

Building and Construction Trades Dept,
Canadian Office, AFL-CIO Presents,

Election Issue Briefing 2008



40th General Election
October, 2008

Canadian Building Trades Issues Briefing – 40th General Election October 2008

The Construction Industry has witnessed unprecedented growth in Canada and economic trends from leading academic institutions indicate this expansion will continue. According to Statistics Canada, construction represents approximately 12% of Canada's Gross Domestic Product and employs over 1.6 million Canadians. As a whole, the Canadian economy has added 331,000 jobs year over year and unemployment is at its lowest level in thirty three years at 5.8%.

Nationally, employment in our industry is up 8.5% (+94,000 jobs) from 12 months ago. From a regional perspective, employment numbers in construction increased by an estimated 21,000 in Ontario. As a group, Alberta, British Columbia and Newfoundland and Labrador contributed 20,000 full time new jobs in construction. The demographics for our Industry are bleak, Canada has relied on the Baby Boom generation construction workforce that has provided excellent service, but by 2016 (or say the demographers) the peak of the Baby Boom will have passed into retirement.

An election is a time for participation from Canadians. We must encourage the candidates to think about our issues as an industry and also to think about our families in the context of Canadian societies. Below you will find a summary of some key issues we should all talk to the candidates about – they affect our work and family life.

Election Issue Summary 2008 – these are the issues for the Building Trades in the Campaign. Many other important and pressing issues like Health Care, National Defense, and our Social Safety-net will be debated; but these are the issues that affect you and every other construction worker at work. If you need either information or assistance on other issues, feel free to contact the Canadian Office.

1. Mobility for the Construction Workforce

2. Skills Development for the Workforce

→ **Apprenticeships – Where are the graduates?**

→ **Apprenticeship Incentive Grant (AIG)**

→ **National workforce strategy**

3. Environment

→ **Getting it right**

1. Mobility for the Construction Workforce

Background:

Canada has to make labour mobility a top public policy priority.

Recent economic success, in Alberta and other regions, has demonstrated the importance of a mobile work force. Many tradespeople are out of work in one area of the country while another is desperately in need of those workers. Canada has a regional economic focus but a national construction workforce. The reality of Canada's immenseness has to be acknowledged by those who make labour market policy. Similarly, tax policy must enable our workforce to move with little economic restriction.

Canadian workers are more than willing to move to where the work is and to pay their fair share to do so, as demonstrated by Atlantic Canadians who have moved and continue to travel to Alberta for employment purposes. It makes sense for these workers to maintain their homes and communities, because construction is a transitory industry. No job lasts more than a couple of years and it is impossible for construction workers to uproot families every six months. The workers from one region may have to move to a job this year, but next season or next year we will need them at home for the work that is done in that region.

Public policies that facilitate worker mobility can ease the skilled labour shortages many locales experience at one time or another. In addition to the taxation policy there must be attention paid to the removal of inter-provincial barriers to workforce mobility.

Current Situation:

Out of work tradespeople currently have to finance some or all of their own travel and accommodation should they wish to travel to another region where skills are in higher demand.

For over thirty years, the Building Trades have worked with successive governments to rectify this situation. We have asked Members of Parliament to amend the Income Tax Act to allow tradespersons to deduct travel and accommodation expenses in the event they have to travel to another region for a job. This would put them on even footing with thousands of other Canadians who now use such a deduction.

In the 2007 federal budget, truckers were granted such a tax write-off, but inexplicably, construction workers were ignored.

The **Standing Committee of Human Resources, Social Development and the Status of Persons with Disabilities** recommended, in April 2008:

Recommendation 1.6

The Committee recommends that the federal government examine the moving expenses provision of the Income Tax Act with a view to extending this provision to individuals who must leave their principal residence to work on a temporary basis, provided their primary residence is retained.

Recommendation 1.7

The Committee recommends that the federal government provide funding to assist individuals who agree to relocate to enter employment in occupations experiencing skills shortages.

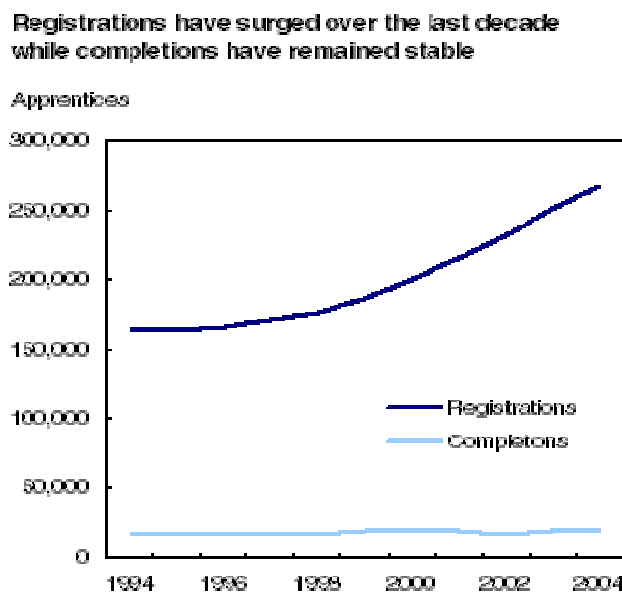
BCTD Policy:

The BCTD policy on this issue has been consistent; we believe the mobile construction workforce is worthy of support, just like other sectors which do get support. What makes little sense is having a surplus of skilled labour in one part of the country and a chronic shortage in another and economic disincentives keeping the workforce that could perform such work sitting at home.

Using tax policy to create workforce mobility is economically viable and would actually have a positive impact on the public purse. Tax gets paid on good paying construction wages instead of having those people drawing EI benefits. The benefits for workers, for their employers, for the employers' customers, and for the regional economies would be substantial. We need government to extend the same tax treatment for construction workers as traveling salespeople or self-employed consultants.

2. Skills Development for the Workforce Apprenticeships-Where are the graduates?

Completion rates for apprenticeships in Canada are fairly stagnant relative to new registrations. Statistics Canada released the information below, November 17, 2007:



So what does this graphic representation tell our industry?

- There are growing registrations in apprenticeships nationwide, but the completion rate is stagnant in the economy
- There is a disconnect in the workplace between registering as an apprentice and actually graduating from the program
- According to Statistics Canada the construction trades have the largest number of apprentices in the system – there is significant investment in the system both public and private.

Increasing Apprenticeship Completions

Background:

Skills development is a top priority in the construction industry and the Building Trades are the largest private trainers in Canada. Our training facilities are centres of excellence financed by unions and employers through training trust funds.

Most construction apprenticeships are in the organized construction industry which is administered jointly by union-employer apprenticeship committees. Apprenticeship training, which is the most effective method of developing a skilled workforce, takes place on the job and in the classroom: 80% of an apprenticeship is on the job training.

According to Statistics Canada, the Building and Construction Trades (our trades) have the largest number of apprentices. In 2005, they comprised almost 50% of all apprenticeship registrations.

Apprenticeship training is regulated by the provinces. The federal government's support comes mainly from the promotion of skilled trades as a career choice, Employment Insurance benefits during training periods and from providing "transfer funds" that are used to pay for Apprenticeship programs in the provinces.

Current Situation:

While registrations for apprenticeship training have increased substantially since the mid-1990s, the apprenticeship completion rate has remained stagnant. In that same period, apprenticeship registrations increased by 57.2 per cent.

Registered apprenticeship training: Registrations								
Major trade groups	1999		2003		2004		1999 to 2004	2003 to 2004
	number	% total	number	% total	number	% total	% change	
Building construction trades	36,495	19.6	53,835	21.5	60,610	22.6	66.1	12.6
Electrical, electronics and related	30,475	16.4	42,415	16.9	45,430	17.0	49.1	7.1
Food and service trades	18,910	10.1	25,275	10.1	26,235	9.8	38.7	3.8
Industrial and related mechanical	16,020	8.6	19,690	7.9	19,890	7.4	24.2	1.0
Metal fabricating trades	40,390	21.7	52,695	21.0	54,655	20.4	35.3	3.7
Motor vehicle and heavy equipment	39,865	21.4	49,885	19.9	52,835	19.7	32.5	5.9
Other ¹	4,230	2.3	6,995	2.8	8,120	3.0	92.0	16.1
Total²	186,385	100.0	250,795	100.0	267,775	100.0	43.7	6.8

1. The trade group "Other" consists of miscellaneous trades and occupations not classified elsewhere. Many of the apprenticeship trades and occupations that have been introduced since the 1990s have been added to this group. Because of the small numbers in this group, it has been excluded from analysis.

2. Totals may not add up due to rounding.

Registered apprenticeship training: Completions								
Major trade groups	1999		2003		2004		1999 to 2004	2003 to 2004
	number	% total	number	% total	number	% total	% change	
Building construction trades	2,180	11.8	2,550	13.8	2,590	13.1	18.8	1.6
Electrical, electronics and related	2,760	14.9	2,835	15.3	3,520	17.9	27.5	24.2
Food and service trades	2,575	13.9	2,130	11.5	2,265	11.5	-12.0	6.3
Industrial and related mechanical	2,220	12.0	1,930	10.4	2,055	10.4	-7.4	6.5
Metal fabricating trades	4,225	22.8	4,445	24.0	4,785	24.3	13.3	7.6
Motor vehicle and heavy equipment	4,230	22.8	4,275	23.1	4,130	21.0	-2.4	-3.4
Other ¹	355	1.9	360	1.9	360	1.8	1.4	0.0
Total²	18,545	100.0	18,520	100.0	19,705	100.0	6.3	6.4

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2. Totals may not add up due to rounding.

There are many factors that contribute to the substantial gap between registrations and completions. However, given Canada's extremely tight labour market, one way to increase completions is to help apprentices with the expenses associated with apprenticeship training.

In its 2008 budget, the current Federal Government reaffirmed its support for the Apprenticeship Incentive Grant (AIG), which it introduced in the 2006 budget. This program gives \$1,000 per year to all new apprentices in the first two years of an apprenticeship program in any of the 45 Red Seal trades and a \$2,000 payment for the employer of that apprentice. It is a direct cash grant and may be used to cover the cost of tools, tuition fees, travel expenses, and other related expenses.

BCTD Policy:

The BCTD supports the AIG. We have adopted, in our **National Training Policy**, support for apprentices and apprenticeship from all levels of government. We believe it should be enriched and in particular, the program eligibility should be extended to third and fourth year apprentices. In addition, the AIG can be used to encourage graduates of apprenticeship programs. These incentives would help apprentices overcome some of the barriers to completion and serve as an incentive to apprenticeship completion. The BCTD believes the AIG should also provide a graduation grant aimed specifically at promoting completion of certification programs. Apprentices who complete their training and employers who enable such completions ought to be rewarded. Providing incentives for completion of training programs will generate more trainees (and more graduates) and most importantly, more employers, who will agree to take on apprentices. The Canadian Apprenticeship Forum (CAF) study into apprenticeship in Canada reveals that less than 20% of employers actually employ apprentices. That statistic must change and a small cash incentive to employers to train the 'Workforce of Tomorrow' is a good start!

In summary, **an expanded AIG to the third and fourth years would be money well spent for Canada.** It would be good for young workers, for employers and for addressing skill shortages in the economy. It should be seen as an investment in Canadian workers that would pay handsomely for our collective workplaces and the labour market. This recommendation would prove cheaper than costs involved in the Temporary Foreign Worker Program. We expect the

cost of an expanded program to be \$200 million per year versus the current \$100 million that covers only half of the apprentices.

National Workforce Strategy

All stakeholders in the Canadian economy stand to benefit from planning and development of a National Workforce Strategy. This planning process will benefit the regional economies currently present in Canada. National initiatives run by the Federal government like the Temporary Foreign Worker program and the Canadian Experience Class need to compliment and enhance a national strategy for skills development.

Part II EI Funding needs to be solidified for the benefit of training purposes and should be linked to a national workforce strategy. This will ensure that Canada's regions develop equally and the provinces (deliverers of Part II programs) have a stake in a national strategy. The Part II process is fundamental to skill development and upgrading of skills for Canadians. Part II needs to be protected.

3. The Environment – Getting it right

Environmental stewardship is important. In Canada, we need to adopt an environmental policy which takes into account the needs of business but also the health of Canadians and the long term health of the environment.

Canada's recent record on green house gases and action (or lack of) has been dismal. Recent developments concerning Canada's environmental future are just as murky. There really are three options for Canadians that the political parties are pitching – these three options are all complex, long term issues that deserve a long term view. The short term, partisan "news bite" is not going to cut it when our environmental chickens come home to roost. Specifically, the three proposed systems are:

- 1. Carbon Tax – Liberal Party**
- 2. Cap and Trade System – New Democratic Party**
- 3. Regulatory framework to encourage reductions of energy intensity – Conservative Party**

1. A Carbon Tax simply adds a tax to the goods or services produced by an industry, company or group of companies. This tax can either be added at the wholesale or retail level of the economy – so consumers of the product either pay directly or indirectly. A carbon tax puts a price on pollution by charging a fixed fee per weight or volume of production of carbon emissions. For example, an oil refining company would be taxed based on the amount of CO₂ produced and emitted into the environment. For example, under the "Green Shift" plan proposed by the Dion Liberals, at the end of the four year implementation period a producer that emits 17 Million tonnes of CO₂ per year (like Ontario Power Generation at Nanticoke, On) would suddenly owe \$680MM. This is a significant liability on a company balance sheet, and you can bet that that cost will be passed on to you, the consumer!

This kind of a plan could be implemented very quickly by governments as new taxes are not difficult to set up or administer. The carbon tax regime does not reduce pollution but simply adds to the cost of production for industry and essentially allows them to "pay to pollute". The Liberal plan will offset the cost of the carbon tax by reducing most other taxes claiming the plan is revenue neutral. There is a corresponding reduction in income taxes for Canadians – the average family of four living in Ontario would pay \$1,440.00 less in income taxes per year, under the Liberal plan.

2. Cap and Trade systems very simply, put a limit on a group of emitters as to how much CO₂ could be expelled into the environment. This industry group (like oil refiners) then can trade allowances within that cap. This kind of system puts more certainties around absolute levels of pollution flowing into the atmosphere. It demands focus on emissions regulation and monitoring – something governments are not historically good at. This system is very complex – but creates more certainty in terms of reducing emission levels. In Canada, large polluters make up about 50% of carbon emissions. This kind of a system can be modified to work in conjunction with a carbon tax system. This system creates a market, buying and selling the cost of pollution and that cost always has a way of coming back on the consumer. The New Democratic Party has a plan for this kind of system.

3. Regulatory frameworks are aimed at reductions of intensity of energy consumption and is a bundle of regulations and guidelines aimed at changing behaviours at the industry level over a specific timeframe. For example, the April 2007 Regulatory Framework for Air Emissions introduced by the current Government showcased broad designs for industrial emissions of both greenhouse gasses and air pollutants in Canada. These kinds of frameworks aim to reduce “emission intensity” or the kind of energy that is used to produce other energy. Coal fired power plants are an example of energy intense industry. These frameworks aim to discourage energy intense processes. The danger here is oftentimes certain industries are grandfathered or excluded from the regulations altogether – this is exactly what is happening with the *April 2007* framework introduced by the current Government of Canada.

BCTD Policy:

There are elements in each plan that we like and elements that we think are bad for Canadians, for jobs, for the environment or for all of the forgoing. Canada needs an environmental policy that will find ways to curtail Green House Gas (GHG) emissions without costing you your job, without increasing dramatically your cost of living, and without appearing to do something and, in reality, doing nothing. None of the policies are clearly articulated currently in Canada, documented or open to real scrutiny; they are sold as sound bites or glossy brochures. We need to have a real debate on this topic and to have a clear idea of what each system could do for us or to us!!

We work in the plants, generating stations and refineries and we know that the process can be performed in such a way so as to dramatically reduce GHG and other harmful emissions. Cost and the economic will to do so, often get in the way. If Government were to intervene in these areas perhaps more good could result and more construction jobs could result. New technologies could breed new construction work and be good for Canada’s economy.

Essentially, we want it all, a good environment, good jobs that aren’t throttled because of emissions regulations, and if there needs to be cost increases to get there, cost increases that are within reasonable bounds. It is attainable.

The BCTD intends to try and get better answers during any campaign on this important issue and to forward it you for your consideration, until then we ask you to press the candidates to explain their Parties environmental platform to you and to explain what they say it will do to jobs in your region.

Useful Links

2008 Federal Budget
www.budget.gc.ca

Canadian Apprenticeship Forum
<http://www.caf-fca.org/english/documents.asp>

Economic Indicators from the Government of Canada
<http://www.canadianeconomy.gc.ca/english/economy/>

Statistics Canada study on Apprenticeship – November 17, 2007 – Labour Force Survey
<http://www.statcan.ca/cgi-bin/imdb/p2SV.pl?Function=getSurvey&SDDS=3701&lang=en&db=IMDB&dbg=f&adm=8&dis=2>

http://cansim2.statcan.ca/cgi-win/cnsmcgi.pgm?CANSIMFile=CII/CII_1_E.HTM&RootDir=CII/&LANG=E

Construction Sector Council
<http://www.csc-ca.org/>

House of Commons Standing Committee on Human Resources and Social Development and the Status of Persons with Disabilities

“Employability in Canada: Preparing for the Future”

Released April 2008

http://cmte.parl.gc.ca/Content/HOC/committee/392/huma/reports/rp3369345/392_HUMA_Rpt03_pdf/HUMA_Rpt03-e.pdf

Liberal Party of Canada
www.liberal.ca

Conservative Party of Canada
www.conservative.ca

New Democratic Party
www.ndp.ca

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www.elections.ca

