

## **Essential Skills Ontario**

### **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?*

According to the most recent Canadian Chamber of Commerce (CCC) report, Top Ten Barriers to Competitiveness (2012), the number one barrier to the growth and prosperity of Canadian industry is our emerging labour market shortages. Over the last two years (2010 through 2011) the proportion of Canadian employers reporting recruitment difficulties rose by 8% - from 21% to 29% (Manpower Group 2011). As Canada's economic progress steadily continues and as our population ages, recruitment difficulties and labour market and skills shortages will not only persist, but are projected to accelerate overtime. Skills shortages are already beginning to hinder the economic growth in Alberta and Saskatchewan and in many resource-rich northern communities across the country. Much of these skills and labour shortages are not isolated to the type of high-tech/high-skilled jobs we are accustomed to hearing about, but often reside in traditional entry-level jobs which do not require a traditional postsecondary education or apprenticeship. Instead these jobs require individuals to have complex problem solving skills to operate in increasingly technology rich workplace environments. These skills are in demand, but it is not always clear which industries and occupations are experiencing skills shortages and what education and training interventions are the most effective in addressing them. Increasingly, it is becoming apparent that most jobs will now require some form of industry-specific technical and enhanced essential skills. As industry invests in new technologies and innovative ideas they now demand a workforce which is equipped with higher level technical and essential skills for which purposeful training and education is a necessity. Recommendation(s): 1) Invest in innovative literacy and essential skills employment and training interventions that better align economic growth, industry skills shortages and underutilized labour pools. 2) Improve labour market information to better track the occupational data and emerging skill requirements by: a) enhancing employment statistics from the Labour Force Survey to include occupational specific information and; b) advancing our occupation information (NOC codes and ES profiles) to reflect emerging skills. The O\*Net system in the United States is an exemplary model.

#### **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?*

As specialized technology applications are improved, routine and repetitive manual tasks become integrated into a variety of digital devices and complex information management systems." Many traditional 'jobs of last resort' in areas like food service, retail, logistics, hospitality and resource sectors are now relenting to the kind of technological revolution that started in manufacturing twenty years ago. While these technological changes have impacted all individuals, none have been more so affected than adults with less than a high school diploma. According to statistics Canada (2012): "From 2008 to 2009, the number of individuals without a high school diploma who held a job decreased 10.2%. Among

those with a high school diploma or some non-completed postsecondary education as their highest level of education, net employment fell 3.6% In contrast, people with postsecondary education experienced stable employment[...] By 2011, employment levels for individuals with less than a high school diploma were 14.5% lower than in 2008. The labour market outcomes of these individuals with the lowest levels of education have remained poor even in the economic recovery despite a continued decline in the population with less than a high school diploma.” For job growth to continue, the government of Canada could invest in solutions that will improve the employment prospects of those have suffered most adversely from these changes - those with less high school diploma. Recommendation(s): 1) Work with provinces to develop and create interventions that improve the employment prospects of those with less than a high school diploma. 2) Work with provinces to align literacy and essential skills adult education and training programs with industries that are experiencing growth and have accessible job opportunities. Career Ladders/Pathways is a promising practice that is increasingly being utilized in many international jurisdictions.

### **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?*

Over the past 30 years, growth in the Canadian working age population has slowed by more than a third and is expected to slow further, averaging to 1% over the next five years and even less so over coming decades. As our population ages it puts a strain on our country in two basic ways: 1. More people will exit the workforce – there will be a smaller taxpayer base and a higher demand on social programs and services, costing government’s more; 2. Fewer individuals will be in the workforce - limiting industry growth, creating labour market shortages and diminishing the taxpayer base. It is in the best interest of government to invest in employment and training programs and interventions that address these issues. By developing new sources of talent from underutilized labour market segments for industries that are experiencing skills shortages, we can strengthen our workforce, increase the taxpayer base and reduce the number of individuals who are on reliance on income support. Effective literacy and essential skill programs have the ability to do this to produce results that matter to industry, government and society. Recommendation(s): 1) Invest in employment and training programs that increase employment outcomes for groups that have traditionally been underutilized in the labour market, this includes high school dropouts, those dependent on income support, young Canadians (18-34), new Canadians, and Aborigines. 2) Work to design innovative funding mechanisms that could lead to more effective service provision, such as social impact bonds. 3) Provide incentives for employers who participate in training and develop sources of new talent, for example, tax incentives.

### **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?*

In today’s knowledge-driven economy many industries have invested heavily in technology in order to attain higher levels of productivity. Yet, the promise of higher productivity emanating directly from technological change assumes the ability of the labour force to incorporate those changes into everyday work practices. An Industry Canada study found that skills shortages have particularly had a negative impact on the productivity of small and medium-sized firms in Canada (Tang and Wang 2005). Often adult essential skills training programs place greater emphasis on ‘downside adjustments’ of labour with little attention to industry growth. Training programs have not reached their full potential in bridging the gap between workforce development programming and customized programming that is geared

towards improving the competitiveness and productivity of local industry. Recommendations: 1) Shift labour market training policy toward 'upside' training interventions rather than 'downside' adjustments. Provide training benefits to emerging and growing industries, with an eye to creating regional economic development through a larger skilled labour pool. 2) Strengthen workforce development policy to purposely engage with and add value to local industry by being geared and flexible toward fluid labour market needs and operations of employers. 3) Consider funding proposals for workforce development initiatives that have industry and enterprise participation.

## **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?*

Often overshadowed by urban problems are the challenges that rural, small town and remote communities face in Canada. Rural areas provide Canada with commodities and resources that are crucial to our economy. Yet rural communities, as home to over 20% of Canada's workforce, need to be better equipped to meet changing labour market demands. In fact, in many rural communities:

- populations are aging faster or are dwindling;
- educational attainment rates are lower compared to urban populations, in particular Aboriginal communities;
- skills and labour market shortages are more acute;
- services and infrastructure are more limited (education, training, healthcare and technology);
- resources and capacities are often more restricted;
- and the skills necessary for employment are often different than urban areas.

While it is generally understood that the occupational and labour market structures of urban areas differ from rural communities, the latter tends to have higher levels of unskilled labour workforce compositions than the former. There is also a lack of research and evidence on current skill shortages unique to rural areas and what could potentially be promising interventions that could address them. To support our rural, small town and remote communities across Canada it is important for us to have a clearer picture and better understanding of the unique nature, capacities, and challenges which they face. Recommendations: 1) Conduct more studies and research on the unique characteristics of rural, small and remote communities across Canada. In turn, rural communities will have a better understanding of the labour market shortages, conditions and the capacity they have for training and development. 2) Provide investments so that rural communities can conduct skill assessments. 3) Invest and discover innovative solutions so rural, small and remote communities can address their labour market shortages and build the necessary talent pools to strengthen their economic growth.