



Colleges and Institutes Canada
Collèges et instituts Canada

**Submission to House of Commons Standing Committee on Finance
Pre-budget Consultations in Advance of the 2018 Budget**

Canada's Colleges and Institutes – Driving Productivity and Inclusive Growth



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Colleges and Institutes Canada (CICan) is the voice of Canada's publicly-supported colleges, institutes, cégeps and polytechnics, and an international leader in education for employment with ongoing programs in over 25 countries. Colleges and institutes add over \$190B to Canada's economy each year and contribute to inclusive economic growth by working with industry and community partners to offer more than 8000 programs at campuses serving urban, rural, remote, and northern communities.

Introduction

Colleges and Institutes Canada (CICan) welcomes the opportunity to provide the Standing Committee on Finance with its recommendations for Budget 2018. This budget is an important opportunity to build on Budget 2017's measures aimed at increasing access to skills upgrading and post-secondary education and strengthening innovation in Canada.

Canada's colleges, institutes, cégeps and polytechnics stimulate innovation, drive productivity, and strengthen the middle class. They offer a vast array of post-secondary programs designed to meet the needs of the labour market, equip graduates with skills that make them resilient in periods of economic uncertainty and disruption, and provide retraining for adults facing job dislocation and unemployment. As the main providers of post-secondary education and skills development for Indigenous peoples, colleges and institutes also play an important role in fostering reconciliation.

Colleges and institutes are highly attuned to the realities of local and regional economies and provide applied research services that are responsive to business and community needs. Their facilities and the expertise of their faculty and students serve businesses and organizations in the public and not-for-profit sectors, helping to solve real-world problems. They refine and test new products, services, and processes to make businesses more competitive and address local healthcare and social innovation challenges with community partners.

To help the government achieve the best outcomes for Canadians in Budget 2018, CICan recommends investments in:

- innovation services through applied research for businesses and community partners;
- modernizing post-secondary education infrastructure;
- skills upgrading and post-secondary education access for Indigenous peoples;
- increasing apprenticeship completion rates; and
- improving employment outcomes through entrepreneurship development and international work-integrated learning mobility opportunities for college and institute students.

A. Helping Canadian businesses be more productive, competitive and innovative

Small and medium enterprises (SMEs) represent 99.7% of all Canadian firms, employ 90.3% of the private sector workforce and yet account for just 27% of total R&D expenditures.¹ SME owners are natural innovators and many of their businesses are ready to scale up operations within Canada, work with larger firms within supply chains, and expand exports to international markets. For SMEs, accessing federal support for R&D can be daunting and building in-house capacity – both equipment and expertise – is rarely feasible.

Colleges and institutes have the equipment and expertise to serve as innovation hubs for their communities. In 2015-2016, there were over 6,300 applied research partnerships between colleges and institutes and private sector firms, 85% of which were SMEs and micro-enterprises. Colleges and

¹ "Key Small Business Statistics", Innovation, Science and Economic Development, Small Business Branch, June 2016.

institutes also had 500 research partnerships with public sector and non-governmental organizations in 2015-2016, which contributed to social and health innovation.

Existing federal government programs have been instrumental in giving SMEs and community organizations access to innovation services through college and institute applied research offices. As the applied research capacity of these institutions has grown, so has the demand from business partners who now invest almost \$.90 for every \$1 of federal investment. The limited funding available through federal programs is not keeping up with demand, resulting in businesses with innovative ideas and money to invest being turned away by colleges and institutes. There is a critical need to significantly increase the existing funding envelope to unleash this innovation potential.

In addition, the current review of federal innovation programs must address the long-standing need for stable research support funding for applied research offices at colleges and institutes. Ultimately, the review must result in a more efficient, accessible full-service program for college-based applied research that addresses regional economic development needs through business innovation, and supports community well-being through social and healthcare innovation.

Recommendation 1:

Increase the current funding for college applied research to \$100 million per year, as a first step towards ramping up this investment to \$300 million per year by 2022.

Recommendation 2:

Make a new investment of \$25 million per year in research support funding for college and institute applied research offices to stabilize their role as innovation centres in their communities and regions.

B. Helping Canadians be more productive in their workplaces and in their communities

Colleges and institutes are pillars of post-secondary education in Canada, serving more than 1.5 million learners in over 3,000 urban, rural, remote and northern communities across the country. They play a critical role in supporting a strong, resilient middle class by helping graduates launch careers, mature workers reskill in response to a changing labour market, and equipping the workforce for green jobs and a global economy. Given their pivotal role in facilitating Indigenous peoples' access to post-secondary education and skills upgrading, they have an important role in supporting economic and social development in First Nations, Métis and Inuit communities and advancing reconciliation.

Investing in colleges and institutes and the learners they serve is therefore an effective approach to helping Canadians become more productive and competitive.

B.1 Strategic investments in college and institute infrastructure

To ensure Canada has a productive and competitive workforce, further investments are required in skills training and innovation infrastructure. The results of a 2015 CICan survey showed that over 60% of existing college infrastructure exceeds its 40-year lifecycle, and that colleges and institutes had shovel-ready deferred maintenance and new construction projects valued at over \$7 billion. While colleges and institutes made great advances with the \$675 million invested in their campus infrastructure through

the \$2 billion Post-secondary Institutions Strategic Investment Fund, there remains an acute need for further investments on campuses across the country.

Recommendation 3:

Invest in a second round of the Post-secondary Institutions Strategic Investment Fund, prioritising investments that will make campuses greener, more energy efficient and aligned with key priorities including Indigenous learning, entrepreneurship development, and innovation.

B.2 Investments to help Indigenous peoples access skills upgrading and post-secondary education

A recent OECD report, *Policies for Stronger and More Inclusive Growth in Canada*, emphasizes the need for policies that promote stronger inclusion of Indigenous peoples in the labour market. The unemployment rate of Indigenous peoples in 2015 was almost twice that of the rest of the population. This is largely due to lower educational outcomes as only 51% of Indigenous peoples have completed post-secondary education, compared to 70% of non-Indigenous Canadians, and Indigenous youth and working-age adults score lower on literacy and numeracy than non-Indigenous Canadians in the same age groups.² Increasing access to skills upgrading and post-secondary education is essential for ensuring that Indigenous peoples participate more fully in the labour market and that their communities grow and prosper.

Colleges and institutes have a central role in delivering skills upgrading initiatives, including essential skills development to improve employability. This is evidenced, for example, by the success of the Northern Adult Basic Education Program which is delivered by colleges in the three territories, and which has significantly decreased reliance on social assistance while increasing employment rates and apprenticeship enrolments among program participants.

Colleges and institutes across the country recognize they have a vital role in supporting efforts to implement the Calls to Action of the Truth and Reconciliation Commission. There is a need for increased funding to strengthen reconciliation programming and wrap-around support services at post-secondary institutions to foster Indigenous student success. CICan's Indigenous Education Protocol highlights the types of reconciliation programming and services needed, including the integration of Indigenous knowledge into curriculum; inter-cultural training to increase understanding between Indigenous and non-Indigenous peoples; and support services from Elders on campuses.

CICan welcomes the current review of federal programs that support Indigenous peoples' access to post-secondary education and skills upgrading. This is an opportunity to create new, expanded and/or redesigned programming to better address the needs of Indigenous students and communities, and advance reconciliation.

Recommendation 4:

Invest further in adult basic education, essential skills training and upskilling for Indigenous people to improve labour market outcomes and support economic development in Indigenous, rural, remote and northern communities.

² *Policies for Stronger and more Inclusive Growth in Canada – Better Policies Series*. OECD. June 2017.

Recommendation 5:

Invest \$26 million per year to support truth and reconciliation programming and wrap-around services at post-secondary institutions to improve the recruitment, retention and academic success of Indigenous students.

B.3 Improve workplace productivity by increasing apprenticeship completion rates

In a 2016-2017 survey, Canadian employers identified the skilled trades as being the most difficult jobs to fill.³ Statistics Canada estimates that apprenticeship completion rates currently stand at 50%, with a discrepancy of \$10,000 in annual earnings between those who have completed their apprenticeships and those who have not. Further, older apprentices with at least one dependent are less likely to complete their apprenticeships. This is regrettable, as over 95% of apprentices who complete their programs gain full Red Seal or provincial certification.⁴ Given employers' high demand for tradespeople and the prevalence of low apprenticeship completion rates, further measures are needed to incentivize employers to retain apprentices through to completion.

Recommendation 6:

Enhance incentives to employers for the retention of third and fourth year apprentices through to completion.

B.4 Investments to improve employment outcomes for Canadians

The last two federal budgets introduced important investments and measures to improve the employment outcomes of Canadians. CICan supports the recommendations of the Expert Panel on Youth Employment, in particular the emphasis on introducing innovative practices to improve employment outcomes of vulnerable youth and increasing entrepreneurship skills development and opportunities. CICan also welcomes the government's new investments in work-integrated learning, in particular the commitment to launch a pilot program through Mitacs that will enable companies to access the innovation skills of college, institute and polytechnic students through research internships.

To build on these commitments, CICan is recommending the federal government invest further in entrepreneurship development and international work-integrated learning opportunities for college and institute students to help them compete in a global marketplace.

Entrepreneurship has the potential to address many of the challenges faced by Canadians in all age groups seeking full-time, high-quality work. Indeed, efforts to improve the employment and economic outcomes for Canadians must support and encourage innovation and entrepreneurship in young Canadians as well as in mature workers pursuing re-skilling and career transitions. Colleges and institutes attract and train highly motivated women and men seeking to jumpstart their careers and are hotspots for those looking to develop business concepts and launch small businesses.

³ <http://manpowergroup.ca/campaigns/talent-shortage/assets/pdf/2016-Talent-Shortage-Canada-Infographic.pdf>

⁴ http://publications.gc.ca/collections/collection_2017/statcan/81-598-x/81-598-x2017001-eng.pdf

Recommendation 7:

Invest in incubators for student entrepreneurs at colleges and institutes to expand employment options for young graduates and career transition opportunities for mature learners.

To increase Canada's economic success globally, it is important for young Canadians to have opportunities for international and pan-Canadian mobility. International work-integrated learning opportunities are especially valuable, as they provide international experience that aligns with the employment-focused nature of college and institute programs. Currently, only 1% of Canadian college and institute students spend time abroad as part of their program of studies.

Recommendation 8:

Fund international work-integrated learning mobility opportunities for college and institute students to enable them to acquire the skills needed to compete in a global marketplace.

Conclusion

The investments and measures recommended in this submission are focused on realizing the potential at colleges, institutes, cégeps and polytechnics to address the skills development needs of Canadians and infuse innovation in their communities and regions, to increase productivity and strengthen the middle class. CICan and its members look forward to working with the federal government to contribute to inclusive growth and build vibrant communities across Canada.