

ABC Life Literacy Canada  
Submission to the  
Standing Committee on Finance  
Pre-budget consultation  
August 2014

## Executive Summary

ABC Life Literacy Canada works toward ensuring that every Canadian has the literacy and essential skills they need to live a fully engaged life. This mandate is directly related to two of the key themes the Committee will be focusing on:

- Supporting families and helping vulnerable Canadians by focusing on health, education and training.
- Maximizing the number and types of jobs for Canadians.

Addressing Canada's essential skills deficit is imperative to our country's continued economic recovery and ongoing, quality jobs for Canadians. When, as a country, we address this challenge, the benefits to Canadians and Canadian businesses are evident.

### Recommendation 1

*To move forward, ABC Life Literacy Canada urges the Government of Canada to ensure that all spending and tax expenditure measures designed to support skills training include incentives for the improvement of literacy and essential skills training for Canadians.*

### Recommendation 2

*ABC Life Literacy Canada urges the Government of Canada to sustain its investment in helping Canadians improve their financial literacy.*

## Brief

ABC Life Literacy Canada is pleased to contribute to the House of Common's Standing Committee on Finance's pre-budget consultation. It provides an important opportunity for parliamentarians to hear and consider the priorities affecting the lives of Canadians and consider a way forward for us, as a country.

ABC Life Literacy Canada works toward ensuring that every Canadian has the literacy and essential skills they need to live a fully engaged life. This mandate is directly related to two of the key themes the Committee will be focusing on:

- Supporting families and helping vulnerable Canadians by focusing on health, education and training.
- Maximizing the number and types of jobs for Canadians.

There is also a key connection to a third: Improving the competitiveness of business can also be related to improving and strengthening literacy and essential skills.

Literacy and essential skills (LES) are the foundation to the higher skilled training that governments, business leaders and Canadians generally see as the lynch pin to a more competitive and prosperous country. As ABC Life Literacy Champion and President and CEO of the Canadian Manufacturers and Exporters, Jayson Myers, recently said, “Competitiveness is all about people—skilled people”<sup>1</sup>.

Literacy, numeracy and seven other essential skills identified by the Government of Canada underpin all other skills training. Without them, Canadians benefit less from other training. To maximize the number and types of jobs for Canadians, particularly vulnerable Canadians, we must do a better job of training in the essential skills.

The 2014 federal budget noted that Canada’s labour market has outperformed those of other Group of Seven (G-7) economies since 2006 with close to 1.6 million net new jobs created across the country<sup>2</sup>. Different data, however, suggests that we face significant challenges in the labour market. The level of our essential skills is ‘average’ according to recent OECD data<sup>3</sup>. We rank at the same level as countries like the Czech Republic, Slovak Republic the United Kingdom and Korea. More important, we lag behind countries like Japan, Finland, the Netherlands and Australia.

The *Jobs Report* that formed part of Economic Action Plan 2014 was silent on this issue.

To move from ‘average’ to ‘leading’, ABC Life Literacy Canada urges that the Government of Canada’s investment in essential skills be more strategic and effective. As our country looks at strengthening the labour market, LES training needs to be aligned to skills training spending in all areas. It can not be an add-on or afterthought. Rather, we respectfully submit that it must be the foundation.

Addressing Canada’s essential skills deficit is imperative to our country’s continued economic recovery and, well into the future, the quality of jobs for Canadians. This, unfortunately, is a reality that is understood conceptually, but is one that is hard to see being addressed in concrete ways with meaningful results. As a country, we are not moving the markers forward very successfully.

When, as a country, we address this challenge, the benefits to Canadians and Canadian businesses are clear:

- A study by BuildForce Canada found that if employers spend as little as \$132.90 per newly engaged apprentice on essential skills training, the return is \$26.34 on every dollar invested<sup>4</sup>
- Another study undertaken for Employment and Social Development Canada demonstrates that in the hotel industry employers can quickly realize short-term gains and improvement on ROI of about 27%. With government support, research demonstrates that the ROI is even greater.

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<sup>1</sup> <http://www.cme-mec.ca/?lid=JCKNC-E742G-1W6JA&comaction=show&cid=RE7F9-W999N-2DPM8>

<sup>2</sup> <http://www.budget.gc.ca/2014/docs/jobs-emplois/pdf/jobs-emplois-eng.pdf>

<sup>3</sup> <http://skills.oecd.org/skillsoutlook.html> See also <http://www.cmec.ca/Publications/Lists/Publications/Attachments/315/Canadian-PIAAC-Report.EN.pdf>

<sup>4</sup> This is based on 80% of apprentices completing their employment requirements.

Government investment is important to realizing gains in this area. Employers across the country believe there is a role for government in improving the essential skills of Canadians. This is particularly the case for small and medium enterprises.<sup>5</sup>

Vulnerable Canadians, including many Aboriginal Canadians, require support in improving their literacy and essential skills. There is a direct alignment between underemployment in these populations and literacy and essential skills.

ABC Life Literacy Canada acknowledges and appreciates that the Government already invests substantially in skills training. The challenge is to ensure that these investments embrace the provision of the necessary foundation in literacy and essential skills. There are precedents.

The federal government has successfully introduced measures, like the apprenticeship job creation tax credit, to encourage employers to hire more apprentices in the skilled trades. As we look forward, ABC Life Literacy Canada urges the Government to ensure that federal skills training incentives and investments include provisions to enhance literacy and essential skills training.

### Recommendation 1

*To move forward, ABC Life Literacy Canada urges the Government of Canada to ensure that all spending and tax expenditure measures designed to support skills training include incentives for the improvement of literacy and essential skills training for Canadians.*

This is not an issue for just a few less fortunate, vulnerable Canadians. Inadequate LES skills are a reality for almost half of our citizens, as demonstrated in the recent OECD PIAAC study cited earlier.

### *Financial literacy*

ABC Life Literacy Canada applauds the measures the Government of Canada is taking to improve the financial literacy of Canadians. The appointment of a Financial Literacy Leader and National Steering Committee are positive steps to helping our citizens acquire the skills they need to successfully manage their financial affairs.

At ABC, we share the government's view that increasing the skills and comfort level of all Canadians around personal finances is essential. Our Money Matters program, an initiative offered with the support of our financial partner TD Bank Group, helps Canadians with low literacy and essential skills improve their financial literacy, contributing to more productive households, dynamic workplaces and a competitive and robust economy. A 2012 social return on investment (SROI) analysis of Money Matters, conducted by SiMPACT Strategy Group, found that for every dollar invested in the program, \$2.21 in value is created.<sup>6</sup> This is achieved through such practices as better debt management, avoiding the use of pay day loan services and investment in RESPs.

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<sup>5</sup> [http://www.advancingworkplacelearning.ca/\\_files/documents/AWL%20Final%20ResearchBrief-%C6%92.pdf](http://www.advancingworkplacelearning.ca/_files/documents/AWL%20Final%20ResearchBrief-%C6%92.pdf)

<sup>6</sup> <http://abclifeliteracy.ca/mm/new-research-measures-impact-financial-literacy-skills>

Continued investment in financial literacy by the Government of Canada and corporations like TD Bank Group is important to realizing the goal of improved financial literacy for Canadians. In turn, this supports vulnerable Canadians and helps maximize the impact of good jobs.

### Recommendation 2

*ABC Life Literacy Canada urges the Government of Canada to sustain its investment in helping Canadians improve their financial literacy.*

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