



## OTTAWA'S TALENT CHALLENGE

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### Purpose of the White Papers

*The City of Ottawa's Economic Strategy Update Steering Committee is seeking input from stakeholders and the public to formulate a common economic vision for the City over the next five years. It is also seeking to determine the mission or role of the municipality in leading, encouraging or contributing to the realization of that shared vision.*

*This is one of a series of White Papers to present discussion topics in a format that will include "Overview," "Current Situation," "Challenges," "Options and Suggestions for Action," and "Questions to Consider" categories. It is hoped that the reader will offer feedback to guide the formation of the shared vision – what "good" would look like in the context of the white paper topic – and creative thoughts and innovative ideas about how to respond to each white paper challenge.*

*White paper feedback will be considered by the Economic Strategy Refresh team and incorporated into the collective Vision and Guiding Principles/Policies for Ottawa's Economic Development Strategy (2010 to 2015). Reader input will also guide decisions about which economic strategies and initiatives should be undertaken to realize the City's vision.*

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**Overview** Ottawa faces an impending talent problem. The mass-production manufacturing economy in Ottawa, and in all the advanced economies, is being replaced by knowledge-based enterprises and that includes manufacturers that utilize knowledge-based talent. In knowledge-based economies, the talent pool of knowledge workers is the limiting factor for success. Global competition for knowledge workers will grow fiercer as local supply dwindles due to low natural population growth. To compete successfully for knowledge workers (whether those who are currently resident or those available abroad), Ottawa must offer quality-of-place attributes and the working opportunities that knowledge workers desire.

Ottawa is already succeeding as a knowledge-based economy. Fully 40% of its population is in the so-called "creative class" which contributes to a knowledge-based economy. Its post-secondary institutions enroll some 80,000 students to supply the demand. Ottawa's mix of public administration, high-technology research and development, and private sector commercialization of technology ensure a diversity of opportunities for graduates and immigrants alike.

At the same time, Ottawa's resident workforce is underutilized. Some populations are under-represented in the workforce, such as women, First Nations peoples, people with disabilities, visible minorities, youth, older workers, and newcomers. In addition, some of Ottawa's employed workforce is underutilized in terms of the talent and skills that they possess but do not use in their current job.

**Current Situation** Ottawa is facing imminent labour force shortages. Entrants to the labour force from graduation and immigration are not sufficient to replace those who are due to retire. In order to meet the demand, more immigrants will be required and those in the labour force now will need to be encouraged to stay. Higher levels of labour force participation will also be needed.



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Ottawa-Gatineau attracted about 35,000 immigrants between 2001 and 2006, but by its proportion of Canada's total population (3.6% in 2006), it should have attracted almost 40,000 immigrants. Immigrants account for more than 22% of Ottawa's population but they account for almost 28% of Ontario's population.

While Ottawa's unemployment rate in 2006 was 4% for those 25 years and older, the rate for recent immigrants (2001 to 2006) in this category was 13%. And while Ottawa's unemployment rate among 15-to-24-year-olds in 2006 was 13.8%, the rate for recent immigrants in this category was 18%.

According to a study by the Social Planning Council of Ottawa, the wage rates of recent immigrants are also lower. This study also found that despite Ottawa having the highest proportion of immigrant population with a university degree among all Canadian cities, many immigrants cannot work in their field of study.

An example of the significant barriers affecting the economic integration of Ottawa's immigrant population comes from the federal government, which accounted for almost one-fifth of Ottawa's employment in 2006<sup>1</sup>. Employment with the federal government is often inaccessible to new immigrants because of limited fluency in one or both of Canada's official languages. As immigrants will comprise an increasing proportion of Ottawa's population and workforce growth, this impediment needs to be addressed.

The high-tech sector, traditionally an anchor of the Ottawa economy, has undergone profound shifts in recent years, associated primarily with the decline of the telecommunications sub-sector. High-tech manufacturing has lost jobs locally, as it has throughout most of the national economy; but even more troubling is the loss of 2,750 professional, scientific, and technical services jobs between 2001 and 2006, even as this sector grows in the rest of the province.

There are more recent indications of stability, however, in all knowledge-based employment since the early part of this decade, with total employment in these industries leveling off near 80,000 in 2008. These workers are increasingly employed in smaller companies, the number of which has increased with the loss or dissolution of larger enterprises. The implications for the future success of the Ottawa economy depends on increasing the flexibility of the workforce to be able to transition from one sector to another and to be entrepreneurial as more small businesses replace the larger ones. Adaptability, flexible work arrangements, entrepreneurial attitudes and values among the workforce will all bode well for Ottawa's competitive position.

A great encouragement is that promising and successful retention and bridging initiatives have already been established. For example, TalentBridge, a program delivered by the Ottawa Centre for Research and Innovation, is designed to link technology-oriented students with local small businesses to help develop the

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<sup>1</sup> City of Ottawa. Employment in Ottawa: 2006 Employment Survey, 2007

students' business skills. Many business networks, such as the Ottawa Network, Entrepreneurship Centre, and Women's Business Network, perform important functions to share opportunities and information about Ottawa's economy with its talent workers.

**Challenges**

How will Ottawa attract its share of immigrants from among those coming to Canada? How will it attract the immigrants with the skills Ottawa employers are likely to need? How can we increase Ottawa's participation rates in the labour force, especially among the under-represented populations? What are the labour demands of Ottawa businesses in the future? How do we encourage more business startups to fill the void left by larger companies failing or leaving? How do we encourage smaller firms to grow?

One important aspect of attracting and retaining talent is the quality-of-place attributes that motivate a mobile work force to choose Ottawa. Affordability, shorter time spent commuting, diversity of job prospects, cultural, artistic, recreational, retail and entertainment opportunities, quality of education, quality of environment, safety and security, rural/urban opportunities, public voice, health care services, pedestrian-friendly and bicycle-friendly communities, live-work-play opportunities, and the like all contribute to quality of place. Ottawa has these attributes in spades but this is not so well known outside of the region.

We are not leveraging our post-secondary institutions to their potential. Measures to recruit students from outside of Ottawa, engage them in the Ottawa community, and offer them employment opportunities upon graduation could help with our imminent shortages.

**Options and Suggestions for Action**

Some of the challenges mentioned above require senior government involvement (such as language, citizenship, and security clearance requirements as well as professional credentialing and international equivalencies). However, information to help determine the imminent talent needs of the public, private and non-profit sectors is either not currently available or not widely broadcast. The entrepreneurial approach can also be encouraged in all fields (not only in a separate field of its own). Entrepreneurial culture can be encouraged by showcasing successes in our community. Encouraging our youth to consider careers as entrepreneurs by first choice, rather than as a last choice, could also help to foster this culture. Flexible work teams can be encouraged in education and work environments so that workers become familiar with creative approaches and cross-fertilization.

The capacity of existing networks for job placement, social service assistance, and education among new immigrants, can be expanded. The City can advocate for professional credentialing programs and facilitate language training for the resident workforce. The City can pilot programs to increase the flexibility of its own workers (with its labour unions) and their work environments (e.g., telework) and then champion its successes with other employers.

The City can work to facilitate greater knowledge and access to provincial and federal tax credits and initiatives, such as the Co-operative Education Tax Credit (see Figure 2). Capacity for business startups at Ottawa's post-secondary institutions can be encouraged; Carleton University's Foundry program, which assists students in bringing their research and innovation to the marketplace, is one example of the kind of initiative that the City and its institutions can work together on expanding. Collective effort in these areas can encourage businesses to hire local students, and give young talent access to valuable experience and networks in the Ottawa business community.

**Figure 1: Examples of Provincial and Federal Employment**

<b>Program</b>	<b>Support Available</b>
<i>Co-Operative Education Tax Credit</i>	25% of eligible expenditures up to \$3,000
<i>IRAP Collaborative Research Internship Program</i>	Up to \$15,000 towards wages of new graduate hires
<i>Environmental Youth Corporation Internships</i>	Up to \$12,000 towards wages of new graduate hires
<i>Biotechnology Wage Subsidy Program</i>	Up to \$10,634 towards wages of new graduate hires in biotechnology-related positions

Because knowledge-based and high-technology industries in Ottawa are becoming more diversified and new sectors are emerging, it is important to continue developing initiatives that assist workers in upgrading their skills and transitioning between related sectors; for example, telecommunications and computer systems design have highly transferrable skill sets.

In addition, since employment in high-technology industries is increasingly in small enterprises, developing stronger networks to facilitate resource sharing, business-to-business events, and flexible consortia formation could increase the stability of the sector's businesses more generally, and potentially improve the quality and quantity of employment prospects for the sector's workers in the city.

Ottawa can build upon its existing centres and institutions to develop and strengthen these services, and make the success and competitiveness of its knowledge-based industries – and thus, its ability to retain talented workers – more sustainable.

**Questions to Consider**

- How will we know when we are meeting the talent challenge in Ottawa? What are the features of the ideal talent situation?
- What policies, strategies, or initiatives do you suggest should be undertaken in Ottawa in order to attain the ideal talent situation? What opportunities already exist or could be created?
- What role, if any, should the City of Ottawa assume in achieving the ideal talent situation in Ottawa?