

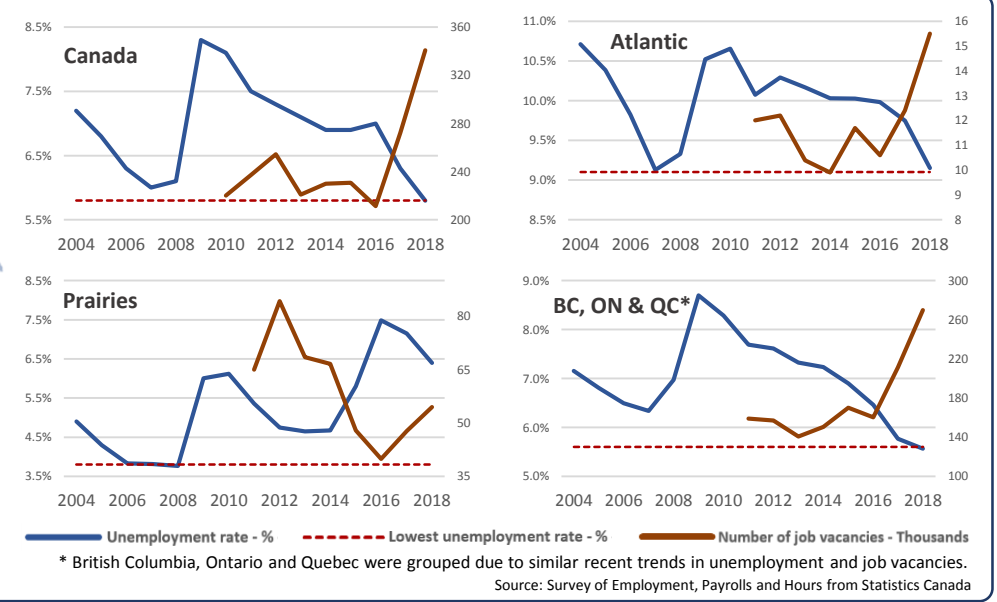
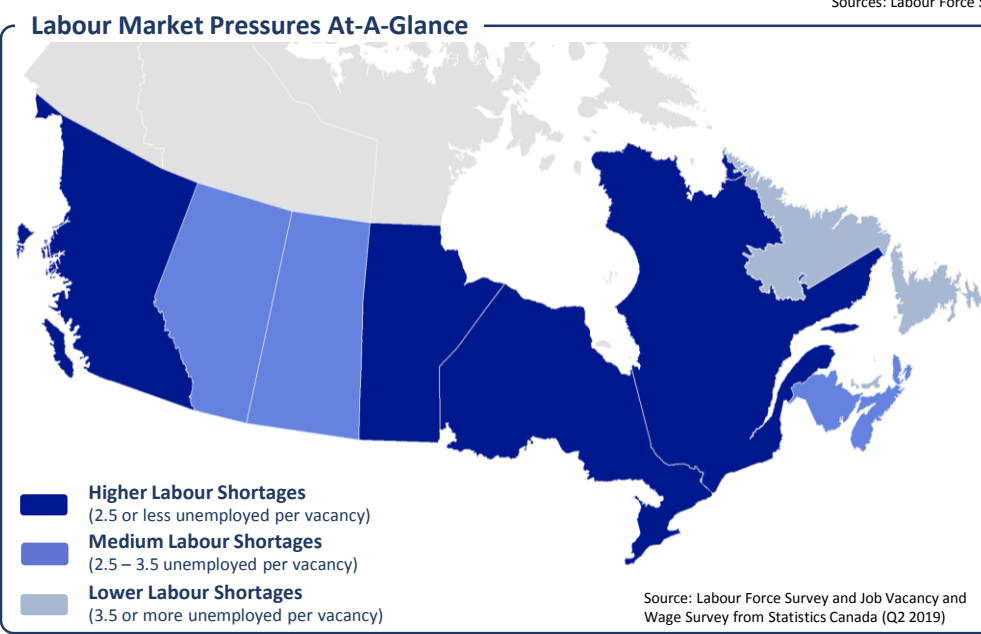
Addressing Labour Shortages

Data current as of September 20, 2019

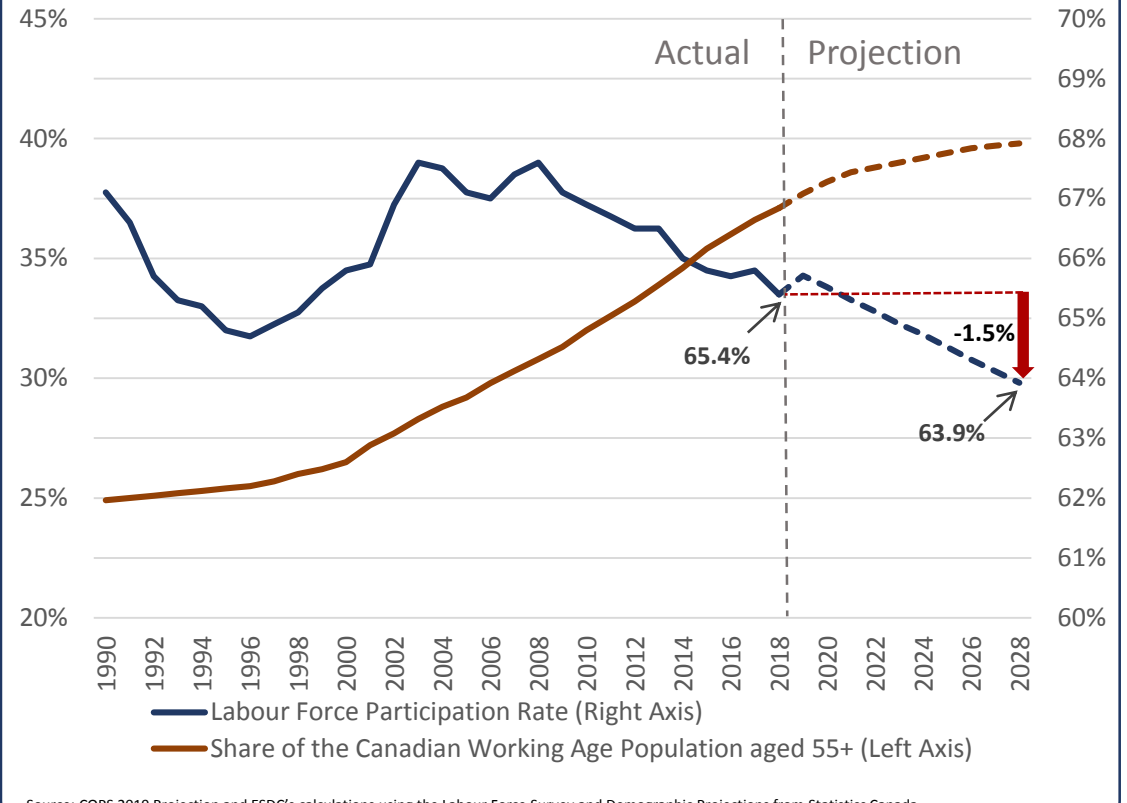
Current Labour Market Conditions

Unemployment rates have been falling and job vacancies increasing in most regions, leading to labour shortages and...

- 30.3M** Size of the total working age (15+) population in Canada.
- 19.8M** Size of the labour force, reflecting a **65.4%** participation rate.
- 18.7M** Number of employed, reflecting a **61.6%** employment rate.
- 1.16M** Number of unemployed, a **5.8%** unemployment rate.
- 527K** Number of vacant jobs, reflecting **3.2%** of labour demand.
- 0.6%** Average real hourly **wage growth** in 2018. Suggests there is little evidence of significant upward pressure, despite higher shortages in some regions.



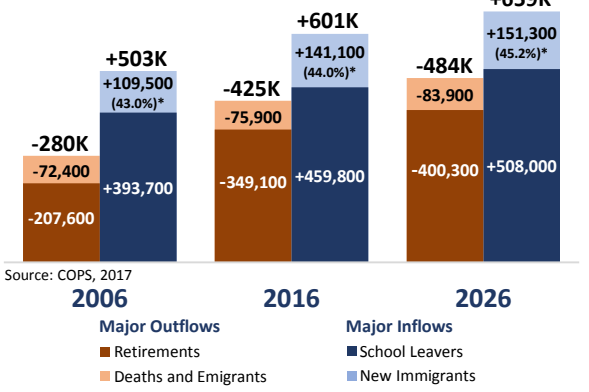
... population aging will continue to put downward pressure on labour force participation and labour force growth



Possible Pathways to Address Labour Shortages

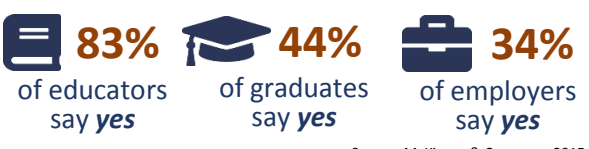
New Labour Market Participants

Increasing skilled immigration levels and improving immigrant participation rates would help address labour shortages. However, new graduates will continue to be the largest source of new labour...



*Note: This percentage reflects the share of all new immigrants that are non-students aged 15 and over who are participating in the labour force.

...but, they may not be adequately prepared to meet labour market needs.



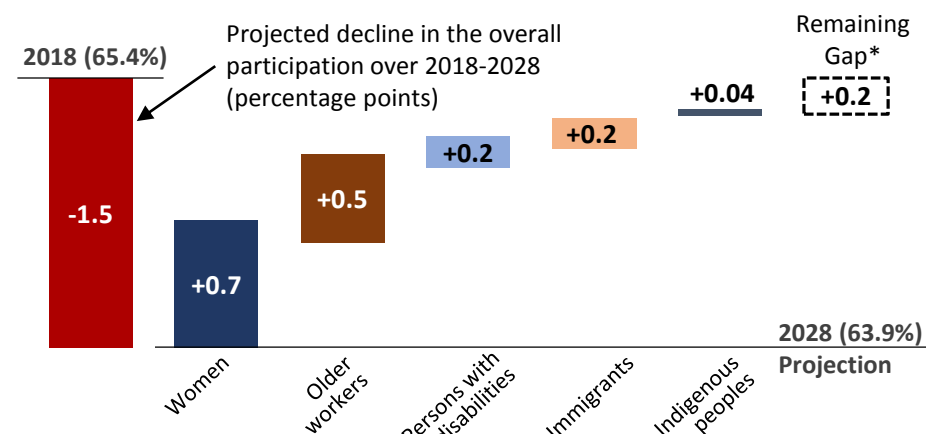
Women, Older Workers and Underrepresented Groups

Narrowing the participation gap of groups underrepresented in the labour force would help mitigate the decline in participation rates.

| Group | Current Rate | Participation Gap | Additional Workers (% Labour Force) |
|------------------------------|--------------|-------------------|-------------------------------------|
| Men | 69.6% | - | 1.2M (6.1%) |
| Women | 61.3% | 8.3% | |
| Older Workers (Japan) | 47.0% | - | 1.0M (5.2%) |
| Older Workers (Canada) | 37.8% | 9.2% | |
| Persons without disabilities | 84.8% | - | 445K (2.3%) |
| Persons with disabilities | 64.7% | 20.1% | |
| Canadian born | 66.1% | - | 206K (1.0%) |
| Immigrants | 63.8% | 2.3% | |
| Non-Indigenous | 65.4% | - | 48K (0.2%) |
| Indigenous | 61.4% | 4% | |

*Note: These illustrative figures cannot be summed as they are not mutually exclusive, leading to double or triple counting.

Impact on the overall participation rate of closing a third of the participation rate gaps of under-represented groups by 2028



*Note: Estimates are approximates. Some individuals can belong to two or more underrepresented groups. For example, there could be older immigrant women with a disability. Although efforts were made to count these individuals only once, the overlay of the bars intends to reflect this overlap.

Increasing new immigration by an average of 80K (or +25%) annually over the next 10 years would have the same impact on the labour force than that obtained from closing a third of all the participation rate gaps. However, additional immigrants would also raise the demand for labour and therefore have a smaller impact on reducing labour shortages.

Technology will contribute to closing the remaining gap

Technological innovation will affect the size and composition of labour demand in the future.

Global industrial robot sales doubled between 2013-2017 and are expected to continue growing (000's of units)



New technologies will require a workforce that is adaptable and capable of upskilling/reskilling and could result in a significant disruption to the labour market (see *Changing Nature of Work* placemat).