



“Our New Competitiveness: Thriving in the Age of Disruption”

A speech

by

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Our New Competitiveness: Thriving in the Age of Disruption

Good afternoon ladies and gentlemen.

As some of you might know, I was born and grew up in this city and still have family here. It's always a special place to visit.

I've just come from a meeting with youth and educators on the topic of future skills and I'm still soaking up the energy and enthusiasm of those young people. This evening, I will be joining business, science and technology leaders, who will discuss Montreal's leading position on artificial intelligence.

Both conversations are extremely relevant to what I want to address now, specifically, the critical competitiveness challenge facing our entire nation. It's a challenge we must face with tremendous urgency.

Our competitive future rests on how we invest ourselves into tackling this challenge. We need to up our game to build the Quebec - and the Canada - of tomorrow.

Where Quebec is today

In my meetings with youth and educators earlier today, I heard a lot of enthusiasm, but also some concerns about Quebec's prospects for the future.

Montreal has transformed since the 1980s becoming a leader in many knowledge sectors. Breaking into established industries like medical sciences and aviation. And leading the way on growing industries like computer animation and gaming.

Today, Montreal's economy is seeing gains across many sectors.

Behind much of this progress is research spending, but also the Province of Quebec's investment in people – such as education and child care.

In Quebec, the economy is coming off a year of strong growth. A 15-year high, in fact, with decades – low unemployment and a record provincial budget surplus.

One factor weighing on many conversations about the economy is Quebec's aging population.

Over the last two decades, the province's population growth for those over 65 years of age was much higher than the rest of Canada. And its population growth for citizens of working age was less than half the national average.

At the other end of the demographic spectrum, we have nearly 7 million Canadian youth aged 15 to 29 – with 1.5 million in Quebec – poised to enter the workforce. They will join the economy at a time of profound economic, social and technological disruption.

The \$40-billion opportunity

How we prepare this cohort for the future of work will determine our standing on the global stage in the 2020s.

Canadian youth have the ambition and talent to give us a competitive advantage in the skills economy of the future.

But right now, we aren't setting them up for success.

The benefit to Canada is enormous. Not only if we invest more in education, but also in our youth's ambitions.

A generation ago, Canada started to make the economy more inclusive for women – and then for new immigrants. We have a lot more to do on those fronts. But it's worth noting that the participation of a greater proportion of the population in the economy is a key reason for our growth over the past two decades.

If we make a similar commitment to those 7 million Canadian youth, ensuring they're as economically engaged as any group of millennials in the West, all of Canada will enjoy the social and economic dividends.

RBC Economics calculates that by investing in our youth and increasing their productivity to the G7 average, we will see a \$40-billion lift in the economy.

This is a potentially great moment for Quebec – and our country. In an age of slowed growth, this new generation is our greatest asset and the single biggest economic and social opportunity in front of us.

And this is why RBC is doubling down on this issue.

RBC's commitment

Preparing youth for the future of work is a core part of our purpose to help clients thrive and communities prosper.

That's why we recently committed \$500 million over 10 years to RBC Future Launch. It's a major investment that will help young people learn skills and gain access to the job experiences of tomorrow.

And we've put a lot of thought and research into finding out what those jobs experiences will be.

Last month, we launched a landmark skills report called Humans Wanted. The report found that in the next decade, at least 50% of Canadian jobs will require a significant change to the skills needed to do them.

The vision of this new world of work will impact every industry. It will change with the latest advancements in A.I. and automation. And it's an economy built for human skills. The millions of Canadian youth entering the workforce over the next decade are going to need these foundational skills to prepare them for several different jobs and roles, as opposed to a single career path.

In an era where the children of today will grow up to work in jobs that simply don't exist yet, human skills such as critical thinking, creativity and collaboration will take centre stage.

The answer to a lot more technology lies in our ability to apply our humanity.

The generation heading into the workforce will be tasked with solving some of the most pressing issues facing our country and world today. The challenge of our economic competitiveness. And pressing social challenges across the environment, health and more.

But we owe it to our youth – and frankly, ourselves – to take action now. We can't wait a decade to get started.

Achieving a new competitiveness

Our competitiveness in the world continues to be a topic of debate in Canadian business. The U.S. has moved the yardsticks. So has China, in a different way. It's clear we can't afford to stand still.

We know a lot of great investment is coming into the country. But we can't ignore the increasing flow of capital that is leaving too.

We're hearing from clients in food processing, manufacturing, agriculture, real estate and clean technology. They are telling us we need to take stock of our competitive conditions.

We welcome the commitment by the federal Finance Minister to personally look at these challenges and make it – in his words – his number one priority.

This debate is partly about taxes, of course. But it is also about much bigger challenges too.

To remain competitive in this new landscape, we need to understand the skills of our workforce and invest strategically to ensure we stand out in the world.

This goes beyond taxes.

Competitiveness is about how we build the foundations for tomorrow's smart economy – a skills economy connected by smart infrastructure and global access.

We need to change how we educate our youth, enable trade with other markets and lay the infrastructure for our economy to ensure our future success.

Here's how we can get there.

Educating youth

I've talked about youth a lot so far, but let's consider what we need to do to empower them in the skills economy.

Our Humans Wanted skills report generated a lot of discussion across the country with many telling us they were surprised to hear we'll see more jobs in the future economy and not less. However, these jobs aren't guaranteed to be in Canada.

In a time where we have nearly full employment and moderate growth, we need to be sure we're not lulled into complacency. Today's job demands will not be tomorrow's skills demands.

We will need more skills mobility to succeed. How do we accomplish this?

Our researchers identified a new way of grouping jobs into six "clusters." These clusters are based on essential skills rather than by industry. For example, the "technician" could use their skills to transition from a car mechanic to a medical lab technician. While the "facilitator" with high emotional intelligence skills, could move from hotel concierge to daycare worker.

In our report, we analyzed data from hundreds of different occupations from disparate fields, and found that many of today's jobs are connected by these foundational skills. Promoting these skills will allow youth to see pathways to a range of jobs as the pace of disruption increases.

To get there, we need more support for this model.

It starts in secondary schools, where far too many youth have little idea what the jobs of the future will look like. Let alone what skills they'll need to do them.

Their teachers and guidance counsellors struggle with this question too.

To help youth make more informed decisions about their future, we're launching a new digital tool this summer called Upskill. It will help Canadian youth see themselves more clearly in the workplaces of tomorrow.

We also need to take a hard look at our approach to post-secondary education. It can be too far removed from the economy and communities where our youth see their future.

We can build far stronger bridges between classrooms and the workplaces. It will make our schools stronger and our workplaces more curious, creative and connected.

Just a few weeks ago, I took on the role of co-chair of the Business/Higher Education Roundtable. It's a group launched by the Business Council of Canada to link key business and higher education leaders from across Canada – including strong voices like CAE and McGill from Quebec – together to solve Canada's pressing skills economy challenges.

One important mandate for this roundtable is to promote a culture of work-integrated learning in all of our schools. These paid placements – which combine classroom learning and hands-on experience in the workplace – are essential to instilling a mindset for innovation.

Too many high school students in Quebec are leaving school early because they have reasonably good job opportunities in front of them without having to complete more education.

We need to take a new approach to the way we educate, hire and train our workforces – moving beyond structured linear processes – and focusing on fundamental skills. Work-integrated learning enables companies to do that.

A recent Business Council of Canada survey found that 83% of the country's largest firms now have some form of partnership with a university or college. This is up from 76% in 2016.

But there's more work to be done to achieve 100% participation of students in some type of work-integrated learning prior to graduation. We're only hovering around 60% today.

This is not some form of public service, it is a business imperative. It connects students and employers, ambitions and opportunities – regardless of location, sector or discipline.

It moves businesses beyond the idea of a talent pipeline and toward a talent platform for Canada.

A shift toward a new mobile-minded approach to skills would make Canada an even greater destination for capital.

Building infrastructure

In an increasingly mobile world, we need smart infrastructure to connect people in our communities across and the country.

We see the demand for hard infrastructure all over Montreal in the need for bridges and transit expansion. Getting people to work in an efficient manner is essential to a talent-driven economy.

And just as critical to thousands of communities across the country – Including rural Quebec – is getting our products to market.

We need roads, rail and pipelines to continue to harness our natural resources, which pay for much of what we take for granted and connect our country together.

And we're not serious enough about this challenge.

Canada's rail lines are jammed. Montreal is feeling the pinch as a great rail hub. Farmers are struggling to ship crops to world markets with oil now being shipped along rail as opposed to through pipelines.

At the same time, Canada must continue to invest in clean energy – and follow Quebec's leadership on carbon pricing.

But this isn't an oil and gas industry challenge we're trying to solve. We're addressing the movement of all goods – which goes beyond physical infrastructure.

Crucially, what are we doing to build the digital infrastructure we need for the data-driven economy of the future?

Ottawa and Quebec recently committed \$200 million for a network of 5G research labs. These investments are critical to give us the smart wiring for our new economy.

It's why RBC was keen to be part of the supply chain supercluster known as Scale.AI, based here in Montreal. We were one of nearly 80 firms that joined forces with dozens of education institutions, incubators and venture capital groups to lay the foundation for a pan-Canadian effort in this city. The goal is to make this country the hub of AI-enabled global trade.

Scale.AI will help build an ecosystem around digitally-enabled supply chains. One that could make Montreal a world leader in the high-value supply chain of the future. At the same time, the great foundations laid here by IVADO and others in the data science and A.I. communities have put Montreal on the map for machine learning. It was a very easy decision for us to commit to the project.

Later today, I'll be hosting many leaders from Montreal's A.I. community at RBC to talk about how we can all help the community and our youth thrive.

We simply cannot compete as a low cost centre, so it will be smart infrastructure powered by our smart talent that will draw the eyes of investors.

Enabling trade

Lastly, we need to enable smarter global access for our entrepreneurs.

With the world at risk of turning inward, taking advantage of our trade agreements is something we need to execute. We have some of the world's best trade arrangements, including significant agreements with Europe, the Pacific Rim and the U.S.

We all share the same concerns about the uncertainty over NAFTA. But we're confident that regardless of the current negotiations, the U.S., Canada and Mexico will find a way to enhance our continent's great history of trade.

So, how do we help young business leaders sell their products, services and ideas through these networks?

As we found in our Humans Wanted report, there's a growing demand for global competencies – the kind cultivated at some of Quebec's great schools like L'Université de Montréal and Concordia.

Our young people need to spend more time abroad as well as interact with the world when it comes to us.

The world needs more Canada – and our best export, Canadian thinking. The next generation will help solve some of the globe's health and environment problems. And keep us competitive selling products and services on global platforms like Shopify and Alibaba.

We need to continue to foster innovation from local companies like Frank and Oak, which pioneered an innovative subscription service for clothing. It's helping them flourish in a changing retail landscape.

Or like Montreal's Mnuvo, an IoT analytics company using local brainpower to attract talent from around the world. The firm – now with nearly 50 employees across 19 countries – is giving manufacturers the power to drive raw data from machines into actionable insights.

And Saguenay-based bicycle manufacturer Devinci -- a company that has continued to reinvent themselves. They now have contracts to build Bixi bikes in major cities around the world.

This province has produced generations of multinational companies – from Power Corp to CGI. CAE to Cirque de Soleil.

How do we help Quebec's future generation to do the same and take on the world? That's our collective challenge for the 2020s. It's all about building networks – in an age of networks.

The way forward

To close – the biggest generation in history is set to take over the workforce, which includes every organization represented here today.

This generation lives and breathes mobile, social and voice. And with them lies our country's greatest economic opportunity – far greater than any resource discovery or factory announcement.

It's a pressing issue we hear from clients every day. Talent is their number one concern. And while the economy is seeing some growth today, now is the time for Quebec and every province to make critical investments for the future. We know as Canadians, if you don't do this when times are good, it will be much harder when resources are constrained later.

In Quebec, the opportunity for youth is clear. They can play a leading role in establishing a new direction for a more sustainable and prosperous province – and country. One which is socially inclusive, economically balanced and environmentally sustainable for decades ahead.

They are the key to our new competitiveness.

We need to give them new assets like lifelong learning, digital infrastructure and world markets. To ensure the bike manufacturer in Saguenay can compete with the bike manufacturer in Shanghai. Or the cheese maker in Charlevoix can compete with their competitors in Camembert.

It's critical to get this right, because to be blunt – we're at risk of losing our competitive edge. Canada remains a great place to do business, but it's not the only great place in the world.

Doing nothing and taking what we have for granted is not an option.

So, I'll leave you with this question: What are you doing to show the youth of Quebec – and the country – that you are invested in their future?

With our RBC Future Launch investment, we are laser focused on empowering Canadian youth for a drastically changing workforce. But this investment needs partnerships. Everyone in this room must collaborate to build meaningful, long-term solutions to help young people succeed in this new economy. This is our shared imperative, and it can be our collective ambition. Let's get to work together.

Thank you.