

# Annual Report

2007 / 2008



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## Message from the Chair

On behalf of the Board of Directors, I am pleased to present the annual report of the Resource Training Organization (RTO) for fiscal 2007/08. It describes outcomes that will enable the RTO to complete the Industry Training Authority (ITA) full service audit in the coming year and become a driving force in the development of apprenticeship training for the resource sectors in British Columbia.

The sectors included in the RTO mandate—Mining and Smelting, Oil and Gas, Pulp and Paper, Solid Wood, and Shipbuilding and Repair—are among the longest-established and largest sectors in the B.C. economy. Collectively, they account for billions of dollars in economic activity annually, and directly and indirectly support more than 300,000 jobs. They are among the largest generators of government revenue and capital investment. It is essential to the long-term health of the Resource Industry to have well-trained, qualified employees.

The results presented in this report, in the board's view, demonstrate the RTO's success in setting up a strong and dependable infrastructure upon which the mandate of the organization can be carried out with confidence. To achieve that milestone, the organization focused on three critical goals. By virtually all measures, the targets for each were met or surpassed.

The Board is committed to the apprenticeship system in British Columbia and will continue to work closely with industry and the ITA in order to become a fully-functioning Industry Training Organization in fiscal 2008/09.

Sincerely,



Tom Kirk  
Chair, RTO Board of Directors

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### JULY – AUGUST

- Incorporation and organization under Society Act
- Hired new CEO
- Launched new Industrial Electrician program

### SEPTEMBER – OCTOBER

- Established offices in Langley, B.C.
- Began program review, Industrial Mechanic
- West Coast Shipbuilding and Repair Forum joined RTO

## Message from the CEO

Fiscal 2007/08 was the Resource Training Organization's (RTO) first year in operation.

This report outlines the successes we have had over that time, and I am happy to report that there have been many. We have attained significant results for each of the year's three goals:

- We now have a solid operating foundation in place for the organization, both in terms of governance and operations.
- A system to develop and deliver apprentices and journeypersons is largely in place and operational.
- To engage the target population and stakeholders, a communication/marketing system is also operational.

The progress made over the past year strongly supports RTO's commitment to offering programs that meet the needs of both individuals and employers: for individuals, giving them the knowledge and skills they will require to benefit from the projected economic growth across the province; for employers, providing them with a mechanism to source and employ the highly-skilled workers they need to maintain a strong and viable presence in today's challenging marketplace.

Yours truly,



Doug MacLaren  
CEO RTO

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### NOVEMBER – DECEMBER

- Hired new Director of Program Standards and Quality Insurance
- Board Transition (two new board members)
- Began program review, Welder A and B

### JANUARY – MARCH

- Began training needs analysis, shipbuilding and repair trades
- Began Youth Outreach initiative (YES2IT)
- Successfully met all ITA Quarterly Reviews

## Organizational Overview

The Resource Training Organization (RTO) was established in 2007 to oversee the management and development of apprenticeship training for the resource sector in B.C. The RTO is funded provincially by the Industry Training Authority of B.C.

### Mandate

To create and maintain an effective, efficient and responsive training system.

### Vision

A skilled, adaptive workforce that supports the resource industry and economic growth in British Columbia.

### Mission

To support the B.C. industries represented by the RTO with the current and progressive training and credentialing that effectively matches the supply of appropriately-skilled workers to the needs of the industry.

### Corporate Governance

The RTO is governed by a 12 member board of directors, independent of government, ITA management and RTO management. The board has a fiduciary responsibility for direction, decisions, legal compliance, probity, and finance. (See Appendix 1 for list of board members.)

### Sectors Served

- Mining and Smelting
- Oil and Gas
- Pulp and Paper
- Solid Wood
- Shipbuilding and Repair

### Operational Strategic Direction

The RTO develops an annual Service Plan as part of its financial and performance accountability to the provincial government. It details concrete performance measures and targets, and reports progress against those targets on a quarterly and annual basis. Both quarterly and annual reports are submitted to the ITA for review and approval.

## Key Highlights and Trainee Demographics

### Key Measures and Targets for 2007/08

- Registered Training Participants (Apprenticeship, Foundation, Youth)
- Registered Sponsors
- Program Completion Rates
- Credentials Issued (Apprenticeship, Foundation, Youth)
- Training programs with updated standards

### Significant accomplishments in the 2007/08 reporting period

- Hired new CEO
- Board transition (two new board members)
- Launch of the new Industrial Electrician Program
- Completed program review phase for the Industrial Instrument Mechanic and Welding trades
- Appointment of Director of Program Standards and Quality Assurance
- Completed needs assessment for trades specific to shipbuilding and repair industry
- Launched Youth Outreach Program
- Developed of organizational administrative structure and initiated steps to complete ITA full service audit

### Target Trades Training Groups

- Industrial Electrician
- Industrial Mechanic (Millwright)
- Welder (C, B, A)
- Industrial Instrumentation Mechanic
- Machinists
- Metal Fabricator (Fitter)
- Planer Mill Maintenance Technician I & II
- Steam Fitter/Pipe Fitter
- Saw Trades – Bench Person, Saw Filer, Saw Fitter
- Oil and Gas Rig Technician, 1, 2 and 3
- Marine trades (under review)
- Power Engineering (not an apprentice trade)
- All related Foundation/ELTT Programs

## Strategic Priorities, Goals and Outcomes 2007/2008

### Context

The performance measures and targets for fiscal 2007/08 are contained in a series of goals that embody the purpose of the RTO. The goals and strategic context are presented in the year's Service Plan.

### GOAL 1: An Efficient, Effective Resource Training Organization

It was critical to RTO's future success that the core components be put in place to enable proper governance of the organization as quickly as possible. The results were as follows:

Performance Measure	Target	Actual
1. ITO Progression	Pass ITA Full Service Stage Audit	Pending
2. Administrative Policies and Procedures	Policies and Procedures that ensure transparency and accountability	Pending
3. Performance Management System	Employee and organizational accountability	Underway
4. Synergies across ITA and ITO	Best practices harmonized with ITA/ITO	Underway
5. Fiscal Accountability	Balanced Budget	Achieved



## GOAL 2: AN EFFECTIVE RESOURCE INDUSTRY TRAINING SYSTEM THAT PROVIDES THE REQUIRED NUMBER OF QUALITY APPRENTICES AND JOURNEYPERSONS

British Columbia must have a full complement of qualified trades people if it is to take advantage of the unprecedented economic growth opportunities. To that end, RTO increased both the number of apprentices in B.C. and the number of employers involved in apprenticeship programs to help face the challenge of increasing the number of apprentices. In addition, RTO has prioritized programs and is proceeding to bring all training programs up to the national standard or beyond.

Performance Measure	Target	Actual
RTO training programs prioritized to ensure updated to established standards	Ranking list	Achieved
Demand driven training	Demand-driven training model	Developed draft model for discussion purposes, including both demand and supply variables
Number of programs with updated students	2	Achieved (2)
Number of new programs launched	1	Achieved (1)
Capacity	4,621	3,676
Actual percent Utilization	83%	Achieved (83%)
Number of registered apprentices	Maintain and improve (Baseline 2,831)	Achieved (4,058)
Number of employers with active apprentices	Maintain and improve (Baseline 1,374)	Achieved (1,572)
Credentials awarded	Maintain and improve (Baseline 371)	Achieved (932)
Completion Rate	39% (Baseline)	50%

### GOAL 3: HIGHLY ENGAGED STAKEHOLDERS

Key stakeholders include potential apprentices and their families, senior secondary and post secondary schools, employers and apprentices, labour and various levels of government. It was and remains mission critical to get the message out to all of them that there are attractive career opportunities among the resource industry trades in B.C., and that ITA and RTO are here to help both employers and apprentices.

Performance Measure	Target	Actual
Marketing and communications strategy	Developed and implementation started	Achieved. Target population is becoming engaged in the process.
Stakeholder participation	Operational audit to confirm level of participation and satisfaction	Various components required for audit are in place or pending approval
Customer satisfaction	ITA/RTO Index – 81	82
Stakeholder Awareness	ITA/RTO Index – 81	80



## Outlook for 2008/09

RTO intends to focus on addressing skill shortages in trades in the resource sector.

### Priorities

- Bring RTO programs up to Red Seal standards
- Pass ITA Full Service Stage Audit
- Attract under-represented groups including women, aboriginals and immigrants
- Implement communications plan targeting stakeholder engagement
- Complete review of five shipbuilding and repair trades
- Develop programs that provide individuals with the knowledge and skills they will require to meet the economic growth demands across the province



## Financial Report

The summary financial outlook is based on several assumptions:

- On-going demand-driven increases in industry training participation across resource sector in BC
- Operationalization of supply-side recruitment practices and meaningful employer engagement of under-represented populations in workforce
- Ability to redirect resources from lower to higher priority programs in a timely fashion
- System-wide cooperation and participation in the establishment and implementation of flexible delivery models to support specific industry needs
- Increased responsibility and accountability of RTO as it moves towards Full Service Stage
- Achievement of significant and replicable efficiencies by training-program deliverers
- Province and ITA maintain or improve present funding levels

## Statement of Operating Revenues and Expenditures, and Net Asset Balance

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**Unaudited Balance Sheet**
**2008**
**Assets**
**Current assets**

Cash	\$ 133,367
Due from ITA	98,875
GST receivable	9,219
Prepaid expenses and deposits	1,509
	<u>242,970</u>

<b>Equipment</b> , at cost	21,339
Less accumulated amortization	(1,782)
	<u>19,557</u>

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 \$ 262,527

**Liabilities and Net Assets**
**Current liabilities**

Accounts payable and accruals	\$ 100,908
Deferred funding [note 3]	83,213
	<u>184,121</u>

**Net assets**

Invested in equipment	19,557
Other	58,849
	<u>78,406</u>

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 \$ 262,527

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**Unaudited Statement of Changes in Net Assets** **2008**


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	Invested in Capital assets	Unrestricted	Total 2008
Balance beginning of period	\$ --	\$ --	\$ --
Excess of Revenue over expenses	--	78,406	78,406
Investment in Capital Assets			
Cost	21,339	(21,339)	--
Amortization	(1,782)	1,782	--
Balance, end of period	\$ 19,557	\$ 58,849	\$ 78,406

**Unaudited Statement of Operations**
**2008**

Revenue	
ITA Core Funding	\$ 309,441
ITA Project Funding	249,375
Interest	1,882
	<u>560,698</u>
Expenditure	
Accounting and legal	8,345
Advertising and promotion	12,983
Amortization	1,782
Consultants	213,602
Insurance	3,746
Miscellaneous	24,193
Office	8,648
Rent and utilities	8,649
Salaries, contractors and employee benefits	159,416
Telephone and fax	6,782
Travel, board and room rental	34,146
	<u>482,292</u>
Excess of revenue over expenditure	<u>\$ 78,406</u>

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<b>Unaudited Statement of Cash Flows</b>	<b>2008</b>
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Cash provided by (used in):

Operations:

Excess of revenue over expenditure	\$ 78,406
Items not involving the use of cash	
Amortization	1,782

Changes in non-cash working capital:	80,188
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Accounts payable and accruals	100,908
Deferred funding	83,213
GST receivable	(9,219)
Due from ITA	(98,875)
Prepaid expenses	(1,509)
	154,706

Investing:

Equipment purchase	(21,339)
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Increase in cash position	133,367
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Cash, beginning of period	
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Cash, end of period	\$ 133,367
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**Notes to Unaudited Financial Statements**

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**2008****1. General**

RTO BC Resource Training Organization (RTO) is a Society incorporated under the Society Act (British Columbia) on 14 March 2007 and it commenced operation in the summer of 2007. It is a qualifying not-for-profit organization exempt from income tax.

RTO is sanctioned as an Industry Training Organization (ITO) by the Industry Training Authority pursuant to the *Industry Training Authority Act*, and the provisions of Policy ITO 6000. RTO is responsible for Industry training programs for resource industry in British Columbia. RTO will provide Industry leadership and active engagement in defining and meeting relevant Industry needs.

**2. Significant accounting policies****(a) Revenue recognition**

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**(b) Use of estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires that management make estimates and assumptions that impact the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the recognized amounts of revenues and expenses during the reporting period. Actual amounts may differ from these estimates.

**(c) Property and equipment**

Property and equipment are recorded at cost.

Amortization is provided using the straight-line method over 3 years, the estimated useful life.

**(d) Financial instruments**

The Organization's financial instruments consist of cash and accounts payable and accruals. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from financial instruments, and that their fair value approximates their carrying value.

**(e) Contributed services**

Contributed services are not recognized in these financial statements because it is impractical to determine a fair value.

**3. Deferred funding**

Deferred funding is amounts received during the period allocated to fund future period costs.

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**Notes to Unaudited Financial Statements**

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**2008****4. Economic dependence and contingencies**

Funding is received from Industry Training Authority (ITA) and can be repayable if the terms of the funding agreements are not met. The directors are of the opinion no amount is refundable. Continuing operation requires further funding from ITA or other sources.

## Appendix 1: Board of Directors

The RTO board is voluntary and reflects collaboration between industry and labour. Both the CEO and an ITA representative sit on the board in an *ex officio* and non-voting capacity. Board members are drawn from diverse sectoral backgrounds, and have a range of industry, labour and training-related expertise.

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### Current 12 member RTO Board

Tom Kirk (Chair)	Tembec Enterprises Inc.
Mike Agg	Teck Cominco Ltd.
David Bonvie	Howe Sound Pulp & Paper Ltd.
Richard Boyce	United Steel Workers
Doug Daniels	Canfor Corporation
Bob Hughf	Communications, Energy & Paperworkers Union
Jim Jones	Elk Valley Coal Corporation
George MacPherson	Marine Workers and Boilermakers Industrial Union, Local No. 1
Rick Maksymetz	West Fraser Timber Co. Ltd.
Brad Moffat	Spectra Energy
Capt(N) Alex Rueben	National Defence
Jane Staschuk	BC Federation of Labour
<i>Doug MacLaren</i>	<i>CEO, RTO (Ex Officio)</i>
<i>Geoff Stevens</i>	<i>Industry Training Authority (Ex Officio)</i>
<i>Paul Sourisseau</i>	<i>HITAC Co-Chair (Ex Officio)</i>

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RTO is funded provincially by the Industry Training Authority of BC.



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