



Skills Shortages & Labour Market Trends in the Construction Industry:

ISSUE 2

What are the Occupations within the Construction Industry? :

The Construction industry employs individuals in many occupations including general carpenters, plumbers, electricians, gasfitters, bricklayers, millwrights, tile-setters, general labourers, finishing trades and many others.



Key Economic Sector:

According to Statistics Canada, next to manufacturing, the construction industry produces the most sustainable jobs for the money invested. It has been said that for every construction job created, three more jobs are created in the general economy.

According to Industry Canada, the construction industry in Canada is about 94% Canadian owned. This is higher than any other industry.

Not only is the Canadian construction industry mostly Canadian owned, surprisingly, it is predominantly made up of small companies. Approximately 90 to 95 percent of the companies within the Canadian construction sector are small firms with less than 20 employees.

Construction Markets:

According to a recent report commissioned by the Canadian Construction Association, and prepared by Prism Economics and Analysis, the key markets for the construction industry is in residential; (new housing, improvements, repair and renovations), industrial, commercial and institutional building. The construction activity in Canada is very close to the peak that it obtained in 1989, with Alberta and Ontario showing the highest growth

rates. The report identified the following regional perspectives.

Growth by Region into 2001:

Quebec: demonstrates significant growth in the overall construction industry.

Ontario: demonstrates growth in heavy engineering, and overall construction including residential starts.

Atlantic Provinces: demonstrate growth in the industrial and engineering sectors.

Manitoba: good growth overall, including residential starts.

Saskatchewan: good growth overall, including residential starts.

Alberta: demonstrate the biggest growth and draws labour from other regions.

British Columbia: has had the weakest market in the last 5 years.

Despite the obvious national growth, there is still a prediction of huge labour shortages due to an aging workforce, a decline in the number of skilled trades people immigrating and fewer youth entering apprenticeship programs. Even the relatively high wages within the industry are not enticing young people to take an apprenticeship or trade related career path. For example, according to Statistics Canada, the average weekly earnings for all industries* in Canada for the year 2000 was \$626.45. The average weekly earnings for individuals employed in the construction sector were higher, equalling \$722.84.

In a recent study by the Canadian Federation of Independent Businesses (CFIB), an organization that represents small and medium sized enterprises in Canada, persistent labour shortages have been of great concern to its members. In fact, 46 percent of the members indicated

* excludes agriculture, fishing, trapping, private household services, Religious and military.

that they had difficulties finding qualified labour to meet their staffing needs in 2000. Alberta, Manitoba and Nova Scotia indicate labour shortages at an all time high. The survey also highlighted that members in the construction sector have the greatest concern about labour shortages when compared to other sectors.

According to CFIB's "Hard Facts" survey, conducted in November 2000, 8767 respondents indicated that about 1 out of every 20 jobs remain unfilled. Respondents cited the inability to find suitable, skilled labour as the primary reason for the vacancies. The highest rate of unfilled jobs was found in the construction sector. Given that 95 % of construction companies have less than 20 employees, unfilled positions can mean poorer quality, unfilled orders, and a loss of clients. This can have a significant effect on the economy and consumers in general.

The Canadian Home Builders Association, (CHBA), is a national organisation that represents Canada's residential construction industry. Membership is made up of new home builders, renovators, developers, trade contractors, apartment owners & managers, building material manufacturers & suppliers, mortgage lenders & other professionals in the housing sector. They have also expressed concern about the impending labour shortage. In a January 2001 "Pulse Survey" of 321 new homebuilders & renovators, the respondents cited the rising costs of materials and

shortages of trades and labour as critical problems. They indicated that they had the most difficulty finding **carpenters, framers, bricklayers** and **drywallers**. The CHBA members indicated that the shortages for these trades are the greatest in Ontario, Manitoba and Saskatchewan.

In an article entitled “More Students raising the Roof”, published in the Ontario Home Builder, winter 2000 issue, the OHBA cites the average age of union represented trades to be over 50 and these workers are retiring in record numbers.

An aging workforce and the lack of young people considering the construction industry as a viable career option has resulted in many new and innovative programs being developed by the Home Builder’s Associations in conjunction with local area high schools, colleges, government and industry partners.

Industry Involvement Success Story:

Industry involvement is key, and Mattamy Homes in Ontario has made significant contributions to enhancing the image of construction to youth. They have been so involved with high school programs in construction that currently at least six different schools boards are involved in a program that allows a team of high school co-operative education students to become directly involved in building a complete house. It’s a classroom in the field. Whenever students are not working on the “pilot house,” they are shadowing other workers in the field to support exposure to a variety of construction trades. In fact their innovative program enabled Mattamy Homes to win the Ontario Royal Bank Partners in Education Award

Where are the shortages?

It is estimated that the shortage of workers in the construction industry is between 35,000 and 60,000 workers. The number of unemployed workers is at its lowest level since 1988. Eastern Canada demonstrates the biggest concern with respect to the supply of workers, since so many have left the trades and reduced the workforce. While western Canada, where business is booming and employment has reached a maximum, demonstrates the largest demand concerns, This provides further evidence of the migration of workers to the western provinces.

Labour Shortages Identified⁺:

Canada – All trades with emphasis on contractors, carpenters, plumbers, bricklayers, labourers, and steamfitters

Atlantic - bricklayers and electricians

Quebec -all trades, with emphasis on carpenters, plumbers, gasfitters, electricians, & general labourers,

Ontario - carpenters, finishing trades, equipment operators, bricklayers & tile setters

Manitoba – masonry, electricians, equipment operators, labourers

Sask. - masonry, electricians, equipment operators, labourers

Alberta - all trades with emphasis on electricians, masons, welders, equipment operators.

BC. - Carpenters and electricians.

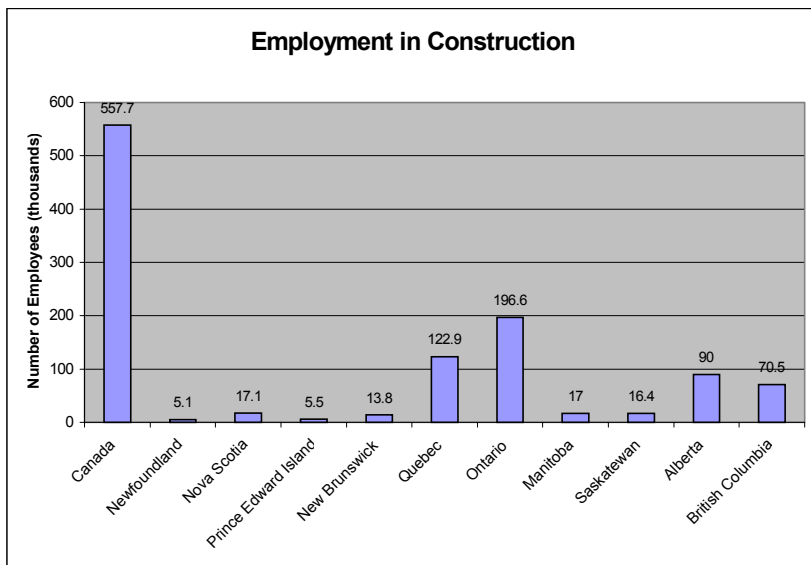
⁺ From Prism Economics & Analysis for the Canadian Construction Association.

^{**}Labour shortages are reported by identifying a) provinces that have the lowest unemployment rates for those occupations, b) provinces that have employment levels are at the maximum for those occupations, c) and by looking at the departing workers who have reduced the workforce

Note: The Quebec Labour force was down by 40,000 in 1999 and evidence suggests that departing workers have contributed to that reduced workforce.

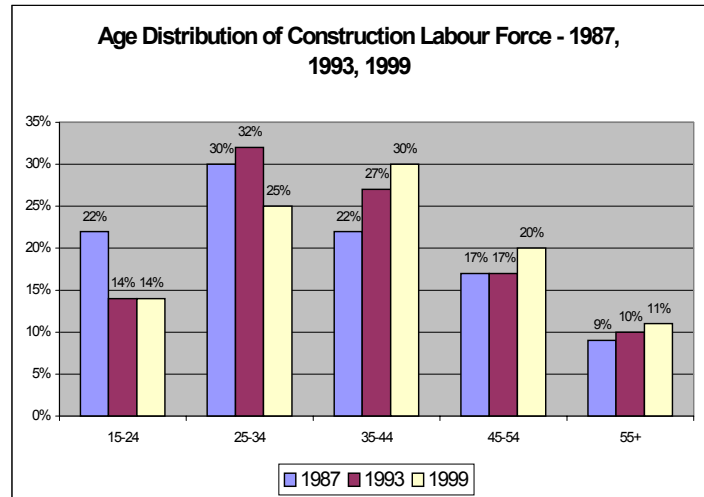
Distribution of the Workforce:

The charts below highlight the distribution of the construction workforce by province and highlight the increasing age of its workforce too! One can see that Quebec, Ontario and Alberta have the highest numbers of employment in the construction sector for the year 2000. And, by examining the second chart, entitled Age Distribution of Construction Labour Force, one can see that there have been fewer young people entering the construction workforce and the age of workers has been on the rise.



Skill Gaps Identified in the Carpentry & Plumbing trades:

In addition to labour shortages, there are skill gaps with wide variations from province to province. Prism Economics and Analysis examined many trades. The skill gaps highlighted in carpentry & plumbing are noted below:



Carpentry:

- There are wide variations in certification among provinces
- There are significant gaps in health & safety training
- Skills competencies are generally good for both certified and non certified tradespersons
- Shortage of skills for non-certified carpenters in the specialty areas of framing and forming.

Plumbing:

- There is extensive certification across the country
- There are significant skill gaps in health & safety – primarily on-site safety training.
- Skill gaps in specialty materials (ie medical gases).

HRDC Announces Construction Sector Council:

The Minister of Human Resources and Development, The Honourable Jane Stewart, recently announced the creation of a national

Construction Sector Council. This Council is intended to help the industry address and hopefully solve the critical shortage of workers. Bob Blakely, the labour co-chair of the council has indicated that addressing labour shortages would be key for the future of one of the largest industries in the country.

In a recent roundtable discussion hosted by the Conference Board of Canada and sponsored by HRDC, participants discussed the effective use of skills and knowledge in Canada and Canadian Organisations.

The event, held in Toronto on April 9th and 10th, 2001 identified a range of possible actions. Some suggestions noted by the delegates were the following:

- the need to enhance the image of non-university skills & trades;
- create social marketing messages;
- develop tax incentives for employer-sponsored training;
- create a forum to exchange best/next practices;
- ensure seamless movement within the educational system and work,
- identify and develop “champions”;
- recreate the reward system to celebrate the new culture of innovation.

Skills Canada Supports youth activities in the Construction Industry:

To address industry’s concerns over the shortage of skilled workers, the need to enhance the image of skills and trades and to entice more young people into the trades, Skills Canada is working very hard to meet its mandate.

“To promote Skilled trades and technology as a first choice career option for young Canadians”

Skills Competitions involve competitions in specific industry sectors for secondary and post-secondary students. The competitions not only encourage youth to participate in trades and technology, but they also work at creating a more desirable image to young people about career options in the trades. Competitions in the construction sector are popular in many provincial and territorial jurisdictions.



Carpentry and Electrical competitions occur

in over 90% of the provinces. In fact all provinces and territories except NB hosted a carpentry competition in 2001. The plumbing and masonry trades are also becoming quite popular in competition circles too.

Parents can easily influence their children’s decision when choosing an occupation or field of study – A Skills Newfoundland & Labrador Success Story:

Blaine Sheppard’s parents thought he had chosen the wrong career path in carpentry. They felt he was “too smart” to become a tradesperson. And although he was enjoying his program at the College of the North Atlantic in Happy Valley Goose Bay, he questioned if his parents were right. Blaine then won the regional competition for Labrador and participated in the

Provincial Competition in St John's. Blaine's parents were impressed, and travelled with him to the event. He won the Provincial Competition and his parents were overwhelmed with pride and excitement. Blaine went on to place third in the incredibly competitive Nationals in Quebec in 2000, and his parents now support his career decision 100%, in fact they brag about their talented carpenter son. Blaine now says he



knows he made the right career decision, he has a special talent for carpentry, will continue to

love his job and will further develop his skills.

It is success stories like Blaine Sheppard's that work to enhance the image of trade occupations.

Innovation and the effective use of skills and knowledge in Canada and Canadian Organizations is a priority of Industry and Government alike. Leaders who support the concept of Lifelong Learning have already stressed the importance of using rewards, recognition and highlighting industry champions as a way of enhancing the sector to young people. These activities can aid in the enhancement of careers in the construction sector and recognize the innovative ways in which industry is addressing skill shortage and labour issues.

The work of Skills Canada is committed to promoting these types of activities. The Skills Competitions are an excellent manner in which to recognize the achievements of competitors. They support the collaboration of industry and young people which is directly in line with what industry has recommended. The additional activities

ranging from Young Women's Conferences, Career Fairs, Elementary Technology Challenges and Various Promotional Activities highlight the importance of having a highly skilled workforce and demonstrate the opportunities available. For more information on the great initiatives underway or to look at the results of the National Competitions held in Edmonton in May 2001 go to the Skills Canada website at www.skillscanada.com.

References:

Government: Statistics Canada
Industry Canada
www.hrdc-drhc.gc.ca

Business:

Conference Board of Canada –
The Canadian Skills Imperative:
Building and Sustaining A culture
of Innovation and
Entrepreneurialism:

www.conferenceboardofcanada.ca

The Canadian Home Builders
Association – www.chba.ca
Prism Economics and Analysis –
www.prismeconomics.com

The Canadian Federation of
Independent Businesses – Help
Wanted www.cfib.ca

The Canadian Construction
Association – www.cca-acc.com
Ontario Home Builder Magazine –
Winter 2000.

Education:

www.acaato.on.ca - Research
News

www.SkillsCanada.com

Media:

The Ottawa Construction News,
Volume 11, no 6