An International Study of Comparator Cases

Skilling the Bay
Geelong – Regional Labour Market Profile

Attachment to Final Report

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About this Report

This international comparison report has been developed by Claire Evans and Dean Stroud from the School of Social Sciences, Cardiff University, in conjunction with the Centre for Sustainable Organisations and Work (RMIT University).

This report informs the broader skills and labour market analysis being conducted by CSOW for the Gordon Institute of Technology (The Gordon), as part of the ‘Skilling the Bay’ initiative. This document serves as an attachment to the *Skilling the Bay - Geelong Regional Labour Market Profile: Final Report* produced by the Centre for Sustainable Organisations and Work (RMIT University).

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<td>AAP</td>
<td>Adjustment Advisory Program</td>
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<td>ACG</td>
<td>Apprenticeship Completion Grant</td>
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<td>AIG</td>
<td>Apprentice Incentive Grant</td>
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<td>Automotive Investment Strategy</td>
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<td>Apprentice Job Creation Tax Credit</td>
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<td>Active Labour Market Policy</td>
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<td>Advanced Manufacturing Investment Strategy (Ontario)</td>
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<td>ASTUTE</td>
<td>Advanced Sustainable Manufacturing Technology</td>
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<td>BIS</td>
<td>Bank for International Settlements</td>
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<td>C&amp;V</td>
<td>Community and voluntary</td>
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<td>CAF</td>
<td>Canadian Apprenticeship Forum</td>
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<td>CAW</td>
<td>Canadian Auto Workers</td>
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<td>CBI</td>
<td>Confederation of British Industries</td>
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<td>Confederation of British Industry</td>
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<td>CCDA</td>
<td>Canadian Council of Directors of Apprenticeship</td>
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<td>CCL</td>
<td>Canadian Council on Learning</td>
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<td>CEB</td>
<td>County or City Enterprise Boards</td>
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<td>CEPR</td>
<td>Centre for Economic Policy Research</td>
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<td>CLFDB</td>
<td>Canadian Labour Force Development Board</td>
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<td>CQFW</td>
<td>Credit and Qualifications Framework for Wales</td>
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<td>Career Transition Assistance</td>
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<td>Continuing Vocational Education and Training</td>
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<td>DCELLS</td>
<td>Department for Children, Education Lifelong Learning and Skills</td>
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<td>DE&amp;T</td>
<td>Department for Economy and Transport</td>
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<td>DfES</td>
<td>Department for Education and Skills</td>
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<td>DTI</td>
<td>Department for Trade and Industry</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EEITI</td>
<td>Extended Employment Insurance and Training Initiative</td>
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<td>European Globalisation Adjustment Fund</td>
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<td>EGFSN</td>
<td>Expert Group on Future Skills Needs</td>
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<td>EI</td>
<td>Employment insurance</td>
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<td>European Regional Development Fund</td>
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<td>European Social Fund</td>
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<td>Enterprise Strategy Group</td>
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<td>ESOL</td>
<td>English for Speakers of Other Languages</td>
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<td>ESRP</td>
<td>Essential Skills Research Project</td>
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<td>Essential Skills and Workplace Literacy</td>
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<td>ETS</td>
<td>Education and Training Services</td>
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<td>EU</td>
<td>European Union</td>
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<td>FAS</td>
<td>Foras Aiseanna Saothair (Irish National Training and Employment Authority)</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FETAC</td>
<td>Further Education and Training Awards Council</td>
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<td>G7</td>
<td>Group of Seven</td>
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<td>GBER</td>
<td>General Block Exemption Regulation</td>
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<td>GCSE</td>
<td>General Certificate of Secondary Education</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>Gross Value Add</td>
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<td>Higher Education and Training Awards Council</td>
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<td>Hamilton Jobs Action Centre</td>
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<td>HR</td>
<td>Human Resources</td>
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<td>Human Resource Development</td>
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<td>HRDC</td>
<td>Human Resources Development Canada</td>
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<td>Department of Human Resources and Skills Development Canada</td>
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<td>IALS</td>
<td>International Adult Literacy Survey</td>
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<td>IALSS</td>
<td>International Adult Literacy and Skills Survey</td>
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<td>IBEC</td>
<td>Irish Business and Employers’ Confederation</td>
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<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
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<td>Irish Congress of Trade Unions</td>
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<td>iIP</td>
<td>Investors in People</td>
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<td>ILM</td>
<td>Institute of Leadership &amp; Management</td>
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<td>Invest in Ontario Act</td>
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<td>Initial Vocational Education and Training</td>
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<td>Job Creation Partnerships</td>
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<td>Kindergarten to Year 12</td>
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<td>Ministry for Economic Development and Innovation</td>
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<td>Multinational companies</td>
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<td>MSD</td>
<td>Modern Skills Diploma</td>
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<td>Ministry of Training, Colleges and Universities (Ontario)</td>
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<td>National Assembly for Wales</td>
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<td>NESC</td>
<td>National Economic and Social Council</td>
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<td>NGOJF</td>
<td>Next Generation of Jobs Fund</td>
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<td>National Occupational Classification</td>
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<td>National Skills Strategy</td>
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<td>National Vocational Qualification</td>
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<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<td>Ontario Research and Innovation Council</td>
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<td>Ontario Youth Apprenticeship Programme</td>
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<td>Programme for Economic and Social Progress</td>
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<td>Prior Learning Assessment and Recognition</td>
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<td>Research and Development</td>
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<td>Redundancy Action Scheme</td>
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<td>Registered Retirement Savings Plan</td>
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<td>Sector Skills Council for Science, Engineering and Manufacturing Technologies</td>
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<td>SGW</td>
<td>Skills Growth Wales</td>
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<td>SIPTU</td>
<td>Services Industrial Professional and Technical Trade Union</td>
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<td>SITI</td>
<td>Severance Investment for Training Initiative</td>
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<td>SME</td>
<td>Small and Medium Enterprises</td>
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<td>SOFII</td>
<td>Southern Ontario Fund for Investment in Innovation</td>
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<td>SPF</td>
<td>Sector Priorities Fund</td>
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<td>SPRC</td>
<td>Social Planning and Research Council (Hamilton)</td>
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<td>SR &amp; ED</td>
<td>Scientific Research and Experimental Development</td>
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<td>Acronym</td>
<td>Description</td>
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<td>SRA</td>
<td>Strategic Regeneration Areas</td>
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<td>SSC</td>
<td>Sector Skills Council</td>
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<td>STW</td>
<td>Short-time Working</td>
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<td>TAS</td>
<td>Trades and Apprenticeship Strategy</td>
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<td>TNP</td>
<td>Training Networks Programme</td>
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<td>TOP</td>
<td>Trends, opportunities, and priorities</td>
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<td>TOWES</td>
<td>Test of Workplace Essential Skills</td>
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<td>TUC</td>
<td>Trades Union Council</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>UKCES</td>
<td>UK Commission on Employment and Skills</td>
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<td>ULF</td>
<td>Union Learning Fund</td>
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<td>ULRs</td>
<td>Union Learning Representative</td>
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<td>VAT</td>
<td>Value added tax</td>
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<td>Vocational Education Committees</td>
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<td>VET</td>
<td>Vocational Education and Training</td>
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<td>VTOS</td>
<td>Vocational Training Opportunities Scheme</td>
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<td>Welsh Automotive Forum</td>
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<td>Welsh Assembly Government</td>
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<td>Workforce Development Programme</td>
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<td>WES</td>
<td>Workplace and Employee Survey</td>
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<td>Welsh Government</td>
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<td>Workforce Planning Hamilton</td>
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<td>Workplace Skills Initiative</td>
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<td>Workplace Safety and Insurance Board</td>
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<td>WSS</td>
<td>Workplace Skills Strategy (Canada)</td>
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<td>WTUC</td>
<td>Wales Trades Union Congress</td>
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WULF  Welsh Union Learning Fund
Executive summary

The Regional Geelong Area (RGA) is experiencing a significant period of transition as it undergoes a process of deindustrialisation and the deeply penetrating levels of social and economic upheaval associated with such processes. As part of a broader project aimed at Skilling the Bay and facilitating regeneration and recovery in the RGA, a programme of research and other activities has been implemented aimed at enhancing the region’s skills base and supporting businesses to fast track new technologies and practices. This report provides an overview of the key findings, derived from an international cross-case analysis, with a focus on the implications for the Regional Geelong Area. Here, we identify the critical success factors - the conditions and drivers - necessary for effective skills-based transitions through an evaluation of strategies and initiatives that resulted in positive outcomes in the comparator cases. The examination of less efficacious policies and practices within the case studies also contributes to understanding of the contextual factors that either facilitate or constrain success.

In view of the central research question and specific aims of the project, the researchers identified three comparable regions where there is evidence of skills transitions. The sites are:

- Eire (Ireland)
- The South Wales Valleys (UK)
- Hamilton (Canada)

Each of these case studies presents us with evidence on the different ways in which the labour market change might be managed, and the implications for employment and skills development within a region.

Key findings

1. Many countries and regions face similar problems and experiences to those of the Regional Geelong Area
2. Most regions have struggled to remedy the negative effects of decline and closure of major industries
3. Regions often struggle to diversify economically
4. Government action and involvement (federal, state and regional) is uneven but is critical to positive outcomes
5. Success is highly specific and critically involves:
i. Early retirement strategies and job transfer schemes. Some schemes encouraged workers to take on reduced hours in their current job while being retrained for a new job (rather than waiting for enforced redundancy and then entering a training program);

ii. Planned multi-level state policies and practices, with coherence across a range of policy areas;

iii. Successful training and education schemes, which have multi-stakeholder involvement, including education and training bodies, business, government and unions and NGOs;

iv. Recognition that:
   1. Appropriate job transfer depends on both skills and opportunity;
   2. Employment adjustment depends on multi-level government involvement working with regional stakeholders;
   3. Training provision for the disconnected requires specialist courses in a variety of modes (vocational training must incorporate comprehensive programmes of general education to encourage flexibility, mobility and transferability between sectors as opportunities emerge);
   4. The upskilling of regions must reflect the employment opportunities being developed within the region; supply must reflect demand;
   5. Sustainability must be built into opportunities developed within the region.

Key Lessons

The findings from these case studies highlight the ways many regions face similar problems and experiences to those in the RGA. Finding remedies for the negative social and economic impacts of industrial decline and change is difficult.

a. Social Partnership

One recurring theme of the three cases is that multi-level social partnerships are a key condition for success. Such partnerships involve cooperation and collaboration between different levels of government, between public and private sectors, and across industry sectors and companies.

b. Targeted and focused projects

Regional revitalisation is built upon well-developed and implemented training and education schemes, which have multi-stakeholder involvement including education and training bodies, business, government, unions, and NGOs. These cases have shown evidence of success in developing apprenticeship schemes, the development of the VET systems and flexible and employer-driven approaches to education and training, allowing small businesses to pool resources. The advantage of state-driven approaches is that they allow for the incorporation of articulated skill needs into qualification frameworks.
c. Informed Multi-level governance

Planned multi-level state policies and practices with coherence across a range of areas (e.g. regional development, education policy, investment strategy, etc.) are a critical ingredient for regional revitalisation. One weakness with many approaches is that they have not involved a planned comprehensive policy approach to displacement and economic regeneration. Developing an appropriate response benefits from informed by critical and comprehensive assessments of these labour markets.

Conditions for transitional change

Therefore, there are a complex set of conditions for transitional change.

a. Cluster driven initiatives

Change is rooted in the specific profile of local economies, and the associated skills and jobs arrangements in localities and regions. Initiatives involve a cluster of agencies and organisations, including regional governance bodies, local authorities, employer and trade union organisations, locally based groups and educational and training bodies.

b. Strategically guided solutions

Second, such arrangements are often incoherently organised and structured (tending to be overlapping, repetitious, minimalist, ad hoc and stop-gap) in the absence of grounded governance arrangements and the lack of nationally supported and resourced financial and infrastructure arrangements. Where regions face transitions away from old style manufacturing, there is evidence of steps being taken to transition to higher-value added, growth sectors in general.

These cases provide lessons about the processes of regeneration and revitalisation focused on skills profiles and the associated education and training arrangements for a successful transition.
Chapter 1. Introduction

This report is part of a broader project on Geelong aimed at *Skilling the Bay*. In April 2011 the Minister for Higher Education and Skills, Peter Hall, announced a $1.8 million training package to help address economic and industry changes impacting Geelong, including the job losses at the local Ford automotive plant. The package provides ex-Ford workers with access to government subsidised training and reskilling opportunities and also makes an additional $1.3 million available to engage Deakin University and the Gordon Institute of Technical and Further Education (the Gordon - TAFE) in research and other activities aimed at enhancing the region’s skills base and supporting businesses to fast track new technologies and practices.

Part of The Gordon’s involvement in *Skilling the Bay* is to better understand current and future skill needs, so that an informed and appropriate skills response to changing industry needs can be developed. The Geelong Regional Labour Market Profile, led by The Gordon, aims to:

- Understand how workers make decisions about future job and training opportunities;
- Understand Geelong’s changing labour market and how training providers can best meet the needs of local employers and workers;
- Produce an evidence base to inform development of a long term vision for jobs in Geelong.

The project will develop an understanding of the skills profile and prospects of the RGA labour market in three ways:

1. The research will identify the types of skills and qualifications workers currently possess, which may (or may not) meet current or future skills needs of Geelong businesses

2. The future skill demands of employers will be examined with consideration of changes in demand resulting from new technologies and work practices. The position of displaced and vulnerable workers will be considered along with their career aspirations as they confront changes in employment and labour market conditions. The project seeks to understand the choices and aspirations of workers, where they hope to secure employment and how they seek to transition to other occupations and forms of work. This knowledge will help to inform re-training delivery decisions by training providers

3. In addition to analysis of labour market data, the project will include an extensive engagement process involving the public, private and community sectors. Engagement methods will include one-on-one interviews and scenario workshops
The Gordon commissioned RMIT and its Centre for Sustainable Organisations and Work (CSOW), led by Professor Peter Fairbrother, to coordinate and undertake the research. One aspect of the research is an international study aimed at identifying case study regions that have experienced similar processes of transition. The international case study of comparator regions identifies what has been undertaken, what has worked and what has not worked in these places to secure their future as economically viable places, based on the development of the skills base. These lessons contribute to understanding what is required to provide ‘good jobs’ and opportunities for the types of employment that fits with the aspirations of those living and working in the Regional Geelong Area.

The international case study research has been undertaken by Dr. Dean Stroud and Dr. Claire Evans of Cardiff School of Social Sciences, Cardiff University (Wales, UK) with assistance from Professor Fairbrother. It focuses on three regions that have experienced varying and uneven levels of success in responding to economic decline and implementing processes of regeneration:

- Eire (Ireland)
- The South Wales Valleys, United Kingdom
- Hamilton, Canada

The Eire case study represents a national case study that has important lessons for the regional level, whereas the South Wales valleys and Hamilton regions represent cases that deal with more localised responses to change and in this way provide a closer match to the case of the Regional Geelong Area.

1.1 Project specification

The international case study research involves exploring comparator regions’ employment transitions centred on skills strategies. The material that forms the basis of the report is assessed in terms of its relevance for an understanding of the Geelong situation. In what follows we provide an outline of the key questions that inform the review and details of the project specification.

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1 It should also be acknowledged that others based at RMIT (e.g. Emily Toome, Darryn Snell) have provided key and critical commentary on the project specification and final document.

2 In 1999, the then Labour government established the Welsh Assembly Government (WAG), ‘placing Welsh interests and values at the centre of policy-making processes’ (Wang and
The key questions in the international review were:

- How could international experience best inform the approach adopted for the Skilling the Bay project?
- What has happened to demand for specific skills and jobs in countries where labour market changes and worker displacement has occurred?
- What can international experience reveal about the core dimensions of successful responses to changing industry and skill needs identified in the RGA context?

The project specification specifies a focus on training and skills. To open up this aspect it is important to focus on the ‘practical’ steps taken (by training providers in particular) to assist displaced, vulnerable and disadvantaged workers. In this respect, the question that is asked is, what should training institutions be doing to assist:

- Retrenched and displaced workers (essentially, re-training for what?)
- Long-term unemployed and disadvantaged
- Young workers’ training
- Improving educational attainment levels generally
- Transition the region’s workforce and region’s revitalisation

The project aims to locate examples of what training providers are doing in this respect, and the innovative strategies being undertaken to address the situations outlined above.

The project specification lists three substantive outcomes for the international case study review:

1. An understanding of the types of problems faced by like regions around the world;
2. The identification of the drivers for successful skills initiatives in different countries; and
3. An indication of some of the specific strategies and approaches that seem to work in situations similar to that of the Regional Geelong Area.

The specific outputs of this part of the work will be:

- A detailed report providing detail and referencing for the above;
- An executive summary, within this section of the overall report; and
- An extensive reference list of available reports, policy statements and programmes.
1.2 Methodology

The international review is a desk based piece of research. Desk research is a form of research that involves the collection, collation, summarisation and synthesis of existing primary research and evidence from research reports and publications as well as an interrogation of policies and related materials. It is in effect a systematic review of the existing evidence, which is used to understand what is known to date and to identify what new data is required. In this case, the aim of the review was to:

- Identify three key regions: selected on the basis of a particular past-manufacturing, regeneration, revitalisation, transition, old industrial regions
- Review practical measures that have been introduced to assist displaced workers and draw in new workers and households into the labour market, by regions and industry.

The review of research worked to the following research questions:

- How are workers relocated to other industries (coal miner-to-social worker, etc.), considering what works and what seems not to in this respect?
- What have governments and training providers done to facilitate this transition?
- What influences worker decisions on displacement, re-employment and training?

Integral to addressing these questions on each region addressed is:

- What happened?
- Who was involved?
- What steps were taken and by whom?
- How were educational bodies involved? What were the outcomes?
- What might be an overall assessment – particularly in terms of political economy?

The aim of the project is therefore to identify education and training measures for an established, emerging and displaced workforce, which necessitates understanding:

- What steps are taken to address skills needs?
- Who decides the needs?
- What are the implications for skills?
- Are substantive skills an asset or a liability for regeneration?
- Who are the training providers?
- What do regions look to for revitalisation/regeneration in relation to skills and training?
In view of the central research question and specific aims of the project, the researchers aimed to identify three regions where there is evidence of skills transitions in the ways described above. Principally, this involved searches of academic and related journals, searches of government department and supranational organisation websites (e.g. Department for Business, Innovation and Skills (UK), OECD) and numerous internet searches involving a range of search engines, both generic (e.g. Google) and discipline specific (e.g. Education Resources Information Centre (ERIC)). The purpose has been to identify, firstly where such changes had taken place and secondly a more focused search to fit with the specific aims of the review (e.g. on skills and jobs, education and training, regeneration).

The available data was sifted and analysed in two ways: first, for cases that best fit the aims of the review, and second those cases where enough data was available to offer informed comment. In particular, we focused on identifying those case studies where there was a fit with the specific aims of the project and the review. One aspect to consider is where transition was made from regions based on high levels of employment in, for example, manufacturing sector.

1.3 Case rationales

Three main case studies were identified and these form the basis of the report:

- Eire (Ireland)
- The South Wales Valleys (UK)
- Hamilton (Canada)

Each of these case studies presents us with evidence on the different ways in which the labour market change might be managed, and the implications for employment and skills development within a region. The precise rationale for each case is discussed below, before more detailed reports on each region are presented.

1.3.1 Eire

The case of Eire (Ireland) was deemed a salient choice for inclusion for a number of reasons. Firstly, prior to the economic downturn of 2008, the country had experienced rapid economic growth and the skills of the workforce have consistently been identified as a major contributor to that growth. The revamping of the apprenticeship system in 1992 towards a European, regulated and standards-based model, facilitated by institutionalised social partnership at the national level, was a highly significant step towards active intervention in skills/workforce development policy. Thereafter, the creation of a knowledge economy, based on high value-added and innovative activities and the concomitant upskilling of the workforce, have been major policy goals since the late 1990s. Moreover, the focus
of government-sponsored Continuing Vocational Education and Training (CVET) schemes was re-directed at this time, from a former emphasis on the unemployed to training for those in work, so as to maintain employability and job-security (Barry 2007). As such, strategy, policy and practical measures around workforce development and CVET aimed at effecting this transition are relevant and of interest, and some aspects have potential utility in terms of a model to emulate.

Crucially, there have been some fairly innovative approaches to maintaining jobs and skills in the face of the economic downturn – an examination of these measures might prove to be of utility in the face of redundancies and the need for retrenchment. Moreover, there are similarities between economic activities in Eire and the Geelong region, as well as some shared demographic characteristics. With regard to the former, Irish policy makers have encouraged the development of an export-focused manufacturing sector over past decades (albeit principally through Foreign Direct Investment - FDI). However, the country’s reliance on manufacturing is diminishing, with attendant growth in the service sector (also export-focused). In 2010, the proportion of jobs accounted for by the manufacturing sector stood at 11.4 per cent (CEDEFOP 2011). Despite a drop of 1.3 per cent in service sector employment in 2010, services continue to account for the majority (over two-thirds) of employment in Ireland. The construction sector was also a major contributor to the Irish economy, although this has been significantly impacted by the economic downturn.

With regard to demographic similarities, another analogy between Eire and the Geelong region is the fact that both have experienced population growth. Moreover, both have above-average numbers of low skilled workers in the labour force. The centrality of publicly promoted Continuing Vocational Education and Training (CVET) initiatives is thus of importance in lessons for Geelong – encompassing training within enterprises, occupational and general skills training provided by public training and educational institutions, as well as education and training initiatives for persons who are unemployed and who have been made redundant.

1.3.2 The South Wales Valleys

The South Wales Valleys region is a focus of study for a number of reasons. First, despite a level of devolution to the Welsh Government, the UK has been actively promoting and pursuing invigorated skills agenda for over two decades, with skills policy and practices repeatedly advocated as a cornerstone of national economic competitiveness and ultimately social well-being and inclusiveness. The transition to a knowledge economy, based on high value-added and innovative activities and upskilling of the workforce, have been major policy goals of successive UK governments since the election of the Labour Government in 1997 (cf. Stedward 2003; Keep et al. 2006; Clough 2007). Even before this, there were some significant
changes to the skills system (not all positive), with the creation of the National Vocational Qualification (NVQ) system and the introduction of National Training Targets in the late 1980s (e.g. Clough 2007). Wales shares a number of the institutions (for instance, Sector Skills Councils and the Union Learning Fund) created out of this strategic imperative. Furthermore, the Welsh Government has implemented a number of programmes and initiatives, albeit under slightly different guises than their English counterparts. However, many functions around skills and training policy have been devolved to the level of the Welsh Government and a number of distinct responses have emerged, in addition to the institutions and practices that are common to both the UK and Wales. The Welsh Assembly Government has similarly emphasised the importance of developing an integrated response to transitioning from an economy based on heavy industry to one based on knowledge and innovation, and the need for combining policy on skills, employment and business development in order to make such a transition.

Second, Wales, and the Valleys in particular, was also considered to be a relevant focus of study, given that it has been the focus of a number of regeneration initiatives for many years (e.g. CAG 2005). The region has experienced sustained deindustrialisation, as its core primary industries of coal mining, steel production and metals processing have declined. Successive regeneration initiatives focused on attracting FDI in manufacturing, light industry and services. In the late 1970s, up until the 1990s, Wales attracted an above average share of UK FDI in the manufacturing sector and the majority of this was located in the Valleys region (Brooksbank et al. 2001; Cooke 2004; CAG 2005; Parhi 2011; Pickernell 2011). Indeed, manufacturing still accounts for a large proportion (27 per cent) of Wales’s GVA and employment, as is the case in the Geelong context. However, the dependence on FDI (as opposed to the cultivation of indigenous business and SMEs) for regional revitalisation has attracted much criticism for failing to provide sustained employment in the region. As in the Geelong case, there has been a significant decline in the Welsh manufacturing industry and an associated growth in services over the last decade (e.g. StatsWales 2010). Nevertheless, in common with manufacturing, many of the jobs created in the service sector (such as call centre jobs in the banking and finance) are low skill and poorly paid. There is also a strong reliance on public sector employment in the region, another analogy with the regional Geelong context (e.g. Drinkwater et al. 2011). The failures of regeneration initiatives have led to a change in policy approach recently, and this shift in emphasis might be of value in understanding the Geelong region.

Third, a further similarity with the regional Geelong situation is that Wales retains an automotive sector, which has been described as the ‘mainstay of its manufacturing industry’ and ‘the most active sector in the region’ (Parhi 2011, p. 4). Ford opened a greenfield engine plant at Bridgend in 1978 and this was followed by acquisitions and/or greenfield investments by several companies (e.g. Calsonic, Valeo, Robert Bosch, Trico, Matsui). The region evolved into a principal centre of automotive
components production in Europe, much of which was located in the Valleys region. However, in the past decade in particular, there have been several waves of plant closures, relocation to lower cost locations and significant downsizing (Parhi 2011), experiences which are common to the Regional Geelong Area.

A fourth (demographic) feature of the Valleys area shared with the Geelong region is that there are relatively large numbers of people with low skills/no qualifications in Wales (an average of 15 per cent). Moreover, these levels increase sharply in the Valleys region (Blaenau Gwent – 21.6 per cent; Caerphilly – 23 per cent; Merthyr Tydfil – 21.9 per cent, Rhondda Cynon Taff – 18.9 per cent, see ONS 2012). The Welsh Government has stated policy objectives of ‘driving economic development across Wales’ through the establishment of a knowledge economy and the cultivation of a culture of lifelong learning. Improving skills/qualification levels through enhanced educational and training provision has been identified as a principal policy goal (Welsh Assembly Government 2008). Specifically, the Welsh Government has explicitly recognised that the Heads to the Valleys region ‘has special… skills needs’ which require amelioration (WAG 2005). Even before this, elements of successive regeneration initiatives in the area have been focused on training the workforce (e.g. Brooksbank et al. 2001; Rees & Stroud 2004; CAG 2005). Indeed, some progress has been made in recent years on this measure, and such successes should be examined (e.g. Brooksbank et al. 2001; Drinkwater et al. 2011).

Finally, as in the Irish case, there have been some innovative job creation and skills-based responses to the economic crisis in Wales, approaches that are distinctive to Wales and that were not implemented on a UK-wide basis. An examination of these measures might also prove to be useful in the face of redundancies, and the ensuing need for retrenchment, experienced in the Regional Geelong Area.

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2 In 1999, the then Labour government established the Welsh Assembly Government (WAG), ‘placing Welsh interests and values at the centre of policy-making processes’ (Wang and Eames 2010). In 2011 the Welsh Assembly Government was renamed the Welsh Government (WG).

3 Between 2001 and 2008, the proportion of working-age adults in Wales with no qualifications had fallen by six percentage points, and there had been a seven percentage point increase in the proportion with qualifications at National Qualifications Framework level 2 and above (WAG 2008).
1.3.3 Hamilton, Ontario (Canada)

The case of Hamilton, which is located in the Canadian province of Ontario, was chosen on the basis of some potentially useful employment policies and skills practices in this context, as well as some pertinent analogies with the regional Geelong situation. As in the Irish and Welsh cases, the federal government has launched a number of strategy documents which emphasise the need for a transition to a knowledge economy. This is identified as an essential transformation, in light of a number of issues. First, there is a widening productivity gap between Canadian workplaces and those of competitor nations, a gap that is attributed in large part to lack of development of the skills of the workforce (e.g. Brisbois and Saunders 2005). There is a growing body of evidence that points to skills deficits across the workforce, a situation which is predicted to worsen given Canada’s ageing workforce and the impending retirement of the so-called ‘baby boomer’ generation (e.g. Belanger & Hart 2012; Watt & Gagnon 2009). Moreover, as is the case in some areas of the Geelong region, there are extensive literacy and numeracy problems in the Canadian workforce (e.g. Myers & de Broucker 2008; CCL 2011).

Such problems have intensified policy makers’ calls for extensive upskilling and the cultivation of a pan-Canadian lifelong learning culture. However, some critics have argued that the response to these skills challenges has been complicated by the matter of jurisdiction for education and training in Canada (e.g. Gibb & Walker 2011). Canada, like Australia, is a federal state where responsibility is divided between the federal and provincial governments and entrenched in the constitution. As responsibility for education and training fall under provincial jurisdiction, this causes particular challenges for the federal government in implementing policy related to these areas (e.g. Howlett & Ramesh 2003). Cornford’s (2009) analysis of lifelong learning policy in Australia highlighted some key overlaps with Canadian federal policy. Thus, an analysis of federal and provincial skills policy and practice within Canada was deemed to be an apposite focus of study, given that there may be analogies with the Australian context.

Within Canada, exhortations by policy makers to move to higher value-added activity and concomitantly upskill the workforce are also being driven by the erosion of some historic competitive advantage that Canada has enjoyed, namely its currency. This advantage traditionally has allowed its exports to be competitively priced. However, the resource boom in recent years has led to a sharp appreciation of the Canadian dollar, meaning that the country is less able to compete on the basis of low costs. Canada’s manufacturing sector has also been affected by low-cost competition from China in particular, as well as an associated increase in input costs resulting from the commodity boom (Francis 2008; Baldwin & MacDonald 2011).
These macro-developments have been reflected in the decline of some manufacturing sectors over the 2000s (with automotive firms being affected), a trend that was exacerbated by the economic downturn of 2008. The automotive manufacturing sector is Canada’s largest manufacturing sector, accounting for almost 2 per cent of Canada’s GDP ($17.7 billion), and 25 per cent of total Canadian merchandise exports. Specifically, automotive manufacturing (and manufacturing in general) is a key economic activity in Ontario and the province is home to five of the world’s top automakers as well as more than three hundred components manufacturers (Government of Ontario 2012). The sector employs 88,000 workers, who produced 2.1 million vehicles in 2011. Goods production accounts for 24 per cent of its GDP (of which manufacturing accounts for 15 per cent and the remaining 9 per cent derived from primary industries). Ontario is heavily dependent on international exports of manufactured products - over 76 per cent of all goods and services exported from Ontario are manufactured products (CEM 2009). In Hamilton, key sectors include advanced manufacturing, including automotive assembly and components, life sciences, clean-technology, steel production and food processing (Invest in Hamilton 2012).

This reliance on manufacturing activity, and automotive production specifically, means that there are obvious analogies with the Geelong context then. Ontario has implemented a number of policies and initiatives aimed at maintaining and transforming its manufacturing sector (including a focus on green innovation in its automotive sector) and these could be of utility in the Geelong context, in addition to an examination of the skills initiatives that have been implemented in the region. Specifically, there have been some effective approaches to ‘downside adjustment’

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4 The primary sector is still an important one in Canada, with the logging and oil industries being two of Canada’s important. Some 4 per cent of Canadians are employed in primary industries and these account for 6.2 per cent of GDP. Canada produces and exports many natural resources such as gold, nickel, uranium, diamonds and lead. Several of Canada’s largest companies are based in natural resource industries, such as EnCana, Cameco, Goldcorp and Barrick Gold. There are also many secondary and service industries that are directly linked to primary ones. For instance one of Canada’s largest manufacturing industries is the pulp and paper sector, which is directly linked to the logging industry. The reliance on natural resources has several effects on the Canadian economy and Canadian society. While manufacturing and service industries are easy to standardise, natural resources vary greatly by region. This means that different economic structures have developed in each region of Canada, contributing to Canada’s strong regionalism.
in the automotive sector, focused on helping redundant workers upskill/reskill and find alternative employment. An analysis of these measures might prove useful in informing practice in the Geelong region, where similar circumstances are being experienced.
Chapter 2. Case 1: Eire

The Eire report commences by providing an overview of the economic growth experienced in Ireland up until the crisis of 2008, and will outline some of the central contributory factors to this, namely FDI policy, social partnership and education and training initiatives. A detailed exposition of the latter will be provided, and the discussion will be presented as a series of chronological developments. A principal emphasis will be on CVET policy and initiatives for the workforce in the 2000s and then the measures introduced to maintain jobs and skills during the economic downturn.

2.1 Context and background

The Republic of Ireland comprises twenty-six of the thirty-two counties of the island of Ireland. The remaining six counties make up Northern Ireland, which is part of the United Kingdom. Ireland has been a member of the European Community since 1973 and was amongst the first group of countries to form the European Monetary Union in January 1999.5

Up until the financial crisis of 2008, Eire experienced a period of intense economic, social and cultural change (FÁS 2004; Considine & Dukelow 2011). These developments reversed long-established demographic trends, in conjunction with rapid economic and employment growth and changes in social patterns and behaviour.

Regarding demographic trends, from the mid-1990s, there has been a significant rise in the population, resulting from an increase in the birth rate, alongside a corresponding decrease in emigration and a marked increase in inward immigration, mostly from EU countries (CEDEFOP 2011). A total of 4,581,269 persons are now living in the Republic, compared with the 2006 Census figure of 4,239,848 persons, an increase of 341,421 persons or 8.1 per cent. It is predicted that

5 Membership of the EU led to the adoption, in 1993, of the Nomenclature Units for Territorial Statistics (NUTS) regions in Ireland. In 1999, the central Irish Government divided the country into two NUTS 2 regions for structural funds purposes, the BMW (Border, Midlands and West) region and the SE (South East) region. The SE Region includes Dublin, Cork, Waterford and Limerick and is the wealthier of the two regions. The BMW region is more rural with less industry and services (particularly financial) and a greater reliance on government expenditure (CEDEFOP 2011). Ireland does not have strong regional authorities (CEDEFOP 2004).
population growth will continue in the coming years, albeit at a slower pace. The high birth rate in recent decades has resulted in Ireland currently having the youngest age profile in the EU. The estimated number of persons aged 65 years and over now exceeds a half a million for the first time ever. While the population cohort aged 25–64 is expected to increase by 790,000 up to 2026, the numbers aged over 65 are also expected to increase rapidly, leading to a significant ageing of the population by that year.

The Republic of Ireland experienced rapid economic expansion and employment growth over the fifteen years preceding the financial crisis of 2008. This ‘Celtic Tiger’ period saw Ireland’s average GDP growth from 1990 to 2004 reaching an average of 6.37 per cent per annum (O’Connor 2011). In 2003, Ireland’s GDP per capita stood at 133 per cent of the EU25 average, whereas in 1989, Ireland’s performance on this measure was only 70 per cent of the EU average (Tansey 1989; Kavanagh & Doyle 2006). Between 1993 and 2004 employment levels jumped from approximately 1.18 to 1.84 million – an increase of over 650,000 at work in slightly over ten years (O’Connell & Russell 2007). This is significant, given that the level of unemployment in the country has historically been very high. This was particularly so in the 1980s and early 90s, with a peak of 16 per cent in 1988 (EGFSN 2007). Moreover, the Republic’s economy has also been adversely affected by the mass emigration of skilled labour over decades (Ruane 2006).

The priority of successive governments (based on consensus across all political parties, trade unions, employer groups and public servants) from the 1950s onwards has been employment growth, created through economic growth. The principal instrument in achieving this was to be an active industrial development strategy aimed at encouraging significant inflows of FDI, with an initial focus on securing greenfield investments by foreign-owned, export-producing manufacturers (cf. O’Connor 2011). Thus, the industrial development strategy was aimed at establishing a modern, export-led-growth manufacturing sector (with a more recent focus on internationally traded services) through the provision of financial and fiscal supports from government (Ruane 2006).\(^6\)

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\(^6\) OECD figures indicate that more than 90 per cent of the current manufacturing output of all foreign affiliates in Ireland is for export (Clear 2012).
2.2 The role of Foreign Direct Investment policy

The opening up of the Irish economy and efforts to attract FDI began in the mid-1950s. At this time, Ireland began a process of moving from a long-established autarchic policy, which consisted of high rates of tariff protection and prohibition of FDI (O’Connor 2011), towards a policy of free trade and direct encouragement of investments by MNCs (Ruane & Buckley 2006; O’Connor 2011). These were incentivised to locate in Ireland through the provision of generous financial supports primarily for capital investment, based on the scale of their export activities, as well as through the provision of a ‘tax holiday’ (for up to 15-20 years) on the incremental profits generated by export sales. While the tax holiday was automatically earned once the enterprise exported, the financial supports were discretionary up to certain maxima. In practice however, the supports effectively operated as automatic capital grants (Ruane & Buckley 2006). It was envisaged that upstream linkages between foreign and indigenous firms would develop, thereby developing domestic industry (Ruane 2006). This policy continued and Ireland benefited from the increased scale of global FDI in the 1960s. Furthermore, Ireland’s entry into the European Community in the 1970s enhanced its attractiveness to extra-EU investors, in particular, to US MNCs seeking production bases within the Common External Tariff area. The creation of the Single Market in 1987 further enhanced this process. In effect, Ireland became a low-cost manufacturing base within Europe for maturing US enterprises (Ruane 2006).

2.2.1 The cultivation of clusters in high technology/high value-added sectors

From the 1980s onwards, Ireland’s FDI policy became increasingly more selective, aimed at deliberately cultivating ‘clusters’ in specific sectors. To this end, the focus was on encouraging investment into the production of niche high technology, high value/volume product markets with European growth potential, namely electronics and the pharmaceuticals and medical devices sectors (Cunningham & Green

7 In the period 1971-1979 alone, over £1.5 billion was allocated in this way (Telesis 1982).
Despite having no tradition of production for such markets, Irish policy makers focused efforts on identifying appropriate enterprises in these sectors i.e. those which were already exporting large volumes into Europe and therefore likely to consider establishing a European production base. Incentives packages were then negotiated so as to ‘persuade’ such enterprises within these ‘promoted sectors’ to utilise Ireland as an inward investment base.

FDI has been used as a centrally-driven regional development tool. Mobile FDI projects have been actively located in less-developed parts of the country, with regional infrastructure investments closely linked to developing the economic base in parts of the country. This strategy of promoting market-led growth, followed by regional infrastructural investment has been evident since the 1960s and a large part of funding for the regional development programme was derived from Ireland’s categorisation as an EU Objective One region, up until 2000 (Ruane 2006).

Irish policy has continued to evolve since the 1980s, in response both to the changing requirements of MNCs and to limitations set by the EU on the use of incentives to attract industry. These latter constraints led to the replacement of the original tax holiday and grants policy by a low corporate tax rate on manufacturing profits, and ultimately all profits. Ireland’s current corporation tax rate of 12.5 per cent continues to be one of the lowest in the developed world (Flanagan 2012). Moreover, grants are now limited to ‘trade-neutral’ factors, such as training...

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8 Nine of the top ten global pharmaceutical companies, seventeen of the top twenty-five medical device companies, eight of the top ten US ICT companies (e.g. Microsoft, Dell, Hewlett Packard), and more than fifty per cent of the world’s leading financial services firms, the top ten ‘born on the internet’ companies (e.g. Google) and three of the world’s top five computer games companies were located in Ireland in 2011 (IDA 2012).

9 FDI, as opposed to indigenous investment, is perceived as being inter-regionally mobile and as such, has been seen as having a pivotal role in achieving a regionally-balanced economy.

10 The main goal of regional policy in the European Union is economic and social cohesion. This is based on financial solidarity and those regions in the Union lagging behind in their development, undergoing restructuring or facing specific geographical, economic or social problems receive European structural funds in one of three ways: Objective 1: to promote the development and structural adjustment of regions whose development is lagging behind; Objective 2: to support the economic and social conversion of areas experiencing structural difficulties; Objective 3: to support the adaptation and modernisation of education, training and employment policies and systems in regions not eligible under Objective 1.
incentives and R&D expenditure (Cunningham & Green 2011). This latter reflects the changing focus of industrial policy (see 2.5.1 and 2.7.1 below), based on recognition that the nation’s human capital must be developed, so as to move the production base ‘up the value chain’ towards higher value-added manufacturing activity and the cultivation of FDI that reflects that orientation (Cunningham & Green 2011).

2.2.2 Evaluation of the FDI policy

Ireland has certainly been successful in attracting relatively high levels of inward investment. Over the ten-year period between 2001 and 2011, inflows of FDI into Ireland have been substantially higher as a percentage of GDP than inflows into other OECD countries – at twenty four per cent in 2002 and fifteen per cent in 2003, for example (Anderson 2012). Even in the two years after the financial crisis of 2008, Ireland attracted three to four times more FDI proportionately that other OECD countries. These inflows were not just large in relative terms – they were equivalent to 11.7 per cent of GDP in 2009 and 12.9 per cent in 2010 (Anderson 2012). In 2011, foreign MNCs accounted for over 70 per cent of Irish exports, with a value of €115 billion (IDA 2012). Furthermore, FDI in Ireland accounts for a total of 250,000 direct and indirect jobs (1 in every 7 jobs) as well as €19 billion of expenditure on Irish sourced goods and services, including €6.9 billion on payroll (ibid.).

Of course, such figures can be construed as indicative of the success of this strategy and the impressive economic growth figures cited above have been attributed to the FDI/industrial policy. Indeed, prior to the financial crisis Ireland was internationally feted as a blueprint economic miracle, held up as a model to emulate (e.g. Kirby 2005, 2010; Friedman 2005). Neo-liberal policies of economic openness, deregulation, flexible labour markets and innovation appeared to have been successfully implemented, resulting in unprecedented economic growth for the country (Considine & Dukelow 2011).

Critics, however, have pointed to significant deficiencies including an over-reliance on FDI and a failure by the government itself to create and invest in high knowledge industries, which could maintain higher productivity, greater value added and reasonably good wages (e.g. Considine & Dukelow 2009; O’Connor 2011). Detractors also point to the failure to develop a strong and varied indigenous industrial sector and an over reliance on low-cost assembly industries that were increasingly re-locating to lower cost countries. Others have pointed to the ‘miracle of full employment’, which masked the reality that many jobs were low waged: during the ‘Celtic Tiger’ period, approximately half the working population were
earning less than €30,000 per annum. Significantly for the purposes of this report, poor levels of on-going re-training for workers have also been highlighted by some authors as a deficiency (e.g. O’Connor 2010).  

2.3 Other contributors to economic growth: institutionalised social partnership

Ireland’s deliberate FDI policy has been acknowledged as a key factor in the economic growth of the country. A pro-business environment, Eurozone membership, workforce flexibility, sustained investment in education and skills as well as a well-established and institutionalised social partnership at national level have also been widely identified as related contributors (e.g. Hickey 2011; Cunningham & Green 2011). The incorporation of the ‘social partners’ (i.e. employer associations and trade unions) into the policy-making process was initiated in 1987. The relationship was born out of economic and political necessity, given the crisis of a chronic fiscal imbalance and rapidly rising unemployment prevailing at that time (Field & Dubhchair 2001; Moore 2010; Nyhan 2009). The first agreement was secured in 1987 and this and subsequent triennial settlements (eight in total) have constituted the foundation for negotiated job conditions and wage bargains, as well as providing a framework for addressing economic and social issues, such as taxation, social welfare and social policy (Cunningham & Green 2011).

Policy development for VET was also a key aspect of successive partnership agreements, up until 2009. Agreements in the 2000s, for example, acknowledged the importance of workplace and lifelong learning. Under the Programme for prosperity and fairness 2000-2002, the Government and social partners agreed a series of actions to enhance the extent of continuing education and training. In the subsequent agreement, Sustaining progress, the social partners agreed to implement the recommendations of the 2002 White Paper on Lifelong Learning (see 2.4.3.1 below). Under the last agreement, ‘Towards 2016’, the social partners agreed

11 Further, despite an enormous amount of wealth creation, income inequalities have remained stubbornly persistent (Nolan & Mâitre 2007), with twenty per cent of the population remaining in poverty during the Celtic Tiger period (McVerry 2006).

12 An example is the regulatory environment. In terms of indicators developed by the World Bank, Ireland’s FDI regulations are highly favourable to start-up of a foreign-owned business - it takes only 5 procedures and 14 days to start such a business in Ireland, one of the simplest processes amongst OECD economies (Flanagan 2012).
on the need to increase the levels of workplace learning and up-skilling (ICTU 2011; Barry 2007). The unions, in particular, have also been active in providing development programmes for members (see 2.8 below).

The social partners are represented on VET bodies such as the National Qualification Authority, the FETAC and HETAC Awarding Councils and the Boards of state agencies such as FÁS, Enterprise Ireland and Fáilte Ireland, (the tourism and hospitality development agency). The Expert Group on Future Skills Needs (see 2.5.2 below) also includes representatives from the social partners among its members and they have a major consultative role in the relation to the distribution of funds from the National Training Fund (see 2.4.3.2 below). The social partners are also represented on the National Steering Group, which oversees the Workplace Basic Education Fund (Barry 2011, 2007).

The social partnership ran into difficulties in 2010 as a result of the financial crisis and the related, unilaterally-imposed government decisions as to public spending and wages cuts. However, the approach has been credited with delivering the economic and social conditions necessary for the emergence of the Celtic Tiger period (e.g. Nyhan 2009).

2.4 Workforce development policy in the Irish Republic

The availability of a skilled and well-educated labour force has frequently been cited by policy makers, academics and other commentators (e.g. Cunningham & Green 2011; ICTU 2011; EGFSN 2007; Tansey 1998; Fitzgerald 1996; Roche & Tansey 1992) as one of the main drivers of Ireland’s economic success, and one of the principal factors (alongside the low corporation tax rate) for its attraction of so much FDI. Education and training policy had often been described as “one of the building blocks upon which Ireland’s economic success has been developed”, with “ability to meet the skill needs of enterprise, a cornerstone of economic success” (EGFSN 2007).

Historically, however, there have been weaknesses within the Irish education and training systems and concomitantly, there have been considerable efforts to improve these systems over the past three decades (e.g. Heraty et al. 2000; Boyle 2005). In line with developments in other countries, much of this renewed effort has been instigated by heightened international competition, technological advancements leading to the emergence of skill gaps in certain industries and renewed pressure to provide increased incentives for organisational level training (e.g. Heraty & Morley 1998). Much of the funding has been derived from European Union structural funds (Nyhan 2009; Field & Dubhchair 2001; Honohan 1997).
2.4.1 Policy and practice, 1960s to the 1980s

Up until the 1960s, training outside of the apprenticeship system was virtually non-existent, with no coherent development policies pursued at national level. The Government adopted a voluntarist approach to training, whereby such activity was held to be the preserve of joint negotiation between both sides of industry. During the 1960s however, it became increasingly apparent that this approach was deficient (Boyle 2005). There were insufficient numbers of skilled workers and the lack of training outside the apprenticeship systems, combined with the narrow content of apprenticeship training itself, resulted in Ireland lagging behind most of its mainland European competitors in terms of the average skill levels and educational qualifications of its workforce (Heraty et al. 2000). As a result, the government began to adopt a more pro-active approach towards VET. The Industrial Training Act, passed in 1967 (which repealed the earlier Apprenticeship Act of 1959), gave rise to the Industrial Training Authority (AnCO). Whilst the regulation of apprenticeships formed a major part of this Act, a more proactive and strategic active labour market role for industrial training within economic and social development was also espoused (Nyhan 2009).

The period from 1967 to the mid-1980s was characterised by significant upheaval, and reform of the training system at national and organisational level. The influx of foreign owned multi-nationals through the 1970s, for instance, resulted in considerable focus on training and development activity at the organisational level. Moreover, the Labour Services Act in 1987 was aimed at reforming the national training system and aligning it with economic objectives. To these ends, a new national training agency, FÁS was established.¹³ Both the Act and the training agency were designed to foster the provision of training and retraining for employment and to give a high priority to meeting the needs of the long-term unemployed. The immediate effect of the Act was to move national training policy away from company-based facilitation activities towards an increase in community and youth employment type training programmes (Heraty et al. 2000).

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¹³ FÁS took over the responsibilities of AnCo on its dissolution and continues to be the principal provider of vocational training, and services both employers’ and employees’ interests.
2.4.2 Policy and practice in the 1990s

Provision for adult and continuing education in Ireland has traditionally lacked cohesive policy development, and so has tended to develop in a rather unstructured and ad hoc fashion. The OECD International Adult Literacy Survey published in 1997 indicated that about 25 per cent of the Irish population were found to score at the lowest literacy level, while participation in adult education and training in the Republic of Ireland, at a level of 30 per cent, was the third lowest in the countries surveyed. Ireland continues to have a wide disparity in educational achievement between 25-34 year olds and 55-64 year olds having upper secondary education, with the gap of 40 per cent being among the highest in the OECD.

Moreover, the provision of VET within the Irish Republic was highlighted as being too limited in the 1990s by the OECD. Similarly, a 1993 report by the National Economic and Social Council (NESC) argued the need for a far stronger vocational orientation at all levels of the education system. VET policy and practice is thus an area which has received considerable attention in recent decades in Ireland (Heraty et al. 2000; Dobbins 2011).

In terms of post-compulsory, initial VET (IVET), a re-organisation of the apprenticeship system, from a time-served approach to a standards-based one, modelled on European approaches was undertaken in 1993 (Ryan 2005). The 1993 reforms arose from the social partnership dialogue, and it continued to operate and evolve on this basis (Field & Dubhchair 2001; Nyhan 2009). Apprenticeship policy was identified as a key issue in the 1991 Programme for Economic and Social Progress (PESP) and followed closely the German dual-system model. PESP was the social partnership

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14 The apprenticeship tradition inherited by Ireland, on gaining independence from Britain in 1922, was a voluntary and non-regulated one dependent on the backing of employers (Nyhan 2009). However, the old system was haphazard, poorly monitored, and for the most part lacked employer support (Ryan 2005; Boyle 2005). Despite numerous initiatives by policy makers since independence, to break with this tradition and create a regulated system, these had been largely unsuccessful.

15 Whereas modern apprenticeships were introduced in the United Kingdom as a decision of government, albeit following consultations with employers’ organisations, the Irish government involved the social partners in the design and implementation of the new system (see above).

16 Note on skills training: The German state is heavily involved with the provision of the VET system, legally compelling unions, trade and industry, and the state to provide training;
framework agreement on economic and social affairs negotiated in this year (Nyhan 2009). The PESP agreement contained a commitment to introducing a new "standards based" apprenticeship programme, overseen by tripartite advisory committees and harmonised from the outset with European qualification standards.

The reforms included the following:

- Standards based apprenticeships established on precise specifications of the competence levels to be attained and the curriculum to be followed for each craft, replacing the former approach of merely specifying the length of time to be served
- A statutory, standards-based programme to be drawn up for each craft
  - The curriculum for each apprenticeship programme is based on uniform, pre-specified standards which are agreed and determined by industry
- Each programme would normally take four years (200 weeks) to complete
- A National Craft Certificate became a compulsory requirement for recognition as a craftsperson
- Employers would effectively sponsor the programme: responsible for recruiting apprentices, giving them an employment contract, undertaking and monitoring on-the-job training
- Educational bodies would have a major say in setting standards and would run the education block release

In relation to the governance of the apprenticeship programme, a National Advisory Apprenticeship Committee (NAAC) comprising employers, unions, government labour market bodies and education institutes was established.

Apprenticeship would be governed by the Rules of Apprenticeship, all of which come within the scope of a standards-based statutory system set out in the Labour Services Act 1987 and Industrial Training Act 1967.

hence Germany's highly skilled workforce and the relative ease in which the Ruhr has begun to make a transition. In contrast, in the UK and US it is individual industries that are responsible for developing training and apprenticeship programs, which often leaves employees with a lack of recognised and accredited transferable skills. Too often, industry is averse to risk and will fail to make longer-term investment in innovation and associated human capital development, in the absence of state compulsion/support. Moreover, there is considerable evidence to suggest that the re-skilling involved in privately provided schemes tend to be minimalist and company-specific, rather than focused on the development of broadly-based and comprehensive skill sets.
The national training agency, FÁS (see footnote 13 above) was charged with the task of drafting uniform, pre-specified and industry agreed standards. Drafting was done in conjunction with the tripartite NAAC. Two surveys were conducted so as to establish the standards required in designated trades, and specialist consultants were engaged to draft the curriculum for each apprenticeship (Field and Dubhchair 2001).

A seven-phase modular curriculum with alternating on and off-the-job training was adopted:

- Phase one, lasting about sixteen weeks, takes place in the employer’s work place;
- Phase two, lasting for approximately twenty weeks, consists of off-the-job training in a FÁS training centre;
- Phases three, five and seven consist of on-the-job training at the workplace, to be assessed regularly by FÁS and lasting for approximately one hundred and forty four weeks in total; and
- Phases four and six, each lasting for a ten week block, take place in an educational institute (Institute of Technology).

The award of a National Craft Certificate was also introduced in the reforms. On successful completion of written and practical assessments for both on-the-job and off-the-job training, this certificate is awarded by the FETAC. The certificate is a “Level 6” (equivalent to an Advanced Certificate) within the Irish National Framework of Qualifications. (The next “Level 7” covers Ordinary Level Bachelor Degrees, normally a university degree). This qualification has cross-national currency and is recognised in other European Union countries.

Responsibility for paying the apprentice continues to be shared between the employer and FÁS; the employer offers an apprenticeship wage during the on-the-job phases, while FÁS provides a training allowance during off-the-job phases. Financial responsibility for the scheme as a whole is shared between the state and employers (Heraty et al. 2000). This was originally in the form of a specific apprenticeship levy, which was later subsumed under the auspices of the National Training Fund (see 2.4.3.2 below).

From 1994 onwards, there was renewed interest in apprenticeships. During 1997, the number of registered apprentices in the standards-based system almost doubled from 6,555 to 11,371. A national regulated apprenticeship framework programme overseen by a coordination body comprising all the stakeholders and the implementation of a well-functioning, relatively low-cost and employer sponsored system, with a high quality education input, has been described as a significant achievement for Ireland (e.g. Nyhan 2009; Ryan 2005). Due to the growth in the economy in Ireland from 1998-2006, there was a rapid expansion in total apprentice
registrations from 16,125 in 1998 to 29,801 in 2006, with approximately 11,900 companies participating in the scheme (CEDEFOP 2011).

2.4.3 Policy and practice, 2000 - 2007

From 2000 to 2007, CVT has moved to a more prominent place on the political agenda. The increased focus on CVT for the employed arose from the recognition that educational disadvantage among adults was not solely found among the unemployed, but existed also among workers in low-paid, low-skilled employment. It was also anticipated that much of the Irish workforce would remain at work for many years, but during this time the skills required would change on a regular basis. According to the National Economic and Social Forum, Ireland has a comparatively high proportion of low skilled workers in relation to competitor nations, reflected in and reinforced by the fact that participation in lifelong learning initiatives was limited. Government programmes, including those receiving funding from the European Social Funding, in the 2000s, immediately up to the financial crisis, supported a significant increase in CVT for the employed. Under the 2007 ‘Programme for Government’ for example, over €7.7 billion was earmarked for training and skills development for the employed, with a particular focus on the low-skilled in SMEs, where 40 per cent of the Irish workforce are employed (Barry 2011).

This decade began with three significant developments and moves towards a more co-ordinated system of workforce development with the publication of a White Paper on Lifelong Learning, the creation of a National Qualifications Framework and a National Training Fund.

2.4.3.1 The White Paper on Adult Education - Learning for Life

The 2000 White Paper on Adult Education – Lifelong Learning put strong emphasis on the provision of new and enhanced learning opportunities for both employed and unemployed adults. Its publication marked the adoption of lifelong learning as the governing principle of educational policy and officially recognised that the educational commitment of the State should also encompass those who have left the initial education system. This policy was, in essence, a formal acknowledgement of some ongoing and entrenched problems in levels of educational/qualification achievement and literacy/numeracy issues (e.g. OECD 1997) in the labour force. Although measures have improved, at the beginning of the new millennium in 2002, 30 per cent of the workforce had less than secondary education, with about 40 per cent having secondary education only. A large number of the low-skilled were (and are) older workers.

From the economic and labour market perspective, government policy had long been that the training of persons at work would be primarily the responsibility of employers, but this paper reflected an acknowledgement that Government has a pivotal role in facilitating this and encouraging employers to meet this responsibility.
The recommendations of the 2002 report identified the following elements as essential to develop accessible, structured opportunities in the area of lifelong learning:

- Developing and implementing the national framework of qualifications;
- Ensuring basic skills for all;
- Providing comprehensive and coherent guidance and information;
- Addressing delivery access and funding issues; and
- Facilitating better learning opportunities in the workplace and for workers generally.

A Task Force on Lifelong Learning was established in 2002.

### 2.4.3.2 The National Training Fund

The National Training Fund (NTF) was established in 2000 to support the training of those in employment and those who wish to take up employment (Kis 2010). In the 1990s, spending on VET in Ireland had received substantial support from the EU Structural Funds. However, post-2000, funding from this source declined, and so the NTF was implemented in order to provide an alternative funding source. It is resourced by a levy on employers of 0.7 per cent of reckonable earnings of employees in class A and H employments (approximately 75 per cent of all insurable employees). The fund is allocated to schemes aimed at raising the skills of those in employment, those who wish to acquire skills to take up employment and also provides funding for the identification of existing and future skills needs for the economy (FÁS 2009). The setting up of the NTF also gave the social partners, and in particular employers, a policy consultation forum regarding the allocation of funding for skills training for the employed, with the social partners consulted by the government in relation to the allocation of NTF funds for training programmes. NTF expenditure in 2010 was €395m, whilst the allocation for 2011 was €362m (Department of Education and Skills 2012).

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17 The extant sectoral and apprenticeship levies were abolished with the establishment of the NTF.

18 The levy is collected through the PAYE/PRSI (pay-related social insurance) system.
2.4.3.3 The National Qualifications Framework

In a significant move towards greater co-ordination and increased transparency in terms of what qualifications mean and their comparability across national borders, Ireland re-oriented its system of qualifications in 2003 so as to meet the needs of learners in the context of lifelong learning. The National Framework of Qualifications was established in 2003. This Framework covers all awards in the State from initial schooling to higher doctorate level (Level 1 to Level 10), and aims to improve access, transfer and progression for learners between and within the education and vocational training systems, irrespective of the point of entry or the education or training path followed (Barry 2011).

2.5 Policy directions and associated measures – focusing on a transition to a knowledge-based economy

Later in this decade, a significant policy emphasis was placed upon the cultivation of a ‘Smart Economy’ or ‘Knowledge Economy’, which would be centred upon up-skilling of workers, greater employee involvement and greater innovation not only in products and processes, but also in the organisation of work (Dobbins 2010; EIRO 2005). To support these aims, increasing the skill levels of the workforce became a central dimension of Irish employment policy, and featured strongly in the agreements between the social partners.

The Government-sponsored reports ‘Ahead of the Curve-Ireland’s Place in the Global Economy’ (2004), the National Workplace Strategy (2005) and ‘Tomorrow’s Skills -Towards a National Skills Strategy’ (EGFSN 2007), were the first policy reports to highlight the need to invest in higher skill training strategies, key to the transition to a knowledge economy, based on high value-added and high-skilled activities, which, in turn, would require greater innovation at workplace level. Such a transition was argued to be essential to Ireland’s future economic and social prosperity and competitiveness in a global economy. These two strategies made a number of recommendations, which resulted in the implementation of a series of practical measures and concomitant allocation of funding.

2.5.1 The ‘Ahead of the Curve’ Strategy

The Enterprise Strategy Group (ESG) published this strategy document on the role of enterprise in Ireland in 2004. This document issued a number of recommendations to sustain Ireland’s competitiveness, within a context of an unemployment rate of 4.7 per cent and government debt at 34 per cent of GNP. The characteristics essential for competitive advantage identified by the ESG were based on expertise in
markets, expertise in technology, product and service development, world class skills, education and training, attractive tax regime and effective, agile government.

The ESG (2004) argued that enterprise in Ireland, despite having highly developed manufacturing ability, was lacking capability in international sales and marketing as well as the application of technology to develop high value products and services. Specific recommendations of the ESG included: a market intelligence and export promotion structure; FDI policy targeting of sales and marketing activity and European Headquarters projects; an R&D and innovation co-ordination structure and increased applied R&D funding; continued commitment to the 12.5 per cent corporate tax rate; and investment in enterprise-led networks. Skills targets included increasing the quantity and quality of graduates and post-graduates, particularly in the areas of sales and marketing, supply chain management, R&D and general management skills. Management development was identified as being of particular importance. The ESG also posited the need for increased training provision for low-skilled and unskilled employees. As a result of this and the National Skills Strategy (2007), support for lifelong learning has been prioritised in the National Development Plan for 2007-2013. Specifically, the ESG (2004) recommendations in this area led to the launch of the ‘One Step Up’ initiative in 2005 (see below, 2.5.3.1).

2.5.2 The National Skills Strategy

In September 2005, the Department of Enterprise Trade & Employment (DETE) requested the Expert Group on Future Skills Needs (EGFSN) to undertake research that would underpin the development of a National Skills Strategy (NSS).19 This strategy was launched in 2007, with the aim of effecting a transition to a ‘to a competitive, innovation-driven, knowledge-based, participative and inclusive economy by 2020’ (EGFSN 2007, p. 17). This drive for a knowledge-based economy was in part, motivated by favourable macro-economic conditions at that time as

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19 The EGFSN was established in 1998 by the Government in the context of increasing concerns about labour and skills shortages. It provides a national research and co-ordination mechanism. It has representation from the social partners, government departments, industrial development organisations and education/training bodies. Its objectives include the identification of skill needs of different occupational and industrial sectors, advice on the actions to address them; the consideration of strategic issues in developing partnerships between business and the CVET sectors to meet skill needs at national and local levels; and advising on how to improve the career awareness of job seekers about areas where the demand for skills exist, of the qualifications required, and of how they can be obtained (CEDEFOP 2004).
well as near-full employment. The substantially expanded labour force (from 1.64 million in 1997 to over 2 million in the first quarter of 2006), had led policy-makers to shift focus from the quantity of jobs created to the quality of such employment. This in turn reflected the growing recognition that Ireland’s productive base should move up the value chain, and that concomitantly, the nation’s labour force must be up-skilled.

It was also driven by recognition that over 70 per cent or 1.43 million of the current workforce will still be in employment in 2020 and moreover, that without intervention, a significant proportion of Ireland’s workforce would remain low-skilled in 2020, with their highest level of educational attainment below upper secondary level (EGFSN 2007). For instance, the National Economic and Social Council (NESC) in 2005, had estimated that by 2010, out of 1.96 million employed in the Irish workforce, 27 per cent would have less than upper secondary education, 39 per cent would have secondary education only, and 35 per cent would have third level education (NESC 2005). A large number of the low-skilled are older people, as Ireland has a wide disparity in educational achievement between the numbers of 25-34 year olds and 55-64 year olds having upper secondary education, with the 40 per cent gap being among the highest in the OECD (OECD 2010). The Skills Strategy also highlighted Ireland’s relatively low adult participation rate in continuous learning as a cause for concern, in light of the requirement to reskill and upskill the existing workforce. Ireland’s rate stood at 7 per cent in 2007, lagging significantly behind the EU’s Lisbon target of 13 per cent of adults participating in learning during a year (NSS 2007).

In order to address these issues, the NSS set targets and outlined measures for reskilling and upskilling the labour force for 2020, if the challenges of the emerging economy were to be met. The Skills Strategy identified that 500,000 people would need to be upskilled (by one level on the qualification structure) by this date. The stated aim is to up-skill 250,000 people from NFQ level 3 to level 5; 140,000 from level 5 to level 6/7 (advanced certificate/ordinary degree); 70,000 from level 1 or 2 (school dropout) to level 3 and 30,000 from level 4/5 to level 8 (honours degree or
above) (EGFSN 2007). The NSS, in line with ESG (2004) recommendations, also called for adult literacy programmes for employees.

While the NSS had a key focus on targeting the lower skilled, it also examined the existing supply of labour in Ireland in terms of quantity and quality (as per educational levels). In its recommendations, it identified information and communications technology (ICT), pharmaceuticals/biotechnology, the green economy as well as high value engineering as sectors within the Irish economy which had potential for future growth. The NSS also identified services, such as finance, business and marketing, as growth areas. Moreover, the strategy predicted that managerial and professional occupations will account for more and more of the Irish workforce up to 2020. A series of further reports on the growth sectors were published in 2011, in order to inform Government skills policy. The EGFSN reports annually on progress in relation to the recommendations, and the National Framework of Qualifications provides the framework to benchmark the implementation of the Strategy.

2.5.2.1 Case Study: FÁS Centre of Excellence for Training

An example of a practical measure to follow from the NSS’s focus on high-tech, high growth sectors is the FÁS Centre of Excellence for Training in the Biopharmaceutical and Pharmaceutical Sector. It was set up in the Cork region to assist firms to train and recruit workers into the sector – Cork has a significant concentration of these manufacturing plants. The facility was set up in 2007, in response to an identified need for operator training in this sector. Typically, trainees are manufacturing and maintenance operators and craftspeople who require updating or cross-skilling, as well as redundant workers from related industries and new labour market entrants.

FÁS has developed a high technology training facility where learners can gain the practical hands-on skills required for process operators and technicians working in the Bio-Pharma sector and related process industries. The facility mimics a fully

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20 Another area of recommendations focused on ensuring that the output from the education system reaches its potential, through improving participation rates in upper secondary level to 90 per cent and ensuring the progression rate to third level increases to 70 per cent (CEDEFOP 2010).

21 In 2007, 2,054 employed persons participated in courses related to literacy and numeracy, funded through the Workplace Basic Education Fund (WBEF) (Barry 2011). FÁS, in association with the National Adult Literacy Agency operates this scheme (see above).
regulated manufacturing environment and includes a training area with a range of industry-specific process equipment, and is available on an on-going basis to directly support industry needs as required. Although located in South-West region of Ireland, the Centre also provides for the industry’s training needs nationally, including the use of WebCams so as to allow learners from other parts of the country to access its programmes. Since its inception in 2007, over 400 FÁS jobseekers have received training for entry into the industry, together with 1,100 other persons already engaged in the sector. The Centre complements other provision currently available within the Higher Education sector such as the National Graduate Enhancement Programme in (Bio) pharmaceuticals and Pharmacological Sciences.

2.5.3 Workplace training initiatives

There are a number of workplace training initiatives that are administered by the state employment and training agency FÁS. This body plays the principal role in assisting low qualified workers to find training, upskilling and employment opportunities. However, there is no statutory obligation on companies to provide CVET for a workforce and there are no specific employer-union sectoral agreements in respect of CVET within enterprises. Employers generally provide training on the basis of their own requirements and this is usually provided in-house or subcontracted on a commercial basis to private training providers. Moreover, there is no legislative entitlement to paid CVET leave in Ireland. However, some public and large commercial companies provide paid release for employees to participate in education and training courses outside the workplace.

Successive surveys of Irish companies have found that enterprise-based training mainly takes place in larger and multinational companies rather than in SMEs, where the majority of low skilled workers are located (Dobbins 2009). The EU-wide CVTS3 survey, found that 69 per cent of companies employing 10 or more persons in Ireland had carried out some training in 2005, and companies spent, on average 2.5 per cent of labour costs on training; this was the highest percentage in the EU (Barry 2007). Half of employees attended a training course in 2005 and the most common type of training was environmental and health and safety courses. The survey found that training was most prevalent in the manufacturing and financial sectors, whereas construction companies, hotel and restaurants were less likely to train their employees. Studies have also indicated that in-company training also remains skewed towards certain types of employees based on age, gender, sector and educational attainment (i.e. those with higher educational qualifications are more likely to receive workplace training), as well as according to the size and type of the company that employs them (e.g. Dobbins 2009).
2.5.3.1 ‘The One Step Up’ Initiative

The FÁS One Step Up Initiative was launched in 2005, as a result of the recommendations of the ESG (2004) strategy. This FÁS-administered programme seeks to encourage education in the workplace and the upgrading of work skills, with a particular focus on reaching low-skilled employees. All FÁS programmes and initiatives for training for the employed are now aligned to this initiative, in order to encourage employers to train their staff and to promote an ethos of lifelong learning in the workplace. Under the scheme, FÁS provides up to 100 per cent funding support to employers to train low-skilled and vulnerable workers. Training must be approved and lead to a recognised qualification within the National Qualifications Framework (Barry 2011).

The One Step Up initiative is subsidised through two primary funding mechanisms:

- The ‘Competency Development Programme’ (CDP). This encourages the training of employed people by subsidising the cost of approved training programmes covering a wide range of competencies including management, IT, retail, marketing and social care. Training programmes lead to accredited and transferable skills. The content of particular programmes is based on local and national needs, agreed after consultation between FÁS and the relevant industry organisations. The programmes are open to all companies in the private sector. In 2008, a total of 32,000 persons received training interventions under this programme (Barry 2011).

- The ‘Workplace Basic Education Fund’ supports the range of literacy and numeracy programmes, aimed at helping employees deal with the basic skill demands of the workplace. One in five of the Irish workforce is lacking in functional literacy skills (Barry 2011). Total expenditure on the programme was €1.1 million in 2008 for the training of approximately 925 employees (Barry 2011).

22 Until the end of 2002, FÁS ran the Training Support Scheme for small and medium-sized companies in certain sectors of industry. This provided a financial subsidy towards the cost of attendance at approved training centres. The scale of subsidy varied, depending upon the size of the company, from 70 per cent for small companies to 50 per cent for companies with 51 to 150 employees. A similar scheme operated in the construction industry. These schemes were replaced in 2003 by a new Competency development programme to support the training of employees in a range of sectors (CEDEFOP 2004).
All FÁS VET programmes are aligned to the ‘One Step Up’ concept - that training programmes assist individuals in obtaining a recognised qualification within the National Framework of Qualifications.

2.5.3.2 The FÁS Excellence through People Programme

The FÁS Excellence Through People Programme (ETP) is Ireland’s national standard for human resource development, designed to improve a company’s operational performance through staff training. It is a voluntary initiative to encourage companies to identify and plan their staff training activities. All types of organisations are eligible to apply for this Standard. The Standard has been in operation for several years and is ongoing. Applications for the award of the standard are considered and assessed according to the following:

- A review of the organisation’s plans and objectives
- The preparation of their training plan
- Review of their training strategies
- Implementation of training and development records
- Employee communications and involvement

Points are given for each criteria and to achieve the standard, organisations must score 80 per cent in each section and 80 per cent overall. In order to apply for the Standard, an organisation conducts a self-assessment, takes action to meet the Standard requirements and applies for accreditation. The application is then assessed by FÁS and an independent Approvals Board, which may include representatives from the social partners, HR professional and associations and other selected companies. If appropriate, the award is then granted.

The certification is given for one year, during which the organisation can use the ETP logo for marketing and recruitment purposes. FÁS conducts an annual reassessment, to determine if the organisation retains the award. A fee is charged for the assessment process, with a special reduction for SMEs.

2.5.3.3 SkillNets

SkillNets is another central initiative, introduced in 2000 and still in operation. The primary aim is to increase participation in enterprise training by companies, so as to improve competitiveness and provide improved access for workers to industry-specific skills development. It is led by the social partners, rather than FÁS (Dobbins 2010), and was comprehensively praised in a recent OECD review of Irish VET (Kis 2010). The initiative was initially established on a three-year pilot basis in 2000 to address the problem of low investment in training in small and medium enterprises in Ireland. It has been a successful programme, still operates and supports and funds
networks of enterprises to engage in training under the Training Networks Programme (TNP).

The skill networks (or 'Skillnets') are managed by the enterprises themselves, which design, manage and deliver specific training programmes. In each training network then, companies come together to decide what training they need and how, where and when it will be delivered. Participating companies work either as lead bodies or in partnership with other organisations, such as state agencies, advisory groups, certifying bodies, educational establishments and training providers. This enterprise-led approach is particularly appropriate for small and medium-sized businesses that may lack the time, expertise or money to develop training customised to their specific needs and directly relevant to their size and industry sector. Working through such collective networks allows participant firms to achieve economies of scale, increase efficiency, lower costs and provide training that is more relevant to individual sectors, regions or types of companies (SkillNets 2012). There is also significant benefit to be derived from the sharing of business experience and advice via networking opportunities afforded by membership of a Skillnet. Many of the networks are sector-based and located throughout the country. Other networks are made up of companies from the same geographical area joining together to bring training into their region, thereby making it accessible to local industry.

Since its inception, Skillnets has facilitated over 60,000 Irish enterprises, in over 350 networks, to improve the range, scope and quality of training. Moreover, it has allowed over 275,000 employees to upskill and meet their work related training needs (SkillNets 2012). It receives funding from the National Training Fund (NTF), which is made available through grants to approved networks, enabling member companies to receive significant discounts on market training rates. The member companies also contribute match funding to a ratio agreed by the network and Skillnets. Under the current Training Networks Programme (TNP) 2012/13, up to 50 per cent of the cost of all eligible network activities is provided. Participant companies have reported favourably on their experiences of the initiative. Eighty eight per cent of companies surveyed at the end of 2011 felt that the training provided through the Skillnets networks met their business needs and ninety seven per cent agreed that the training helped them to fill skill gaps. In the Training Networks Programme (TNP) 2012/13, Skillnets networks are also providing training to job-seekers, who are training with those in employment. By training with those in employment, job-seekers can access networking opportunities and keep up to date with their sector while participating in relevant industry-specific training programmes. Funding provided allows for job-seekers to participate in the training at no cost to themselves.
2.5.3.4 The Strategic Alliance Initiative

The FÁS Strategic Alliance Initiative (SAI), as well as promoting training in larger companies, also supports SMEs to organise training for low skilled workers, in partnership with industry representatives. Formed in 2005, under the programme FÁS ran a national tendering process, whereby contracts were formulated with strategic partners i.e. employer groups, Chambers of Commerce, educationalists and trade union bodies. The approach is based on the premise that such organisations have close links with companies and employees and are thus in a better position to assess real industry needs and therefore provide more relevant training for companies and their employees.

Agreements to deliver specified training were made between FÁS and the strategic partners at national level, although delivery may be at regional or local level. A range of projects were agreed. At least two of the SAI projects relate to the development of innovative training approaches based on new technologies e.g. the ‘KNOW-IT’ and ‘KESP- Knowledge Economy Skills Passport’ programmes. The former is an IT skills development programme, designed to support learners in the workplace taking their first steps in using IT, whereas the latter provides learners with the key skills required to be highly productive in the knowledge economy. Both of these projects are accredited.

Another of the SAI’s innovative projects supports the infrastructure for the Union Workplace Learning Representative. This project represents collaboration between FÁS, and the Irish Congress of Trade Unions (ICTU), for the recruitment and training of volunteer learning and mentoring representatives in the workplace. The FÁS Cluster Programme is another SAI programme which assists SMEs in the services sector to develop their management capabilities. Due to the recession however, government priorities have moved away from the public funding from CVT for the employed to CVT for the unemployed. As a result, no new contracts are being issued under this initiative.

2.5.3.5 The role of the social partners – practical initiatives

Social partners, both employer and employee, engaged with skills and learning agendas within this period. The ICTU has long called for more progress on lifelong learning, particularly for the lower skilled. It argues that it is often difficult for such groups to access such opportunities. To these ends, an Essential Skills for Work Certificate Programme was introduced by FÁS in co-operation with the trade unions, to improve the literacy and numeracy skills of vulnerable employees in low-skilled occupations. The Programme, which is 100 per cent grant-aided, is funded under the Workplace Basic Education Fund and had a budget of EUR 7 million in 2006 (Barry 2007). In the 2000s, the ICTU and a growing number of affiliated unions have
begun to take a more active role in the provision of learning and development, both job and non-work-related. A number of initiatives have been developed:

- With regard to the low-skilled the ICTU has worked closely with the People’s College, a voluntary adult education institution. The College provides a range of courses from basic education to personal development.

- Following the success of a skill development programme for maintenance craft workers, the ICTU came together with affiliate unions to form a company entitled Education and Training Services (ETS), which provides technical training for union members, as well as a number of organisational change training modules (e.g. Industrial Teamwork, Problem Solving, Changing World of Work Awareness Training and Total Productive Maintenance).

- The ICTU also has a network of Centres for the Unemployed, which offer training to workers seeking to re-train or to up-skill, and to unemployed people seeking to access the labour market.

- Through funding received from FÁS, the ICTU initiated a Life Long Learning Initiative Project, the ‘Unions Skills Network’, in 2007. The objective was the establishment of a national network of trained work based learning advocates, or Union Learning Representatives (ULRs). These representatives provide advice and guidance to people who wish to pursue on-the-job and/or off the job training and learning opportunities.

Similarly, Ireland’s largest employer body, the Irish Business and Employers Confederation (IBEC) also calls for more progress on lifelong learning. IBEC has consistently argued that upskilling for those in employment must become a priority, if higher value-added employment is to be attracted to Ireland. To this end, ‘basic educational disadvantage in the workforce must be addressed, particularly in relation to literacy difficulties’. IBEC operates its own High Level Education and Training Group, which identifies human capital policy priorities including education, training/upskilling and lifelong learning. It monitors developments in education and training in order to assess their implications for Irish business and assists in the

23 The ULRs operate on a lay or voluntary basis, based within their workplaces. Their role involves promoting the value of education throughout the workplace; identifying the educational profile of the workers in their workplace through a training needs analysis and on this basis, ascertaining educational progression routes for workers (ICTU 2007). Subject to certain conditions being met, the ULR can secure full funding for ‘second chance’ education for a wide range of people and their individual learning needs. ULRs receive extensive training for the role, which is FETAC accredited.
development of policies in this area. The Group also provides a focus within IBEC for sector based and other education/training initiatives.

2.6 Workforce development, 2008 onwards

During the long economic boom in Ireland, many people found jobs despite weak literacy and numeracy competences. These same people have now become highly vulnerable to unemployment. Some sectors are likely to be particularly affected. In the construction sector, for example, employment fell sharply during 2008. Almost 70 per cent of the fall in male employment between the end of 2007 and the end of 2008 was attributable to the construction sector (Central Statistics Office 2009). This sector employed a large number of people with less than upper secondary education.

2.6.1 The impact of the Global Financial Crisis

In Ireland, the economic downturn has been more severe than in many OECD countries (Kis, 2010). By mid-2008, Ireland started to experience a dramatic reversal of fortune after the Celtic Tiger period of 1996 to 2007. This crisis was caused by a combination of an internal national banking failure, the global recession, a property crash, and a significant reduction in exchequer revenues. The National Economic and Social Council succinctly summarised Ireland’s situation as being one where a five-part crisis was being experienced. In a short space of time, Ireland experienced a banking, fiscal, economic, social and reputational crisis; with all five components closely related to one another (NESC 2009). The combined effects of these events plunged the Irish economy into negative growth, with a contraction of 11.3 per cent of GNP in 2009 (CSO 2010). GNP is estimated to have fallen by a further 2 per cent in 2010 (CEDEFOP 2011).

Moreover, Ireland has moved from having the second lowest unemployment rate among the EU-15 countries two years ago to the second highest (CEDEFOP 2009). The rate of unemployment which stood at 4.5 per cent in 2007, stood at 11 per cent in 2009, with redundancies at unprecedented levels (Fox, 2009). By July 2010, the unemployment rate was 14 per cent, accompanied by net emigration of 60,000 between 2009 and 2010 (Collins 2012; Dobbins 2010). By 2012, the unemployment rate stood at 15 per cent (Collins 2012).

The downturn in the economy, which commenced in the construction sector, has now spread to other sectors - principally manufacturing, 67,000 jobs lost between 2007 and 2012 (Collins 2012), but also retail, hospitality and transport. The recession affected persons not previously exposed to unemployment. Although unemployment is more common among persons with low and mid-level qualifications, a proportion of persons with third-level qualifications (degree and above) are also experiencing unemployment.
2.6.2 Responses to the Crisis – maintaining jobs and improving skills

In terms of public policy, the government has been pre-occupied with responding to the financial crisis and implementing austerity measures, cutting public spending and trying to stem external debt levels and government deficit. It was therefore slow to develop a large-scale, co-ordinated national jobs and training plan, which has led to much criticism (e.g. Collins 2012; Dobbins 2011, 2009). Ireland’s National Economic and Social Council (NESC), whose reports usually form the backdrop or template for national discussions between the social partners, published a special report in March 2009 calling for the Government and social partners to construct an integrated national response to the current crisis.

As of early June 2009, however, the Irish Government had not developed wide-ranging, macro-level measures to assist businesses and maintain employment in response to the recession. Unlike countries such as Germany, Ireland—despite having centralised bargaining—does not have a tradition of collective bargaining over working time flexibility at either national or sector level. Moreover, Ireland does not have comprehensive short-time compensation programmes in place whereby employers can apply for temporary state assistance to top up the wages of workers working reduced hours (see 2.6.2.4 below for an exception, introduced as a response to the crisis). Therefore, responses to the recession were primarily company/plant-level initiatives. However, these have been on a small-scale and relatively few companies have developed innovative training initiatives during the economic crisis.

As of early June 2009, the Irish Government and the social partners were still discussing such a plan (Dobbins 2009). However, the social partnership broke down in 2010 in reaction to government-imposed austerity measures (ICTU 2011). Both employer and trade union groups have criticised the lack of government action/funding in the area of workplace training. There is substantial consensus between both parties of the importance of workplace training/lifelong learning/upskilling initiatives for those in employment to maintain jobs (Barry 2011; Dobbins 2011). Both groups have demanded that more be done to improve lifelong learning and training for those in employment. From the late 1990s onwards, the government focused on increasing and improving CVT for those in work, but with the crisis the policy gave priority to CVT for the unemployed (Barry 2011). The National Competitiveness Council in its Statement on Education and Training cautioned against this focus in 2009, arguing that a balance must be achieved between repositioning the skills of the newly unemployed and achieving the longer-term objective of upskilling the workforce as a whole. The Council’s perspective was that the provision of workplace training must be actively promoted and pursued.

In a similar vein, the ICTU launched its own ‘ten-point recovery plan’ in 2009, where it proposed measures for protecting jobs, tackling unemployment and improving
workplace training provision in response to the economic crisis. According to the ICTU, Ireland’s social welfare system must be radically altered and integrated with skills enhancement, education and training. Significantly, the IBEC backed ICTU’s call for a €1 billion jobs retention plan (including investment in training). Some observers have questioned why the Government only seriously looked at job retention ideas so late in the crisis, as suggestions of this kind were made as far back as late 2008 by several employer groups, including IBEC. Ultimately, the Government only committed to a quarter of this investment, and there is still little evidence of the government constructing a large-scale coordinated national labour market plan to address the jobs crisis (with or without the involvement of the social partners), focused on preserving/creating jobs and workplace training (e.g. Collins 2012).

Some relatively small-scale initiatives, aimed at both maintaining jobs and upskilling were also launched. These included the Employment Subsidy Programme, ‘Start your own Business’ Training Schemes for redundant workers, the Employer-based Redundant Apprentice Rotation Scheme, the Work Placement and late National Internship Schemes, the Short-time Working Training Programme. Moreover, funding for six upskilling projects was obtained from the European Globalisation Adjustment Fund.

2.6.2.1 The Employment Subsidy Scheme (temporary)

In August 2009, the Irish Government announced a €250 million jobs subsidy scheme aimed at protecting 27,400 vulnerable jobs in the productive sector of the economy. It provided a subsidy of €9,100 per employee over 15 months to qualifying exporting companies in the manufacturing and internationally traded services (CEDEFOP 2009). Qualifying enterprises judged vulnerable in the current economic climate but viable in the medium to long term were eligible for funding. The scheme was introduced, in the context of rising unemployment, to assist in the retention of jobs and skills bases and to help retain the economy’s productive capacity and export potential (Department of Enterprise, Trade and Employment 2009), but has now closed. The scheme was in addition to the €100 million Enterprise Stabilisation Fund put in place by the Government earlier in 2009.

2.6.2.2 ‘Start your own Business’ training schemes

Provision of these courses has been expanded and schemes are being offered to redundant workers including construction professionals, managers and craftspersons. Even before the downturn, Ireland ranked fourth across OECD countries and second in Europe for the number of early stage entrepreneurs, with 8.2 per cent of adults in Ireland engaged in entrepreneurial activity in 2007 (CEDEFOP 2009).
2.6.2.3 **Employer-based redundant apprentice rotation scheme**

One active labour market policy (ALMP) is assistance for apprentices, who have been made redundant. The purpose is to secure the relevant on-the-job training necessary to complete the apprenticeship. Apprenticeship programmes were strongly affected by the downturn. During the years of economic growth, the profile of apprenticeships was dominated by the construction and electrical trades, which accounted for over 80 per cent of all apprenticeship starts in 2006. Since the collapse of the construction sector in 2007, the total number of apprentices has fallen dramatically and in 2010, the total number of apprentices across all phases of training was 17,578. The number of people entering apprenticeship in 2010 was 1,204, which was 22 per cent less than the 2009 level and 68 per cent less than the level in 2008. This reduced level of registrations arose mainly in the construction-related trades, but reductions were also recorded in the electrical and engineering sectors which reflect the lower level of activity across the wider economy.

The population of redundant apprentices notified to FÁS by employers at the end of December 2010, was 7,407 across all trades (CEDEFOP 2011). The ‘Employer Based Redundant Apprenticeship Rotation Scheme’ was developed by the social partners to address this development. It was launched in December 2008 (Kis 2010). Under this scheme, eligible employers are being supported by FÁS to provide workplace training and assessment for up to 500 apprentices who have been made redundant from other workplaces.24 Redundant apprentices are placed with an eligible employer, taking the place of an existing apprentice who has been released for a phase of off-the-job training. The scheme operates primarily in the construction sector, which has been badly affected by the economic crisis, but also covers the engineering, motor, electrical and printing sectors (FÁS 2012).25 Employers participating in the scheme are required to pay the apprentice the agreed industry rates for the specific apprenticeship trade (based on a 39 hour week), whilst FÁS makes a contribution of €340 per week towards employment costs incurred.

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24 To be eligible for the scheme, employers must not have made an apprentice redundant after the 1st of January, 2007. Employers participating in the scheme must be approved by FÁS for training apprentices and must not displace an existing apprentice so as to qualify for the scheme (FÁS 2012).

25 The construction sector accounted for 22 per cent of total male employment and 50 per cent of apprentices in 2008 (Kis 2010). The trades covered by the scheme are in the construction industry: brick and stonelaying, carpentry and joinery, electrical, plastering and plumbing.
In a related programme, FÁS promoted another Apprentice Mobility Programme, focused on displaced apprentices within the construction industry (CEDEFOP 2009). This programme offers redundant apprentices the opportunity to gain overseas work experience, complete their apprenticeship and also experience another work culture. After an initial pilot, in 2009, thirty Irish redundant apprentices successfully completed phase 7 of the off-the-job phase of their apprenticeship, through their participation in this programme in Germany. The training manuals and assessments for phase 7 of the Irish apprenticeship programme were translated into German for the German host employers supervising the training, and on their completion, these assessments were sent back to FÁS in Ireland. The programme duration was 12 weeks. Each apprentice, prior to travelling Germany, participated in a German language and culture programme and each apprentice group was visited by a FÁS representative during the programme to monitor their work experience and meet with their host organisation. The programme has now been extended to Finland where six redundant apprentices were hosted by the City of Helsinki Education Department for an eight week programme. Thirty-six redundant apprentices completed the programme in Germany and Finland in 2009 and the programme was extended into 2010.26

2.6.2.4 Short-time Working Training Programme

Another small-scale ALMP introduced in June 2009, was the ‘Short Time Working Training Programme’ (Dobbins 2011). Short-time work (STW) programmes are public schemes that are intended to preserve jobs at firms experiencing temporarily low demand through encouraging work-sharing, whilst also providing income support to workers whose hours are reduced due to a shortened work-week or temporary layoffs (Hijzen & Venn 2011). The purpose of these schemes is to avoid “excessive” layoffs (i.e. the permanent dismissal of workers, whose jobs would be viable in the long-run, during a business downturn). The programme provided two days’ training a week for employees who are on systematic STW for three days a week (i.e. their hours of work have been reduced on a temporary basis) and receiving a social welfare payment for the two days they are not working (Dobbins 2011). The

26 In another initiative for redundant apprentices, Ireland’s electricity utility, the ESB, agreed to recruit up to 500 redundant apprentice electricians who were unable to complete their craft qualification because of the economic downturn (Barry 2011). Special programmes have also been developed to improve the general education of apprentice students who want to progress to other higher education programmes or become self-employed when they finish their apprenticeships (CEDEFOP 2009).
Programme is therefore aimed at helping workers, who have had their hours of work reduced, to improve or add to their skills. Each placement will be for 52 weeks. It is administered by FÁS, which provides the training, but it has limited placements (277) and the funding has not been extensive. Seemingly, it was a pilot programme with a short duration of twelve months and has since ceased to operate (Dobbins 2011).

2.6.2.5 Work Placements Programme

The Work Placement Programme was introduced in 2010. This is a Government supported programme, run by and administered through FÁS. The programme allows the unemployed to secure a placement with an employer for nine months duration. The placement will facilitate skill enhancement, allow for the gaining of practical work experience, thereby enhancing career prospects (FÁS 2012). There are both graduate and non-graduate placements available. Placements are unpaid and voluntary, but participants are able to retain social welfare payments for the duration of the work experience.

Participating employers benefit from the contribution to their business and are encouraged to view the placement as a trial period, where they can assess the intern’s suitability for a permanent position. For those employers who make an offer of employment at the end of the placement, there is an added incentive under the Employer Job (Pay-related Social Insurance [PRSI]) Incentive scheme, which was extended into 2012 (Department of Social Protection 2012). Under the scheme, if an employer took on an additional member of staff in 2012 who had been unemployed for 6 months or more, s/he would be exempted from paying employers’ PRSI for 18 months. To qualify, the job had to be new and additional, be for at least 30 hours a week and last for at least six months. Participants on the work placement programme would qualify as ‘eligible workers’ after completing three months on the scheme.

2.6.2.6 The National Internship Scheme – ‘JobBridge’

JobBridge, a new National Internship Scheme, launched in July 2011, runs until June 2013. The scheme provides work experience placements for interns for a 6 or 9 month period. The aim is to assist in breaking the cycle where jobseekers are unable to get a job without experience, either as new entrants to the labour market after education or training or as unemployed workers wishing to learn new skills. The scheme aims to give opportunities to gain valuable experience to bridge the gap between study and the beginning of working lives.

The scheme provides for up to 6,000 work experience placements in the private, public and voluntary sectors. Interns receive an allowance of €50 per week on top of their existing social welfare entitlement. This will be payable for the period of the internship. The scheme is open to anyone who has been claiming unemployment benefit for at least three months. Companies offering places must have at least one
full-time employee and the intern cannot displace an existing worker. A host organisation may have an allocation of interns as well as an allocation of Work Placement Programme participants at the same time. However, the combined number of Interns and Work Placement Programme participants cannot exceed the total number of employees.

2.6.2.7 The European Globalisation Adjustment Fund

The European Globalisation Adjustment Fund (EGF) was established in December 2006 to support workers made redundant as a result of major changes in global trade patterns (e.g. when a large company shuts down or a factory relocates outside of the EU) and since May 2009, the global economic crisis (European Commission 2012). This had been due to end on the 30th of December 2011 but the provision has been extended until the 31st of December 2013.

In contrast to the EU structural funds, in particular the European Social Fund (ESF), which is based on the principle of anticipating and managing change over the long-term through activities such as life-long learning, the EGF provides one-off, time-limited individual support geared to helping workers who have suffered redundancy. With up to €500 million available each year, the EGF helps redundant workers find new jobs, improve their employability and develop new skills. The EGF finances measures such as job-search assistance, careers advice, tailored training and re-training, mentoring schemes and the promotion of entrepreneurship. Receipt of EU EGF funding is conditional on provision of matching national funding and individual workers made redundant participate in schemes set up by their national governments.

Ireland received a total of €24.8m in EGF funding from the EU in 2010, whilst €35.7m was received in 2011. The Department of Education and Skills assumed management responsibility for the fund from 1 May 2010 (EGF Ireland 2012). In total, since 2007, Ireland has made six successful applications. Three of these applications were for workers made redundant in specifically named companies in 2009 (i.e., DELL, Waterford Crystal, and SR Technics). These three EGF programmes are now closed. There have also been three successful applications for workers in the construction industry (covering 9,000 redundant workers from three sectors) and one for 592 workers made redundant from the ‘Talk Talk’ call centre facility in Waterford is currently pending approval.

- DELL, the computer manufacturing firm announced major redundancies at its Limerick plant. This policy also affected workers in eight ancillary companies and EGF funding in respect of 2,840 workers was sought. The total value of the allocated fund was €22.8 million (EGF support of €14.8 million and €8.0 million from the national government)

- Waterford Wedgwood Ltd., the parent company of Waterford Crystal, went into receivership in 2009. This was followed by the closure of the Waterford
Crystal factory in County Waterford. An application for EGF co-financed support was made in respect of 653 redundant workers at Waterford Crystal and three ancillary companies directly contracted to Waterford Crystal. The total expenditure approved for the programme of measures was €4.0 million, of which €2.6 million was provided from the EGF with the remaining €1.4 million being provided from national sources.

- SR Technics announced the closure of its operations at Dublin Airport with the loss of 1,135 jobs. The total value of the application was €11.4 million, with €7.4 million from the EGF.

Steering Committees for each EGF fund were established – these committees comprised representatives from higher education, further education, enterprise, as well as ex-worker representatives and were chaired by an Assistant Director from FÁS.

The interventions in all cases covered:

- FÁS provided occupational guidance and training supports, including courses delivered by accredited private colleges and trainers through the EGF Training Grant scheme.27 It also provided in-company training in the form of internships at other companies;
- Guidance and other educational supports were provided by the Vocational Education Committees, including the Vocational Training Opportunities Scheme (VTOS),28 Post Leaving Certificate Courses, and the Back to Education Initiative;

27 EGF Training Grants pay fees for approved courses in private education and training companies. Approved courses lead to recognised qualifications that are relevant to pursuing employment in sectors where there are reasonable chances of getting a job or evidence of skills shortages. In general, approved courses fall into two categories: courses recognised and accredited by the Further Education and Training Awards Council (FETAC); and courses recognised and accredited by the Higher Education and Training Awards Council (HETAC). The maximum EGF Training Grant in the case of courses accredited by FETAC is €3,000. Courses accredited by HETAC the maximum grant is €5,000. In all cases the grant is made payable to the institute, college, or company providing the training course.

28 The Vocational Training and Opportunities Scheme (VTOS) is operated through the Vocational Education Committees. The Scheme provides a range of courses for unemployed people. The courses range from basic education and training to advanced vocational training. The courses are full-time and can last for up to two years. They lead to qualifications such as the Leaving Certificate and FETAC awards at Levels 3 to 6 on the National...
Further and higher education supports were provided by Vocational Education Committees (including skills transfer programmes) and publicly-funded Universities and Institutes of Technology respectively; and Enterprise and self-employment services including business advice, mentoring, and financial and non-financial assistance were provided by County and City Enterprise Boards.

The support available was tailored to the specific needs of the redundant workers involved. For example, the VEC ran a successful course in horticulture to equip former glass blowers from the Waterford factory with new practical skills. Moreover, for the SR Technics workers, specially targeted engineering-based third level education courses, including aeronautical engineering, was provided so as to further enhance skills sets already possessed by many of the redundant workers. For former mechanical/avionic apprentices of SR, off-the-job and on-the-job training was provided through FÁS, to ensure that existing apprenticeships could be completed. This included an innovative scheme placing a number of redundant apprentices with the Air Corps at Baldonnel for relevant on-the-job training. This was a cooperative initiative between the Managing Authority for the EGF, the Department of Defence, the Air Corps, and FÁS.

2.6.2.8 Green skills for construction workers

In 2009, FÁS also launched a number of new ‘green’ training programmes for redundant construction workers. These courses are aimed at helping those in construction convert or upgrade their skills set to take advantage of the new wave of green and clean-tech opportunities coming on-stream nationally. These include the installation of energy efficient and renewable technologies, together with compliance and energy rating employment. It is expected that some of these programmes will involve company/workplace training provision in cooperation with the Qualifications Framework. Applicants for VTOS must be over 21 years of age, unemployed and in receipt of certain social welfare payments for at least six months.

Local County or City Enterprise Boards (CEBs) are part of a national network established to assist the start-up, expansion, or development of small businesses. CEBs offer a range of supports to people seeking to become self-employed or establish an enterprise. CEB assistance can include financial support in the form of grants to eligible business projects. Financial support cannot exceed 50 per cent of the overall investment. This means that clients must provide the remaining 50 per cent of the investment. Grant aid is generally aimed at start-up businesses in the manufacturing and potentially exporting sectors.
FÁS. The FÁS green training courses are in the following areas: sustainable energy courses for solar thermal installer, heat-pump installer, bio-mass boiler installer; building energy rating; smart/intelligent building systems; insulation technologies and techniques; micro-electricity generation wind turbine and photovoltaic courses; and passive house building.

2.6.2.9 The ‘Springboard’ Initiative

‘Springboard’ was launched in May 2011 as part of the Government’s Job Initiative. It offered nearly 6,000 free, part-time places in higher education leading to awards in the national framework of qualifications, in identified skills areas where there are known to be employment opportunities. These areas include information and communications technology (ICT); the green economy; biopharma-pharmachem; the food and beverage sector, international financial services, the medical devices sector and entrepreneurship. These places are aimed at unemployed people with a leaving Certificate, PLC or equivalent (NFQ levels 5/6) and a previous history of employment in sectors unlikely to recover to pre-recession levels and unemployed people with a degree and who may require additional up-skilling or re-skilling to re-enter employment.

2.7 Longer-term goals - focusing on growth sectors

Springboard is a practical measure, directed at developing higher-level knowledge and skills in sectors that have been identified as being growth areas. This longer-term vision of the future economy has permeated FDI policy from the late 1980s onwards, when concerted efforts were made to attract clusters of investment within high value-added, export-focused activities with growth potential (e.g. Cunningham & Green 2011; Ruane & Buckley 2006). The need to concentrate upskilling/reskilling efforts on such areas was recognised and explicitly articulated in the skills strategy documents published prior to the recession (Ahead of the Curve and The National Skills Strategy). The plan for recovery has re-emphasised the importance of such a focus i.e. developing human capital in the context of a long-term commitment through industry and innovation policy to 'moving up the value chain' (Cunningham & Green 2011).

2.7.1 ‘Building Ireland’s Smart Economy’

In December 2009 the Irish Government launched the Building Ireland’s Smart Economy: A Framework for Sustainable Economic Renewal 2009-2014 policy document. The thrust of this document was to outline how the Irish economy would recover over the medium term, with a focus on growth. The definition of smart economy is:
... at its core, an exemplary research, innovation and commercialisation ecosystem. The objective is to make Ireland an innovation and commercialisation hub in Europe – a country that combines the features of an attractive home for innovative R&D intensive multinationals while also being a highly attractive incubation environment for the best entrepreneurs in Europe and beyond (Government of Ireland 2008, p.8).

Five key areas for this to be realised included: Meeting the Short-term Challenge; Building the Ideas Economy; Enhancing the Environment and Securing Energy Suppliers; Investing in Critical Infrastructure; and Providing Efficient Public Services and Smart Regulation.

At initial and higher education levels, the aim is to foster a greater concentration on mathematical and science learning in schools, and increase the number of higher-level VET programmes, targeted at sectors where job opportunities will exist in the future. The strategy also advocates a greater emphasis on lifelong learning in order to increase the competency levels of the existing workforce to service the ‘smart economy’. It calls for a greater promotion of entrepreneurial expertise and skills, building on an extant strength in this area as even before the economic downturn, Ireland ranked fourth across OECD countries and second in Europe for the number of early stage entrepreneurs, with 8.2 per cent of adults engaged in entrepreneurial activity in 2007 (Barry 2011). The strategy encourages the country’s enterprise promotion agencies to continue to carry out sectoral analyses to identify further key industry sectors that Ireland should target for the future.

2.7.2 Building the green economy

Environmental products and services have been identified as another growth sector. In 2009, the government issued the ‘Report of the High Level Group on Green Enterprise Opportunities’, and an investigation was commenced to identify the future skills needs arising in ‘green skills’ areas, under the auspices of the Expert Group on Future Skills Needs (EGFSN 2010). VET and education providers have already developed a large number of new or modified training courses in this area (see Green Skills for Construction Workers above).

The six subsectors identified by the EGFSN report on green skills were renewable energies; efficient energy use; water and waste water treatment; waste management, recovery and recycling; environmental consultancy; and ‘Green’ ICT. A detailed set of skills recommendations was proposed (EGFSN 2010, pp. 21-26; 128-136). In sum, the research identified that there are core business, engineering and ICT skill requirements within companies across sub-sectors. Additional expertise is also required in emerging areas such as wind, solar, geothermal, biomass, tidal and wave energy. There are also a range of generic competences, which are deemed important across occupations. These include entrepreneurship, commercial awareness, maths proficiency, foreign language fluency, critical thinking, problem-
solving, ICT, creativity, finance, ability to work independently, communications and influencing and teamwork. The need for improved mathematical proficiency at all skills levels is identified as a key requirement (EGFSN 2010).

2.8 Summary

The Irish case was distinctive inasmuch as the country’s recent history is more about industrialisation as opposed to regeneration. The country pursued an active industrial policy from the 1950s onwards and the principal instrument in this was the securing of significant inflows of foreign direct investment (FDI), with an initial focus on securing greenfield investments by foreign-owned, export-producing manufacturers (cf. O’Connor 2011). Thus, the industrial development strategy aimed to establish a modern, export-led-growth manufacturing sector (with a more recent focus on internationally traded services) through the provision of financial and fiscal supports from government (Ruane 2006). From the 1980s, the country pursued a more selective approach, identifying sectors with potential for growth and focusing efforts on developing clusters’ in these high growth areas, again through active incentivising of FDI. This strategy seemed to be effective, with high levels of economic growth, population growth and the attainment of almost full employment, up until the economic crisis of 2008. This crisis had a highly deleterious impact on the nation.

Much has been made of the role played by the Irish level of corporation tax in attracting such high levels of FDI. However, the corporatist approach and national level social partnership, as well as a skilled workforce, have also been identified as having made a major contribution. As regards the latter, the period of high economic growth was accompanied by more active intervention in the supply of skills, prompted and encouraged in large part by the union partners in large part. Partnership working was embedded into the skills agenda, through stakeholder representation.

Skills interventions were deemed necessary to remedy low levels of adult participation in learning and high levels of numeracy and literacy problems in the population, the comparatively high levels of low skilled workers, as well as the recognition to the need to move to higher value-added activity. Ireland overhauled its apprentice system in 1993, in an emulation of the German approach, and introduced a statutory, standards-based apprenticeship programme. Moreover, and significantly, a national training fund (levy) was introduced in 2000. This was intended to upskill those already in employment – a move away from the traditional approach to focusing skills initiatives on the unemployed.

Subsequently, a number of workplace learning initiatives were launched. A number of these focused on reaching the low-skilled in the workplace (e.g. the ‘One Step Up’ initiative, the Strategic Alliance Initiative and the funding for union learning
representatives). There was also a focus on encouraging SMEs to engage more with the skills agenda (SkillNets and the Strategic Alliance Initiative). SkillNets is a particularly noteworthy initiative, described as ‘excellent’ by the OECD in 2010 (Kis 2010). To reiterate, this is led by the social partners, and supports and funds networks of enterprises to engage in training. These skill networks are managed by the enterprises themselves, which design, manage and deliver specific training programmes. Working through such collective networks allows participant firms to achieve economies of scale, increase efficiency, lower costs and provide training that is more relevant to individual sectors, regions or types of companies (SkillNets 2012). There is also significant benefit to be derived from the sharing of business experience and advice via networking opportunities afforded by membership of a SkillNet. A sectoral approach is embedded in the networks – many are sector based and located throughout the country.

Ireland was severely impacted by the economic downturn, which resulted in spiralling unemployment. A number of active labour market policies were implemented, so as to help those who had lost their jobs to find re-employment swiftly. These included an employment subsidy programme, a short-time working programme, a scheme whereby redundant apprentices could complete their training through placements with other employers; and a Training Networks Programme, whereby the unemployed can access training provided through SkillNets networks. By training with those in employment, job-seekers can access networking opportunities and keep up to date with their sector while participating in relevant industry-specific training programmes. Funding provided allows for job-seekers to participate in the training at no cost to themselves. Moreover, a European Globalisation Adjustment Fund was established so as to provide reskilling/tailored training /retraining, as well as mentoring and assistance with job searches for specific groups of workers made redundant by company closure.
Longer-term growth plans have also been made. These focus on sectors with potential for growth, such as green/clean technology sectors. The cultivation of R&D intensive operations and the fostering of innovation and its subsequent commercialisation are identified as policy goals, as is the targeting of skills funding and initiatives so as to ensure that skill demands in such sectors are met. The Springboard initiative is one such programme.
Chapter 3. Case 2: The South Wales Valleys

3.1 Introduction

After a brief introduction to Wales, its governance structures and an introductory review of the defining characteristics of the Valleys area, this case study then provides a succinct overview of regeneration initiatives in the Valleys, in the context of economic development policy for Wales as a whole. This will be accompanied by a concise evaluation of the success of such strategies. The key features of post-compulsory/vocational education/workforce development and skills policy, institutions and practices will then be outlined. A principal strategy, Skills that Work for Wales, launched in 2008, will be reviewed therein, so as to delineate current targets and initiatives and areas of proposed new developments. Pan-Wales workforce development programmes will then be detailed. The impact of the economic recession will then be discussed, along with the principal jobs retention/upskilling initiatives implemented as a direct response to the crisis. The case will end with a synopsis of the most recent upskilling/innovation initiatives implemented in the Valleys specifically.

3.1.1 Wales and its governance

The Principality of Wales is on the western side of central southern Great Britain and covers an area of about 20,779 km². It is bordered by England to the east and by sea in all other directions. The region has just over 3 million inhabitants, two-thirds of whom live in south Wales, mainly in and around the cities of Cardiff, Swansea and Newport and surrounding areas (i.e. the South Wales Valleys), with another significant population in the north-east around Wrexham, which is also a major industrial area.

In 1999, power was devolved to Wales by the then Labour Government, following a referendum. At this time, the National Assembly for Wales (NAW) was elected with 60 Assembly Members (AM). The NAW took over most of the powers from the Welsh Office and the Secretary of State for Wales. The devolved areas of NAW responsibilities spread into 20 fields including health, education, economic development, rural affairs, culture, environment, housing and local government, although it cannot raise any revenue of its own. Under the Government of Wales Act 2006, the previous constitutional settlement was dismantled, and three separate bodies established: the Welsh Assembly Government (WAG) resuming executive power and headed by the First Minister; the NAW as the legislature; and the National Assembly Commission (NAC): a corporate body providing support. The 2006 Act also gave the Assembly the power to formulate subordinate legislations (in contrast to primary legislation), known as Assembly Measures. These are, however, subject to the veto of the Secretary of State or the UK Parliament.
Wales is one of the poorest regions in the UK (Wang & Eames 2010), and its economic performance lags behind that of the UK and the EU27 on some key measures. In terms of GVA, which estimates the economic activity of an area, the measure in Wales was £47.3 billion in 2011 (Welsh Government 2012). If this is calculated per head of population, the figure stands at 75.2 per cent of UK average. This prosperity gap has actually widened over the years – in 1990, the figure was 85 per cent of the UK average, but by 2000 it was 77.1 per cent. If the GDP per head measure is utilised, growth per head in Wales has been below that of the EU27 average for the period 1995-2007. Moreover, Wales has a higher proportion of 25-64 year olds with low or no qualifications than both the OECD and UK averages (Welsh Government 2011).

These generalised problems are intensified in the Valleys region of Wales, where performance on these measures falls behind the already low figures for the nation as a whole. The Valleys region is one of the poorest and most deprived areas of Wales and constitutes the primary focus of this case study, albeit located within the wider Welsh context.

3.1.2 The South Wales Valleys

The Valleys region of south Wales comprises the local authority areas of Torfaen, Rhondda Cynon Taff, Caerphilly, Blaenau Gwent, Merthyr Tydfil, Bridgend, Swansea and Neath Port Talbot. In particular, the area known as the Heads of the Valleys covers the authorities of Rhondda Cynon Taff, Caerphilly, Blaenau Gwent, Torfaen and Merthyr Tydfil. The area is one of the poorest and most deprived regions in the UK, characterised by high rates of unemployment and economic inactivity (Hunt 2011). It has the lowest employment rate in Wales - 64 per cent, compared with 71 per cent nationally (Welsh Government 2012). The high rates of economic inactivity mean that household incomes in the region are low with average gross weekly earnings at significantly lower levels than the UK average (Labour Force Survey 2010). Moreover, since 1999, the Valleys and West Wales have qualified as

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30 This problem is unfortunately nothing new - Crafts (2007) highlighted that Wales has suffered from a relative productivity problem compared with the UK as a whole since at least the latter part of the 19th century. However, this problem has undoubtedly worsened still further in the past 20 years.

31 In 2007 GDP per head in Wales was £21,600, compared to the EU27 average of £24,900.

32 Prior to the recent recession, there were some signs of recovery, but this was short-lived, in part due to the high reliance on public sector employment in the region, a sector that has
European Objective One Areas, with a GPD of 75 per cent or less of the European Average (Wang & Eames 2010).

This poverty is largely attributable to the decline of industry and coal mining - once the core of all employment in South Wales - as well as the failure of subsequent regeneration initiatives to provide sustained employment in the region (e.g. Bennett et al. 2000; Brooksbank et al. 2001; CAG 2005). The decline of the region can be traced back to the 1930s, but has been particularly severe since the 1960s, with coal mining and metal manufacturing almost disappearing completely by the 1990s (Rees & Stroud 2004).  

Furthermore, and of significance, the region continues to have very low qualificational levels amongst its labour force, although some progress has been made in recent years on this measure (e.g. Brooksbank et al. 2001; Drinkwater et al. 2011). Similarly, the skills deficit can also be attributed to the historical reliance on coal and associated activities as the principal provider of employment. The empirical evidence demonstrates that when coal communities collapse, the skills that define miners frequently become value-less, given the low transferability of such skills to other jobs (e.g. Strangleman 2001; Britton & Denning 2008). This is exacerbated by the typically poor dispositions towards (formal) education and training opportunities that exist in such places (Rees & Stroud 2004).

The Valleys case is of interest because it ‘in many ways represents Wales generally (only more so), in terms of urbanisation, industrialization, FDI domination, education and skills problems, and dearth of small businesses and entrepreneurship’ (Brooksbank et al. 2001, p. 267), and moreover, because it has been the focus of a number of regeneration initiatives from the 1930s onwards (the area was designated a Special Area in 1934, as a result of extreme levels of deprivation) as a result of these problems (CAG 2005). The focus in this report however will be confined to programmes implemented from the 1970s up to the present time. From this period, been hit particularly hard by the outcomes of subsequent Westminster government policies (Beatty & Fothergill 2011; Hunt 2011).

33 The number of pits declined from 118, with a total workforce of 87,000, in 1960 to just 14 in 2009, with a workforce of 860 (Coal Authority 2009).

34 Between 2001 and 2008, the proportion of working-age adults in Wales with no qualifications has fallen by six percentage points, and there has been a seven percentage point increase in the proportion with qualifications at National Qualifications Framework level 2 and above (WAG, 2008).
the Welsh economy underwent massive restructuring with large numbers of jobs in traditional heavy industry disappearing and being replaced eventually by new ones in manufacturing/light industry and in services. In the late 1970s up until the 1990s, Wales attracted an above average share of UK foreign direct investment in the manufacturing sector and the majority of this was located in the Valleys region (Brooksbank et al. 2001; Cooke 2004; CAG 2005; Parhi 2011; Pickernell 2011). Indeed, manufacturing still accounts for a large proportion (27 per cent) of Wales’s GVA, a level which is higher than the UK average (ONS 2010). Moreover, manufacturing accounted for 10.4 per cent of employment in Wales in 2010 (down from 12.6 per cent in March 2008) (ONS 2010).

However, there has been a significant decline in Welsh manufacturing industry and an associated growth in services over the last decade. The share of services in total Welsh employment grew from 25 per cent in 1971 to 31 per cent in 1985 and 46 per cent in 2007, and accounted for 42 per cent of Welsh GVA in 2007 (George & Mainwaring 1988; StatsWales 2010). Nevertheless, in common with manufacturing, many of the jobs created in the service sector (such as call centre jobs in banking and finance) are low skill and poorly paid. There is also a strong reliance on public sector employment in the region (e.g. Drinkwater et al. 2011). Wales retains an automotive sector, which has been described as the ‘mainstay of its manufacturing industry’ and ‘the most active sector in the region’ (Parhi 2011, p. 4). Ford opened a greenfield engine plant at Bridgend in 1978 and this was followed by acquisitions and/or greenfield investments by several companies (e.g. Calsonic, Valeo, Robert Bosch, Trico, Matsui, Gillet). The region evolved into a principal centre of automotive components production in Europe - by early 2000, there were over 250 automotive companies in Wales (employing over 20,000 people), many of which were located in the Valleys area (Brooksbank et al. 2001). The automotive sector accounts for over one fifth of Wales’ manufacturing turnover, and generates over £3 billion annually. However, in the past decade in particular, there have been several waves

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35 Manufacturing accounted for 31.5 per cent of GDP and 28.3 per cent of employment for the Valleys in 1997, compared to a GDP contribution of 15 per cent/employment share of 12.5 per cent in North-west Wales and 18 per cent/13.5 per cent in West Wales (Brooksbank et al. 2001). The sector is by far the largest contributor to both GDP and employment in the Valleys, with the second largest sector (public admin, health and education) contributing 22 per cent.

36 This area has a predominance of automotive component, electronics and heavy engineering industry (Brooksbank et al. 2001).
of plant closures, relocation to lower cost locations and significant downsizing (Parhi 2011).

A critical issue faced by policy makers is that there are relatively large numbers of people with low skills/no qualifications in Wales (an average of 15 per cent), and these levels increase sharply in the Valleys region: Blaenau Gwent – 21.6 per cent; Caerphilly – 23 per cent; Merthyr Tydfil – 21.9 per cent, Rhondda Cynon Taff – 18.9 per cent (ONS 2012). The Welsh Government has stated policy objectives of ‘driving economic development across Wales’ through the establishment of a knowledge economy and the cultivation of a culture of lifelong learning. Improving skills/qualificational levels through enhanced educational and training provision has been identified as a principal policy goal (Welsh Assembly Government 2008). Specifically, the Welsh Government has explicitly recognised that the Heads to the Valleys region ‘has special... skills needs’ which require amelioration (WAG 2005). Even before this, elements of successive regeneration initiatives in the area have been focused on training the workforce (e.g. Brooksbank et al. 2001; Rees & Stroud, 2004; CAG 2005).

Similarly, successive UK governments have also emphasised the pivotal role of the skills agenda as a key driver in tackling a wide range of economic and social problems and therefore, have made a stated commitment to upskilling the workforce (cf. Stedward 2003; Keep et al. 2006; Clough 2007). However, many functions around employment and training policy have been devolved to the level of the Welsh Government and a number of distinct responses have emerged, in addition to the institutions and practices that are common to both the UK and Wales. The Welsh Assembly Government has stressed the importance of developing an integrated response to transitioning from an economy based on heavy industry to one based on knowledge and innovation, and the need for combining policy on skills, employment and business development in order to make such a transition. However, the approach adopted is constrained by the nature of the devolved settlement – although education and training functions are devolved, employment policy remains centralised within UK Government (WISERD 2010).

37 In 1999, the then Labour government established the Welsh Assembly Government (WAG), ‘placing Welsh interests and values at the centre of policy-making processes’ (Wang & Eames 2010). In 2011, the Welsh Assembly Government was renamed the Welsh Government (WG).
This case study will now provide a brief overview of regeneration initiatives in the Valleys, with the discussion contextualised through reference to wider economic development policy for Wales as a whole, along with a succinct evaluation of the success of such strategies. The key features of post-compulsory/vocational education/workforce development and skills policy, institutions and practices will then be outlined. A principal strategy, Skills that Work for Wales, launched in 2008 will be reviewed therein, so as to delineate current targets and initiatives and areas of proposed new developments. The impact of the economic recession will then be discussed, along with the principal jobs retention/upskilling initiatives implemented as a direct response to the crisis. The case will end with a synopsis of the most recent upskilling initiatives implemented in the Valleys, and across Wales, in some cases.

3.2 An overview of regeneration initiatives

3.2.1 Regeneration initiatives, 1970 -1999: a reliance on FDI

Wales’ historic and systemic problems of low workforce employment rates, relatively low per capita income, high levels of poverty and deprivation, poor health and housing and low educational levels have prompted a series of regeneration efforts, many of which have contained a substantial skills element. The Valleys area, given its former dependence on coal mining and steel production, has been the target of a number of regeneration programmes and the recipient of much regional development, both from the UK government and more recently, EU structural funds (e.g. Objective 1).

Originally, the principal strategy to deal with the impact of job displacement from mining and steel was the offer of generous redundancy payments, effectively providing older miners with early retirement. However, there was little available in terms of new employment opportunities for those ex-miners who wanted to continue work, or for future generations of workers. The jobs created during the 1970s in manufacturing, chemical and light industries, many of which were based on FDI, were mainly taken by women (Wang and Eames 2010). Many men – particularly older men - who lost their coal mining jobs never worked again (CAG 2005), a phenomenon which is reflected in the still high rates of male unemployment/economic inactivity in the area. Younger displaced males were more likely to find work, often in manufacturing, but the work on offer usually paid significantly less than the wages they had earned as miners (Parry 2003; Beynon et al. 1999). Of course, such developments had significant ramifications for the rest of the regional economy (Rees & Stroud, 2004).

The reliance on manufacturing FDI as the source of economic development and provider of employment continued into the 1980s (CAG 2005; Pickernell 2011). This was the focus of the flagship Welsh Valleys regeneration initiative of that time, the ‘Programme for the Valleys’ introduced by the then Conservative Government. The
stated intention of this programme was to create employment, improve training and education, enhance the quality of the environment and housing, and ultimately integrate the communities into the wider regional economy (Bennett et al. 2000; Fradd & Howells 2005). A principal aim of this programme was the creation of new employment opportunities in manufacturing through FDI. Incentives for inward investment from manufacturing firms were provided via regional economic policies, usually in the form of subsidies and allowances/exemptions for private companies, complemented by policies aimed at making the region appear more attractive both physically and socially to private investors. In order to attract FDI, heavy emphasis was placed on the fact that the region was (and is) one of relatively low wages (Beynon et al. 1999).

As a result, during the 1980s, Wales regularly gained three to four times the share of the inward investment coming to the UK that one would expect, given its population (Hill & Munday 1992). Cooke (1995) posited that between 1983 and 1993, Wales consistently attracted between 15 per cent and 20 per cent of inward investment in the UK (Cooke 1995). By the early 1990s, foreign manufacturing accounted for a greater proportion (25 per cent) of employment in Welsh manufacturing than both the North and North West of England and was on a par with Scotland (Driffield & Taylor, 2000). Supporters of the programme argued that from the late 1980s to early 1990s, new technology, knowledge and new working practices of use in raising productivity were transferred into the Welsh economy via inward investment (e.g. Driffield & Taylor 2000; Pickernell 1999). Cooke and colleagues (2003) also suggested that FDI located in Wales up to the start of the new millennium was contributing disproportionately positively to an otherwise relatively weak (compared to the UK as a whole) Welsh innovation performance.

3.2.1.1 Evaluation of regeneration policy based on FDI

A large number of criticisms have been levelled at the reliance on FDI as the engine of regeneration, as well as at more general failures of the initiatives themselves. Firstly and significantly, despite successes in attracting FDI up until the late 1990s, Wales’s relative GVA per head (compared with the rest of the UK) continued to fall during this period. Thus, it can be argued that the policy did not result in a concomitant increase in Welsh prosperity (Fuller & Phelps 2006; Wang & Eames 2010).

The FDI attracted displayed typical ‘branch office syndrome’, where multinational companies established routine production centres, which manufactured mature or end-of-life products rather than high value-added, R&D intensive activity (Hunt 2011; Wang & Eames 2010). By the end of the 1980s, branch plants accounted for 70 per cent of all manufacturing employment in Wales (McNabb & Rhys 1988). These plants were merely assembling rather than generating technological capability in the region (Munday et al. 2000) and this was both reflected in, and perpetuated, the high numbers of low skilled, plant and machine operators in the Valleys area.
Roberts (1996) found that for Wales as a whole, almost 77 per cent of employees in foreign firms were classified as operatives or assembly workers, compared to the UK FDI average of only 60 per cent of employment (CSO 1992). Given the finding in 1996 that 48 per cent of the Welsh workforce was employed in manual occupations, it could be strongly argued that FDI in Wales was not concentrated in the higher, paid non-manual occupations (Brooksbank et al. 2001). Moreover, as subordinate corporate units, branch plants employed a very low proportion of higher management and R&D personnel, and as a result had little autonomy over decisions concerning employment and investment (Wang & Eames, 2010). These factories then offered low-skilled, low-paid and insecure jobs and proved to be highly mobile. Critics have argued that many firms were more interested in collecting their subsidies than in developing any long-term base in Wales, and thus, were short-lived (e.g. Wang & Eames 2010; Fuller & Phelps 2005).

The predominance of routinised, low value-added, low-skilled and low-waged work meant that there was an exodus of such firms and jobs from Wales from 1998 onwards. Between 1998 and 2008, Wales lost nearly 31,000 jobs to China, South East Asia and Central and Eastern Europe, where companies are able to access much lower labour costs with increasing education and skills levels, growing market potential and possibly, even greater government incentives (Evans et al., 2008; Robert Higgins Associates, 2006). This makes it increasingly difficult for Wales to compete for inward investment focused on production cost minimisation alone. FDI-based employment in manufacturing is likely, therefore, to have peaked, and future overall employment growth from FDI is unlikely. Additionally, whilst there have been increases in financial services, and more specifically distribution, these are generally in activities with lower value added.

One argument put forward for the attraction of FDI is that such policy leads to spillovers of knowledge, technology and skills from (non-local) cross-locational sources (e.g. Audretsch & Keilbach 2007). However, as Blomstrom and Kokko (2003) have argued, investment incentives that attract inward FDI do not automatically translate into such spillovers to local industry. Of course, to begin with, the FDI must be of sufficient quality, so as to bring advanced knowledge, technology and practices. Second, such benefits will only actually occur if local firms have the ability and motivation to invest in absorbing foreign technologies and skills. Logically then, for spillover benefits to accrue to the local economy, policies aimed at attracting FDI need to be accompanied by broader entrepreneurship policies which support the development of an entrepreneurial base, encourage learning, capacity building and investment by local firms.

However, the exclusive focus on FDI in Wales up until the late 1990s was a reflection of the already weak indigenous entrepreneurial base (e.g. Morgan 1997; Brooksbank et al. 2011). The focus on exogenously derived growth reduced resources available for endogenous policies and the development of entrepreneurship, local businesses
and SMEs (Brooksbank & Pickernell 2001). Moreover, when the policy focus switched at the end of the 1990s towards encouraging indigenous SMEs and entrepreneurs one exclusive policy was swapped for another, rather than efforts being made to operate these potentially complementary policies in tandem with each other (Morgan 1997, 2007).\(^{38}\) The shift was due to the difficulties in attracting FDI, rather than an actual realisation of the importance of cultivation of an indigenous base. This solitary focus is contrary to the evidence that such policies need to be integrated, both with each other and also with education, science and technology policy more generally, so as to increase levels of knowledge creation and utilisation (Jones-Evans 2002; Acs et al. 2007).

Another conduit for transfer is via buyer-supplier relations between the multi-national plant and local suppliers (e.g. Pickernell 1997). However, Phelps (1997) found that only 13 per cent of US investor firms’ and 18 per cent of Japanese investor firms’ raw materials were obtained in Wales. This lack of local sourcing could be seen as limiting the beneficial diffusion of management and production knowledge via such relations (Brooksbank et al. 2001). The criticism of the lack of local purchasing and resource transfer by existing inward investment leads to a related point about the lack of targeting of such investment. A number of writers have pointed to the Irish case and the success derived from an early targeting of high potential, growth clusters/sectors (e.g. Osmond 2000; Acs et al. 2007). Osmond (2000) highlighted that in the Irish case, focusing inward investment on key sectors (in their case electronics, healthcare and pharmaceuticals) greatly contributed to their economic success. Targeted companies should be able to generate advantages to the whole sector through higher level functions, multipliers, learning effects, and quality, and grant aid should be tied accordingly. Moreover, Acs and colleagues (2007) illustrate that Ireland’s attraction of inward FDI took place in a context of industrial policy simultaneously seeking to support export-oriented indigenous firms, including new enterprises. Acs and colleagues (2007) provide evidence that Irish entrepreneurship policy focused on a narrower range of ‘high potential start-up’ ventures, mainly manufacturing firms with export potential and ‘internationally traded services’ businesses. However, such targeting in tandem with a focused approach to cultivating entrepreneurship, has only recently been introduced as a policy direction.

\(^{38}\) Cooke and colleagues (2003) argued that WAG’s efforts at the beginning of the new millennium to develop a Welsh ‘regional innovation system’ may have failed due to previous deficiencies in fostering entrepreneurship and innovation, this being attributable to risk aversion, tight central control of budgets, and enterprise and innovation support instruments designed for public rather than private benefit.
in Wales. A number of authors have argued that there should have been more targeted inward investment and encouragement of existing inward investment to undertake more local purchasing, resource transfer, and higher level functions such as R&D from a much earlier time, with conditions for grants made and policies over local sourcing stipulated.39

3.2.2 Regeneration, post-2000

3.2.2.1 The Communities First Programme

The designation of the area as a European Union Objective One region at the end of the 1990s can be seen as symbolising the failure of these strategies. Objective One status ran up until the end of 2006, offered £1.3 billion of EU funds (together with matched funds from the UK government and private sector) and aimed to raise GDP per head levels from 73 per cent to 78 per cent of the UK average by the end of the programme. The Objective One programme aimed to produce two-thirds of the increase via 43,500 extra jobs and 35,400 fewer economically inactive.

Furthermore, at the end of the 1990s, the devolved Welsh Government came into being and thus, these two developments, in addition to the failures of policy that was reliant on FDI, prompted a revised approach to regeneration. There was a change in development policy, away from exogenous strategies, towards more endogenous and entrepreneurship-centred approaches. In conjunction with the Objective 1 funding, the Assembly began to promote their ‘Communities First’ programme. This aimed to create jobs (with a focus on providing support for the cultivation and development of local, small enterprises), improve health and housing and placed heavy emphasis on the cultivation of skill levels (Rees and Stroud, 2004). In terms of outcomes, community involvement in the regeneration of the area through partnership working was purported to be a paramount goal (Adamson & Bromiley, 2008).40 This is indicative of the growing governmental

39 Research by Evans and colleagues (2008) indicates that there has been a strong increase in the proportion of inward investors undertaking R&D activities over the past decade. However, this may at least partly indicate the exiting from Wales to lower cost locations of the FDI that did not undertake R&D activity in Wales, as well as merger / acquisition activity where previously UK owned companies with R&D activities have been acquired by foreign owners.

40 The goals of the ‘Programme for the Valleys’ in the 1980s were also ostensibly to be achieved by ‘strengthening the partnerships between Government, agencies, local councils, and the private and voluntary sectors under local leadership; and by increased support for local community action’ [cited in Beynon et al. 1999]. However, in reality, the over-reliance
recognition of the importance of social capital, the need for governance rather than government, and partnership between government agencies and local community groups for effective regeneration (e.g. Taylor 2000; Kearns 2005).


The strategies all emphasise the importance of developing the indigenous business base, SMEs and entrepreneurship – the ‘policy switch’ referred to above (Morgan 1997, 2007; Jones-Evans 2002). As Morgan (2007) highlighted, when foreign inward investment became more difficult to attract, policy began to focus more heavily on business support, technology transfer and indigenous entrepreneurship. For instance, the Winning Wales strategy of 2002 made clear commitments to implementing the Enterprise Action Plan, establishing an Enterprise Start Up scheme and funding for SMEs, developing a Knowledge Exploitation Fund to establish strong linkages between the education sector and the economy and launching a technology commercialisation centre. Whilst this is to be commended, as it has long been recognised that Wales does lack indigenous knowledge creating capacity (e.g. an OECD study in 2006 revealed that Wales spends around 1.1 per cent of GDP on R&D, compared with an OECD average of 2.25 per cent), this subsequent policy direction has been criticised for being too broad in its approach, focusing on the growth of small Welsh businesses and raising entrepreneurship in general and for under-represented groups rather than more specifically on knowledge-based entrepreneurship in high potential sectors (see Entrepreneurship Action Plan 2000).

on attracting outside-investment created an environment of intense competition between different areas within the Valleys, resulting in a ‘zero-sum’ approach to regeneration in the region (Rees & Stroud 2004). In addition, such investment strategies were often regarded with suspicion by the communities involved, viewed as a ‘top-down’ imposition on the Valleys by outside actors, with little stake or involvement from the local community (Rees & Stroud 2004; Bennett et al. 2000). Competition for funding similarly meant that organisations were set against each other, as opposed to collaborating so as to achieve similar or shared goals. There was also evidence of conflictual relations and political behaviour within some partnerships.
Each of the strategies also highlights the need to increase employment (an explicit commitment to an 80 per cent employment rate was made in 2007) and increase the skills base. Indeed, spending on qualifications and skills/human capital development comprised 66.38 per cent of the WAG budget between 2007 and 2011 (Pickernell 2011). The Winning Wales strategy reinforced the aspirations of the Learning Country strategy. The focus was to be on fostering a culture of lifelong learning, tackling the basic skills deficit and ensuring that businesses can access requisite skills. Emphasis was to be placed on the development of technological, communication, problem solving and teamworking skills. These goals were to be achieved through the implementation of a Skills and Employment Action Plan. Employer involvement in identification of skill needs and upskilling their workforces were a principal focus, as were the basic skills strategy and development initiatives for the economically inactive, so as to encourage employment.

3.2.2.2 Green jobs and sustainable economic development

More recently, however, there are signs of a policy shift towards more sustainable economic development. WAG has a statutory duty to promote sustainable development within its constitution and the Assembly appears to be determined that Wales will play an internationally leading role in tackling climate change (Wang & Eames 2010). Rather than simply acting as a ‘policy taker’, WAG has established ambitious targets which exceed current UK and international commitments: including a 3 per cent annual reduction in greenhouse gas emissions in areas of devolved competence; all new buildings to be zero carbon; and to produce as much electricity from renewable sources as is consumed in Wales by 2025 (ibid). Moreover, unlike energy and climate policy at a UK level, the Welsh policy discourse places climate change very much in the context of sustainable development. In order to support this goal, WAG has published a dedicated green jobs strategy (WAG 2009), therein recognising the role of such a transition as a regeneration policy and the necessity of an accompanying programme of targeted skills provision (e.g. 3.6.3 The Green Skills Training Centre below).

3.2.2.3 The ‘Economic Renewal: A New Direction’ strategy, 2010

The latest policy direction for regeneration was encapsulated in the strategy document, Economic Renewal: A New Direction, launched in 2010 by way of response to the ongoing recession. The Welsh Government stated that the strategy was created out of ‘extensive consultation’ with a wide range of stakeholders, including business and employer associations, trade unions, academics and community groups. The strategy reflects more straitened economic times and thus aims to move away from direct and generic government support for businesses towards ‘creating the environment where business can flourish.'
The new approach included a reduction in the level of direct business support, with resources and funding moved to wider infrastructure development. Half of the resources of the Single Investment Fund will be spent on infrastructure projects.\textsuperscript{41} Most of the finance that the Economy and Transport Department provides directly would gradually be moved to a repayable model. This changed focus on government as an ‘enabler of growth’ as opposed to a direct deliverer of services to individual companies, is to entail a reduction in the level of direct business support beyond the start-up phase, so as to create space for private-sector business support.

The Welsh Government (WG) also committed to the development of high quality and sustainable infrastructure (including communications, including Next Generation Broadband and improved mobile phone coverage; transport, energy) to underpin economic growth. Overall, a more targeted approach to investment is to be promoted. Investment, which is to be ‘industry-led’ and facilitated through resources freed up by the closure of the Single Investment Fund, is to focus on six sectors, identified as high growth. These are:

- Creative industries
- ICT
- Energy and Environment
- Advanced material and manufacturing
- Life Sciences
- Financial and Professional services

The strategy also signalled a move away from separate Foreign Direct Investment (FDI) teams within the Department for Economy and Transport. Rather, ‘trade teams’ that support the six growth sectors (and both foreign owned and indigenous firms therein) will be created.

\textsuperscript{41} The Single Investment Fund was established in 2007, under the ‘One Wales’ agreement. The purpose of this scheme was to encourage businesses to undertake investment and to create or safeguard jobs which would not occur, or would occur on a reduced scale, without an offer of financial assistance. The fund provided discretionary grant support to businesses which sought to invest in capital equipment, and/or to expand and modernise facilities, and/or to improve productivity. Grant funding could assist expansion projects, new product, process or service projects, rationalisation projects and relocation projects provided that the project created or safeguarded skilled jobs and involved some investment in fixed assets. Higher rates were available to SMEs.
There was also to be a reduction of bureaucracy in public sector procurement, which would include the creation of a single National Procurement Website. The goal is for all businesses to be able to bid for public sector contracts and easily navigate the system (public procurement and awarding of contracts to local Welsh SMES has been stated as a regeneration goal since 2002).

In terms of skills and innovation, the strategy outlined a commitment to working with business to broaden and deepen the base of skills in Wales, including science, technology, engineering and maths, extend the Apprenticeships programme and create a new Basic Skills Employer Pledge. Employers are to get help tackling the costs arising from low levels of literacy and numeracy. To encourage innovation, the Welsh Government is to increase investment in R&D in the new priority sectors. The Government committed to working with universities and businesses so as to ensure that R&D is commercialised and contributes to economic development. These commitments to skill and innovation and enhanced targeting of key sectors in the Economic Renewal strategy reproduce and reinforce goals outlined in the 2008 Skills Strategy. This strategy and the developments that ensued will now be outlined, in conjunction with a review of the education and skills institutions and practices.

3.3 Vocational training and workforce development: institutions, programmes and initiatives in Wales

A number of Welsh vocational training/workforce skills development institutions, programmes and initiatives mirror provision in the wider UK, despite the devolution of skills policy to the Welsh Government. This section will provide an overview of these aspects, namely the institutions of sector skills councils, the Employment and Skills Board, the apprenticeship programme and other workplace training initiatives, such as the Investors in People scheme. The section will then detail the distinctive features of Welsh strategy, policy and practice. Again, the focus will be on post-compulsory vocational and work-based training.

3.3.1 Current strategy – the ‘Skills that Work for Wales’ strategy 2008

The ‘Skills that Work for Wales’ strategy updated and replaced the Employment and Skills Action Plan of 2005. The strategy was launched by way of response to the Leitch Review of Skills in the UK, but predated the onset of the economic crisis.42 The

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42 A review of progress made towards upskilling the nation was commissioned by the Government in 2004, to be overseen by Lord Leitch. However, Leitch reported that Britain’s
strategy begins with a recognition that the skills of the Welsh workforce lag behind more prosperous regions of the UK and compare poorly to the world’s leading advanced countries. It also acknowledges that levels of economic inactivity remain high in Wales and that this is strongly related to a lack of skills (half of those who are economically inactive have no qualifications). The basic skills deficiency is also emphasised - around 440,000 working-age adults in Wales have basic literacy problems whilst nearly a million have problems with basic numeracy (WAG 2008).

The document emphasised that the Welsh approach to skills and employment is distinctive. It is based on an integrated approach, linking skills initiatives with employment services and business support, a theme that has been reiterated in more recent economic development strategies (see above). The central aims, as stated, are:

- The delivery of an integrated business support package (covering Investors in People - IiP, Employer Pledge, Sector Priorities Fund, leadership and management development), focusing resources on priority sectors and strategically-important businesses;
- Expansion of the Workforce Development Programme (see below) and discretionary funding, especially for leadership and management development;
- Remedy the basic skills deficiencies in Wales;
- The introduction of a new Sector Priorities Fund to ensure that funding for skills meets the needs of key sectors.
- The development of employment-related foundation degrees, particularly in sectors of strategic importance to Wales; and

skills base, in comparison with other OECD nations, still remained problematic, with significant deficiencies at both basic and intermediate levels (Leitch 2005; see also Hoque & Bacon 2008). The Leitch report condemned the then current system – the ‘complexity, bureaucracy, fragmentation and duplication of networks ... was pronounced a barrier to employer engagement and investment’ (McIlroy 2008, p. 288). He called for ‘more control to be given to employers’ (Leitch 2006, p. 85) and advocated rationalisation of extant institutions, in order to maximise employer voice in the system. On the subject of basic skills, the Leitch Review set a challenging new target with 95 per cent of all adults to achieve at least a Level 2 qualification by 2020. As part of moves to attain this, Leitch proposed a voluntary employer pledge, whereby employers promise that every eligible employee would be supported in gaining a Level 2 qualification, through tuition costs from the government and time allowances from the employer. If the voluntary employer pledge fails to deliver sufficient improvements by 2010, the review recommended that Government introduce an individual statutory entitlement to workplace training.
• The establishment of national research centres, such as the national science academy, to expand HE research capacity and support the commercialisation of research.

There is thus a change in focus, in line with that of the economic development strategies. A more targeted approach is evident, with stated objectives being the alignment of skills development with growth sectors, with wider support available for firms in relevant clusters.

3.3.2 Key institutions

In Wales, overall responsibility for workforce development and vocational training lies with the Department for Education and Skills (formerly the Department of Culture, Education and Lifelong Learning (DCELLS). However, the implementation of the Leitch recommendations in England signalled the continued strengthening of a sectoral approach to skills policy, both in Wales and the UK in general (HM Treasury, 2006). A voluntary approach to training of the workforce on the part of employers is supported by the government, with state intervention focused on the supply side (and intervention in the case of [training] market failures). The aim is to stimulate employer and individual demand by improving quality and the responsiveness of learning providers, whilst making training attractive to employers. These initiatives include the encouragement of greater involvement in employer led Sector Skills Councils, the reform of qualifications frameworks and others.

3.3.2.1 Sector Skills Councils

The employer-dominated Sector Skills Councils (SSCs) were created in 2002. Although these bodies are employer-led, all SSCs have representatives of trade unions and professional bodies on their boards. These 23 quasi-governmental bodies coordinate enterprise training and are involved in the allocation of state funds for skills training. The SSCs represent over 90 per cent of the UK’s workforce and the bodies are tasked with securing increased levels of investment in skills and training by raising employer ambition in their sectors. Fundamentally, the SSC role consists of agreeing sector priorities and targets with its employers and partners, so as to address five key goals, which are to:

• Identify and articulate their sector’s skills needs;
• Help develop more responsive provision to meet business needs;
• Provide the business case for skills;
• Engage employers in skills development; and
• Influence skills policy.

To these ends, they take a lead in collating and communicating sectoral labour market data and intelligence. They compile Sector Skills Agreements...
and Sector Qualification strategies on this basis. The Sector Skills Agreements (SSAs) are drawn up between employers in a sector and relevant providers of training. The SSA is the mechanism through which employer skills needs in the UK are identified and met.

The composition of an SSA has five stages:

1. Assessment of current and future skills needs in the sector;
2. Assessment of current provision in the sector;
3. Analysis of gaps and weaknesses in demand and supply;
4. Identification of the scope for collaborative action with employers; and
5. Production of a costed action plan with supply side partners.

The objectives of the SSAs include identifying the drivers of productivity and competitiveness in the sector, as well as what constitutes leading-edge practice. They also specify targets for improvements in business performance, based on benchmarks of excellent practice. The skills needed to achieve these targets are clearly delineated. SSAs provide the basis for the development and revision of national occupational standards, on which qualifications and training programmes are based. Each SSC also has an agreed Sector Qualifications Strategy (SQS). The SQS identifies priority qualifications for jobs roles across the sector in addition to identifying gaps, for which awarding organisations might develop new qualifications. The SQS also forms the basis of any recommendations for public funding. On the basis of recommendations of the Leitch Review, the SSCs underwent a re-licensing programme, focused on individual SSC performance, in 2009. To achieve re-licensed status each SSC had to demonstrate the confidence, support and influence of employers within their sector.

3.3.2.2 The UK Commission for Employment and Skills

The UK Commission for Employment and Skills (UKCES) is an umbrella organisation for SSCs (executive function) and has a skills agenda strategic leadership and advisory role, by providing evidence-based advice to the government. In 2010, it advised the UK government to introduce a statutory entitlement to training and to simplify the number of publicly funded bodies involved in skills agenda. The Employment and Skills Commissioners of the UK’s devolved governments have a place on the UK Commission, representing their national interests. They report to their corresponding Ministers, whilst overseeing their employment and skills issues locally and chairing their national employment and skills boards.

The Welsh Commissioner on the UK Commission oversees the Wales Employment and Skills Board (WESB). This is an independent advisory board which was established in May 2008 under the auspices of the Skills that Work for Wales strategy (WAG 2008). The WESB was established to advise Welsh Government Ministers on how skills, employment and business support systems might be improved to meet the needs of employers and individuals across Wales (WESB 2012). Its role is as follows (WAG 2008):
• To advise on skills and employment priorities and related business support in Wales taking into account the differing needs and requirements of different parts of Wales, including commenting on and contributing to the National Learning and Skills Assessment produced by the Welsh Assembly Government;
• To advise on the adequacy and appropriateness of the supply of skills to the present and future economy;
• To promote greater integration between employment, skills, economic development and other relevant policies (e.g. health, transport) and to identify areas where such integration can be improved;
• To consider the role and performance of Sector Skills Councils (SSCs) in Wales, including progress in implementing Sector Skills Agreements (SSAs), with a view to advising Ministers and the UK Commission for Employment and Skills and to identify any action necessary to improve performance;
• To advise on how skills and employment systems might be improved from the perspective of the individual learner and of the employed workforce; and
• To provide advice on an annual basis on priorities for labour market research, including the Future Skills Wales programme, working in co-operation with the Economic Research Advisory Panel.

The Board, in liaison with stakeholders across Wales, monitors the implementation of WAG skills and employment strategies, with a view to identifying successes, challenges, and opportunities for Wales. From April 2009 onwards, the Board makes an annual report to Welsh Ministers, advising on the ongoing development of skills and employment policies. The Board is also involved in the generation of national skills and employment targets.

3.3.2.3 Sector Priorities Fund

A commitment to creating the Sector Priorities Fund (SPF) was made under the 2008 skills strategy and the £7 million Sector Priorities Fund Pilot Programme (SPFP) was launched in 2010, with £2.8m from the European Social Fund. The ultimate aim of the SPF programme is to ensure that post-16 training is more responsive to, and aligned with, the needs of strategic sector employer needs (i.e. those skills and productivity challenges that are shared across sectors). These goals are identified through the Sector Skills Agreements, Sector Qualifications Strategies and action plans created by the Sector Skills Councils through collaboration with business and industry. The Welsh Government has established a number of sector fora, to encourage networking across Wales. A number of these fora have prepared their own development strategies highlighting the need for action on sector workforce skills. These will also be addressed through the SPF (WAG 2008). The SPFP will provide funding for pilot projects. New, innovative and flexible ways of delivering training - as well as training for new and emerging sectors - will be tested in pilot projects with funding from SPFP and contributions from employers. The results will be evaluated and will inform recommendations for the SPF. The SPFP will thus provide the
strategic evidence base for the eventual SPF. It is anticipated a number of pilot projects will support the provision of specialist training in sustainable development, including areas such as zero carbon, renewable energy, waste management and lean manufacturing.

3.3.2.4 Union Learning Representatives and the Wales Union Learning Fund

Trade unions are taking a more prominent role in workforce development than has previously been the case. The value of this role has been increasingly recognised by policy-makers over the past decade and under the UK Labour Governments of 1997 to 2010, union involvement was formalised and increased in scope and significance (e.g. McIlroy 2008; Hoque & Bacon 2008).

The then Labour Government saw that unions were well placed to reach the low skilled and those without any formal qualifications in the workplace, and that unions could encourage ‘bottom-up’ demand for learning (DfEE 1998). As such, the Department for Education and Skills (DfES) established the Union Learning Fund in 1998, in order to allow trade unions to “develop and promote innovative learning activities at the workplace, in ‘partnership’ with the employer (e.g. Forrester 2004; Munro & Rainbird 2000, 2004).43 Moreover, new statutory entitlements, under the Employment Act 2002, were granted to the growing network of lay Union Learning Representatives operating at workplace level (e.g. Wallis et al. 2005). In Wales, union-led learning is described as a ‘key part of the Welsh Government’s ‘Programme for Government’ (Welsh Governmen, 2012).

The Wales Union Learning Fund (WULF) was launched in 1999. The fund, now with an annual budget of £1.5 million, aims to encourage and support learning in the workplace, through trade unions working in partnership with employers.44 Any certificated Trades Union with members based in Wales, whether or not it is affiliated to the Trades Union Congress is eligible to apply for funding for workplace-learning projects. These must support basic and essential skills learning (and in particular the Employer Pledge scheme - see below) and provide opportunities for employees to

43 In England, the Trades Union Congress (TUC), under the aegis of unionlearn took over the management of the Union Learning Fund (worth £12.5 million a year) from the LSC in 2007 (Hoque & Bacon 2008). In Wales, the WULF is managed by Wales TUC.

44 In 2008, the Welsh Government committed to increasing the WULF by 50 per cent to £1.5m in 2010/11.
develop their skills and progress to further learning within the Essential Skills Wales framework (WTUC 2012). By September 2012, WULF had assisted 166 innovative and imaginative projects with nearly £13m of support provided by the Welsh Government.

3.3.3 Vocational training schemes

3.3.3.1 The apprenticeship scheme

Apprenticeships provide work-based training in a broad range of sectors. They normally last between one and three years. Apprentices can enter higher education or employment depending on the successful completion of the corresponding apprenticeship training.

In Wales (and the UK), there are 190 types of Apprenticeships and Advanced Apprenticeships, available in over 80 different industries (for example retailing, engineering, car manufacturing, construction, banking), hotel and catering and business administration being the main sectors for starter apprenticeships. There are also Higher Apprenticeships that work towards work-based learning qualifications such as National Vocational Qualification (NVQ) Level 4 and, in some cases, a knowledge-based qualification such as a Foundation degree.

The relevant Sector Skills Council (SSC) produces a framework for each apprenticeship qualification. The content of each Apprenticeship is designed by SSCs, sector bodies and their employers in accordance with the design principles of the Apprenticeship Blueprint (England and Wales). The Blueprint provides the specification for Apprenticeship and is used by SSCs to design and revise Apprenticeship frameworks.

The emphasis in Apprenticeships is on preparation for employment and each Apprenticeship is specific to an occupational area. Although regulations are flexible, a common pattern in Apprenticeships is for practical training and experience to take place in the workplace on four days per week and study of the underpinning knowledge (leading to the award of a Technical Certificate) to take place in college one day a week.

The current apprenticeship scheme then is a mixture of work-based training and education, which includes the following qualificational elements:

- A National Vocational Qualification (NVQ);
- Key Skills, e.g. communication, application of number and ICT at an appropriate level; or Functional Skills; and
- A Technical Certificate.

The NVQ is at the centre of the Apprenticeship and is the method used to assess the
occupational competence of the candidate. The broad assessment arrangements for each NVQ are determined by the relevant SSC in the form of an ‘assessment strategy’. The majority of assessment takes place in the workplace and involves practical competence on the job, often with oral questioning and with ‘evidence’ such as completed pieces of work (where the task is a practical one) or records of work undertaken.

The Technical Certificate provides the underpinning knowledge and understanding for the NVQ and is normally delivered outside the workplace, for example by a Further Education college or training provider. The assessment arrangements for Technical Certificates differ, according to the nature of the occupation, but must include provision for ‘external quality control’. This normally takes the form of an external written test or assignment, which is combined with external monitoring (through visiting verifiers) of practical and other assessments undertaken by the centre. With regard to key skills, candidates are required to complete both externally set tests, which are the same for all sectors (and may be taken electronically) and a portfolio of relevant work, assessed by the centre and monitored by the awarding body. The age limit on Apprenticeships was removed in 2002.

Under the 2008 Skills Strategy, European structural funds, to the sum of £3.5 million, were used to launch the Modern Skills Diploma for Adults. This is an employment-based programme which extends the apprenticeship model to those over 25 and provides structured training at level 4 (a higher level equivalent to a Foundation Degree) for employed people (Welsh Government, 2010). In the 2008 strategy, a commitment was made to increase the numbers of higher-level apprentices in the Valleys and the Diploma is the project launched to achieve this end. Individuals working in SMEs as well as high-growth companies in sectors of economic priority were to be targeted for participation on the MSD. It is anticipated the project will support 1,437 participants from the Valleys and west Wales (Welsh Government 2010).

Another innovation in Wales regarding apprenticeship took place in 2008/09 when ‘shared apprenticeships’ were piloted. The rationale for this was that very small employers can struggle to provide apprenticeship places, and in some parts of Wales this has a significant impact on the availability of provision. Under the pilot, a number of small and medium-sized enterprises collaborated and shared a number of apprenticeship places, meaning that more than one employer provides work experience for the apprentice, so as to ensure the amount of work experience/on-

45 Unemployed people can also apply via Jobcentre Plus or Careers Wales.
the-job training received met framework requirements. The apprentice experiences a range of work experience and therefore, the trainee benefits from the breadth and depth of experience offered. Employers benefit from sharing costs (Welsh Government 2011). Two shared apprenticeship models were piloted in construction and engineering. A total of 170 apprentices were recruited in stages onto the pilots over a three year period, between 2009 and 2012. This time period allowed for all three stages of the three year training programme to be completed (Welsh Government 2011).

3.3.4 Principal workforce development initiatives

The Welsh Government runs a number of schemes aimed at encouraging employers to engage with developing the skills of their workforces. These include the Workforce Development Programme, the Investors in People framework, the Essential Skills/Employer Pledge Programme and the Enhanced Leadership and Management Programme.

3.3.4.1 The Workforce Development Programme

The Welsh Government’s Workforce Development Programme provides free advice, guidance and support on workforce development to employers. It offers a gateway for businesses to access mainstream programmes, such as apprenticeships, and advises as to discretionary funding that might be available.

The Programme employs a network of Human Resource Development (HRD) advisers. These advisors work closely with employers so as to understand and identify their skills needs, source appropriate learning, and secure Assembly Government funding, if available. HRD Advisors provide the following support to companies:

- Review the company’s strategy to ensure all staff development and training helps deliver on business objectives
- Help the company improve its approach to management and training by building an agreed organisational development plan, and advising on its implementation
- Identify training and development requirements and produce an agreed learning plan
- Help the company fulfil its training and development needs by linking it with training organisations and sourcing the right courses
- Support the company towards the IiP award (see below)

The advisor will try to find the most advantageous arrangements to deliver on the learning plan, including use of:

- Work Based Learning: The Welsh Assembly Government will fund the contracted supplier to deliver training programmes, including Modern
Apprenticeships, generally at no cost to an employer. NVQs can be gained whilst learning at work, and a wide range of topics is on offer.

- Redundancy Action Scheme (see 3.5.1.1 below): if the business employs a worker who has been made redundant from a company in Wales in the last six months, it will receive a subsidy of £2,080 payable in four instalments over a 12 month period. The Welsh Assembly Government will also reimburse 70 per cent of the cost of retraining each redundant worker, up to a maximum of £1,000.

- Leadership and Management Development Workshops: this programme is based upon National Occupational Standards. It is subsidised and can be tailored to meet company specific requirements. SMEs receive 70 per cent subsidy towards the cost of the programme whilst large companies receive a 50 per cent subsidy.

- Sector and European funded programmes: There are a number of these currently underway or in development including sectors such as automotive, metal skills industry, electronics, energy and optronics (i.e. included under the identified growth sectors).

Where training and development needs cannot be met through existing programmes, discretionary funding may be made available and the advisors will provide such guidance (WDP 2012).

The Workforce Development Programme was expanded under the 2008 Strategy so as to encompass more businesses and employees, particularly those in priority sectors. The aim is to reach employers who have not previously engaged with publicly-funded education and training. To these ends, the number of HRD advisors employed rose by 35 per cent (WAG 2008) and additional funds were allocated. In 2008-09, additional funds were allocated to the Welsh Government’s discretionary grant scheme, enabling over 1,000 businesses to receive support. Between 2009 and 2011, the funding available to businesses through discretionary funding was expanded to £10m (WAG 2008).

Empirical evidence suggests that a ‘training apartheid’ exists in Welsh firms (Hoque 2008) whereby workplace training is offered to managerial and professional staff, who tend to already have qualifications, but that low-skilled workers are frequently excluded from such provision (WAG 2008). The Welsh Government wants to encourage businesses to provide development opportunities for all staff, and to this end, the level of support a business can receive from the Workforce Development Programme will take account of its commitment to recognised standards of best practice such as IiP and the Basic Skills Employer Pledge.
3.3.4.2 The Investors in People Framework

The Investors in People framework is a business improvement tool that focuses on enhancing performance through development of the workforce. Businesses that successfully pass IiP inspections receive accreditation and are able to use the IiP logo, which is recognised as symbol of ‘quality assurance.’

IiP advisors work with business and help clarify business goals and the contribution of workforce development to achieving those targets. A development plan will then be drawn up, based on the IiP framework. Tailored feedback, based on the framework, is provided. Ultimately, after implementing the development plan, companies can apply for accreditation which is granted after a formal assessment. Welsh Government funding towards IiP advice and accreditation is available on a discretionary basis.

3.3.4.3 Essential Skills in the Workplace Programme and the Employer Pledge

The Essential Skills in the Workplace programme addresses the high proportion of adults without basic literacy, numeracy and ICT skills within the employed workforce in Wales. This is a European Social Fund (ESF) funded project led by the Department for Education and Skills (DfES). Essential skills are defined as the ability to read, write and speak in English or Welsh, and to use mathematics, at a level necessary to function and progress both in work and society. This definition equates to a robust level 1 in literacy (including English for Speakers of Other Languages (ESOL)) and numeracy.

The project aims to raise awareness of the benefits of a skilled workforce by working in partnership with training providers and employers. The Essential Skills in the Workplace programme focuses on those who are in employment but lack essential skills. It will increase and expand the opportunities to access learning in innovative settings with learning styles suited to them and contextualised to their workplace. It will identify any essential skills needs and provide additional and enhanced support to individuals in order to increase levels of essential skills within the workplace. It will also provide increased training for over a thousand essential skills tutors and mentors to provide essential skills support in new and innovative ways.

As part of an integrated approach to workforce development within DfES, the essential skills support available to employers through this programme will be delivered in parallel with other skills support available to employers through the Workforce Development Programme. This approach will not only ensure promotion and take-up of the ‘Employer Pledge’ among the employer base but will also encourage and enable employers and employees to view the essential skills support available through this project as a progression to further workplace learning.
Between February 2012 and 31 December 2014 it is anticipated the programme will:

- Provide training to employed people in literacy, numeracy and ESOL up to and including level 2 with access to essential skills qualifications. Provision will be tailored to individual needs and contextualised to their workplace. Participants can gain one or more of the identified Essential Skills Wales qualifications in Communication, Application of Number, ICT and certificate in ESOL Skills for life – speaking and listening, up to level 2.

- Engage employers in the Employer Pledge programme to raise awareness of the need for a skilled workforce and to commit to supporting essential skills training for their workforce. All an employer has to do to enter the Pledge scheme is to make this public commitment. However, to get a Pledge Award they need to implement a practical action plan for tackling basic skills. Grants of up to £10,000 are available to help employers with the costs of tackling basic skills in the workplace, and training for employees will usually be free if it is delivered through Assembly Government-funded providers. The Pledge already covers 19 per cent of Welsh employees and the target was to have 50 per cent by 2012. To encourage more employers to sign up to the Pledge, the allocation of any discretionary funding under the Workforce Development Programme takes account of an employer’s commitment to tackling basic skills. Trades Unions also have a key role to play in supporting the Employer Pledge. An expansion of the Employer Pledge was one of the commitments under the Economic Renewal strategy. As a result, extra funding of £10 million was provided in 2010, with the goal of a further 1000 employers signing up to the Pledge so as to help another 30,000 workers improve their essential skills (Welsh Government 2010).

- Provide training for tutors, coaches and mentors to fill the current skills gap and deliver essential skills support in new and innovative ways.

3.3.4.4 The ‘Enhanced Leadership and Management Programme’

WAG published a review of management and leadership development in Wales in 2008 (WAG 2008b). In this document, a number of studies which identify the importance of management development are discussed. WAG refers to a study by the Centre of Economic Policy Research CEPR in 2007, which looked at the performance of over 4,000 medium sized manufacturing operations in Europe, US and Asia and concluded that firms across the globe that apply leading edge management practices will perform significantly better than those that do not. The paper also cites a study by the Department of Transport and Industry (DTI 2007), which showed that British companies spend less on management development than their European competitors and that around 30 per cent of managers in the UK lack the skills they need for their organisations to be effective. A study by UKCES (2008) also reports that management is the largest occupational group in the UK, constituting 15.3 per cent of the working population (4.6 million people), but that 36
87

per cent of all employers currently identify critical skills gaps in the proficiency of their managers.

The review (WAG 2008b) also identifies that less than 20 per cent of the UK managers hold any management related qualifications.\(^\text{46}\) In Wales, approximately 175,000 people in Wales have management or leadership roles, of which 22 per cent are self-employed. Of the remainder, around 55 per cent (approximately 75,000 managers) lack qualifications above level 3 (WAG 2008b). The report also cites evidence as to the high failure rate of SMEs in the UK - 37.5 per cent in the first three years (WAG 2008b). It has been argued that six out of ten of these failures are attributable to poor management (OECD 2003). The OECD found that participation in formal management training and development cuts SME failure rates by more than half; from one in three to around one in ten.

Improving the skills and qualification levels of Welsh managers has become a policy goal of WAG. The 2008 skills strategy pledged to make leadership and management development a funding priority within the expanded Workforce Development Programme. A commitment was also made to the establishment of a new Centre for Excellence for Leadership and Management Skills in Wales, which would be a resource for government, companies and individual managers seeking to improve their skills (WAG 2008). This Centre became operational in 2010.

The Centre is tasked with engaging industry sectors and employers; liaising and working with companies, providers, partners and stakeholders; supporting Sector Skills Councils and sector fora; providing impartial advice; and promoting management training to drive up demand. The Centre of Excellence will have responsibility for:

- Leading the development and delivery of information provision;
- Co-ordinating and interrogating the analysis of need from organisations such as Sector Skills Council;
- Driving demand for leadership and management development;
- Improving quality of provision;
- Identifying best practice;

\(^{46}\) Whilst UK business invests £1,072 per in-service manager per year on management development, this falls short of the sum of £2,929 per manager in Germany and an average of £1,832 for all of the European Union.
- Facilitating learning networks;
- Evaluation of pilots and programmes; and
- Research and development activity.

‘Enhanced Leadership and Management Skills’ was implemented under these auspices and is a new programme and includes the following provision (Leadership and Management Wales 2012):
- Support from the Centre for Excellence: The centre offers information and signposting services, and works with businesses to identify leadership and management training needs
- Leadership and Management Workshops: These open access workshops focus on a range of leadership and management topics and are subsidised at a rate of 70 per cent for small to medium businesses and 50 per cent for large companies. Workshops are delivered across Wales by a network of Welsh Government-approved training providers
- Discretionary funding from the Workforce Development Programme: Leadership and management training is eligible for 50 per cent discretionary funding (up to agreed limits)
- Access to the Sector Leadership Fund: Funding has been provided to the Sector Skills Councils to help them to develop sector-specific leadership training packages
- The use of a Management Diagnostic Programme

Mentoring and Coaching Skills Training: This is a pilot programme which will train employees from the private sector to act as mentors and coaches in the workplace. They will then undertake a ‘train the trainer’ programme, which will allow them to go back into their organisation and cascade the coaching and mentoring philosophy. Two training organisations, Learning to Inspire and Worth Consulting, will be responsible for providing fully-funded training for one person per business, enabling them to gain an Institute of Leadership and Management (ILM) Level 3 or 5 qualification in coaching and mentoring.

The initiatives described in the above section are current and indeed, many have had their funding increased, despite the economic downturn. A number of skills/job retention initiatives were launched as specific responses to the recession.

3.4 The effect of the economic downturn

The global recession posed significant threats to the Welsh economy (Eurofound 2010). These were outlined at the first all-Wales Economic Summit on 16 October 2008, organised by the Welsh Assembly Government. This forum brought business, union and community representatives together. In a joint presentation, the Confederation of British Industries (CBI) and Wales Trades Union Congress (Wales
TUC) warned that the financial crisis had the potential to severely impact on the ‘real’ economy of Wales across every industrial sector (CBI and Wales TUC 2008).

Official statistics show that the recession had a negative impact on Wales, with a gradual decrease in production of 3.5 per cent in the fourth quarter of 2008, coupled with a decline in manufacturing of 4.1 per cent (ONS 2009). The impact of the crisis has been felt most heavily by skilled trades and amongst process, plant and machine operatives (particularly in the construction and manufacturing sectors). The construction sector in Wales saw a decline of 6.4 per cent in 2008, as compared with the previous year (whereas the UK witnessed an increase of 1.5 per cent over the same period) (ONS 2009).

In terms of the impact on the labour market, the Welsh unemployment rate rose from 5.4 per cent at the end of September 2007 to 8.1 per cent by the end of 2009 and to 8.4 per cent by the end of September 2012 (StatsWales 2012). Wales had the highest unemployment rate in the UK across this period; in May 2009, the number of Jobseekers’ Allowance claimants was 5.6 per cent of the workforce (2.7 percentage points higher than in May 2008) compared with a UK rate of 4.8 per cent (ONS 2009). The number of available jobs has also decreased with the sharpest falls in sectors such as manufacturing, agriculture, distribution, retail, hotels and financial services (Eurofound 2011).

Southwest and southeast Wales (i.e. the Valleys region) have been disproportionately affected by rising unemployment (Drinkwater et al. 2011). Rhondda Cynon Taff, Torfaen, Blaenau Gwent, Merthyr Tydfil and Caerphilly had the highest increase in unemployment rates in Wales as well as the highest rates, between 2007 and 2011 (StatsWales 2012). Moreover, these are the areas which have the lowest proportions of graduates amongst the working age population and the highest levels of people with no qualifications (StatsWales 2012; Drinkwater et al. 2011). It has been argued that the major factor determining area increases in unemployment rates during the recession was the skill profiles of local economies, with the recession having the smallest effect in cities with the best skills profiles (Lee 2011). Similarly, Blanchflower and Bell (2010) provide figures for the working age population for 2009/10, which continue to indicate large differences in unemployment rates by educational level. In particular, unemployment rates were just under 4 per cent for graduates, just under 10 per cent for those with O level/GCSEs and around 15 per cent for people with no qualifications. Moreover, Gregg and Wadsworth (2010) report that the unemployment rates of more educated people are far lower and that the gap widens during a recession.

3.5 Responses to the economic downturn

The policy instruments that the Welsh Assembly Government (WAG) can use to influence the labour market are fairly constrained, given that many of the policy
decisions in this area are made at the UK level. The UK government introduced a range of policy measures in order to try and mitigate the early impact of the recession. These included temporarily reducing VAT, the bringing forward of capital expenditures, a car scrappage scheme and the provision of loans for car manufacturers and major suppliers. In addition, the Bank of England cut interest rates sharply after October 2008 and the base rate has been maintained at 0.5 per cent since March 2009. There have also been efforts to increase bank lending through quantitative easing. However, given the emphasis placed on deficit reduction by the current Coalition Government, it is unlikely that there will be much stimulation for the labour market. Even the impending benefits cuts may not help get claimants back into work because an appropriate level of benefits can facilitate effective job search.

The scope for the WAG to have an impact on the Welsh labour market has been further limited by the budget cuts imposed by the Coalition Government. Moreover, the reliance on public sector employment in Wales and the relative weakness of the private sector brings into question whether it will be possible for businesses to bridge the gap.

However, WAG was initially fairly active in introducing counter-cyclical policies. These included bringing forward investment projects in Wales, making a commitment to speed up payments to suppliers and the implementation of the ProAct and ReAct schemes (see below), aimed at limiting the extent of redundancies through subsidising training and wages.

As the studies by Lee (2011), Blanchflower and Bell (2010) and Gregg and Wadsworth (2010) indicate, skills and education may be a fruitful area of policy intervention: more skilled/highly educated individuals and areas have greater flexibility in terms of their labour market options and are thus more resistant to the impact of economic downturns. WAG recognised this and made increasing skill levels a long-term priority. £1 billion worth of measures were allocated in December 2008 to help Wales deal with the global economic downturn (WAG 2008). Two sets of policy priorities could be identified (Eurofund 2011):

- In the short term, maintaining employment and supporting businesses
- In the long run, increasing skill levels and economic activity concomitantly, augmenting productivity

To meet these objectives, the Welsh Assembly Government introduced new measures, as well as adapting existing ones, such as:

- Raising the level of subsidy for small and medium enterprises (SMEs) from 50 per cent to 70 per cent under the Workforce Development Programme (see above) run by the WAG DCELLS, which ‘encourages employers to participate in training and development of their workforce through the provision of
advice, guidance and access to support, tailored to meet the needs of differing organisations in Wales, particularly SMEs;

- Increasing the capacity by 50 per cent for 2009–2010 of the Redundancy Action Scheme (ReAct), a WAG programme of funding for training for people living in Wales who are facing redundancy and providing help to employers who are downsizing their business or are recruiting staff (see below);
- Providing funding for employees put on short-time working (the ProAct and subsequent Skills Growth Wales schemes);
- Commercial funding to SMEs; and
- Tax relief to businesses and professional advice to businesses in debt and facing insolvency.

In 2009, an economic stimulus was provided in the form of an additional sum of £41.3 million for capital expenditure. This was the consequential uplift to the Assembly Government’s capital expenditure budget stemming from the 2009 UK Government Budget announcement as to re-allocating capital expenditure for 2010/11 to the preceding year (Bell 2010). The money specifically for 2009/10 was to be distributed across Assembly Government portfolio areas and included spending on retrofitting housing, investments in road and rail infrastructure, as well as investment in Further Education colleges (Welsh Assembly Government 2009).

3.5.1 Skills-based measures

3.5.1.1 The ReAct and ReAct II Scheme

The Welsh Government Redundancy Action Scheme (ReAct) was launched in October 2008. The scheme provided funding for training for individuals facing redundancy, and also provided assistance to employers, who were considering either downsizing or recruiting new staff (O’Toole 2011). ReAct was part-financed by European funds and received £5.4m European Social Fund Regional Competitiveness & Employment Programme funding (with national funding of £14m) and £18.7m from the European Social Fund Convergence Programme (with national funding of £23m). The ReAct II programme, which replaced the existing scheme, came into force on 1 April 2011.

Under the original scheme, support for training and return to work was available to individuals who were under notice of redundancy or who had been made redundant in the preceding six months and who were currently unemployed and had not been in continuous employment for 6 weeks or more since being made redundant. Furthermore, eligible applicants would not have undertaken any publicly funded training since being made redundant.
Applicants had their training needs assessed by Careers Wales. This body also advised on suitable training courses and venues. The following financial support was available:

- 100 per cent of costs for training to acquire new skills (up to a maximum of £2,500);
- Help with the cost of special equipment required for training;
- Reimbursement of travel costs to training courses;
- Overnight accommodation costs, where appropriate;
- A contribution towards the cost of materials required for training; and
- The reimbursement of childcare costs (subject to limits and conditions).

Further eligibility criteria were that individuals had to be resident in Wales on the date of issue of notice of redundancy (although applications would be considered if the individual lived outside Wales on this date but were being made redundant from a company in Wales). Moreover, individuals had to be aged over 25. Individuals would only be eligible for funding for up to six months after they had been made redundant and would not be eligible for ReAct funding if they started working for another employer before registering for ReAct funding (O’Toole 2011).

The scheme also provided elements of support to employers who employed a person(s) who had been made redundant:

- Employer Recruitment Support funded employers who recruited individuals made redundant in the past six months. The award offered up to £2,080 paid in four instalments as a contribution towards wage costs.
- Employer Training Support, which could only be secured in conjunction with Employer Recruitment Support, funded up to 70 per cent of any training costs for these new employees, up to a maximum of £1,000. The amount payable was based on the costs an employer had to pay towards the training, available if the training was relevant to the job and approved by the Welsh Government. Training also had to improve the skills of the individual.

A Recruitment Consultancy Support centre was also established, so as to provide advice on issues such as the local job market and skills availability.

To be eligible for Employer Recruitment and Training Support, the business would need to be expanding and offering a new post or the employer would need to be seeking a justifiable replacement for a vacant post. The job would need to last for at least twelve months and provide at least 16 hours work per week;

The ReAct II programme represents a change of emphasis from training aimed at updating the skills of redundant workers to a support structure aimed at encouraging more companies to create more jobs and take on greater numbers of people who have been made redundant. In order to achieve this, the new scheme
increased the wage subsidy on offer to employers who recruit a redundant person, as long as the job provides a minimum of 25 hours of work a week or more. The subsidy will increase from £2,080 to £3,000 and will continue to be paid over the first year of employment.

If new employees work between 16 and 24 hours per week, employers will receive a wage subsidy equal to 50 per cent of the full time rate. No wage subsidy is payable for employees who work less than 16 hours per week.

The maximum contribution towards the training costs of new employees remains at £1,000, although the Welsh Government’s contribution reduced from 70 per cent to 50 per cent. The subsidy for employers recruiting a redundant worker on a part-time basis, working for between 16 and 24 hours a week, will be £1,500. Finally, the maximum vocational training grant available to individuals will be £1,500 instead of the £2,500 that was available under the original ReAct scheme.

Between the 1st of October 2008 and the 30th of December 2010, 15,884 individuals had started a programme of vocational training under the scheme. There had been 2,260 wage subsidies paid to employers, with total expenditure on the scheme being approximately £31 million.

3.5.1.2 The ProAct Scheme

ProAct was the first policy of its kind in the UK and was launched in January 2009 to support businesses which were experiencing difficulties as a result of the recession. ProAct was a £48 million programme, developed and implemented by the Welsh Assembly Government through social partner engagement in response to the economic crisis (Eurofound 2010).

At the first Welsh Economic Summit held on 16 October 2008, the Confederation of Business Industry (CBI) and Wales Trade Union Congress (Wales TUC) called for the introduction of a wage subsidy scheme and the ProAct scheme was proposed at the third Wales Economic Summit on 5 December 2008.\(^{47}\) The Welsh Assembly

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\(^{47}\) One of the key measures taken by the Welsh Government was to set up a series of Welsh Economic Summits. The intention was to use these meetings to facilitate information flows and to develop policies to respond to the recession. Eight summits had taken place by November 2009. They have involved senior Welsh Government officials, social partners from business and trade unions, community representatives and others. This greater emphasis on a more corporatist response to the recession reflects a stated commitment to partnership working at the level of government (Bell 2010).
Government worked with Welsh businesses and sector bodies to devise a system that was better matched to the needs of employers in Wales and the local economic climate (Eurofound 2010).

The aim of the scheme was to provide training assistance to businesses that were affected by the economic downturn and that (crucially) had been viable prior to it (O’Toole 2011). More specifically, the scheme would provide financial support for employees to both undertake training and receive wage subsidies during that training programme. The programme offered:

- Up to £2000 per individual towards training costs; and
- A wage subsidy of up to £2000 (at a rate of £50 a day) per individual whilst this training is being undertaken (up to 12 months).48

The measure would only be applicable to companies and employees affected by short-time work arrangements (see 2.6.2.4 in the Eire case) and facing the threat of redundancies.49 The details of the ProAct scheme were worked out by the administrators in the Welsh Assembly but always followed by consultations with the social partners. Following the initial discussions at the October 2008 Economic Summit, the programme was developed very quickly. It was formally designed and implemented by the Department for Children, Education, Lifelong Learning and Skills (DCELLS) working together with the Welsh Automotive Forum (WAF), the Welsh Manufacturing Forum, the Sector Skills Council for Science, Engineering and

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48 The scheme had to operate within the ‘de minimis’ rules of the EU. The current ‘de minimis’ rule (revised Commission Regulation No 1998/2006) states that wage subsidies of less than €200,000 granted to an undertaking over a period of three years do not constitute ‘State Aid’ within the meaning of the EC Treaty’s ban on aid liable to distort competition (Article 87 of Commission Regulation No 69/2001). Wage subsidies under ProAct are therefore limited to €200,000 over a three-year period.

In response to the financial crisis, however, the European Commission introduced a temporary framework for state aid measures to support access to finance (European Commission 2009c). The temporary framework allowed the aid granted to an individual enterprise under the de minimis rule to be up to €500,000 during the period from 1 January 2008 to 31 December 2010. Training subsidies are not subject to the same restrictions of being paid under the General Block Exemption Regulation (GBER) limit, that is, up to €2 million of aid to any one company and not time bound (European Commission 2008).

49 A report by Eurofound in 2010 stated that many Welsh private sector companies put their employees on short-time working or used temporary lay-offs in an effort to avoid dismissals and keep costs down during the economic downturn (CBI, 2009; Mandl & Salvatore 2009).
Manufacturing Technologies (Semta) and representatives from the Department for Economy and Transport (DE&T).

The ProAct initiative was initially launched in January 2009. For the first three months, the initiative was piloted in the automotive sector, which was affected by both the financial crisis as well as the general downturn in vehicle manufacturing (Eurofound, 2010). Honda had announced a four-month shutdown, which had raised serious concerns about the businesses of local automotive suppliers in Wales. A large number of companies in this sector applied during the pilot period; 90 per cent of Welsh Automotive Forum (WAF) members applied, with only 5 per cent having their applications rejected.

In order to qualify for ProAct support, applicant organisations had to meet the following criteria:

- Be financially viable before the economic downturn. The following evidence was required in the application form: recent and forecasted turnover; net assets; profits; customer order schedule; and new contract proposals
- The organisation has introduced, or planned to introduce, short-time working at a minimum level of 20 per cent (one day a week) reduction in working time for approximately 40 days over a 12-month period
- The organisation had made or was considering redundancies and had introduced short-time working as a way of avoiding further redundancies

A ProAct panel assessed all applications/business plans submitted by companies. This panel comprised permanent members from DCELLS, the Department for Economy and Transport (DE&T) and Wales TUC, as well as a partner with specific sectoral knowledge, depending on the sector or industry in which the company operates. If the company was successful at panel stage, a training plan would then have to be submitted and approved before funding was agreed.

An HRD advisor was then appointed to the company. These advisors would assist with the composition of the training plan. The advisor also assisted in identifying high quality training provision that provides value for money. The advisor could also help in the evaluation of the quality and impact of the training delivered.

ProAct originally had until July 2011 to spend its budget but the deadline was extended to July 2012.
Training could be taken in a block period or spread over a longer period, up to one year. There was a requirement for training or modules to be accredited or lead to qualifications. If the training programme on offer could not be mapped to existing qualifications, the units of the programme or module could be assigned credit under the Credit and Qualifications Framework for Wales (CQFW).

By the end of October 2010, the scheme had supported 10,635 employees. 250 applications had been approved, with a total funding commitment of £27.2 million. The level of training money committed stood at £14.7 million (O’Toole 2011). The majority of the companies that received ProAct funding are SMEs (less than 250 employees) and micro companies (less than 10 employees) (Eurofound 2011). The fact that large companies are underrepresented in the ProAct statistics reflects the predominance of SMEs in the Welsh economy, as well as the fact that SMEs were disproportionately affected by the crisis. The data gathered by the end of February 2010 revealed that 78 per cent of the beneficiaries came from the automotive, construction and manufacturing sectors – sectors that were severely hit by the crisis (Eurofound 2011).

Firms that received funding included Amnitect, an export-based company located in Merthyr Tydfil. Amnitec manufactures an advanced flexible hose, which is used in a wide sector of manufacturing processes within the aerospace, automotive, marine, petrochemical, metals processing and power generation sectors. The company used the ProAct funding for training for its 101-strong workforce (Welsh Government 2010). The primary focus of the training was on business improvement techniques, although provision also included leadership and management skills and customer service skills. Nissin Showa UK, a manufacturer of car parts for Honda and also based in the Valleys (Aberdare), also benefitted from ProAct funding, receiving support for 145 employees (Welsh Government 2010).

3.5.1.3 Skills Growth Wales (SGW)

A new form of ProAct, Skills Growth Wales, was introduced on 1 April 2010 and originally set to run until March 2011, with all training to be completed by July 2012 (Eurofound 2010). However, the deadline has been extended to the 31 March 2015, following the award of £17 million match funding from the European Social Fund (Welsh Government 2012). The extended programme will provide training support to

51 For example, the majority of automotive employers are SMEs, with 82 per cent of all sites employing fewer than 50 people (Eurofound 2011).
assist a further 200 companies, supporting the creation of an estimated 3,000 extra jobs in Wales (Welsh Government 2012).

Skills Growth Wales is a ‘financial support package designed to help Welsh companies grow by funding high level or new technology skills training’ (O’Toole 2011). Under the scheme, funding is available, at an average of £3000 per employee, to pay for high level and new technology training ‘that will directly help to bring about growth – in turnover, profit and/or employment’. Companies will be supported by the scheme for 12 months.

The intention is that the increase in training costs will allow for higher level skills to be obtained. It is aimed at growing companies that can demonstrate how the funding will help them expand, or companies that have identified a significant growth opportunity and need training to take advantage of it. The funding then ‘is for companies who would not otherwise have been able to fund this training or undertake it as they would desire’.

In order to be eligible, companies must demonstrate a predicted growth in one of the following categories, anticipated over the next 12 months:

- 10 per cent increase in turnover
- 10 per cent increase in profit
- An increase of at least 10 employees

Another stipulation—as with ProAct—is that training or modules must be accredited and lead to qualifications although training that achieves widely-recognised industrial standards is also acceptable. Another similarity with the original ProAct scheme is that companies accessing SGW are supported by a Human Resource Development (HRD) Advisor. In December 2011, 21 applications had been approved, at a cost of £3,187,555. The scheme had supported 2,054 employees receive high technology training (O’Toole 2011).

Eurofound (2011) argues that the ProAct and Skills Growth Wales programmes are the product of an efficient and permanent dialogue between local government, sectoral bodies, trade unions, employer bodies and companies. Eurofound’s research indicates that the political ‘infrastructure’ present in Wales (that is, devolved government) was the reason the scheme was designed and implemented so quickly. In addition, the higher level of unionisation in Wales was posited as having a beneficial impact.
3.6 Current development initiatives within the South Wales Valleys

A number of skills initiatives focused particularly on regeneration of the South Wales Valleys. The Working Skills For Adults and Bridges into Work focus are general upskilling initiatives, the first focusing on those already in employment and the second targeted at providing skills so as to facilitate entry into the labour market. The following two initiatives are ‘green’ programmes, which have the combined aims of improving housing stock in the area as well as creating green jobs and providing the necessary skills for these. They therefore come under the auspices of the Welsh Government’s Green Jobs Strategy. The final initiative under review is one that aims to create links between academia and manufacturing industry, so as to commercialise innovations and create skilled jobs in high value-added activity in that process.

3.6.1 The Working Skills for Adults Initiative

In June 2010, the Welsh Assembly Government announced a £15million scheme to raise the skills of over 16,000 workers across six counties in the Valleys region (Welsh Assembly Government, 2010). The programme is funded under the Priority 3 ESF Convergence programme. It is aimed at up-skilling those who are already in employment but whose skills deficiencies prevent them realising their full potential as contributors to economic regeneration. It is to operate in conjunction with the Priority 2 ESF Convergence programme “Bridges into Work” (see below), which aims to engage and up-skill those furthest from the job market in order to enable them to gain employment (Blaenau Gwent Borough Council 2012).

Led by Torfaen County Borough Council, working in a strategic partnership with three other local authorities (Caerphilly, Rhondda Cynon Taff, Blaenau Gwent) and three further education colleges (Bridgend College, Merthyr Tydfil College and Ystrad Mynach College), the Working Skills for Adults initiative will help low-skilled employees gain new qualifications and skills. The initiative aims to increase the levels of generic, transferable skills across the workforce. Free training will be offered in basic skills – literacy and numeracy up to GCSE, Customer Service, Welsh, IT courses and formal qualifications, awarded by City and Guilds, ITQ (CLAIT) and Agored.
Such training will be accessed through both community, college and workplace-based provision. The ultimate aim is to enhance employability and increase earnings potential through skills enhancement. Learners will have access to a support programme, comprised of Learning Support Advisors, who will assist participants in achievement of qualifications. Advice and guidance as to progression through further education, higher education and continuous development routes will also be available (Torfaen Borough Council 2012). In addition, specialised support for small to medium sized enterprises (SMEs) in these areas will help identify specific skills gaps and supply NVQ programmes to address them (Welsh Assembly Government 2010).

Working Skills for Adults is backed with £8.8m from the Convergence European Social Fund through the Welsh Assembly Government, with further funding from the local authorities and further education colleges who will deliver the scheme. The project will have a duration of six years.

3.6.2 Bridges into Work

Bridges into Work” also operates across six local authorities in SE Wales – Bridgend, Blaenau Gwent, Caerphilly, Merthyr, Rhondda Cynon Taf and Torfaen. “Bridges into Work” received approval for three years funding in November 2008 and began operating on 1 January 2009. The project provides opportunities for retraining or improving generic work skills. The aim is to help nearly 3,000 people into sustainable employment by August 2012. The project provides access a wide variety of free courses (literacy, numeracy, ICT etc, as well as specific vocational training in subjects such as food hygiene) and the opportunity of advice and guidance from a team of Learner Support Officers. It is available to all residents of the Bridges into Work region, aged between 16 and 65, who are not in full time education and not working.

3.6.3 The Green Skills Training Centre

A British Gas Green Skills Training Centre was opened in Tredegar, Blaenau Gwent, in May 2010. The Centre is the first of its kind in the UK. The aim is to train over 1,300 people each year, including local long-term unemployed people. This public-private

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52 Agored Cymru is an awarding body and charity working in Wales, which offers flexible education. The organisation runs a suite of essential skills courses in literacy, numeracy and ICT (Agored Cymru 2013).
partnership was developed out of collaboration between British Gas and the Welsh Assembly Government, JobMatch, Jobcentre Plus, the sector skills council, SummitSkills and Blaenau Gwent County Borough Council. The Centre will offer accredited training, leading to recognised qualifications, for aspiring energy efficiency assessors, installers of new green technologies in addition to providing upskilling opportunities for British Gas engineers.

The Centre is a tangible measure emerging from WAG’s Green Jobs Strategy, published in 2010 (see above). To reiterate, this strategy aims to create skilled jobs in the green economy, identified as a key growth sector.

3.6.4 The Arbed Scheme

The £37 million WAG Arbed scheme commenced in 2009. The aim of the scheme is the greening of the existing housing stock, through energy efficiency improvements. There was to be a particular focus on upgrading housing in the most deprived areas of Wales, with a particular focus on the Valleys area. As well as improving the housing stock and saving energy, the scheme also had an employment/skills/regeneration dimension. Funding was provided for companies to carry out the upgrades and as part of the contract, they were required to recruit locally and deliver 156 training days for every £1 million of Government funding. The purpose of this was to help promote and develop green skills and provide targeted employment opportunities as part of local economic revival. Furthermore, another objective of the scheme was the creation of a coordinated and sustainable housing redevelopment supply chain. Social housing providers worked with companies in the supply chain, and local contractors were supported in gaining qualifications/accreditation (e.g. the Micro-generation Certification Scheme) where appropriate.

Twenty-eight schemes across regeneration areas were established, carrying out the installation of solar panels and heat pumps and the retrofitting exterior wall insulation. During this first phase of Arbed, which ran from 2009 to 2011, 7,500 homes across Wales were upgraded with energy efficient installations. Properties located in the strategic regeneration areas (SRAs) of Wales, with particularly low household incomes were targeted although Arbed also supported projects outside SRAs where significant energy supplier funding was available (Welsh Government 2011).

53 External funding—some £32 million in addition to the Welsh Government’s own investment of £36million—was secured from local authorities, social housing providers and energy companies.
Therefore, the majority of the improvements were in the Heads of the Valleys region.\textsuperscript{54} The programme also realised over 4,500 weeks of training being delivered. Furthermore, 80 per cent of the technology was installed by companies that were Welsh or have a large employment base in Wales (Welsh Government 2011).

A number of economic benefits (in addition to energy efficiencies and carbon emissions reductions made) were identified in an evaluation of Phase 1 of the scheme by the Welsh Government:

- Eight installers gained accreditation to install renewables as part of the Arbed programme
- Five of the seven products that were eligible for Arbed support were manufactured in Wales
- 41 of the 51 installers used to deliver Arbed phase 1 operated primarily, or solely, in Wales. A number of the remaining companies have large employment bases in Wales
- Over 50 unemployed people were helped to find training and/or employment as part of Arbed phase 1 via the JobMatch programme\textsuperscript{55}

\textsuperscript{54} The numbers of properties improved were 517 in Blaenau Gwent, 525 in Caerphilly, 514 in Merthyr Tydfil, 814 in Rhondda Cynon Taff, 512 in Torfaen, as compared to, for example, 36 in the Vale of Glamorgan, 110 in Cardiff, 104 in Carmarthenshire, 97 in Denbighshire (Welsh Government 2012).

\textsuperscript{55} The Job Match programme is a jobs initiative in the Heads of the Valleys Regeneration Area. It is run by the Welsh Government in partnership with Jobcentre Plus and the five local authorities (LAs) of the area. The programme is designed to complement other Welfare to Work provision. Support for unemployed people in the area involves advice and help with training, gaining qualifications and wider career development, as well as linking people with suitable job opportunities. The project also provides support and encouragement into self-employment. It was piloted in Blaenau Gwent between 2003 and 2007, before being rolled out to Torfaen, Rhondda Cynon Taf, Caerphilly and Merthyr Tydfil (Blake 2009). Since its inception in 2003 and up to 2010, the programme helped over 6,000 people back to work. The JobMatch scheme has been described as the most effective programme of its kind in the UK, by Cambridge Policy Consultants. Its job outcome rate of 66 per cent is ‘significantly higher than the national average’ of other welfare to work schemes, such as Employment zones and New Deal. This can be deemed particularly impressive in light of the entrenched regeneration issues, in particular worklessness in the area and the recession. Job sustainability after 17, 34 and 52 weeks also compare favourably to the national average (Welsh Government 2010).
The second phase of the programme started in May 2012. This funded in part by the European Regional Development Fund (ERDF), which has provided £45 million, whilst the Welsh Government has committed £12 million. The programme will be delivered by two procured scheme managers. A principal target is the further development of the skills base, alongside strengthening the supply-chain and enhancing energy efficiency and a greater use of renewable energy. The Welsh Government will use procurement to provide economic benefits – these greening projects will be undertaken by Welsh businesses and workers, using products manufactured or assembled in Wales. The Welsh Government also believes that there might be opportunities to export Welsh skills, knowledge and products, developed as a result of this programme.

3.6.5 The ASTUTE (Advanced Sustainable Manufacturing Technology) Project

ASTUTE is a £26m investment which aims to augment Wales’ manufacturing industry and boost take-up of advanced technology (WG News 2010). The project will target the aerospace and automotive sectors, as well as other high technology manufacturing. The goal is to improve the competitiveness of Welsh companies through the application of advanced engineering techniques to both the design of products and to the manufacturing process, leading to the initial creation of more than 130 highly skilled new jobs in the sector.

Led by Swansea University, the project is a collaboration between a number of Welsh universities and Welsh-based manufacturing firms. It will assist 350 enterprises, and encompasses 40 collaborative R&D projects get off the ground. The project has been financed with £14 m from the Convergence European Regional Development Fund (provided through WAG), with additional funding coming from higher education institutions. It is expected to induce an investment of £4 m and launch 120 new or improved products, processes or services.

3.7 Summary

The Welsh Valleys case study also revealed some illuminating developments, both in terms of skills provision and the role such practices are playing in regeneration. Wales is one of the poorest regions in the UK, with a widening prosperity gap (as measured in terms of GVA per head) and moreover, has relatively low qualificational levels. These problems are intensified in the Valleys region, which has been experiencing major deindustrialisation for over a century. This deindustrialisation has occurred in two waves: first, from the decline of principal industries of coal extraction and metals processing and second, the loss of foreign-owned manufacturing industry, attracted to the area under previous regeneration programmes, by subsidies and the lure of cheap labour. The failure of these regeneration initiatives - based as they were on an over-reliance on FDI - to provide sustained employment, improve skills
infrastructure and indeed, improve the overall prosperity in the region have been roundly criticised (e.g. Bennett et al. 2000; Brooksbank et al. 2001; CAG 2005; Fuller & Phelps 2006; Wang & Eames 2010). The predominance of routinised, low value-added, low-skilled and low-waged work brought by FDI meant that there was an exodus of such firms and jobs from Wales from 1998 onwards, as multinational firms re-located to China, South East Asia and Central and Eastern Europe, in search of higher profits through the exploitation of even lower labour costs (Evans et al. 2008; Robert Higgins Associates 2006).

The results of the FDI policy in Wales are a lack of development of the indigenous skills profile and ultimately, the endogenous industrial base (Evans et al. 2008). In light of such failings, the Welsh Government (established in 1999) has stated policy objectives of ‘driving economic development across Wales’ through the establishment of a knowledge economy and the cultivation of a culture of lifelong learning. Improving skills/qualification levels through enhanced educational and training provision has been identified as a principal policy goal (Welsh Assembly Government 2008). Specifically, the Welsh Government has explicitly recognised that the Heads to the Valleys region ‘has special … skills needs’ which require amelioration (WAG 2005).

In addition to the workforce development institutions and practices that are common to both the UK and Wales, many functions around employment and training policy have been devolved to the level of the Welsh Government and a number of distinct responses have emerged. The Welsh Government has stressed the importance of developing an integrated response to transitioning from an economy based on heavy industry to one based on knowledge and innovation, and the need for combining policy on skills, employment and business development in order to make such a transition.

At the end of the 1990s, the newly-created Welsh Assembly Government launched a revised approach to regeneration. There was a change in development policy, away from exogenous strategies, towards more endogenous and entrepreneurship-centred approaches. In conjunction with the Objective 1 funding, the Assembly began to promote their ‘Communities First’ programme. This aimed to create jobs (with a focus on providing support for the cultivation and development of local, small enterprises) and placed heavy emphasis on the cultivation of skill levels (Rees & Stroud 2004). The commitment to improving the skills base meant that spending on qualifications and skills/human capital development comprised 66.38 per cent of the WAG budget between 2007 and 2011 (Pickernell 2011).

The latest policy direction for regeneration was encapsulated in the strategy document, Economic Renewal: A New Direction, launched in 2010 by way of response to the ongoing recession. A more targeted approach to investment is to be promoted, with focus on six sectors, identified as high growth. These are the
creative industries; ICT; energy and environment, advanced material and manufacturing, life sciences and financial and professional services.

Prior to the Economic Renewal strategy, the Welsh Government had announced its ‘Skills that Work for Wales’ strategy, the central aims of which are:

- The delivery of an integrated business support package (covering Investors in People, Employer Pledge, Sector Priorities Fund, leadership and management development), focusing resources on priority sectors and strategically-important businesses;
- Expansion of the Workforce Development Programme and discretionary funding, especially for leadership and management development;
- To remedy the basic skills deficiencies in Wales;
- The introduction of a new Sector Priorities Fund to ensure that funding for skills meets the needs of key sectors;
- The development of employment-related foundation degrees, particularly in sectors of strategic importance to Wales; and
- The establishment of national research centres, such as the national science academy, to expand higher education research capacity and support the commercialisation of research.

Thus, the aims of the skills strategy are aligned with those of the economic renewal plan. In addition, the apprenticeship scheme and union learning representatives also play a key role in meeting skills targets; the former in providing a supply of skilled trades and the latter in helping to remedy essential skills deficiencies at workplace level.

The economic downturn also prompted some distinctive skills-based responses from the Welsh Government, namely the ReAct, ProAct and Skills Growth Wales schemes. The ReAct scheme provided funding for skills training for redundant workers, and also provided wage subsidies for employers who took on redundant workers. ProAct funded skills training for workers put on short-time working and also provided wage subsidies to employers. Skills Growth Wales, the most recent initiative and still active, provides funding over a 12 month period and at an average of £3,000 per employee, to pay for high level and new technology training ‘that will directly help to bring about growth – in turnover, profit and/or employment’.

Within the Valleys region specifically, the Welsh Government is running a ‘Working Skills for Adults Initiative, funding a range of training programmes for those with low skills in the labour force, as well as two ‘green skills’ training programmes. These latter fit with the Welsh Government’s stated policy goal of cultivating a green economy and creating green jobs (Welsh Government 2010).
Chapter 4. Case 3: Hamilton, Ontario (Canada)

4.1 Introduction

The chapter begins with an introduction to the area under discussion, providing background information on Canada, the province of Ontario therein and finally, the city of Hamilton. The sectoral composition of the economies at each level will be detailed, prior to a review of governance structures at federal, provincial and municipal levels. This is a relevant consideration, given that jurisdiction for skills and workplace learning is delegated to provincial level but is shaped by programmes, funding and legislation which are derived from federal level. The section will then provide an overview of the extant skills ‘issues’ in the Canadian context. However, this discussion should perhaps be prefaced with a caveat – there is remarkably little conceptual and empirical research about education and training policy in Canada, at both federal or provincial levels (Gibb & Walker 2011; Schugurensky 2007). Indeed, while there appears to be a great deal of commentary and policy research emanating from other Anglo-Saxon states (the UK especially), Canadian research is conspicuously lacking. Canadian academic, Daniel Schugurensky (2007) notes a marked lack of publications and debate on policies of knowledge, the economy and learning in the country, as compared to Europe. Any analysis of the Canadian context, he argues, requires inductively examining the literature on lifelong learning, given the lack of explicit discussion of policy (Schugurensky 2007). On a related and no doubt contributory point, the OECD (2007, p. 202) has criticised Canada for the dearth of empirical data on education and training outcomes.

Canada’s ‘skills issues’ have been highlighted in a number of federal strategy documents as requiring intervention and remedial action and consequently have prompted the initiation and/or refinement of a number of institutions and practices, at both federal and provincial levels. The strategies, institutions and practices that have originated at federal level will then be described. The review will then explore how the federal government responded to the economic crisis. Subsequently, the report will then describe workforce skills institutions and practices within the province of Ontario, and assess new initiatives launched as a result of the economic downturn. The wider business context of Ontario will first be outlined. Provision at the municipal level of Hamilton mirrors that provided at provincial level. However, specific initiatives regarding skills and jobs, specifically within the automotive sector located within Hamilton, will be examined.

4.1.1 Background

Canada comprises ten provinces and three largely self-governing territories of vastly varying sizes, populations and industrial structures (Canadian Council on Learning [CCL] 2011). Ontario is one of these provinces and indeed, is the most populous of
all the Canadian provinces. In 2010, Ontario had a population of 13.2 million, accounting for 38.7 per cent of the national population (OECD 2012). Furthermore, it accounts for roughly 38 per cent of Canadian GDP. Its economy is among the most diversified of Canadian provinces with goods production accounting for 24 per cent of its GDP (of which manufacturing accounts for 15 per cent and the remaining 9 per cent derived from primary industries).\textsuperscript{56} Ontario is heavily dependent on international exports of manufactured products - over 76 per cent of all goods and services exported from Ontario are manufactured products (CEM 2009). Automotive manufacturing is a key activity and the province is home to five of the world’s top automakers (Chrysler, Ford and GM among them), as well as more than three hundred components manufacturers (Government of Ontario 2012). The sector employs 88,000 workers, who produced 2.1 million vehicles in 2011.

Although the service sector in Canada employs about three quarters of employed Canadians and accounts for 78 per cent of GDP, manufacturing is also a large contributor to GDP at the federal level.\textsuperscript{57} Nonetheless, the manufacturing sector’s share of gross domestic product—which grew strongly in the 1990s—slipped from 18.4 per cent in 2000 to 15.2 per cent in 2009 (Conference Board of Canada 2009).

Some commentators have argued that this does not mean that Canada is undergoing a process of deindustrialisation (Baldwin & McDonald 2009). Whilst these authors accept that the share of manufacturing in nominal GDP, as well as share in total employment, have declined over the past 45 years (although to a lesser degree than in many other industrialised countries), they point out that share of value-added GDP is a poor measure of deindustrialisation for two reasons. First, the

\textsuperscript{56} The primary sector is still an important one in Canada, with the logging and oil industries being two of Canada’s most important. Some 4 per cent of Canadians are employed in primary industries and these account for 6.2 per cent of GDP. Canada produces and exports many natural resources such as gold, nickel, uranium, diamonds and lead. Several of Canada’s largest companies are based in natural resource industries, such as EnCana, Cameco, Goldcorp and Barrick Gold. There are also many secondary and service industries that are directly linked to primary ones. For instance one of Canada’s largest manufacturing industries is the pulp and paper sector, which is directly linked to the logging industry. The reliance on natural resources has several effects on the Canadian economy and Canadian society. While manufacturing and service industries are easy to standardize, natural resources vary greatly by region. This means that different economic structures have developed in each region of Canada, contributing to Canada’s strong regionalism.

\textsuperscript{57} The largest services employer is the retail sector, employing almost 12 per cent of Canadians.
share of GDP depends not just on how the manufacturing sector performs, but also on how all other areas of the economy perform. So, for instance, the Canadian economy has recently experienced the largest natural resource/commodity boom since the end of the Second World War, largely as a result of the emergence of China as a major manufacturer and economic powerhouse, with a concomitant demand for natural resources (demand greatly increasing prices and having led to a huge and unprecedented appreciation of the Canadian dollar) (Watt & Gagnon 2009; Currie et al. 2012). Thus, a commodity boom favouring the resource sector may result in a diminution of manufacturing’s share (a relative measure), even though it continues to grow in terms of absolute value.

Second, shares reflect the fact that the nominal value of GDP has both a volume and a price component, with movements in each having different implications for the deindustrialisation hypothesis. In fact, the evidence actually illustrates a decline in relative overall value of goods produced, which is derived from relative price declines rather than relative volume declines. For Canada, relative volumes were essentially unchanged between 1961 and 2005 (Baldwin & Ryan 2009). Furthermore, in absolute terms, the volume of manufacturing output has increased over the period (Baldwin & Ryan 2009). On the other hand, relative prices fell by 0.9 per cent per annum, making them the primary source behind the declines in Canada’s manufacturing share of the value of GDP. There is little evidence -when relative volumes are considered - that Canadian manufacturing is in a long-run decline. Relative prices of manufactured goods have fallen because manufacturing is the major source of productivity growth in the Canadian economy (Canadian manufacturers have raised their productivity by an annual average of 1.1 per cent over the past 45 years). Firms tend to pass on this productivity growth to customers in the form of lower prices (Baldwin et al. 2001). As a result, prices of manufactured goods do not rise as rapidly as the overall price level and a relative decline in manufacturing prices occurs. Between 1961 and 2005, manufacturing prices rose at an average annual rate of 3.5 per cent, compared with 4 per cent for services and 4.5 per cent for goods. These relative price declines led to decreases in the share of nominal GDP accounted for by manufacturing.

58 Since 2000, growth in Canadian jobs has gone from being driven by ‘new economy’ industries such as technology and electronics, to ‘old-economy’ industries like resources and housing (leading to spikes in labour demand within mining and construction).

59 This has growth rate has declined since 2001, as manufacturing growth averaged 0.4 per cent per annum between 2002 and 2007 (Baldwin & MacDonald 2009).
Moreover, Baldwin and MacDonald (2009) also caution that relatively higher productivity growth in the manufacturing sector also means that an alternative measure of the health of manufacturing (the share of total labour in the manufacturing sector) needs to be understood in context. Employment growth in a sector is directly related to growth in output, but is also inversely related to labour productivity growth. All things being equal, industries with higher labour productivity growth will have relatively lower labour input growth; that is, their share of overall employment will be in decline. If manufacturing’s output growth is as buoyant as the overall economy, its labour input growth will be less than the overall growth in employment because of its superior labour productivity performance. Simply put, manufacturing’s share of total employment could be in decline simply because of fundamental increases in efficiencies on the productivity front. Whilst this would result in relatively fewer opportunities for employment in manufacturing, this does not automatically mean that manufacturing output is declining, nor that deindustrialisation is taking place.

So, since the beginning of the 2000s, overall employment growth in the manufacturing sector has contracted and about 300,000 manufacturing jobs have disappeared across the nation. However, these figures should be interpreted in light of the caveats discussed above. Moreover, job losses have been principally from clothing, textiles and paper products i.e. non-durables. Baldwin and MacDonald (2009) highlight how the composition of Canadian manufacturing has altered since the beginning of the 1960s, with a shift away from the production of non-durables towards durables (consisting of transportation equipment, primary metals, non-metallic minerals, fabricated metals, machinery, wood products, computer and electronic products and electrical equipment). Between 2001 and 2007, the volume index of GDP expanded across most durables industries and declined across most non-durables industries (ibid.). Sectors such as fabricated metal products and machinery have increased their activities, in terms of both production and employment levels (Conference Board of Canada 2009). However, durables such as

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60 There is a wealth of evidence to suggest that the rate of productivity growth is consistently greater in manufacturing than services, thus the manufacturing sector makes a disproportionate contribution to economic growth (see Kitson & Michie, 2000; Greenhalgh & Gregory 1997).

61 Labour productivity being measured as output per hour worked.

62 Non-durables include food, beverages, tobacco, clothing, textiles, leather, paper, petroleum, chemicals and plastic products.
transportation equipment, computer and electronic products, and furniture did decline modestly. This said, the automotive manufacturing sector is still Canada’s largest manufacturing sector accounting for almost 2 per cent of Canada’s GDP ($17.7 billion), and 25 per cent of total Canadian merchandise exports.

Canadian manufacturers have been affected by the appreciation of the dollar, caused by the commodity boom over the 2000s. This has made exports more expensive (particularly to the major markets in the US, where currency has devalued). Moreover, inputs have become more expensive, due to increasing demand from China and India. Baldwin and MacDonald (2009) argue that overall, Canadian manufacturing has adapted to changes in the economic environment and has shown considerable resilience in the face of challenges, whether from demand shifts, relative price shifts or changes in tariff regimes (e.g. the introduction of NAFTA).

Hamilton, Ontario’s third largest city (and the ninth largest in Canada), also has a diverse economy but again, manufacturing is the principal activity. Key sectors include steel production, advanced manufacturing, including automotive assembly and components, life sciences, clean-technology and food processing (Invest in Hamilton 2012). Hamilton, with a population of 721,053 in 2011, is located at the centre of a densely populated and industrialised region, known as the ‘Golden Horseshoe’.

63 China’s emergence as a manufacturing centre, combined with the resource boom, created the largest relative price shock to hit Canada since the oil shocks of the 1970s (Macdonald 2008; Francis 2007, 2008). In Canada, the price of consumer durables (i.e. appliances) and semi-durables (i.e. clothing, footwear) began, for the first time in a half century, to trend downward, as did U.S. manufacturing prices. The strong international competition from China, combined with increased input costs associated with the commodity boom, placed new pressures on manufacturing industries. In general, industries producing consumer products tended to reduce economic activity whilst areas producing capital inputs, particularly those that are used as inputs into resource extraction, processing or transportation, tended to expand their output.

64 Most Canadian exporters price their exports in U.S. dollars. For Canadian manufacturers who now depend on international markets for more than 55 per cent of their total operating revenue, the recent appreciation of the Canadian dollar has been like a 30 per cent price cut on export sales over a period of two years (CEM 2007).

65 Sixty per cent of Canada’s steel is produced in Hamilton.

66 Its population has increased by nine per cent since 2001.
Niagara Falls at the east side, with Hamilton occupying a central location. The ‘Golden Horseshoe’ has a population of approximately 8.1 million people.67

4.1.2 Jurisdiction over education and training and moves to a knowledge economy

The Government of Canada has stated in a number of high level strategy documents that Canada’s future competitiveness depends on a successful transition to a knowledge economy, with a highly skilled work force and on high-performance workplaces that focus on skills development (e.g. Government of Canada 2002a, 2002b, 2004). Investment in adult education and skills attainment has enjoyed a high profile in recent years in Canada. The economic advantages of a skilled labour force and a corresponding policy of human capital development have been recognised and increasingly well-articulated among international scholars and non-governmental organisations, as well as by Canadian policy-makers (Brisbois & Saunders 2005). At the heart of this policy is the observation that Canada’s competitiveness will rely increasingly on its ability to provide the means and mechanisms for citizens to acquire the knowledge and skills they require throughout their lives.

However, this must be placed in a context where a number of skills issues have been identified. These include problems around Canada’s low productivity growth across the economy in general (as opposed to manufacturing specifically, discussed above). Many authoritative analysts have identified a Canadian productivity gap – the OECD ranking places Canada as 30th out of the 34 OECD countries in annual labour productivity growth (Stanford 2011). Calculations by the Canadian Conference Board in 2012 placed Canada thirteenth out of sixteen nations in terms of labour productivity. Similarly, Statistics Canada produces annual data which indicates that Canadian productivity has been declining since 1977 (McKenna & Grant 2012). According to this official source, multifactor productivity expanded at an average annual rate of just 0.28 per cent from 1961 to 2011, or roughly a fifth of the comparable growth in the United States. Moreover, this figure has been negative since 1977. Arcand and Lefebvre (2010) have similarly calculated that productivity growth in Canada’s economy was much weaker between 1984–2008 as compared with 1962–1983. In terms of comparison with the US, since 1984,

67 Toronto, Canada’s most populous city, is also incorporated within this region.
productivity in Canada is argued to have declined from 90 per cent of U.S. levels to 70 per cent (Stanford 2011).

As will be examined, this ‘productivity gap’ has been ascribed by a number of commentators to low investment in training and development within enterprises. However, before such commentary is discussed, it should be noted that not only is the extent of the productivity gap open to debate (e.g. Diewert & Yu 2012; McKenna & Grant 2012); its causes are also questioned. With regard to the latter, there is evidence to suggest that Canadian levels of capital intensity and investment are lower than those of competitor nations, and have been since the 1990s (Canadian Conference Board 2012, 2013). Over the 1990s, Canada’s low rate of capital investment (approximately six per cent of GDP, as compared to ten per cent in Australia, twelve per cent in Switzerland and eleven per cent in Japan) placed it in fifteenth position out of a comparison of sixteen competitor nations on this measure (Canadian Conference Board 2012). Moreover, the Canadian figure lapsed further between 2000 and 2011). In their study, Arcand and LeFebvre (2010) also correlated the fall in Canadian labour productivity since the mid-1980s with the slowdown in capital intensity over the same period. Of course, lack of capital investment and – in addition to directly impacting on productivity outcomes – might also lead to lower investment in training, a low-skill, low technology, low value-added, labour intensive trajectory.

It has also been argued that the productivity figures for the Canadian economy might be the result of the relative decline/shrinkage in the manufacturing sector and the associated rise in the service sector, given that the rate of productivity growth is consistently greater in manufacturing than services (e.g. Kitson & Michie 2000; Greenhalgh & Gregory 1997). Another sectoral shift that has been identified as contributing to the low productivity figures is the expansion of the resource extraction industries. Indeed, a number of commentators (e.g. Canada Labor Council 2013; Broadbent Institute 2013) have pointed to Canada’s over reliance on exporting unprocessed and semi-processed resources, and have argued that this has a negative impact on jobs and the economy. The productivity of the Canadian mining, oil and gas industries all declined over the past decade, but this is arguably masking the true picture of huge long-term investment programmes in these sectors (Currie et al. 2012). For example, the Alberta oil and gas sector is making huge investments in machinery and equipment and in the exploration of new processes ($100 billion since 2000) (Currie et al. 2012). This process might lead to the cultivation of new, innovative clusters centred on non-traditional resource extraction. The tendency for major investments in a sector to have transitory downward impact on productivity is argued to common across all industries: investments negatively impact the formula that determines productivity. This was the case in the Newfoundland and Labrador offshore oil fields where the investments made in the 1990s led to low productivity figures at that time. In contrast, the province currently has the highest productivity growth rates in the country, attributable to the oil fields.
With these provisos in mind, other analysts have explicitly identified skills issues as having direct impact on the alleged low productivity of the Canadian economy. These skills issues include a shortage of technical skills, which is predicted to be exacerbated by an ageing population and the impending retirement of large numbers of skilled workers, literacy and numeracy problems, low education level and employment participation of indigenous people, all of which predated the economic crisis (e.g. CCL 2011, 2009; CFA 2012). Moreover, the extant education system, where jurisdiction for education and training are the domain of the provinces and territories arguably constitutes a significant barrier to the effecting of a transition to a knowledge economy, although this is a contentious argument, which will be returned to below (e.g. CCL 2011; Gibb & Walker 2011).

To place this latter point in context, there are three tiers of government in Canada. There is the national federal level and the citizens of Hamilton are represented by five elected members of parliament, who serve in the Parliament of Canada. At the provincial level, there is the Government of Ontario. Here, Hamilton is represented by five elected members, who serve in the Legislature of Ontario for the provincial ridings. At the municipal tier, Hamilton has a City Council. On this body, there is one mayor who is elected on a city-wide vote. The mayor is assisted by fifteen city councillors, elected individually by each of the 15 ward divisions.

It has been argued that, in recent decades, Canada’s economic, institutional and political structures have become more fragmented, and that constitutional provisions have been re-interpreted so as to exclude a significant policy or strategic role for the federal government (e.g. CCL 2011). This situation is reflected in the exclusion of federal representatives at political and bureaucratic levels from regular meetings of the Council of Ministers of Education of Canada.68 There has long been a tension between federal and provincial/territorial governments (Brisbois & Saunders 2005; OECD 2002).

For the purposes of this report, the import is that thirteen educational jurisdictions in Canada exist, and so different skills strategies, institutions and practices originate from these different levels of governance (Gibb & Walker 2011). There is no national learning framework, for either K-12 (Kindergarten to Year 12, compulsory education stage) or post-secondary education (PSE)/adult learning (CCL 2011). Provinces and territories currently have exclusive jurisdiction over the design, planning and delivery of their postsecondary education and skills training systems – deliberately and

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68 This is the body where representatives from the various education departments of the provinces convene.
strategically devolved to the provinces by the federal government in 1996, on the basis that the provinces and territories would be better-placed to meet their own skill needs (Council of the Federation 2006).

Canada is unique in the developed world for having no national strategy for adult learning/PSE, no acknowledged and accepted goals, no benchmarks, and no public reporting of results based on widely accepted measures. Moreover, out of 30 OECD countries, Canada is the only one that has no formal PSE-accreditation system of programmes and PSE institutions (CCL 2011; OECD 2002). Furthermore, there is no national system of prior learning assessment and recognition (PLAR). It has been argued that in the current situation, the lack of a national system of PSE/adult learning (aside from some limited federal coordination in some areas then, e.g. financial assistance for students, Aboriginal education and research funding), manifests in a lack of cohesion, a dearth of strategic and coordinated planning across regional jurisdictions, and no set of agreed purposes, objectives and policies (CCL 2011). Moreover, where nationwide, coherent, coordinated and comparable data are unobtainable, Canada’s capacity to assess and improve its adult learning/PSE sector will continue to be compromised, as will its ability to compare performance with other countries (CCL 2011; OECD 2002).

Of course, it could equally be argued that in a federal system, different sub-federal Governments should be able to choose different amounts and types of adult education based on local preferences, economic needs, sectoral composition, employment conditions, and demographic patterns. This process leads to diversity of provision, but there is no reason to expect uniformity or to assume its desirability. However, it must be noted that such variations can create problems for firms, which operate in many different provinces, since they may have to develop different employment and training arrangements in these different locations (OECD 2002). The system also creates difficulties for individuals moving from one region of Canada to another, since forms of schooling, training, and credentials from one province may not be recognised in another (OECD 2002). In addition, because there is a lack of information-sharing and co-ordination across provinces (see OECD 2002), there is no possibility for different provinces to serve as “laboratories of democracy”

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69 As part of efforts towards a more integrated system, the Canadian Council on Learning (CCL) was established in 2004, with a mandate to help build a national learning architecture. Its vision was described as the enhancement of learning and the promotion of this as a core value of a distinctive Canadian society, and integrating Canada through shared learning experiences. However, its federal funding was completely withdrawn on the 31st of March, 2010 and its activities ceased in spring 2012 (CCL 2011).
(Osbourne 1988), as places where different approaches can be tried and evaluated, from which promising or “best” practices can be spread from one province to another.

It should be noted at this juncture that in the 2013 Federal Budget, released in March 2013, the Federal Government announced that it was going to renegotiate the instruments through which skills funding (and therefore, provincial provision) is devolved. Specifically, the Labour Market Agreements and Labour Market Development Agreements (see section 4.3.1.2) are to be ‘re-negotiated’ so as to “reorient training to labour market demand”. This step is being implemented because the federal government argues that the provinces have not been effective enough in their efforts to upskill and reskill citizens. It should be noted that this is a complete reversal of federal policy. In 1996, the federal government clearly argued that training should be a provincial issue and devolved responsibility for direct delivery of training. Moreover, Budget 2013 specifically mentions that employers will be consulted, but there is no mention of consultation with labour bodies and worker representatives (CLC 2013). This absence is seemingly a glaring omission, given that the $1.95 billion-per-year allocated to LMDAs is paid out of the EI fund, which employees, as well as employers, contribute financially (CLC 2013). Currently, it is unclear what the re-negotiations will involve, how they will ensue and the implications of this change.

These matters will be discussed in more detail in the following case. The chapter begins with an overview of the extant skills ‘issues’ in the Canadian context before moving into an examination of the skills/workforce development institutions, strategies, programmes and practices existing at federal, provincial and municipal levels.
4.2 Skills issues in the Canadian context

Despite having the highest ranking in 2007 among OECD countries for the proportion (48 per cent) of the population having completed college and university, Canada arguably has a number of ‘skills issues’ or deficiencies in the skills profile of its labour force. These include literacy and numeracy problems, shortages of skilled workers compounded by an ageing population, as well as comparatively low levels of workplace training and development, which are alleged by some analysts to contribute to a productivity gap. These will be outlined briefly in the following section.

4.2.1 Literacy and numeracy rates

The data pertaining to Canada in the International Adult Literacy Survey (IALS) in 1994 raised concerns about the levels of literacy and numeracy skills (prose literacy, document use, and quantitative literacy) among adult Canadians. While Canada’s performance on these measures was comparable to or better than that of many of its competitor nations, the revelation that 42 per cent of Canadian adults had low or very low literacy skills. The result in difficulties performing many everyday tasks required in the home, community and workplace provided cause for concern and prompted the instigation of a number of measures aimed at remedying the deficiency.

Data collected since this then indicate little or no improvement in the literacy levels of Canadians (Myers & de Broucker 2008). The 2003 International Adult Literacy and Skills Survey (IALSS) indicated that on the prose and document literacy scales, 42 per cent of Canadian adults - about 9 million Canadians - performed below Level 3, the internationally accepted minimum considered necessary to succeed in today’s economy and society. Moreover, the survey also indicated that nearly 3.1 million Canadians aged 16 to 65 were at proficiency Level 1 on the prose literacy scale, and another 5.8 million were at Level 2. Rates of adult literacy in Canada in the context of a knowledge society and economy are projected to stagnate until 2031 (CCL 2011). Similarly, a study by CCL (2011) on Canadian numeracy skills found that 55 per cent of adult Canadians (aged 16 and over) had low levels of numeracy.

4.2.2 Shortages of skilled workers

There is much analysis and commentary which points to current shortages of skilled labour and that these will be exacerbated in future, given Canada’s declining birth rate and ageing population (Belanger & Hart 2012). In 2005, close to 60 per cent of private and public sector managers identified skill shortages as a serious challenge (twice as many as in 1996), as did over 60 per cent of private and public labour
leaders (three times as many as in 1996) (Goldenberg 2007). Another survey in 2008 found that 83 per cent of organisations in Canada were experiencing shortages of skilled labour (Watt & Gagnon 2009).

It is estimated that 30 per cent of the Canadian population will be over 55 years of age by 2025 (Gibb & Walker 2011). By this time, it has been estimated that Canada will face a skilled labour deficit of 1.2 million people (Canadian Conference Board 2009). In 2011, the first wave of the baby-boomers - a cohort that comprises about one third of the total Canadian population - reached the retirement age of 65 years. With a fall in the proportion of the working population, as a consequence of the ageing of Canada’s population, the key driver for future improvements in living standards will be productivity growth (dependent in part on enhancing skills and education). The impact of this phenomenon is already being felt in multiple sectors including health care, construction, education and natural resources (Watt & Gagnon 2009). As regards this latter, the natural resources boom of the 2000s has itself contributed to skills shortages in some provinces as skilled workers have moved to western provinces, in search of work in sectors such as mining (CCL 2007). This surge of skilled workers to the West is alleged to have seriously depleted the base of skilled workers in Ontario, Québec, and the Atlantic provinces (Rajasekaran 2008).

To address labour shortages, Canada has historically relied on immigration, and this continues today (Watt & Gagnon 2009; Gibb & Walker 2011; Walkom 2013; CLC 2013). By way of illustration, nearly one out of five Canadian residents was born outside of Canada and approximately two-thirds of Canada’s population growth results from net international migration (CCL 2011). In 2006, more than one in five university graduates living in Canada (21.5 per cent) were immigrants with foreign credentials. Of immigrants who arrived in Canada in 2006, 43 per cent had completed a university degree prior to immigration. Although 23 per cent of Canadians aged 25 to 64 were born outside Canada, immigrants accounted for nearly one half (49 per cent) of doctorate degree holders in Canada and for 40 per cent of those adults with a Masters’ degree (CCL 2011).

Critics, however, have argued that although employers frequently cite labour shortages, there is much evidence that points to their reluctance to train workers in order to address skills shortages (see 4.2.3 below) or to increase wages and working conditions so as to attract and retain skilled workers (Cotter 2013; Jackson 2012). This lack of workforce development and depression of wages is particularly acute in small businesses, which constitute ninety eight per cent of Canadian employers (Currie et al. 2012). There is a wide body of evidence to suggest that in voluntarist contexts such as Canada, where there is little legal compulsion to train, employers are reluctant to invest in workforce development, particularly in portable, accredited qualifications, due to fears of poaching and consequent loss of investment (see Lloyd & Payne 2002, for a discussion of such issues in the UK context).
Instead, employers rely on the federal Government’s Temporary Foreign Worker program and the Accelerated-Labour Market Opinion (ALMO) program to provide them with workers. The ALMO is designed to process permits to hire temporary foreign workers for high-skill jobs, including the skilled trades, within ten business days (Cotter 2013). These programmes allow employers to speedily fill vacancies with migrant labour. Moreover, under the auspices of the latter, employers can pay foreign workers up to 15 per cent less than Canadian workers. This no doubt perpetuates the lack of development within such workplaces and reinforces a ‘vicious circle’ of low wages and lack of training.

4.2.3 Workplace learning

Canada’s performance in workplace learning has been described as ‘mediocre’ or as ‘woefully inadequate’ by more vociferous critics (e.g CLC 2013). Less than 30 per cent of adult workers in Canada participate in job-related education and training, compared to almost 35 per cent in the UK, nearly 45 per cent in the US, and 45 per cent plus in Scandinavian countries (Goldenberg 2007). Moreover, Canada falls well below the OECD average in terms of the average hours of job-related, non-formal skills training provided for employees, and in employer investment in skills training generally (CLC 2013).

There has been some improvement in the numbers of workplaces offering some form of training to their employees. According to Statistics Canada’s Workplace and Employee Survey (WES), 59 per cent of Canadian workplaces offered some form of workplace training for their employees in 2005, although such quantitative measures offer no insight into quality of provision. However, there has been an increase in workplaces offering some form of training since 1999, when 54 per cent of employers reported some form of workplace training. Nonetheless, in most firms training remains informal, and only about 40 per cent have formal training with a defined curriculum and predefined goals (Watt & Gagnon 2009). This leaves over 40 per cent of workplaces not providing any training and sixty per cent providing informal, non-accredited opportunities.

The provision of workplace training is strongly focused on those that already have a high level of education (less-educated individuals are five times less likely than their more educated counterparts to participate in job-related adult learning); younger workers and is concentrated in large organisations (Watt & Gagnon 2009; CCL 2006). Furthermore, if a comparative perspective is adopted, an international survey from 2005 shows that Canadian employers ranked significantly lower than their European counterparts when it came to the availability of training in the workplace. Compared to 24 European countries, Canada was placed 14th, well behind the United Kingdom, Denmark, Sweden and France (CCL 2011). Similarly, an OECD study in 2005 found that Canada had slipped from 12th to 20th place in terms of the priority employers place on training their workers (Goldenberg 2007).
According to the Conference Board of Canada (2009), companies in Canada spent an average of $787 per employee on training, learning and development in 2008. In real-dollar terms, this level of expenditure represents a 40 per cent decline over the past decade-and-a-half. Similarly, according to Proudfoot Consulting’s Global Productivity Report, Canadian companies provide one of the lowest levels of training among the 12 countries surveyed. Canadian workers receive an average of eight days of training per year, the second-lowest level of the countries surveyed and 25 per cent below the global average.

It is argued that the lack of workplace education and training (especially in basic skills like numeracy and literacy) contributes to Canada’s productivity gap with other developed countries, notably the US.70 Prior to the recent rise of the Canadian dollar, economists speculated that lower Canadian productivity, in comparison with the U.S. and other OECD economies, was linked to the undervalued Canadian dollar. It was posited that a Canadian dollar at 65 or 75 American cents provided no incentive to Canadian industry to seek productivity improvements, because of the currency advantage. However, the higher value of the Canadian dollar over the past decade has not resulted in a closure of the productivity gap. In light of these issues/challenges, there have been a number of government responses at both federal and provincial levels, which will now be outlined.

4.3 Federal strategy, institutions, policies and practices regarding adult learning/workforce development

4.3.1 Historical background – the 1990s

Historically, the federal government played a significant role in post-secondary education (PSE) in the decades following WW2 (CCL 2011). The federal administration of Unemployment Insurance in 1941, following the traumatic experiences of the Great Depression, solidified the basis for the federal government’s intervention into the labour market (Sharpe & Gibson 2005). Post WW2 federal intervention in PSE manifested in the direct funding of universities, in the context of national policy development, in the creation of many new PSE seats to accommodate the post-war boom, in fostering research; and, in the 1960s, in the

70 Goldenberg’s (2007) study cites a range of evidence which states that many employers believe that it is the state’s role to provide such education and that ‘remedial action’ in this area is not/should not be an employer’s responsibility.
development of the “community college” sector. Huge investments were made in technical and related forms of training, continuing education programmes, and in courses equivalent to initial university education (CCL 2011).

Significant pieces of legislation included the Adult Occupational Training Act of 1967, which allowed the federal government to purchase blocks of training programmes from colleges and the National Labour Act of 1982, through which the federal government, for the first time, encouraged on-the-job training as opposed to training in schools and other institutions. A Labour Force Development Strategy was issued in 1982. This was aimed at fostering the involvement of labour and business in training decisions and labour policy, in an attempt to address the perception that labour market programmes were inadequate and that the government was out of touch with the training needs of the private sector. This increased emphasis on involving the social partners manifested in the establishment of the Canadian Labour Force Development Board in 1991.

4.3.1.1 The Canadian Labour Force Development Board (CLFDB)

In 1991, the federal government had created the Canadian Labour Force Development Board (CLFDB). The government’s intention had been to endow its social partners, including business, labour, education and “equity-seeking” groups, with “an unprecedented degree of influence over national and provincial labour market initiatives” (Haddow & Sharpe 1997, p. 3). The focus of this advisory power had been social cooperation and engagement in the development of policy specifically targeted at skills development. The experiment, however, went awry with persistent cleavages between business and labour interests. Business representatives in the board proposed a major reform of the organisation’s structure and activities as a condition for their continued participation. As the proposal was unacceptable for labour representatives, the board was dissolved in 1999 (International Reform Monitor 2000). Due to the ongoing difficulties, it never played more than a minor advisory role. Further, regional LFDBs were to be created in each province, but a number of provinces and territories never established them.

The dissolution of the CLFDB both contributed to, and is illustrative of, the weak institutional framework for labour market policy (Sharpe & Gibson 2005). Partially, this weakness reflects the historical marginalisation of training institutions in Canada, itself a product of the long-standing policy of relying on the supply of skilled immigrants for human capital (Marquart 1998). Educational institutions also supplied skilled workers, but the inflow of skilled labour eased the frictions between the rapidly shifting labour demands due to technological change and the slow adaptation of educational institutions.

There is a broad consensus that the weak tradition of social partnership or corporatism is a major and ongoing impediment to institutional solutions to training issues (e.g. CCL 2011; Sharpe & Gibson 2005; International Reform Monitor 2000).
Moreover, in addition to divisions between social partners and a lack of corporate type cooperation at federal level, national policy regarding adult and worker skills and training has also historically been permeated by the tension between the federal and provincial/territorial levels of government (e.g. OECD 2002; Sharpe & Gibson 2005). On the one hand, the constitutionally-established jurisdiction of the Canadian provinces over education has been interpreted to include adult training. On the other hand, the federal government has responsibility for the unemployment insurance system (now called “employment insurance” or EI) and as such, ultimately funds adult skills training, albeit at provincial level, through that programme.

4.3.1.2 The 1996 Employment Insurance Act – devolution to the provinces

Prior to the 1996 overhaul of the Canadian market training system then, the federal government was heavily involved in the direct delivery of training programmes (and not just for EI eligible clients) (e.g. OECD 2002). In 1996 however, the federal government introduced a new Employment Insurance (EI) Act. This Act authorised the federal government to enter into Labour Market Development Agreements (LMDAs) with provinces and territories.71 Through these agreements, Government of Canada funding enables provinces and territories to design, deliver and manage skills and employment programmes (as well as other labour market programmes) for unemployed Canadians, specifically those who are eligible for, and claiming Employment Insurance (EI) benefits (or who have had an active claim in the past three years).72 The labour market programmes, designed and delivered by the provinces and territories, must be similar to federal Employment Benefits and Support Measures that are laid out in Part II of the Employment Insurance Act (EI Act). Employment Benefits, which generally involve longer term interventions that can last from several weeks to a year or more, comprise Skills Development-Regular, Skills

71 At the time, this led to the negotiation of full-transfer LMDAs with five provinces and two territories, and co-managed LMDAs with four provinces and one territory. There was no LDMA with the province of Ontario until November 2005 (and a Labour Market Partnership was also signed at the time (see below).

72 Canadians who lose their job, through no fault of their own, can receive EI from 19 weeks up to a maximum of 45 weeks, depending on the unemployment rate in their region at the time of filing their claim and the amount of insurable hours accumulated by the person in the preceding 52 weeks. The basic benefit rate is 55 per cent of average insured earnings up to a yearly maximum insurable amount of $47,400. This means that there is a maximum payment of $501 per week. EI payment constitutes taxable income.

LMDAs are complemented by Labour Market Agreements (LMAs), which provide funding for provincial and territorial labour market programmes and services, in particular, training for low-skilled workers and unemployed persons who are not eligible for EI benefits (HRSDC 2012; Service Canada 2012). Again, LMAs are designed so as to provide flexibility, and allow provinces and territories to address their specific labour market needs.73

So whereas up until 1995, the federal government directly designed programmes and purchased places in training programmes for those eligible for Employment Insurance; since 1996, funding was devolved, through the Department of Human Resources and Skills Development Canada (HRSDC), to provinces/territories through LMDAs.74 HRSDC also co-manages, in partnership with the provinces and territories, specific projects and activities deemed to be in the national interest under Part II of

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73 The Government of Canada provides $2.5 billion annually to provinces and territories for skills and employment programmes in these two categories (Verma 2011).

74 HRSDC is the lead department in the Government of Canada for policies that affect the development and utilisation of skills in the economy. According to the HRSDC website, their mandate includes developing policies that make Canada a society in which all can use their talents, skills and resources to participate in learning, work and their community; and creating programmes and support initiatives that help Canadians move through life’s transitions.

HRSDC runs a number of programmes aimed at skills development in general, with some specialised programmes aimed at targeted population segments, such as youth, aboriginal persons, immigrants, persons with disabilities and older workers. The overall objective is to create an educated, skilled and flexible workforce by investing in programmes that help individuals and businesses succeed in today’s economy and prepare for the jobs of the future. For example, some of these programmes include Aboriginal Labour Market Programmes; Learning and Post-Secondary Education; Literacy and Essential Skills; Foreign Credential Recognition; Workplace Skills; Trades and Apprenticeship and Apprenticeship Grants. In addition, HRSDC’s Working in Canada website is the Government of Canada’s leading source for labour market information, for all job seekers, employers and policy makers. It offers users free occupational and career information such as job opportunities, educational requirements, main duties, wage rates and salaries, current employment trends and outlooks.
The EI Act. The Canadian Government then retains responsibility for making EI payments to eligible unemployed persons across Canada, but the funding for training and other labour market supports is largely devolved. However, the federal government explicitly retained jurisdiction for adult training/aspects of labour market development reflective of national interests. For instance, federal funding provides loans for post-secondary education; the National Literacy Secretariat provides incentives and coordination for local literacy programs, as well as pilot projects; supports labour market training for target groups (youth, older workers, persons with disabilities, Aboriginal peoples) (Brisbois & Saunders 2005). The federal government also retained responsibility for inter-provincial labour mobility (see 4.5.2.1 below) and other “pan-Canadian activity” (Marquart 1998). Furthermore, the federal government continues to act in areas of federal jurisdiction, such as taxation, in order to provide incentives directly to employers that are designed to support skills development and training, via incentives such as the Apprenticeship Training Tax Credit.

Moreover, the federal government also provides indirect support for subsequent training by assisting ‘partners’ to conduct labour market research, develop and publish career information, and develop curricula. For example, until recently, the Sectoral Partnerships Initiative provides both core and project funding for sector councils (see below), each representing an economic sector, that bring together labour and business representatives to address human resources development issues. To reiterate, it should be noted that in the 2013 Federal Budget, released in March, the Federal Government announced that it was going to renegotiate the instruments through which skills funding (and therefore, provincial provision) is devolved – the Labour Market Agreements and Labour Market Development

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75 The OECD (2002) argued that from the mid-1990s, the federal government reduced its support for adult education, partly because of funding crises in health care and international and domestic pressures to reduce the deficit. The authors surmise that that the apparent decline in adult participation in learning activity during the 1990s — from 30.3 per cent of the adult population participating in 1993 to 27.7 per cent in 1997 — reflects the withdrawal of federal support.

76 The Sectoral Initiatives Program invites eligible applicants to submit concept papers for national, partnership-based projects that support the development of labour market information, national occupational standards and certification/accreditation regimes, to address skills shortages in sectors of Canada’s economy (HRSDC, 2012).
Agreements (see Section 4.3.1.2) to “reorient training to labour market demand.” The implications of this renegotiation are currently unclear. One issue that is clear is that the negotiations will not involve consultation with labour unions.

The 2013 Budget also announced the creation of a Jobs Grant. This programme will use money formerly allocated to literacy and numeracy training and other forms of support for low-skilled unemployed workers who do not qualify for Employment Insurance (CLC 2013). The Canada Job Grant takes $300 million-per-year from the current $500 million Labour Market Agreements (LMAs) going to provinces, and allocates it to a grant for job-related training. Employers will apply for grants to provide their employees with training, up to a maximum of $15,000 per employee. One third of funding will come from the employer, one third from the province, and the federal government will provide the final third. It is not clear whether the new Canada Job Grant will support portable, certified training for jobs in highly skilled occupations. Nonetheless, the money can be used at existing training institutions, although details will have to be negotiated with the provinces.

Critics argue that whilst initiatives to foster a training culture within Canadian workplaces is certainly required, this should not come at the expense of much needed existing training for low-skilled workers, since more money should have been allocated to both (CLC 2013). The LMA is the sole source of government funding for workplace literacy training. In Ontario, for example, seventy per cent of literacy training funding is provided through the LMDA and LMA. The Jobs Grant Scheme then effectively subsidises employers to train their workforces, which is arguably a core employer responsibility. The lack of action by employers and subsequent failure of the training ‘market’ allows employers to push more of the costs of training back on to the state, thereby contributing to a situation of employer welfare dependency (see Keep 2006). Issues around ‘deadweight’ approaches loom large, with the risk that the state simply ends up paying for training that some employers would or should have undertaken anyway.

4.3.1.3 The Sector Council Program

The Sector Council Programme (SCP) was until recently a national programme, which was established in 1993, building on the concept of the regional Labour Force Development Boards. This was an industry-driven labour market programme that sought to address human resource and skills development needs of businesses, workers and job seekers. Sector Councils (SCs) served as a platform where businesses, labour and educational stakeholders collaborated so as to foster the development of a “training culture and to increase private sector investment in training by matching employer’s training investments.”

Being predominately employer-led, sector-based initiatives have the advantage of providing training that is demand-driven and tailored to fit a particular industry’s needs. Furthermore, the sector-based approach to skills and learning recognises that
while the performance of individual companies remains vital - individual companies ultimately drive what skills they need to develop within their organisation - they are also embedded in a much broader sectoral and networked system, which shapes collective demand for, and utilisation of skills.

Sector Councils (SCs) were guided by the following four objectives:

- Increasing industry investment in skills development so as to promote a quality workforce;
- Creating and sustaining a learning system that is informed of, and more responsive to, the needs of industry;
- Reducing barriers to labour mobility, leading to a more efficient labour market; and
- Enhancing ability of industry to recruit and retain workers and to address human resource issues.

SCs, were independent, non-governmental organisations that allowed stakeholders to determine unique sector-specific challenges and worked to find solutions to these challenges. In 2011, 33 sector councils were listed as being operational (including one for automotive manufacturing) although the level of activity varied a lot across the councils. The councils collectively covered approximately 50 per cent of the Canadian labour market. The councils received approximately three-quarters of their funding from the federal government, but operated at arms-length from the government.

Sector councils undertook a number of activities by way of response to skills and labour market issues affecting their sectors. These included:

- The development of labour market information products to allow businesses to plan human resources and project investments;
- The development of national occupational standards so as to facilitate labour mobility (including apprenticeship), influence college curricula and promote health and safety in the workplace;
- Targeted recruitment and skills development initiatives to increase labour force participation and integration of under-represented groups such as aboriginals and immigrants;
- Efforts to ensure that curriculum meets industry needs;
- The creation of skills development tools, including e-learning;
- Essential skills initiatives; and
- Tools and approaches to integrate foreign-trained workers.

In 2012, the federal government stated that the Sector Council Program would be “refocused” so as to align with core federal roles, specifically the development and provision of labour market intelligence. It was stated that the ‘refocused’ programme would respond to emerging labour market skills issues as well as
Government of Canada priorities, by supporting industry partnerships, developing enhanced mechanisms for gathering and acting upon sectoral labour market intelligence, in addition to the development of national occupational standards, accreditation and certification regimes, in economic sectors of strategic importance (HRSDC 2012).

In reality however, the Government informed the sector councils in July 2011 that core funding and related project funds would be phased out by March 2013 (CUPE 2011; Calgary Herald 2012). This meant that the majority of the councils would not be able to continue their research, development and strategy work and the $17.5 million program effectively closed in 2013. A number of sector councils (including auto, forestry, printing and plastics) have ceased operation and others have been the subject of acquisition by employer-driven industry associations, such as in the case of the Petroleum Human Resources Council of Canada, acquired by Enform Canada (Calgary Herald 2012). Others, such as the Canadian Council for Aviation and Aerospace and the Aboriginal Human Resources Council, have attempted to attract private sector funding (Calgary Herald 2012).

The upshot will be that labour’s role is/will be substantially diminished (Calgary Herald 2012), as tripartite consultation will no longer be institutionalised in these bodies. This was the outcome of a decision by federal government to move the sector council work from joint labour/management groups to employer groups. There is a new ‘Sector Initiatives Program’ (SIP) that is similarly aimed at the gathering of labour market information and on the development of occupational standards (HRSDC 2013), but the focus is on the funding of projects as opposed to organisations.77

There has moreover, been a rationalisation of sectors – the SIP has nine target sectors, whereas over thirty sector councils were in existence. This is a cost-cutting exercise - individual programs for the auto, steel, plastics, wood products sectors cost more to run than one general manufacturing programme.

The new reliance on Canadian employers as the sole drivers of sectoral skill demands can also be analysed in light of experiences in the UK, which has marked similarities with the Canadian context, in terms of the institutional constitution of both nations (i.e. both are identified as liberal market economies (LMEs) [Hall & Soskice 2001] as well as (by association), the voluntarist training markets of both countries. In both the UK and Canada (and LMEs in general), there is much evidence to suggest that employers are disinclined to invest in the skills of their workforces. Given this, as several commentators have indicated, the concept of employer leadership in

77 Aside from one page on the SIP on the HRSDC website, there is currently very little information available on this new programme.
driving skills agendas remains deeply problematic (e.g. Keep & Stasz 2008). Coffield (2006) has, on the basis of evidence of employer reluctance to train, questioned whether employers really want the role that has been offered them.

In the UK, it is often argued that this is particularly problematic, with many firms said to compete successfully on the basis of low skill, low value added production approaches, and trapped in, what Finegold and Soskice (1998) called, the ‘low skills equilibrium’ (see Lloyd & Payne 2002). There is evidence, as discussed above, to suggest that the Canadian experience is similar (e.g. low capital investment, low training investment, reliance on cheap migrant labour, stagnant wage levels). Given this reluctance, the sole reliance on employers to drive skills agenda and determine sectoral needs might be seen as inherently flawed.

On the basis of the above, it can be surmised that the federal government’s previous efforts to cultivate partnership working in skills development have seemingly ended, particularly as the sector councils constituted the last bodies where labour’s perspective was formally represented (Alberta Federation of Labor 2012). The failure to create and sustain partnership working also extends to relations between the provinces and the federal government, as reflected in the upcoming renegotiation of LDMAs and LMAs, announced in the 2013 Federal Budget.

Throughout the 2000s, the emphasis on the importance of skills development continued, as further evidence as to continued skills deficits and ‘labour market challenges’ accumulated (e.g. OECD 2002; Goldenberg 2006; CCL 2007). Policy focus moved towards the ‘creation of a knowledge economy’, and the concomitant need to supply a labour force, equipped with the skills and competences required to carry out work that increasingly require the application of knowledge and high skills. Canada’s future competitiveness was repeatedly identified as being dependent on such a transition being effected. The following section outlines two key strategy documents, before identifying some key skills initiatives that were implemented over the course of the past decade.

4.3.2 The 2000s: an emphasis on building a knowledge economy – strategies and initiatives

4.3.2.1 The ‘Knowledge Matters’ Strategy

The Government of Canada’s Innovation Strategy - Knowledge Matters: Skills and Learning for Canadians (Government of Canada 2002) detailed the federal government’s view of impending skill gaps that would impede economic progress and the concomitant need to ‘transition to a knowledge-based economy’. The document articulated the government’s view that there will be an ever-increasing demand for a well-educated and skilled workforce in all parts of the economy and
in all parts of the country. The report noted that that by 2004, more than 70 per cent of all new jobs created in Canada would require some form of post-secondary education, 25 per cent of new jobs would require a university degree, and only 6 per cent of new jobs would be held by those who have not finished high school (Government of Canada 2002). The government also stated that there is a ‘demographic crunch’ was looming, which entailed that the country’s future labour supply would not fulfil the demands of the economy. To this end, the Government stated that the nation’s learning system must be strengthened, if the skills and labour force demands of coming decades are to be met (Government of Canada 2002).

The strategy then articulated the Government’s commitment to a human capital development policy, laying out the framework within which the government’s Skills and Learning Agenda would be carried out. There were three key aspects to this agenda. First, new sources of skilled labour would need to come from among Canadians whose capacity to contribute to Canada’s economic well-being has not been fully realised; special initiatives for Aboriginal Canadians, youth, and persons with disabilities constituted part of this response. Second, it was recognised that the skills of immigrants to Canada are often under-utilised or not utilised at all. Thus, the federal government committed to working with professional regulators and educational system representatives to develop standards for the recognition of foreign credentials, beginning with occupations in high demand in the Canadian labour market (see 4.3.2.7 below). Third, the Government made a commitment to widening access to higher education, which encompassed measures such as increasing funding levels available to postsecondary students in need of student loans.

4.3.2.2 The Canadian Workforce Skills Strategy (WSS)

The Workplace Skills Strategy (WSS), first announced in the February 2004 federal budget, was developed following consultations with industry, provincial governments, organised labour, community colleges and private training institutions. The strategy can be seen as a response to the body of evidence (see above, 4.2.3) which points to the reluctance of Canadian employers to invest in skills training for their workforces (e.g. Goldenberg 2007).

In sum, the intention of the WSS was to guide the development of policies and programmes for human capital investments in, and for, Canadian workplaces. The Strategy was ‘principally focused on employers and the currently employed’ - on retooling and up-skilling, with the Government’s role being facilitation and coordination. The government described the WSS as ‘a key element of the commitment to advancing Canada’s competitive position in the global economy’ and ‘a key pillar of the government’s overall economic strategy’(Government of Canada 2004).
The WSS was established on the assumption that human capital development should be a shared responsibility of both public and private sectors, ‘with the Government of Canada helping to play a leadership and partnership role’ in the development and implementation of a comprehensive, workforce skills strategy. The overarching aim was to work with stakeholders so as to ensure that all Canadians ‘have the opportunity to develop their skills so that they can obtain meaningful and productive jobs’. It was developed so as to provide a framework for achieving the objectives of ‘building a flexible and efficient labour market; to help Canadians be the best-trained, most highly skilled workers in the world; and to respond to the needs of employers to make Canadian workplaces more productive and innovative’ (Government of Canada 2004).

The strategic objectives of Workplace Skills Strategy were the:

- Better alignment of government investments in skills with the needs of the labour market
- The creation of incentives for employer commitment to, and investment in, training
- Broadening recognition of skills and experience acquired outside of formal Canadian education
- Increased capacity for forecasting skill shortages, upgrading skills of current employees as well as effective recruitment of skilled workers
- Improved reliability, accuracy, relevancy, timeliness and access to government generated labour market, human resource and programme information
- The development of partnerships and networks to facilitate employer-led workplace skills development strategies

To advance these objectives, the WSS identified three priority areas for action: the promotion of investment in workplace skills, the promotion of skills recognition and utilisation; and the promotion of partnerships, networks and information.

The first two objectives were to be achieved through strengthening apprenticeship systems by implementing a Trades and Apprenticeship Strategy, as well as through supporting the testing of new skills initiatives that had to be ‘demand-driven’ and targeted. These latter were to come under the umbrella of the Workplace Skills Initiative (WSI). The promotion of dialogue on workplace skills issues was to be achieved through the creation of Workplace Partners Panel (see below), comprised
of business, labour, and training experts. A total of $125 million was invested in launching these three initiatives (Canadian Home Builders Association 2006).

The Government intended that the Trades and Apprenticeship Strategy (TAS) would provide a means of focusing national attention on the challenges of increasing the supply of skilled trades. As apprenticeship is an area of provincial/territorial responsibility, the federal government intended to work closely with governments at this level. The goals of the TAS are the harmonisation of provincial apprenticeship systems, to enhance interprovincial mobility in the skilled trades (through the Red Seal Programme); and to enhance/ensure the quality of apprenticeships as well as to increase access and uptake (see 4.5.2.2 section below).

4.3.2.3 The Workplace Skills Initiative (WSI)

The WSI was intended to promote and test new approaches to skills development, to encourage employers to invest in the skills development of their employees, and provide information to the Government of Canada for labour market policy and programming. Initially, the WSI supported pilot projects of up to three years in duration. The terms of reference specified that the projects should be “partnership-based”, focused on employers and employed Canadians and address one or more of the following objectives:

- Demonstrate new and innovative approaches to workplace skills development including essential skills and literacy; management, supervisory and leadership skills; technical skills (e.g. engineering skills, project management skills, automotive skills); as well as other non-technical or soft business skills;
- Support the adoption and sharing of improved Human Resources (HR) practices and sharing of best practices relating to recruitment, development and retraining, and retention of employees—particularly for small and medium enterprises (SMEs);
- Pilot new and/or innovative approaches to skills identification, recognition and utilisation, e.g. skills passports, talent portfolios, facilitating skills matching and interregional and inter-sector worker mobility; and
- Pilot new and/or innovative approaches to promote partnerships, networks and information flow within and across firms as well as on a cross-sector basis (e.g. collaborative partnerships between the business and education sectors).

78 Gibb and Walker (2011) argued that the strategy was still to be operationalised at their time of writing. No evaluation of the TAS strategy could be found at the time of compiling this report.
The WSI ran three calls for proposals between 2006 and 2009, until the programme ceased at this time. Twenty-nine projects were approved, twelve of which were in Ontario. Eighteen of the projects received over a $1 million in funding.79

4.3.2.4 The Workplace Partners Panel (WPP)

The Workplace Partners Panel (WPP), announced in October 2005, was a national, independent, arm’s-length body comprising leaders from business and labour. The WPP’s role was the promotion of private sector leadership and participation, as well as the provision of advice on the development of workplace skills. It was also charged with measuring the outcomes and impacts of investment in skills in the workplace, as well as the promotion of successful investments.

The Workplace Partners Panel was established ‘to stimulate and support a new, industry-led dialogue on labour market and skills issues, and ensure that business and labour, as well as regional and sectoral perspectives, contribute to the workplace skills agenda’. It was charged with galvanising Canada’s industry, educational partners and governments to integrate the workplace into Canada’s learning system. The WPP was intended to foster awareness, build a sense of ownership of the skills agenda, and encourage industry partners to commit to skills development. To these ends, the Panel provided Canadian industry and the Government of Canada with a forum to exchange perspectives and intelligence, and a research capacity focused on workplace skills issues.

The WPP also established regional task forces, so as to address local and regional needs for workplace skills. Each regional task force was co-chaired by a senior business and labour leader and was also comprised of representatives from all levels of government, business, labour, educators, and community groups. The taskforces were established around particular issues e.g. the first set considered the broad question of Canada’s ageing workforce and the implications for regional labour markets and skill needs. Subsequent task forces addressed issues such as workplace training, immigration, aboriginals in the workforce, the transition from school to work, as well as retirement issues. The Workplace Partners Panel however was deemed to have “completed its work” by the autumn of 2006 (less than a year after its inception) and was disbanded (HRSDC 2012)

79 For a full evaluation of the WSI, please see:
4.3.2.5 The Essential Skills and Workplace Literacy (ESWL) Initiative

The Essential Skills and Workplace Literacy (ESWL) initiative was launched on 1 April, 2003 (Brisbois & Saunders 2005). It was instigated in response to the International Adult Literacy Survey (IALS) findings as to low numeracy and literacy rates in the Canadian workforce in the 1990s and 2000s (see section 4.2.1 above). Its goal is the enhancement of the skill levels of Canadians who are entering—or are already in—the workforce. The Initiative does this by increasing awareness and understanding of Essential Skills, supporting the development of tools and applications, building on existing research, and working with other Government of Canada programs. According to the ESWL website, Essential Skills are the skills needed for work, learning and life. They provide the foundation for learning all other skills and enable people to evolve with their jobs and adapt to workplace change.

Two earlier projects/tools are now components of the ESWL: the Essential Skills Research Project (ESRP) which resulted in the identification of occupational profiles or essential skills profiles) and the Test of Workplace Essential Skills (TOWES). The Essential Skills Research Project (ESRP) was implemented in 1994 with the aim of identifying the measurable, transferable and teachable skills present in virtually all Canadian occupations listed in the National Occupational Classification (NOC), the authoritative taxonomy of occupations in Canada. The NOC organises the Canadian world of work into 520 occupational groups according to skill type and skill levels and is the framework for occupational data collection in Canada. Using rigorous, consistent standards—including, where possible, skill levels adopted from existing reliable measures including the International Adult Literacy Survey (IALS)—Essential Skills researchers profiled each of the 520 Canadian occupational groups, identifying the level and application of each of nine Essential Skills. The nine essential skills are: reading text; document use; writing; numeracy; oral communication; thinking skills; working with others; computer use; and continuous learning.

The ESRP directly generated two principal products now used extensively by industry partners. The occupation-specific essential skills profiles are used by industry and educational partners to set training standards appropriate to particular occupations. Moreover, the methodology developed to profile Canadian occupations has been adopted and applied to occupations too specific to receive their own profile. For example, the diamond mines, Diavik and BHP Billiton have developed and used customised essential skills profiles for occupations specific to their industry using ESRP methodology.

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80 The profiles were published, and are available, on the HRSDC website.
The second tool incorporated in the ESWL is the Test of Workplace Essential Skills (TOWES). Development began in 1998, and the test was created under the joint responsibility of Bow Valley College in Calgary, and SkillPlan (The British Columbia Industry Skills Improvement Council), with funding from the National Literacy Secretariat at Human Resources Development Canada (HRDC). The resulting product is a test of the three essential skills (reading text, document use and numeracy) which had been measured at the population level in the IALS in Canada in 1994. TOWES is deemed to be superior to other individual-level tests of literacy and numeracy skills for two reasons: first, it has been validated against IALS (and therefore also with the Essential Skills profiles) and has been shown to correlate very highly with it; second, because the test materials are authentic workplace materials collected by ESRP researchers and rated for complexity, test candidates are assessed realistically for their capacity to function in actual workplaces. A number of leading companies have used TOWES as an assessment/screening tool for workers, to identify training needs and the propriety of placements (Brisbois & Saunders 2005).

4.3.2.6 The Lifelong Learning Plan

The Lifelong Learning Plan (LLP) allows individuals to withdraw up to $10,000 in a calendar year from their Registered Retirement Savings Plan (RRSP), so as to finance training or education for themselves or their spouse or common-law partner. As long as LLP conditions are met every year, participants can withdraw amounts from their RRSPs until January of the fourth year after the year the first LLP withdrawal is made. A limit of $20,000 for total withdrawal is set (Service Canada 2012). Participants must start to make repayments two years after their last eligible withdrawal, or five years after the first withdrawal, depending on which due date comes first. Amounts withdrawn must be repaid within 10 years.

4.3.2.7 The Foreign Credential Recognition Plan

The Foreign Credential Recognition Plan was launched in 2005. Through this programme, the federal government funds projects aimed at developing processes and/or tools that assist in accelerating the assessment and recognition of immigrants’ foreign credentials in order to ensure they meet Canadian standards. The Foreign Credential Recognition policy works in conjunction with the Temporary Foreign Worker Programme. Under this latter, processing time for temporary foreign workers are expedited through an Expedited Labour Market Opinion assessment in order to address

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81 This department is now called Human Resources and Skills Development Canada.

82 The Foreign Credential Recognition policy works in conjunction with the Temporary Foreign Worker Programme. Under this latter, processing time for temporary foreign workers are expedited through an Expedited Labour Market Opinion assessment in order to address
This Plan has been implemented as many professionals have difficulty with receiving recognition for their credentials by professional associations after they arrive in Canada. The Foreign Credential Recognition initiative is meant to address this issue by developing a streamlined and standardised system. The initiative is aimed at facilitating a ‘pan-Canadian’ network to ensure processes are fair, accessible, timely and coherent. Funding is provided on a project-by-project basis to multiple partners (sector councils, non-profit organisations, professional associations, universities, etc.) to develop such assessment tools.

Critics have highlighted the fact that the number of potential stakeholders is vast, making it unclear how coherent and collaborative networks are going to be developed in order to ensure consistency across the country (e.g. Gibb & Walker 2011). Added to this concern is the fact that many professional licensing bodies are provincially regulated rather than federally regulated. Furthermore, it is seen as problematic that the high-skill education is to be imported by foreign workers rather than cultivated from within Canada. It is essentially, then, a high-skill employment rather than an education and training policy per se.

4.3.2.8 The Youth Employment Strategy

The Youth Employment Strategy helps young people, particularly those facing barriers to employment, get the information and gain the skills, work experience and abilities they need to make a successful transition into the labour market. It is a horizontal initiative that involves eleven federal departments and agencies. The Youth Employment Strategy is comprised of three program streams: Skills Link, Career Focus, and Summer Work Experience.

- Skills Link provides funding for employers and organisations to help youth facing barriers to employment obtain the knowledge and develop the broad range of skills and work experience they need to participate in the labour market
- Career Focus provides funding for employers and organisations to create career-related work experiences for post-secondary graduates

labour shortages in particular industries (oil and gas, construction, tourism). Both of these programmes fall under one of the WSI’s mandate of targeting newcomers to Canada (Gibb & Walker 2011).
• Canada Summer Jobs (an initiative under Summer Work Experience) provides funding to help employers create summer job opportunities for students.

The Federal Government also runs a website to direct young people to the collective resources and programmes run by various government departments. This website also provides links to resources available outside the government.

Thus, it can be seen from the above that the federal government recognises the importance of skills development for national competitiveness and has taken action aimed at effecting a transition to a knowledge economy and alleviating the skills issues outlined in the preceding section. However, critics argue that such strategies, policies and practices are impeded by the extensive fragmentation of the adult learning and workforce skills system, arising out of the tensions between federal and provincial government, as well as a lack of well-developed partnerships between industry parties, educational providers and government partnerships (e.g. CCL 2011; OECD 2002).

Despite this fragmentation, all the above initiatives will be reflected in and manifested at provincial level, given funding arrangements (Labour Market Development Agreements and Labour Market Agreements for instance) and federal efforts to work in partnership with provincial/territorial governments and ensure some level of consistency across provinces in areas deemed to be of national significance. Of course, devolution of funding and provincial jurisdiction for adult learning and workforce skills policy will mean that specific policies and practices will evolve, so as to meet specific regional needs which in large part reflect the industrial and economic composition of each area. Moreover, critics have argued that the policy approach of the provinces has tended towards decentralisation rather than centralisation of responsibilities, focusing on local groups and partnerships between economic actors and the education system. As noted by the OECD (2002), the large number of actors has led to significant coordination failures, a ‘maze of initiatives and programs’ (Taylor 2003, p. 4). Moreover, Schuetze (2003, p. 88) notes that the aforementioned skills initiatives by the federal government constitute a relatively new direction, and one ‘which it has not played very efficiently in the past’.

Before reviewing the implications of the above, the effects of the economic downturn and federal skills responses will be outlined.

4.4 The impact of the economic recession on Canada

Prior to the global recession, Canada had experienced fifteen years of economic growth: strong commodity prices created a currency advantage in export markets; post-secondary attainment was one of the highest in OECD countries; and the overall rate of unemployment fell over the period (Public Policy Forum 2009).
Canada was impacted by the global recession although arguably, not as profoundly as other countries. The nation experienced losses in the value of its exports, both from weaker demand from trading partners and also from a sharp drop in commodity prices. These factors, along with the negative impact of the global financial market crisis on Canadian credit and equity markets, resulted in sharp declines in consumer and business confidence during the early stages of the global recession (Government of Canada 2012). According to the Bank of Canada and the Bank for International Settlements (BIS) the cost of the recession amounted to $200 billion in Canada (Public Policy Forum 2011).

The country experienced a 3.3 per cent drop in GDP over three quarters between 2008 and 2009 (Boivin 2011). Both export and investment levels plummeted ‘spectacularly’ (Boivin 2011). Exports decreased by 16 per cent over the three quarters of 2008 and 2009, and by 22 per cent over 2009 as a whole (the most significant drop during the recessions of the 1980s and 1990s was only 8 per cent) (Statistics Canada 2011; Boivin 2011). Moreover, there was a 22 per cent downturn in investments over just three quarters.83 Indeed, Canada’s recession has been described as an ‘export recession’, caused by the collapse of economies outside its borders (Statistics Canada 2010).84 Moreover, 400,000 jobs were lost and unemployment grew by 1.8 per cent (as compared with a six per cent drop, amounting to 8.5 million jobs, in the US) (Canadian Press 2010).

However, the Canadian Government has maintained that the effects of the 2008 recession stood apart from previous recessions in that output and employment recovered comparatively quickly. Indeed, the Government has argued that the nation has had the strongest recovery of any G7 country, Government sources state that GDP has recovered to pre-recession levels (Boivin 2011). As such, the OECD had forecast the Canadian economy to grow by nearly 2.2 per cent in 2012 and 2.6 per cent in 2013 (Isfeld 2012). Similarly, the Bank of Canada expects annualised growth of 2.3 per cent pace in 2013. These projections and figures stand in sharp contrast to the contraction/zero growth being experienced in a number of European countries (Isfeld 2012)

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83 It took two years during the 1980s recession, and three years during the 1990s recession, before a downturn of comparable magnitude was recorded (Bank of Canada 2011).

84 Corporate profits fell by 33 per cent in 2009. The slump in exports meant that corporations stopped spending on capital acquisitions to the tune of $41 billion, cut spending on inventories by $8 billion and on wages and salaries by $9.5 billion (Statistics Canada 2010).
The recovery (cf. Stanford 2012; CCPA 2012) has been variously attributed to the country’s regulated financial system, a labour market characterised by relatively high levels of regulation, strong household and government balance sheets that could absorb a sharp increase in debt levels, the Government’s stimulus package and vigorous household spending, which grew by about 5 per cent since the quarter before the downturn (Bank of Canada 2011; Boivin 2011; Public Policy Forum 2009). Although the household debt-to-income ratio in Canada has been on a steady upward path from 0.9 in 1990, it remained relatively low going into the recession at about 1.35 compared to ratios of around 1.6 in the United States and the United Kingdom. However, household debt-to-income ratios are now approaching the levels seen in countries that subsequently suffered financial crisis (Public Policy Forum 2011).

By way of response to the recession, the Canadian Government announced a $45 billion stimulus package, entitled the Economic Action Plan, in 2009, with spending on infrastructure projects, skills and training, social housing and business tax relief spread over two years. This Plan also aimed to revitalise a number of manufacturing sectors. The Federal Government stated that it worked closely with provinces and territories, so as to identify priorities and ‘shovel-ready’ infrastructure projects. Provinces and municipalities were also asked to identify early intervention plans then and to match federal funding, where possible. In many cases, provinces, territories and municipalities chose to contribute more than the amounts required under program contribution agreements, thereby allowing larger and more ambitious infrastructure projects to be funded through the Plan. Taking into account these additional contributions, it is estimated that over $63 billion in stimulus and tax reductions were delivered to the economy between 2009–10 and 2011–12 (Government of Canada 2012). Overall, more than $60 billion in stimulus and tax reductions were delivered to the economy in 2009–10 and 2010–11, and it is estimated that almost $3.5 billion was delivered in 2011–12.

The Canadian Government claims that its stimulus package was the largest (in terms of percentage of GDP) amongst the G7 nations. The cumulative fiscal stimulus amounted to about 2.75 per cent of overall real GDP in 2011 (Public Policy Forum 2011). This temporary stimulus package was wound down in 2011. The Government continues with the next phase of its Economic Action Plan, which has focused on cutting government spending and deficit reduction, the source of much criticism.

The Government Plan outlined six principal areas of investment. These were:

1. Tax reductions for Canadian families and job-creating businesses, through permanent personal income tax relief and encouragement of businesses to make the type of productivity-enhancing investments that result in sustained economic growth through tax credits
2. Advancing Canada’s knowledge economy and creating better jobs. Support was to be provided for science and technology through improving
infrastructure at colleges, universities, federal laboratories and research facilities; introducing additional support for graduate students and internships; commercialising new ideas; and strengthening research and technology leadership in Canada

3. Supporting local economies and protecting jobs in regions, communities and sectors that were most affected by the global economic downturn.

4. Improving access to financing for households and businesses, as well as strengthening Canada’s financial system85

5. Help for the unemployed through the provision of more resources for employment insurance (EI) benefits to support those who lost their jobs ($5.3 billion more in EI benefits than during the previous year), as well as supporting training and skills development programmes. This included offering additional benefits to long-tenured workers. It also included providing support to Canadian workers participating in work-sharing agreements.

6. Investment in some 30,000 new infrastructure projects as well as the boosting of housing construction, so as to create jobs and help ensure that Canada emerged from the downturn with a modern and greener infrastructure and more affordable and safe housing for lower-income Canadians. The stimulus phase of the Economic Action Plan also provided additional support to the housing sector through the Home Renovation Tax Credit. The latter provided Canadian homeowners with approximately $2.3 billion in tax relief and home renovation spending growth averaged over 18 per cent per quarter from the second quarter of 2009 through the first quarter of 2010.

The Canadian Government argues that employment in Canada has increased by over 1.1 million since January 2006, the strongest performance of any G7 country over this period. Furthermore, the infrastructure projects of 2009 onwards are deemed to have contributed to a strong labour market recovery, with over 610,000 net new jobs created since July 2009 (Government of Canada 2012). Thus, the Government argue that all jobs lost as a result of the downturn have been recovered, stating that of these new jobs, approximately 90 per cent have been full-time jobs and over 75 per cent have been high-quality jobs in high-wage industries and in the private sector. The stimulus phase of Canada’s Economic Action Plan (EAP) included $8.4 billion over two years to support workers most affected by the global recession.

85 Private business investment growth returned to positive territory in early 2010 and averaged over 16 per cent per quarter over the remainder of the stimulus phase of the Economic Action Plan (Government of Canada 2012).
However, the EAP has been stringently criticised. The Canadian Centre for Policy Alternatives (CCPA), for instance, has argued that the stimulus would have been more beneficial if it had been cast differently. First, it would have had a much larger impact if it had been larger, less focused on tax cuts—particularly in corporate tax which, it is estimated, lost the country $13 billion in revenue in 2012 (CCPA, 2012). Second, it should have been better targeted on projects with long-term payoffs for the country (for instance, green infrastructure, universal early child care and education programs and poverty reduction initiatives). There are three main (related) critical themes:

1. Those that focus on flaws in the EAP (i.e. the failure to extend employment insurance benefits so as to cover more people in need,86 a lack of focus on stimulating green sectors);
2. Those that argue that the stimulus was stopped too quickly and that the subsequent focus on austerity, spending cuts and deficit reduction ($4 billion in spending cuts in the coming year) are unnecessary87 and damaging (CCPA 2012); and,
3. Those that argue that the ‘recovery’ is not as strong as has been presented by the federal Government.

This last critique extends to debates over the number of jobs that have been created, the nature and quality of those jobs, current employment and unemployment rates, current GDP rates and per capita GDP figures (e.g. Stanford 2011).

4.4.1 Federal-level skills-based responses

The EAP included the provision of $8.2 billion dollars, under the auspices of a Skills and Transition Strategy. The purpose is to deliver direct support to workers most affected by the recession. Amongst other measures (such as freezing EI premium

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86 The CCPA’s (2009) Alternative Federal Budget, for example, advocated the investment of a further $3.4 billion to the Employment Insurance budget, expanding its reach to more out-of-work Canadians (currently, just thirty seven per cent of unemployed Canadians receive EI benefits), increasing benefits to cover 60 per cent of insured earnings, extending benefits to 50 weeks, and offering innovative temporary measures such as allowing workers to job share to prevent massive job loss.

87 Given Canada’s relatively strong fiscal position, with the lowest debt-to-GDP ratio in the G7 in 2011, at just 33.3 per cent of GDP, compared to the OECD average of 80.4 per cent.
rates for two years, strengthening EI benefits, facilitating the recognition of foreign credentials, wage protection for workers whose employers have become insolvent/declared bankrupt), the Skills and Transition Strategy included investments for work-sharing; the significant expansion of training opportunities, including those for older workers, youth and Aboriginal peoples, as well as measures to encourage completion of apprenticeships.88

4.4.1.1 The Work-Sharing Programme

Work Sharing is an adjustment program designed to help employers and employees avoid layoffs when there is a temporary reduction in the normal level of business activity that is beyond the control of the employer (Service Canada 2012). The measure provides income support to employees while their employer recovers. Work sharing thus helps employers retain skilled employees and of course, helps employees maintain jobs and skills through supplementing their wages with EI benefits for the days they are not working.

Work-Sharing applications must be agreed upon by both employee and employer representatives, and approved by Service Canada.

To be eligible, employers must:

- Be a publicly-held company, a private business or a not-for-profit organisation;
- Have been in year-round business in Canada for at least two years;
- Demonstrate a recent decrease in business activity of approximately 10 per cent;
- Demonstrate that the work shortage is temporary and beyond their control;
- Submit and implement a recovery plan designed to return the Work-Sharing unit(s) to normal working hours by the end of the Work-Sharing agreement;
- Not be undergoing a labour dispute; and
- Have the agreement of the union (if applicable) and employees.

Eligible employees must:

88 The Government provided $750 million per year to the provinces and territories in 2009–10 and 2010–11 in support of training and skills development programs, which have benefited more than 200,000 Canadians annually (Government of Canada 2012).
• Be “core staff” (year-round, permanent full-time or part-time employees who are required to carry out the day-to-day functions of the business);
• Be eligible to receive regular Employment Insurance benefits; and
• Must agree to a reduction of their normal working hours in order to share the available work.

A minimum of two employees is required for a Work-Sharing agreement. The initial duration of a Work-Sharing agreement must be between a minimum of 6 consecutive weeks and a maximum of 26 consecutive weeks. Employers may request an extension of up to 12 weeks, which has to be approved by Service Canada.

At its peak in October 2009, over 165,000 Canadians were participating in work-sharing agreements (Government of Canada 2012). By December 2011, this had fallen to a figure of 13,000 Canadians, who were participating in more than 550 work-sharing agreements. In order to support a continued recovery for Canadian businesses and workers, the Government announced, as part of the November 2011 Update of Economic and Fiscal Projections, an additional extension of up to 16 weeks for active, recently terminated or new work-sharing agreements. The extension was phased out by October 2012 (Government of Canada 2012).

There were 529 Work-Sharing agreements in Ontario in 2010/11, covering 9,976 employees. Ontario comprised 38.4 per cent of all Work-Sharing agreements and 33.8 per cent of all Canadian employees covered by Work-Sharing agreements. This share was lower than Ontario’s share of all Canadian employees in 2010/11 (38.9 per cent). Ontario’s share of agreements has dropped from 46.9 per cent in 2009/10 and from 62.4 per cent in 2006/07 (HRSDC 2012a).

4.4.1.2 The Career Transition Assistance Programme (CTA)

Workers with significant and long-term work tenure were amongst the hardest hit by the late-2000s recession (HRSDC 2012b). The decrease in economic activity, and ongoing structural changes in various sectors, mean that some of these workers, particularly those with specialised and non-transferable skills, face challenges in finding employment in the same field and industry as the recovery unfolds.

As part of the EAP, the federal government introduced the Career Transition Assistance (CTA) initiative to support long-tenured workers who engage in full-time,
long-term training to update and acquire new skills.\footnote{A long-tenured worker is defined as an individual who has contributed to the EI program (paying at least 30 per cent of the annual maximum EI premiums) for at least 7 out of the last 10 calendar years and has received no more than 35 weeks of EI regular benefits in the last 5 years.} CTA encouraged unemployed long-term workers to undertake training early on in the period in which they are eligible to claim unemployment (EI) benefit, so that they would be ready for employment opportunities as Canada emerged from the late-2000s recession.

This initiative came into force on the 31 May, 2009 and apply to long-tenured workers who established a claim between the 25 January, 2009 and the 29 May, 2010. The CTA initiative, which has been implemented in partnership with the provinces and territories, has two components: First, the Extended Employment Insurance and Training Initiative (EEITI), which increases the duration of EI Part I income support offered to long-tenured workers pursuing significant training up to a maximum of 104 weeks; and second, the Severance Investment for Training Initiative (SITI), which allows earlier access to EI Part I regular benefits for eligible claimants who invest in their own training using all or part of their severance package.

Based on preliminary data and evaluations of the CTA initiative, a total of 10,275 individuals engaged in long-term training as part of the CTA initiative, as of 31 March, 2011. Ontario accounted for about 38.4 per cent of all CTA claimants (HRSDC 2012b). Over one third of all CTA claimants were from the manufacturing industry (36.2 per cent). This industry was significantly overrepresented among CTA claimants relative to its share of employees in Canada in 2010/11 (11.5 per cent) (HRSDC 2012b).

### 4.4.1.3 Targeted Initiative for Older Workers

The Targeted Initiative for Older Workers helps unemployed, older workers, located in communities impacted by the recession and economic change, increase their ability to find and keep a job while the local economy changes. In Ontario, Employment Ontario delivers the initiative.\footnote{Employment Ontario is a job search and careers counselling service, run under the auspices of the Government of Ontario’s Department for Training, Colleges and Universities. The Targeted Initiative for Older Workers is jointly funded by the governments of Canada and Ontario.}

The initiative helps workers who are:

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\footnote{A long-tenured worker is defined as an individual who has contributed to the EI program (paying at least 30 per cent of the annual maximum EI premiums) for at least 7 out of the last 10 calendar years and has received no more than 35 weeks of EI regular benefits in the last 5 years.}
- Aged 55 to 64
- Unemployed
- Legally entitled to work in Canada
- Lacking the skills needed to find a new job, and
- Living in a vulnerable community - one with high unemployment, largely dependent on a single employer or industry and with a population of 250,000 or less.

Projects launched under the enhanced Targeted Initiative for Older Workers provided support to over 12,000 older workers. Due to the success of the initiative, the Federal Budget of 2011 provided $50 million over two years to extend the program.

Ontario was affected by the economic downturn with unemployment rising to a peak of 8.5 per cent in 2009 (it is still at around 8 per cent). Ontario did launch its own employment and skills initiatives in response to the lay-offs but before these are outlined, the existing skills practices and initiatives in the province will be examined. This examination will be preceded by a brief contextual overview of Ontario - its principal economic composition, business policies and labour market characteristics. Finally, skills practices and initiatives that exist at the municipal level of Hamilton will be reviewed.

4.5 Provincial level – the case of Ontario

To reiterate, Ontario is Canada's leading manufacturing province. Important products include motor vehicles, iron and steel, food, electrical appliances, machinery, chemicals and paper. Motor vehicles and parts constituted the top international export in 2011, comprising some 31 per cent of all exports from the province (Ontario Ministry of Finance 2013). Ontario has eleven automotive assembly plants: Chrysler plants in Windsor and Bramalea, two GM plants in Oshawa and one in Ingersoll, a Honda assembly plant in Alliston, Ford plants in Oakville and St. Thomas as well as Toyota assembly plants in Cambridge and Woodstock.

Ontario also has more than 300 parts manufacturers, including indigenous giants ABC Group, Linamar, Magna International and The Woodbridge Group, as well as foreign-based companies such as Aisin Seiki, Amino, Brose, Dana, Denso, Johnson Controls, Lear, Nemak and Wegu. Investments by assemblers and parts manufacturers have topped $10 billion in the last six years alone. This includes a recent $100 million+ investment by GM to increase production of its popular Chevrolet Equinox and GMC Terrain models.
4.5.1 Economic development

With regard to economic development, the province seeks to promote R&D activity and innovation in existing businesses as well as attract new investment. In 2010, Ontario was named as one of the top destinations for foreign direct investment in North America, second only to California. The province attracted a total of 127 Foreign Direct Investment projects, which created more than 11,200 jobs.

The lead department in this area is the Ministry for Economic Development and Innovation (MEDI). Its remit is to help Ontario businesses become innovative and more competitive, attract new growth and investment into Ontario, and support industry in expanding their exports. Ontario has identified a number of potential growth sectors where it is focusing development activity and encouraging investment and industry-academia partnership: the bio-economy and clean technologies; advanced health technologies; pharmaceutical research and manufacturing; and digital media and information and communications technologies. These have been identified by the Ontario Government as areas of strong growth where Ontario already holds a position of global importance or can quickly mobilise existing resources and skills to do so.

Support is provided through funding, grants and tax incentives. Ontario’s R&D tax incentive programme is promoted as one of the most generous in the world (MEDI 2012). In 2005, Ontario’s tax support for large R&D performers ranked first among G-7 countries and third among OECD countries. For small companies, Ontario ranked first among G-7 countries and second among OECD countries (Government of Ontario 2010). For example, the Ontario Innovation Tax Credit is a 10 per cent refundable tax credit for corporations that make expenditures on scientific research and experimental development (SR&ED) carried on in Ontario, with a maximum claim level of $200,000 per taxation year.

The Government of Ontario states that when tax credits are factored in, $100 in R&D expenditures can be reduced (depending on the size of a company) to

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91 MEDI was formerly the Ministry of Economic Development and Trade, renamed so as to emphasise the focus on innovation) is the lead department in this area.

92 The Ontario Government created the Ministry of Research and Innovation in 2005 as the nexus for innovation policy in Ontario. The Ontario Research and Innovation Council (ORIC) is a group of business leaders, entrepreneurs, researchers and public policy experts, established so as to provide advice on shaping and acting on the innovation agenda.
approximately $57 for large manufacturers - or $39 for small businesses. A broader range of costs qualify for deductions than in many other jurisdictions, and tax credits can be carried back for 3 years or forward for 20 years.

The Ministry also promotes the R&D infrastructure in the area. With regard to the latter, the province advertises the 30 publicly-funded research centres in the area, a number of which are dedicated to the automotive sector and green innovation programmes therein, including the Waterloo Centre for Automotive Research (WatCAR), the Initiative for Automotive Manufacturing Innovation, the OntarioBioCar Initiative and Green Auto Powertrain. The province also boasts a new Automotive Centre of Excellence at (ACE) at the University of Ontario’s Institute of Technology, which is alleged to be the first commercial automotive research, development and innovation centre of its kind in the world. For manufacturing in general, there is the Centre for Advanced Materials and Manufacturing (CAM), and the McMaster Manufacturing Research Institute (MMRI).

MEDI operates a number of funds, primarily directed at manufacturing industry and at encouraging investment in innovation and therefore jobs creation and skills development. The following section details some of these initiatives. (For further information on MEDT, see: http://www.sse.gov.on.ca/medt/investinontario/en/Pages/_about_us.aspx).93

4.5.1.1 The Advanced Manufacturing Investment Strategy (AMIS)

The Ontario Advanced Manufacturing Investment Strategy (AMIS) is a $500 million programme that encourages organisations to make investments in leading-edge technologies and processes. AMIS provides repayable loans up to 30 per cent of the total eligible costs of a project, up to a maximum of $10 million. The loans are interest free and principal free for five years as long as the company meets the agreed job and investment targets. After that, the rate is the province’s cost of borrowing plus 1 per cent.

4.5.1.2 The Ontario Automotive Investment Strategy (AIS)

The Ontario Automotive Investment Strategy, introduced in 2004, is a $500 million programme that makes investments in the auto industry in areas such as innovation and skills training. The fund is used in partnership with industry for the development of

93 For a full list of funds and innovation programmes, see: http://www.mri.gov.on.ca/english/programs/default.asp
improved environmental and energy technologies, public infrastructure and investments in research and innovation as well as the advanced-skills training of workers.

4.5.1.3 Automotive Innovation Fund

The Government of Ontario is keen to be a leading province in the field of green auto R&D and its commercialisation (MEDI 2012). Manufacturers involved in green innovation can tap into a number of financial incentives: the $250 million Automotive Innovation Fund supports strategic, large-scale R&D projects aimed at building more fuel-efficient vehicles; the $250 million Emerging Technologies Fund matches investments in new technologies by venture capitalists and angel investors dollar-for-dollar and the $50 million Innovation Demonstration Fund supports new technologies at the pilot or demonstration phase. This latter is a discretionary, non-entitlement funding programme that focuses on the commercialisation and initial demonstration of globally competitive, innovative technologies, processes and/or products.

4.5.1.4 The Southern Ontario Fund for Investment in Innovation (SOFII)

The Federal Economic Development Agency for Southern Ontario (FedDev Ontario) has launched a new $20-million program through its Prosperity Initiative. This program will support high-growth, innovative Small and Medium-sized Enterprises (SMEs) in rural and urban communities by offering loans of usually $150,000 to $500,000 to support all aspects of growth challenges facing them. The loans are intended to help finance:

- Late stage commercialisation;
- New product or service development;
- New applications or markets; or
- Development or implementation of new processes or technologies.

The SOFII loan funds will act as a catalyst for increased investment in and support for innovation and will be one element in the emerging climate of support for these high-growth companies in Southern Ontario.

4.5.1.5 The Next Generation of Jobs Fund (NGOJF)

Another significant economic development programme is ‘The Next Generation of Jobs Fund’. This is a $1.15 billion five-year programme with the goal of promoting the creation and retention of jobs. The focus is on priority areas that have growth potential for Ontario. These are Clean/Green Technologies; Financial Services; Information and Communication Technology; and Life Sciences. Essentially, the programme serves to create and sustain jobs for Ontarians, increase the level private sector investment in Ontario, improve the level of competitiveness of
business in Ontario, promote innovation, and support Ontario’s ‘Go Green Plan.’ In relation to the NGO/JF funding criteria, 15 per cent or more is available to support companies making new investments that:

- Assist Ontario in becoming a global leader in an emerging market
- Project over $25 million or that secure at least 100 good jobs for Ontarians
- Reduce greenhouse gas emissions in certain sectors
- Build on existing expertise in areas in which Ontario has a strong research and commercialisation base or create new expertise, and
- Create synergies among researchers, industry and entrepreneurs

4.5.1.6 The AIME Initiative

Another grant programme for Ontario manufacturers is the AIME Initiative (AIME). In partnership with the Ontario Government, the Yves Landry Foundation will provide up to $50,000 per company in the form of a grant, to foster training that will lead to advancements in innovation within the sector.

The successful attraction of new investment to the region, as well as the conception and implementation of effective product and process innovations, requires a skilled workforce. The Government of Ontario has a number of distinctive initiatives, tailored to the needs of the region, which exist alongside federal institutions (such as Sector Councils) and programmes (e.g. work sharing, the Older Workers Targeted Initiative).

4.5.2 Ontario’s skills institutions and initiatives

In November 2005, the province of Ontario and the federal government signed two historic agreements – the Canada-Ontario Labour Market Development Agreement and the Canada-Ontario Labour Market Partnership Agreement. The LMDA was activated on the 1st of January 2007, with $500 million in EI funded training support transferred to the province. An additional $314 million for employment training was contained in the Canada-Ontario Labour Market Partnership Agreement (LMPA). LMPA funding would be targeted to non-EI eligible individuals, significant because only around 30 per cent of Ontario’s unemployed workers receive EI and are eligible for EI-funded programmes. Many cannot accumulate enough insurable hours, while others, such as the self-employed, are not eligible for insurance.

The Government of Ontario has repeatedly described investment in skills as the cornerstone of its economic policy. It has established the Employment Ontario strategy, which brings federal resources and provincial programmes and services together under one umbrella. Employment Ontario operates so as to make the employment and training system more client-centred and responsive. In part, it offers a referral network, directing employers, employees and job seekers to an appropriate service provider. Another function of Employment Ontario is the
collation and dissemination of labour force data, which is used to inform both its planning, policy implementation and advisory services.

These functions are supplemented by work done at municipal level, through local level training boards. In Hamilton, this is the Workforce Planning Hamilton (WPH) organisation (formerly the Hamilton Training Advisory Board). Established in 1997, the WPH is one of twenty-one Local Boards in Ontario. WPH is a not-for-profit organisation, funded by the Government of Ontario’s Ministry of Training, Colleges and Universities (MTCU), that draws on the expertise of a broad cross-section of community groups, including employers, labour, education providers and equity groups. The training board works to identify existing and anticipated labour force needs, with a view to developing appropriate action to meet these needs. The organisation profiles the trends, opportunities, and priorities (TOP) of Hamilton’s labour market and each year, produces the TOP Report. The TOP Report is the result of WPH’s annual community planning process that identifies priority labour market issues in Hamilton and documents their project and partnership solutions. In sum then, WPH identifies skills shortages and future training requirements; shares data with the community to facilitate labour force planning and training; and also undertakes projects and partnerships that address local labour force issues.

4.5.2.1 Apprenticeships

The apprenticeship programme is a significant workplace skills initiative administered at provincial level and as such, has some distinctive elements. As Sharpe and Gibson (2005) identify, there is not so much a national apprenticeship system in Canada as much as a number of provincial apprenticeship systems. The provincial responsibility for education and apprenticeship has resulted in a multiplicity of approaches to administering apprenticeship. However, the federal government does retain a role in promoting apprenticeship at the national level and in maintaining inter-provincial standards to ensure labour mobility. For the purposes of this report, it has thus been difficult to situate the discussion of apprenticeship, either within the section on provincial measures or that on federal practice. Given that design and delivery apprenticeship is devolved to the provinces, it will be reviewed in this section, although this will be interspersed with details of the federal role.

Apprenticeships have been, and continue to be, widely promoted as the vehicle for providing skilled workers and the mechanism for filling skills gaps and overcoming the

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94 This multiplicity of approaches and lack of a national programme is identified as a flaw by a number of critics (e.g. CCL 2011; Sharpe & Gibson 2005).
demographic challenge that exists in the skilled trades (e.g. Government of Canada 2004; Canadian Home Builders’ Association 2006; Rajasekaran 2008; CFA 2012). Under the terms of the Canadian Constitution, each province and territory holds the responsibilities for education and training and this includes apprenticeship (Sharpe & Gibson 2005). However, a launch of a federal Trades and Apprenticeship Strategy (TAS) was announced under the auspices of the Workplace Skills Strategy 2004 (see above). The Government of Canada intended that a specific Trades and Apprenticeship Strategy would provide the federal government with a means of focusing national attention on the challenges of increasing the supply of skilled trades. The stated goals of the TAS are to provide a means for the Government of Canada to continue work with provinces and territories, employers and other stakeholders so as to promote harmonisation of the individual apprenticeship systems; to enhance interprovincial mobility in the skilled trades; and, to support access to high-quality apprenticeships. However, the strategy had still not been operationalised by 2011 (Gibb & Walker 2011).

To reiterate, the responsibilities for education and training, including apprenticeship, are under provincial jurisdiction. The legislation permits each jurisdiction to designate trades/occupations for apprenticeship programmes. Designated trades are governed by regulations under the Provincial and Territorial Apprenticeship Acts (Red Seal Canada 2012). These regulations outline the administrative procedures and in some cases, specify the standards and conditions of training for particular trades (e.g. methods of registering apprentices, curriculum, accreditation, and certification). The designation of a new trade can also originate outside the provincial and territorial apprenticeship authorities. Employers, employer associations or unions can petition their provincial or territorial Director of Apprenticeship to have a trade designated.

Provinces and territories designate trades and apprenticeships to meet their own requirements. Ontario, for example, offers 140 apprenticeship programmes for designated trades (MTCU 2012). As a result of the diversity of practice across the provinces and territories, more than 300 apprenticeship programmes are available across Canada as a whole. The Ellis Chart, a comparative chart of all these programmes is produced by the federal department, HRSDC, in collaboration and consultation with the provinces and territories. The Chart provides training and certification details for each of these programmes.

95 A trade defined in regulation and for which an apprenticeship programme is established is referred to as a “designated trade” (CAF 2012).
Apprenticeship, then, is a workplace-based training programme that teaches people the skills they need to achieve competencies and perform tasks to the industry standard in specified trades and occupations (Canadian Apprenticeship Forum [CAF] 2012). In the Canadian provinces, the training combines alternating periods of on-the-job (80 to 85 per cent) with technical training (15 to 20 per cent). For the on-the-job training, an apprentice is hired by an employer and works with a certified journeyperson in order to learn a trade. A journeyperson is recognised as a qualified and skilled person in a trade and therefore, entitled to the wages and benefits associated with that trade. A certified journeyperson is allowed to train and act as a mentor to a registered apprentice. Journeypersons sign off as to whether apprentices are achieving their key competencies on-the-job and play an important role in developing apprentice skill sets.

The technical training can be undertaken at a college, a union training centre, via a private training provider or through on-line provision (CAF 2012). Requirements for each trade vary, but most trades require six to ten weeks of technical training each year. Whilst undertaking technical training, apprentices may be eligible to receive Employment Insurance benefits (funded by federal government, see above).

Duration of training does vary, depending on the trade and the province or territory, but many the apprentice programmes of many trades are designed to be completed in four years. Most of the training is provided in the workplace. Normally, an apprentice has employed status and works for 40 to 44 weeks a year and goes to technical training for six to ten weeks. According to the 2007 National Apprenticeship Survey, the average time to complete an apprenticeship programme is five years (CFA 2012). The delay may be attributed to busy periods at work, which make it more difficult for apprentices to attend technical training on a prescribed timeline. Once the apprentice has completed the required hours or modules for the trade, the apprentice can sit the exam for the Certificate of Qualification for the province/territory.

As apprenticeships are regulated at the level of the provinces/territories, there are thirteen unique systems, geared to the labour market needs and conditions in each region. Apprenticeship Programmes are supported by a network of advisory bodies, such as Apprenticeship and Certification Boards, Local Advisory Committees and

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96 For most trades, apprentices are paid a proportion of the journeyperson's wage. The proportion generally increases for every year/level the apprentice progresses in the apprenticeship program. In some jurisdictions, these proportions are set out in trade regulations (CFA 2012).
Provincial Advisory Committees (Red Seal Canada 2012). Moreover, industry-driven provincial and territorial apprenticeship training boards are major policy-making and governing bodies for apprenticeship training, providing guidance and recommendations pertaining to trade designation, curriculum requirements and regulatory aspects of trades and occupations. Apprenticeship authorities exist in every province and territory and their role is to administer the apprenticeship process.

Apprentices and employer sponsors officially register with the apprenticeship authority and, throughout the apprenticeship programme, the training provided must adhere to the standards set up by the province/territory. At the end of the programme, it is the apprenticeship authority which administers the examination process and issues the Certificate of Qualification, also set at provincial/territorial level.

The Certificate of Qualification is issued when the apprenticeship exam is passed, and means that the person can legally work in the trade as a journeyperson. This certification is legally required in provinces/territories where the particular trade is compulsory. Industry committees, in partnership with the provincial or territorial government, determine which trades are compulsory. In cases where the trade is voluntary, certification is not required and an individual can legally work in the trade without a Certificate of Qualification. However, certification is often viewed as an indication of achievement among employers in the sector. The Ellis Chart indicates which trades have apprenticeship programmes and whether the trades are compulsory or voluntary in a particular jurisdiction.

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97 Many provincial governments have reformed their apprenticeship systems in the past ten years, including the revision of their statutory framework. In general, these reforms have made apprenticeship policy industry-driven, shifting governance from legislative regulation to sectoral committees composed of employer and labour associations. Sharpe and Gibson (2005) argue that strong apprenticeship sectoral committees are important in improving apprenticeship training and helping employers make investments in apprentices, as giving employers input into determining programme content should improve fit between supply and demand of skills. Employer groups should also have the role of promoting apprenticeship within firms. The authors cite a good example of such promotion, by the Construction Owners Association of Alberta policy of awarding points on contract tenders for the number of apprentices that are engaged on a project.

98 An individual wishing to become a certified journeyperson must sit and pass this provincial/territorial examination.
In relation to Ontario specifically, in 2000, the provincial government introduced the Apprenticeship and Certification Act, in an effort to reform the apprenticeship system’s institutional framework. The focus of the legislation was to de-regulate substantial aspects of apprenticeship agreements, such that they could be regulated by industry committees. The composition of these committees is guaranteed by legislation, which divides representation equally between employer and employee representatives (OMTCU 2000). Regulation of the apprentice-trainer agreement has been devolved to industry. Moreover, whereas previously apprenticeship programmes had been a minimum of two years long, the duration is no longer regulated except by industry guidelines. Similarly, apprenticeship wages and apprentice-to-journeyworker ratios are no longer regulated by the government but rather according to industry guidelines. The industry committees are also expected to set the criteria for certification and minimum educational entry requirements. Commensurate with these new responsibilities as to the regulation of apprenticeship, the role of industry in apprenticeship administration has been strengthened. Furthermore, the extant Provincial Advisory Committees (PACs) have been given an explicit mandate to promote high standards in apprenticeship (OMTCU 1998). In addition, Directors of Apprenticeship are required to seek the recommendations of the industry committees prior to approving a new apprenticeship programme.

4.5.2.2 The Federal Role in Apprenticeship

The Interprovincial Standards Red Seal Programme (also known as the Red Seal Programme) was established more than 50 years ago to provide greater mobility across Canada for skilled workers. It has evolved into a nationally recognised standard of excellence (Red Seal Canada 2012). A Red Seal designation means

99 Other aspects were also deregulated. The new bill allowed any party (rather than simply a private employer) to sponsor an apprenticeship agreement, including one based on part-time work. It also allowed apprentices to pursue their academic training on a flexible basis (rather than block release) at any approved training institution, as well as allowing credit for past work experience (OMTCU 1998).

100 The Red Seal Programme is administered in each province and territory under the guidance of the Canadian Council of Directors of Apprenticeship (CCDA). Each province and territory has an appointed Director of Apprenticeship for this purpose. A national occupational analysis developed for each Red Seal trade, identifies all the tasks performed in the trade and is used as a base document for the development of interprovincial standard examinations and is encouraged to be used by the provinces and territories for curriculum development. Continuing efforts are underway both to expand the programme and to
that industry has worked together to determine a common set of standards and competencies for a trade and that common definition has been accepted by at least two provinces and/or territories. The Programme then encourages harmonisation of provincial and territorial apprenticeship training and certification programs by developing and maintaining interprovincial standards of qualification for Red Seal trades, in partnership with apprenticeship and certification stakeholders (Red Seal Canada 2012). Through the Programme, apprentices/tradespersons are able to obtain a Red Seal endorsement on their provincial/territorial certificates by successfully completing an interprovincial Red Seal examination. The Red Seal is then affixed on the provincial certificate. There are 55 Red Seal trades.

4.5.2.3 Grants and Supports – Federal and Provincial

Apprenticeships are eligible for variety of grants and other supports, at both federal and provincial levels. The rationale for these incentives can be seen, in large part, as inducements to encourage completion, in large part. This is a reflection of poor completion rates across Canada in general (Sharpe & Gibson 2005; CCL 2011).

The federal government’s Apprentice Incentive Grant (AIG) is a taxable cash grant of $1,000 per year for registered apprentices once they have successfully completed their first or second year/level (or equivalent) of an apprenticeship programme in one of the Red Seal trades (Service Canada 2012). The AIG is meant to encourage apprentices to complete their apprenticeship programme and achieve their Red Seal by helping them cover some of their expenses for tuition, travel and tools. Moreover, if apprentices complete the Red Seal programme and achieve certification, they are also eligible to receive a federal government completion grant. The Apprenticeship Completion Grant (ACG) is a taxable cash grant of $2,000 for those who complete a Red Seal programme on or after 1 of January 2009 (Service Canada 2012).

The federal government also offers the Apprentice Job Creation Tax Credit (AJCTC) to employers (Canada Revenue Agency 2012). This is a non-refundable tax credit equal to 10 per cent of the salaries and wages payable to eligible apprentices in respect of employment after 1 May 2006. An ‘eligible apprentice’ is someone who is working in a prescribed trade (those currently listed as Red Seal Trades) in the first two years of their apprenticeship contract. This contract must be registered with a federal, provincial or territorial government under an apprenticeship program to streamline the existing process to develop and revise national occupational analyses and examinations.
designed to certify or license individuals in the trade. The maximum credit an employer can claim is $2,000 per year for each eligible apprentice.

Jurisdictions also offer a variety of supports and incentives to respond to the needs of their apprenticeship stakeholders, and so apprentices in Red Seal and non-Red Seal trades may also be eligible to receive provincial or territorial grants where they are available. In Ontario, an Apprenticeship Completion Bonus in Non-Red Seal Trades is available. This is a taxable cash grant of $2,000 available to registered apprentices after they successfully complete their apprenticeship training and obtain their Certificate of Apprenticeship (and where available, their Certificate of Qualification) in any Ontario non-Red Seal trade, on or after 1 April 2009 (MTCU 2012).

Ontario also offers Apprenticeship Scholarships to eligible students, who might qualify for a sum of $1,000 to help pay for training. Moreover, there is support available to those apprentices who attend full time in-school training at approved delivery agencies and are not eligible for federal Employment Insurance. This initiative will provide up to $1,500 of taxable financial supports (MTCU 2012). A ‘Loans for Tools’ programme also provides funding to help apprentices buy necessary equipment.

There is also an Apprenticeship Completion Employer Bonus. This is a taxable $1,000 maximum cash grant for employers for each apprentice they hire and train that completes his or her apprenticeship and receives a Certificate of Apprenticeship/Certificate of Qualification.

Corporations in Ontario can also claim the Ontario Apprenticeship Training Tax Credit, if they have provided a qualifying apprenticeship (i.e. registered and in a trade designated by the MTCU) for a student enrolled in a qualifying skilled trade, at a permanent establishment in Ontario. The credit is equal to a specified percentage (35 per cent to 45 per cent) of the eligible expenditures (salaries or wages, or fees paid to an employment agency for the provision of services performed by an apprentice) incurred by the corporation for a qualifying apprenticeship. The maximum credit for each apprentice is $10,000 per year to a maximum of $40,000 over the first 48 months of the qualifying apprenticeship (MCTU 2012; CRA 2012).

Sharpe and Gibson (2005) commend Ontario’s incentives for employers, in addition to those for trainees (this would also apply to the federal Apprentice Job Creation Tax Credit discussed above). They argue that apprenticeship registrations are linked to unemployment – numbers of registrations increase in times of economic growth and decrease at time of contraction and high unemployment. They are thus closely linked to employer demand and consequently, incentives should be directed at firms (so as to encourage the offering of apprenticeships), rather than (or in conjunction) with, those offered to learners themselves. The reasoning behind this is that if apprenticeship registration is principally constrained by insufficient demand as
indicted by registration patterns and this demand is partly determined by the cost to
the employer, then financial incentives will be most effective when targeted on
employers. Moreover, lowering the cost of investment in apprentices for employers
will lower the costs of poaching externalities and encourage collective investment in
apprenticeship training by firms. This factor is particularly important in the Canadian
context as evidence suggests that learners encounter difficulties when attempting to
obtain placements in industry – there is a significant shortage of industrial
placements.

Thus, the authors commend Ontario’s tax credit towards apprenticeship training as
an admirable step in this direction. Nonetheless, the training levy implemented in
Quebec (a similar scheme to the Irish National Training Fund) is more effective still in
alleviating poaching externalities (although less politically feasible). This is not to say
that financial incentives supporting students (particularly those that alleviate the
upfront cost of purchasing tools) will not increase registration, it is just that a case
can be made that they are better targeted towards employers. At the very least,
apprentices are in a more advantageous financial situation than their counterparts
in college or university education, since they receive wages during most of their
study.

4.5.3.4 Measures to encourage Take-up of Apprenticeships by
School-Leavers/Young People in Ontario

In addition to financial supports, the Government of Ontario also runs the following
initiatives, so as to encourage take-up of apprenticeships (Ministry of Training,
Colleges and Universities 2012):

- The Ontario Youth Apprenticeship Programme (OYAP): allows students
to begin their apprenticeship training while they are still in high school.
- The Pre-Apprenticeship Training Programme: helps students develop
the job skills they will need before beginning an apprenticeship.
- The Co-op Diploma Apprenticeship Programmes: this allows students to
get apprenticeship training while earning a college diploma. Apprenticeships have thus been aligned and accredited with college
diplomas.

The first two initiatives are aimed at integrating the apprenticeship system into the
secondary school system and thereby ultimately improving school-to-work
transitions. Such measures have arisen out of recognition that a large number of
Canadian apprentices are older workers, as opposed to school leavers (Sharpe &
Gibson 2005). In light of this, the Canadian apprenticeship system can be viewed as
not principally an institution that facilitates school-to-work transition but rather one
that re-trains workers who already possess labour market experience. Moreover, the
initiatives reflect policy-makers’ concerns about the “forgotten half” or the group of
youth who do not pursue post-secondary education and who are often inadequately prepared for the workplace (Schuetze 2003). Such measures are aimed at encouraging take-up of apprenticeships by school leavers.

The third measure aims to improve the image of apprenticeships and careers in the trades, so as to encourage take-up and improve low numbers of registrations. Sharpe and Gibson (2005) review evidence that indicates that apprenticeships in Canada have a negative image and are widely perceived as inferior to other post-secondary routes. The authors cite a number of reports (e.g. CAF 2004) that have identified that both parents and students view apprenticeship as inferior to university, believing the trades to be second class careers that provide poor wages, unstable employment and little possibility for career advancement. In one survey in Ontario, only four per cent of respondents identified skilled trades as the best career for youth (CAF 2004, pp. 12-13). As is the case in the UK, an academic bias in the Canadian education system means that such vocational routes are seen as sub-standard and as a path for low-achievers (Bosch & Charest 2008; Taylor 2003). The Canadian academic bias manifests tangibly in expenditure on vocational education – whereas expenditure on trade vocational education decreased by 11 per cent between 1997/98 and 2004/05, that on university education increased by 71 per cent over the same period (CCL 2011).

Therefore, combining apprenticeship study/certification with a college diploma might enhance perceptions as to the academic credibility of such programmes of study. The recognition of apprenticeship certification as credit towards other college or university education promotes apprenticeship by greatly increasing the potential advancement of apprentices but moreover, also affirms the value of apprenticeship training relative to its better-regarded counterparts in post-secondary education. The Ontario Co-op Diploma Scheme is thus a step towards creating clearer integration of different qualificational paths into a more unified framework, where qualifications are categorised at appropriate levels and learning paths and progression routes are more clearly indicated (as has been developed in both Ireland and the UK, and the EU in general, in recent years).

4.5.3.5 Case Study: Hamilton Skilled Trades Apprenticeship Program (HSTAC)

One final initiative worthy of mention and of specific interest is the Hamilton Skilled Trades Apprenticeship Program (HSTAC) (see http://www.hstac.ca). HSTAC was formed in 2000, out of the Hamilton Co-op Apprenticeship Pilot Project. The latter created a consortium referred to as the Steel Industry Trades Replacement Program (SITRP). Representatives from Dofasco, Stelco Hamilton, Stelco Lake Erie, United Steel Workers, Mohawk College and the Ministry of Training Colleges and Universities (MTCU) met together as stakeholders, as all shared apprenticeship training issues. The initial purpose of the consortium was to develop a Co-op Diploma Apprentice
(CODA) model and to act as a sponsor to register college students to apprenticeship Training Agreements. The employers agreed to a common co-op wage rate to eliminate any monetary competition. SITRP sponsorship relieved the employers from a commitment to hire the co-op apprentices as full time employees upon their college graduation. Those that were hired full-time were transferred from the consortium as their sponsor to the employer as their sponsor, to complete their apprenticeship.

The consortium pilot project resulted in approximately 300 apprentices registered in the steel industry in the Greater Hamilton region, most of whom completed their apprenticeships. Even more important, the consortium established a framework that could be adapted to allow local workplaces to initiate and/or expand their apprenticeship programs in a way that minimised risks. However, due to economic factors in early 2007, many of the co-op student work placements were cancelled and SITRP meetings were suspended. Fortunately, other local employers were able to provide work placements during these recessionary times. Reacting to the adverse economic conditions, CSTEC and the steel industry, with the assistance of Human Resources and Skills Development Canada (HRSDC), developed the Hamilton Apprenticeship Consortium proposal.

Membership in the HSTAC Council then provides voice to relevant stakeholders and an opportunity to solve common apprenticeship issues, as well as access to talented and committed apprentices to meet future workforce needs. Thus, the scheme facilitates employer involvement in apprenticeship provision. Many SMEs are reluctant to register apprentices, given concerns as to resource commitment and the requirement to provide full-time employment on completion. The scheme allows employers to benefit by limiting their first step to offering work placements to an already registered apprentice (i.e. sponsored by the consortium). These work placements are typically four to twelve months in duration, but are not a commitment for full time employment. The aim is to convince the employer of the benefits of apprenticeship through firsthand experience of offering work placements. If this is achieved, HSTAC's objective is to officially transfer the sponsorship to that employer, who is then eligible for other government tax credits and benefits, as outlined above.

Students also benefit from improved completion rates. Many apprentices in traditional schemes fail to complete their programme of study, often laid-off by a sponsoring employer. Sponsorship by the consortium overrides this problem. The Consortium works with a number of employers, so as to ensure that requisite work placements of the right quality and duration are provided. The Consortium recognises that not every employer can provide training experience in all the related Training Standard skill sets. Thus, the experiences that can be provided and the skills that can be taught by each employer are considered, and rotational programmes of short-term work placements are provided where necessary so as to ensure that students are able to complete their Certificate of Apprenticeship. In this
way, the scheme is similar to that introduced in Eire (the Employer-based redundant apprentice rotation scheme) in 2009.

Another benefit of the consortium’s approach is the inclusion of educational bodies on the Council. One of Council’s mandates is to work with colleges so as to discuss, review, advise and recommend changes to the Curriculum. In bringing the relevant stakeholders together, the specific course content and hands-on experience can be aligned with on-the-job examples. With a better appreciation of the curriculum, employers can then tailor their work placement experience with the apprentice’s knowledge and skills.

4.5.3 The Government of Ontario’s response to the economic downturn

At the provincial level, the Government of Ontario launched its ‘Five-Point Economic Plan’ as a comprehensive response to the crisis, which aimed to “strengthen the economy and enhance the foundation for long-term growth” (Government of Ontario 2008). This was comprised of the following:

- **Infrastructure investments**: through the five-year, $30 billion ReNew Ontario scheme, new roads, schools, hospitals, bridges and transit were constructed across Ontario, between 2007 and 2012. More than a hundred major construction projects were initiated as a result of ReNew Ontario. $9.9 billion was invested in these infrastructure projects in 2007-08, which created 109,000 full-time equivalent jobs during the construction phase of the projects. The Invest in Ontario Act (IOA) of 2008 also provided $1.1 billion to Ontario municipalities in that year. The funding was for the improvement of roads and bridges, the expansion of public transit and other municipal projects throughout the province. It was predicted that the IOA investment would create 11,000 full-time jobs during the construction period.

- **Lowering business costs**, through tax reductions. One such measure was the elimination of capital tax for manufacturing and resource-based sectors, made retroactive to 1 January 2007, with capital tax rates cut by 21 per cent for all other businesses retroactive to 1 January 2007.

- **Encouraging Innovation**, by committing $1 billion to support about 1,000 projects that are helping to create the jobs of the future and the implementation of a 10-year refund of corporate income tax for new businesses that commercialise ideas developed at qualifying Canadian universities, colleges or research institutions.

- **Forming key partnerships**, working with the federal government and municipalities for economic growth. The Government of Ontario also created a new department/ministry - the Ministry of International Trade and Investment – with a remit of “promoting Ontario to the world, thereby encouraging new investment and trade.”
• **Investment in Skills**, with existing programmes such as the ‘Second Career Strategy’ and Employment Ontario, all receiving further funding (see above)

### 4.5.3.1 The Second Career Initiative

A new skills initiative, launched in Ontario as a specific response to the downturn and associated redundancies is the Second Career Initiative. ‘Second Career’ provides laid-off workers with skills training to help them find jobs in high-demand occupations in Ontario. The focus is very much on providing skills for work and new careers within high-demand occupations. Information on these high-demand occupations is provided by the local workforce planning boards, in conjunction with the data collected by the Ontarian Ministry for Training, Colleges and Universities and Service Canada—Ontario, and collated in the Ontario Job Futures Publication. Financial support is made available, to help with such reskilling. Up to $28,000 could be provided for tuition, books, manuals, transportation as well as a basic living allowance. Additional support may be available to accommodate the needs of people with disabilities, dependent care, costs of living away from home and academic upgrading. However, Second Career is a cost-sharing grant which is provided on the basis of need, and so participants might be required to contribute towards training or education undertaken.

### 4.5.3.2 The Advisory and Assistance Program

Through the Advisory and Assistance Program (AAP), the Ontario government works with employers, employees and communities to develop strategies to cope with company downsizing or plant closures. The AAP commenced operation in 1980. At this time, Ontario was in a recession and numerous plant closures and widespread downsizing led the Ontario government to become involved in labour adjustment services (Klassen & Fraser 2011).

Currently, the employee adjustment services are provided provincially by the Ministry of Training, Colleges and Universities (MTCU) and are referred to as the Adjustment Advisory Program (AAP). The mandate of the AAP includes providing adjustment services (advisory and financial) that help communities to anticipate, respond to, anticipate, respond to, anticipate, respond to,
and manage changes in the local labour market, and to assist displaced workers in dealing with their job loss through employee adjustment programs.

Assistance is available at different levels: sector; employee/displaced workers from a workplace where more than when 50 or more workers from one workplace are laid off; and community.

As regards sectoral adjustment, sectoral committees can be formed in partnership with industry associations, employee associations, employers and unions, so as to identify common industry needs and goals. Changes identified as necessary are implemented by co-ordinating resources and through processes of sector-wide strategic planning.

At employee/workplace level, specific assistance is provided to support workers involved in mass lay-offs. A mass layoff is defined in the Employment Standards Act (2000) as a layoff of 50 or more workers over a four-week period. Once a layoff is reported to the Ministry of Labour, MTCU is contacted and an Adjustment Advisor contacts the company and union (if there is one) to determine if there is interest in adjustment. If the parties are interested in adjustment, a Labour Adjustment Committee is formed. The committee must be a joint committee of those individuals who are affected by the change and those who have expertise in managing that change. This would include workers, employers where possible, government, and service providers as well as other community partners who might be identified as stakeholders in a particular situation.

Once a Labour Adjustment Committee has been formed with the support of MTCU, the committee generally takes actions to establish an Action Centre, as described in section 4.5.4 Action Centres (though the process may vary slightly depending on when AAP gets involved).

At community level, the APP helps communities anticipate and manage labour market change, where a large number of companies have been downsizing or closing. Community adjustment committees are made up of the various community groups that have been affected. They may bring together services for laid-off workers (especially where many companies have been downsizing but at a rate of less than 50 workers per workplace), or they might engage in community wide strategic planning, or start specific labour adjustment projects with local groups.

4.5.4 Action Centres

One of the important developments that has taken place in Canada, and particularly Ontario, is the establishment of Action Centres aimed at developing support and resources for displaced workers. These centres have been established with support from the Labour Adjustment Committees, as part of the Ontario Government Advisory and Assistance Program, and funded principally by the
provincial government. A variant, as outlined below, are the union-sponsored Action Centres. As will be shown, where union negotiated partnerships with community service providers and community colleges are in place training opportunities and labour market prospects are enhanced.

The Labour Adjustment Committee establishes an Action Centre (via the steps indicated in Table 1 below), which is the physical location where employment supports are provided to the redundant workers. The Action Centres help workers review their options and plan their next steps. Services provided by Action Centres include job-search assistance, vocational and educational counselling, information on training, financial counselling, information on starting a small business and personal support in dealing with the stress of job loss.

Thus, an Action Centre’s three main objectives for helping workers are to:

- Provide workers with the skills and knowledge to gain re-employment;
- Enable workers to learn about new vocational or training directions that may lead to employment opportunities; and to
- Ensure that workers and their families receive the necessary support (employment and welfare) required to cope during their period of unemployment.

These centres work with displaced workers who are hired as ‘peer helpers’. These staff have also experienced a layoff or shutdown at the same company as clients. They are a cornerstone of the employee adjustment model. Peer helpers are trained to support clients in job search activities, but also provide a level of emotional support as they have similar lived experience (Schweke 2004). They provide clients with information about available services, support job search and/or retraining activities, maintain records of clients and their efforts at the centre, and other activities (Schweke 2004). Using peer counsellors in service provision to help displaced workers adjust to unemployment can help reduce the stigma associated with accessing support services. Peer support can also build trust, normalise support, and make programs more effective (Schore & Atkin 1992). This is partly because of the more informal and relaxed environment at Action Centres, but also because of familiarity and shared experience between staff and clients. Further, services are more likely to be used by displaced workers when they are located where clients would go for another reason, integrated with other services, and counselling is destigmatised (Schore & Atkin 1992, p.90).
## Table 1. Actions in Establishing an Action Centre

<table>
<thead>
<tr>
<th>Actions:</th>
<th>Descriptions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish committee, provide training for committee members and assign roles such as Secretary and Treasurer</td>
<td>The Labour Adjustment Committee is formally established, including assignment of positions. Committee members (former employees or union members, assisted by MTCU advisor and working with tertiary and further education college – Ontario model) receive training necessary to carry out the functions of the committee and Action Centre.</td>
</tr>
<tr>
<td>Inform workers of adjustment</td>
<td>Workers may be informed at the workplace if layoffs are known to be coming in the near future. When layoffs are not announced in advance informing workers of adjustment opportunities is more difficult.</td>
</tr>
<tr>
<td>Selection process for chairperson</td>
<td>The chairperson (hired) coordinates and facilitates committee meetings.</td>
</tr>
<tr>
<td>Selection process for co-ordinator position</td>
<td>The Coordinator acts as a resource to the committee and manages the employee action centre (see below).</td>
</tr>
<tr>
<td>Selection process for peer helpers</td>
<td>Peer helpers are drawn from employees in the company that is making the redundancies.</td>
</tr>
<tr>
<td>Set up an action centre</td>
<td>An action centre is the physical location where employment supports are provided to laid-off workers.</td>
</tr>
<tr>
<td>Determine worker needs, either through surveys or formal needs assessments</td>
<td>Carry out surveys or formal needs assessments to determine the most appropriate mix of programs and services to support workers.</td>
</tr>
<tr>
<td>Identifies appropriate service providers</td>
<td>Identify and contract with local employment services to provide relevant programs and services.</td>
</tr>
<tr>
<td>Conducts outreach and follow-up</td>
<td>Ongoing contact with workers to connect workers with adjustment activities.</td>
</tr>
<tr>
<td>Manages the adjustment process</td>
<td>Oversees the adjustment process, makes decisions, and monitors outcomes (for examples see, Centre for Workplace Skills, 2011).</td>
</tr>
</tbody>
</table>
Action Centres also typically connect clients to training as appropriate. This model begins with the total number of displaced workers and is usually financially supported until the majority of workers are assisted.

4.5.4.1 Hamilton Action Centres

Hamilton had six active Action Centres (covering a range of types, workplace and locality) in 2010 (Klasser & Fraser 2011). They included the:

- Hamilton Jobs Action Centre (HJAC): A community action centre, servicing smaller groups of laid off workers (less than 50) from the area (discussed in detail below in the [case study 4.5.4.2](#));
- Hamilton Area Steelworkers Action Centre: Serving laid off steelworkers from several work sites including National Steel Car, U.S. Steel, Amcan, Associated Springs, Hamilton Speciality Bar, and many others (as discussed below);
- Voith Action Centre: Serving Voith Manufacturing;
- Dover Industries Burlington: Serving Dover Cone workers from Hamilton.
- Maple Leaf: Serving Maple Leaf foods workers; and
- Canadian Auto Workers (CAW) Local 504: Serving workers from a number of CAW 504 worksites such as Samuel, Selkirk, Wabco, Camco & Wescan.

It should be noted that the Hamilton Jobs Action Centre’s (HJAC) structure and activities, as well as those of the Canadian Auto Workers Action Centres (discussed below in Section 4.5.3.3 Canadian Auto Workers Action Centres) are based on the precedent of the Hamilton Area Steelworkers Adjustment Committee Action Centres.

The Hamilton Area Steelworkers Adjustment Committee (HASAC) is one of three United Steel Workers (USW) Union job action centres.102

HASAC was set up by the Hamilton Steelworkers Area Council. HASAC is an employment adjustment committee, which provides job search and re-employment assistance to any redundant steelworker from any USW Local affiliated with the Hamilton Steelworkers Area Council. To date, the Committee has assisted steelworkers from 33 USW Locals set up by the Hamilton Steelworkers Area Council. The Committee is sponsored by and funded by the Ontario’s Ministry of Training, Colleges and Universities (MTCU)

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102 These three USW centres have permanent funding, as opposed to the Canadian Auto Worker (CAW) Centres described in chapter 4.5.3.3, with the latter only operating in relation to plant closure.
and by companies, where there is significant downsizing and the USW Local is able to negotiate a package of support for the adjustment process. (http://www.hasac.ca/)

HASAC runs job shops for workers, covering job search techniques, resume writing and interview skills. A ‘jobs board’, updated on a daily basis – is available. Counselling sessions, covering personal, financial and family issues, are also provided. Specialist, accredited courses, aimed at re-training laid-off steel workers, are offered (similar programmes have been independently organised by the Community union’s training arm, Communitas, in the UK too, including in South Wales). The committee is run by former laid off steelworkers, part of the co-operative, self-help ethos of the committee.

4.5.4.2 Case Study: Hamilton Jobs Action Centre (HJAC)

The Hamilton Jobs Action Centre (HJAC) is an example of a community action centre, hence distinct from HASAC. It was established in June 2009, and was a partnership between the United Way of Burlington and Greater Hamilton, the Ontario Ministry of Training, Colleges, and Universities (MTCU), and the Social Planning and Research Council of Hamilton (SPRC). Aimed at supporting smaller groups of laid off workers (less than 50) from the area as a complement to the existing system of employment services, HJAC opened its doors in Fall 2009 (and ceased operation in 2011, following federal government decision).

Whilst using the adjustment model, HJAC was not a workplace-specific action centre, but instead was a community action centre that served smaller groups of dislocated workers from a number of workplaces throughout the community, who would not qualify to start their own action centre with MTCU. Those involved with HJAC’s creation saw that locally, Hamilton had effective action centres for steelworkers and autoworkers, and saw a need for this kind of service for smaller groups of dislocated workers. According to the initial agreement that formalised HJAC’s creation, the centre was to ‘serve laid-off work groups numbering under 100 affected workers who are not served by other Labour Adjustment services’. Part of the HJAC committee’s original strategy for connecting with these smaller groups of dislocated workers was to accept individual clients and work with them to identify and connect with former co-workers. Just prior to opening, the committee was directed by MTCU not to accept individual clients. This made connecting with smaller groups of workers more difficult because HJAC could neither advertise nor connect with groups through individual clients.

Finding these groups was also difficult for other reasons. Companies would sometimes lay off just under 50 workers in a four week period, which meant they were not required to report the layoffs to the Ministry of Labour. This kind of situation was not widely reported and groups of workers were often not organised, which made both finding out about and connecting with such groups difficult. In HJAC’s
early efforts to connect with these groups, two members of the Labour Adjustment Committee approached several companies to offer their workers information about the HJAC and were often told either that groups of workers had been recently laid off (and so were hard to reach) or that no layoffs were imminent, though layoffs often took place after employers made these claims. After some attempts to learn what was happening in the area, the MTCU representative allowed the Centre to advertise in order to better connect with groups of dislocated workers. In total, 652 clients have come to HJAC for support. Of these, 326 people – or 50 per cent - have found jobs since first coming to the centre.

As in the traditional adjustment model, the community-based model of HJAC also provided short-term employment related workshops that provide recertification and qualification. Twelve short-term employment related workshops were offered through HJAC. Up to 2011, 270 clients (41 per cent) of HJAC have participated in short-term employment related courses, ranging from 1 to 8 courses per client (Klassen & Fraser 2011). Those who attended the training workshops seemingly have had better employment outcomes.

A commissioned evaluation was conducted on HJAC, which showed that clients (169 participants) who completed the training have since secured employment. One of HJAC’s greatest strengths as identified by respondents is its peer helper staff members, who were seen as helpful, supportive and motivating. All respondents appreciated the welcoming and relaxed nature of HJAC. Although many clients said they did not use the Centre as a social support, an overwhelming majority of respondents valued the peer support model highly. Primarily, they felt that they could relate well to the peer helpers at the centre because “they know what you are going through”. This suggests that employment services and supports offered by people who are not necessarily from the same former workplace but have shared experiences of a layoff or shutdown provides a unique benefit to clients.

Moreover, most respondents felt that they had either learned new skills or recertified existing skills through workshops they completed at HJAC. Obtaining official certification of skills gained through work experience was viewed as important for gaining employment. Respondents with diverse training felt that it qualified them for a wider range of jobs and would help them find work. Furthermore, respondents

103 The Canadian evaluators collected data through a review of literature, 154 client surveys, 15 client interviews, 5 staff interviews, 3 employer interviews, and a focus group with local employment service providers.
generally felt that the qualifications earned through HJAC either helped them secure their current job or that the qualifications would help them secure work in the future.

On the basis of this evaluation, the following recommendations were made (Klassen & Fraser 2011):

- Short-term employment related workshops should be available in the community
- Employment services should include opportunities for peer support
- Employment services for smaller groups of dislocated workers should be made available in the community. The employment service community, including community agencies and government, should strengthen networks to identify and outreach to smaller groups of laid-off workers
- A diverse range of employment services should be available in the community in order to effectively reach groups with different needs and preferences
- Local agencies and the community more broadly should support adults seeking employment in obtaining their high school diplomas or equivalency certificates
- Action centres and employment service agencies should work more closely together to connect clients with employers, possibly through job developers. This could involve developing better referral mechanisms for clients in order to tap into existing relationships between employment service providers and employers
- Community partner should collaborate to improve access to affordable transportation for job seekers (travel costs were identified as a barrier to job seeking). This could entail increased funding for bus tickets

4.5.4.3 Canadian Auto Workers Action Centres

The Auto Workers Action Centres established in Canada might be of direct relevance to the regional Geelong context. As such, a detailed evaluation has been conducted on outcomes for three Auto Workers Centres located in Ontario.

Canadian Auto Workers Action Centres are an example of workplace/employee Adjustment Advisory Program (AAP)/Action Centres. They have been established at a number of automotive plants in Ontario, including Ford and Chrysler plants
The Action Centres have been run in conjunction with the AAP.

The Action Centres deliver a range of services that are heavily utilised by workers. Services are delivered in a unique environment that is built on peer support (services are delivered in part by trained Peer Helpers in conjunction with local service providers). This approach is sensitive and responsive to local worker adjustment needs, encourages worker engagement, eases anxiety and builds confidence (see above). Services provided cover a broad range of adjustment needs - personal, job search, vocational, financial, etc. This reflects a variety of short and long term goals: re-employment, self-employment, educational or skills upgrading, full or partial retirement or a reassessment of a worker’s options. Utilisation of these supports is particularly beneficial for workers disadvantaged in the labour market and requiring a more comprehensive range of services in the adjustment process.

There are also instances where action centres contract local colleges to run dedicated retraining courses for Centre participants.

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104 In 2005, General Motors announced massive layoffs at production facilities across North America including two large GM plants in Oshawa and a drive train facility in St Catharines. These resulted in 8,000 job losses in Ontario. In 2006, Ford Motor Company announced between 25,000 and 30,000 layoffs across North America, phased until 2012. Job losses were announced for the St Thomas facility and the Windsor Casting plant in Ontario. Job losses in the automotive sector were intensified as a result of the economic downturn.
Canadian Auto Workers Action Centres provide the following services (Vranckulj 2010, p. 8):

<table>
<thead>
<tr>
<th>Service</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drop-in Centre, Office, Meeting Room, Work Stations</td>
<td>Up to date bulletin boards with job postings, training opportunities, etc.</td>
</tr>
<tr>
<td></td>
<td>Workspace with fax, telephone, photocopier, computers with Internet access and printer</td>
</tr>
<tr>
<td></td>
<td>Meeting space in offices of Co-ordinator and Peer Helpers</td>
</tr>
<tr>
<td>Needs Identification</td>
<td>Initial Needs Survey</td>
</tr>
<tr>
<td></td>
<td>Co-ordination of individual Needs Assessments and counselling</td>
</tr>
<tr>
<td>Job Search Assistance</td>
<td>Contact with regional employers and work with employers to develop job opportunities</td>
</tr>
<tr>
<td></td>
<td>Monitoring return-to-work possibilities for those with recall rights</td>
</tr>
<tr>
<td></td>
<td>Job finding club on-site</td>
</tr>
<tr>
<td>Co-ordinate Workshops</td>
<td>Job search skills, resume assistance</td>
</tr>
<tr>
<td></td>
<td>Unemployment Insurance information</td>
</tr>
<tr>
<td></td>
<td>Developments and trends in regional job market</td>
</tr>
<tr>
<td></td>
<td>Vocational counselling</td>
</tr>
<tr>
<td></td>
<td>Educational and training opportunities</td>
</tr>
<tr>
<td></td>
<td>Self-employment</td>
</tr>
<tr>
<td></td>
<td>Stress management</td>
</tr>
<tr>
<td></td>
<td>Budgeting, financial or debt management</td>
</tr>
<tr>
<td>Communications, Networking,</td>
<td>Regular phone contact (phone buddy system, etc.)</td>
</tr>
<tr>
<td>Social Events</td>
<td>Newsletters and emails, web page</td>
</tr>
<tr>
<td></td>
<td>Information meetings</td>
</tr>
<tr>
<td></td>
<td>Social events (potluck lunch, graduation or certificate celebrations, etc.)</td>
</tr>
</tbody>
</table>
Income Advocacy Work

- Employment insurance applications and appeals (regular, parental or sickness)
- Short-term Disability (STD) and Long-term Disability (LTD) claims
- Workplace Safety and Insurance Board (WSIB claims and WSIB-supported training
- Ontario Works, Trillium Drug Plan (TDP)\(^{105}\), Canada Pension Plan (CPP) disability
- Pensions, CPP retirement benefits, Old Age Security (OAS) payments
- Financial support while in upgrading or training

Skill Development and Training

- Access to basic skills, ESL and literacy programs
- Referrals to educational upgrading, high school completion/General Educational Development (GED) testing\(^{106}\)
- Retraining including computer upgrading, Apprenticeships, etc.

Referrals, Guidance

- Listening post
- Referrals to professional counselling for stress, and family and financial difficulties arising out of (or complicated by) unemployment, a return to school or underemployment in a new job

A worker adjustment tracking programme has been run, with longitudinal data collected from three such centres in Ontario, these being centres established at Chrysler (1104 workers laid off due to the elimination of a production shift at Chrysler’s Brampton vehicle assembly facility in 2008), Kitchener Frameworks (1160 lay-offs due to facility closure in 2008) and Collins & Aikman (440 workers laid off by plant closure in 2007). The centres then service a total of around 2,600 workers impacted by auto industry layoffs in three southern Ontario communities. Data from

\(^{105}\) The TDP provides financial assistance to people who have high prescription drug costs, relative to their household income.

\(^{106}\) GED testing is available for adults who left high school without a diploma. On passing such tests, these adults can attain an Ontario High School Equivalency Certificate.
260 of these displaced workers was analysed in both 2010 and 2012, seeking to evaluate outcomes for participants and the processes in general, with a view to reflection on and learning from experiences.

The major findings were divided into utilisation of adjustment services and programmes; job retraining and employment outcomes. As regards utilisation of adjustment services and programs, there was a high degree of engagement with the supports available to laid-off workers across all three locations. Most workers participating in the study utilised action centre services oriented toward providing them with skills that enhanced job search, facilitated success in future retraining programs, and provided crucial social supports that assisted them through a difficult period of transition. Other highly utilised programs include job retraining under the Employment Ontario Second Career program, as well as employment and other supports accessed through community-based service providers.

Regarding job retraining, enrolment in such programmes grew significantly over the research period reflecting strong interest and motivation in acquiring the skills and training needed to transition into new employment. Approximately two-thirds of the workers participating in the study reported that they had enrolled in a job retraining programme. Slightly more than 90 per cent of those enrolled in retraining completed their programs with a majority of those obtaining a certificate or diploma from a community college or a private training institute. Most workers enrolled in programs sponsored under the Employment Ontario Second Career program. However, a significant number report they did not qualify for full funding and incurred significant out of pocket expenses related to their retraining. Most workers rated their training experiences favourably and believe their programs prepared them properly for their new careers.

Training is positively associated with re-employment. Almost 60 per cent of those who completed their job retraining programs found related employment. Adequate income supports while in training, subsidised tuition and other costs associated with training, and availability of preferred training options were identified as the three most important enablers of enrolment in retraining programs.

The second round of research, in 2012, confirm findings from the first that action centres are a primary point of contact for workers seeking retraining. Most participants were linked to training programs via their action centres. Interventions on behalf of workers were often critical to training program enrolment. Workshops delivered at the Action Centres were identified by many as critical to building basic skills and the confidence necessary to undertake more advanced job retraining programs. Union negotiated partnerships with community service providers and community colleges were instrumental in facilitating and enabling advanced training opportunities and enhancing labour market prospects for all workers.
Re-employment outcomes vary considerably across locations. In the 2012 study, most workers participating from the Chrysler location had been recalled to their jobs at Chrysler’s Brampton assembly plant. Although many had secured employment during their lay-off, almost all left their new jobs to return to Chrysler because of low wages, lower incomes, and lack of benefits in their new jobs.\textsuperscript{107} A majority of workers participating from the Collins & Aikman and Kitchener Frame locations are also currently working. However, many are working in more precarious forms of employment, and most are earning lower wages and incomes, with fewer or no benefits. More than one-half of workers from these locations have experienced a period of unemployment lasting one year or longer. Slightly less than one-half of workers from Collins & Aikman and Kitchener Frame continue to work in the manufacturing sector, with the rest mostly employed in service sector jobs.

Reliance on temporary employment agency work has increased significantly over the research period. Approximately 30 per cent of all workers participating in the 2012 round of research have reported some employment through temporary employment agencies with approximately one in eight workers participating in this round of the study currently employed through a temp agency placement.

4.6 Summary

The Ontario case study reviewed the skills initiatives, policies and practices that exist at both federal and provincial levels. Much of federal strategy and practice has been launched in response to the skills challenges evident in the Canadian context, such as literacy and numeracy issues, the ageing workforce and skills shortages, as well as a productivity gap and deficiencies in employer provision of training. A sectoral focus on skill provision had been institutionalised at both levels, through the establishment of the Sector Councils Program, as had an emphasis on partnership working (e.g. Workplace Partners Panel and the Workplace Skills Initiative at federal level and apprenticeship advisory boards at provincial level). However, there is some evidence to suggest that achieving consensus between the social partners, particularly at federal level, can be problematic at times (e.g. the dissolution of the

\textsuperscript{107} Even when displaced manufacturing workers do regain employment, wages and benefits are frequently much lower than their previous employment (Klasser & Fraser 2011). One study found that wages and benefits are on average $10,000 per year less than in their previous employment (Foster & Schore 1989).
Canadian Labour Force Development Board, the swift disbanding of the Workplace Partners Panel in 2006 and the recent cessation of (all) federal funding for the Sector Councils, effectively moving such work from joint labour-management bodies to employer only bodies). Partnership working between relevant stakeholders is perhaps more strongly institutionalised at municipal level, embodied in the Workforce Planning Hamilton training board. Of note, provincial government support has been critical here, with funding in this case from the Ministry of Training Colleges and Universities.

Much workforce development provision in Ontario mirrors that at federal level, given the stipulations of the Employment Insurance Act (EI Act) 1996, the Labour Market Development Agreement (LMDA) and the Labour Market Agreements (LMAs) that were implemented. For instance, the Government of Ontario administers the federal ‘Targeted Initiative for Older Workers.’ The proviso is that provinces have flexibility to meet the needs of the region but must be similar to federal Employment Benefits and Support Measures that are laid out in Part II of the EI Act. The Ontario Government has enacted some distinctive practices within apprenticeship provision, including incentives for employers, encouraging take up of apprenticeships by school leavers, improving the image of apprenticeships and trades as well as incentivising completion by learners.

Given that Ontario has a strong manufacturing sector and specifically, is home to a large number of automotive firms, the case reviewed the business incentives that exist at provincial level. These are largely aimed at encouraging R&D activity, innovation and high-value activity. Ontario is also cultivating development of growth sectors, particularly through the ‘Next Generation of Jobs Fund.’

There has been restructuring and associated lay-offs in the automotive sector over the past decade, and a number of skills initiatives in the province focus on helping displaced workers reskill and re-enter the jobs markets. Local level Worker Action Centres, established for redundant automotive workers, have been assisted by the provincial Advisory and Assistance Program and these have produced some positive outcomes for those involved.
Chapter 5. Key findings and themes

The findings from these case studies highlight the ways many regions face similar problems and experiences to those in the RGA. Finding remedies for the negative social and economic impacts of industrial decline and change is difficult.

Overall, it is evident that a cohesive and integrated approach to skills development has beneficial impacts, although across the cases there is unevenness in effect. One theme running through the three cases is that multi-level social partnerships are a key condition for success. Such partnerships involve cooperation and collaboration between different levels of government, between public and private sectors, and across industry sectors and companies. An important aspect is a positive and forward looking relationship between educational bodies as providers and the other organisations and bodies that make up a region. Where trade unions and related voluntary associations are part of policy formulation and implementation a more comprehensive and focused outcome is often evident. In these cases, the outcomes have a depth to them that is otherwise absent. Thus there is a possibility that policy development enables the alignment of education and training with skills needs and requirements.

5.1 The Importance of a strong skills base

Confronted with industry decline, economic diversification is important to regional revitalisation but is not easily achieved. A feature of the three cases is that the absence of a strong and stable skills base undermines transition, even in situations where the economy is diversified. Amongst other things, it may become difficult to attract inward investment.

- In Hamilton, a diversified economy (significant and diverse manufacturing base, and large service sector) has been undermined by slow response to increasing competition (e.g. increasing skill levels, developing innovation within the regional economy)
- Ireland developed on the basis of Foreign Direct Investment into a fairly diverse economy (across construction, manufacturing and services), but was undermined by an uneven skills base and vulnerability to recession
- The South Wales Valleys region has struggled to diversify economically, with factors such as geographic location, infrastructure and low skills levels making high-end inward investment difficult; any investment that has been attracted has tended to move on, drawn by cheaper labour and production costs elsewhere. Programmes aimed at developing locally-led responses to industrial decline have proved to be patchy and uncoordinated

Governments have addressed regional difficulties in the context of job availability,
reskilling for job outcomes and policies addressing disadvantage. The evidence suggests that in general, governments have not done enough to address these issues or promoted a concerted effort to remedy the broader issues surrounding a negative cycle of economic disadvantage. However, it must be noted that these economic regions would undoubtedly be worse off if no government strategies had been put in place.

5.2 Skills approaches

Regional revitalisation is built upon well-developed and implemented training and education schemes, which have multi-stakeholder involvement including education and training bodies, business, government, unions, and NGOs. The case of Ireland is based on the development of a northern European (i.e. German) dual VET system, thereby facilitating skills transition and up-skilling – albeit unevenly. One consequence is that many in the workforce were in a position to take up emerging opportunities. This example highlights the role of government educational policies in generating the skills necessary for structural change. The other cases place emphasis on skills, but in incoherent and uneven ways. Levels of social partnership are low, with training usually left to employers and private providers, who – respectively – tackle skill issues in unsystematic ways and operate on limited contracts that usually leave workers with few formally recognised transferable skills. The outcome is limits on the ease with which such regions can shift to high skills, high wage, value added economic and employment strategies – particularly with regard to a low carbon economy.

Tackling basic skills is essential, but means more than merely providing opportunities. Wider economic inequalities also need to be systematically addressed, in parallel with basic skills provision – the former are often the basis of poor dispositions towards learning opportunities. There is often a divide between tactics specifically targeted at the low-skilled/disadvantaged/those made redundant, and other tactics which aim to upskill a region in its entirety. One further consideration is to not simply focus on supply of qualifications (as a proxy for skills) and in this way qualifications for qualifications sake. It is important that there is a link between skills supply and demand and ensuring qualifications have clear routes and pathways to employment and further and higher education opportunities.

5.3 Successful training initiatives

These cases have shown evidence of success in developing apprenticeship schemes (e.g. high completion rates and robust quality of learning). They entailed a multi-stakeholder approach with training and education providers and local government/states working with businesses and their representatives to identify local training needs and then tailoring this training to the local economy, or sector.
Union organisations have been crucial to the development of the VET system in Ireland, and the ITUC has developed a number of independent training initiatives. In Wales, the Union Learning Fund has been effective in tackling basic skills deficits.

A sectoral focus can also foster success in workplace development programmes, particularly where a range of stakeholders are involved in identification of sectoral needs. Such a focus is evident across all three cases, although a more flexible and employer-driven (as opposed to state-driven) approach is found in the Irish SkillsNets programme. The latter has the benefit of allowing small businesses to pool resources. However, state-driven approaches allow for the incorporation of articulated skill needs into qualification frameworks.

5.4 Job availability

The upskilling of regions must reflect the employment opportunities being developed within the region. The capacity to build and attract job opportunities depends not just on the development of the right skills, but also on job availability as well as the type of jobs/work on offer. This feature reinforces the observation that there is a mutually reinforcing relationship between infrastructural resourcing and the development of capacities in relation to jobs and skills.

The loss of FDI has led to increased policy focus on the cultivation of the indigenous industrial base, the encouragement of entrepreneurial activity and by association, the growth of the SME base. There is a wealth of evidence to suggest that small firms are disinclined to invest in skills development and indeed, pursue ‘high road’ approaches to work organisation and human resource management in general. This highlights the need to stimulate employer demand for advanced skills, re-organise work design and organisational structures accordingly to fully exploit the advantages of such ‘high road’ approaches. Such measures are recognised to some extent in the provision of specific leadership and management training programmes (encompassing training on work organisation and people management) available in both Eire and Wales.

Moreover, the relationship between industry and government and educational institutions is important if there is to be successful change and transition. The need to build successful linkages between these systems will continue to be highly significant, given the increasing emphasis on targeting funding and efforts onto growth sectors and attempts to move the industrial base to higher value-added, research and development (R&D) intensive activity, focused on innovation and commercialisation of that innovation. To effect such transition, there will need to be integration and coherence across a range of policies, initiatives and practices, encompassing skills development, R&D incentives, the cultivation of industry-academia partnerships as well as investment in and active promotion of publicly funded R&D infrastructure.
5.5 Multi-level state policies and practices

Planned multi-level state policies and practices with coherence across a range of areas (e.g. regional development, education policy, investment strategy, etc.) is a critical ingredient to regional revitalisation. But, one weakness with many approaches is that they have not involved a planned comprehensive policy approach to displacement and economic regeneration (apart from the occasions where national initiatives were developed). Many programmes were formulated and implemented at a regional level because local government/provincial states are responsible for economic development. Although this approach has tended to produce some relatively successful outcomes, it has resulted in uneven development and variable successes. The explanation for this inconsistency and unevenness is that appropriate comprehensive and inclusive policies were not in implemented.

Conversely, as the Canadian and South Wales Valleys cases might imply, it could be argued that provincial governments might be better placed to understand local needs and, on this basis, provide more tailored and appropriate skills responses. In particular, this might be the case within nations that are geographically vast with much economic and demographic diversity across different regions, such as Canada and Australia.

5.6 Conditions for transitional change

The findings from these case studies highlight the ways many regions face similar problems and experiences. Finding remedies for the negative social and economic impacts of industrial decline and change is difficult.

a. Social Partnership

One recurring theme across the three cases is that multi-level social partnerships are a key condition for success. Such partnerships involve cooperation and collaboration between different levels of government, between public and private sectors, and across industry sectors and companies.

b. Targeted and focused projects

Regional revitalisation is built upon well-developed and implemented training and education schemes, which have multi-stakeholder involvement including education and training bodies, business, government, unions, and NGOs. These cases have shown evidence of success in developing apprenticeship schemes, the development of the VET systems and flexible and employer-driven approaches to education
and training, allowing small businesses to pool resources. The advantage of state-driven approaches is that they allow for the incorporation of articulated skill needs into qualification frameworks.

c. Informed Multi-level governance

Planned multi-level state policies and practices with coherence across a range of areas (e.g. regional development, education policy, investment strategy, etc.) are a critical ingredient for regional revitalisation. One weakness with many approaches is that they have not involved a planned comprehensive policy approach to displacement and economic regeneration. Developing an appropriate response benefits from informed by critical and comprehensive assessments of these labour markets.

Therefore, there are a complex set of conditions for transitional change. First, change is rooted in the specific profile of local economies, and the associated skills and jobs arrangements in localities and regions. Initiatives involve a cluster of agencies and organisations, including regional governance bodies, local authorities, employer and trade union organisations, locally based groups and educational and training bodies. Second, such arrangements are often incoherently organised and structured (tending to be overlapping, repetitious, minimalist, ad hoc and stop-gap) in the absence of grounded governance arrangements and the lack of nationally supported and resourced financial and infrastructure arrangements. Where regions face transitions away from old style manufacturing, there is evidence of steps being taken to transition to higher-value added, growth sectors in general.

These cases thus provide lessons about the processes of regeneration and revitalisation focused on skills profiles and the associated education and training arrangements for a successful transition. There are, then, a complex set of conditions for transitional change. On the one hand, change is rooted in the specific profile of local economies, and the associated skills and jobs arrangements in localities and regions. Initiatives involve a cluster of agencies and organisations, including regional governance bodies, local authorities, employer and trade union organisations, locally based groups and educational and training bodies. On the other hand, such arrangements are often incoherently organised and structured (tending to be overlapping, repetitious, minimalist, ad hoc and stop-gap) in the absence of grounded governance arrangements and the lack of nationally supported and resourced financial and infrastructure arrangements. Where regions face transitions away from old style manufacturing, there is evidence of steps being taken to transition to higher-value added, growth sectors in general. It is important that VET systems are able to respond swiftly and that appropriate skills for novel and emergent sectors are incorporated into provision. These are the challenges that face these three regions and like regions in the rest of the world.
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An International Study
of Comparator Cases

Skilling the Bay
Geelong – Regional
Labour Market Profile

Attachment to Final Report

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