



## Building and Making the Most of an Invaluable Workforce



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If the pandemic taught us to better appreciate healthcare and grocery store workers, then the growing housing affordability crisis should be a lesson in the importance of construction workers.

These are the people who literally put the roofs over our heads – not to mention the essential products of commercial and industrial construction – and we’ve never had a greater need to build out and better support the productivity of this vitally important workforce. The projections agree on this, and since they’re typically based on current rates of home-building, they badly under-estimate the actual need.

A great many Canadians already live with crisis-level housing prices and rents, and we’re rapidly heading that way in Alberta. The only truly effective response is to beef up the construction sector and build more homes. And we need to achieve that despite a rapidly aging construction workforce, in which retirements are set to outstrip current rates of recruitment.

Governments are good at setting targets in the face of such challenges, but what counts is following through with the right policy prescriptions and the necessary urgency. In this *Monitor*, we outline some of the barriers that are getting in the way both of recruitment into the sector, and of enabling construction workers to perform at their best.

And the workforce challenge has even bigger implications than that. As timelines and costs increase, some construction

projects just won’t get built at all. Not only does that make housing even scarcer, it effects investment and the broader state of our economy and standard of living.

*“...the growing housing affordability crisis should be a lesson in the importance of construction workers.”*

There’s much that can be done to improve the situation. But recruitment and training timelines are long. If we want to at least start bending down the curve of housing-price escalation – and keep the dream of home ownership alive for more Canadians – the time to get moving on these solutions is yesterday.

## Canada’s Construction Workforce is Facing Unprecedented Strain

Current construction industry job vacancies:

**80,000**

(record high)

# of registered apprentices and trades qualifiers

**fell by 15%**

in the past decade



Share of construction workers

**aged 55+**

also at a record high

**300,000**

construction workers will retire in the next decade

Sources: “If They Come you will Build it – Canada’s Construction Labour Shortage”, CIBC Economics, June 2023; and “Municipal Benchmarking Study”, CHBA/Altus Group, October 2022

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# Residential Construction Growth and Recruitment Needs

## We're Losing Ground on the Size of our Workforce

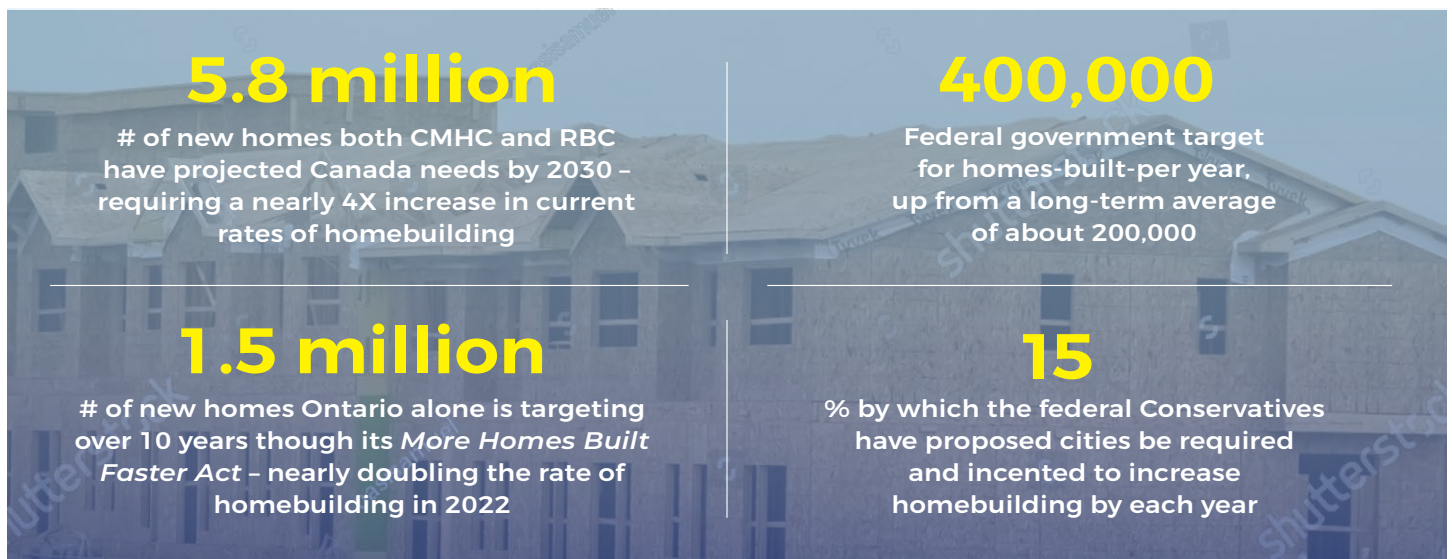
Even by a very conservative assessment – based on the current pace and outlook for homebuilding – Canada needs to grow its residential construction workforce.<sup>2</sup> But training and recruitment capacity isn't keeping pace with accelerating retirements, nor with booming population growth; and as the housing affordability crisis clearly demonstrates, the current pace of homebuilding is hardly equal to the need.



Source: "Construction & Maintenance Looking Forward: An Assessment of Construction Labour Markets from 2023 to 2032", BuildForce Canada, 2023.

## And Current Rates of Homebuilding Won't Cut It

Estimates of precisely how much we need to accelerate home construction by vary, and tend to understate the scope of the problem. But it's clear that to seriously tackle affordability, Alberta's current residential construction workforce of some 61,000 people will need to dramatically expand.



Sources: "High Rise, Low Carbon", RBC, May 2023; Government materials and media coverage

<sup>2</sup> The analysis cited does not, for example, factor in federal government efforts to double the number of new homes built in the country over the next 10 years.

# Workforce Flexibility and Productivity: Barriers and Solutions

## 1 Recruit More People into the Trades

Construction trades remain an under-valued career option in the eyes of many, despite excellent earnings and advancement opportunities. And while Canada is welcoming record numbers of immigrants, not enough of these newcomers have construction skills – nor do skilled temporary foreign workers have a clear path to permanent residency. The construction industry also still has work to do in fully tapping into all demographic segments of the increasingly diverse workforce.



Proportion of Canadians who work in skilled trades:

**1 in 6**

Proportion of 15-year-old students who definitively plan to pursue a trades career:

**1 in 10**

Share of new permanent resident immigrants who work in construction:

**2%**

Women's share of total direct trades and occupations (on site) in Alberta:

**6.9%**

Sources: Employment and Social Development Canada, CIBC, BuildForce

## 2 Improve Pathways to Entry and Progression

Current training models involve often overly broad credentials, along with inflexible and disruptive technical-training delivery. We need smoother entry pathways for high school students, and a greater focus on trades “micro-credentialing” to enable workers to quickly acquire and apply specific in-demand skills. More reliance on and recognition of employer-provided training will also improve job-readiness.



In 2021-2026, **25%** of Canada's **4 million tradespeople** will need to upgrade their skills (in part due to digital disruption)

**69%** of working-age Canadians are interested in **micro-credentials** for professional development

Sources: "Preparing Canada's Skilled Trades for a Post-Pandemic Economy", RBC Economics, 2021; "Making Sense of Microcredentials", HEQCO, 2021



### 3 Improve Workplace Flexibility

Construction workers often face unnecessary barriers to fully applying their skills. It can be difficult to move between non-unionized and unionized workplaces (where restrictive hiring-hall rules often apply). Meanwhile, rigid definitions of the scope of specific trades create productivity-reducing silos. Inflexible ratios of apprentices to trained tradespeople are a further brake on building tomorrow's workforce.

#### Unionized Construction Work Downsides

- Rigid job descriptions and "craft" rules
- Advancement based on seniority alone - not merit
- Risk of union-management conflicts and work stoppages

### 4 Build the Best Workplaces Possible

Construction employers have a responsibility to offer the best workplaces they can, including competitive benefit plans aligned with the specific realities of the sector. Construction employers are also increasingly focusing on ensuring respectful workplaces where mental health is supported.

- ▶ ICBA provides health, dental and other group benefits to more than 4,000 businesses and 170,000 Canadians.
- ▶ Most ICBA Benefits clients work directly in construction, but plans are also tailored to the unique needs of varied industries.
- ▶ ICBA's Wellness Program promotes individual wellbeing and fosters lasting workplace culture change by breaking the stigma around mental health.
- ▶ Launched in 2021, more than 100 companies and 10,000 employees now participate in ICBA Wellness.



The ALBERTA CONSTRUCTION MONITOR is an ICBA Alberta publication providing ahead-of-the-curve information and statistics on the Alberta construction industry and issues relevant to it.

ICBA Alberta advocates for fairness, opportunity, and free enterprise; and supports the success of open shop contractors and ICBA Alberta members by delivering services that enhance the competitiveness of their businesses.

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