitted to the Committee, it proposed an increase in the capacity of colleges for outreach initiatives targeted to disadvantaged youth, including by providing additional federal investments to train and certify essential skills trainers in colleges.

2. Support for Aboriginal Canadian Youth

In speaking to the Committee about facilitating access to post-secondary education for Aboriginal Canadian youth, the [Association of Canadian Community Colleges](#) requested additional funding, including through Aboriginal Affairs and Northern Development Canada's Post-Secondary Student Support Program. Furthermore, [it](#) and the [Assembly of First Nations](#) supported an increase in the capacity of organizations supported by Employment and Social Development Canada's Aboriginal Skills and Employment Training Strategy in order to allow them to provide better career counselling, pre-employment training and essential skills training. The [Assembly of First Nations](#) also advocated additional resources for childcare services to help young single parents access such training.

[Kiikenomaga Kikenjigewen Employment and Training Services](#) urged the adoption of initiatives, such as the Cultural Connections for Aboriginal Youth program, to address barriers to education for Aboriginal Canadian youth.

3. Support for Disabled Youth

The [National Education Association of Disabled Students](#) spoke about additional support for disabled students through the CSLP, and proposed an increase in the number of grants and enhanced repayment assistance plans. [It](#) also urged the federal government to work with the provinces/territories to coordinate financial assistance provided to disabled students.

CHAPTER THREE: YOUTH AS POTENTIAL OR CURRENT EMPLOYEES

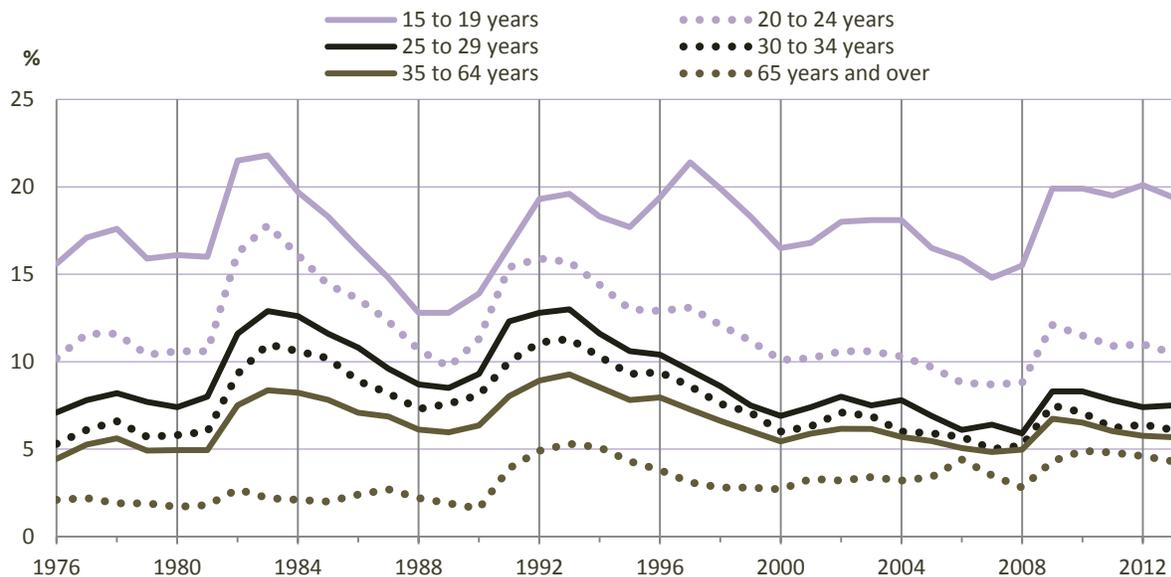
A. The statistical context

1. Unemployed Youth

Since at least January 1976, the earliest year for which these data are publicly available, Canada's youth unemployment rate has consistently exceeded the rate for the population aged 25 and over. According to [Statistics Canada](#), over the January 1976–December 2013 period, the youth unemployment rate was – on average – 2.1 times the rate for people aged 25 and older; in 2013, it was 2.3 times higher.

Figure 3 illustrates the unemployment rate in Canada for various age groups. The unemployment rate, which is particularly high for youth aged 15 to 19, tends to decrease with age.

Figure 3 – Unemployment Rate, Canada, by Age Group, 1976–2013



Source: Statistics Canada, [Table 282-0002](#), "Labour force survey estimates, by sex and detailed age group, annual," CANSIM (database), accessed on 13 January 2014.

For young people, finding a job can be especially difficult when an economic downturn occurs; some employers cease to hire workers and, when downsizing their workforce, lay off younger workers prior to more experienced workers. [Statistics Canada](#) data indicate that, on average in 2009, 2.8% of youth who were working in a given month became unemployed in the following month; for those aged 25 and older, this percentage

was 1.4%. Moreover, according to [Statistics Canada](#), in 2013, the average duration of unemployment for those aged 15 to 24 was 11.9 weeks, compared to 24.8 weeks for people aged 25 and older.

As described below, youth unemployment rates vary across demographic groups, provinces and countries. For example, some groups of young people – such as Aboriginal Canadians, immigrants, visible minorities and those with a disability – often have relatively greater difficulties in the labour market. As shown in Table 3 for 2011 or 2012, the unemployment rate for young people in the aforementioned four groups was higher than that for other young people.

**Table 3 – Youth Unemployment Rate, Canada,
by Selected Demographic Group, 2011 or 2012 (%)**

Characteristic	15 to 19 Years – 2011	20 to 24 Years – 2011
Aboriginal identity	25.9	22.6
Non-Aboriginal identity	19.5	14.4
Immigrant	24.9	16.9
Non-immigrant	19.3	14.4
Visible minority	26.7	17.7
Not a visible minority	18.6	14.1
Characteristic	15 to 24 Years – 2012	
With a disability	25.9	
Without a disability	15.3	

Note: Data for “with a disability” or “without a disability” are not available by five-year age groups (15 to 19 years and 20 to 24 years).

Sources: Aboriginal identity and immigrant status: Statistics Canada, “2011 National Household Survey,” Data Tables, Labour Force Status by [Aboriginal identity](#), [immigrant status](#) and [visible minority](#) status; Presence of disability: Statistics Canada, “2012 Canadian Survey on Disability.”

As shown in Tables 4 and 5, variations in the youth unemployment rate between the first half of 2008 and the first half of 2013 have differed across provinces and between the two age groups of youth aged 15 to 19 and youth aged 20 to 24. On a percentage basis, between the first half of 2008 and the first half of 2013, the unemployment rate for persons aged 15 to 19 increased the most in British Columbia, Nova Scotia and New Brunswick; the rate in Newfoundland and Labrador, and in Prince Edward Island, fell.

**Table 4 – Unemployment Rate and Variation, by Province, Persons Aged 15 to 19,
1st Half of 2008 and 1st Half of 2013**

Province	Rate (%)		Variation (%)
	1 st Half of 2008	1 st Half of 2013	
Newfoundland and Labrador	22.5	20.9	-6.9
Prince Edward Island	20.4	19.4	-5.0
Nova Scotia	17.2	27.4	59.4
New Brunswick	16.3	23.5	43.6
Quebec	16.9	20.5	21.3
Ontario	18.3	23.1	26.1
Manitoba	14.1	14.7	4.2
Saskatchewan	11.3	11.6	2.9
Alberta	11.0	13.4	21.4
British Columbia	11.1	18.5	66.6
Total	15.7	20.1	27.8

Note: To calculate the percentage variation, the difference between the 2008 and 2013 rate is divided by the 2008 rate.

Source: Statistics Canada, [Table 282-0001](#), "Labour Force survey estimates (LFS), by sex and detailed age group, unadjusted for seasonality," CANSIM (database), accessed on 15 January 2014.

For youth aged 20 to 24, between the first half of 2008 and the first half of 2013, the unemployment rate – on a percentage basis – increased the most in British Columbia, Saskatchewan and Alberta; the rate in Newfoundland and Labrador, and in Quebec, fell.

Table 5 – Unemployment Rate and Variation, by Province, Persons Aged 20 to 24, 1st Half of 2008 and 1st Half of 2013

Province	Rate (%)		Variation (%)
	1 st Half of 2008	1 st Half of 2013	
Newfoundland and Labrador	19.5	16.0	-17.8
Prince Edward Island	15.4	19.5	26.9
Nova Scotia	12.5	16.2	29.4
New Brunswick	16.7	17.6	5.9
Quebec	10.4	9.8	-6.2
Ontario	11.0	13.1	18.8
Manitoba	6.2	7.8	25.2
Saskatchewan	4.8	7.3	51.7
Alberta	5.2	7.2	37.6
British Columbia	6.2	10.2	63.4
Total	9.4	11.1	18.0

Note: To calculate the percentage variation, the difference between the 2008 and 2013 rate is divided by the 2008 rate.

Source: Statistics Canada, [Table 282-0001](#), "Labour force survey estimates, by sex and detailed age group, unadjusted for seasonality," CANSIM (database), accessed on 15 January 2014.

Finally, several Organisation for Economic Co-operation and Development (OECD) countries experienced an economic recession between 2007 and 2012. According to the [OECD](#), during this period, real gross domestic product (GDP) fell significantly in the following countries: in Greece by 20.1%; in Italy by 6.9%; in Portugal by 5.4%; in Spain by 4.7%; and in the United Kingdom by 3.0%. Other countries experienced an economic growth rate during that period that was below the OECD average of 3.0%; for example, growth was 0.5% in France and 2.1% in Belgium. That said, a number of countries had a growth rate during that period that was higher than the OECD average: 3.8% in Germany; 4.0% in the United States; 5.4% in Canada; 6.1% in Switzerland; and 12.8% in Australia.

Reductions in real GDP have effects on labour markets, and can lead to relatively higher unemployment rates, all other factors remaining the same. Table 6 presents, for various age groups, the unemployment rate in 2007 and 2012, the most recent year for which data are available for most OECD countries.

Table 6 – Unemployment Rate and Variation, Selected OECD Countries, by Age Group, 2007 and 2012

Country	Age Group (Years)	Rate(%)		Variation (%)
		2007	2012	
Spain	15 to 19	28.7	72.6	+153.0
	20 to 24	15.1	49.1	+225.2
	25 to 64	7.1	22.8	+221.1
Greece	15 to 19	26.4	65.7	+148.9
	20 to 24	22.3	53.6	+140.4
	25 to 64	7.2	22.4	+211.1
Portugal	15 to 19	24.1	56.5	+134.4
	20 to 24	14.8	34.0	+129.7
	25 to 64	7.6	14.5	+90.8
Italy	15 to 19	31.5	56.3	+78.7
	20 to 24	17.9	31.7	+77.1
	25 to 64	5.0	9.0	+80.0
Sweden	15 to 19	29.9	36.5	+22.1
	20 to 24	13.6	18.8	+38.2
	25 to 64	4.3	5.8	+34.9
France	15 to 19	25.9	32.7	+26.3
	20 to 24	17.2	21.8	+26.7
	25 to 64	6.7	8.4	+25.4
United Kingdom	15 to 19	20.7	29.3	+41.5
	20 to 24	10.7	17.2	+60.7
	25 to 64	3.7	5.8	+56.8
United States	15 to 19	15.7	24.0	+52.9
	20 to 24	8.2	13.3	+62.2
	25 to 64	3.6	6.8	+88.9

Country	Age Group (Years)	Rate(%)		Variation (%)
		2007	2012	
Canada	15 to 19	14.8	20.1	+35.8
	20 to 24	8.7	11.0	+26.4
	25 to 64	5.1	6.1	+19.6
Australia	15 to 19	13.8	16.7	+21.0
	20 to 24	6.3	8.6	+36.5
	25 to 64	3.3	3.9	+18.2
Norway	15 to 19	10.5	10.9	+3.8
	20 to 24	5.2	7.3	+40.4
	25 to 64	1.8	2.4	+33.3
Germany	15 to 19	12.8	9.2	-28.1
	20 to 24	11.2	7.8	-30.4
	25 to 64	8.3	5.2	-37.3
OECD Average	15 to 19	15.2	19.8	+30.3
	20 to 24	10.6	14.9	+40.6
	25 to 64	4.8	7.0	+45.8

Note: To calculate the percentage variation, the difference between the 2007 and 2012 rate is divided by the 2007 rate.

Source: Organisation for Economic Co-operation and Development, [OECD.StatExtracts](#) (database), LFS by sex and age group, indicators, accessed on 4 June 2014.

As shown in Table 6, on a percentage basis, the increase in youth unemployment rates for OECD countries on average – at 30.3% for those aged 15 to 19 and 40.6% for those aged 20 to 24 – were lower than the 45.8% increase observed for those aged 25 to 64 years. In Canada, Portugal, France and Australia, the largest percentage variations in unemployment rates were in the younger age groups.

Table 6 indicates that, in 2012, Canada's unemployment rate for those aged 15 to 19 – at 20.1% – was slightly higher than the average of the OECD countries – at 19.8%. However, in that year, Canada's unemployment rate for youth aged 20 to 24 was somewhat lower than the OECD average, at 11.0% and 14.9% respectively. Moreover, in 2012, the unemployment rate for youth aged 15 to 19 was much lower in Canada than in a

number of southern European countries, such as Spain, Greece, Portugal and Italy; in these countries, youth of this age had an unemployment rate that exceeded 50.0%.

Germany, which has a highly developed apprenticeship system, is one of the few OECD countries to have experienced a decline in the unemployment rate between 2007 and 2012 for both youth and the rest of the population. According to the [International Labour Organization](#), in 2010, Germany had 39 apprentices per 1,000 employed persons, compared with 30 in Canada and 14 in the United States.

2. Young Employees

[Statistics Canada](#) data indicate that nearly 2.5 million Canadians aged 15 to 24 worked in 2013. Between 2012 and 2013, employment in that age group grew by 22,000, or 0.9%; there was a 1.3% increase in employment of persons aged 25 and older, which is equivalent to about 200,000 jobs. [Statistics Canada](#) data show that, of these 22,000 jobs, 2,700 – or 12% – were full time, which is considered to be 30 hours or more per week. In 2013, 52% of youth were employed full time, while the rate for people aged 25 and older was 86%.

According to [Statistics Canada](#), in 2013, 75.5% of people aged 15 to 24 who were not in school during the months of January to April and September to December worked, compared to 66.9% and 36.2% respectively for part-time and full-time students aged 15 to 24.

From 2012 to 2013, [Statistics Canada](#) data indicate that the most significant gains in full-time youth employment were in business services relating to building and other support services, with an increase of 13,200 jobs or a growth rate of 20.7%, and in technical, scientific and professional services, with an increase of 11,700 jobs or a growth rate of 17.1%. During those years, the most significant declines occurred in health care and social assistance, with a loss of 10,300 jobs or a decline of 9.5%, and in manufacturing, with a loss of 10,000 jobs or a decline of 8.2%.

Moreover, [Statistics Canada](#) data in relation to part-time youth employment indicate that, from 2012 to 2013, gains were made in areas where jobs are most often held by youth and students, such as in accommodation and food services, with an increase of 10,000 jobs or a growth rate of 3.3%, and in retail trade, with an increase of 8,900 jobs or a growth rate of 2.2%. Part-time youth employment in technical, scientific and professional services also increased during those years, with an increase of 7,900 jobs or a growth rate of 48.2%.

B. Federal supports

In order to improve employment opportunities for youth, the federal government delivers a range of employment programs designed specifically for them. It also provides funding to the provinces/territories to help them deliver their own skills and employment initiatives, some of which may benefit youth.

1. Employment Programs

As an employer, the federal government hires students through three main programs: the [Federal Student Work Experience Program](#), which provides students with temporary employment; the [Research Affiliate Program](#), which provides part-time employment to post-secondary students who require experience; and the [Co-operative Education and Internship Program](#), which provides four-month, full-time paid practicums to post-secondary students enrolled in a co-op program.

The main federal program designed to help improve the employment situation for youth is the [Youth Employment Strategy](#), which involves 11 federal departments and agencies. It has three main components:

- [Skills Link](#), which provides funding to organizations to offer activities that support youth employment, such as training or mentorship;
- [Career Focus](#), which provides funding to employers and organizations that deliver activities to help youth make more informed career decisions; and
- [Summer Work Experience](#), the primary component of which is the [Canada Summer Jobs](#) program, which provides funding to public-sector employers and businesses with 50 or fewer employees to hire youth.

Table 7 presents actual spending in 2011–2012 and 2012–2013, and planned spending in 2013–2014, for the three main components of the Youth Employment Strategy.

Table 7 – Youth Employment Strategy, Actual and Planned Spending, 2010–2011 to 2013–2014 (\$ millions)

Program	Actual Spending			Planned Spending 2013–2014
	2010–2011	2011–2012	2012–2013	
Skills Link	186.2	140.9	130.7	143.3
Career Focus	85.4	39.5	37.6	59.3
Summer Work Experience	126.3	132.9	131.8	133.1
Total	397.9	313.3	300.1	335.7

Sources: 2013–2014: Human Resources and Skills Development Canada, *Report on Plans and Priorities 2013–2014*, Supplementary Information Tables in the 2013–2014 Reports on Plans and Priorities, Details of Transfer Payment Programs, Horizontal Initiatives, [Youth Employment Strategy](#); 2010–2011 to 2012–2013: Human Resources and Skills Development Canada, *Departmental Performance Reports*, Supplementary Information Tables, Details of Transfer Payment Programs, Horizontal Initiatives, Youth Employment Strategy, [2010-2011](#), [2011-2012](#) and [2012-2013](#).

The federal government also supports young Aboriginal Canadians' participation in the labour market through the [First Nations and Inuit Youth Employment Strategy](#). It has two main initiatives:

- [First Nations and Inuit Summer Work Experience Program](#), which supports initiatives helping First Nations and Inuit youth acquire skills and experience through summer jobs; and
- [First Nations and Inuit Skills Link Program](#), which supports initiatives helping First Nations and Inuit youth acquire skills and experience, and prepare them for employment and career development.

2. Agreements with the Provinces and/or Territories

Through [Labour Market Development Agreements](#) (LMDAs), the federal government provides funding – which may benefit youth – to provinces/territories to deliver skills and employment initiatives offered under the Employment Insurance program. As well, through [Labour Market Agreements](#) (LMAs), the provinces/territories receive federal funds to provide assistance to unemployed individuals who do not qualify for Employment Insurance training programs and to employed individuals who lack a high school diploma or recognized certification or who have low literacy and essential skill levels. As well, the provinces receive funds through [Labour Market Agreements for Persons with Disabilities](#) (LMAPDs) to help them deliver programs designed to improve the employment situation for persons with disabilities.

The LMAs expired on 31 March 2014. In the 2013 federal budget, the government announced that it would: undertake negotiations with the provinces/territories to create the [Canada Job Grant](#) under the renewed LMAs; renegotiate the LMDAs; and introduce new LMAPDs. The Canada Job Grant is expected to be launched during 2014.

C. Witnesses' views on the challenges faced by unemployed youth

The Committee's witnesses identified a number of issues faced by unemployed youth – including the effect of the recent economic recession, the competition for jobs, employment prospects for youth in certain sectors, relevant skills, labour mobility and federal government programs – and highlighted some of the social impacts of their unemployment.

1. The Effects of Recessions

The [Canadian Labour Congress](#) spoke to the Committee about the lingering effects of the 2008–2009 recession on youth unemployment and labour force participation, noting that – in January 2014 – 540,000 youth aged 15 to 29 were unemployed, an increase of 100,000 youth since October 2008. Moreover, [it](#) indicated that, over the October 2008 to January 2014 period, more than 350,000 youth aged 15 to 29 left the labour force because they returned to school or pursued skills training, were discouraged or accepted unpaid work. The [Conference Board of Canada](#) stated that the youth labour market lost 200,000

jobs in the 2008–2009 recession, and that the youth labour force participation and employment rates did not increase in 2012 or 2013.

[Statistics Canada](#) said that, regardless of economic conditions, youth aged 15 to 24 are at greater risk of being unemployed than are individuals aged 35 to 54. According to [it](#), in 2009, the highest unemployment rate for youth aged 15 to 24 was 15.2%, which was slightly lower than the peak during the recessions in the early 1980s and early 1990s. In 2013, the unemployment rate for youth aged 15 to 24 was 2.5 percentage points higher than its 2007 value of 11.6%, and the unemployment rate of youth aged 25 to 34 was 1.1 percentage points higher than its 2007 value of 5.7%. [Statistics Canada](#) suggested that the relatively higher unemployment rates for youth aged 15 to 34 reflect their greater risk of being laid off prior to older workers.

When comparing the unemployment rate for youth aged 15 to 24 with that for individuals aged 25 to 54, the [Canadian Labour Congress](#) highlighted that the rate for the former was 2.4 times the rate for the latter in 2012, a difference that was at its highest level since comparable data became publicly available in 1976.

2. The Competition for Jobs

In the context of Canada's slow economic growth, the [Canadian Centre for Policy Alternatives](#) told the Committee that employers have a large pool of candidates from which to choose when they are hiring for entry-level positions; the pool includes newcomers to Canada, older workers and youth. The [Conference Board of Canada](#) noted that the increase in experienced employees working part time has reduced such opportunities for youth. Furthermore, the [Canadian Federation of Students](#) commented that older workers with more experience are disproportionately favoured in job competitions. That said, [Tammy Schirle](#) argued that there is no evidence of a connection between youth labour market outcomes and the number of older workers in the labour force.

The [Royal Bank of Canada](#) shared the results of a poll it commissioned in August 2013: 73% of graduates who were polled indicated that a lack of job experience was a barrier to finding their first job, while 77% identified a lack of connections and a network as such a barrier. As well, [it](#) said that the poll results revealed that, among the respondents who found work, nearly one half of recent graduates stated that having applicable job experience helped them in starting their career.

Witnesses also highlighted the issue of competition between foreign and domestic workers for jobs, with the [Canadian Centre for Policy Alternatives](#) mentioning that the number of temporary foreign workers in the pilot project for occupations requiring lower levels of formal training more than doubled from 13,000 workers in 2007 to 30,000 workers in 2014; [it](#) also indicated that 65,000 youth have been accepted through the international youth work experience program. According to [Restaurants Canada](#), for businesses in the restaurant sector in certain regions, temporary foreign workers – who represent less than 2% of the 1.1 million workers in that sector – are the only option.

3. Employment Prospects in Specific Sectors

The Committee's witnesses commented on the generational change in the number of youth employed in various sectors. [Unifor](#) noted that, since 1976, seven sectors have increased the number of jobs for youth, with the biggest job gains occurring in the retail and wholesale trade, and hospitality sectors. According to [it](#), one half of all young workers are currently employed in these two sectors; a generation ago, one in four young workers was employed in those sectors. Finally, [Unifor](#) indicated that the retail sector remains the leading employment sector for youth; in the past, jobs in this sector were well-paid and resulted in successful careers.

[Unifor](#) also spoke about Canada's manufacturing sector, suggesting that the sector's decline has affected young workers to a greater extent than workers who are older, as youth with the least seniority are laid off first.

Regarding initial jobs for youth, the [Canadian Federation of Independent Business](#) commented that small businesses play an integral role in providing youth with their first experience in the workforce. [It](#) highlighted the results of a survey of its members in the fall of 2013 that showed that one half of respondents had hired a young person in the last three years.

4. Relevant Skills

In speaking to the Committee, the [Dauphin Friendship Centre](#) shared the results of surveys it conducted in 2009 on youth aged 15 to 30 and on employers; the focus was the factors preventing youth from fully participating in the economy. According to [it](#), the surveys identified a number of barriers that youth face in entering the workforce, including insufficient education, a family history of unemployment, inadequate access to childcare, limited employment experience, and a lack of family and community supports; employers reported difficulties in finding qualified employees, and indicated that youth lacked workplace skills, such as customer service, verbal communication, and interpersonal and organizational skills.

In its [brief](#) submitted to the Committee, the Confédération des syndicats nationaux noted that youth who are out of school and who are not employed face the risk that their skills will become "unrecognized." [It](#) also indicated that employers avoid job candidates who have a gap in their work or education history.

5. Labour Mobility

The [Canadian Labour Congress](#) told the Committee that labour mobility is an important issue, arguing that the reduced mobility of youth limits their employment prospects. According to [it](#), personal reasons – such as moving away from their community and family, and having small children – may reduce labour mobility.

[Employment and Social Development Canada](#) noted that youth leave their community to go to post-secondary education, and that their home communities would like

them to return for employment during the summer months. [It](#) highlighted that the Canada Summer Jobs program provides 35,000 jobs for youth in their communities.

6. Federal Programs

In speaking to the Committee about the Employment Insurance (EI) program, the [Canadian Labour Congress](#) indicated that eligibility requirements for benefits are too high, and access to training supports is difficult for young workers. According to [it](#), 18% of unemployed young men and 8% of unemployed young women were able to qualify for EI benefits in 2013. The [Confédération des syndicats nationaux](#) suggested that EI rules are an obstacle for youth employed in the tourism sector, which is seasonal.

In the view of [Tammy Schirle](#), high wage rates are the preferred method for attracting employees. She indicated that the Temporary Foreign Worker Program (TFWP) distorts Canada's labour market and prevents youth from identifying the sectors that are experiencing a labour shortage; such shortages often put upward pressure on wages.

In its [brief](#) submitted to the Committee, the Confédération des syndicats nationaux stated that, while the federal government provides \$330 million per year for the Youth Employment Strategy, the Strategy's programs are not adequately delivered, as there is no guidance available for youth who are excluded from the labour market. As well, [it](#) highlighted the existence of confusion about the federal and a similar provincial program in Quebec, as some programs are duplicated.

According to the [brief](#) submitted to the Committee by First Work, the Skills Link program is inadequately resourced in relation to its support for the mobility of youth graduates, national promotion of the program and serving as a forum in which communication about "best practices" among funding recipients can be facilitated. It also noted that funding recipients are not made public, which limits transparency and the sharing of information.

Finally, the [Canadian Labour Congress](#) noted that reduced LMA funding has decreased the support available to youth for training.

7. Social Impacts

The Boys and Girls Club of Canada, in its [brief](#) submitted to the Committee, argued that the high rate of unemployment for youth during the summer months could result in increased social costs for Canadians in low-income neighbourhoods that have a high crime rate. [It](#) commented on U.S.-based research that found a decrease in arrests in relation to violent crimes in high-crime communities that had a youth summer jobs program, such as the One Summer Plus program in Chicago. According to the Boys and Girls Club of Canada's [brief](#), such youth summer jobs programs help at-risk youth address common judgment and decision-making challenges, and provide regular opportunities to interact with a mentor.

In speaking about the intergenerational effects of youth unemployment, the [Canadian Labour Congress](#) noted that parents of unemployed youth cannot retire because

they must provide financial support to their children. Moreover, [Wayne Lewchuk](#) – a professor at McMaster University who appeared as an individual – suggested that children who leave their communities for work might not be able to care effectively for their elderly parents.

D. Witnesses' views on solutions for unemployed youth

The Committee's witnesses proposed a number of solutions for youth unemployment. For example, they mentioned federal employment measures, labour mobility, skills development, collaborations and partnerships, and the Employment Insurance program.

1. Federal Employment Measures

The [Canadian Union of Public Employees](#) and the Boys and Girls Club of Canada, in its [brief](#) submitted to the Committee, proposed additional annual funding for the Youth Employment Strategy to help youth integrate into the labour market. While not requesting an increase in annual funding for the Youth Employment Strategy, First Work – in its [brief](#) submitted to the Committee – suggested that a greater percentage of the current funding should be allocated to the Skills Link program, and that the additional amount could be used to address youth mobility, regional and national sharing of information among funding recipients, and public reporting.

In its [brief](#) submitted to the Committee, the Confédération des syndicats nationaux requested that the federal government give Quebec the right to opt out of the Youth Employment Strategy, with full compensation; if Quebec is not able to opt out, the Strategy should more effectively target youth who are excluded from the labour market.

A variety of changes to the TFWP and the international youth experience program were proposed. The [Canadian Centre for Policy Alternatives](#) suggested that every employer that applies to the TFWP or the international youth experience program should advertise that job domestically for a few weeks on the national job board administered by the federal government. The [AFL-CIO](#) requested that the TFWP be linked to training for Canadians, with a requirement that employers using the program be obliged to demonstrate a plan to train Canadians to fill the position.

The [Canadian Union of Public Employees](#) highlighted the Council of the European Union's Youth Guarantee program – which provides youth with an offer of employment, further education and apprenticeship or traineeship within four months of their graduation – and urged the federal government to implement a similar program.

Regarding positions for youth within the federal government or through government contracts, the [Canadian Union of Public Employees](#) called for the government to provide better employment opportunities for young workers, while the [Canadian Centre for Policy Alternatives](#) suggested that one fifth of all jobs associated with federally funded infrastructure contracts should be reserved for youth. In its [brief](#) submitted to the Committee, Unifor proposed that public infrastructure projects have minimum hiring requirements for young workers; these requirements would be determined in consultation

with government, labour and community representatives. The Confédération des syndicats nationaux, in its [brief](#) submitted to the Committee, requested stimulative fiscal policy as a means of creating jobs for youth and the establishment of an industrial policy to revive the manufacturing sector while respecting provincial jurisdiction.

The [Canadian Centre for Policy Alternatives](#) advocated increased funding for summer jobs programs that would help youth obtain jobs that are essential in the community, such as helping the elderly. In its [brief](#) submitted to the Committee, the Tourism Industry Association of Canada urged the creation of a U.S. marketing campaign, modernization of Canada's visitor visa processing, and an aviation policy that does not offload operational and security costs onto the public.

Finally, [Tammy Schirle](#) advocated an improved childcare system to facilitate the labour force participation of young women.

2. Labour Mobility

A number of the Committee's witnesses made suggestions designed to reduce barriers to youth labour mobility. For example, the [Canadian Centre for Policy Alternatives](#) requested a two-month wage subsidy for employers in slow-growth or high-unemployment regions that hire youth under the age of 30. In noting that certain regions in Quebec are experiencing youth out-migration, the [Fédération étudiante universitaire du Québec](#) proposed the creation of a tax credit to assist youth who relocate to such regions.

The [Progressive Contractors Association of Canada](#) argued for the creation of a lump-sum mobility grant that would be provided through the EI program; the grant would allow an unemployed person to use his/her EI benefits in order to relocate to another area of the country, and would finance the costs associated with finding a job, training and relocating. The [Conference Board of Canada](#) proposed a subsidy for mobility costs that could fund expenses relating to travelling, finding a job and housing. Finally, the [Canadian Centre for Policy Alternatives](#) requested a "cost offset" for youth under age 30 who are willing to move to regions with a labour shortage, while the [Canadian Labour Congress](#) advocated the creation of a national childcare strategy to facilitate job mobility for young workers with children.

3. Skills Development

In speaking to the Committee, the [Dauphin Friendship Centre](#) characterized the lack of essential skills as a barrier to youth employment, and highlighted a program conducted by it in partnership with Service Canada, provincial ministries and youth organizations; the program, which is designed to prepare youth for employment in their community, includes group-based learning, individual instruction and counselling. [It](#) suggested a collaborative approach involving the federal, provincial and local levels of government to provide unemployed youth with essential skills and literacy training.

[Habitat for Humanity](#) argued that skills training could be better matched to available jobs through a public-private partnership, and highlighted the successful partnership it has

with the Regina Trades and Skills Centre in providing short-term training for jobs. [It](#) encouraged the federal government to direct funding to such successful programs.

The [Canadian Federation of Independent Business](#) commented that, in a 2013 survey of its members about the decision to hire and train an employee, the most popular response was related to reducing the costs associated with hiring an employee. [It](#) called for the creation of an EI training credit for small businesses that would reduce mandatory EI premiums for such businesses while a new employee is being trained. [Restaurants Canada](#) made a similar suggestion for an EI credit in relation to the hiring of new employees who are under age 25.

In its [brief](#) submitted to the Committee, the Confédération des syndicats nationaux noted that training that is offered to the unemployed should be based on the jobs available in the labour market; that said, youth should be able to choose whether to improve their work skills or to develop new skills that would be recognized by a wide range of businesses. Furthermore, its [brief](#) said that apprenticeships and training should permit youth to become qualified for employment at various companies.

In discussing the effectiveness of the Skills Link program, First Work – in its [brief](#) submitted to the Committee – suggested that a “red-tape commission” should be created to address the administrative burden faced by grant and contributions holders, delays caused by the decision-making process, and the issue of annual “request for proposal” requirements for multi-year projects.

4. Collaborations and Partnerships

The [Dauphin Friendship Centre](#) informed the Committee that solving the problem of youth unemployment requires both a collaborative effort and support for socially innovative programming by federal, provincial and local levels of government; such programming includes that offered by the Dauphin Friendship Centre. The [Confédération des syndicats nationaux](#) noted that all parties – employers, unions and governments – must collaborate and work together as partners in creating jobs for youth, while the [Canadian Union of Public Employees](#) advocated national labour force planning in collaboration with industry, and labour, educational and research organizations.

In its [brief](#) submitted to the Committee, the Boys and Girls Club of Canada requested that the federal government partner with youth-serving organizations to explore promising employment programs that combine a job, mentoring and social-cognitive programming; it specifically mentioned Chicago’s One Summer Plus program. Its [brief](#) also supported evidence-based practices that help to meet Canada’s training and employment needs.

[Unifor](#) spoke about the German model of labour-government-employer collaboration and proposed more collaboration in Canada, such as through the sectoral councils. The [Canadian Union of Public Employees](#) urged the federal government to provide funding for organizations that support long-term collaborative planning, such as the sectoral councils and the Canadian Council on Learning.

5. The Employment Insurance Program

In speaking to the Committee, the [Canadian Teachers' Federation](#) requested changes to the EI and other federal job-related programs that would increase access and availability for youth, and that would connect youth to employers seeking workers. As well, [it](#) advocated enhanced funding for paid job training.

According to the [Canadian Federation for Independent Business](#), for small business owners, mandatory employer payments for the EI program are a disincentive to hiring. [It](#) requested that EI rates be lowered once the EI account is balanced.

Finally, in its [brief](#) submitted to the Committee, the Confédération des syndicats nationaux suggested that recent EI reforms that affect young workers should be repealed.

E. Witnesses' views on the challenges faced by employed youth

The Committee's witnesses highlighted certain challenges faced by employed youth, commenting – in particular – on their skills, full- or part-time and permanent or temporary status, regional employment differences, wage rates and income, and working conditions.

1. The Skills of Employed Youth

In publicly available [material](#) submitted to the Committee, Statistics Canada noted that the proportion of individuals aged 25 to 34 who have a university degree increased from 18% in 1991 to 33% in 2011, and indicated that the proportion of jobs requiring a university degree may not have increased at the same rate, leading to a potential “skills mismatch” and youth being “overqualified” for their current position. [It](#) also stated that, in a weak labour market, a growing number of graduates may have to compete for a limited number of skilled positions, which may prevent certain individuals from getting the experience they need to find better jobs in the future.

As evidence for the “overqualification” of employed youth, Statistics Canada highlighted – in publicly available [material](#) submitted to the Committee – that the proportion of positions occupied by university graduates aged 25 to 34 that require college-level education or less has been virtually unchanged since 1991. The [material](#) also mentioned that, in 2011, 33% of working youth aged 25 to 34 with a university degree in the humanities were employed in occupations requiring a high school education or less, while the proportion for education, health, architecture and engineering degrees was between 10% and 15%. Furthermore, according to Statistics Canada's [material](#), in 2011, the majority of youth aged 25 to 34 who were overqualified for their current position were in three fields of study: business, management and public administration; social and behavioural sciences and law; and humanities. Its [material](#) noted that – regionally – young workers in Quebec were less likely to be overqualified than those in Ontario in that year.

The [Canadian Chamber of Commerce](#) remarked that, even though Canada has the largest proportion of post-secondary graduates among OECD countries, many young people are unemployed or underemployed.

Regarding factors that may contribute to “overqualification,” [Employment and Social Development Canada](#) said that, after a recession, there is a certain degree of underemployment in the labour market; it often takes time for youth to find a job that matches their educational level. [It](#) also indicated that monetary reasons may induce youth to take a job that does not match their skills, provided that the new job will provide them with a relatively higher salary. [Restaurants Canada](#) noted that students work in the food services sector in order to pay for their education, and argued that such positions provide essential occupational skills; [it](#) characterized these jobs as an important first step on the career ladder.

[Mitacs](#) stated that the transition from education into a “high-quality” job is much more difficult for the current generation of youth than for previous generations. In focusing on the transition to a job that matches their educational training and level, the [Canadian Centre for Policy Alternatives](#) commented that the transition might be difficult for youth who remain underemployed for a significant amount of time, as employers may choose a more recent graduate with newer skills.

Finally, [Mitacs](#) mentioned that underutilization of the talent and training of youth results in lost opportunities for society to be more productive and innovative.

2. Full-time, Part-time and Temporary Employment

[Statistics Canada](#) told the Committee that, over the last three decades, the percentage of youth in full-time employment decreased for men under the age of 34 and for women aged 15 to 24; more specifically, from 1976 to 2013, men and women under the age of 25 who were not full-time students experienced a decline in their full-time employment rate of 16 and 9 percentage points respectively. [It](#) also said that, since the early 2000s, the oil-producing provinces of Alberta, Saskatchewan, and Newfoundland and Labrador have experienced a two percentage point increase in the full-time employment rate of men aged 25 to 34; the other provinces have had a decline of four percentage points.

In commenting on part-time work, Unifor noted – in its [brief](#) submitted to the Committee – that, in the previous generation, 21% of young workers had a part-time job; now, this rate is 48%. Its [brief](#) also indicated that the number of youth who are working part time involuntarily has increased since the previous generation; moreover, the rate at which the prevalence of involuntary part-time employment has risen exceeds the growth rate for youth who identify themselves as working part time voluntarily.

The [Canadian Labour Congress](#) suggested that one third of young workers are employed part time, and many are in low-wage, temporary and insecure employment; in its view, this type of employment is found in the retail and service sectors. [It](#) stated that, in 2013, the underemployment rate for young workers aged 15 to 24 was 27.7%.

Finally, the [Canadian Teachers’ Federation](#) said that young Canadians are struggling to find work that pays well. [It](#) provided the example of newly graduated teachers

working part time for up to five years before finding a full-time position, and argued that the lack of housing in the north may limit opportunities for such individuals.

3. Wage Rates and Income

[Statistics Canada](#) informed the Committee that, when adjusted for inflation, the average hourly wage of men aged 34 and under decreased between 1981 and 2000; however, between 2000 and 2013, it increased.

In examining specific age groups in oil-producing and non-oil-producing provinces, and after adjusting for inflation, [Statistics Canada](#) found that men aged 25 to 34 who were employed in the oil-producing provinces in 2013 had hourly wages that were 10% higher than they were in 1981, while comparable men employed in non-oil-producing provinces had hourly wages in 2013 that were the same as in 1981.

The [Canadian Federation of Students](#) commented on the median income of youth, noting that – among OECD countries – Canada has the largest proportion of university graduates earning less than the national median income. In its [brief](#) submitted to the Committee, Unifor indicated that one half of youth are employed in the retail and hospitality sectors, and that the hourly wage in these sectors is less than \$12.00, the lowest in the Canadian economy and 20% less per hour than the wage paid in other sectors.

In comparing the job market for youth in the current generation to previous generations, [Wayne Lewchuk](#) noted that there are many jobs for today's youth; that said, on average, these jobs have a lower starting salary and offer fewer long-term prospects when compared to jobs for youth in previous generations. Regarding the prospects for youth in high-wage sectors, such as public administration, [Unifor](#) suggested that such sectors are in decline in Canada; in its [brief](#) submitted to the Committee, it indicated that more young workers today are in low-wage jobs than was the case a generation ago.

The [Canadian Labour Congress](#) spoke about the effect of temporary employment on wages, noting that persistent unemployment leads to wage “scarring” that prevents youth from obtaining the wage rates that would be received if employment was more permanent. [It](#) highlighted an International Monetary Fund study that found that the wage “penalty” for unemployed young workers when they re-enter the workforce could be as high as 20% when compared to youth employed permanently.

The [Canadian Federation of Students](#) indicated that temporary employment that results in wage “scarring” could have an effect on the economy by leading youth to delay major purchases, such as a house. However, the [C.D. Howe Institute](#) argued that there are insufficient data to indicate the prevalence of wage “scarring”; however, [it](#) also said that income growth for youth could be problematic if they are laid off during their early years in the job market. [Wayne Lewchuk](#) highlighted the growth of short-term contracts and temporary help agencies, suggesting that the result has been temporary employment that lacks the benefits and security of full-time employment.

In speaking about youth who alternate between temporary jobs and unemployment, the [Canadian Alliance of Student Associations](#) noted that such individuals are “hidden” in

labour market data, as they are included in the data for individuals with secure and well-paid jobs.

[Tammy Schirle](#) suggested that skill depreciation resulting from movements into and out of the labour force for childcare and other reasons have a long-term impact on the wages of women.

Finally, the [Canadian Federation of Independent Business](#) and the [Canadian Chamber of Commerce](#) said that public-sector wages can be higher than those in the private sector in certain cities, a situation that makes it difficult for small businesses to hire and retain employees.

4. Working Conditions

In its [brief](#) submitted to the Committee, the Confédération des syndicats nationaux mentioned that little progress has been made in terms of work-life balance, which affects young families and women. Its [brief](#) also noted that employers may treat full-time employees and employees who do not work full time differently in terms of working conditions, even when they are employed in the same job classification; moreover, they may compensate individuals hired after a certain date at a different rate than employees hired before that date.

F. Witnesses' views on solutions for employed youth

The Committee's witnesses proposed a number of measures that they believe would assist employed youth wishing to improve their current and/or future employment situation. For example, they made suggestions in relation to institutional arrangements and strategies, the proposed Canada Job Grant, wage subsidies, the retirement income of youth, changes to legislation and labour market information.

1. New Institutional Arrangements and Strategies

In speaking to the Committee, [Wayne Lewchuk](#) suggested that new institutional arrangements that reflect the changing nature of the labour market, with less permanent employment, should be created. [He](#) highlighted the “flexicurity” system pioneered in Denmark that provides a flexible labour force for employers, as well as generous income support and retraining for people moving between jobs. The [Canadian Teachers' Federation](#) called for the federal government to develop a national job creation strategy that would address the unemployment and underemployment of youth. According to [it](#), the strategy should be developed in partnership with employers and labour organizations, and should ensure that unpaid internships do not exist. The [Canadian Federation of Students](#) and the [University of Toronto Students Union](#) advocated the development of a national strategy to address unemployment, underemployment and unpaid internships.

In its [brief](#) submitted to the Committee, Unifor requested the establishment of a national, multi-stakeholder retail and hospitality sectoral council to institute standards for work hours, overtime, scheduling and employer-paid training for transferrable skills.

The [Canadian Labour Congress](#) advocated an employment strategy that is linked to a training strategy, with the objective of putting workers on a career path to “good,” permanent jobs that are “decently” paid and have a pension plan.

2. The Proposed Canada Job Grant

In speaking to the Committee, the [Association of Canadian Community Colleges](#) made specific suggestions in relation to the proposed Canada Job Grant. For example, [it](#) mentioned that the measure could have dedicated funding for youth that would include training to upgrade essential skills in order to ensure productivity in the workplace. Moreover, [it](#) believed that students who take such training should receive credits that would be recognized throughout Canada.

3. Wage Subsidies

Unifor, in its [brief](#) submitted to the Committee, noted that there are currently 77 wage subsidy programs across Canada; 14 of these programs target graduates or young workers. However, its [brief](#) highlighted that none of the programs is specifically designed to encourage permanent or long-term job creation, and requested that wage subsidy programs be strengthened through providing businesses with incentives to hire young workers for permanent, stable jobs. The [brief](#) also supported regular assessments – by the federal government, in coordination with provincial/territorial agencies – of the outcomes of such programs in order to ensure that “job market objectives” are being met.

4. Retirement Income of Young Workers

Some of the Committee’s witnesses mentioned the lack of retirement planning by young workers. In its [brief](#) submitted to the Committee, the Confédération des syndicats nationaux requested that the federal government require all employers to provide a contributory, employer-sponsored pension plan. The [Canadian Labour Congress](#) proposed a “strong” Canada Pension Plan and Old Age Security system so that young workers would have income when they retire.

5. Changes to Legislation

In speaking to the Committee about barriers to workforce participation by youth, the [Merit Contractors Association](#) and the [Progressive Contractors Association of Canada](#) urged collaboration and consultation among the federal and provincial/territorial governments to reduce provincial/territorial barriers to labour mobility for apprentices and individuals with a trade certification, and to harmonize laws and programs that prevent such mobility.

Regarding employment conditions, the Confédération des syndicats nationaux – in its [brief](#) submitted to the Committee – requested changes to federal labour legislation to ensure that youth do not experience discrimination on the basis of the date of hiring and/or their employment status.

6. Labour Market Information

A number of the Committee's witnesses commented on labour market information. For example, the [Canadian Alliance of Student Associations](#) requested better labour market information, arguing that it would result in improved policies, training and hiring.

The [Canadian Federation of Students](#) urged the federal government to collect relevant employment data on recent graduates, while the [Canadian Teachers' Federation](#) proposed that Statistics Canada revise existing surveys and create new surveys to assess – accurately and consistent with internationally recognized standards – the true nature of youth unemployment.

G. Witnesses' views on the employment challenges faced by particular groups of youth

The Committee's witnesses identified some of the barriers faced by particular groups of youth, including Aboriginal Canadians, those with a disability and those who are French-speaking in communities outside of Quebec where French is the minority language.

1. Unemployment Among Aboriginal Canadian Youth

[Kiikenomaga Kikenjigewen Employment and Training Services](#) provided the Committee with information about the Matawa First Nations, highlighting that the on-reserve unemployment rate was 70% to 75%, of which 65% can be attributed to youth. [It](#) also noted that most jobs on the Matawa First Nations reserve are summer jobs that pay the minimum wage.

In its [brief](#) submitted to the Committee, the Joint Economic Development Initiative noted that young Aboriginal Canadians often live in communities with chronic unemployment. The Association of Canadian Community Colleges, in its [brief](#) submitted to the Committee, noted that 400,000 Aboriginal Canadians will reach working age within the next decade.

The [Merit Contractors Association](#) was concerned that Aboriginal Canadian youth lack the academic prerequisites for apprenticeship programs; this lack of prerequisites has reduced the effectiveness of initiatives designed to increase the number of Aboriginal youth in the construction workforce.

Finally, the Confédération des syndicats nationaux, in its [brief](#) submitted to the Committee, argued that youth who use the Skills Link program do not receive support.

2. The Qualifications of Disabled Youth

The [National Educational Association of Disabled Students](#) informed the Committee about a 2013 federal report entitled *Rethinking Disability in the Private Sector* that found that almost one half of all unemployed disabled individuals have a post-secondary education. In speaking specifically about youth with disabilities, [it](#) indicated

that – in 2011 – the employment rate for youth aged 16 to 24 with a disability was 45.7%, while the rate for those in the same age group without a disability was 56%.

Regarding the factors that may contribute to the low employment rate for disabled youth and graduates who are disabled, the [National Educational Association of Disabled Students](#) stated that individuals who are disabled and who are receiving government benefits might choose not to work because their benefits are reduced when they receive employment income. [It](#) also noted that employers do not properly match disabled employees with an appropriate job, and that they perceive such employees as being less productive.

3. Jobs and French-Speaking Youth

The [Fédération de la jeunesse canadienne-française](#) informed the Committee about the small number of French-only jobs in Canadian communities where French is spoken by the minority of the population, and about the difficulty faced by Francophone community organizations in recruiting educated and qualified workers. [It](#) also said that Francophone communities in rural areas are experiencing youth out-migration as French-speaking youth leave their communities to pursue post-secondary education in urban areas.

H. Witnesses' views on solutions for the employment challenges faced by particular groups of youth

The Committee's witnesses proposed a number of solutions that they feel would enhance the employment prospects and conditions for Aboriginal Canadian, disabled and French-speaking youth who reside in communities where French is the minority language.

1. Training for Aboriginal Canadian Youth

The Committee's witnesses mentioned additional investments in Aboriginal education and skills development as a potential solution to the unemployment of Aboriginal Canadian youth. The [Assembly of First Nations](#) suggested that the Aboriginal Skills and Employment Training Strategy should be renewed in order to meet the growing demands by First Nations youth for skills training. Moreover, in its [brief](#) submitted to the Committee, the Battlefords Agency Tribal Chiefs identified programming that would assess the skills of the individual, and then provide appropriate training and employment services. Its [brief](#) also requested long-term funding for training, and for support for individuals aged 18 to 24 who have low income and who are not receiving income assistance.

In its [brief](#) submitted to the Committee, the Joint Economic Development Initiative argued for continued federal support for internship and mentorship opportunities, and the Workplace Essential Skills program; it also advocated changes to the program to allow collaboration with partners. Regarding new programs, the [brief](#) suggested that the federal government should consult and collaborate with Aboriginal partners, the private sector and provincial governments to identify current labour needs and solutions, and that the federal government should support not-for-profit organizations so that they can provide solutions to their clients.

2. The Transition into the Labour Force for Disabled Youth

In speaking to the Committee about the need to assist disabled youth transition from education to the workforce, the [National Educational Association of Disabled Students](#) requested a specific investment to support disabled youth aged 18 to 30 as they transition from school to work. In its [brief](#) submitted to the Committee, the March of Dimes suggested the creation of a community-based transition-to-work program that would provide life, work and vocational-related skills; those with a disability could share a transitional vocational plan with adult employment service providers. To ensure that disabled youth have job experience, the Neil Squire Society – in its [brief](#) submitted to the Committee – called for the funding of paid employment for disabled youth in high school, after high school and after post-secondary education.

Witnesses noted that disability supports are a factor in helping disabled youth gain and retain employment. In its [brief](#) submitted to the Committee, the Neil Squire Society advocated additional employment-related support for disabled individuals, while [Career Edge](#) proposed increased efforts by employers to accommodate disabled employees.

Finally, the [National Educational Association of Disabled Students](#) requested additional support for the Skills Link program to assist youth with disabilities, and for the federal, provincial and municipal governments to encourage the hiring, retention and promotion of persons with disabilities across all sectors of the Canadian economy.

3. Francophone Organizations and Eligibility for Government Programs

The [Fédération de la jeunesse canadienne-française](#) told the Committee that certain federal employment programs limit eligibility to private-sector employers that do not receive any public funds, and urged the federal government to expand eligibility to include – as employers – community organizations in communities where French is the minority language.

CHAPTER FOUR: YOUTH AS ENTREPRENEURS

A. The statistical context

According to [Industry Canada](#), the percentage of Canadian small businesses owned by persons younger than 30 years of age fell from 2.9% in 2004 to 2.8% in 2007, and to 1.6% in 2011. According to the [Business Development Bank of Canada](#) (BDC), in 2010, 38.5% of Canadian business owners stated that they had started their first business between the ages of 18 and 34, and 1.0% did so prior to turning age 18. Furthermore, BDC has indicated that, relative to their older counterparts, entrepreneurs aged 18 to 34 are significantly more driven to develop their business and are less likely to invest in innovation.

B. Federal supports

In addition to any provincial/territorial initiatives, the federal government supports entrepreneurs in various ways; some federal initiatives are targeted to those who are young. For example, the [Canadian Youth Business Foundation](#) provides financial support to entrepreneurs aged 18 to 39, as they are less likely than older entrepreneurs to be able to obtain financing on their own; for those who are able to do so, the financing is typically costly. The Foundation also pairs young entrepreneurs with experienced business owners who serve as mentors.

Moreover, both the BDC and the federal regional economic development agencies support entrepreneurs, either generally and/or with a specific focus on young entrepreneurs. For example, the BDC provides financing and management advice to entrepreneurs, and sponsors the [BDC Young Entrepreneur Award](#). As well, FedNor's [Northern Ontario Youth Entrepreneurship Initiative](#) and the Atlantic Canada Opportunities Agency's [Young Entrepreneur Development Initiative](#) support young entrepreneurs, and Western Economic Diversification Canada and the Federal Economic Development Agency for Southern Ontario – through [Community Futures Development Corporations](#) – provide support to entrepreneurs, including those who are young.

C. Witnesses' views on the challenges faced by youth entrepreneurs

The Committee's witnesses identified a number of challenges that limit the extent to which youth are, or become, entrepreneurs. In particular, they mentioned the choice of entrepreneurship as a career, government programs that assist entrepreneurs, succession planning for retiring entrepreneurs and financial constraints.

1. Entrepreneurship as a Career

The Committee was informed that, at present, youth do not consider entrepreneurship as a career. For example, the [Canadian Youth Business Foundation](#) indicated that youth do not know that entrepreneurship is a viable career option. Moreover, the [AFL-CIO](#) said that, although a number of apprentices eventually start their own

business in order to supply their services to third parties, a career in the “trades” is not seen as leading to entrepreneurship.

In its [brief](#) submitted to the Committee, the Association of Canadian Community Colleges noted that helping youth build the knowledge and skills required to start, expand and manage a business increases their “employability” as an entrepreneur.

2. Government Programs

The [Canadian Youth Business Foundation](#) told the Committee that young people are not aware of government programs designed to assist entrepreneurs and support entrepreneurship. [Startup Canada](#) made particular mention of small communities, suggesting that entrepreneurs may not know where they can access support services.

3. Succession Planning

The [Canadian Youth Business Foundation](#) informed the Committee that, according to the Canadian Federation of Independent Business, Canada is facing a “huge” challenge as 66% of small business owners will retire by 2016 and business succession planning is lacking. Similarly, [Startup Canada](#) commented on business succession planning as a major issue faced by retiring entrepreneurs.

4. Financial Constraints

In speaking to the Committee about student debt and entrepreneurship, the [Canadian Federation of Students](#) and the [Fédération étudiante universitaire du Québec](#) highlighted that students with high levels of debt are not willing to risk starting their own business. The [Fédération étudiante universitaire du Québec](#) shared the results of its 2009 survey that found that 45% of Quebec students who wish to start a business are unable to do so because of their student debt.

Finally, the [Canadian Youth Business Foundation](#) said that it is difficult for youth to obtain the financing that is needed to start a business.

D. Witnesses’ views on the solutions for youth entrepreneurs

The Committee’s witnesses identified a number of solutions designed to increase youth entrepreneurship in Canada. In particular, they mentioned government support for entrepreneurs, business skills training for youth, accelerators and incubators to assist small businesses, and access to capital.

1. Government Financial and Non-Financial Support

The [Canada Youth Business Foundation](#) suggested the creation of a single federal government resource to assist the “entrepreneurial community” in accessing the numerous government programs that are available. [It](#) also called for increased government promotion of existing entrepreneurship programs. Similarly, [Startup Canada](#) proposed the

creation of an umbrella organization to “connect” the various government programs that support entrepreneurs.

As well, [Startup Canada](#) supported investments designed to encourage women, and especially young women, to become successful entrepreneurs.

2. Business Skills Training

A number of witnesses mentioned the need for additional entrepreneurial training for youth, whether to establish a business or to manage a business acquired through succession.

The [Association of Canadian Community Colleges](#) called for a pilot project to enhance the development and delivery of entrepreneurship training by post-secondary institutions. In its view, the pilot project could support the sharing of best practices among Canadian post-secondary institutions with a view to fostering a culture of entrepreneurship and encouraging more youth to become entrepreneurs. Youth Employment Services, in its [brief](#) to the Committee, suggested assistance for business skills training to help youth start a business; this assistance would include access to mentors with individualized coaching. Moreover, in its [brief](#) submitted to the Committee, the Association of Universities and Colleges of Canada requested that governments enhance experiential learning opportunities, such as entrepreneurial programs.

[Startup Canada](#) noted that entrepreneurs would like youth to be better equipped with the skills and networks needed to continue to expand the companies that they acquire through business succession planning by retiring entrepreneurs.

3. Accelerators and Incubators

In commenting on specific programs that assist entrepreneurs and early-stage businesses, [Startup Canada](#) supported the Canada Accelerator and Incubator Program and any measure that fosters an entrepreneurial culture in Canada. In noting that accelerators have the potential to cultivate the next generation of entrepreneurs and can create “collisions of innovation” among youth, [it](#) requested the creation of a nationwide peer network of entrepreneurs on campuses that would be connected to the Canada Accelerator and Incubator Program.

4. Access to Capital

In its [brief](#) submitted to the Committee, Youth Employment Services called for increased access to micro loans and for financial management training.

CHAPTER FIVE: RECOMMENDATIONS

Recommendation 1

That the federal government work with the provinces and territories to improve education and labour market information for secondary and post-secondary students so that they can make informed career choices. As well, efforts should be directed to promoting apprenticeships.

Recommendation 2

That the federal government provide Statistics Canada with the resources and mandate to provide improved labour market information so that young Canadians can make informed decisions about their educational and career paths.

Recommendation 3

That the federal government continue to support ways to improve the Canada Student Loans Program.

Recommendation 4

That the federal government increase the amount of employment income that students can earn before their financial assistance under the Canada Students Loan Program is reduced.

Recommendation 5

That the federal government, in collaboration with the provinces and territories, examine the extension, to universities, of the current practice by community colleges to report specific performance measures.

Recommendation 6

That the federal government work with the provinces and territories to improve and encourage more apprenticeship training and harmonization, and to improve labour mobility for youth.

Recommendation 7

That the federal government consider using internal trade measures to achieve consistency among provinces and territories on trades education and standards, such as the ratio of journeymen to apprentices.

Recommendation 8

That the federal government examine jurisdictions, such as Germany, in order to identify the means by which partnerships among educational institutions, employers and unions can improve labour market outcomes for youth. In particular, apprenticeship systems in various countries should be examined.

Recommendation 9

That the federal government collect data on unpaid internships in Canada and work with the provinces and territories to ensure the appropriate protections under relevant labour codes. Moreover, the government should study the impacts of unpaid internships.

Recommendation 10

That the federal government continue to invest in internships, such as in areas of science, technology, engineering and mathematics.

Recommendation 11

That the federal government, in collaboration with the provinces and territories, encourage the private sector to work closely with post-secondary institutions to establish more co-op programs to ease the transition from school to the workplace.

Recommendation 12

That the federal government continue to work with First Nations communities to provide Aboriginal youth with access to a high-quality education, as well as to the jobs and skills training opportunities they need to enter the labour force and become full participants in the Canadian economy.

Recommendation 13

That the federal government, during its review of the Youth Employment Strategy and in collaboration with provincial and territorial governments, ensure that funds are allocated to provide training and support for jobs, particularly those for which there is a high demand for labour.

Recommendation 14

That the federal government review the Canada Summer Jobs program in the context of its review of the Youth Employment Strategy.

Recommendation 15

That the federal government, in collaboration with the provinces and territories, continue to prioritize making all apprentices and

tradespersons eligible for employment on infrastructure and housing projects in municipalities across Canada.

Recommendation 16

That the federal government explore ways to promote youth hiring in Canada, such as tax credits for businesses that hire Canadians aged 18 to 30.

Recommendation 17

That the federal government continue to promote financial literacy and retirement savings initiatives specifically for youth and young Canadians.

Recommendation 18

That the federal government consider the merits of collecting information on opportunities that may be available for young people.

Recommendation 19

That the federal government commit to renewing the Aboriginal Skills and Employment Training Strategy program.

Recommendation 20

That the federal government explore ways to promote the hiring of disabled youth as a means of easing the transition from school to labour market activity for disabled young Canadians.

Recommendation 21

That the federal government encourage youth to explore the benefits of entrepreneurship and innovation, as well as support programs and initiatives that prompt youth to become job-creators.

Recommendation 22

That the federal government expand its support for youth business mentorship and explore new incentives to invest in young entrepreneurs.

Recommendation 23

That the federal government and the appropriate parliamentary committees consider further study of the following three topics: student enrolment in post-secondary institutions and the effectiveness in job preparation; student tuition fees and debt; and domestic and international youth employment rates, as well as the factors contributing to those rates.

CHAPTER SIX: CONCLUSION

Youth are typically recognized as a country's future. They are the future public- and private-sector employees, business owners, legislators, community leaders and volunteers, among others. Given the importance of youth to a country's future well-being, it is perhaps important that youth are supported as they face challenges when studying, working or looking for work, or becoming entrepreneurs.

For example, as students, youth may experience a mismatch between the skills they chose to acquire and those sought by employers when they graduate, may find that internship and similar opportunities are limited, and may be unable to afford the post-secondary education that is needed to obtain and retain employment in their chosen field. From that perspective, a focus on improving labour market information, ensuring that youth are fully aware of educational, internship, skills training and career options, and addressing affordability concerns in relation to education and training may be appropriate. As well, the particular needs of specific groups of students, such as Aboriginal and disabled youth, may have to be met through different measures.

As young employees and young people looking for work, youth may experience particular employment-related challenges during recessions, may find that the sectors or types of workplaces in which they are most typically employed are changing over time, and may have limited access to Employment Insurance. In this context, decision makers may wish to consider measures in such areas as labour mobility, support for ongoing skills training, improved labour market information and changes to such programs as Employment Insurance and employment programs. Particular groups of young employees and job searchers, including those who are Aboriginal Canadian or disabled, may need specific supports to help them reach their employment goals.

Finally, as entrepreneurs, youth may not perceive entrepreneurship to be a viable career option, may be unaware of or unable to access government programs, and may face a variety of financial constraints. To that end, a range of financial and non-financial supports, as well as business skills training, may help youth to become and remain successful entrepreneurs that contribute to the nation's economy and employ other Canadians.

Having received a wide range of testimony on the challenges faced by – and solutions proposed for – youth as students, employees, unemployed and underemployed individuals, and entrepreneurs, the Committee is confident that implementation of the recommendations made by us in Chapter Five will help to ensure that Canada's youth are able to realize their potential in the variety of roles they may play within society.

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<p>Canadian Labour Congress Amy Huziak, National Representative, Young Workers Angella MacEwen, Senior Economist, Social and Economic Policy</p> <p>Canadian Youth Business Foundation Marsha Josephs, Director, Government Relations</p> <p>Department of Employment and Social Development John Atherton, Director General, Employment Programs and Partnerships Philippe Massé, Senior Director, Economic Policy Directorate David McGovern, Senior Assistant Deputy Minister, Strategic Policy and Research Branch</p> <p>Statistics Canada Alison Hale, Director, Labour Statistics Division René Morissette, Assistant Director, Research, Social Analysis Division</p>	2014/03/06	23
<p>As individual Tammy Schirle, Associate Professor, Department of Economics, Wilfrid Laurier University</p> <p>C.D. Howe Institute Finn Poschmann, Vice-President, Research</p> <p>Canadian Centre for Policy Alternatives Armine Yalnizyan, Senior Economist</p> <p>Conference Board of Canada Pedro Antunes, Executive Director and Deputy Chief Economist</p> <p>Startup Canada Victoria Lennox, Chief Executive Officer</p>	2014/03/25	24
<p>Canadian Alliance of Student Associations Jonathan Champagne, National Director</p> <p>Canadian Intern Association Claire Seaborn, President</p>	2014/03/27	25

Organizations and Individuals	Date	Meeting
Fédération de la jeunesse canadienne-française Sylvain Groulx, Director General Mitacs Robert Annan, Vice-President, Research and Policy Polytechnics Canada Nobina Robinson, Chief Executive Officer University of Toronto Students' Union Yolen Bollo-Kamara, President Elect	2014/03/27	25
Association of Canadian Community Colleges Denise Amyot, President and Chief Executive Officer Canadian Apprenticeship Forum Sarah Watts-Rynard, Executive Director Canadian Federation of Students Brent Farrington, Internal Coordinator Fédération étudiante universitaire du Québec Thierry Morel-Laforce, President Let's Talk Science Bonnie Schmidt, Founder and President National Educational Association of Disabled Students Frank Smith, National Coordinator	2014/04/01	26
Canadian Chamber of Commerce Sarah Anson-Cartwright, Director, Skills Policy Canadian Federation of Independent Business Monique Moreau, Director, National Affairs Confédération des syndicats nationaux Jean Lortie, Corporate Secretary Merit Contractors Association Peter Pilarski, Vice-President, Southern Alberta Progressive Contractors Association of Canada Sean Reid, Vice-President, Federal and Ontario Unifor Angelo DiCaro, National Representative, Research Department, Young Workers Program Liaison	2014/04/02	27

Organizations and Individuals	Date	Meeting
<p>Building and Construction Trades Department, AFL-CIO Christopher Smillie, Senior Advisor, Government Relations and Public Affairs</p> <p>Canadian Teachers' Federation Dianne Woloschuk, President</p> <p>Canadian Union of Public Employees Paul Moist, National President</p> <p>Restaurants Canada Joyce Reynolds, Executive Vice-President, Government Affairs</p> <p>Royal Bank of Canada Susan Uchida, Vice-President, RBC Learning</p>	2014/04/03	28
<p>As individual Wayne Lewchuk, Professor, Lead Investigator, Poverty and Employment Precarity in Southern Ontario, McMaster University</p> <p>Assembly of First Nations Noel Joe, Co-Chair, National Youth Council</p> <p>Career Edge Organization Naguib Gouda, President</p> <p>Dauphin Friendship Centre Jeremy Smith, Executive Director</p> <p>Habitat for Humanity Canada Jason Kuzminski, Vice-President</p> <p>Kiikenomaga Kikenjigewen Employment and Training Services Beedahbin (Dawn) Desmoulin, Communications Officer</p>	2014/04/08	29

APPENDIX B LIST OF BRIEFS

Organizations and Individuals

Association of Canadian Community Colleges

Association of Universities and Colleges of Canada

Battlefords Agency Tribal Chiefs

Boys and Girls Clubs of Canada

Canadian Apprenticeship Forum

Canadian Centre for Policy Alternatives

Canadian Federation of Independent Business

Canadian Intern Association

Canadian Teachers' Federation

Career Edge Organization

Confédération des syndicats nationaux

Dauphin Friendship Centre

Fédération étudiante universitaire du Québec

First Work

Forest Products Association of Canada

Joint Economic Development Initiative

Kiikenomaga Kikenjigewen Employment and Training Services

Let's Talk Science

March of Dimes Canada

National Association of Friendship Centres

Neil Squire Society

Polytechnics Canada

Organizations and Individuals

Schirle, Tammy

Tourism Industry Association of Canada

Unifor

Youth Employment Services

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 23-29 and 40-41](#)) is tabled.

Respectfully submitted,

James Rajotte

Chair

COMPLEMENTARY REPORT FOR THE NEW DEMOCRATIC PARTY (NDP)

The Official Opposition members of the Standing Finance Committee would firstly like to thank the witnesses who took the time to present their views and solutions on the issue of youth unemployment in Canada.

We are pleased to support the main report. However, in response to the views expressed by the witnesses, important remarks should be added concerning the global economic context which influences the structure of our labour market, as well as the responses of the government regarding especially some of the major challenges that youth face in the labour market.

Unfortunately, since the Conservative government came to power, the situation has steadily deteriorated, and it is obvious that youth employment does not appear to be a priority for this government.

Indeed, as stated in the committee main report, Canadian youth still suffer to this day from the effects of the economic crisis. While employment growth for the entire population was not sufficient to recover the jobs lost during the crisis, young people have been particularly affected. More than 455,000 jobs for people under 25 have been lost since before the recession. And the unemployment rate stubbornly now double that of the population aged 25 years and older.

The recovery is slow, and the affected areas are still precarious several years after the crisis. Amy Huziak, for the Canadian Labour Congress, rightly said that "*Recessions are always harder on young workers, but we are nearly five years past the end of the last recession and there's still no recovery in sight for young workers*¹."

The Conference Board of Canada has confirmed this data, noting "*We have not seen one iota of pickup with respect to that cohort [15-24 years]. Employment levels are about the same as they were, participation rates have not picked up at all, and I think we've missed an opportunity here to get youth back into the labour market*²."

The New Democratic Party (NDP) is deeply concerned by the situation of the labour market for young Canadians and refuses to accept soaring levels of youth unemployment as normal.,

¹ **Amy Huziak**, National Representative, Young Workers, Canadian Labour Congress, FINA Meeting 23, March 6th 2014

² **Pedro Antunes**, Executive Director and Deputy Chief Economist, Conference Board of Canada, Meeting 24, March 25th 2014

Leadership: Collaboration with the provinces and territories.

We firmly believe that the federal government can show leadership in helping create jobs for young people. This will require collaborating with the provinces rather than picking jurisdictional battles.

It has a responsibility to work with the provinces on areas of education, training and apprenticeships in order to ensure better opportunities and outcomes for youth in the labour market. The federal government's action to date has been insufficient in the face of the problem.

Aboriginal youth.

Joe Noel of the Assembly of First Nations (AFN) testified about the troubling gap between the graduation rates of Aboriginal and non-Aboriginal students. He told Committee that the post-secondary graduation rate on reserve is about 14.4% compared to 39.1% for non-aboriginal population. Even more troubling, high-school graduation rates are just 36.8% on reserve compared with 66.8% for the broader population.

"The First Nations population is young and growing fast. Fully half of our population of 930,000 is under the age of 25³; [but] unfortunately, as it stands right now, the majority of first nations youth have not graduated high school⁴". Regrettably, the Federal government has contributed to this situation by consistently underfunding First Nations education and schools.

Thus, although the committee has agreed to recommend extending the ASETS training strategy for skills and employment for Aboriginal people, the NDP would have preferred to go further by recommending an increase in budget for this successful program. In addition, this program alone is far from sufficient, and we hope that the government takes into account the work of the Standing Committee on Aboriginal Affairs and Northern Development (AANO) on these issues.

Barriers to employment.

The cost of postsecondary education.

The NDP believes that education is a major factor in social mobility. In fact, in the study on income inequality, witnesses were near unanimous in identifying postsecondary education, financial literacy and early childhood education as important measures to reduce income inequality and its consequences. Again, in this study, the link between a high level of education and a lower unemployment rate was re-established by all witnesses. Similarly, on the cost of education, all witnesses agree that the ability to pursue post-secondary education enables young people to increase their opportunities on the labor market, as well as their conditions of employment.

What is more difficult to accept for the government, is the link between greater

³ Ibid.

⁴ Ibid.

access to education and student debt. However, several witnesses, including the Canadian Federation of Students, emphasized that *"You cannot separate the level of debt a student is currently incurring to obtain the skills they need to work from their ability to find successful employment within that field"*⁵. However, financial aid is scarce, because *"unlike the cost of education, the level of federal financial aid available to students has not moved for nearly a decade."*⁶ No wonder that an increasing number of students have trouble repaying their loans.

In fact, the Canadian Federation of Students noted that *"the costs of postsecondary education [in Canada] are nearly double the OECD average" [while] the total "student debt is estimated at about \$ 28.3 billion"; it is clear that "[...] High levels of debt are impacting young Canadians' ability to integrate and participate in the broader economy upon graduation."*⁷ That is why the NDP has made the following recommendation:

Recommendation 1: That the Government of Canada should provide greater assistance in the form of grants and thus directly reduce student debt.

The labour market and youth.

Simply taking account of unemployment rates masks a number of other realities that young people experience in the labour market.

- i. **Precarious employment.** Precarious, temporary and part-time jobs, with reduced or even non-existent benefits are a reality for many young workers, whose situation is not reflected in the statistics. According to the Canadian Labour Congress, *"[...] unemployment isn't the only issue that needs to be addressed. One third of young workers are employed part time, and many are in low-wage, temporary, and otherwise insecure employment, with a large contingent located in the retail and service sector, which is notoriously insecure. Too many young workers are underemployed [...]. We calculate the underemployment rate for young workers aged 15 to 24 to be 27.7% for 2013. This is a significant number."*⁸ The competition is becoming increasingly fierce in the labour market and, the transition to the workplace for young post-secondary graduates is increasingly difficult.

- ii. **Unpaid internships.** The increasingly frequent use of unpaid internships by employers also poses a particular challenge for young Canadians. The NDP agrees that there are good internship programs associated with academic institutions that help young Canadians

⁵ **Brent Farrington**, Internal coordonnator, Canadian Federation of Students, Meeting 26, April 1st 2014

⁶ **Jonathan Champagne**, National Director, Canadian Alliance for Students' Associations, Meeting 25, March 27th 2014

⁷ Ibid.

⁸ **Amy Huziak**, National Representative, Young Workers, Canadian Labour Congress, Meeting 23, March 6th 2014

benefit from a first work experience relevant and improve their career prospects. However, several witnesses denounced the trend among some employers to use unpaid internships as a prerequisite to employment, as a way to fill positions that would otherwise be paid and which do not necessarily lead to the acquisition of relevant experience for the career of the young worker. Fortunately, the Committee adopted a recommendation regarding the collection of data on unpaid internships in Canada; however we would have liked a stronger emphasis on the need for better management of this practice, through amendments to the Canada Labour Code to ensure better working conditions.

- iii. **Temporary foreign workers.** Youth also face particular competition on the labour market from the growth of the Temporary Foreign Worker Program (TFWP). The problem, according to some witnesses, is that *"It's very hard to know where the numbers are exactly, but let's say there are 300,000 perhaps in the workforce today. It would add 1.5% to the unemployment rate."*⁹ Indeed, foreign workers admitted under the low-skilled occupations stream of the TFWP are in *"direct competition with young people"*¹⁰ and the program *"is preventing the market from working within Canada."*¹¹ Such a program may result in downward pressure on wages in lower-skilled employment sectors, which is typically where young people have their first work experience. Despite the fact that the government has announced a moratorium on the TFWP in the area of fast food, it seems to have no intention to revise the program as a whole, which is still badly needed. The government must take action against employers who abuse the program and protect jobs and employment opportunities for young Canadians.

Recommendation 2: That the Government of Canada impose an immediate moratorium on the use of the Temporary Foreign Worker Program for lower-skilled occupations, which includes fast-food, service and restaurant jobs and request an urgent audit of the program by the Auditor General..

Youth with disabilities.

Youth with disabilities also face great challenges in the labour market: a more difficult transition from school to work, reduced support services to meet their individual needs and job opportunities, and ignorance of their actual capabilities. Youth with disabilities are more educated than ever, however, as indicated by one witness *" [...] the employment rate of youth with disabilities aged 16 to 24 was 45.7% in 2011] and for the same age cohort among those without disabilities*

⁹ **Pedro Antunes**, Executive Director and Deputy Chief Economist, Conference Board of Canada, Meeting 24, March 25th 2014

¹⁰ **Armine Yalnizyan**, Economist, Canadian Center for Alternative Policies, Meeting 24, March 25th 2014

¹¹ **Tammy Schirle**, Associate Professor, Department of Economics, Wilfrid Laurier University, As an Individual, Meeting 24, March 25 2014

it was 56%.¹²" Despite the committee's recommendation to encourage hiring, and to facilitate their transition from school to the labour market; the government must finally stop procrastinating and take action to enable young people benefit from better opportunities to enter the labour market permanently.

Childcare Program.

One witness reported the results of a survey of students who stated that *"60% of students will postpone buying a house because of their debt and 40% will postpone their plans to start a family."*¹³ Thus, the first job is not everything. Another issue of great importance then comes into play for "young professionals": the work-family balance.

Tammy Schirle, Associate Professor of Wilfrid Laurier University came to testify to the fact that *"child care is really vital for women to enter into the labour force when their children are younger. [...] When women first start out in the labour market in that 25- to 29-year-old range, the gap isn't very large. [...] It's after a few years, when they've had to take departures out of the labour force for child care and other reasons, that they have some skill depreciation [...]. Improving the child care system, I think of this as a market failure, and improving the child care system to better facilitate young women in the labour force would certainly have its benefits, in my opinion."*¹⁴

Recommendation 3: That the government of Canada work with the provinces and territories to improve access to affordable, quality child care and early childhood education programs to help young parents fully participate in the labour market if they wish to do so.

¹² **Frank Smith**, National Coordinator, National Educational Association of Disabled Students, Meeting 26, April 1st 2014.

¹³ **Tierry Morel-Laforce**, President, Fédération étudiante universitaire du Québec, Meeting 26, April 1st avril 2014

¹⁴ **Tammy Schirle**, Associate Professor, Department of Economics, Wilfrid Laurier University, As an Individual, Meeting 24, March 25 2014

SUPPLEMENTARY OPINION OF THE LIBERAL PARTY

The Liberal Party would like to thank the many individuals and organizations from across Canada who came forward to share their expertise with the Committee during this study. We generally support the findings and recommendations of this report. However, there are a few key areas where the majority report glossed over some important challenges facing Canada.

A. Job Creation for Young Canadians

Too many young Canadians are not sharing in Canada's economic prosperity. Though some sectors of the population have recovered from the recession, youth employment remains stubbornly below pre-recession levels. There are still 259,200 fewer jobs for young Canadians compared to the autumn of 2008.

Youth employment in Canada (15-24 years of age), 2008–present



Source: Statistics Canada, [Table 282-0087](#), "Labour Force Survey estimates (LFS), by sex and age group, seasonally adjusted, monthly," CANSIM (database), accessed on 5 June 2014.

Given the depth of the challenges facing our youth, the federal government ought to show leadership and help create job opportunities for young Canadians. Instead, the Conservatives cut \$98 million in funding to the [Youth Employment Strategy](#) (YES) which is the government's flagship program for stimulating youth employment. They have also cut the number of student jobs created through the [Canada Summer Jobs Program](#) by more than half since taking office (36,000 student jobs in 2013-14 compared to 77,579 student jobs in 2005-06).

B. The Government of Canada as an Employer

The Conservative government is also making the situation worse in their role as an employer. Despite the fact that young Canadians face an already weak labour market, the government is continuing to cut the number of student jobs in the federal public service.

Student jobs in the federal public service

	Federal Student Work Experience Program (FSWEP)	Co-operative Education and Internship Program (Co-op)
2009-10	9,613	4,842
2010-11	8,781	4,810
2011-12	8,305	4,520
2012-13	5,835	3,408

Source: Public Service Commission of Canada, [Annual Reports](#) (2009-10 to 2012-13)

The federal government hires students mainly through two programs: the [Federal Student Work Experience Program](#) (FSWEP) and the [Co-operative Education and Internship Program](#) (Co-op). Both programs provide full-time students with paid, temporary work and valuable job experience. Over the last four years, the number of positions in the FSWEP and Co-op programs has been cut by 39 percent and 30 percent, respectively.

C. Financial impact on parents

Youth unemployment and underemployment not only hurts young Canadians, it also places a financial strain on their parents.

The [Canadian Alliance of Student Associations](#) recently sponsored a national [survey](#) of parental views on post-secondary education. It shows that 33 percent of Canadian parents are using their retirement savings to help pay for their children's school, and one out of seven parents are even remortgaging their homes. The same survey also shows that 70 percent of parents feel a responsibility to allow their adult children to live at home so that their children can save money.

An earlier [survey](#) by TD Canada Trust shows that a majority of baby boomer parents have financially supported their adult children, even after graduation. This includes 43 percent of parents who have let their adult children live at home rent-free after finishing school. According to John Tracy, Senior Vice President at TD Canada Trust:

Today's high youth unemployment, increasing post-secondary education costs and high property prices means many young people are more likely to rely financially on their parents well into adulthood.

Data from the Canadian Financial Monitor shows that baby boomer parents now carry twice as much household debt, on average, as their childless peers.

D. Aboriginal Youth

Aboriginal peoples are Canada's youngest and fastest growing population. They represent tremendous economic potential. Yet only one in three First Nations students on-reserve are graduating high school.

While education generally falls under provincial jurisdiction, the federal government retains responsibility for education on reserves. Nevertheless, the Conservatives have left on-reserve schools chronically underfunded and in a state of disrepair. Even with the new funding announced in the latest federal budget, there remains a sizeable funding gap between on-reserve schools and provincially-funded schools in rural and remote areas. If the economic potential of Aboriginal peoples is to be fully realized, the federal government must work in partnership with Aboriginal communities to eliminate this funding gap.

Finally, we agree with witnesses who testified that a shortage of affordable childcare, both on and off reserves, acts as a barrier to young parents who want to enter the workforce or upgrade their skills.

RECOMMENDATIONS

The Liberal Party recommends:

- 1. That the federal government introduce a hiring tax credit to stimulate new employment for young Canadians.**
- 2. That the federal government support job creation in Canada by lifting its freeze on Employment Insurance (EI) premiums and allowing them to fall as soon as the EI account balances instead of keeping these payroll taxes artificially high.**
- 3. That the federal government reverse its funding cuts to the *Youth Employment Strategy* as well as its cuts to the number of young Canadians employed through the *Canada Summer Jobs Program*, *Federal Student Work Experience Program*, and *Co-operative Education and Internship Program*.**

- 4. That the federal government recognize the economic potential of young Aboriginal Canadians and work in partnership with Aboriginal communities on a plan to ensure that every Aboriginal student has access to a high-quality education. As part of this plan, the federal government should eliminate the funding gap for First Nations-led K-12 education, increase financial support for Indigenous language and culture education, and remove the 2 percent funding cap on the Post-Secondary Student Support Program.**
- 5. That the federal government support the participation of young parents in the workforce by investing in affordable, high-quality early childhood education and care (ECEC) programs.**