



HUMAN RESOURCES SECTOR STUDY: RESIDENTIAL CONSTRUCTION INDUSTRY IN NEWFOUNDLAND AND LABRADOR

Action Plans and Strategic Planning Policy Recommendations

May 2005

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Introduction

1.0 Introduction

This report presents summaries of findings and action plans related to three critical areas of consideration for human resource development in the residential construction industry in Newfoundland and Labrador:

- ▲ Underground economy in the residential construction sector;
- ▲ Labour market information (LMI) for the residential construction sector; and
- ▲ Education and Training for the residential construction sector.

The action plans were developed in three separate workshops held in St. John's with industry leaders and government, university and training sector stakeholders. The underground economy and LMI workshops took place in December 2004, and the education and training session was held in May 2005.¹

The final sector of this report presents an action plan for implementation of policy and program recommendations generated by the overall project. This plan was developed at the final meeting and strategic planning session of the project's Sectoral Planning Committee on May 11th, 2005.

¹ See Appendices I, II, III and IV for lists of workshop participants.

The Underground Economy

2.0 The Underground Economy

The workshop on the impacts of the underground economy on the residential construction industry in Newfoundland and Labrador identified the following areas for action for reducing underground activity:

Tax Evasion

The most prevalent form of underground activity is tax evasion. The most effective response was seen to be expanded public education to make consumers aware of the risks they are taking by participating in underground activities. Public education is also needed to encourage industry participants to “self police”.

Industry participants felt that it should also be possible to work through the building permit system to identify underground activity and to inform consumers about the risks and potential consequences.

Industry participants in the workshop felt strongly that the Canada Revenue Agency (CRA) needs to be more proactive. It was recognized that CRA might need legislative or regulatory changes to strengthen their capacities to act, e.g., a more accurate definition of contractor.

Employment Insurance Abuse

Industry participants felt that the current disincentives in the Employment Insurance rules to working short weeks in the off-season have to be removed because the industry increasingly needs workers all year round. Many employees do not understand the EI rules and there is therefore a need to inform them more effectively.

The industry needs more data on the scale and impacts of EI abuse with which to lobby government. It was also felt that HRSDC should devote more resources to enforcement in the residential sector.

Certification/Licensing

There is not at present a full consensus among industry leaders on the issue of mandatory licensing of contractors and compulsory certification of the carpentry trade. While it is recognized that such changes would help to reduce underground activity, some participants felt that the industry is not ready for such a change, and that government would not enact the legislation and regulations because of opposition in



the community. In general it was agreed that mandatory licensing and certification may not occur for some time, and that smaller, more manageable steps need to be taken in the near term.

There was agreement that one achievable step is for industry to work with government to develop a new approach to certifying trades specializations.

Insurance/Banking

It was recognized that insurance and financial institutions have an important role to play in putting pressure on builders to operate above board. There are high risks for banks and insurers when they lend money for, or insure, houses that are not build safely and according to Code.

However, the banks and insurance companies are not active in this discussion at present. The first step is to bring them to the table to learn about the issues and to explore options for improving the situation.

Consumer Education

The workshop further emphasized the need for expanded efforts to disseminate information to consumers about financial risk and safety issues. Consumers need to know how to protect their equity. It may help to highlight disaster stories about consequences for consumers when things go wrong.

Action Plan

After full discussion of the priority action areas, the workshop reached consensus on the following next steps.

An Underground Economy Working Group should be established with ENHBA as the convener and secretariat. It was agreed that the partners in the Working Group should be:

- ▲ Industry (Home Builders' Associations)
- ▲ Training institutions
- ▲ Human Resources Skills Development Canada
- ▲ Atlantic Home Building & Renovation Sector Council
- ▲ Canada Revenue Agency



- ▲ Canada Mortgage and Housing Corporation
- ▲ Government of Newfoundland & Labrador

The following stakeholders should be asked to participate in appropriate ways:

- ▲ Consumer groups
- ▲ The Federation of Municipalities
- ▲ Provincial government inspectors
- ▲ Canadian Banker's Association
- ▲ Insurance Bureau of Canada

Operationally, the Working Group should meet to agree on action priorities and possible projects, and identify resources for the projects. The ENHBA should prepare proposals, manage resources and administer projects. The AHB&RSC should provide professional support and advice to the ENHBA on an ongoing basis.

Timeframe

A follow-up meeting of the Working Group should be held in Mid-March:

- ▲ The agenda should include approval of a business plan and identification of funding sources;
- ▲ It may be possible to target the Housing Forum for dissemination of information to industry and consumers.

Research

Two priorities were identified for new research and consultation activities related to the underground economy:

- ▲ The role of social services in relation to underground activity;
- ▲ The need for much more definitive information on the scale and nature of EI abuse.

Labour Market Information (LMI)

3.0 Labour Market Information (LMI)

The wider sector study encountered significant gaps in LMI for the residential construction sector in Newfoundland & Labrador. In particular, there were conflicting outlooks coming from industry and from the LMI system with regard to the supply of labour and the skills shortages issue. The LMI system consistently showed surpluses of workers while industry groups claimed they could not get the people they needed.

The workshop discussion centred on the issue that the LMI system did not distinguish fully between construction workers in the residential versus the industrial/commercial/institutional sector, and between skilled/experienced versus unskilled/inexperienced workers.

A number of possible action areas were identified. Industry representatives proposed that regular meetings be held to share information and plan new research. ENHBA could put together an industry reference group and could arrange presentations at their annual Housing Forum. However, it would be necessary to translate statistical information into material that industry could understand and use.

It was agreed that one action priority would be to establish a website to make data available, with the caveat that at present 60% of industry does not use the web. The site should have links to existing industry sites.

The workshop supported the idea of an electronic labour exchange to match employers with potential employees, and providing accurate information on the qualifications of job applicants. HRSDC expressed a willingness to partner with industry to deliver this service. It would require a better format for employers to identify the people they need while potential employees could identify jobs that suited their qualifications. It was stated that this could be done within the current HRSDC system. It would also be possible to build in a needs assessment or identification process for skills up-grading.

Follow-up

It was agreed that in the short-term industry representatives should meet with the provincial department of Human Resources, Labour & Employment LMI group to review the questionnaire design for their survey of employers.



Further to that, the workshop participants should meet again in April 2005 to review findings from the research and to plan the development of new LMI products for residential construction sector.

A separate meeting should be convened by the ENHBA to develop the proposal for the Electronic Labour Exchange.

There was broad agreement on the value of regular meetings of an LMI network facilitated by ENHBA. The network should start on an informal basis and be allowed to evolve.

Education & Training

4.0 Education & Training

The agenda for the workshop was to discuss and develop policy and program options in four areas of concern:

1. The training and certification system;
2. Employer support for training;
3. Recruitment of new entrants and careers promotion;
4. Industry/government/training sector partnership.

There was broad agreement at the outset on the limits of the existing training and apprenticeship system in terms of:

- ▲ The low proportion of apprentices who “graduate”, who stay in Newfoundland and Labrador, and who become employed in residential construction;
- ▲ The concerns of employers that trainees do not have the skill sets that are needed.

The industry participants set out clearly their interest in modularized training for trades specializations to be able to qualify skilled workers through shorter-term training. They want to work with the training system to adapt the existing program to modular delivery.

ENHBA is currently planning a special program to promote careers in the painting trade in the summer of 2005. It is anticipated as an alternative industry-driven model for classroom and on-site components to support awareness, recruitment and pre-selection of new entrants to construction trades.

There was general industry concern that the EI system is too limited and rigid to provide the support they need for training in their sector. There is less seasonality in the industry and the current EI system of support for training generates incentives for workers to leave jobs. The Canadian Home Builders' Association is addressing this issue at the national level.

Industry is interested in a train-the-trainer program to help employers become more effective in working with apprentices. The perceived weakness in the apprenticeship system is the lack of capacity among employers to train and mentor apprentices. The provincial department responsible for Apprenticeship & Certification has resources for such training if the trainees are in EI-eligible. At the national level, the



CLBC/Canadian Apprenticeship Forum review of the current apprenticeship program in Canada identified the need for such a training program for employers and/or journeypersons. If this is developed, it could form the basis of a manual or workshop session for residential construction employers taking on Apprentices.

ENHBA representatives recognized that they could contribute more to helping College instructors stay up-to-date with developments in the industry by inviting instructors to participate in industry meetings and workshops, and arranging visits to job sites.

There were complaints that the paperwork associated with HRSDC programs is a burden for employers in small firms (e.g., the wage subsidy program). ENHBA could perhaps play a service role in helping employers with paperwork.

The Colleges need to do more to get information out to employers about the considerable flexibility in their system and the resources available to support training.

ENHBA could play a role in finding employers for apprentices and in pre-screening potential apprentices. This links to the idea of an electronic labour exchange and should be pursued in that context.

Another broad issue is the return on investment issue for employers who invest in upgrading their employees. Many employers are reluctant to invest in training because they fear that once people are trained they will demand more money and/or move on to other employers. However there is no solid evidence to support these negative views. There is some evidence that employees may prefer to stay with an employer who invests in his or her people. There is a need to develop the business case as to why employers need to invest in their employees and to assess in clear terms the return on investment in training in terms of both financial and non-financial benefits.

With regard to promoting careers in the sector to attract new entrants, industry participants felt that the HRSDC website does not currently provide a positive image of career prospects in residential construction. The industry needs to provide information and examples for career promotion programs. This work could benefit from the career promotion programs for offshore oil, the cultural sector, etc., and adapt such approaches to the residential construction setting.



There is a clear need for partnership and leadership to move forward on training issues. ENHBA's Education and Training Advisory Committee should take the lead in implementing the sector study findings and recommendations. Representation from the provincial department responsible for Apprenticeship & Certification, the training institutions, the funding agencies and the LMI group should be added to the committee.

Strategic Planning Priorities

5.0 Strategic Planning Priorities

The project Steering Committee met for its final meeting on May 10 and 11, 2005. The Committee reviewed the major findings of the studies and the action plans on underground economy, LMI and education and training.

After deliberation, the Committee agreed on the following strategic priorities for follow-up and implementation after completion of the sector study.

1. Production of a Summary Report
 - ▲ The Atlantic Home Building & Renovation Sector Council and PRAXIS Research and Consulting Inc will produce an attractive plain language brochure or short report to communicate to industry the major findings of the sector study and the action priorities for improving the human resource situation in the residential construction industry in Newfoundland & Labrador.
2. Development of Modular Training and Certification for Trades Specialization
 - ▲ The ENHBA's Education and Training Committee will be expanded to include representation from Apprenticeship & Certification and potential funding partners.
 - ▲ The Committee will begin work on defining trades specializations and setting out the curricula and certification standards for each.
 - ▲ The Committee will examine developments in other provinces to identify relevant models for modularized training for trades specializations.
 - ▲ Once the training modules and standards are defined, the Committee will work on the development of appropriate training delivery approaches and on the marketing of the training to industry.
3. Establishment of a Human Resource Development Council for the home building and renovation industry in Newfoundland
 - ▲ The ENHBA will approach the provincial Apprenticeship & Certification, Labour & Employment for financial support for staff resources to initiate the establishment of a Human Resource Development (HRD) Council.



- ▲ The ENHBA will develop a 3-year business plan and budget for the establishment and operation of a HRD council for the home building and renovation industry in Newfoundland and Labrador.
 - ▲ The ENHBA Education and Training Committee will conduct consultations with HRSDC, ACOA, and relevant provincial departments and agencies, to establish a partnership to support implementation of the HRD Council business plan.
4. Development of a Careers Marketing Program
- ▲ As a separate project (or sub-element of the business plan) the ENHBA Education and Training Committee will consult with HRSDC on resources to plan and implement a careers development program targeting high school students.
5. Establishment of an Industry Training Institute
- ▲ With leadership and direction from the Education and Training Committee, the ENHBA will submit a formal proposal to the Province to be licensed as a Private Training Institution, if they are not licensed already.
 - ▲ The Education and Training Committee will undertake the planning and organizational work to build the capacity to deliver trades specialization training modules to industry employees, and to certify “graduates” of training programs.

Appendix I

Appendix I Underground Economy Action Plan Consultation

Attendance at Action Plan Consultation on the Underground Economy in the Residential Construction Industry in Newfoundland & Labrador: St. John's, December 6, 2004.

Mark Agriesti	ACOA
Barry Brake	Barry Brake Construction, WNHBA
Jacquie Butler	HRSDC
Bob Byrne	Canada Revenue Agency
Greg Chaytor	College of the North Atlantic
Agnes Crane	HRSDC
Rhonda Day	ENHBA
Paul Dinn	Province: Human Resources, Labour & Employment
Jeff Haines	Canada Revenue Agency
Greg Hanley	Hanley Construction & Renovation Inc, ENHBA
Tom Hawco	HRSDC
Ken Hicks	Province: Finance, Modeling & Technical Analysis
Greg Hussey	Karwood Construction, ENHBA
Mary Kenny	Atlantic Home Building & Renovation Sector Council
Garnet Kindervater	Garnet Kindervater Ltd
Arthur Leung	Province: Apprenticeship & Certification
Doug MacDonald	PRAXIS Research & Consulting Inc
Doug May	Memorial University of Newfoundland: Department of Economics
Jane Morgan	Nuport Holdings, ENHBA
Dermon Piercey	Sound Construction Ltd, WNHBA
Kevin Pritchett	JL Pritchett & Sons
Bonnie Ryan	Province: Finance, Economics and Statistics Branch
Bonnie Simmons	MUN: PJ Gardiner Institute for Enterprise & Entrepreneurship
Pamela Toope	Province: HRE, Labour Market Development Projects
Rick Williams	PRAXIS Research & Consulting Inc

Appendix II

Appendix II Labour Market Information (LMI) Action Plan Consultation

Attendance at Action Plan Consultation on Labour Market Information for the Residential Construction Industry in Newfoundland & Labrador: St. John's, December 7, 2004.

Barry Brake	Barry Brake Construction, WNHBA
Jacque Butler	HRSDC
Greg Chaytor	College of the North Atlantic
Agnes Crane	HRSDC
Rhonda Day	ENHBA
Paul Dinn	Province: Human Resources, Labour & Employment
Jeff Haines	Canada Revenue Agency
Tom Hawco	HRSDC
Greg Hussey	Karwood Construction, ENHBA
Mary Kenny	Atlantic Home Building & Renovation Sector Council
Garnet Kindervater	Garnet Kindervater Ltd
Arthur Leung	Province: Apprenticeship & Certification
Doug MacDonald	PRAXIS Research & Consulting Inc
Brian Martin	CMHC
Doug May	Memorial University of Newfoundland: Department of Economics
Jane Morgan	Nuport Holdings, ENHBA
Dermon Piercey	Sound Construction Ltd, WNHBA
Kevin Pritchett	JL Pritchett & Sons
Bonnie Ryan	Province: Finance, Economics and Statistics Branch
Pamela Toope	Province: HRE, Labour Market Development Projects
Rick Williams	PRAXIS Research & Consulting Inc

Appendix III

Appendix III Education and Training Action Plan Consultation

Attendance at Action Plan Consultation on Education and Training for the Residential Construction Industry in Newfoundland & Labrador: St. John's, May 10, 2005.

Barry Brake	Barry Brake Construction, WNHBA
Jacque Butler	HRSDC
Bob Candow	Robert Candow Painting & Plastering; NLHBA
Greg Chaytor	College of the North Atlantic
Noel Collins	Academy Canada Career College
Agnes Crane	HRSDC
Dennis Davis	College of the North Atlantic
Rhonda Day	ENHBA
Jerry Dick	Association of Heritage Industries
Paul Dinn	Province: Human Resources, Labour & Employment
Leo Hawco	Canada Revenue Agency
Tom Hawco	HRSDC
Ford Hibbs	Academy Canada Career College
Greg Hussey	Karwood Construction, ENHBA
Mary Kenny	Atlantic Home Building & Renovation Sector Council
Garnet Kindervater	Garnet Kindervater Ltd, ENHBA
Arthur Leung	Province: Apprenticeship & Certification
Doug MacDonald	PRAXIS Research & Consulting Inc
Jackie Manuel	Newfoundland and Labrador Construction Safety Association (NLCSA)
Brian Martin	Canada Mortgage and Housing Corporation (CMHC)
Doug May	Memorial University of Newfoundland: Department of Economics
Mona Moore	Canada Revenue Agency (CRA)
Jane Morgan	Nuport Holdings Ltd, ENHBA
Bill Morrissey	Memorial University of Newfoundland: Centre for Management Development
Bob Picco	HRSDC
Dermon Piercey	Sound Construction Ltd, WNHBA
John Pitcher	Carpenters Millwrights College
Bonnie Ryan	Province: Finance, Economics and Statistics Branch
Robin Walters	College of the North Atlantic
Rick Williams	PRAXIS Research & Consulting Inc

Appendix IV

Appendix IV Final Committee Meeting & Strategic Planning Session

Attendance at Final Committee Meeting and Strategic Planning Session of the Sectoral Planning Committee: St. John's, May 10 - 11, 2005.

Barry Brake	Barry Brake Construction, WNHBA
Jacque Butler	HRSDC
Bob Candow	Robert Candow Painting & Plastering; NLHBA
Rhonda Day	ENHBA
Paul Dinn	Province: Human Resources, Labour & Employment
Tom Hawco	HRSDC
Greg Hussey	Karwood Construction, ENHBA
Mary Kenny	Atlantic Home Building & Renovation Sector Council
Garnet Kindervater	Garnet Kindervater Ltd, ENHBA
Arthur Leung	Province: Apprenticeship & Certification
Doug MacDonald	PRAXIS Research & Consulting Inc
Jane Morgan	Nuport Holdings, ENHBA
Dermon Piercey	Sound Construction Ltd, WNHBA
Rick Williams	PRAXIS Research & Consulting Inc