

A Matter of Policy

Changing industry and government regulations would help solve Alberta's shortage of construction workers

BY BILL STEWART

In the spring of 2005, a firestorm of protest erupted from building trades unions against foreign workers. The media, academics and provincial opposition politicians argued worker shortages were a myth and that not enough was being done to meet demands from domestic labour sources.

Concerns about worker shortages, however, did not materialize over night. In 1997 the Edmonton-based Construction Owners Association of Alberta (COAA), an organization of major construction purchasers, established a committee of government and industry representatives to oversee an annual five-year demand/supply forecast of tradesmen. The committee's forecasts pointed to ever-increasing shortages of construction tradesmen.

The May 2000 forecast, for example, concluded, "with increasing demand coming from the commercial/institutional and housing sectors, combined with continuing tightening availability of workers from other provinces, we will be facing greater challenges over the next few years to provide the workforce we need to meet our demand." That forecast was prepared using a list of major construction projects from Alberta Economic Development showing 574 projects

valued at \$42 billion.

As Alberta's economy expanded, labour supplies continued tightening. A January 2005 Merit Contractors Association survey found that 54% of the 500 firms surveyed encountered difficulties filling job openings. The situation worsened as Alberta's unemployment rate hit 3.4% in June. Merit's survey that month found 66% of the 581 construction companies reported difficulties.

While organized labour and opposition politicians continued trumpeting that worker shortages didn't exist, unionized construction companies such as Bantrel resorted to placing newspaper ads in efforts to directly recruit tradesmen. Construction Labour Relations – Alberta (CLR-A) surveys pointed to similar difficulties. One survey showed that 72% of unionized contractors were experiencing worker shortages.

So, what can be done to solve worker shortages in the construction industry?

To prompt discussion, Merit Contractors Association and the Progressive Contractors Association of Canada released a paper in June 2005 focussing on specific public policy changes that would help alleviate shortages. The "Let's Get to Work" (www.letsgettowork.ca) framework was based on three themes:



- Ensure skilled tradesmen, both locally and nationally, work when opportunities are available;
- Change apprenticeship regulations and use more targeted training approaches to achieve effective employment and training results;
- Streamline immigration policies and procedures to fill short-term peak demands and to fill long-term requirements when the bulk of tradesmen retire in the future.

Improve inter-provincial mobility of skilled workers

Due to Canada's regional and economic diversity, each province has different regulatory requirements. Alberta and Ontario, for example, have 19 or more compulsory trades, while Manitoba and Saskatchewan each have four. One way to improve worker mobility would be to permit tradesmen with extra-provincial journeyman certificates to work with employers, so long as they hold a bona-fide trade certificate and the employer deems the worker to possess skills comparable to an Alberta certified journeyman.

Harmonize employment insurance job search rules

Canada's Employment Insurance Commission has agreements with construction union locals deeming unionized tradesmen to have satisfied active job search requirements if they are registered on "hiring hall" out-of-work lists.

Regardless of other employment opportunities, simply registering entitles union claimants up to 16 weeks of benefits before they are expected to look for work outside the "hiring-hall."

As *Financial Post* newspaper columnist Diane Francis wrote recently, such arrangements "increase shortages, particularly as sought-after workers rack up huge overtime payments then have the ability to combine their savings with Employment Insurance Benefits to subsidize extended holidays of up to four months."

Francis concluded, "such government policies should be reversed." We concur.

Freer worker mobility without fear of union penalty or sanction

Building trades unions rules prevent tradesmen from working with independently unionized or non-union contractors. Some workers are fined (\$5,000 to \$25,000), face punitive placement on the hiring-hall list or are given the impression their retirement plan will be jeopardized if they seek employment outside of building trades unions. Fines are permissible under current laws in certain situations, but are unfair to workers who want to work where, and when, they are needed.

Train more apprentices

Training more workers is the best way to address the labour shortage problems. Significant efforts to train more people have been ongoing since the early 1990s, a point covered in detail in Merit's first edition of *Open Mind* magazine in a 1993 article called "In Search of New Blood." Since then, industry and governments have proactively promoted trades training through the "TRADE-UP! Careers In Construction" CD-ROM and through innovative programs, such as the Registered Apprenticeship Program (RAP).

Industry and government are also involved in numerous outreach programs to help people from underrepresented communities obtain industry training and employment. In 1992, Merit partnered with the Alberta government to initiate the TnT pilot project (Trades and Technology Careers for Women). The Alberta Aboriginal Apprenticeship Project (AAAP) and the Women Building Futures (WBF) also offer similar programs that receive solid industry support.

Apprenticeship training is also supported through initiatives such as Merit's Tuition Refund Program, refunding 100% of trade-school tuition fees. Fearing that tuition fees might dissuade people from taking trades training, Merit was the first industry organization in 1998 to offer a rebate. Merit's program now covers 10% to 15% of all tradesmen taking trade training at an Alberta technical institute. Programs like these need to be expanded.

Encourage targeted pre-employment training

First-year apprentices typically receive technical training only after completing 1,000 or more hours of hands-on-training. Due to safety or performance standard concerns, employers are sometimes reluctant to hire inexperienced "green hands." Financial support for more pre-employment training would help, especially if equivalent to first-year technical training was provided prior to on-the-job training.

Pre-employment program critics typically argue that people are frequently trained but then have nowhere to go when they finish. Targeting trades where shortages are expected and ensuring offers of employment, after successful program completion, are established prior to training will alleviate such concerns.

Rationalize apprenticeship ratios

Construction trades are one of the most regulated industries in North America. It is unlawful to employ anyone other than an apprentice or journeyman in construction trades designated as "compulsory" and limited numbers of apprentices may be employed in relation to journeymen. In Ontario for example, companies must employ seven journeymen ironworkers before one apprentice can be trained.

High journeyman to apprentice ratios reduce on-the-job training opportunities that lie at the core of apprenticeship training. As Diane Francis noted, such regimes, "force companies to hire unneeded journeymen or, alternatively, discourage the training of apprentices. Either result creates labour scarcity and higher wages." Merit agrees. Before Alberta's ratio regulations were changed in 2005 for two trades, provincial regulators forced some companies to lay-off their apprentices. Is it any wonder why some trades have difficulties recruiting, training and retaining new workers?

Recognize international trade skills

Accrediting tradesmen trained outside Canada is lengthy and expensive. In Alberta, each applicant must document over 8,000 hours of work experience, write

an extensive exam and, in some trades, pass a practical test. Authorities regulating construction trades should target countries where workers with comparable skills are likely interested in working in Canada and determine where equivalent or near equivalent training are provided. Following this review, a process to expeditiously recognize credentials from individuals originating from these locations should be developed.

Emphasize more trade skills in immigration policies

Canadian strategic policy and demographic trend research reports indicate that “net labour force growth is likely to depend solely on immigration” in the near future. Current immigration criteria, however, is more heavily weighted to managerial, professional or entrepreneurial education compared to much-needed technical or trade-related skills and training. Con-

sequently, in 2003 only 6% of Canadian immigrants possessed skilled trade and technical skills. To meet Canada’s long-term need for trades skills, immigration selection criteria should place more emphasis on technical and/or trades skills training and experience.

Temporary immigration

Construction trades skills are not recognized under the North American Free Trade Agreement (NAFTA) or the General Agreement on Trade in Services (GATS). Before construction workers are considered for admission into Canada, Human Resources and Skills Development Canada must confirm an occupational skill shortage, ensure that reasonable efforts were made to hire or train Canadians, and verify that proposed wages and working conditions are competitive.

After this review, applicants must obtain

health and security clearances through Citizenship and Immigration Canada. Once federal requirements are satisfied, provincial authorities follow a lengthy and costly process to accredit those working in regulated trades.

It seems apparent that streamlined and integrated federal-provincial processes are needed, especially where shortages in specific trade skills are widely recognized.

CONSIDER THE CHALLENGE AHEAD. THE November 2005 Major Projects Inventory lists a staggering 1,069 projects valued at \$108 billion. With the present shortage of skilled construction workers, can all these projects be built on-time or on-budget? Too much time has been spent debating organized labour’s xenophobia against foreign workers. Various changes to public policy could help alleviate worker shortages. It’s high time we got to work on them. ☐

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