

# THE PROSPERITY GAP – IDEA STARTERS

## LEVELING THE PLAYING FIELD

### ACCELERATING ECONOMIC MOBILITY FOR THOSE BEING LEFT BEHIND

#### THE CONTEXT

The Toronto region is the economic centre of the country, representing 1/5 of Canada's GDP and 38% of Canada's business headquarters. It is also the region with the greatest economic inequality in Canada, and the gap between "rich" and "poor" is widening at a record pace. The systemic and long-term effects of inequity have many consequences and for growth to be sustained and inclusive, its benefits must reach all people.<sup>i</sup>

**How can we work across sectors to raise the economic floor and shrink the region's growing equity gap?**

#### WHY IT MATTERS

A prosperous GTHA is one where everyone can access the benefits of economic growth and where there is expanded opportunity for all (especially for those facing the greatest barriers to advancing their well-being). However, all too often our economic systems and processes help those who are already benefitting most from these systems. By providing more opportunities for more people, we can better level the playing field and strengthen economic participation for all.

#### WHAT WE KNOW

##### **Canada is facing a cost-of-living crisis.**

- Over one-third (35%) of Canadians say it's been difficult for their household to meet its financial needs in the previous 12 months and 26% of Canadians said they would be unable to cover an unexpected household expense of \$500.<sup>ii</sup> According to the most recent census, Toronto has the greatest income inequality in the country.<sup>iii</sup> The GTHA also has the lowest median household income in Ontario (Toronto – \$84,000, Hamilton – \$86,000, Ontario – \$91,000).<sup>iv</sup>

##### **The gap between "haves" and "have nots" is growing at the fastest rate on record.**

- The wealthiest 20% of Canadian households account for more than 2/3s of all net worth while the poorest 40% account for less than 3%. The gap between the wealthiest and poorest increased by 1.1% in the first quarter of 2023, the fastest increase on record dating back to 2010.<sup>iv</sup>
- As the cost of living has increased, wages have not gone up proportionately – 64% of workers had wage increases that were less than the 3.4% average inflation over the past two years.<sup>vi</sup>
- On average, the GTHA has higher low-income rates than other metro areas in Canada, with Toronto being the highest. Toronto – 13.2%, Hamilton – 10.7%, Ontario 10.1%, Canada – 11.1%.<sup>vii</sup>

##### **Inflation and high-interest rates are taking their toll on the economy and families.**

- Nearly 3 in 4 Canadians say rising prices are affecting their ability to meet day-to-day expenses, while 3 in 10 Canadians are very concerned about whether they can afford housing or rent. Rising food prices and higher transportation and housing costs are key issue areas.<sup>viii</sup>

##### **The ripple effects of COVID-19 continue to impact the economic health of our region.**

- The pandemic triggered a sudden shift to remote work, which has become permanent in some sectors. It also shone a spotlight on work itself – many essential work roles not only pay less but are unsuitable for remote work, while knowledge-based workers can often work remotely, further exacerbating divisions and emphasizing how work remains highly unequal, intersectional and gendered.<sup>ix</sup>

##### **The digital divide continues to worsen.**

- 98% of Toronto households have home internet access, but 38% of households report download speeds below the Canadian Radio-television and Telecommunications Commission (CRTC)'s national target of 50 megabits per second (Mbps).
- 34% of Toronto households are worried about paying their home internet bills over the next few months, with rates of worry greatest among low-income, newcomer, single parent, Latin American, South Asian, Black, and Southeast Asian residents.<sup>x</sup>

The GIG economy provides opportunities for those most likely to face economic insecurity but also emphasizes inequity and economic precarity.

- Gig workers are primarily independent contractors, which limits their contact with colleagues, making it hard to establish a community and discouraging collective action. There is also often limited or no access to benefits, savings plans, vacation pay and stability through gig work.<sup>xi</sup>

## SPOTLIGHTING ACTIONS & SUCCESSES

### Ontario Living Wage Network – Scaling the Number of Living Wage Employers

A person’s wage directly impacts their ability to participate in and benefit from our economy. The Ontario Living Wage Network is a network of employers, employees, non-profits, researchers and proponents of decent work standards for all workers who publish annual living wages for the province and certify employers who have committed to paying a living wage to all employees. There are approximately 600 living wage employers in Ontario, of which 250 operate in the Golden Horseshoe.

### Reducing the Cost of Living – Spotlighting the \$10-a-Day Childcare Program

Unaffordable and inaccessible childcare has often been cited as a barrier to economic mobility, particularly for mothers and immediate caregivers. In 2017, the federal government announced the Canada-wide Early Learning and Child Care program to provide families with access to high-quality, affordable, flexible, and inclusive early learning and childcare no matter where they live. Since launch, 13 provinces and territories have signed on, up to 40,000 more affordable childcare spaces across the country have been created, and nearly half of all provinces and territories have \$10-a-day on average (or less!) regulated childcare with all others having reduced parent fees by 50% or more for regulated childcare.

## KEY TERMS

### Living Wage:

The hourly wage a worker needs to earn to cover their basic expenses and participate in their community. (Note: This is not the minimum wage, which is the legislated minimum all employers must pay and is set by the provincial government.)<sup>xii</sup>

### Guaranteed Basic Income (GBI):

A payment to eligible parties that ensures a minimum income level, regardless of employment status. Ontario tested a GBI pilot in 2017/18.

### Digital Divide:

The separation between people who do or do not have access to the internet at home.<sup>xiii</sup>

### Gig Economy:

Refers to the “informal paid work” enabled by online platforms and spurred by rapidly evolving economic conditions. This is often contrasted to highly structured, formal work arrangements.<sup>xiv</sup>

**NOTE:** This document is intended to provide general background and spotlight actions and innovations in the space. It is not intended to be a complete or definitive set of facts about the topic. Wherever possible, sources have been cited. We apologize for any errors or omissions.

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# THE PROSPERITY GAP – IDEA STARTERS

## PASSPORT TO PROSPERITY

### ACCELERATING EMPLOYMENT PATHWAYS FOR NEWCOMERS

#### THE CONTEXT

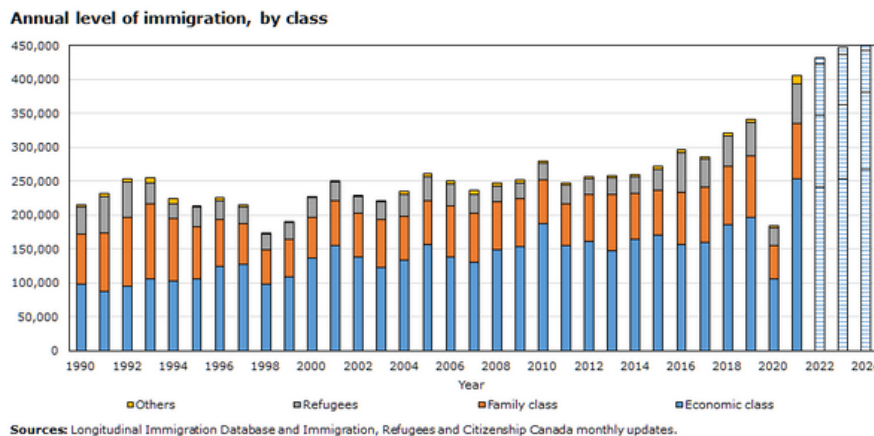
As a global immigration hub, newcomers play a vital role in the Greater Toronto & Hamilton Area’s (GTHA) economic and social success. However, newcomers also face long-established systemic barriers to the labour market. This comes at a time when the GTHA is facing significant and growing labour market gaps.

Recognizing the heightened success that comes from inclusive settlement approaches, **how can employers work alongside public and non-profit sectors to remove the systemic barriers newcomers face in accessing labour markets?**

#### WHY IT MATTERS

Newcomers are a key part of Canada’s labour force, including helping to address growing labour shortages – from 2016 to 2021, immigrants contributed to four-fifths of Canada’s overall labour force growth.<sup>ii</sup>

Systemic barriers to employment contribute to poorer earning and long-term employment outcomes for immigrants in comparison to counterparts born in Canada, as well as a lack of diversity in senior positions across sectors.



#### WHAT WE KNOW

Under Canada’s Immigration Levels Plan 2023–2025, the federal government has set significant immigration targets over each of the next three years. Many of those newcomers are expected to settle in the GTHA.<sup>iii</sup>

- A record 431,645 people became permanent Canadian residents in 2022, and a further 465,000–500,000 permanent resident admissions are expected each year until 2025.
- Historically, approximately 50% of all newcomers to Canada settle in Toronto, Montreal, or Vancouver.<sup>iv</sup>
- Over half of recent immigrants living in Canada were admitted under the economic category. Of these, just over one-third (34.5%) were selected through skilled worker programs, and another one-third (33.6%) through the Provincial Nominee Program.<sup>v</sup>
- 12.4% of Toronto’s population growth over the past 10 years can be attributed to external immigration.<sup>vi</sup>

Despite having established highly desirable skills, credentials and work experience through the immigration process, many newcomers (and especially those who are racialized) continue to face systemic barriers to the labour market<sup>vii</sup> including:

- Non-recognition of international work experience
- Devaluation of foreign credentials in regulated professions
- Non-inclusive employer culture and HR practices
- Lack of established professional/social networks

## SPOTLIGHTING ACTIONS & SUCCESSES

### TORONTO REGION IMMIGRANT EMPLOYMENT COUNCIL

The Toronto Region Immigrant Employment Council (TRIEC) works to address the persistent problem of immigrant underemployment, and supports organizations to become more inclusive, and help newcomers expand their professional networks and understand the local labour market. TRIEC offers Career Advancement for Immigrant Professionals program that supports employers with their internal talent mobility strategy. The program helps employers to retain and advance their existing newcomer talent, while also providing immigrant professionals with the opportunity to realize their full potential.

### ACHÈV

Achève connects people to opportunities that help them achieve their full potential, providing the resources and guidance needed. Through high-quality programs and personalized services, Achève supports career development, language education and settlement success in our communities, and delivers employment, newcomer, language and youth services. The organization also works collaboratively with employer and community partners to ensure they have the tools and capacity to support others.

### ACCES EMPLOYMENT

ACCES Employment provides a wide range of effective job search programs and services, including online services that are available to jobseekers locally, nationally and internationally for approved pre-arrival immigrants. Virtual Services include information sessions, webinars and online programs, as well as VERA, a Virtual Employment and Resource Attendant.

### WINDMILL MICROLENDING

Windmill is a national charity that provides affordable microloans to skilled newcomers to help restart their careers in Canada and bridge the gap of income inequality & labor shortage in the country. Windmill's microloans help newcomers pay for the costs of accreditation, training and career development. Funded by the public and private sectors, Windmill has delivered more than 9,000+ microloans to new Canadians, helping convert their potential into prosperity.

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## KEY TERMS

### **Permanent Resident:**

A permanent resident is someone who has been given permanent resident status by immigrating to Canada but is not a Canadian citizen. Permanent residents are citizens of other countries.<sup>viii</sup>

### **Economic Immigrant:**

This category includes immigrants who have been selected for their ability to contribute to Canada's economy through their ability to meet labour market needs, to own and manage or to build a business, to make a substantial investment, to create their own employment or to meet specific provincial or territorial labour market needs.<sup>ix</sup>

### **Credentialism:**

Belief in or reliance on academic or other formal qualifications as the best measure of a person's intelligence or ability to do a particular job.<sup>x</sup>

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# THE PROSPERITY GAP – IDEA STARTERS

## FUTURE-PROOFING THE TALENT PIPELINE

### ADDRESSING THE GTHA'S LABOUR MARKET GAPS

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#### THE CONTEXT

A healthy labour market is core to building prosperous communities. However, in the wake of a global pandemic that transformed our workplaces and exacerbated gaps in our workforces, the region is also grappling with an unprecedented shortage of skilled trade workers in mission-critical sectors like manufacturing and construction. With a focus on skilled trades, **how can we better develop, attract, and retain the talent needed to address immediate and anticipated labour gaps in the region?**

#### WHY IT MATTERS

A thriving labour market is important to the region's overall productivity and competitiveness – in fact, many employers identify labour shortages as the main factor limiting their ability to increase sales or production, ahead of “insufficient demand.”<sup>i</sup> The Canadian Manufacturers and Exporters (CME) reported that last year alone, labour shortages have resulted in economic losses totaling nearly \$13 billion.<sup>ii</sup> Additionally, the labour market is missing out on untapped pools of talent that could help stabilize and strengthen the market for the long term.

#### WHAT WE KNOW

##### **We have an unprecedented skills shortage.**<sup>iii</sup>

- Ontario reported 372,000 job vacancies during the third quarter of 2022, nearly double the average number of vacancies (195,000) reported during the three years leading up to 2020.<sup>iv</sup>
- The unemployment to job vacancy ratio in Canada was at a record low during the third quarter of 2022. For each job vacancy, there were 1.1 unemployed people – a ratio that has been on a steady decline since 2016, indicating that employers are having difficulty filling positions.

##### **The construction sector has been particularly hit hard by skills shortages.**

- The construction industry is short tens of thousands of workers, and experts say a coming wave of retirements could make the problem worse – even as Canada is millions of homes behind what's needed to reach housing affordability this decade.<sup>v</sup>
- In 2022, 86% of construction sector businesses reported labor shortages in Canada.<sup>vi</sup>
- In March 2023, the Canadian construction industry reported a total of 72,600 vacancies; manufacturing closely followed with 63,100 vacancies.<sup>vii</sup>

##### **“Boomers” are retiring and leaving the workforce at a rapid rate.**

- The proportion of the population aged 65 and older who are reaching retirement is increasing at an accelerated pace over the next decade, with the youngest baby-boomers turning 65 in 2030.<sup>viii</sup> More Canadians retired from their jobs in 2022 than in the previous two years.<sup>ix</sup>

##### **Immigrant credentials are not being recognized.**<sup>x</sup>

- Skills, experience, and interests of newcomers are not always effectively harnessed, despite accounting for over half of Toronto's population, 80% of Canada's population growth and 33% of Ontario's labour force. Effectively, tapping into this talent pipeline is essential for the region's businesses.
- Only 25% of internationally educated immigrants are employed in the professions for which they are educated and trained – for example, just 36.5% of immigrants trained abroad in registered nursing were working in that field & only 41% who had internationally earned medical degrees were working as physicians.
- Immigration policy has not shifted fast enough to fill the skilled trades gap. In August 2023, the federal government announced the move towards a focus on immigration candidates with trades expertise.<sup>xi</sup>

##### **The pipeline between school and work needs to be super-charged.**

- Despite significant advances in educational attainment in recent generations, the school-to-work transition remains a notoriously difficult time – only 34% of employers agreed that youth are prepared for the workplace.<sup>xii</sup>
- Since education is a key predictor of labour market outcomes, young people with lower levels of education are more likely to struggle with school-to-work transitions. In 2019, 88.9% of young bachelor's degree holders not in school full-time were employed, much higher than those with no high school diploma (52.2%).<sup>xiii</sup>

## SPOTLIGHTING ACTIONS & SUCCESSES

### Leveraging Micro-Credentials

New micro-credential programs are helping to strengthen the talent pipeline for Canada's biomanufacturing industry. U of T Engineering has partnered with CCRM, BioZone and the School of Continuing Studies on a new set of micro-credentials that will help workers across Canada's biomanufacturing industry to upgrade or strengthen their skills.

### Recognizing International Training

Internationally trained engineers will now be able to get their license in Ontario without Canadian work experience. Professional Engineers Ontario (PEO) became the first association to remove lack of Canadian experience as an applicant requirement after the province passed legislation two years ago to reduce employment barriers for immigrants and foreign workers.

### New Community- and Sector-Centred Partnerships

TD and the Black Professionals in Tech Network (the largest Black community of tech and business professionals in North America) launched the Obsidi Academy, a full-stack engineer bootcamp for Black-identified individuals to help launch their careers in technology with some of the top employers in Canada. This collaboration creates new pathways for Black professionals in technology, a space where they continue to be vastly underrepresented. Further, the Central Ontario Building Trades (COBT) established the Hammer Heads Program to assist under-resourced and Aboriginal youth by linking them to registered apprenticeship opportunities in the skilled construction trades which might not otherwise be accessible.

## KEY TERMS

### **Work integrated learning (WIL):**

A model and process of curricular experiential education which formally and intentionally integrates a student's academic studies within a workplace or practice setting. Coop placements fall under this broader category.

### **Skilled Labour:**

Highly trained, educated, or experienced segments of the workforce that can complete more complex mental or physical tasks on the job.

### **Unskilled Labour:**

A workforce segment associated with a limited skill set or minimal economic value for the work performed. Unskilled labour is generally characterized by lower educational attainment, such as a high school diploma or lack thereof, typically resulting in smaller wages.

### **Micro-credentials:**

Rapid training programs offered by postsecondary education institutions that can help individuals get the skills that employers need. Micro-credentials help people retrain and upgrade their skills to find new employment.

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