

Budget Recommendations

**Presented to the Select Standing
Committee on Finance and Government
Services**

by the Chartered Professional Accountants
of British Columbia

BUDGET 2020-2021



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TABLE OF CONTENTS

INTRODUCTION	4
WORK-INTEGRATED LEARNING	6
UPSKILLING AND RESKILLING	8
ABOUT THE CHARTERED PROFESSIONAL ACCOUNTANTS OF BRITISH COLUMBIA	10

INTRODUCTION

The Chartered Professional Accountants of British Columbia (CPABC) is the training, governing, and regulatory body for more than 36,000 CPA members and 5,000 CPA candidates and students.

CPABC carries out its primary mission to protect the public by enforcing the highest professional and ethical standards and contributing to the advancement of public policy. CPAs are recognized internationally for bringing superior financial expertise, strategic thinking, business insight, and leadership to organizations.

In 2018, BC gained 26,800 new jobs, to reach 2.49 million positions in total.¹ Most of these jobs were created in BC's most diversified regional economies – Mainland/Southwest and Vancouver Island/Coast.

Other regions are also beginning to see increased demand for skilled employees, and the BC government projects that a majority – 77% – of the 903,000 job openings expected in the next 10 years will require some level of post-secondary education or training.²

About 41% will be in occupations requiring a diploma, certificate, or apprenticeship training and 36% will be in positions requiring a bachelor's, graduate, or first professional degree. In contrast, only 3% will be available for those with less than a high school education.

BC's growing economy requires skilled workers across a range of occupations and industries. The main sources of employment across the province's development regions are also expected to shift within the next 10 years.

For example, computer systems design and related services is anticipated to be one of the fastest growing industries in terms of employment not only in the Mainland/Southwest and Vancouver Island/Coast, but across the Cariboo, Kootenay, and Northwest BC. The professional, scientific and technical services industry is also expected to see rapid growth.

Ensuring workers are able to access relevant education and training programs, at all levels to gain in-demand skills and competencies should be a priority.

The nature of work in BC is also evolving. The Business Council of BC estimates that 42% of BC workers are in occupations that have a high probability of being automated over the next 10-20 years. Over a third (35%) of BC jobs are in occupations where at least half of the tasks are automatable, and 11% of jobs are in occupations where at least 80% of tasks are automatable.

The top three occupational groups in BC today – 'sales and service', 'business, finance and administration', and 'trades, transport and equipment operators' – have the highest average probability of long-term automation.³

While the overall impact of automation is expected to be positive for BC's economy, especially in addressing issues of labour productivity and shortages, it will be important to ensure that BC employers have the tools to engage their current workforce to adapt to the changing job requirements expected from increased automation.

¹ CPABC, Regional Check-Up 2019, www.bccheckup.com.

² WorkBC, British Columbia 2028 Labour Market Outlook.

In preparing the labour force for the future, CPABC recommends that the BC government:

- Increase partnerships with post-secondary institutions (PSIs) and industry in the development and design of curricula and work-integrated learning (WIL) programs, such as co-op and apprenticeships, to develop a new structure of market-appropriate WIL;
- Study and consider successful trades and vocational education systems in other jurisdictions to develop a strategy to attract more British Columbians to trades and vocational training;
- Ensure adequate social support is in place for BC workers required to adapt, transfer, or upgrade their skills due to automation, technological advancements, and other factors; and
- Facilitate and encourage employers to engage and invest in their existing workforce through active promotion of the BC Employer Training Grant.

WORK-INTEGRATED LEARNING

CPABC recognizes the government's commitment to work-integrated learning (WIL). Its recent investment of \$9.0 million in co-op and other WIL programs to increase the number of opportunities for students, including Indigenous students and students with disabilities is a step in the right direction.

However, CPABC believes that more needs to be done. CPABC's members have consistently ranked the ability to attract and retain skilled labour as the most substantial challenge to business success in BC today.

Almost three-quarters (73%) say their business is experiencing recruitment challenges in finding employees with the right skills. Many BC employers want the province's PSIs to place more emphasis on WIL to ensure graduates are work-ready.⁴

The government needs to expand beyond funding and work in partnership with PSIs and industry on ensuring that the curricula and design of WIL programs responds to the evolving skills and competencies required of the labour market. Almost 60% of CPAs who responded in the 2018 CPABC *Business Outlook Survey* indicated that increased active partnership among government, PSIs, and industry will help address the labour skills gap.

Greater emphasis should also be placed on trades and vocational training. Over the last four years, the number of apprenticeship registrations have been in decline and fewer young people are enrolling in skilled trades training.

According to the Industry Training Authority one out of four tradespeople will be retiring in the next decade. Within the next 10 years, 106,000 job openings are expected in the 'trades, transport and equipment operators' occupational group, 11.6% of the province-wide total.

Given the predicted growth in the mining, oil and gas extraction industry in northern BC, and manufacturing in the Kootenay and Cariboo, maintaining, if not increasing the availability of qualified workers in these regions will be necessary for BC's continued economic growth.

BC's policy of apprenticeship ratios, which requires contractors on new, major infrastructure projects to demonstrate they are engaged in apprenticeship training and use apprentices on the work site, reflects the government's goal of increasing apprenticeship opportunities and the number of skilled tradespeople in BC.

Because the tourism season is getting longer, industry worked with Camosun College to enhance their co-op program so that students don't have to go back to school so quickly. This worked out well for us, as we are able to hire and retain these co-op students for more than four months and have help over the shoulder season.

James Adams, CPA, CA
CFO, Destination Greater Victoria, Victoria, BC

⁴ Ibid.

The expansion of the tuition waiver program for former youth in care to include trades training also reflects its efforts to attract more students to trades. Still, there is potential for the province to do more.

Best practices from other jurisdictions should be studied to encourage more British Columbians to consider trades and vocational training.

In Switzerland, nearly two-thirds of young people pursue a vocational program. A defining feature of the Swiss vocational education system is its close correlation with the labour market.

All apprenticeships are managed as public-private partnerships and training is geared to demand for vocational qualifications and to available jobs. The programs are also designed so that after graduation, in addition to working, apprentices can earn a university degree or take additional classes to obtain further certifications.

CPABC Recommendations

- Increase partnerships with PSIs and industry in the development and design of curricula and work-integrated learning programs, such as co-op and apprenticeships, to develop a new structure of market-appropriate work-integrated learning; and
- Study and consider successful trades and vocational education systems in other jurisdictions to develop a strategy to attract more British Columbians to trades and vocational training.

UPSKILLING AND RESKILLING

The nature of work in BC is evolving, and the main sources of employment in each of BC's economic regions are not necessarily the fastest growing. As the types of skills and competencies needed in the labour market continually shift and evolve, it is crucial to proactively and strategically align BC's workforce to meet these demands.

While BC has generally been protected from the kinds of industry specific layoffs we have seen in other parts of the country, compared to Canada, BC has a larger share of employment in groups that have high average automation prospects, with the greatest impact on lower skilled occupations.⁵

The accelerating pace of automation in the port sector, for example, is a key issue in labour negotiations for workers represented by the International Longshore and Warehouse Union Canada. Workers at the Port of Vancouver have voiced their concerns over automation of the workplace and "the potential devastation to [...] communities."⁶

Employers in the port sector, too, have indicated that filling the specialized technical positions required by automation is an issue.⁷

While reskilling and retraining may appear to be the responsibility of the individual worker, research from the World Economic Forum finds that adults with lower levels of formal education face significant informational and motivational barriers to reskilling.⁸

In response to the elimination of coal power generation, the Government of Alberta had taken the initiative to support displaced workers by offering financial incentives to reskill. As part of the Coal Workforce Transition Program, the Coal and Electricity Transition Tuition (CETT) Voucher provides laid off coal workers with a maximum of \$12,000 to pursue post-secondary education to train for new careers. However, uptake on the program was low.

According to respondents from the CPABC Business Outlook Survey, the greatest challenge to business success in BC today continues to be the 'ability to attract and retain high caliber employees/skilled labour.' For the past five years, CPAs have consistently ranked this as the biggest challenge to business success in BC.

CPABC Business Outlook Survey 2018
Base: All Respondents, n=2,121

⁵ Business Council of BC. The Automation Potential of the BC Labour Market, October 2018.

⁶ International Longshore and Warehouse Union Canada, Press Release, May 26, 2019.

⁷ Fox Chu, Sven Gallus, Lisa Liu, and Liumin Ni, The Future of Automated Ports, December 2018.

⁸ World Economic Forum 2017. Accelerating Workforce Reskilling for the 4th Industrial Revolution, 4.

As of September 2018, only nine of the estimated 2,000 workers affected by the coal and power plant closures in Alberta accessed the tuition voucher, suggesting financial incentives alone will not necessarily result in an increase in reskilling.⁹

This highlights the importance of a proactive, and industry driven approach to upskilling and reskilling in BC. Both government and industry have a role to play in ensuring at-risk workers have the opportunity to adapt, or upgrade their skills to fill new roles, or to transfer their skills to comparable employment.

Currently, BC's Employer Training Grant (ETG), which replaces the Canada-BC jobs grant, is the only program designed to assist employers in providing skills training to new or current employees to adapt to the changing requirements of jobs and the labour market.

In a recent economic roundtable held in Victoria with executive CPAs, members noted the difficulty, or perceived complexity, of the application process either deterred them from applying for the grant, or led them to hire an external consultant to assist them in navigating the application process. Others were unaware of the program entirely.

With the ETG only replacing the Canada-BC Jobs Grant in April 2018, many employers may not be aware of the additional training streams and funding available to upskill or re-skill their workforce. Ensuring the ETG is accessible, promoted, and utilized should be a priority for the BC Government.

By facilitating and encouraging employers to engage and invest in their existing workforce today, the province may be able to offset some of the negative expected impacts of automation on the BC labour force.

CPABC Recommendation:

- Ensure adequate social support is in place for BC workers required to adapt, transfer, or upgrade their skills due to automation, technological advancements, and other factors; and
- Facilitate and encourage employers to engage and invest in their existing workforce through active promotion of the BC Employer Training Grant.

⁹ Juris Graney, "Coal transition vouchers see slow uptake in Alberta, September 23, 2018.

ABOUT THE CHARTERED PROFESSIONAL ACCOUNTANTS OF BRITISH COLUMBIA

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