

Chapter 3

Section 3.04

Ministry of Advanced Education and Skills Development

Employment Ontario

1.0 Summary

Employment Ontario offers a suite of programs designed to provide employment and training services to job seekers and employers, apprenticeship training to students seeking certification and employment in a skilled trade, and literacy and numeracy skills to people who lack basic education necessary for employment. These programs are funded by the Ministry of Advanced Education and Skills Development (Ministry), and the majority are delivered by third-party agencies.

In order to support the Province's economic growth and help ensure Ontarians have long-term sustainable employment, it is important that these programs meet the needs of Ontario's current and future labour market. While Ontario's annual unemployment rate (6.8% in 2015) has generally been in line with the national average, its youth unemployment rate (14.7% in 2015) has been consistently higher than the national average over the last decade by two percentage points.

Our audit found that key programs offered by Employment Ontario are not effective in helping Ontarians find full-time employment. Although the Ministry is redesigning some of its existing programs, more attention is needed to increase their effectiveness and improve efficiency. Specifically,

the Ministry needs to take additional steps to increase completion rates for apprentices, and to help people sustain long-term employment in their field of training. We also noted that the Ministry lacks the detailed and timely labour market information necessary to both improve existing programs and develop new ones to meet the current and future labour needs of Ontario. Some of the significant issues we found include:

- **Majority of employment and training program clients unsuccessful in finding full-time employment in their chosen career.** The objective of Employment Ontario's Employment Service program is to find long-term sustainable employment for clients. For 2015/16, at the time of completion of the program, only 38% of clients were employed full-time and only 14% had found employment in either their field of training, a professional occupation or a more suitable job than before the program. Similarly, in Employment Ontario's Second Career program, which is intended to retrain unemployed and laid-off workers for high-demand jobs, 35% of clients reported being employed when they completed the program, but only 17% were employed full-time, and only 10% were employed in either their field of training, a professional occupation or a more suitable job at time of completion of the program.

- **Overpayments to clients who do not complete programs are not being recovered.** Participants in Employment Ontario's Second Career program who receive funding for retraining but do not regularly attend their program or provide receipts are required to repay the Ministry. In the last three fiscal years, \$26.6 million that should have been repaid has been written off as uncollectible.
- **Less than half of the people who begin an apprenticeship program in Ontario complete it.** The average completion rate for apprentices in Ontario (from 2011/12 to 2015/16) was about 47%. Completion rates for voluntary trades were significantly lower than for compulsory trades (35% vs. 59%). Comparable completion results from other jurisdictions were not available because provinces do not follow a single standard method to calculate completion rates for apprentices.
- **Ministry needs to better analyze and address reasons for low apprenticeship completion rates.** The Ministry does not review apprentice completion rates by in-class training provider or employer, and it does not compile and analyze survey results separately (for the majority of questions) for those that completed their apprenticeship program and those that withdrew. Such analyses would enable the Ministry to identify those in-class and on-the-job training providers that may not be preparing apprentices for success, and assess the reasons why apprentices did not complete their apprenticeship. We analyzed apprenticeship completion rates by employer and found that, for employers who have sponsored at least 50 apprentices since the beginning of the program, there were approximately 100 employers that had a low success rate (i.e., less than 20% of their apprentices complete their apprenticeship) but were still actively training almost 4,800 apprentices.
- **Financial incentives to employers may not be encouraging apprentice certification.** In 2015/16, about 60% (\$205 million) of all apprenticeship funding was paid to employers through a combination of the Apprenticeship Training Tax Credit, a signing bonus and a completion bonus. The first two financial incentives support apprentices entering the program, but are not tied to employers ensuring apprentices complete the program. The completion bonus, which is more closely aligned with the Ministry's goal of increasing the number of apprentices that get certified, is half the amount of the signing bonus.
- **Number of apprentices at risk of non-completion remains high even after implementation of a monitoring strategy.** The Ministry began monitoring at-risk apprentices in November 2014. At that time, 16,350 apprentices were identified as being at risk of not completing their apprenticeships. About 68% of these cases were resolved by having the apprentice exit the system, in effect cleaning out the Ministry's database. However, by June 2016, the number of apprentices at risk increased to 39,000. Of these, 20,800 were apprentices identified under the same definition as that used in November 2014, and an additional 18,200 apprentices were identified under an expanded definition. Regardless of the definition used, the number of at-risk apprentices has increased during the last 1.5 years since the monitoring strategy was introduced.
- **Ministry's monitoring of apprenticeship training is limited.** Although the Ministry has processes in place to assess an employer's qualifications at the time they submit an application to train an apprentice, it relies on employers to self-report any changes that may affect their ability to provide sufficient training, such as a change in the number of trainers available to the number of apprentices. Local Ministry offices we visited during our audit confirmed that their involvement with employers is very limited and noted that they visited employers primarily when complaints were

received. With regard to in-class training, the Ministry evaluates whether training delivery agents have the tools and resources to deliver courses when they are initially approved for funding, but any monitoring by the Ministry after that point is complaint driven. Ministry staff informed us that they do not directly assess whether instructors are qualified and whether the courses are taught according to the curriculum, nor do they compare the qualification exam pass rates by training delivery agent to identify those with comparatively high failure rates.

- **Ministry lacks necessary data to ensure Employment Ontario programs meet current and future labour needs.** The Ministry does not collect or analyze regional information on labour force skills supply and demand to identify what jobs will have a shortage of skilled workers. According to the Ministry, there are few reliable sector-wide sources of information on employers' anticipated labour needs. The Ministry does publicly report certain labour market information every month (such as unemployment rates by metropolitan areas, and rate of employment growth by highest level of education completed and major occupation groupings); however, this information is not specific to particular jobs or trades to allow for an assessment of the supply or demand for specific occupations. Also, every four years the Ministry reports on the likelihood of people finding employment in various jobs in Ontario. Other provinces, such as British Columbia and Alberta, report projected demand by occupation for a 10 year period that they update annually and biannually respectively.

This report contains 18 recommendations with 35 action items.

OVERALL MINISTRY RESPONSE

The Ministry appreciates the work of the Auditor General and her staff in examining

Employment Ontario's programs and services. We value the observations and recommendations provided as a result of this audit.

While the Employment Ontario network helped approximately one million Ontarians in 2015/16, including over 122,800 employers across Ontario, we agree there is opportunity to transform Ontario's employment and training system to better meet client need, improve outcomes and ensure our resources are targeted most effectively.

We remain committed to ensuring clients get the skills they need to find employment, including providing effective supports to help apprentices complete their training and become qualified journeypersons. The Ministry is undertaking a multi-faceted, long-term transformation agenda to modernize and integrate Ontario's employment and training programs.

Following the recommendations of the Highly Skilled Workforce Expert Panel, the Ministry is developing and implementing a strategy to help the workforce adapt to the current and future demands of a technology-driven knowledge economy.

The Ministry is committed to reviewing and continuously improving client outcomes and ensuring program alignment with current and future labour market demands. As such, the Ministry has already begun to take the following steps:

- improved information technology support to help the Ministry better manage client cases, and reduce the number and level of potential overpayments to clients;
- exploring new and enhanced sources of labour market information to identify the most high-demand occupations and better support Ministry planning;
- reviewing employer supports for apprentice training to support completion rates and increase apprenticeship opportunities; and
- increased the criteria to expand the scope of apprentices to be monitored to those for

whom early intervention and supports could lead to timely completion.

The Ministry will review the Performance Measurement Framework for Employment Ontario programs, in order to track and ensure the program guidelines are achieving sustainable and long-term employment outcomes for clients. The Ministry commits to publish outcome data as part of the government's commitment to open data.

2.0 Background

2.1 Employment Ontario

Employment Ontario provides employment and training services and related information for both job seekers and employers. Services for job seekers include job listings, career counselling, training for skilled trades, literacy and other foundational skills development, and referrals to other employment-related services. Employers can access services such as posting a job on the Ministry's job bank website, and apply for incentives to hire people, train apprentices in skilled trades and provide additional training to their staff.

As of March 31, 2016, there were 27 programs and services offered under Employment Ontario by 400 third-party service providers. Three of these programs (Self-Employment Benefits, Summer Jobs Service, and Youth Employment Fund) were discontinued in 2015/16 and are winding down. Programs and services are clustered under the following four categories:

- **Employment and Training**—10 programs and services that provide supports to people seeking employment and incentives, and grants for employers.
- **Apprenticeship**—nine programs and services to ensure workers receive the required combination of workplace and classroom training to become certified and employed in a skilled trade.

- **Foundational Skills**—two programs and services comprising literacy and numeracy skills upgrading for those who lack the necessary basic education for employment, and bursaries for internationally trained professionals completing programs at colleges and universities in order to learn Canadian standards applicable to their profession.
- **Labour Market**—six programs and services that provide planning and capacity building for employment and training at the community level and provide local employment services following large-scale layoffs.

Appendix 1 includes descriptions and funding amounts for all 27 Employment Ontario programs and services delivered by third-party service providers and the tax credits and bonuses paid in certain situations to employers and individuals.

2.2 Roles and Responsibilities

The Ministry of Advanced Education and Skills Development (Ministry)—formerly the Ministry of Training, Colleges and Universities—is responsible for the funding and management of programs and services offered under Employment Ontario. The Ministry develops policy for adult education and labour market training. It also works with the Ontario College of Trades to set standards for occupational training, such as trade certification and apprenticeships. In addition, the Ministry operates some services directly, such as the Employment Ontario Contact Centre (a toll-free number and live chat service that offers information on employment and training programs and referrals to employment-related services) and the online Job Bank, which connects employers and job seekers and allows job searches anywhere in Ontario and Canada. Employment Ontario is administered by the Ministry's Employment Training Division (Division). The Division manages four regional offices (Central – Toronto; Eastern – Ottawa; Western – London; Northern – Sudbury), which are further divided into 39 local field offices. In total, the Division has over 800 staff.

However, the majority of programs and services under Employment Ontario are delivered through a network of about 400 mostly not-for-profit service providers at about 740 service delivery sites. Service providers include community-based employment service providers; literacy providers such as publicly funded school boards; colleges of applied arts and technology; and other non-college apprenticeship training delivery agents such as unions, employment associations and large employers.

The Division's staff is responsible for providing operational oversight, monitoring service quality, tracking financial information and managing contracts with third-party service providers. Contracts with service providers typically include project descriptions, eligibility requirements, budgets, required reporting to the Ministry and performance commitments.

2.3 Funding

In 2015/16, the Division spent \$1.3 billion, of which approximately two-thirds (or \$841.1 million) came from the federal government, to support employment programming, some of which was previously delivered by the federal government to Ontario residents.

The Ministry receives federal funding under three separate agreements with the federal government. These agreements include reporting requirements such as audited financial statements, annual plans outlining priorities and planned activities, and performance targets and results.

Prior to 2007, there were approximately 500 third-party service sites across the province receiving funding directly from the federal government, while Ontario also had its own employment services delivered through a program called Job Connect (basically, the current Employment Service program). Beginning January 1, 2007, the federal government transferred ongoing responsibility for the design and delivery of employment and skills training programs to Ontario. As a result, the Ministry inherited the federally funded service pro-

viders and 568 federal employees, and underwent a process to reduce the network of Employment Service providers in 2014 to its current number of 171.

Figure 1 shows the total payments the Ministry made over the last five years to third-party service providers under each of the four Employment Ontario program categories.

2.4 Key Programs

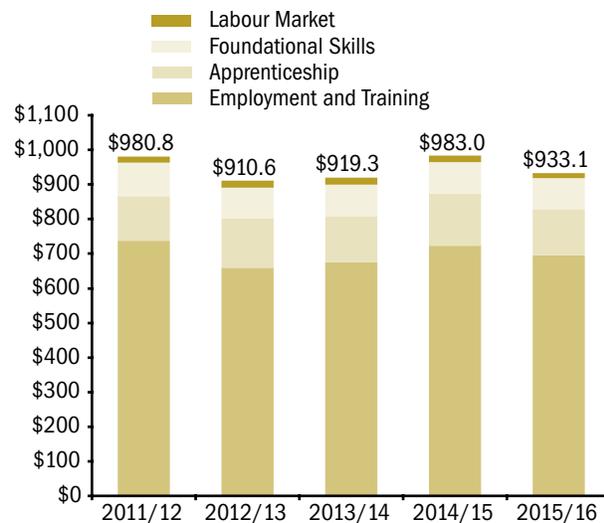
Nearly 90% of the total transfer payments provided by Employment Ontario to third-party service providers are for programs and services under the Employment and Training and Apprenticeship categories.

2.4.1 Employment and Training

Key Employment and Training programs are Employment Service—a network of third-party service providers that deliver career counselling and support services for people at the community level; and Second Career—a program that funds skills training in high-demand occupations for people who are unemployed or have been laid-off. Combined, these two programs receive two-thirds

Figure 1: Payments to Third-Party Service Providers in the Four Core Program Categories, 2011/12–2015/16 (\$ million)

Source of data: Ministry of Advanced Education and Skills Development



of the funding in this category (see **Appendix 1**). **Appendix 2** details the roles and responsibilities of both the Ministry and third-party service providers delivering employment and training programs.

Employment Service

The goal of Employment Service is to help people find sustainable employment. Individuals can find out about employment and training services by visiting an Employment Service provider or one of the Ministry's local field offices located across the province; by calling the Employment Ontario Call Centre; or by accessing the Ministry's website. In 2015/16, 673,000 people were served by third-party service providers funded by the Ministry. The majority of clients required minimal intervention (478,000) and were served through low-cost, self-serve tools such as outlines and tips for creating a resume. The remainder (195,000) required more intensive, tailored intervention to meet their individual needs, such as coaching people for job interviews. These people are referred to as assisted clients. Services provided, whether to assisted or unassisted clients, include:

- Client service planning and co-ordination, which provides the initial point of contact for people to access Employment Service. Service providers meet with clients to explore their career, employment and training goals and direct them to the appropriate services.
- Resource and information, providing an unassisted resource available to everyone in the community that includes information on local training and employment opportunities, community service supports, occupational and training requirements, and resources to support unassisted job search.
- Job search guidance, offering individualized assistance in career clarification and goal setting, skills and interest assessment, and interview and employment preparation.
- Job matching, placement and incentives to match client skills and interests with employ-

ment opportunities and employer needs.

Clients using this component need work experience or on-the-job training placement for which the employer may receive an incentive up to \$8,000 per individual.

- Job and training retention for those needing further help or counselling to succeed. This includes enhanced coaching, mentoring and follow-up for participants and employers who are unlikely to succeed without further assistance during and after employment and placement.

The Employment Service program is delivered across the province at over 320 sites run by 171 third-party service providers. Approximately 95% of these service providers are non-profit organizations, while the remaining providers include publicly funded school boards and some for-profit businesses.

The Ministry funds third-party service providers for operating costs, employer incentives for hiring program participants and client supports to reduce barriers to employment (such as providing bus fare and suitable clothing for job interviews). Funding is determined for each site operated by a service provider by taking into consideration the targeted number of clients to be serviced, employment and demographic conditions within the community where the site operates (labour market indicators), and the relative costs of doing business in that community (location indicators). For a more detailed description of the funding model, see **Appendix 3**.

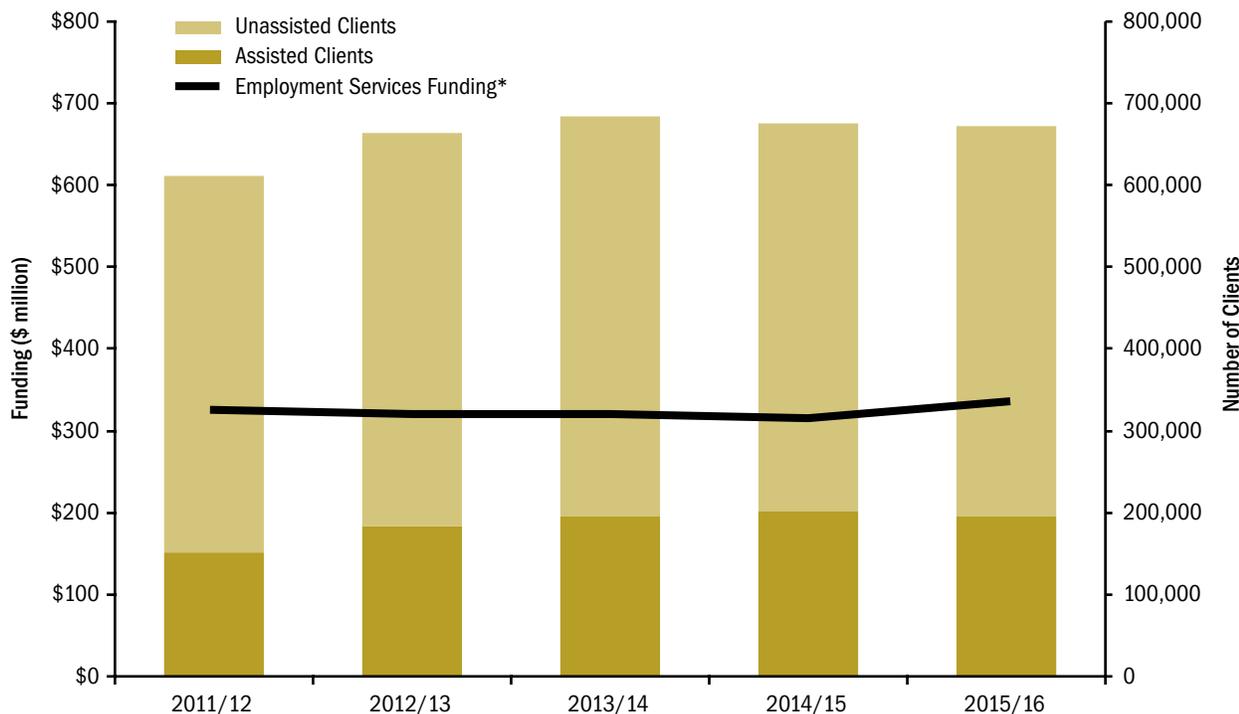
For the five-year period from 2011/12 to 2015/16, Ministry funding for the Employment Service program increased by 8% (or 2% when adjusted for inflation), while the number of assisted and unassisted clients served increased by 29% and 4% respectively, as illustrated in **Figure 2**.

Second Career

The Second Career program supports unemployed or laid-off individuals that require skills training to find employment in high-demand occupations in

Figure 2: Five-Year Trend in the Number of Clients and Funding for Employment Services, 2011/12–2015/16

Sources of data: Ministry of Advanced Education and Skills Development, and Statistics Canada



* Adjusted for inflation.

Ontario. The goal of the program is to return individuals to employment in a career of their choosing. The program is administered directly by the Ministry through its 39 local field offices.

To be eligible for the Second Career program, a candidate must demonstrate that the career they want to train for is in demand by providing evidence of employment prospects within the province. Employment Service program service providers assess clients for eligibility and help them complete an application for Ministry review and approval.

Once deemed eligible and suitable for the Second Career program, the Ministry determines the amount of funding to provide to the client by assessing their financial needs, taking into consideration basic living expenses and household income from all sources. Approved clients then enter into a contract with the Ministry. In 2015/16, 8,600 people began skills training for high-demand occupations such as transport truck drivers and heavy equipment operators.

Assistance is provided to cover all or a portion of the cost of tuition and/or living expenses up to \$28,000. Additional assistance may also be provided to cover all or part of the incidental costs of participation, such as expenses relating to child care, disability needs, transportation and accommodation.

The median amount of funding received by an individual that completed the program decreased from \$14,900 for those that started in 2011/12 to \$14,000 for those that started in 2014/15, which represents a 6% decrease in individual funding.

Monitoring and Measuring Employment Service and Second Career Service Provider Performance

The Ministry has developed an accountability framework that describes the three primary activities used to monitor service providers (completion of risk assessments of service providers' operations;

site compliance visits; and review of key performance indicators), in order to determine the appropriate level of Ministry oversight required.

The purpose of a risk assessment is to ensure a service provider can deliver contracted employment services. According to Ministry policy, a risk assessment is to be completed by the Ministry for each service provider every two years for low-risk providers and annually for medium and high-risk providers. Areas of risk examined during the assessment are governance and organizational; service delivery and operational; financial; human resources; technology and information; and legal and compliance. The service provider is required to develop an action plan to correct any deficiencies identified during the risk assessment. The Ministry's policy is to follow up on progress with action plan items on an annual basis for those assessed as low and medium risk, and every six months for those assessed as high risk.

The purpose of a site compliance visit is to ensure the service provider is in compliance with the requirements set out in both their contract and Ministry guidelines. Site compliance visits must be completed annually by the Ministry for each Employment Service site. During a site compliance visit, Ministry staff review the resources and information on site; verify that information reported in the Ministry's information system agrees with source documents; and conduct an informal client survey of a minimum of two clients or participants on site. Ministry staff document any instances of non-compliance noted during the site compliance visit and set a deadline for the service provider to address the issue. Almost all sites were visited in each of the last two fiscal years.

The purpose of the Ministry's performance management system is to evaluate service providers in the areas of effectiveness, customer service and efficiency. There are corresponding indicators for each area, as shown in **Figure 3**. The indicators are used to calculate a service quality score. There is a minimum service quality score set by the Ministry. In addition, each service provider has an individual

targeted service quality score as specified in their agreement with the Ministry.

Where any funded service delivery site is not meeting the Provincial service quality standard score, the Ministry continues to fund operations at the site while it increases its monitoring efforts through either:

- **Directed improvement process**—for a service provider that is not in compliance with the minimum Provincial service quality standard. The service provider is required to submit an action plan to address the risks identified within 10 business days. The time frame for achievement of the action plan deliverables is six months.
- **Official review**—for a service provider site that is meeting the minimum Provincial service quality score but is not in compliance with its agreement (such as not following up with clients or not submitting reports as required) and not achieving the improvement targets agreed to in its prior year's business plan. In such cases, the Ministry recommends that the service provider submit an action plan within five business days signed by the Board Chair that addresses the risks identified and includes a timeline for implementation that should not exceed six months.

Ministry employment training consultants are assigned to monitor service providers. On a quarterly basis, the consultant summarizes performance, funding information and issues resulting from monitoring activity for each service provider site. This information is intended to support regional risk management and inform future service delivery and funding decisions that pertain to the site and/or service provider.

2.4.2 Apprenticeship

Apprenticeship combines on-the-job and in-class training in a skilled trade. In Ontario, there are 156 different skilled trades in four main sectors: construction (such as electricians and plumbers),

Figure 3: Performance Management System for the Employment Service Program

Source of data: Ministry of Advanced Education and Skills Development

| Areas of Evaluation and Performance Indicators (% of Total Score) | Purpose of Indicator | Achieved by Service Providers in 2015/16 (%) | |
|---|--|--|--------------------------|
| | | Minimum Provincial Standard (%) | Provincial Average Range |
| Effectiveness (50%) | | | |
| Participant suitability (15%) | Intended to ensure that services are provided to those clients most in need of assisted services. (Assisted) clients served must possess at least 28% of the suitability indicators established by the Ministry for target group. | 28 | 32 24-44 |
| Service impact (35%) | Intended to measure the impact or outcome of the services provided with employment being the primary outcome. At time of exit, 69% of assisted clients served are expected to be employed, and an additional 10% are expected to be in an educational program that provides a certificate or diploma (secondary/post-secondary) or in training (including ESL/literacy). | 79 | 82 55-96 |
| Customer Service (40%) | | | |
| Customer satisfaction (15%) | A measure of how likely assisted clients and employers are to recommend the employment services they received to others. | 90 | 98 87-100 |
| Service co-ordination (25%) | Intended to track how well a service provider supports access to and from other services within the Employment Ontario network and in the community. The goal is that 30% of assisted clients will be referred to or from other services, educational training, or community services that support employability. | 30 | 41 22-95 |
| Efficiency (10%) | | | |
| Assisted services intake (5%) | The number of assisted clients for which the service provider has developed an employment service plan. | 90 | 95 40-432* |
| Information sessions/workshop activity (5%) | Used as a proxy for activity in the resource and information area which service providers are required to have to support unassisted job search. Service providers expected to meet 90% of the contracted targets for assisted intake clients and delivery of workshops. | 90 | 151* 39-685* |

* Achievement exceeded 100% of established target because more people served than originally targeted.

motive power (such as automotive mechanics), industrial (such as tool and die makers and welders), and service (such as child-care workers). Twenty-two of these skilled trades are designated compulsory and 134 are designated voluntary. Compulsory trades are mainly in the construction and motive power sectors, whereas voluntary trades exist in each of the four sectors. People working in a compulsory trade must be certified through a final examination process in order to practise legally in Ontario. People in some voluntary trades may also choose to be certified in this manner (such as a general carpenter or an industrial electrician) even though it is not legally required, because it increases the level of professional respect and public confidence in the trade and is valued by some employers and unions. The certification process differs by trade and is intended to ensure an apprentice has the technical and hands-on skills to meet industry standards.

According to the Ministry, the average age of an apprentice at time of registration is 27, and training can take from two to five years to complete. Approximately 85%–90% of apprenticeship training takes place on the job, while the other 10%–15% of training is in the classroom. Apprentices are paid by their employer during their on-the-job training, but typically not during in-class training. Apprentices may apply for Employment Insurance if eligible. Once apprentices successfully complete their training, their employer may choose to retain them as fully qualified tradespeople.

The Ontario College of Trades (College) was established through legislation by the Ministry in 2013 as the regulatory body for skilled trades in Ontario. The College is responsible for setting on-the-job training requirements and curriculum for in-class training. See **Appendix 4** for further information about the College.

Ministry Funding and Monitoring of Apprentices

The Ministry subsidizes the cost of in-class apprenticeship training, provides financial supports to

apprentices (such as loans for tools), and provides financial incentives to employers, including:

- **Apprenticeship Training Tax Credit**—Employers can receive a tax credit of up to \$15,000 for each apprentice they hire and train (\$5,000 per year for the first 36 months of training). The tax credit follows the apprentice; therefore, if the apprentice changes employers, the unclaimed portion of the tax credit can be claimed only by the new employer. For the last five fiscal years, employers have claimed a total of \$1.15 billion in tax credits. This tax credit is claimed on the employer's tax return and is processed by the Canada Revenue Agency.
- **Signing Bonus**—Employers who hire an apprentice who is a participant of an Employment Service program will receive \$2,000 from the Ministry. The payment is made in two equal instalments: at the time a training agreement is registered with the Ministry and six months after registration if the apprentice is still working for the employer. Employers typically hire few apprentices through the Employment Service program. For the last five fiscal years, the Ministry has paid a total of \$3.2 million in signing bonuses.
- **Completion Bonus**—Employers receive a one-time taxable \$1,000 bonus from the Ministry for each apprentice who completes their training and becomes certified under their employment. For the last five fiscal years, the Ministry has paid a total of \$27.8 million in completion bonuses.

At the time of our last audit of the Apprenticeship program in 2008, the Ministry's priority for this program was increasing the number of registered apprentices. When we conducted our follow-up in 2010, the Ministry was switching its focus to increasing the number of apprenticeship completions.

The Ministry's monitoring of the apprenticeship program is conducted primarily through surveys. Two surveys are conducted annually:

- **Student Satisfaction and Engagement**

Survey of in-class apprentice training, which has been completed by colleges since 2013/14 and by non-colleges commencing in 2015/16. The survey obtains apprenticeship feedback on program usefulness, learning experience, quality of service and quality of facilities, as well as an overall satisfaction rating. Surveys are administered by the training delivery agents rather than by the Ministry, and responses are compiled by an independent research firm on behalf of the Ministry.

- **Apprenticeship Survey** of people who completed their apprenticeship and those who withdrew. This survey was developed by the Ministry, and is administered by Ipsos Reid.

Apprentices who are not progressing through their programs can have their registration cancelled, suspended or proposed for suspension by the Ministry. An apprentice can also have their registration cancelled by the College if they don't pay their membership fee. The apprenticeship program in Ontario is described in further detail in **Appendix 5**.

Size of the Apprenticeship Program

As of March 31, 2016, there were approximately 85,800 active apprenticeships, 26,700 employers acting as sponsors to provide on-the-job training, and 67 training delivery agents (comprising Ontario's 24 colleges of applied arts and technol-

ogy and 43 non-colleges) providing in-class training. **Figure 4** breaks down the number of skilled trades, apprentices and employers by sector as at March 31, 2016.

Five-year trend data on the number of apprentices, employers and the amount of Ministry funding (adjusted for inflation) for apprenticeship programming is shown in **Figure 5**. Between 2013/14 and 2014/15, there was a significant drop in the number of apprenticeships (32%) and employers (24%). The drop coincided with the establishment of the College in 2013. According to the Ministry, many apprentices in voluntary trades (who are not required under legislation to register with the College) opted out of registering and paying membership dues, in effect cancelling their apprenticeship training agreement with the Ministry and withdrawing from the apprenticeship program. However, since the number of apprentices that had in-class training remained relatively constant from one year to the next, total payments to training delivery agents also remained relatively constant.

In 2015/16, approximately 76% of apprentices entered into apprenticeships with an employer independently, 4% found an employer to train them through the Employment Service program, and the other 20% entered through the Ontario Youth Apprenticeship program, an Employment Ontario program that offers youth the opportunity to train as an apprentice while completing high school.

Figure 4: Number of Trades, Apprentices and Employers by Sector as at March 31, 2016

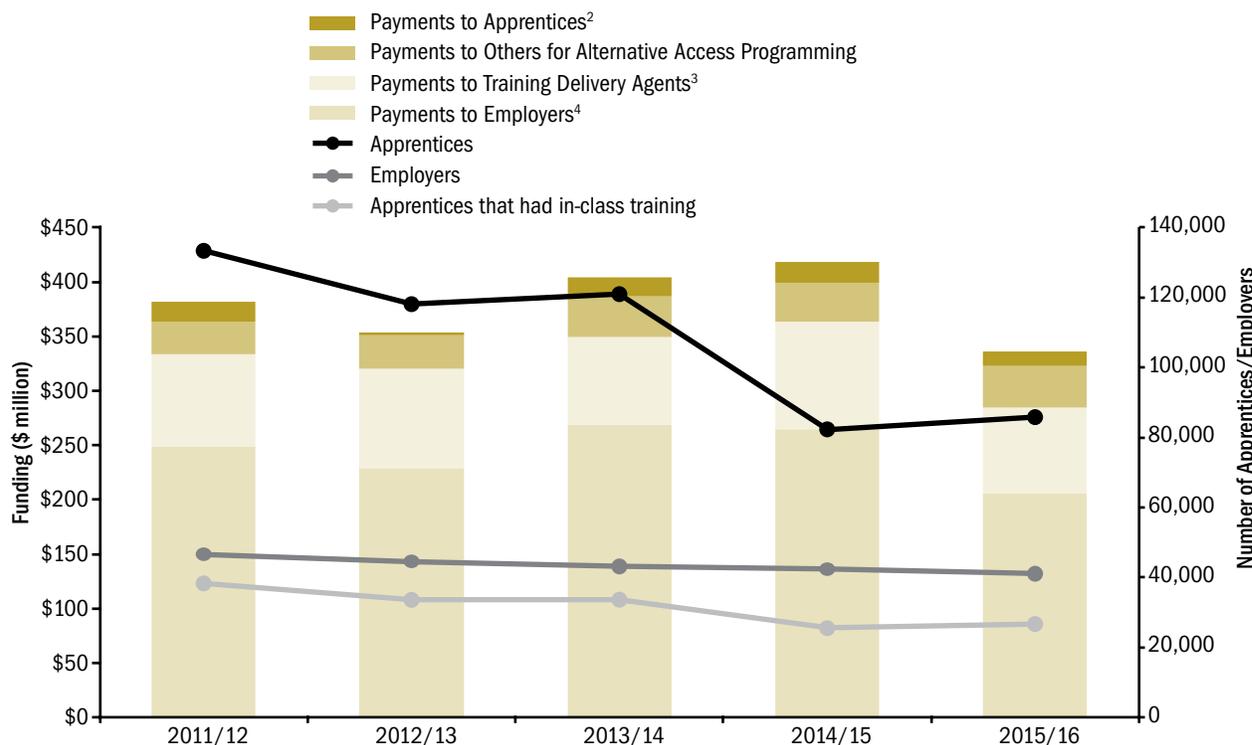
Source of data: Ministry of Advanced Education and Skills Development

| Sector | Number of Active Trades | | | Number of Apprentices | | | Number of Employers |
|---------------------|-------------------------|------------|-------------|-----------------------|---------------|---------------|---------------------|
| | Compulsory | Voluntary | Total | Compulsory | Voluntary | Total | |
| Construction Trades | 11 | 29 | 40 | 20,100 | 15,100 | 35,200 | 9,000 |
| Service Trades | 1 | 34 | 35 | 4,700 | 16,100 | 20,800 | 7,000 |
| Motive Power Trades | 9 | 11 | 20 | 14,800 | 2,000 | 16,800 | 7,500 |
| Industry Trades | 0 | 45 | 45 | – | 13,000 | 13,000 | 3,200 |
| Total | 21 | 119 | 140* | 39,600 | 46,200 | 85,800 | 26,700 |
| % Breakdown | 15 | 85 | 100 | 46 | 54 | 100 | |

* Although there are 156 skilled trades in Ontario, only 140 trades had apprentices as at March 31, 2016.

Figure 5: Five-Year Trend in Apprenticeship Funding,¹ Apprentices and Employers, 2011/2012–2015/16

Source of data: Ministry of Advanced Education and Skills Development. Inflation adjustment factors obtained from Statistics Canada



1. Adjusted for inflation.
2. Payments to apprentices include loans for tools and other income support programs.
3. Payments to training delivery agents comprise funding for delivering in-class training, including funding for examination preparation courses.
4. Payments to employers comprise the Apprenticeship Training Tax Credit and bonuses paid to employers when they take on an apprentice and when the apprentice successfully completes their program. The Apprenticeship Training Tax Credit is managed by the Ministry of Finance but since 2012/13 has been recorded as an expense of the Ministry of Advanced Education and Skills Development.

2.5 Labour Market Planning

In addition to the funding and oversight of Employment Ontario programs, a key responsibility of the Ministry is to ensure that these programs meet both the current and future labour needs of Ontario. Timely provincial and local labour market information, such as data on in-demand jobs that are projected to have a shortage of skilled workers, is necessary to make informed decisions when developing employment training programs or undertaking workforce planning.

Labour market information collected and reported publicly by the Ministry every month includes unemployment rates by metropolitan areas within the province, and in comparison

to Canada overall; and the rate of employment growth by highest level of education obtained (e.g., high school or university) and by major occupation groups (such as health; management; and trades, transportation and equipment operators and related occupations). The Ministry informed us that the primary source of this data is Statistics Canada’s Labour Force Survey. This information is not specific to particular jobs or trades to enable an assessment of the supply and demand for specific occupations.

The Ministry periodically develops employment prospect ratings that compare the likelihood of residents finding work in about 200 occupations in Ontario. This information was last developed in 2013 for the period 2013–17 using data from the

federal government’s Canadian Occupational Projection System and forecasts from the Ministry of Finance. The latest projections from the Canadian Occupational Projection System were based on data obtained from the 2011 Labour Force Survey that was released in 2013. These projections are normally updated every two years, but the most recent updates have been delayed by Statistics Canada. Therefore, the information used for the projections are five years out of date. The Ministry rates employment prospects by occupation as either “Above Average,” “Average,” or “Below Average,” with respect to the likelihood of finding stable work in that occupation and the pace of wage increases relative to those in other industries or occupations.

3.0 Audit Objective and Scope

Our audit objective was to assess whether the Ministry has effective systems, processes and procedures in place to:

- ensure programs and services are being delivered in accordance with established program requirements;
- ensure that the Ministry and its delivery agencies are providing programs and services to clients in an economical and efficient manner; and
- measure and report on the effectiveness of the programs in meeting their objectives.

Our audit focused on the major program offerings within the Employment and Training and Apprenticeship categories, as these two areas combined accounted for about 90% of all transfer payments. We looked at information available for the Ministry’s overall planning of employment and training services and the methods used by the Ministry to evaluate program achievements.

Audit work was primarily conducted at the Ministry’s corporate office, two of its four regional offices, and six local field offices in those regions. In 2014/15, the two regional offices selected for

detailed audit work (Central and Western regions) collectively served 78% of employment service clients and 74% of active apprentices. These regions also accounted for 72% of transfer payments for employment services and 60% of transfer payments for apprenticeship training. We also completed work at six local Ministry field offices in the regions selected and visited three third-party service providers in these regions to gain an understanding of how employment services were being delivered.

In conducting our audit we reviewed relevant documents, analyzed data and information, interviewed appropriate Ministry and service provider staff and reviewed key studies and relevant research from Ontario and other jurisdictions.

For each of the programs focused on, we obtained, reviewed and analyzed information specific to those areas. For the Employment and Training programs we examined the Ministry’s use of labour market and location indicators and its processes for assessing the service providers’ ability to deliver employment services, monitoring service providers’ performance and managing contracts. For the Apprenticeship programs we examined completion rates by trade and sector, pass rates for in-class training and qualification exams, results of surveys conducted with apprentices and employers, funding provided, steps being taken by the Ministry to improve outcomes, and best practices in other jurisdictions. We also met with the CEO of the Ontario College of Trades to discuss its function and mandate.

We reviewed key studies, including the *Employment and Training Services Review*, September 2013, done by the Social Research and Demonstration Corporation, which made recommendations to improve employment and training programming; *Apprenticeship in Ontario: An Exploratory Analysis*, January 2015, done by the Higher Education Quality Council of Ontario, which gives an overview of the apprenticeship system and identifies areas of strengths and weakness; and the report released by the Premier’s Highly Skilled Workforce Expert Panel in June 2016, entitled *Building the*

Workforce of Tomorrow. The panel, which included university professors, public policy advisers and executives of corporations, made recommendations to strengthen Ontario's workforce to meet the demands of a technology-driven economy.

4.0 Detailed Audit Observations

4.1 Majority of Employment and Training Program Clients Unsuccessful in Finding Full-Time Employment in Their Chosen Career

Based on Ministry data, employment and training programs and services resulted in relatively few people finding full-time employment, or employment in their field of training.

Based on our calculations, in 2015/16, only 38% of **Employment Service program** participants were employed full-time, and only 14% had found employment in their field of training, found a more suitable job than before the program, or were employed in a professional occupation or trade at the time of program completion.

The Ministry's target for Employment Service is that at least 69% of clients are employed (including self-employed) or on a career path, and an additional 10% of clients are in an education or training course at program completion. The Ministry met its target in 2015/16, as 68% of individuals reported being employed or on a career path as a result of the program, and 13% reported being in an education or training program.

Outcomes for 2014/15 were similar, but when service providers followed up with participants three to 12 months after they had received employment services, the percentage employed or on a career path had dropped to 52%. However, service providers were not able to contact 28% of participants by the end of the 12-month follow-up period.

However, numerous categories were used to indicate participants' employment status at various points after receiving employment services. We noted that these categories were not mutually exclusive, yet the Ministry assigned participants to only one. For instance, someone categorized as "employed in a profession/trade" could also have been "employed full-time" or "employed part-time." Therefore, results in any of the categories could be understated and not provide the Ministry with an accurate picture of how well its programs are performing.

We noted similar results with the **Second Career program**—intended to retrain unemployed and laid-off workers in order to find employment in high-demand occupations. The Ministry has not established targets for these measures, but given that people are getting trained in high-demand occupations, one would expect that a high percentage would find employment. Of those who completed the training in 2015/16, only 35% of participants reported being employed at the time of completion (17% employed full-time), and only 10% reported being employed in their field of training. Outcomes for 2014/15 were similar, but when service providers followed up with these participants 12 months after they completed the program, employment results had improved. That is, 81% of contacted participants reported being employed, 44% reported being employed full-time, and 22% reported being employed in a field relevant to their training. For this program, the Ministry was able to contact two-thirds of participants for the 12-month follow-up.

The Ministry's **Targeted Initiative for Older Workers**—intended to help unemployed older workers in vulnerable communities increase their employability—has set a target of 84% of participants completing the program and 50% to be employed at time of exit and three months after finishing the program. In 2015/16, 75% of participants completed the program. Of those, 69% were employed at time of program completion and 63% of participants were employed three months after

they exited the program. However, in the prior two fiscal years the employment targets at three months after completing the program were not met. For fiscal 2014/15, 69% of those that completed the program were employed at time of program completion, but only 40% were employed three months after they exited the program. For fiscal 2013/14, 59% of those that completed the program were employed at time of program completion, but only 43% were employed three months after they exited the program.

Outcome measures for the **Canada-Ontario Job Grant**—funding for employer-led training for upgrading of skills specific to their business—are based on surveys of grant recipients. In 2015/16 the results showed:

- the percentage of employers who considered the training to have had a positive impact (98%), improved job performance (88%) and employee retention (95%); and
- the percentage of employees/trainees satisfied with training quality (92%), percentage where credentials were obtained through the training (68%), and percentage who felt training increased job quality (32%).

At the time of our audit, we noted that the Ministry had not established internal outcome measures for the remaining two employment and training programs—Ontario Job Creation Partnership and Ontario Employment Assistance programs. Further, the Ministry followed up with only a small portion of Employment and Training Program participants at three, six and 12 months after program completion, which does not allow for an adequate assessment of the long-term impact of the programs.

RECOMMENDATION 1

In order to improve the effectiveness of employment and training programs, the Ministry of Advanced Education and Skills Development should:

- establish outcome measures and associated targets for the two programs that do not

have measures—Ontario Job Creation Partnership and Ontario Employment Assistance programs;

- review instances where program outcomes do not meet targets and take corrective actions;
- revise employment status categories to enable more useful outcome information; and
- develop strategies that would enable follow-up with more participants at three, six and 12 months after receiving services from all programs.

MINISTRY RESPONSE

The Ministry agrees with the Auditor's recommendation, and will develop and implement new outcome measures for the Ontario Employment Assistance Services and the Ontario Job Creation Partnership.

The Ministry will also regularly review outcomes against targets and take corrective action where necessary. This should help ensure services meet client needs and are delivered effectively and efficiently.

As part of the review of the Performance Management Framework for Employment Services, the Ministry will enhance our system to enable follow-up with more participants, so we can more effectively measure, analyze and improve client outcomes. The changes we are exploring include:

- improving consistency of follow-up requirements across employment and training programs;
- examining roles, responsibilities and accountabilities with respect to participant follow-up; and
- establishing consistent and common definitions for employment status categories across all programs.

4.2 Funding for Employment Service May Not Reflect Current Need

As discussed in **Section 2.4.1**, funding for each third-party service provider of Employment Service is determined by taking into consideration the targeted number of clients to be served, as well as labour market and location indicators.

In 2015/16, the average funding per site per client served (excluding those doing independent research and job searching) was \$1,828 and ranged from \$387 to \$5,162. Client costs per site were highest in the Northern region and relatively similar in the other three regions.

We had the following concerns with the inputs used to determine funding for Employment Service:

- In general, Employment Service sites that exceed the average for each labour market and location indicators currently used in the funding model receive more funding in relation to other sites. However, the Ministry has not updated the averages of these indicators since 2009/10. As such, they may not reflect the current relative employment, demographic and cost conditions in place at a service provider's site, so sites may not be receiving the correct proportion of overall funding.
- The targeted number of clients to be served by each service provider has remained relatively constant for at least the past three years, even though some service providers are consistently serving fewer clients than planned for in their service contracts. For example, service providers for 40 of 322 sites missed their intake targets by at least 10% in both 2014/15 and 2015/16, but only four sites had their targets, and therefore funding, reduced for 2016/17. We would expect that funding would be adjusted in future years for service providers that consistently miss their intake targets.

RECOMMENDATION 2

To ensure funding is properly allocated to service providers of Employment Service, the Ministry of Advanced Education and Skills Development should:

- periodically update information related to the labour market and location indicators used in the funding model to ensure they reflect current employment, demographic and cost conditions in communities across the province; and
- ensure that the targeted number of clients to be served by each service provider, and the associated funding, are adjusted to reflect the actual level of services being provided.

MINISTRY RESPONSE

The Ministry agrees with this recommendation. Using new census data expected in November 2017, the Ministry will incorporate updated labour market information into the calculation of Employment Service funding. In addition, Ontario's Highly Skilled Workforce Strategy includes the development of more local, relevant and timely labour market data. The Ministry will explore information-sharing with the federal government to support access to more timely information.

Recent improvements in our business planning process, including a tool that outlines the current process and calculation for service provider intake targets, was released for business planning in October 2016 for contracts effective April 2017. It will ensure that a consistent approach for intake targets is applied throughout the province.

In addition, staff will now be available to provide guidance and support to local offices in the application of the process and tool. This is expected to support a responsive approach to adjusting service provider targets and the associated funding for contracts.

4.3 Significant Overpayments to Second Career Clients Not Recovered

Second career clients may receive funding in equal instalments every two weeks over the term of their agreement or a lump sum depending on the type of expense being covered. Clients are required to submit receipts throughout the funding period, but only after funding is received. In most cases, clients must repay the Ministry if they don't provide receipts of approved expenses, no longer regularly attend their education program, receive a refund from the training institution they registered with, or receive funds they are not entitled to. Any amount not paid back by the time the client's file is closed is forwarded for collection to Ontario Shared Services at the Ministry of Government and Consumer Services. Amounts Ontario Shared Services is not able to collect are written off after two years.

In the last three fiscal years (2013/14–2015/16), \$30.1 million in overpayments was forwarded for collection to Ontario Shared Services. This represents 6% of total program funding for that period. During the same period, Ontario Shared Services wrote off \$26.6 million in overpayments to Second Career clients.

Given the sizable amount of overpayments and amounts written off, the Ministry could prevent or minimize future losses by flowing only a portion of the approved funding in advance of receipts (for example, the first one or two months in the program, to provide clients with an initial cash flow), and basing all future payments on receipts submitted by clients.

RECOMMENDATION 3

In order to minimize the amount of unrecovered overpayments to Second Career clients, the Ministry of Advanced Education and Skills Development should evaluate the benefits of providing funding to clients in advance of getting receipts only for the initial instalments (of one or two months), and requiring receipts prior to providing funds for remaining instalments.

MINISTRY RESPONSE

The Ministry acknowledges that overpayments to Second Career clients has been an issue and has been working to minimize them. In April 2016, the Ministry made a number of changes to information systems and business processes, such as more frequent reconciliation of receipts (quarterly instead of at the end of the contract).

The Ministry will review the impact of these changes and consider additional improvements, should they be required, in the spring of 2017.

4.4 Ministry Follow-Up on Action Required by Service Providers Not Adequate

Our assessment of the Ministry's primary activities used to determine the appropriate level of Ministry oversight of Employment Service providers—completion of risk assessments of service providers' operations, site compliance visits and review of key performance indicators—as described in **Section 2.5**, highlighted the following deficiencies.

4.4.1 No Follow-Up Conducted on Medium-Risk Service Providers as Required

The Ministry did conduct the required risk assessment of all service providers within the last two years and rated 97% of service providers as low risk and the remaining 3% as medium risk.

We reviewed the Ministry's follow-up activities for all service providers rated as medium risk in their last risk assessment, which was the lowest rating received. Although the Ministry is required to follow up on deficiencies on an annual basis, we found that none of those rated as medium risk in 2014/15 had a follow-up assessment completed in 2015/16 as required. Furthermore, for those service providers assessed as medium risk in their last two assessments, many of the same deficiencies were noted in both assessments.

Figure 6: Service Quality Scores and Monitoring Performed by Ministry for Employment Service Sites

Prepared by the Office of the Auditor General of Ontario

| | 2013/14 | 2014/15 | 2015/16 |
|--|------------------|--------------|--------------|
| Minimum Provincial Service Quality Score | 5.14 | 5.25 | 5.25 |
| % of sites below site-specific targeted score ¹ | 16% (53/324) | 10% (34/323) | 16% (50/322) |
| % of sites below site-specific targeted score, but above minimum Provincial service quality standard | 14% (47/324) | 10% (33/323) | 13% (42/322) |
| % of sites below minimum Provincial service quality standard | 2% (6/324) | 0.3% (1/323) | 3% (8/322) |
| % of sites placed on Directed Improvement for missing minimum standard | n/a ² | 0.3% (1/323) | 2% (7/322) |
| % of sites placed on Official Review for missing targeted score | n/a ² | 0% (0/323) | 1% (4/322) |

1. A service quality target is established for each site as a component of the service provider's contract with the Ministry.

2. The Ministry did not have a formal centralized tracking process for the Directed Improvement or Official Review process for 2013/14.

4.4.2 Ministry Not Following Up on Many Deficiencies Found during Compliance Visits

Based on a sample of site compliance files we reviewed, we noted that 68% of the site visits had instances of non-compliance with their contract or with Ministry guidelines identified by the Ministry's employment training consultants. These deficiencies required follow-up actions, but only one-third of the sites had submitted action plans to the Ministry indicating how they would be addressed. There was no evidence on file that the Ministry had followed up with the other two-thirds of sites with deficiencies.

Common deficiencies resulting from site visits included inconsistencies between information in the service providers' files and what they entered into the Ministry's system; poor documentation practices (such as no documented justification for client referrals to other services, and incomplete or illegible case notes); and follow-ups with clients not being done at three, six and 12 months after they completed their service, as required by the service provider guidelines. We noted that the Ministry had not analyzed common deficiencies in order to address them system-wide.

4.4.3 Ministry Policy Related to Monitoring of Underperforming Service Providers Not Always Followed

For the last two fiscal years, almost all sites that failed to meet the minimum Provincial service quality standard were put on the directed improvement process, as shown in **Figure 6**. However, almost none of the sites that met the minimum Provincial standard but failed to meet their service quality target agreed to with the Ministry in either of the last two years were put on official review. As a result, we noted that without enhanced monitoring efforts, seven sites failed to provide the quality of service they had agreed to under their contracts for the last three consecutive years.

RECOMMENDATION 4

To ensure Ontarians seeking employment and training services receive quality service, the Ministry of Advanced Education and Skills Development should:

- employ enhanced monitoring efforts in place for all sites that fail to meet either the minimum Provincial quality standard or their targeted service quality scores; and
- ensure corrective action is taken within the timelines established.

MINISTRY RESPONSE

The Ministry agrees with the recommendation. The Ministry will ensure enhanced monitoring is used for all underperforming service providers through processes such as Directed Improvement and Official Review.

We will implement enhancements to more closely track and monitor service providers' progress on improvement plans, and explore the development of new activity reports. Additionally, the Ministry will implement a staff training strategy to ensure appropriate and consistent application of our monitoring framework.

We will review our existing framework, tools and resources to ensure staff are actively monitoring service provider improvement plans, and that corrective actions are being taken within established timelines.

RECOMMENDATION 5

The Ministry of Advanced Education and Skills Development should identify common deficiencies among service providers during its various monitoring activities and address these system-wide.

MINISTRY RESPONSE

The Ministry agrees with this recommendation. The Ministry is exploring options to create and implement a solution to track the results of service provider monitoring activities in order to identify and analyze provincial trends.

As a first step, the Ministry will dedicate resources to identify and analyze trends and gaps. This work will inform the development of provincial strategies to address any network-wide issues.

4.5 Improvement Needed to System Evaluating Service Providers

4.5.1 Long-Term Outcomes for People That Accessed Employment Service Do Not Impact the Effectiveness Rating in the Performance Management System

Effectiveness indicators, used to measure the impact or outcome of the services provided, are based on the client's employment or training status only at the time they exit the program. Ministry guidelines require service providers to follow up with clients at three months after they have exited the program to determine their employment status. If there is not yet a positive result for the client, another follow-up is required at six months and yet another at 12 months if there is no positive result. Often these later outcomes differ significantly from initial outcomes, as already discussed in **Section 4.1**.

4.5.2 Targets Are Too Low for Efficiency Measure

For both of the efficiency indicators (that is, the number of clients to be served and the number of information sessions or workshops to be held), targets set by the Ministry with service providers are too easily achievable (see **Figure 3**). This is evidenced by the fact that in 2015/16, sites met 95% of their targets (on average) for the number of clients they were to assist, with half of the sites achieving 100% or more of their targets. As well, the average percentage achieved by sites for information sessions and workshops held was 151%, with 90% of sites achieving 100% of their targets or greater.

RECOMMENDATION 6

To properly evaluate the service providers' performance, the Ministry of Advanced Education and Skills Development should:

- incorporate longer-term outcomes of clients' employment or training status into the

measure of service provider effectiveness to provide a better indicator of whether programming is resulting in sustainable employment; and

- set meaningful performance management targets for the efficiency indicators.

MINISTRY RESPONSE

The Ministry agrees with this recommendation. As part of its broader work to transform employment and training services, the Ministry will review and make changes to how performance is measured and managed in its programs, with a focus on tracking and improving long-term, sustainable employment outcomes. Changes may include:

- improved methods of data collection to determine the long-term employment, training and education outcomes of participants;
- integration of long-term outcomes data into service quality standards for Employment Ontario delivery providers; and
- updating efficiency targets.

4.6 Less Than Half of Those Who Begin an Apprenticeship Program in Ontario Complete It

According to the Ministry's 2015 Apprenticeship Survey, 70% of those who completed their apprenticeship program were employed in their trade. However, as shown in **Figure 7**, the average completion rate for apprentices in Ontario for the five-year period from 2011/12 to 2015/16 is only 46% for a Certificate of Apprenticeship and 47% for a Certificate of Qualification. The construction sector had the highest average completion rates for both types of certificates, while the service and industrial sectors had the lowest average completion rates for Certificates of Apprenticeship and Certificates of Qualification, respectively.

For the 20 trades in highest demand by apprentices, those with the highest completion rates in 2015/16 were power line technicians (75%), and

hairstylists, electricians and plumbers (at almost 70%). All but one of these are compulsory trades. The trades with the lowest completion rates were IT customer service agents (4%), cooks (27%), industrial electricians (29%) and auto body and collision repairers (30%). Except for the last trade, these were voluntary trades.

Completion rates were substantially higher for those training for a compulsory trade than for a voluntary trade, an average of 59% vs. 35%, respectively. This is understandable, as certification is required to work in a compulsory trade, but not in a voluntary trade. Nevertheless, the Ministry provides the same amount of funding for skilled trades requiring the same levels of training, regardless of whether it is a compulsory or voluntary trade. The amount spent by the Ministry on apprentices who did not complete their program is not known because the Ministry does not track funding by apprentice.

RECOMMENDATION 7

In order to maximize the benefit of Apprenticeship Program funding, the Ministry of Advanced Education and Skills Development should seek ways to increase the completion rate of apprentices by:

- developing and implementing strategies to improve completion rates for apprentices in both compulsory and voluntary trades; and
- evaluating whether it should change the degree of funding it provides for apprenticeship training in voluntary trades as compared to compulsory trades.

MINISTRY RESPONSE

The Ministry agrees with this recommendation. As part of the government's Highly Skilled Workforce Strategy, the Ministry is leading work to modernize the apprenticeship system and increase completion rates and the participation of traditionally under-represented groups, while creating clearer, better pathways for learners.

Figure 7: Apprenticeship Completion Rates, 2011/12–2015/16¹

Source of data: Ministry of Advanced Education and Skills Development

| | 2011/12 (%) | 2012/13 (%) | 2013/14 (%) | 2014/15 (%) | 2015/16 (%) | Average (%) |
|--|----------------|----------------|----------------|-----------------|----------------|----------------|
| Completion of a Certificate of Apprenticeship | 47 | 47 | 48 | 41 | 45 | 46 |
| By Sector: | | | | | | |
| Construction Sector | 44 | 46 | 53 | 56 | 56 | 51 |
| Industrial Sector | 51 | 45 | 42 | 41 | 41 | 44 |
| Motive Power Sector | 48 | 46 | 46 | 45 | 47 | 46 |
| Services Sector | 48 | 49 | 45 | 24 ² | 33 | 40 |
| By Type: | | | | | | |
| Compulsory Trades | 57 | 57 | 60 | 60 | 60 | 59 |
| Voluntary Trades | 37 | 35 | 38 | 27 | 35 | 34 |
| Completion of a Certificate of Qualification | 46 | 47 | 46 | 46 | 48 | 47 |
| By Sector: | | | | | | |
| Construction Sector | 49 | 50 | 52 | 55 | 54 | 52 |
| Industrial Sector | 44 | 43 | 36 | 35 | 33 | 38 |
| Motive Power Sector | 48 | 47 | 48 | 45 | 47 | 47 |
| Services Sector | 44 | 46 | 42 | 45 | 46 | 45 |
| By Type: | | | | | | |
| Compulsory Trades | 57 | 58 | 59 | 60 | 60 | 59 |
| Voluntary Trades | 34 | 35 | 33 | 35 | 36 | 35 |

1. Completion rates calculated by the Ministry using an eight-year cohort.

2. This drop is mostly due to an influx of registrations in IT Call Centre Trades in 2006/07 followed by the majority of these clients cancelling their apprenticeships.

Completions are, and will remain, a key focus for the Ministry. In addition to strategies already implemented, such as examination preparation courses, financial incentives for progress and completion, and a strategy for monitoring apprentices who are at risk of not completing their training, the Ministry is also piloting initiatives to help apprentices improve their literacy and numeracy skills and to connect unemployed apprentices with Employment Ontario service providers.

The high level of participation of employers and apprentices in voluntary trades training indicates their support for formal training, skills recognition and labour mobility. In light of the auditor's recommendations, the Ministry will consider evaluating whether changes to the degree of funding for voluntary trades could lead to better completion rates.

4.6.1 Difficult to Compare Apprenticeship Completion Rates across Canadian Jurisdictions

The Ministry measures completion rates for apprenticeships by tracking a cohort of individuals eight years from the time of their initial registration. Since the typical length of an apprenticeship program is four years, this allows for an extra four years past the standard apprenticeship program length to complete the program.

Although the method for calculating completion rates for apprentices in Ontario is similar to the method used by colleges to measure completion for students in other certificate or diploma programs they offer, it is not comparable to how completion rates for apprentices are measured in other jurisdictions. In fact, we noted that there is no standard

method used across all provinces for calculating completion rates for apprentices. This makes it difficult to compare how well one province is performing relative to another in order to learn and share best practices that produce better outcomes.

The Canadian Apprenticeship Forum (a non-profit organization that conducts research and share best practices in the area of apprenticeships) also noted a lack of consensus on the methodology used in Canada to calculate completion rates across apprenticeship programs. And in April 2014 it calculated completion rates for 2011 using a proxy cohort method for all provinces and territories that links completion in a given year to registrants in several previous years. Using this method, Ontario had the third lowest completion rate at 42%.

RECOMMENDATION 8

In order to assess how effective its apprenticeship program is in comparison with similar programs in other Canadian jurisdictions, the Ministry of Advanced Education and Skills Development should take a leadership role and, in conjunction with other provinces, develop a standard methodology for calculating apprenticeship completion rates across Canada.

MINISTRY RESPONSE

The Ministry welcomes this recommendation. Ontario, as well as most jurisdictions in Canada, was supportive of the work being carried out by the Canadian Council of Directors of Apprenticeship (Council) to develop a consistent methodology for apprenticeship systems across Canada to calculate completion rates. However, the Council has paused their work on this until after the Registered Apprenticeship Information System Concept Review is completed.

The Council's Research Committee, Statistics Canada and Employment and Social Development Canada are collaborating on a two-year project to review and ensure greater consistency and reliability of apprenticeship

data used in the Registered Apprenticeship Information System. Once the system data has been reviewed for quality, it will inform actions for work on a common completion rate methodology. Ontario will endeavour to take a leadership role if this work resumes.

4.6.2 Ministry Surveys Do Not Obtain Adequate Information on Why Apprentices Do Not Complete Programs

The Ministry's annual Apprenticeship Survey of people who have either completed their apprenticeship or withdrawn from the program does not adequately identify the cause of an apprentice not completing the program, even though this is part of the survey's objective. According to the latest survey in 2015, the most common reasons given for withdrawing from the program included the apprentice quitting his/her job (14%); changing trades or career (10%); or being laid off by an employer (8%). These answers do not provide insight into why apprentices decided to quit their job or change careers, and therefore do not provide enough information for the Ministry to address these reasons for withdrawal.

More information on challenges to apprenticeship completion was included in a 2015 study completed by the local planning board of South Central Ontario, a community-based group funded by the Ministry to assess local labour market conditions and work with community stakeholders to address local labour market issues. The board, composed of academics and other experts, identified significant barriers to completing apprenticeships in their community that included:

- financial insecurity and expenses, such as not receiving pay raises, long waiting periods for Employment Insurance, and other financial difficulties;
- workplace training issues including the employer's lack of willingness to train, challenges meeting training requirements on time

and difficulty assessing the progression or competencies attained through training;

- employer commitment and workplace limitations, such as employers unwilling or unable to provide steady work for the length of the program or job functions to complete all competencies; time off for apprentices to attend classes or complete required paperwork; and
- instructional methods, curriculum and assessment leading apprentices to fail trade qualification exams, or in-class training and schools not teaching the latest industry technologies.

Another study by the Higher Education Quality Council of Ontario noted additional barriers in its January 2015 report, *Apprenticeship in Ontario: An Exploratory Analysis*. In particular, apprentices who complete their apprenticeship and gain journeyman status may risk losing their jobs if their employers can no longer afford their services. The report further notes that there may be more jobs for senior apprentices than junior journeymen. For these reasons, apprentices may choose not to complete their apprenticeships.

Additional barriers to completion were identified by the Ministry during its exercise to identify apprentices at risk of non-completion. These are described in **Section 4.9**. At the time of our audit, the Ministry had not developed any strategies to help address barriers identified either through this exercise or the studies noted above.

RECOMMENDATION 9

In order to gain a further understanding of the challenges preventing apprentices from completing their training, the Ministry of Advanced Education and Skills Development should:

- develop methods to gain more insight into the factors causing apprentices to withdraw from the program; and
- where feasible, develop strategies to address these factors.

MINISTRY RESPONSE

The Ministry agrees with this recommendation. The Ministry will revise the annual Apprenticeship Survey to ensure it includes mandatory questions on why apprentices withdraw from their program. In addition, as previously indicated in response to Recommendation 7, the Ministry has introduced a number of completion initiatives. As well, other analytical work to support the identification of barriers to completion is discussed further in Recommendation 13.

4.7 Financial Incentives Offered to Employers Do Not Encourage Apprenticeship Completions

As described in **Section 2.4.2**, there are numerous Provincial incentives available to employers to hire and train apprentices, including the Apprenticeship Training Tax Credit, a signing bonus and a completion bonus. We noted that these incentives are not aligned with the goal of improving apprenticeship completion rates.

4.7.1 Apprenticeship Training Tax Credit Being Redesigned to Improve Completion Rates

The Apprenticeship Training Tax Credit is not tied to apprenticeship completion. In June 2015 the Ministry of Advanced Education and Skills Development, in conjunction with the Ministry of Finance, convened a working group to determine how the Apprenticeship Training Tax Credit could be redesigned to improve completion rates and increase access to under-represented groups (such as Indigenous people, recent immigrants and women). At the time of our audit, the working group was considering options.

4.7.2 Bonuses to Employers Not Aligned with the Goal of the Apprenticeship Program

The goal of the apprenticeship program is to ensure workers become certified and employed in a skilled trade. The purpose of the signing bonus is to increase the number of registered apprentices, and the purpose of the completion bonus is to encourage training completion and certification. Although the completion bonus is more closely aligned with the Ministry's goal of increasing the number of apprentices that become certified, it is half the amount of the signing bonus. According to a one-time survey of employers commissioned by the Ministry in 2014, only 19% of respondents indicated that they were aware of the completion bonus to employers.

RECOMMENDATION 10

The Ministry of Advanced Education and Skills Development should complete their review of apprenticeship program financial incentives to employers and redesign the incentives to ensure that they encourage both program registration and completion, with an emphasis on the latter.

MINISTRY RESPONSE

The Ministry agrees with this recommendation. The Ministry is committed to the continuation of employer support for apprenticeship training to improve completion rates and make apprenticeship training accessible to under-represented groups.

The Ministry continues to work with the Ministry of Finance to review the Apprenticeship Training Tax Credit. As part of this process, the Ministry recently undertook an employer engagement process focused on financial supports in the apprenticeship system.

4.8 Examination Preparation Initiative Should Be Expanded

One initiative that has shown positive results is the Ministry's funding of examination preparation courses to prepare apprentices for their final certification exam. When the initiative began in 2010/11, the 30-hour course was offered to apprentices in six high-demand skilled trades (electrician, automotive service technician, general carpenter, plumber, truck and coach technician, and sheet metal worker) following their final level of in-class training and within 90 days of preparing to write their certification exam. There is no cost to the apprentice to attend, other than time off from work (usually without pay, although they may be eligible for Employment Insurance during in-class training).

We compared the pass rates from 2010/11 to 2014/15 for those who had and those who had not taken the exam prep course, and found that for each year in each of the six trades, the pass rate was higher for those that had taken the exam prep course than for those that had not. For the five-year period, the average exam pass rate for all six trades combined was 12 percentage points higher for those who had taken the course (56% vs. 44%). In addition, according to the Ministry's 2015 survey, 79% of those that took the exam prep course and passed a trade certification exam said they found it helpful. Apprentices who were unsuccessful were not asked about their satisfaction with the exam prep course.

As of April 1, 2016, the Ministry made it mandatory for all training delivery agents to offer exam prep courses for 11 high-demand trades (the six mentioned before plus five additional ones). However, despite its proven success, the course is not mandatory for those apprentices who have previously attempted the exam but were unsuccessful.

In comparison to Ontario, other provinces examined in our review did not offer similar exam preparation courses targeted directly to those recently finishing the in-class portion of their apprenticeship. However, other provinces did offer exam

supports that could be considered by Ontario; for example, British Columbia offered course refresher training for those working in a trade and wishing to challenge a certification exam or for existing apprentices in need of skills updating.

From its inception in 2010/11 to 2014/15, the Ministry paid \$6.6 million to training delivery agents to offer exam prep courses to 16,206 apprentices. However, we noted that the hourly cost per person is higher than what the Ministry typically pays training delivery agents for regular in-class training courses. For the time period specified, the hourly cost per apprentice for exam prep courses was on average \$13.59, compared to \$ 9.56 (that is, a daily rate of \$57.35 for six hours of training) for in-class training. We calculated that the Ministry could have saved almost \$2 million had it used the same rate it paid for in-class training. The Ministry informed us that for exam prep courses, it has chosen to cover the apprentices' portion of the classroom fee; however, this would only account for half of the difference.

RECOMMENDATION 11

To increase the successful completion of apprenticeship training in a cost-effective way, the Ministry of Advanced Education and Skills Development should:

- evaluate the outcome of expanding the examination preparation course to more high-demand trades and, if positive results are found, further expand it to other compulsory trades;
- consider making the course mandatory for apprentices who have previously failed their trade certificate exam; and
- review and adjust funding for exam preparation courses to ensure it is comparable to rates paid to training delivery agents for regular in-class training courses.

MINISTRY RESPONSE

The Ministry shares the Auditor's concerns about apprentices who do not pass their apprenticeship training and certification exam, and is committed to increasing the rate of successful completion of apprenticeship training. In line with this commitment, we have increased the number of examination preparation courses offered every year since inception and will continue to do so.

The Ministry will continue to work with the Ontario College of Trades to connect these candidates with the appropriate examination preparation and courses. The Ministry will also work with the Ontario College of Trades to explore including proof of upgrading as a requirement prior to rewriting the exam.

Previously, as exam preparation was not a regular part of classroom training, the Ministry paid the full daily rate to support participation. On January 1, 2017, the Ministry will introduce examination preparation components into final-level in-class training courses for relevant trades. As exam preparation will now be delivered as a portion of regular in-class training, it will be subject to the same daily rate, with a portion paid by the apprentice.

4.9 Improvement Needed in Identifying and Monitoring Apprentices at Risk of Not Completing Their Apprenticeships

4.9.1 Number of Apprentices at Risk of Non-completion Remains High Even after Implementation of Monitoring Strategy

In October 2013, the Ministry developed the Apprenticeship Monitoring Strategy to identify and follow up on those apprentices considered at high risk of non-completion. The Ministry defines an apprentice who is at risk of not completing their apprenticeship program as:

- a registered apprentice who has not had any schooling activity for at least 12 months from their last in-class training session or date of registration; and/or
- a registered apprentice who is active in the program (has had in-class training within the last year) but has exceeded the standard completion duration of the trade's program by at least 12 months.

The Ministry first identified at-risk apprentices in November 2014. At that time, using the parameters noted above, the Ministry ran a system report identifying 16,350 at-risk clients. The Ministry's regional office staff then began following up with the identified clients or their employers to determine the cause and take appropriate action. By March 2016, regional office staff were able to contact 88% of these apprentices.

The most common barriers to completion noted by those contacted were that the relationship between the apprentice and the employer had ended (the apprentice had been laid off or left the trade on their own); the apprentice required more information about completion requirements and process (such as skills needed to be met); and the employer was not encouraging completion (such as not providing opportunity to learn the necessary skills, or not allowing the apprentice time off to attend in-class training). Ministry interventions typically included providing information about completion requirements and process, schooling options, financial supports and incentives available; reminding employers of their obligations under the training agreement; and making referrals for foundation skills training and employment services.

About 68% of cases were resolved by having the apprentice exit the system, in effect cleaning out the Ministry's database (38% of apprentices had their training agreement cancelled or suspended; 20% were issued a certificate of apprenticeship because they had achieved the requirements but were unaware they were finished; and 10% were no longer considered at risk because they had either completed a level of in-class training, were enrolled

in a training session or were confirmed to attend an upcoming training session). The remaining 32% continued to be at-risk and required further monitoring and intervention.

Following this exercise on the original 16,350 apprentices identified in November 2014, which has been ongoing for at least 1.5 years, about 6,400 apprentices were still at risk as at March 2016.

In December 2015, the Ministry expanded the definition of at-risk apprentices to include:

- apprentices who had not indicated schooling preferences; and
- apprentices without a registered training agreement.

The Ministry began implementing this definition in May 2016. As of June 30, 2016, under the expanded definition, a total of 39,000 apprentices were considered at risk for monitoring purposes. Of these, 20,800 were apprentices identified under the original definition, and an additional 18,200 apprentices were captured under the expanded definition. In our view, the expanded definition better identifies apprentices who may require assistance to progress through their apprenticeship. Regardless of the definition used, the number of at-risk apprentices has increased during the last 1.5 years since the monitoring strategy was introduced.

The Ministry believes that point-in-time figures do not capture the full measure of success of its monitoring strategy. The Ministry also looks at other measures of success, including the number of at-risk apprentices who have since been issued a certificate of apprenticeship or who have been enrolled or have completed a level of in-school training.

About 230 employment training consultants, working in the Ministry's local offices, are responsible for registering new apprentices and scheduling them for in-class training sessions, and for ongoing periodic identification and monitoring of at-risk apprentices. At the time our audit began, these staff members had to run reports to identify at-risk individuals manually because the Ministry's IT system did not automatically flag or generate alerts to indicate individuals at risk of non-completion.

In addition, the system did not generate automatic notices that could be mailed directly to apprentices and their employers unless triggered manually by an employment training consultant. In the summer of 2016, the Ministry's IT system began to automatically flag at-risk apprentices for Ministry staff and generate automatic notices for mailing to apprentices and employers. The Ministry's information system allows employment training consultants to make notes in the apprentice's electronic case file. We would expect that files for individuals considered at risk would contain information identifying barriers to completion and follow-up action taken to remedy the lack of progress. However, only 30% of the electronic case files for the 15,700 active apprentices identified to be at risk in May 2016 contained review notes that described the issues or challenges preventing completion. Further, only 23% of files in which the apprenticeship training agreement had been cancelled or suspended during the last five fiscal years (2011/12–2015/16) contained notes. A description of the issues leading to cancellation or suspension would be useful to the Ministry in determining if there is a reason preventing completion that can be resolved. The Ministry could also use this information if there are employer-specific issues, or common issues that could be addressed through corporate policy or communication. But consistency in the reasons identified and consistency in use of the system function for documenting case notes would be necessary to draw meaningful analysis from such information.

Apprentices are assigned to an individual employment training consultant for assistance and monitoring. As of June 2016, based on information in the Ministry's system, we noted that almost 1,000 active apprentices were assigned to three employment training consultants who had not been working for the Ministry for approximately one year. An additional 1,700 active apprentices were assigned to four employment training consultants who were currently on leave for an extended period of time, with the longest on leave since July 2015 with no expected return date.

RECOMMENDATION 12

To improve the success rate of apprentices considered at risk of not completing their program, the Ministry of Advanced Education and Skills Development should:

- identify key reasons individuals fail to progress through their apprenticeships and apply intervention techniques system-wide;
- include notes to files of apprentices identified as at risk of not completing that can be used for following up with apprentices, as well as analysis of common issues; and
- immediately reassign apprentices to an active employment training consultant where an apprentice's employment training consultant no longer works for the Ministry or goes on leave for an extended period of time.

MINISTRY RESPONSE

The Ministry will continue to refine the risk indicators to focus ministry resources on those apprentices who are most in need of support to complete their program. Helping apprentices successfully complete their apprenticeship is and will remain a key focus for the Ministry.

Through the apprenticeship monitoring strategy, the Ministry will continue to identify key reasons for an apprentice's failure to progress and will introduce more interventions to facilitate apprenticeship completion. We will continue to find ways to use technology more effectively to contact all apprentices about progress and completion. Going forward, the Ministry will consider the development of a scorecard with indicators on the status of at-risk apprentices. In December 2015, the Ministry improved its database so staff can better record the results of their monitoring activities with at-risk apprentices. The Ministry will require staff to use the system to document barriers to completion and the actions they have taken for each at-risk apprentice. We will analyze more

data as it becomes available to identify effective interventions. Also, as noted in response to Recommendation 9, the Ministry will revise the annual Apprenticeship Survey to include mandatory questions on why apprentices withdraw from their program. This work will help to further inform the Ministry's monitoring strategy, as well as other completion interventions.

As for the reassignment of apprentices to active employment and training consultants, the issue identified has already been addressed and the Ministry is satisfied that no caseloads were lost or misdirected and no clients were affected as a result of this issue. Moving forward, we are tracking caseloads on a monthly basis to ensure all apprentices are assigned to active staff and updates are entered into the system in a timely manner.

4.10 Limited Monitoring of Quality of Apprenticeship Programs

4.10.1 Limited Monitoring of on-the-Job Training

We reviewed a sample of training agreement files and found that, in all cases, the Ministry ensured at the time of registration that the employer was within the correct journeyman-to-apprentice ratio.

However, the Ministry has not developed specific policies or guidelines for ongoing monitoring of on-the-job training. The regional offices we visited confirmed that their involvement with employers is very limited and noted that employers were visited primarily when there were complaints. From 2013/14 to 2015/16, there were seven complaints made against employers to the regional offices we visited, but none of them were visited by regional office staff. Furthermore, the regional offices did not know if the College had investigated these employers.

Since its creation in 2013, the College has been responsible for enforcement activities such as ensuring journeyman-to-apprenticeship ratios

are met. However, the Ministry does not receive information on the nature and results of enforcement activity conducted by the College. Additionally, the College's annual report does not publish the number of inspections completed of employers who are training apprentices. The Ministry relies on employers to self-report, to both the Ministry and the College, any changes that may affect their ability to provide training for their apprentices. This includes a change or departure of trainers, change in the ratio of journeyman to apprentice, changes to equipment necessary for training, or the departure of an apprentice.

We obtained apprenticeship completion rates by employer and analyzed them in order to identify employers who may not be adequately preparing their apprentices for success. For employers who have sponsored at least 50 apprentices since the beginning of the program, we identified 171 employers who had less than 20% of their apprentices complete their apprenticeship as of November 2015. Of these, 105 were still actively training almost 4,800 apprentices. We saw no evidence that the Ministry had attempted to complete a similar analysis to identify these employers on its own, and therefore it had not investigated the reasons for the low success rate of these employers.

One risk could be that employers are terminating apprentices once the period for which they can claim an Apprenticeship Training Tax Credit expires and then replacing them with new apprentices. The tax credit is processed by the Canada Revenue Agency. The Ministry has not requested the information regarding those employers who claimed the credit and for which apprentices. As a result, the Ministry has not identified whether certain employers were terminating apprentices once the period for which they could claim the tax credit ended.

4.10.2 Limited Monitoring of In-Class Training

Similarly to on-the-job training, the Ministry generally does not monitor the quality of in-class training.

Figure 8: Pass Rates for Apprenticeship Qualification Exam and In-Class Training, 2011/12–2015/16

Source of data: Ministry of Advanced Education and Skills Development

| | 2011/12 (%) | 2012/13 (%) | 2013/14 (%) | 2014/15 (%) | 2015/16 (%) | Average ¹ (%) |
|--|----------------|----------------|----------------|----------------|----------------|-----------------------------|
| Pass Rate for Qualification Exams² | 49 | 50 | 52 | 50 | 50 | 50 |
| Construction Sector | 48 | 48 | 53 | 51 | 54 | 51 |
| Industrial Sector | 46 | 45 | 46 | 49 | 45 | 46 |
| Motive Power Sector | 51 | 52 | 50 | 48 | 46 | 49 |
| Services Sector | 54 | 55 | 53 | 53 | 51 | 53 |
| Pass Rate for In-Class Training Courses | 93 | 94 | 94 | 94 | n/a | 94 |
| College | 93 | 94 | 93 | 93 | n/a | 93 |
| Non-college | 98 | 97 | 98 | 98 | n/a | 98 |

1. Averages for Qualification Exams are for the last five years. Averages for in-class training courses are for the last four years, since pass rate data is not available for 2015/16.

2. The passing grade for Qualification Exams is 70%.

The Ministry evaluates whether training delivery agents have the tools and resources to deliver courses when they are initially approved for funding, but any monitoring by the Ministry after that point is complaint driven. This is despite Ministry documentation stating that local Employment Ontario offices across the province are responsible for monitoring the quality and relevance of in-class training on an ongoing basis. Expected monitoring includes:

- ensuring the approved curriculum is used;
- identifying training delivery agents whose classes have an abnormally high course failure rate; and
- working with these training delivery agents to find the causes of high failure rates and develop plans to improve performance.

However, Ministry staff told us that they do not directly assess whether instructors delivering training are qualified and whether courses are taught according to the curriculum, but rely on the internal processes of the training delivery agents. We also confirmed with the College that they do not assess the quality of in-class training.

The Ministry does collect pass rate information by course and training delivery agent, and stated that regional offices only began to consider this information in 2015 to decide how many spaces to

fund for each training delivery agent. The Ministry also indicated that much of their interaction with training delivery agents was informal and therefore not available for our review.

We saw a lack of notable improvement in the pass rate for qualification exams over the last five years and a discrepancy in pass rates between in-class testing and qualification exams, as shown in **Figure 8**. Despite this, the Ministry confirmed it has not analyzed this information in order to identify training providers that may not be preparing their students for success and taking the necessary corrective action. We analyzed pass rates for final qualifying exams by training delivery agent over the last five years, and noted that the average pass rate on qualifying exams was at least 10 percentage points higher for apprentices that received in-class training at non-colleges than at colleges.

RECOMMENDATION 13

In order to improve monitoring of on-the-job and in-class training of apprentices, the Ministry of Advanced Education and Skills Development should:

- implement policies and guidelines for ongoing monitoring of on-the-job and in-class training provided to apprentices;

- regularly analyze completion rates by training delivery agent and employer to identify trends that may indicate problems and take corrective action; and
- identify and address issues with in-class training that may be preventing apprentices from passing the final qualification exam.

MINISTRY RESPONSE

The Ministry will work with the Ontario College of Trades to identify any gaps regarding policies and guidelines for ongoing monitoring of on-the-job and in-class training provided to apprentices.

For in-class training, the Ministry will use the key performance indicators developed in 2015/16 but not yet in use (including in-school pass rates, effectiveness of exam prep courses, and seat and funding utilization) to understand performance outcomes, and continue to analyze the results of the annual Student Satisfaction and Engagement Survey of all training delivery agents to identify areas for improvement in instructor quality and the relevance of in-school training. These indicators include graduate employment and graduate satisfaction.

The Ministry agrees that more analysis of completion rates by employer is required, and will support employers who have a large number of apprentices who are not completing their training. The Ministry will build on the monitoring activities introduced in spring 2016—the additional at-risk criteria of apprentices with no registered training agreement, apprentices with no schooling preferences and greater supports for group sponsors with low completion rates.

In addition, the Ministry will be conducting an analysis to determine the correlation between in-class training and the success rate of apprentices on their certification examinations. Once this analysis is complete, the Ministry will work with training delivery agencies and the Ontario College of Trades to address any issues identified in in-school training as having an impact on final qualification examination success rates.

4.10.3 Action Not Taken on Data Collected through Ministry Surveys

The survey of in-class apprentices seems to be of limited value. Although the overall satisfaction rating for the last three years (2013/14–2015/16) has been favourable at 75%, we noted the following limitations:

- Survey questions are not specific to apprenticeship programming, as this survey was developed to obtain feedback on all courses offered by Ontario's colleges of applied arts and technology.
- Colleges were only required to survey 50% of full-time classes prior to 2015/16 (though this changed to 100% of full-time classes plus 50% of part-time classes in 2015/16). Only 16% of apprentices that took in-class training at an Ontario college responded to the survey conducted in 2014/15, the last one for which detailed results were available at the time of our audit.
- There is no detailed analysis of responses by trade for the Ministry to understand if courses in certain trades are presenting challenges and, if so, assess whether the course delivery or instruction method should be adjusted.

The survey of individuals who completed or withdrew from apprenticeship programs provides much more useful information. However, for more than half of the survey questions, the responses from the two groups (those who successfully completed the program and those who did not) are combined. The survey would be more useful to the Ministry if each group's responses were presented separately. For the latest survey in 2015, all individuals who completed or withdrew from their apprenticeship programs were surveyed and 31% responded, of which an equal number had completed or withdrawn from the apprenticeship program. We analyzed the responses for the two groups separately and noted the following:

- Most respondents were satisfied with their training, more so with on-the-job training

than in-class training. For example, 90% of those who completed their apprenticeship and 83% of those who withdrew responded that on-the-job training met their expectations; and 85% of those who completed their apprenticeship and 65% of those who withdrew responded that in-class training met their expectations. Although also favourable, satisfaction with the Ministry was less, as 77% of those who completed their apprenticeship and 67% of those who withdrew responded that the Ministry provided them with enough support to finish their program, although the survey did not specify the types of additional support desired.

- Respondents provided suggestions for improving both the in-class and on-the-job training portions of the program. Suggested improvements for in-class training included better hands-on experience (11%) and having more knowledgeable instructors (8%). Suggested improvements for on-the-job training included more hands-on experience while on the job (7%) and having closer supervision of apprentices (6%). The Ministry has not acted on these suggestions nor shared the results with the College, which is responsible for setting the curriculum.

In spring 2014, the Ministry commissioned a one-time survey of 13,500 apprentice employers to get their perspective on the apprenticeship system. The response rate was 40% (or 5,400). Key responses from employers regarding program quality included:

- 21% of employers were not entirely clear on their roles and responsibilities in training apprentices and felt that clearer and more frequent communication from the Ministry would be better;
- 12% of employers were not satisfied, and an additional 28% only moderately satisfied, with the usefulness of skills and knowledge taught in-class; and

- 36% of employers were only moderately satisfied or not satisfied with accessibility of information provided through the Ministry.

The Ministry informed us that it has not taken any specific actions to address issues raised by the surveys, but would consider their results when redesigning the Apprenticeship Training Tax Credit and programs intended to offer alternative pathways to apprenticeship training.

RECOMMENDATION 14

The Ministry of Advanced Education and Skills Development should administer surveys in a way that allows for detailed analysis of results in order to provide information that can be used to address areas needing improvement. Specifically, the Ministry should:

- develop questions for in-class surveys directly related to apprenticeship training and any other information the Ministry considers necessary to inform future decision-making on program design; and
- analyze survey results by course, trade, training delivery agent, and apprentice completion type (successfully completed vs. withdrawn), as appropriate, for the survey.

MINISTRY RESPONSE

The Ministry agrees with this recommendation and has recently expanded its efforts to improve the applicability of the in-class apprenticeship Student Satisfaction and Engagement survey.

Recently, the Ministry established a dedicated working group with college representatives to address issues raised by the college sector on the in-class survey. A key focus of the working group will be to ensure that the surveys generate data comparable to other college programming, while making the surveys more reflective of apprenticeship in-school training.

The Ministry will expand the nature of questions in other apprenticeship-related surveys in order to better understand the experience

of apprentices under a variety of delivery and program conditions, and to also have fully disaggregated data with respect to completion/withdrawal status to inform improvements. To enable the recommended analysis of the Annual Apprenticeship survey results by those who completed and those who withdrew, the Ministry will explore the feasibility and cost-effectiveness of increasing the sample size to yield more meaningful results.

The Ministry will also explore enhanced analysis of administrative data to understand reasons for withdrawing or completing by trade, course and training delivery agent as a potential alternative to using a survey sample for this level of analysis.

4.11 Amount of Overdue Loans Is Unknown

The Ministry provides interest-free loans to first-year apprentices in the amount of \$300–\$800 (depending on the sector) for the purchase of tools, repayable within one year after obtaining certification or within six months of withdrawing from the program. The Ministry has provided \$32.8 million in loans since program inception in 1998. According to the Ministry's database, \$13.8 million has been repaid as of March 31, 2016, while \$4.1 million has been written off as uncollectible, \$6.6 million has been forwarded to Ontario Shared Services for collection but not yet written off, and \$8.2 million was outstanding.

The Ministry does not have reliable information on how much of the outstanding loan balance is overdue. The Ministry informed us that it relies on a self-declaration from program participants to let it know when they have completed or dropped out of their apprenticeship program, which establishes the date the loan becomes repayable to the Ministry. Failure on the part of the apprentice to inform the Ministry means the loan remains outstanding, but not overdue in its system. We noted that over \$4 million in outstanding loans was paid out

between 1998 and 2010 to persons who were still recorded in the system as active apprentices.

RECOMMENDATION 15

To ensure loans given to apprentices to purchase tools are collected when they become due, the Ministry of Advanced Education and Skills Development should proactively monitor apprentices' status in the program to quickly identify the date they either complete or withdraw from the program.

MINISTRY RESPONSE

The Ministry agrees and will enhance business processes and information systems to align with this recommendation. The Ministry has also included this program as part of its review of financial supports and incentives, and will introduce any further changes as required.

4.12 Alternative Pathways to Apprenticeship Training Have Not Been Effective

The Ministry has three programs designed to expand access to apprenticeship training. These programs are the Pre-apprenticeship Training Program, the Ontario Youth Apprenticeship Program and the Co-op Diploma Apprenticeship Program, described in **Appendix 1**. These programs have not been as effective as the Ministry originally expected:

- The annual completion rate for participants in the Pre-apprenticeship Training Program, designed to give individuals trade-related skills and experience, was consistently lower (ranging from 61%–69% from 2010/11 to 2014/15) than the targeted completion rate of 75%. Further, only 25% to 33% of program participants went on to become registered apprentices.
- The Co-op Diploma Apprenticeship Program, which allows individuals to register as an apprentice and earn a college diploma at the

same time, has had only a 50% placement rate for on-the-job training.

- For the Ontario Youth Apprenticeship Program, which provides high school students with work experience through co-op, the percentage of those who went on to become apprentices is unknown because of the lack of performance indicators and limited follow-up conducted by the Ministry after high school graduation.

The Ministry informed us that these three programs are currently being redesigned to, among other things, target the programs to those individuals most likely to pursue a registered apprenticeship.

4.12.1 Expert Panel Proposes Action That May Address Some Barriers to Access

In 2015, a local planning board released a study entitled *Barriers to Attracting Apprentices and Completing Apprenticeships*, previously discussed in **Section 4.6.2**. The barriers identified in the board's area were as follows:

- Barriers to apprentice participation included: finding an employer to train under; lack of information on apprenticeships; negative perception of a career in the trades by parents and young people; inequitable hiring practices; and financial costs including low starting wages and the loss of wages while attending in-class portions of apprenticeship training.
- Barriers to employer participation included: lack of journeypeople with adequate mentoring skills or desire to mentor.

Although the Ministry did not yet have concrete plans to address the barriers above, the Premier's Highly Skilled Workforce Expert Panel tabled recommendations on June 23, 2016, which were accepted by Cabinet, that offers suggestions to address some barriers to apprenticeship participation:

- The Ministry should be given the mandate to consult with stakeholders to develop a

modernized apprenticeship system that could include moving all education components of an apprenticeship to the beginning of the program and establishing a central application process for anyone wanting to enter.

- Work with industry to expand opportunities for practical learning and commit to ensuring that every student has at least one practical learning opportunity by the end of high school and at least one practical learning opportunity by the time they graduate from post-secondary education.
- Expand the Specialist High Skills Majors Program from 14% of all Grade 11 and 12 students to 25% of all Grade 11 and 12 students, in the next three years. This program provides high school students an opportunity to focus on a career path that matches their skills and interests.

4.13 Ministry Lacks Necessary Data to Ensure Employment Ontario Programs Meet Labour Needs

Although the Ministry collects labour market information (as described in **Section 2.5**), it does not have regional information on labour force supply and skills demand. According to the Ministry, there are few reliable sector-wide sources of information on employers' anticipated labour needs. The lack of regional labour force data, needed to make effective decisions with respect to setting priorities and targeting funding in skills training and education, was also identified as a problem in the 2012 Report of the Commission on the Reform of Ontario's Public Services (Drummond Report).

The Ministry reports on the likelihood of people finding employment in about 200 occupations in Ontario every four years; the last two future employment prospect ratings were published in 2009 and 2013. At the time of our audit, the Ministry was in the process of updating this information to cover the period from 2017 to 2021.

According to the Ministry's website, the ratings focus on recent labour market conditions and projections of demand for new workers, but do not consider the existing or potential supply of workers (such as new graduates and immigrants). The employment prospect ratings are developed for Ontario as a whole, and may not reflect the labour market outlook in the different regions of the province. In comparison, British Columbia and Alberta publish labour market outlook reports, which project occupation demand for the next 10 years, for 500 occupations in the case of British Columbia and 250 occupations in the case of Alberta. Alberta reports labour demand, supply and projected shortage or surplus of labour by occupation every two years. British Columbia reports the number of job openings projected by occupation every year. Both provinces factor in new graduates and forecast migration trends to arrive at their projections.

We also noted that although the Ministry provides more than \$6 million per year to 26 local community-based boards to assess local labour market conditions, this information is not factored into funding or programming decisions of the Employment Service program. These local boards conduct autonomous local market research by purchasing data sets from Statistics Canada and conduct various research projects regarding local employment. In December 2015, the Ministry began piloting eight local employment planning councils. These councils are responsible for preparing an annual Community Labour Market Planning Report, which is supposed to identify local labour market challenges, opportunities and recommendations. At the time of our audit, there was no information yet on whether the work of the local employment planning councils being piloted will better inform provincial programming or funding decisions.

To address the lack of detailed labour market information available and used by the Ministry, in June 2016 the Premier's Highly Skilled Workforce Expert Panel recommended that:

- representatives from employers, education, and government, and other partners work

together to collect and share provincial and local labour market information from employers;

- the government should use the national Forum of Labour Market Ministers to engage with other provinces and territories to develop an integrated national labour market information system to gather accurate, timely labour market information;
- a labour market information strategy be established—including conducting an inventory and scan of currently available labour market information and data collection—on metrics relevant for both skills development and economic growth across ministries; and
- labour market information should be made public on a website to be used by relevant audiences.

Cabinet accepted all recommendations by the Expert Panel soon after its release.

RECOMMENDATION 16

To ensure funding is spent on training or otherwise preparing people for jobs, better inform program and funding decisions and ensure that skills training promotes occupations with future employment the most likely prospects for long-term sustainable employment, the Ministry of Advanced Education and Skills Development should:

- obtain forecast labour force data by region and occupation, and other labour market information (such as, factoring in new graduates and forecast migration trends) more frequently (such as every two years) and for a longer projected time (10 years, for example); and
- evaluate the work of the local boards and local employment planning councils in informing decision making and take any necessary corrective action.

MINISTRY RESPONSE

As part of the Highly Skilled Workforce Strategy, the Ministry is exploring options to improve local and regional labour market information. The strategy will seek to improve the quality and timeliness of local labour market information, and inform decision-making.

The Ministry is currently updating the Ontario Job Futures publication for the 2017–2021 period, and plans to increase regional and local content as part of ongoing improvements.

The Ministry is also working to improve regional and local labour market information by expanding its scope and depth at the community level. For example, as noted by the Auditor, the Ministry is piloting local employment planning councils in eight communities across Ontario, to build on the existing network of local boards. At this time, no decision has been made about the future of the pilots. Their success in meeting their goals will be measured through an evaluation led by the Ministry and conducted by a third-party consultant. This evaluation will inform whether the councils become a permanent part of the employment and training network.

We are also adding staff at the regional level to gather, analyze and apply information about local labour market conditions, including information produced by local employment planning councils and local boards.

4.14 Little Public Reporting of Employment Ontario Outcomes

The Ministry publishes two goals, though these two goals have not been consistent from one year to the next. For 2014/15 the goals were:

1. that 79% of Employment Service program clients obtain employment or go on to further education/training; and
2. to create employment opportunities for 25,000 youth in Ontario by investing

\$195 million over two years in the Youth Employment Fund.

In 2015/16, the second goal was replaced with the following:

2. serve up to 150,000 youth over two years through the Ontario Youth Jobs Strategy, including at-risk youth, Aboriginal youth, newcomers and youth with disabilities; with a focus on skills development, labour market connections, entrepreneurship and innovation.

For 2014/15, the most recent year for which results were available, the Ministry publicly reported only on the second goal.

By contrast, for its Postsecondary Education Program, the Ministry publishes (among other things) graduation rates and employment outcomes at six months and two years after graduation for all Ontario universities combined, and individually by university and field of study. Students can use this information to select a university, field of study and future career path. Nothing similar is published regarding employment outcomes for the apprenticeship or employment and training programs.

We also noted that other provinces publicly report on several measures. For example, Alberta reports on 16 measures including client satisfaction, number of registered apprentices, number of apprentices who were issued certificates and apprenticeship completion rates at various stages of their apprenticeship program. Saskatchewan also reports on several performance measures including the increased number of available in-class training spaces and completion rates for non-compulsory and compulsory trades.

For those considering becoming an apprentice, it would be helpful to know what percent of apprentices find employment in their chosen trade upon completion of their program. As well, publishing pass rates for in-class training courses and trade certification exams, and satisfaction survey results by training delivery agent, would also be helpful to apprentices having to choose where to complete the in-class portion of their program. Publishing

completion rates overall by trade, in combination with future employment opportunities given the existing supply of people already in the trade, would help apprentices select which trade to go into.

RECOMMENDATION 17

In order to help job seekers and those considering training for a skilled trade or other learning for employment purposes, the Ministry of Advanced Education and Skills Development should:

- establish yearly reportable outcome measures; and
- publicly report information useful to those upgrading their skills or seeking employment, such as reporting separately on the number of Employment Service clients who obtain employment and those who go on to further training, as well as reporting apprenticeship pass rates and the percent of apprentices that find employment in their chosen trade.

MINISTRY RESPONSE

The Ministry agrees with this recommendation. Previous public reporting was based on minimum requirements of the annual budgeting process.

The Ministry is committed to much more extensive public reporting that will be primarily driven by proactively contributing to Ontario's Open Data initiative. This will maximize access to Ministry data relevant to all of its stakeholders, including job seekers. As a first step, we plan an initial release of six data sets, including outcome data for a number of Employment Ontario programs. The specific set was selected according to the highest-demand information requests from the public. The Ministry is currently planning for ongoing data set releases.

4.15 Duplication of Employment and Training Services

In 2012, the Drummond Report noted that employment and training services in Ontario were offered through multiple ministries. It therefore recommended that the government streamline and integrate these and other employment and training services with Employment Ontario in order to gain administrative efficiencies, improve client access to services and reduce costs.

At the time of our audit, we noted that the government had already integrated youth employment programs offered by the Ministry of Agriculture, Food and Rural Affairs, the Ministry of Northern Development and Mines, and the Ministry of Children and Youth Services, with two programs administered by the Ministry (Youth Job Connection and Youth Job Link). The Ministry did not have information on what (if any) cost savings resulted. It informed us that the intent was not cost saving but rather to provide youth with a single point of access to employment services.

We noted that other ministries were still offering employment services and supports, as noted in **Figure 9**.

The Ministry informed us that it was considering integrating employment and training services offered by the ministries of Community and Social Services and Health and Long-Term Care with those provided by the Ministry through Employment Ontario. The Ministry informed us that it was waiting for advice from the Provincial-Municipal Social Assistance and Employment Committee (a joint working group of provincial and municipal staff created in 2013 to support social assistance reform), on options for integrating Ontario Works Employment Assistance. In addition, the Ministry is waiting for the government to develop a Provincial Employment Strategy for People with Disabilities, as was announced in the 2016 Budget, in order to proceed with the integration of employment services in the Ontario Disability Support Program and Vocational Employment Supports for people with mental health issues.

Figure 9: Employment Services and Supports Offered by Other Ministries

Sources of data: Ministry of Advanced Education and Skills Development

| Ministry | Program | Transfer Payments in 2015/16 (\$ million) |
|--|--|---|
| Community and Social Services | Ontario Works—Employment Assistance | 196.3 |
| Community and Social Services | Ontario Disability Support Program— Employment Supports | 36.2 |
| Citizenship, Immigration and International Trade | Workplace Training | 28.1 |
| Health and Long-Term Care | Mental Health—Vocational Employment Supports | 5.9 |
| Total | | 266.5 |

At the time of our audit, the Ministry informed us that the government had no plans to integrate the workplace training program offered by the Ministry of Citizenship, Immigration and International Trade with Employment Ontario. In this regard, we noted that almost 40% of the service providers funded by the Ministry of Citizenship, Immigration and International Trade to provide employment services were also funded by the Ministry of Advanced Education and Skills Development to provide similar services.

RECOMMENDATION 18

To eliminate duplication in service delivery, the Ministry of Advanced Education and Skills Development should establish timelines for streamlining and integrating employment and

training services of the Ministry of Citizenship, Immigration and International Trade across the government with Employment Ontario.

MINISTRY RESPONSE

The Ministry will work with the Ministry of Citizenship, Immigration and International Trade to improve service co-ordination and streamline client pathways between the Bridge Training Program and Employment Ontario Employment Services. In addition, the Ministry will work with Ministry of Citizenship, Immigration and International Trade to identify and remove potential overlap of services for highly skilled immigrant client populations.

Appendix 1: Employment Ontario Programs and Their Funding Through Transfer Payments, Including Tax Credits¹

Prepared by the Office of the Auditor General of Ontario

| Program | Program Start Date | Program Description | 2015/16 | | | % of Funding within Category |
|---|--------------------|--|------------------------------|---------------------------------|----------------------------|------------------------------|
| | | | Federal Funding (\$ million) | Provincial Funding (\$ million) | Total Funding (\$ million) | |
| Employment and Training | | | | | | |
| Employment Service | 2010 | <p>Allows clients to access a full range of services in one location to help them obtain sustainable employment. Services are client-focused and tailored to meet each individual's needs. They can be provided one-on-one and/or in group format.</p> <p>Services provided fall under five components:</p> <ol style="list-style-type: none"> 1. Client service planning and co-ordination; 2. Resource and information; 3. Job search; 4. Job matching, placement and incentives; and 5. Job/training retention. | 266.1 | 69.1 | 335.2 | 44 |
| Second Career | 2008 | Supports unemployed, laid-off workers who require skills training to find employment in high-demand occupations in Ontario. The ultimate goal of Second Career is to return individuals to employment. Almost 85% of this funding is provided directly to individuals, and the rest to colleges to perform activities in support of the program. | 155.7 | 3.4 | 159.1 | 21 |
| Canada-Ontario Job Grant | 2014 | Designed to encourage employers to invest in the skills of jobseekers and employees. Employers are able to choose the training that meets their workforce needs and identify who they would like to have trained. This initiative is cost shared between employers and government, where government will provide two-thirds of the total eligible training costs up to a maximum of \$10,000 per trainee, with additional flexibility for small employers. | 50.8 | 13.9 | 64.7 | 8 |
| Ontario Co-operative Education Tax Credit | 1996 | A refundable tax credit available to employers who hire students enrolled in a co-operative education program at an Ontario university or college. The maximum credit for each work placement is \$3,000. | – | 53.9 | 53.9 | 7 |
| Youth Job Connection | 2015 | <p>Supports young people with multiple barriers to employment. The program consists of two components:</p> <ul style="list-style-type: none"> • A year-round component, launched in fall 2015, which helps youth aged 15–29 who are not working, in school or in training. • A summer component, launched April 2016, which provides multi-barriered high school students aged 15–18 with information, summer job opportunities and part-time job placements during the school year to help them make positive educational and career choices. | – | 42.6 | 42.6 | 6 |

| Program | Program Start Date | Program Description | 2015/16 | | | % of Funding within Category |
|---|--------------------|--|------------------------------|---------------------------------|----------------------------|------------------------------|
| | | | Federal Funding (\$ million) | Provincial Funding (\$ million) | Total Funding (\$ million) | |
| Self-Employment Benefits (SEB) – <i>Discontinued 2015/16</i> ² | 2007 | Provides entrepreneurial skills development support and financial assistance to help eligible participants develop and implement their business plan and help them start their own business. This financial assistance is intended to cover personal living expenses and other expenses during the initial stages of the business. | 40.4 | 0.4 | 40.8 | 5 |
| Summer Jobs Service – <i>Discontinued 2015/16</i> ² | 1995 | A component of the Ontario Summer Jobs Strategy, which unites summer employment programs and services for youth from seven provincial ministries: Advanced Education and Skills Development; Agriculture, Food and Rural Affairs; Children and Youth Services; Economic Development and Growth; Government and Consumer Services; Northern Development and Mines; and Natural Resources and Forestry. Ontario Summer Jobs includes Summer Jobs Service, Summer Company Program, Summer Experience Program, Stewardship Youth Rangers (formerly the Ontario Rangers), Ontario Public Service Summer Employment Opportunities and Summer Jobs for Youth. | – | 34.3 | 34.3 | 5 |
| Ontario Employment Assistance Services | 2007 | Provides financial support to organizations that deliver employment services to unemployed people with disabilities. | 18.2 | 0.5 | 18.7 | 2 |
| Targeted Initiative for Older Workers | 2009 | A joint federal-provincial initiative intended to provide unemployed older workers (aged 55–64) in vulnerable communities (population < 250,000) with programming aimed at increasing their employability, reintegrating them into employment and ensuring they remain active and productive labour market participants. | 8.4 | 1.8 | 10.2 | 1 |
| Youth Employment Fund – <i>Discontinued 2015/16</i> ² | 2013 | Employers can receive incentives up to \$6,800 per placement to help cover the cost of wages and training for unemployed new hires between the age of 15 and 29 who are not attending school full-time when they provide a job placement of between four and six months. | – | 9.5 | 9.5 | 1 |
| Ontario Job Creation Partnership | 2007 | Designed to support partnership projects that provide persons receiving employment insurance with opportunities to gain meaningful work experience to improve their long-term employment prospects. Activities of each project are to benefit both the participant and the community with the primary focus being on the participant. The projects can be of varying lengths up to a maximum of 52 weeks. | 3.0 | 0.0 | 3.0 | – |
| Total Employment and Training | | | 542.6 | 229.4 | 772.0 | 100 |

| Program | Program Date | Program Description | 2015/16 | | % of Funding within Category | |
|--|--------------|--|------------------------------|---------------------------------|------------------------------|----------------------------|
| | | | Federal Funding (\$ million) | Provincial Funding (\$ million) | | Total Funding (\$ million) |
| Apprenticeship³ | | | | | | |
| Apprenticeship Training Tax Credit | 2004 | A refundable tax credit that is available to employers who hire and train apprentices (in certain skilled trades) during the first 36 months of an apprenticeship program. The maximum credit for each apprenticeship is \$5,000 per year. | – | 200.7 | 200.7 | 60 |
| Apprenticeship Seat Purchase | Pre-1980 | Subsidizes the cost of the in-class component of apprenticeship training. | 69.7 | 7.7 | 77.4 | 23 |
| Pre-Apprenticeship Training Program | 2001 | Helps people who are interested in an apprenticeship but lack the skills and experience to gain employment as apprentices. | – | 13.6 | 13.6 | 4 |
| Ontario Youth Apprenticeship Program | 1995 | Offers the opportunity to train as apprentices while completing their high school diploma. | – | 11.1 | 11.1 | 4 |
| Co-op Diploma Apprenticeship Program | 2003 | Combines a college diploma program and apprenticeship training leading to a Certificate of Qualification. | – | 11.1 | 11.1 | 4 |
| Apprenticeship Income Supports | 2007 | Provides temporary financial assistance to apprenticeship clients attending in-class training who are eligible for or who were in receipt of Employment Insurance benefits. | 7.7 | – | 7.7 | 2 |
| Apprenticeship Completion Bonus to Employers | 2009 | Employers receive a \$1,000 bonus for each apprentice that has completed apprenticeship training and received a certificate of apprenticeship and, where applicable, a certificate of qualification, while in their employment. | – | 4.6 | 4.6 | 1 |
| Apprentice Completion Bonus in Non-Red Seal Trades | 2009 | Provides a \$2,000 taxable bonus to apprentices completing training in any Ontario non-Red Seal trade. This complements the \$2,000 federal Apprenticeship Completion grant in Red Seal Trades. | – | 4.1 | 4.1 | 1 |
| Examination Preparation Supports | 2009 | Provides support for up to 30 hours of dedicated class time to prepare apprentices to succeed in their trade certification exam. | – | 2.0 | 2.0 | 1 |
| Support for Non-Employment Insurance Eligible Apprentices During In-Class Training | 2010 | Provides up to \$1,500 in support to apprentices who are not eligible for Employment Insurance while completing their classroom training. | – | 0.6 | 0.6 | – |
| Total Apprenticeship | | | 77.4 | 255.5 | 332.9 | 100 |

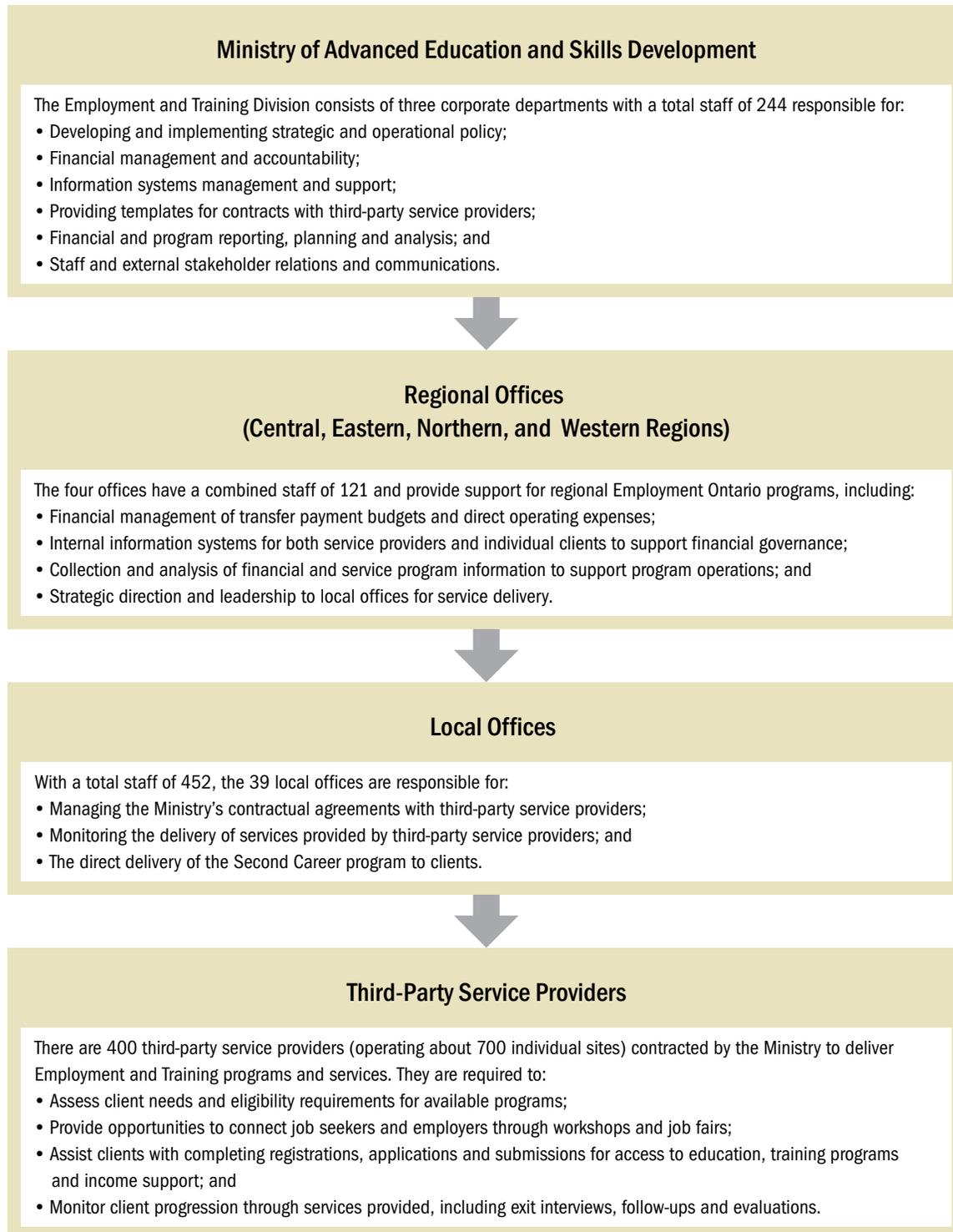
| Program | Program Start Date | Program Description | 2015/16 | | | % of Funding within Category |
|---|--------------------|--|------------------------------|---------------------------------|----------------------------|------------------------------|
| | | | Federal Funding (\$ million) | Provincial Funding (\$ million) | Total Funding (\$ million) | |
| Foundation Skills | | | | | | |
| Literacy and Basic Skills | 1997 | Provides free training services to adults whose skills fall below Grade 12 of the Ontario Curriculum and who have difficulty in English or French, to help them develop and apply communication, numeracy and digital skills. This program primarily serves adult learners who want to improve their literacy and numeracy skills to achieve their goals of employment, post-secondary, apprenticeship, secondary school credit and independence. The program is delivered through colleges, school boards and community-based organizations. There are four delivery streams: Aboriginal, Anglophone, Deaf and Francophone. | 55.3 | 30.4 | 85.7 | 95 |
| Ontario Bridging Participant Assistance Program (OBPAP) | 2010 | Provides bursaries of up to \$5,000 to cover direct education costs (e.g., tuition, books and equipment) for eligible applicants with financial need attending OBPAP approved bridge training programs at Ontario post-secondary education institutions. The program is administered jointly with the Ministry of Citizenship and Immigration, which identifies and approves bridge training programs eligible for OBPAP funding. | — | 4.9 | 4.9 | 5 |
| Total Foundation Skills | | | 55.3 | 35.3 | 90.6 | 100 |
| Labour Market | | | | | | |
| Local Boards | 1994 | Twenty-six local boards across Ontario lead local labour market planning. These boards are community-based groups whose primary role is to assess local labour market conditions and work with community stakeholders to address local labour market issues. | 6.8 | 0.2 | 7.0 | 48 |
| Local Employment Planning Councils (beginning 2015/16) | 2015 | Groups acting as a connection between local stakeholders being piloted to improve labour market conditions in local communities by: <ul style="list-style-type: none"> • Expanding the understanding of local labour market issues and improving access to labour market information, • Supporting integrated planning by serving as a central point of contact for linking employers, service providers, and other government and community stakeholders, • Serving as a hub for connecting employers, and other employer groups with employment and training services, • Collaborating with community stakeholders to develop projects related to the research and piloting of innovative approaches, and • Working with provincial and community organizations to identify and share best practices. | 2.9 | 0.3 | 3.2 | 22 |

| Program | Start Date | Program Description | 2015/16 | | | |
|--|------------|---|------------------------------|---------------------------------|----------------------------|------------------------------|
| | | | Federal Funding (\$ million) | Provincial Funding (\$ million) | Total Funding (\$ million) | % of Funding within Category |
| Ontario Labour Market Partnership | 2007 | Provides financial assistance to local communities, employers, sector groups and employee and employer associations to aid the development and implementation of strategies that address and respond to labour force adjustments, local economic development and human resource planning needs. | 1.8 | — | 1.8 | 12 |
| Adjustment Advisory Program | 1980 | To provide funding for advisory and financial assistance to help individuals adjust to the impacts of job loss, or threatened job loss in the workplace. An action centre may also be established on a temporary basis for large scale plant closures where workers can go to receive services. | 1.4 | — | 1.4 | 10 |
| Skills Canada | 2002 | A national, not-for-profit organization that actively promotes careers in skilled trades and technologies to Canadian youth. To encourage and support a co-ordinated Canadian approach to promoting skilled trades and technologies to youth. | — | 0.8 | 0.8 | 5 |
| Ontario Human Capital Research and Innovation Fund | 2007 | Provides financial support for research projects to identify better ways to help people prepare for, return to or keep employment and become productive participants in the labour force. The fund is designed to support the evidence base for program and policy development in the areas of post-secondary education, labour market, and employment and training policy. | 0.5 | — | 0.5 | 3 |
| Total Labour Market | | | 13.4 | 1.3 | 14.7 | 100 |
| Overall Total | | | 688.7⁴ | 521.5 | 1,210.2⁵ | |

1. Transfer payments are to third-party service providers unless otherwise specified.
2. Programs discontinued in 2015/16 did not accept new clients, but continued to provide services to existing clients.
3. An additional \$0.7 million in loans was made to first-year apprentices to assist them in purchasing tools. Because this amount is repayable, it is not included in the chart.
4. The federal government provided Ontario with an additional \$146 million for program administration and \$6.4 million in funding carried forward for future use, for a total of \$841.1 million.
5. The Ministry spent an additional \$96.2 million in direct operating costs (including administering a call centre and job bank) for a total operating cost of \$1.3 billion.

Appendix 2: Roles and Responsibilities of Ministry Staff and Third-Party Service Providers Regarding Employment and Training Services

Source of data: Ministry of Advanced Education and Skills Development



Appendix 3: Description of the Funding Model for the Employment Service Program

Source of data: Ministry of Advanced Education and Skills Development

The funding model used by the Ministry to determine the amount of funding for each third-party provider of employment services has three main inputs:

1. Assisted service intake targets: The targeted number of clients for which an Employment Service Plan will be developed to guide their job search, education or training within a given year.
2. Labour market indicators: Employment and demographic conditions within the service provider's community.
3. Location indicators: The relative cost of doing business in a particular community.

These inputs are used to determine three funding amounts for each service provider site:

1. Operating funds, calculated based on the average of location and labour market information inputs multiplied by the targeted number of assisted clients;
2. Employer incentives for hiring candidates, calculated at \$190 per targeted assisted client; and
3. Client supports to reduce barriers to employment (such as bus passes, clothing and child care), calculated at \$10 per targeted assisted client.

Employer incentives and client supports are budgeted based on the above calculation, but instalment payments are adjusted throughout the year to reflect actual incentive and supports used.

Appendix 4: The Ontario College of Trades

Source of data: The Ontario College of Trades

The Ontario College of Trades (College) is an industry-driven, professional regulatory body that regulates and promotes skilled trades. The primary function of the College is to ensure that individuals performing the skills of compulsory trades (trades in which one must be certified to practice, e.g., plumber) have the training and certification required to legally practise in Ontario.

- keep each party updated on developments or priorities that may affect the Ministry's or College's abilities to meet their obligations under the MOU or the *Ontario College of Trades and Apprenticeship Act, 2009*; and
- exchange information about each party's strategic direction and other corporate requirements, as appropriate.

Governance

The College's governance structure includes:

- a *Board of Governors* composed of 21 members representing both employers and employees in the skilled trades system and the general public;
- four *Divisional Boards* representing the four skilled trades sectors (construction, industrial, motive power and service);
- *Trade Boards* representing individual trades; and
- a roster of adjudicators to serve on review panels for both the journeyman-to-apprentice ratios and classification of trades as compulsory or voluntary.

All appointments to the various boards and review panels are made by the College of Trades Appointments Council, which is an agency of the Ontario Government.

A Memorandum of Understanding (MOU) was established in August 2013 between the Ministry and the College that guides their relationship and outlines their responsibilities. Further to this, senior officials from both the Ministry and the College meet semi-annually as part of a joint committee to:

- jointly establish long-term strategic direction under the MOU;
- ensure alignment of resources to support the MOU;

Membership

The College is funded by membership fees. Members include all apprentices and certified workers, such as journeymen in compulsory trades and those in voluntary trades that choose to join. Employers and sponsors are also members of the College. At the time of our audit, annual membership dues were \$60 for apprentices and \$120 for certified workers and employers.

Establishment

The Ontario College of Trades was established in April 2013 under the *Ontario College of Trades and Apprenticeship Act, 2009* as a result of a 2008 report by T.E. Armstrong Consulting commissioned by the Ministry. At the time of the review, there was dissatisfaction within the skilled trades community, particularly surrounding processes for determining trade classifications and journeyman-to-apprentice ratios, and a desire for industry-led governance in the trades system. The consultant was asked to consider the impact of expanding compulsory certification to existing voluntary trades for health and safety reasons, the registration of new apprentices, rates of apprenticeship program completion, consumer protection, economic impact and any other relevant factors. The consultant recommended that the Ministry meet with stakeholders to establish

a new, all-trades governance institution—the Ontario College of Trades. Functions of the College were recommended to include the establishment of expert panels to consider applications for compulsory certification and provide advice to the Minister; engagement in certification enforcement; promotion of the profile and status of the trades; and periodic reviews of journeyman-to-apprentice ratios.

When the College began, the following responsibilities were transferred over from the Ministry:

- establishing the skills required for each trade;
- the classification of trades as compulsory or voluntary;
- enforcement;
- issuing certificates of qualification;
- establishing apprenticeship programs; and
- determining apprentice-to-journeyman ratios.

The College also acquired new responsibilities, including the promotion of the skilled trades and the administration of a publicly accessible register of tradespeople.

The Ministry paid a total of \$22.7 million to establish the Ontario College of Trade between the 2011/12 and 2013/14 fiscal years. No Ministry funding has been provided for subsequent fiscal years.

Ministry-Commissioned Review of Key Processes

In October 2014, the Minister appointed Tony Dean (the former Secretary of Cabinet) to undertake a review of key areas of Ontario’s skilled trades system within the mandate of the College. A report was issued in 2015 with 31 recommendations to the College to improve processes related to the scope of practice of trades, trade classification and reclassification reviews, journeyman-to-apprenticeship ratio reviews, enforcement of the *Ontario College of Trades and Apprenticeship Act*, and decisions made by the Ontario Labour Relations Board.

Appendix 5: The Apprenticeship Training Program in Ontario

Source of data: Ministry of Advanced Education and Skills Development

Apprenticeship Training

To become certified in a skilled trade, a candidate must be at least 16 years of age and meet the necessary academic entry requirements. They are required to:

1. Find an employer to act as a sponsor and agree to provide the required on-the-job training.
2. Submit (along with their employer) an application for apprenticeship training to the Ministry.
3. Register (along with their employer) a training agreement with the Ministry, if the Ministry determines that both parties are eligible.
4. Become a member of the College (and pay the required fees) in order to maintain the registered status of the training agreement.
5. Complete the required on-the-job training under the direction of a qualified and skilled person in the trade, as specified by the College.
6. Complete the required in-class training, conducted by training delivery agents (both colleges and non-colleges) on a curriculum approved by the College. The Ministry schedules this training for the apprentice and the employer is required to allow the apprentice time off to attend classes.
7. Receive a Certificate of Apprenticeship, which is issued by the Ministry upon completion of all requirements (on-the-job and in-class training) of the apprenticeship program for the given trade. Note: Apprentices who lose their employer are allowed to continue in the program and attend in-class training sessions for up to one year. However, in order to earn their Certificate of Apprenticeship, these apprentices are still required to complete both in-class and on-the-job training hours.

The following steps are required for compulsory trades and optional for apprentices training in voluntary trades that offer a Certificate of Qualification:

8. Write and pass a final certification exam given by the Ministry on behalf of the College.
9. Receive a Certificate of Qualification from the College.
10. Register with the College as a journeyman.

Roles and Responsibilities

The responsibilities of key parties in supporting apprentices through the training process are described as follows:

The Ministry of Advanced Education and Skills Development (Ministry)

- Assesses eligibility of apprentice, sponsor, on-the-job trainer and in-class training delivery agent to participate in apprenticeship training;
- Registers training agreements between the apprentice, sponsor and Ministry;
- Purchases in-class training from training delivery agents and schedules in-class training for apprentices;
- Issues Certificates of Apprenticeship to apprentices; and
- Administers certification exams on behalf of the Ontario College of Trades.

The Ontario College of Trades

- Regulates people practising the skilled trades in Ontario through the enforcement of trade qualifications;
- Establishes the scope of practice and standards for trades including curriculum, on-the-job training requirements, ratios of journeyman-to-apprentice and certification exams;
- Issues Certificates of Qualification to apprentices; and
- Sets wages for apprentices in certain trades.

Training Delivery Agents

- Deliver classroom training based on approved curriculum standards; and
- Must be approved as a training delivery agent by the Ministry. At present this includes all of Ontario's 24 colleges of applied arts and technology or 43 non-colleges (33 union-sponsored training centres, six not-for-profit training institutions, two employer-sponsored training centres, and two private career colleges).

Sponsor/Employer

- Provides on-the-job training;
- Meets the journeyperson-to-apprentice ratio requirements;
- Agrees to allow the apprentice time off to complete required classroom training;
- Ensures personnel, equipment and machinery used to deliver training meet Ministry standards and are in compliance with all occupational legislation; and
- Decides when the apprentice has completed on-the-job training requirements and provides the College with documentation to support this decision.

On-the-Job Trainer (Journeyperson)

- Responsible for training the apprentice as directed by the sponsor; and
- Must possess a Certificate of Qualification (if providing training for a compulsory trade) or either a Certificate of Qualification, a Certificate of Apprenticeship or equivalent (if providing training for a voluntary trade).

Alternative to Apprenticeship Training

It is possible to become a certified tradesperson without completing the apprenticeship program described above. Candidates that can demonstrate they have the equivalent credentials and work experience can apply for advanced standing and be allowed to write the Certificate of Qualification exam for that trade. This could apply to people who were trained in another country or province, in the military, or Ontarians who completed a diploma program and/or had work experience in the trade. The College will conduct a trade equivalency assessment to determine if the candidate has achieved the necessary skills for the scope of the trade. A trade equivalency assessment is also conducted to verify the validity of out-of-province certification in a Red Seal trade (trades whose credentials are recognized across the country).

In 2015, Ontario received applications from almost 5,200 individuals to write the Certificate of Qualification exams through the equivalency process—56% were Ontario residents, 35% were foreign trained, 8% held certificates or a Red Seal issued by another province, and 1% held a certificate issued by the military. These individuals typically had a lower exam pass rate than apprentices who wrote the exams.

Funding Method for In-Class Training

Annually, the Ministry enters into a contract with every training delivery agent for each approved apprenticeship training course. The contract specifies the maximum funding amount for an approved number of apprenticeship spaces (or classroom seats), negotiated between the parties, that is supposed to take into consideration previous enrolment, forecast demand, and overall available Ministry funding. Only apprentices with an active training agreement registered with the Ministry are eligible to enrol for in-class training.

The Ministry pays training delivery agents a per diem per seat. This per diem rate increased from \$57.35 in 2008/09 to \$61.36 in 2015/16, and again to \$63.09 in 2016/2017. The apprentice pays an additional fee of \$10 per day. Funding from both the Ministry and apprentices is meant to cover both fixed and variable costs. The maximum contract amount equals the approved number of spaces multiplied by the per diem rate. The length of training is typically 40 days.

Under the contracts, the Ministry requires training delivery agents to submit year-end audited financial information. The Ministry is to reconcile the amount of funding provided to the audited program expenses submitted, and recover any unspent funds, usually by adjusting the amount of future payment instalments.
