

Advanced workforce skills for a sustained recovery

www.workforcecoalition.ca



Mr. Gordon Nixon
Chair, Jobs and Prosperity Council
Ministry of Economic Development and Innovation

Dear Mr. Nixon,

Ontario's Workforce Shortage Coalition, formed in 2007, represents more than 100,000 employers and millions of employees. It has held regular consultations to obtain the views of employers, unions, educators and government. It has commissioned analyses and reports and has developed recommendations for action by government, employers and educators. It has also met with government to discuss the importance of the skills shortage and to explore solutions.

The skills shortage challenge is as relevant today as it was in 2007. The Ontario government estimates that most of the jobs lost during the recent recession were by individuals without post-secondary skills. Today, there are more post-secondary graduates working in Ontario than there ever have been, and the numbers continue to grow. Looking to the medium term, the first barrier to a robust recovery and sustained long-term strong growth will be the lack of skilled workers available to business, especially small-scale employers.

We are attaching our submission in response to the council's mandate to generate new ideas and approaches aimed at improving Ontario's productivity and competitiveness, with a special emphasis on skills.

Sincerely,

Ontario's Workforce Shortage Coalition



Introduction

In 2007, business, education, labour and student leaders came together to form Ontario's Workforce Shortage Coalition, a group dedicated to raising awareness of the emerging skills shortage challenge. The coalition represents more than 100,000 employers and millions of employees. It has held regular consultations to obtain the views of employers, unions, educators and government. It has commissioned analyses and reports and has developed recommendations for action by government, employers and educators (<http://www.workforcecoalition.ca/>). It has also met with government to discuss the importance of the skills shortage and to explore solutions.

The skills shortage challenge is as relevant today as it was in 2007. The Ontario government estimates that 81 per cent of the jobs lost during the recent recession affected individuals without post-secondary skills. Today, there are more post-secondary graduates working in Ontario than there ever have been, and the numbers continue to grow.

The purpose of this submission is to respond to the council's mandate to generate new ideas and approaches aimed at improving Ontario's productivity and competitiveness, with a special emphasis on skills. For example, the council is asked to "provide advice on how the government and private sector can address current workforce gaps and skills shortages."

The challenge

“Ontario needs to build the skill sets necessary for the knowledge economy. Provincial education systems are strong, but there are numerous areas where skilled labour is in short supply despite high unemployment. Governments need to help ensure labour supply better matches demand.”

Ontario Chamber of Commerce / Mowat Centre for Policy Innovation,
Emerging stronger – a transformative agenda for Ontario, 2012

“Ontario has one of the most highly educated populations in the world...However, these impressive attainment rates mask the sobering reality that students from a number of groups are significantly underrepresented in Ontario’s university, college and trades programs...These groups historically have included low-income students, aboriginal students, first generation students, rural and northern students, students with dependents, and students with disabilities. More concerning is that many of these participation gaps have remained stagnant or widened in recent years.”

College Student Alliance, Ontario Student Trustees’ Association,
Ontario Undergraduate Student Alliance,
Breaking barriers: A strategy for equal access to higher education, 2011

Looking to the medium term, the first barrier to a robust recovery and sustained long-term strong growth will be the lack of skilled workers available to business, especially small-scale employers. For example, shortages of technologists and technicians would inhibit the revitalization of the manufacturing and resource sectors. More generally, the skills shortage would reduce the capability of small and medium enterprises (SMEs), which hire 94 per cent of young workers, and impact a wide range of value-added services, from finance to tourism. It would also jeopardize ongoing government priorities such as infrastructure renewal and environmental protection.

A Conference Board of Canada report prepared for Ontario’s Workforce Shortage Coalition predicted Ontario will face a shortage of more than 360,000 employees by 2025. Employers will need more highly skilled workers as technology changes and competition for customers grows tougher. As well, baby boomers are retiring and the number of young workers is about to plummet.

The context

"Toronto is such a diverse city that being here brings the world to us. It also makes it easy to integrate talent from overseas. And we're in the middle of a unique cluster of first-rate educational and training institutions that stay in touch with the industry's needs. We can upgrade the skills of the people we have, and train talent quickly and conveniently. Toronto's advantages in talent and education give us the edge we need."

Centre of Excellence in Financial Services Education.

"Ontario is blessed with an abundance of natural resources at a time in history when the world is developing faster than ever and demanding these resources. We are taking advantage of this incredible opportunity in the Ring of Fire to further open up Northern Ontario by bringing thousands of jobs, new infrastructure and economic opportunities to cities, towns and First Nations' communities."

Rick Bartolucci, Minister of Northern Development and Mines.

Ontario's strong emphasis on skills in past decades has paid off: job growth since 1990 has been higher in Ontario than in the U.S., and it is closely linked with Ontario's rapid increase in post-secondary graduates.

Ontario employers now have a big skills advantage over their U.S. competitors. Most industries have essentially the same number of university graduates, but far more college graduates, and certified trades persons with an education designed to meet employer requirements. As a result, Ontario's private sector includes a higher share of high-skill industries than the U.S., and a higher proportion of the overall Ontario population is working.



To help business get through the recession and emerge with the strength to successfully compete in the recovery, the coalition has supported the government's decisions to cut corporate taxes and reduce business regulations by 25 per cent.

We fully recognize that the fiscal climate has changed, and that the government is necessarily focused on expenditure management. However, a return to strong economic growth must also be a compelling priority. It is only by setting the stage for sustained business investment, productivity growth and job creation that provincial revenues can grow, and Ontarians can experience renewed prosperity.

Ontario's competitors around the world are renewing their efforts to innovate, to reduce costs and to add value. Asian countries, in particular, are rapidly expanding their post-secondary graduation rates, at the same time putting great effort into increasing quality. And with a higher Canadian dollar, Ontario employers face an even tougher competitive climate.



The opportunity

"Canada's highly skilled workforce continues to be an ongoing strength and a source of competitive advantage for Canadian manufacturers. This status will be challenged in the years ahead by a confluence of factors, such as: changing demographics, including an aging workforce and increasing immigration; regulatory changes; competition from emerging markets; competition for talent; pressure on training and education budgets; economic uncertainty; technology advances; and, a persistent gap in essential skill levels. Employers must be prepared for these changes and adapt through investment and workforce innovation."

Canadian Manufacturers & Exporters.

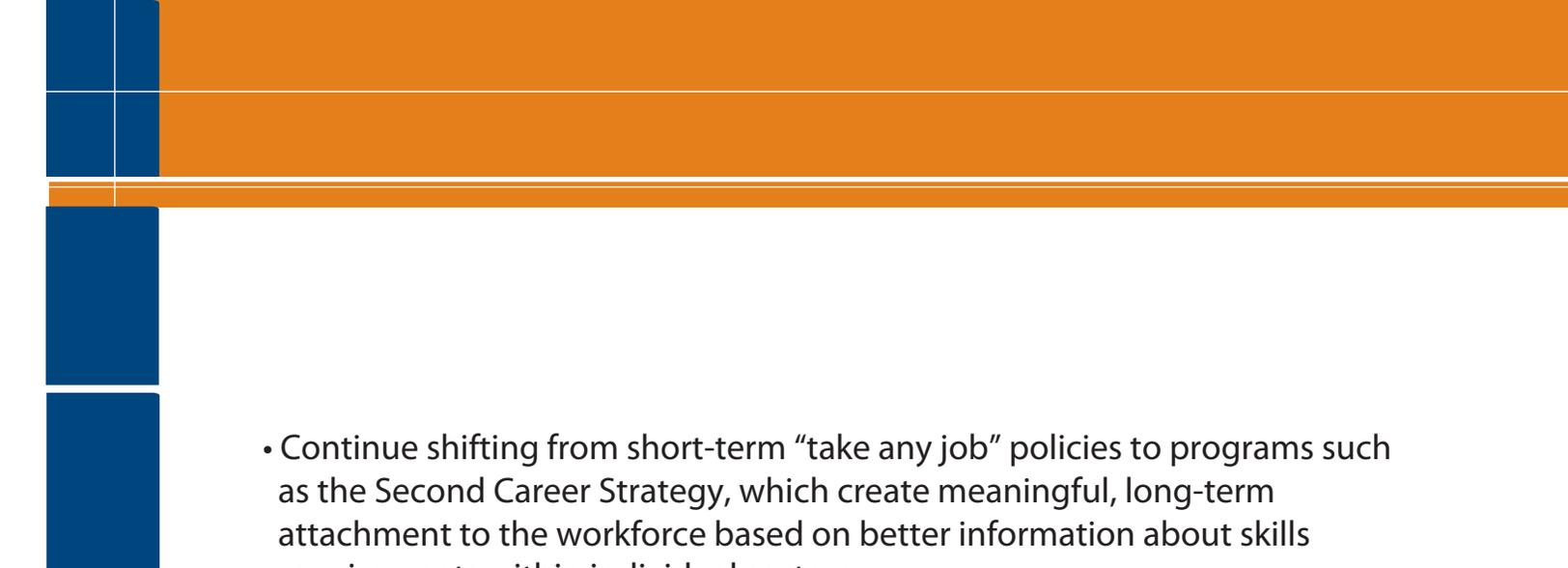
With more skilled workers to draw on, Ontario will be able to attract investment and avoid skills bottlenecks that limit potential and transfer opportunity and momentum to the province's competitors. Producing the skilled people which employers need will also help address poverty: many adults without post-secondary or trades credentials, especially from underrepresented groups, are not working.

To succeed in a tougher national and global environment, with an aging population, Ontario requires a renewed balance of responsibility and more effective co-operation between government, employers, labour and educators. There is a consensus that many challenges are beyond the capability of uncoordinated players acting alone.

Ontario needs a proactive skills strategy that co-ordinates government and partner activities.

It will:

- Reaffirm that Ontario's competitive advantage and success in attracting investment depends on an attractive business climate and workforce skills that exceed those available to its competitors in Canada and globally.

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- Continue shifting from short-term “take any job” policies to programs such as the Second Career Strategy, which create meaningful, long-term attachment to the workforce based on better information about skills requirements within individual sectors.
 - Recognize the challenges posed by the predominance of ‘non-standard’ jobs (temporary, part-time, self-employed) for employee training and re-skilling, and its impact on smaller employers, who hire 94 per cent of young workers.
 - Integrate skills policies with poverty reduction strategies for unskilled and underrepresented groups.

At the same time, employers will need to recognize that they will be facing a different reality within a few years; one of chronic labour shortages that will require them to:

- Develop a clear picture of their longer-term employment needs, to ensure they have the right skills when business opportunities arise.
 - Look to aboriginals, persons with disabilities, immigrants, and women in non-traditional careers for skilled employees and managers.
 - Build a training culture by keeping employees up to date on technology and encouraging employees to attend relevant educational courses through flexible workforce hours, recognition and rewards.
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Ontario's Workforce Shortage Coalition offers recommendations in the following areas for consideration by the Jobs and Prosperity Council.

1. Workplace skills for tomorrow

"Ontario's workforce training strategy must provide workers with opportunities to upgrade their skills through all stages of their career."

Ontario Chamber of Commerce / Mowat Centre for Policy Innovation,
Emerging stronger – a transformative agenda for Ontario, 2012

"The return on investment to government [for students at risk] is estimated at 14%, including a significant reduction in social assistance costs. From a private perspective, these graduates benefit from a lifetime of higher earnings due to graduating from college with the support of various programs and services, and enjoy an internal rate of return of 11% on the investment of time and money to attend college."

Deloitte, Breaking Down Barriers to Student Success:
Expanding a High-Performance Workforce, 2012

Recommendations

There is a need to address longer-term skills requirements and succession planning through workforce training. The Ontario government should work with employer or employer/postsecondary consortia to:

- Adopt a comprehensive, streamlined, client-centred workforce training model to ensure that all Ontarians can acquire the skills they need to compete in a dynamic, knowledge-focused labour market.
- Establish core competencies for jobs critical to employer groups to allow for more efficient training, greater workforce mobility and streamlined hiring processes.
- Assist employers in becoming more inclusive by accommodating the needs of new hires, underrepresented groups such as aboriginals, mature employees and return-to-work employees.

- Encourage firm-specific and industry-specific training, including industry-recognized Canadian professional designations and certifications (e.g. finance, human resources, and technology), which expands the skilled workforce and keeps workers up to date on emerging technology and business practices.
- Ensure the different levels of government come together with aboriginal communities to develop and implement a literacy strategy for Aboriginal Peoples to ensure their access to post-secondary schooling and the labour market.
- Advocate with the federal government to enable employers to gain a credit for training expenditures that offsets employment insurance costs.

The government should also expand adult training targeted at basic literacy, numeracy and core skills in health and safety training (essential) skills.

2. Advanced skills infrastructure

Recommendations

Ontario should establish a multi-year fund to co-invest with industry in start-up funding for new or substantially modernized post-secondary skills training programs which industry, based on multi-stakeholder collaboration and data-driven analysis, judges as critical to its competitive position, and hence key to attracting investment and retaining jobs.

For example, Ontario's recent \$130-million Strategic Skills Initiative (SSI) funded more than 50 projects. The program was intended to support one-time start-up costs integral to implementing training projects to help alleviate skills bottlenecks and equip industries to grow and create more jobs. SSI's overall objective was to fund partnerships between industry and training providers in sectors with proven critical skills needs essential to investment, international competition and job growth. The KPMG program evaluation said it "serves as a catalyst to promote ... collaboration or partnership by providing both industry and training providers with an incentive to work together to resolve issues related to skills development ... Every dollar funded by SSI has helped leverage about \$4 in support from the private sector and training providers."

3. Apprenticeship retention and completion

Recommendations

The government should:

- Extend the Apprenticeship Training Tax Credit to all Ontario apprenticeship programs.
- Streamline apprenticeship operational management to enable MTCU, colleges and other apprenticeship trainers to eliminate costly duplication and enable more effective communications with and options for employers and students.
 - o Provide specific funding to apprenticeship trainers to register under-represented groups (e.g., aboriginals and women) and provide immediate access to each new apprentice for language, mathematics and other essential competencies, and fund their enrolment in continuing education classes to address deficiencies prior to taking the in-school portion of the apprenticeship.
 - o Implement refresher courses for all applicants for certificates of qualification to reduce the failure rate.
 - o Institute a new mentoring program designed to support and encourage apprentices and employers to complete programs.

4. Skilled immigrant attraction and workforce integration

“Allow Ontario to develop an immigration selection strategy linked to economic and/or labour market objectives.”

Ontario Chamber of Commerce/Mowat Centre for Policy Innovation,
Emerging stronger - a transformative agenda for Ontario, 2012

Recommendations

Ontario should work with the federal government to ensure Ontario employers have a stronger role throughout the immigration process. Global Experience Ontario should:

- Provide candidates, prior to immigration, with enhanced labour-market information based on employer priorities, assess competency and occupational language skills, and encourage colleges to offer initial upgrading – for example, via distance education.
- Improve immigrant orientation by determining employment readiness and the need for further occupational language skills, responsive career/technical programs, bridging programs, etc.
- Streamline temporary workers’ reapplications and encourage the workers to become permanent residents.
- Work with the federal government to fast-track work and study visas for international students in foreign post-secondary programs affiliated with and audited by Ontario colleges and universities.
- Advocate with the federal government to provide training funds for internationally trained individuals to gain industry-recognized Canadian professional designations and certifications (e.g., finance, human resources and technology).

5. Attracting talented students to high-demand jobs

"Industry leaders recognize the impact of business and demographic shifts on their future ability to attract, retain and deploy the right people with the right skills, in order to meet their growth and success targets. Individually, most organizations are putting talent issues near the top of their human resources agendas and employing talent-management strategies to strengthen the future talent pool."

Deloitte for the Toronto Financial Services Alliance.
Talent Matters, Shaping Talent Strategies in a Changing World, March 2007

Recommendations

Government should provide co-funding for employer organizations and the post-secondary sector to:

- Inform students, with specific focus on underrepresented groups, about new career opportunities.
- Implement an integrated informational campaign to co-ordinate and enhance individual association campaigns. This could include a focus on new media, pilot projects to visit employers, and common web portals such as the Ontario College Application Service (OCAS) portal offering multi-media content on career opportunities, etc.
- Showcase best-practices demonstration projects showing how employers can reach out to underrepresented groups.

6. Raise federal post-secondary and labour market training grants

“Federal fiscal arrangements with the provinces continue to undermine Ontario’s ability to succeed.”

Ontario Chamber of Commerce / Mowat Centre for Policy Innovation,
Emerging stronger – a transformative agenda for Ontario, 2012.

“Training programs provide meaningful opportunities for Aboriginal People to develop educational and job experiences that will offer sustainable employment in major economic industries.”

The College Student Alliance, Improving Aboriginal Education across Canada,

While the above proposals may impact on provincial revenues in the short term, the investments are essential if revenues are to recover. Numerous studies have shown high returns to governments (as well as the individuals themselves) because post-secondary graduates pay the lion’s share of personal taxes, and because they provide the skills that enable corporations to be profitable.

Since the federal government will gain most of these higher revenues, it is in the national interest for it to support post-secondary education and workforce upgrading at an even higher level, through a process administered to address unique provincial needs. The federal government also has primary responsibility for educating Aboriginal People.

Recommendations

- Advocate with the federal government to raise federal post-secondary and labour market training grants.
- Advocate with the federal government to remove the two per cent funding cap on the national funding program for status and Inuit students, the Post-Secondary Student Support Program (PSSSP), and readjust funding limits to meet the needed funding levels.

Conclusion

Profound shifts are transforming Ontario's labour markets and competitive potential. Many skills challenges are beyond the capability of uncoordinated players acting alone.

To succeed in a tougher national and global environment, with an aging population, Ontario requires a renewed balance of responsibility and more effective co-operation between government, employers, unions and educators.

Ontario's Workforce Shortage Coalition recognized skills as an emerging issue in 2007. It has regularly held broad-based consultations and commissioned analyses and reports. These have confirmed that the emerging skills shortage is a critical challenge to competitiveness. As a group of more than 20 organizations, the coalition has concluded that Ontario needs an overall, comprehensive skills strategy that coordinates government and partner activities and is proactive. The coalition has offered carefully reviewed recommendations for action in six areas:

- Workplace skills for tomorrow.
- Advanced skills infrastructure.
- Apprenticeship retention and completion.
- Skilled immigrant attraction and workforce integration.
- Attracting talented students to high-demand jobs.
- Raising federal post-secondary and labour market training grants.

Ontario must face the emerging skills shortage head-on if the province is to create the good jobs needed to achieve the prosperity Ontario desires. Rapid implementation of these recommended actions is an essential element of a prosperous Ontario.

Coalition members

Alliance of Ontario Food Processors
Automotive Parts Manufacturers' Association
Canadian Manufacturers & Exporters
Canadian Restaurant and Foodservices Association
Certified General Accountants of Ontario
College Student Alliance
Colleges Ontario
CON*NECT Strategic Alliances
Council of Ontario Construction Associations
Electricity Distributors Association
Greater Toronto Hotel Association
Ontario Aerospace Council
Ontario Chamber of Commerce
Ontario Environment Industry Association
Ontario General Contractors Association
Ontario Marine Operators Association
Ontario Mining Association
Ontario Restaurant Hotel & Motel Association
Power Workers' Union
Retail Council of Canada
Skills Canada - Ontario
The Ontario Association of Certified Engineering Technicians and Technologists (OACETT)
Toronto Financial Services Alliance