



**Institute for
Research on
Public Policy**

**Institut de
recherche
en politiques
publiques**

For immediate distribution – November 8, 2013

NEWS RELEASE

Focus on Skills, Not the Number of Workers, as Workforce Ages

Montreal – Employers and policy-makers should view the significant slowdown in the growth of the labour force expected in the next 10 years as an opportunity rather than a threat, says a [new study](#) from the IRPP. If Canada improves the development and use of skills across the labour force, the decade ahead could actually be one of rising wages and productivity, which have long been elusive. Such a turnabout is imperative if we are to maintain a high standard of living in the context of an aging population.

In the study, Cliff Halliwell, former director general of policy research at Human Resources and Skills Development Canada, paints a broad portrait of the labour market issues Canada is likely to encounter over the next decade, providing an updated framework for labour market policy in Canada.

Halliwell finds that despite widespread concerns from employers about impending labour and skills shortages as baby boomers retire, the long-term prospects for Canada's labour supply and demand appear balanced, and ongoing shortages are unlikely. "While labour-force growth will slow, this demographic transition is something to adapt to, not necessarily something to offset. The key challenge is to ensure we effectively develop, match and use the skills of Canadians."

His analysis also calls into question recent conventional wisdom that says all future labour-force growth will come from immigration. "The place to look for new skills will continue to be the pool of young people ages 25-29, who between now and 2030 will average approximately 2.5 million, far greater than the annual intake of immigrants."

"Our focus must be on making sure young people get off to a good start in the labour market, and helping people already in the workplace who want to enhance their skills and opportunities while remaining employed."

He notes that while slowing labour-force growth should put upward pressure on wages and increase efforts to improve productivity, a new policy framework is needed to help make this happen. He recommends these measures:

- Strengthening and formalizing the "second-chance" system to help Canadians upgrade their education or skills, or get better jobs, over the course of their careers;
- limiting temporary foreign worker programs to jobs that are truly "temporary";
- reducing immigrant intake during recessions, and increasing investments in settlement supports to enhance the language and occupational skills of newcomers;
- modernizing labour market measures to discourage the frequent use of employment insurance, better support the needs of long-tenured workers and more effectively target the skills development and training needs of the unemployed; and
- improving labour market information and increasing the flexibility of post-secondary education so that students can more effectively select fields of study and have better access to trades, apprenticeships and occupations in demand.

-30-

[No Shortage of Opportunity: Policy Ideas to Strengthen Canada's Labour Market in the Coming Decade](#), by Cliff Halliwell, can be downloaded from the Institute's Web site at irpp.org.

For more details or to schedule an interview, please contact the IRPP.

To receive our monthly bulletin *Thinking Ahead* by e-mail, please subscribe by visiting our Web site.

Media contact: Shirley Cardenas Tel. 514-594-6877 scardenas@irpp.org