

## Comments on Apprenticeship in Canada

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There are three points that I would like to offer for consideration. To some degree these points may suggest a different emphasis.

First, and I believe this is perhaps the most important point: **apprenticeship in Canada is not primarily about the school-to-work transition. Apprenticeship in Canada is chiefly about providing a second chance to young workers who have completed their formal schooling and who have been in the work force, usually for more than five years.** In my view, that is an exceedingly important social function which we should not lose sight of. By far the majority of new apprentices are young workers who have been in the work force for several years, usually in jobs that are unskilled, or semi-skilled at best. Most of the time the jobs they come out of are also low paid and subject to a high likelihood lay-off. According to Statistics Canada, the average age of apprentices is 30.5.<sup>1</sup> Two-thirds of Canadian apprentices are over age 24. Only 6% are under age 20. This pattern reflects, in my view, an important fact. For trades that involve working with machinery and equipment – and that is most of them – employers almost invariably prefer workers who have the maturity that comes from having had at least a few years of working experience. Social marketing and targeted subsidies will not alter this preference in any fundamental way. Indeed, such initiatives – to the limited extent that they may have an impact – are more likely to cause a substitution away from young workers in their twenties towards recent school-leavers. This redistributes the number of ‘second chances’; it does not create more ‘second chances’.

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<sup>1</sup> Karl Skof, Statistics Canada, Centre for Education Statistics, Trends in Registered Apprenticeship Training in Canada, <http://www.statcan.ca/english/freepub/81-004-XIE/2006002/regappr.htm#b>

My second point focuses on the number of apprenticeship opportunities that are available. **The demand for apprenticeships is a function of the long-term demand for journeypersons in a trade.** In most industries, there has been a shift to employing technicians in place of tradespersons. Technicians typically have narrower training than tradespersons. And they often acquire that training without any investment on the part of the employer, and certainly with less employer investment than in the case of an apprentice. For many employers, the technician option is more attractive than the apprentice option. Similarly, many employers do not require the full breadth of skills that a journeyperson acquires by completing an apprenticeship. These employers are quite prepared to hire workers out of their apprenticeships or to promote an apprentice to the 'job rate' without waiting for that apprentice to complete his or her training. Creating significantly more apprenticeships is an important social goal. However, that goal cannot be severed from the long-term demand for qualified journeypersons. And left to its own devices, the logic of the unregulated labour market is to economize on its requirements for skilled labour, not to increase those requirements.

My third point focuses on the policy environment. **One of the most significant and detrimental policy changes was the decision by the federal government to reduce EI benefits for apprentices during their 8-week sessions in trade school.** This change amplified the effect of another trend in the system, which has been to reduce the wage replacement ratio. In most trades, there are three 8-week sessions of trade school spread over the term of the apprenticeship. In 1971, when comprehensive UI reform was adopted, the system provided income replacement for all 8 weeks of trade school training and the income replacement ratio was up to 75% of weekly earnings. Today the system provides income replacement for only 6 of the 8 weeks and the income replacement ratio is around 55%. Add to this the fact that over the past decade some provinces – Ontario is one of them – now have a \$400 tuition charge for each 8-week session of trade school. Given these changes in the policy environment, I do not think that it is a mystery why there has been a decline in completion rates.

My last point bears on **the role of industry in managing and delivering apprenticeship training.** And here I think many who are rightly impressed by the German vocational training system sometimes fail to appreciate the importance of the institutional arrangements for

apprenticeship. **The German system is supported by the state, but it is not run by the state.**<sup>2</sup> Prior to 1969, industry control meant employer control. In 1969, employer control was replaced by a tri-partite structure, but this new structure still left key functions in the hands of industry rather than the hands of government or the post-secondary system. In the construction industry, where apprenticeship is enjoying a modest resurgence, there has been a pronounced movement, in the union sector, to take training out of the college system and move it into industry-based training centres. Federal and provincial governments have provided important support to this trend, both by granting these industry-based training centres official status as ‘training delivery agents,’ and also by supporting their acquisition of costly machinery and equipment. I am convinced that part – though only part – of a strategy to strengthen apprenticeship in Canada involves substantially increasing the role of industry – and that means employers as well as trade unions – in managing the system *and delivering in-school training*.



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<sup>2</sup> For a history of the German system, see Kathleen Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan*, CUP (2004)