

Intelligence MEMOS



From: Angela Splinter and Parisa Mahboubi

To: Canadian Logistic Watchers

Date: February 15, 2023

Re: **CONFRONTING CANADA'S CRIPPLING SHORTAGE OF TRUCK DRIVERS**

Trucking and logistics are key to Canada's economic growth. With more than \$850 billion in goods transported each year by truck, nearly everything Canadians consume travels on tires, but chronic labour shortages in the trucking sector are putting pressure on the prices and availability of these goods, contributing to inflation.

Immediate action should be taken to address these labour shortages and prevent them from getting worse.

While it is not a new problem, the driver shortage reached record levels last year. The 26,900 [vacancies](#) in the first three quarters of 2022 exceeded 2019 number by more than 6,400 positions. The latest available data shows a [vacancy rate](#) of 8.7 percent for the truck transportation industry in the third quarter of 2022, second only to the 10.1 percent in accommodation and food services.

And the driver shortage extends beyond trucking. About 40 percent of the 320,000 drivers in the Canadian workforce work in other industries like construction, agriculture, mining, oil and gas, manufacturing, and retail and wholesale trade.

The shortage cost the truck transportation industry about \$3.1 billion in lost revenue in 2020, according to an [estimate](#) by Trucking HR Canada, and that number has likely grown as COVID-19 restrictions eased, driving consumer demand. Forestry alone has lost \$450 million in business for want of drivers, according to a Forestry Products Association of Canada estimate.

In response, the federal government has expanded Canada Express Entry [eligibility](#) to foreign truck drivers seeking to immigrate to Canada.

Even so, shortages are expected to persist, not least because this segment of the Canadian workforce is quickly aging. Thirty five percent are 55 or older, compared to 22.1 percent of the overall Canadian workforce, according to Trucking HR Canada's analysis of Statistics Canada data.

The labour market will tighten further as these workers retire, and the sector struggles to attract new workers, particularly from groups that have been historically [under-represented](#) in trucking. Women make up roughly 15 percent of workers in the trucking and logistics sector, but only 3.5 percent of drivers. People under 25 are similarly under-represented, constituting only 3.4 percent of drivers (compared to 13.4 percent of the Canadian labour force).

A major barrier is the cost of training: it can cost [\\$10,000 or more](#) for a new driver to complete Mandatory Entry Level Training (MELT) and get a licence. Moreover, many newly licensed drivers struggle to gain skills and on-road experience as employers deem them too risky to hire and insure. While MELT helps aspiring drivers achieve a minimum level of competency and prepares them for a road test, the parameters of the training vary significantly from province to province, and even the most rigorous programs do not produce "road ready" drivers by the standards of many employers and insurance companies.

The upfront investment needed to complete entry-level training and obtain a licence, along with difficulty new drivers have gaining the experience they need to kickstart a career, diverts many people to jobs in other industries.

Easing the financial burden and streamlining the path to road readiness are therefore essential.

A major [new investment](#) in the trucking and logistics workforce is one response from Ottawa. Through the Sectoral Workforce Solutions Program, the Government of Canada will commit over \$46 million to support the *Driving Economic Recovery* initiative. Led by Trucking HR Canada, this initiative will advance an industry-wide effort to enhance essential training requirements and establish a consensus for occupational level standards in trucking and logistics.

Working with partners, Trucking HR Canada will develop and pilot training standards that bridge the gap between entry-level training and road readiness, helping new drivers achieve a level of competence that satisfies employers and insurers from coast to coast.

Rigorous national training standards will create clear pathways to rewarding careers, encouraging more people to pursue opportunities in the industry and ultimately filling driver seats.

The project also includes money for wage incentives and wraparound supports to help employers fill both driving and non-driving roles. These supports will break down barriers for people looking to embark on new careers in trucking that might previously have been out of reach.

Labour shortages in the trucking and logistics sector are already at critical levels, and getting worse. These shortages pose a serious threat to Canada's economic future, but there is no single solution to the problem. While employers across the country should make efforts to modernize hiring practices, compensation, and workplace cultures, sustainable funding is needed to solve chronic problems affecting the industry.

Significant interventions that bring women, youth, and under-represented communities into the trucking workforce will help to ensure the sector has the skilled talent needed to support a competitive and sustainable supply chain. The *Driving Economic Recovery* project is an important step in that direction.

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