

## ONTARIO 360 – SKILLED TRADES – TRANSITION BRIEFING

An effective skilled trades strategy for Ontario

### Issue

Skilled trades are integral to the vitality of our economy, and our communities. But shaping skilled trades policy in Ontario is complicated. The trades live at the crossroads of education, the economy, infrastructure, labour, and other provincial portfolios, and face clear structural challenges less responsive to policy changes. This multi-layered policy context is one of the reasons that we have not seen major progress in addressing Ontario’s skilled trades gap. The incoming government must enact a skilled trades strategy to improve vocational training, simplify the apprenticeship process, and enable greater labour mobility.

### An Overview: Skilled trades in Ontario

The growing supply/demand gap for skilled tradespeople in Ontario is well known. It is frequently raised by businesses, industry associations, and trade unions. This gap is not expected to close any time soon. In fact, a 2013 report by the Institute for Competitiveness and Prosperity anticipates ongoing “labour pressures” due to a number of challenges related to the skilled trades.<sup>1</sup>

Key among these challenges is demographic change. BuildForce Canada shows that among the construction industry (similar trends are present in most of the over 150 trades), the overall age is rising, and “retirements outpace new entrants.” They estimate that Ontario will need to replace 87,300 workers from a pool of 84,300 potential workers.<sup>2</sup> Ontario will thus have to look to

<sup>1</sup> Institute for Competitiveness and Prosperity, Course Correction: Charting A New Road Map for Ontario, Twelfth Annual Report, November 2013. Available at: <https://static1.squarespace.com/static/52616a13e4b0c02de2ed2290/t/53a2f2a0e4b0742559065fc0/1403187872185/chartinganewroadmapforOntario>.

<sup>2</sup> BuildForce Canada, Construction and Maintenance Looking Forward, 2018. Available at: [http://www.buildforce.ca/en/system/files/products/2018\\_ON\\_Constr\\_Maint\\_Looking\\_Forward.pdf](http://www.buildforce.ca/en/system/files/products/2018_ON_Constr_Maint_Looking_Forward.pdf).

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immigration or internal migration to address these demographic changes. And because trades involve high amounts of tacit knowledge gained by working with skilled colleagues on the job, there is a need to rethink how our educational institutions engage with these workers.

In addition, the distribution of Ontario's work and its geography often mean that even if skilled labour is available in aggregate, it is not necessarily available in the areas when and where it is needed. The gap between employers wanting to hire, and skilled workers available to work in, for example, Bruce, Grey, Huron, and Perth Counties, is just one instance of a challenge that is exacerbated by Ontario's size, and the diversity of its economy.<sup>3</sup> This is particularly true in Northern regions which will need significant inflows of workers to build, maintain, and service, projects that are crucial to economic development there, including the Ring of Fire.

Ontario is also struggling with registrations in apprenticeships, and was alone among provinces in seeing a 2-percent reduction in registrations between 2011 and 2015 (a time of growth in Ontario in which one would normally expect increases) while the rest of the country averaged a 7-percent increase in registrations.<sup>4</sup> And, likewise, the province also saw an increase in discontinuations.

This trend is occurring against a multi-layered backdrop – including Ontario is experience a decade-long decline in labour force participation among both men and women aged 25-44<sup>5</sup>, employer investment in skills training and education is on the decline, and employers citing the collective action problem of “paying to train my competitor’s workers” as a recurring reason for underinvestment.<sup>6</sup>

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<sup>3</sup> Four County Labour Market Planning Board, Local Labour Market Plan: A Comprehensive Report, March 2018. Available at:

[http://www.planningboard.ca/userfiles/file/L\\_LMP2018%20ENG%20FINAL.pdf](http://www.planningboard.ca/userfiles/file/L_LMP2018%20ENG%20FINAL.pdf)

<sup>4</sup> Canadian Apprenticeship Forum, Apprenticeship Trends: Insights from the Registered Apprenticeship Information System (RAIS), 2018.

<sup>5</sup> Statistics Canada, Table 282-0002, Labour Force Survey estimates (LFS), by sex and detailed age group (Percentage Change (year-to-year)) annual. Available at:

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&id=2820002>.

<sup>6</sup> Daniel Munro, “Developing skills: Where are Canada’s employers?,” Conference Board of Canada, March 20, 2014. Available at:

## **The need for reform: Principles for structural reforms rather than “emergency” measures**

What policies are likely to work? The key, here is to focus less on “emergency” measures focused on industries/trades where current shortages exist (many, including Derek Burleton<sup>7</sup>, have noted that labour markets respond reasonably well to shortages) and made in haste, and more on structural changes that will create a policy environment conducive to assisting educators, employers, workers, and cooperative industry associations in building a highly skilled, continually developing workforce.

The overarching policy approach should adopt the following high-level principles:

- *Equitable*: It should be “market agnostic” and not privilege any particular trade, or industry. Overly specialized industry policy and programs are too slow to keep up with market demands, making them less effective.
- *Enabling*: It should look to maximize the leveraging of existing expertise and associations within the skilled labour market. Industry associations and labour groups often have a better understanding of the needs of their members, and are better equipped to serve them, and underrepresented populations, directly.
- *End focused*: It should focus on outcomes rather than maintenance of current inputs.
- *Encourage Ease of Entrance*: Trades in Ontario have seen increasing regulatory and administrative burden by both workers and employers. The government should focus on removing these barriers as quickly as possible.
- *Extending education*: the policy should focus on not just apprenticeships, but the continual development of skills education throughout careers.

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[http://www.conferenceboard.ca/topics/education/commentaries/hot-topics-in-education/2014/03/20/Developing\\_Skills\\_Where\\_Are\\_Canada\\_s\\_Employers.aspx#](http://www.conferenceboard.ca/topics/education/commentaries/hot-topics-in-education/2014/03/20/Developing_Skills_Where_Are_Canada_s_Employers.aspx#).

<sup>7</sup> Burleton et al., Jobs in Canada: Where, What, and From Whom?, TD Economics, October 22, 2013. Available at: <https://www.td.com/document/PDF/economics/special/JobsInCanada.pdf>.

The Ontario government recently released a new Apprenticeship Strategy to ensure that the “apprenticeship system meets the changing demands of the economy.”<sup>8</sup> The strategy’s basic building blocks generally align with these principles. The key now is to start to develop substantive policies accordingly.

## How to move forward

What might some policy recommendations that align with these principles look like?

1. *Focus on competencies and graduated credentials:* our current apprenticeship system, like much of our education system adopts – if you will forgive the analogy of a parent with kids – a “Pokemon” approach to trades education: you have to catch them all to win. In order to be considered a success, and in order to make room for new entrants (due to our ratio system) workers have to collect all the hours of training, schooling, and mastering a full set of competencies before the field can be opened to new entrants. Yet workers in, say, their third year of apprenticeship still have skills that are valuable, and can be passed along to others and many – for reasons of financing or time or family circumstance – are content to work at this level. Drummond, as well as others, suggest adjusting to this reality by splitting the deck into smaller, graduated credentials, which can be mastered, marketed, and stacked to gain a “complete set.”<sup>9</sup> This approach affirms the value of certification that labour wishes to maintain as a means of protecting the craft and bargaining power, while also providing a more individualised and responsive certification process that can be more responsive to workers and employers’ needs. This would also increase probability of workforce entrance for immigrants coming with skills, something which

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<sup>8</sup> Government of Ontario Press Release, “Ontario improving apprenticeship system to prepare skilled workforce for in-demand jobs,” February 7, 2018. Available at: <https://news.ontario.ca/maesd/en/2018/02/ontario-improving-apprenticeship-system-to-prepare-skilled-workforce-for-in-demand-jobs.html>.

<sup>9</sup> Don Drummond and Ellen Kachuck Rosenbluth, “Competencies can bridge the interests of businesses and universities,” Education Policy Research Initiative Working Paper, September 2015. Available at: <https://ruor.uottawa.ca/bitstream/10393/33200/4/EPRI%20Working%20Paper%202015-02.pdf>.

will achieve workforce ends, but also improve the economic prospects of new immigrants<sup>10</sup>, and other vulnerable populations.<sup>11</sup>

2. *Increase educational permeability:* our current system has made steps to recognize competencies gained in one area of education (university, apprenticeships, colleges) in others, but more work needs to be done. A focus on competencies noted above must also take place within multiple levels of education.<sup>12</sup>
3. *Move to integrate trades/manual thinking into early K-12 curriculum:* Many in the trades note that basic math skills are lacking in new workers.<sup>13</sup> Handling, measuring, and constructing with materials from an early age increases exposure to trades and normalizes skilled work from a young age. It also provides an opportunity for teachers to integrate “hands on” with key mathematical skill outcomes that have plagued Ontario students since 2006.<sup>14</sup>
4. *Moral case for the trades:* Apprenticeship data routinely suggest that skilled trades are fighting upstream against societal biases and impressions, and are often placed in opposition to humanities. Yet a wide range of scholars note the integration between skilled work and

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<sup>10</sup> [Rafael Gomez](#), Morley Gunderson, [Xiaoyu Huang](#) and [Tingting Zhang](#), “Do immigrants gain or lose by occupational licensing?” Canadian Public Policy, August 2015. Available at: <https://www.utpjournals.press/doi/abs/10.3138/cpp.2014-028>.

<sup>11</sup> The White House, Occupational Licensing: A Framework for Policymakers, July 2015.

Available at:

[https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing\\_report\\_final\\_nonembar.go.pdf](https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembar.go.pdf).

<sup>12</sup> Alan Harrison, “Skills, competencies, and credentials,” Higher Education Quality Council of Ontario, 2017. Available at:

[http://www.heqco.ca/SiteCollectionDocuments/Formatted\\_Skills%20Competencies%20and%20Credentials.pdf](http://www.heqco.ca/SiteCollectionDocuments/Formatted_Skills%20Competencies%20and%20Credentials.pdf); and Ray Pennings and Brian Dijkema, The Building Meaning Project: If we can Build Meaning, we can Build a Workforce, Cardus, November 2014. Available at: <https://www.cardus.ca/research/workandeconomics/publications/4332/the-building-meaning-project-paper-and-recommendations/>.

<sup>13</sup> Ibid.

<sup>14</sup> OECD, PISA – 2015 Key Findings for Canada, date unknown. Available at:

<http://www.oecd.org/canada/pisa-2015-canada.htm>.

liberal society. These insights should be integrated into all government communications to make a moral case for the trades.<sup>15</sup>

5. *Leverage and expand existing training capacity:* Trade unions, trade associations, and business associations are closer to labour market needs, but Ontario's regulations limit their ability to hold registrations and provide credentials, as noted by, among others, Drummond.<sup>16</sup> Ontario should look to streamline and increase the ability of associations and labour pools<sup>17</sup>, including businesses, to form Joint Apprenticeship, and Local Apprenticeship Committees.
6. *Streamline registrations:* current apprenticeship registration has multiple hoops including sponsors, government registration, and application for membership in the College of Trades. Given apprenticeship research suggesting that administrative burden is a barrier, the province needs to drastically reduce this administrative burden on workers and employers.<sup>18</sup>
7. *Look to facilitate inter-provincial harmony:* In order to facilitate interprovincial labour mobility (particularly in the North) Ontario should aggressively pursue labour mobility partnerships – akin to the New West Partnership – with provinces in both the east and west. Skilled trades are often highly mobile, and the lack of harmony between

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<sup>15</sup> Matthew Crawford, "Shop class as soulcraft," *The New Atlantis*, 2006. Available at: <https://www.thenewatlantis.com/publications/shop-class-as-soulcraft>; Matthew Crawford, *The World Beyond Your Head: On Becoming an Individual in an Age of Distraction*, (New York: Farrar, Straus and Giroux, 2016); and Ray Pennings and Brian Dijekma, *The Building Meaning Project: If we can Build Meaning, we can Build a Workforce*, Cardus, November 2014. Available at: <https://www.cardus.ca/research/workandeconomics/publications/4332/the-building-meaning-project-paper-and-recommendations/>.

<sup>16</sup> Commission on the Reform of Ontario's Public Services, *Public Services for Ontarians: A Path to Sustainability and Excellence*, 2012. Available at: <https://www.fin.gov.on.ca/en/reformcommission/chapters/report.pdf>.

<sup>17</sup> Andrea Holmes and Josh Hjartarson, *Moving Forward Together: An Employer Perspective on the Design of Skills Training Programs in Ontario*, Ontario Chamber of Commerce and Essential Skills Ontario, 2014. Available at: [http://www.occ.ca/wp-content/uploads/Moving\\_Forward\\_Together-1.pdf](http://www.occ.ca/wp-content/uploads/Moving_Forward_Together-1.pdf).

<sup>18</sup> Data from the Registered Apprenticeship Information system compiled by the Canadian Apprenticeship Forum shows registrations declining as additional administration and costs were introduced with the beginning of the OCOT.

provincial skills regimes acts as an undue barrier to addressing geographical or sector-specific skill shortages.

8. *Harmony and simplicity on training/education investments:* There are currently many different programs and credits for training and education. Consolidating these expenditures into a single, multi-use tax credit (balanced with similar moves for capital investments), for employers and employees, would provide an incentive for raising Ontario's middling investment in training and education, and would also provide employees with the ability to continue to invest in ongoing education which is the *sine qua non* of our modern workplace. The analogy here is akin to the "green shift" where one tax instrument (of meaningful value) is used to replace a panoply of less credits and programs and allows users to make decisions that make the most sense to them.

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