



*Motor Carrier Passenger Council Of Canada  
Conseil canadien du transport de passagers*

# **CANADIAN BUS INDUSTRY LABOUR MARKET REVIEW**

**May 2008**

# Canadian Bus Industry Labour Market Review May 2008

## Introduction

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- a) In December 2006 the Motor Carrier Passenger Council of Canada (MCPCC) began an agreement with Human Resources Skills Development Canada (HRSDC) to establish a Skilled Trades Commission with the objective to develop an industry-wide strategy and Action Plan for addressing current and foreseeable skilled trade's shortages in all sectors of the motor carrier passenger industry.
- b) This document supplements and updates industry labour market intelligence (LMI) to assist the Commission in the development of its Action Plan.
- c) The research has primarily involved four parts:
  - ❖ pulling together existing research on the sector including:
    - *On the Move* – a comprehensive study of the motor carrier passenger industry published by the MCPCC in January 2007
    - *Surface and Marine Transport Bulletin* Statistics Canada 2006 (Preliminary) released March 2008 and 2004 (Final) released June 2007
  - ❖ an analysis of available official statistics such as Statistics Canada, Census 2006, Canadian Urban Transit Association (CUTA) data
  - ❖ review of a report published by COMPAS Inc. Public Opinion and Customer Research July 30, 2007 for Human Resources and Social Development Canada regarding Apprenticeship in Canada
  - ❖ review and analysis of trends in human resources including:
    - Human Resources Professionals Association of Ontario (HRPAO) documents
    - TRINET 2007 HR Trends Report
    - Boston Consulting Group's Survey Report – The Future of HR: Key Challenges through 2015
  - ❖ review of various secondary sources and internet search
- d) The report is presented in three sections:
  - Part 1** - Characteristics of the Bus Industry including:
    - Industry and Job Profile
    - Demographics
    - Employment Trends, Current and Future Job Vacancies
    - Apprenticeship Activities
    - Compensation and Benefits
  - Part 2** - Major Human Resources Challenges, Trends and Comparison of the Bus Industry with Other Industries
  - Part 3** - Conclusions and Recommendations

# Canadian Bus Industry Labour Market Review May 2008

## Part 1 - Characteristics of the Bus Industry

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### Industry Profile

The motor carrier passenger industry of Canada, the *bus industry*, is a significant force in the Canadian economy, with business activity of nearly 1,400 companies, generating a record \$9.5 billion in 2006 revenues (an increase of 12.3% over 2005) with expenses increasing at a slower pace, rising 7.4% to \$7.7 billion. As a result of the strong growth in revenues, net income for the industries rose 40.1% to \$1.8 billion. The strong financial performance is the by-product of increased operating and capital contributions from each level of government, rising fares, and a growing number of urban transit passenger trips on buses, commuter trains, streetcars and subways.<sup>1</sup>

The Industry employed more than 93,000 full-time equivalent people in 2006 (an increase of 5.7% over 2005). It is an essential component of Canada's transportation infrastructure. The bus industry is responsible for moving more than 1.6 billion passengers annually.<sup>1</sup>

The Industry encompasses five sub-sectors:

- urban transit systems
- scheduled intercity bus carriers
- school bus services
- tour and charter carriers
- accessible services (para transit)

### Job Profile

**Table 1 - 1991-2001 Comparison of Industry Employment**<sup>2</sup>

Occupation	Industry Workforce (2001)	Industry Workforce (1991)
Operators	57,090 (66.0%)	55,730 (65.1%)
Mechanics	6,195 (7.2%)	5,375 (6.3%)
Management	3,095 (3.6%)	3,150 (3.7%)
Other	20,100 (23.20%)	21,360 (24.90%)
Total Workforce	86,460	85,615

Source: *Statistics Canada, special tabulation, unpublished data, Census, 2001; Price Waterhouse 1997*

Though differences by specific occupation may be attributed to changes in tabulation methods, comparing industry workforce composition between 1991 and 2001 reveals a shift toward leaner administration. The proportion of mechanics and operators has increased, and that of all other occupations combined has declined. The On the Move study reveals that, while figures do indeed show the shrinking number of managers, this shift is likely more reflective of a general management skills shortage than of an effort to streamline operations.

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<sup>1</sup> Statistics Canada Surface and Marine Transport Service Bulletin June 2007 and March 2008 preliminary

<sup>2</sup> MCPCC Sector Study On the Move, page 85

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Statistics Canada's June 2007 released Surface and Marine Transport Service Bulletin comparing 2004 with 2005 statistics, **Table 2**, shows a reduction in total employment of 2.7%, continuing the trend towards decreasing management and other employment. Preliminary 2006 figures reflect an increase of employees of 5.7% over 2005 but details by occupation and sector are not yet available. It is anticipated that these figures will be released in summer 2008.

**Table 2 - 2004 to 2005 Industry Employment Comparison<sup>1</sup>**

Occupation	Urban	Intercity	School	Charter	Other	Workforce (2005)
Operators	25,544	3,501	28,282	2,369	2,112	60,807 (68.7%)
Mechanics	3,305	356	1,349	280	57	5,347 (6.04%)
Other	17,486	1,505	2,248	608	482	22,329 (25.2%)
Total	45,335	5,362	31,879	3,256	2,652	88,483

Source: Statistics Canada, Surface and Marine Transport Bulletin, June 2007

Occupation	Urban	Intercity	School	Charter	Other	Workforce (2004)
Operators	24,330	4,274	29,431	2,645	2,344	63,023 (69.15%)
Mechanics	3,272	465	1,539	215	80	5,572 (6.1%)
Other	16,778	2,101	2,593	566	506	22,544 (24.7%)
Total	44,380	6,840	33,563	3,426	2,930	91,138

Source: Statistics Canada, Surface and Marine Transport Bulletin, June 2007

These data support the conclusions of the On the Move study which predicted growth in the urban transit sector and decreases in the school and charter sectors. The projected decreasing trends over the next decade were attributed to social changes negatively influencing rider-ship such as declining birthrates, declining student enrollments and an overall reduction in visitors to Canada. It should be noted that the study reported increasing unfilled job openings among operators (3.8%) and mechanics (5.8%) which could also explain the decrease in the number of employees in these positions between 2004 and 2005.

### Demographics

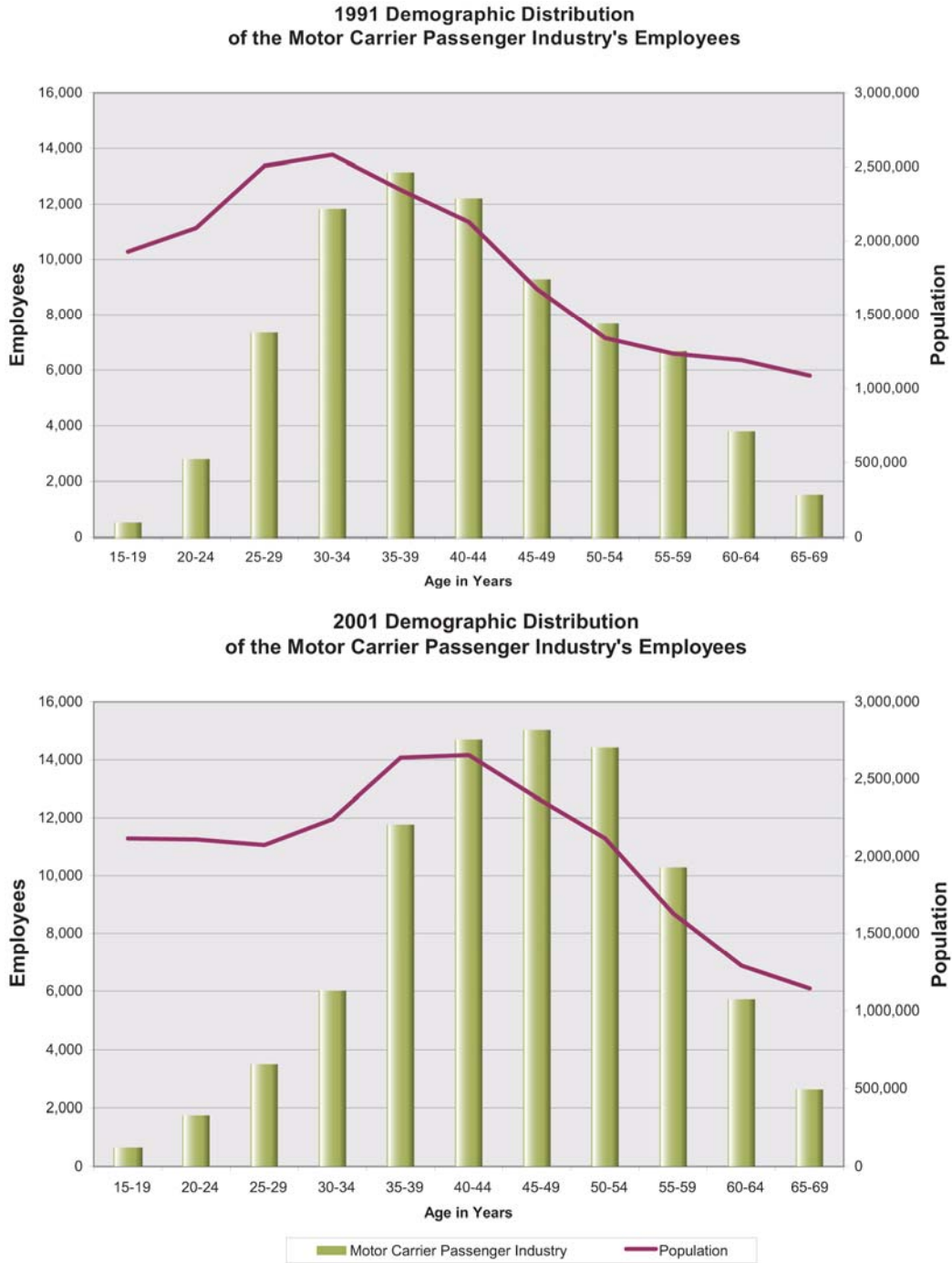
#### Aging Workforce

Though the aging pattern that appears in the demographic distribution of the industry's employees is similar to that of the general population, there is a greater prevalence of older workers aged 40-59 years of age in the Industry than in the population at large. When compared to similar statistics from 1991, it becomes clear that there has been a significant shift in the age distribution of workers in the Industry (*figure 3-5*). The entry age of employees new to the Industry has progressively increased due in part to more vigorous regulatory, licensing and employer requirements. Though the school bus sub-sector views retirees as a potential labour pool, the effect in the urban and intercity sub-sectors, where employees either voluntarily or as decreed in collective bargaining agreements typically retire as they reach their 60s, suggests cause for concern.<sup>3</sup> It should be noted that this aging pattern also prevails in other countries such as the United States and the UK.

<sup>3</sup> MCPCC Sector Study On the Move, page 92

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Figure 3-5



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### Census 2006

The 2006 census, released in July 2007, reported that the general population continues to age with a median of 39.5 years compared to 37.6 years reported five years previously. In March 2008 Statistics Canada released updated information reporting that the median age of the labour force surpassed 40 years for the first time, rising from 39.5 years in 2001 to 41.2 years in 2006. Data also showed that the aging of Canada's labour force intensified. In 2006, those aged 55 and older accounted for 15.3% of the total labour force, up from 11.7% in 2001. This was the result of the aging of the baby boomers, and the increased tendency for older workers to participate in the labour force.

The number of individuals in age cohorts under 5 years and 5-9 years continues to decline. It should be noted that the age group 35-44 years which is the group traditionally sought and hired to replace retirees has declined by 5.5% in 2006 census. These statistics are a growing concern for the bus industry and action is necessary now to plan and deal with this threat.

**Occupational data** from the 2006 census released in March 2008 is currently being reviewed. However, the following assumptions are made based on the 2006 census general population data and industry patterns over the period 1991 to 2001:

- industry's average age continues to increase
- urbanization continues with growth in urban transit at the expense of intercity
- declining birth rate impacts employment growth in school sector
- the Industry needs to expand its recruitment sources and practices to reflect the national demographic profile. This could include different approaches to the youth market, non-traditional groups, etc.
- the Industry needs to respond with innovation, flexibility, imagination and intelligent redesign to recruit and retain talent

### Education

Of the three primary distinct occupations that make up the Industry (operators, mechanics and supervisors), operators and supervisors appear to have generally similar educational backgrounds. Supervisors, however, are on average slightly more highly educated; proportionally fewer tend to have not finished high school and a greater share have a non trade-related certificate or degree. Not surprisingly, given broader expectations of certification, mechanics are far more likely to have completed a specialized training program. In more than 65% of cases, they possess a trades certificate or diploma, and only 18% of mechanics do not possess a high school certificate.<sup>4</sup>

In the case of both mechanics and operators, there is limited evidence of greater pay with greater education. The shift in the education levels of the supervisor group is far less dramatic than both operators and the general population, as in 1991 they were already largely evenly distributed between three primary education groupings (less than secondary, trades and other). Supervisors, however, show significant gains in pay with university level education. When compared to the general population 15 to 65 years of age, operators have shown a significantly larger shift toward greater education between 1991 and 2001.

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<sup>4</sup> MCPCC Sector Study On the Move, page 89

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Data from the 2006 census: *Labour Market activities, industry, occupation, education, language of work, place of work and mode of transportation* released in March 2008 reported:

- 6 out of every 10 Canadians aged between 25 and 64 had completed some form of postsecondary education, and 1 out of every 5 postsecondary graduates had studied business, management and marketing. No other Organization for Economic Co-operation and Development (OECD) nation had a higher proportion of its adult population with university or college attainment than Canada. The number of adults aged between 25 and 64 who reported a university degree increased by 24% from 3,207,400 in 2001 to 3,985,700 in 2006. In comparison, the number of adults that did not have a university degree increased only 2%.
- One-third (33%) of women aged 25 to 34 had a university degree in 2006, compared with 25% of their male counterparts. Both proportions were much higher than those observed for older adults aged between 55 and 64; in this age group, 16% of women and 21% of men had a university degree.
- Just under one-quarter (24%) of 25 to 64 year olds had a high school diploma as their highest level of attainment, while 15% had less than a high school education.
- Fewer young adults were studying in trades than their parents. About 10% of adults aged 25 to 34 had a trade certification in 2006, compared with 13% of the adults aged between 55 and 64. Young adults studied different trades than older generations. **For example, there were 25,800 fewer young people aged 25 to 34 who had a trade certificate in mechanics and repairs than adults aged 55 to 64.** On the other hand, there were 12,500 more young people who had a certificate in personal and culinary services than the older generation.
- Over half the recent immigrants (who arrived between 2001 and 2006), had a university degree. This was more than twice the proportion of degree holders among the Canadian-born population (20%) and also much higher than the proportion of 28% among immigrants who arrived before 2001.
- Educated Canadians were more mobile. Adults aged between 25 and 64 who had a university degree accounted for 23% of the population, but 33% of the people who moved to another province or territory between 2001 and 2006. Alberta was the prime beneficiary of inter-provincial migration among educated adults.

It is clear that the Industry is competing in a labour market with higher education and declining interest in mechanical trades than experienced in the past. It is paramount that the Industry strategically develops workforce planning such as Apprenticeships and partnerships with the Education community, and ensures that the skill levels for major occupations such as the Bus Operator are accurately described and classified including the increasing use of sophisticated technology involving computers and other applications.<sup>4</sup>

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### Gender

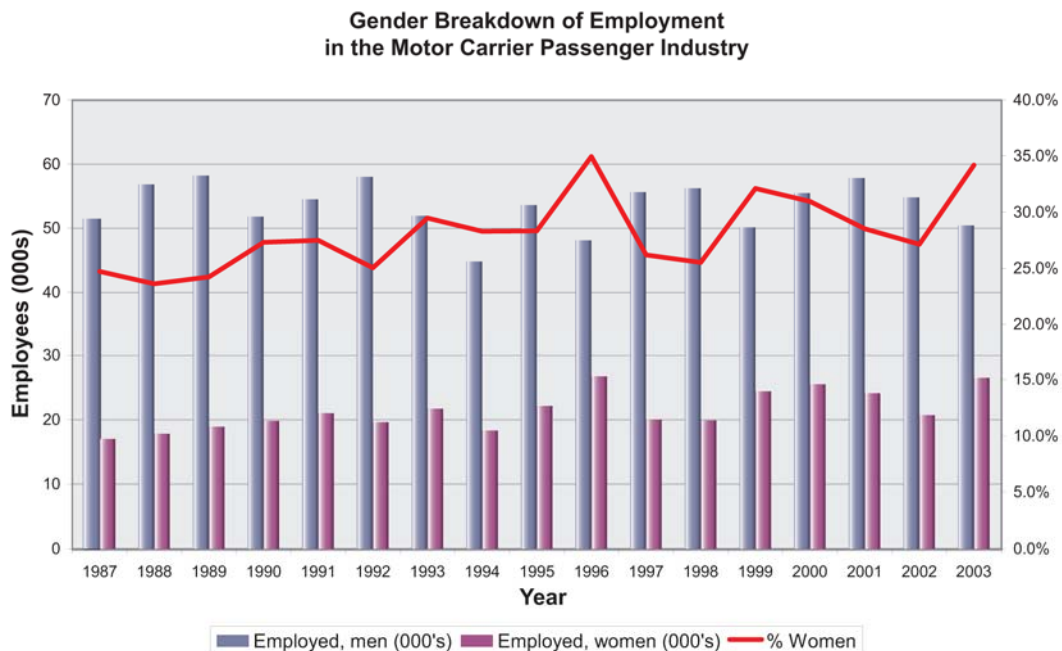
The Industry's overall efforts at building a more gender-inclusive workforce have shown inconsistent results. On an occupation-specific level, however, some progress has been made. In comparing 1991 census data reported in the initial sector study of 1997 to 2001 census data, one can see that women are beginning to assume a more prominent role in many occupations.<sup>5</sup>

Across the Industry's sub-sectors, there is a large disparity in the ratio of men to women. As an example, based on 2001 census data, 36% of bus operators are female. Of that group, 56% are employed by the school bus sub-sector, fewer than 15% by urban transit, fewer than 15% by intercity, with the balance employed by charter and other.

Though there are regular fluctuations in the available data values, figures show that men consistently earn more than women across all sub-sectors. This is due to the fact that women continue to be more highly represented in the lower paid positions. The earning differential is smallest in the urban sub-sector which is substantially attributable to collective bargaining agreements.<sup>5</sup>

As noted, the percentage of women employed by the Industry in all designated employment categories except "Administrative Occupations" increased only marginally for the period of 1991-2001. Study participants expressed recognition of, and concern for these results, and indicated that for all job openings, female applicants are encouraged and receive equal opportunity consideration. However, it also appears that recruitment activities specifically targeted to attract female applicants are more commonly employed by the school sub-sector.<sup>5</sup>

Certain lifestyle limitations and choices in part explain the higher school sub-sector level of female operator employment vs. a much lower level within the other sub-sectors. Since 1997 Price Waterhouse (PW) Study, the vocation with the most notable gender disparity has continued to be that of the urban bus operator, although one of the most desirable Industry positions.<sup>5</sup>



<sup>5</sup> MCPCC Sector Study On the Move, page 96

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### Ethnic Diversity

The U. S. Transportation Research Board Results Digest (2001c) and the Price Waterhouse Study (1997) recommended the implementation of better techniques in the handling of ethnic diversity among both riders and operators. New immigrants are a growing source of Industry potential labour. The Conference Board of Canada (2004) predicts an increase in annual immigration levels from 235,500 in 2003-2004 to 252,800 in 2015 but claims little is currently being done by Canadian employers to access this resource pool. Greater efforts and outreach are needed to overcome the language and cultural barriers and facilitate job access. The report concluded that Canadian industry needs to provide instruction in understanding diversity, develop courses that will assist new immigrants with language skills and overall skill development and work with government agencies to encourage new immigrant populations to participate in industry.<sup>6</sup>

As the Industry continues to build an employee population more reflective of the diversity of cultures in both the ridership it serves and the general population, it has become apparent that effecting rapid change is problematic given the tenured nature of many of the Industry's positions.<sup>7</sup>

The latest industry-related data indicates that in 2001 Aboriginal people and visible minorities made up 10.6% of the Industry's workforce, an increase of +3.1 per cent over the 1991 figure. The gains were most evident in visible minority representation, which increased from 4.9% to 7.9%, reasonably proportional to the increase in the visible minority portion of the Canadian workforce. The representation of Aboriginal people in the Industry remained stable over that same time period, despite a drop in the relative size of the Aboriginal workforce in Canada. The 2001 percentages reflect focused progress by the Industry toward greater integration (hiring, training and development) of Aboriginal People and visible minorities.

Although the gender and ethnic diversity of the Industry have shown positive change since the (PW) study, several factors minimizing the rate of change include but are not limited to:

- employment stability and tenure
- working conditions related to the bus operator role such as shift work, extended over night travel and situational risk
- official language requirements
- skills requirements
- increased marketplace competition for job applicants

Interviews and surveys conducted by the MCPCC reveal concentrated efforts by all sectors of the Industry to recruit from these groups. It is anticipated that the 2006 percentages will increase significantly.<sup>7</sup>

2006 census data regarding ethnic origin and visible minorities released in April 2008 reported that there was an estimated 5,068,100 individuals belonging to the visible minority population. They made up 16.2% of the total population in Canada. The visible minority population has grown steadily over the last 25 years. In 1981, when data for the employment equity-designated groups were first derived, the estimated 1.1 million visible minorities represented 4.7% of Canada's total population. Between 2001 and 2006, the visible minority population increased at a much faster pace than the total population. Its rate of growth was 27.2%, five times faster than the 5.4% increase for the population as a whole.

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<sup>6</sup> MCPCC Sector Study On the Move, page 56

<sup>7</sup> MCPCC Sector Study On the Move, page 101

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If current immigration trends continue, Canada's visible minority population will continue to grow much more quickly than the non-visible minority population. According to Statistics Canada's population projections, members of visible minority groups could account for roughly one-fifth of the total population by 2017.

The MCPCC study *On the Move* outlines the following strategies to be implemented to increase gender, Aboriginal and minority workforce participation:

- develop on-going relationships and partnerships with community cultural organizations
- develop linkages to cultural placement and employment agencies that assist in job placement
- conduct labour market research to identify real and perceived barriers that inhibit Industry career interest from these groups: with the objective of facilitating possible solutions
- invest in aggressive marketing to cultural communities through activities such as Industry presence at cultural events, and advertising in cultural media
- develop a Strategy Guide to assist employers in identifying and addressing language skills

### Employment Trends, Current and Future Job Vacancies

#### Growth Projections

Only urban transit data are reliably available for the period 1989-2004 inclusive. All regions show employment growth during this period, producing a cumulative Canadian increase of +18.23%.<sup>8</sup>

In projecting skill demand for the Industry, *On the Move*, provides quantitative estimates of skills demand by sector over a ten year prospective timeline.

#### Urban Transit

The Canadian demographics and economic experience and outlook are strongly supportive of ongoing urban transit ridership growth at an expected average annual rate exceeding 20% over the 2006-2016 forecast periods. Projected figures show an increase over this period of +8,404 employees, +2,857 vehicles and 440 million passengers.<sup>9</sup>

Statistics Canada June 2007 released *Surface and Marine Transport Bulletin* and March 2008 released preliminary data support the continued growth in urban transit which grew by .6% from 2004 to 2005 and by 2.2% from 2005 to 2006.<sup>1</sup>

#### School Bus

Reliable data confirms that the school age (5-19) population and registered student population have been in decline in recent years and that this decline is expected to continue over the 2006-2016 forecast period. There is general consensus from multiple sources that the ongoing national decline in student enrolment could continue even beyond the forecast period.<sup>10</sup>

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<sup>8</sup> MCPCC Sector Study *On the Move*, page 24

<sup>9</sup> MCPCC Sector Study *On the Move*, page 143, 195

<sup>10</sup> MCPCC Sector Study *On the Move*, page 153

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The forecasted ongoing decline in student ridership is expected to result in cumulative national reductions in employees and vehicles over the 10-year forecast period as follows: operators-1505; mechanics-55; other employees-96; and vehicles-1368.

### Intercity

Historical and current statistical and related published data on intercity activities has been virtually limited to that developed by Statistics Canada. Additionally, a supplementary telephone survey of intercity carriers was conducted in 2006 by On the Move study consultants to amplify available material so that the cumulative data could be used as the basis for sub-sector forecasting.<sup>11</sup>

The intercity carriers surveyed estimated an annual growth in ridership five years out in the 1.5 – 2% range. Survey responses suggest that the current intercity fleet is underutilized and the expected growth in ridership will require few additional vehicles and employees. Results released by Statistics Canada report a ridership increase for 2005 of 5.2% over 2004.<sup>1</sup>

### Charter/Tour

The combination of available historical data plus the following ridership considerations does not support a growth outlook for charter/tour sub-sector over the next decade.<sup>12</sup>

**Age 55+** - was selected for evaluation as a representative charter/tour target group within the Canadian population. This group is projected to grow at a faster rate than the general population over the forecast period, but this growth is not expected to substantially affect charter/tour ridership, due to the demonstrable historical and prevailing “love affair” of seniors with their automobiles.

**Tourism** - The number of visitors to Canada has declined each year during the period 2001-2005. Particularly significant is the annual/cumulative decline of visitors from the U. S., who represented 90.1% of all visitors during this period.<sup>12</sup> Statistics Canada reported in May 2008 that the number of travelers to Canada has fallen to a record low, mainly because of a drop in U.S. visits. In March, foreigners made 2.3 million trips here, 12.4 per cent fewer than last year and the lowest number since Statistics Canada started to keep track in 1972.<sup>13</sup>

Considering the imminent changes to U.S./Canada border security protocol, growing international terrorism sensitivities, and unpredictable travel/tourism-related economic factors such as the currently high Canadian Dollar, a resurgence of the number of U. S. visitors is not foreseeable over the forecast period. The number of visitors from other countries will likely continue to increase, but will only compensate for a small fraction of the U. S.-visitor loss.<sup>12</sup>

### Replacement Projections

In determining job average vacancy rates for the Industry, On the Move reported only data supplied by urban transit sector. The two positions with the higher number of vacancies are bus operator at 3.8% and mechanic at 5.8%. This echoes the concern expressed by Industry focus group participants in all sectors of the lack of available skilled trades workers.

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<sup>11</sup> MCPCC Sector Study On the Move, page 154

<sup>12</sup> MCPCC Sector Study On the Move, page 157

<sup>13</sup> Globe and Mail May 21<sup>st</sup>, 2008

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### Apprenticeship Activities

#### On the Move Findings with 2005 Statistical Update

Over the past several years and throughout the study research, a prevailing theme has been the shortage of skilled trades workers. Firms were surveyed to determine the extent of apprenticeship programs within the Industry. Several organizations indicated that they offer either apprenticeship or co-op programs chiefly in the maintenance field, with the most common being that of *diesel mechanic*. The support for apprenticeships among the surveyed members was varied.<sup>14</sup>

Several stakeholders expressed concerns over the high cost to the employer in setting up and running the program, only to lose apprentices to higher paying organizations when the apprenticeship is completed. It was noted in a joint CUTA/MCPCC Study that firms that implemented apprenticeship programs did not have a policy in place relative to reimbursement for leaving employment following the completion of the apprenticeship. This Study also concluded that there is a lack of any rigorous evaluation of the program benefits by the respondents. None of the surveyed systems/companies use an evaluative process to gauge the return on investment for introducing such programs. In addition, employers are often unaware of the federal and other government tax credits and/or incentives available to support delivery of apprenticeship training.

The Canadian apprenticeship trend has turned positive since the mid-90's, subsequently reflecting steady increases in the number of new registrants each year. In November of 2007 Statistics Canada released the 2005 figures. A record 293,835 men and women registered for training programs, up 9.7% or 26,000 from the previous year and the biggest single-year increase since 1995. As of 2005, registrants in the motor vehicle and heavy equipment trades group which includes several bus industry trades totaled 57,755, up +20,300 (+54.2%) for the same decade.<sup>15</sup>

It is important to note that despite the significant motor vehicle and heavy equipment trade group increase in registrants, there has been a decrease in the annual number of apprenticeship completions over the period 1992-2005. Percentage change in number of completions for the twelve year period was -3.9%. The period between 2004 and 2005 has turned positive with an increase of 8.2%.

Furthermore, four trade groups accounted for three-quarters of completions. Those in the metal fabricating trades accounted for 23.0% of the total, the highest proportion. **This was followed by the motor vehicle and heavy equipment trades group at 21.7%**, the electrical, electronics and related trades group at 18.3%, and the building construction trades group at 14.4%.

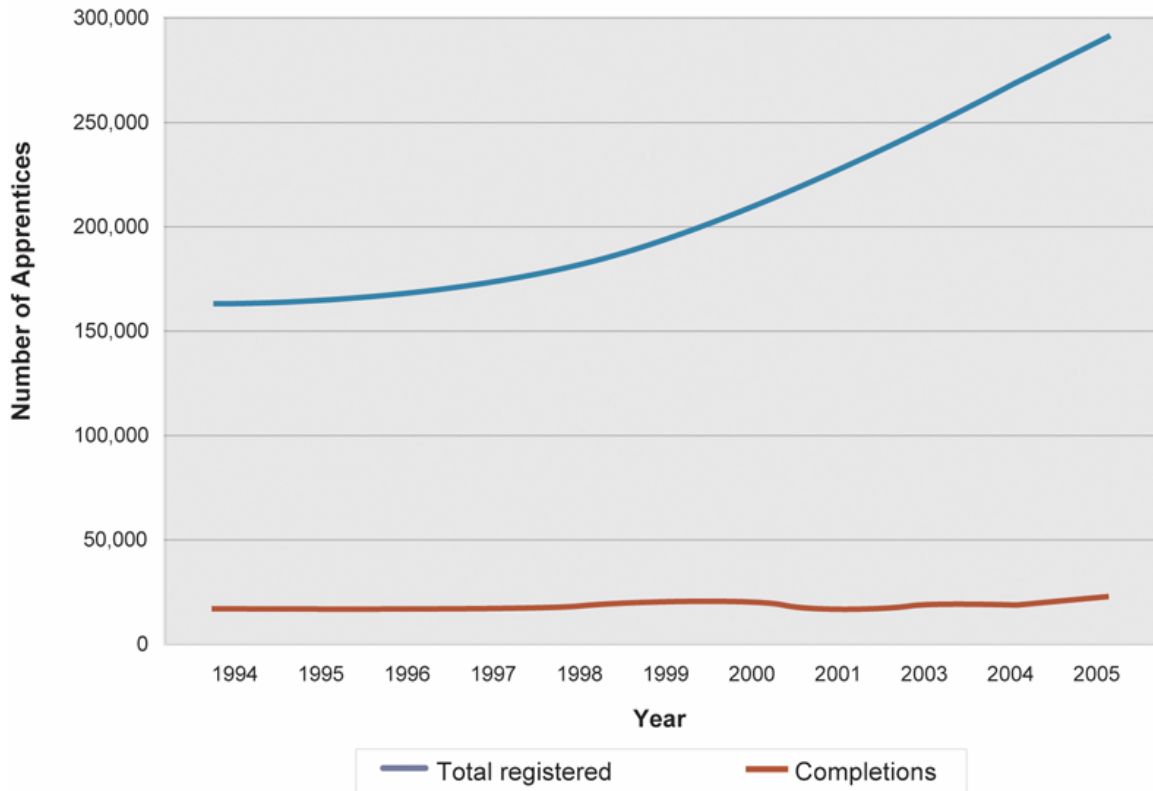
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<sup>14</sup> MCPCC Sector Study On the Move, page 173

<sup>15</sup> Statistics Canada Registered Apprenticeship Information System released November 2007

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Trends in Registered Apprenticeship Training, Canada, 1991 to 2005



Source: Statistics Canada, Registered Apprenticeship Information System

Between 1992 and 2005, registrations by women in registered apprenticeship training more than tripled, from 8,225 to 28,755. Since 1998, they have more than doubled. In 2005, women accounted for 9.8% of total apprentices, double the proportion of 4.5% in 1992. While female registrations have increased in all trades, the large increase over the period is mainly in the food and services trade. Men vastly outnumbered women in other trades. For example, women accounted for only 3.0% of registrations in the building construction trades, the largest proportion after that of the food and services trades group, and 2.4% in both the electrical, electronics and related trades, and the **motor vehicle and heavy equipment trades**. Men also vastly outnumbered women when it came to completing programs. Of the 20,555 completions in 2005, women accounted for 10.8%, or only 2,225. However, this was double their proportion of 5.5% in 1992. Women also accounted for most of the growth in the 9.8% increase in the number of completions between 1992 and 2005.<sup>15</sup>

During this period, the number of men who finished their training program rose by only 640, while the number of women more than doubled from 1,030 to 2,225.<sup>15</sup>

Women who register for apprenticeship training in trades are on average younger than their male counterparts. The youngest women in apprenticeship training in 2005 were in two trade groups: the food and services trade group, and the **motor vehicle and heavy equipment trade group**. The average age of women in both trade groups was 27.

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In 2005, the biggest proportion of women in apprenticeship training (30.9%) was in the 20-to-24 age group. Combined with the under-20 age group, they account for 42.5% of all women participants, compared with 34.5% for men. The biggest proportion of men was also in the 20-to-24 age group.

Between 1992 and 2005, the most significant changes in the number of women in apprenticeship training programs by age group occurred among the youngest and oldest. The number in the under-20 age group surged from 475 in 1992 to 3,325 in 2005. The number in the 50-plus age group rose from 100 to 1,050. The case was similar for men. Their most significant growth occurred in the under-20 age group, where the numbers rose from 3,570 in 1992 to 19,870 in 2005.

Among program completers, 43.9% of women were aged 20 to 24, the highest proportion. In contrast, only 21.1% of male completers were in this age group. The biggest proportion of male completers was in the 25-to-29 age group.

### Conclusions

The historic trend and therefore the pool of skilled motor vehicle and heavy equipment trades people is of great concern for an industry heavily reliant on this trade and one which is already facing significant shortages and stiff competition.

However, the increase in registrants to the motor vehicle and heavy equipment trade, female participation, positive year over year completions and youth interest is very encouraging. The positive trend strongly indicates that the Industry needs to **increase its participation in implementing effective apprenticeship programs.**

### 2007 Research on Apprenticeship Programs

The very structure of the apprenticeship program may be working at cross-purposes to Industry needs. The qualification process itself is a barrier. In a report from the Conference Board of Canada (Performance and Potential 2002-03), the nation's apprenticeship programs were described as "a complex system that requires a great deal of initiative by the participants." There is no natural progression from high school to an apprenticeship as there is to college or university. In 2006, the Canadian Council of Learning in a report on Apprenticeship Training in Canada observed that the market for apprenticeships is primarily constrained by employer reluctance to participate, rather than by a shortage of potential apprentices.<sup>14</sup>

Given the many concerns over the existing apprenticeship structure, Human Resources and Social Development Canada has commissioned a study to identify the desirable characteristics and best practices of a well-functioning apprenticeship system. HRSDC is collaborating with provincial governments and the CCDA (Canadian Council of Directors of Apprenticeship). A comprehensive review of the Canadian literature on the topic has been released by COMPAS Research which summarizes a wide range of potential impacts on individual people and society as a whole when an apprenticeship system is functioning well. These impacts include *facilitating the school-to-work transition, filling the skill gaps and impending labour shortages, providing upskilling necessary for productivity increases, promoting life-long learning, inter-provincial mobility of labour and qualification recognition.*<sup>16</sup>

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<sup>16</sup> COMPAS Research Literature Review of Apprenticeship in Canada 2007

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The issue of *qualification recognition* is very important in regards to the bus industry's work with the professional bus operator. The report claims that this area is growing in importance in relation to such factors as the recognition of immigrant qualifications and with respect to the apprenticeship system in such areas as prior learning assessments and credits for experience. Issues of the appropriate balance between occupational licensing (mandatory licensing where only those with the license can practice) and occupational certification (voluntary certification where others can practice but not use the certified title) is receiving increased attention not only with respect to apprentices but also for professional and quasi-professional groups.

The report goes on to suggest that one way to think about apprenticeships is to situate them at the intersection of two concepts: the first is a method of training or educating student-workers, and the second is training for a particular set of occupations that are traditionally seen to centre on the skilled trades. If one thinks that the training model has intrinsic merit, even if only for particular types of students and/or occupations, then it might be worthwhile to consider additional occupations that could benefit from the educational approach. On the other hand, if one is concerned about staffing the occupations traditionally associated with the apprenticeship approach, then other educational models might also be explored to ascertain their value in training for these occupations.<sup>16</sup>

Although the scope of the COMPAS research takes the traditional Canadian view in looking at apprenticeship statistics/categories as defined by government and relevant associations, the report suggests that when interpreting the results it is useful to keep the broader context in mind. It goes on to state that if one is interested in the educational model, given its potential usefulness in helping those who might have difficulties with more formal forms of education and training, then future work should consider apprentice-like programs for occupations not traditionally associated with apprenticeships. Similarly, if one is concerned about potential skills shortages in particular occupations, then restricting the focus to one training model might not be ideal.

### Barriers to Completing Apprenticeship

As indicated previously, a key concern with respect to apprenticeships is the low completion rate (or conversely the high dropout rate) as well as the fact that the completion rate has declined substantially over time. The COMPAS report cites the following as factors that can be particularly important in deterring completion:

- a lack of continuous employment that would enable the apprentice to accumulate the required training credits.
- cyclical upturns and economic expansion where employers do not want to spare the time of the journeyman in training the apprentice or the time of the apprentice in apprenticeship training including absence of work for classroom training.
- some apprentices may not bother completing training because employers will hire them at a reasonable wage given their experience (Prisim Economics 2000a).
- others may not complete their program because their certification as a journeyman may make them more expensive and hence less likely to be hired (CAF 2004, p. 32).
- apprentices in Canada tend to be older (compared to Europe where they often transition directly from school to an apprenticeship) and hence have expenditures and family responsibilities that may make it difficult for them to continue an apprenticeship program.
- apprentices may simply be making a mistake by irrationally "dropping out too soon."

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Furthermore, MCPCC interviews with colleges specializing in motor vehicle and heavy equipment programs highlight important success factors. The written examination is heavily weighted on technical on-the-job learning rather than school-based studies. Therefore, it is imperative that employers who engage apprentices expose them to the full range of responsibilities for the trade to ensure success for both the apprentice and the company's investment. It is recommended that colleges and employers participate actively to assess the employer/apprentice success factors, develop the Plan, and communicate regularly.

The Canadian Apprenticeship Forum (CAF) conducted a Return on Investment Study on Apprenticeship Training. The Report released in June 2006 entitled *Return on Investment for Apprenticeship Training for Employers* confirms that benefits generated from apprentices outweigh the training costs. The Study examined 15 trades including Heavy Duty Equipment Technician. During the four-year apprenticeship period, the model estimates that there is a total net benefit of \$96,016 (excluding eligible tax credits) or \$111,016 (including eligible tax credits). The costs associated with journeyman time and wastage account for 12.6% and 6.6% of the total costs of apprenticeship training in this trade, respectively.<sup>17</sup>

The report highlighted survey results where participating companies rated potential reasons for investing in apprenticeship. The most important reason indicated by employers was to ensure that their company has skilled labour. In addition, employers indicated that hiring apprentices is important to replace the aging workforce and to reduce the turnover rate.

### Conclusions

The COMPAS research concludes that apprenticeship programs are complex because, when functioning well, they provide strong benefits to the individual apprentices (and also their employers) as well as to the society and economy as a whole.

The bus industry should consider apprenticeship program participation for mechanics and other relevant red seal trades in view of the benefits of filling skill gaps and shortages of labour, providing upskilling necessary for productivity increases, part of life-long learning, inter-provincial mobility of labour and qualification recognition but only if success factors can be achieved by providing the required scope of duties and responsibilities in the work environment and companies institute an evaluative process to gauge the return on investment (ROI).

The education model discussed in the COMPAS report should be further explored in relation to the professional bus operator, particularly as voluntary Certification exists.

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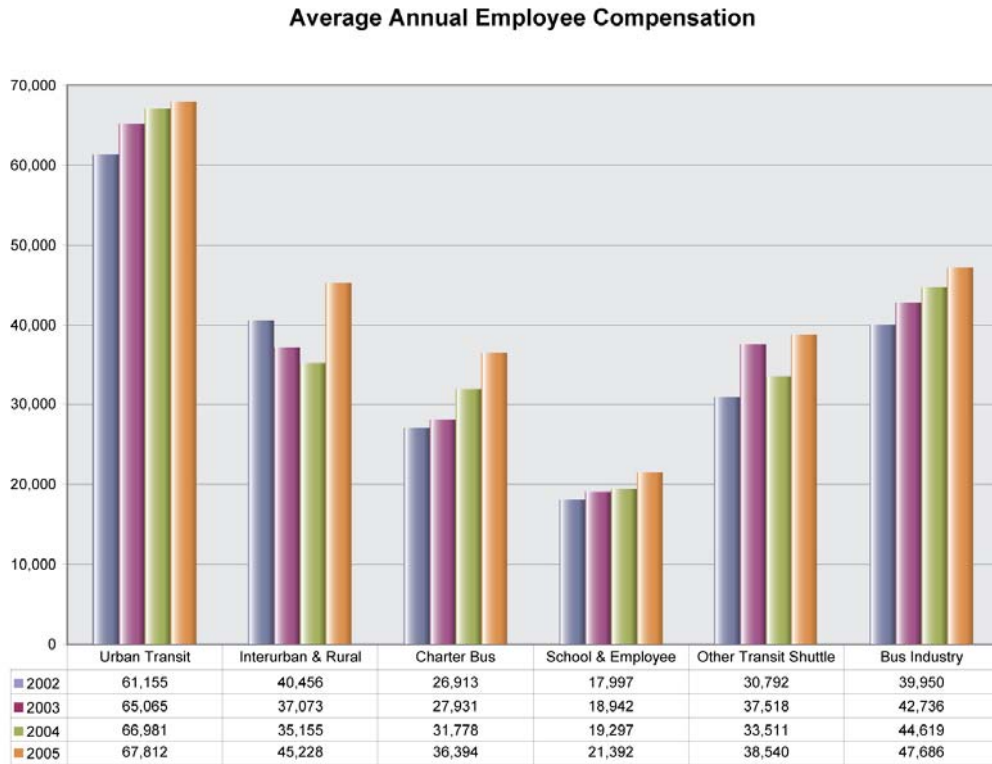
<sup>17</sup> CAF Return on Investment for Apprenticeship Training for Employers

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## Compensation and Benefits

### Compensation

The following graph outlines average employee compensation by sub-sector from 2002 to 2005.



Source: Statistics Canada, Surface and Marine Transport Bulletin, June 2007

The Industry's average compensation increased in 2003 by 7%, in 2004 by 4.4% and in 2005 by 6.9%. Hewitt and Associates' Annual Compensation Increase Surveys show Canadian national averages as follows: 2003 – 3.2%, 2004 – 3.3%, 2005 – 3.4%, 2006 – 3.6%. Their 2007 Survey results indicate a national average increase for 2007 of 3.8% and a projection for 2008 of the same 3.8%.

**The bus industry has consistently trended higher than the national average for the above periods.**

#### Hewitt 2007 Select Survey Findings:

Hewitt found that virtually no Canadian companies reported freezing salaries in 2007 and none expect to do so in 2008. Salary increases for 2007 were 3.7 per cent in Vancouver, 3.4 per cent in Montreal and 3.3 per cent in the Greater Toronto Area. Increases in these cities are expected to be virtually flat in the coming year: employers project a 2008 increase of 3.7 per cent in Vancouver, with increases of 3.5 per cent and 3.4 per cent expected for Montreal and the Greater Toronto Area, respectively.<sup>18</sup>

<sup>18</sup> Hewitt and Associates' 29<sup>th</sup> Annual Canada Salary Survey

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### **Calgary Raises the Bar**

In Calgary, however, employees experienced an average increase of 5.3 per cent in 2007, only slightly higher than the 5.2 per cent increase employers projected a year ago and on par with the 5.3 per cent actual increase in 2006. Employers are forecasting an average 2008 increase of 5.2 per cent for workers in Calgary.

“Calgary employers have focused this year on meeting their current labour demands,” stated Dan Stewart, a senior consultant in Hewitt’s Calgary office. “However, even with the current economic boom, it may become difficult to continue to increase salaries at these rates. Employers in Calgary are becoming more strategic both in what they offer and how they explain compensation, so they are well-positioned to win not just the battle but the war for talent. They’re setting the standard for employers in the rest of Canada as the attraction and retention challenge spreads beyond Alberta.”

### **Money Isn’t Everything**

Alternatives to dramatic increases in base salary include initiatives geared to awarding higher pay for high performance as well as ensuring that employees appreciate the value of all the benefits they receive as part of their compensation package. Options include: Variable pay plans, Total compensation approach, Communication, Separate compensation arrangements for “hot skill/location” jobs, Non-monetary benefits.

Hewitt and Associates concluded that “while there's no doubt that maintaining competitive pay levels is important, how long employers - even those in Alberta - can afford to keep throwing money at employees? Are there other ways to successfully attract and retain workers?” Hewitt's survey results indicate that “employers are beginning to think more strategically about compensation. By implementing certain initiatives, they are better able to meet employee needs, contain costs and distinguish themselves as an employer of choice”.

### **Benefits**

On the Move consultants surveyed a representative sample of industry organizations to learn about the benefits programs currently being offered and those under consideration. The vast majority of survey respondents offer employees a wide range of benefits. In addition to typical benefits such as health and dental care, pensions, disability benefits or employee assistance programs, respondents identified many others including: on-site fitness facilities; complimentary transit passes; critical incident diffusing; clothing or tool allowances; education allowances; and computer purchase plans.

When asked to identify benefits that would likely be added to their company’s existing benefit plan within 3 years, survey respondents indicated the following: family sick days; salary continuance when on workers’ compensation; recognition and reward program; increased cost sharing of benefit programs; long term sick benefits; programs promoting healthy life styles; professional driver certification; and family driver improvement courses.

Respondents have recognized the necessity and value of structuring attractive benefits programs to maintain recruitment competitiveness and retention effectiveness.

It should be noted, however, that the above benefits tend to be offered mostly to those working in a unionized environment. The school bus and charter sub-sectors are segments of the Industry where benefits are likely more limited in number and scope.

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### Results of MetLife's Sixth Annual Employee Benefits Trends Study

**Released April 2008**, MetLife's Sixth Annual Employee Benefits Trends Study reports an increase in employees' desires to receive general financial planning and retirement advice and guidance at the workplace. The Report concludes that this presents a tremendous opportunity for employers to optimize the real and perceived value of their benefit plans.

Also, among the study's key findings:

**Benefits, Loyalty, & Retention** - Employers underestimate how important benefits are to employee loyalty; benefits are increasingly important factors in employees' decisions to remain with their employer.

**Growing Focus on Retirement and Aging Workforce issues** – Employer focus and spending on retiree benefits is expected to increase; employees have strong interest in retirement benefits.

**Loyalty & Retention** - When asked about the importance of benefits in retention and workplace loyalty, employees ranked retirement benefits and advancement opportunities as tied for the third most critical factor, behind salary/wages (number one) and health benefits (number two). A loyalty gap can be seen clearly with this example – 72% of employees say retirement benefits are an important factor in loyalty, whereas only 41% of employers say the same.

Benefits are playing an increasingly important role in employees' decisions to remain with their employer. Significantly, 45% percent of employees say benefits are an important reason why they remain with their current employer, up from 33% a year ago. An additional one-third (33%) say benefits were an important factor attracting them to their current job, up from 28% last year.

More employers are recognizing that benefits drive satisfaction. A majority, 58%, believe that benefits play a very important role in employee retention. That percentage climbs to 65% for employers with 500 or more employees.

However, the study also reveals a significant gap between how loyal employers believe they are to employees and employees' perception of that loyalty. For example, 55% of surveyed employers say they feel a strong sense of loyalty to their workers, whereas only 41% of employees feel that their employers have a strong sense of loyalty to them. As employers look to use benefits strategically to help improve workforce loyalty and retention, it is essential to find ways to close this gap and better understand how benefits are most impacting feelings of loyalty.

The study also indicates that despite rising benefits costs, employees seem willing to accept paying a larger part of those costs themselves in order to access a portfolio of benefits offerings. In spite of the fact that more than half (56%) of employees say they are paying more now for their medical coverage than last year, benefits satisfaction among employees is up. This year 44% of surveyed employees, compared to 39% last year, say they are satisfied with their workplace benefits. Employees are indicating a willingness to pay more to get more. In fact, 44% of employees are interested in their employer offering a wider array of voluntary benefits – up from 31% last year.

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"With retention a key business concern, employers are looking to improve employee loyalty more than ever. This year's data on benefits behaviors show a gap between what employers think will help drive improved loyalty and satisfaction, and what employees are actually looking for. By better understanding what ways benefits drive employee loyalty in an increasingly diverse workforce, employers have an untapped opportunity to maximize the effectiveness of their benefits plans," said Ronald Leopold, M.D., vice president, MetLife Institutional Business.

**Growing Focus on Retirement and Aging Workforce Issues** - With a significant number of employees approaching retirement, companies can do more to address the needs of an aging workforce. As the Baby Boomers begin to retire and/or approach retirement, employers need to re-evaluate their benefits offerings. The study reveals that nearly three-quarters (73%) of employers that currently offer retiree benefits expect the dollar amount of these benefits to increase in the next five years, compared to 63% last year.

Employers are implementing a range of programs and accommodations. Large companies outpace smaller employers when it comes to offering retirement guides/information and training. About one-third of companies with 500 or more employees offer resources and programs for an aging workforce. However, smaller employers provide greater flexibility for working part-time in retirement. Among companies that provide resources/programs for an aging workforce, 44% with 2 to 499 employees provide part-time employment to retirees, compared to 35% with 500 or more employees.

Smaller employers are less likely to anticipate being affected by the aging workforce. Only 35% of employers with 2 to 499 employees think they will be greatly impacted, compared to 50% with 500 or more employees. One reason could be that employees at smaller companies expect to work until an older age. While the average employee at companies with 500 or more employees is anticipating retiring from full-time work at age 63, the average employee at smaller employers is planning to retire at age 65.

**Call to Action** - The study suggests that there are three primary strategies that employers can consider to optimize the value of their benefits plan:

- **Personalization.** A one-size-fits-all approach to benefits is no longer effective. Employers should tailor benefits to different employee segments, including older workers, retirees, and other life-stage groups.
- **Breadth of Benefits.** Employers should provide a broad, cost-efficient benefits offering with a wide range of options to meet the increasingly diverse needs of the workforce. This offering can include voluntary benefits, health and wellness programs, work/life balance programs, resources for aging workers, and retirement plans.
- **Decision Support and Communications.** When asked about the importance of benefits strategies to their companies, over half (55%) of employers indicate that "providing better decision support tools" is very important — up from 47% in 2005. Such tools could include product calculators as well as rules of thumb on what products and coverage levels are appropriate. Also, employers should communicate more frequently to employees about their benefits offerings and how to take advantage of them.<sup>19</sup>

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<sup>19</sup> MetLife's Sixth Annual Employee Benefits Trends Study released April 2008

### **Part 2 – Major Human Resources Challenges, Trends and Comparison of the Bus Industry with Other Industries**

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This Section of the research deals with the major human resources challenges in the future, trends in addressing those challenges and a commentary on the bus industry's efforts in effectively dealing with those challenges and trends to remain competitive.

Recent surveys in North America and Europe have identified identical crucial human resources challenges which signify the importance of recruiting and retaining employees in a highly competitive global marketplace. The following report released in June 2007 by the Boston Consulting Group confirms all research findings.

#### **Top Human Resources Challenges**

##### **1. Managing Talent**

Talent shortages loom, both in North America and abroad, and companies must take steps now if they hope to address these shortages. To fully exploit global labour pools of highly skilled professionals, companies should source their talent from throughout the world. Companies should also ensure that they target their offerings to meet the needs and goals unique to different ethnic groups and nationalities, women and older workers.

##### **2. Managing Demographics**

With the aging workforce, companies must mitigate two different risks: the loss of capacity and knowledge as workers retire and the subsequent loss of productivity due to learning curve of new hires.

##### **3. Becoming a Learning Organization**

Organizations must prepare their employees to cope with the complexities and accelerated speed of an increasingly global economy with increased technology. Simply spending more on training programs won't automatically translate into enhanced productivity. Rather, executives must clearly define and measure the return on investment (ROI) that they expect from learning initiatives. By making program goals and program outcomes tangible, companies can ensure tangible improvements.

##### **4. Managing Work-Life Balance**

As the boundaries between private and work life blur, employees are increasingly selecting – or rejecting – jobs based on how well they can help the individuals achieve work-life balance or advance personal goals and values. In order to attract and retain highly talented individuals, companies will therefore need to offer flexible work arrangements. They will also need to appeal to employees' growing desire to derive a sense of greater purpose from their work.

## 5. Managing Change and Cultural Transformation

As organizations hire workers from around the globe and enter new markets with increasing speed, managing corporate and cultural change will become a critical capability. Research shows that executives expect their company's human resources functions to develop tools and methodologies that aid line managers in communicating to employees the need for change-and-empower them to bring about such change.

### Current HR Trends

The following represents crucial ideas and advice from top human resources practitioners as reported by the Human Resources Professional Association of Ontario (HRPAO) about the current trends in, and challenges to, retaining talent in this highly competitive marketplace.

#### “The Big 7 Trends in ‘07”<sup>20</sup>

##### 1. Lead

Retention success is geared to quality leadership – too many companies fail to train managers to coach, give feedback, nurture and recognize employees. Most companies should be developing an entire leadership-development culture and few are trying that. The need for leaders in companies is tripling because of flattening organizations and trickle-down responsibilities.

##### 2. Develop

Get people voluntarily motivated and involved in presenting ideas. A shared vision, mission, values and principles when it comes to investment in people, processes and technologies go a long way. All too often, retention strategies are erected on a faulty platform. Short-term strategies focusing on tangibles such as raising pay, instituting new bonus and incentive plans and creating “sexy” new perks are admirable and necessary but they're essentially secondary considerations. “The research shows that it's the longer-term intangibles revolving around caring for employees' needs for talent utilization, feedback, career growth, recognition and work/life balance that make the most differences.”

##### 3. Respect

Treating employees with respect from the moment of entry pays huge dividends towards employee loyalty and commitment which is the key to retention. Companies should do an audit of their management and HR practices, from recruiting to compensation to training and see whether these practices are contributing to increasing the perceived trust and respect of employees in the organization.

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<sup>20</sup> HR Professional Magazine February/March 2007

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### 4. Meaning

Meaning is the real retention tool. Employers need to be thinking about employees as human first, with human needs, not as things-hope for growth and success, a sense of worth that comes from pay and recognition, to find outlets for their talents and to trust in their leaders and managers. In analyzing numerous surveys the root cause invariably involved one or more of these four needs- hope, worth, competence and trust-not being met. Gallop and other attitude surveys estimate that almost 80% of employees are disengaged and want to be anywhere but at work. The thing that retains employees more than any other single item is if they believe the work they do makes a difference – to the customer or client, the boss, the company and their own future welfare. Meaning is the real retention tool.

### 5. Deliver

Looming mass retirements, evolving attitudes and low unemployment levels effectively put workers in the driver's seat. The hiring market is getting tougher. The boomer retirements haven't really started (another year until the first ones reach today's average retirement age of 61). Employers are becoming and will become much more concerned to retain staff and train and treat them better.

### 6. Talent

We've barely scratched the surface on best use of older employees. Phase-in retirement (where you progressively reduce weekly hours in the years before full retirement), is just getting going. Use of these employees' knowledge and skills in mentoring new recruits makes so much sense. The biggest current retention issue we face is in the area of skilled trades where there is a need for more organizations as well as government and educational institutions to increase the number of apprentices in the system.

### 7. Retention

Focus on providing people opportunities that they can't get somewhere else and plan on some percentage of them leaving anyway – at some point from the universe of other opportunities, something is likely to come along that is better than what you can offer. It's getting a lot harder to get good people. How do we keep them? There are three key things that employees ask concerning the workplace. Can I learn and grow? Can I make a difference? Do I belong? If we can't answer these three things, then they're not staying. It doesn't matter what generation they're from.

In 2006, nearly 22% of employees changed jobs, according to a recent MetLife Study. Research suggests there is no right formula for increasing retention. Different surveys indicate the following strategies for increasing retention:

- Recognition
- Compensation
- Benefits
- Developing skilled management/leadership

Released April 2008, a MetLife Study reports that retention was rated by employers as their number one **benefits** objective.

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The number of employees that changed positions is not expected to drop in the near future. In fact, that same study found that nearly 75% of employees anticipated a positive hiring market that has come to fruition in 2007.

### Comparison with other Industries

Bus industry organizations reveal that other industries who recruit individuals with similar backgrounds, skill sets and working conditions to those required by the bus industry include the Trucking and Tourism industries. A snapshot of these industries and a review in relation to recruitment and retention challenges and strategies to address these challenges follows.

### Trucking Industry

In a speech to a Montreal audience in February 2006, David Bradley, CEO of the Canadian Trucking Alliance cautions that “the driver shortage has worsened and will become more acute in the years ahead. For the first time ever in 2005, the number of drivers over 55 years of age outnumbered those less than 30 years old.” He further added that “capacity will continue to be tight, even if there is some sluggishness in some sectors of the economy.” In addition, he stated that “the industry will have to deal with new hours of service, fuel, engine emissions and US security rules in 2006” mirroring the same issues facing the bus industry.

Continuing on this theme, the Canadian Trucking Human Resources Council (CTHRC) released a statement in August 2007 reporting results of recent studies identifying an escalating shortage of qualified commercial truck drivers across Canada. They comment that Canadian fleets lose 22.1% of their drivers per year, and even after the employers recruit new personnel about 12% of the Industry’s job openings remain vacant, representing an immediate need for 12,000 additional Class 1/A drivers. Almost half of the fleets admitted during surveys in 2006 that a lack of personnel forced them to idle equipment in the previous six months. 60% of companies surveyed cited driver shortage as one of the top two concerns facing their organizations.<sup>21</sup>

They further cite human resources challenges in that even though Canada has 662,400 Class 1/A license holders, a significant share of these individuals have retired or never worked as a commercial driver. Almost 1/3 of inactive licensees left jobs behind the wheel in favour of different careers. At a time when the trucking industry’s retirement rates are on the rise, there is also little comfort in the knowledge that 73.3% of inactive license holders are over the age of 45. Compounding matters, the industry’s newest drivers don’t tend to consider trucking until after they’ve worked in other careers, and 60% of them are over the age of 30.<sup>21</sup>

In order to address these serious human resources challenges, companies were surveyed regarding initiatives being implemented to attract and retain drivers. Employers state that they are offering an array of benefits such as: life, accident or injury insurance (offered by 51.7% of fleets); medical and dental coverage (51.7% of fleets); paid time for training (42.7%); guaranteed days off (38.6%) and performance incentive programs (31.1%). Other companies provide flexible work weeks or adjust activities to accommodate older personnel.

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<sup>21</sup> Canadian Trucking Human Resources Council Press Release August 2007

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CTHRC adds that even when drivers have a license in hand, 63% of newly hired drivers feel they need additional training in defensive driving, regulations and essential skills such as reading, writing and mathematics. Almost one in every four fleets offer more training than they did two years ago, and about 35% of employers have increased the amount of training offered to new hires.

Both new hires and experienced drivers were asked to rate the top six reasons why they chose to work for/stay with their current employer with results as follows:

### Top 6 Reasons Why New Hires Chose to Work for the Current Employer by New Hire Category

Reasons	New Entrants (n=80)	Experienced Drivers (n=176)	Overall (n=256)
Pay/benefits	53.8%	54.0%	53.3%
Job security	51.3%	34.7%	39.4%
Career opportunity	60.0%	29.5%	38.6%
Work schedule	33.8%	33.5%	33.2%
Hours of work	18.8%	30.1%	26.6%
Travel opportunities	31.3%	14.2%	19.3%

Multiple response categories

### Tourism Industry

The Tourism industry is of interest to the bus industry for a number of reasons including size, age, gender and skill requirements (customer service) of its labour market. This industry employs a total of 1.65 million people in Canada – 37% in Ontario, 21% in Quebec, 17% in British Columbia, 11% in Alberta, 6% in Atlantic Canada, 4% in Manitoba and 3% in Saskatchewan representing 10.2% of the Canadian labour force. Industry groups include food and beverage (46%), recreation and entertainment (23%), transportation (16%), accommodation (12%) and travel services (3%).<sup>22</sup>

Overall there is close to a gender balance across the sector with 52% of the tourism labour force women and 48% men. The tourism labour force is much younger than the Canadian labour force with 53% under the age of 35. The aging labour force in Canada has been identified as an issue as the baby boomers begin to retire in large numbers. This will be less of an issue in tourism with 26% over the age of 45 compared to 35% in the Canadian labour force. There are significant differences by industry group with transportation having a much older labour force (45% over 45 years of age) and food and beverage services being the youngest labour force with 68% under the age of 35. Furthermore, one third of the tourism labour force is between the ages of 15 and 24 years, compared to 15% in the Canadian labour force.

Education levels in tourism remain lower than in the Canadian labour force, but there has been a slight increase since the 1996 census. Forty-six percent have high school or less education in tourism compared to the Canadian labour force with 35%. Ten percent in tourism have a university degree compared with 19% in the Canadian labour force. In tourism 20% attend school part-time and 5% attend school full-time compared to 9% and 6% in the Canadian labour force. Part-time school attendance in the 15 to 24 age range for tourism is 54%.

<sup>22</sup> Canadian Tourism Human Resources Council (CTHRC) 2005 Executive Summary Tourism Employment in Canada

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Tourism employment involves less full-time work with 38% working full-time, year-round, compared to 54% in the Canadian labour force. There is a similar proportion of full-time seasonal or part-year in both the tourism and the Canadian labour forces. It is interesting to note that there is a significantly higher proportion of seasonal tourism employment, in the 35 and over age ranges, than in the Canadian labour force.<sup>22</sup>

A significantly higher proportion of the tourism sector is employed part-time (37%) compared to the Canadian labour force (22%).

In its 2006 Annual Report the Canadian Tourism Human Resources Council (CTHRC) states that increased focus on attraction, retention and productivity will be the next frontier for the tourism industry. CTHRC reports that the growing labour shortages constraining the growth of the tourism sector over the next two decades has prompted research on how “foreign credential recognition” can assist in addressing labour supply issues and in attracting and integrating immigrants and new Canadian workers successfully.<sup>23</sup>

The research concerned non-regulated occupations, which make up 85% of the Canadian labour market, with findings highlighting a lack of systems, policy, and programs at the national and sectoral levels for properly and effectively assessing and recognizing foreign training, education, skills, and experience in a manner suited to the Canadian employment context. The report goes on to comment on the importance of working with the education community to strengthen practices that will help improve learner mobility and the linking of foreign students to the workplace.<sup>23</sup>

In summary, the Tourism industry is also experiencing labour shortages and is focusing research and activities that will determine the extent and location of the shortages and initiatives to help address this challenge including working with different age groups, people with disabilities, recent retirees, youth, foreign-trained workers, and Aboriginal workers; and innovative training methods.<sup>23</sup>

### Bus Industry Comparison

Characteristic	Bus	Trucking	Tourism
Age	Older than Canadian average	Older than Canadian average	Younger than Canadian average
Gender	Male dominant but higher female in school bus	Male dominant	Female dominant but close to gender balance
Education	Similar	Similar	Similar to lower
Skills (Driving)	Similar	Similar	Only 16% of industry (taxi, limousine, coach)
Skills (Customer Service)	Similar	Limited	Similar to more interaction
Part-time	49% of drivers are employed by school and charter (60,000)	Limited	37% or 592,000 workers
Compensation	Similar	Similar	Much lower
New Hire Restrictions	Age	Age	None

<sup>23</sup> CTHRC 2006 Annual Report

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Traditionally, the bus industry has been compared to trucking due to driving skills and the operation of heavy vehicles rather than a focus on human resource skills. Consequently, over the years, the profile of the Industry has retained similar characteristics in its workforce and in the perception of the public. However, during the past several years a strong move has been underway to focus recruitment and training efforts on solid communications and interpersonal skills. Furthermore, the MCPCC together with associations, unions and employers have introduced initiatives to raise the profile of the professionals working in the bus industry. The former similarities between trucking and bussing are changing with this growing emphasis on passenger care.

The tourism industry presents an interesting connection with the bus industry. The workforce of one third between the ages of 15 to 24, predominantly part-time school attendees, provides a useful first job experience serving other parts of the Canadian labour force where these young people may make their careers.<sup>23</sup> The skills learned and practiced in this industry are communications, customer service and conflict resolution, the very skills sought by the bus industry. The bus industry's requirements/opportunities and those of this group may well be compatible. It is therefore critical that the bus industry present opportunity, image, training, benefits, etc. in a revitalized approach.

### **Response to HR Challenges**

It is clear that all three of the studied industries are facing labour shortages progressively worsening with the number of retirements on the horizon. All three are recognizing the importance of global competition for scarce required skills. With education levels in these industries being lower on average than the Canadian workforce, initiatives are being put in place to help in sustaining the respective workforces. In the case of the bus industry, efforts must be continued to accurately describe the skills required and the job responsibilities as well as to upgrade the public perception of the Industry and its professionals.

The bus industry has taken a proactive approach in identifying its human resources challenges and in developing strategies and actions to respond to these challenges. The study *On the Move* validates all the reports and research regarding the importance of implementing effective recruitment, retention, learning and development, compensation and benefits, work-life balance and recognition programs.

Detailed Actions are identified within the following strategies:

- Workforce Planning and Recruitment – prioritizing business and human resources integration, communicating a compelling image, broadening recruitment sources, attracting future generations
- Training, Life-Long Learning and Resources – prioritizing learning investment, meeting demand for skilled trades, maximizing training investment and delivery options, promoting certification and accreditation, developing management/leadership skills
- Retention and Working Conditions – prioritizing dealing with the aging workforce and knowledge transfer, marketplace intelligence, career progression strategies, workplace safety and security, developing healthier workplaces
- Industry Advocacy – strengthening the Industry voice at all government levels and developing and maintaining international industry intelligence and collaboration

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### Part 3 – Conclusions and Recommendations

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Research indicates recruitment and retention efforts will continue to dominate HR particularly in light of:

- ever increasing demand for more and better developed skills
- need to replace experience lost to sector as thousands retire
- growth pattern in urban transit
- lack of quality applicants
- dissatisfaction working in the sector – working conditions, unsatisfactory working hours, limited career advancement
- low apprenticeship completion rate compared to increases in enrollments
- highly competitive global marketplace

Industry must focus its' attention to:

- broadening recruitment sources and targeting non-traditional groups including better utilization of corporate websites for recruiting
- accurately describing skills and expectations as well as positioning itself for attracting talent in the global context through National Occupational Classification (NOC) system, National Occupational Standards (NOS) and individual company job profiles
- developing partnerships with educational institutions for successful implementation of existing apprenticeship programs and reviewing new models particularly with respect to the bus operator role
- examining role of bus operator to improve public perception and image with a view to making necessary changes where appropriate
- promoting professionalism of the Industry through adoption of formalized education practices and standards, i.e. Accreditation and Certification
- educating the public regarding importance of Industry and their appropriate behavior
- developing leaders capable of effectively managing people and information
- by better understanding what ways benefits drive employee loyalty in an increasingly diverse workforce, employers have an untapped opportunity to maximize the effectiveness of their benefits plans

Many hours and resources have been spent in producing the comprehensive Bus Industry Study, *On the Move*, complete with recommendations and actions. It is imperative that Industry continues to address its critical HR issues by developing recommendations, and implementing strategies and actions, through its stakeholder forum, the Motor Carrier Passenger Council of Canada.

The terms of reference for the Skilled Trades Commission, mandated in “*On the Move*”, are a comprehensive response to the most recent research and identified needs of the Canadian Bus Transportation Industry.