

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

Atlantic Provinces Community College Consortium

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

A highly skilled workforce that engages the talents of every Canadian is critical to sustainable economic growth. In the report, *People without Jobs, Jobs without People* (1), Dr. 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 growing to 2.7 million by the year 2031. A key observation contained in the report is that 70% of new jobs currently require a post-secondary education (PSE) credential, and that this will rise to 77% by 2031. Currently, only 60% of Canadians between the ages of 25 and 64 meet the test. In its *Top 10 – Barriers to Competitiveness* report, the Canadian Chamber of Commerce identified Canada's human capital crisis as its highest priority for 2012(2). Atlantic Canada is facing a period of tremendous opportunity as a result of several mega-projects that are underway or in development. The *Major Projects Inventory 2012*(3) report by the Atlantic Provinces Economic Council highlights 357 projects in various stages of development across Atlantic Canada with a record value of \$100 billion. Projects such as the Irving Shipyard naval contract; the Lower Churchill Falls hydro-electric development; and oil, gas and mining operations will provide a major boost to the region. Skilled labour pressures are expected to increase as a result of these projects. The supply of a skilled workforce will be a critical element to the success of these projects and to the economic benefit derived in the region. One of the key challenges is to better understand the labour market needs. More precision is required on the types of jobs and skill sets that will be required; the timing of those needs; and the sources of supply. The Government of Canada should introduce measures to address the critical shortage of advanced skills facing employers. Areas of focus should include: enhancing the educational achievement of under-represented groups; improving the employment outcomes of immigrants; reducing barriers to PSE including high costs and student debt; and, enhancing the quality of labour market information for planning purposes. In 2012 and 2013 the APCCC will be collaborating with other regional college associations and the Association of Canadian Community Colleges to host a series of regional meetings and a national symposium on solutions for the skills shortages. The APCCC encourages the Finance Committee to support this event. 1 Miner, R. (March 2010). *People without Jobs, Jobs without People – Canada's Labour Market Future* 2 The Canadian Chamber of Commerce. *Top 10 Barriers to Competitiveness*. February 2012. Page 2 3 The Atlantic Provinces Economic Council (May 2012). *Major Projects Inventory 2012: Record Levels of Investment in Atlantic Canada*.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Small and medium-sized enterprises (SMEs) constitute 98% of Canadian companies and sixty percent of working Canadians are employed by SMEs. Atlantic colleges believe that increased support for skills

development and innovation in Canada's SME sector is critical to improving productivity and creating jobs. Colleges and institutes support job creation and employment by supplying graduates with advanced skills. Colleges work closely with industry to ensure curriculum is current and aligned with business needs. This close relationship is reflected in the fact that over 90% of college graduates find employment after graduation. Colleges require support to ensure they have the capacity to respond to industry needs. Colleges are aware that skilled trades occupations are in high demand and are difficult to fill. There are challenges with the apprenticeship model and many jurisdictions in Canada are examining these issues. Colleges support measures to enhance the apprenticeship system including: promoting apprenticeship; improving mobility for apprentices; and improving incentives for apprentices such as timely employment insurance claims during in-class training and tax free apprenticeship completion grants. Atlantic colleges believe that job creation strategies should include infrastructure and equipment investments. The Knowledge Infrastructure Program (KIP) supported immediate job creation during the recession as a result of construction activity. The program also supports on-going job creation as a result of the expanded capacity of colleges to offer leading edge programs and more graduates. Investments in college infrastructure and equipment would support job creation and allow Canada to meet the demand for advanced skills.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Canada faces significant challenges associated with an aging population. As the population ages the proportion of the population in the workforce will shrink. This trend, coupled with the fact that 70-80% of the new jobs will require a PSE credential at a time when only 60% of our population attains that standard, will exacerbate the shortage of workers with advanced skills. A number of strategies must be pursued to remedy this problem. These strategies include: • Raising the overall rates of participation in post-secondary education; • Increased immigration – with attention to the match of immigrants' skills and market needs; • Increase 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; • Providing supports for re-training and skills upgrading; and • Increasing productivity. Further investments in marketing Canadian education abroad will attract quality international students who may choose to stay in Canada. In the report, Economic Impact of Post-Secondary International Students in Atlantic Canada: An Expenditure Analysis(4), it was noted that international students spend \$2.64 for every dollar spent by Atlantic provincial governments to support their health and education. Furthermore, the report highlighted that 40% of those international students surveyed expressed interest in permanent residence. International students represent both a sound investment and an opportunity to add to the countries supply of residents with advanced skills. Immigration is also part of the solution but employment outcomes must be improved. Services such as pre-departure orientation; occupation-specific language training; bridging and retraining programs; and financial assistance need to be enhanced. Most importantly, Canada must embark on a strategy to raise the overall educational attainment of our existing population. Special attention must be given to historically under-represented groups. Two significant groups in that category include First Nations/Inuit and disengaged youth. First Nations/Inuit represent the youngest and fastest growing segment of the population and yet have lower educational attainment rates. Investments in First Nations and Inuit K-12 education and in post-secondary education and adult upgrading are required, including non-repayable grants for Non-Status, Métis and First Nations people off-reserve. Significant numbers of youth aged 15 to 29 are neither employed nor in education and

training (NEET). Increased opportunities for NEET youth must be provided through more non-repayable post-secondary grants and essential skills development tied to work experience to provide transferable skills for employment. 4 Dalhousie University School of Public Administration (July 2010). Economic Impact of Post-Secondary International Students in Atlantic Canada: An Expenditure Analysis.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Improved productivity is necessary for Canada to remain competitive in the global marketplace and is also a key solution to labour market challenges and our ability to continue to deliver goods and services. Businesses need to develop and test new products, adopt innovative processes and adapt technologies to gain competitive advantages. In particular, our SMEs need targeted applied research and rapid technology transfer support to make their products, processes and services more competitive. However, SMEs typically lack the expertise and resources needed to improve their competitiveness. Colleges are particularly well positioned to assist SMEs become more competitive. Supplying SMEs with qualified and highly skilled graduates assists businesses through the infusion of new ideas and information on the latest technology. This highlights the need for college programs to remain at the leading edge. It makes little sense for colleges to train students for the jobs of the future with equipment and processes from the past. This aspect of infrastructure is costly and Atlantic colleges would welcome an infrastructure program that included a component for capital equipment and technology. Applied research programs in Atlantic colleges are leading to commercialization opportunities. Many of our research programs focus on small projects with quick completions and are geared at working with SMEs on business solutions. College programs are well connected with current industry needs and use up to date and leading edge technology and processes. Technology and knowledge transfer are key contributions that colleges make to improve the competitiveness of SMEs. Yet colleges receive a relatively small share of granting councils research assistance. Investments in college based Technology Access Centres and Innovation Enhancement Grants under the Natural Sciences and Engineering Research Council's (NSERC) College and Community Innovation (CCI) Program would leverage the applied research capacities of colleges to support SMEs, stimulate innovation, increase productivity, and foster business creation and expansion. Finally, we note that many of the granting councils' internships, co-ops and placement programs are geared toward graduate-level students and newly minted university graduates, leaving substantial resources in colleges untapped. An investment to support college student internships under the NSERC College and Community Innovation Program would be a sound investment and provide more companies with access to highly talented interns.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Demographic issues are particularly challenging for many of the rural communities in Atlantic Canada. Many communities are being transformed as they struggle with population decline, loss of traditional businesses/employment, and sustainability of services. Atlantic community colleges have a presence in over 50 communities in Atlantic Canada and are well positioned to assist with the education, re-training, and skills upgrading that are required to re-shape our communities. Education is the key to success. As a whole, Canada needs to develop a vision for a higher level of educational attainment as a national goal. We must equip every citizen with the skills required to participate in the economy. Particular focus is required for those that are typically under-represented in PSE and the workforce. This includes

Aboriginal youth; persons with disabilities; disengaged youth; and immigrants. Federal leadership in articulating such a vision and putting in place measures toward it would be welcomed by all Canadians.