



Submission to the House of Commons Standing Committee on Finance

Pre-budget Consultations – 2017 Federal Budget

Colleges Ontario represents the twenty-four public colleges of applied arts and technology in Ontario, which together serve half a million learners in urban, rural and remote areas across Ontario. Colleges students mirror the social, economic and ethnic diversity of their communities. Young people, adult learners and under-represented groups such as Indigenous peoples, persons with disabilities and newcomers successfully complete college diplomas/degrees, become certified tradespersons or upgrade their skills.

Ontario colleges also occupy a significant niche in Canada's innovation eco-system that is ripe for expansion. Ontario colleges have an exceptional record in partnering, especially with small businesses, on applied research that improves their competitiveness through new and improved products, services, and processes.

Now is the time to build on the remarkable strengths and achievements of colleges to accelerate inclusive and broad-based economic growth.

Ontario's colleges support the Colleges and Institutes Canada (CICan) Submission to the House of Commons Standing Committee on Finance to help grow Canada's middle class, strengthen economic growth and enhance quality of life by

- Enhancing support for college-business innovation partnerships and
- Strengthening colleges' ability to address employability.

Ontario's colleges also wish to draw the Committee's attention to several Ontario-specific issues as it develops recommendations to enhance inclusive economic growth.

1. Partnering Innovation for Socio-Economic Growth

Canada faces a serious innovation challenge:

- Canadian business's research levels are weak in comparison with international leaders.
- Fewer firms are engaged in applied research.
- This year's OECD Review of Canada reports that Indicators of small business dynamism have fallen.
- Of particular importance to Ontario, manufacturing employment has dropped substantially in recent years, capacity has fallen, investment remains very weak, and exports are recovering only slowly.

Colleges across Canada, with only a fortieth of federal research funding, have 6,000 applied research partners, a quarter of the 22,000 businesses that engage in research. Colleges are

especially adept at introducing small businesses to the skills they need to become sustainable, competitive innovators. Businesses and organizations seek college expertise and facilities to develop products, implement new technology and improve services and processes.

The return on federal investment in college applied research is exceptional, especially as it is matched dollar for dollar by the private sector.

However, funding limitations and program constraints are now forcing colleges to turn away a growing number of prospective partners.

Recommendations:

- a. Through the Science Review and an Innovation Action Plan, ramp up federal investments in college applied research over five years from \$75 million to \$300 million per year. This would include re-designing college programs for applied research capacity and research infrastructure so colleges can respond at the "speed of business".***
- b. FedDev and FedNor should significantly raise their current low level of funding for college-business applied research at least to the norm for other regional development agencies. This would strengthen small business innovation and support economic growth across the communities in their mandates.***

2. Essential Skills for Inclusive Economic Growth

Canada faces a serious challenge in ensuring inclusive economic growth.

One in five working-age adults lack basic literacy and numeracy skills, and one in seven do not have sufficient qualifications for their current job. As a foundational measure to boost economic growth, the federal government should address this high demand for essential skills training, including literacy, numeracy, critical thinking, digital technology, and teamwork.

As leaders in essential skills development, Ontario colleges can contribute significantly to addressing essential skills challenges. Ontario colleges:

- Work with over 80,000 clients annually through apprenticeship, Literacy and Basic Skills, Adult Upgrading, Second Career, and assisted employment counselling.
- Deliver results – we offer a comprehensive range of programming from pre-literacy and employability skills to continuing, postsecondary and postgraduate education. Over 90% of employers are satisfied or very satisfied with our graduates, and 96% of our graduates would recommend their college to others.
- Are responsive to shifting labour market needs – we consult extensively with employers through a strong network of program advisory committees and are active in local labour market planning. We have especially close relationships with smaller firms, which have the greatest need for employees with college diplomas and trade certificates, but also hire employees with sound essential skills.
- Are learner-centred – we are experienced in assessing prior experience, learning and language skills, developing effective bridging programs and providing essential support

services from counselling through placement to support individual success. We also provide learners with direct access to postsecondary credentials that lead to good jobs.

Recommendations:

- a. Ontario's share of essential skills funding should equal its population share, so that Ontario residents are given equal consideration in accessing training opportunities to gain employment.**
- b. With limited funding, funding for essential skills should shift from funding employee training, to helping those without jobs, particularly those not eligible for Employment Insurance, and those from under-represented groups, to achieve long-term employment success by upgrading their essential skills and, where possible, earning postsecondary credentials.**

3. Advanced Skills Equipment

Canada faces a serious challenge in ensuring that businesses have access to new graduates trained with industry-standard equipment, so that they can continue to compete against the best in the world.

Ontario's skills mismatch costs its economy alone up to \$24.3 billion in foregone GDP and \$4.3 billion in federal tax revenues annually, according to a Conference Board of Canada study for Ontario's Workforce Shortage Coalition, which represents more than 100,000 employers and millions of employees, and states that:

"Canada needs a sustained, concerted effort by employers, students, unions, educators and government to ensure world-leading, employment-focused education for a world-leading economy. The skills mismatch is too important to be addressed on an intermittent basis".

Recommendation:

- a. The federal government should support partnerships between postsecondary institutions and business for advanced skills equipment - \$50 million annually for five years (matched by industry) in start-up funding (primarily instructional equipment) for new or substantially modernized post-secondary skills training programs that business judges as critical to its competitive position and key to attracting investment and retaining jobs.**