



POWERING CANADA'S WORKFORCE DEVELOPMENT

A submission to the Standing Committee on Finance in regard to the pre-budget consultations in advance of Budget 2025.

PRESENTED BY :
Rhonda Barnet
Chief Executive Officer
Palette Skills

Reframing the Skills Gap

The path to a more innovative economy starts with having a modern, highly educated and highly skilled workforce.

Canada ostensibly has that workforce. With our population, we rank second amongst all OECD countries in the percentage of people who pursue a post-secondary education and we are a leading economy in the world. In fact, the International Monetary Fund projected that Canada would be the fastest growing economy in the world for 2025. We are also a popular destination for skilled immigrants.

But 49 per cent of employers cite talent as their number one challenge in terms of growth. The Conference Board of Canada says the economy is losing \$25 billion in value every year because companies can't find the skilled workers they need to maximize productivity.

Canada is failing to connect fast-growing employers with people who have the right skills at the right time, and our economy is paying the price. Workers are losing out too, being denied jobs despite years of experience because they lack a certain skill that has only recently become essential.

Too many Canadians don't have the skills they need to be seen as qualified for the well-paying jobs they want. At Palette Skills, we help job-seekers and employers get over that hurdle.

About Palette Skills

Palette Skills bridges the gap between skills development and industry needs by building programming that has workers ready to fill vacancies quickly. A national nonprofit, Palette Skills partners with employers, national business associations, leading academic institutions, governments and other nonprofits to develop and deploy rapid upskilling programs.

Programs like the ones Palette Skills designs and funds help to unlock the full potential of the Canadian workforce by helping individuals develop the skills and confidence they need to thrive. Palette Skills ensures Canada's workforce is reactive to the changing needs of industry.

We are dedicated to defining the standard of upskilling for Canada's workforce development. Through our network, we come to know the specific skills that are in high demand, how to best teach those skills to people with experience in the workforce and how to connect these upskilled workers to companies that need their talent.

We also gather this information and share it with policy makers to inform their investments in the skills ecosystem.

In 2023 Palette Skills was selected by Innovation, Science, and Economic Development Canada (ISED) as the lead partner in the government's Upskilling for Industry Initiative (UII). The goals of UII were clear: 1) Strengthen Canada's training ecosystem by fostering partnerships between employers and training providers and/or post-secondary institutions and 2) Identify, upskill and redeploy workers to new employment opportunities.

To accomplish these goals, we worked with ISED to create Upskill Canada.

Upskill Canada changes Canada's workforce dynamic.

Upskill Canada is focused on delivering industry-led skills development in six high-demand sectors:

- Digital Technology;
- Cybersecurity;
- Agricultural Technology;
- Advanced Manufacturing;
- Clean Technology, and
- Biomanufacturing.

In 2023-24, we worked with our network across all regions of the country to contract and launch 23 short-cycle upskilling programs and three coalitions. These partnerships ensure workers acquire the skills they need to get good, well-paying jobs while at the same time meeting the needs of employers.

Our model mobilizes Canada's workforce by delivering high-value, rapid training. It allows 1) Canadians access to upskilling programs that advance their careers, 2) delivery partners to contribute to a national upskilling ecosystem that meets the needs of industry, and 3) employers access to a pool of qualified talent, all leading to a boost in Canada's productivity.

With the national network we have engaged, Upskill Canada is now firmly established as a national talent program helping to create a more globally-competitive and inclusive economy for Canada.

Our mission with Upskill Canada was to build and foster an ecosystem of upskilling solutions that benefit innovative companies and workers with untapped potential. We have built the ecosystem, and now we need to continue fostering its growth.

Since the launch of the Upskilling for Industry Initiative, we have seen business needs change and grow as technology continues to advance. For Canada to remain competitive in the global marketplace, our workforce needs to be ready to adapt with the economy.

Upskilling is responsive to those changes.

Moving towards sustainable jobs

The Government of Canada's commitment to Net-Zero by 2050 brings a major shift in industry demands. The Sustainable Jobs Training Fund is meant to include workforce development as a cornerstone to that commitment. We at Palette applaud this funding initiative.

With this as a focus, Canada needs a workforce that can adapt, and a dynamic training system to help workers develop and grow new career pathways. Palette Skills knows what it takes to create such a system.

Investment in upskilling is the best way to ensure there is sufficient workforce capacity to meet the needs of industry and bridge workers from one role to another in sustainable jobs.

Partnerships focused on upskilling help to ensure sustainable jobs programs are rooted in the needs of employers and key stakeholders, based on economic and labour market analysis. At Palette Skills we are home to a network of experts who can speak to industrial change and technological transformation, economic and workforce development, and skills development at regional and national levels.

That is why it is imperative that Palette Skills be at the table when it comes to discussing sustainable jobs as part of the Sustainable Jobs Partnership Council.

As a member of the council, along with representatives from labour, industry, Indigenous peoples, and other key stakeholders, Palette Skills is well placed to advise the Minister on ways to support workers and address the labour force impacts of the move towards net-zero.

With experience working on national, regional, federal-provincial and federal-territorial initiatives, Palette Skills could offer insights into the kind of rapid training that supports workers, communities and regions in the shift to a net-zero economy.

Upskilling must be a key part of the conversation.

Recommendations

- The goal of the Upskilling for Industry Initiative is to help make Canada's training ecosystem more responsive to change, address employer skills needs, and support Canada's overall economic recovery and growth. Those needs have not changed and industry continues to evolve. We therefore recommend that the government renew the initiative and continue funding the Upskill Canada partnership for a further three years at \$300 million, with a focus on increasing the reach of current programs and expanding into new growth sectors.
- Given the drive to Net-Zero and the training required for sustainable jobs, we recommended that the government support workers and industry by including a representative from Palette Skills as a member of the Sustainable Jobs partnership Council to connect upskilling with the wider conversation on sustainable jobs and productivity.
- In order to focus on making Canada's workforce more innovative, productive and competitive, we recommend the government create a National Workforce Innovation Strategy. Canada can be a leader in the world if and when it capitalizes on its talent advantage, including support for newcomers and other equity-deserving groups, giving employers access to a diverse pool of talent and bringing different viewpoints and experiences into the workplace.

In Conclusion

Investments in Canadian workers are investments in our shared prosperity. The Government of Canada has an important role to play in building a system that allows Canada's businesses and its workers to thrive in good, well-paying jobs. Without investments in workforce development, productivity will falter and our economy will be left behind.

The upskilling model developed by Palette Skills ensures that participants are a good fit for the programs, the programs deliver for employers and employers have full confidence in our graduates. Moreover, our programs are accessible. We serve a diverse community of job-seekers —in our first year of delivery 92.4 per cent of our participants were from one or more equity-deserving groups — helping to create a more diverse workforce for Canada.

Providing job-seekers access to programs like Upskill Canada gives them the opportunity to build the skills and confidence to support industry as the economy evolves. Such short-cycle training helps to reduce unemployment,

ensuring that job-seekers spend less time shut out of the labour market and enhancing Canada's economic output.

Access to workers like our graduates, who are skilled and ready to work, allows companies in Canada to continue to grow and innovate. Within the next year, thousands of our graduates will be filling roles in every region of the country—because they have been given the resources to grow with the economy.

We ask that the government invest in more of that growth in the current high-demand sectors we serve and broaden the impact of our programs through new investments in these programs and growth into new high-growth sectors.

By reinvesting in Upskill Canada, and expanding our reach through the Sustainable Jobs Training Fund, the government will help thousands of workers benefit from our proven model, and increase the capacity of businesses across Canada, paving the way for a brighter future.

Thank you for your consideration,

Rhonda Barnet
Chief Executive Officer
Palette Skills