

Submission to the House of Commons Standing Committee on Finance



PRE-BUDGET CONSULTATIONS FOR THE 2013 FEDERAL BUDGET

Response of the Association of Canadian Community Colleges

AUGUST 2012





Association of Canadian Community Colleges

The Association of Canadian Community Colleges (ACCC) is the national and international voice of Canada's 130 publicly-funded colleges and institutes. With campuses in 1,000 urban, rural and remote communities, these institutions educate learners of all ages and from all socio-economic quarters. They partner with small- and medium-sized enterprises (SMEs) to share expertise in applied research and innovation.

Colleges are the advanced skills educators of choice. Aligned with the needs of employers, and operating on the leading edge of skills identification, economic trends, and market shifts, colleges solicit business and industry input into curriculum development through Program Advisory Committees. They support business growth and sustainability by supplying graduates with advanced skills, re-skilling displaced employees, offering customized education, and providing applied research and development support. They increase the access of the disadvantaged to post-secondary education and facilitate credential recognition for immigrants.

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The Standing Committee on Finance

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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?

Human capital is the principal driver of economic growth and productivity.

The Government of Canada should introduce measures to address the critical shortage of advanced skills facing employers. In its *Top 10 – Barriers to Competitiveness* report, the Canadian Chamber of Commerce identified Canada's human capital crisis as its highest priority for 2012.¹ A highly skilled workforce that engages the talents of every Canadian is our sole path to sustainable economic growth. **Remedial measures should focus on enhancing the educational achievement of Aboriginal peoples and disengaged youth, improving the employment outcomes of immigrants, enhancing the efficiency of apprenticeship systems, and ensuring that all Canadians have essential skills for employment.**

Most new jobs in Canada are created by small- and medium-sized enterprises (SMEs), yet there remain gaps in the Government of Canada's support to help them overcome barriers to innovation. **SMEs need targeted applied research and rapid technology transfer support to make their products, processes and services more competitive.**

Colleges and institutes support economic growth by supplying graduates with advanced skills, re-skilling displaced employees, offering customized education, and providing applied research and development support. Aligned with the needs of employers, and operating on the leading edge of skills identification, economic trends and market shifts, colleges benefit from business and industry input for curriculum development through Program Advisory Committees.

The Association of Canadian Community Colleges (ACCC) has urged the Government of Canada to launch a national dialogue with provincial/territorial governments, educational institutions, the private sector and civil society to identify measures to mitigate Canada's demographic deficit, skills shortage and innovation challenge. We are committed to moving this agenda forward. In 2012 and 2013 ACCC, in collaboration with regional college associations

¹ The Canadian Chamber of Commerce. *Top 10 Barriers to Competitiveness*. February 2012. Page 2

and employer associations, will host a series of regional meetings and national symposia on solutions for the skills shortages, leading up to a National Summit in fall 2013. Human Resources and Skills Development Canada and Citizenship and Immigration Canada support this initiative. **To ensure horizontal involvement from across government in the National Summit, we ask the Finance Committee's support in promoting this event with federal officials.**

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?

A national job creation strategy should include support for SMEs, additional knowledge infrastructure investments, growth in the capacity of apprenticeship systems and promotion of Canadian education exports.

SMEs constitute 98% of Canadian companies and employ 60% of working Canadians. They represent half of Canada's economy and generate most new jobs. **Increased support for skills development and innovation in Canada's SME sector will do more than any other measure to improve productivity and create jobs.**

Measures to address job creation should include infrastructure investments. The Government of Canada's Knowledge Infrastructure Program (KIP) supported much-needed job creation during the recession while delivering 246 projects with a value of \$1.8 billion which expanded the capacity of Canada's colleges and institutes. In excess of 90% of college graduates find employment within six months of graduation.

The KIP investments made a difference but fell short of demand. A 2011 survey of institutional capacity identified college infrastructure needs totaling \$6 billion with 1,285 ready-to-go infrastructure projects. **Investments in college and institute infrastructure would support job creation and build on the legacy of KIP to allow Canada to meet the demand for advanced skills.**

The results of a 2012 survey of Canadian employers indicate trades professions are the most difficult positions to fill.² Apprenticeship completion rates lag compared to registrations. Key challenges to completion include financial barriers and the lack of interprovincial mobility during apprenticeship training. Trades professions must be valued. **Measures to enhance apprenticeship systems include: promoting apprenticeship as a post-secondary pathway for youth; fast-tracking Employment Insurance claims for apprentices during in-class training; removing the requirement for apprentices to declare the Government of Canada Apprenticeship Completion Grants as taxable income; and improving inter-jurisdictional mobility for apprentices.**

² Manpower Group. 2012 Talent Shortage Survey Research Results.

Canada is a trading nation. Companies seek employees with global experience to grow their business and create jobs. **Further investments in marketing Canadian education abroad will attract quality international students who may choose to stay in Canada. Increased international mobility opportunities would provide Canadian students with the global experience employers are seeking.**

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 is facing a debilitating demographic deficit, compounded by the increased technological sophistication of the workplace. Seventy percent of new jobs now require a post-secondary credential. Within a decade, it will be 80% while our post-secondary achievement rate is 60%.

Within 10 years, employers will not find qualified candidates for 1,500,000 available jobs. For example, in the steel sector – 5,000 to 10,800 trades professionals are needed; in the information and communications technology sector – 106,000 analysts, technicians and consultants are required; and the mining industry – 65,000 trades professionals, operators, and primary production managers must be found.

Immigration is part of the solution but employment outcomes must be improved. The results of the Government of Canada-funded Canadian Immigrant Integration Program demonstrate that pre-departure orientation improves immigrants' employment outcomes; other complementary measures include occupation-specific language training, bridging programs and financial assistance.

With lower educational attainment and employment rates, the gap between Aboriginal and non-Aboriginal peoples persists. As the youngest and fastest growing segment of the population, Aboriginal peoples offer enormous potential to address skills shortages. In the next ten years, the natural resources sector predicts it will need to fill approximately 400,000 new jobs while the same number of Aboriginal peoples will enter the labour market.³ **To improve educational attainment, the Government of Canada must balance investments in First Nations and Inuit K-12 education with investments in post-secondary education and adult upgrading and provide more non-repayable grants for Non-Status, Métis and First Nations people off-reserve.**

Thirteen percent (906,000) of youth aged 15 to 29 are neither employed nor in education (NEET), and 63% of NEET youth (570,000) are in a vulnerable situation.⁴ Youth were hit hard in the recession and have not benefited significantly from the recovery, in particular those without a high school diploma. This group is at risk of becoming discouraged, further disengaged and socially excluded. **Increased opportunities for NEET youth must be provided through more**

³ Public Policy Forum. *Aboriginal Participation in Major Resource Development Projects – Draft Summary Report*. May 2012.

⁴ Marshall, K. *Youth neither enrolled nor employed*. Statistics Canada. May 2012.

non-repayable post-secondary grants, and essential skills development tied to work experience to provide transferable skills for employment.

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?

Commentary about Canada's innovation deficit has been extensive. Canada's productivity depends on our ability to help businesses develop and test new products, adopt innovative processes and adapt technologies to gain competitive advantages.

SMEs across all sectors often lack the expertise and resources needed to be competitive and require distinctive approaches to innovation assistance. The predominant form of business innovation is incremental.⁵ Colleges are responsive to the industrial and technical drivers of the economy and are natural catalysts of incremental innovation. Colleges help SMEs grow by focusing on product and process innovation, improvements to technologies, marketing, and growing the pool of highly skilled professionals needed to thrive in a global economy. According to the OECD Economic Surveys: Canada 2012, "community colleges are becoming proactive in directly meeting the needs of small businesses in areas of problem solving, process innovation and technical skills, even though they benefit from little taxpayer support via the granting councils".⁶ Further federal investment to support college-industry partnerships would substantially increase the capacity of SMEs to raise productivity.

Investments in college-based Technology Access Centres and Innovation Enhancement Grants under the Tri-Council College and Community Innovation (CCI) Program administered by the Natural Sciences and Engineering Research Council (NSERC) would leverage the applied research capacities of colleges to support SMEs, stimulate innovation, increase productivity, and foster business creation and expansion.

Applied research is a critical component of applied education in colleges. Students gain relevant applied research experience through interactions with employers. SMEs report that on a ratio of four to one, college diplomas or apprenticeship accreditations are required over university graduates to fill shortages in advanced skills.⁷ "Internships, co-ops and placement programs have always been geared toward graduate-level students and newly minted university graduates; therefore, industry has had only that finite talent pool from which to choose when accessing placement programs, leaving substantial resources in colleges untapped".⁸ In 2010-11, 13,585 college students were engaged in applied research.

⁵ Toner, P. *Workforce Skills and Innovation: An Overview of Major Themes in the Literature*. OECD Directorate for Science, Technology and Industry, 2011. Page 27

⁶ *OECD Economic Surveys: Canada 2012*, Organization for Economic Co-Operation and Development, page 79

⁷ Canadian Federation of Independent Business. *Canada's Training Ground: SMEs' \$18 Billion Investment in the Nation's Workforce*. May 2009

⁸ *OECD Economic Surveys: Canada 2012*, Organization for Economic Co-Operation and Development, page 79

An investment to support college student internships under the 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?

Canada needs to develop a vision for a higher level of educational attainment as a national goal. With growing skills gaps, demographic pressures and increasing technological sophistication in everything we do, Canada must do all in its power to equip every citizen with the skills required to participate in the economy.

We cannot afford to allow a single Canadian to languish in poverty for want of the skills needed to contribute. We cannot afford to squander the talents of our Aboriginal youth for want of basic education. We must do a better job of equipping people with disabilities with whatever they need to be productive. We must recover the lost generation of disengaged young men. We must improve immigrants' employment outcomes.

We must help Canada's SMEs be more innovative and competitive. We must enhance social innovation through partnerships with not-for-profit organizations.

Translating this vision into a grand, national enterprise requires the participation of all orders of government, the private sector, educators and civil society. Federal leadership in articulating such a vision and putting in place measures toward it would be welcomed by all Canadians.