



**Colleges Leading Sustained Economic Growth:
Through Training for the New Economy, Innovation and
Industry-Standard Equipment**

**Submission by Colleges Ontario to the House of Commons Standing Committee
on Finance Pre-Budget Consultations 2012**

Executive summary:

The global economic uncertainty requires the Canadian government to explore ways to create the right conditions for more jobs and stronger economic growth. The best way to do that is to ensure that our colleges are in a position to provide the training that people need for the new economy. Canada is facing a skills shortage crisis that must be addressed if we are to have long-term prosperity. Employers from all sectors of our economy need people with advanced skills so that they can innovate and create new jobs. In addition, colleges need up-to-date technology to train people on industry relevant equipment, so that they can quickly achieve results for their employers. Colleges can help the government position our economy to weather this financial storm and emerge as leaders in sustained economic growth.

Colleges Ontario provides the following recommendations:

1. Implement a National Skills Strategy

- There is a national skills shortage challenge that threatens Canada's prosperity. A recent report concludes that in Ontario alone, more than 700,000 people will be unemployable due to inadequate skills and education. At the same time, due to the retirement of the baby boomers and an under-qualified workforce, there will be about 1.3 million job openings throughout the economy that will go unfilled.
- The government must develop and implement a national skills strategy. While the recent announcement to coordinate information for job seekers is a positive step, more needs to be done to strengthen Canada's competitiveness.
- The government should separate the post-secondary education component of the Canada Social Transfer (CST), to ensure that Canadians get the training they need to get good jobs and fill the skills gap.
- A new labour market agreement must be negotiated that strengthens the college position in providing training and retraining opportunities for Canadians.
- Colleges work closely with employers in the design of programs and could be helpful in the implementation of the Helmet to Hardhats program.

2. Colleges should access "sectorial" funds already announced in the 2011 budget to benefit industry driven innovation

- Colleges are pleased with commitments made in the 2011 budget that sees a rapidly growing role for them in industry-driven innovation. The government has shown leadership in supporting college-based innovation – industrial research chairs at colleges; more joint college-university commercialization projects; SME adoption of information and communications technologies.
- Colleges are ideally positioned to help the government achieve its goal of driving innovation in key sectors as identified in the 2011 budget – aerospace competitiveness; commercialization of agricultural innovations; clean technology; clean energy and energy efficiency, climate and atmospheric research. Funds already allocation in the 2011 budget should be directed at colleges to help sectors identified in the recent budget improve their competitiveness.
- Colleges look forward to the Review of Federal Support to Research and Development Consultations.

3. **Invest \$500 million over five years which will enable Canada's colleges to bring instructional equipment up to industry standards to support existing, emerging and specialty college programs.**
 - To meet the economy's requirements for a highly skilled workforce, college programs require up-to-date instructional equipment to support learning and enable graduates to enter the workforce with skills that are current and relevant to employers' needs.
 - Due to recent funding constraints, renewal of instructional equipment is needed across a wide range of college programs. While the recent stimulus investments are a step in the right direction, additional government funding is required to ensure that the new facilities that are being constructed with these resources include high quality laboratories with industry-standard equipment.

National Skills Strategy:

There is an economic crisis headed straight at us. Just 10 years from now, two mega trends will collide: the aging population and the emerging knowledge economy. More than 700,000 people in Ontario alone, will be unemployable due to inadequate skills and education. At the same time, due to the retirement of the baby boomers and an under-qualified workforce, there will be about 1.3 million job openings throughout the economy that will go unfilled. This picture is revealed by Dr. Rick Miner's report *People Without Jobs, Jobs Without People*.

During these tough economic times, key sectors in Canada's economy are struggling. The result is that many long-time workers are desperate to find new careers to support their families. The weak U.S. demand on exports, high energy prices and the strong Canadian dollar will exacerbate the situation. However, even as these job losses loom, many employers can't find qualified people, particularly in sectors such as manufacturing, tourism, electricity, finance and resource. The shortage of a highly skilled workforce will impede the growth of small and medium enterprises (SMEs) and will stagnate our economy and erode our competitiveness.

Canada's emerging skills shortage was called "the biggest challenge facing the country" by former Human Resources and Social Development Minister Monte Solberg. To address this, the federal government's number one priority should be developing and implementing the promised National Skills Strategy, with colleges playing a central role.

While the federal government has improved immigration policies, immigrants alone cannot solve this problem, as Canada will be competing with many other countries for skilled workers. We need to invest in the people who are here in order to get the skills they need to move into long-term stable employment.

Employers will need more highly skilled workers as technology changes and competition for customers grows tougher. An aging population and an emerging knowledge economy threaten Canada's prosperity. While the recession has slowed this trend to some extent, we can not be complacent.

The government should separate the post-secondary education component of the Canada Social Transfer (CST). To ensure that Canadians get the training they need to improve their standard of living, get good jobs and fill the skills gap, there must be a Canada Post-Secondary Transfer.

Colleges also look forward to working with the government on implementation of the Helmet to Hardhats program. Colleges work closely with employers to design industry-relevant programs and we can be instrumental in helping released Canadian Forces members and veterans get the training they need for good jobs.

Colleges are pleased with the recent announcement by the Human Resources Minister, the Hon. Diane Finley, to develop a new, proactive approach to coordinate the information job seekers will need to find the employers who are hiring. This is a positive step and together we can achieve positive results for Canadians.

Innovation:

Colleges applaud the government's commitments to college innovation. The government showed leadership in the 2011 budget by recognizing the critical role colleges play in helping small and medium sized businesses to innovate and create jobs. Through support of industrial research chairs at colleges; more joint college-university commercialization projects; SME adoption of information and communications technologies, colleges are well positioned to help our economy move to sustained economic growth. It is a priority for colleges to work closely with the government on the successful implementation of these programs and to help the Canadian economy be globally competitive. While these investments are a positive step forward, there is more that can be done to help strengthen Canada's productivity and improve our competitiveness in the global marketplace.

Recognizing the fiscal challenges of our government, colleges are not seeking new innovation funding, but to have funds already announced be directed to colleges. In the 2011 budget, the government identified key sectors it wanted to help to do more innovative activities. These sectors include: aerospace competitiveness; commercialization of agricultural innovations; clean energy and energy efficiency, climate and atmospheric research. Colleges are ideally positioned to help the government achieve its goal of driving innovation in these key sectors. We look forward to working with the government to ensure colleges can be involved in helping these sectors to innovate, create jobs and compete globally.

Canada's 150 colleges have provided an internationally-unique competitive advantage for Canadian employers for several decades. It is because of their unique relationship that employers have had access to better-trained and credentialed workers than anywhere else in the world. Canada must take full advantage of colleges' strong relationships with industry to build a diverse and resilient economy, based on productivity growth that equals or betters that of our competitors.

Colleges look forward to the results of the Review of Federal Support to Research and Development. We believe this review is important in recognizing Canada's competitive advantage and the important role colleges play in helping industry compete.

The government is to be commended for listening and strategically driving industry innovation. Colleges are ready and committed to helping with Canada's economic recovery and helping more sectors to innovate. We look forward to future discussions on how colleges can play a role in helping those sectors identified in the 2011 budget be more competitive.

The FedDev program has been a success and we would like to see this innovation program continue as well as a similar program for FedNor.

Investment to Ensure Industry-Standard Instructional Equipment:

A highly-skilled workforce is critical for Canada to compete effectively in the new innovation-based global economy that will emerge from the current economic crisis. Creating more learning opportunities to meet the economy's requirements for a highly skilled workforce means that Canada needs to ensure that colleges are equipped with instructional equipment that meets industry standards and is readily available to all learners. However, in recent years constrained funding has led to deterioration in the currency and availability of instructional equipment at colleges. While the stimulus investments and the Knowledge Infrastructure Program (KIP) provide funding to modernize college facilities, additional government investments are required to ensure that these facilities include high quality laboratories with equipment that keeps pace with industry standards.

College programs require industry-standard instructional equipment to support learning and enable graduates to enter the workforce with skills that are current and relevant to employers' needs. College graduates need to be prepared for rapidly evolving workplaces driven by technology. Many college programs are technologically intensive, make extensive use of lab facilities and/or require specialized equipment. High quality instructional settings need to reflect working world standards and enable students to acquire the skills they will need for employment.

Ongoing renewal of instructional equipment is needed across a wide spectrum of college programs. Students in mechanical, manufacturing, electronics, civil, chemical or environmental engineering technology programs need to apply their learning on specialized equipment. Rapid advances in health sciences require facilities and labs that bring technological applications into the educational setting. A wide range of specialized programs in many disciplines, such as hospitality or new media, require facilities that offer hands-on learning opportunities. Up-to-date computer labs and audio-visual teaching equipment provide better learning experiences.

As industries change and technology evolves, colleges need to keep pace in order to keep Canada's workforce competitive. Much of the current equipment on college campuses is outdated and cannot properly educate students to industry standards, and tight operating budgets mean worn out or out-of-date instructional equipment cannot be replaced. Programs in emerging areas of specialization and increasing enrolment add pressure for new instructional equipment. This, in turn, increases the stock of equipment and facilities that must be maintained and, eventually, replaced.

Equipment purchases often require advance planning and budgeting. To facilitate such planning and budgeting at colleges, a multi-year investment of \$500 million over five years is being proposed. This level of investment will enable Canada's colleges to bring instructional equipment up to industry standards to support existing, emerging and specialty college programs that serve the needs of students and employers alike.