



Creating Jobs and Strengthening the Economy:

Building Ontario's Competitive Advantage

election platform

Introduction

The Ontario government must develop a strategy to address the coming skills shortage.

The world's attention is still focused on recession recovery. But there is another economic crisis headed straight at us. Just 10 years from now, more than 700,000 people in Ontario will be unemployable due to inadequate skills and education.

Add to this the five per cent of people who are traditionally unemployed, and the number rises to more than 1.1-million people who will be unemployed.

Now add the 1.3-million jobs that employers won't be able to fill due to lack of skilled employees.

This is the picture painted by Dr. Rick Miner's report, *People Without Jobs, Jobs Without People: Ontario's Labour Market Future*.

Miner, who is president emeritus of Seneca College in Toronto, discovered this scenario will occur when two megatrends collide: the aging population and the emerging knowledge economy.

These demographic changes are coming. Businesses will not be able to compete globally and the social costs of unemployment will be staggering.

Miner found it can be conservatively estimated that at least 75 per cent of workers in Ontario will need postsecondary education and/or training by 2021 if they are to be employable in Ontario's new innovation economy.

However, if current trends continue, only about 64 per cent of the workforce in Ontario is actually expected to have acquired postsecondary credentials by that point. The shortfall will mean 700,000 people who do not have the skills to get jobs.

Meanwhile, due to the retirement of the baby boomers and an under-qualified workforce, there will be about 1.3-million job openings throughout the economy that will go unfilled.

Employers will need more highly skilled workers as technology changes and competition for customers grows tougher. An aging population and an emerging knowledge economy threaten Ontario's prosperity.

While the recession has slowed this trend to some extent, we cannot be complacent.

The shortage of a highly skilled workforce will impede the growth of small and medium enterprises (SMEs). The shortage of skilled workers in the manufacturing, tourism, electricity, finance and resource sectors, for example, will stagnate our economy and erode our competitiveness.

However, if we act now, we can change the labour market forecast. This paper will explore how this can be done.

The Ontario government needs a strategic program to support employers to maximize growth during the economic recovery and increase the skills and retraining of all Ontarians in order that they can get good jobs, as quickly and cost-effectively as possible. If we do not act now to increase the proportion of skilled labour in our economy, a large number of employers will not be able to compete internationally. Immediate action and targeted investment is required to help businesses and Ontarians to succeed.

With more skilled workers to draw on, Ontario can attract investment and avoid skills bottlenecks that limit our competitiveness. More Ontarians will have the good jobs they need to be prosperous and fulfilled.

The government must begin this work now to change the labour market future. An alternative outcome is unacceptable.



Ontario Labour Market Strategy

The Challenge

In the next few years, the retirement of the baby boomers and the rise of the knowledge economy will cause rapidly rising unemployment at the same time as employers desperately seek employees. The disconnect here will be a lack of skills among the population.

- At least 75 per cent of workers in Ontario will need postsecondary education and/or training by 2021 if they are to be employable in Ontario's new innovation economy.
- However, if current trends continue, only about 64 per cent of the workforce in Ontario is actually expected to have acquired postsecondary credentials by that point.
- The shortfall will mean 700,000 people who do not have the skills to get jobs.
- Meanwhile, about 1.3 million job openings throughout the economy will go unfilled.

If we do not have a plan on how to increase the proportion of skilled labour in our economy, a large number of employers will not be able to compete internationally.

The Solution

Immigration alone will not fix this problem. We need every possible individual in our population to attain postsecondary education or training, including apprenticeships.

The retirement of the baby boomers and the low birth rate will demand the inclusion in the workforce of many individuals who have been under-represented up until now. This includes immigrants, people with disabilities, Aboriginal Peoples, older workers, and parents returning to the workplace. It will also include high school students who currently do not attend either college or university after high school. Currently, this is about 30 per cent of high school students.

For many of these individuals, higher education is inaccessible due to cost, insufficient language or basic skills, or both.

The Ontario government needs to develop a strategy to address the needs of these individuals in order to provide employers with the workforce required by the new knowledge and high skills economy.

There are many people who want to return to school to upgrade or modernize their skills but lack the necessary literacy and numeracy skills. The government must work with educators and industry to ensure that those who need to go back to school will have access to the necessary training they need to succeed.

A labour market strategy will improve Ontario's productivity – raising the standard of living.

Recommendations

The Ontario government should invest \$15 million over five years, not matched by SMEs, to:

- Fully fund the portion of training targeted at basic literacy and numeracy skills if delivered by local colleges, on the employer's premises or at a college.

The Ontario government should improve access to postsecondary education so that people have the necessary skills for the new knowledge and high skills economy.



Strategic Skills and Retraining Program

The Challenge

While there is a recognition that we need more people with postsecondary credentials, the challenge is that we need to ensure that these individuals are getting the necessary training that the private sector requires to create jobs and to effectively compete.

The Solution

To succeed in a more competitive national and global environment, Ontario needs better coordination of responsibilities between government, employers and educators. There is recognition that no one group can solve the skills shortage challenge on its own.

Immigration alone will not fix this problem, as the competition for workers with the right skills is global. Not only do we have to ensure that all Ontarians have access to postsecondary education but we must also ensure that they are getting industry-relevant training.

Ontario's colleges have a successful record of working closely with local employers to design relevant programs and train job-ready graduates. We need to build on this success to strengthen Ontario's ability to respond to both the local and provincial skills requirements which are critical to creating jobs in a competitive international environment.

Ontario needs a coordinated strategic skills and retraining program that ensures that government strongly encourages employers and communities to work effectively with postsecondary institutions to actively design and deliver programs that lead to employment.

Innovative partnerships between industry and colleges need to be supported so that Ontario's workforce has the right skills to meet the needs of the knowledge-based economy.

To strengthen Ontario's productivity, investment in skills development is critical. In addition, investment in up-to-date, industry-relevant machinery will help employers, educational institutions and students be more productive.

Under a strategic skills initiative, the government would provide the private sector and colleges with the tools they need to design and implement strategic workforce training and programs. By investing in advanced skills infrastructure and curriculum development, the government would help students get the practical, industry-relevant training they need for emerging jobs.

Recommendations

The Ontario government should invest \$60 million over five years, available to employers/postsecondary consortia on a matching basis, to provide start-up funding for employer/college/university training partnerships to attract investment and retain jobs.

Joint funding will enable colleges and universities to:

- Design, equip and implement new and substantially modernized high-priority postsecondary and adult programs required by employers.
- Structure formal arrangements with employer groups for selected postsecondary training to take place on the employer's premises, utilizing employer's advanced equipment and facilities.

The Ontario government should invest in modern, industry-relevant equipment at colleges so that students get the training they need to be work-ready.

Apprenticeship Reform

The Challenge

Ontario's apprenticeship system is an important pathway for skills development which, if done correctly, could help address the skills shortage challenge. The process for becoming an apprentice in Ontario is complicated, confusing and not always clear to individuals seeking apprenticeship training.

Ontario's productivity is at risk as Ontario only produces 46 per cent as many certified tradespersons as does the rest of Canada (relative to population), much lower than any other province or territory. This is not acceptable.

Even the provincial auditor has noted that the apprenticeship completion rate is much lower than other postsecondary programs. Only about one-quarter of Ontario apprentices complete their programs, due to issues such as literacy and numeracy challenges. A large group drop out, and of those who continue, only 53 per cent who attempt the Certification of Qualification (C of Q) examination are successful.

This is leaving Ontario with a shortage of qualified people for many trades - a situation that will impede Ontario's return to sustained growth.

The Solution

To ensure Ontarians have the skills they need to participate in the workplace, the apprenticeship system must be reformed. As 70 per cent of tradespersons are employed by small businesses, we must ensure that we have an efficient and effective apprenticeship system and internship programs that help businesses to compete and create jobs.

Ontario's colleges currently deliver more than 85 per cent of the in-school training and are well positioned to assume greater responsibility for the administration of apprenticeship.

More women and under-represented groups must also be encouraged to participate in apprenticeship training programs and to view an apprenticeship as a viable career option.

Colleges have established relationships with local employers enabling them to work closely together to ensure that their local economies have the skilled workforce they need.

Colleges must be enabled to develop these relationships with employers to address the current challenges and to utilize their combined strengths to make Ontario's apprenticeship system more efficient and effective.

Colleges should be provided with the resources to assume greater responsibility for working together with employers to plan and manage the delivery of their in-school component of apprenticeship, resulting in better access, retention and certification of apprentices.

Internship programs help students get the experience and skills they need to fully enter the labour market. These programs also help employers to create new opportunities and should be encouraged.

Recommendations

The Ontario government must commit to increase the apprenticeship completion rate to 70 per cent.

The Ontario government must provide support for colleges assuming greater responsibility for the administration of their apprenticeship programs.

Innovation

The Challenge

Ontario risks following some U.S. states into ‘rust belt’ status. Currently, about \$13 billion is spent in Ontario on research activities, but not much of that money is on “applied” research – the kind of research that addresses the competitive concerns and productivity challenges that employers, especially SMEs face.

- Only two per cent of Ontario businesses do any research.
- Seven small industries totalling 2.5 per cent of Canadian employment conduct half of industry research.
- SMEs typically invest less per employee in machinery and equipment than larger firms, so are unlikely to have the specialized equipment needed for R&D purposes.

While there have been some investments from the provincial and federal government for applied research, there is still a largely untapped potential for economic growth. It is imperative that governments address this challenge.

In addition, the application process around innovation funding is too cumbersome to be of use to SMEs. Burdensome regulation prevents SMEs from innovating, which is a lost opportunity to create jobs and grow the economy.

There must be a greater emphasis on research activity that supports new innovations in small- and medium-sized businesses. This will help businesses to grow and bring new products to market, creating new economic opportunities and more jobs.

Without investments in innovation, Canada’s productivity record remains poor. In 2007, the country’s productivity was 25 per cent below the productivity levels in the U.S., compared with just a 10 per cent difference in the 1980s.

The Solution

We can no longer rely solely on a tiny enclave of research-based businesses to generate productivity gains of our country or province.

A new innovation and productivity strategy with a very different set of government priorities is urgently needed. It would focus on:

- Strengthening innovation capabilities of employers across the province, to strengthen productivity, growth and profits.
- Fully developing and utilizing the business-oriented applied R&D of the public colleges.

In addition to the new or improved products or services that are created, applied research in colleges, offers some inherent benefits. Students receive hands-on practical experience in the fields they will work in upon graduation. Industries and businesses get access to the cutting-edge expertise and technical equipment available at the colleges, as well as an up-close look at the skills and ingenuity of potential future employees.

Recommendations

The Ontario government should encourage existing SMEs across the province to innovate more by reducing innovation-inhibiting regulation. Regulatory reform includes streamlining the application processes around innovation funding. For example, the Next Generation of Jobs Fund must be simplified so that more SMEs will apply. The Ministry of Environment’s “permit by rule system” is a positive step forward and this work should be completed quickly so that application and approval processes can be streamlined.

The government should refocus its research budget from pure research to programs that help SMEs innovate more effectively. For example, the government should retarget five per cent of the total provincial research budget to applied research activities to enable a substantial increase in the number of industry partners college researchers assist.

Summary

It is critical that the Ontario government address the skills shortage challenge. The cost of doing nothing will cripple our industries and threaten Ontario's economic growth. No one wants a future of people without jobs and jobs without people, so we must work together to find solutions.

Ontario's Workforce Shortage Coalition has carefully examined this challenge and has presented recommendations that would help more people get the necessary training needed for good jobs; give employers skilled employees businesses need to be more competitive; and to strengthen Ontario's economy.

It is critical that the government fill the skills gap by helping more Ontarians, such as under-represented groups, get access to postsecondary education, literacy and numeracy training and apprenticeship.

Government, employers and educators must work together to strengthen the postsecondary system through innovative partnerships. More applied research opportunities must be expanded so that Ontario's competitive and research capacity can flourish.

List of Recommendations

The Ontario government should:

- Invest \$15 million over five years, not matched by SMEs, to:
 - Fully fund the portion of training targeted at basic literacy and numeracy skills if delivered by local colleges, on the employer's premises or at a college.
- Improve access to postsecondary education so that people have the necessary skills for the new knowledge and high skills economy.
- Invest \$60 million over five years, available to employers/postsecondary consortia on a matching basis, to provide start-up funding for employer/college/university training partnerships to attract investment and retain jobs.
- Commit to increase the apprenticeship completion rate to 70 per cent.
- Provide support for colleges assuming greater responsibility for the administration of their apprenticeship programs.
- Reduce innovation-inhibiting regulation and retarget five per cent of the total provincial research budget to applied research activities.

Who we are

Ontario's Workforce Shortage Coalition was established in 2007. We are a coalition of business, education and labour leaders concerned about the skills challenges facing employers throughout the economy. The coalition represents more than 100,000 employers and millions of employees.



Coalition members

Alliance of Ontario Food Processors
Automotive Parts Manufacturers' Association
Canadian Manufacturers and 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 Association of Certified Engineering Technicians and Technologists
Ontario Chamber of Commerce
Ontario Environment Industry Association
Ontario General Contractors Association
Ontario Marine Operators Association
Ontario Mining Association
Ontario Restaurant Hotel & Motel Association
Ontario Tourism Council
Power Workers' Union
Retail Council of Canada
Skills Canada - Ontario
Toronto Financial Services Alliance