

February 9, 2023

The Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance
Submitted through the pre-budget consultations webpage

Subject: CPHR Canada recommendations for the 2023-2024 federal budget

Dear Minister Freeland,

[CPHR Canada](#), which represents 31,000 human resources professionals in nine provinces and three territories of Canada, is the voice of the HR profession in Canada. Our members work in organizations of all sizes and in many different sectors, which gives them a unique perspective on public policies that impact Canadian workers and employers.

We advocate in favour of policies that ensure a healthy balance between organizational success and the well-being of employees. In doing so, we contribute to the overall success of the Canadian economy, just as we aim to do with our pre-budget recommendations.

Budget measures in the last three years were understandably focused on fighting the pandemic and its various effects on individuals and organizations. The situation has now settled into some kind of normalcy. Several programs have therefore returned to their regular pre-pandemic rules.

Canadians and the organizations that employ them are now facing a different type of uncertainty in connection with inflation, higher interest rates and slower economic growth. In addition to all these immediate challenges, there are also long term challenges.

Based on the experience and expertise of our members, we think the following priorities should be addressed in the 2023-2024 budget:

- **Dealing urgently and vigorously with the labour shortage**
- **Supporting policies that promote inclusive and safe workplaces**
- **Anticipating and preparing for tomorrow's working world**

1. Dealing urgently and vigorously with the labour shortage

Despite the slower economic growth, this should still be the number one priority.

Labour scarcity no longer affects only specific regions, professions or industries. It has spread across the country. According to Statistics Canada, the number of job vacancies rose from 512,000 in the first quarter of 2020 to more than 991,680 in the third quarter of 2022. According to a recent study by a recruitment consulting firm, a vacancy posted last fall in Canada (October 20 to November 3) took an average of 14 weeks to fill.

Because workforce planning and mobility (recruitment, retention, succession) is their core business, our members get firsthand accounts of the scope and scale of the effects of labour scarcity.

- It is putting tremendous pressure on the workforce, which is being called upon to fill the gap.
- The consequences for the general population are multifold: service failures, disrupted supply chains, inflationary prices on consumables, to name but a few.
- From an economic point of view, labour scarcity holds back productivity and affects Canada's competitiveness on the world stage.

Considering the severity of the situation, the federal government should, through its budgets, respond vigorously and urgently. Along with the provinces, it should be focussing less on creating jobs and more on finding concrete actions to fill the countless positions that are now vacant. The main solutions that would enable us to achieve this are well known.

Increase economic immigration (for both skilled and unskilled jobs), with minimum delays and administrative burdens – On this issue, CPHR Canada welcomes the 2023-2025 Immigration Levels Plan made public in November. To facilitate the integration of these foreign-trained workers, the government should support more initiatives aimed at speeding up the recognition process for their professional credentials. Furthermore, members of our profession point out that the government should ramp up its strategies to attract and retain immigrants in areas outside the large urban centres. For example, the Rural and Northern Immigration Pilot Program could be rolled out faster. Additionally, we ask the government to measure the impact of the Prohibition on the Purchase of Residential Property by Non-Canadians Act, which came into force at the beginning of the year.

Based on the feedback we are receiving from the field, the HR profession is already feeling the effects of the Act in terms of its ability to attract and retain workers in Canada.

Encourage upskilling and reskilling – Skills development is a joint responsibility shared by individuals and employers. For unemployed workers, it is still important to fund reskilling efforts through the Employment Insurance Program, especially given the sluggish growth we are currently witnessing, which could lead to more layoffs. Our members nevertheless suggest that the government not limit its support to programs for the unemployed. Financial support should also be increased for short university programs that cater to reskilling needs. In addition to programs geared towards workers, the government should provide more support directly to employers so that they can better upskill and reskill their organizations' workforce.

Facilitate access and openness to the remote workforce pool – The federal government should provide more support to employers and organizations that assist candidates in order to better integrate various underrepresented groups into the job market, especially candidates who come from First Nations, live with a disability or have a criminal record. When it comes to **experienced workers**, the government needs to keep encouraging them to extend their working lives, such as by making sure that the interaction between social benefits and taxation does not create a disincentive for them to work. For instance, the government should assess the feasibility of introducing a new federal tax credit for workers who extend their careers, like the one that exists at the provincial level in Quebec.

Encourage technological change – The digital transition, automatization, AI and robotization should be encouraged so that businesses can gain in productivity and workers can focus on added-value tasks. While supporting employers in developing the people who will work with these technologies, the government could also encourage organizations to embark on the digital transformation process by supporting programs that help change their current structure and organizational design.

The current situation is complex and requires both dedicated involvement and a wide range of actions, which is why CPHR Canada is hoping to see ambitious investments in all these areas.

Before addressing our second priority, we would like to specifically highlight the importance of the **Employment Insurance Program** in relation to the current labour shortage. Beyond the support for

upskilling and reskilling unemployed workers that we mentioned above, we believe that the program requires a more substantial update. The EI program should not only be a safety net for workers, but also give them incentives to return to work. We made some recommendations along these lines during the consultations held two years ago by the Ministry and by the House of Commons committee responsible for this issue. Like many other stakeholders, we hope that the government will follow up on these consultations soon. We hope that the suggested update will solve bring solutions to the current delays experienced by Services Canada in processing unemployment claims in some regions of the country. All unemployed individuals across Canada should be able to count on reasonable turnaround times in the claims process.

2. Supporting policies that promote inclusive and safe workplace

2.1. Diversity, equity, and inclusion (DEI)

Whether they work for or within organizations, HR professionals are often the initiators and facilitators of initiatives that support DEI. They have long understood the importance of having inclusive workplaces of all kinds, because such workplaces not only embody our collective duty to ensure fairness, but also create learning and innovation opportunities that benefit businesses. Although this issue is gaining more attention, there is still a lot of work to be done at the ground level, as many biases persist and need to be eliminated.

CPHR Canada encourages the government to deepen its ongoing commitment to DEI. We are looking forward to seeing both general and more specific investments in that area.

As previously mentioned, the government needs to increase support for labour market integration initiatives that target underrepresented groups. These groups should be represented at all levels of our organizations. At the governance and executive levels, the federal government's **50-30 Challenge** is an initiative that deserves more attention. The program encourages gender parity (50% women and/or non-binary people) and a sizeable percentage (30%) of members from other equity-seeking groups on boards of directors and/or senior management teams. As of January 25, 2023, 1,863 organizations were participating in the program across the country. That number could increase substantially if more intensive communication efforts were made to promote the program. Fiscal incentives could also be put in place to motivate organizations to embrace DEI.

Furthermore, the **Employment Equity Act and its supporting programs** also need to be adjusted. As you undoubtedly know, this law aims to remove systemic barriers in federally regulated workplaces for four groups designated by the Act: women, indigenous peoples, persons with disabilities, and members of visible minorities. Some of the recommendations made by CPHR Canada last year during the Employment Equity Act review process would have an effect on the budget. With this in mind, we look forward to not only reading the recommendations in the final report of the Task Force dedicated to this issue, but also to finding out how the government will act on these recommendations, considering the concerns that were raised by employers, workers and various groups.

2.2. Mental health of Canada's workforce

According to the Mental Health Index published monthly by TELUS Health, the mental health of working Canadians improved modestly at the end of last year. Yet, it remains at a level that is only modestly higher than the most distressing period of the pandemic. According to this index, 32% of Canadians have a high mental health risk, 43% have a moderate mental health risk, and 25% have a low mental health risk. A recent survey by Mercer concluded that while more than a third of disability claims under Canadian employer-sponsored benefits plans in 2022 were due to mental-health reasons, just two-thirds (63%) of organizations are addressing this risk effectively. This data is worrying and in line with the figures in many other studies. More needs to be done to support the health of workers and lower the rising costs that Canadian organizations have to cover due to absenteeism, presenteeism, turnover rates, productivity losses, etc.

That is why we were happy to note that “improving access to quality mental health and substance use services” was one of the main priorities identified by the federal and provincial governments in the current Canada Health Transfer negotiations. We also welcomed your announcement last year that up to \$140 million in funding will be invested over two years to improve the Wellness Together Canada portal.

That being said, we think that other efforts are necessary in this area. Here are two practical proposals for prevention and extending access to psychological health assistance for Canadian Workers.

Encouraging the National Standard of Canada for Psychological Health and Safety in the Workplace – Although the Standard is technically free and basic tools are provided by both the

Canadian Centre for Occupational Health and Safety and the Mental Health Commission of Canada, organizations would gain from receiving support from health and safety professionals in implementing and maintaining it. Employers, especially smaller ones, need help to identify best practices that have a tangible positive effect on their workplace. The government should very seriously consider creating a financial aid program for organizations that want to adopt the standard but require professional assistance to implement it properly.

Improving workers' access to resources – The Wellness Together Canada portal caters to the basic needs of the general population. Increasing access to resources that meet workers' specific needs is also necessary. For example, the government could find ways to encourage and facilitate access to an Employee Assistance Program (EAP). Employers, and especially smaller ones, should be able to offer such services to their workforce. The federal government could set this process in motion by inviting the large national insurance companies to join it in exploring solutions and practical applications for such tools.

Whether we are talking about prevention or access to psychological support for workers, CPHR Canada believes it is crucial that the coming federal budget include measures commensurate with the seriousness of this issue.

3. Anticipating and preparing for tomorrow's working world

While many short-term issues need to be addressed, collectively we also need to be ready for the challenges of tomorrow.

The world of work was already transforming before the pandemic. Since then, changes have accelerated exponentially and brought about new challenges. Many organizations had to rethink their business models and reorganize their workforces and conditions. Some industries have been weakened while others are thriving. Telework has become prevalent, and most businesses, when their business model allows it, transitioned to a hybrid working environment.

These changes were made out of necessity and are a testament to the agility and resilience of organizations across the country. Now that the situation has returned to normal for organizations, many of them are noticing that human resources management is still the main challenge to overcome if they want to succeed.

This is an ideal time for a calmer reflection on the major future challenges that lie ahead for Canada's world of work. The government and all stakeholders should work together to identify what challenges are yet to come, and determine what world of work they want to build to meet these challenges. To this end, CPHR Canada recommends that a **Canadian HR Collaborative Forum** be set up. The goal of such an initiative would be to bring together all key human resources actors in Canada so that they can work towards a common goal: a more human and prosperous working world.

CPHR Canada offers its full cooperation to further develop and move forward with this idea.

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In conclusion, the government should have the courage and ambition to take on the workplace challenges of today and tomorrow. Although we have made a number of recommendations in this letter, we know that there will be more work to do after the budget. Ongoing, concerted efforts are required in all of these issues.

We will gladly keep sharing the HR profession's perspective and expertise on the challenges of the workplace with you and your colleagues. We thank you for this opportunity to participate in this consultation.

Respectfully submitted,



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