Submission to Employment and Social Development Canada

Consultation on Building Canada Strong: Youth in the Labour Market

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Recommendations

1. Enrich student grants to help youth take refuge in post-secondary education during periods of economic uncertainty
2. Remove structural barriers to work-integrated learning by reviewing the supports available for unpaid placements, particularly in high-demand occupations
3. Expand access to short-cycle programs that integrate digital and artificial intelligence (AI) skills with experiential opportunities
4. Improve apprenticeship completion using a whole-of-system approach
5. Prevent prolonged disengagement from school or work by exploring a "Youth Guarantee" model

Introduction

Canada's federal government recognizes the current and growing challenges faced by youth looking to secure and maintain employment. Across the country, young people are struggling to find meaningful work, even as employers report difficulty filling key roles. Youth unemployment is stubbornly high and the share of young people not in education, employment or training (NEET) has grown.

The causes are complex: economic shifts, tariff impacts, the influence of artificial intelligence on entry-level roles and the lingering effects of the pandemic on mental health and foundational skills.

This submission offers a sector-informed perspective grounded in decades of delivering applied, labour market-aligned training. Canada's polytechnics and institutes of technology deliver hands-on training and experiential learning to nearly half of Canada's college population, with programs that prepare graduates for 86 per cent of the 100 jobs in highest demand requiring post-secondary credentials. Polytechnics have strong labour market alignment in fields including healthcare, the skilled trades, advanced technology and tourism and hospitality – the same sectors that consistently struggle to fill vacancies. There is compelling evidence that polytechnic grads are in high demand.

Our recommendations focus on the key challenges facing youth, highlighting gaps in existing federal supports and proposing targeted policy solutions. These include strengthening federal work-integrated learning supports, adopting a whole-of-system approach to apprenticeship training, expanding access to short-cycle, applied learning pathways and exploring a Youth Guarantee-style model that broadens access to training and employment.

Obstacles Facing Young People in Finding and Maintaining Employment

While the factors impacting youth employment vary by region, demographics and socioeconomics, several broad systemic trends are increasingly shaping the challenges young people face in the labour market.

Economic Uncertainty

Economic uncertainty is amplifying the barriers young people face when trying to secure and sustain employment. Heightened volatility, elevated interest rates and broader macroeconomic instability have made employers more risk averse, slowing hiring and reducing the number of entry-level opportunities that typically serve as on-ramps for youth.[1] This uncertainty has been intensified by the recent escalation in U.S. tariffs on Canadian exports. The ripple effects of tariffs, combined with a slowing global economy, have dampened employer confidence and contributed to a softening in hiring demand across sectors that disproportionately employ young workers, including retail, hospitality and other service industries. This environment limits job prospects and delays skill development, contributing to longer-term scarring effects such as lower lifetime earnings and weaker attachment to the labour market.

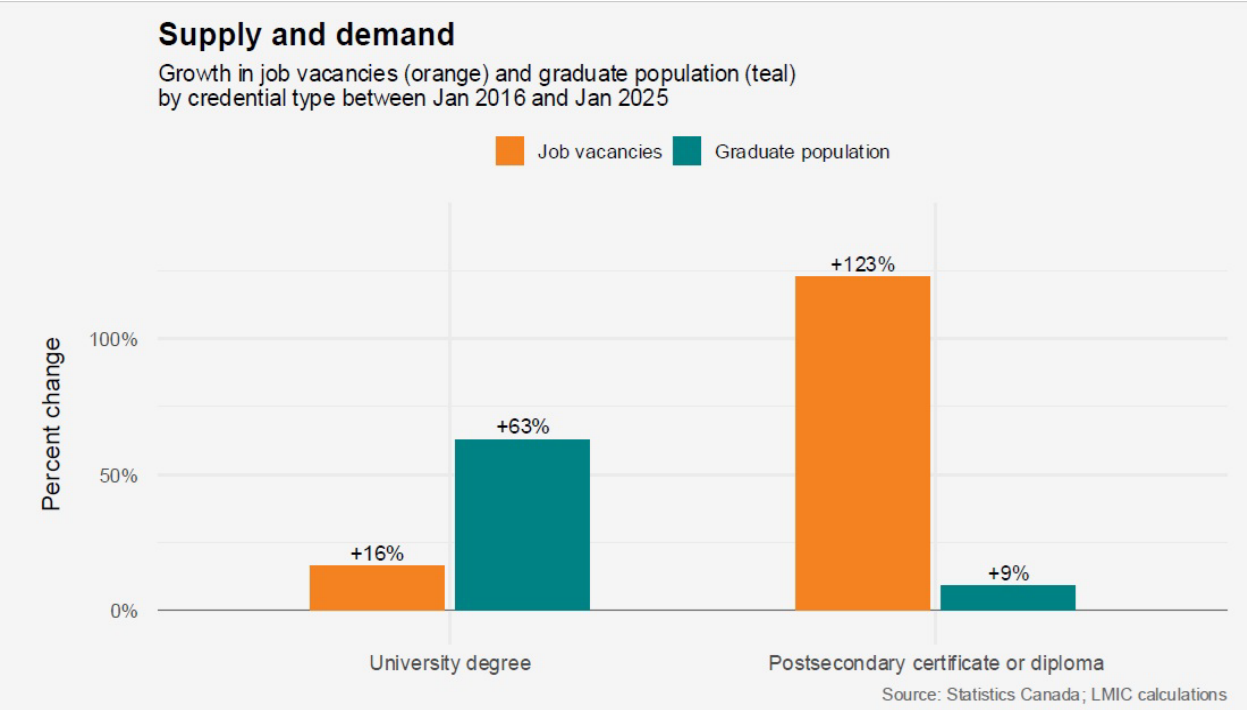
Beyond cyclical economic pressures, longer-term structural shifts are also reshaping how young people transition from education to employment.

It is worth noting that, in times of economic uncertainty, youth historically seek refuge in post-secondary education. A student financial aid system that makes continuing one's studies affordable is one way to guard against a move into NEET status. This investment could be accompanied by fulsome career guidance, helping young people identify programs that are well-aligned with the labour market.

Skills mismatch

A significant element of Canada's youth employment woes is the shifting nature of school-to-work transitions. A recent report from the Labour Market Information Council (LMIC) shows that while the number of Canadians holding a Bachelor's degree continues to grow, related vacancies have declined sharply. Between 2024 and 2025, job openings requiring a Bachelor's degree and fewer than three years of experience fell by more than half, representing roughly 400,000 fewer early-career opportunities.[2]

[1] KingsTrust, *"Failure to Launch: Why Canada's Tech Sector Isn't Scaling)"* (2024)
[2] Labour Market Information Council (LMIC), *"Eligible but Underemployed? Canada's Newest University Graduates Face an Increasingly Challenging Job Market"* (2025)



At the same time, employer demand for graduates with post-secondary diplomas and certificates, typically earned at public polytechnics and colleges, has increased. This reflects growth in demand for employees with technical and applied skills that are aligned to specific occupations. The shift is particularly evident in healthcare, where labour market demand is concentrated in roles such as practical nursing, laboratory technicians and allied health professions that require applied credentials and supervised practical experience. Across the economy, employers increasingly prioritize candidates with practical skills and relevant work experience, outcomes more commonly associated with diploma, certificate and apprenticeship pathways.[3,4]

Yet, youth continue to be encouraged to pursue a university education. The result is a persistent skills mismatch: young Canadians struggle to find work that fits their qualifications, while employers cannot fill positions with qualified candidates. Addressing this gap is critical to connecting youth to meaningful employment and ensuring Canada's workforce meets current and emerging labour market demands.

One policy solution that appears to resonate is work-integrated and/or experiential learning. Exposure to workplace environments and challenges have become increasingly important as a

[3] Polytechnics Canada, *"Skilled & Ready: Polytechnic Solutions for Canada's Labour Market Demand"* (2025)
[4] Canadian Federation of Independent Business *"Mind the gap: Workforce challenges holding back Canada's small businesses"* (2025).

component of post-secondary education, helping students develop both competence and confidence on their path to job readiness. Such investments will continue to be essential.

Technological Disruption

Another factor driving youth unemployment is the growing impact of new technologies such as artificial intelligence (AI) on the labour market. This has been particularly true for entry-level positions typically occupied by young workers. Through automation and augmentation, technologies are allowing businesses to streamline processes and tasks that would traditionally provide early-career experiences for new entrants to the labour market.[5]

Young workers are also disproportionately represented in occupations that face the highest risk of automation, making them more vulnerable to technological displacement as these tools become more widely adopted. The rapid pace of technological change is widening the skills-experience gap: with fewer stepping-stone roles available, youth struggle to gain the practical experience needed to establish a foothold in the labour market.[6]

These shifts reinforce the importance of applied training pathways, paid work-integrated learning and targeted upskilling opportunities that allow young people to acquire job-specific digital and AI competencies alongside workplace experience.

Barriers and Incentives for Employers Hiring Youth

The barriers facing young people are mirrored on the employer side. Economic uncertainty, perceived skills gaps and administrative complexity all shape hiring decisions, particularly of early-career workers.

Financial Barriers

Employers consistently cite the time, cost and supervision required to mentor early-career workers as barriers to hiring youth. In periods of economic uncertainty marked by slowing growth, higher costs and cautious investment, employers become even more risk averse. SMEs are particularly challenged when government programs that might incentivize hiring youth and students involve complex administration or reporting. Even with wage subsidies, many small businesses find existing federal supports difficult to navigate.

Streamlined, SME-friendly federal incentives are, therefore, critical. Predictable, simplified and well-targeted supports make it feasible for employers to provide paid placements. Straightforward wage subsidies and institution-facilitated placements help reduce risk and encourage employers to hire

[5] CTV News, *"Artificial intelligence threatening to push young people out of entry-level jobs"* (2025).
[6] Policy Options, *"As AI claims entry-level jobs, we need to prioritize real-world experience for young people alongside learning"* (2025)

youth. When these supports are accessible, employers report that students contribute meaningfully from the outset and many transition successfully into permanent roles.

Skills mismatch

Employers consistently report variability in foundational and job-readiness skills among early-career candidates, particularly in areas such as communication, problem-solving, teamwork and digital literacy. This concern reflects broader labour market patterns, where the majority of job vacancies requiring post-secondary training are concentrated in roles calling for non-university credentials, such as diplomas and trade certifications.[7] Employers place a premium on applied skills and workplace readiness, and perceived gaps in these areas increase the cost and risk of hiring inexperienced workers.

Taken together, the challenges faced by both youth and employers are exacerbated by limitations in the design, accessibility and coordination of existing skills and employment supports. Stronger alignment between training pathways and labour market need will go a long way to addressing skill mismatches.

Gaps in Skills and Employment Support

Young people face barriers not only in accessing employment but also in securing the skills, experience and supports that enable successful school-to-work transitions. While federal programs such as the Student Work Placement Program (SWPP) and Canadian Apprenticeship Strategy play an important role, gaps in design, eligibility and accessibility limit their effectiveness, particularly for those who face the highest barriers to employment.

Work-Integrated Learning

Employer hiring patterns consistently show that hands-on experience and applied competencies are decisive factors in early-career recruitment, reinforcing the importance of structured work-integrated learning as a core component of post-secondary pathways.[8] Paid placements also provide an income stream, often a necessity for students from low-income families, newcomers, first-generation learners and those with limited work history. Yet access to paid placements varies widely and, especially during periods of economic uncertainty, often relies on federal incentives.

SWPP has expanded access to paid work-integrated learning opportunities, but its current design limits equitable access. Only 9 per cent of SWPP funding reaches certificate and diploma students,[9] even though employer demand for these graduates is high. Several factors contribute to this gap.

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[7] Future Skills Centre, *"From Shortages to Solutions: Tackling Canada's Critical Gaps in Healthcare, Trades, and Tech"* (2025).
[8] Polytechnics Canada, *"Skilled & Ready: Polytechnic Solutions for Canada's Labour Market Demand"* (2025)
[9] Employment and Social Development Canada, *"Evaluation of the Student Work Placement Program"* (2022)

The SWPP was largely designed to boost the availability of paid co-op placements in university-centric fields of study, such as engineering, technology and science. This bias is reflected in the SWPP delivery network. As a wage subsidy program, funds are only available to those employers willing and able to offer paid placements.

Meanwhile, work placements in many female-dominated fields such as nursing, early childhood education, social work and technician roles are typically unpaid. While some institutions provide bursaries, students are generally expected to pay tuition for unpaid work semesters with little or no financial assistance, constraining the pipeline of job-ready graduates. This is particularly concerning given that 21 per cent of the 100 jobs in highest demand requiring post-secondary credentials are in healthcare, 15.4 per cent in the skilled trades and related fields, and 5.8 per cent in childcare and early education.[10] All are fields primarily trained at polytechnics and colleges.

SMEs – which host work placements for a significant share of polytechnic and college students – also face persistent barriers to participation. SWPP delivery is fragmented and time-consuming to navigate. For small employers operating in challenging economic conditions, this burden can limit program uptake, resulting in fewer opportunities for students.

Strengthening work-integrated learning supports requires a more coordinated and student-centred approach. Needs-based, direct-to-student supports for mandatory placements would help reduce financial barriers for learners in programs experiencing strong labour market demand. Such support would also improve access for those with the least ability to participate in unpaid work experience.

We recommend a review of SWPP delivery partners to ensure the program is more equitably delivered across credential types and to employers of all sizes. Where possible, administrative constraints should be reduced. Solutions should be implemented in fields of study with unpaid placements, whether through SWPP or student financial assistance programming. Together, such changes will ensure a greater number of youth are exiting post-secondary education with workplace-relevant experience and skills.

Skilled Trades Training

Canada's apprenticeship system might also play a more central role in youth employment. Internationally, apprenticeship offers reliable pathways for young people to enter stable, well-paid careers in a wide variety of sectors, offering the best of employer-driven skills development and structured technical training. In Canada, however, persistent barriers mean that many apprentices fail to progress to certification despite high demand for skilled trades workers. While there are

[10] Polytechnics Canada, "*Skilled & Ready: Polytechnic Solutions for Canada's Labour Market Demand*" (2025)

systemic challenges in the apprenticeship system, there are a number of improvements that the federal government is well positioned to address in the short-term.

For example, while the Canadian Apprenticeship Service has focused on providing wage subsidies to employers who hire first-year apprentices, it fails to address the ongoing challenges presented by poor retention and completion rates. According to a 2020 report published by Statistics Canada, just over a third of all apprentices (36 per cent) achieve certification in double the nominal time to program completion, even in trades experiencing high labour market demand.[11]

Though wage subsidies have largely targeted SMEs, many of which are not unionized, federal funding for apprenticeship training has focused on union training centres. This is resulting in long waitlists for training at public post-secondary institutions left to manage programs that are space-, equipment- and resource-intensive. Not only does the rate of apprentice unionization suggest this strategy is short-sighted, it focuses resources on a relatively small proportion of Canada's apprentice population.

Region	Rate of apprentice unionization
Canada	36.3%
Ontario	36.4%
Manitoba	23.3%
Saskatchewan	23.7%
Alberta	25.1%
British Columbia	26.4%

Source: Statistics Canada

Apprentices still early in the training journey have weaker labour market attachment and face fragmented access to financial supports, mentorship and consistent employment. The federal government should consider how to better deliver coordinated wraparound assistance designed to address barriers to entry, progression, persistence and completion or risk having an important cohort of skilled workers left to join NEET ranks.

The Liberal election platform in 2025 committed to strengthening apprenticeship training infrastructure at public post-secondary institutions and to work with provinces to increase support for trade schools. This is a commitment that should be actioned at the earliest opportunity.

[11] Hyeongsuk Jin, Manon Langevin, André Lebel and Michael Haan, "Factors associated with the completion of apprenticeship training in Canada." Statistics Canada, Dec 2020. https://www150.statcan.gc.ca/n1/pub/75-006-x/2020001/article/00008-eng.htm

Federal support for high-intervention intermediaries would also help young apprentices navigate training pathways, access supports and progress to certification.

NEET Prevention

Canada currently lacks a coordinated strategy to prevent youth from becoming NEET or to re-engage those who already are. Although Canada's NEET rate for 18- to 24-year-olds sits at roughly 12 per cent, slightly below the OECD average,[12] the rate for those aged 25 to 29 is higher at 14.6 per cent.[13] These figures represent a serious and growing concern. Without targeted interventions to re-engage youth who are NEET and prevent at-risk individuals from falling into this category, the challenge is likely to worsen.

International examples offer promising models. The United Kingdom recently introduced a large youth employment package, including a Jobs Guarantee for 18- to 21-year-olds who have spent 18 months on the UK's equivalent of Employment Insurance.[14] This approach draws inspiration from the European Union's Youth Guarantee, which commits member states to ensuring that all young people under 30 receive a quality offer of employment, education or apprenticeship.[15] For Canada, a parallel policy direction would ensure those furthest from the labour market have pathways to apprenticeships, short-cycle training and micro-credentials that lead to stable, meaningful careers.

One of the ways the federal government can immediately action this recommendation would be through its Labour Market Development Agreements with the provinces. As these agreements are enriched, the federal government should consider implementing guardrails that ensure broad program eligibility for public post-secondary institutions, particularly those with proven success in delivering targeted skills development programs and supports to youth.

These dynamics underscore the need for targeted federal action that strengthens pathways into applied training and early work experience, reduces employer risk and ensures young people have reliable access the labour market.

Top Priorities to Reduce Youth Unemployment

Taken together, our analysis points to a clear sequence of action.

- Support youth taking refuge in post-secondary education during times of economic turmoil
- Address barriers to paid work experience
- Align training pathways with labour market demand

[12] Organisation for Economic Co-operation and Development, *"Education at a Glance 2025: OECD Indicators"* (2025).
[13] Statistics Canada, *"Youth not in employment, education or training: Recent trends"* (2025).
[14] UK Government – Department for Work and Pensions, *"Almost a million young people to benefit from expanded support, new training and work experience opportunities"* (2025)
[15] European Commission – Directorate-General for Employment, Social Affairs & Inclusion, *"The reinforced Youth Guarantee"* (2025)

- Strengthen apprenticeship progression and completion
- Prevent prolonged disengagement for those at greatest risk

The recommendations below reflect targeted, system-level federal actions that would improve youth employment outcomes while responding directly to employer needs.

Recommendation 1: Enrich student grants to help youth take refuge in post-secondary education during periods of economic uncertainty

Recognizing that higher levels of youth unemployment always accompany times of economic weakness, the federal government should consider ways to help youth ride out this part of the economic cycle. When youth unemployment rates hit a prescribed level, the federal government might consider enriching student grants to make staying in school an affordable option.

Recommendation 2: Remove structural barriers to work-integrated learning by reviewing the supports available for unpaid placements, particularly in high-demand occupations

Limited access to paid, structured work experience is a key obstacle facing young people entering the labour market. Federal action should focus on reviewing and simplifying work-integrated learning supports and expanding eligibility to include mandatory placements in high-demand applied programs such as nursing, community support work and early childhood education. Introducing direct-to-student supports for mandatory placements would reduce financial barriers and ensure equitable access to diploma and certificate students.

Recommendation 3: Expand access to short-cycle programs that integrate digital and artificial intelligence (AI) skills with experiential opportunities

Federal policy should promote and expand short-cycle pathways such as diplomas, certificates, microcredentials and apprenticeships that equip learners with job-ready skills and support clearer, faster transitions to employment. These technical and applied pathways respond directly to employer demand in sectors facing persistent shortages, including healthcare, skilled trades, information technology, and care economy fields, and offer strong employment outcomes for young people.

Recommendation 4: Improve apprenticeship completion through a whole-of-system approach

Apprenticeship remains one of the most reliable pathways into stable, well-paid employment for young people, but outcomes are undermined by fragmented supports and capacity constraints. Federal action should pair existing programs, including the Apprenticeship Service and Apprenticeship Grants, with coordinated wraparound supports such as navigation assistance, mentorship and income stabilization. This should be complemented by investments in trades training at public polytechnics and colleges to expand training capacity, reduce waitlists and better align apprentice pathways with employer needs in priority sectors.

Recommendation 5: Prevent prolonged disengagement from school or work by exploring a "Youth Guarantee" model

Canada should explore a coordinated Youth Guarantee model to ensure all young people can access a quality offer of employment, education, training or apprenticeship. A more integrated federal framework would reduce the number of youth who become NEET, strengthen labour market attachment and create clearer, more predictable pathways from school to work. Consider guardrails within Labour Market Development Agreements with the provinces to ensure broad program eligibility among providers with proven success in delivering skills development programs and supports to youth.

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About

Polytechnics Canada is the voice of leading research-intensive, publicly supported polytechnics and institutes of technology. We advocate for federal action in areas where polytechnics provide solutions for a more innovative, productive and globally competitive country. Polytechnics Canada members play a critical role in addressing some of the country's greatest challenges. Through their facilities and networks, our members provide meaningful solutions to industry problems and accelerate knowledge transfer.

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