

## **Canada has an essential skills problem, TD Economics**

**TORONTO** – TD Economics described Canada’s literacy and numeracy scores in a recent OECD essential skills survey, Programme for the International Assessment of Adult Competencies (PIAAC), as “depressing.”

“Although Canada has a modern knowledge-based economy, with well-developed provincial primary and secondary education systems, Canada’s score in literacy was only the average of other industrialized countries,” said Craig Alexander, Senior Vice President and Chief Economist for TD Bank Group. “Its score for numeracy came in below the OECD average. What’s more, Canada’s scores in both proficiencies declined from those recorded almost 10 years earlier.”

The PIAAC survey also showed that Canadian youth (aged 16-24) underperformed relative to other OECD nations in both literacy and numeracy. Indeed, the results from a separate OECD survey (PISA) that assessed the skills of 15-year olds confirmed the trend of declining performance in mathematics amongst youth.

The lack of improvement is concerning as an essential skills challenge today points to the potential of a growing skills shortage in the future, which has serious implications for Canada’s future workforce and its ability to remain competitive in the global economy. Mr. Alexander also warned that essential skills proficiency is strongly linked to positive outcomes in labour markets, including earnings potential. Without getting the basics right, Canadians cannot build the more advanced skills the economy and labour force require.

It should be acknowledged that part of Canada’s performance in the PIAAC assessment reflects the makeup of its population. Specific groups that underperform across all surveyed nations – immigrants and the Aboriginal population – account for a large share of the Canadian economy compared to its peer nations.

### **Immigrant and Aboriginal performance a lingering concern**

The performance of Canada’s immigrant and Aboriginal population was highlighted previously as a weak spot that still has shown no improvement. More than 60% of immigrants – whether established or not – have literacy skills below the benchmark proficiency level (level 3). Similar numbers hold true for the numeracy readings.

The literacy performance of the Aboriginal population mirrors that of immigrants at 60% below the benchmark, compared to the non-Aboriginal population whose share stands at 48%. The numeracy results ring an even louder warning bell. Compared to the non-Aboriginal population where 54% of the population is below level 3, 70% of the Aboriginal population has numeracy skills under the same skills target level. Also worryingly, the disparity in performance is widest among the younger cohorts.

“As such, Canada’s scores are weighed down by the performance of these two groups,” added Mr. Alexander. “However, the reality is that newcomers and Aboriginal populations will continue to be

looked upon as a source for population growth in the future and improving their scores is imperative for Canada's future economic success."

Beyond the immigrant and Aboriginal populations, the other at-risk group is low-income Canadians. "Inadequate essential skills are contributing to Canada's income inequality challenge, and the survey performance does not bode well for the future," said Mr. Alexander.

**Where do we go from here?**

From a policy perspective, there are a number of programs and policies in place – at both the provincial and federal level – aimed at addressing essential skills either directly through the education system or by targeting programs towards specific groups such as immigrants and Aboriginal peoples. To the credit of both federal and provincial governments, essential skills development has remained a high level of priority, even during the current era of fiscal restraint.

That said, the numbers speak for themselves. Canada needs to channel its resources towards essential skills development more effectively. However, the onus should not all fall on government. Corporate Canada and parents have roles to play as well. "The underperformance of Canadian youth relative to other OECD countries cannot go unanswered," concluded Mr. Alexander. "The time has come for a reassessment of programs geared towards early childhood education, as well as primary and secondary education. The need to right this ship is more pressing than ever."

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