
BRIEF FOR THE HOUSE OF COMMONS STANDING COMMITTEE, TRANSPORT, INFRASTRUCTURE AND COMMUNITIES

Prepared by:

Trucking HR Canada (THRC)
104-720 Belfast Rd., Ottawa ON, K1G 0Z5

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ABOUT TRUCKING HR CANADA

Trucking HR Canada (THRC) is a national not-for-profit organization focused on advancing modern HR solutions for the trucking and logistics workforce. We partner with a dynamic network of industry associations, government departments, and industry professionals to ensure Canada's freight transportation network has the skilled workforce needed today and into the future.

We deliver evidence-based HR solutions in the following strategic areas:

1. Define occupations and skills requirements for modern trucking and logistics operations
2. Provide accurate, timely, and relevant labour market information that supports employers; educates the public; and informs government on industry needs
3. Explore and share industry specific best practices on HR and training
4. Provide forums for gathering and exchanging knowledge on emerging HR issues
5. Inform practical and innovative HR tools and supports for employers
6. Promote the trucking and logistics industry as a great place to work

Time-tested programs and national alliances have allowed Trucking HR Canada to become a national centre of excellence where stakeholders in commercial transportation, public policy, training, and economic analysis work together to help trucking and logistics employers meet the growing demands of Canada's freight economy. We are a trusted delivery partner for federal and provincial labour related grants and contributions as well as a source of industry workforce data and assessments through our Labour Market Information (LMI) initiative. In addition, we are regularly called upon to brief senior officials, economic think tanks (CEO Angela Splinter currently sits on the C.D. Howe Institute's Human Capital Policy Council) and industry leaders on the research and insights impacting the industry's growth and success.

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TRUCKING AND LOGISTICS SECTOR

The trucking and logistics sector is the most significant enabler of post-pandemic economic recovery in Canada. Addressing the labour shortage in trucking and logistics is critical to the healthy functioning of Canada's supply chain, and by extension, the Canadian economy as a whole.

Labour shortages in trucking are directly impacting over \$850 billion of goods a year that are destined for both domestic and international markets (see [The Road Ahead, March 2020](#)). The impact is felt not only in the trucking and logistics sector, but in many others that depend on the critical role played by drivers, including agriculture, forestry, construction, manufacturing, oil and gas extraction, health care, waste management, wholesale and retail trade, and more.

Our labour market information data shows that in the third quarter of 2022, Canada's truck driver labour force amounted to close to 320,000 drivers including those who are fully employed and those who are actively seeking work. 60% of these drivers work directly in the truck transportation sector, with the remaining 40% working in industries such as construction, agriculture, mining and oil & gas extraction, manufacturing, wholesale and retail trade, and more.

In that same quarter, employment among truck drivers increased by 11.8% with some 33,000 additional drivers actively employed compared to the previous quarter. At the same time, the number of unemployed drivers fell by 1/2. The unemployment rate among drivers stands at 2.1% compared to 5.3% in the overall Canadian labour force. Low unemployment among drivers means that employers have a much smaller pool of experienced workers to draw upon and must therefore hire, train and on-board new drivers, a lengthy and costly process. The most recently available vacancy data shows there are some 20,110 vacancies in Truck Transportation (NAICS 484) with a vacancy rate of 9.4%. These vacancies include jobs for over thirty different occupations including truck drivers, mechanics, dispatchers, shippers and receivers, managers and administrators, IT workers and more.

For the occupation of Transport Truck Driver (NOC 7511), the vacancy rate is similar at 9.1%, with 28,210 vacancies across Canada. This is 8,100 more vacancies than in the Truck Transportation sector overall. How is this possible? As already mentioned, it is because most other sectors in the Canadian economy depend upon the services provided by truck drivers both to receive goods required to conduct their business and to move their products onward in the supply chain. As a result, the shortage of truck drivers impacts the ability of these other sectors to recover from the pandemic and to grow.

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SUPPLY AND DEMAND

Even before the pandemic, the driver shortage was threatening growth. In 2020, Trucking HR Canada estimated that the driver shortage was costing the truck transportation industry as much as \$3.1 billion in lost revenues every year. Other sectors are experiencing the impact of the driver shortage too. For example, the Forestry Products Association of Canada estimates that the truck driver shortage is costing their industry about \$450 million annually in lost business.

The shortage of drivers could also contribute to inflation. If it costs more to move food, fuel, medical supplies and other consumer goods by truck, it is likely that these costs will be passed on to consumers.

According to our research, the primary causes of the shortage are safety concerns, high upfront training costs, work-life balance, and environmental concerns. Retirements are a factor too, with 35% of our truck drivers being 55 and older, compared to 22% in all sectors.

Our industry also has some of the lowest representation of women and youth, with each group accounting for less than 4% of truck drivers.

LABOUR SUPPLY AND DEMAND

Forecasts based on our Model Dashboard suggest that the cumulative gap between supply and demand for drivers between 2020 and 2023 will be 47,792. The assumptions underlying this projection are that the average annual vacancy rate for drivers will be 7.0% and the average annual unemployment rate will be 3.5%. This data is from our original forecasts (2019 - 2023).

MORE ABOUT VACANCIES:

Our current projections are that vacancies in the sector will average 25,500 annually between 2022 and 2025, with 15,400 being for truck drivers. However, the number of vacancies has not shown signs of easing in 2022. On the contrary, the number of vacancies continues to grow, with employment also rising. In fact, the number of vacancies in 2022 for drivers has so far outstripped this estimate, so it will be interesting to see how the next few years pan out. Trucking HR Canada will continue to produce quarterly Labour Market Insights with the most-up-to date data available.

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WHAT ARE SOME CONSIDERATIONS TO HELP ADDRESS THIS?

1) Our driver training subsidies and wage incentives are helping get more young people in the sector and helping employers with onboarding and employment readiness. We need access to more of these programs.

THRC has successfully supported the driver training and onboarding costs for over 500 young people. Our youth research identified the cost of training as one of the top barriers for young people considering a job in truck driving. This is understandable, as it can cost up to \$10,000 to take the entry-level training required. Accordingly, the trucking and logistics sector is losing young workers to other industries with lower training costs, like construction.

With funding from the Government of Canada's Youth Employment Skills Strategy, we are helping vulnerable and at-risk youth transition to well-paying jobs. The program also offers a financial incentive to employers to assist with the onboarding and on-the-job training needed to prepare young drivers for life on the road. We filled all our allotted spots in advance of our deadline, and currently have a waiting list of employers who want to participate in the program.

We are now working with the Sectoral Workforce Solutions Program (SWSP) to connect just over 2,600 people to driver training opportunities and offer onboarding incentives to support employers in filling driving and non-driving roles. This new program will broaden our reach to all age groups, and go a long way toward helping employers with recruitment efforts.

We are aware of other wage and training incentive programs available that our sector could be part of, such as incentives for "green" jobs. We also see an opportunity to help employers on-board and integrate internationally trained workers.

2) We need to better bridge the gap between entry-level training and employment-readiness.

Through our new SWSP project we are working to develop industry consensus on what a consistent occupational-level national training standard can look like. This new standard will support labour mobility, improve productivity, and lead to more effective recruitment and retention efforts by addressing challenges around the image of the occupation, insurance requirements, and more.

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It is this consistency in approach that will help elevate the skill recognition of the truck driver occupation. While many groups call on the Government to “declare” the occupation a skilled-trade, it is through industry practice and adoption of a consistent approach to occupation-level training in which this could be achieved.

As Trucking HR Canada leads this initiative, we will require continued collaboration from all stakeholders.

3) We see a need to develop more tools to equip employers in the recruitment and retention of a diverse and inclusive workforce.

Funding through Women and Gender Equality Canada (WAGE) is a good start in supporting successful initiatives like our Women with Drive. Continued support for and investment in these initiatives will be crucial to long-term transformation, particularly for smaller and medium sized employers in our sector.

4) We see a need to better support and educate our federally regulated employers with increasingly prescriptive Canada Labour Code compliance requirements.

The industry supports the Federal government’s modernization of Canada’s Labour Code. It is important to note that the Trucking and Logistics sector comprises the largest number of employers that fall under its jurisdiction.

As reported by Employment and Social Development Canada (ESDC) within the federally regulated private sector (FRPS), companies with a small number of employees are more numerous than companies with a large number of employees. About 85% of employers in the FRPS have fewer than 20 employees. Close to 80% of these employers are in the road transportation sector.

The regulatory changes to the Canada Labour Code are becoming increasingly prescriptive, creating a disproportionate burden on small employers because of limited human resources and administrative staff workloads. Workplace harassment and violence compliance as well as the new pay equity regulations are two examples. The staff training and reporting requirements are time consuming, and direct money and personnel away from recruitment, retention and training efforts. The requirements are impacting operations, and greater consideration should be given to the regulatory burden they are creating for the industry and for smaller operators in particular.

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5) Support for employers looking to onboard newcomers to Canada through various programs is needed. This includes the temporary foreign worker program and express entry.

With a growing emphasis on increasing the number of newcomers to Canada to address labour shortages, and with trucking and logistics one of the sectors identified – we see a need to ensure that employers are educated and equipped to support successful onboarding and integration.

Trucking HR Canada has experience in this area and can quickly scale up a program to support employers.

6) We need to continue with our labour market information to support evidence-based decisions by employers and career seekers, and to inform government policy and skills/training investments.

We will continue with our labour market information work thanks to funding from the Sectoral Workforce Solutions Program.

Our truck driver shortage is real and worsening. The shortages amongst other key occupations is also worsening, all posing a serious threat to economic recovery. We need continued interventions to ensure we have the skilled workforce needed to support a growing, competitive and sustainable supply chain.

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