

CSC

# Dimensions

May 2010

## New challenges for construction training and certification



Canada's oldest baby boomers, born in 1947, are preparing to leave the workforce – the beginning of a wave of retirements that will force big changes in how Canada's construction industry recruits, hires and trains its workforce. For one thing, the construction industry will need to integrate a new group of immigrants from different parts of the world.

A large part of any change in the construction workforce will come from international immigration and from labour sources such as Aboriginal people, women, immigrants, youth and older workers, according to the findings

in the CSC's 2010 edition of the *Construction Looking Forward* reports.

This means new challenges for the training and certification systems that build our country's skilled construction workforce. Already, provincial governments and trade certification authorities are investing heavily in foreign credential recognition for arriving tradespeople.

The reports conclude that the construction industry has been growing faster than other industries for more than a decade.

Until roughly 2005, employment demand was filled from traditional

sources with help from other industries and movement of labour among provinces. However, labour demands have strained supply, creating serious recruiting challenges.

One approach has been to treat these labour demands as "temporary." This is not a viable approach for the long term. The reports stress the importance of building the training and certification systems so that homegrown apprentices (both native Canadians and new immigrants) complement the foreign-qualified and trained tradespeople.

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# What about the contractors?

by George Gritziotis

From labour market research and career awareness projects to foreign skills recognition, online training and mentorship programs, over the past few years, the CSC has provided the construction industry with a number of tools needed to meet the demand for skilled tradespersons.

While these are important initiatives that address the need for skilled tradespeople, we also need to consider the capacity of the contractor community to respond to the future demand for construction services.

Anecdotally, we've been told by some construction owners that fewer contractors are bidding on projects.

How common is this? And, if it has happened during a recessionary period, what will this mean when the economy recovers?

That's what we want to find out. And that's why the CSC is undertaking a national survey to find out if there will be enough contractors to respond to work demands. Because if there are not, industry will need to consider developing strategies to address future contractor capacity needs. For example, we may need to look at initiatives that encourage entrepreneurship and other support mechanisms for tradespeople who may want to set up their own business. Existing contractors, especially the smaller ones, need to begin looking at succession planning.

But before putting in place strategies and solutions, the first step is to build a profile of the contractor community.

Here is what we know from some preliminary work we have undertaken: 80 to 85 percent of contractors have less than 15 employees. Preliminary survey results tell us their age demographic is no different from skilled tradespersons. In other words, contractors tend to be small

and managers and owners are concentrated in age groups between 50 and 65.

When asked about their plans for expansion and bidding on new work, about 25 percent of respondents said they do not intend to grow.

The fear is that as retirement comes upon them, many contractors will simply liquidate. But who will replace them? What will the contractor community look like in 15 to 20 years? Will they be medium to larger contractor organizations? Will there continue to be trade contractors who specialize in certain areas, such as electrical? We need answers to these and other questions.

There has been a lot of talk about replenishing the workforce, but it looks as though we may need to look at replenishing the contractor community as well. Before we act, before we put any initiatives into place, we need to do what we always do at the CSC: look at this in a thoughtful, planned and scientific way.

We are now planting the seeds that will generate interest in an issue that is just as important for the future of the construction industry as the requirement for skilled tradespeople. We need to be ready to meet short-, medium- and long-term demands for contractors.

This survey is a good start.

*George Gritziotis is the Executive Director of the Construction Sector Council.*

## Highlights of the CSC's Contractor Capacity Study

- The CSC will mine existing data and conduct a survey and interviews/focus groups.
- The survey will seek information from contractors in all construction sectors (residential, institutional and commercial, heavy industrial, and civil) at the national, provincial and regional levels.
- The objective is to understand the contractor community in this current demographic and economic environment, which includes an aging population, potential loss of small contractors as they liquidate their operations, and mergers and acquisitions.
- Results will provide a picture of what the current contractor community looks like, trends in contractor structures (foreign ownership, general versus trade contractors) and challenges facing contractors, such as succession planning capacity and loss of companies during downturns.

The survey is currently in the field. If you are a contractor, we invite you to participate in the survey at [www.csc-ca.org](http://www.csc-ca.org).



# The Next Generation

## Finding a new way to get down to business

In my day, we walked five miles in the snow just to get to school.”

Every generation hears this or some variation of it: “Kids these days have it too easy.”

The difference is today’s youths are not hearing it from their parents but from their employers. And it is not just because they want a drive to the mall.

Some of tomorrow’s construction workforce is showing up today with an attitude that is prompting the industry to think outside the box. Young workers want a say in decisions that affect their work and personal lives. But who changes: the employee, employer or both?

Rolf Priesnitz, Director of Apprenticeship Programs at George Brown College in Toronto, says the sense of commitment of Generation Y – those born between 1977 and 1999 – is different than past generations.

“I’ve had students not interested in excellent job opportunities (and) some who just don’t show up for co-op work placements,” says Priesnitz, who has taught young people for more than 30 years.

“Their attention spans are shorter and they take a longer time to decide what they want to do,” he continues, stressing not all students are like this, but a high percentage are.

Terry Burton, Manager of Construction Labour Relations for Shell Canada, points out some young workers have never experienced the challenges the marketplace sometimes brings.

“In Alberta, one of the challenges of the industry is absenteeism, but the work doesn’t wait until someone feels like doing it,” he says. “Delays can be extremely expensive ... so people should not expect a 40-hour (work) week as this is often not the reality in the construction industry.”

**“Some of tomorrow’s construction workforce is showing up today with an attitude that is prompting the industry to think outside the box.”**

Like many industries, the construction sector is facing a dwindling workforce with the demand for skilled labour over the next decade expected to reach a record high. According to research from the Construction Sector Council, approximately 317,000 new workers will be needed in Canada by 2017 to replace retirees and meet new demand.

Though industry stakeholders recognize Gen Yers have different expectations, opinion varies on how to deal with them.

Romeo Bellai, CEO of Ottawa-based Bellai Brothers Construction Ltd., says that in the case of labour shortages, his company prefers to rehire retirees even if it means providing flexible hours and work days to accommodate them.

“We are interested in (employing) people who want to get up on time and come to work, (so) we are more selective when hiring and have a better workforce because of it,” he says.

While some employers feel workers need to adapt to the industry, others believe – especially over the long term – the industry needs to adapt to the workforce.

“In a few years employers will be vying for these kids,” says George Brown’s Priesnitz. “Things have to change to get more youth interested in the industry and employers have to adapt.”

Priesnitz recommends a three-pronged approach that dispels the myth that trades are for the bottom rung of society, encourages employers to be more proactive in partnering with training institutions, and teaches a new type of mentorship training.

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“A tradesperson may understand his trade but not how to teach it. Somehow we need to help journeypersons learn how young people learn,” he says. “Some older journeypersons don’t relate as well as they could to this generation. In their day, they were simply told to do something and they did it.”

Shell Canada’s Burton agrees that more awareness by industry stakeholders at all levels is key to better management of this new workforce.

“Contractors and owners need to make the environment more appealing with structured learning, such as on-the-job training,” he says, adding Gen Yers cannot be pigeonholed or they will get bored.

Other ways to make the trades more attractive to youth include tax credits for apprenticeships and completion bonuses.

Burton also points to the disproportionately low number of scholarships available to the trades compared to other professions.

Derm Cain, the Canadian Director of the International Union of Operating Engineers, says this new generation and the construction industry “are a good fit.”

“It’s all about managing the projects and scheduling the work,” says Cain. “Many (Gen Yers) are not interested in working 12 hours a day, seven days a week for long periods (but) they do like the concept that construction work gives them time off and, in some respects, is seasonal.”

He adds the younger generation also likes that the interrupted work schedule provides time to participate in activities important to them.

“These young people are very astute, can be very productive and are a lifeline to help us reshape the industry in this country,” says Cain whose son, a Gen Yer, isn’t afraid of hard work, but when it is his scheduled time off, it’s “give me my cheque.”

“They feel entitled to it. And they are.”

*Reprinted with permission from Building Strategies magazine.*

## CSC Mentorship Program

**Q** When 80 percent of training takes place on the job, how can the construction industry effectively train the next generation?

**A** The Construction Sector Council’s *Mentorship Program* may be just the ticket. The program, which was piloted in Saskatchewan last fall, is being praised by construction industry leaders for its potential to help close the skills gap that could result from an exodus of experienced older workers.

“The program allows for the transfer of skills, in a systemic way, from one generation of workers to the next,” says Paul McLellan, head of Saskatchewan’s apprenticeship com-

mission. “It is relevant to the needs of today’s construction workforce and easy to put into practice in the workplace.”

The Manitoba Building and Construction Trades Council has been sharing the *Learner’s Handbook*, modules, *Mentor’s Handbook* and other program materials with all sectors of the industry.

“Feedback from contractors, workers – everyone really – has been totally positive,” says Manitoba Building Trades Executive Director David Martin. “The program can harness valuable skills and knowledge. It’s the right solution at the right time for the construction industry.”

The CSC’s most recent *Construction Looking Forward* reports indicate that almost 400,000 skilled workers will be needed between now and 2018 to meet

the demand created by retiring workers and to meet the rise in construction activity.

“We will work to ensure that mentors, learners, managers, unions, contractors, owners and construction human resources professionals understand the role they can play in addressing the huge challenge of replenishing the skills of the construction workforce,” says CSC Executive Director George Gritzotis.

The *Mentorship Program* is being rolled out to key stakeholders in the Canadian construction industry. To order, view or download program materials, visit [www.csc-ca.org](http://www.csc-ca.org).



# Immigration to fuel population growth through 2018

New research from the CSC confirms that immigration will continue to fuel Canada's population growth – and the construction industry – for the near future.

As part of its *Construction Looking Forward* reports, the CSC has projected births, deaths and migration – the major factors that determine changes in population – to find out how the industry will meet workforce requirement targets. Since population growth drives labour force growth, the ability of the construction industry to meet its future workforce requirements depends largely on the growth in, and composition of, Canada's labour force.

The graph (right) shows the crude birth rate (births per 1,000 population) and crude death rate (deaths per 1,000 population) in Canada from 1981 to 2018.

Since 1981, birth rates in Canada have generally been declining and death rates rising. This is expected to continue through to 2018 and beyond.

The decline in the crude birth rate has resulted from low birth rates combined with an aging population. The average number of children per woman is currently 1.7, which is below the suggested 2.1 number required for the population to replace itself.

The increase in the crude death rate is solely due to the aging of the population.

The bar chart (right) shows Canada's historical and projected population growth rates. The bottom part of the bar refers to the "domestic" or "natural" contribution to population growth – the contribution of births minus deaths to population growth. The top part of the bar is the contribution of net immigration to growth.

For example, in 2009, population growth is 1.2 percent. Births minus deaths contribute 0.4 percentage points to growth, while the remaining 0.8 percentage

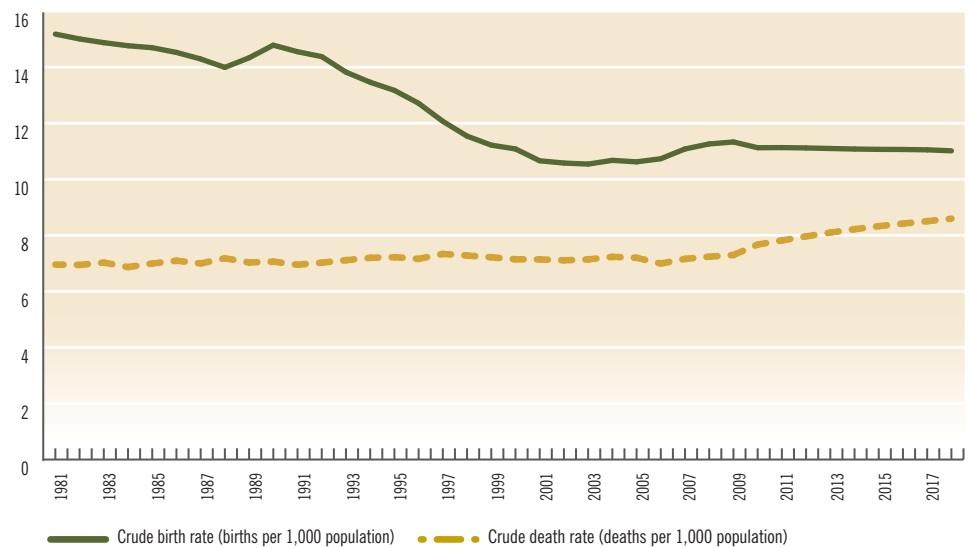
points result from the net inflow of people into the country.

The amount of in- and out-migration depends on people's assessment of the best place to live and work, and the willingness of governments to allow

them to move. The largest amount of migration occurs for people between 20 and 40 years of age.

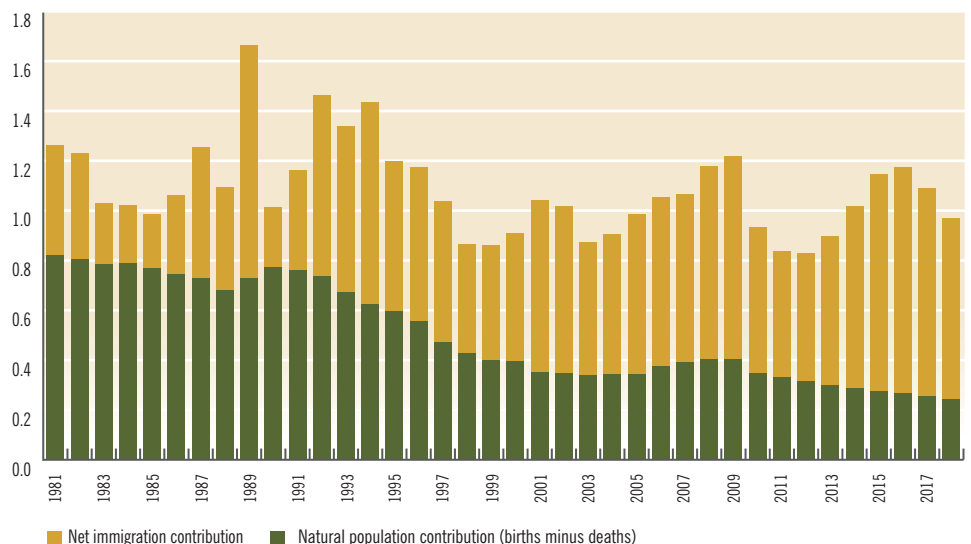
Nevertheless, the trend line is up. The inflow of people into Canada has been the largest contributor to population growth, and will continue to be for the near future.

### Crude birth and death rates, Canada



Sources: Construction Sector Council (2009–2018), Statistics Canada

### Components of population growth (%), Canada



Sources: Construction Sector Council (2009–2018), Statistics Canada

## *Breaking Ground into Construction Trades:* connecting the construction industry with skilled Aboriginal workers

It may be the best-kept secret in Canada's construction industry.

But not for long once the Construction Sector Council gets the word out that Aboriginal communities may hold the key to replenishing our workforce.

The latest CSC research says more than 395,000 workers are needed by 2018 to meet demand created by a retiring workforce and for new construction activity. However, Canada's population has only doubled over the last half century. And our average age is on the rise. So where will the workers come from?

Consider that the Aboriginal population has increased sevenfold in the last 50 years and it has the highest percentage of youth in Canada – almost half were under 25 years old in 2006. Aboriginal people have a strong tradition of construction work, they live and work in all parts of Canada, and their unemployment rate is high.

All of these factors led to the CSC and Grand River Employment and Training Inc. (GREAT) teaming up on a project to connect Aboriginal people and construction work.

“On the one hand,” says CSC Executive Director George Gritziotis, “we have a growing pool of skilled, young workers with a strong tradition of construction work, and on the other, an industry in need of replenishing its workforce.”

The *Breaking Ground into Construction Trades* project is all about bringing the two together.

“The goal is to increase awareness about – and access to – each other,” says Gritziotis, “and ultimately to get more Aboriginal tradespeople working in the construction industry.”

The CSC is a national business, labour and government partnership that addresses human resource issues in the construction industry. GREAT is a non-profit, community-owned organization that works to increase employment skills for citizens of the Six Nations of the Grand River Territory in Ontario.

With funding from Human Resources and Skills Development Canada, the two organizations are working to build strong relationships between Aboriginal workers and the industry, and to create an employment model for the rest of the country.

“Aboriginal communities need to better understand the structure, hiring processes and training needs of the construction industry, and the industry needs to understand how Aboriginal organizations address the employment and training needs of their community,” says Gritziotis.

In other words, employers know what their needs are, but they may not know how to reach these populations.

**“We have a growing pool of skilled, young workers with a strong tradition of construction work and an industry in need of replenishing its workforce.”**

They may not know, for example, that the best way to connect with the Aboriginal workforce is through government-funded organizations that are Aboriginal Human Resource Development Agreement (AHRDA) holders. There are 80 AHRDA holders across Canada with more than 400 points of service.

These organizations go by a variety of names, but they are the main point of contact for Aboriginal people to receive upgrading, training, career counselling and job search assistance.

The *Breaking Ground* project plans include community meetings to start dialogue and continued engagement.

Bob Bruyere, Coordinator of the Sioux Lookout Area Aboriginal Management Board, an AHRDA holder, thinks these meetings are essential.

“One key to the success of our (hospital construction) project was the first meeting we set up between First Nations groups and the builders to talk about issues and misconceptions, and clear up any rumours and stereotypes that exist. That was crucial to getting our foot in the door,” he says.

The CSC and GREAT will also work to get information about the industry to Aboriginal people through the Internet, outreach initiatives to youth and schools, and AHRDA information sessions.

“It's really time to spread the word about what construction employers are looking for and about what Aboriginal workers have to offer,” says Elvera Garlow, Executive Director of GREAT

For more information on this and other CSC projects, visit [www.csc-org.ca](http://www.csc-org.ca).



## Forecasting model garners award for U.S. industry leader

Congratulations to Daniel Groves, Director of Operations at the Construction Users Roundtable, for being named a top newsmaker by a leading American construction industry magazine. This recognition is for working to improve project execution through better planning and management of the labour supply.

Groves made *Engineering News Record's* top 25 newsmakers for launching the CSC's web-based labour supply and demand scenario-based forecasting model. The forecasting tool was commissioned last year by the Construction

Users Roundtable – an organization of major industrial construction owners across the United States.

In the model's first 10 months of operation in the United States, 219 users have entered data on projects that total more than \$30 billion. "We still have a limited amount of data in the model, but it is growing every day," says Groves.

"The bottom line is, we'll all be getting more construction for our money," DuPont's retired Vice-President of Engineering James Porter told the magazine.

Though it's not the first time the CSC's forecasting model has received international recognition, the CSC was pleasantly surprised when its partners to the south came looking for advice on how to tell what their construction labour picture might look like over the next decade.

American interest came on the heels of the CSC's agreement to share the model with the Australian Construction Industry Forum a couple of years prior.



### You have new mail

Did you know you can receive *Dimensions* newsletter electronically? Just log on to the CSC website to subscribe ([www.csc-ca.org](http://www.csc-ca.org)). Each time a new issue is ready, you'll receive an e-mail with the latest news and information on Canada's construction workforce.

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## New challenges for construction training and certification

Market and demographic pressures will increase demand on the apprenticeship, health and safety, private supplier, training trusts and other training and certification systems. In-school, on-the-job and examination systems will need to adapt to new language, supervision and other challenges. These challenges will require changes that extend to new skill requirements for supervisors, mentors and classroom trainers.

The extent of these changes – especially in apprenticeship – is apparent in the results of the 2007 National Apprenticeship Survey. Results found that women, visible minorities and the international immigration population were significantly underrepresented in the apprenticeship system.<sup>1</sup> The relatively homogeneous Canadian population of apprentices will be changing quickly and dramatically.

The number of new entrants from the local population (i.e., traditional sources aged 15 to 30) may not be large enough to replace retiring workers – especially in some trades where the bulk of workers are older. In some cases, market conditions will encourage entrants into construction from the trades in other industries or provinces. The main groups arriving to meet any increase in demand, however, will be populations such as Aboriginal people, immigrants, women and older workers.

While this shift has been a growing reality in many Canadian labour markets, it will be relatively new and force big changes in the construction industry. But is it really new? Construction has in the past, for example, built its skilled workforce with immigrant groups.

Given the right tools and analysis, the next decade will rise to this challenge once again.

<sup>1</sup> See *National Apprenticeship Survey, Canada Overview Report*, Statistics Canada, 2007. Results show that around 90 percent of apprentices are male, 4 to 6 percent are visible minorities and around 5 percent are landed immigrants or foreign citizens. These proportions are far below general national averages.

## What's new?

Now available on our website to view and download:

- *The State of Women in Construction in Canada* report
- The CSC's *Mentorship Program* materials, including handbooks, video, certificates, slide presentations, order form and more

Watch for

- the 2010 edition of the *Construction Looking Forward* reports and highlights later this spring, and
- the Contractor Capacity Study results to be posted on our website in the fall.

Visit [www.csc-ca.org](http://www.csc-ca.org) for more information.



## About us

The Construction Sector Council (CSC) – a partnership between labour, business and government – is a national not-for-profit organization committed to the development of a highly skilled workforce that will support the future needs of Canada's construction industry.

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