



**Ontario Literacy Coalition  
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**Pre-budget Submission to The Standing Committee on Finance  
August 12, 2011  
Executive Summary**

As Canada continues to move towards economic recovery, it is imperative that we sustain the investment in literacy and essential skills training. The recently passed recession and our uncertain economic present shed light on the importance of several key issues: how to achieve a sustained economic recovery, how to create quality sustainable jobs, how to ensure relatively low rates of taxation, and how to achieve a balanced budget. Literacy and essential skills training is a vital component for all of these questions as they are the skills necessary to help business grow, lower social assistance rates, ensure that Canadians have the skills base to enter the workforce and, most importantly, remain in the labour market throughout their adult lives. Investment in literacy and essential skills training is directly correlated to the jobs and economic well-being of all Canadians.

The Ontario Literacy Coalition (OLC) puts forth three key recommendations to the Standing Committee on Finance for consideration:

- 1. That the Government of Canada continues to invest in and expand successful workforce development programs*
- 2. Provide a tax credit for employers who engage in language and literacy and essential skills training in the workplace*
- 3. Embed literacy and essential skills training in the anticipated Digital Economy Strategy*

As the international economic situation continues to evolve, our Federal and Provincial Governments will have to work in partnership to provide the ideal conditions for the economic prosperity of all Canadians. In these challenging times, we have a significant opportunity to provide the financial incentives and build the partnerships between labour, industry, government and the training sector to build the most productive labour force in the world. These partnerships and incentives will be necessary to create and refine the skills base that all Canadians need to fully contribute to a modern, knowledge economy.



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As the international economic situation continues to evolve, we see our Federal and Provincial Governments working in partnership to provide the ideal conditions for the economic prosperity of all Canadians. One key ingredient for addressing economic stability, job growth and business investment in our constrained economic times will be a coordinated effort to create the most adaptable workforce possible.

The Ontario Literacy Coalition (OLC) appreciates the trying economic times that the government is attempting to navigate. Internationally the fiscal climate is uncertain; domestically Canada is facing a tightening labour market due to increased retirement. When these factors are placed alongside Canada's traditionally low economic productivity, our economic health seems far from certain. This situation presents a significant opportunity to provide the financial incentives and build the partnerships between labour, industry, government and the training sector in order to build the most productive labour force in the world. These partnerships and incentives will be necessary to create and refine the skills base that all Canadians need to fully contribute to a modern, knowledge economy. Yet, we will need to go further still.

In the near future, there will be a significant role for all Canadians to play in our economy. In order to maintain Canada's position as one of the most stable economies in the world, Canada will need to do a better job of helping adults in vulnerable population groups. This includes older workers, aboriginals, early high school leavers, and those dislocated from previous employment that require the skills necessary to adapt to a changing labour market. To enable these Canadians to develop the skills required to enter into, and remain in, the labour force it will be imperative to create targeted training for these groups. This new reality will mean encouraging training in non-traditional settings like the workplace, new partnership and funding arrangements and innovative programming. The OLC sees a significant leadership role for the Federal Government in this opportunity.

The ongoing economic uncertainty has shed light on our fragile economic recovery and the importance of the very issues this Standing Committee has solicited Canadians' input on. Literacy and essential skills training is a solution to many of the issues Canada faces in the current economic climate. Skills training is necessary for a more productive workforce, helps businesses grow, lowers social assistance rates and makes sure more individuals are employed. Training ensures that all Canadians have the minimum and essential skills base to enter the workforce, continue to develop their skills as the need arises and, as a result, remain in the labour market throughout their adult lives.



As such, The Ontario Literacy Coalition puts forth the following recommendations for your consideration:

**1. *That the Government of Canada continues to invest in and expand successful workforce development programs***

Effective labour market training programs are imperative to achieving sustained economic recovery and quality sustainable jobs. 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. The Labour Market and Labour Market Development Agreements (LMAs and LDMAs) are the primary vehicles for delivering this. During the last recession amendments, the LMAs and LMDAs created jobs, stimulated the economy, and protected Canada from the worst impacts of the global recession. Now we need to build for tomorrow.

As begins to consider the renewal of these agreements the OLC urges the federal government to work with employers to strengthen the measures to incent and support workplace training and education across Canada. The federal government has a leadership role to play in building the necessary relationships between industry, labour, literacy and essential skills training and government. These vital partnerships will ensure Canada's labour force has the portable skills necessary to create job growth and augment productivity in a modern, constantly evolving knowledge economy

The \$25 million a year *Targeted Initiative for Older Workers* is a good start, but we need to ensure that other vulnerable population groups have full access to the labour market. This program has generated investment from other provinces as Alberta has recently contributed an additional \$10 million for the initiative. Other provinces should be encouraged to do the same. Similar targeted initiatives, at similar cost to the government, would yield significant results. Newcomer Canadians -who according to TD Economics *Literacy Matters: Helping Newcomers Unlock Their Potential highlights* -have for 25 years seen their economic well-being decline, could be targeted; the economic return on a small investment could be enormous.

The OLC would like to see a more coordinated and less siloed national approach to workforce development that ensures all Canadians have the strong literacy and essential skills necessary to build a truly national workforce. Our workforce is highly mobile, and provincial boundaries are porous, the skills base upon which all Canadians rely should reflect the realities of our labour force and train individuals to fill gaps in the labour market. We need to align literacy and essential skills training so that when a labour market opportunity arises, all adult Canadian adult have the skills to take full advantage.

**2. *Provide a tax credit for employers who engage in language and literacy and essential skills training in the workplace***

As an aging society, Canada will increasingly have to work to create innovative solutions that address the needs of employers, employees, and government to address labour markets gaps brought on by retirement. As the labour market tightens for employers, all sectors of the



Canadian economy should be given incentives to work together to create the culture of training necessary to increase the economic productivity of industry and help employees keep the jobs they are hired for.

The 2010 report by Rick Miner, *People Without Jobs, Jobs Without People* highlights that demography is one of our most pressing labour market issues. According to Miner, we need both a larger workforce and an increasingly skilled workforce. While immigration is one part of the answer, literacy and essential skills training for vulnerable population groups is another. In order to fully tackle this vital economic challenge the government of Canada will increasingly need to provide incentives for organizations to build partnerships across the many sectors and within the many industries that contribute to our economic prosperity.

Further, as the 2009 C.D Howe Institute Report by John Richards *Dropouts: The Achilles Heel of Canada's High School System* points out, the past two censuses in Canada suggest a direct correlation between those Canadian regions with a tight labour market and high dropout rates. This report, and numerous others, note that:

*“... failing to complete high school has dire economic and social consequences for those who drop out..... High dropout rates among particular ethnic and racial groups have the potential to destroy community cohesion by setting in motion an intergenerational dynamic of marginalization: low education expectations, low attachment to the labour market, poverty, and social conflict with other groups. Once in the labour force, school dropouts experience much lower employment rates and are less productive than students with higher education levels.”*

Tight labour markets can create incentives for demographic cohorts to make choices that will follow them throughout their lives. While we should attempt to keep youth in school, historically in the types of tight labour markets that appear to be in our near future, we may have to consider non-traditional and labour market focused approaches to education. Existing programs like the \$200 million Apprenticeship Job Creation Tax Credit provide a template for an investment in on the job training.

As the skills we need to participate in the labour market evolve rapidly, individuals without basic skills are likely to fall further and further behind. One potential mechanism to ensure that Canadians have the literacy and essential skills they will need throughout their working lives is a training tax-credit for workers that gives incentives for employers to train within their workplace.

### ***3. Embed literacy and essential skills training in the anticipated Digital Economy Strategy***

Attached to the Digital Economy Strategy should be a training program that makes it possible for all Canadians to understand how to use digital technology in all aspects of their lives. This includes how to use technology in a manner that protects their identity and property, gives workers access to labour market opportunities and employers' access to a technologically savvy workforce.



As our knowledge economy continues to evolve, many Canadians are being left behind. Much of the adult Canadian population did not benefit from digital skills training and computer education while they were in formal schooling. Many other Canadians – mostly within vulnerable population groups – have no access to technology in their homes and lag behind their peers in digital skills development. This is also mirrored by the changing nature of work throughout the labour market where technology is now a requirement.

The OLC's forthcoming report *Menial No More: A Discussion Paper on Advancing Our Workforce Through Digital Essential Skills*, has identified a growing gap in our understanding of labour market issues and their relationship to technology. Increasingly, new technologies are trickling down and permeating all sectors of the labour market. Jobs not usually associated with technology - primary industry, retail, front-line healthcare and hospitality service - now require a set of complex digital essential skills.

The Federal Essential Skills Framework has gone a long way to broaden the understanding of the skills necessary to excel in the modern labour market. Enhancing that framework to reflect the STEM skills (Science, Technology, Engineering and Math) that are prevalent throughout the labour market would be an important step towards addressing the needs of many Canadian workers. This could be done in a manner that builds on existing infrastructure, private sector and not for profit initiatives. To quote the report:

*In this labour market, the kinds of jobs labeled as 'entry-level' not only persist, they continue to grow. Yet these jobs do not look like they used to. Certainly, the required competency of a cafeteria worker is not one that very many people describe as a 'skilled trade'. It is among a range of jobs that have been traditionally staffed by non-high school graduates and recent immigrants. Except, when we move beyond the preconceptions and analyze the working skills required, we encounter a changing story about a wide range of job categories and what we have come to know as 'low-skilled' workers..... This is all augmented by the fact that we are on the brink of a massive skills shortage."*

The expected national digital economy strategy is a welcome development. Canada's economy needs a plan to ensure that our nation has the digital infrastructure in order to grow a modern knowledge economy; we applaud the government for creating this strategy. However, to be truly effective any strategy will need to ensure that all Canadians possess the digital essential skills required in our labour market. Sustainable jobs will rely on ensuring all Canadians in the workforce can enter the labour market and remain there throughout their working lives.

Literacy and essential skills will play an important part in ensuring Ontarians have access to the full suite of services they need to access the jobs they need to contribute to a thriving economy. As Canada continues to move towards economic recovery, a fragile one at best, it is imperative that we sustain the investment in literacy and essential skills training. This investment is directly correlated to the jobs and economic well-being of all Canadians.