



Written Brief from Automotive Industries Association of Canada to House of Commons Standing Committee on Transportation, Infrastructure and Communities

Re: Study on Anticipated Labour Shortages in the Canadian Transportation Sector

Date: December 5th, 2022

ABOUT AIA CANADA

The Automotive Industries Association of Canada (AIA Canada) represents the nearly 500,000 Canadians who compose Canada's auto care industry, representing more employees than the mining, arts / entertainment, and recreation sector combined. Our more than 4,000 members are present in every riding in Canada and contribute over \$37.8 billion to the economy.

While we contribute significantly to the country's GDP, we are ultimately a network of small businesses. Of the 47,000+ enterprises we represent, 99% of these collision and mechanical shops employ under ten employees.

Our industry is an essential service which includes manufacturing of replacement parts, distribution networks and service and repair shops, and is responsible for keeping the country's fleet of almost 29.8 million vehicles on the road.

Our members include Canadian Tire, NAPA Auto Parts, CARSTAR, Mr. Transmission, and Fix Auto. Whether you've been in a collision or require maintenance, our members help vehicles last longer, pollute less and keep drivers safer by offering Canadians any product or service a vehicle may need after it rolls off the dealership's lot.

CANADIANS & THE AUTOMOTIVE AFTERMARKET: WHY IS FIXING THE LABOUR SHORTAGE SO IMPORTANT?

The auto care choices of Canadians demonstrate confidence and reliance in the automotive aftermarket. Last year, more Canadians opted to have their car repaired at a garage or auto shop, as opposed to through their dealership or fixing their car themselves.

While Canadians rely on their favourite mechanic or auto shop, there needs to be competition in the marketplace in order to give price-sensitive customers more choice. Of the ~20% of Canadians who put off repairing their car last year, cost of repair was the primary driver for



delayed maintenance. Because of supply chain challenges, consumer prices for vehicle parts, accessories and supplies have seen substantial growth (up 9.4 % year over year). Meanwhile, passenger vehicle maintenance and repair services have also seen a 5.5% year over year increase in July 2022.

With costs on the rise and an increased demand on auto repair shops across the country, finding solutions to labour and skills shortages is increasingly important for a strong automotive aftermarket to remain in place.

ANTICIPATED LABOUR SHORTAGES FACING CANADA'S AUTOMOTIVE AFTERMARKET

Challenge: Labour Shortage

Canada's independent auto repair shops face two significant labour shortages. The first is a shortage of automotive tradespeople. The second is a skills shortage among our workforce which is equally consequential to a labour shortage. A worker that lacks the skills needed to complete service work is just as significant as not having a worker to fill a position. It is important that government work with industry to implement solutions to meet our sector's labour needs. This includes ensuring that automotive tradespeople are properly trained to service electric vehicles (EV) as Canada transitions to a growing EV fleet.

Automotive service technicians are one of Canada's top five in-demand trades. To meet national demand for automotive service technicians, close to 11,000 apprentices need to become certified between 2021 and 2025 (Canadian Apprenticeship Forum, 2021).

Several factors, including demographics, are contributing to the shortage. The trades workforce is aging at a faster pace than the university educated workforce. At the same time, apprenticeship registrations are decreasing. The automotive workforce also lacks diversity, which limits the pool of prospective workers. An analysis of 2016 census data shows that approximately 31% of the industry's workforce self-identifies as female, 22% as foreign-born, and 5% as an Indigenous person (Ernst & Young, 2020).

Stigma associated with a career in the skilled trades is another factor that deters some people from even considering a career in the automotive trades. Most parents view Canada's post-secondary education system as hierarchical; this is especially true for immigrant parents. A parent's perspective on education matters as their perceptions shape the tastes and expectations of their children.

Technology is also changing the type of work that automotive tradespeople do and the skills that they need. Servicing a modern vehicle involves working with digital tools, updating vehicle software, and calibrating and aligning sensors. Industry, with government support, can help



raise awareness about how technology is changing the future of automotive repairs. Raising awareness can not only change perspectives but break stigma. This can attract more students to the industry at a younger age and attract more people from nontraditional groups, including women and immigrants.

Challenge: Skills Shortage

Current skills training systems are not flexible and responsive enough to keep pace with emerging vehicle technology. When compared to other Red Seal trades, automotive service technicians face the largest amount of change in their workplace - this is because of new technology found in vehicles.

As vehicle technology evolves, the skills that automotive tradespeople need continue to change. The increase in electric vehicle sales and associated maintenance requirements puts the importance of skills training into clear perspective. In 2021, EVs made up only 5.6% of all new vehicle registrations; by 2028, this number is expected to grow to over 45%. In order to service EVs, automotive service technicians need new skills related to high-voltage systems and battery removal - training which is not widely available to all technicians.

To address the industry's skills shortage, upskilling and new skills training systems need to improve. They need to be responsive and flexible to keep pace with technology and the needs of employers. Training curriculums should focus on a singular skill or competency and training programs should be short in length. New approaches to training like gamification, that support rapid skill and competency development, should be invested in. Training needs to be a lifelong investment and skills training should reflect that.

Industry, in partnership with government, can more quickly adapt to meet skill needs than today's current apprenticeship training systems can. For example, AIA Canada and St. Lawrence College's upskilling program aims to develop the skills needed to service EVs. The program is open to incumbent workers, as well as apprentices looking to bridge the gap between what current curriculums offer and what the workplace demands. Learners train in a \$350K training lab equipped with all the latest equipment and tools. This is important as there is an acute lack of up-to-date equipment and tools at Canada's technical training institutes in the automotive sector.

With government support, AIA Canada can partner with organizations to deliver similar upskilling programs. Governments can also make more funding available for employers to access third-party training for their workers. For instance, providing funding to companies to proactively deliver upskilling and training.



Continued investments into the skilled trades are critical to securing gainful employment in the sector. AIA Canada is committed to working with all parties to ensure that training programs are in place for the vehicles of the future.

Recommendations to Address the Labour and Skills Shortage in the Automotive Aftermarket

- That the government provide funding for industry-led initiatives that break the stigma associated with a career in the automotive trades.
- That the government provide funding for industry-led upskilling initiatives to address labour and skills shortages within the workforce.