

*Education at a Glance 2011*

*OECD Indicators*

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## **COUNTRY NOTE – CANADA**

Questions can be directed to: Andreas Schleicher, Head of the Indicators and Analysis Division, email: [Andreas.Schleicher@OECD.org](mailto:Andreas.Schleicher@OECD.org) Tel: +33607385464.

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### ***Education reduced risk of unemployment during the economic crisis.***

Workers in Canada, as in most other OECD countries, were less likely to lose their job during the global economic downturn when they were holding a college or university degree instead of just a high school diploma or another non-tertiary degree. Since the start of the recession in 2007, the employment rate among the highly skilled decreased by 1.2 percentage points to 81.7% in 2009. For workers who just finished high school or other non-tertiary education, employment dropped over the same period by 2.8 percentage points to 73.7%. On average in OECD countries, employment among tertiary-educated workers decreased by 0.9 percentage point to 83.6% between 2007 and 2009; for individuals with upper secondary or post-secondary and non-tertiary education, it decreased by 1.7 percentage points to 74.2% (Table A7.3a).

### ***Educational attainment in Canada is high and has expanded...***

Canada continues to be among the countries with the most highly educated labour force in the OECD area. About 50% of the working-age population holds a tertiary degree, compared to just 30% on average in OECD countries. Despite this already-high overall level, tertiary attainment has been growing almost as fast as in the OECD, on average. Some 56% of 25-34 year-olds in Canada have a tertiary degree – a proportion second only that found in Korea, where 64% of adults in the same age group have a tertiary degree. This high proportion of tertiary attainment is largely the result of the popularity of tertiary-type B (shorter, vocationally oriented) programmes: some 26% of 25-34 year-olds in Canada completed such programmes, compared to the OECD average of just 11%.

### ***...while wage premiums for the highly skilled remained stable...***

Tertiary education brings substantial economic benefits to individuals. Despite the expansion of educational attainment from an already high level, wage premiums for the highly skilled in Canada are significant and have remained stable over the past decade. Workers with tertiary education earn, on average, about 40% more than workers with only upper secondary or post-secondary non-tertiary education – lower than the OECD average wage premium of 52%. (Table A8.2).

### ***...but are unevenly distributed among graduates.***

This wage premium varies greatly depending on sex and age. Young men with tertiary-type A (longer, largely theory-based) degrees realise much smaller earnings advantages over other young men with lower levels of qualifications than highly education young women do over their less-educated peers. Indeed, for these women, the wage premium actually exceeds the OECD average. Among older workers, men with high qualifications realise above OECD average earnings premiums (Table A8.1).

Moreover, the largely stable wage premiums for college and university graduates are reflected in the large share of highly skilled workers who realise only modest earnings. About 18% of Canadian tertiary-type A graduates earn less than half the median income. This is the highest share among OECD countries and twice the average rate among OECD countries, suggesting that the qualifications obtained do not always match the needs of the labour market (Chart A8.4).

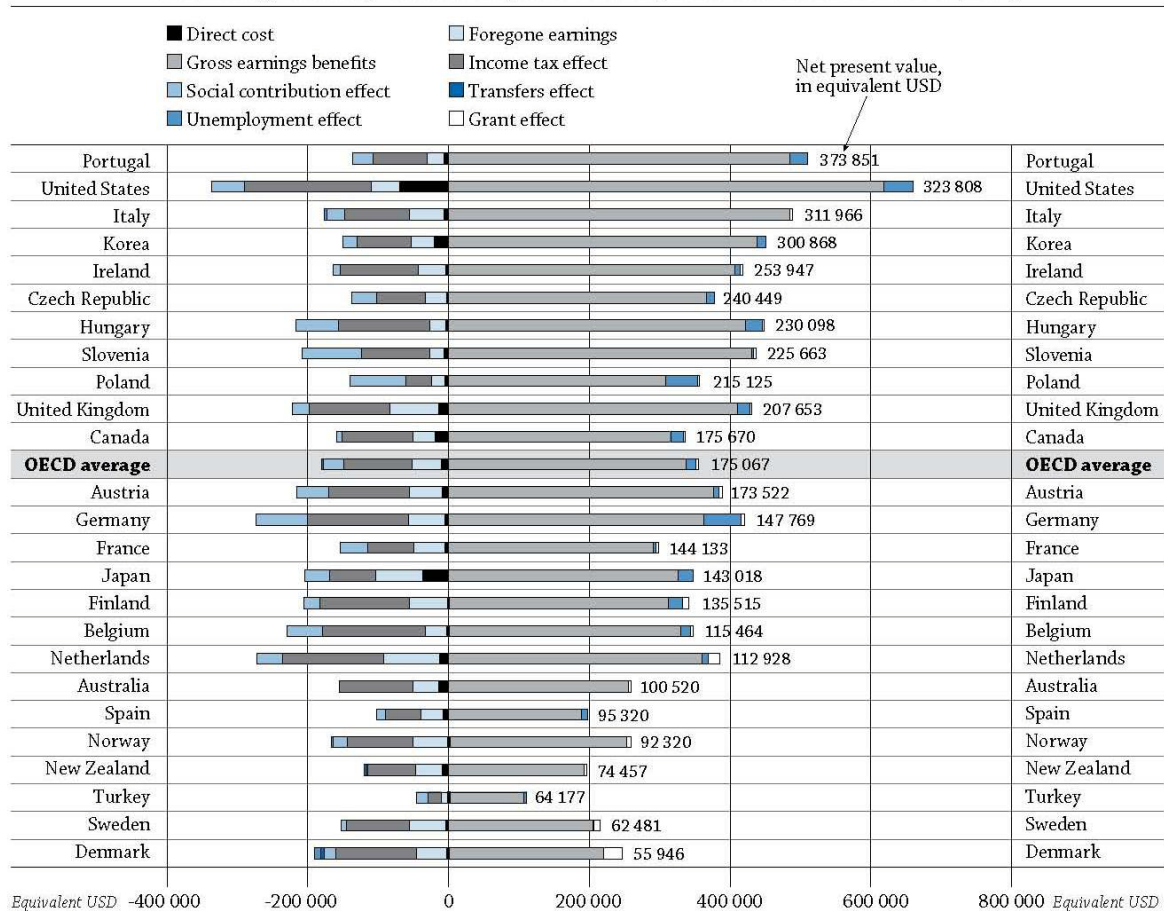
### ***Men, in particular, are less likely to use their skills in the labour market.***

In most OECD countries, labour-market participation is significantly higher among highly skilled adults than among the population as a whole. For men with a tertiary-type A degree, the employment rate exceeds 90% in many countries (the OECD average is 88.6%). In Canada, however, less than 85% of men with a tertiary degree are working. After Hungary, this is the lowest employment rate in the OECD area among men with this level of education. Highly skilled workers in Canada are also working less than workers with similar qualifications in most other OECD countries. Only 60% of tertiary-educated adults in Canada who are employed work full-time the year round, compared to the OECD average of 75% (Table A7.5).

## *Graduates generate significant private and public returns on investment.*

Although the wage premium for highly skilled workers in Canada is lower than the OECD average, the overall return on investment for the individual is about as high as in other OECD countries. A tertiary-educated man can expect to receive, in present value (3% discount rate), about USD 175,000 in additional earnings over someone with an upper secondary education; a similarly educated woman can expect to earn about USD 107,000 (in purchasing power parities) (Table A9.3).

**Chart A9.3. Components of the private net present value for a man obtaining tertiary education, ISCED 5/6 (2007 or latest available year)**



**Notes:** Australia, Belgium and Turkey refer to 2005; Italy, the Netherlands, Poland, Portugal and the United Kingdom refer to 2006. All other countries refer to 2007.

Cashflows are discounted at a 3% interest rate.

Countries are ranked in descending order of the net present value.

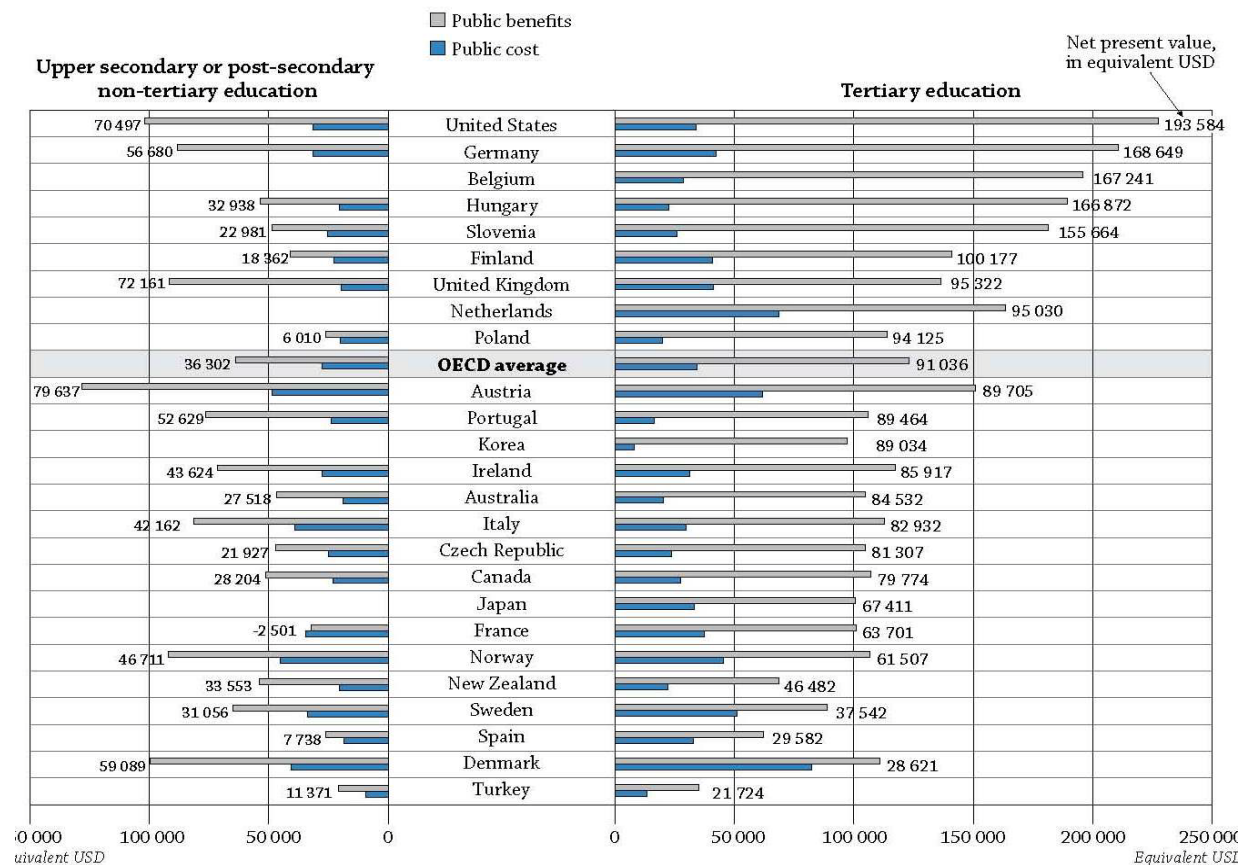
**Source:** OECD, Table A9.3. See Annex 3 for notes ([www.oecd.org/edu/eag2011](http://www.oecd.org/edu/eag2011)).

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The additional taxes and social contributions paid by tertiary graduates during their working lives also make investment in this level of education profitable from the public perspective. The net gain over the working life of a tertiary-educated man in Canada is about USD 80,000 – compared to the OECD average of USD 91,000. Among tertiary-educated women in Canada, the net gain is close to USD 46,000 (USD

55,000 on average in the OECD area). These returns to taxpayers are largely seen in income taxes paid by tertiary graduates (Table A9.4).

**Chart A9.5. Public cost and benefits for a man obtaining upper secondary or post-secondary non-tertiary education and tertiary education (2007 or latest available year)**



**Notes:** Korea is not included in the chart because of data-quality issues at that level. Japan is not included because the data at lower and upper secondary level of education are not broken down. The Netherlands are not included in the table because upper secondary education is compulsory. Australia, Belgium and Turkey refer to 2005; Italy, the Netherlands, Poland, Portugal and the United Kingdom refer to 2006. All other countries refer to 2007.

Cashflows are discounted at a 3% interest rate.

Countries are ranked in descending order of the net present value at tertiary level of education.

**Source:** OECD, Tables A9.2 and A9.4. See Annex 3 for notes ([www.oecd.org/edu/eag2011](http://www.oecd.org/edu/eag2011)).

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### ***Canada is an attractive destination for highly skilled migrants.***

Attracting higher-educated individuals from other countries is a cost-effective way of supplying the labour market with talent. Canada has been very successful in attracting talent from abroad and in providing good education to children of migrants. More than 45% of the foreign-born population in Canada has a tertiary degree – the highest rate among OECD countries. This success is even more remarkable as many other countries offer much better income prospects for highly skilled migrants than Canada does (Chart A10.6).