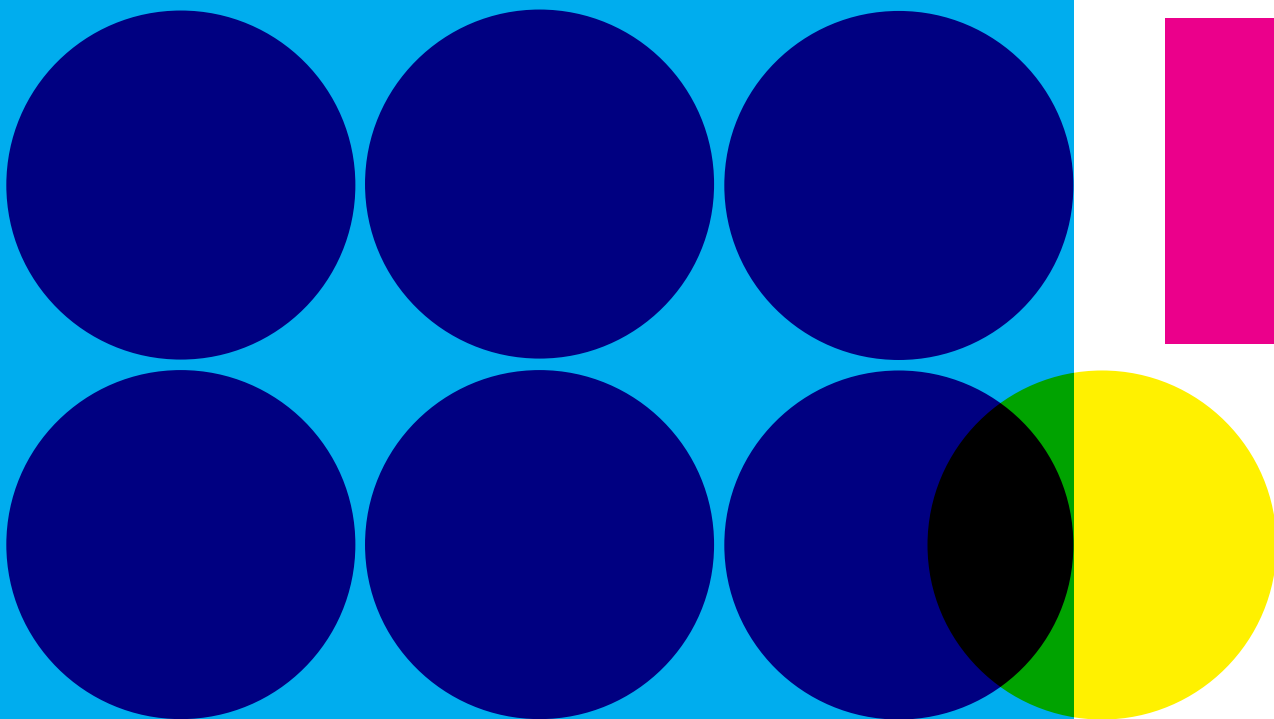




# **TALENT IN TRANSITION**

## **Addressing the Skills Mismatch in Ontario**



# About the Ontario Chamber of Commerce

For more than a century, the Ontario Chamber of Commerce (OCC) has been the independent, non-partisan voice of Ontario business. Our mission is to support economic growth in Ontario by defending business priorities at Queen's Park on behalf of our network's diverse 60,000 members.

From innovative SMEs to established multi-national corporations and industry associations, the OCC is committed to working with our members to improve business competitiveness across all sectors. We represent local chambers of commerce and boards of trade in over 135 communities across Ontario, steering public policy conversations provincially and within local communities. Through our focused programs and services, we enable companies to grow at home and in export markets.

The OCC provides exclusive support, networking opportunities, and access to innovative insight and analysis for our members. Through our export programs, we have approved over 1,300 applications, and companies have reported results of over \$250 million in export sales.



The OCC is Ontario's business advocate.

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The OCC would like to thank the members of the Skills & Workforce Policy Council, whose input helped shape the report in a meaningful way.

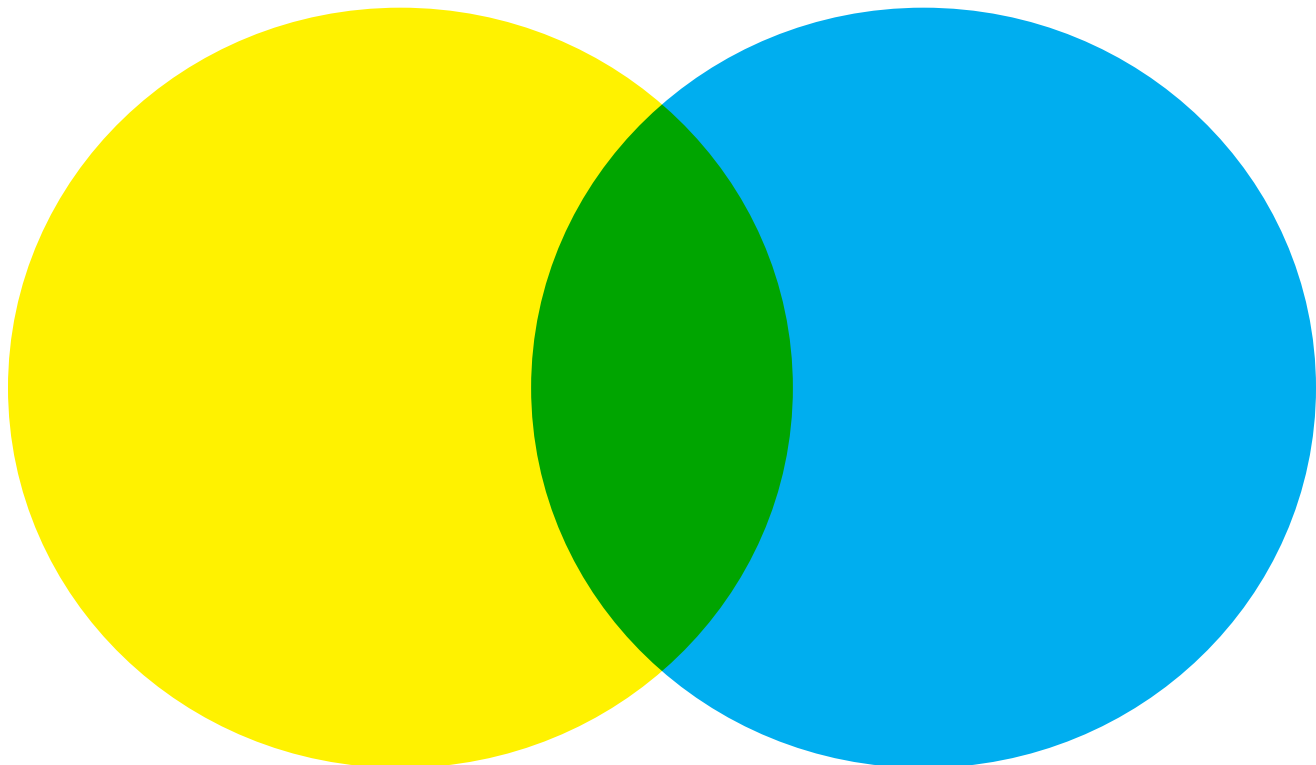
This report was greatly informed by a consultative event held on April 19, 2017. The OCC would like to thank those who supported the consultation:

Partners:



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# Introduction

Viewing Ontario's workforce from afar, the story appears to be a positive one: more than 600,000 net new jobs have been created since the depths of the recession, and the government is projecting the creation of an additional 323,000 jobs between 2016 and 2019. Ontario's unemployment rate of 5.8 percent is below the national average.<sup>1</sup> By 2015, the average employee in Ontario had worked for the same employer for 106.3 months (or nearly 9 years). In addition, the share of part-time employment in all jobs shrank in 2015 as compared to 25 years ago.<sup>2</sup>

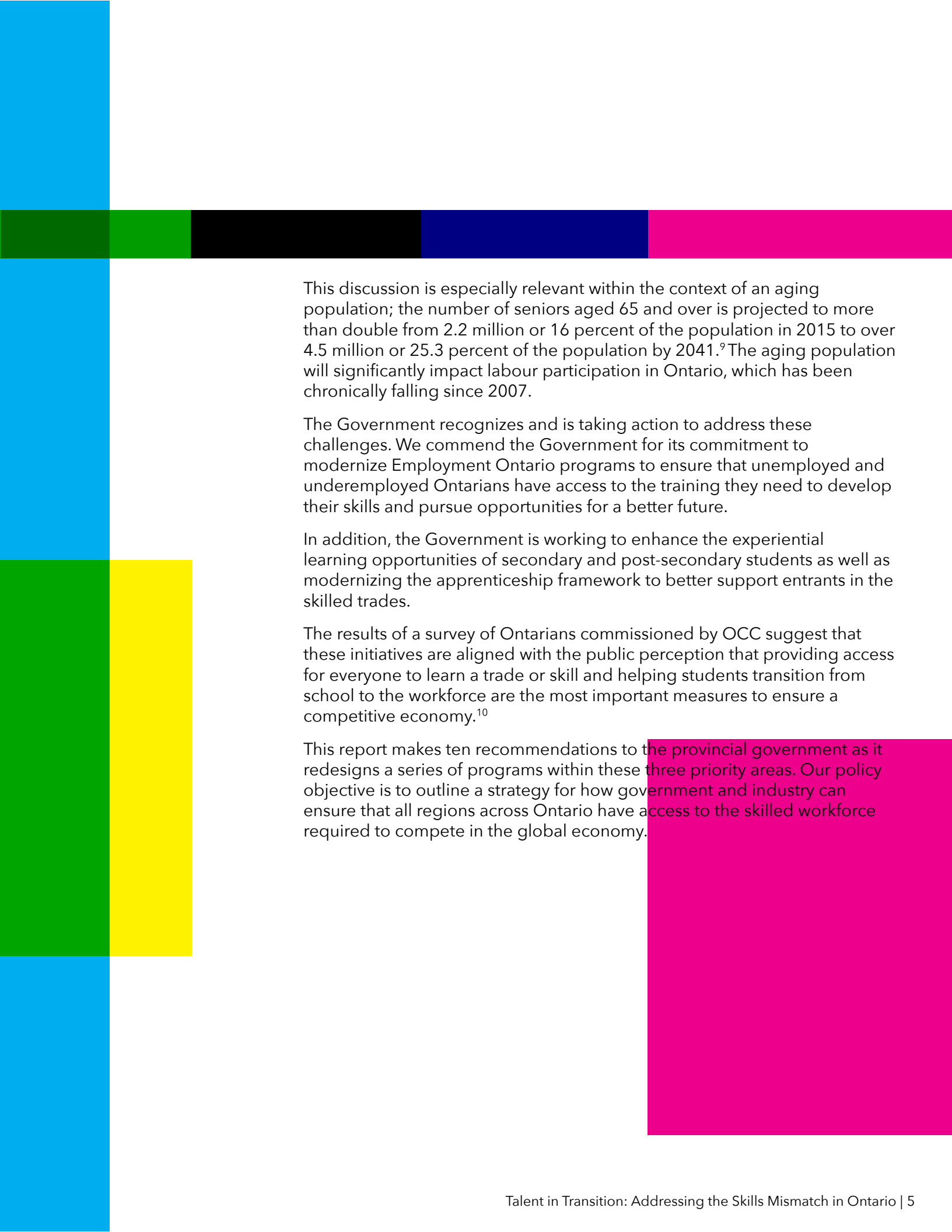
In relation to these indicators, it would appear as though the province is supported by a robust workforce and, further, that employees experience more stable employment now than ever before. However, the experience of Ontario business is telling a different story. Of the 62 percent of Ontario Chamber of Commerce (OCC) members who attempted to recruit staff in the last six months of 2016, 82 percent experienced at least one challenge in doing so. The top challenge cited - by 60 percent of members - was finding someone with the proper qualifications.<sup>3</sup>

While this result is highly concerning, it is consistent with OCC findings in previous years which reveal that the 'skills mismatch' is a pervasive and growing challenge in the province.<sup>4</sup>

The skills mismatch is multi-faceted. We are confronted by a supply-demand mismatch driven in part by the decisions of students to pursue qualifications in fields with limited employment opportunities.<sup>5</sup> This trend is challenging as it results in an increase in the number of highly educated persons working in positions for which they are overqualified. There is also a domino effect whereby lesser qualified people are essentially edged out of the labour market.<sup>6</sup>

In addition to the supply-demand mismatch, employers also emphasize that competencies such as communication, emotional intelligence, creativity, design, interpersonal skills, entrepreneurship, technological skills and organizational awareness are key indicators to the success of job candidates and employees.<sup>7</sup> The deficit of these skills is often cited by employers as an obstacle in the recruitment process.

As recognized by the Organisation for Economic Co-operation and Development (OECD), the skills mismatch is associated with negative affects to job satisfaction and wages; increased turnover rates; reduced productivity; and increased unemployment.<sup>8</sup>



This discussion is especially relevant within the context of an aging population; the number of seniors aged 65 and over is projected to more than double from 2.2 million or 16 percent of the population in 2015 to over 4.5 million or 25.3 percent of the population by 2041.<sup>9</sup> The aging population will significantly impact labour participation in Ontario, which has been chronically falling since 2007.

The Government recognizes and is taking action to address these challenges. We commend the Government for its commitment to modernize Employment Ontario programs to ensure that unemployed and underemployed Ontarians have access to the training they need to develop their skills and pursue opportunities for a better future.

In addition, the Government is working to enhance the experiential learning opportunities of secondary and post-secondary students as well as modernizing the apprenticeship framework to better support entrants in the skilled trades.

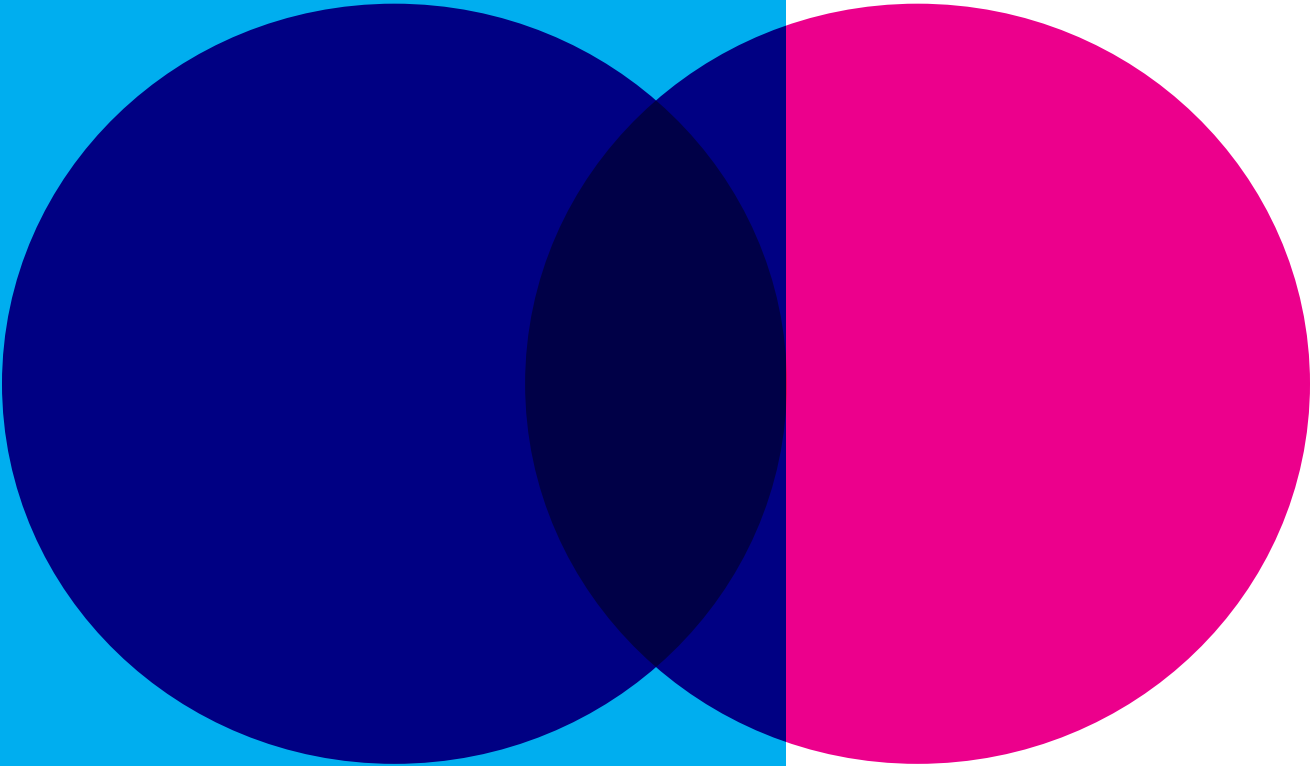
The results of a survey of Ontarians commissioned by OCC suggest that these initiatives are aligned with the public perception that providing access for everyone to learn a trade or skill and helping students transition from school to the workforce are the most important measures to ensure a competitive economy.<sup>10</sup>

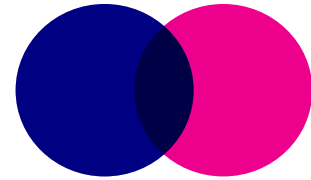
This report makes ten recommendations to the provincial government as it redesigns a series of programs within these three priority areas. Our policy objective is to outline a strategy for how government and industry can ensure that all regions across Ontario have access to the skilled workforce required to compete in the global economy.

# Summary of Recommendations

- 1 Address the limited capacity of small and medium enterprises (SMEs) to facilitate experiential learning opportunities by leveraging existing networks.**
- 2 Drive employer awareness of programs designed to support experiential learning opportunities in Ontario.**
- 3 Leverage experiential learning opportunities to promote inclusive economic growth throughout the province.**
- 4 Shift towards greater client centricity.**
- 5 Evaluate the potential of an outcomes-based employment and training systems funding model.**
- 6 Revise the journey person-to-apprentice ratio framework.**
- 7 Enhance support for apprenticeship consortiums.**
- 8 Modernize the apprenticeship application process.**
- 9 Reform the Ontario College of Trades.**
- 10 Promote career pathways in the skilled trades.**

# OCC Skills & Workforce Development Consultations





On April 19th 2017, the OCC hosted a half-day event to address critical issues affecting workforce development in Ontario. The consultation represented the first in a series of initiatives within the 2017 OCC Skills and Workforce Development Policy Program.

Our policy objective throughout the program is to outline a strategy for how government, educational institutions and industry can ensure that all regions across Ontario have access to the skilled workforce required to compete in the technology-driven knowledge economy.

At the April forum, the OCC convened business leaders, educators, and service providers as well as civil and political government officials to discuss critical issues affecting workforce development in Ontario. The forum provided participants with a deeper understanding of the mismatches between employers' needs and individuals' skills sets as well as an overview of the projected occupational outlooks in Ontario by region from 2017-2026.

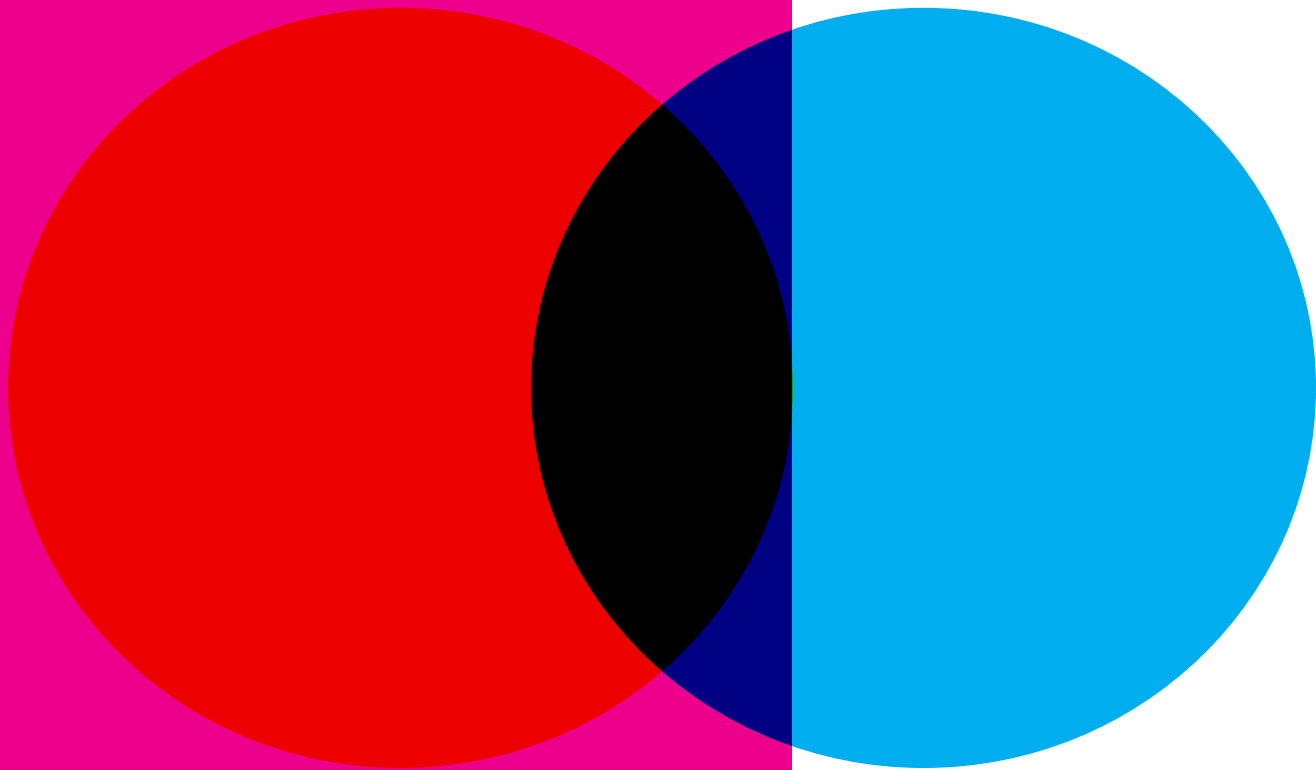
The forum included three policy breakout sessions designed to ensure that participants were meaningfully engaged in discussions pertaining to the skills mismatch.

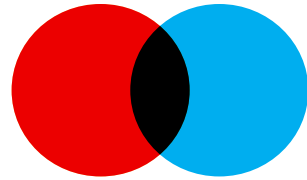
The first session was designed to identify opportunities to improve alignment among key stakeholders in developing complementary training programs that will contribute to a more competitive workforce in Ontario. The objective of the second session was to consider how existing government programs can be leveraged to enhance the experiential learning opportunities available to secondary and postsecondary students. Finally, the third session was designed to address regulatory barriers within the apprenticeship framework that are closing the skilled trades to new workers.

The insights and recommendations shared by participants throughout these sessions were considered for inclusion in this report. The report is also informed by policy resolutions passed in previous years by the Ontario Chamber Network.



# Exploring the Potential of Experiential Learning





In April 2017, the unemployment rate in Ontario fell to 5.8 percent.<sup>11</sup> This marks the lowest unemployment rate in the province since 2001. While initially encouraging, Statistics Canada attributes this trend primarily to a decline in the number of youth searching for work.<sup>12</sup> The labour force participation rate among those aged 20 to 24 dropped from 79 percent in 2004 to 75.5 percent in April 2017.<sup>13</sup>

The declining participation of youth in the labour market is partially attributable to young people pursuing further education. However, it also captures those that are discouraged because they believe that no suitable work is available.<sup>14</sup>

As evidenced by research conducted by both the federally appointed Expert Panel on Youth Employment and the Premier's Highly Skilled Workforce Expert Panel, the barriers to youth employment are complex and vary from inadequate soft skills to homelessness, experience with the criminal justice system, food insecurity, and mental health challenges.<sup>15</sup>

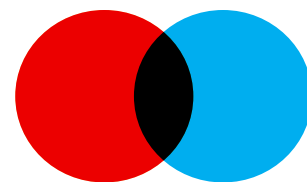
Addressing these challenges has been established as a priority for both the federal and provincial governments as well as educators and employers.

In Budget 2017, the Government of Canada committed to investing an additional \$395.5 million over three years in the Youth Employment Strategy.<sup>16</sup> In addition, the Budget provided \$73 million over four years for job-creating partnerships between employers and post-secondary institutions that is expected to produce nearly 9,000 new work-integrated learning placements.<sup>17</sup>

The Government of Ontario is similarly committed to supporting the career readiness of young people. In Budget 2017, Ontario launched the Career Kick-Start Strategy through which an investment of nearly \$190 million over three years is anticipated to create 40,000 new work-related learning opportunities for students. In addition, the Province expanded the capacity of the Specialist High Skills Major Program to include 17,000 more grade 11 and 12 students.<sup>18</sup>

The recent provincial commitments to work-integrated learning follow the June 2016 release of the final report of the Premier's Highly Skilled Workforce Panel, *Building the Workforce of Tomorrow: A Shared Responsibility*. The report provides 28 recommendations within six key themes and two priority areas designed to enhance the skills of Ontario's workforce.

Within the experiential learning and mentorship theme, the Panel recommended that Ontario "commit to ensure that every student has at least one experiential learning opportunity by the end of secondary school" and,



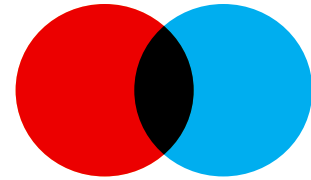
further, “that every student has at least one experiential learning opportunity by the time they graduate from post-secondary education”.<sup>19</sup>

Although the Career Kick-Start Strategy is a step in the right direction, the Province will need to create significantly more than 40,000 work-integrated learning opportunities to achieve the objective set by the Panel. As of 2015-16, total enrollment in secondary education was 635,760.<sup>20</sup> With respect to post-secondary enrollment, there are approximately 200,000 full time students in Ontario’s colleges<sup>21</sup> and nearly 375,000 full time students in universities.<sup>22</sup>

Given that work-integrated learning occurs in the workplace, it is also critically important that government achieve employer ‘buy-in’ to the programs by helping employers better understand the benefits of integrating youth into their business models and better equipping employers with the resources they need to finance and manage students.

As illustrated in the figure below, experiential learning opportunities vary significantly with respect to the commitment required from both the employer and the student. With respect to each opportunity, we recognize that the professional development and aptitudes of the student are paramount. However, engagement in experiential learning opportunities also has the potential to mitigate the capacity challenges of businesses that are struggling to find and retain talent. We encourage government to adopt an inclusive definition of experiential learning that is reflective of the breadth of opportunities provided by Ontario universities and colleges.

Co-op education	Internships
Work-placement programs	Summer jobs/experience programs
Mentorships	Volunteer positions
Industry-recognized in-class projects	Apprenticeships
Academic, club and industry competitions	Participation in incubators, accelerators and innovation hubs



The OCC supports the federal and provincial governments efforts to address the challenges associated with the labour market integration of youth through the expansion of experiential learning opportunities in Ontario. The recommendations presented in this section of the report are designed to ensure that the business community is well positioned to support the development of our future workforce in partnership with government.

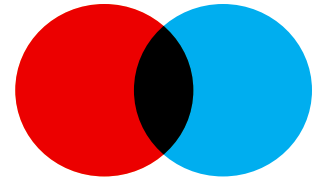
### **Recommendation 1:**

#### **Address the limited capacity of small and medium enterprises (SMEs) to facilitate experiential learning opportunities by leveraging existing networks.**

As recognized by the Premier's Highly Skilled Workforce Expert Panel, employer participation in, and support for, experiential learning programs tends to be limited because of employer concerns about administrative and/or operational requirements. This concern is particularly strong with respect to small and medium-sized enterprises (SMEs), many of which have limited human resource capacity.

Small businesses make up 98 percent of total businesses and two-thirds of private sector employment in Ontario.<sup>23</sup> For this reason, the success of the government's efforts to ensure that 100 percent of secondary and post-secondary students in Ontario have access to work-integrated and experiential learning opportunities will very much depend on the participation of SMEs. Their involvement is particularly critical, as the SME category includes a growing number of start-ups arising from innovation and entrepreneurial activities.

Local Employment Planning Councils (LEPCs), Ontario Workforce Boards, the Ontario Chamber Network and the Ontario Centre for Workforce Innovation (OCWI) are well positioned to collaborate with educators and employers to promote place-based approaches to experiential learning that are responsive to the diverse capacities and business models of the SME category. LEPCs and Workforce Boards drive local approaches to the planning and delivery of employment and training services. These groups are highly integrated with key local partners, including chambers of commerce and boards of trade which represent over 60,000 businesses throughout the province - the majority of which are small. The OCC and OCWI function as the 'connective tissue' between these locally informed initiatives, regional experiences, and provincial objectives.



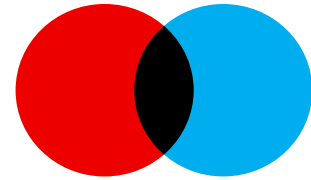
In the recent OCC report *Obstacles and Opportunities: The Importance of Small Business in Ontario*, we recommended that government address the capacity challenges of small businesses to recruit and train talent by developing a 'one window' approach.<sup>24</sup> The objective of the recommendation was to ensure that all information related to government-funded training and employment services would be made available to employers through a single access point. We were highly encouraged that the provincial government recently adopted this recommendation.<sup>25</sup>

There is an opportunity to leverage this new program and the Workforce Planning and Development Office proposed by the Premier's Highly Skilled Workforce Expert Panel to develop a streamlined, client focused approach to experiential learning consistent with the mandate of the Hon. Deb Matthews, Minister of Advanced Education and Skills Development.<sup>26</sup>

Engaging the post-secondary sector will also be essential to the successful engagement of SMEs and other businesses in experiential learning programs. As evidenced by the example of Ryerson University, universities and colleges have developed vital services and programs to engage employers and students in experiential learning.

We recommend that the government work collaboratively with key partners to identify and scale best practices in experiential learning. Apart from pre-screening candidates, other potential functions include developing best practices documents for businesses, helping businesses navigate regulatory requirements, helping writing job descriptions, matching students to positions, and hosting an online board for experiential learning opportunities.

In addition, we recommend that government work with the business and post-secondary sectors to establish the best methods for tracking and evaluating the success of experiential learning opportunities. The OCC and the post-secondary sector are positioned to support this initiative through the collection and analysis of business confidence and key performance indicators (KPIs).<sup>27</sup>



## NETWORK SPOTLIGHT

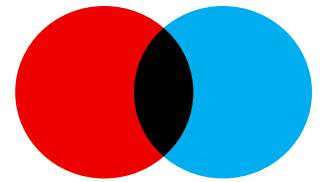
*Driving Innovation through Experiential Learning* is a priority for the Ontario Chamber Network. A resolution authored by the Greater Sudbury Chamber of Commerce, Timmins Chamber of Commerce and Sault Ste. Marie Chamber of Commerce and passed in 2014 urges the Government of Ontario to 'better equip employers with the tools they need to support and understand the benefits of innovative experiential learning opportunities at the secondary and post-secondary levels'.

## RYERSON UNIVERSITY CONNECTS SMALL AND MEDIUM-SIZED ENTERPRIZES TO TOP TALENT

Ryerson's Career Boost Off Campus *Supporting Ontario's SMEs to Partner with Top Talent Program* is dedicated to providing SMEs with access to talented students for full-time work experiences of 12-14 weeks from May to September. Opportunities to hire new graduates (up to one year out) are available year-round. The program also recognizes SMEs' limited resources, providing 40 percent of the intern's stipend in addition to pre-screening applicants and providing support throughout the placement via the Career Boost team for both students and employers.

The program's twin goals are:

- Creating a vehicle for non-profits and small and medium businesses to engage with university talent
- Operating on a shared funding model between the University and the host organization, to ensure value-added feedback to all candidates throughout the recruitment process and to assist in every student applicant's professional development. The program also critically creates a space for employers whose business models do not align with a traditional co-op model but who want to benefit from bringing on board university talent.



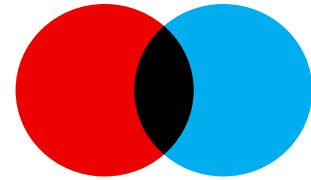
## **DURHAM COLLEGE STUDENTS STRENGTHEN THE COMPETITIVENESS OF LOCAL AGRIBUSINESS**

The Office of Research Services, Innovation and Entrepreneurship (ORSIE) is Durham College's research and innovation hub. In partnership with industry and community agencies, ORSIE conducts projects that model or simulate solutions, develop and test prototypes, adopt new technologies and knowledge, and develop and evaluate new or improved products. Students are the primary vehicle for the college's transfer of knowledge to business and industry partners through applied research projects, work placements, and as skilled and knowledgeable graduates.<sup>28</sup>

Durham College recently worked with Durham Foods, the only commercial producer of hydroponic spinach in North America, to develop a semi-automated harvesting system to increase productivity and reduce the labour requirements involved in the spinach harvesting process. The semi-automated harvesting system is saving Durham Foods time, increasing productivity and reducing unit cost along with increasing food safety for end consumers. These improvements allow the company to compete for larger scale national supply contracts.<sup>29</sup>

## **NEW CAREER MANAGEMENT RESOURCE HELPS SMALL BUSINESSES RETAIN AND DEVELOP TALENT**

In June 2017, the Canadian Education and Research Institute for Counselling (CERIC) released *Retain and Gain: Career Management for Small Business Playbook* in partnership with the Canadian Chamber of Commerce. This Playbook identifies 40+ low-cost tips, activities and actions that small business can take right now (some in only 10 minutes a day) to attract, engage and retain staff.



## **Recommendation 2:**

### **Drive employer awareness of existing programs designed to support experiential learning opportunities in Ontario.**

Employers are often unaware of existing government-funded training and employment services. The Government of Ontario should implement a province-wide communications strategy, targeting employers, to foster greater awareness of the benefits of experiential learning and the incentives available to businesses that hire students.

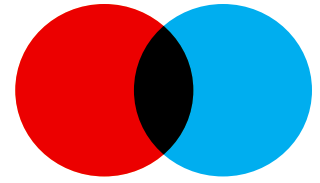
There is an opportunity for government to leverage existing programs to encourage businesses to hire students. The Co-operative Education Tax Credit, for example, is a refundable tax credit available to employers who hire students enrolled in a co-operative education program at an Ontario university or college. Small businesses can claim 30 percent of eligible expenditures (25 percent for larger businesses).<sup>30</sup>

The Youth Job Connection provides financial incentives to businesses for hiring a young person (15 to 29 years old) through the program or high school students (15 to 18 years old) through the Youth Job Connection Summer program.<sup>31</sup>

Ontario employers are also eligible for a suite of federal programs. Canada Summer Jobs provides funding to help not-for-profit organizations, the public sector and small businesses create jobs for students between the ages of 15 and 30.<sup>32</sup> Additionally, small business in Northern Ontario are eligible for the FedNor youth internship, which provides up to \$31,500 in salary costs.<sup>33</sup>

Throughout our consultations, participants recognized that employer awareness of these programs is limited. We anticipate that resolving this issue could lead to greater employer participation within experiential learning programs. There is an opportunity for government to work with local chambers of commerce and boards of trade, as well as other stakeholders, to achieve these objectives. In the past, government has successfully utilized this network to advance knowledge among businesses and achieve greater awareness across the province of key initiatives.





### **Recommendation 3:**

#### **Leverage experiential learning opportunities to promote inclusive economic growth throughout the province.**

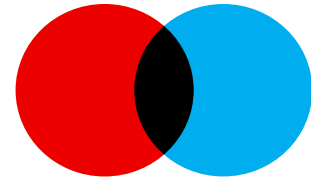
Increasing labour market participation among groups that are currently underrepresented is critical to redressing the skills shortage that is constraining the growth of businesses throughout the province. Only 43 percent of small- to medium-sized OCC members are currently operating at full staff capacity.<sup>34</sup> Meanwhile, the unemployment rate for Indigenous peoples living off the reserve is 11.9 percent and the unemployment rate of individuals with disabilities is 16 percent.<sup>35</sup>

It is recognized that the labour market outcomes experienced by Indigenous peoples is closely associated with attainment gaps in Indigenous education: almost half of the Indigenous population of working age has some form of post-secondary qualification, as compared to the two-thirds of the non-Indigenous population of the same age. Additionally, only 10 percent of the working-age Indigenous population has a university degree, as compared to the non-Indigenous population's 26 percent.<sup>36</sup>

Bridging this gap would have a considerable economic impact: if the education and labour market outcomes of Indigenous Canadians reached the level of the general population by 2026, government spending would drop by \$14.2 billion, while increasing Indigenous income by \$36.5 billion.<sup>37</sup> As the provincial government is responsible for education of the Indigenous population living off-reserve, Ontario's efforts to address these responsibilities falls within the Ontario First Nation, Métis, and Inuit Education Policy Framework.

In *Building the Workforce of Tomorrow: A Shared Responsibility*, the Premier's Highly Skilled Workforce Panel recognized the importance of engaging employers and their associations directly in addressing the barriers and challenges faced with hiring people with disabilities.<sup>38</sup> The Panel also recommended that the Ontario Public Service (OPS) should increase the number of experiential learning opportunities within its operations. We fully support the implementation of these recommendations.

In addition, women remain underrepresented in some segments of the workforce. Although women account for 66 percent of non-STEM (Science, Technology, Engineering, and Math) university graduates, they account for only 39 percent of STEM university graduates.<sup>39</sup> It is highly important that government take efforts to reduce barriers that are preventing more women



from pursuing qualifications and work in these fields to ensure that they are well positioned to succeed in the technology-driven economy. Through the expansion of experiential learning in the province, there is an opportunity to introduce more women to careers in STEM fields.

As outlined in the recent OCC report *Passport to Prosperity: Ontario's Priorities for Immigration Reform*, there is also an opportunity to improve the labour market outcomes of immigrants in Canada. A significantly larger share of very recent immigrants with post-secondary credentials, 43 percent, are employed in low-skilled occupations in comparison to 23 percent of their Canadian-born counterparts.<sup>40</sup>

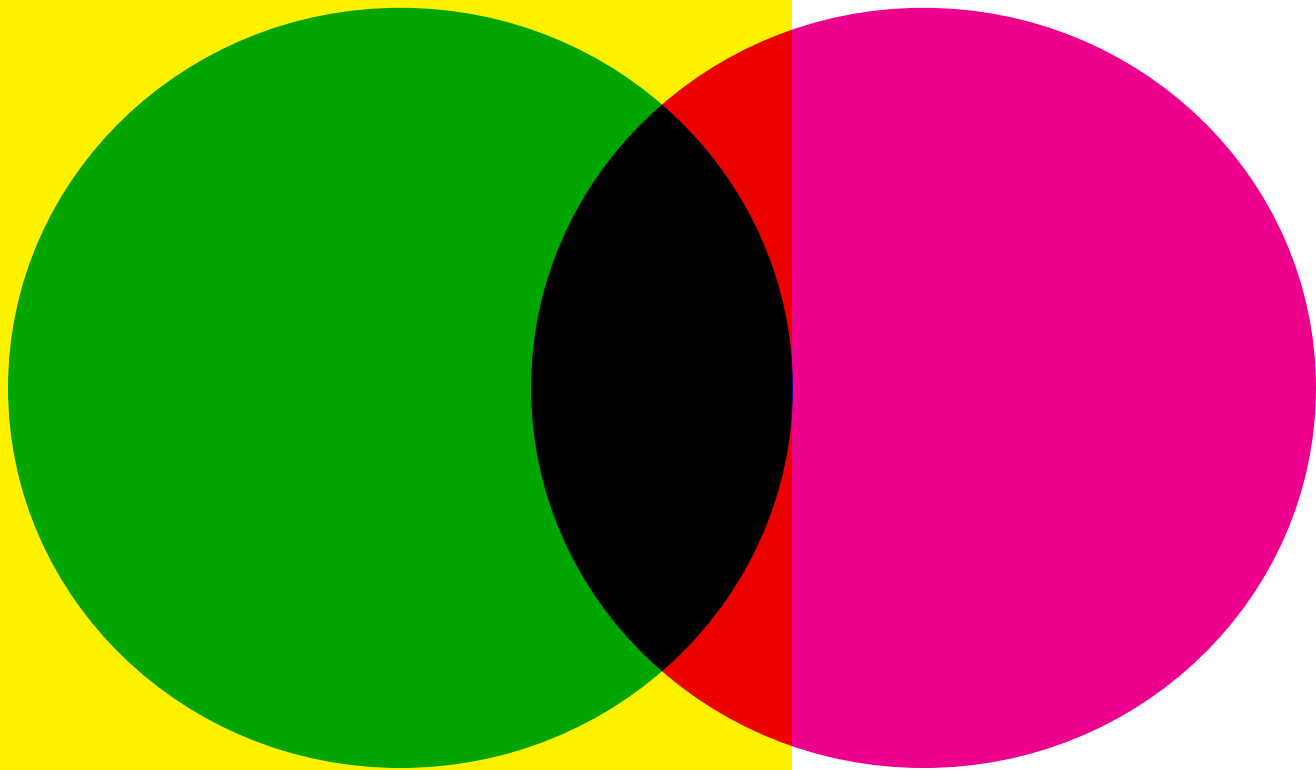
*Passport to Prosperity* includes a series of recommendations designed to enhance the attraction and retention of international students.<sup>41</sup> International student enrolment in Ontario colleges and universities has grown substantially by the year; in 2015 -16, over 94,000 international students attended Ontario colleges and universities full-time.<sup>42 43</sup> We recommend that the Ministry of Advanced Education and Skills Development (MAESD) work closely with the Ministry of Citizenship and Immigration as well as the post-secondary sector to identify and scale best practices to engaging international students in experiential learning opportunities.

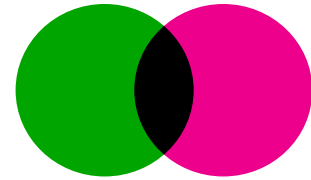
We also recommend that government identify and allocate the financial resources necessary to enhance the experiential learning opportunities available to underrepresented groups. This action is critical to ensuring that all students have access to the work experiences that will position them for success throughout their future careers.

### NETWORK SPOTLIGHT

*The Improving Indigenous Education in Ontario* resolution authored by the Timmins Chamber of Commerce and passed at the 2017 OCC AGM informed this recommendation. The resolution is co-sponsored by the Greater Sudbury Chamber of Commerce, the North Bay and District Chamber of Commerce and Sault Ste. Marie Chamber of Commerce.

# Developing a Systems-Based Approach to Training





The global economic downturn of 2008-9, coupled with the emergence of disruptive new technologies and business models, have precipitated a shift away from the traditional industries that have supported the Ontario economy for generations.

As innovative technologies continue to emerge, it is probable that the need for workers in certain sectors will be reduced, namely those in which workers perform routine tasks that can be easily automated.<sup>44</sup> Employment and training resources perform a critical function in ensuring that displaced workers are able to transition to new opportunities.

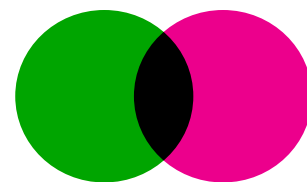
Each year, the Government of Ontario currently invests more than \$1 billion to support approximately one million people achieve improved labour market outcomes through Employment Ontario.<sup>45</sup> In the 2017 Budget, the Province committed to modernizing key Employment Ontario programs recognizing that many programs which were “designed for the challenges of yesterday” need to “be recalibrated to address the challenges of today and tomorrow”.<sup>46</sup>

The Employment and Training Services Transformation initiative is an encouraging response to the Auditor General’s recent analysis, which revealed that the majority of Employment Ontario’s Employment Service program clients were unsuccessful in finding full-time employment in their chosen career.

At the time of completion of the 2015/16 program, only 38 percent of clients were employed full-time and only 14 percent had found employment in either their field of training, a professional occupation or a more suitable job than before the program.<sup>47</sup>

Similarly, the Auditor General found that only 35 percent of Employment Ontario’s Second Career program reported being employed upon completion of the program. Only 17 percent of these clients were employed full-time and only 10 percent were employed in their field of training.<sup>48</sup>

It is essential that employers are consulted throughout the Employment and Training Services Transformation to ensure that the revised programs are better positioned to equip participants with skills relevant to and demanded by industry.

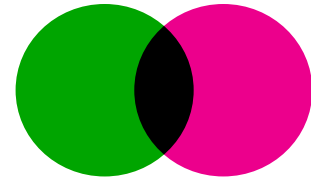


There is an opportunity to leverage existing partnerships to achieve this objective. In early 2017, for instance, the Ontario Centre for Workplace Innovation (OCWI), in conjunction with the OCC, facilitated a series of roundtables across the province which engaged service providers and employers to document and develop actionable solutions to local workforce challenges. Over the coming months, OCWI will translate the insights and best practices identified by participants into relevant information and tools that can be transferred, scaled up, and made relevant for the broader workforce development sector.

Addressing the challenge of chronic unemployment, however, also requires broader consideration of the employment service framework. Employment Ontario programs and services are delivered by approximately 400 employment service providers operating at about 740 service delivery sites throughout the province.<sup>49</sup>

The government has adopted a graduated operating grant approach to funding, meaning that payment is subject to pre-established eligibility and other criteria. Providers receive operational funding that covers all costs related to the delivery of the Employment Standards and is commensurate with the service quality contracted by government.<sup>50</sup> In addition, the funding decision is also informed by factors including the population base, location and labour market environment.<sup>51</sup> While government evaluates the performance of providers and works to establish continuous improvement targets, funding is not tied to the employment outcomes of clients.<sup>52</sup>

The OCC is encouraged by the provincial government's budgetary commitment to modernize existing programs. We look forward to working alongside government to ensure that the priorities of the business community are better integrated into the existing training framework.



## **Recommendation 4:**

### **Shift towards greater client centricity.**

Employment service providers have a critical role in the job-matching process through the provision of individual employment counselling, interpersonal skills development, networking and training opportunities.

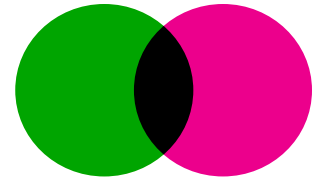
One of the key principles of Employment Ontario service delivery is that services are client-centric, meaning they are tailored to meet the needs of each individual, employer or community.<sup>53</sup> During the April 2017 OCC consultation, participants identified an opportunity to shift towards greater client centricity. It was suggested that employers and job-seekers alike often experience difficulties navigating the existing system. Participants advocated for a more seamless client experience at every touchpoint throughout the process.

This recommendation is made in the context of evolving client dynamics. Technology has facilitated unprecedented access to information through a variety of channels, creating greater efficiencies and matching clients to services like never before. Clients expect services to be convenient, flexible and personalized.<sup>54</sup> Continuous improvement is increasingly required to generate productive engagement among clients.

The pathway to transformation should involve building capacity at the staff level and identifying opportunities for transformation within the existing model as well as collaborating with local partners, such as local chambers and boards of trade, to identify best practices in service delivery. The Government should also work to advance digital design and delivery to ensure that clients are offered the best possible service experience.

In addition, the Government should work to lower complexity across the system. In 2007, a broad range of federal programs were transferred to the province through the Canada-Ontario Labour Market Development Agreement (LMDA).<sup>55</sup> There remains an opportunity to further integrate the legacy systems and processes to enhance clients' interaction with the system.

We are confident that these priorities would complement the Government's recent commitments to improve information technology to better manage client cases and to explore enhanced sources of labour market information to better support Ministry planning.<sup>56</sup>



## **Recommendation 5:**

### **Evaluate the potential of an outcomes-based employment and training systems funding model.**

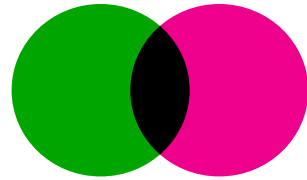
Throughout its review of Employment Ontario programs, we encourage the government to consider shifting towards an outcomes-based funding model. The decision to implement an outcomes-based funding model could generate significant efficiencies for government while improving the labour market outcomes of program participants.

In Australia, for example, service providers receive base operational funding supplemented by remuneration paid upon the jobseeker obtaining employment. The service provider may be eligible to receive additional payment in the form of a 'bonus' if the former client remains employed for over three months. Although the Australia model is relatively new, we believe that it would be valuable for government to assess the performance results associated with modifying how public funds are allocated and distributed throughout the employment and training system.

We recognize that the implementation of this option has the potential to complement the existing Employment Ontario performance measurement framework (PMF). The PMF outlines the performance and accountability requirements of third party service providers throughout the province, which includes the following dimensions of service success:

- Customer Service: measured by how satisfied clients and employers are with the employment service and how well the service is integrated into the community.
- Effectiveness: measured by how the service impacted the client, in terms of employment/career path and training/education.
- Efficiency: measured by the extent to which resources are used appropriately to achieve the commitments set out in the agreement between the provider and the MAESD.<sup>57</sup>

In light of the low employment outcomes that have resulted from the current fixed finding model, we recommend that government shift towards the proposed model which would place greater emphasis on longer term, sustainable employment outcomes for jobseekers.



## THE FEDERAL CONTEXT: EMPLOYMENT AND TRAINING PROGRAMS

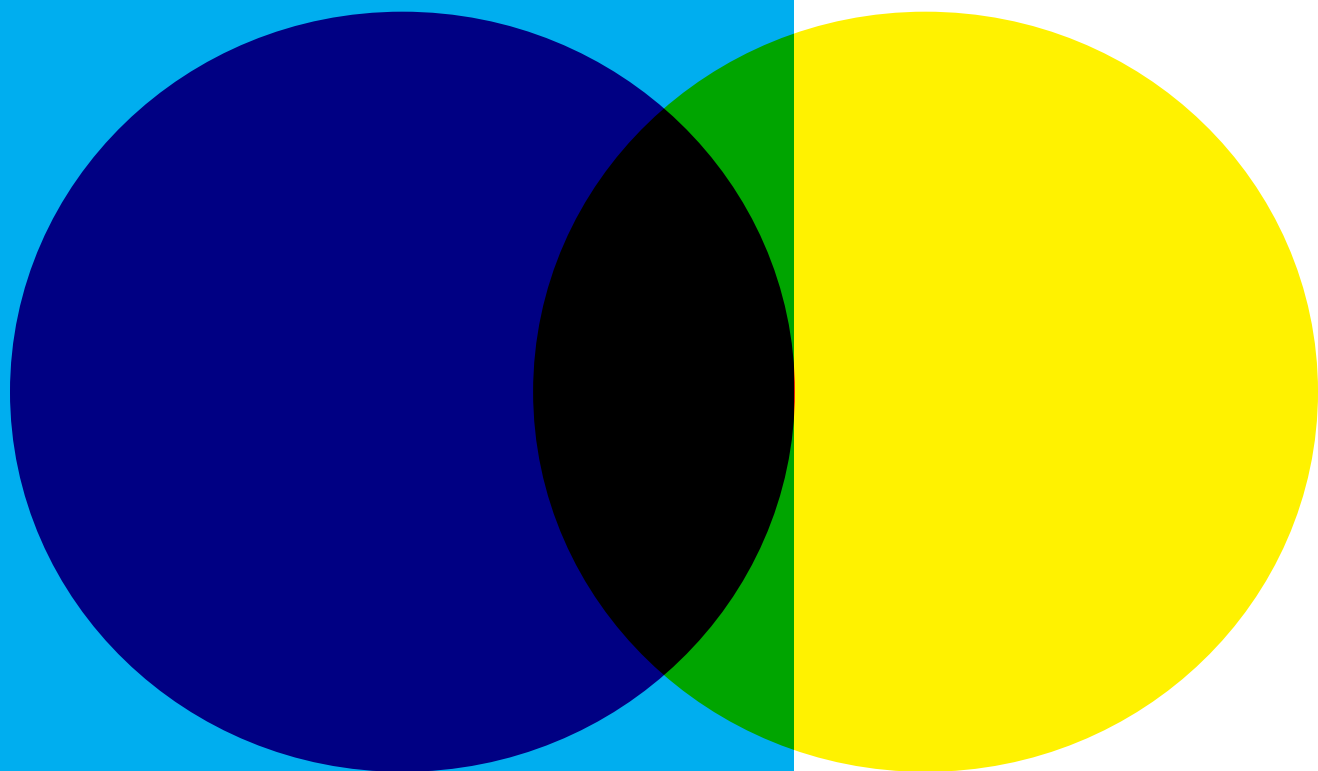
In addition to the programs administered through Employment Ontario, the province also administers the Canada-Ontario Job Grant in partnership with the federal government. The Job Grant provides up to \$10,000 to employers to cover the cost of training prospective and/or current employees.<sup>58</sup>

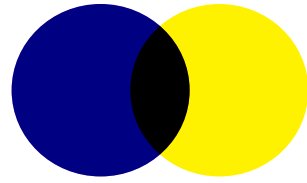
In the 2016 Budget, the Government of Canada committed to providing an additional \$50 million in 2016-17 for the Canada Job Funds Agreements as well as an additional \$125 million for the Labour Market Developments Agreements with the objective of ensuring that unemployed and underemployed Canadians can access the training and supports they need to develop their skills and pursue opportunities for a better future.

The 2017 federal budget announced that the Canada Job Fund Agreements for Persons with Disabilities and the Targeted Initiative for Older Workers will be consolidated in the new Workforce Development Agreements, which will receive an additional \$900 million in funding over the next six years.<sup>59</sup>



# Modernize the Apprenticeship Framework



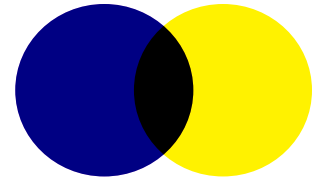


Skills Canada estimates that 40 percent of new jobs created in the next decade will be in the skilled trades, but only 26 percent of young people aged 13 to 24 are considering a career in these areas.<sup>60</sup> This problem is worsened by the fact that those young people who do choose a career in the trades face significant barriers to entry, particularly in finding an apprenticeship position. As the 2016 Annual Report of the Auditor General revealed, less than half of the people who begin an apprenticeship program in Ontario complete it.<sup>61</sup>

While the average completion rate for apprentices in Ontario (from 2011/12 to 2015/16) was approximately 47 percent, completion rates for voluntary trades were significantly lower than for compulsory trades (35 percent vs 59 percent). There are many reasons why individuals do not finish apprenticeships. Though low wages are in some cases cited as reason for non-completion, the evidence suggests that an increase in wages alone is unlikely to solve the problem. In some instances, apprentices become dissatisfied with the trade that they are pursuing or struggle to find a placement that can accommodate the number of hours required to qualify for certification.

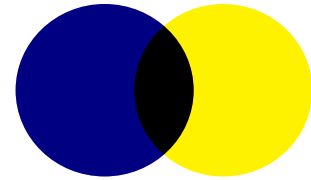
Improving apprenticeship completion rates has been a priority for government since the Auditor General reported declining outcomes of skilled trade apprenticeship programs in 2008. The Ontario College of Trades and Apprenticeship Act 2009 established the Ontario College of Trades (OCOT) to regulate all approved trades in Ontario, perform standard regulatory functions such as issuing licences, establish standards for training and certification, and increase access to trades for internationally trained workers.

In previous years, OCOT was criticized for maintaining an artificially high journey-person-to-apprenticeship ratio of 3:1 that forced many companies to lay off apprentices or leave apprenticeship positions vacant because they could not afford to hire the sufficient number of journeypersons. While the OCC was encouraged by OCOT's decision to revise several ratios to start at 1:1, we believe there needs to be greater flexibility within the apprenticeship framework.



There is also the challenge of small business, which sometimes lacks the ability to hire apprentices. In the current model, some small businesses are reluctant to hire apprentices because they are concerned that they will not be able to sponsor the apprentice throughout the duration of their requisite hours. Rather, smaller businesses are more likely to need apprentices on a temporary basis.

Expanding Ontario's skilled trades labour pool is critical to the continued transformation of Ontario's economy. The OCC is committed to working alongside government as it enhances the opportunities available to entrants in the skilled trades. In particular, we will continue to support the Ministry of Labour as it works to address outstanding concerns raised in relation to the report, *Supporting a Strong and Sustainable Ontario College of Trades*.<sup>62</sup> We also look forward to engaging in the initiative led by MAESD to develop a modernized apprenticeship system focused on increasing completion rates, increasing the participation of under-represented groups, and creating a better pathway for learners.<sup>63</sup>



## Recommendation 6:

### Revise the journeyperson-to-apprentice ratio framework.

Flexibility in the apprenticeship framework is evident in many other jurisdictions across Canada.

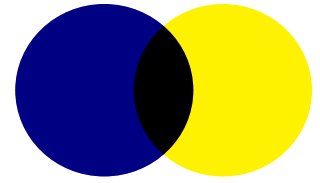
In Nova Scotia, for instance, employers can apply for a ratio increase for the number of apprentices per journeyperson on a per project basis. The Province determines the eligibility of the request based on an evaluation of a series of criteria including the steps undertaken by the employer to hire more journeypersons as well as the geographic limitations experienced by the employer to locate journeypersons.<sup>64</sup>

The implementation of a similar process in Ontario could alleviate some of the challenges that employers, particularly in smaller urban and rural communities, experience with respect to recruiting sufficient journeypersons so as to hire additional apprentices. It is recognized that the implementation of this recommendation would similarly provide apprenticeship candidates with access to greater opportunities in the skilled trades.

It is evident through consideration of the apprenticeship frameworks in other provinces that Ontario maintains one of the most constricting ratio systems in the country. Notably, British Columbia has never had mandatory ratios. The Province should also consider the possibility of adopting a ratio of one journeyperson to two apprentices consistent with the policies of Alberta, Saskatchewan and Newfoundland.

#### NETWORK SPOTLIGHT

This recommendation is consistent with the *Improve Workforce Competitiveness for Rural Communities and Small Urban Centres by Creating a Flexible Apprenticeship Program* resolution authored by the Greater Peterborough Chamber of Commerce. The resolution was passed in 2016 and co-sponsored by the Guelph Chamber of Commerce, Greater Sudbury Chamber of Commerce and Thunder Bay Chamber of Commerce.



## **Recommendation 7:**

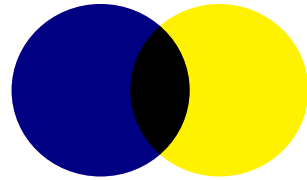
### **Enhance support for apprenticeship consortiums.**

Apprenticeship consortiums are comprised of local or regional stakeholders with common apprenticeship training issues. The consortium acts as the employer/sponsor in the apprenticeship framework and works to reduce administrative burdens on participating employers by overseeing the coordination of recruiting, placing and scheduling apprentices across multiple worksites. In this way, consortiums resolve the capacity challenge that often prevents small and medium-sized employers from engaging in apprenticeship training.<sup>65</sup>

The consortium model was first piloted in Ontario in 2000 with the creation of the Steel Industry Trades Replacement Program (SITRP) that included representatives from Dofasco, Stelco Hamilton, Stelco Lake Erie, United Steel Workers, Mohawk College and the then Ministry of Training, Colleges and Universities (MTCU). The pilot resulted in the registration of nearly 300 apprentices, most of which successfully completed their training.<sup>66</sup> SITRP has since evolved into the Hamilton Skilled Trades Apprenticeship Consortium which continues to develop training practices that meet the demand for skilled trades in the region.

The success of the Hamilton model has prompted other communities throughout Ontario to establish consortiums. The Building Bridges adVenture, for example, was developed by the Kiikenomaga Kikenjigewen Employment and Training Services (KKETS) and is designed to build a highly skilled trades workforce in the Matawa First Nation communities.<sup>67</sup> The Local Employment Planning Council (LEPC) of Thunder Bay District is working to establish an apprenticeship consortium that will initially focus on trades related to transportation in recognition that approximately 25 percent of all trades in the District are related to that industry.<sup>68</sup>

The experiences of these communities suggest that apprenticeship consortiums enhance the flexibility of the apprenticeship system while improving alignment among key stakeholders to support the development of a workforce that is responsive to local labour market needs. We recommend that government collaborate with stakeholders to increase employers' awareness of the consortium model and to encourage employers to engage in the process by making information on supports more accessible.



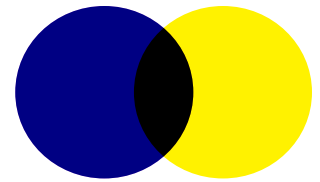
## **Recommendation 8:**

### **Modernize the apprenticeship application process.**

The current apprenticeship application process is onerous, outdated and fragmented. To become an apprentice, an interested candidate must first secure a sponsor. Employers, unions or trade associations can function as sponsors; Employment Ontario provides online services to help candidates find a sponsor.<sup>69</sup> Next, the candidate and sponsor are required to physically go to a MAESD regional office to file an application. If the candidate's application and sponsor are approved by MAESD, the candidate will receive a training agreement. The candidate then has 90 days to apply for membership with OCOT. It is relevant to note that the MAESD and OCOT forms require different information. Membership to OCOT is mandatory and costs \$60 (plus HST) per year for apprentices.<sup>70</sup>

Once the candidate completes the OCOT membership application and pays the associated fees, OCOT notifies MAESD that the candidate has officially registered as an apprentice for the upcoming year. MAESD is then responsible for sending the candidate their paper workbook. The apprentice is required to maintain this workbook throughout their tenure as an apprentice. After some months, the apprentice is responsible for contacting MAESD to request to complete their in-class training. Apprentices are typically required to complete three eight week, in-class courses. MAESD gives consideration at this stage as to how many students in which trades have requested training. It then allocates the number of apprentices that will be studying at each particular training delivery agent. Colleges deliver nearly 90 percent of in-school apprentice training in Ontario.<sup>71</sup>

Once a candidate has completed their training as an apprentice, they receive a Certificate of Apprenticeship and are eligible to proceed to the



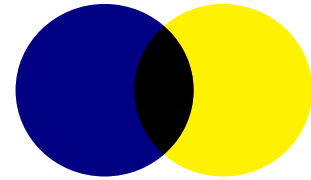
next level of certification. Some trades in Ontario are subject to a Certificate of Qualification examination. To pass, candidates need to score at least 70 percent, regardless of the trade. To book an exam, candidates contact OCOT and pay an exam fee of \$150 (plus HST).

To increase the effectiveness and efficiency of the process for both apprentices and employers (sponsors), we recommend that government leverage the Ontario College Application Service (OCAS) to provide candidates with electronic, single-entry access to the apprenticeship application and registration process. The implementation of this recommendation would require government to invest \$4 million in one-time funding to support the development of the IT infrastructure in the existing college application framework.<sup>72</sup>

In the proposed model, OCAS would provide enhanced support to the apprentice from the application stage, throughout their training and when registering for their Certificate of Qualification examination. From an employer perspective, this process would be significantly more efficient.

Similar to the current framework, the candidate would first apply through MAESD then through OCOT. In the proposed system, however, the information that the candidate submitted to MAESD would pre-populate their OCOT application. The system would also automatically inform MAESD when the student had successfully completed the OCOT application and paid the associated membership fees. It is anticipated that this would significantly improve the applicant's experience and the timeliness of the application and registration process.

Similarly, the employer would be assigned an account through OCAS and would confirm online that they consented to train the applicant as an apprentice. This would eliminate the need for the employer to physically go to a MAESD regional office to register as a sponsor. This would also ensure



that employers could take on additional apprentices much more efficiently than in the current process whereby they are required to develop a new account each time they recruit a new apprentice.

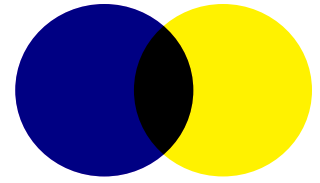
The platform would also allow apprentices to easily update their profile throughout the completion of their program. The physical workbook in this situation would be replaced by a digital workbook that would be more accessible to all stakeholders and less burdensome to the apprentice and the employer. Similar to the application system, OCAS has the capacity to format the digital workbook so that it is accessible on mobile platforms.

The system would have real-time information as to how many apprentices were enrolling in which trades and in which regions throughout the province. This data could be leveraged by MAESD throughout its efforts to allocate the number of apprentices that will be studying at each particular college.

In addition, the digital workbook could be made available to in-class instructors. This would ensure that instructors would have better understanding of the skills that their students (the apprentices) were learning 'on the job' and tailor their course work accordingly to ensure that the apprentices were best positioned for success in their final examinations. This process would also greatly contribute to the human resources tools available to the employer; they could easily track the progress of all apprentices on one digital, time-stamped platform.

This implementation would enhance the support available to apprentices throughout their training as well as generate significant efficiencies for the employer. We recommend that the government take immediate action to modernize the apprentice application process.





## **Recommendation 9:**

### **Reform the Ontario College of Trades.**

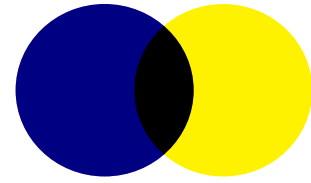
In the 2013 report *Caution: Work Ahead*, the OCC recognized that the success of OCOT depends on its ability to address labour shortages in the trades, elevate the standard in the industry, protect consumers, and promote the attractiveness of careers in the trades. The report contained six recommendations designed to make OCOT more responsive to employers' needs.<sup>73</sup>

Nearly five years later, we perceive that the failure to address and resolve the on-going deficiencies with the provincial apprenticeship system is indicative of large-scale, institutional dysfunction.

Since OCOT's inception, one of the most contentious areas of operation has been the relationship between the College and decisions originating from the Ontario Labour Relations Board (OLRB). The OLRB is responsible for adjudicating jurisdictional disputes between unions which arise when one union claims an employer has assigned its work to another union. Through time, the OLRB has developed a body of case law relating to jurisdictional disputes which, together with workplace agreements and past practice, provides guidance to employers concerning work assignments and prevents workplace disputes.

OCOT has also struggled with their responsibilities as both promoter and regulator of trades in Ontario. A 2016 OCC resolution noted that the College is overly focused on enforcement and regulation, limiting its ability to serve the public interest in attracting and training new trades people. These issues, and many others, initiated a review of the College.

While the OCC was encouraged by the findings of *Supporting a Strong and Sustainable Ontario College of Trades*, the subsequent report conducted by former Secretary of Cabinet Tony Dean, we maintain that much more work remains to address the governance issues within OCOT. If OCOT is unable to implement the requisite reforms, we recommend that the Government of Ontario dismantle OCOT and return responsibility for trades regulation to the provincial MAESD.



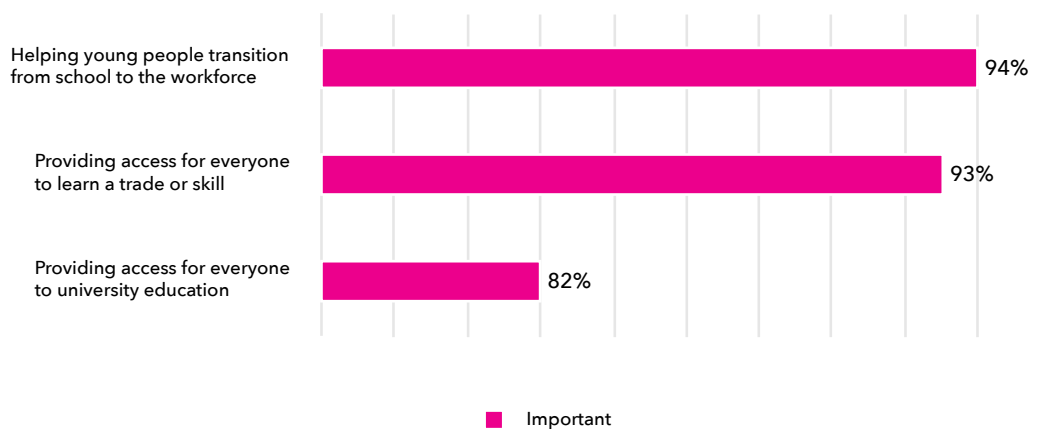
## Recommendation 10:

### Promote career pathways in the skilled trades.

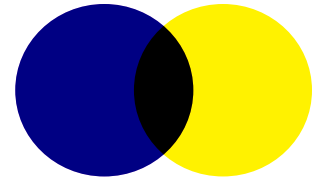
As indicated in the preceding section, only 26 percent of young adults aged 13 to 24 are considering a career in the skilled trades.<sup>74</sup> One of the most pervasive barriers to attracting youth to the trades is the perception that the careers in the sector offer limited opportunities for learning, growth and social mobility. In addition, the evidence suggests that key influencers, such as parents, typically exhibit a strong preference for young people to pursue university degrees and perceive apprenticeship as a 'second best' option.<sup>75</sup>

The good news is that recent survey results suggest that this perception is subsiding. As the graph below illustrates, 93 percent of Ontarians indicated that it was very important for government to provide access to everyone to learn a trade or skill. In comparison, only 82 percent of respondents indicated that it was important that government provide access for everyone to university education.<sup>76</sup>

### How important are the following things to assuring Ontario continues to have a globally competitive economy?



**Source:** The Gandalf Group conducted an online survey among n=1032 adult Ontarians between April 17 and 21 2017, on behalf of the Ontario Chamber of Commerce.



It is probable that this trend reflects a growing awareness of the benefits of working in skilled trades careers. According to journeypersons surveyed by the Canadian Apprenticeship Forum, the main benefits of their career include good pay, interesting work, full-time employment, satisfaction in building and creating something, opportunities to do different kinds of work, travel and the opportunity to work outside of an office environment.<sup>77</sup> In addition, careers in the trades provide young people the opportunity to develop entrepreneurial skills.

The 2016 Deloitte Millennial Strategy found that millennials value work that provides services and goods that make a positive difference to people's lives, good work/life balance, opportunities to progress and flexibility (ie. remote working, flexible hours).<sup>78</sup> Stakeholders should develop a coordinated strategy to better market careers in the trades to the next generation of talent, one that emphasizes how "millennial" values align with characteristics of careers in the skilled trades sector.

To further support awareness and uptake of careers in the trades, participants in the April 2017 OCC Skills and Workforce Development consultation identified the need to better integrate industrial arts classes and work integrated learning opportunities throughout the high school curriculum.

For instance, participants suggested that it would be beneficial for industrial arts classes to be integrated with STEM (Science, Technology, Math and Economics) classes so as to provide a more comprehensive practical and theoretical understanding of subjects such as electrical engineering and mechanics.

We support the Premier's Highly Skilled Workforce Expert Panel's recommendation to develop a modernized apprenticeship system that is reflective of the current business climate and focused on the integration of young people into the trades. We look forward to collaborating with government as it works to identify and implement policy options and programs, such as those identified in this report, that will attract greater young people to careers in this dynamic sector.

# Conclusion and Next Steps

Addressing the skills mismatch in Ontario is a pervasive challenge for both the public and private sectors. While the OCC is encouraged by the Government of Ontario's commitment to modernize key aspects of the employment and training framework to better reflect labour market demands, we recognize that the success of these initiatives will be dependent on the extent to which Government engages with employers.

Small businesses, in particular, are challenged throughout their efforts to navigate the existing employment and training landscape. Given that small business makes up two-thirds of private sector employment in Ontario, we strongly encourage government to design programs that are responsive to the capacity challenges of smaller operations.<sup>79</sup>

In this report, the OCC outlines a strategy for how government and industry can work together to ensure that all regions across Ontario have access to the skilled workforce required to compete in the technology-driven knowledge economy.

The OCC will continue our advocacy efforts on issues pertaining to skills and workforce development throughout 2017 as part of a signature policy program. In the fall of 2017, the OCC will convene thought and business leaders to address transformative disruption in the economy. The results of a recent general population survey collected by the OCC indicate that half of Ontarians are concerned that their working expertise and skills will no longer be useful or become less valuable in the next decade.<sup>80</sup> This forum will function as a platform to explore how educators, employers, service providers and government can promote the development of those skills that will remain or increase in demand as technology progresses.

Later this year, the OCC will convene a multi-ministry panel of Deputy Ministers and Assistant Deputy Ministers to discuss how Ontario's changing demographics are influencing our health care system and our labour market, including how this will change the way the government incentivizes economic activity and sets budgets.

Throughout the development of these initiatives, the OCC will co-ordinate between governments, education institutions and employers across the province to highlight the importance of talent attraction and retention in relation to local prosperity.

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27 Note: The Ontario Chamber of Commerce regularly surveys its members in order to capture the experience of business in Ontario. This data provides a grassroots look at the economy and can reveal developing trends in economic activity. As observed in previous research with our membership, there is a considerable confidence gap between our members' organizational and provincial economic outlooks. This trend continues in 2017. The OCC debuted the Business Confidence Survey in the recent Ontario Economic Report available here: <http://www.occ.ca/wp-content/uploads/2017/02/ontarioeconomicreport2017.pdf>.

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