

# **APPRENTICESHIP & SKILLS TRAINING – REPORT TO CONVENTION**

## **Introduction**

There is a growing consensus that British Columbia's apprenticeship and industry training system is failing to meet the needs of industry, communities, the current workforce, and a new generation of young people starting their careers. We hear daily reports of shortages – often used to justify the use of temporary foreign workers – and dire predictions about the future of BC's economy if we do not act to improve the system.

In that context, the Apprenticeship and Skills Training Working Group (ASTWG) focused its work on reviewing BC's apprenticeship system and preparing recommendations to government in order to improve the completion rates, ensure quality, and rebuild employer engagement in the apprenticeship system. Since the 2010 Federation Convention, the Working Group and the Federation Officers have continued to press for government action to address the ongoing problems in British Columbia's apprenticeship and skills training system, and to promote better training opportunities for British Columbian workers. The ASTWG focused its work on monitoring developments on BC's apprenticeship system and preparing recommendations to government in order to improve completion rates, ensure quality, and rebuild employer engagement in the apprenticeship system.

## **Pursuing Our Goals**

In our 2010 Report, we presented a 13-Step Action Program for government to address the problems in BC's skilled worker training system. In the fall of 2011, the working group reaffirmed the following strategic goals for its work:

- Improving coordination with public education staff to improve support for apprenticeship as a career option;
- Forcing government to recognize the shortcomings of the present Industry Training Authority(ITA)/Industry Training Organizations (ITO) model
- Improving counselling support for apprentices;
- Changing the system of financing of apprenticeships;
- Increasing apprenticeship opportunities in public-funded undertakings;
- Increasing training capacity to match demand;
- Establishing training ratios; and
- Restoring compulsory Red Seal trade certification for certain types of work.

The 2010 Program and these objectives became the basis for the Federation's legislative lobby, and labour's public policy agenda on apprenticeship and skills training was one of three key topics of the lobby in November of 2011.

Unfortunately, the BC Liberal Government, despite their jobs plan rhetoric, cannot overcome their dismal legacy of dismantling the full-scope apprenticeship program.

While we were pleased with the Liberal government's September announcement to restore at least some of the apprenticeship counsellors that had been in place prior to their election in 2001 – as we had been urging for many years – their number will be inadequate to provide the level of support necessary for success.

The Liberal government's commitment also did not appear to be matched by dollars. There was no new funding for skills training in this year's provincial budget. Instead, the ITA budget will be cut by 9 percent or \$9.45 million between 2011/12 and 2014/15, reducing the budget from \$105.5 million to \$94.45 million. This reduction, coupled with cuts to the budgets of post-secondary institutions that provide classroom training to apprentices and other trainees, does not indicate a serious commitment to increased apprenticeship and skills training. As well, the Premier's September announcement raised new concerns regarding the erosion of the quality of trades training.

### **Promoting Apprenticeship**

The ASTWG continued to work in community partnerships to promote apprenticeship since our last Convention.

In 2001 and 2012, the Federation was a sponsor of the Skills Canada BC competition and Trade Fair held at the Abbotsford Tradex centre. The Skills competition reaches 10,000 students across BC each year to provide positive, hands-on trades & technology experiences, by hosting 14 "Olympic" style events. Throughout the final event and trade fair, the Working Group staffed a Federation booth providing information on apprenticeship, as well as workplace health and safety.

In December of 2011, the ITA organized a second Apprenticeship Summit involving labour business and educators, with one-third of the seats allocated for labour participation. The main topics on the Summit agenda were the changes necessary to improve results, strengthening support for apprentices and employers, engaging employers in apprenticeship, and improving opportunities for aboriginal workers. Federation staff participated in the planning committee, and worked to ensure good representation from the labour movement. The Federation President participated in an opening panel, and conveyed labour's concerns and ideas for reform.

### **Governance in the Apprenticeship System: From PAB to ITAC to ITA**

While we welcomed this opportunity to participate and be heard at the ITA Summit, we continue to be concerned about the limited role labour is permitted in the work of the ITA and the majority of sectoral Industry Training Organizations. The ITA has only one labour representative on its governing Board. Only two of the seven Industry Training Organizations benefit from labour representation in their work. While the Resource Training Organization (RTO) and the Transportation Career Development Association (TransCDA) have significant labour representation (each with three of their nine Board members from labour), despite a

long history of successful union-sponsored training in the construction industry, the Board of the Construction Industry Training Organization (CITO) has no labour members. The Automotive Training Standards Organization (ATSO), the “go2” training organization for the hospitality sector, and HortEducationBC in the horticulture industry, and the now defunct Residential Construction Training Organization had no labour Board members. In the absence of labour participation, these organizations are dominated by management interests, and do not benefit from the input from the perspective of the tradespeople, apprentices and trainees themselves.

Prior to 1997, British Columbia apprenticeship systems were administered by the Provincial Apprenticeship Branch (PAB).

The PAB not only promoted apprenticeship as an important strategy to meet the needs of BC industry, but provided counselling support to apprentices and employers. The PAB also regulated apprenticeships, to ensure quality training opportunities.

Its replacement, the Industry Trades and Apprenticeship Commission (ITAC) was established in 1997. ITAC engaged industry, labour, education and government in an equal partnership to make policy, oversee delivery, and maintain training standards. This stakeholder model of training produced stable apprenticeship completion rates. BC enjoyed a steady supply of nationally-recognized journey level trades workers who had been exposed to the full scope of trades training. ITAC continued the PAB’s historic rate of apprenticeship completions. From the 1960s through the 1990s, completion rates held steady in the range of 60 to 80 percent.

In the spring of 2002, the BC government announced it would streamline training. This change of direction coincided with the beginning of a demographic swing that would see the retirement of the baby boomer generation. At a time when the focus of government policy should have been encouraging more people to enter trades training, our province closed down direct government involvement in apprenticeship training in favour of an unproven privatized model.

The four-pillared partnership of ITAC (industry, labour, education and government) was replaced by industry-only governance. The transition to this new privatized and deregulated system was chaotic.

Legislation, which came into force in January 2004, created the Industry Training Authority (ITA), and set out its mandate. The ITA is a Crown agency whose single shareholder is the Government of British Columbia. The ITA is governed by a nine-member Board of Directors, appointed by government. The Board has a reporting relationship to government, which is outlined in the annual “Letter of Expectations” agreed upon between the ITA and the Ministry responsible.

Under this new model, the apprenticeship system was re-organized by industrial sector (previously by trade). Separate not-for-profit Industry Training Organizations (ITOs) were set up to run the industry-based training programs.

Ten years later, the results of this dramatic change in direction are well established – and disappointing.

### **Low Completion Rates**

Completion rates for industry training programs sponsored under the auspices of the ITA continued to be unacceptably low. In 2011, the ITA reported the completion rate for Red Seal certifications (nationally recognized qualifications) in trades training at just 43 percent.

That low completion rate needs to be judged against the large public investment made in industry training. The ITA receives more than \$100 million in direct funding and about three quarters of that funding is passed on to public and private training institutions. The system also involves additional tax expenditures. Corporations draw approximately \$11 million a year in provincial training tax credits. Trainees receive \$20 million in provincial tax credits annually. The federal government also provides Employment Benefits (EI), personal support benefits, tax credits for some apprentice tools and grants to apprentices on completion.

The success of the system also has to be judged against the investment made by the trainees and employers.

Clearly, one significant difference in completion rates is the successful completion rate of apprentices in unionized workplaces as opposed to apprentices in non-unionized workplaces. For example, the affiliates of the BC and Yukon Territory Building Trades Council (BCYT-BCTC) report a successful “Red Seal” apprentice completion rate consistently above 90 percent in their Red Seal training programs.

Indeed, there appears to be a strong correlation between successful completion and unionization.

This difference can be attributed to a number of factors.

The first relates to the support union apprentices receive in their workplaces. Many unions have negotiated specific provisions in their contracts to support apprenticeships. They have internal structures such as Trades Committees that work to create opportunities and ensure quality training.

The second is in the general role the union plays in improving working conditions. Research shows that often the reasons for non-completion relate to workplace or employer issues, low wages and poor working conditions – causes that are more likely to lead to participants dropping out in non-union workplaces.

The third is that the average tenure in a unionized workplace is much longer than in a non-union workplace, so that apprentices have a greater chance of completing their apprenticeship in a reasonable amount of time.

### **Regional Offices and Apprenticeship Counsellors**

Like its predecessor - the PAB - ITAC had a staff of 120 and provided important services, especially counsellor support for apprentices at offices in every region of the province. Under the new ITA, the regional offices were closed, removing the apprenticeship counsellors that apprentices would work with to ensure their successful completion.

Initially, the ITA was cut to just 12 staff. Gradually, the staff increased to 50 (25 administrative, 25 services staff) at the Richmond office. The service centre is now overwhelmed with calls, while there is no counsellor support for apprentices.

This new system lost the valuable resource of trained counsellors who ensured that apprentices were paid correctly and received their regular wage increases, assisted with post-secondary education scheduling, monitored job safety and training requirements. They also worked with employers to ensure apprentices were granted leave to attend technical training, helped to find apprenticeship placements, and responded to apprentices' needs, from curriculum to financial assistance. Counsellors also played an important role in helping to resolve other workplace concerns.

It is this kind of support that plays an important role in apprenticeship completion, and is a key reason that union apprentices have a much higher success rate.

As stated earlier in this Report the support apprentices receive in unionized workplaces and the improved working conditions in unionized sites have a significant impact on completion rates.

Further, the loss of counselling support has imposed more responsibilities on individual apprentices. For example, the new system requires the apprentices to update the ITA on their progress. Many apprentices are unable to cope with this initiative/self-help process. Similarly, there is limited support for employers who have to now manage the apprenticeship process as many responsibilities have been transferred to training sponsors.

Restoring the counselling system is an important element of increasing both opportunities for apprenticeship through greater outreach to employers and improving completion rates.

### **Declining Employer Involvement**

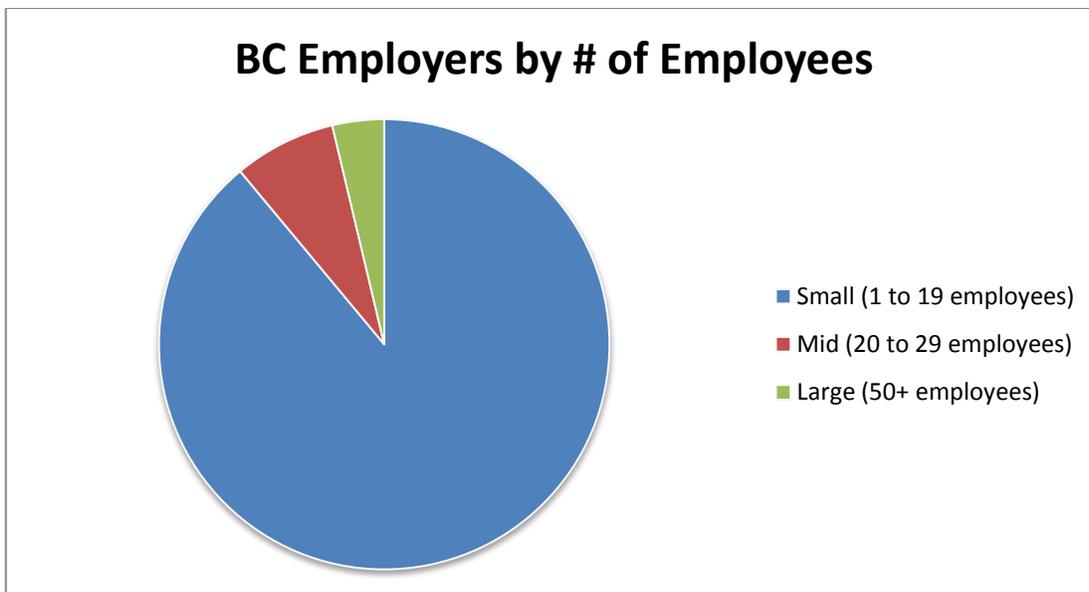
While employer support for industry training has always lagged in Canada compared to the US and other developed economies, the declining number of BC employers registered to

sponsor ITA training should cause concern. From 2009 to the current year, the number of registered sponsor employers declined by almost 11 percent.

The economic decline in BC certainly accounts for part of this, as training is affected by the economic cycle – especially since such a significant number of apprentices train in the construction industry - but the number of sponsors is also a reflection of employers' long-term commitment to training. As of March 2012, only 9,412 of BC's 174,000 employers were registered as training sponsors.

Ineffective supports and incentives under the ITA model have also contributed to this decline. The tax credit system for employers has only marginal impact on decisions to sponsor apprentices, and the lack of other supports makes it a daunting task for the growing proportion of small enterprises to take responsibility for training.

This challenge in engaging employers to sponsor training programs has been increased by the shift to smaller workplaces where management has more limited capacity to manage and support apprenticeship. In today's economy, fully half of all employees work for an enterprise with 50 employees or less.



*\* Another 220,000 persons have businesses with no employees, other than the proprietor and family members.*

The problems inherent in the current ITO system and strategy of engagement of employers surfaced dramatically this year with the elimination of the Residential Construction Industry Training Organization. Despite the size of the residential construction industry in BC and the need for qualified tradespeople, only 302 apprentices were registered as of March 31, 2012. In contrast, the CITO had 18,764 apprentices – half of all apprentices. Despite this notable failure, "ITA remains committed to the Industry Training Organization as the primary means of maintaining an industry-driven system."

In that context, it is even more important that government carefully target its tools and investments to ensure more employers share the responsibility for training tomorrow's workforce. To address these performance problems, government must look to what has worked in the past, as well as new strategies for the future.

### **Solutions: Addressing the Skills Shortage in BC**

It is critical to put people to work in middle-class careers in order to create long-term, stable economic growth. Apprenticeship programs also strengthen communities by providing career paths and job stability especially for people from disadvantaged backgrounds. They also benefit industry by reducing workplace injuries, reducing turnover, and providing a motivated and well-trained workforce.

Apprenticeships lead to career paths with higher average wages, health benefits, and pensions. Local hire policies help to ensure that BC workers have access to these family and community-supporting benefits. There is an important role for government to play in advertising the benefits of a skilled trade, particularly to young people, women and those from disadvantaged backgrounds.

BC is simply not producing enough journeypersons to meet the mid- to long-term needs of our economy if BC wishes to maximize its growth opportunities. The labour shortage is forecast to intensify beyond 2015.

National Red Seal completions fell from 3,093 in 1999/2000 to less than 2,000 per year in 2003, 2004 and 2005. The completion rate for Red Seal Certification is unacceptably low at 43 percent. In Australia, where a model similar to the ITA system was implemented, completion rates of 45.6 percent prompted the appointment of a national task force followed by an expert panel to recommend major reforms to the system!

The "BC Jobs" strategy of the current government does little to address the problem. It indicates continued reliance on the importation of skilled workers and the extension of the tax credit system for employers.

The use of Temporary Foreign Workers (TFWs) and challenge-based Certifications of Qualification to respond to the skills shortage is inadequate and short-sighted.

British Columbia should recognize that its longstanding reliance on other jurisdictions to provide skilled workers may not be viable in the future. International competition to "poach" skilled trades is escalating. Instead, we need to focus on increased training opportunities for British Columbian workers and improving our success in training to completion.

As well, the tax incentives for employers seem to have had little positive effect on training opportunities.

## **Challenge Certificates of Qualifications**

The ITA is increasingly resorting to issuing Certifications of Qualification to applicants who successfully challenge trades qualifications, in most cases, just by taking a written test. The challenge route can undermine apprenticeships, the value of the Certificate of Apprenticeship, and the significant value of a signed-off log book of hours. If a person can simply challenge by taking a written exam, why would they take the extra steps to complete a full scope apprenticeship?

To be eligible to receive a Certificate of Qualification through the Challenge process, an apprentice must demonstrate they have accumulated one and a half times the hour of employment required for the apprenticeship, as experience in the trade. For example, for an apprenticeship which requires 6,000 hours, the challenge applicant would have to show 9,000 hours of employment. However, there is no requirement that the hours be across a spectrum of the trade. A challenge applicant's hours could be 100 percent in residential construction, meaning the apprentice has not received training in other crucial sectors like institutional, commercial or industrial construction. An electrician who has worked 9,000 hours wiring houses is of no use to an employer who needs to wire machinery for a factory, or a transformer in an industrial setting.

The ITA is proposing to improve the challenge process through a new "Enhanced Assessment Approach" with a practical assessment of competencies. Currently, only the Certificates of Qualification for the crane operator, bricklayer and welder have a practical component to the challenge process. But even in these cases, the practical testing component is insufficient. A six-hour practical demonstration doesn't match the rigour of a full scope apprenticeship with logbooks and appropriate ratios between apprentices and trades people to increase exposure to the spectrum of sectors of the industry.

While there may be some legitimately suitable candidates for trades qualification challenges, the current system opens the door to abuse. Challenge applications should be limited to individuals who are sponsored by an employer or a joint board.

## **Fixed Ratios**

British Columbia is the only jurisdiction in Canada that does not have fixed ratios of journeypersons to apprentices. Fixed ratios provide the apprentice appropriate access to the journeyperson in order to facilitate the type of mentorship contact and learning exposure required for the on-the-floor portion of the apprenticeship training programs. Without fixed ratios, apprentices are at risk of being treated simply as cheap labour with limited opportunities to learn by working directly with a journeyperson.

## **Government Leadership in Hiring Apprentices**

Government expects the employer community to increase its commitment to skilled trades training, while it continues to underperform. For example, the University of British Columbia

directly employs approximately 400 carpenters, electricians, sheet metal workers, plumbers, steam fitters, plasterers, upholsterers, painters, locksmiths, bricklayers and cooks. With an annual BC government grant of over \$500 million dollars and rapid development and construction on campus, the University usually employs just nine apprentices, and currently only has five. It is our understanding that the training budget is limited by Public Sector Employers' Council (PSEC) guidelines, despite the interest of the union and employer in doing more training.

The BC government must be an exemplary employer in regards to skills training by ensuring that Requests for Proposals (RFPs), contracts, projects, and ongoing publicly-funded activities include training programs and apprenticeship quotas.

### **Joint Boards**

Currently, one-third of all apprentices are sponsored by union-training programs. Union-sponsored programs (often referred to as "joint board programs") ensure apprentices are supported through mentoring and training co-ordination, employed through hiring halls or placement when there is a work slow-down, and provided opportunity to learn the full breadth of a trade.

### **Raising the Essential Skills of Apprentices**

Steps need to be taken to address the barriers to learning that some apprentices face when accessing and completing apprenticeship training. Human Resources & Skills Development Canada (HRSDC) defines Essential Skills as the "...fundamental skills that make it possible to learn all others. They are the enabling skills that help people participate fully in the workplace and in the community".

The 2007 report *The Link Between Essential Skills and Success in Apprenticeship Training* (CAF) concludes a lack of Essential Skills in apprentices and journeypersons "negatively impacts everyone from potential apprentices, apprentices, journeypersons, employers, labour groups, public and private training institutions, to government stakeholders, and ultimately, society at large." Research suggests that "there is a strong connection between an Essential Skills strategy and greater success in apprenticeship training: the acquisition of Essential Skills can facilitate success in apprenticeship training, success in ongoing career development, and workplace success".

Furthermore, the report *The Business Case for Essential Skills in Construction* (CSC/SkillPlan) concludes that, in terms of Return on Training Investment, "there is a substantial financial benefit from implementing Essential Skills upgrading." The cost-benefit analysis carried out in this report indicates that "there is a net benefit of \$8,409 on average during the first year of a construction apprenticeship. The average net benefit increases to \$30,220 by the fourth year."

The BC government must provide Essential Skills funded projects to help raise the Essential Skills levels for at-risk apprentices to ensure they successfully complete their apprenticeship training.

### **Employer Engagement and Investment in Training**

A successful apprenticeship program ensures that apprentices are provided leave every twelve months to attend technical classroom training. A successful apprenticeship program requires employer engagement. The Canadian Apprenticeship Forum (CAF) estimates that only 18 percent of employers in Canada who work in apprentice-able trades actually employ apprentices.

We recognize British Columbia does have some employers, both in the private sector and public sector which have exemplary apprenticeship programs. But overall, Canadian employers are not meeting acceptable standards in workplace training and skills upgrading. The problem is not just one of the quantity of training but also the quality. Employers often do not provide apprentices with the opportunity for full scope training by failing to move them around to different tasks; such as performing both commercial and industrial work.

Canadian workers are left on their own to acquire skills that employers demand and the financial burden placed on individuals has created a skill-supply problems. There is no obligation on employers to invest in training in Canada, with the exception of Quebec, where employers must invest a minimum of one percent of their payroll into training funds.

Compared to other developed countries, Canada ranks near the bottom of the Organization for Economic Cooperation and Development (OECD) countries in investment in workplace learning. Canadian companies spend only 0.5 percent of payroll on training compared to the 1.3 percent average for all OECD countries and well below the 3 percent of several European Union (EU) countries.

The current tax credit system for employers is a very marginal incentive for employers, and in some cases, is provided to employers with no formal training program or commitment. Employers – especially small employers – need more significant incentives, especially to support training through downturns in the economy,

BC should follow the example of Quebec by establishing a training levy assessed to employers who do not provide training opportunities to registered apprentices. All employers who might reasonably be expected to train apprentices would contribute a nominal per hour levy to the government training program. Those employers who engage in apprenticeship training would then be eligible to apply for monies that would offset the costs of training. These incentives could be adjusted to help provide additional support during downturns in the economy, and help maintain a regular flow of graduates.

## **Public Safety and Consumer Protection: Compulsory Trades Certifications**

If trade certification is compulsory, there is a certainty that the people doing the work have the skills, abilities, qualifications and education to do the job properly. Compulsory certification of trades not only operates in the public interest in the areas of public safety, but also ensures that the work being done meets a standard of quality so that costly repairs are not required shortly after completion or start-up.

Early in 2002, the provincial government eliminated compulsory certification for work in a number of designated trades such as automotive service technician, automotive collision technician, automotive painter, electrician, plumber, pipe fitter/steam fitter, sheet metal worker, power line technician, roofer, sprinkler system installer, refrigerator/air conditioning mechanic, elevator and gas boiler and pressure vessels work.

In addition, changes were made to the *Safety Standards Act and Regulations*, which have reduced the regulatory requirements for compulsory trades in BC, allowing workers without a skilled trades certificate to perform work that previously required certified trades people. This is because the Safety Authority only requires that the permit for the work be issued to one individual with a Certificate of Qualification, rather than requiring that all workers performing the skilled work be properly qualified. The contractor may send down their single Certificate of Qualification employee to obtain the permit. The employees who actually do the work may or may not hold a trades certification. This deregulation of certification requirements has taken away an important incentive to pursue apprenticeship training, jeopardized the quality of work, weakened safety protection for workers on the job, and compromised public safety by removing the most vital component of the construction process – skilled workers.

## **PUBLIC POLICY RECOMMENDATIONS**

Government should take immediate actions to rebuild Apprenticeship and Trades Training in BC through the following measures:

1. Increase the number of apprenticeship completions in BC by:
  - a. Establishing journeyman to apprentice ratios.
  - b. Supporting apprentices and employers through accessible regional offices and appropriate numbers of apprenticeship counsellors.
  - c. Ensuring secondary students obtain the necessary pre-apprenticeship education to meet the pre-requisites of their intended trade.
  - d. Sponsoring government-funded projects to raise the Essential Skills levels of at risk apprentices.
  
2. Conduct a Full program and governance review of the Industry Training Authority (ITA) and Industry Training Organizations (ITOs), and:
  - a. Ensure equal representation from labour, instructional staff, and business on all Boards.
  - b. Identify best practices used in successful jurisdictions.
  
3. Engage more employers in building BC's Apprenticeship System by:
  - a. Establishing a training levy to create meaningful incentives for employers to train apprentices.
  - b. Working with employers to create greater engagement in apprenticeship.
  - c. Demonstrate government leadership when issuing undertaking work or issuing Requests For Proposals (RFPs) to contractors for contracts, projects, and other publicly-funded work so that skills training plans, and apprenticeship quotas are required.
  - d. Increasing enforcement of full-scope training.
  
4. Enhance safety and consumer protection by:
  - a. Mandating compulsory trades requirements and enforcement by the ITA and/or the Safety Authority.
  - b. Expanding inspections to ensure compliance with compulsory trades requirements.

## Federation Recommendations

1. The Federation and affiliates increase awareness of the growing problems of skill shortages and the steps that must be taken to address the problem.
2. The Federation create popular education materials to educate our members and the public regarding the problems in BC industry training programs and the solutions.
3. The Federation continue to demand that government emphasize training BC workers for the opportunities for skilled employment, instead of relying on immigrants and temporary foreign workers to fill skilled worker shortages.

SM/mp



Apprenticeship Committee-Final