

Increase Apprenticeship Completions in the Skilled Trades

Canada needs to increase the number of certified skilled trades workers if it is to avoid shortages in the skilled trades. Older skilled workers, including journeypersons who train apprentices, will start to retire in rising numbers over the coming years as the boomer generation ages and exits the labour market. For the apprenticeship system to replenish itself, more apprentices must become certified and move into journeyperson roles, to begin training the next generation of apprentices.

“The number of apprentices completing training and obtaining certification has doubled from 2000 to 2011, but apprenticeship completion rates have averaged only 50 per cent over this period,” according to *Jobs Report: The State of the Canadian Labour Market*, issued by Finance Canada.¹

The low completion rates are the result of at least two broad realities. “To some extent, this reflects people deciding the path isn’t a good fit, something we also see with university and college students,” notes Sarah Watts-Rynard, Executive Director, Canadian Apprenticeship Forum.² “Apprentices, however, also face the unique requirement to find and maintain employment. When contracts come to an end or the economy turns, apprentice training can quickly be derailed.” It is worth noting that in Canada, as many as 77% of apprentices are employed by small firms who may lose their apprentice-employees to other larger firms, once apprentices achieve their certification.³

The issue of non-completion by apprentices warrants attention for a few reasons. For sectors facing potential skilled shortages over the coming decade, the necessity for a higher completion rate and an increased pool of qualified workers is evident. In Alberta, Saskatchewan, and Newfoundland and Labrador, increases in job vacancy rates since 2009 have reflected high labour demand in certain occupations in the skilled trades.⁴ These vacancies could expand as rising numbers of older workers retire in the next several years. Skilled labour shortages are a risk to the green-lighting of major projects and to overall economic activity across sectors.

For the individual workers, completion matters to their income and economic outcomes. Statistics Canada researchers found that apprentices who complete their training and obtain certification earn wages that were 25% higher than those who had not completed their apprenticeship programs.⁵

Over the past several years, the federal government has introduced a number of tax and financial measures to support apprentices directly. It also provides a tax credit to employers who hire apprentices in the first two years of an apprenticeship program.

To improve completions, the focus must extend to the later years of apprenticeship training. Among the policy options available to the federal government is the extension of the existing Apprenticeship Job Creation Tax Credit to the later years of apprenticeship training and increasing its value for these years. In the report *Economic Opportunities for Young Apprentices*, the House of Commons Standing Committee on Human Resources recommended the government explore whether to provide a grant to employers when apprentices complete their apprenticeship program.⁶ Another simplified tax option for small business employers would be a payroll break. Any incentive for SMEs to seek innovative solutions for their businesses, including the retention of apprenticeships, would be important given their integral role in training skilled trades workers.

Whatever the financial incentive, the government will realize higher income tax revenues as increased numbers of certified skilled workers achieve higher taxable incomes and tax revenues offset the introduction of incentives for employers.

¹ Finance Canada. *Jobs Report: The State of the Canadian Labour Market*. Ottawa. 2014, p. 4.

² Watts-Rynard, Sarah. “Skills shortages reflect Canadian-made barriers.” Blog. Canadian Apprenticeship Forum. Dec. 5, 2013.

³ Laporte, Christine and Richard E. Mueller. *The Completion Behaviour of Registered Apprentices: Who Continues, Who Quits, and Who Completes Programs?* Statistics Canada. 2011.

⁴ Finance Canada, p. 32.

⁵ Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities. *Economic Opportunities for Young Apprentices*. House of Commons, Parliament of Canada. Ottawa: May 2013. p. 5.

⁶ *Ibid.* p. 20.

Recommendation

That the federal government create a financial incentive for those employers who retain apprentices in their third or fourth year of training, to support the policy goal of increasing the number of certified trades workers. This incentive should be in addition to (and not in lieu of) the existing tax credit for employers for their level 1 and 2 apprentices.