



Written Submission for the Pre-Budget
Consultations in Advance of the 2020 Budget

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Recommendation 1: That the government support a comprehensive strategy to leverage domestic talent to meet the skills needs of those Canadian technology firms with the highest potential for growth.

Recommendation 2: That the government provide funding in the amount of \$100 million over 5 years to pilot, test, and implement the talent strategy.

Budget Justification

The worldwide shift towards a technologically driven economy presents enormous potential benefits in terms of increased prosperity, citizen engagement, and social enhancement. Entire sectors are transitioning into knowledge sectors which is causing the labour market to undergo deep and profound changes. This is resulting in the declining need for some jobs and skills, and a skyrocketing demand for others.

This process is only expected to accelerate. According to the Brookfield Institute for Innovation + Entrepreneurship, 42% of the Canadian workforce is at risk of having their job significantly impacted by automation in the next 10-20 years. At the same time as traditional industries are shedding workers, growing industries are struggling to find them. According to the Council of Canadian Innovators, 77% of Ontario tech companies cite recruiting and retaining talent as their top concern, with talent acquisition being especially acute for fast-growing scale-ups.

This mismatch in the labour market between talent supply and demand is resulting in an underutilization of existing skills, despite Canada having one of the most highly educated and skilled workforces in the world. This is in part due to a need to build on Canada's existing education systems to create a platform that supports the horizontal, cross-sector job transitions that are increasingly required for workers to transition into new careers as existing ones are disrupted. As the nature of work changes and the demand for skilled talent in certain high growth sectors accelerates, it is incumbent on policy makers to consider new talent systems specifically designed to be responsive to industry demand and optimized for cross-sector job transitions.

The sector with perhaps the greatest employment growth potential for the Canadian economy is the technology sector. This sector is growing twice as fast as the overall domestic economy, churning out high-paying employment across a wide spectrum of skills. And yet the Canadian technology sector has not kept pace with other countries, particularly the United States. Today the largest five firms in the US by market capitalization are technology firms yet there are no technology firms amongst even the top 20 in Canada. The technology sector is one where first-mover advantage often leads to global market dominance. We must ensure our firms with the greatest potential for growth have the tools they require to succeed.

Talent in the technology sector goes far beyond the traditional "tech workers" (normally defined as coders, developers, system analysts, etc) to also include skills needed to develop and scale companies. With nearly 75% of all jobs in the technology sector held by non-tech workers, the ability of technology firms to acquire business skills is critical if these firms are to thrive. Indeed, these firms are universally reporting that their inability to find mid-career professionals who have broad-based business skills is the single biggest hurdle to their firms growing.

Recommendation 1: The government support a comprehensive talent strategy to leverage existing domestic talent to meet the skills needs of those Canadian technology firms with the highest potential for growth.

We recommend that the Federal government recognize and address this broader view of the talent shortage in the technology sector. This strategy must go far beyond the traditional considerations around investing in STEM education for youth or creating work-integrated learning programs for post secondary students, though both initiatives are worthwhile and must continue to be strengthened. A robust and effective strategy of this nature must involve five critical components:

1. Identify critical skills gaps amongst those firms poised for rapid growth. Such skills gaps must cover the entire spectrum, from entry level developers to mid-career business managers. They must include sales and marketing skills, quality assurance, project/product management, and process engineering.
2. Understand the demographic needs of these firms such as extent of need for early-career workers, experienced mid-career workers, management talent, etc.
3. Map skills availability to identify well suited existing talent pools amongst key groups such as workers in sectors where labour-market participation is declining; immigrant workers; workers re-entering the workforce after leaving for other obligations (especially women looking to re-enter after starting families), etc.
4. Create transition pathways for workers who have the foundational skills needed to be well suited to roles in demand and whose existing career paths have been disrupted by automation, immigration, life changes or precarious work..
5. Develop training programs for workers that prepare them for new employment contexts, help them adapt their skills for a new sector, and guide them into roles experiencing the most severe skills shortages in the technology space.

The objective of such a talent strategy is to establish the foundation for a “third pillar” of workforce development through the creation of a national upskilling platform designed specifically to address the training needs of workers experiencing job displacement and disruption, and the talent needs of fast-growing employers in the innovation economy.

The model outlined above requires multiple partners and stakeholders to engage and work together to identify and respond to the talent demands of the sector. As such, it would build on existing infrastructure, including organizations focused on education and training, workforce development and planning, employment and immigrant services, and industry associations.

This model would require an intermediary playing the role of convenor bringing these organizations and partners together to define and focus on the specific goal of addressing talent shortages within the tech industry. One example of such an intermediary is Palette Inc. which has successfully piloted this model within the tech sector in the Greater Toronto Area, showcasing how new and diverse talent pools of skilled workers from outside the technology sector can be transitioned into employment as tech sales workers.

Recommendation 2: The government provide funding in the amount of \$100 million over 5 years to pilot, test, and implement this talent strategy.

The Government of Canada has an opportunity to build on the investments in Budget 2019 to set Canada firmly on a path towards an inclusive society in which all individuals reap the benefits of an innovation-driven economy. However, this vision will not be realized without a robust, nimble, industry-led national upskilling platform that ensures workers at every stage of their career can access the support necessary to fully engage and benefit from the rapidly changing innovation economy.

This investment will ensure that the envisioned upskilling platform is capable of supporting Canadians from coast to coast to coast in developing the 21st century skills they need to adapt and prosper in the innovation economy. It will spur economic growth by enabling firms to access a desperately needed pipeline of experienced talent that will help to position Canada as a competitive global leader in the knowledge space.

Such a platform should act in the national good, establishing training initiatives in all regions across Canada, transitioning thousands of workers into employment in high demand fields in the innovation economy. We envision thousands of small, medium, and large employers in the technology sector would participate so as to meet their highest demand skills needs. We also expect that these employers will contribute equal funding to that of the Federal government.

The result will be a just-in-time scalable training platform that is responsive to the needs of high potential technology firms and Canadian workers, ensuring both groups experience the benefits of the growing innovation economy.