Canada's Productivity Crisis and a Path Forward in an Age of AI.

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Enhancing Small Business Productivity with Knowledge.

We are standing at the crossroads of a profound shift in the global economy, and the stakes for Canada are incredibly high. Our productivity has been stagnating for years, and as AI technologies rapidly transform industries, we face an even greater risk of being left behind. But here's the truth—this isn't just a crisis. It's also an opportunity. And the key to turning this challenge into a victory is meaningful, change-driven education.

Canada is at a critical juncture. With 4.2 million jobs at risk of being radically transformed by AI, including potential job elimination, wage erosion, or downward mobility, the time to act is now. I'm not talking about long-term, gradual changes over the next decade. I'm talking about taking decisive action in the next 6 to 12 months to ensure that Canadians are equipped not just to survive, but to lead in the AI-driven future. The adaptation will take time but to delay is dangerous.

The Productivity Problem: More Than Just Numbers

We all know Canada's productivity is lagging with as evidenced by a significant per capita GDP decrease with. Between 2020 and 2030, Canada is projected to have the lowest real GDP per capita growth among advanced economies, with

only a 0.7% annual increase, placing it at the bottom of the rankings. This trend is expected to continue through 2060[1], with low productivity growth being the main driver behind this poor performance. The goods-producing sectors, including construction and manufacturing, are especially inefficient, dragging down the entire economy. This recent TD Economics report[2] confirms what many of us already feared: we're moving from bad to worse. AI could be the solution—offering the potential to automate routine tasks, drive innovation, and allow workers to focus on high-value, creative activities.

But here's the problem: we're not ready. Our education system, while strong in many ways, is too slow and too rigid to adapt to this seismic shift. The current model, focused on long-term degree programs, formal credentials and even the emerging micro-credentials approach are mired in legacy bureaucracy. The existing system won't cut it in an environment where the workforce needs rapid, job-ready skills. We need to begin the process of retraining millions of workers in months, not years.

AI Is Here: Are We Ready?

Let's be clear: AI isn't coming. It's already here. And it's transforming jobs faster than we can retrain people to fill new roles. Canada has a workforce where 31% of jobs according to StatsCan are highly exposed[3] to AI-related disruptions, and many of these are in sectors like customer service, clerical work, and administration. Without immediate action, we risk massive job losses and the erosion of wages in jobs that once provided stability.

But AI isn't just about job losses. It's about transformation. AI can be a powerful tool for productivity and innovation—but only if workers are trained and learn to harness its potential. We need to teach Canadians how to partner with AI, how to use it to augment their roles, and how to thrive in a world where technology is integrated into everything we do.

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[1] Williams, David. *Canada's Productivity Performance Over the Past 20 Years*. Business Council of British Columbia, May 24, 2022. Available at: https://www.bcbc.com. Williams, David. *OECD Predicts Canada Will Be the Worst Performing Advanced Economy Over the Next Decade...and the Three Decades After That*. Business Council of British Columbia, December 14, 2022. Available at: https://www.bcbc.com.

[2] Caranci, Beata, and James Marple. *From Bad to Worse: Canada's Productivity Slowdown is Everyone's Problem*. TD Economics, September 12, 2024.

[3] Mehdi, Tahsin, and René Morissette. *Experimental Estimates of Potential Artificial Intelligence Occupational Exposure in Canada*. Analytical Studies Branch Research Paper Series. Statistics Canada, September 3, 2024. Catalogue no. 11F0019M, no. 478.

Education: The Path Forward

The key to Canada's future lies in education. Not the kind of education that takes four years to complete, but rapid, meaningful learning experiences that equip workers with the skills they need to thrive in the AI economy. We need to develop short-term programs that focus on AI-specific skills, like automation, data analysis, and decision-making, while also emphasizing creativity, critical thinking, and problem-solving—the skills that machines cannot replicate.

Canada's post-secondary system, while valuable, simply isn't built for this kind of transformation. It's time for the private sector to step up. Private companies are uniquely positioned to offer fast, flexible training that can be scaled quickly. AI-powered education platforms, micro-credential programs, and boot camps and playbooks can provide workers with job-ready skills in a matter of weeks.

The private sector isn't just a faster alternative—it's also more closely aligned with the needs of the job market. As entrepreneurs and business leaders, we can create practical solutions that meet the demands of the AI economy. We can create work-integrated learning opportunities and industry-specific training that ensures workers are prepared to take on new, AI-enhanced roles.

Time Is of the Essence: The Next 12 Months Are Critical

Without immediate action, Canada risks falling behind in the global race for AI dominance. Our businesses will struggle to compete, our workers will be left without the skills they need, and our economy will continue to stagnate. But if we act now, if we embrace this challenge with vision and urgency, we can lead the world in AI-driven productivity and innovation.

This is not the time for incremental changes or bureaucratic delays. We need to rethink how we approach education for workforce development. We need short-term retraining programs that offer practical, job-ready skills in AI. We need to empower Canadians to take control of their careers and partner with AI, rather than be displaced by it.

We can turn this moment of crisis into a moment of opportunity. By embracing meaningful, rapid education, we can enhance our productivity, mitigate the risks posed by AI, and transform those risks into an opportunity for growth and leadership.

Canada's future is in our hands. Let's take action—**today**.

Talking Points

Meaningful and short-term educational transformation to turn these challenges into opportunities:

Brady Gilchrist a Canadian Innovator put a list of thought provoking discussions topics that help us understand the transformation being brought by AI in Canada.

1. **4.2 million Canadians** are in jobs that are at high risk of transformation due to AI, many of which may face elimination, wage erosion, or downward growth within the next 3 to 5 years.
2. **31% of jobs in Canada** are in sectors with low AI complementarity, meaning they are particularly vulnerable to automation and displacement if urgent action is not taken.
3. The **slow adoption of AI** and other advanced technologies in Canada is dragging down productivity, particularly in key sectors like **construction, manufacturing**, and **service industries**.
4. Canada ranks significantly behind other advanced economies in terms of **labour productivity**, a gap that has widened post-pandemic, exacerbating the risk of falling further behind in the global AI race.
5. **Risk-averse business practices** and a traditionally slow-moving education system have left Canada unprepared to reskill workers at the pace needed to keep up with AI-driven economic transformations.
6. AI is not just a threat—it is a tool that, if harnessed correctly, can **enhance productivity**, automate routine tasks, and allow Canadian workers to focus on higher-value, creative, and strategic activities.
7. **Meaningful, short-term educational programs** that teach practical AI skills can equip workers with the ability to partner with AI rather than be displaced by it.
8. Canadian businesses, particularly **small and medium-sized enterprises (SMEs)**, are slow to adopt AI, putting both the companies and their workers at risk of being overtaken by global competitors who embrace the technology.
9. **Innovative education programs** can help retrain the workforce in **months, not years**, offering AI-specific micro-credentials and boot camps that focus on practical applications rather than traditional academic degrees.
10. The **private sector** must take the lead in developing fast, flexible, and scalable training programs, as post-secondary institutions alone may not be agile enough to meet the immediate needs of the workforce.
11. A focus on **lifelong learning** and rapid, targeted skill development is essential to prepare workers for an

AI-driven economy that is evolving every month, not every decade.

12. Without immediate action, Canada risks falling further behind in global competitiveness, as other countries aggressively invest in AI adoption and worker training programs.
13. The **construction sector**, which accounts for a growing share of Canada's economy, is one of the least productive sectors and is in desperate need of AI-driven innovation to meet increasing demand and drive efficiency.
14. **Collaboration between educational institutions and the private sector** can foster an ecosystem that rapidly produces workers with AI-enhanced skills, critical for maintaining economic stability.
15. **Government incentives** and public-private partnerships will be necessary to encourage investment in AI-focused reskilling programs, ensuring that all Canadians—especially vulnerable workers—have access to these opportunities.
16. Canadian businesses must be incentivized to adopt AI and invest in the **upskilling of their workforce** to ensure that the gains from AI adoption are broadly shared rather than concentrated in a small number of highly skilled workers.
17. **Real-time data** from private sector AI adoption can help shape education and training programs, ensuring they stay relevant and provide skills that match the changing job market.
18. Workers in **high-exposure jobs** such as administrative roles, retail, and customer service need to be trained in **AI-enhanced decision-making** and the ability to leverage AI tools within their existing roles to remain competitive.
19. **AI fluency and digital literacy** should be integrated into Canada's K-12 education system and vocational programs to ensure that future generations are prepared for an AI-driven economy from an early age.
20. Without a **massive, immediate reskilling effort**, displaced workers could face long-term unemployment or underemployment, driving up inequality and straining Canada's social safety nets.
21. **Creativity, critical thinking, and problem-solving** are complementary skills that cannot be automated and must be emphasized in all levels of education to ensure workers can work alongside AI, not be replaced by it.
22. The **current education-to-employment pipeline** is too slow for the pace of AI transformation, requiring new models that focus on **rapid, practical training** that can be completed in weeks or months.
23. **Productivity gains from AI adoption** can drive economic growth, increase wages, and improve living standards, but only if the workforce is trained to take

advantage of these new technologies.

24. **Short-term retraining programs**, including boot camps, certification courses, and online learning, must be made accessible and affordable to Canadians across all demographics and regions.
25. Canada can **turn the AI risk into an opportunity** by leading the world in AI-driven education reform, transforming its workforce in months and positioning itself as a leader in both productivity and innovation.