



2021 Pre-Budget Submission

Finance Canada | January 2021

Rebuilding Canada's Economy

The COVID-19 pandemic has shaken Canada's economy and its people. Seismic shifts have occurred in almost every sector, region and community. The task ahead is to establish a vision, set a course and begin the work to rebuild for a better post-pandemic Canada.

The federal government reacted quickly and decisively to mitigate worst-case outcomes, limiting damage to the economy and Canadians. That said, many small businesses – the same ones that employ the majority of Canadians and contribute substantially to our social safety net – will need help to re-tool and re-open. Canada's least-skilled and lowest paid workers – many of whom were already living paycheque-to-paycheque – will need to reconsider their role in the labour market and prepare for new opportunities. Youth and students – the country's best hope for a more innovative and climate-conscious future – will need to recover from high rates of unemployment and establish themselves within an unknown future. In all cases, those who already struggled pre-pandemic will need the most help.

With these realities in mind, Polytechnics Canada is tabling ideas that stand to deliver an outsized impact for those who faced the greatest setbacks in 2020. Adopting the vision for recovery we've heard from federal leaders – one that is more inclusive, focused on jobs and growth, and aligned with Canada's climate ambitions – our recommendations for Budget 2021 aim to ensure each dollar goes as far as possible.

Sitting at the intersection of workforce development and business innovation, we believe Canada's polytechnics are well-positioned as delivery agents and solution providers across the groups most impacted by COVID-19.

Recommendations

1. Leverage applied research capacity at Canada's polytechnics and colleges to deliver innovation and transformation support to the business community
2. Empower Canadians to rapidly retrain and upskill by providing financial support and navigation to short-cycle training programs focused on career-relevant skills
3. Relaunch the *Post-Secondary Institutions Strategic Investment Fund*, building in flexible project eligibility criteria to enable both new construction and green retrofits, the repurposing of existing buildings and digital learning transformations

Recommendation 1

Leverage applied research capacity at Canada's polytechnics and colleges to deliver innovation and transformation support to the business community

Applied research is a ready-made solution for post-pandemic economic recovery, organized around the concept of solving a challenge identified by a business or community organization partner.

As small businesses and organizations seek to recover from COVID-19, they will need support to re-tool and re-imagine the future. Investments in applied research deliver solutions to partners at speed, contributing to their productivity and growth. Federal dollars offset the cost of pragmatic research and development that most small businesses cannot afford on their own. Even better, polytechnics and colleges generally forego intellectual property, ensuring organizations can commercialize and patent new discoveries in a way that brings value to and grows the business.

Polytechnic institutions contribute expertise, state-of-the-art facilities, technology and equipment as partners validate, prototype and test new ideas. Projects have the added benefit of building an innovation-enabled talent pipeline because many polytechnic students are active participants in solving a business partner's challenges. Upon graduation, students are often hired at or on the basis of their relationships with these same companies.

In the post-pandemic context, investments stand to support productivity, encourage innovation and help businesses revamp operations, whether through technology adoption or by solving other impediments to growth. The federal government can achieve these goals by:

- **Increasing funding available to the College and Community Innovation Program (CCIP).** First established in 2003, the CCIP enables polytechnics, colleges and cégeps to deliver innovation supports via a wide range of applied research activities. Current funding is insufficient to meet demand, limiting access to the pragmatic R&D supports needed by those most impacted by the pandemic. Over the next three years, CCIP funding should be increased to support critical post-pandemic retooling.
- **Ensuring polytechnics and colleges have sufficient resources to proactively service and support the business community.** [The most recent evaluation of the CCIP](#) concluded current overhead and administration provisions are insufficient to sustain receptor capacity and business development activities at polytechnics and colleges. To ensure institutions can respond to the needs of their pandemic-affected partners, funding to support applied research offices must be increased and re-engineered for greater effectiveness.

- Empowering regional development agencies to connect businesses that have accessed support for rent, wages and other pandemic expenses with "recovery supports," including those resident at post-secondary institutions. Providing business loans and bridge financing was a necessary but temporary fix. In post-pandemic Canada, many businesses will need to reimagine their business plan, operations or workplace processes. Given that healthy post-secondary – business collaboration is an existing priority of the RDAs, there is an opportunity to invest in explicit linkages between hard-hit sectors/firms and innovation intermediaries like polytechnics.

Recommended Investment: \$1.5 billion over three years

Recommendation 2

Empower Canadians to rapidly retrain and upskill by providing financial support and navigation to short-cycle training programs focused on career-relevant skills

Even before the pandemic, there was a need to retrain and upskill our mid-career workforce to keep up with changing skill requirements. Post-COVID, rapid reskilling becomes critical to ensuring Canadians have the right skills and are able to reconnect where the labour market is growing. Despite relatively high levels of unemployment, many employers continue to identify skills shortages. For Canadians who have been displaced by the pandemic, short-cycle training provides the most expedient path back to the labour market.

Polytechnics will be a key partner. Collectively, our members offer nearly 17,000 short-term continuing education and professional development courses, many on a flexible delivery schedule and, to an ever-increasing degree, online. The close relationship between polytechnic education and the business community means that courses are relevant and responsive to constantly evolving workplace needs.

To connect the displaced workforce with the just-in-time training they require, we propose the government:

- Transform the Canada Training Benefit to ensure greater visibility and relevance to the mid-career workforce, addressing the myriad of challenges they face to lifelong learning. In its current form, the CTB provides limited financial support to those who can best afford to pay training expenses upfront, allowing them to claim a credit when filing their taxes months later – if they know about it. This does not serve workers displaced by the pandemic nor the longer-term need for lifelong learning aligned with labour market realities. To address the inadequacy of the benefit now, we recommend a one-time financial incentive be offered to those most in need of

immediate upskilling to rejoin the labour market. To establish an efficient and effective benefit for the future, task a tri-partite group of business, labour and post-secondary leaders to make recommendations for a made-in-Canada approach to upskilling.

- **Develop a comprehensive information system that links short-cycle training to skills and jobs.** While polytechnics are well-positioned to offer career-relevant upskilling, Canadians need better visibility into the links between training and skills, programs and paycheques. We support **recommendations** for a system that maps training opportunities to skills in demand as a way to help Canadians choose upskilling that meets their needs and positions them to re-enter the labour market.
- **Consider income-contingent support for reskilling.** The pandemic has exacerbated barriers to training, many of which go beyond the cost of tuition. From daycare to sufficient technology for remote learning, Canada needs a system of grants and learner loans designed to support lifelong learning among those most vulnerable to job loss and least able to afford reskilling.

Recommended Investment: \$4.25 billion over three years

Recommendation 3

Relaunch the Post-Secondary Institutions Strategic Investment Fund, building in flexible project eligibility criteria to enable new construction and green retrofits, the repurposing of existing buildings and digital learning transformations

Infrastructure spending at post-secondary institutions is an area that stands to have multiple benefits, spurring economic activity, contributing to climate resilience and supporting Canada's talent pipeline.

Investments in post-secondary infrastructure create thousands of jobs in sectors like construction, engineering and manufacturing. The 2016 Post-Secondary Institutions Strategic Investment Fund created 37,000 jobs in communities across the country while enhancing research facilities, building specialized training hubs and improving environmental sustainability on campus.

For example, previous investments resulted in the construction of leading community exemplars of energy-efficient and net-zero buildings. These have become teaching tools for a green talent pipeline. Both within their programs and as part of life on campus, students learn from climate-conscious systems and practices. For industry partners, the use of solar panels, green roofs and living walls can inspire and inform their own net-zero transition.

Infrastructure investments continue to be required. Enhancing digital infrastructure at post-secondary institutions should be one priority. Beyond the immediate need to deliver remote education, today's students need to be prepared for a digital future – one in which augmented and virtual reality, simulation and remote-access systems are commonplace.

At the same time, legacy buildings and systems need to be upgraded. Campus transformation must ensure today's health and safety realities are accommodated, while reimagining how space on campus is used. Undertaking retrofits and upgrades in public buildings stands to lead the way as Canada embarks on its net-zero ambitions more broadly, showcasing how heritage buildings and privately-owned infrastructure can accommodate new heating/cooling, water/energy use and building envelope updates.

Recommended Investment: \$3.5 billion over three years

About Us

At Polytechnics Canada, we are proud promoters of the polytechnic education model, which offers advanced programming across the knowledge spectrum in direct response to industry needs. Practical, hands-on learning opportunities prepare students for workplace challenges, ensuring graduates are job-ready and armed with the skills employers need across sectors. Our members have the facilities and networks needed to provide meaningful solutions to industry problems and accelerate knowledge transfer. Our mission is policy advocacy for federal action in areas that reflect the critical role members play in enhancing Canada's productivity and innovation.

