



**Submission to the  
Standing Committee on Finance  
Pre-budget consultation  
August 2011**

Executive Summary

ABC Life Literacy Canada is pleased to contribute to the House of Common's Standing Committee on Finance's pre-budget consultation. ABC Life Literacy Canada works toward ensuring that every Canadian has the literacy and essential skills they need to live a fully engaged life. This mandate is directly related to the Committee's focus on the creation of quality jobs for Canadians, and the measures necessary for sustained economic recovery.

Recommendation 1

*ABC Life Literacy Canada urges the federal government to sustain its investment of \$2.5 billion in the Labour Market Agreements and Labour Market Development Agreements and work with provincial governments and employer and employee groups to strengthen the measures to incent and support workplace training and education.*

Recommendation 2

*ABC Life Literacy Canada urges the Government of Canada to provide for an investment in the digital literacy skills of all Canadians, including support for those with low or weak essential skills.*

Recommendation 3

*ABC Life Literacy Canada urges the Government of Canada to invest the necessary resources to address the recommendations of the Task Force on Financial Literacy. In doing so, we encourage the Government to do so in a manner that builds on existing infrastructure and private sector-not for profit initiatives. In this way, both private and public resources will be leveraged towards a common goal.*

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ABC Life Literacy Canada is pleased to contribute to the House of Common's Standing Committee on Finance's pre-budget consultation. It provides an important opportunity for parliamentarians to hear and consider the priorities affecting the lives of Canadians and consider a way forward for us, as a country in these turbulent economic times.

ABC Life Literacy Canada works toward ensuring that every Canadian has the literacy and essential skills they need to live a fully engaged life. This mandate is directly related to the Committee's focus on the creation of quality jobs for Canadians, and the measures necessary for sustained economic recovery.

In the June 2011 federal Budget, Finance Minister James Flaherty noted that *Canada's long term prosperity depends on an educated and skilled workforce that can apply its knowledge to be at the forefront of innovation*. It follows that our country's productivity and competitiveness are integrally linked to this. That said, research recently undertaken for the Department of Human Resources and Skills Development suggests that fewer than three in ten Canadians are currently engaged in training to upgrade their skills or educational standing.<sup>i</sup>

In this same survey, respondents placed the greatest importance on computer use, reading and thinking skills – attributes acknowledged as necessary to successfully contribute to the 21<sup>st</sup> century modern economy. Many Canadians have inadequate skills in this area though, hindering their ability in the workplace and many other aspects of day-to-day life: 42 percent of Canadians have low literacy, that is, they do not have the ability to read at a grade 12 level - the level considered sufficient to function effectively in today's world<sup>ii</sup>. A great percentage of the Canadians who scored below a grade 12 level of reading actually fall below a grade 6 level, making the challenge even more daunting.

Addressing Canada's essential skills deficit is imperative to our country's economic recovery and securing ongoing, quality jobs for Canadians. This, unfortunately, is a reality that is understood conceptually, but is one that is hard to see being addressed in concrete ways with meaningful results. As a country, we are not moving the bar forward very successfully.

ABC Life Literacy Canada's recommendations provide suggestions to address this in a meaningful and concrete way; at the same time we also acknowledge the current fiscal challenge facing the Government of Canada, indeed most governments.

## ABC Life Literacy Canada recommendations

### **Recommendation 1:**

Canadians look to their federal government to help address labour market issues and create the conditions necessary for quality sustainable jobs through initiatives and support for education and training. In a study commissioned by ABC Life Literacy Canada, a majority of Canadians surveyed believe that government should contribute to essential skills, specifically improving adult literacy (61% of workers and 68% of managers surveyed).<sup>iii</sup>

Recognizing that labour market training is principally a provincial jurisdictional area, the Labour Market Agreements (LMA) and Labour Market Development Agreements (LMDA) are the primary vehicles for delivering on this to Canadians. Through these bilateral agreements, each province delivers the training according to its own systems and priorities, with few focusing explicitly on the needs of workplace training (Manitoba and Nova Scotia being the very clear exceptions). For the most part, employers are not engaged in workplace training, especially in the area of essential skills.

At present, the federal government invests almost \$2.5 billion a year in these agreements, funds that are transferred to the provinces and territories.

As the federal government begins to consider the renewal of the LMAs and LMDAs, set to expire in 2013-14, ABC Life Literacy Canada urges that they be sustained and modernized to reflect the rapidly changing and increasing training needs of the Canadian workforce. Specific initiatives to promote increased workplace training in essential skills could go a long way to helping address the existing deficit in this area.

*ABC Life Literacy Canada urges the federal government to sustain its investment of \$2.5 billion in the LMAs and LMDAs and work with provincial governments and employer and employee groups to strengthen the measures to incent and support workplace training and education.*

Effective labour market training programs that reflect a shared investment of governments, employers and individuals, are imperative to achieving sustained economic recovery and quality sustainable jobs.

### **Recommendation 2:**

The Government of Canada is currently finalizing its Digital Economy Strategy, a policy framework that will help to ensure that our country's economy will thrive well into the future. It is key to Canada's prosperity and competitiveness.

Digital skills are not just for those in advanced and highly complex jobs. They are now a part of the day-to-day reality of most jobs, even those considered unskilled in the past. From miners to truck drivers to hotel room attendants, some level of skill in the digital economy is required. It follows that measures to improve essential digital skills, not just the most advanced, needs to be part of a comprehensive policy that will be inclusive of all Canadians.

Among the most significant challenges facing the Government of Canada in developing a digital economy strategy will be the need to address the needs of the 42% of Canadians who

have low levels of literacy and essential skills: without improving this basic foundation, these Canadians will not be in a position to upskill and adapt to the changing demands of the workplace, our economy and country. In recognizing that attention needs to be paid to improving the literacy and essential skills of Canadians by governments and the private sector, we will help to ensure that these individuals have the skills and knowledge to be more effective and productive in the advanced digital workplace and economy.

*ABC Life Literacy Canada urges the Government of Canada to provide for an investment in the digital literacy skills of all Canadians, including support for those with low or weak essential skills.*

### **Recommendation 3:**

ABC Life Literacy Canada applauds the recommendations of the Task Force on Financial Literacy. The current upheaval in the economy and the markets, all the more pronounced this August, makes it even more imperative that Canadians have the knowledge and skills necessary to make sound financial decisions.

In the June budget, Finance Minister James Flaherty indicated that the federal government will begin to address the proposals put forward, key among them being the appointment of a Financial Literacy Leader.

*ABC Life Literacy Canada urges the Government of Canada to invest the necessary resources to address the recommendations of the Task Force on Financial Literacy. In doing so, we encourage the Government to do so in a manner that builds on existing infrastructure and private sector-not for profit initiatives. In this way, both private and public resources will be leveraged towards a common goal.*

### Conclusion

ABC Life Literacy Canada appreciates the opportunity to make pre-budget recommendations to the House of Commons Standing Committee on Finance. Our recommendations focus on the necessary investment in those Canadians with low literacy and essential skills. Addressing this skills deficit is, in our view, paramount to creating the high quality jobs we seek for all Canadians and creating the conditions for a sustained and modern economy.

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## About ABC Life Literacy Canada

ABC Life Literacy Canada is a non-profit organization that inspires Canadians to increase their literacy skills. We mobilize business, government and communities to support lifelong learning and achieve our goals through leadership in programs, communications and partnerships. ABC Life Literacy Canada envisions a Canada where everyone has the skills they need to live a fully engaged life.

For the latest news and information on adult literacy please visit [www.abclifeliteracy.ca](http://www.abclifeliteracy.ca), follow us on Twitter <<http://twitter.com/ABCLifeLiteracy>> or join our Facebook <<http://www.facebook.com/pages/ABC-Life-Literacy-Canada>> page.

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<sup>i</sup> *Final Report: Jobs of the Future Executive Summary*. A report prepared by The Strategic Counsel for Human Resources and Skills Development Canada. 2011.

<sup>ii</sup> International Adult Literacy Survey, 2003.

<sup>iii</sup> Ipsos-Reid Research on Literacy in Canada, 2009