

## The Need for an Advanced Skills Action Plan for Canada

Submission to the House of Commons Standing Committee on Finance, pre-budget Consultations 2011.

Submitted by: Presidents of the Community Colleges of Atlantic Canada  
C/O Atlantic Provinces Community College Consortium  
Dartmouth Gate  
375 Pleasant Street, Unit 100  
Dartmouth, Nova Scotia, B2Y4N4  
Tel: 902-491-1190 Fax: 902-491-4825

Date: August 9, 2011

## Executive Summary

The evolving demand of industry, coupled with the demographic realities, has created labour market challenges. With natural population growth falling below the replacement rate, future economic success in the country and in the Atlantic region will depend on a labour market that maximizes the skill levels of all Atlantic Canadians, and enhances the capacity of immigrants to enter the workforce at higher levels. Community Colleges, with adequate government support, are uniquely positioned to assist in addressing these challenges.

## The Consortium

The Atlantic Provinces Community College Consortium (APCCC) is an inter-provincial mechanism promoting and supporting the strategic development of regional collaboration, coordination, and sharing of resources among the Atlantic community colleges. Member colleges include the New Brunswick Community College; Collège communautaire du Nouveau-Brunswick; the Nova Scotia Community College; the College of the North Atlantic (Newfoundland and Labrador); and Holland College (Prince Edward Island).

**Comment [m1]:** Looks like a format spacing issue here between this and the next line?

## Collective Impact of Colleges in Atlantic Canada

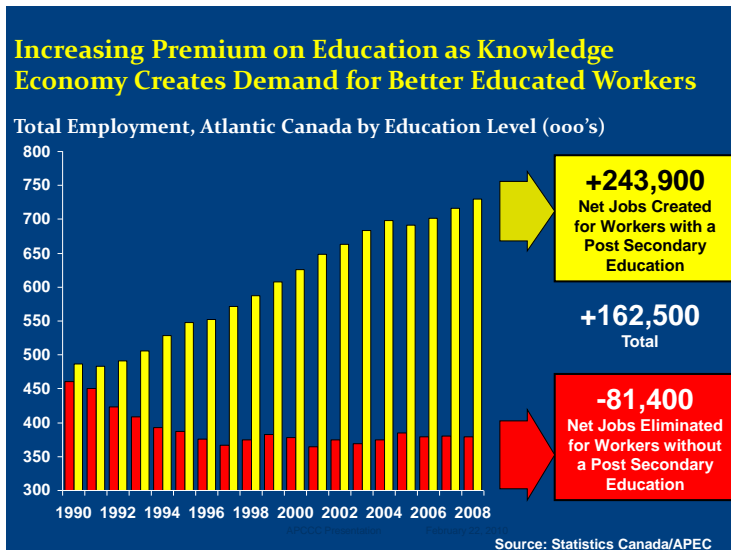
Colleges and institutes are the largest suppliers of adult training and education in Canada. Colleges prepare students for employment and provide workforce development opportunities. Each year the five public colleges in Atlantic Canada provide services to approximately 25,000 full-time and 60,000 part-time students at 50 campuses and learning centers throughout Atlantic Canada. The economic benefits associated with this level of service are significant. The activities of the five colleges and their students result in a contribution of approximately \$2.9 billion annually to the Atlantic economy. Atlantic Canadian taxpayers see a real average return of 13% on their annual investments, while college students enjoy an average 17% annual return on their investment of time and money.

## Advanced Skills Action Plan for Canada

There has been substantial commentary about Canada's demographic challenges which are fueled by an aging population and falling birth rates. In the report, *People without Jobs, Jobs without People*<sup>1</sup>, Dr. Rick Miner points out that Canada's economy will suffer serious damage due to an inadequate supply of workers with the advanced skills associated with post-secondary education. The report anticipates a national workforce shortfall of 1.5 million people by 2011 and growing to 2.7 million by 2031.

The report also highlights an important second factor: the knowledge economy and the premium it places on advanced skills. An increasing proportion of positions will demand education beyond secondary school. HRSDC reported in 2007 that 65% of all new jobs required post-secondary education (PSE). Dr. Miner predicts that this number will grow to 77% by the year 2031.

In Atlantic Canada the advanced skill requirement is borne out in historical employment data. The graphic below clearly demonstrates that a premium is placed on those with a post secondary credential, while those without are at risk of job loss.



Despite what might be called a soft economy, the shortage of skilled workers is evident. The Canadian Federation of Independent Business<sup>2</sup> reports that one third of small and medium enterprises identify the shortage of skilled labour as the top business constraint. The ManpowerGroup<sup>3</sup> reports that 29 percent of companies report difficulties in filling jobs in 2011, up from 21 percent in 2010. Nationally, we know that there are significant skilled worker supply issues in the mining industry; in construction and various trades; in the hospitality industry; and in the supply of nurses and other healthcare professionals. Several large projects that are planned or underway in Atlantic Canada will create significant demand for skilled workers. These projects include off-shore gas and mining projects in Newfoundland and Labrador; the Lower Churchill Falls hydro project; the proposed Atlantic electrical corridor; and the work anticipated as part of the national shipbuilding strategy.

To sustain Canada's economy, it is critical that we address the skilled worker shortages. There is no simple solution at hand. A number of strategies must be pursued to remedy this problem. These strategies include:

- Raising the overall rates of participation in post-secondary education;
- Increasing immigration – with matching of immigrants' skills and market needs;
- Increasing participation rates among groups that generally fare poorly in the employment market, including immigrants; aboriginal groups; persons with disabilities; disengaged youth; and those struggling with low levels of literacy (40% of Canadians aged 16 to 65);
- Encouraging people to work beyond the normal retirement age; and
- Providing supports for re-training and skills upgrading.

These issues are complex and the solutions pose significant challenges. A sustained and integrated pan-Canadian effort will be required. The APCCC believes that a national dialogue with provincial and territorial governments, educational institutions, and the private sector is required to develop an action plan to increase employment participation rates and skill levels.

### Atlantic Community Colleges – Key Partners

Atlantic Canada’s Community Colleges are a key component in the remedy to the advanced skill shortages and are a significant component of the continued economic and social well-being of the region. The dialogue which follows illustrates the role that colleges play in the solution to the skilled worker shortages and the challenges that need to be overcome.

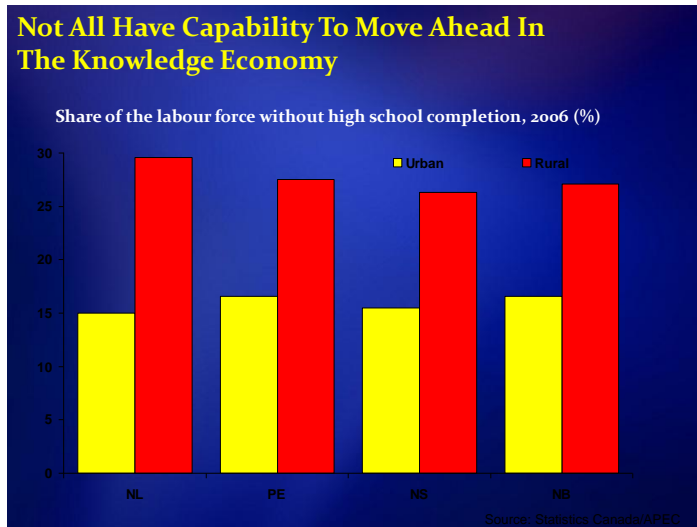
#### Capacity

As noted earlier, it is essential to increase the post-secondary participation rates of Canadians. We know that college graduates are in high demand. The Canadian Federation of Independent Business reports that, on a ratio of six to one, college graduates are required over university graduates to fill shortages in advanced skills, yet colleges continue to experience capacity limitations to meet the demand of employers for graduates. Atlantic Colleges had a wait list of approximately 8,000 qualified students in the past year. Capacity issues are also a concern for colleges where post-secondary institutions are looked to play a greater role in attracting international students in the hopes that they can contribute towards our future work force challenges.

The Knowledge Infrastructure Program (KIP) was welcomed by colleges and it made a difference, but it will not ensure capacity growth to meet the requirements of employers. Expanding access to advanced skills by increasing college capacity is a necessary step to a sustainable economic future. In addition to core infrastructure, colleges also have other critical infrastructure needs including:

- Infrastructure funding for colleges to re-tool programs or to introduce new programming that is consistent with and critical to new and emerging industry.
- Technology and equipment enhancement funding to ensure that the quality of training keeps pace with the requirements of business and industry.
- Program expansion funding to strategically enhance capacity in over-subscribed programs.

#### Support for under- represented Groups



Policy and financial support are required to address the needs of various segments of our population to ensure they are able to participate in the emerging economy. In a time when skills shortages exist, we must maximize the potential in all our citizens. The challenges include:

- Immigrants with language training and skills upgrading needs.
- Students with disabilities and special needs that tax the ability of colleges to respond.
- Low literacy. Regionally, in excess of 40% of our adults struggle with low literacy skills. Research shows that there is a direct correlation between unemployment and literacy. Addressing the educational challenges of this cohort, could provide a pool of potential new employees to address the emerging labour market requirements.
- Low education levels. Approximately 50% of Atlantic Canadians between the ages 25 to 64 have not pursued post-secondary education. A great number (24% regionally) have not completed high school.
- Funding sources for those who are not attached to the Employment Insurance Program. Many individuals find themselves in a position where they cannot afford to enter the post-secondary education system, resulting in many of them becoming more reliant on other social safety nets. The Canada Student Loans Program does not always work for everyone.
- Lack of policies to address a growing aboriginal population. Research by the Association of Canadian Community Colleges (ACCC), shows that nationally, there is a backlog of 13,000 aboriginal students unable to access funding for post-secondary education.

Colleges play a key role for people to secure the skills and competencies they need to succeed and as the region seeks to develop higher-paying and higher-skill jobs. Colleges have proven programs to address skills upgrading needs; language training needs; and literacy skills development. Colleges are also well positioned and experienced in working with our immigrant population. With government policy and financial support, colleges can assist to maximize the potential work force.

#### Applied Research and Innovation

In addition to finding ways to maximize the number of people productively employed in our work force, Canada will have to find ways to work more efficiently and become more productive. Research is a key element in ensuring Canada's productivity and competitiveness. Canada's colleges are integrated with the industrial and technical drivers of the economy and are natural catalysts of incremental innovation. Colleges and institutes help SMEs develop and grow by focusing on improvements to existing technologies, processes, products and services to enhance competitiveness.

Community colleges are engaged in applied research that is important to the development of Atlantic Canada. Atlantic Colleges have participated in over \$50 million of research activity, yet colleges struggle to be understood by granting agencies for the role they play. The Federal government can play a greater role, through policy direction, to require agencies to be more receptive to the role colleges play in developing new knowledge and innovative technology, products, and services that are important to the growth of the Canadian economy.

Federal science and technology investments are overwhelmingly directed to pure or discovery research, with modest support for applied research and development. While investments in pure research may contribute to the economy in the long-term, the practical side of business innovation and continuous improvement has been neglected.

Recent budgets have made significant steps to acknowledge the role of colleges in applied research. However, federal allocations for college applied research represent just 1.25 percent of the \$2.9 billion allotted annually for university- and hospital-based research. The Government of Canada must make further investment in applied research at colleges and institutes if Canada is to substantially increase productivity through innovation.

#### **Recommendation #1:**

**The APCCC recommends a national dialogue to develop an Advanced Skills Action plan to increase employment participation rates and skill levels. The plan should recognize the key role of colleges and should support the critical elements to ensure that colleges can make a difference, including:**

- **Investments in college capacity and infrastructure supports;**
- **Supports to address the education and training challenges faced by under-represented groups (aboriginal learners; people with low literacy skills; unemployed and under-employed); and,**
- **Allocation of five percent of federal investment in research and development to applied research partnerships between colleges and small- and medium-sized enterprises to stimulate productivity.**

#### **The Canada Social Transfer (CST) – Increased and Targeted Investments in Post-Secondary Education**

The college system requires a sustainable financial foundation.

In 2008-09 the Government of Canada recognized the advanced skills shortage by committing an additional \$800 million to the CST for PSE and legislating a three percent annual increase until the end of 2013-14. The PSE portion of the transfer was \$3.5 billion in 2011-12 and will increase to \$3.8 billion by 2013-14. The expiry of the CST in 2014 provides an opportunity for the separation of the PSE component into a Canada Post-Secondary Transfer with accountability requirements similar to those agreed to with the provinces and territories for the Health Accord. A separate Social Transfer must continue to invest in adult basic education for social assistance recipients.

#### **Recommendation #2:**

**Establish a separate Post-Secondary Education Transfer, with accountability requirements to the Parliament of Canada, starting at \$3.8 billion and increasing by a minimum of three percent per year.**

#### **End Notes**

1 Miner, R. (March 2010). People without Jobs, Jobs without People – Canada's Labour Market Future

2 Business Barometer – May 2011 Results of SME Business Outlook Survey. Canadian Federation of Independent Business. June, 1, 2011.

3 Talent Shortage 2011 Survey Results. ManpowerGroup. ManpowerGroup surveyed nearly 40,000 employers across 39 countries during the first quarter of 2011, including 1,900 employers in Canada.



***nsc*c**

